

# Press Release



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**The Bank of New York Mellon Reports Third Quarter Continuing EPS of \$.56,**

**Excluding Merger and Integration Expenses Continuing EPS of \$.67**

***Strong Revenue Momentum combined with Positive Operating Leverage  
Integration on track***

**NEW YORK, N.Y., October 18, 2007** -- The Bank of New York Mellon Corporation (NYSE:BK) reported third quarter income from continuing operations of \$642 million and diluted earnings per share of 56 cents which compares to 41 cents a year ago and 62 cents sequentially. The merger of The Bank of New York Company, Inc. with Mellon Financial Corporation was completed July 1, 2007.

- Adjusting for the impact of merger and integration expense (\$218 million pre-tax), diluted earnings per share for the third quarter of 2007 was 67 cents, which compares to 50 cents a year ago and 66 cents sequentially.
- Adjusting for the impact of merger and integration expenses (\$218 million pre-tax) and intangible amortization expense (\$131 million pre-tax), diluted earnings per share for the third quarter of 2007 was 74 cents, which compares to 51 cents a year ago and 69 cents sequentially.

Income from continuing operations was \$448 million in the second quarter of 2007, and \$298 million in the third quarter of 2006.

“We are off to a tremendous start as a new company,” said Robert P. Kelly, chief executive officer of The Bank of New York Mellon. “During a volatile market environment, we delivered strong double-digit increases in revenue and profit reflecting a combination of impressive organic growth and the positive impact of market volatility on our securities servicing businesses. While the asset management environment during the quarter was challenging, we capitalized on our strength in money market funds and won a landmark mandate in China. Our pipelines are in great shape, credit quality remains strong, we launched our new brand and the integration is proceeding well.”

The results for the third quarter of 2007 include the net pre-tax benefit of \$27 million from a settlement received for early termination of a contract that occurred in 2005 associated with the clearing business, as well as the pre-tax write-offs of the value of the remaining interest in a hedge fund manager that was sold in 2006 (\$32 million) and internally developed software (\$6 million). In addition, the impact of the merger in the third quarter on the state marginal tax rate required a recalculation of the yield on the leverage lease portfolio. The effect was a \$22 million reduction in net interest revenue, together with a \$45 million tax benefit recorded as a reduction to taxes. The net impact of these items increased earnings per share by approximately 1 cent.

**Third Quarter Highlights of The Bank of New York Mellon** (Unless otherwise noted, all comments begin with the results of the third quarter of 2007. This is followed by commentary that compares the current period to pro forma combined results of the third quarter of 2006 unless otherwise noted. The appendix to this release provides the pro forma combined results, without purchase accounting adjustments and assumes that the merger had occurred at the beginning of the third quarter of 2006. Please refer to the Quarterly Earnings Summary Report for detailed business sector information.)

- **Total revenue** (FTE) reached a record level of \$3.614 billion, consisting of 81% fee and other revenue and 19% net interest revenue. On a pro forma combined basis, the growth was 24%, driven by higher fee revenue of 21% and net interest revenue of 40%.
- **Assets under management**, excluding securities lending assets, amounted to \$1.106 trillion. On a pro forma combined basis, this represents an increase of 19% compared to the prior year and 2% (unannualized) sequentially. Net asset flows totaled \$29 billion for the third quarter of 2007. **Assets under custody and administration** amounted to \$20.8 trillion. On a pro forma combined basis, this represents an increase of 22% compared to the prior year and 2% (unannualized) sequentially.
- **Asset and wealth management fees** totaled \$854 million. On a pro forma combined basis, this represents an increase of 25%, reflecting net new business and higher equity market levels. Sequential revenue increased 1% (unannualized), in line with market levels. The impact of market volatility on certain alternative, quantitative and fixed income strategies was offset by strong net inflows into money market funds.
- **Performance fees** were a negative \$3 million. On a pro forma combined basis, performance fees were \$59 million in the third quarter of 2006 and \$63 million in the second quarter of 2007. The significant decline from both periods principally reflects the impact of market volatility during the third quarter on certain alternative and quantitative strategies as well as weaker relative performance compared to the third quarter of 2006.
- **Asset servicing fees** totaled \$720 million. On a pro forma combined basis, the increase was 25% reflecting a record level of securities lending revenue and increased client activity related to market volatility and net new business. Securities lending fee revenue was \$108 million compared to \$66 million in the prior year and \$97 million sequentially. Wider spreads driven by market volatility and a decrease in interest rates offset the typical seasonal sequential decline in securities lending fee revenue.
- **Issuer services fees** were \$436 million. On a pro forma combined basis, the increase was 79% and if adjusted for the Acquired Corporate Trust Business the increase was approximately 15%. The sequential increase was 5% (unannualized), reflecting a strong quarter in both depositary receipts and global products within Corporate Trust.
- **Clearing and execution services fees** totaled \$304 million. On a pro forma combined basis, these fees increased 3% compared with the third quarter of 2006 and increased 7% (unannualized) compared with the second quarter of 2007. Excluding the impact of the contribution of certain businesses to ConvergEx in October of 2006, clearing and execution services fees rose approximately 25% vs. 3Q06, driven by strong growth in trading activity in a normally slow quarter along with continued growth in money market and mutual fund positions.
- **Foreign exchange and other trading fees** totaled \$238 million. This compares to \$137 million in the prior year and \$176 million sequentially, on a pro forma combined basis. The increases compared to both prior periods reflect higher client volumes, as well as a significant increase in currency volatility and a higher valuation of the credit derivatives portfolio.

### Third Quarter Highlights of The Bank of New York Mellon, continued

- **Investment income** was \$22 million. On a pro forma combined basis, this compares to \$54 million in the prior year and \$77 million sequentially. The decline compared to prior periods principally reflects the lower market value of seed capital investments due to the market environment.
- **Net interest revenue (FTE)** totaled \$674 million with a net interest margin of 2.02%. This compares to a pro forma combined net interest revenue of \$481 million in the third quarter of 2006 and \$592 million in the second quarter of 2007.

The increase from both prior periods reflects a higher level of average interest-earning assets driven principally by the growth in client deposits. The net margin increased 22 basis points compared to the prior year and 7 basis points sequentially, principally reflecting the benefit of wider spreads on investment securities. Sequentially, the margin benefited from the impact of market volatility on short-term spreads as well as higher deposit levels, lower bond premium amortization due to slowing prepayments, partially offset by the negative impact of the required recalculation of the yield on the leverage lease portfolio under FAS 13 (\$22 million).

- **Total noninterest expense** was \$2.706 billion. This compares to a pro forma combined noninterest expense of \$2.146 billion in the third quarter of 2006 and \$2.642 billion in the second quarter of 2007.

Excluding merger and integration expense (\$218 million) and intangible amortization (\$131 million), noninterest expense on a pro forma combined basis increased 16% compared to the third quarter of 2006 and declined 3% (unannualized) sequentially. The results reflect \$79 million in expense synergies (\$62 million net of open positions eliminated) associated with the merger (detailed in the Quarterly Earnings Summary Report).

On a pro forma combined basis, excluding merger and integration expense, intangible amortization expense and the non-operating items in the third quarter of 2007 detailed on page 1 and the second quarter of 2007 detailed on page 11, we generated 1,100 bps of positive operating leverage compared to the prior year and 400 bps sequentially.

- There was no **provision for credit losses** in the third quarter of 2007, compared to a credit of \$4 million in the third quarter of 2006 and a credit of \$15 million in the second quarter of 2007.
- **Pre-tax margin (FTE)** was 25% in the third quarter of 2007. Excluding merger and integration expenses, intangible amortization expense and the non-operating items detailed on page 1, the pre-tax margin (FTE) was 36%. This compares to 30% in the third quarter of 2006 and 34% sequentially, on a pro forma combined basis excluding merger and integration expense, intangible amortization and the non-operating items in the second quarter of 2007 detailed on page 11.

The following comparisons are to legacy The Bank of New York only.

- The **effective tax rate** was 28.2% compared with 29.4% in the third quarter of 2006 and 31.9% in the second quarter of 2007. The lower effective tax rate vs. the prior year reflects the impact of the recalculation of the yield on the leverage lease portfolio under FAS 13. Excluding this adjustment, the effective tax rate was 32.4%.
- **Total assets** at Sept. 30, 2007 were \$184 billion, an increase of \$58 billion from June 30, 2007, reflecting the merger with Mellon.

- **Return on tangible common equity** was 46% for the third quarter of 2007, or 53% excluding merger and integration expense, intangible amortization expense and the non-operating items detailed on page 1.
- The **adjusted tangible shareholders' equity ratio** was 5.31% at Sept. 30, 2007 compared to 4.53% at June 30, 2007.
- **Average diluted shares** of 1.141 billion increased by approximately 418 million shares from the second quarter of 2007, reflecting the merger.

On Oct. 9, 2007, The Bank of New York Mellon declared a quarterly common stock dividend of 24 cents per share. This cash dividend is payable on Nov. 2, 2007, to shareholders of record as of the close of business on Oct. 24, 2007.

The Bank of New York Mellon Corporation is a global financial services company focused on helping clients manage and service their financial assets, operating in 37 countries and serving more than 100 markets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. It has more than \$20 trillion in assets under custody and administration, more than \$1.1 trillion in assets under management and services \$11 trillion in outstanding debt. Additional information is available at [www.bnymellon.com](http://www.bnymellon.com).

### **Earnings Release Format**

The third quarter 2007 results in this release reflect The Bank of New York and Mellon on a consolidated basis. The results for the nine months ended Sept. 30, 2007 in this release include nine months of The Bank of New York and three months for Mellon which reflect all related purchase accounting adjustments. All prior period financial results are for The Bank of New York only, unless labeled pro forma.

Throughout this earnings release, all information is reported on a continuing operations basis unless otherwise noted. Quarterly returns are annualized. Certain amounts are presented on a fully taxable equivalent (FTE) basis. We believe that this presentation provides comparability of amounts arising from both taxable and tax-exempt sources, and is consistent with industry practice. The adjustment to an FTE basis has no impact on net income. Where financial measures are presented excluding certain specified amounts, we believe the presentation enhances investor understanding of period to period results.

### **Supplemental Financial Information**

Please refer to the Quarterly Earnings Summary for supplemental financial information of The Bank of New York Mellon Corporation, including 5-quarter trends of fee and other revenue, net interest revenue, noninterest expense as well as business sector trends. The Quarterly Earnings Summary is available at [www.bnymellon.com](http://www.bnymellon.com) (Investor Relations - financial releases).

### **Conference Call Data**

Robert P. Kelly, chief executive officer; Gerald L. Hassell, president; and Bruce W. Van Saun, chief financial officer, along with other members of executive management from The Bank of New York Mellon, will host a conference call and simultaneous live audio webcast at 8 a.m. EDT on Thursday, Oct. 18, 2007. This conference call and audio webcast will include forward-looking statements and may include other material information. Persons wishing to access the conference call and audio webcast may do so by dialing (888) 677-2456 (U.S.) and (517) 623-4161 (International) Pass code: Earnings, or by logging on to [www.bnymellon.com](http://www.bnymellon.com). The earnings release together with the quarterly earnings summary will be available at [www.bnymellon.com](http://www.bnymellon.com) beginning at approximately 6:30 a.m. EDT on Oct. 18. Replays of the conference call and audio webcast will be available beginning Oct. 18 at approximately 2 p.m. EDT through Thursday, Nov. 1, 2007 by dialing (800) 810-4036 (U.S.) or (402) 280-1623 (International). The archived version of the conference call and audio webcast will also be available at [www.bnymellon.com](http://www.bnymellon.com) for the same time period.

