



The Bank of New York
Lehman Brothers Financial Services Conference

May 18, 2006



Cautionary Language

The forward looking statements presented today including, among other things, projections with respect to revenue and earnings growth and the Company's plans and objectives are subject to risks and uncertainties that could cause actual results to differ materially from the projections. These include lower than expected performance or higher than expected costs in connection with acquisitions and integration of acquired businesses, the level of capital market activity, inaccuracies in management projections or market forecasts, the actions that management could take in response to these changes and other factors described in the SEC filings referred to below.

For additional detailed information, we refer you to the discussions under the heading "Forward Looking Statements" in the Company's 2005 10-K and our most recent 10-Q filed with the SEC.

The forward looking statements speak only as of May 18, 2006. We will not update forward looking statements to reflect facts, assumptions, circumstances, or events which have changed after they were made.

The BANK of NEW YORK



The Bank of New York

Introduction and Financial Review

Bruce Van Saun, Vice Chairman and CFO

May 18, 2006



The **BANK of NEW YORK**

Our Vision

- **Focus on securities servicing, asset management and private banking**
 - ▶ **Businesses where we have scale, technology advantage and skills**
- **Enhance our business mix to emphasize higher margin, higher growth businesses**
 - ▶ **Swapped retail for corporate trust to further this transformation**
- **Command higher valuation for franchise through higher growth business mix**
- **Deliver consistent returns over time with diversity of product offerings and clients serviced**

The **BANK of NEW YORK**

Market Leadership in Securities Servicing

Category	Measure	Rank	Market Share
Global Custody & Fund Services	Assets under custody	1	15%
Depository Receipts	Total programs	1	64%
Global Corporate Trust*	Global debt issuance	1	34%
Correspondent Clearing	IBD relationships	1	20%
Government Security Clearance	Average U.S. volume	1	50%
Collateral Management	Average U.S. volume	1	58%
Securities Lending	Loans outstanding	2	15%
Exchange Traded Funds (ETFs)	Assets serviced	2	15%

*Reflecting transaction with JPM

The BANK of NEW YORK

Transforming Our Business Model

Extraction of Capital

		\$ Billions
1997	Credit Card Sale	0.6
1999	Asset-based Lending/Factoring Sale	1.8
2001-2004	Corporate Loan Reduction	0.7
2006	Retail/Middle Market	3.1
	Total	6.2

The BANK of NEW YORK

Transforming Our Business Model

Investment of Capital

		\$ Billions
1999	RBS Trust	0.7
1997-2005	Execution Services	0.6
1998-2006	Asset Management	0.9
2003	Pershing	2.0
2006	JPM/Other Corporate Trust	3.5
Total		7.7

The BANK of NEW YORK

Transforming Our Business Model

% of pre-tax income	1995	2000	2005	2005PF*
Institutional Services	51%	74%	77%	92%
Private Bank & Asset Mgmt.	7%	9%	8%	8%
Retail and Middle Market	19%	17%	15%	0%
Credit Cards	15%	0%	0%	0%
Asset-Based Lending	8%	0%	0%	0%
	100 %	100 %	100 %	100 %

*Reflecting transaction with JPM

The BANK of NEW YORK

Net Result

- **Sharpening focus**
- **Enhancing growth and profitability dynamics**
- **Increasing fees as % of total revenues**
- **Lowering capital intensiveness**

The BANK of NEW YORK

Long-Term Earnings Growth Model

Total revenue growth	8-10%
Noninterest income growth	9-11%
NII growth	5-6%
Positive operating leverage	+2-3%
Share buyback programs	+0-2%
<i>Long-term EPS growth</i>	<i>10-15%</i>

The BANK of NEW YORK

Review of Business Segments

\$ billions	2005			
	Rev	Pretax Inc	Margin	'03-'05 Pretax CAGR
Investor & Broker/Dealer	\$2.4	\$0.8	31%	8%
Issuer Services	\$1.0	\$0.5	53%	10%
Execution & Clearing	\$1.5	\$0.4	25%	23%
Treasury Services	\$0.5	\$0.2	46%	7%
Subtotal – Institutional Services	\$5.4	\$1.9	35%	11%
Private Bank & BNY Asset Management	\$0.5	\$0.2	38%	7%
Retail and Other Middle Market	\$0.9	\$0.4	40%	0%
Subtotal	\$6.8	\$2.4	36%	9%
Corporate and Other	\$0.1	-\$0.1	n/a	n/a
Total	\$6.9	\$2.4	34%	10%
EPS Growth				10%

