

Path to the Future

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STATE STREET®

Path to the Future

Agenda

Introduction

Long-Term Goals

Resilience Amid Global Headwinds

Successfully Navigating Headwinds

Summary

Forward-Looking Statements

This presentation contains forward-looking statements as defined by United States securities laws, including statements relating to our goals and expectations regarding our business, financial condition, results of operations, investment portfolio performance and strategies, the financial and market outlook, governmental and regulatory initiatives and developments, and the business environment. Forward-looking statements are often, but not always, identified by such forward-looking terminology as "plan," "expect," "look," "believe," "anticipate," "estimate," "seek," "may," "will," "trend," "target," and "goal," or similar statements or variations of such terms. These statements are not guarantees of future performance, are inherently uncertain, are based on current assumptions that are difficult to predict and involve a number of risks and uncertainties. Therefore, actual outcomes and results may differ materially from what is expressed in those statements, and those statements should not be relied upon as representing our expectations or beliefs as of any date subsequent to September 11, 2012.

Important factors that may affect future results and outcomes include, but are not limited to: the financial strength and continuing viability of the counterparties with which we or our clients do business and to which we have investment, credit or financial exposure, including, for example, the direct and indirect effects on counterparties to the current sovereign debt risks in Europe and other regions and of their actual or perceived creditworthiness, as reflected in recent credit downgrades of many major banks; financial market disruptions or economic recession, whether in the U.S., Europe or other regions internationally; increases in the volatility of, or declines in the level of, our net interest revenue, the impact of a prolonged period of low interest rates on our net interest margin and operating model, changes in the composition of the assets recorded in our consolidated statement of condition and the possibility that we may be required to change the manner in which we fund those assets; the liquidity of the U.S. and international securities markets, particularly the markets for fixed-income securities and inter-bank credits, and the liquidity requirements of our clients; the level and volatility of interest rates and the performance and volatility of securities, credit, currency and other markets in the U.S. and internationally; the credit quality, credit agency ratings, and fair values of the securities in our investment securities portfolio, a deterioration or downgrade of which could lead to other-than-temporary impairment of the respective securities and the recognition of an impairment loss in our consolidated statement of income; our ability to attract deposits and other low-cost, short-term funding, and our ability to deploy deposits in a profitable manner consistent with our liquidity requirements and risk profile; the manner in which the Federal Reserve and other regulators implement the Dodd-Frank Act, Basel III, European directives with respect to banking and financial instruments and other regulatory initiatives in the U.S. and internationally, including regulatory developments that result in changes to our operating model, increased costs or other changes to the provision of our services; adverse changes in required regulatory capital ratios, whether arising under the Dodd-Frank Act, Basel II or Basel III, or due to changes in regulatory positions or regulations in jurisdictions in which we engage in banking activities; our ability to obtain approvals required by the Federal Reserve or other regulators for the use, allocation or distribution of our capital or other specific capital actions or programs, including acquisitions, dividends and equity repurchases or redemptions, that may restrict or limit our growth plans, distributions to shareholders, equity purchase programs or other capital initiatives, which approvals with respect to certain matters, such as capital plans, are subject to reconsideration by regulators in light of changes in market conditions or developments specific to us; our ability to implement our regulatory capital plans submitted to, with no objection raised by, the Federal Reserve, and the effects of market conditions or other factors on the results of the stress tests underlying those capital plans, particularly if the Federal Reserve determines that our consolidated results of operations or financial prospects or our intended uses of our regulatory capital change our regulatory capital outlook, to the extent that such outlook does not permit us to continue to return capital to shareholders at the levels contemplated by our capital plans; changes in law or regulation that may adversely affect our, our clients' or our counterparties' business activities and the products or services that we sell, including additional or increased taxes or assessments thereon, capital adequacy requirements and changes that expose us to risks related to compliance; the maintenance of credit agency ratings for our debt and depository obligations as well as the level of credibility of credit agency ratings; delays or difficulties in the execution of our previously announced business operations and information technology transformation program, which could lead to changes in our estimates of the charges, expenses or savings associated with the planned program, resulting in increased volatility of our earnings; the results of, and costs associated with, government investigations, litigation, and similar claims, disputes, or proceedings, including results requiring the payment of multiple, punitive, consequential or other damages that may substantially exceed the amount of direct damages; the possibility that our clients will incur substantial losses in investment pools where we act as agent, and the possibility of significant reductions in the valuation of assets; adverse publicity or other reputational harm; dependencies on information technology, complexities and costs of protecting the security of our systems and difficulties with protecting our intellectual property rights; our ability to grow revenue, attract and/or retain and compensate highly skilled people, control expenses and attract the capital necessary to achieve our business goals and comply with regulatory requirements; potential changes to the competitive environment, including changes due to regulatory and technological changes, the effects of consolidation, and perceptions of State Street as a suitable service provider or counterparty; potential changes in how clients compensate us for our services, and the mix of services that clients choose from us; the risks that acquired businesses and joint ventures will not achieve their anticipated financial and operational benefits or will not be integrated successfully, or that the integration will take longer than anticipated, that expected synergies will not be achieved or unexpected dysnergies will be experienced, that client and deposit retention goals will not be met, that other regulatory or operational challenges will be experienced and that disruptions from the transaction will harm relationships with clients, employees or regulators; the ability to complete acquisitions, divestitures and joint ventures, including the ability to obtain regulatory approvals, the ability to arrange financing as required and the ability to satisfy closing conditions; our ability to recognize emerging needs of clients and to develop products that are responsive to such trends and profitable to the company; the performance of and demand for the products and services we offer, including the level and timing of redemptions and withdrawals from our collateral pools and other collective investment products; and the potential for new products and services to impose additional costs on us and expose us to increased operational risk; our ability to measure the fair value of the investment securities recorded in our consolidated statement of condition; our ability to control operating risks, data security breach risks, information technology systems risks and outsourcing risks, and our ability to protect our intellectual property rights, the possibility of errors in the quantitative models we use to manage our business and the possibility that our controls will prove insufficient, fail or be circumvented; changes in accounting standards and practices; and changes in tax legislation and in the interpretation of existing tax laws by U.S. and non-U.S. tax authorities that affect the amount of taxes due.

