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MELLON FINANCIAL CORP

Form 425

April 18, 2007

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

Mellon Financial Corporation  
(Commission File No. 1-07410)

Forward-Looking Statements

The information presented here may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including (i) statements about the expected benefits of the transaction between The Bank of New York Company, Inc. and Mellon Financial Corporation, including future financial and operating results, cost savings, enhanced revenues, expected market position of the combined company, and the accretion or dilution to reported earnings and to cash earnings that may be realized from the transaction; (ii) statements about The Bank of New York Company, Inc.'s and Mellon Financial Corporation's plans, objectives, expectations and intentions and other statements that are not historical facts; and (iii) other statements identified by words such as "will," "highly attractive," "expect," "extraordinarily strong and rapidly growing competitor," "synergies," "opportunities," "superior returns," "well-positioned," "pro forma," and similar phrases. These statements are based upon the current beliefs and expectations of The Bank of New York Company, Inc.'s and Mellon Financial Corporation's management and are subject to significant risks and uncertainties. Actual results may differ from those indicated in the forward-looking statements. The Company will not update these statements as a result of changes in circumstance or new facts, or for any other reason.

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 the Company expects, 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 difficulties in maintaining relationships with employees, may be greater than expected; (5) governmental approvals of the transaction may not be obtained on the proposed terms or expected timeframe; (6) The Bank of New York Company, Inc.'s or Mellon Financial Corporation's shareholders may fail to approve the transaction; (7) a weakening of the economies in which the combined company will conduct operations may adversely affect the company's operating results; (8) the U.S. and foreign legal and regulatory framework could adversely affect the operating results of the combined company; and (9) fluctuations in interest rates, currency exchange rates and securities prices may adversely affect the operating results of the combined company. 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

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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 and available at the SEC's Internet site ( <http://www.sec.gov> ).

### Additional Information About the Mellon Transaction

In connection with the proposed transaction, The Bank of New York Mellon Corporation, an entity formed by The Bank of New York Company, Inc. and Mellon Financial Corporation for purposes of facilitating the proposed transaction, filed a registration statement on Form S-4 (Registration No. 333-140863) containing a joint proxy statement/prospectus with the Securities and Exchange Commission on February 23, 2007. Shareholders are urged to read the joint proxy statement/prospectus (including all amendments and supplements to it) regarding the proposed transaction because it contains important information. Shareholders may 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 are incorporated by reference in the joint proxy statement/prospectus are also available, without charge, from The Bank of New York Company, Inc., Investor Relations, One Wall Street, 31st Floor, New York, New York 10286 (212-635-1578), or from Mellon Financial Corporation, Secretary of Mellon Financial Corporation, One Mellon Center, Pittsburgh, Pennsylvania 15258-0001 (800-205-7699).

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 2007 annual meeting of shareholders, as filed with the SEC on March 14, 2007. Information about the directors and executive officers of Mellon Financial Corporation is set forth in the proxy statement for Mellon Financial Corporation's 2007 annual meeting of shareholders, as filed with the SEC on March 19, 2007. 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.

The following is the press release containing unaudited interim financial information and accompanying discussion for the first quarter of 2007 filed on April 18, 2007.

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Exhibit 99.1

News Release  
For Immediate Release

THE BANK OF NEW YORK COMPANY, INC. REPORTS

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FIRST QUARTER NET INCOME OF \$0.57 PER SHARE;  
\$0.59 PER SHARE EXCLUDING MERGER AND INTEGRATION COSTS;  
CONTINUED MOMENTUM ACROSS ALL BUSINESSES

NEW YORK, N.Y., April 18, 2007 -- The Bank of New York Company, Inc. (NYSE: BK) reported today first quarter net income of \$434 million and diluted earnings per share of 57 cents. On an adjusted basis, excluding merger and integration costs, first quarter net income was \$449 million and diluted earnings per share was 59 cents. This compares to net income of \$422 million, or 55 cents of diluted earnings per share, and income from continuing operations of \$360 million, or 47 cents of diluted earnings per share, in the first quarter of 2006.

### FIRST QUARTER PERFORMANCE HIGHLIGHTS

- \* Asset servicing revenue grew 17% over the first quarter of 2006, driven by custody, fund services, and broker-dealer services;
- \* Asset and wealth management fees were up 20% over the first quarter of 2006 reflecting organic growth;
- \* Issuer services results were strong following the seasonally robust fourth quarter;
- \* Asset quality remained excellent;
- \* Good expense discipline drove positive operating leverage.

"In the first quarter, we continued our strong momentum and achieved broad-based growth. Our performance reflects the strength of our business model, which has been built to profit from global capital flows and investor activity," said Thomas A. Renyi, Chairman and Chief Executive Officer. "New business trends remain very good and we achieved positive operating leverage."

"At the same time, our integration planning with Mellon Financial is progressing very well. We are on track with identifying all the steps necessary to reach our business development goals and expense synergies, and establish The Bank of New York Mellon as the standard bearer for service quality. The new company will hit the ground running."

