

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

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

Filed by Mellon Financial Corporation

Pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12

of the Securities Exchange Act of 1934

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

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

The information presented below may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based upon our current beliefs and expectations and are subject to significant risks and uncertainties. The following risks, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements: (1) the businesses of The Bank of New York Company, Inc. and Mellon Financial Corporation may not be integrated successfully or the integration may be more difficult, time-consuming or costly than expected; (2) the combined company may not realize, to the extent or at the time we expect, revenue synergies and cost savings from the transaction; (3) revenues following the transaction may be lower than expected as a result of losses of customers or other reasons; (4) deposit attrition, operating costs, customer loss and business disruption following the transaction, including, without limitation, difficulties in maintaining relationships with employees, may be greater than expected; and (5) governmental or shareholder approvals of the transaction may not be obtained on the proposed terms or expected timeframe or at all. Additional factors that could cause The Bank of New York Company, Inc. and Mellon Financial Corporation results to differ materially from those described in the forward-looking statements can be found in The Bank of New York Company, Inc. and Mellon Financial Corporation reports (such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K) filed with the Securities and Exchange Commission.

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

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

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

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

Disclosure and Cautionary Statement

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the
forward-looking
statements:

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

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

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

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

result
of
losses
of
customers
or
other
reasons;
(4)
deposit
attrition,
operating
costs,
customer
loss
and
business
disruption
following
the
transaction,
including,
without
limitation,
difficulties
in
maintaining
relationships
with
employees,
may
be
greater
than
expected;
and
(5)
governmental
or
shareholder
approvals
of
the
transaction
may
not
be

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

Form 10-Q and Current Reports on Form 8-K) filed with the Securities and Exchange Commission.

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Directors

and

executive

officers

of

The

Bank

of

New

York

Company,

Inc.

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Mellon

Financial

Corporation

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Information

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

1

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

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

2

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

Businesses

-

#1

global custodian with over \$17 trillion in AUC*

-

Top 10

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

.

, with more than

\$1.1 trillion in AUM

-

#1

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

-

#1

provider of clearing services

-

Top 10

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

and UK

-

Top 10

U.S.

cash management and global payments provider

-

Leading client service scores

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

-

Experienced, deep and well balanced management team

Business &

Geographic

Diversification

-

Focused

on high return businesses with strong organic growth track records

and enhanced revenue opportunities

-

Balanced synergistic

business mix no individual business

contributes more

than 35% of pre-tax earnings

-

Operations in 37

countries worldwide approximately 25%

of revenue
derived from higher growth international operations

-

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

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

-

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

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

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

-
Potential for multiple expansion over time

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

Low Risk
Transaction

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

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

-
Combination further diversifies operating risk profile versus stand alone entities

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

4

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

Asset Servicing

0.9

24

Issuer Services

1.0

27

Treasury Services &

Clearing Services

0.9

23

Other

(0.2)

(5)

Total

\$3.8

100

Balanced & Complementary Business Lines

Pro Forma Revenue Mix¹

Pro Forma Pre-Tax Earnings Mix¹

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

Note:

1

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

\$4.5bn

with cost savings

Business Line

(\$bn)

(%)

Asset Management &

Wealth Management

3.6

29

Asset Servicing

3.5

28

Issuer Services

2.2

18

Treasury Services &

Clearing Services

2.5

20

Other

0.7

5

Total

\$12.5

100

5

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

Breadth of The Bank of New York's global markets products to

Mellon's asset servicing and wealth management clients

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

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

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

Enhanced Income Realization from Existing Client Base

6

Integration Thorough and Thoughtful

Process

A True Merger combination of best of both companies

Lose no Customers

philosophy

Commitment to maintaining our #1 customer service standards/levels

Continued emphasis on risk management and compliance

Open communication with all employees

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

Measured integration process 3 year integration timeframe

Detailed integration planning

Integration complete

1H07

2H07

1H08

2H08

1H09

2H09

Transaction close

Integration of overlapping businesses and shared services

Applications / systems conversions and data center consolidations

7

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

December/January

February/March

Multiple integration planning teams across businesses and shared services

The Bank of New York Mellon

Integration Planning: Dedicated & Disciplined Process

Merger Integration Committee

Overall accountability for integration planning and execution

Merger Integration Project Management Office (PMO)

Day-to-day oversight of integration planning and execution

Business Line/Shared Services PMOs

Planning organizational design

Early Third Quarter

8

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

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

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

/ UITs

Insurance Companies

Central Banks

Mutual Funds

U.S. Public Funds

Endowments & Foundations

Corporate Pensions

Combined

Mellon

The Bank of

New York

Market Segment Leadership

10

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

Global leadership in Securities Servicing and Asset
Management

Strongly accretive transaction

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positions

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Disciplined and thoughtful approach

Dedicated and experienced team with proven track record

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

2007 Citigroup Financial Services Conference

1

Cautionary Statement

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

rate sensitivity analysis, the expected tax rate and the expected number of average fully diluted shares outstanding, as well as the Corporation's overall plans, strategies, goals, objectives, expectations, estimates, intentions, targets, opportunities and initiatives, and are based on assumptions that involve risks and uncertainties and that are subject to change based on various important factors (some of which are beyond the Corporation's control).

Actual results may differ materially from those expressed or implied as a result of these risks and uncertainties, including, but not limited to, changes in political and economic conditions; equity, fixed-income and foreign exchange market fluctuations; changes in the mix of assets under management; the effects of the adoption of new accounting standards; customers

sensitivity to
increases

in
oil
prices
and
decreasing
travel;

corporate
and
personal
customers
bankruptcies;

operational risk; inflation; levels of tax free revenue; technological change; success in the timely development of new products and services; competitive product and pricing pressures within the Corporation's markets; consumer spending and savings habits; interest rate fluctuations; geographic sources of income; monetary fluctuations; currency rate fluctuations; acquisitions and integrations of acquired businesses; changes in law; changes in fiscal, monetary, regulatory, trade and tax policies and laws; success in gaining regulatory approvals when required; the uncertainties inherent in the litigation process and the litigation settlement process; the effects of recent and any further terroristic

acts and the results of the war on terrorism; as well as other risks and uncertainties detailed from time to time in the filings of the Corporation with the Securities and Exchange Commission. Such forward-looking statements speak only as of January 31, 2007, and the Corporation undertakes no obligation to update any forward-looking statement

to
reflect
events
or
circumstances

after
that
date
or
to
reflect
the

occurrence
of
unanticipated

events.

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

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2

Strategies for outperformance

Focus on high-growth global businesses

Asset Management

and Servicing

Maintain superior client service, investment performance and

the highest fiduciary standards

Achieve competitive margins in each business line

Deploy capital effectively to accelerate long-term growth
and returns

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3

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

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

Four consecutive quarters of double digit revenue and EPS growth

ROE: +22%

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

Strong investment performance and top ranked client satisfaction

Acquisition of Walter Scott & Partners and joint venture with WestLB

Merger agreement with The Bank of New York
Highlights: 2006

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

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4

90

100

110

120

130

+18%

19 Peers

+26%

MEL

+16%

S&P 500

S&P 500

19 Peers

MEL

Mellon Total Return to Shareholders

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

Dec

Note: 19-member peer group detailed in Appendix
2006

Jan

