

OUR DAY STARTS HERE ►

OUR DAY STARTS HERE ▶

Safekeeping trillions of dollars. Managing more than \$1 trillion of institutional assets. Executing 29 million transactions annually. Valuing more than 31,000 portfolios globally. Still to us, the most important number is one. At State Street, we focus on a single execution at a time, performed with precision and excellence.

00:00 GMT

- 01 : To Our Shareholders
- 19 : Financial Summary
- 30 : Board of Directors
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STRONG GROWTH

2004 Financial Highlights

Summary ⁽¹⁾	2004	2003	\$ Change	% Change
Dollars in millions, except per share data				
Total Revenue	\$ 4,951	\$ 4,734	\$ 217	5%
Total Expenses	3,759	3,622	137	4
Net Income	798	722	76	11
Earnings Per Share:				
Basic	\$ 2.38	\$ 2.18	\$.20	9%
Diluted	2.35	2.15	.20	9
Cash Dividends Declared Per Share	.64	.56	.08	14
Return on Equity	13.3%	13.9%		

(1) Financial results prepared in accordance with accounting principles generally accepted in the United States.

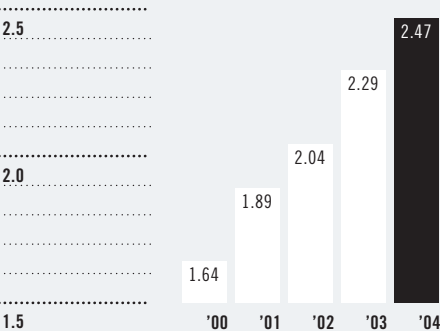
Supplemental Financial Information – Operating Results

State Street prepares its reported Consolidated Statement of Income in accordance with accounting principles generally accepted in the United States (GAAP). In order to provide information on a comparable basis from period to period and assist stockholders, analysts, other external parties and management in analyzing the financial results and trends of ongoing businesses and operations, State Street presents supplemental financial information on an “operating” basis. Operating basis results are based on GAAP (“reported”) results, excluding the impact of significant non-recurring transactions and activities, presented on a taxable equivalent basis.

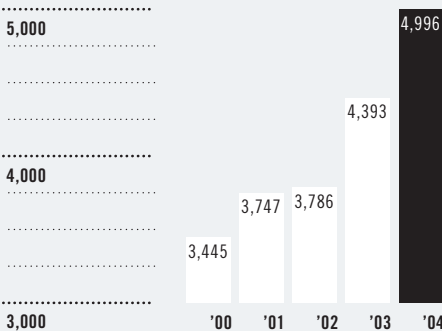
Operating results for 2004 exclude merger and integration costs related to the acquisition of the Global Securities Services business acquired in 2003. For 2003, operating results exclude the gain on the sale and operations prior to divestiture of the Private Asset Management business; the gain on the sale of the Corporate Trust business; merger, integration, divestiture and restructuring costs; a loss on real estate sold; and settlement of a Massachusetts tax matter.

Page 23 provides a reconciliation schedule of the differences between the Corporation’s reported results and the comparable financial measures on an “operating” basis as defined by State Street.

Operating Results	2004	2003 ⁽²⁾	\$ Change	% Change
A non-GAAP measure defined by State Street Dollars in millions, except per share data; taxable equivalent				
Total Operating Revenue	\$ 4,996	\$ 4,393	\$ 603	14%
Total Operating Expenses	3,697	3,179	518	16
Net Operating Income	839	768	71	9
Diluted Operating Earnings Per Share	2.47	2.29	.18	8
Operating Return on Equity	14.0%	14.8%		



Diluted Earnings Per Share – Operating Basis
Dollars



Total Revenue – Operating Basis
Dollars in millions

(2) Operating results for prior periods have been restated to conform to current year presentation.

MOVING FORWARD

To Our Shareholders

As the world's leading provider of services to institutional investors, we help our customers implement their global investment strategies. At a more fundamental level, our capabilities help spread the benefits of sound investment around the world, as demand grows for professional care and management of financial assets.

For decades, we have not lost sight of our mission and we continue to provide the stability, safety and soundness that you have come to expect from State Street.

Three themes guided our actions in 2004. First, we benefited from our expanded presence, having successfully transitioned the Global Securities Services (GSS) business acquired from Deutsche Bank in 2003. Mandates from our customers, both existing and new, generated 19 percent gains on an operating basis in servicing and management fee revenue. Assets under custody grew to \$9.5 trillion and assets under management to \$1.4 trillion, record levels for both.

Second, we heightened our focus on institutional investors and sharpened our priorities. We looked closely at our business model and made tough decisions to eliminate or combine operations that did not match our long-term objectives.

Third, we confronted the realities of a slower growth environment by carefully allocating resources and implementing more rigorous expense management.

Our business remained strong in 2004. Operating revenue rose 14 percent and earnings per share increased 8 percent, marking our 27th consecutive year of operating EPS growth.

Around the world, we added more than 1,600 mandates during the year, including a groundbreaking multijurisdictional outsourcing contract from AXA Investment Managers, and expanded relationships with existing customers. We launched new investment products and broadened our foreign exchange and equity trading services globally. The ever-evolving regulatory landscape increased demand from customers for reporting tools and services that help them improve transparency and controls.

State Street Global Advisors continues to lead across active, enhanced and passive investment management products and strategies. Sadly, the industry lost a first-class executive, and we lost a friend, when SSgA Chairman and CEO Timothy B. Harbert passed away unexpectedly in August. SSgA's strong performance is a tribute to the team that Tim helped to build.

The task before us is to position State Street as the premier provider in all the markets we serve, while generating consistent earnings in a period of slower growth. Achieving this requires balance. We will continue to apply greater fiscal discipline and focus on expenses, while still maintaining our distinct entrepreneurial spirit.

I am committed to delivering high performance in our business, opportunity for our employees, and active participation in our communities. We are working around the clock worldwide to ensure that success.

Thank you for investing in State Street.

