

Edgar Filing: BANK OF NEW YORK CO INC - Form 425

BANK OF NEW YORK CO INC  
Form 425  
February 01, 2007

Filed by Mellon Financial Corporation

Pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12

of the Securities Exchange Act of 1934

Subject Companies: Mellon Financial Corporation (Commission File No. 1-7410)

The Bank of New York Company, Inc. (Commission File No. 1-06152)

The information presented below may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based upon our current beliefs and expectations and are subject to significant risks and uncertainties. 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: (1) the businesses of The Bank of New York Company, Inc. and Mellon Financial Corporation may not be integrated successfully or the integration may be more difficult, time-consuming or costly than expected; (2) the combined company may not realize, to the extent or at the time we expect, revenue synergies and cost savings from the transaction; (3) revenues following the transaction may be lower than expected as a result of losses of customers or other reasons; (4) 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; and (5) governmental or shareholder approvals of the transaction may not be obtained on the proposed terms or expected timeframe or at all. Additional factors that could cause The Bank of New York Company, Inc. and Mellon Financial Corporation results to differ materially from those described in the forward-looking statements can be found in The Bank of New York Company, Inc. and Mellon Financial Corporation 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.

The proposed transaction between The Bank of New York Company, Inc. and Mellon Financial Corporation will be submitted to The Bank of New York Company, Inc. and Mellon Financial Corporation shareholders for their consideration. **Shareholders are urged to read the joint proxy statement/prospectus regarding the proposed transaction between The Bank of New York Company, Inc. and Mellon Financial Corporation because it will contain important information.** Shareholders will be able to obtain a free copy of the joint proxy statement/prospectus, as well as other filings containing information about The Bank of New York Company, Inc. and Mellon Financial Corporation, without charge, at the SEC's Internet site (<http://www.sec.gov>). Copies of the joint proxy statement/prospectus and other SEC filings that will be incorporated by reference in the joint proxy statement/prospectus will also be available, without charge, from Mellon Financial Corporation, Secretary of Mellon Financial Corporation, One Mellon Center, Pittsburgh, Pennsylvania 15258-0001 (800-205-7699), or from The Bank of New York Company, Inc., Investor Relations, One Wall Street, 31st Floor, New York, New York 10286 (212-635-1578).

The respective directors and executive officers of The Bank of New York Company, Inc. and Mellon Financial Corporation and other persons may be deemed to be participants in the solicitation of proxies from the shareholders of Mellon Financial Corporation and/or The Bank of New York Company, Inc. in respect of the proposed transaction. Information about the directors and executive officers of Mellon Financial Corporation is set forth in the proxy statement for Mellon Financial Corporation's 2006 annual meeting of shareholders, as filed with the SEC on March 15, 2006. Information about the directors and executive officers of The Bank of New York Company, Inc. is set forth in the proxy statement for The Bank of New York Company, Inc.'s 2006 annual meeting of shareholders, as filed with the SEC on March 24, 2006. Additional information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus when it becomes available.

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Below are the slides that accompanied a presentation given at the Citigroup 2007 Financial Services Conference on January 31, 2007.

A Global Financial Services  
Growth Company  
Citigroup 2007 Financial Services Conference  
Thomas A. Renyi  
Chairman & CEO, The Bank of New York  
January 31, 2007  
Update on

Disclosure and Cautionary Statement

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the  
forward-looking  
statements:

(1)  
the  
businesses  
of  
The  
Bank  
of  
New  
York  
Company,  
Inc.  
and  
Mellon  
Financial  
Corporation

may  
not  
be  
integrated  
successfully  
or  
the  
integration  
may  
be  
more  
difficult,  
time-consuming  
or  
costly  
than  
expected;

(2)  
the  
combined company may not realize, to the extent or at the time expected, revenue synergies and cost savings from the transaction.