Other important factors that could cause actual results to differ materially from those indicated by any forward-looking statements are set forth in our 2011 Annual Report on Form 10-K and our subsequent SEC filings. We encourage investors to read these filings, particularly the sections on risk factors, for additional information with respect to any forward-looking statements and prior to making any investment decision. The forward-looking statements contained in this presentation speak only as of the date hereof, September 11, 2012, and we do not undertake efforts to revise those forward-looking statements to reflect events after that date.

Introduction

Topics of Interest to Shareholders

Return of Capital to Shareholders

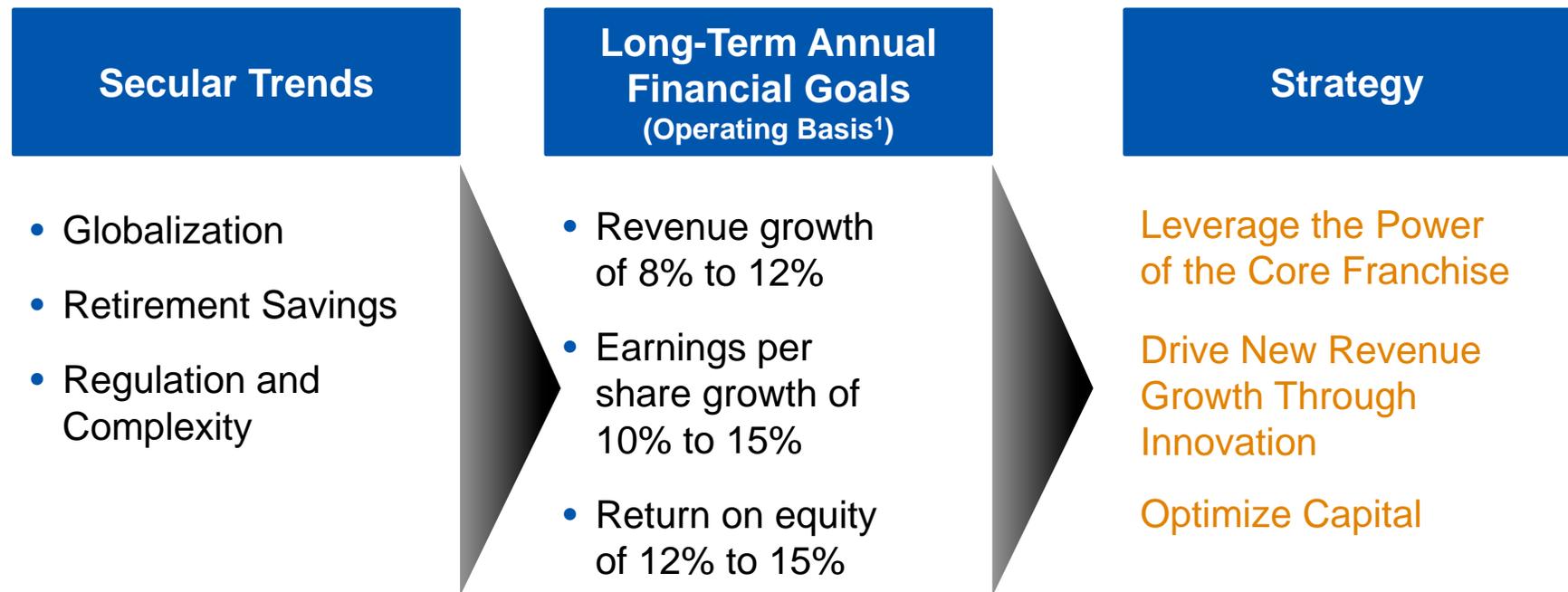
**Impact of Proposed
Basel III NPRs on Capital**