Sincerely,

A handwritten signature in dark ink, reading "Ronald E. Logue". The signature is fluid and cursive, with the first name "Ronald" being the most prominent part.

Ronald E. Logue
Chairman and Chief Executive Officer

SPANNING TIME ZONES



9:08am : Tokyo

Following the opening of Japan's equity market, State Street Global Advisors' portfolio managers monitor the TOPIX index and prepare trades for customers invested in the firm's active Japanese equity strategies.

Ronald E. Logue
Chairman and Chief Executive Officer

State Street moves through time zones and continents. Night and day, from Europe to Asia, Australia and the Americas, we are at the core of the world's financial markets. Executing complex investment transactions. Monitoring portfolio shifts. Translating raw data into daily information. Global business is our business. This is the journey we take each day.

IN MORE THAN 20 COUNTRIES

12:38pm : Melbourne

A senior investment strategist discusses ways a local pension fund can benefit by applying State Street Global Advisors' new Dynamic Risk Allocation Model to its asset allocation strategy.

03:

10:13am : Beijing

Executives of State Street Global Advisors in Asia work with representatives of China Asset Management Co. Ltd. on establishing clearing settlement procedures for China's first exchange-traded fund, which will track the Shanghai Stock Exchange (SSE) 50 Index.

AROUND THE WORLD

11:14am : Singapore

The fund services team initiates a query to the global income control group in Quincy, seeking confirmation of an income posting to a customer's portfolio.

1000 GMT

11:41am : Taipei

Typhoon winds have closed the Taiwan stock market, yet customer service teams are busy checking trade settlements and handling customer inquiries from home.

MORE THAN 19,000 EMPLOYEES

12:18am : Quincy

At a data center outside of Boston, technicians maintain their global watch well past midnight, making sure overnight processing for North America is completed on schedule, the wire transfer system is moving funds globally, and European accounting and global stock lending systems are ready to begin a new day. A global array of servers are being monitored in real-time as they prepare for the next pricing point, just hours away.

06:

1:51pm : Seoul

Foreign exchange traders execute a large limit order to adjust the Korean won currency position for a London hedge fund manager. Although it is not yet 5am in London, the manager has captured overnight gains on the portfolio.

12:00pm : Mumbai

State Street Global Advisors' local sub-advisory team reviews performance reports to ensure the proper risk diversification on the overseas investment strategies that have been developed and implemented for India's largest retail mutual fund.

2:00 GMT

Investment Servicing.

As the world's leading investment service provider, State Street provides an array of customized investment solutions to asset managers, pension funds, hedge funds, insurance companies, collective funds, mutual funds and nonprofits. We offer fund accounting, fund administration, custody, securities lending, investment operations outsourcing, recordkeeping, performance and analytics and transfer agency services that are highly scalable and truly global. With our expertise and local knowledge, we help our customers control costs, develop and launch competitive new investment products, and expand globally.

ALWAYS INNOVATING

8:45am : Milan

Based on State Street Global Markets' investment research, a large Italian asset management firm shifts sector allocations across its European funds. This trade is implemented by State Street's portfolio trading team. Underlying currency transactions are executed with the London foreign exchange trading desk through FXConnect.®

09:



9:08am : Luxembourg

Daily pooling activity in the investment funds of a large multinational asset manager is reviewed, and the account team prepares final net asset values of the funds to be published in one hour.

TO HELP OUR CLIENTS SUCCEED

10:15am : Amsterdam

Inquiries are made to portfolio managers at ABN AMRO Asset Management's numerous locations, including Hong Kong, London and Tokyo, requesting instructions on the day's corporate actions.

1000 GMT



10:51am : Paris

Currency and asset allocation teams examine hedging strategies for the French pensions reserve fund's currency overlay mandate.

State Street, Paris (inset)

IT TAKES COMMITMENT

11:45am : Frankfurt

A German customer joins a conference call with the regional transition management team to review the status on the restructuring of its funds. This restructuring involves nine investment managers, three KAGs and regional and asset class changes. Intraday trade analysis shows that the transition is performing extremely well against the benchmark, providing significant cost savings to the fund.

12:

Investment Research and Trading.

State Street Global Markets provides specialized investment research and trading in foreign exchange, equities, fixed income, derivatives, and money market products. Our goal is to enhance and preserve portfolio values for asset managers and asset owners with original flow-based research, innovative portfolio strategies, trade process optimization, and global connectivity across multiple asset classes and markets.

DEDICATION

12:09pm : London

In time for a 1:00pm deadline, portfolio administrators in State Street's regional Institutional Fund Services group complete reconciliation reports detailing daily foreign exchange transactions and convert currency balances to sterling on behalf of pension fund client British Airways.

1:00 GMT

1:42pm : Munich

The third daily distribution of pricing files including research, analysis and tolerance analysis is prepared for delivery to all KAGs (German investment managers), investors, subadvisors and internal fund groups.

ENTREPRENEURIAL TALENT

1:38pm : Dublin

Money market portfolio accountants are confirming daily investable cash balances with investment managers of the Sterling and Euro Same Day Money Market Funds. Portfolio accountants collate all shareholder and portfolio activity for the investment manager to allow swift decisions to be made for final daily trades. Activity volumes across the euro and sterling portfolios on a daily basis average between €1 billion and €2 billion.

3:13pm : Zurich

A customer service representative retrieves data on derivative activity and pending trades from a local customer's dedicated Internet line into State Street's technology platform. The data is verified and a custom report is generated and posted to the secured line for immediate customer access.



AND TEAMWORK

3:15pm : St. Helier

Net asset values of offshore funds are struck, and the transfer agency team in Jersey begins processing share application and redemption requests received from investors.

2000 GMT

4:39pm : Paris

Fund accountants are monitoring and accounting for exchange rate fluctuations in AXA Investment Managers' investment portfolios.

THIS IS WHAT WE DO

11:15am : Kansas City

Custom investment accounting, valuation and statutory reports are prepared for 1,800 separate account portfolios of a large U.S.-based insurance company with operations in 11 global locations.