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### NONINTEREST INCOME

(In millions)	Quarter			Percent Inc/(Dec)	
	-----			-----	-----
	1Q07	4Q06	1Q06	1Q07 vs. 4Q06	1Q07 vs. 1Q06
Securities Servicing Fees					
Asset servicing	\$ 393	\$ 355	\$ 335	11%	17%
Issuer services	319	340	154	(6)	107
Clearing services	278	263	342	6	(19)
	-----	-----	-----		
Securities servicing fees	990	958	831	3	19
Global payment services	50	51	51	(2)	(2)
Asset and wealth management fees	153	154	127	(1)	20
Performance fees	14	18	7	(22)	100

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Financing-related fees	52	61	63	(15)	(17)
Foreign exchange and other trading activities	128	98	113	31	13
Securities gains/ (losses)	2	2	(4)	-	150
Asset/investment income	35	47	34	(26)	3
Other (1)	51	52	43	(2)	19
	-----	-----	-----		
Total noninterest income	\$1,475	\$1,441	\$1,265	2	17
	=====	=====	=====		

### Key Points

- \* The increase in noninterest income versus the year-ago quarter primarily reflects growth in securities servicing, asset and wealth management and foreign exchange and other trading activities.
- \* The first quarter of 2007 and the fourth quarter of 2006 reflect the new business mix including higher revenue from the corporate trust business the Company acquired from JPMorgan Chase in October 2006 ("Acquired Corporate Trust Business") partially offset by the BNY ConvergEx transaction.
- \* Asset servicing increased from the first quarter of 2006 and the fourth quarter of 2006 due to increased transaction volumes and organic growth across all business products, especially global custody, both domestic and international mutual funds, exchange-traded funds, hedge fund servicing and collateral management. In addition, the Company benefited from the conversion of AIB/BNY Securities Services (Ireland) Ltd. ("AIB/BNY") to a wholly-owned subsidiary. Securities lending revenue was flat on a sequential quarter basis and down from the first quarter of 2006 reflecting tighter financing spreads. Asset servicing includes global custody, global fund services, securities lending, global liquidity services, outsourcing, government securities clearance, collateral management, credit-related services, and other linked revenues, principally foreign exchange.
- \* Issuer services fees continued to exhibit strong growth in the first quarter compared with last year's first quarter. Corporate trust fees increased sequentially over the seasonally strong fourth quarter reflecting continued strong performance in global products and structured finance, notably asset-backed and mortgage-backed securities and CDOs. Depositary receipts had another strong quarter, with fees up nearly 17% from the year-ago period. Fees declined sequentially, consistent with normal seasonal patterns for corporate actions. Issuer services

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includes corporate trust, depositary receipts, employee investment plan services, and stock transfer.

- \* The decline in clearing services fees versus the first quarter 2006 reflects the disposition of certain execution businesses in the BNY ConvergEx transaction. These businesses had revenues of \$90 million in the first quarter of 2006. At Pershing, fees were up compared with both the first and fourth quarters of 2006, reflecting strong growth in customer volumes and increased market activity as well as the benefits of new business acquired. The clearing services business include electronic trading and, through Pershing, correspondent clearing services such as clearing, execution, financing, and custody for introducing broker-

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dealers.

- \* Global payment services fees were down slightly from the first and fourth quarters of 2006. Compared with the first quarter of 2006, the level of fees has been impacted by customers paying with a higher value of compensatory balances in lieu of fees. Global payment services includes fees related to funds transfer, cash management, and liquidity management.
- \* Asset and wealth management fees increased over the first quarter of 2006 due to growth in assets under management, notably in alternative investments, as well as the acquisition of Urdang, a real estate investment management company, in March of last year. Total assets under management for asset and wealth management were \$130 billion at March 31, 2007, up from \$113 billion at March 31, 2006 and essentially unchanged from December 31, 2006.
- \* Performance fees were up from a year-ago quarter reflecting strong results at two of the Company's alternative asset management subsidiaries, Ivy Asset Management and Alcentra.
- \* Financing-related fees decreased from a year-ago quarter reflecting a lower level of credit-related activities. Finance-related fees include capital markets and investment banking fees, loan commitment fees and credit-related trade fees.
- \* Foreign exchange and other trading revenues rose from both the first quarter of 2006 and the fourth quarter of 2006 reflecting an increase in other trading activities driven by interest rate derivatives and hedging transactions. Foreign exchange revenue increased on a sequential quarter basis consistent with higher market volatility and volumes in late February and early March. Foreign exchange results were down from the first quarter of 2006 reflecting lower market volatility.
- \* Asset/investment income in the quarter reflected continued strong returns on investments in the sponsor fund portfolio. Venture capital income was \$17 million in the first quarter of 2007, down from \$29 million in the fourth quarter of 2006 and \$23 million in the first quarter of 2006. In the fourth quarter of 2006, the Company sold one of its sponsor fund investments to a third party for a realized gain of \$11 million. Asset/investment income includes the gains and losses on private equity investments, income from insurance contracts, and lease residual gains and losses.
- \* Other noninterest income decreased versus the fourth quarter of 2006 reflecting lower asset-related gains. The first quarter 2007 results include net economic value payments of \$25 million compared with \$23 million in the fourth quarter of 2006 on corporate trust deposits that have not yet transitioned to the Company's balance sheet. The first quarter of 2006 included pre-tax gain of \$31 million related to the conversion of the Company's New York Stock Exchange seats into cash and shares of NYSE Group, Inc. common stock, some of which were sold. The fourth quarter 2006 results include a \$6 million loss related to low-income housing investments.