Acquisition Strategy

Long-Term Goals

Long-Term Goals

Secular Trends, Financial Goals and Strategy Remain Intact



¹ Financial information is presented on an operating, or non-GAAP, basis. For a description of GAAP- and operating-basis results, see the Appendix.

Resilience Amid Global Headwinds

Resilience Amid Global Headwinds

Current Environment

- Eurozone debt challenges, depressed housing markets, reduced industrial production and high unemployment exacerbate global uncertainty
- Subdued economic outlook is reflected in historically low interest rates in developed markets
- Global headwinds continue to affect client behavior
 - Volatility of global equity markets
 - Lower cross-border trading, reducing foreign-exchange trading
 - Less risk taking, affecting growth in international markets
 - Heightened complexity and increased regulation

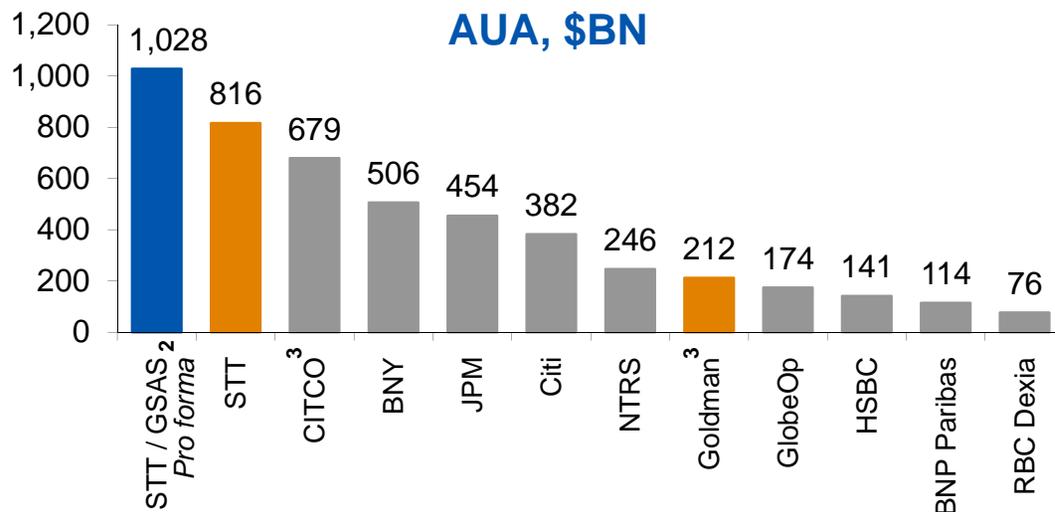
Resilience Amid Global Headwinds

Strategy	Current Priorities
Leverage the Power of the Core Franchise	<ul style="list-style-type: none">• Deepen share in high-growth markets• Continue improvement in client pricing• Drive operating efficiencies through operational transformation and expense management• Execute IT transformation to enable creation of new services
Drive New Revenue Growth Through Innovation	<ul style="list-style-type: none">• Increase Exchange-Traded Fund (ETF) offerings• Expand investment manager operations outsourcing• Enhance derivatives clearing and collateral management initiative• Create new data and information-based services
Optimize Capital	<ul style="list-style-type: none">• Execute current quarterly common stock dividend and share purchase plan• Continue to target common dividend payout ratio of 20% to 25%