(3)  
revenues  
following  
the  
transaction  
may  
be  
lower  
than  
expected  
as  
a

result  
of  
losses  
of  
customers  
or  
other  
reasons;  
(4)  
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;  
and  
(5)  
governmental  
or  
shareholder  
approvals  
of  
the  
transaction  
may  
not  
be

obtained on the proposed terms or expected timeframe or at all. Additional factors that could cause The Bank of New York Co and Mellon Financial Corporation's results to differ materially from those described in the forward-looking statements can be found in the Bank of New York Company, Inc.'s and Mellon Financial Corporation's reports (such as Annual Reports on Form 10-K, Quarterly

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Directors

and

executive

officers

of

The

Bank

of

New

York

Company,

Inc.

and

Mellon

Financial

Corporation

and

other

persons

may

be

deemed

to be participants in the solicitation of proxies from the shareholders of The Bank of New York Company, Inc and/or Mellon Financial Corporation.

in

respect

of

the

proposed

transaction.

Information

about

the

directors

and

executive

officers

of

The

Bank

of  
New  
York  
Company,  
Inc. is set forth in the proxy statement for The Bank of New York Company, Inc.'s 2006 annual meeting of shareholders, as filed on March 24, 2006. Information about the directors and executive officers of Mellon Financial Corporation is set forth in the proxy statement for Mellon Financial Corporation's 2006 annual meeting of shareholders, as filed with the SEC on March 15, 2006. Additional information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus when it becomes available.

1

Strategic  
Financial  
Operational  
Integration  
Global leadership in Securities Servicing and Asset  
Management  
Strongly accretive transaction



Excellent global growth opportunities  
Highly complementary businesses with strong leadership  
positions  
Focused and experienced management team  
Disciplined and thoughtful approach  
Dedicated and experienced team with proven track record  
The Bank of New York Mellon  
Delivering superior shareholder value through accelerated growth  
2

Compelling Strategic Attributes  
Capitalizing on the growth of global financial markets  
\* As of 12/31/06  
3  
Strong Market  
Positions in  
High Growth

Businesses

-

#1

global custodian with over \$17 trillion in AUC\*

-

Top 10

asset manager globally and **Top 5** in the U.S

.

, with more than

\$1.1 trillion in AUM

-

#1

provider of all issuer services Corporate Trust, Depositary Receipts and Stock Transfer

-

#1

provider of clearing services

-

Top 10

in wealth management with 81 offices in the U.S.

and UK

-

Top 10

U.S.

cash management and global payments provider

-

Leading client service scores

in asset servicing, wealth management, issuer, clearing, and treasury services

-

Experienced, deep and well balanced management team

Business &

Geographic

Diversification

-

Focused

on high return businesses with strong organic growth track records

and enhanced revenue opportunities

-

Balanced synergistic

business mix no individual business

contributes more

than 35% of pre-tax earnings

-

Operations in 37

countries worldwide approximately 25%

of revenue  
derived from higher growth international operations

-

Reduced volatility through combination of complementary, stable and synergistic revenue sources

Compelling Financial Rationale  
Capitalizing on the growth of global financial markets  
Financially  
Compelling

-

Immediately accretive on a cash basis to all shareholders and on a GAAP basis in 2008

-  
Significant excess capital generation allows for meaningful reinvestment in organic growth, share repurchases and attractive dividend payout ratio

-  
Attractive IRR, materially exceeding cost of capital for all shareholders

-  
Potential for multiple expansion over time

-  
Potential for significant revenue synergies, **not** incorporated in financial projections

Low Risk  
Transaction

-  
Disciplined and thoughtful approach to integration three year process managed by a dedicated and experienced integration team

-  
Starting from a position of strength both companies have significant revenue and earnings momentum

-  
Combination further diversifies operating risk profile versus stand alone entities

-  
Best in breed systems with proven and scalable operating platforms many legacy businesses not impacted