**THE BANK OF NEW YORK MELLON CORPORATION**  
**Financial Highlights**

<i>(dollar amounts in millions, except per share amounts and unless otherwise noted; common shares in thousands)</i>	Legacy The Bank of New York only		
	Quarter ended		
	Sept. 30, 2007	June 30, 2007	Sept. 30, 2006
<b>Continuing Operations:</b>			
Fee and other revenue	\$ 2,931	\$ 1,580	\$ 1,263
Net interest revenue	<u>669</u>	<u>452</u>	<u>351</u>
Total revenue	\$ 3,600	\$ 2,032	\$ 1,614
EPS from continuing operations (diluted)-As reported (GAAP) (a)	\$ .56	\$ .62	\$ .41
Non-GAAP adjusted:			
Excluding merger and integration expense and non-operating items detailed on page 1 (a)	.66	.66	.50
Excluding merger and integration expense, non-operating items detailed on page 1 and intangible amortization (a)	.73	.69	.51
Return on tangible common equity:			
GAAP	46.0%	37.3%	22.2%
Non-GAAP adjusted (b)	53.1%	39.8%	26.5%
Return on equity:			
GAAP	8.9%	15.5%	11.6%
Non-GAAP adjusted (b)	11.6%	16.7%	14.4%
Fee and other revenue as a percentage of total revenue (FTE)	81%	78%	78%
Annualized fee and other revenue per employee (based on average headcount) (in thousands)	\$ 290	\$ 274	\$ 248
Non-U.S.:			
Percent of revenue (FTE)	31%	32%	29%
Pre-tax operating margin (FTE):			
GAAP	25%	32%	26%
Non-GAAP adjusted (b)	36%	36%	33%
Net interest margin (FTE) (c)	2.02%	2.01%	1.89%
Selected average balances (c):			
Interest-earning assets	\$133,534	\$ 90,557	\$ 76,088
Total assets	\$183,828	\$114,323	\$ 95,579
Interest-bearing deposits	\$ 80,870	\$ 53,610	\$ 43,905
Noninterest-bearing deposits	\$ 26,466	\$ 15,334	\$ 10,687
Shareholders' equity	\$ 28,669	\$ 11,566	\$ 10,262
Average common shares and equivalents outstanding (in thousands)			
Basic	1,125,165	709,783 (a)	713,946 (a)
Diluted	1,140,797	722,661 (a)	723,272 (a)
<b>Period-end data</b>			
Assets under management (in billions)	\$ 1,106	\$ 153	\$ 131
Assets under custody and administration (in trillions)	\$ 20.8	\$ 14.9	\$ 12.2
Cross-border assets (in trillions)	\$ 8.3	\$ 6.2	\$ 4.2
Securities lending cash collateral assets (in billions)	\$ 575	\$ 365	\$ 368
Employees	40,600	23,200	20,500
Tier I capital ratio (d)	9.1% (e)	8.09%	8.17%
Total (Tier I plus Tier II) capital ratio (d)	13.0% (e)	12.07%	12.32%
Adjusted tangible shareholders' equity to assets ratio (d)(f)	5.31%	4.53%	5.58%
Book value per common share	\$ 25.43	\$ 16.50 (a)	\$ 14.52 (a)
Tangible book value per common share	\$ 5.83	\$ 7.35 (a)	\$ 8.04 (a)
Dividends per share	\$ 0.24	\$ 0.23 (a)	\$ 0.23 (a)
Dividend yield	2.17%	2.12%	2.46%
Closing common stock price per share	\$ 44.14	\$ 43.93 (a)	\$ 37.38 (a)
Market capitalization	\$ 50,266	\$ 31,495	\$ 26,938

(a) Historical earnings per share and all other share-related data are presented in post-merger share count terms. See page 8 for additional information.

(b) Calculated excluding merger and integration expense, intangible amortization and non-operating items detailed on page 1.

(c) Prior periods calculated on a continuing operations basis.

(d) Includes discontinued operations.

(e) Preliminary.

(f) Shareholders' equity less goodwill and intangible assets plus the benefit of the deferred tax liability associated with tax deductible intangibles divided by total assets less goodwill and intangible assets.

**THE BANK OF NEW YORK MELLON CORPORATION**  
**Condensed Consolidated Income Statement (a)**

<i>(in millions, except per share amounts)</i>	Quarter ended			Nine months ended	
	Sept. 30, 2007	June 30, 2007	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2006
<b><u>Fee and other revenue</u></b>					
Securities servicing fees:					
Asset servicing	\$ 720	\$ 427	\$ 346	\$1,540	\$1,046
Issuer services	436	367	194	1,122	555
Clearing and execution services	<u>304</u>	<u>291</u>	<u>302</u>	<u>877</u>	<u>981</u>
Total securities servicing fees	1,460	1,085	842	3,539	2,582
Asset and wealth management fees	854	168	133	1,173	393
Performance fees	(3)	21	3	32	17
Foreign exchange and other trading activities	238	117	83	482	322
Treasury services	122	55	55	227	158
Distribution and servicing	95	2	2	99	4
Financing-related fees	51	61	62	164	189
Investment income	22	39	34	97	108
Securities gains (losses)	(9)	(2)	1	(9)	-
Other	<u>101</u>	<u>34</u>	<u>48</u>	<u>182</u>	<u>125</u>
Total fee and other revenue	2,931	1,580	1,263	5,986	3,898
<b><u>Net interest revenue</u></b>					
Interest revenue	1,778	1,162	960	3,961	2,683
Interest expense	<u>1,109</u>	<u>710</u>	<u>609</u>	<u>2,413</u>	<u>1,635</u>
Net interest revenue	669	452	351	1,548	1,048
Provision for credit losses	-	(15)	(4)	(30)	(5)
Net interest revenue after provision for credit losses	669	467	355	1,578	1,053
<b><u>Noninterest expense</u></b>					
Staff	1,280	752	644	2,752	1,904
Professional, legal and other purchased services	241	132	89	503	256
Net occupancy	144	81	70	304	206
Distribution and servicing	127	4	4	135	12
Software	91	57	53	202	161
Furniture and equipment	80	54	46	184	145
Sub-custodian	58	42	31	134	101
Business development	56	37	27	123	78
Clearing and execution	52	44	52	133	161
Communications	33	23	26	75	74
Other	<u>195</u>	<u>87</u>	<u>51</u>	<u>354</u>	<u>174</u>
Subtotal	2,357	1,313	1,093	4,899	3,272
Amortization of intangible assets	131	29	14	188	42
Merger and integration expense:					
The Bank of New York Mellon	205	35	-	244	-
Acquired Corporate Trust Business	<u>13</u>	<u>12</u>	<u>89</u>	<u>36</u>	<u>89</u>
Total noninterest expense	<u>2,706</u>	<u>1,389</u>	<u>1,196</u>	<u>5,367</u>	<u>3,403</u>
<b><u>Income</u></b>					
Income from continuing operations before income taxes	894	658	422	2,197	1,548
Provision for income taxes	<u>252</u>	<u>210</u>	<u>124</u>	<u>670</u>	<u>499</u>
Income from continuing operations	642	448	298	1,527	1,049
Discontinued operations:					
Income (loss) from discontinued operations	(4)	(4)	96	(13)	297
Provision (benefit) for income taxes	<u>(2)</u>	<u>(1)</u>	<u>42</u>	<u>(5)</u>	<u>124</u>
Discontinued operations income (loss), net	(2)	(3)	54	(8)	173
Net income	<u>\$ 640</u>	<u>\$ 445</u>	<u>\$ 352</u>	<u>\$1,519</u>	<u>\$1,222</u>
<b><u>Earnings per share (b)</u></b>					
<i>Basic:</i>					
Income from continuing operations	\$ .57	\$ .63	\$ .42	\$ 1.80	\$ 1.47
Income (loss) from discontinued operations, net	-	-	.08	(.01)	.24
Net income	\$ .57	\$ .63	\$ .49 (c)	\$ 1.79	\$ 1.71
<i>Diluted:</i>					
Income from continuing operations	\$ .56	\$ .62	\$ .41	\$ 1.77	\$ 1.45
Income (loss) from discontinued operations, net	-	-	.07	(.01)	.24
Net income	\$ .56	\$ .62	\$ .49 (c)	\$ 1.76	\$ 1.69

(a) Third quarter and year-to-date 2007 include three months of the combined company's results, while second quarter 2007 and the results for all periods in 2006 include legacy The Bank of New York only.

(b) All earnings per share data is presented in post-merger share count terms. See page 8 for additional information.

(c) Amounts do not foot due to rounding.

**THE BANK OF NEW YORK MELLON CORPORATION**  
**Condensed Consolidated Balance Sheet**

	Sept. 30, 2007	Legacy The Bank of New York only	
		Dec. 31, 2006 (a)	Sept. 30, 2006
<i>(dollar amounts in millions, except per share amounts)</i>			
<b>Assets</b>			
Cash and due from banks	\$ 6,010	\$ 2,840	\$ 2,072
Interest-bearing deposits with banks	28,158	13,172	16,753
Federal funds sold and securities purchased under resale agreements	4,194	5,114	5,139
Securities:			
Held-to-maturity (fair value of \$2,208; \$1,710 and \$1,716)	2,221	1,729	1,737
Available-for-sale	44,861	19,377	20,278
Total securities	47,082	21,106	22,015
Trading assets	6,890	5,544	3,266
Loans	50,856	37,793	33,958
Reserve for loan losses	(332)	(287)	(339)
Net loans	50,524	37,506	33,619
Premises and equipment	1,701	1,050	1,009
Accrued interest receivable	655	422	406
Goodwill	15,764	5,008	3,801
Intangible assets	6,554	1,453	872
Other assets	16,437	9,973	8,856
Assets of discontinued operations	3	18	8,828
Total assets	<u>\$183,972</u>	<u>\$103,206</u>	<u>\$106,636</u>
<b>Liabilities</b>			
Deposits			
Noninterest-bearing (principally domestic offices)	\$ 27,289	\$ 19,554	\$ 11,451
Interest-bearing deposits in domestic offices	21,263	10,041	9,785
Interest-bearing deposits in foreign offices	59,653	32,551	33,717
Total deposits	108,205	62,146	54,953
Federal funds purchased and securities sold under repurchase agreements	2,929	790	1,040
Trading liabilities	4,978	2,507	2,102
Payables to customers and broker-dealers	7,917	7,266	6,673
Other borrowed funds	2,112	1,625	1,121
Accrued taxes and other expenses	7,842	5,129	4,140
Other liabilities (including allowance for lending related commitments of \$178, \$150 and \$137)	6,679	3,477	4,671
Long-term debt	14,312	8,773	8,434
Liabilities of discontinued operations	41	64	13,035
Total liabilities	<u>155,015</u>	<u>91,777</u>	<u>96,169</u>
<b>Shareholders' equity (b)</b>			
Common stock-par value \$0.01 per share, authorized 3,500,000,000 shares, issued 1,139,968,850; 994,110,501 and 990,464,938	11	10	10
Additional paid-in capital	19,713	10,035	9,879
Retained earnings	9,773	9,280	7,820
Accumulated other comprehensive loss, net of tax	(488)	(317)	(66)
Less: Treasury stock of 1,191,302; 280,935,236 and 269,522,099 shares, at cost	(49)	(7,576)	(7,169)
Loan to ESOP (95,994, 95,994 and 191,989 shares)	(3)	(3)	(7)
Total shareholders' equity	28,957	11,429	10,467
Total liabilities and shareholders' equity	<u>\$183,972</u>	<u>\$103,206</u>	<u>\$106,636</u>

(a) Certain prior period balances have been revised, see discussion on pages 9 and 10.