The BANK of NEW YORK

Pro-Forma Segments for transaction with JPM

\$ billions	2005		
	Revenue	Pretax Income	Margin
Investor & Broker/Dealer	\$2.4	\$0.7	30%
Issuer Services	\$1.8	\$1.0	55%
Execution & Clearing	\$1.5	\$0.4	25%
Treasury Services	\$0.4	\$0.2	45%
Subtotal – Institutional Services	\$6.1	\$2.3	37%
Private Bank & BNY Asset Management	\$0.5	\$0.2	35%
Retail and Other Middle Market	\$0	\$0	n/a
Subtotal	\$6.6	\$2.5	37%
Corporate and Other	\$0.1	-\$0.1	n/a
Total	\$6.7	\$2.3	35%

*Assuming full phase-in of cost synergies

The BANK of NEW YORK

Transaction with JPM Drives Value

- **Emphasizes higher-growth, higher-margin businesses where we have scale, skill and competitive advantages**
- **Improves corporate risk profile through reduced exposure to credit portfolio**
- **Enhances positive operating leverage**
- **Generates better long-term returns for shareholders**

The BANK of NEW YORK

Delivering Value: Our Key Objectives

Create our own growth

Deliver positive operating leverage

The BANK of NEW YORK

Operating Leverage Expectations Have Improved

- **Factors include**
 - ▶ **Good revenue outlook**
 - ▶ **Enhanced business mix**
 - ▶ **“Corporate” expenses issues largely absorbed**
 - ▶ **Impact of cost programs**
- **Anticipate addition of 200-300 bps to EPS growth from operating leverage**
 - ▶ **Translates into 150-200 bps positive operating leverage over 8-10% revenue growth range**

The **BANK of** NEW YORK

Capital Management

- **Dividends**
- **Moderate balance sheet expansion to support business growth**
- **Share repurchases**
- **Acquisitions**

The **BANK of** NEW YORK

Capital Management

Future Considerations

- **Share repurchases**
 - ▶ Limit share repurchases/acquisitions from closing (9/30) through mid '07
 - ▶ Meaningful share repurchases post mid '07
- **Reported ROE diluted by 175 bps pro forma for swap**
 - ▶ Tangible ROE 37%
- **Will reassess capital targets post close of JPM transaction**

The BANK of NEW YORK

Long-Term Goals

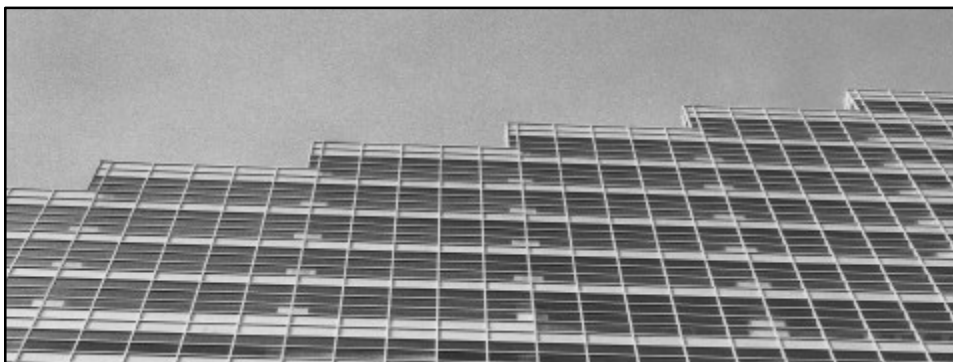
EPS growth	10 – 15%
ROE	16 – 18%
Operating leverage growth contribution	200 – 300 bps

The BANK of NEW YORK

Summary

- **Significant progress in transformation toward pure trust and custody model**
- **Remain committed to creating top-line growth, delivering positive operating leverage**
- **Repositioning actions will continue**
 - ▶ Sensitive to avoiding dilution
- **Proof is in the execution**

The **BANK of** NEW YORK



The Bank of New York

Growth Opportunities

Timothy F. Keaney, Senior Executive Vice President

May 18, 2006



The **BANK of** NEW YORK

Six Major Growth Opportunities

- **Collateral management**
- **Hedge fund services**
- **Exchange traded funds (ETFs)**
- **Registered Investment Advisors (RIAs)**
- **European investor services**
- **Depository receipts**