18:



4:45pm : Edinburgh

A member of the WM Performance Services client management team presents annual investment performance results to the board of a U.K. local authority pension fund. WM measures 90 of the 104 local authority pension funds in the United Kingdom, with a total asset value of £80 billion.

DAY AND NIGHT

1:40pm : New York

The hedge fund global payments and control department at our alternative investment servicing company, International Fund Services, confirms collateral payments and receipts with every customer's trading counterparties.

200 GMT

Investment Management.

State Street Global Advisors, one of the world's leading managers of institutional assets, provides disciplined, systematic investment strategies for clients of every size and investment objective. Our active, enhanced and passive strategies capitalize on technological and intellectual innovation. We also offer integrated solutions and trading services to customers who wish to outsource aspects of their investment programs.

IN MORE THAN 100 MARKETS WORLDWIDE

11:45am : Los Angeles

Specialists review performance data that will be incorporated into client, regulatory and board reporting on behalf of a large, California-based asset manager.

24



3:00pm : Toronto

Employees at a Canadian asset management firm match and confirm up-to-the-minute foreign exchange transactions with the five largest Canadian banks, using the GTSS® system on Global Link.SM



100

GMT

8:48am : Sydney

On a rain-soaked morning, more than 25 local employees navigate the 100km Great North Walk to Mt Ku-ring-gai during the annual State Street-sponsored Trailwalker event to benefit Oxfam.

5:28am : Hangzhou

New financial reporting software is tested by engineers at State Street's Technology Center. Through a partnership with Zhejiang University, State Street's global information technology accelerates development by taking advantage of a full 24-hour work day.

FOR US, THE DAY NEVER ENDS



7:18am : Hong Kong

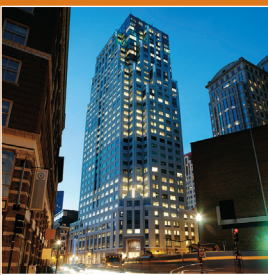
The manager of a large local pension fund contacts State Street Global Advisors' senior principal to discuss cost efficiencies and investment diversification benefits of investing in the Hong Kong Tracker Fund. Established in 1999, the fund today ranks among the world's 15 largest exchange-traded funds.

8:00am : Tokyo

Securities finance trading desk staff negotiates securities loans while account management team members prepare the day's client lending reports.

► THIS IS STATE STREET

24/7



7:00pm : Boston

At our headquarters, fund accounting teams have completed processing and distributed final prices to transfer agents and other third parties. The institutional investment operations group has completed transmitting commingled fund pricing to the National Securities Clearing Corporation. The foreign exchange trading desk staff has conferred with colleagues across Asia-Pacific, transferring oversight for a new day of trading.

27

consecutive years of growth in operating earnings per share



FINANCIAL SUMMARY

- 20 : Selected Financial Data
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Public Accounting Firm
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Financial Statements

SELECTED FINANCIAL DATA

Dollars in millions, except per share data

YEARS ENDED DECEMBER 31,

Fee Revenue

	2004	2003	2002	2001	2000
Servicing fees	\$ 2,263	\$ 1,950	\$ 1,531	\$ 1,433	\$ 1,298
Management fees	623	533	485	459	541
Securities lending	259	245	226	272	192
Foreign exchange trading	420	391	300	368	387
Brokerage fees	155	122	124	89	95
Processing fees and other	328	315	184	148	177
Total fee revenue	4,048	3,556	2,850	2,769	2,690

Net Interest Revenue

Interest revenue	1,787	1,539	1,974	2,855	3,256
Interest expense	928	729	995	1,830	2,362
Net interest revenue	859	810	979	1,025	894
Provision for loan losses	(18)	-	4	10	9
Net interest revenue after provision for loan losses	877	810	975	1,015	885
Gain on the sales of available-for-sale investment securities, net	26	23	76	43	2
Gain on the sale of the Private Asset Management business, net of exit and other associated costs	-	285	-	-	-
Gain on the sale of the Corporate Trust business, net of exit and other associated costs	-	60	495	-	-
Total revenue	4,951	4,734	4,396	3,827	3,577

Operating Expenses

Salaries and employee benefits	1,957	1,731	1,654	1,663	1,524
Information systems and communications	527	551	373	365	305
Transaction processing services	398	314	246	247	268
Occupancy	363	300	246	229	201
Merger, integration and divestiture costs	62	110	-	-	-
Restructuring costs	21	296	20	-	-
Other	431	320	302	393	373
Total operating expenses	3,759	3,622	2,841	2,897	2,671
Income before income tax expense	1,192	1,112	1,555	930	906
Income tax expense	394	390	540	302	311
Net income	\$ 798	\$ 722	\$ 1,015	\$ 628	\$ 595

Earnings Per Share

Basic	\$ 2.38	\$ 2.18	\$ 3.14	\$ 1.94	\$ 1.85
Diluted	2.35	2.15	3.10	1.90	1.81
Cash dividends declared per share	.640	.560	.480	.405	.345
Return on equity	13.3%	13.9%	24.1%	17.3%	20.3%

AS OF DECEMBER 31,

Total assets	\$ 94,040	\$ 87,534	\$ 85,794	\$ 69,850	\$ 69,298
Long-term debt	2,458	2,222	1,270	1,217	1,219
Stockholders' equity	6,159	5,747	4,787	3,845	3,262
Closing price per share of common stock	49.12	52.08	39.00	52.25	62.11
Number of employees	19,668	19,850	19,501	19,753	17,604

SUMMARY OF OPERATIONS

BUSINESS SUMMARY

State Street Corporation (“State Street” or “the Corporation”) is focused on meeting the needs of sophisticated investors worldwide by providing a complete, integrated range of products and services. State Street’s employees are focused on providing excellent client service and enhancing total client relationships. State Street experiences a high rate of recurring revenue, continues to generate significant new business from its existing client base, and achieves significant cross-selling revenue. This approach contributed to a year-over-year growth in servicing fees in 2004 of 16%, and a year-over-year growth in management fees of 17%. While most of State Street’s client services generate servicing or management fees, clients use a variety of other services, including securities lending and foreign exchange trading and cash management services. State Street remains focused on increasing total revenue. At December 31, 2004, assets under custody totaled \$9.50 trillion and assets under management totaled \$1.35 trillion.

