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MELLON FINANCIAL CORP

Form 425

January 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
under 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 above may contain 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 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 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 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.

Additional Information About this Transaction

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 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,

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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 2006 annual meeting of shareholders, as filed with the SEC 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.

The following is the press release containing unaudited interim financial information and accompanying discussion for the fourth quarter of 2006 filed on January 18, 2007.

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Exhibit 99.1

News Release
For Immediate Release

THE BANK OF NEW YORK COMPANY, INC. REPORTS
FOURTH QUARTER NET INCOME OF \$2.36 PER SHARE;
\$0.58 PER SHARE ON AN OPERATING BASIS REFLECTING
STRONG PERFORMANCE ACROSS ALL BUSINESS LINES

NEW YORK, N.Y., January 18, 2007 -- The Bank of New York Company, Inc. (NYSE: BK) reported today fourth quarter net income of \$1,789 million and diluted earnings per share of \$2.36. On an adjusted basis, excluding merger and integration costs and the gain on the sale of the Retail Business, fourth quarter diluted earnings per share was 58 cents, an increase of 9% from 53 cents in the fourth quarter of 2005, and net income was \$435 million, up from \$405 million in last year's fourth quarter. See "Supplemental Financial Information."

Full-year 2006 net income was \$3,011 million and diluted earnings per share was \$3.93. On an adjusted basis, excluding merger and integration costs and the gain on the sale of the Retail Business, full-year 2006 diluted earnings per share was \$2.26, an increase of 11% over \$2.03 in 2005 and net income was \$1,731 million, compared with \$1,571 million last year.

FOURTH QUARTER PERFORMANCE HIGHLIGHTS

- * Outstanding issuer services results, reflecting double-digit revenue growth in the Company's existing corporate trust business over the fourth quarter of 2005 and another excellent quarter for depositary receipts;
- * Broker-dealer services revenue growth of 16% over the fourth quarter of 2005, driven by collateral management and global clearance activities;
- * Strong performance in global custody activities, demonstrated by a 10%

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- growth in investor services fees over the fourth quarter of 2005;
- * Private banking and asset management fees were up 25% sequentially reflecting organic growth and higher performance fees;
- * Strong net interest margin reflecting robust levels of customer activity;
- * Continued excellent asset quality.

"Our strong performance in the fourth quarter caps off a watershed year for our Company," stated Thomas A. Renyi, Chairman and Chief Executive Officer. "Throughout the year we delivered on our strategy, achieved our performance objectives and identified significant opportunities to accelerate our growth and increase the value we deliver to shareholders. The agreement to merge with Mellon Financial Corporation, together with the formation of BNY ConvergEx Group and the asset swap that made us the leader in global corporate trust, creates a compelling growth story. These transactions are reshaping the Company, expanding our capacity for growth and profitability, and redefining what it means to be a premier provider of securities servicing and asset management.

"We are very pleased with our financial performance in the fourth quarter as well as our progress on key strategic initiatives. Our results demonstrate the power of our business model, which is built

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upon an expectation for the increased globalization of financial markets and asset flows. This trend continued to be strong in the fourth quarter, and our performance reflects our ability to capitalize on the heightened market activity. In addition, we closed the asset swap and BNY ConvergEx transactions early in the quarter, and the corporate trust integration remains on schedule and results are on plan. Our demonstrated success in executing on our strategic and financial goals gives us great confidence in our ability to again achieve strong results in the year ahead."

SUPPLEMENTAL FINANCIAL INFORMATION

On October 1, 2006, the Company acquired JPMorgan Chase's corporate trust business ("Acquired Corporate Trust Business") and sold to JPMorgan Chase the Company's retail and regional middle market banking businesses ("Retail Business"). In the second quarter of 2006, the Company adopted discontinued operations accounting for its Retail Business. Therefore, the results from continuing operations through December 31, 2006 exclude the results of the Company's Retail Business but only include the operations of the Acquired Corporate Trust Business for the fourth quarter of 2006. Adjusted financial statements combining continuing and discontinued operations are presented in the Appendix.

The following table shows the impact of the gain on the sale of the Company's Retail Business and merger and integration costs on diluted earnings per share for the three months and twelve months ended December 31, 2006:

Diluted Earnings Per Share			
Three Months Ended December 31, 2006		Twelve Months Ended December 31, 2006	
Continuing	Discontinued	Continuing	Discontinued

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(In dollars)	Operations	Operations	Adjusted(1)	Operations	Operations	Adj
	-----	-----	-----	-----	-----	-----
As Reported	\$ 0.56	\$ 1.80	\$ 2.36	\$ 1.93	\$ 2.00	\$
Merger & Integration Costs (2)	0.02	0.02	0.04	0.09	0.04	
Gain on Sale of Retail Business (3)	-	(1.82)	(1.82)	-	(1.80)	
	-----	-----	-----	-----	-----	-----
Operating (4)	\$ 0.58	\$ -	\$ 0.58	\$ 2.02	\$ 0.24	\$
	=====	=====	=====	=====	=====	=====

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NONINTEREST INCOME (Continuing Operations)

(In millions)	Quarter			Percent Inc/(Dec)		Year		Percent Inc/ (Dec)
	-----			-----		-----		
	4Q06	3Q06	4Q05	4Q06 vs. 3Q06	4Q06 vs. 4Q05	2006	2005	
Securities Servicing Fees								
Execution and Clearing Services	\$ 264	\$ 301	\$ 326	(12)%	(19)%	\$1,245	\$1,222	2%
Issuer Services	341	194	171	76	99	895	639	40
Investor Services	286	279	259	3	10	1,138	1,056	8
Broker-Dealer Services	67	65	58	3	16	259	227	14
	-----	-----	-----			-----	-----	
Securities Servicing Fees	958	839	814	14	18	3,537	3,144	13
Global Payment Services	61	66	60	(8)	2	252	260	(3)
Private Banking and Asset Management Fees	168	134	118	25	42	569	452	26
Service Charges and Fees	51	52	56	(2)	(9)	207	228	(9)
Foreign Exchange and Other Trading Activities	97	84	96	15	1	425	379	12
Securities Gains	27	21	18	29	50	88	68	29
Net Economic Value Payments	23	-	-	NM	NM	23	-	NM
Other	52	63	41	(17)	27	221	167	32
	-----	-----	-----			-----	-----	
Total Noninterest Income	\$1,437	\$1,259	\$1,203	14	19	\$5,322	\$4,698	13
	=====	=====	=====			=====	=====	