The **BANK** of **NEW YORK**

Business Overview – Collateral Management

- **Sizable U.S. market still has upside**
 - ▶ Total repo market \$3.5-\$4 trillion – of which \$1.5 trillion is in tri-party assets
 - ▶ Equity tri-party market has materialized and will grow rapidly
- **International markets have over \$6.5 trillion in repo**
 - ▶ Only 12% tri-party
- **Emerging asset classes offer new collateral pools**
 - ▶ \$350 billion in untapped collateral
 - ▶ Whole loans
 - ▶ Global derivatives

The **BANK** of **NEW YORK**

Growth Opportunities – Collateral Management

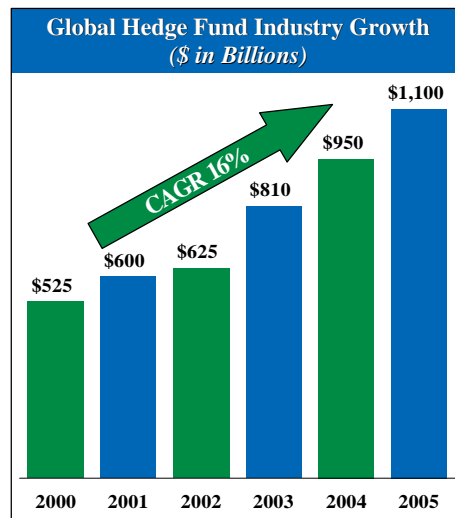
- **Strong growth prospects**
 - ▶ U.S. and international securities trading volume increasing
 - ▶ Global tri-party repo market in developmental stage
- **Market leadership**
 - ▶ Only one other provider of global equity services
 - ▶ BNY dominates cross-border market
- **Leveraging two important client groups – broker-dealers and asset managers**
 - ▶ Leads to innovative new products
- **Highly scalable business model generates strong operating leverage**

The BANK of NEW YORK

Business Overview – Hedge Fund Services

Structural shift in asset management

- Demand for alpha/beta strategies that utilize both hedge funds and index-oriented products
- More than 50% of new hedge fund investments from institutions
- Hedge fund assets increasingly concentrated with largest fund specialists and managers with broad product diversification



The BANK of NEW YORK

Growth Opportunities – Hedge Fund Services

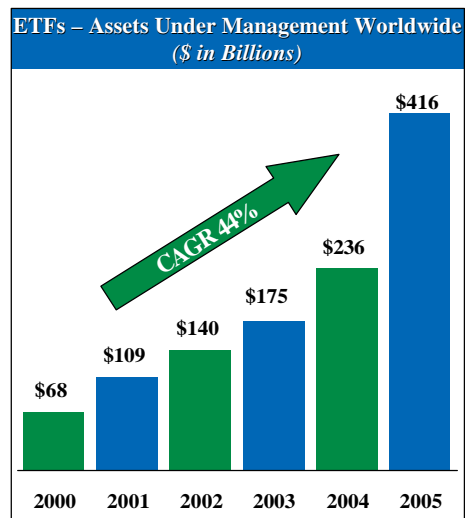
Client Base	March 2003	March 2006
Assets under Administration	\$16 billion	\$72 billion
Number of Fund Structures	175	290
Average Fund Size	\$90 million	\$290 million

- **340% growth in hedge fund assets under administration**
- **Hedge fund assets expected to grow over 20% annually for the next three years**
- **BNY currently has a 5% market share – expect to triple assets under administration over the next three years**
- **Cross-selling opportunities include collateral management, securities lending, banking services, STMM, brokerage, and independent research**

The BANK of NEW YORK

Business Overview – Exchange Traded Funds

- **Strong growth**
 - ▶ Growth in assets of 35-50% expected through 2009
 - ▶ 12+ new sponsors planning to launch 175+ products in 2006 alone
- **BNY market share**
 - ▶ 15%+ by assets
 - ▶ 25%+ by # of funds
 - ▶ Servicing 70 separate products with assets exceeding \$60BN



The BANK of NEW YORK

Growth Opportunities – Exchange Traded Funds

- **Leverage competitive strengths**
 - ▶ Reputation and depth of experience – MidCap SPDR, QQQs, etc.
 - ▶ Breadth of product – servicing broadest range of asset classes
 - ▶ Consultative expertise – PowerShares, BGI, Deutsche Bank
- **Growth expectations**
 - ▶ Increase market share by assets to 25%
 - ▶ Increase market share by funds to 35%