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NET INTEREST INCOME

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(Dollars in millions)	Percent Inc/(Dec)				
	-----				
	1Q07 vs. 1Q07 vs.				
	1Q07	4Q06	1Q06	4Q06	1Q06
	-----	-----	-----	-----	-----
Net interest income	\$427	\$451	\$339	(5)%	26%
Tax equivalent adjustment*	2	1	7		
	-----	-----	-----		
Net interest income on a tax equivalent basis	\$429	\$452	\$346	(5)	24
	=====	=====	=====		
Net interest margin	2.18%	2.27%	1.95%		

\* The increase from the first quarter of 2006 reflects higher deposit balances associated with the Acquired Corporate Trust Business, as well as higher amounts of interest-earning assets and interest-free balances and the higher value of interest-free balances in a rising rate environment.

\* The sequential decrease in net interest income was driven by a lower volume of low cost deposits associated with the securities servicing business and fewer days in the quarter.

\* Net interest income does not reflect the impact of certain deposits of the Acquired Corporate Trust Business which are expected to transition to the Company's balance sheet in the second quarter of 2007. Pro forma for the inclusion of these deposits and the associated economic value on these deposits, the net interest margin would have been approximately 2%.

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### NONINTEREST EXPENSE AND INCOME TAXES

(In million)	Quarter			Percent Inc/(Dec)	
	-----			-----	
	1Q07	4Q06	1Q06	1Q07 vs. 4Q06	1Q07 vs. 1Q06
	-----	-----	-----	-----	-----
Staff	\$ 720	\$ 736	\$ 604	(2)%	19%
Net occupancy	79	73	68	8	16
Furniture and equipment	50	45	51	11	(2)
Clearing	37	38	50	(3)	(26)
Sub-custodian expenses	34	33	34	3	-
Software	54	59	55	(8)	(2)
Business development	30	30	23	-	30
Communications	19	23	26	(17)	(27)
Professional, legal, and other purchased services	130	125	82	4	59
Distribution and servicing	4	5	4	(20)	-
Amortization of intangibles	28	34	13	(18)	115
Merger and integration costs	15	17	-	(12)	NM

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Other	72	67	59	7	22
	-----	-----	-----		
Total noninterest expense	1,272	1,285	1,069	(1)	19
Merger and integration costs	(15)	(17)	-	(12)	NM
	-----	-----	-----		
Total noninterest expense excluding merger and integration costs	\$1,257	\$1,268	\$1,069	(1)	18
	=====	=====	=====		

- \* The decline in sequential quarter expenses reflects strong expense discipline across many of the Company's businesses.
- o The decrease in staff expense reflects lower incentive compensation and pension expenses.
  - o The increase in net occupancy primarily reflects the conversion of AIB/BNY to a wholly-owned subsidiary.
  - o The fourth quarter of 2006's amortization of intangibles included a \$6 million impairment charge related to the write-off of customer intangibles.
  - o Other expense included transition services expense and other costs related to the Acquired Corporate Trust Business of \$21 million in the current quarter and \$22 million in the fourth quarter of 2006.
- \* The purchase of the Acquired Corporate Trust Business and the remaining 50% of AIB/BNY joint venture, along with the disposition of certain execution businesses in the BNY ConvergEx transaction, significantly impacts comparisons of the first quarter of 2007 to the first quarter of 2006. The net impact of these transactions was to increase staff expense, net occupancy, business development, professional, legal, and other purchased services, amortization of intangibles, and other expense. The BNY ConvergEx transaction also resulted in lower clearing expenses.
- \* The effective tax rate for the first quarter of 2007 was 32.2%, compared to 32.7% in the first quarter of 2006 and 31.4% in the fourth quarter of 2006. The decrease from the first quarter of 2006 primarily reflects foreign sales corporation benefits for certain leverage leases. The sequential quarter increase reflects lower Section 29 tax credits related to synthetic fuel.

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CAPITAL

- \* The Company's estimated Tier 1 and Total Capital ratios were 8.42% and 12.78% at March 31, 2007, compared with 8.28% and 12.44% at March 31, 2006 and 8.19% and 12.49% at December 31, 2006. The estimated leverage ratio was 6.82% at March 31, 2007, compared with 6.51% at March 31, 2006 and 6.67% at December 31, 2006. The Company's estimated adjusted tangible common equity ratio including deferred tax liability associated with intangibles was 5.47% at March 31, 2007, compared with 5.54% at March 31, 2006 and 5.30% at December 31, 2006.

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- \* In the first quarter of 2007, the Company recorded charges to equity of \$389 million due to the adoption of a new accounting pronouncement related to leasing (FSP FAS 13-2) and \$27 million due to the adoption of a new accounting pronouncement related to tax uncertainties (FIN 48).
- \* Average diluted shares outstanding increased by 5 million shares from the fourth quarter of 2006 as a result of the exercise of stock options and the increased stock price.