(b) Par value, authorized, issued, treasury stock and loan to ESOP shares at Dec. 31, 2006 and Sept. 30, 2006 are presented in post-merger share count terms. See page 8 for additional information.

Note: The balance sheet at Dec. 31, 2006 has been derived from the audited financial statements as of that date, as revised.

## Nonperforming Assets

Nonperforming assets were \$37 million at Sept. 30, 2007, down from \$38 million at Sept. 30, 2006 and up from \$27 million at June 30, 2007. Nonperforming asset balances remain at historically low levels.

## Consolidated Net Income Including Discontinued Operations

Net income, including discontinued operations, totaled \$640 million, or 56 cents per share, in the third quarter of 2007, compared with \$352 million, or 49 cents per share, in the third quarter of 2006, and \$445 million, or 62 cents per share, in the second quarter of 2007.

## Supplemental information - Earnings Per Share Presented on a GAAP and Non-GAAP basis

In the merger transaction between The Bank of New York and Mellon, The Bank of New York shareholders received .9434 shares of The Bank of New York Mellon common stock for each share of The Bank of New York common stock outstanding on the closing date of the merger. Mellon Financial Corp. shareholders received one share of The Bank of New York Mellon common stock for each share of Mellon Financial Corp. common stock outstanding on the closing date of the merger. Historical earnings per share for The Bank of New York are presented in post-merger share count terms in this Earnings Release and the Quarterly Earnings Summary. The table below converts earnings per share for The Bank of New York into post-merger share count terms for periods prior to July 1, 2007.

Reported amounts are presented in accordance with GAAP. We believe that this supplemental non-GAAP information is useful to the investment community in analyzing the financial results and trends of our business. We believe they facilitate comparisons with prior periods and reflect the principal basis on which our management internally monitors financial performance. These non-GAAP items also are excluded from our segment measures used internally to evaluate segment performance because management does not consider them particularly relevant or useful in evaluating the operating performance of our business segments.

Continuing operations - fully diluted earnings per share	Legacy The Bank of New York Only (a)				Sept. 30, 2007	Nine months ended	
	Quarter ended					Sept. 30, 2007	Sept. 30, 2006 (a)
	Sept 30, 2006	Dec. 31, 2006	March 31, 2007	June 30, 2007			
As reported	\$ .39	\$ .56	\$ .57	\$ .59	<b>\$ .56</b>	<b>\$ 1.77</b>	\$ 1.36
As reported adjusted for exchange ratio (GAAP)	.41	.60	.61	.62	<b>.56</b>	<b>1.77</b>	1.45
Non-GAAP adjusted - excluding merger and integration expense and non-operating items: (b)							
As reported	.47	.58	.59	.63	<b>.66 (c)</b>	<b>1.95 (c)</b>	1.44
Adjusted for exchange ratio	.50	.61	.62	.66	<b>.66 (c)</b>	<b>1.95 (c)</b>	1.53
Non-GAAP adjusted - excluding merger and integration expense, non-operating items and intangible amortization: (b)							
As reported	.48	.61	.61	.65	<b>.73 (d)</b>	<b>2.09 (d)</b>	1.48
Adjusted for exchange ratio	.51	.65	.65	.69	<b>.73 (d)</b>	<b>2.09 (d)</b>	1.57

(a) Amounts prior to July 1, 2007, represent legacy The Bank of New York only.

(b) Non-operating items are detailed on page 1.

(c) Including the non-operating items detailed on page 1, non-GAAP adjusted earnings per share – excluding merger and integration expense would have been 67 cents and \$1.96 in the third quarter and first nine months of 2007, respectively.

(d) Including the non-operating items detailed on page 1, non-GAAP adjusted earnings per share – excluding merger and integration expense and intangible amortization would have been 74 cents and \$2.10 in the third quarter and first nine months of 2007, respectively.

## Revision of Prior Period Financial Statements

Our Company's fourth quarter 2006 acquisition of the Acquired Corporate Trust Business and sale of our Retail Business to JPMorgan Chase included a "Like Kind Exchange" (the "LKE") of finite lived intangible assets, principally core deposit intangibles, under Internal Revenue Code section ("Section") 1031. The LKE deferred taxes of \$164 million were treated as a liability acquired in the business combination with an offsetting increase to goodwill.

We reviewed the transaction and now believe that \$164 million of deferred tax expense should have been recognized on the gain related to the Retail Business intangibles included in the LKE with JPMorgan Chase. Accordingly, we have corrected the fourth quarter 2006 financial statements with a non-cash charge to discontinued operations – income taxes and a reduction in goodwill of \$164 million. This revision does not impact income from continuing operations or our tangible common equity.

As shown in the financial information included in this release, we have revised our prior years' financial statements to reflect these taxes in discontinued operations. Because the revision was not material to any prior year financial statements, the revisions to prior periods will be presented in future filings, pursuant to SEC Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements." Financial statements for the year ended Dec. 31, 2006 will be revised in the Dec. 31, 2007 Annual Report on Form 10-K.

The table below presents the effect of the correction on our previously reported consolidated statements of income for the fiscal year ended Dec. 31, 2006 and for the three-month period ended Dec. 31, 2006.

<i>(in millions, except per share amounts)</i>	<u>As previously reported</u>		Adjustment	<u>As revised</u>	
	Fourth Quarter	Year		Fourth Quarter	Year
For the period ended Dec. 31, 2006					
Income from continuing operations	\$ 427	\$1,476	\$ -	\$ 427	\$1,476
Discontinued operations:					
Income from discontinued operations	2,130	2,426	-	2,130	2,426
Income taxes	<u>(768)</u>	<u>(891)</u>	<u>(164)</u>	<u>(932)</u>	<u>(1,055)</u>
Discontinued operations, net	1,362	1,535	(164)	1,198	1,371
Net income	\$1,789	\$3,011	\$(164)	\$1,625	\$2,847
Diluted earnings per share					
Income from continuing operations	\$ .56	\$ 1.93		\$ .56	\$ 1.93
Income from discontinued operations, net	1.80	2.00		1.58	1.79
Net income	2.36	3.93		2.14	3.72

The effect of the correction on the Dec. 31, 2006 consolidated balance sheet is as follows:

<i>(in millions)</i>	As previously reported	Adjustment	As revised
Balances as of Dec. 31, 2006			
Goodwill	\$ 5,172	\$(164)	\$ 5,008
Total assets	103,370	(164)	103,206
Retained earnings	9,444	(164)	9,280
Total shareholders' equity	11,593	(164)	11,429
Memo: Tangible common equity	\$ 4,968	\$ -	\$ 4,968

The effect of the correction on the 2006 consolidated statement of cash flows is as follows:

<i>(in millions)</i>	As previously reported	Adjustment	As revised
Balances as of Dec. 31, 2006			
Net income	\$ 3,011	\$(164)	\$ 2,847
Gain on retail business sale, net of taxes	(1,381)	164	(1,217)
Net cash provided (used) by operating activities	\$ 3,283	\$ -	\$ 3,283

## APPENDIX

### THE BANK OF NEW YORK MELLON CORPORATION Pro Forma Condensed Consolidated Income Statement Excluding Purchase Accounting Adjustments

<i>(in millions)</i>	Three months ended June 30, 2007			Total Pro forma
	The Bank of New York	Mellon Financial (a)	Adjustments	
<b><u>Fee and other revenue</u></b>				
Securities servicing fees:				
Asset servicing	\$ 427	\$ 281	\$ (4) (b)	\$ 704
Issuer services	367	48	-	415
Clearing and execution services	291	4	(10) (b)	285
Total securities servicing fees	1,085	333	(14)	1,404
Asset and wealth management fees	168	678	-	846
Performance fees	21	42	-	63
Foreign exchange and other trading activities	117	59	-	176
Treasury services	55	66	-	121
Distribution and servicing	2	81	-	83
Financing-related fees	61	8	-	69
Investment income	39	38	-	77
Securities gains (losses)	(2)	3	-	1
Other	34	55	-	89
Total fee and other revenue	1,580	1,363	(14)	2,929
<b><u>Net interest revenue</u></b>				
Interest revenue	1,162	416	-	1,578
Interest expense	710	282	-	992
Net interest revenue	452	134	-	586
Provision for credit losses	(15)	(3)	-	(18)
Net interest revenue after provision for credit losses	467	137	-	604
<b><u>Noninterest expense</u></b>				
Staff	752	551	-	1,303
Professional, legal and other purchased services	132	121	-	253
Net occupancy	81	91	-	172
Distribution and servicing	4	151	(14) (b)	141
Furniture and equipment	54	26	-	80
Software	57	20	-	77
Business development	37	35	-	72
Sub-custodian	42	18	-	60
Clearing and execution	44	-	-	44
Communications	23	10	-	33
Other	87	117	-	204
Subtotal	1,313	1,140	(14)	2,439
Amortization of intangible assets	29	11	-	40
Merger and integration expense:				
The Bank of New York Mellon	35	116	-	151
Acquired Corporate Trust Business	12	-	-	12
Total noninterest expense	1,389	1,267	(14)	2,642
<b><u>Income</u></b>				
Income from continuing operations before income taxes	658	233	-	891
Provision for income taxes	210	(48)	-	162
Income from continuing operations	448	281	-	729
Discontinued operations:				
Income (loss) from discontinued operations	(4)	1	-	(3)
Provision (benefit) for income taxes	(1)	7	-	6
Discontinued operations income (loss), net	(3)	(6)	-	(9)
Net income	\$ 445	\$ 275	\$ -	\$ 720

(a) Mellon's results for the second quarter of 2007 include the impact of pre-tax charges associated with merger and integration expenses (\$116 million), early redemption of junior subordinated debentures (\$46 million), exit costs associated with excess office space (\$30 million), and a litigation reserve charge (\$5 million), as well as the net benefit of a tax settlement and other discrete tax items (\$122 million).

(b) Adjustment to eliminate intercompany revenue and expenses for Clearing and execution services and Asset servicing paid by Mellon Financial to The Bank of New York.

