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. s 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 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. s and Mellon Financial Corporation s 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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expectations
expressed
in

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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 scaleable 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[1]
Pro Forma Pre-Tax Earnings Mix[1]
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

11

12

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.

2007 Citigroup Financial Services Conference
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

2007 Citigroup Financial Services Conference
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% (1st 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.

2007 Citigroup Financial Services Conference
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

2007 Citigroup Financial Services Conference
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%

2007 Citigroup Financial Services Conference
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.

2007 Citigroup Financial Services Conference
7
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

2007 Citigroup Financial Services Conference
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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11
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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12
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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14
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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16
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 E
Report, 2006 results included a one-time tax benefit of $74 million, which favorably impacted earnings per share by approxima
2005 results included a $197 million pre-tax gain from the sale of our investment in Shinsei Bank, which together with $15 mi
(detailed on Page 7 of our 2005 Financial Annual Report), netted to an approximately $.28 favorable impact to earnings per share.

2007 Citigroup Financial Services Conference
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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3
c
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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4
c
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

2007 Citigroup Financial Services Conference
5
c
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.

Mellon holds a 80% interest in Mellon Brascan.

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Mellon Global Alternative Investments (MGAI) does not offer services in the U.S. This presentation does not constitute an offer to sell, or a solicitation of an offer to purchase, any of the firm s funds to any U.S. investor.

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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.