Resilience Amid Global Headwinds

Leverage the Power of the Core Franchise – Deepen Share of High-Growth Market

Alternative Assets Under Administration as of 12/31/11¹
AUA, \$BN



Leader in Alternative Asset Servicing

Servicing Presence (as of 6/30/12)

- Hedge funds: \$497BN
- Private equity: \$269BN
- Real estate: \$111BN

Industry Trends

- Asset owners seeking higher returns
- Investor demand for transparency

\$4.4TN Alternative Assets Market Expected to Grow at a 9% CAGR by 2014¹

¹ ICFA Annual Fund Administration Survey 2012.

² Completion of State Street's acquisition of Goldman Sachs Administration Services (GSAS), announced in July 2012, is subject to regulatory approvals and other customary closing conditions.

³ Data as of 6/30/11.

Resilience Amid Global Headwinds
Leverage the Power of the Core Franchise –
Acquisition¹ of Goldman Sachs Administration Services

Will Establish State Street as No. 1 Provider of Hedge Fund Services²

- Purchase price: \$550MN, expected close in 4Q 2012¹
- Highly attractive client base
- Expected annual revenues of \$125MN in first year of operation; revenue retention target of 90%
- Operating-basis³ ROE and EPS expected to be accretive in first year of operation, excluding one-time costs
 - Estimated acquisition and restructuring costs: \$40-\$45MN through 2014
- Projected IRR: 11% without synergies and 17% with synergies

~\$2TN Hedge Fund Market Projected to Grow at a 12% CAGR 2010 – 2014⁴

1 Completion of State Street's acquisition of GSAS, announced in July 2012, is subject to regulatory approvals and other customary closing conditions.

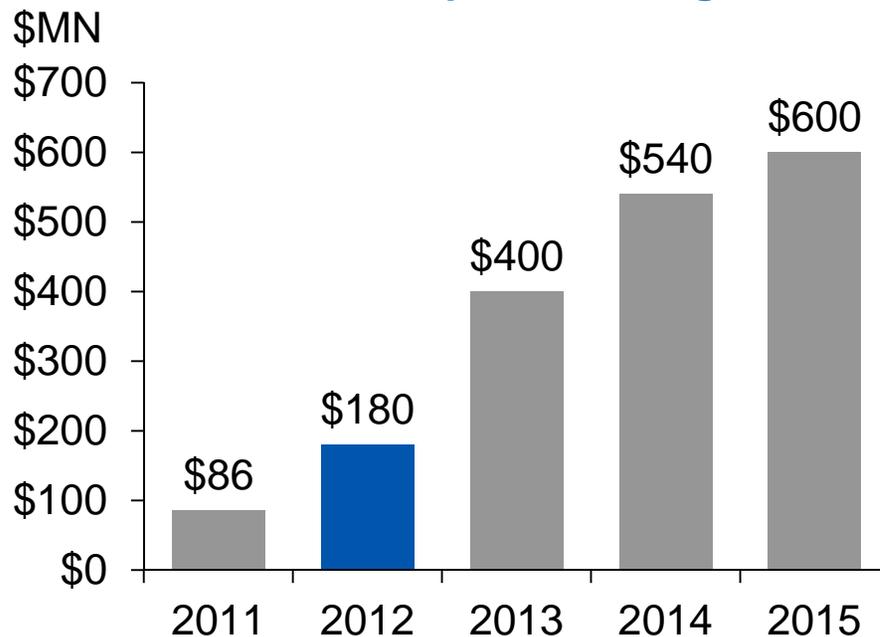
2 Based on *HFMWeek* Assets under Administration Survey of Single Managers plus Fund of Hedge Funds, May 31, 2012, which cite \$505.5BN and \$200.6BN of assets serviced by State Street and GSAS, respectively.

3 Financial information presented on an operating, or non-GAAP, basis. For a description of GAAP- and operating-basis results, see the Appendix.