## APPENDIX

### THE BANK OF NEW YORK MELLON CORPORATION Pro Forma Condensed Consolidated Income Statement Excluding Purchase Accounting Adjustments

<i>(in millions)</i>	Three months ended Sept. 30, 2006			Total Pro forma
	The Bank of New York	Mellon Financial	Adjustments	
<b><u>Fee and other revenue</u></b>				
Securities servicing fees:				
Asset servicing	\$ 346	\$ 233	\$ (5)(a)	\$ 574
Issuer services	194	49	-	243
Clearing and execution services	<u>302</u>	<u>2</u>	<u>(8)(a)</u>	<u>296</u>
Total securities servicing fees	842	284	(13)	1,113
Asset and wealth management fees	133	552	-	685
Performance fees	3	56	-	59
Foreign exchange and other trading activities	83	54	-	137
Treasury services	55	66	-	121
Distribution and servicing	2	71	-	73
Financing-related fees	62	9	-	71
Investment income	34	20	-	54
Securities gains	1	3	-	4
Other	<u>48</u>	<u>49</u>	<u>-</u>	<u>97</u>
Total fee and other revenue	1,263	1,164	(13)	2,414
<b><u>Net interest revenue</u></b>				
Interest revenue	960	393	-	1,353
Interest expense	<u>609</u>	<u>274</u>	<u>-</u>	<u>883</u>
Net interest revenue	351	119	-	470
Provision for credit losses	<u>(4)</u>	<u>(1)</u>	<u>-</u>	<u>(5)</u>
Net interest revenue after provision for credit losses	355	120	-	475
<b><u>Noninterest expense</u></b>				
Staff	644	512	-	1,156
Professional, legal and other purchased services	89	121	(1)(a)	209
Net occupancy	70	51	-	121
Distribution and servicing	4	122	(12)(a)	114
Furniture and equipment	46	26	-	72
Software	53	16	-	69
Business development	27	25	-	52
Clearing and execution	52	-	-	52
Sub-custodian	31	14	-	45
Communications	26	8	-	34
Other	<u>51</u>	<u>61</u>	<u>-</u>	<u>112</u>
Subtotal	1,093	956	(13)	2,036
Amortization of intangible assets	14	7	-	21
Merger and integration expense:				
The Bank of New York Mellon	-	-	-	-
Acquired Corporate Trust Business	<u>89</u>	<u>-</u>	<u>-</u>	<u>89</u>
Total noninterest expense	<u>1,196</u>	<u>963</u>	<u>(13)</u>	<u>2,146</u>
<b><u>Income</u></b>				
Income from continuing operations before income taxes	422	321	-	743
Provision for income taxes	<u>124</u>	<u>103</u>	<u>-</u>	<u>227</u>
Income from continuing operations	298	218	-	516
Discontinued operations:				
Income (loss) from discontinued operations	96	7	-	103
Provision (benefit) for income taxes	<u>42</u>	<u>3</u>	<u>-</u>	<u>45</u>
Discontinued operations income (loss), net	<u>54</u>	<u>4</u>	<u>-</u>	<u>58</u>
Net income	<u>\$ 352</u>	<u>\$ 222</u>	<u>\$ -</u>	<u>\$ 574</u>

(a) Adjustment to eliminate intercompany revenue and expenses for Clearing and execution services and Asset servicing paid by Mellon Financial to The Bank of New York.

## **Cautionary Statement**

The information presented in this Earnings Release, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, which may be expressed in a variety of ways, including the use of future or present tense language, relate to, among other things, statements with respect to future financial goals, the merger of The Bank of New York and Mellon, including expectations with respect to the merged companies, integration and operations after the merger, achievement of milestones, future growth and prospects. These statements and other forward-looking statements contained in other public disclosures of The Bank of New York Mellon (the Company) which make reference to the cautionary factors described in this Earnings Release, are based upon current beliefs and expectations and are subject to significant risks and uncertainties (some of which are beyond the Company's control). The following risks, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements: the businesses of The Bank of New York and Mellon may not be integrated successfully or the integration may be more difficult, time-consuming or costly than expected; the combined company may not realize, to the extent or at the time it expects, revenue synergies and cost savings from the transaction; revenue following the transaction may be lower than expected as a result of losses of customers or other reasons; deposit attrition, operating costs, customer loss and business disruption following the transaction, including, without limitation, difficulties in maintaining relationships with employees, may be greater than expected; market volatility; operational risk; changes in political and economic conditions; equity, fixed-income and foreign exchange market fluctuations; geographic sources of income; the price of oil; and levels of tax-free income. Additional factors that could cause the Company's results to differ materially from those described in the forward-looking statements can be found in the Company's filings with the Securities and Exchange Commission and The Bank of New York Company, Inc.'s and Mellon Financial Corporation's historical reports (such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K) filed with the Securities and Exchange Commission. All forward-looking statements in this Earnings Release speak only as of Oct. 18, 2007, and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after that date or to reflect the occurrence of unanticipated events.

**The Bank of New York Mellon**  
**Quarterly Earnings Summary**  
**Financial Results**  
**October 18, 2007**  
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**All narrative comparisons in this Quarterly Earnings Summary are with the third quarter of 2006 and all information is reported on a continuing operations basis, unless otherwise noted.**

**This Quarterly Earnings Summary has been designed to facilitate the understanding of the impact of the merger between The Bank of New York and Mellon, which closed on July 1, 2007. Throughout this Quarterly Earnings Summary, certain measures, which are noted, exclude certain items. We believe these measures are useful to the investment community in analyzing the financial results and trends of ongoing operations. We believe they facilitate comparisons with prior periods and reflect the principal basis on which our management monitors financial performance. Pro-forma combined financial results for The Bank of New York Mellon prior to the consummation of the merger exclude the impact of intangible amortization and the pro forma impact of incremental purchase accounting intangibles resulting from the merger.**

## **CAUTIONARY STATEMENT**

A number of statements (i) in this Quarterly Earnings Summary, (ii) in our presentations and (iii) in the responses to questions are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, which may be expressed in a variety of ways, including the use of future or present tense language, relate to, among other things, the Corporation’s future financial goals, including future revenue, expenses and earnings, new business wins, and pipelines for new business and statements with respect to the merger integration; including revenue synergies, expense synergy targets, estimated merger and integration charges, completion date for the bank consolidation, integration completion date and sources of revenue enhancements; as well as BNY Mellon’s overall plans, strategies, goals, objectives, expectations, estimates and intentions, and are based on assumptions that involve risks and uncertainties and that are subject to change based on various important factors (some of which are beyond BNY Mellon’s control). Actual results may differ materially from those expressed or implied as a result of these risks and uncertainties, including, but not limited to, the businesses of Mellon and The Bank of New York may not be integrated successfully or the integration may be more difficult, time-consuming or costly than expected; the combined company may not realize, to the extent or at the time we expect, revenue synergies and cost savings from the transaction; service quality metrics in Asset Servicing may not be attained; revenue following the transaction may be lower than expected as a result of losses of customers or other reasons; deposit attrition, operating costs, customer loss and business disruption following the transaction, including, without limitation, difficulties in maintaining relationships with employees, may be greater than expected; changes in political and economic conditions; changes in the relevant benchmark to measure changes in investment management fees; equity, fixed-income and foreign exchange market fluctuations; changes in the mix of assets under management; changes in the mix of deposits; the price of oil; the effects of the adoption of new accounting standards; corporate and personal customers’ bankruptcies; market volatility; operational risk; inflation; levels of tax-free income; technological change; success in the timely development of new products and services; competitive product and pricing pressures within the Corporation’s markets; consumer spending and savings habits; interest rate fluctuations; geographic sources of income; monetary fluctuations; acquisitions and integrations of acquired businesses; changes in law; changes in fiscal, monetary, regulatory, trade and tax policies and laws; success in gaining regulatory approvals when required; the effects of terrorist acts and the results of the war on terrorism; as well as other risks and uncertainties detailed from time to time in the filings of the Corporation with the SEC and in The Bank of New York’s and Mellon’s historical reports (such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K) filed with the SEC. Such forward-looking statements speak only as of Oct. 18, 2007, and BNY Mellon undertakes no obligation to update any forward-looking statement to reflect events or circumstances after that date or to reflect the occurrence of unanticipated events.

## **ADDITIONAL INFORMATION**

The results prior to the consummation of the merger on July 1, 2007, reflect the sum of The Bank of New York and Mellon’s historical results, but do not include the pro forma impact of purchase accounting adjustments. The business sector combined results for all periods reflect actions taken to report consistent transfer pricing and cost allocation methodologies as well as intercompany eliminations between The Bank of New York and Mellon. As a result of actions taken in the third quarter of 2007, the business sector results for 2006 have been changed from the second quarter of 2007 Combined Quarterly Earnings Summary to reflect consistent reporting.

**THIRD QUARTER 2007 FINANCIAL HIGHLIGHTS (vs. third quarter 2006)**

	<u>Income after-tax from- Continuing Operations</u>	<u>EPS from Continuing Operations</u>		<u>EPS Growth vs. 3Q06 2Q07</u>	
	<u>\$ millions</u>				
GAAP	<u>\$642</u>		\$.56	37%	(10%)
Non-GAAP adjusted (a)			\$.66	32%	-%
Ex merger and integration/non-operating	\$754		\$.73	43%	6%
Ex merger and integration /non-operating and intangible amortization	\$838				
	<u>3Q07</u>	<u>% of (a)</u>		<u>Growth (a)</u>	
<b>Business Segments - Pro forma Combined Basis</b>	<u>Total Revenue(a)</u>	<u>Revenue</u>	<u>Pre-tax Income</u>	<u>Revenue</u>	<u>Pre-tax Income</u>
Asset & Wealth Management:					
Asset Management	\$ 741	21%	18%	9%	-%
Wealth Management	<u>247</u>	<u>7</u>	<u>7</u>	3	-
	988	28	25	7	-
Institutional Services:					
Securities Servicing					
Asset Servicing	1,113	32	28	27	75
Issuer Services	619	18	26	92	136
Clearing & Execution Services	<u>421</u>	<u>12</u>	<u>8</u>	6	7
	2,153	62%	62%	35%	79%
Treasury Services	<u>352</u>	<u>10</u>	<u>13</u>	5	13
	<u>\$2,505</u>	<u>72%</u>	<u>75%</u>	30%	63%
Total Business Segments (b)	<u>\$3,493</u>	<u>100%</u>	<u>100%</u>	23%	41%

**KEY POINTS Pro forma Combined Basis (a)**

- Global leader in asset management and securities servicing with assets under management of \$1.1 trillion, +19% and assets under custody and administration of \$20.8 trillion, +22%
  - 3Q07 net asset flows totaled \$29 billion
- Generating strong revenue and earnings momentum
  - Revenue +25% (page 4)
  - Expense +14% (page 4)
    - 1,100 basis points of positive operating leverage year-over-year, 400 basis points sequentially
  - Pre-tax margin of 36% in 3Q07, up 200 basis points from 2Q07
  - 31% of revenues from outside the U.S.
- Effective tax rate of 28.2% for 3Q07 compared with 29.4% in 3Q06 and 31.9% in 2Q07. Lower rate vs. prior year reflects the impact of the recalculation of the yield on the leverage lease portfolio. Excluding this adjustment, the effective rate was 32.4% in 3Q07
- Adjusted tangible shareholders' equity ratio of 5.31%
- Nonperforming assets of only \$37 million at 9/30/07, remain at historically low levels
- Merger
  - \$79 million of expense synergies realized (\$62 million net of open positions eliminated) in 3Q07, 1,368 net positions eliminated year-to-date
  - Established a gross revenue synergy targeted run rate of \$250-\$400 million by 2011

(a) Results exclude items detailed in footnote (c) on page 4.