4

Business Line  
(\$bn)  
(%)  
Asset Management &  
Wealth Management  
1.2  
31

Asset Servicing

0.9

24

Issuer Services

1.0

27

Treasury Services &

Clearing Services

0.9

23

Other

(0.2)

(5)

Total

\$3.8

100

Balanced & Complementary Business Lines

Pro Forma Revenue Mix<sup>1</sup>

Pro Forma Pre-Tax Earnings Mix<sup>1</sup>

High Return, Low Capital Intensive Business Model Allows  
for Significant Reinvestment and Share Repurchases

Note:

1

Represents results through 9/30/06 annualized. The Bank of New York pro forma for Corporate Trust swap transaction

\$4.5bn

with cost savings

Business Line

(\$bn)

(%)

Asset Management &

Wealth Management

3.6

29

Asset Servicing

3.5

28

Issuer Services

2.2

18

Treasury Services &

Clearing Services

2.5

20

Other

0.7

5

Total

\$12.5

100

5



Meaningful Revenue Synergy Opportunities  
(**not**  
assumed in financial model)  
Accelerates Revenue Growth  
and Enhances Operating Leverage  
Breadth of Mellon's asset management products and services to  
The Bank of New York's securities servicing clients

Breadth of The Bank of New York's global markets products to  
Mellon's asset servicing and wealth management clients

Breadth of Mellon's risk services to The Bank of New York's  
servicing clients

Leverage Pershing's distribution platform to deliver Mellon's asset  
and wealth management products

Leverage The Bank of New York's credit relationships to distribute  
Mellon's domestic cash management services and stock transfer

Enhanced Income Realization from Existing Client Base

6

Integration Thorough and Thoughtful

Process

A True Merger combination of best of both companies

Lose no Customers

philosophy

Commitment to maintaining our #1 customer service standards/levels

Continued emphasis on risk management and compliance

Open communication with all employees

Dedicated integration team led by key senior executives minimizes impact on day to day operations

Measured integration process 3 year integration timeframe

Detailed integration planning

Integration complete

1H07

2H07

1H08

2H08

1H09

2H09

Transaction close

Integration of overlapping businesses and shared services

Applications / systems conversions and data center consolidations

7

Merger announced and  
integration planning teams  
established  
Organizational design  
established  
Ready to  
Win

December/January

February/March

Multiple integration planning teams across businesses and shared services

The Bank of New York Mellon

Integration Planning: Dedicated & Disciplined Process

Merger Integration Committee

Overall accountability for integration planning and execution

Merger Integration Project Management Office (PMO)

Day-to-day oversight of integration planning and execution

Business Line/Shared Services PMOs

Planning organizational design

Early Third Quarter

8

BNY Mellon Asset Servicing  
Highly complementary businesses  
The Bank of New York Strengths  
Mellon Strengths  
Combining Best of Breed Resulting in  
Greater Growth and Efficiency Globally  
Culture of Quality Service & Delivery

Culture of Disciplined Cost Management  
Financial Institution Relationships  
Pension Relationships  
Custody  
Accounting, Performance  
& Risk Analytics  
Low Cost Locations: Syracuse  
& Manchester  
Low Cost Locations: Pittsburgh & India  
Real-time Global Technology  
Client Information Front End  
FX, Securities Lending, &  
Execution Services  
Asset Management Offerings  
9



BNY Mellon Asset Servicing  
Complementary client bases  
Increased Scale and Market Leadership Leading to  
Greater Growth and Efficiency Globally  
Hedge Funds  
Broker Dealers  
ETFs

/ UITs

Insurance Companies

Central Banks

Mutual Funds

U.S. Public Funds

Endowments & Foundations

Corporate Pensions

Combined

Mellon

The Bank of

New York

Market Segment Leadership

10

The Bank of New York Mellon  
Delivering superior shareholder value through accelerated growth  
A Global Financial Services Growth Company  
Strategic  
Financial  
Operational  
Integration