The BANK of NEW YORK

Business Overview – RIAs

- **\$1.5 trillion market**
- **Underlying growth trends remain favorable**
 - ▶ Migration from commissions to fees as more brokers become RIAs
 - ▶ New regulations promote creation of RIAs
- **BNY and Pershing offer the most comprehensive solution**
 - ▶ Brokerage, custody, trust
 - ▶ Single solution for dually registered RIAs

The BANK of NEW YORK

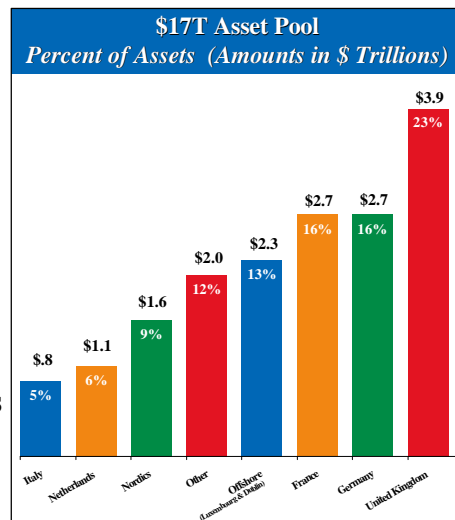
Growth Opportunities – RIAs

- **Current market share approximately 5%**
- **Assets under administration have increased by 56% over last 18 months to \$47 billion**
 - ▶ Expect assets under administration to increase to \$120 billion by 2008
- **Providing total solution to independent RIAs**
 - ▶ Single front end for all activities – NetExchange Advisor
 - ▶ Only integrated bank/brokerage service
- **Leveraging introducing broker-dealer relationships for IBD-affiliated RIAs**

The BANK of NEW YORK

Business Overview – European Investor Services

- **Sizable asset pool**
- **Estimated 5-year growth rate of 8 -10%**
- **Full service offering in UK, Luxembourg & Dublin (36% of assets)**
- **JV's/Partnerships in Europe access additional 41% of assets**



Sources: Investment & Pensions Europe, European Fund & Asset Management Association, Comité Européen Des Assurances, BNY Internal Analysis

The BANK of NEW YORK

Growth Opportunities – European Investor Services

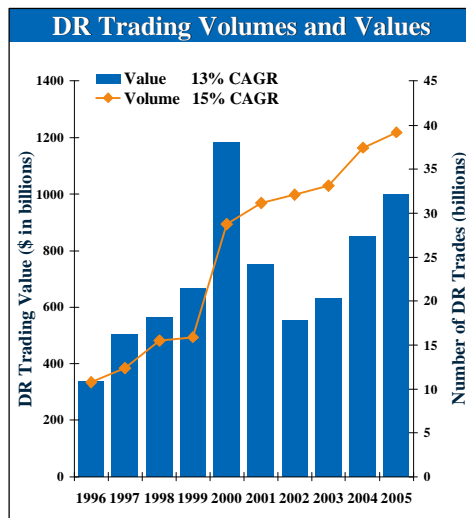
- **Emphasize cross-selling bundled solutions to key client groups – asset managers, pension funds, insurance companies**
 - ▶ Securities lending, risk services, transition management, foreign exchange and asset management
- **Expand market share**
 - ▶ Leverage relationship with Natexis (France), BHF (Germany), and Nordea (Nordic) to gain market share in rapidly growing regions
 - ▶ Target Fund Administration opportunities in offshore markets
 - Luxembourg – \$1.7T assets and 8,400+ funds
 - Dublin – \$0.6T assets and 2,300+ funds
 - 25% CAGR for revenues in these two markets combined over last two years

Source: Fitzrovia

The BANK of NEW YORK

Business Overview – Depository Receipts

- **The DR market is large and diverse**
 - ▶ 1900+ sponsored programs
 - ▶ 73 countries
- **BNY has a dominant and scalable position**
 - ▶ 64% of programs
 - ▶ Geographically diversified