NM - Not meaningful

The increase in noninterest income versus the year-ago quarter reflects growth in securities servicing and private banking and asset management fees, as well as a higher level of securities gains and other income, partially offset by declines in service charges. Most of these same trends explain the year-over-year and sequential increases in noninterest income. The fourth quarter of 2006's results also reflects higher revenue from the new business mix resulting from the Acquired Corporate Trust Business, offset by the BNY

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ConvergEx transaction.

The decline in execution and clearing fees versus the fourth quarter of 2005 and the third quarter of 2006 reflects the disposition of certain execution businesses in the BNY ConvergEx transaction. These businesses had revenues of \$66 million in the third quarter of 2006 and \$82 million in the fourth quarter of 2005. At Pershing, revenue was up, compared with both the fourth quarter and full-year 2005 and the previous quarter, reflecting good organic growth in asset-driven fees and retirement products. Comparisons to 2005 periods are impacted by the previously disclosed loss of a significant customer. The execution and clearing businesses currently include electronic trading and, through Pershing, correspondent clearing services such as clearing, execution, financing, and custody for introducing broker-dealers.

Issuer services fees continued to exhibit strong growth for the quarter compared with last year's fourth quarter and full-year 2005. The Acquired Corporate Trust Business had a significant impact on comparisons with all prior periods, as fee revenues for the fourth quarter were \$129 million. Existing corporate trust fees had double-digit growth over the fourth quarter of 2005 reflecting continued strong performance in global products and structured finance, notably asset-backed and mortgage-backed securities. The sequential quarter and full-year increases are attributable to the same factors affecting quarterly year-over-year results. The depositary receipts business continues to benefit from both a higher level of net issuance, reflecting the continued growth in cross-border

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investing activity, as well as increased corporate actions related to dividends and mergers and acquisitions. Issuer services includes corporate trust, depositary receipts, employee investment plan services, and stock transfer.

Investor services fees increased from all prior periods due to increased transaction volumes and organic growth across all business products, especially global custody, mutual funds, exchange-traded funds and hedge fund servicing. The fourth quarter growth in these businesses was partially offset by a decline in securities lending, which was adversely impacted by tight financing spreads. Investor services includes global fund services, global custody, securities lending, global liquidity services, outsourcing, and hedge fund servicing.

Broker-dealer services fees were up significantly from both the fourth quarter and full-year 2005 reflecting continued strong performance in global clearance and collateral management. The performance was driven by both an increase in transaction volumes and strong net new business flows. Broker-dealer services fees increased from the third quarter of 2006 reflecting the same trends impacting year-over-year comparisons.

Global payment services fees increased from the fourth quarter of 2005 reflecting greater funds transfer volume, although fees declined from the third quarter of 2006 and for the full year 2006. While the payments business continues to grow, as evidenced by increases in funds transfer volume and net new business, the level of fees has been impacted by customers paying with a higher value of compensatory balances in lieu of fees. On an invoiced services basis, total revenue was up 3% over the fourth quarter of 2005 and 1% on a sequential-quarter basis. On the same basis, total revenue was up 6% for the full year of 2006.

Private banking and asset management fees increased significantly over

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the fourth quarter and full-year 2005 primarily due to acquisitions and improved performance fees at Ivy Asset Management. The sequential-quarter increase in fees is attributable to organic growth in assets under management and higher performance fees at Ivy Asset Management and Alcentra, as well as increased fees in the private bank. Total assets under management for private banking and asset management were \$131 billion at December 31, 2006, up from \$105 billion at December 31, 2005 and \$120 billion at September 30, 2006.

Service charges and fees were down from the fourth quarter and full year of 2005 and sequentially principally due to lower capital market fees, in line with the Company's reduced risk appetite.

Foreign exchange and other trading revenues rose from both the fourth quarter of 2005 and the third quarter of 2006 reflecting an increase in fixed income trading activity. Foreign exchange results were down from the fourth quarter of 2005 and up only slightly on a sequential-quarter basis reflecting lower market volatility. Foreign exchange was up significantly for the full year of 2006 reflecting increased cross-border activity, greater business from existing clients, and favorable market conditions in the first half of the year.

Securities gains were up significantly from the fourth quarter of 2005 and the third quarter of 2006. In the fourth quarter, the Company sold one of its sponsor fund investments to a third party for a realized gain of \$11 million. The gains in the quarter were also attributable to continued strong returns on investments in the sponsor fund portfolio. The increase in securities gains for the full year reflect favorable market conditions and liquidity in the private equity markets.

Net economic value payments are amounts received from JPMorgan Chase for the economic value of certain deposits that have not yet been transitioned to the Company's balance sheet. The transition is expected to occur during the second quarter of 2007.

Other noninterest income increased versus the fourth quarter and full year of 2005 reflecting higher asset-related gains. The sequential quarter decline reflects fewer asset-related gains partly

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offset by higher income from equity investments and stable sources. The fourth quarter of 2006's result includes a \$6 million loss related to low-income housing investments. The full-year 2006 result includes a pre-tax gain of \$35 million related to the conversion of the Company's New York Stock Exchange seats into cash and shares of NYSE Group, Inc. common stock. The full-year 2005 result includes a \$17 million gain on the sale of the Company's interest in Financial Models Company, Inc.