In 2004, State Street focused on three key business themes. First was continued global growth and integration of a substantial portion of the Global Securities Services (“GSS”) business acquired in 2003 from Deutsche Bank AG. The acquisition of the GSS business was transformational for State Street. Through this acquisition, State Street added approximately \$2.10 trillion to assets under custody and acquired depotbank services and additional fund administration and securities lending business.

With the addition of the GSS business, State Street became a leading provider of custody and custody-related services in Europe. The GSS business served investment managers, private and public pension funds and insurance companies in 92 geographic markets. To date, State Street has completed substantially all client conversions, with the exception of Germany, which will be completed in 2005. State Street’s expanded global presence helped to generate new business from new and existing customers and fee revenue growth.

Second, State Street heightened its focus on institutional investors and streamlined businesses or groups that did not offer the desired scale or profitability. Third, the Corporation implemented more rigorous cost cutting and expense management policies to adapt to the realities of a less robust economy.

In 2003, State Street completed several initiatives that had a significant impact on 2004 results. In addition to completing the acquisition of the GSS business and integrating a major portion of that acquisition into its business, State Street completed an expense reduction program, including a major restructuring of its staffing levels, resulting in the net reduction of approximately 2,000 positions. Furthermore, in the fourth quarter of 2003, State Street completed the sale of its Private Asset Management business.

State Street continues to maintain a substantial market share in U.S. pension plans and mutual fund servicing, while continuing to invest in developing businesses and growing its business globally. Investments continue to be made in developing businesses that offer outsourcing of middle- and back-office services, services for alternative investments such as hedge funds, electronic foreign exchange and equity execution supported by analysis and data analytics, and enhanced-index investment management strategies.

In summary, State Street's investment servicing and investment management businesses showed solid growth during 2004. Revenue growth, increased market share in certain key markets and the successful conversion of the GSS business were achieved in a challenging interest rate and competitive pricing environment and resulted in diluted earnings per share of \$2.35 in 2004.

SUPPLEMENTAL FINANCIAL OPERATING RESULTS

Supplemental Financial Information – Operating Results

State Street prepares its reported Consolidated Statement of Income in accordance with accounting principles generally accepted in the United States (GAAP). In order to provide information on a comparable basis from period to period and assist stockholders, analysts, other external parties and management in analyzing financial results and trends of ongoing businesses and operations, State Street presents supplemental financial information on an "operating" basis. Operating basis results are based on GAAP ("reported") results, excluding the impact of significant non-recurring transactions and activities, presented on a taxable-equivalent basis. The Corporation believes that such supplemental non-GAAP financial information facilitates an understanding and analysis of State Street's ongoing activities and provides financial information in a format that presents comparable financial trends.

Operating results for 2004 exclude merger and integration costs related to the GSS acquisition. For 2003, operating results exclude the gain on the sale and operations prior to divestiture of the Private Asset Management business; the gain on the sale of the Corporate Trust business; merger, integration, divestiture and restructuring costs; a loss on real estate sold; and the settlement of a Massachusetts tax matter.

**Reconciliation of Reported Results
to Non-GAAP Measures**

Dollars in millions, except per share data

Year ended December 31, 2004

Reported results – GAAP

Non-operating business activities:

Merger and integration costs

Total non-operating business activities

Taxable equivalent adjustment

Operating results⁽¹⁾

Total Revenue	Total Operating Expenses	Income Before Income Tax Expense	Income Tax Expense (Benefit)	Net Income	Earnings Per Share
\$ 4,951	\$ 3,759	\$ 1,192	\$ 394	\$ 798	\$ 2.35
-	(62)	62	21	41	.12
-	(62)	62	21	41	.12
45	-	45	45	-	-
\$ 4,996	\$ 3,697	\$ 1,299	\$ 460	\$ 839	\$ 2.47

Year ended December 31, 2003

Reported results – GAAP

Results of the Private Asset Management
business prior to divestiture

Non-operating business activities:

Gain on the sale of the Private Asset Management
business, net of exit and other associated costs

Gain on the sale of the Corporate Trust business,
net of associated costs

Loss on the sale of certain real estate

Restructuring costs

Merger, integration and divestiture costs

Settlement of a Massachusetts tax matter

Total non-operating business activities

Taxable equivalent adjustment

Operating results⁽¹⁾

\$ 4,734	\$ 3,622	\$ 1,112	\$ 390	\$ 722	\$ 2.15
(60)	(37)	(23)	(8)	(15)	(.04)
(285)	-	(285)	(97)	(188)	(.56)
(60)	-	(60)	(20)	(40)	(.12)
13	-	13	5	8	.02
-	(296)	296	101	195	.58
-	(110)	110	37	73	.22
-	-	-	(13)	13	.04
(332)	(406)	74	13	61	.18
51	-	51	51	-	-
\$ 4,393	\$ 3,179	\$ 1,214	\$ 446	\$ 768	\$ 2.29

(1) Non-GAAP measure defined by State Street

FINANCIAL SUMMARY

Earnings Per Share

State Street's reported fully-diluted earnings per share were \$2.35 in 2004, up \$.20 from \$2.15 in 2003.

As detailed in the preceding supplemental financial information, the results for 2004 included a reduction of \$.12 per share for merger and integration charges.

In 2003, merger and integration charges, restructuring charges, and other charges totaled to a pre-tax charge of \$419 million, or \$.82 per share, as well as a \$.04 reduction in earnings per share due to the settlement of a state tax issue. Somewhat offsetting these charges, 2003 results included gains of \$345 million, or \$.68 per share, on the sale of two businesses and \$23 million, or \$.04 per share, from the related operating results. Combined, these items resulted in a net \$.14 loss per share in 2003.