Global leadership in Securities Servicing and Asset  
Management

Strongly accretive transaction

Excellent global growth opportunities

Highly complementary businesses with strong leadership  
positions

Focused and experienced management team

Disciplined and thoughtful approach

Dedicated and experienced team with proven track record

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2007 Citigroup Financial Services Conference  
Mellon  
Building momentum  
Citigroup Financial Services Conference  
January 31, 2007

2007 Citigroup Financial Services Conference

1

Cautionary Statement

A number of statements (i) in our presentations, (ii) in the accompanying slides and (iii) in the responses to your questions are forward-looking statements . These statements relate to, among other things, the Corporation's future financial results, including future revenue, expenses, earnings and margins, the use of excess capital, asset management revenue sensitivity, interest

rate sensitivity analysis, the expected tax rate and the expected number of average fully diluted shares outstanding, as well as the Corporation's overall plans, strategies, goals, objectives, expectations, estimates, intentions, targets, opportunities and initiatives, 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 the Corporation'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, changes in political and economic conditions; equity, fixed-income and foreign exchange market fluctuations; changes in the mix of assets under management; the effects of the adoption of new accounting standards; customers

sensitivity to  
increases

in  
oil  
prices  
and  
decreasing  
travel;

corporate  
and  
personal  
customers  
bankruptcies;

operational risk; inflation; levels of tax free revenue; 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; currency rate 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 uncertainties inherent in the litigation process and the litigation settlement process; the effects of recent and any further terroristic

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 Securities and Exchange Commission. Such forward-looking statements speak only as of January 31, 2007, and the Corporation 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.

Non-GAAP Measures: In this presentation we will discuss some non-GAAP measures in detailing the Corporation's performance.

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2

Strategies for outperformance

Focus on high-growth global businesses

Asset Management

and Servicing

Maintain superior client service, investment performance and

the highest fiduciary standards

Achieve competitive margins in each business line

Deploy capital effectively to accelerate long-term growth  
and returns

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3

Revenue +18%, EPS +20% (operating)\*

Excellent organic growth in Asset Management and Asset  
Servicing: 91%\* of pretax income

Four consecutive quarters of double digit revenue and EPS growth

ROE: +22%

Total shareholder return: +26% (1<sup>st</sup> Quartile vs. 19 peers)

Strong investment performance and top ranked client satisfaction

Acquisition of Walter Scott & Partners and joint venture with WestLB

Merger agreement with The Bank of New York  
Highlights: 2006

\*Operating basis defined in the Appendix. Pre-tax percentage excludes results of the Other sector.

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4

90

100

110

120

130

+18%

19 Peers

+26%

MEL

+16%

S&P 500

S&P 500

19 Peers

MEL

Mellon Total Return to Shareholders

Significantly outperformed 19 member peer group  
and S&P 500 in 2006

Dec

Note: 19-member peer group detailed in Appendix  
2006

Jan

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5

International momentum

Note:

2006

Pretax

income



ratios  
have  
been  
adjusted  
for  
certain  
expense  
items  
as  
described

on  
Page  
14  
of  
our  
4  
th  
Qtr  
2006

Quarterly Earnings Summary report. Employee totals include joint venture operations as of 12/31/06.

Target  
2000  
2006  
4Q06  
2008

Pretax Income  
non U.S.

5%  
18%  
21%  
>25%

Employees: 19,100

Non-U.S.: 26%

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6

Performance vs. long-term Financial Goals

First look

Mellon Asset Management

33%

11-14%

31%

31-33%

Private Wealth Management

5%

8-10%

40%

38-40%

Asset Servicing

24%

10-12%

21%

25-27%

Payment Solutions & Investor Services

1%

3-5%

22%

25-27%

Total Corporation

18%

26%

29-30%+

Actual

(a)

Goal

Actual

Goal

2006 vs. 2005

2007-2009

2006

(a)

2009

Revenue Growth

Pre-tax Margin

(Operating)

(Operating)

(a)

Adjusted for non-operating items. See Appendix for details.