NET INTEREST INCOME (Continuing Operations)

(Dollars in millions)				Percent Inc/(Dec)		Year-to-date		Percent Inc/(Dec)
	4Q06	3Q06	4Q05	4Q06 vs. 3Q06	4Q06 vs. 4Q05	2006	2005	
Net Interest Income	\$450	\$351	\$344	28%	31%	\$1,499	\$1,340	12%

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Tax Equivalent Adjustment*	2	7	6			22	27	
	----	----	----			-----	-----	
Net Interest Income on a Tax Equivalent Basis	\$452	\$358	\$350	26	29	\$1,521	\$1,367	11
	=====	=====	=====			=====	=====	
Net Interest Margin	2.27%	1.89%	1.96%			2.01%	2.02%	

Comparisons with all prior periods are impacted by higher deposit balances associated with the Acquired Corporate Trust Business. Compared to prior year periods, net interest income also benefited from higher amounts of interest-earning assets and interest-free balances as well as the higher value of interest-free balances in a rising rate environment. The sequential increases in net interest income and net interest margin were primarily driven by higher interest-free balances, particularly from the Acquired Corporate Trust Business.

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 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 2.09%.

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NONINTEREST EXPENSE AND INCOME TAXES (Continuing Operations)

(Dollars in million)	Quarter			Percent Inc/(Dec)		Year		Percent
	4Q06	3Q06	4Q05	4Q06 vs. 3Q06	4Q06 vs. 4Q05	2006	2005	Inc/Dec
Salaries and Employee Benefits	\$ 736	\$ 644	\$ 587	14%	25%	\$2,640	\$2,310	14%
Net Occupancy	73	70	66	4	11	279	250	12
Furniture and Equipment	44	46	51	(4)	(14)	190	199	(5)
Clearing	33	47	50	(30)	(34)	183	187	(2)
Sub-custodian Expenses	34	31	24	10	42	134	96	40
Software	59	53	53	11	11	220	214	3
Communications	23	26	25	(12)	(8)	97	91	7
Amortization of Intangibles	34	14	12	143	183	76	40	90
Merger and Integration Costs	17	89	-	(81)	NM	106	-	NM
Other	228	172	176	33	30	746	680	10
Total Noninterest Expense	1,281	1,192	1,044	7	23	4,671	4,067	15
Merger and Integration Costs	(17)	(89)	-	NM	NM	(106)	-	NM
Total Noninterest Expense Excluding Merger and Integration Costs	\$1,264	\$1,103	\$1,044	15	21	\$4,565	\$4,067	12

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Excluding merger and integration costs, noninterest expense was up compared with the fourth quarter and full year of 2005 and on a sequential-quarter basis. Expenses for the fourth quarter and full year of 2006 reflect increases related to the Acquired Corporate Trust Business partially offset by the disposition of certain execution businesses in the BNY ConvergEx transaction.

Relative to the year-ago periods, salaries and benefits increased reflecting higher staff levels tied to new businesses, acquisitions, incentive compensation, and temporary help. Pension expense was also higher on a year-over-year basis. The sequential-quarter increase also reflects a higher level of incentive compensation tied to performance fees and other revenue increases and higher temporary help and medical costs.

The lower level of clearing expenses reflects the BNY ConvergEx transaction. Sub-custodian expenses were higher for the year reflecting increased asset values and transaction volumes of assets under custody, and increased activity in depositary receipts.

The rise in amortization of intangibles in the fourth quarter of 2006 is due to the Acquired Corporate Trust Business and also includes a \$6 million impairment charge related to the write-off of customer intangibles in Europe.

Other expense in the fourth quarter of 2006 included a \$22 million transition services expense and other costs related to the Acquired Corporate Trust Business.

Merger and integration costs for the full year of 2006 included a loss in connection with the restructuring of the Company's investment portfolio, employee-related costs such as severance and other transaction-related expenses.

The effective tax rate for the fourth quarter of 2006 was 31.2%, compared to 32.2% in the fourth quarter of 2005 and 29.4% in the third quarter of 2006. The effective tax rate for the full year of 2006 was 32.0% compared with 32.1% in 2005. The decrease from the fourth quarter of 2005

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primarily reflects the impact of discontinued operations accounting. The sequential quarter increase reflects higher state and local taxes.

CAPITAL

The Company's estimated Tier 1 and Total Capital ratios were 7.80% and 12.07% at December 31, 2006, compared with 8.38% and 12.48% at December 31, 2005 and 8.17% and 12.32% at September 30, 2006. The estimated leverage ratio was 6.40% at December 31, 2006, compared with 6.60% at December 31, 2005 and 6.56% at September 30, 2006. The Company's estimated tangible common equity ratio was 5.14% at December 31, 2006, compared with 5.58% at December 31, 2005 and 5.58% at September 30, 2006. The decline in the capital ratios primarily reflects the impact of the goodwill and intangibles associated with the Acquired Corporate Trust Business and the adoption of a new accounting

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standard related to pensions which reduced capital by \$257 million.

The Company repurchased 12.1 million shares of its common stock on October 3, 2006 in connection with the BNY ConvergEx transaction.

ASSET QUALITY (Continuing Operations)

Asset quality continued to be strong as nonperforming assets remained unchanged at low levels. Nonperforming assets were \$38 million at December 31, 2006, essentially flat compared with \$39 million at December 31, 2005 and \$38 million at September 30, 2006. Net charge-offs were \$24 million in the fourth quarter of 2006, compared with \$140 million in the fourth quarter of 2005 and zero in the third quarter of 2006. 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. During the fourth quarter of 2005, the Company charged off \$140 million of leases with two bankrupt airline customers.

The provision of credit losses for the fourth quarter of 2006 was a credit of \$15 million, compared with a provision of \$3 million in the fourth quarter of 2005 and a credit of \$4 million in the third quarter of 2006. The sequential increase in the credit to the provision is consistent with a continued strong credit environment.

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 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.

It is currently anticipated that the Company and Mellon will file a joint proxy statement/prospectus with the SEC regarding the proposed merger in late February or early March, after each party files its annual report on Form 10-K with the SEC.

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CONFERENCE CALL INFORMATION

Thomas A. Renyi, chairman and chief executive officer, 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 8:30 a.m. EST.