On an operating basis, excluding the aforementioned non-operating gains and charges and results of a divested business, earnings per share in 2004 were \$2.47 compared with \$2.29 in 2003, an increase of \$.18 per share, or 8%, largely driven by the gains in servicing and management fees and economies of scale achieved in the GSS business.

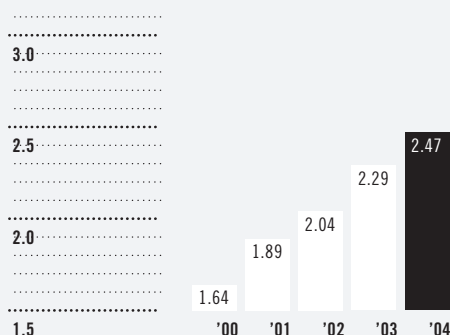
Net Income

Net income for 2004 was \$798 million, up \$76 million from net income of \$722 million in 2003.

As detailed in the preceding supplemental financial information and above, reported net income for 2004 included the net after-tax impact of merger and integration costs that decreased 2004 net income by \$41 million. Net income for 2003 included the net after-tax impact of non-operating transactions and activities that decreased 2003 net income by \$46 million. On an operating basis, net income in 2004 was \$839 million compared with \$768 million in 2003, an increase of \$71 million, or 9%.



Earnings Per Share – GAAP
Dollars



Earnings Per Share – Operating Results
Dollars

Revenue

The Corporation's total reported revenue in 2004 was \$4.95 billion, an increase of \$217 million from total revenue of \$4.73 billion in 2003. Revenue in 2003 included a net \$345 million for gains on the sales of divested businesses and \$60 million of revenue from a divested business prior to divestiture, and the loss of \$13 million on the sale of certain real estate. Total operating revenue in 2004 was \$5.00 billion, an increase of \$603 million from operating revenue of \$4.39 billion in 2003.

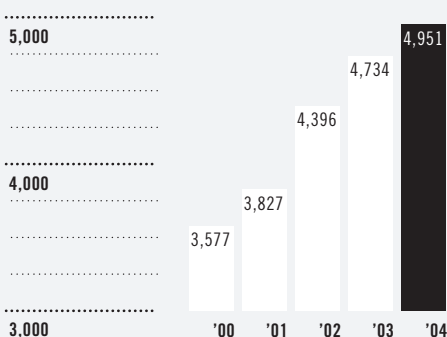
Total operating revenue growth from 2003 reflected growth in all revenue lines, particularly in servicing and management fees, brokerage fees and net interest revenue.

Servicing fees for 2004 of \$2.26 billion were up \$313 million from 2003. The increase was attributable to higher equity market valuations and new business from existing and new clients. Assets under custody increased to \$9.50 trillion, up \$127 billion from \$9.37 trillion a year ago.

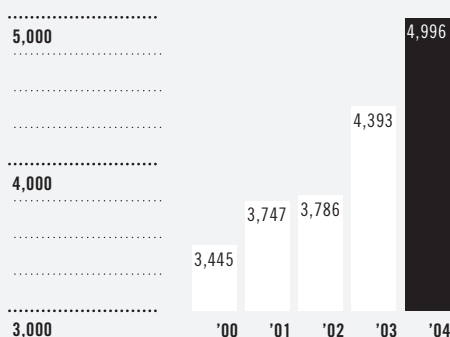
Management fees of \$623 million in 2004 were up \$90 million from \$533 million in the prior year. Management fees for 2003 included \$59 million from the divested Private Asset Management business. On an operating basis, management fees were up \$149 million, reflecting continued new business success and higher average month-end equity market valuations. Assets under management increased to \$1.35 trillion, up \$248 billion from \$1.11 trillion a year ago.

Securities lending fee revenue was \$259 million in 2004, an improvement of \$14 million from \$245 million in 2003, benefiting from an increase in transaction volume.

Foreign exchange trading revenue was \$420 million, up \$29 million compared to \$391 million a year ago, reflecting a higher number of customer trades and higher currency volatility in the currencies in which State Street trades.



Total Revenue – GAAP
Dollars in millions



Total Revenue – Operating Results
Dollars in millions

Brokerage fees in 2004 were \$155 million, a record high compared with \$122 million in 2003, due to increased transition management and a stronger trading market.

Processing fees and other revenue was \$328 million in 2004, compared with \$315 million in 2003, an increase of \$13 million. Growth in processing fees and other revenue reflected improved earnings from unconsolidated affiliates and trading account profits, offset largely by a reduction in payments made by Deutsche Bank in consideration of net interest revenue earned from GSS client deposits held by Deutsche Bank until customers and their related deposits were converted to State Street systems.

Net interest revenue in 2004 was \$859 million, an increase of \$49 million from \$810 million in 2003, due to an increase in the average balance sheet driven by a higher level of customer deposits, including the conversion of GSS clients, somewhat offset by lower interest rate spreads. In addition, State Street reduced the loan loss provision by \$18 million in 2004 due to reduced credit exposure and improved credit quality.

Operating Expenses

Operating expenses were \$3.76 billion in 2004, up \$137 million from 2003. Operating expenses in 2004 included \$62 million in merger and integration costs, compared with \$110 million of merger, integration and divestiture costs in 2003. In addition, operating expenses in 2003 included \$296 million related to

the 2003 expense reduction initiative that reduced direct controllable expenses and salaries and benefits expense through a voluntary separation program, accepted by approximately 3,000 people, primarily in the United States. After refilling some of those positions, State Street was able to reduce its workforce by approximately 2,000 positions as a result of this voluntary separation program. On an operating basis, total operating expenses in 2004 were \$3.70 billion, up \$518 million, or 16%, from \$3.18 billion in 2003. Expense growth in 2004 was driven by higher salaries and employee benefits expense, primarily incentive compensation, higher transaction processing expenses related to higher transaction volume, a fourth-quarter 2004 restructuring charge and higher occupancy and other costs including professional fees.