### ASSET QUALITY

- \* Nonperforming assets were \$29 million at March 31, 2007, up from \$25 million at March 31, 2006 and down from \$38 million at December 31, 2006. The sequential-quarter decline reflects a paydown of a loan to an auto parts supplier.
- \* The Company recorded a net recovery of \$3 million in the first quarter of 2007, compared with a net recovery of \$4 million in the first quarter of 2006 and a net charge-off of \$24 million in the fourth quarter of 2006. The first quarter of 2007 reflects a \$7 million recovery related to leased aircraft that were sold. During the fourth quarter of 2006, the Company sold \$38 million of leasing exposure to a domestic airline resulting in a charge-off of \$23 million.
- \* The provision for credit losses for the first quarter of 2007 was a credit of \$15 million, compared with zero in the first quarter of 2006 and a credit of \$15 million in the fourth quarter of 2006 reflecting continuing high credit quality.

### MERGER AGREEMENT WITH MELLON FINANCIAL CORPORATION ("MELLON")

On December 3, 2006, the Company and Mellon entered into an Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which the Company and Mellon will each merge with and into a newly formed corporation to be called The Bank of New York Mellon Corporation. The boards of directors of both companies have unanimously approved the Merger Agreement. The parties amended and restated the Merger Agreement on February 23, 2007 and again on March 30, 2007. The board of directors of each company has adopted a resolution recommending the adoption of the Merger Agreement by its respective shareholders, and each party has agreed to put these matters before their respective shareholders for consideration. Subject to the customary closing conditions, the merger is expected to close early in the third quarter of 2007. The Company and Mellon filed a joint proxy statement/prospectus with the Securities and Exchange Commission ("SEC") regarding the proposed merger in late February and filed amendments to the joint proxy statement/prospectus with the SEC in April. The joint proxy statement/prospectus became effective on April 17, 2007. The Company and Mellon will each hold separate special shareholder meetings on May 24, 2007 to approve the merger for shareholders of record as of April 12, 2007.

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### CONFERENCE CALL INFORMATION

Thomas A. Renyi, chairman and chief executive officer; Gerald L. Hassell, president; Bruce W. Van Saun, vice chairman; and Todd Gibbons, senior executive vice president and chief financial officer, will review the quarterly results in a live conference call and audio webcast today at 8:00 a.m. EDT.



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The presentation will be accessible:

- \* From the Company's website at [www.bankofny.com/earnings](http://www.bankofny.com/earnings) and
- \* By telephone at (888) 677-2456 within the United States or (517) 623-4161 internationally; the passcode is "The Bank of New York."
- \* A replay of the call will be available through the Company's website and also by telephone at (800) 925-0867 within the United States or (203) 369-3867 internationally.

The Bank of New York Company, Inc. (NYSE: BK) is a global leader in providing a comprehensive array of services that enable institutions and individuals to move and manage their financial assets in more than 100 markets worldwide. The Company has a long tradition of collaborating with clients to deliver innovative solutions through its core competencies: securities servicing, treasury management, asset management, and wealth management. The Company's extensive global client base includes a broad range of leading financial institutions, corporations, government entities, endowments and foundations. Its principal subsidiary, The Bank of New York, founded in 1784, is the oldest bank in the United States and has consistently played a prominent role in the evolution of financial markets worldwide. Additional information is available at [www.bankofny.com](http://www.bankofny.com).

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### Contact Information

#### Media:

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#### Investors:

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### FORWARD-LOOKING STATEMENTS

All statements in this press release other than statements of historical fact are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based upon the Company's current beliefs and expectations including, among other things, statements with respect to the proposed merger with Mellon, expectations with respect to operations after the merger, projections with respect to revenue and earnings and the Company's plans and objectives and as such are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. These include lower than expected performance or higher than expected costs in connection with acquisitions and integration of acquired businesses and the BNY ConvergEx transaction, the completion and timing of potential transactions, the level of capital market and trading activity, changes in customer credit quality, market performance, the effects of capital reallocation, portfolio performance, changes in regulatory expectations and standards, ultimate differences from management projections or market forecasts and the actions that management could take in response to these changes.

In addition, with respect to the Mellon transaction, actual results may differ materially from the anticipated results or other expectations

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expressed in the forward-looking statements as a result of risks and uncertainties, including but not limited to, the businesses of the Company 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 the Company expects, revenue synergies and cost savings from the transaction; revenues 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; governmental approvals of the transaction may not be obtained on the proposed terms or expected timeframe; changes in political and economic conditions; equity, fixed income and foreign exchange market fluctuations; the Company's and Mellon's shareholders may fail to approve the transaction; the U.S. and foreign legal and regulatory framework could adversely affect the operating results of the combined company; and fluctuations in interests rates, currency exchange rates and securities prices may adversely affect the operating results of the combined company.

Additional factors that could cause the Company's and Mellon'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 Annual Report on Form 10-K for the year ended December 31, 2006 and any subsequent 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 pursuant to the Securities Exchange Act of 1934, as amended.

Forward-looking statements speak only as of the date they are made. The Company will not update forward-looking statements to reflect factual assumptions, circumstances or events that have changed after a forward-looking statement was made.

(Financial highlights and detailed financial statements are attached.)