The presentation will be accessible:

- * From the Company's website at 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) 294-0360 within the United States or

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(402) 220-9750 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 private banking. 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.

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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, 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 ConvergeEx 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, 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 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

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expected timeframe or at all.

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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. 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 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 2006 annual meeting of shareholders, as filed with the SEC 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.

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(dollar amounts in millions, except per share amounts and unless otherwise noted)	Quarter ended			Twelve months ended	
	Dec. 31, 2006	Sept. 30, 2006	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2005
Continuing Operations:					
Key Metrics					
Noninterest Income	\$ 1,437	\$ 1,259	\$ 1,203	\$ 5,322	\$ 4,699
Net Interest Income	450	351	344	1,499	1,344
Total Revenue	\$ 1,887	\$ 1,610	\$ 1,547	\$ 6,821	\$ 6,034
Total Expense	1,281	1,192	1,044	4,671	4,064
Pre-tax Operating Margin	33%	26%	32%	32%	33%
Net Interest Margin	2.27	1.89	1.96	2.01	2.00
Net Interest Income on Tax Equivalent Basis	\$ 452	\$ 358	\$ 350	\$ 1,521	\$ 1,364
Net Income	427	298	339	1,476	1,344
Basic EPS	0.57	0.40	0.44	1.95	1.77
Diluted EPS	0.56	0.39	0.44	1.93	1.77
Performance Ratios					
Return on Average Common Equity	14.95%	11.61%	13.89%	14.29%	14.11%
Return on Average Common Equity Excluding Merger & Integration Costs	15.36	13.95	13.89	14.98	14.11
Return on Average Assets	1.66	1.19	1.40	1.47	1.44
Return on Average Assets Excluding Merger & Integration Costs	1.70	1.43	1.40	1.54	1.44
Return on Average Tangible Common Equity	36.45	22.17	25.70	29.12	26.11
Return on Average Tangible Common Equity Excluding Merger & Integration Costs	37.39	26.49	25.70	30.49	26.11
Return on Average Tangible Assets	1.87	1.29	1.50	1.61	1.55
Return on Average Tangible Assets Excluding Merger & Integration Costs	1.92	1.54	1.50	1.68	1.55
Selected Average Balances					
Interest-earning Assets	\$ 79,841	\$ 76,088	\$ 71,475	\$ 75,606	\$ 67,711
Total Assets	102,138	95,579	90,526	96,478	86,311
Interest-bearing Deposits	44,344	43,905	39,796	43,143	37,071
Noninterest-bearing Deposits	14,721	10,687	10,577	11,609	10,071
Shareholders' Equity	11,340	10,262	9,699	10,333	9,471
Employees	22,361	20,456	19,944		
Credit Loss Provision and Net Charge-Offs					
Total Provision	\$ (15)	\$ (4)	\$ 3	\$ (20)	\$ (15)
Total Net (Charge-offs)/Recoveries	(24)	-	(140)	(13)	(15)
Loans					
Allowance for Loan Losses					
As a Percent of Total Loans	0.76%	1.00%	0.99%		
As a Percent of Non-Margin Loans	0.88	1.16	1.21		

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Total Allowance for Credit Losses			
As a Percent of Total Loans	1.16	1.40	1.43
As a Percent of Non-Margin Loans	1.34	1.63	1.75

Nonperforming Assets

Total Nonperforming Assets	\$ 38	\$ 38	\$ 39
Nonperformance Assets Ratio	0.1%	0.1%	0.1%

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

(dollar amounts in millions, except per share amounts and unless otherwise noted)	Quarter ended			Twelve months ended	
	Dec. 31, 2006	Sept. 30, 2006	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2005

Adjusted Results:

Key Metrics

Noninterest Income	\$ 3,611	\$ 1,325	\$ 1,274	\$ 7,694	\$ 4,950
Net Interest Income	450	506	492	1,956	1,900
Total Revenue	\$ 4,061	\$ 1,831	\$ 1,766	\$ 9,650	\$ 6,860
Total Expense	1,325	1,318	1,148	5,069	4,480
Pre-tax Operating Margin	68%	28%	34%	48%	30%
Net Interest Margin	2.27	2.33	2.35	2.32	2.33
Net Interest Income on Tax Equivalent Basis	\$ 452	\$ 514	\$ 499	\$ 1,981	\$ 1,930
Net Income	1,789	352	405	3,011	1,570
Basic EPS	2.39	0.47	0.53	3.98	2.00
Diluted EPS	2.36	0.46	0.53	3.93	2.00

Performance Ratios

Return on Average Common Equity	62.60%	13.70%	16.57%	29.14%	16.50%
Return on Average Common Equity Excluding Merger & Integration Costs & Gain on Sale of Retail Business	15.24	16.56	16.57	16.75	16.50
Return on Average Assets	6.95	1.29	1.53	2.82	1.50
Return on Average Assets Excluding Merger & Integration Costs & Gain on Sale of Retail Business	1.69	1.55	1.53	1.62	1.50
Return on Average Tangible Common Equity	146.46	26.51	31.18	59.25	31.10
Return on Average Tangible Common Equity Excluding Merger & Integration Costs & Gain on Sale of Retail Business	37.02	31.90	31.18	34.47	31.10
Return on Average Tangible Assets	7.51	1.38	1.63	3.01	1.60

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Return on Average Tangible Assets Excluding Merger & Integration Costs & Gain on Sale of Retail Business	1.90	1.66	1.63	1.75	1.6
Employees	22,919	23,808	23,451		