GSS Contribution

In 2004, the GSS business accounted for \$606 million of revenue and \$501 million of expenses, compared with \$573 million of revenue and \$517 million of expenses in 2003. State Street achieved significant cost reductions and economies of scale in the second year of operation and substantially met financial goals established at the time of the acquisition. The financial results of the GSS business included financing costs and amortization expense related to acquired software and intangibles. When combined with financial results from the additional out-of-scope business obtained from the relationship with Deutsche Asset Management, and excluding related merger and integration costs, the GSS business contributed \$.10 to earnings per share in 2004, compared with \$.01 per share in 2003. Merger and integration costs were \$62 million in 2004, compared with \$103 million in 2003.

Financial Goals

In late 2004, State Street announced financial goals for the Corporation for 2005 and beyond. The goals are (1) annual growth in operating earnings per share of 10% to 15%, (2) annual operating revenue growth of 8% to 12%, and (3) annual operating return on stockholders' equity of 14% to 17%.

To reach these goals, State Street will focus on balance sheet management and is taking near-term steps to better align expenses with revenue, including streamlining certain business units, modifying the Corporation's incentive compensation plans and realigning State Street's real estate portfolio. While State Street does not provide specific future earnings guidance, the Corporation expects 2005 operating results to be in the lower end of the range for the operating revenue and earnings per share goals.

Reported return on stockholders' equity ("ROE") (calculated from reported net income and consolidated average equity) for 2004 was 13.3% compared to 13.9% in 2003. Operating ROE was 14.0% in 2004, compared to 14.8% in 2003.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Stockholders and Board of Directors,
State Street Corporation

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statement of condition of State Street Corporation at December 31, 2004 and 2003 and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2004 (not presented separately herein). In our report dated February 17, 2005, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.

Ernst & Young LLP

Boston, Massachusetts
February 17, 2005

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed Consolidated Statement of Income

Dollars in millions, except per share data;
Years ended December 31,

Fee Revenue

	2004	2003	2002
Servicing fees	\$ 2,263	\$ 1,950	\$ 1,531
Management fees	623	533	485
Securities lending	259	245	226
Foreign exchange trading	420	391	300
Brokerage fees	155	122	124
Processing fees and other	328	315	184
Total fee revenue	4,048	3,556	2,850

Net Interest Revenue

Interest revenue	1,787	1,539	1,974
Interest expense	928	729	995
Net interest revenue	859	810	979
Provision for loan losses	(18)	-	4
Net interest revenue after provision for loan losses	877	810	975
Gain on the sales of available-for-sale investment securities, net	26	23	76
Gain on the sale of the Private Asset Management business, net of exit and other associated costs	-	285	-
Gain on the sale of the Corporate Trust business, net of exit and other associated costs	-	60	495
Total revenue	4,951	4,734	4,396

Operating Expenses

Salaries and employee benefits	1,957	1,731	1,654
Information systems and communications	527	551	373
Transaction processing services	398	314	246
Occupancy	363	300	246
Merger, integration and divestiture costs	62	110	-
Restructuring costs	21	296	20
Other	431	320	302
Total operating expenses	3,759	3,622	2,841
Income before income tax expense	1,192	1,112	1,555
Income tax expense	394	390	540
Net income	\$ 798	\$ 722	\$ 1,015

Earnings Per Share

Basic	\$ 2.38	\$ 2.18	\$ 3.14
Diluted	2.35	2.15	3.10

Average Shares Outstanding (in thousands)

Basic	334,606	331,692	323,520
Diluted	339,605	335,326	327,477

Refer to State Street Corporation's 2004 Annual Report on Form 10-K for a complete set of consolidated financial statements.

Condensed Consolidated Statement of Condition

Dollars in millions;
As of December 31,

Assets

	2004	2003
Cash and due from banks	\$ 2,035	\$ 3,376
Interest-bearing deposits with banks	20,634	21,738
Securities purchased under resale agreements	12,878	9,447
Federal funds sold	5,450	104
Trading account assets	745	405
Investment securities (including securities pledged of \$24,770 and \$13,278)	37,571	38,215
Loans (less allowance of \$18 and \$61)	4,611	4,960
Premises and equipment	1,444	1,212
Accrued income receivable	1,204	1,015
Goodwill	1,497	1,369
Other intangible assets	494	482
Other assets	5,477	5,211
Total assets	\$ 94,040	\$ 87,534

Liabilities

Deposits:

Noninterest-bearing	\$ 13,671	\$ 7,893
Interest-bearing — U.S.	2,843	5,062
Interest-bearing — Non-U.S.	38,615	34,561
Total deposits	55,129	47,516
Securities sold under repurchase agreements	21,881	22,806
Federal funds purchased	435	1,019
Other short-term borrowings	1,343	1,437
Accrued taxes and other expenses	2,603	2,424
Other liabilities	4,032	4,363
Long-term debt	2,458	2,222
Total liabilities	87,881	81,787

Stockholders' Equity

Preferred stock, no par: authorized 3,500,000; issued none		
Common stock, \$1 par: authorized 500,000,000; issued 337,126,000 and 337,132,000	337	337
Surplus	289	329
Retained earnings	5,590	5,007
Accumulated other comprehensive income	92	192
Treasury stock, at cost (3,481,000 and 2,658,000 shares)	(149)	(118)
Total stockholders' equity	6,159	5,747
Total liabilities and stockholders' equity	\$ 94,040	\$ 87,534

Refer to State Street Corporation's 2004 Annual Report on Form 10-K for a complete set of consolidated financial statements.