### ADDITIONAL INFORMATION

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. In connection with the proposed transaction, The Bank of New York Mellon Corporation has filed with the SEC a registration statement on Form S-4 containing a joint proxy statement/prospectus for the shareholders of the Company and Mellon, and each of the Company and Mellon will be filing other documents regarding the proposed transaction with the SEC as well. Before making any voting or investment decision, investors are urged to read the definitive joint proxy statement/prospectus regarding the proposed transaction, as well as the other documents referred to in the joint proxy statement/prospectus carefully in their entirety when they become available because they will contain important information about the proposed transaction. The definitive joint proxy statement/prospectus will be mailed to shareholders of the Company and of Mellon. Shareholders will be able to obtain a free copy of the joint proxy statement/prospectus, as well as other filings containing information about the Company and Mellon, without charge, at the SEC's Internet site (<http://www.sec.gov>). Copies of the joint proxy statement/prospectus and the filings with the SEC that will be incorporated by reference in the joint proxy statement/prospectus can also be obtained, without charge, by directing a request to The Bank of New York Company, Inc., Investor Relations, One Wall Street, 31st Floor, New York, New York 10286 (212-635-1578) or from Mellon Financial Corporation, Secretary of Mellon Financial Corporation, One Mellon Center, Pittsburgh, Pennsylvania 15258-0001 (800-205-7699).

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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 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 2007 annual meeting of shareholders, as filed with the SEC on March 14, 2007. Information about the directors and executive officers of Mellon Financial Corporation is set forth in the proxy statement for Mellon Financial Corporation's 2007 annual meeting of shareholders, as filed with the SEC on March 19, 2007. Additional information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, is contained in the joint proxy statement/prospectus filed with the SEC.

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### THE BANK OF NEW YORK COMPANY, INC. Consolidated Financial Highlights (Unaudited)

(dollar amounts in millions, except per share amounts and unless otherwise noted)	Quarter ended		
	March 31, 2007	Dec. 31, 2006	March 31, 2006
<b>Reported Results:</b>			
Net income	\$ 434	\$ 1,789	\$ 422
Basic EPS	0.58	2.39	0.55
Diluted EPS	0.57	2.36	0.55
<b>Continuing Operations:</b>			
<b>Key metrics</b>			
Noninterest income	\$ 1,475	\$ 1,441	\$ 1,265
Net interest income	427	451	339
Total revenue	\$ 1,902	\$ 1,892	\$ 1,604
Total expense	1,272	1,285	1,069
Pre-tax operating margin	34%	33%	33%
Net interest margin	2.18	2.27	1.95
Net interest income on tax equivalent basis	\$ 429	\$ 452	\$ 346
Net income	437	427	360
Basic EPS	0.58	0.57	0.47
Diluted EPS	0.57	0.56	0.47
<b>Performance ratios</b>			
Return on average common equity	15.70%	14.95%	14.75%
Return on average common equity excluding			

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merger & integration costs	16.06	15.36	14.75
Return on average assets	1.73	1.66	1.50
Return on average assets excluding merger & integration costs	1.78	1.70	1.50
Return on average tangible common equity	39.20	36.45	27.97
Return on average tangible common equity excluding merger & integration costs	40.09	37.39	27.97
Return on average tangible assets	1.93	1.87	1.61
Return on average tangible assets excluding merger & integration costs	1.98	1.92	1.61
Selected average balances			
-----			
Interest-earning assets	\$ 79,075	\$ 79,841	\$ 71,035
Total assets	101,975	102,138	91,831
Interest-bearing deposits	43,862	44,344	41,263
Noninterest-bearing deposits	14,903	14,721	10,119
Shareholders' equity	11,277	11,340	9,888
Employees	23,134	22,961	19,989
Credit loss provision and net charge-offs			
-----			
Total provision	\$ (15)	\$ (15)	\$ -
Total net (charge-offs)/recoveries	3	(24)	4
Loans			
-----			
Allowance for loan losses			
As a percent of total loans	0.76%	0.76%	1.04%
As a percent of non-margin loans	0.87	0.88	1.24
Total allowance for credit losses			
As a percent of total loans	1.11	1.16	1.47
As a percent of non-margin loans	1.28	1.34	1.76
Nonperforming assets			
-----			
Total nonperforming assets	\$ 29	\$ 38	\$ 25
Nonperformance assets ratio	0.1%	0.1%	0.1%

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THE BANK OF NEW YORK COMPANY, INC.  
Consolidated Financial Highlights  
(Unaudited)

(dollar amounts in millions, except per share amounts and unless otherwise noted)	Quarter ended		
	March 31, 2007	Dec. 31, 2006	March 31, 2006
-----			
Assets under Custody (in trillions) (1)			
Assets under Custody	\$ 13.8	\$ 13.0	\$ 11.3

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Equity securities	32%	33%	33%
Fixed income securities	68	67	67
Cross-border assets	\$ 5.0	\$ 4.7	\$ 3.7

Assets under management (in billions) (2)

-----			
Asset and wealth management			
Equity securities	\$ 41	\$ 39	\$ 37
Fixed income securities	22	21	21
Alternative investments	33	33	26
Liquid assets	34	38	29
	-----	-----	-----
Asset and wealth management	\$ 130	\$ 131	\$ 113
Foreign exchange overlay	12	11	11
Securities lending short-term investment funds	54	48	49
	-----	-----	-----
Total assets under management	\$ 196	\$ 190	\$ 173
	=====	=====	=====

Capital ratios

-----			
Tier 1 capital ratio	8.42% (2)	8.19%	8.28%
Total capital ratio	12.78 (2)	2.49	12.44
Leverage ratio	6.82 (2)	6.67	6.51
Adjusted tangible common equity ratio	5.47 (2)	5.30	5.54

