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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) | 4Q06 | 3Q06 | 4Q05 | Percent Inc/(Dec) | | Year-to-date | | Percent Inc/(Dec) |
|-----------------------|-------|-------|-------|-------------------|---------------|--------------|---------|-------------------|
| | | | | 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.

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.

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

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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 | 4,066 |
| 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 | \$ 1,366 |
| 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% |

11

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% | 33% |
| 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 |
| Assets Under Custody (in trillions) (1) | | | | | |
| 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) | | | | | |
| Asset Management Sector | | | | | |
| Equity Securities | \$ 39 | \$ 36 | \$ 37 | | |
| Fixed Income Securities | 21 | 20 | 20 | | |
| Alternative Investments | 33 | 30 | 15 | | |
| Liquid Assets | 38 | 34 | 33 | | |
| Asset Management Sector | \$ 131 | \$ 120 | \$ 105 | | |
| Foreign Exchange Overlay | 11 | 11 | 10 | | |
| Securities Lending Short-term Investment Funds | 48 | 48 | 40 | | |
| Total Assets Under Management | \$ 190 | \$ 179 | \$ 155 | | |
| Capital Ratios | | | | | |
| 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) | | | | | |
| Basic | 747,550 | 756,780 | 762,489 | 756,067 | 764,963 |
| Diluted | 757,981 | 766,665 | 771,091 | 765,708 | 772,851 |
| Other | | | | | |
| 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 |

13

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 |
| | 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 |
| | 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 |
| | ----- | ----- | ----- | ----- |

14

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 |
| | | | ===== | | | ===== |

17

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
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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
(Page 3 of 4)

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
(Page 4 of 4)

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 |