(b) Excludes the Other segment.

**FINANCIAL SUMMARY**  
**The Bank of New York Mellon Corporation**  
**Continuing Operations (a)**

<i>(dollar amounts in millions, non-FTE basis unless otherwise noted)</i>	Pro-forma combined results for BNY Mellon					3Q07	
	2006		2007		vs.		
	3rd Qtr (b)	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	3Q06	2Q07
Fee and other revenue-excludes certain items in footnote (c)	\$ 2,414	\$ 2,841	\$ 2,740	\$ 2,929	<b>\$ 2,903</b>	20%	(1) %
Net interest revenue-excludes certain items in footnote (c)	<u>470</u>	<u>560</u>	<u>552</u>	<u>586</u>	<b>691</b>	47	18
Total revenue-excludes certain items in footnote (c)	2,884	3,401	3,292	3,515	<b>3,594</b>	25	2
Provision for credit losses	(5)	(10)	(12)	(18)	-	N/M	N/M
Total noninterest expense - excluding merger and integration expense, amortization of intangible assets and items in footnote (c)	<u>2,036</u>	<u>2,331</u>	<u>2,230</u>	<u>2,358</u>	<b>2,318</b>	14	(2)
Pre-tax income from continuing operations (non-GAAP)	\$ 853	\$ 1,080	\$ 1,074	\$ 1,175	<b>\$ 1,276</b>	50	9
Merger and integration expense:							
The Bank of New York Mellon	-	11	12	151	<b>205</b>		
Acquired Corporate Trust Business	89	17	11	12	<b>13</b>		
Amortization of intangible assets	21	57	40	40	<b>131</b>		
Non-operating items in footnote (c)	<u>-</u>	<u>48</u>	<u>12</u>	<u>81</u>	<b>33</b>		
Pre-tax income from continuing operations (GAAP)	\$ 743	\$ 947	\$ 999	\$ 891	<b>\$ 894</b>		
Provision for income taxes					<b>252</b>		
Income from continuing operations					<b>\$ 642</b>		
<b>KEY METRICS:</b>							
Pre-tax operating margin (FTE) excluding merger and integration expense, intangible amortization and items in footnote (c)	30%	32%	33%	34%	<b>36%</b>		
Return on tangible common equity:							
GAAP					<b>46.0%</b>		
Non-GAAP adjusted (c)					<b>53.1%</b>		
Return on equity:							
GAAP					<b>8.9%</b>		
Non-GAAP adjusted (c)					<b>11.6%</b>		
Fee and other revenue as a percentage of total revenue (FTE)	83%	83%	83%	83%	<b>81%</b>		
Non-U.S.- Percent of revenue (FTE)	25%	27%	28%	30%	<b>31%</b>		
Tier I capital ratio (estimate)					<b>9.1%</b>		
Adjusted tangible shareholders' equity to assets ratio					<b>5.31%</b>		
Market capitalization (in millions)					<b>\$50,266</b>		
Net interest margin (FTE)	1.80%	2.06%	2.08%	1.95%	<b>2.02%</b>		

- (a) Results prior to 3Q07 exclude the pro forma impact of incremental purchase accounting, including intangible amortization resulting from The Bank of New York Mellon merger.
- (b) Results exclude the impact of the corporate trust business acquired in the swap transaction with JPMorgan Chase as the transaction closed October 2006.
- (c) Excludes merger and integration expense, and intangible amortization expense, calculations also exclude the following non-operating items: a settlement received for early termination (in 2005) of a contract associated with the clearing business (\$28 million pre-tax), and (\$1 million pre-tax) of related incentive expense, recalculation of the yield on the leverage lease portfolio, recorded in net interest revenue (\$22 million pre-tax), the pre-tax write-off of remaining interests in a hedge fund manager that was sold in 2006 (\$32 million) and (\$6 million) for internally developed software in 3Q07; early redemption charge for junior subordinated debentures (\$46 million), exit costs associated with excess office space (\$30 million) and a litigation reserve charge (\$5 million) in 2Q07; a litigation reserve charge (\$12 million) 1Q07; severance (\$26 million), impairment charge (\$16 million) and occupancy expense (\$6 million) in 4Q06.

**ASSETS UNDER MANAGEMENT/CUSTODY AND ADMINISTRATION TREND**

	Pro forma combined results for BNY Mellon					3Q07 vs.	
	2006		2007			3Q06	2Q07
	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr		
Assets under management ( <i>in billions</i> )	\$ 926	\$ 1,011	\$ 1,025	\$ 1,082	\$ <b>1,106</b>	<b>19%</b>	2%
Market value of assets under custody/ administration at period-end ( <i>in trillions</i> )	\$ 17.0	\$ 17.9	\$ 19.0	\$ 20.4	\$ <b>20.8</b>	<b>22%</b>	2%
Securities lending cash management ( <i>in billions</i> )	\$ 533	\$ 546	\$ 597	\$ 599	\$ <b>575</b>	<b>8%</b>	<b>(4)%</b>

**ASSETS UNDER MANAGEMENT FLOWS (a)**

**Changes in market value of assets under management from June 30, 2007 to Sept. 30, 2007 - by business sector**

( <i>in billions</i> )	Asset Management	Wealth Management	Total
Market value of assets under management at June 30, 2007 (b)	\$ 997	\$85	\$1,082
Net inflows:			
Long-term	1	1	2
Money market	27	-	27
Total net inflows	28	1	29
Net market depreciation (c)	(5)	-	(5)
Market value of assets under management at Sept. 30, 2007	\$1,020	\$86	\$1,106

(a) Preliminary.

(b) Represents pro forma combined results for BNY Mellon.

(c) Includes the effect of changes in foreign exchange rates.

**COMPOSITION OF ASSETS UNDER MANAGEMENT**

At period-end (a)	Pro forma combined results for BNY Mellon				
	2006		2007		3rd Qtr
	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	
Equity	39%	42%	42%	42%	<b>41%</b>
Money market	23	22	22	23	<b>25</b>
Fixed income	22	20	21	20	<b>19</b>
Overlay and alternative assets	16	16	15	15	<b>15</b>
Total	100%	100%	100%	100%	<b>100%</b>

(a) Excludes securities lending cash management assets.

## FEE AND OTHER REVENUE

<i>(dollar amounts in millions, non-FTE basis unless otherwise noted)</i>	Pro-forma combined results for BNY Mellon					3Q07 vs.	
	2006		2007		3rd Qtr	3Q06	2Q07
	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr			
Securities servicing fees:							
Asset servicing	\$ 574	\$ 595	\$ 640	\$ 704	\$ 720	25%	2%
Issuer services	243	385	371	415	436	79	5
Clearing and execution services	296	260	274	285	304	3	7
Total securities servicing fees	1,113	1,240	1,285	1,404	1,460	(31)	4
Asset and wealth management fees	685	775	801	846	854	(25)	1
Performance fees	59	214	49	63	(3)	N/M	N/M
Foreign exchange and other trading activities	137	156	182	176	238	(74)	35
Treasury services	121	118	116	121	122	1	1
Distribution and servicing	73	80	84	83	95	30	14
Financing-related fees	71	71	63	69	51	(28)	(26)
Investment income	54	80	61	77	22	(59)	(71)
Securities gains(losses)	4	2	2	1	(9)	N/M	N/M
Other	97	105	97	89	101	4	13
Total fee and other revenue (non-FTE)	\$2,414	\$2,841	\$2,740	\$2,929	\$2,931	21%(a)	-
Total fee and other revenue (FTE)	\$2,423	\$2,850	\$2,750	\$2,939	\$2,940	(21%)	-
Fee and other revenue as a percentage of total revenue (FTE)	83%	83%	83%	83%	81%		
S&P 500 Index - period-end	1336	1418	1421	1503	1527	14%	2%
S&P 500 Index - daily average	1288	1389	1424	1496	1490	16%	-
FTSE 100 Index-period-end	5961	6221	6308	6608	6467	8%	(2)%
FTSE 100 Index-daily average	5869	6146	6265	6534	6366	8%	(3)%

(a) Excluding the fee and other revenue items described in footnote (c) on page 4, the growth rate would have been 20%.

N/M - Not meaningful.

## KEY POINTS

- Total securities servicing fees increased 31% reflecting:
  - Asset servicing fees increased 25% reflecting a record level of securities lending revenue and increased client activity related to market volatility as well as net new business.
  - Issuer services fees growth of 79% primarily due to the impact of the Acquired Corporate Trust Business. Adjusted for the impact of the Acquired Corporate Trust Business fees increased approximately 15%. Sequentially, fees increased 5% (unannualized) reflecting a strong quarter in both depositary receipts and global products within Corporate Trust.
  - Clearing and execution services fees were up 3% principally due to increased activity resulting from market volatility, largely offset by the disposition of certain execution businesses in the BNY ConvergeEx transaction. Excluding the impact of BNY ConvergeEx, Clearing and execution services fees increased 25% driven by strong growth in trading activity in a normally slow quarter along with continued growth in money market and mutual fund positions.
- Asset and wealth management fees increased 25% primarily due to net asset flows and favorable equity market conditions, as well as acquisitions.
- Performance fees were a negative \$3 million in 3Q07 compared to \$59 million in 3Q06 and \$63 million in 2Q07, with the declines principally reflecting the impact of market volatility during 3Q07 on certain alternative and quantitative strategies as well as weaker relative performance compared to the third quarter of 2006.
- Foreign exchange and other trading activities increased 74% reflecting the benefit of higher client volumes as well as a significant increase in currency volatility and a higher valuation of the credit derivative portfolio due to credit spreads widening.
- Distribution and servicing fees increased 30% reflecting higher sales volumes and higher market values of mutual funds.
- Investment income decreased \$32 million principally reflecting the lower market value of seed capital investments due to the market environment.

## NET INTEREST REVENUE

(dollar amounts in millions)(a)	Pro-forma combined results for BNY Mellon					3Q07	
	2006		2007		3rd Qtr	vs.	
	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr		3Q06	2Q07
Net interest revenue (non-FTE)	\$ 470	\$ 560	\$ 552	\$ 586	\$ 669	42% (b)	14%
Net interest revenue (FTE)	481	565	558	592	674	40% (b)	14%
Net interest margin (FTE)	1.80%	2.06%	2.08%	1.95%	2.02%	22 bp	7 bp
Selected average balances:							
Money market investments	\$ 22,814	\$ 24,895	\$ 22,141	\$ 31,818	\$ 39,965	75%	26%
Trading account securities	2,933	3,125	3,257	1,892	1,885	(36)	-
Securities	40,504	39,148	40,835	43,705	46,167	14	6
Loans	39,405	41,436	42,037	43,824	45,517	16	4
Interest-earning assets	105,656	108,604	108,270	121,239	133,534	26	10
Interest-bearing deposits	63,821	63,488	61,432	72,450	80,870	27	12
Noninterest-bearing deposits	18,675	22,128	23,300	24,002	26,466	42	10
Noninterest-bearing deposits as a percentage of interest-earning assets	18%	20%	22%	20%	20%		

(a) Prior periods calculated on a continuing operations basis even though the balance sheet, in accordance with GAAP, is not restated for discontinued operations.