Average shares outstanding (in thousands)

-----			
Basic	750,737	746,688	763,851
Diluted	763,083	757,981	773,630

Other

-----			
Book value per common share	\$ 15.20	\$ 15.34	\$ 13.09
Tangible book value per common share	6.53	6.57	7.08
Period-end shares outstanding (in thousands)	758,324	755,861	771,561
Dividends per share	\$ 0.22	\$ 0.22	\$ 0.21
Dividend yield	2.17%	2.24%	2.33%
Closing common stock price per share	\$ 40.55	\$ 39.37	\$ 36.04
Market capitalization (in billions)	30.8	29.8	27.8

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THE BANK OF NEW YORK COMPANY, INC.  
Consolidated Statements of Income  
(In millions, except per share amounts)  
(Unaudited)

Quarter Ended

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	March 31, 2007	Dec 31, 2006	Sept 30, 2006	June 30, 2006	March 2006
<b>Noninterest income</b>					
Securities servicing fees					
Asset servicing	\$ 393	\$ 355	\$ 346	\$ 365	\$ 3
Issuer services	319	340	194	207	1
Clearing services	278	263	302	337	3
	-----	-----	-----	-----	-----
Total securities servicing fees	990	958	842	909	8
Global payment services	50	51	55	52	
Asset and wealth management fees	153	154	135	135	1
Performance fees	14	18	3	7	
Financing-related fees	52	61	62	64	
Foreign exchange and other trading activities	128	98	84	130	1
Securities gains/(losses)	2	2	1	3	
Asset/investment income	35	47	33	36	
Other	51	52	48	34	
	-----	-----	-----	-----	-----
Total noninterest income	1,475	1,441	1,263	1,370	1,2
<b>Net interest income</b>					
Interest income	1,021	1,057	961	910	8
Interest expense	594	606	610	552	4
	-----	-----	-----	-----	-----
Net interest income	427	451	351	358	3
Provision for credit losses	(15)	(15)	(4)	(1)	
	-----	-----	-----	-----	-----
Net interest income after provision for credit losses	442	466	355	359	3
<b>Noninterest expense</b>					
Staff	720	736	644	656	6
Net occupancy	79	73	70	68	
Furniture and equipment	50	45	46	48	
Clearing	37	38	52	59	
Sub-custodian expenses	34	33	31	36	
Software	54	59	53	53	
Business development	30	30	27	28	
Communications	19	23	26	22	
Professional, legal, and other purchased services	130	125	89	85	
Distribution and servicing	4	5	4	4	
Amortization of intangible assets	28	34	14	15	
Merger and integration costs	15	17	89	-	
Other	72	67	51	64	
	-----	-----	-----	-----	-----
Total noninterest expense	1,272	1,285	1,196	1,138	1,0
<b>Income</b>					
Income from continuing operations before income taxes	645	622	422	591	5
Provision for income taxes	208	195	124	200	1
	-----	-----	-----	-----	-----
Income from continuing operations	437	427	298	391	3
<b>Discontinued Operations</b>					
Income from discontinued operations	(5)	2,130	96	99	1
Provision for income taxes	(2)	768	42	42	
	-----	-----	-----	-----	-----
Discontinued operations, net	(3)	1,362	54	57	
	-----	-----	-----	-----	-----
Net income	\$ 434	\$ 1,789	\$ 352	\$ 448	\$ 4

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	=====	=====	=====	=====	=====
Earnings per share					
Basic					
Income from continuing operations	\$ 0.58	\$ 0.57	\$ 0.40	\$ 0.52	\$ 0.
Income from discontinued operations, net	-	1.82	0.07	0.07	0.
Net income	0.58	2.39	0.47	0.59	0.
Diluted					
Income from continuing operations	\$ 0.57	\$ 0.56	\$ 0.39	\$ 0.52	\$ 0.
Income from discontinued operations, net	-	1.80	0.07	0.07	0.
Net income	0.57	2.36	0.46	0.59	0.
Average shares outstanding (in thousands)					
Basic	750,737	746,688	756,780	756,255	763,8
Diluted	763,083	757,981	766,665	764,713	773,6

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THE BANK OF NEW YORK COM  
Consolidated Balance  
(Dollars in millions, except p  
(Unaudited)

	March 31, 2007	December 31, 2006	September 30, 2006
	-----	-----	-----
Assets			
-----			
Cash and due from banks	\$ 2,159	\$ 2,840	\$ 2,072
Interest-bearing deposits in banks	13,474	13,172	16,753
Federal funds sold and securities purchased under resale agreements	1,712	5,114	5,139
Securities			
Held-to-maturity (fair value of \$1,557 at 03/31/07, \$1,710 at 12/31/06, \$1,716 at 9/30/06, \$2,108 at 6/30/06 and \$2,028 at 03/31/06)	1,572	1,729	1,737
Available-for-sale	22,124	19,377	20,278
Total securities	23,696	21,106	22,015
Trading assets at fair value	3,675	5,544	3,266
Loans	38,289	37,793	33,958
Reserve for loan losses	(290)	(287)	(339)
Net loans	37,999	37,506	33,619
Premises and equipment	1,064	1,050	1,009
Accrued interest receivable	409	422	406
Goodwill	5,131	5,172	3,801
Intangible assets	1,447	1,453	872
Other assets	9,061	9,973	8,856
Assets of discontinued operations held for sale	21	18	8,828
	-----	-----	-----