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

	Quarter ended			Twelve months ended	
(dollar amounts in millions, except per share amounts and unless otherwise noted)	Dec. 31, 2006	Sept. 30, 2006	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2005
<hr style="border-top: 1px dashed black;"/>					
Assets Under Custody (in trillions) (1)					
<hr style="border-top: 1px dashed black;"/>					
Assets Under Custody	\$ 13.0	\$ 12.2	\$ 10.9		
Equity Securities	33%	31%	32%		
Fixed Income Securities	67	69	68		
Cross-Border Assets	\$ 4.7	\$ 4.2	\$ 3.4		
Assets Under Management (in billions) (1)					
<hr style="border-top: 1px dashed black;"/>					
Asset Management Sector					
Equity Securities	\$ 39	\$ 36	\$ 37		
Fixed Income Securities	21	20	20		
Alternative Investments	33	30	15		
Liquid Assets	38	34	33		
<hr style="border-top: 1px dashed black;"/>					
Asset Management Sector	\$ 131	\$ 120	\$ 105		
Foreign Exchange Overlay	11	11	10		
Securities Lending Short-term Investment Funds	48	48	40		
<hr style="border-top: 1px dashed black;"/>					
Total Assets Under Management	\$ 190	\$ 179	\$ 155		
<hr style="border-top: 1px dashed black;"/>					
Capital Ratios					
<hr style="border-top: 1px dashed black;"/>					
Tier 1 Capital Ratio	7.80% (1)	8.17%	8.38%		
Total Capital Ratio	12.07 (1)	12.32	12.48		
Leverage Ratio	6.40 (1)	6.56	6.60		
Tangible Common Equity Ratio	5.14 (1)	5.58	5.58		
Average Shares Outstanding (in thousands)					
<hr style="border-top: 1px dashed black;"/>					
Basic	747,550	756,780	762,489	756,067	764,963
Diluted	757,981	766,665	771,091	765,708	772,851
Other					
<hr style="border-top: 1px dashed black;"/>					
Book Value per Common Share	\$ 15.35	\$ 13.70	\$ 12.81		
Tangible Book Value per Common Share	6.58	7.44	7.06		

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Period-End Shares Outstanding (in thousands)	755,861	763,993	771,129
Dividends per Share	\$ 0.22	\$ 0.22	\$ 0.21
Dividend Yield	2.24%	2.50%	2.64%
Closing Common Stock Price per Share	\$ 39.37	\$ 35.26	\$ 31.85
Market Capitalization (in billions)	29.8	26.9	24.6

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

	Quarter Ended			Twelve Month
	Dec. 31, 2006	Sept. 30, 2006	Dec. 31, 2005	Dec. 31, 2006
Interest Income				

Loans	\$ 422	\$ 367	\$ 297	\$ 1,449
Margin loans	83	85	79	330
Securities				
Taxable	274	282	248	1,101
Exempt from Federal Income Taxes	1	10	10	29
	-----	-----	-----	-----
	275	292	258	1,130
Deposits in Banks	166	166	68	538
Federal Funds Sold and Securities Purchased				
Under Resale Agreements	78	22	19	130
Trading Assets	32	28	53	163
	-----	-----	-----	-----
Total Interest Income	1,056	960	774	3,740
	-----	-----	-----	-----
Interest Expense				

Deposits	397	391	270	1,434
Federal Funds Purchased and Securities Sold				
Under Repurchase Agreements	16	34	12	104
Other Borrowed Funds	30	27	25	100
Customer Payables	43	42	40	167
Long-Term Debt	120	115	83	436
	-----	-----	-----	-----
Total Interest Expense	606	609	430	2,241
	-----	-----	-----	-----
Net Interest Income	450	351	344	1,499

Provision for Credit Losses	(15)	(4)	3	(20)
	-----	-----	-----	-----
Net Interest Income After Provision				

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for Credit Losses	465	355	341	1,519
	-----	-----	-----	-----
Noninterest Income				

Securities Servicing Fees				
Execution and Clearing Services	264	301	326	1,245
Issuer Services	341	194	171	895
Investor Services	286	279	259	1,138
Broker-Dealer Services	67	65	58	259
	-----	-----	-----	-----
Securities Servicing Fees	958	839	814	3,537
Global Payment Services	61	66	60	252
Private Banking and Asset Management Fees	168	134	118	569
Service Charges and Fees	51	52	56	207
Foreign Exchange and Other Trading Activities	97	84	96	425
Securities Gains	27	21	18	88
Net Economic Value Payments	23	-	-	23
Other	52	63	41	221
	-----	-----	-----	-----
Total Noninterest Income	1,437	1,259	1,203	5,322
	-----	-----	-----	-----
Noninterest Expense				

Salaries and Employee Benefits	736	644	587	2,640
Net Occupancy	73	70	66	279
Furniture and Equipment	44	46	51	190
Clearing	33	47	50	183
Sub-custodian Expenses	34	31	24	134
Software	59	53	53	220
Communications	23	26	25	97
Amortization of Intangibles	34	14	12	76
Merger and Integration Costs	17	89	-	106
Other	228	172	176	746
	-----	-----	-----	-----
Total Noninterest Expense	1,281	1,192	1,044	4,671
	-----	-----	-----	-----
Income from Continuing Operations				
before Income Taxes	621	422	500	2,170
Income Taxes	194	124	161	694
	-----	-----	-----	-----
Income from Continuing Operations	427	298	339	1,476
	-----	-----	-----	-----

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

Quarter Ended			Twelve Month
Dec. 31,	Sept. 30,	Dec. 31,	Dec. 31,
2006	2006	2005	2006
-----	-----	-----	-----

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Discontinued Operations					
Income from Discontinued Operations	\$ 2,130	\$ 96	\$ 108	\$ 2,426	\$
Income Taxes	768	42	42	891	
	-----	-----	-----	-----	
Discontinued Operations, Net	1,362	54	66	1,535	
	-----	-----	-----	-----	
Net Income	\$ 1,789	\$ 352	\$ 405	\$ 3,011	\$
	=====	=====	=====	=====	=====
Per Common Share Data:					