(b) Excluding the net interest revenue items described in footnote (c) on page 4, the growth rate was 47% (non-FTE) and 45% (FTE). bp - basis points.

## KEY POINTS

- Net interest revenue (FTE) increased 40% year-over-year and 14% (unannualized) sequentially, principally reflecting a higher level of average interest-earning assets driven by growth in client deposits, wider spreads on investment securities, lower bond premium amortization due to slowing prepayments and a positive day variance relative to the sequential quarter. This growth was partially offset by the required recalculation of the yield on leverage leases under FAS 13 (\$22 million).
- The increase in interest-earning assets reflects the impact of higher deposits related to the Acquired Corporate Trust Business (\$14 billion), as well as higher client activity across our businesses which drove higher deposits.
- The net interest margin increased 22 bps year-over-year and 7 bps sequentially principally reflecting the benefit of wider spreads on investment securities. Sequentially the margin benefited from the impact of market volatility on short-term spreads and a flight to quality during the quarter which delivered attractively priced deposits.

**NONINTEREST EXPENSE**

<i>(dollar amounts in millions)(a)</i>	Pro-forma combined results for BNY Mellon					3Q07	
	2006		2007		3rd Qtr	vs.	
	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr		3Q06	2Q07
Staff:							
Compensation	\$ 683	\$ 742	\$ 739	\$ 754	\$ 764	12%	1%
Incentives	301	447	327	362	347	15	(4)
Employee benefits	172	182	191	187	169	(2)	(10)
Total staff	1,156	1,371	1,257	1,303	1,280	11	(2)
Professional, legal and other purchased services	209	248	245	253	241	15	(5)
Net occupancy	121	141	135	172	144	19	(16)
Distribution and servicing	114	132	132	141	127	11	(10)
Software	69	79	72	77	91	32	18
Furniture and equipment	72	76	78	80	80	11	-
Sub-custodian	45	47	50	60	58	29	(3)
Business development	52	66	58	72	56	8	(22)
Clearing and execution	52	38	37	44	52	-	18
Communications	34	31	25	33	33	(3)	-
Other	112	150	153	204	195	74	(4)
Subtotal	\$2,036	\$2,379	\$2,242	\$2,439	\$2,357	16(b)	(3)
Merger & integration expense:							
The Bank of New York Mellon	-	11	12	151	205	N/M	N/M
Acquired Corporate Trust business	89	17	11	12	13	N/M	N/M
Amortization of intangible assets	21	57	40	40	131	N/M	N/M
Total noninterest expense	\$2,146	\$2,464	\$2,305	\$2,642	\$2,706	26%	2%
Total staff expense as a percentage of total revenue (FTE)	40%	40%	38%	37%	35%		

(a) Results prior to 3Q07 exclude the pro forma impact of incremental purchase accounting intangible amortization resulting from The Bank of New York Mellon merger.

(b) Excluding the noninterest expense items described in footnote (c) on page 4, the growth rate was 14%.

N/M - Not meaningful.

**KEY POINTS**

- Strong revenue growth and overall expense control, as well as the benefit of \$79 million in merger-related synergies (\$62 million net of open positions eliminated) resulted in 1,100 basis points of positive operating leverage year-over-year and 400 basis points sequentially.
- Total staff expense increased 11% due to the Acquired Corporate Trust Business, the impact of acquisitions, higher incentive expense, and organic business growth.
- Increased professional, legal and other purchased services, business development and furniture and equipment expense reflects business growth, strategic initiatives and the impact of acquisitions.
- Distribution and servicing expense increased 11% due to an increased level of mutual fund sales activity.
- Software expense increased \$22 million year-over-year reflecting support of business growth and strategic initiatives as well as the write-off of internally developed software (\$6 million).
- Sub-custodian expenses increased 29% reflecting increased asset values, higher transaction volumes and increased depositary receipt activity.
- Other expenses increased \$83 million due to higher customer activity, the write-off of the remaining interest in a hedge fund manager that was sold in 2006 (\$32 million) and organic business growth.

**Merger Update - Integration Milestones \***

	Goal	Actual	-----Cumulative Targets-----		
		3Q07 YTD	2007	2008	2009
1) <b>Expense Synergies</b> - represents synergies achieved for the period (as previously reported)	\$700 mm	\$79mm/11%	15%	50%	85%
# of net positions eliminated	3,900	1,368			3,900
Memo: Canceled open positions included above		478			478

	3Q07	Memo: 3Q07 Net of Open Positions
<b>Business Sector Expense Synergies Achieved (in millions)</b>		
Asset Management	\$6	\$5
Wealth Management	4	2
Asset Servicing	28	22
Issuer Services	8	6
Clearing & Execution Services	1	1
Treasury Services	10	7
Subtotal	57	43
Other	22	19
Total	\$79	\$62

2) **Merger & Integration Charges (The Bank of New York Mellon)**

<i>(in millions)</i>	3Q07			Cumulative Thru 3Q07 (d)			Total Estimated
	Expense	Included in Goodwill	Total	Expense	Included in Goodwill	Total	
Personnel-related (a)	\$73	\$72	\$145	\$154	\$72	\$226	\$575
Integration/conversion	52	-	52	90	-	90	350
One-time costs (b)	15	31	46	19	31	50	225
Transaction costs (c)	65	45	110	116	45	161	175
Total	\$205	\$148	\$353	\$379	\$148	\$527	\$1,325
% of total estimated			27%			40%	

3) **Service Quality Goals for 2010 - Asset Servicing**

- #1 vs. major peers in the three major external global client satisfaction surveys (first survey 1Q08).
- Expect 85% of our clients to be satisfied/highly satisfied with our service quality.

4) **Other**

**Corporate Branding**

Initial design	Completed
Formal rollout	Completed

**Corporate Culture**

Conduct all employee survey	Completed
Established core values	Completed
Formal rollout of core values	Completed

**Other**

Consolidation of Banks	7/1/08
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- (a) Includes severance, retention, relocation expenses and accelerated vesting of stock options and restricted stock.  
 (b) Includes facilities related, balance sheet write-offs, vendor contract modifications, rebranding and net gain (loss) on disposals.  
 (c) Includes investment banker and legal fees and foundation funding.  
 (d) Represents total merger and integration charges from 4Q06 - 3Q07.

\*Note: Integration expected to be completed in 2009.

- REVENUE SYNERGIES -**
- Targeted Run Rate of \$250-\$400 million by 2011
  - Ideas grouped into 3 major categories
  - Top 15 of 71 represent over 60% of target

**Major Opportunities in Each Category**

<b>REVENUE ENHANCEMENTS (BEST PRACTICES)</b>	
	<b>Distributing LOB</b>
Standardize FX policy (e.g., standing instructions)	Asset Servicing
Align fee schedules between legacy BK and legacy MEL	Wealth Management
Best of breed approach to Securities Lending	Asset Servicing
Improved commission management in Shareowner Services	Issuer Services
Internalize emerging markets FX trades currently handled by sub-custodians	Asset Servicing
<b>WITHIN THE LINE OF BUSINESS</b>	
Legacy BK US mutual fund administration and accounting to legacy MEL mutual fund clients	Asset Servicing
Enhanced product opportunities with new clients	Asset Servicing
Legacy BK offshore accounting introduced to legacy MEL clients	Asset Servicing
ETF offering from legacy BK to legacy MEL clients	Asset Servicing
Improved accounting options for insurance & multinational pension funds from legacy MEL to legacy BK clients	Asset Servicing
<b>ACROSS LINES OF BUSINESS</b>	
Legacy MEL asset management services to other business line clients	Various
Ensure more cash is swept into BNY Mellon	Various
Introduce Corporate Trust to legacy MEL clients	Various
Leveraging Pershing platform for BNY Mellon Asset Management	Clearing
Leverage Senior Executive contacts to expanded wealth management capabilities	Various

## BUSINESS SECTORS

**ASSET MANAGEMENT** (provides asset management services through a number of asset management companies to institutional and individual investors)

- Represented 18% of pre-tax income in the third quarter of 2007 (a)(e)

(dollar amounts in millions, unless otherwise noted; presented on an FTE basis)	Pro-forma combined results for BNY Mellon					3Q07 vs.	
	2006		2007			3Q06	2Q07
	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr		
Revenue:							
Asset and wealth management:							
Mutual funds	\$242	\$255	\$276	\$291	\$ 307	27%	5%
Institutional clients	258	316	317	337	331	28	(2)
Private clients	37	41	42	46	46	24	-
Total asset and wealth management	537	612	635	674	684	27	1
Performance fees	59	214	49	63	(3)	N/M	N/M
Distribution and servicing	71	78	82	81	89	25	10
Other	15	30	14	41	(24)	N/M	N/M
Total fee and other revenue	682	934	780	859	746	9	(13)
Net interest revenue (expense)	-	(2)	6	-	(5)	N/M	N/M
Total revenue	682	932	786	859	741	9	(14)
Noninterest expense (ex. intangible amortization)	449	590	509	541	539	20	-
Income before taxes (ex. intangible amortization)	\$233	\$342	\$277	\$318	\$ 202	(13)	(36)
Amortization of intangible assets (b)	7	12	13	12	70	N/M	N/M
Income before taxes	\$226	\$330	\$264	\$306	\$ 132	(42)%	(57)%
Memo: Income before taxes (ex. intangible amortization) non-GAAP (e)	\$233	\$353	\$277	\$ 318	\$ 234	-%	(26)%
Market value of assets under management at period-end (in billions) (f)	\$853	\$934	\$950	\$1,006	\$1,028	21%	2%
Assets under management - net inflows (outflows) (in billions):							
Long-term	\$ 6	\$ 9	\$ (4)	\$ 5	\$ 1		
Money market	\$ 18	\$ 1	\$ 5	\$ 17	\$ 27		
Pre-tax operating margin (excluding intangible amortization) - non-GAAP (e)	34%	38%	35%	37%	32%		
Adjusted pre-tax operating margin - non-GAAP (d)(e)	41%	44%	42%	44%	38%		

(a) Excluding intangible amortization, the Other segment and certain items detailed in footnote (c) on page 4.

(b) Results prior to 3Q07 exclude the pro forma impact of incremental purchase accounting intangible amortization resulting from The Bank of New York Mellon merger.

(c) Flows from 3Q06 through 1Q07 represent historical Mellon only.

(d) Calculation excludes amortization of intangible assets and nets distribution and servicing expense from revenue.