4 The Boston Consulting Group, Global Asset Management, July 2011.

Resilience Amid Global Headwinds
Leverage the Power of the Core Franchise –
Business Operations and IT Transformation Program on Track

Annual Estimated Pre-Tax, Run-Rate Expense Savings¹



2012 Progress

- Delivered increased efficiencies
- Substantially completed transition to service providers
- Transitioned 30 applications to cloud environment
- Introduced new cloud-enabled products

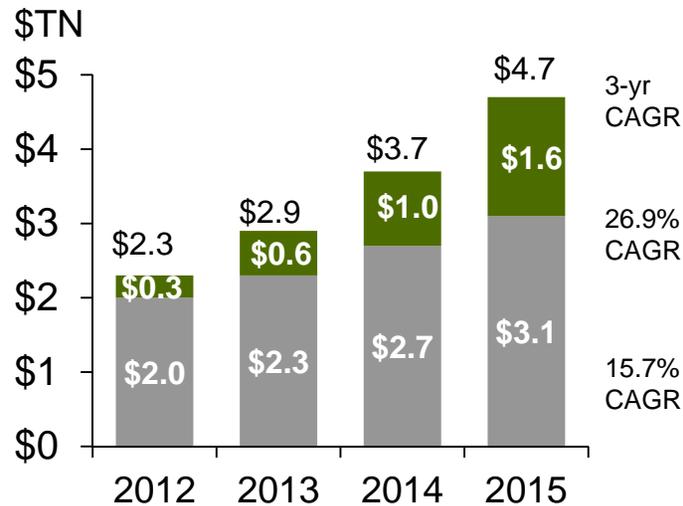
¹ Compared to 2010 run-rate operating-basis expenses, all else being equal. The full effect of the annual pre-tax, run-rate savings is not expected to be achieved until 2015. Chart data based on the approximate mid-point of the range of the estimated annual pre-tax, run-rate expense savings of \$575MN-\$625MN at the end of 2014, for full effect in 2015; estimated savings for individual years may vary up or down based on the execution of the Business Operations and Information Technology Transformation program. Annual pre-tax, run-rate expense savings relate only to the Business Operations and Information Technology Transformation program; actual operating expenses of the Company may increase or decrease due to other factors.

Resilience Amid Global Headwinds

Drive New Revenue Growth Through Innovation: ETFs

No. 1 Servicer of ETFs¹; No. 2 ETF Sponsor²

Global Market Size ETFs / Other Exchange-Traded Products³



1 Based on State Street's assets serviced compared to total market (see footnote 3).
 2 Bloomberg, 6/30/12.
 3 Source: McKinsey analysis, the Second Act Begins for ETFs, 2011; chart reflects lower and higher estimates.

STATE STREET AS SPONSOR

Powerful Brand



2012 Positive Net Flows

- \$17.4BN as of 8/31/12

New Product Introductions

- Since 2011, 54 products launched globally
 - Europe: 28
 - US: 21
 - Australia: 5

STATE STREET AS SERVICER

Market Leadership

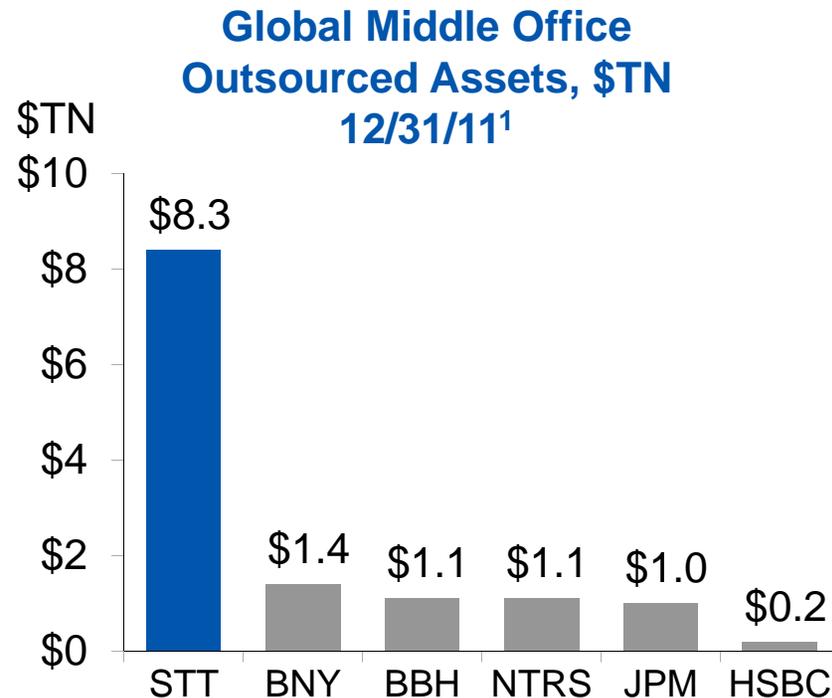
- Servicing 56% of global ETF market¹

Enhanced Platform

- Fully automated, event-driven architecture
- Leveraging cloud technology to maximize efficiency and business agility