Sources: The Bank of New York, NYSE, Nasdaq and Amex; 12/31/05

The BANK of NEW YORK

Growth Opportunities – Depositary Receipts

- **New markets**
 - ▶ Capturing asset re-allocation trends from developed to emerging markets
 - ▶ Opening new stock exchanges to DR listings – Tokyo, Dubai
- **New applications**
 - ▶ Creating JDRs (Japanese) and CDRs (Chinese) for local investors – potential to add 100+ new programs
- **Better penetration**
 - ▶ Only 5% of the global equity market capitalization of companies is held in DR form (non-US and Canadian)

Sources: World Federation of Exchanges – www.worldexchanges.org
FactSet Research Systems – www.factset.com

The **BANK of NEW YORK**

Summary

- **Six major growth opportunities**
 - ▶ High growth
 - ▶ High operating margins
- **The Bank of New York advantages**
 - ▶ Scale
 - ▶ Proven skill sets

The **BANK of NEW YORK**



The Bank of New York

Global Corporate Trust

Bruce Van Saun, Vice Chairman and CFO

May 18, 2006



The **BANK of NEW YORK**

Why We Like Global Corporate Trust

- **Attractive revenue dynamics**
 - ▶ **Rapid growth in global and structured markets**
 - ▶ **Diversified sources**
 - ▶ **Sizeable annuity component**
- **Increasing sophistication of debt markets**
 - ▶ **Allows us to provide more profitable value-added services**
- **International growth opportunities**
- **Scalable platforms drive positive operating leverage**
- **Steady source of deposits and NII**

The **BANK of NEW YORK**

Accelerating Growth with JPM Transaction

- **Enhances our competitive advantages**
 - ▶ Expands our active partnerships with investment banks and deal arrangers, without conflict
 - ▶ Preferred provider referral arrangement with JPM
 - ▶ Broadens our diversity of product offerings across markets globally
- **BK now has the leading position in fastest growing fixed income markets**
- **Expands international footprint in fastest growing economies**
- **Leverages the scalability of our platform contributing to improved operating leverage**
- **Enhances cross-sell opportunities**

The BANK of NEW YORK

Transaction Solidifies Our Leadership Position

<i>Share of new debt issues as trustee Full Year 2005</i>	The Bank of New York	JP Morgan	Pro Forma BNY
U.S Investment Grade	#2	#1	#1
U.S. High Yield	#1	#4	#1
U.S Mortgage-Backed	#2	#6	#2
U.S. Asset-Backed	#3	#5	#1
U.S. Convertible	#1	#3	#1
U.S. Municipal	#2	#4	#1
CDOs	#6	#1	#1
International	#1	#4	#1

Source: Thomson Financial

The BANK of NEW YORK

Transaction Diversifies Revenue Base

Type of debt issuance	2005 BNY	2005 BNY/JPM
Municipal	47%	22%
Structured Finance	15%	21%
Corporate/Specialty	26%	20%
CDO	1%	19%
International	11%	18%

The BANK of NEW YORK

Transaction Diversifies Revenue Base

Region of debt issuance	2005 BNY	2005 BNY/JPM
United States	77%	68%
EMEA	8%	18%
Canada/Latin America	14%	7%
Asia	1%	7%

The BANK of NEW YORK

Cost Synergies – Positive Operating Leverage

- **Expense synergies estimated at 25% of JPM expense base, 17% combined base**
 - ▶ Corp/infrastructure costs left behind at JPM
 - ▶ Approximately 35% of all staff in CDOs, International
 - ▶ Careful to avoid revenue attrition
- **Business consistently delivers positive operating leverage**
 - ▶ Stable revenue base
 - ▶ Scalable platforms

The BANK of NEW YORK

Global Corporate Trust Summary

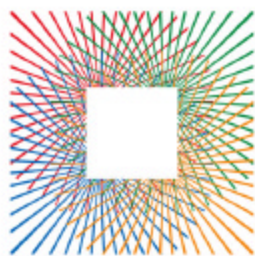
- **Corporate Trust is an attractive business**
- **Transaction with JPM offers the following:**
 - ▶ Solidifies leadership position across all product areas
 - ▶ Enhances position in fastest growing segments – CDOs, International, Structured
 - ▶ Increased size and scale contributes to enhanced operating leverage

The BANK of NEW YORK

Summary

- **Significant transformation of business mix is creating a stronger and more valuable franchise**
- **Focus on businesses with leading market share, scale, favorable operating leverage**
- **Confident in ability to achieve superior financial performance**

The **BANK** of **NEW YORK**



The **BANK**
of **NEW YORK**