(e) 3Q07 noninterest expense included a \$32 million charge related to the write-off of the value of the remaining interest in a hedge fund manager that was sold in 2006. The pre-tax operating margin and adjusted pre-tax operating margin have been adjusted for the items detailed in the table on page 18.

(f) Includes amounts subadvised for other sectors of \$5 billion, \$6 billion, \$9 billion, \$9 billion and \$8 billion.

## KEY POINTS

- Assets under management totaled \$1,028 billion, an increase of 21%
  - Net long-term flows totaled \$1 billion
  - Net money market flows totaled \$27 billion, a record quarterly net inflow
- 36% non-U.S. revenue in 3Q07
- Asset and wealth management fees increased 27% relative to 3Q06 reflecting net new business, improved equity markets and acquisitions
- The year-over-year and sequential quarter declines in performance fees reflect the impact of market volatility during 3Q07 on certain alternative and quantitative strategies as well as weaker relative performance compared to 3Q06
- Distribution and servicing fees increased 25% reflecting higher sales volumes and higher market values of mutual funds
- Other fee revenue decreased \$39 million principally reflecting the lower market value of seed capital investments due to the market environment
- Noninterest expense increased 20% in support of business growth as well the write-off noted above. Excluding this write-off, noninterest expense increased 13% and the pre-tax operating margin excluding intangible amortization would have been approximately 32%.

**WEALTH MANAGEMENT** (provides investment management, wealth management and banking services to high-net-worth individuals, families and charitable gift programs, foundations and endowments)

- Represented 7% of pre-tax income in the third quarter of 2007 (a)

<i>(dollar amounts in millions, unless otherwise noted; presented on an FTE basis)</i>	Pro-forma combined results for BNY Mellon					3Q07 vs.	
	2006		2007		3rd Qtr	3Q06	2Q07
	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr			
Revenue:							
Asset and wealth management	\$ 139	\$ 147	\$ 149	\$ 153	\$ 152	9%	(1)
Other	8	8	8	8	10	25	25
Total fee and other revenue	147	155	157	161	162	10	1
Net interest revenue	93	92	91	90	85	(9)	(6)
Total revenue	240	247	248	251	247	3	(2)
Provision for credit losses	-	-	-	-	-	-	-
Noninterest expense (excluding intangible amortization)	155	162	161	164	162	5	(1)
Income before taxes (excluding intangible amortization)	\$ 85	\$ 85(b)	\$ 87	\$ 87	\$ 85	-	(2)
Amortization of intangible assets (c)	1	1	1	1	21	N/M	N/M
Income before taxes	\$ 84	\$ 84	\$ 86	\$ 86	\$ 64	(24)%	(26)%
Average loans	\$6,079	\$ 6,135	\$ 6,170	\$ 6,491	\$ 6,590	8%	2%
Average deposits	\$9,943	\$10,026	\$10,338	\$10,142	\$11,289	14	11
Market value of total client assets at period end <i>(in billions)</i>	\$ 149	\$ 155	\$ 158	\$ 162	\$ 170	14%	5%
Pre-tax operating margin (excluding intangible amortization)	35%	34%	35%	35%	34%		

(a) Excluding intangible amortization, the Other segment and certain items detailed in footnote (c) on page 4.

(b) 4Q06 includes \$1 million of severance expense. Excluding this item, income before taxes (excluding intangible amortization) would have been \$86 million.

(c) Results prior to 3Q07 exclude the pro forma impact of incremental purchase accounting intangible amortization resulting from The Bank of New York Mellon merger.

## KEY POINTS

- Total fees increased 10% driven by organic growth, a 43% increase in new business revenue from 3Q06 and improved market performance
- Total client assets of \$170 billion increased 14% compared to 3Q06, and 5% (unannualized) sequentially, driven by new business, improved markets and net long-term flows of assets under management of \$1 billion in 3Q07
- Net interest revenue decreased 9% over the prior year and 6% (unannualized) sequentially as higher loan and deposit volumes were offset by lower spreads
- Noninterest expense, excluding intangible amortization, increased 5% due to merit increases and expenses associated with new distribution channels. Noninterest expense decreased 1% (unannualized) sequentially, partially reflecting the impact of merger-related expense synergies.
- Wealth Management now has a presence in 14 of the top 25 domestic wealth markets and 81 offices in domestic and international locations.

**ASSET SERVICING** (provides institutional trust and custody and related services and broker-dealer services to global financial institutions, corporate and public retirement funds and foundations and endowments)

- Represented 28% of pre-tax income in the third quarter of 2007 (a)

(dollar amounts in millions, unless otherwise noted; presented on an FTE basis)	Pro-forma combined results for BNY Mellon					3Q07 vs.	
	2006		2007			3Q06	2Q07
	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr		
Revenue:							
Securities servicing fees - Asset servicing	\$ 554	\$ 572	\$ 619	\$ 675	\$ 698	26 %	3 %
Foreign exchange and other trading activities	118	109	123	136	167	42	23
Other	56	44	43	48	42	(25)	(13)
Total fee and other revenue	728	725	785	859	907	25	6
Net interest revenue	145	159	162	187	206	42	10
Total revenue	873	884	947	1,046	1,113	27	6
Noninterest expense (excluding intangible amortization)	668	691	701	745	755	13	1
Income before taxes (excluding intangible amortization)	\$ 205	\$ 193	\$ 246	\$ 301	\$ 358	75	19
Amortization of intangible assets (b)	3	22	3	4	6	N/M	50
Income before taxes	\$ 202	\$ 171	\$ 243	\$ 297	\$ 352	74 %	19 %
Memo: Income before taxes (ex. intangible amortization) non-GAAP (c)	\$205	\$210	\$246	\$301	\$358	75%	19%
Average deposits	\$32,397	\$33,023	\$32,945	\$38,883	\$38,250	18 %	(2)%
Market value of securities on loan at period-end (in billions)(d)	\$ 590	\$ 607	\$ 660	\$ 678	\$ 663	12%	(2)%
Securities lending revenue	\$ 66	\$ 61	\$ 65	\$ 97	\$ 108	64 %	11%
Global collateral management balances at period-end (in billions)	\$ 1,392	\$ 1,440	\$ 1,519	\$ 1,548	\$ 1,692	22%	9%
Pre-tax operating margin (excluding intangible amortization) non-GAAP (c)	23%	22%	26%	29%	32%		

(a) Excluding intangible amortization, the Other segment and certain items detailed in footnote (c) on page 4.

(b) Results prior to 3Q07 exclude the pro forma impact of incremental purchase accounting intangible amortization resulting from The Bank of New York Mellon merger.

(c) Adjusted for the items detailed on page 18.

(d) Represents the total amount of securities on loan, both cash and non-cash managed by the Asset Servicing sector.

## KEY POINTS

- Generated 1,400 bps of positive operating leverage year over year and 500 bps sequentially.
- 39% non-U.S. revenue in 3Q07.
- Asset servicing fees increased 26% reflecting a record level of securities lending revenue and increased client activity related to market volatility and net new business.
- Foreign exchange and other trading activities increased 42% reflecting the benefit of higher volumes as well as a significant increase in currency volatility.
- Net interest revenue increased 42% due to higher average deposit levels and improved spreads.
- Noninterest expense (excluding intangible amortization) increased 13% reflecting higher staff expense in support of new business, increased sub-custodian expense related to higher asset levels, higher joint venture pass-thru payments, as well as other growth initiatives, partially offset by merger-related expense synergies.
- Win ratio of 75% on 3Q07 new business.
- Strong new business pipelines.

**ISSUER SERVICES** (provides corporate trust, depository receipt and shareowner services to corporations and institutions)

- Represented 26% of pre-tax income in the third quarter of 2007 (a)

(dollar amounts in millions, unless otherwise noted; presented on an FTE basis)	Pro-forma combined results for BNY Mellon					3Q07 vs.	
	2006		2007		3Q06	2Q07	
	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr		
Revenue:							
Securities servicing fees - Issuer services	\$ 243	\$ 385	\$ 371	\$ 415	\$ 436	79%	5%
Other	12	33	39	25	24	N/M	N/M
Total fee and other revenue	255	418	410	440	460	80	5
Net interest revenue	67	128	133	155	159	N/M	3
Total revenue	322	546	543	595	619	92	4
Provision for credit losses	1	(1)	-	-	-	N/M	N/M
Noninterest expense (excluding intangible amortization)	182	293	295	292	291	60	-
Income before taxes (excluding intangible amortization)	\$ 139	\$ 254(b)	\$ 248	\$ 303	\$ 328	136	8
Amortization of intangible assets (c)	1	16	17	17	20	N/M	18
Income before taxes	\$ 138	\$ 238	\$ 231	\$ 286	\$ 308	123%	8%
# of corporate actions (depository receipts)	656	526	344	682	540	(18)%	(21)%
Depository receipt trading value (in billions)	\$ 144	\$ 178	\$ 233	\$ 248	\$ 354	N/M	43%
Average deposits	\$7,334	\$12,661	\$13,608	\$20,618	\$26,153	N/M	27%
Pre-tax operating margin (excluding intangible amortization)	43%	47%	46%	51%	53%		

(a) Excluding intangible amortization, the Other segment and certain items detailed in footnote (c) on page 4.

(b) 4Q06 includes \$4 million of severance expense. Excluding this item, income before taxes (excluding intangible amortization) would have been \$258 million.

(c) Results prior to 3Q07 exclude the pro forma impact of incremental purchase accounting intangible amortization resulting from The Bank of New York Mellon merger.

## KEY POINTS

- 36% non-U.S. revenue in 3Q07
- Adjusting for the impact of the Acquired Corporate Trust Business, Total revenue grew 19% driven by:
  - 15% growth in Issuer services fees due to strong growth in the Corporate Trust and Depository Receipts businesses

On a linked quarter basis, Issuer services fees increased 5% (unannualized) reflecting growth in Depository receipts as well as global products in Corporate Trust, while Shareowner services fees were relatively flat reflecting seasonality. Positive operating leverage was 400 bps.
- Net interest revenue increased 21% as a result of significant deposit growth in both Corporate Trust and Shareowner Services, reflecting the impact of new business and increased client volumes
- Adjusting for the impact of the Acquired Corporate Trust Business noninterest expense increased 6% reflecting the synergies from the acquired Corporate Trust business, as well as the consolidation of the BNY and Mellon Shareowner Services businesses, which drove 1,300 basis points of positive operating leverage year-over-year

**CLEARING AND EXECUTION SERVICES** (provides clearing, execution, financing and custody services for introducing broker-dealers and registered investment advisors)

- Represented 8% of pre-tax income in the third quarter of 2007 (a)

<i>(dollar amounts in millions, unless otherwise noted; presented on an FTE basis)</i>	Pro-forma combined results for BNY Mellon					3Q07 vs.	
	2006		2007			3Q06	2Q07
	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr		
Revenue:							
Securities servicing fees – Clearing and execution services	\$282	\$257	\$271	\$281	\$ 302	7%	7%
Other	46	39	37	39	70	N/M	N/M
Total fee and other revenue	328	296	308	320	372	13	16
Net interest revenue	70	76	61	63	77	10	22
Total revenue	398	372	369	383	449	13 (b)	17
Provision for credit losses	-	2	-	-	-	N/M	N/M
Noninterest expense (excluding intangible amortization)	301	256	270	293	318	6	9
Income before taxes (excluding intangible amortization)	\$ 97	\$114	\$ 99	\$ 90	\$ 131	35	46
Amortization of intangible assets (c)	8	6	6	6	6	(25)	-
Income before taxes	\$ 89	\$108	\$ 93	\$ 84	\$ 125	40%	49%
Memo: Income before taxes (excluding intangible Amortization (non-GAAP) (d))	\$ 97	\$114	\$ 99	\$ 90	\$ 104	7%	16%
Average active accounts (in thousands)	5,168	5,133	5,149	5,195	5,064	(2)%	(3)%
Average margin debits (in thousands)	5,158	5,176	5,396	5,551	5,287	3%	(5)%
Pre-tax operating margin (excluding intangible amortization) – Non-GAAP (d)	24%	31%	27%	24%	25%		

(a) Excluding intangible amortization, the Other segment and certain items detailed in footnote (c) on page 4.