Basic Earnings					
Income from Continuing Operations	\$ 0.57	\$ 0.40	\$ 0.44	\$ 1.95	
Income from Discontinued Operations, Net	1.82	0.07	0.09	2.03	
Net Income	2.39	0.47	0.53	3.98	
Diluted Earnings					
Income from Continuing Operations	\$ 0.56	\$ 0.39	\$ 0.44	\$ 1.93	
Income from Discontinued Operations, Net	1.80	0.07	0.09	2.00	
Net Income	2.36	0.46	0.53	3.93	
Cash Dividends Paid	0.22	0.22	0.21	0.86	
Diluted Shares Outstanding	758	767	771	766	

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

	December 31, 2006	September 30, 2006
	-----	-----
Assets		

Cash and Due from Banks	\$ 2,840	\$ 2,072
Interest-Bearing Deposits in Banks	13,172	16,753
Securities		
Held-to-Maturity (fair value of \$1,710 at 12/31/06 \$1,716 at 09/30/06 and \$1,847 at 12/31/05)	1,729	1,737
Available-for-Sale	19,377	20,278
	-----	-----
Total Securities	21,106	22,015
Trading Assets at Fair Value	5,544	3,266
Federal Funds Sold and Securities Purchased Under Resale Agreements	5,114	5,139
Loans (less allowance for loan losses of \$287 at 12/31/06, \$339 at 09/30/06 and \$326 at 12/31/05)	37,510	33,619
Premises and Equipment	974	1,009
Due from Customers on Acceptances	213	311
Accrued Interest Receivable	422	406
Goodwill	5,172	3,801

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Intangible Assets	1,453	872
Other Assets	9,929	8,545
Assets of Discontinued Operations Held for Sale	18	8,828
	-----	-----
Total Assets	\$ 103,467	\$ 106,636
	=====	=====
Liabilities and Shareholders' Equity		

Deposits		
Noninterest-Bearing (principally domestic offices)	\$ 19,554	\$ 11,451
Interest-Bearing		
Domestic Offices	10,041	9,785
Foreign Offices	32,551	33,717
	-----	-----
Total Deposits	62,146	54,953
Federal Funds Purchased and Securities		
Sold Under Repurchase Agreements	790	1,040
Trading Liabilities	2,507	2,102
Payables to Customers and Broker-Dealers	7,266	6,673
Other Borrowed Funds	1,593	1,121
Acceptances Outstanding	215	318
Accrued Taxes and Other Expenses	5,152	4,140
Accrued Interest Payable	200	201
Other Liabilities (including allowance for lending-related commitments of \$150 at 12/31/06, \$137 at 09/30/06 and \$144 at 12/31/05)	3,162	4,152
Long-Term Debt	8,773	8,434
Liabilities of Discontinued Operations Held for Sale	64	13,035
	-----	-----
Total Liabilities	91,868	96,169
	-----	-----
Shareholders' Equity		
Common Stock—par value \$7.50 per share, authorized 2,400,000,000 shares, issued 1,053,752,916 shares at 12/31/06, 1,049,888,635 shares at 09/30/06 and 1,044,994,517 shares at 12/31/05	7,903	7,874
Additional Capital	2,142	2,015
Retained Earnings	9,444	7,820
Accumulated Other Comprehensive Income	(311)	(66)
	-----	-----
	19,178	17,643
Less: Treasury Stock (297,790,159 shares at 12/31/06, 285,692,282 shares at 09/30/06 and 273,662,218 shares at 12/31/05), at cost	7,576	7,169
Loan to ESOP (101,753 shares at 12/31/06 and 203,507 shares at 09/30/06 and 12/31/05), at cost	3	7
	-----	-----
Total Shareholders' Equity	11,599	10,467
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 103,467	\$ 106,636
	=====	=====

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

	For the three months ended December 31, 2006			For the three months ended December 31, 2005		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
ASSETS						

Interest-Bearing						
Deposits in Banks (primarily foreign)	\$ 15,157	\$ 166	4.35%	\$ 8,369	\$ 68	3.2
Federal Funds Sold and Securities Purchased Under Resale Agreements	5,965	78	5.14	2,170	19	3.4
Margin Loans	5,177	83	6.36	6,470	79	4.8
Non-Margin Loans						
Domestic Offices	19,117	260	5.42	15,599	165	4.1
Foreign Offices	11,041	162	5.80	10,885	132	4.8
	-----	-----		-----	-----	
Total Non-Margin Loans	30,158	422	5.56	26,484	297	4.4
	-----	-----		-----	-----	
Securities						
U.S. Government Obligations	121	1	4.76	226	2	4.1
U.S. Government Agency Obligations	2,882	36	5.03	3,992	43	4.2
Obligations of States and Political Subdivisions	93	2	8.59	123	3	8.4
Other Securities	17,643	237	5.36	18,712	215	4.6
Trading Securities	2,645	33	4.98	4,929	54	4.4
	-----	-----		-----	-----	
Total Securities	23,384	309	5.29	27,982	317	4.5
	-----	-----		-----	-----	
Total Interest-Earning Assets	79,841	1,058	5.27	71,475	780	4.3
	-----	-----		-----	-----	
Allowance for Credit Losses	(337)			(476)		
Cash and Due from Banks	2,085			2,831		
Other Assets	20,549			16,696		
Assets of Discontinued Operations						
Held for Sale	-	-		14,542	182	4.9
	-----	-----		-----	-----	
TOTAL ASSETS	\$ 102,138	\$ 1,058		\$ 105,068	\$ 962	
	=====	=====		=====	=====	
LIABILITIES AND SHAREHOLDERS' EQUITY						

Interest-Bearing Deposits						
Money Market Rate Accounts	\$ 6,100	\$ 44	2.87%	\$ 6,488	\$ 36	2.1
Savings	423	2	1.61	517	1	0.9
Certificates of Deposit of \$100,000 & Over	3,796	52	5.42	3,567	37	4.1
Other Time Deposits	320	4	4.87	688	7	3.8
Foreign Offices	33,705	295	3.48	28,536	189	2.6
	-----	-----		-----	-----	
Total Interest-Bearing Deposits	44,344	397	3.55	39,796	270	2.6
Federal Funds Purchased and Securities Sold Under Repurchase						