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Revenue

\$2,530

24%

33%

Operating Expense

1,754

20

25

Pretax Income

776

37

53

Pretax Margin

31%

ROE

53%

AUM (in billions)

\$824

19%

31%

Mellon Asset Management

Highlights

2006

2-Year

1-Year

CAGR

Annualized new business revenue increased 170% year-over-year

75% of net sales from outside the US

Strong investment performance and client satisfaction ratings

(\$ in millions)

Record

Record

Record

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8

2000

2001

2002

2003

2004

2005

2006

Cumulative Net Asset Flows (\$ billions)

Averaging >\$44B p.a.

AUM: Delivering strong organic growth

7

consecutive years

Mellon Organic AUM

7% p.a.

S&P 500

(1%) p.a.

+\$52

+\$31

+\$12

+\$13

+\$63

+\$72

2000-2006

\$121

\$69

\$152

\$164

\$177

\$240

\$312

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9

0%

10%

20%

30%

40%



50%

60%

70%

80%

90%

100%

1 year

3 year

5 year

10 year

Percentage of Institutional Investment Products that  
Exceeded Their Benchmark

(periods ending September 30, 2006)

All

U.S. Equity

International

Equity

Fixed

Income

Alternatives/

Other

Organic growth based on

**strong investment performance**

See Appendix for disclosures

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10

2%

3%

4%

5%

7%

8%  
10%  
10%  
AUM: Strong growth rate vs. peers  
Outperforming our peers -  
organic growth rates for  
the past 12 months  
Blackrock  
Blackrock  
Federated  
Federated  
T. Rowe  
T. Rowe  
Janus  
Janus  
Mellon  
Asset  
Mgmt  
Mellon  
Asset  
Mgmt  
Franklin  
Resources  
Franklin  
Resources  
Note:Represents net flows in assets under management over the period 12/31/05 through 12/31/06. Growth rates  
excludes impact from acquisition and market. Peer information obtained from company financial reports.  
Alliance  
Bernstein  
Alliance  
Bernstein  
Legg  
Mason  
Legg  
Mason

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Revenue

\$1,316

23%

24%

Operating Expense

1,055

23

25

Pretax Income

261

25

(a)

25

(a)

Pretax Margin

Operating

(a)

21%

ROE

32%

AUC (in billions)

\$4,453

18%

15%

Asset Servicing

Highlights

2006

2-Year

1-Year

CAGR

\$509B in new business wins

55% from outside North America

\$50B of wins since the BNY Mellon merger announcement

Opened offices in Beijing, Hong Kong, Luxembourg and Singapore

Significant investments to service higher growth financial institutions

Maintained #1 quality ranking in all three major custodian surveys

(\$ in millions)

Record

Record

Record

(a)

Adjusted

for

4

th

Qtr

2006

non-operating

items.

See  
Appendix  
for  
details.

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2000

2001

2002

2003

2004

2005

2006

AUC: Delivering strong organic growth

Asset Servicing

Cumulative New Business Wins (\$ billions)

Averaging > \$340B p.a.

+\$360

+\$211

+\$264

+\$290

+\$517

+\$509

7

consecutive years

\$603

\$243

\$814

\$1,078

\$1,368

\$1,885

\$2,394



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13

2006

2005

2004

2003

2002

R&M Survey

1  
1  
1  
1  
1

Global Investor

1  
1  
2  
1  
1

Global Custodian

1  
1  
1  
1  
1

Consistently superior client service

Mellon vs. Large Global Custodians: The major annual surveys

High win rate vs. large global custodians  
and strong client retention

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Fee Revenue

\$404

10%

12%

Net Interest Revenue

305

-

(2

)

Operating Expense

426

10

13

Pretax Income

283

1

(4

)

Pretax Margin

40%

ROE

34%

Total Client Assets (in billions)