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Total assets	\$ 99,848	\$ 103,370	\$ 106,636
	=====	=====	=====

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THE BANK OF NEW YORK  
Consolidated  
(Dollars in millions, except  
(Unaudited))

	March 31, 2007	December 31, 2006	September 30, 2006
	-----	-----	-----
<b>Liabilities</b>			
-----			
Deposits			
Noninterest-bearing (principally domestic offices)	\$ 17,269	\$ 19,554	\$ 11,451
Interest-bearing deposits in domestic offices	9,312	10,041	9,785
Interest-bearing deposits in foreign offices	32,435	32,551	33,717
	-----	-----	-----
Total deposits	59,016	62,146	54,953
Federal funds purchased and securities sold under repurchase agreements	773	790	1,040
Trading liabilities	2,270	2,507	2,102
Payables to customers and broker-dealers	6,739	7,266	6,673
Other borrowed funds	1,714	1,625	1,121
Accrued taxes and other expenses	4,153	5,129	4,140
Other liabilities (including allowance for lending-related commitments of \$135 at 03/31/07, \$150 at 12/31/06, \$137 at 09/30/06, \$143 at 06/30/06 and \$140 at 03/31/06)	4,007	3,477	4,671
Long-term debt	9,585	8,773	8,434
Liabilities of discontinued operations held for sale	64	64	13,035
	-----	-----	-----
Total liabilities	88,321	91,777	96,169
-----			
<b>Shareholders' equity</b>			
-----			
Common stock-par value \$7.50 per share, authorized 2,400,000,000 shares, issued 1,054,488,125 shares at 03/31/07, 1,053,752,916 shares at 12/31/06, 1,049,888,635 shares at 09/30/06, 1,048,879,688 shares at 06/30/06 and 1,047,597,230 shares at 03/31/06	7,909	7,903	7,874
Additional capital	2,203	2,142	2,015
Retained earnings	9,710	9,444	7,820
Accumulated other comprehensive income	(753)	(317)	(66)
	-----	-----	-----
	19,069	19,172	17,643
Less: Treasury stock (296,062,120 shares at 03/31/07, 297,790,159 shares at 12/31/06,			



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285,692,282 shares at 09/30/06,			
285,896,449 shares at 06/30/06 and			
275,833,078 shares at 03/31/06), at cost	7,539	7,576	7,169
Loan to ESOP (101,753 shares at 03/31/07 and			
12/31/06, and 203,507 shares at 09/30/06,			
06/30/06 and 03/31/06), at cost	3	3	7
	-----	-----	-----
Total shareholders' equity	11,527	11,593	10,467
	-----	-----	-----
Total liabilities and shareholders' equity	\$ 99,848	\$ 103,370	\$ 106,636
	=====	=====	=====

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THE BANK OF NEW YORK COMPANY, INC.  
Average Balances and Rates on a Taxable Equivalent  
(Preliminary)  
(Dollars in millions)

	For the three months ended March 31, 2007			For the three months ended March 31, 2006(1)		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
	-----	-----	-----	-----	-----	-----
<b>ASSETS</b>						
-----						
Interest-bearing						
Deposits in banks (primary foreign)	\$ 13,546	\$ 146	4.36%	\$ 9,624	\$ 86	3.6
Federal funds sold and securities purchased under resale agreements	4,435	57	5.23	1,691	15	3.6
Margin loans	5,401	84	6.33	5,655	77	5.5
Non-margin loans						
Domestic offices	19,231	244	5.11	16,321	184	4.5
Foreign offices	11,321	163	5.85	9,815	126	5.2
	-----	-----	-----	-----	-----	-----
Total non-margin loans	30,552	407	5.38	26,136	310	4.7
	-----	-----	-----	-----	-----	-----
Securities						
U.S. government obligations	86	1	4.95	225	2	4.2
U.S. government agency obligations	2,905	37	5.07	3,953	44	4.4
Obligations of states and political subdivisions	86	2	8.22	118	3	8.0
Other securities	19,311	255	5.30	18,919	232	4.8
Trading securities	2,753	34	4.99	4,714	51	4.4
	-----	-----	-----	-----	-----	-----
Total securities	25,141	329	5.25	27,929	332	4.7
	-----	-----	-----	-----	-----	-----
Total interest-earning assets	79,075	1,023	5.22	71,035	820	4.6
	-----	-----	-----	-----	-----	-----
Allowance for credit losses	(286)			(333)		
Cash and due from banks	2,424			4,269		