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Agreements	1,360	16	4.64	1,348	12	3.5
Other Borrowed Funds	2,229	30	5.38	1,966	25	4.9
Payables to Customers and Broker-Dealers	4,683	43	3.60	5,979	40	2.6
Long-Term Debt	8,677	120	5.45	7,577	83	4.3
	-----	-----		-----	-----	
Total Interest-Bearing Liabilities	61,293	606	3.92	56,666	430	3.0
		-----			-----	
Noninterest-Bearing Deposits	14,721			10,577		
Other Liabilities	14,784			13,584		
Common Shareholders' Equity	11,340			9,699		
Liabilities of Discontinued Operations						
Held for Sale	-	-		14,542	34	0.9
	-----	-----		-----	-----	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 102,138	\$ 606		\$ 105,068	\$ 464	
	=====	=====		=====	=====	
Interest Earnings and Interest Rate Spread (Continuing)		\$ 452	1.35%		\$ 350	1.3
		=====	=====		=====	=====
Net Interest Margin (Continuing)			2.27%			1.9
			=====			=====

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

	For the twelve months ended December 31, 2006			For the twelve months ended December 31, 2005		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
	-----	-----	-----	-----	-----	-----
ASSETS						

Interest-Bearing Deposits in Banks (primarily foreign)	\$ 13,327	\$ 538	4.04%	\$ 8,996	\$ 274	3.0
Federal Funds Sold and Securities Purchased Under Resale Agreements	2,791	130	4.67	2,399	70	2.9
Margin Loans	5,372	330	6.15	6,403	267	4.1
Non-Margin Loans						
Domestic Offices	17,125	820	4.79	15,192	591	3.8
Foreign Offices	11,115	629	5.66	10,474	454	4.3
	-----	-----		-----	-----	
Total Non-Margin Loans	28,240	1,449	5.13	25,666	1,045	4.0
	-----	-----		-----	-----	
Securities						
U.S. Government Obligations	190	8	4.32	273	9	3.4
U.S. Government Agency Obligations	3,565	169	4.73	3,766	153	4.0
Obligations of States and Political Subdivisions	105	9	8.34	141	12	8.3

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Other Securities	18,448	964	5.23	16,522	713	4.3
Trading Securities	3,568	165	4.63	3,549	153	4.3
	-----	-----		-----	-----	
Total Securities	25,876	1,315	5.09	24,251	1,040	4.2
	-----	-----		-----	-----	
Total Interest-Earning Assets	75,606	3,762	4.98	67,715	2,696	3.9
	-----	-----		-----	-----	
Allowance for Credit Losses	(340)			(474)		
Cash and Due from Banks	2,910			2,772		
Other Assets	18,302			16,306		
Assets of Discontinued Operations						
Held for Sale	10,364	568	5.48	15,116	687	4.5
	-----	-----		-----	-----	
TOTAL ASSETS	\$ 106,842	\$ 4,330		\$ 101,435	\$ 3,383	
	=====	=====		=====	=====	
LIABILITIES AND SHAREHOLDERS' EQUITY						

Interest-Bearing Deposits						
Money Market Rate Accounts	\$ 5,465	\$ 145	2.66%	\$ 6,320	\$ 109	1.7
Savings	452	6	1.36	597	5	0.8
Certificates of Deposit of						
\$100,000 & Over	4,114	210	5.12	3,155	107	3.4
Other Time Deposits	551	26	4.70	437	16	3.3
Foreign Offices	32,561	1,047	3.22	26,561	602	2.2
	-----	-----		-----	-----	
Total Interest-Bearing Deposits	43,143	1,434	3.33	37,070	839	2.2
Federal Funds Purchased and						
Securities Sold Under Repurchase						
Agreements	2,237	104	4.65	1,284	35	2.7
Other Borrowed Funds	2,091	100	4.77	1,865	58	3.1
Payables to Customers and Broker-Dealers	4,899	167	3.40	6,014	128	2.1
Long-Term Debt	8,295	436	5.26	7,312	269	3.6
	-----	-----		-----	-----	
Total Interest-Bearing Liabilities	60,665	2,241	3.69	53,545	1,329	2.4
	-----	-----		-----	-----	
Noninterest-Bearing Deposits	11,609			10,078		
Other Liabilities	13,871			13,223		
Common Shareholders' Equity	10,333			9,473		
Liabilities of Discontinued Operations						
Held for Sale	10,364	111	1.07	15,116	118	0.7
	-----	-----		-----	-----	
TOTAL LIABILITIES AND						
SHAREHOLDERS' EQUITY	\$ 106,842	\$ 2,352		\$ 101,435	\$ 1,447	
	=====	=====		=====	=====	
Interest Earnings						
and Interest Rate Spread (Continuing)		\$ 1,521	1.29%		\$ 1,367	1.5
		=====	=====		=====	=====
Net Interest Margin (Continuing)			2.01%			2.0
			=====			=====

APPENDIX

Supplemental Information
(Page 1 of 4)

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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 December 31, 2006, September 30, 2006, and December 31, 2005 and twelve-month periods ended December 31, 2006 and 2005, the Company has prepared supplemental financial information as follows:

- * Full income statements 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 and the gain on the sale of the Retail Business.