\$95

10%

10%

2006

2-Year

1-Year

CAGR

Private Wealth Management

Growing the

Business

Opened 5 new office locations: Florida (Naples and Vero Beach), Century City, Greensboro and London

Added 17 (net) wealth professionals to sales-force

Initiated national private banking platform

Introducing new technology interface for the family office and wealth clients

95%+ client retention last 5 years

(\$ in millions)

Record

Record

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15

4.85%

3.57%

4.44%

4.72%

5.19%

4.74%  
8.81%  
7.87%  
8.55%  
10.54%  
10.90%  
12.14%

0%  
2%  
4%  
6%  
8%  
10%  
12%  
14%

2001  
2002  
2003  
2004  
2005  
2006

Tier I  
Tier I

Tangible  
Shareholders  
Equity Ratio\*

Tangible  
Shareholders  
Equity Ratio\*

\*Targeted  
common  
shareholders

equity  
ratio  
is

4.25%

to

5.25%

Maintain strong capital ratios/debt ratings

Moody's

Standard & Poor's

Fitch

P-1

A-1

F1+

A1

A+

AA-

Mellon Financial Corporation

3Q06 Debt Ratings

Long Term  
Short Term

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19 peers defined in the Appendix.

Long-term financial goals

First quartile EPS growth vs. 19 peers

Top ranked client service and strong investment



performance vs. sector peers

Above median revenue growth vs. sector peers

Median operating margins vs. sector peers

Positive Operating Leverage

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0

c

Appendix

2007 Citigroup Financial Services Conference

1

c

Reconciliation of Non-GAAP measures

Revenue (FTE)

As reported

\$5,367

\$4,740  
13%  
Shinsei Gain\*  
-  
(197)  
Adjusted Revenue  
\$5,367  
\$4,543  
18%  
Earnings Per Share  
Reported  
\$2.25  
\$2.11  
7%  
Shinsei / Expenses / Taxes\*  
(.05  
)  
(.28)  
Adjusted Earnings per Share  
\$2.20  
\$1.83  
20%  
2006  
2005  
Growth  
Revenue  
(\$ in millions)  
2006  
2005  
Growth  
Continuing Operations  
EPS  
(\$ in millions)  
\*  
As detailed  
on  
Page  
14  
of  
our  
4  
th  
quarter  
2006  
Quarterly  
Earnings  
Summary  
Report,  
2006  
results

included  
\$78

million

pre-tax

of

non-operating

expenses, which negatively impacted earnings per share by approximately \$.13. Also, as detailed on Page 2 of the Quarterly Earnings

Report, 2006 results included a one-time tax benefit of \$74 million, which favorably impacted earnings per share by approximately

2005 results included a \$197 million pre-tax gain from the sale of our investment in Shinsei Bank, which together with \$15 million of

(detailed on

Page

7

of

our

2005

Financial

Annual

Report),

netted

to

an

approximately

\$.28

favorable

impact

to

earnings

per

share.

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2

c

Reconciliation of Non-GAAP Measures

Mellon Asset Management

31%

31%

Private Wealth Management

40%

40%

Asset Servicing

20%

21%

Payment Solutions & Investor Services

21%

22%

Total Corporation

24%

26%

Reported

Operating

(a)

Full Year 2006

Pre-Tax margin

(a)

Full-year 2006 included the following expenses:

Mellon Asset

Management

-

\$8

million

of

severance

expense

and

\$5

million

of

impairment

charges,

which

combined,

negatively

impacted

the

full-year

2006 pre-tax

operating

margin

by

approximately

50

basis

points.