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Other assets	20,762			16,860		
Assets of discontinued operations held for sale	66	-		14,302	185	5.2
	-----	-----		-----	-----	
TOTAL ASSETS	\$ 102,041	\$ 1,023		\$ 106,133	\$ 1,005	
	=====	=====		=====	=====	
LIABILITIES AND SHAREHOLDERS' EQUITY						
-----						
Interest-bearing deposits						
Money market rate accounts	\$ 6,169	\$ 45	2.98%	\$ 5,426	\$ 31	2.2
Savings	416	2	1.85	468	1	1.1
Certificates of deposit of \$100,000 & over	3,133	42	5.43	4,246	48	4.5
Other time deposits	584	7	5.18	903	10	4.4
Foreign offices	33,560	304	3.67	30,220	208	2.8
	-----	-----		-----	-----	
Total interest-bearing deposits	43,862	400	3.70	41,263	298	2.9
Federal funds purchased and securities sold under repurchase agreements	1,527	19	4.97	1,966	20	4.1
Other borrowed funds	1,870	13	2.88	1,980	20	4.0
Payables to customers and broker-dealers	4,747	42	3.59	5,231	40	3.1
Long-term debt	8,888	120	5.42	8,011	96	4.8
	-----	-----		-----	-----	
Total interest-bearing liabilities	60,894	594	3.95	58,451	474	3.2
		-----			-----	
Noninterest-bearing deposits	14,903			10,119		
Other liabilities	14,901			13,373		
Common shareholders' equity	11,277			9,888		
Liabilities of discontinued operations held for sale	66	-		14,302	36	1.0
	-----	-----		-----	-----	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 102,041	\$ 594		\$ 106,133	\$ 510	
	=====	=====		=====	=====	
Interest earnings, continuing operations		\$ 429			\$ 346	
		=====			=====	
Net interest margin			2.18%			1.9
			=====			=====

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SUPPLEMENTAL INFORMATION

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On October 1, 2006, the Company acquired JPMorgan Chase's corporate trust business and sold to JPMorgan Chase the Company's Retail Business. The transaction further increased the Company's focus on the securities services and asset management businesses that are at the core of its long-term business strategy.

For the quarters ended March 31, 2007 and March 31, 2006, the Company has prepared supplemental financial information as follows:

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- \* Full income statement for the Retail Business, which is reflected as discontinued operations
- \* Adjusted results, which combine continuing and discontinued operations to provide continuity with historical results
- \* Continuing operations and adjusted results including and excluding merger and integration costs

The Company believes that providing supplemental adjusted non-GAAP financial information is useful to investors in understanding the underlying operating performance of the Company and its businesses and performance trends, particularly in view of the materiality and strategic significance of the JPMorgan Chase transaction. By combining the results of continuing and discontinued operations and excluding merger and integration costs, the Company believes investors can gain greater insight into the operating performance of the Company in relation to historic results. Although the Company believes that the non-GAAP financial measures presented in this report enhance investors' understanding of the Company's business and performance, these non-GAAP measures should not be considered an alternative to GAAP.

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### SUPPLEMENTAL INFORMATION

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THE BANK OF NEW YORK COMPANY, INC.  
 Consolidated Statements of Income  
 (Dollars in millions, except per share amounts)  
 (Unaudited)

	Quarter Ended March 31, 2007			Quarter Ended March 31, 2006	
	Continuing Operations	Discontinued Operations	Adjusted Results (1)	Continuing Operations	Discontinued Operations
Noninterest income					
-----					
Securities servicing fees					
Asset servicing	\$ 393	\$ -	\$ 393	\$ 335	\$ -
Issuer services	319	-	319	154	-
Clearing services	278	-	278	342	-
	-----	-----	-----	-----	-----
Total securities servicing fees	990	-	990	831	-
Global payment services	50	-	50	51	8
Asset and wealth management fees	153	-	153	127	11
Performance fees	14	-	14	7	-
Financing-related fees	52	-	52	63	37
Foreign exchange and other trading activities	128	-	128	113	2
Securities gains/(losses)	2	-	2	(4)	-

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Asset/investment income	35	-	35	34	-
Other	51	14	65	43	13
	-----	-----	-----	-----	-----
Total noninterest income	1,475	14	1,489	1,265	71
	-----	-----	-----	-----	-----
Net interest income					
-----	427	-	427	339	149
Provision for credit losses	(15)	-	(15)	-	5
	-----	-----	-----	-----	-----
Net interest income after provision for credit losses	442	-	442	339	144
	-----	-----	-----	-----	-----
Noninterest expense					
-----					
Staff	720	9	729	604	64
Net occupancy	79	-	79	68	20
Furniture and equipment	50	-	50	51	2
Clearing	37	-	37	50	-
Sub-custodian expenses	34	-	34	34	-
Software	54	-	54	55	1
Business development	30	-	30	23	9
Communications	19	-	19	26	1
Professional, legal, and other purchased services	130	2	132	82	8
Distribution and servicing	4	-	4	4	-
Amortization of intangibles	28	-	28	13	-
Merger and integration costs	15	8	23	-	-
Other	72	-	72	59	8
	-----	-----	-----	-----	-----
Total noninterest expense	1,272	19	1,291	1,069	113
	-----	-----	-----	-----	-----
Income before income taxes	645	(5)	640	535	102
Income taxes	208	(2)	206	175	40
	-----	-----	-----	-----	-----
Net income	437	(3)	434	360	62
Merger and integration cost, net of taxes	10	5	15	-	-
	-----	-----	-----	-----	-----
Net income excluding merger and integration costs	\$ 447	\$ 2	\$ 449	\$ 360	\$ 62
	=====	=====	=====	=====	=====
Diluted earnings per share	\$ 0.57	\$ -	\$ 0.57	\$ 0.47	\$ 0.08
Diluted earnings per share excluding merger and integration costs	0.59	-	0.59	0.47	0.08