(b) Excluding the impact of BNY ConvergeEx as well as the impact of the settlement received for the early termination of a contract, total revenue increased 22%.

(c) Results prior to 3Q07 exclude the pro forma impact of incremental purchase accounting intangible amortization resulting from The Bank of New York Mellon merger.

(d) 3Q07 excludes the \$27 million impact of the settlement received for the early termination of a contract detailed in the table on page 18.

## KEY POINTS

- Total revenue, adjusted for the impact of the settlement received for the early termination of a contract, increased 10% (unannualized) compared to 2Q07 driven by:
  - 7% (unannualized) increase in Clearing and execution services fees reflecting strong growth in trading activity in a normally slow quarter along with continued growth in money market and mutual fund positions
  - 22% (unannualized) increase in net interest revenue as a result of increased spreads on deposits and margin accounts resulting from higher interest rates
- Noninterest expense (excluding intangible amortization), adjusted for the incentive impact related to the early contract termination settlement, increased approximately 8% (unannualized) compared to 2Q07, resulting in 200 basis points of positive operating leverage on a sequential basis.

**TREASURY SERVICES** (provides global payment services, working capital solutions, global markets and institutional banking services, including lending)

- Represented 13% of pre-tax income in the third quarter of 2007 (a)

(dollar amounts in millions, unless otherwise noted; presented on an FTE basis)	Pro-forma combined results for BNY Mellon					3Q07 vs.	
	2006		2007		3Q06	2Q07	
	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr		
Revenue:							
Treasury services	\$ 114	\$ 111	\$ 111	\$ 117	\$ 114	- %	(3)%
Other	99	95	96	103	107	8	4
Total fee and other revenue	213	206	207	220	221	4	-
Net interest revenue	122	126	125	123	131	7	7
Total revenue	335	332	332	343	352	5	3
Provision for credit losses	(3)	(7)	(3)	(7)	-	N/M	N/M
Noninterest expense (excluding intangible amortization)	199	206	207	208	195	(2)	(6)
Income before taxes (excluding intangible amortization)	\$ 139	\$ 133(b)	\$ 128	\$ 142	\$ 157	13	11
Amortization of intangible assets (c)	1	-	-	-	7	N/M	N/M
Income before taxes	\$ 138	\$ 133	\$ 128	\$ 142	\$ 150	9 %	6 %
Average loans	\$13,613	\$13,946	\$14,008	\$13,859	\$12,705	(7)%	(8)%
Average deposits	\$16,839	\$19,024	\$18,428	\$19,148	\$20,632	23%	8 %
Pre-tax operating margin (excluding intangible amortization)	41%	40%	39%	41%	45%		

(a) Excluding intangible amortization, the Other segment and certain items detailed in footnote (c) on page 4.

(b) Includes \$1 million of severance expense. Excluding this item, income before taxes (excluding intangible amortization) would have been \$134 million.

(c) Results prior to 3Q07 exclude the pro forma impact of incremental purchase accounting intangible amortization resulting from The Bank of New York Mellon merger.

## KEY POINTS

- Generated 700 bps of positive operating leverage (excluding intangible amortization).
- Total revenue increased 5% compared to 3Q06 due to:
  - 8% increase in other fee revenue due primarily to the higher valuation of the credit derivative portfolio
  - 7% increase in net interest revenue resulting from higher deposit levels, including higher compensating balances (in lieu of treasury services fees), and wider spreads.
- Noninterest expense (excluding intangible amortization) decreased 2% reflecting the impact of merger-related expense synergies.

**OTHER SEGMENT** (primarily includes business exits and Corporate Treasury activities, merger and integration charges, and other corporate revenue and expense items)

<i>(in millions, presented on an FTE basis)</i>	Pro-forma combined results for BNY Mellon				
	2006		2007		
	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr
Revenue:					
Fee and other revenue	\$ 70	\$116	\$103	\$ 80	\$ 72
Net interest revenue	(16)	(14)	(20)	(26)	21
Total revenue	54	102	83	54	93
Provision for credit losses	(3)	(4)	(9)	(11)	-
Noninterest expense (excluding intangible amortization/merger and integration expense)	82	181	99	196	97
Income (loss) before taxes (excluding intangible amortization and merger and integration expense)	\$ (25)	\$ (75)	\$ (7)	\$(131)	\$ (4)
Amortization of intangible assets <i>(a)</i>	-	-	-	-	1
Merger and integration expenses:					
The Bank of New York Mellon	-	11	12	151	205
Acquired Corporate Trust business	89	17	11	12	13
Income (loss) before taxes	\$(114)	\$(103)	\$ (30)	\$(294)	\$(223)
Memo: Income (loss) before taxes (excluding intangible amortization and merger and integration expense) - non-GAAP <i>(b)</i>	\$(25)	\$( 61)	\$ 5	\$(50)	\$24

*(a) Results prior to 3Q07 exclude the pro forma impact of incremental purchase accounting intangible amortization resulting from The Bank of New York Mellon merger.*

*(b) Adjusted for items detailed in the table on page 18.*

## KEY POINTS

- Net interest revenue increased \$37 million due to the impact of the changing interest rate environment on corporate treasury allocations, and lower bond premium amortization due to slowing prepayments, partially offset by the negative impact of the required recalculation of the yield on leverage leases under FAS 13 (\$22 million).
- Noninterest expense (excluding intangible amortization/merger and integration expense) increased \$15 million due in part to the write-off of internally developed software. Sequentially, noninterest expense declined \$99 million as 2Q07 included an early redemption charge for junior subordinated debentures (\$46 million), exit costs associated with excess office space (\$30 million) and a litigation reserve charge (\$5 million).

**SUMMARY OF NON-OPERATING ITEMS**

Non-operating items ( <i>\$ in millions</i> )	2006		2007		
	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr
Severance	\$ -	\$ 26	\$ -	\$ -	\$ -
Litigation reserve charge	-	-	12	5	-
Impairment charge	-	16	-	-	-
Occupancy charge	-	6	-	-	-
Redemption charge for subordinated debentures	-	-	-	46	-
Exit costs associated with excess office space	-	-	-	30	-
Settlement received for early termination of contract	-	-	-	-	(27)
Write-off a remaining interest in hedge fund manager sold	-	-	-	-	32
Recalculation of yield on leveraged lease portfolio – FAS 13	-	-	-	-	22
Write-off of internally developed software	-	-	-	-	6
Reduction of pre-tax income	\$ -	\$48	\$ 12	\$81	\$ 33(a)
Memo: Sector Impact					
Asset Management	\$ -	\$11	\$ -	\$ -	\$ 32
Wealth Management	-	1	-	-	-
Asset Servicing	-	17	-	-	-
Issuer Services	-	4	-	-	-
Clearing & Execution Services	-	-	-	-	(27)
Treasury Services	-	1	-	-	-
Other	-	14	12	81	28
Total	\$ -	\$48	\$ 12	\$81	\$33

(a) The after-tax impact of these items was more than offset by the tax benefit recorded on the recalculation of the yield on the leverage lease portfolio, which net, resulted in an increase of approximately 1 cent to earnings per share in the third quarter of 2007.

**Supplemental information - Earnings Per Share Presented on a GAAP and Non-GAAP basis**

In the merger transaction between The Bank of New York and Mellon, The Bank of New York shareholders received .9434 shares of The Bank of New York Mellon common stock for each share of The Bank of New York common stock outstanding on the closing date of the merger. Mellon shareholders received one share of The Bank of New York Mellon common stock for each share of Mellon Financial Corp. common stock outstanding on the closing date of the merger. Historical earnings per share for The Bank of New York are presented in post-merger share count terms in this Quarterly Earnings Summary and the Earnings Release. The table below converts earnings per share for The Bank of New York into post-merger share count terms, for periods prior to July 1, 2007.

Reported amounts are presented in accordance with GAAP. We believe that this supplemental non-GAAP information is useful to the investment community in analyzing the financial results and trends of our business. We believe they facilitate comparisons with prior periods and reflect the principal basis on which our management internally monitors financial performance. These non-GAAP items also are excluded from our segment measures used internally to evaluate segment performance in accordance with GAAP because management does not consider them particularly relevant or useful in evaluating the operating performance of our business segments.

Continuing operations - fully diluted earnings per share	Legacy The Bank of New York Only (a)						
	Quarter ended				Sept. 30, 2007	Nine months ended	
	Sept 30, 2006	Dec. 31, 2006	March 31, 2007	June 30, 2007		Sept. 30, 2007	Sept. 30, 2006(a)
As reported	\$ .39	\$ .56	\$ .57	\$ .59	<b>\$.56</b>	<b>\$1.77</b>	\$ 1.36
As reported adjusted for exchange ratio (GAAP)	.41	.60	.61	.62	<b>.56</b>	<b>1.77</b>	1.45
Non-GAAP adjusted - excluding merger and integration expense and non-operating items: (b)							
As reported	.47	.58	.59	.63	<b>.66(c)</b>	<b>1.95(c)</b>	1.44
Adjusted for exchange ratio	.50	.61	.62	.66	<b>.66(c)</b>	<b>1.95(c)</b>	1.53
Non-GAAP adjusted - excluding merger and integration expense, non-operating items and intangible amortization: (b)							
As reported	.48	.61	.61	.65	<b>.73(d)</b>	<b>2.09(d)</b>	1.48
Adjusted for exchange ratio	.51	.65	.65	.69	<b>.73(d)</b>	<b>2.09(d)</b>	1.57

(a) Amounts prior to July 1, 2007, represent legacy The Bank of New York only.

(b) Non-operating items are detailed in footnote (c) on page 4.

(c) Including the non-operating items detailed in footnote (c) on page 4, non-GAAP adjusted earnings per share – excluding merger and integration expense would have been 67 cents and \$1.96 in the third quarter and first nine months of 2007, respectively.

(d) Including the non-operating items detailed in footnote (c) on page 4, non-GAAP adjusted earnings per share – excluding merger and integration expense and intangible amortization would have been 74 cents and \$2.10 in the third quarter and first nine month of 2007, respectively.