CLEAR DIRECTION

Board of Directors



01: Ronald E. Logue
Chairman and Chief
Executive Officer, **State**
Street Corporation

02: Tenley E. Albright, M.D.
Physician and Surgeon

03: Kennett F. Burnes
Chairman, President and
Chief Executive Officer,
Cabot Corporation,
specialty chemicals

04: Truman S. Casner
Of Counsel,
Ropes & Gray LLP,
attorneys

05: Nader F. Darehshori
Chief Executive Officer
and Chairman,
Cambium Learning, Inc.,
educational publishing

06: Arthur L. Goldstein
Retired Chairman and
Chief Executive Officer,
Ionics, Incorporated,
water treatment

07: David P. Gruber
Retired Chairman and
Chief Executive Officer,
Wyman-Gordon Company,
metal and composite
components

08: Linda A. Hill
Wallace Brett Donham
Professor of Business
Administration, Harvard
Business School

09: Charles R. LaMantia
Retired Chairman and
Chief Executive Officer,
Arthur D. Little, Inc.,
management consulting

10: Richard P. Sergel
Retired Chairman and
Chief Executive Officer,
National Grid USA,
electric and gas utility

11: Ronald L. Skates
Private Investor

12: Gregory L. Summe
Chairman,
Chief Executive Officer,
and President,
PerkinElmer, Inc.,
technology products
and systems

13: Diana Chapman Walsh
President,
Wellesley College

14: Robert E. Weissman
Chairman, Shelburne
Investments, private
investment company

STRONG LEADERSHIP

Executive Leadership Team

Ronald E. Logue*
Chairman and
Chief Executive Officer

Joseph C. Antonellis*
Executive Vice
President and Chief
Information Officer

Nicholas J. Bonn
Executive Vice President

Drew J. Breakspear
Executive Vice President
and General Auditor

Alan J. Brown
Executive Vice President

Timothy J. Caverly
Executive Vice President

Joseph W. Chow*
Executive Vice President

Albert J. Cristoforo
Executive Vice President

Charles C. Cutrell, III*
Executive Vice President,
Secretary and
General Counsel

Luis J. de Ocejo*
Executive Vice President

Jayne K. Donahue
Executive Vice President
and Deputy General Auditor

Sharon E. Donovan Hart
Executive Vice President

Gary E. Enos
Executive Vice President

Stefan M. Gavell
Executive Vice President

Pamela D. Gormley*
Executive Vice President
and Corporate Controller

Alan D. Greene
Executive Vice President

F. Charles Hindmarsh
Executive Vice President

Joseph L. Hooley*
Executive Vice President

William W. Hunt*
Executive Vice President,
President and Chief
Executive Officer, State
Street Global Advisors

Robert Kaplan
Executive Vice President

Peter G. Leahy
Senior Principal

Madge M. Meyer
Executive Vice President

Douglas J. Miller
Executive Vice President

Edward J. O'Brien*
Executive Vice President
and Treasurer

James S. Phalen
Executive Vice President

Edward J. Resch*
Executive Vice President
and Chief Financial Officer

George A. Russell, Jr.
Executive Vice President

Stanley W. Shelton*
Executive Vice President

Mark J. A. Snyder
Executive Vice President

Anne P. Tangen
Executive Vice President

Robert R. Tarter
Executive Vice President

K. K. Tse
Executive Vice President

Michael L. Williams
Executive Vice President

* Designated as executive officers for SEC and IRS purposes

ACCESSIBILITY

Corporate Information

Corporate Headquarters

State Street Corporation
State Street Financial Center
One Lincoln Street
Boston, Massachusetts 02111-2900
Web site: www.statestreet.com
General Inquiries: +1 617 786 3000

Annual Meeting

Wednesday, April 20, 2005, 10:00 a.m. at
Corporate Headquarters

Transfer Agent

Registered stockholders wishing to change name or address information on their shares, transfer ownership of stock, deposit certificates, report lost certificates, consolidate accounts, authorize direct deposit of dividends, or receive information on State Street's dividend reinvestment plan should contact:

EquiServe Trust Company, N.A.
P.O. Box 43010
Providence, Rhode Island 02940-3010
+1 800 426 5523
Web site: www.equiserve.com

Stock Listings

State Street's common stock is listed on the New York, Boston and Pacific Stock Exchanges under the ticker symbol STT.

SPACESSM which consist of a fixed-share purchase contract and treasury securities, and a variable-share repurchase contract, are listed on the New York Stock Exchange under the ticker symbol SBZ. Effective March 22, 2004, State Street exercised its right to fix the variable-share settlement rate of the repurchase contract in accordance with the terms of the contract at 0.6949 shares per contract. Under the repurchase contract, the shares are due to the company on February 15, 2006.

State Street's CEO submitted an annual certification to the New York Stock Exchange on May 18, 2004 stating that he was not aware of any violation by the Corporation of NYSE corporate governance listing standards as of the date of certification.

State Street's CEO and CFO certifications regarding the quality of the Corporation's public disclosure, required by Section 302 of the Sarbanes-Oxley Act of 2002 and the Securities Exchange Act of 1934, are filed with the SEC as exhibits 31.1 and 31.2 to the Corporation's Annual Report on Form 10-K for the year ended December 31, 2004.

Stockholder Information

For timely information about corporate financial results and other matters of interest to stockholders, and to request copies of our news releases and financial reports by fax or mail, please visit our Web site at:

www.statestreet.com/stockholder

or call +1 877 639 7788 toll-free in the United States and Canada, or +1 202 266 3340 from other countries. These services are available 24 hours a day, seven days a week.

For copies of State Street's annual report on Form 10-K, Form 10-Q, quarterly financial releases, Form 8-K or additional copies of this summary annual report, please visit State Street's Web site, call State Street's stockholder services telephone line described above, or write to Investor Relations at Corporate Headquarters. Copies are provided without charge.

Investors and analysts interested in additional financial information may contact State Street's Investor Relations department at Corporate Headquarters, telephone +1 617 664 3477.

MILESTONES

2004 Business, Awards and Ranking Highlights

- > Reached a record \$9.5 trillion in assets under custody.
- > Increased assets under management by 22 percent to a record \$1.4 trillion.
- > Integrated major portion of global securities services business acquired from Deutsche Bank in 2003.
- > Awarded first-ever multijurisdictional investment operations outsourcing mandate.
- > Received industry's largest multidomiciled investment management mandate.
- > Recorded \$30 billion in daily trading volume on FXConnect,® State Street's multibank foreign exchange trading system.
- > Engineered launch of China's first exchange-traded fund.
- > Increased customer foreign exchange volumes by 30 percent, reaching \$1.6 trillion.