Asset Servicing

-

\$11

million  
of  
impairment  
charges  
and  
\$7  
million  
of  
severance  
expense,  
which  
combined,  
negatively  
impacted  
the  
full-year  
2006  
pre-tax  
operating  
margin  
by  
approximately  
100  
basis  
points.  
Payment Solutions  
&  
Investor  
Services  
-  
\$7  
million  
of  
severance  
expense  
that  
negatively  
impacted  
the  
full-year  
2006  
pre-tax  
operating  
margin  
by approximately 100  
basis  
points.  
Total Corporation  
-  
1Q06



charges recorded in connection with payments, awards and benefits for Mellon's former chairman and chief executive officer pursuant to his employment agreement; 4Q06 additional severance expense; impairment charges; merger-related expenses; and additional occupancy reserves. Combined, these expenses totaled \$78 million, and negatively impacted the full-year 2006 pre-tax operating margin by approximately 200

basis  
points.

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19 member Peer Group

Asset Managers

AllianceBernstein

Blackrock

Eaton Vance  
Federated Investors  
Franklin Resources  
Janus  
Legg Mason  
T. Rowe Price  
Trust Banks  
Bank of New York  
Northern Trust  
State Street  
Processors/Regionals/Other  
Charles Schwab  
DST  
First Data  
Keycorp  
Marsch & McLennan  
National City  
PNC  
SunTrust

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Note: AUM

as

12/31/06.

WestLB

Mellon  
Asset  
Management  
represents

a  
50:50  
joint  
venture  
between  
WestLB  
and  
Mellon Financial Corporation.

Active fundamental equity  
manager; core, growth &  
value styles

\$72.7B  
Benchmark-driven structured

US portfolio specialist;  
quantitative approach

\$34.5B

US and global tactical asset  
allocation, indexing &  
quantitative specialist

\$174.9B

Active stock and bond selection  
within a global framework

\$66.8B

Specialists in currency  
and risk management

\$60.3B

One of the world's  
largest dedicated fixed  
income managers

\$158.1B

Active manager with a quantitative  
approach, focused on European  
and Emerging Markets

\$46.5B

Cash & Tax-exempt  
fixed income

\$145.5B

Fund of funds manager  
specializing in alternative funds  
and traditional long-only products

\$5.2B

Structured, active US equity  
and balanced management

\$21.9B

Non-benchmark constraint:  
fundamental global equity

\$30.8B

Distinct Investment Boutiques

Separate firms with distinct, autonomous investment philosophies, processes and products; no Mellon CIO or house view; committed to manufacturing excellence

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Disclosures

All references to assets under management are as of 12/31/06. Except where The Dreyfus Corporation assets under management are listed separately, assets under management include assets managed by the



individual firm's officers as dual officers of Mellon Bank, N.A., Mellon Trust of New England, N.A. and The Dreyfus Corporation.

Mellon Capital AUM includes \$30.8 billion in overlay and currency assets.

Pareto Investment Management Limited AUM includes \$58 billion in currency risk management and \$2 billion in currency absolute return.

Standish Mellon AUM includes \$10 billion in securities lending collateral assets.

Newton Capital Management LLC provides marketing services in the U.S. for Newton Capital Management Limited.

'Newton' refers to the Newton group of companies that include Newton Investment Management Limited and Newton Capital Management Limited. Assets under management include assets managed by Newton Investment Management Limited, Newton Capital Management Limited, Newton International Investment Management Limited and Newton Fund Managers (CI) Limited. Newton Capital Management LLC, Newton Capital Management Limited, Newton Investment Management Limited, Newton International Investment Management Limited and Newton Fund Managers (CI) Limited are affiliated entities.

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WestLB Mellon Asset Management

is  
a  
joint  
venture  
between  
Mellon  
Financial  
Corporation  
and  
WestLB  
AG.

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Franklin  
Templeton  
Group  
of  
Funds  
or  
Franklin

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Disclosures

Institutional Asset Management Performance

Mellon Asset Management is the umbrella organization for Mellon Financial Corporation's affiliated investment management firms and global distribution companies

Performance versus benchmarks detailed in the presentation is for all Mellon Asset Management active (non index) institutional products representing \$419 billion of AUM, with the exception of securities lending products. Calculations are equal weighted. Investment performance is gross of fees except for privately offered funds.