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 and the gain on the sale of the Retail Business, 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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APPENDIX

Supplemental Information (Page 2 of 4)

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

	Quarter Ended December 31, 2006			Quarter Ended December	
	Continuing Operations	Discontinued Operations	Adjusted Results(1)	Continuing Operations	Discontin Operations
Net Interest Income	\$ 450	\$ -	\$ 450	\$ 344	\$ 148

Provision for Credit Losses	(15)	-	(15)	3	7

Net Interest Income After Provision for Credit Losses	465	-	465	341	141

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Noninterest Income	-----	-----	-----	-----	-----

Securities Servicing Fees	958	-	958	814	-
Global Payment Services	61	-	61	60	8
Private Banking and					
Asset Management Fees	168	1	169	118	10
Service Charges and Fees	51	-	51	56	38
Foreign Exchange and Other					
Trading Activities	97	-	97	96	3
Securities Gains	27	-	27	18	-
Net Economic Value Payments	23	-	23	-	-
Other	52	2,173	2,225	41	12
	-----	-----	-----	-----	-----
Total Noninterest Income	1,437	2,174	3,611	1,203	71
	-----	-----	-----	-----	-----
Noninterest Expense	-----	-----	-----	-----	-----

Salaries and					
Employee Benefits	736	14	750	587	60
Net Occupancy	73	1	74	66	18
Furniture and Equipment	44	1	45	51	2
Clearing	33	-	33	50	-
Sub-custodian Expenses	34	-	34	24	-
Software	59	-	59	53	-
Communications	23	-	23	25	1
Amortization of Intangibles	34	-	34	12	-
Merger and Integration Costs	17	24	41	-	-
Other	228	4	232	176	23
	-----	-----	-----	-----	-----
Total Noninterest Expense	1,281	44	1,325	1,044	104
	-----	-----	-----	-----	-----
Income Before Income Taxes	621	2,130	2,751	500	108
Income Taxes	194	768	962	161	42
	-----	-----	-----	-----	-----
Net Income	427	1,362	1,789	339	66
Merger & Integration Costs,					
Net of Taxes	12	15	27	-	-
Gain on Sale of Retail					
Business, Net of Taxes	-	(1,381)	(1,381)	-	-
	-----	-----	-----	-----	-----
Net Income Excluding Merger					
& Integration Costs and Gain					
on Sale of Retail Business	\$ 439	\$ (4)	\$ 435	\$ 339	\$ 66
	=====	=====	=====	=====	=====
Diluted Earnings Per Share	\$0.56	\$1.80	\$2.36	\$ 0.44	\$ 0.09
Diluted Earnings Per Share					
Excluding Merger &					
Integration Costs and Gain					
on Sale of Retail Business	0.58	-	0.58	0.44	0.09

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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 September 30, 2006

	Continuing Operations	Discontinued Operations	Adjusted Results(1)
	-----	-----	-----
Net Interest Income	\$ 351	\$ 155	\$ 506

Provision for Credit Losses	(4)	(1)	(5)

Net Interest Income After Provision for Credit Losses	355	156	511

Noninterest Income			

Securities Servicing Fees	839	-	839
Global Payment Services	66	8	74
Private Banking and Asset Management Fees	134	11	145
Service Charges and Fees	52	38	90
Foreign Exchange and Other Trading Activities	84	2	86
Securities Gains	21	-	21
Other	63	7	70

Total Noninterest Income	1,259	66	1,325

Noninterest Expense			

Salaries and Employee Benefits	644	62	706
Net Occupancy	70	18	88
Furniture and Equipment	46	2	48
Clearing	47	-	47
Sub-custodian Expenses	31	-	31
Software	53	1	54
Communications	26	1	27
Amortization of Intangibles	14	-	14
Merger and Integration Costs	89	21	110
Other	172	21	193

Total Noninterest Expense	1,192	126	1,318

Income Before Income Taxes	422	96	518
Income Taxes	124	42	166

Net Income	298	54	352
Merger and Integration Costs, Net of Taxes	62	12	74

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Net Income Excluding Merger and Integration Costs	\$ 360 =====	\$ 66 =====	\$ 426 =====
Diluted Earnings Per Share	\$0.39	\$0.07	\$0.46
Diluted Earnings Per Share Excluding Merger and Integration Costs	0.47	0.09	0.56

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APPENDIX

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)

	Year Ended December 31, 2006			Year Ended December	
	Continuing Operations	Discontinued Operations	Adjusted Results(1)	Continuing Operations	Discontin Operations
Net Interest Income	\$1,499	\$ 457	\$1,956	\$1,340	\$ 569
Provision for Credit Losses	(20)	5	(15)	(7)	22
Net Interest Income After Provision for Credit Losses	1,519	452	1,971	1,347	547
Noninterest Income					
Securities Servicing Fees	3,537	-	3,537	3,144	-
Global Payment Services	252	24	276	260	34
Private Banking and Asset Management Fees	569	35	604	452	42
Service Charges and Fees	207	113	320	228	154
Foreign Exchange and Other Trading Activities	425	6	431	379	12
Securities Gains	88	-	88	68	-
Net Economic Value Payments	23	-	23	-	-
Other	221	2,194	2,415	167	16
Total Noninterest Income	5,322	2,372	7,694	4,698	258
Noninterest Expense					
Salaries and Employee Benefits	2,640	208	2,848	2,310	239
Net Occupancy	279	56	335	250	73

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Furniture and Equipment	190	7	197	199	9
Clearing	183	-	183	187	-
Sub-custodian Expenses	134	-	134	96	-
Software	220	2	222	214	1
Communications	97	3	100	91	4
Amortization of Intangibles	76	-	76	40	-
Merger and Integration Costs	106	45	151	-	-
Other	746	77	823	680	90
	-----	-----	-----	-----	-----
Total Noninterest Expense	4,671	398	5,069	4,067	416
	-----	-----	-----	-----	-----
Income Before Income Taxes	2,170	2,426	4,596	1,978	389
Income Taxes	694	891	1,585	635	161
	-----	-----	-----	-----	-----
Net Income	1,476	1,535	3,011	1,343	228
Merger & Integration Costs, Net of Taxes	72	29	101	-	-
Gain on Sale of Retail Business, Net of Taxes	-	(1,381)	(1,381)	-	-
	-----	-----	-----	-----	-----
Net Income Excluding Merger & Integration Costs and Gain on Sale of Retail Business	\$1,548	\$ 183	\$1,731	\$1,343	\$ 228
	=====	=====	=====	=====	=====
Diluted Earnings Per Share	\$ 1.93	\$ 2.00	\$ 3.93	\$ 1.74	\$0.29
Diluted Earnings Per Share Excluding Merger & Integration Costs and Gain on Sale of Retail Business	2.02	0.24	2.26	1.74	0.29