"Best Overall European Custodian"
International Custody & Fund Administration

"Custodian of the Year"
Global Pensions

"No. 1 Liquidity and Relationship Manager"

"Best Transition Manager Overall by Asian and European Investors"
Global Investor Transition Management Survey

"Best Custody House"
FinanceAsia

"Best Capital Flow Research"

"Best Trading or Portfolio Management Technology Integration"
Global Investor Foreign Exchange Survey

"ETF Provider of the Year"
Global Pensions

"Excellence in Workplace Volunteer Programs"
Points of Light Foundation

"Best in Class"
International Fund Services, a State Street Company
Global Custodian Hedge Fund Administration Survey

State Street Worldwide

Australia
Sydney

Austria
Vienna

Belgium
Brussels

Canada
Montreal, Ottawa, Toronto,
Vancouver

Cayman Islands
George Town-Grand Cayman

Chile
Santiago

France
Paris

Germany
Cologne, Eschborn,
Frankfurt, Munich

Ireland
Dublin, Kilkenny

Italy
Milan

Japan
Tokyo

Luxembourg
Luxembourg

Netherlands
Amsterdam

Netherlands Antilles
Willemstad-Curacao

New Zealand
Wellington

People's Republic of China
Hong Kong

Singapore
Singapore

South Africa
Cape Town

South Korea
Seoul

Switzerland
Zurich

Taiwan
Taipei

Thailand
Bangkok

United Arab Emirates
Dubai

United Kingdom and Islands
Edinburgh - Scotland,
London, Saint Helier - Jersey,
Saint Peter Port - Guernsey,
Windsor

United States

California:
Alameda, Irvine,
Los Angeles, San Diego,
San Francisco

Connecticut:
Hartford

Georgia:
Atlanta

Illinois:
Chicago

Massachusetts:
Boston, Cambridge,
Grafton, Milton, Quincy,
Westborough, Westwood

Minnesota:
Minneapolis

Missouri:
Kansas City, St. Louis

New Jersey:
Princeton

New York:
New York

North Carolina:
Winston-Salem



STATE STREET®

State Street Corporation
State Street Financial Center
One Lincoln Street
Boston, Massachusetts 02111-2900
+1 617 786 3000
www.statestreet.com

Included in this Summary Annual Report are financial and operating highlights and summary financial statements. For complete financial statements, including notes, management's discussion and analysis of financial condition and results of operations, and other information about the Corporation's operations, please refer to the State Street 2004 Annual Report on Form 10-K.

RESULTS ▶

2004 ►



**“When customers come to State Street they are buying
a value that they can’t buy anywhere else.”**

Ronald E. Logue
Chairman and Chief Executive Officer

TO OUR SHAREHOLDERS

As the world's leading provider of services to institutional investors, we help our customers implement their global investment strategies. At a more fundamental level, our capabilities help spread the benefits of sound investment around the world, as demand grows for professional care and management of financial assets.

For decades, we have not lost sight of our mission and we continue to provide the stability, safety and soundness that you have come to expect from State Street.

Three themes guided our actions in 2004. First, we benefited from our expanded presence, having successfully transitioned the Global Securities Services (GSS) business acquired from Deutsche Bank in 2003. Mandates from our customers, both existing and new, generated 19 percent gains on an operating basis in servicing and management fee revenue. Assets under custody grew to \$9.5 trillion and assets under management to \$1.4 trillion, record levels for both.

Second, we heightened our focus on institutional investors and sharpened our priorities. We looked closely at our business model and made tough decisions to eliminate or combine operations that did not match our long-term objectives.

Third, we confronted the realities of a slower growth environment by carefully allocating resources and implementing more rigorous expense management.

Our business remained strong in 2004. Operating revenue rose 14 percent and earnings per share increased 8 percent, marking our 27th consecutive year of operating EPS growth.

Around the world, we added more than 1,600 mandates during the year, including a groundbreaking multijurisdictional outsourcing contract from AXA Investment Managers, and expanded relationships with existing customers. We launched new investment products and broadened our foreign exchange and equity trading services globally. The ever-evolving regulatory landscape increased demand from customers for reporting tools and services that help them improve transparency and controls.


State Street Global Advisors continues to lead across active, enhanced and passive investment management products and strategies. Sadly, the industry lost a first-class executive, and we lost a friend, when SSgA Chairman and CEO Timothy B. Harbert passed away unexpectedly in August. SSgA's strong performance is a tribute to the team that Tim helped to build.

The task before us is to position State Street as the premier provider in all the markets we serve, while generating consistent earnings in a period of slower growth. Achieving this requires balance. We will continue to apply greater fiscal discipline and focus on expenses, while still maintaining our distinct entrepreneurial spirit.

I am committed to delivering high performance in our business, opportunity for our employees, and active participation in our communities. We are working around the clock worldwide to ensure that success.

Thank you for investing in State Street.

Sincerely,

A handwritten signature in black ink, reading "Ronald E. Logue". The signature is fluid and cursive, with the first name "Ronald" being the most prominent part.

Ronald E. Logue
Chairman and Chief Executive Officer

CORPORATE INFORMATION

CORPORATE HEADQUARTERS

State Street Corporation
State Street Financial Center
One Lincoln Street
Boston, Massachusetts 02111-2900
Web site: www.statestreet.com
General Inquiries: +1 617 786 3000

ANNUAL MEETING

Wednesday, April 20, 2005, 10:00 a.m. at
Corporate Headquarters

TRANSFER AGENT

Registered stockholders wishing to change name or address information on their shares, transfer ownership of stock, deposit certificates, report lost certificates, consolidate accounts, authorize direct deposit of dividends, or receive information on State Street's dividend reinvestment plan should contact:

EquiServe Trust Company, N.A.
P.O. Box 43010
Providence, Rhode Island 02940-3010
+1 800 426 5523
Web site: www.equiserve.com

STOCK LISTINGS

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STOCKHOLDER INFORMATION

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www.statestreet.com/stockholder

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