Resilience Amid Global Headwinds

Drive New Revenue Growth Through Innovation – Investment Manager Operations Outsourcing



State Street Highlights

- Capitalizing on growing demand for middle-office outsourcing
 - 40% of global asset managers plan to outsource a key business function in 2013²
- Multi-asset class capability fueled by integrated global servicing platform
- Clients include AXA Investment Managers, Alliance Bernstein, PIMCO, Lloyds Banking Group, Lazard, Investec Asset Management and SSgA
- Continue to enhance platform with new capabilities: collateral tracking, data and analytics and derivative servicing

¹ Scrip Issue Global Report (3/2012).

² PwC 15th Global CEO Survey, Asset Management Industry Insights, 2012.

Resilience Amid Global Headwinds

Optimize Capital

- Return capital to shareholders in the form of dividends and share purchases
 - 2012 CCAR stress test: Highest tier 1 common ratio of the 19 banks tested under stress by the Federal Reserve¹
 - YTD: Paid two quarterly common share dividends of \$0.24 per common share
 - YTD: Repurchased approximately 18MN common shares at a total cost of ~\$760MN through August 31 under the \$1.8BN share purchase program announced in March and effective through March 2013
- Plan to manage capital to achieve a 10% tier 1 common ratio under Basel III
 - Prudent management of capital due to regulatory uncertainty
 - Consistent with targeted long-term annual operating-basis ROE goal

Returning Capital to Shareholders is a Priority

¹ Board of Governors of the Federal Reserve System, "Comprehensive Capital Analysis and Review 2012: Methodology and Results for Stress Scenario Projections", 3/13/12.

Successfully Navigating Headwinds

Successfully Navigating Headwinds

2012 Operating-Basis Results¹

(\$ in MN except per share)	6 MONTHS ENDED			3 MONTHS ENDED		
	6/30/12	6/30/11	Change	6/30/12	3/31/12	Change
Revenue	\$4,829	\$4,803	0.5%	\$2,426	\$2,403	1.0%
Expenses	\$3,527	\$3,440	2.5%	\$1,728	\$1,799	(4.0)%
Earnings per share	\$1.85	\$1.84	0.5%	\$1.01	\$0.84	20.2%
Return on equity	9.5%	10.1%	(60) bps	10.3%	8.6%	170 bps

Solid Performance in a Challenging Economic Environment

¹ Financial data is presented on an operating, or non-GAAP, basis. For a description of GAAP- and operating-basis presentation and related reconciliations, see the Appendix.

Successfully Navigating Headwinds

2012 Expense Management Highlights

- Business Operations and Information Technology Transformation program on track
 - Successful use of global locations to improve operating efficiency, enhance service and reduce cost
- Headcount controlled and actively monitored
 - Expect compensation-to-revenue ratio to be pressured due primarily to weak trading services revenue
- Continued focus on controlling “other expenses” line

Successfully Navigating Headwinds
Balance Sheet Management Strategy –
Driven by Deposits from Investment Servicing Clients

Strategy	Guidelines
<p>Invest in High Quality Assets</p>	<ul style="list-style-type: none"> • Invest through the cycle • Solid credit profile: ~90% AAA/AA rated • Diversify by asset class and geography • Construct to perform well through periods of economic weakness
<p>Prudently Manage Balance Sheet Within Risk Appetite</p>	<ul style="list-style-type: none"> • Maximum duration gap of ~1/2 year • Portfolio duration: ~1.5 years • Target fixed-rate securities to be ~40-45% of total investment portfolio
<p>Maintain Industry-Leading Capital Ratios</p>	<ul style="list-style-type: none"> • Optimize the balance sheet under newly proposed Basel III requirements • Manage the investment portfolio for capital efficiency, risk appetite and appropriate return

Successfully Navigating Headwinds

Impact of Sustained Low Interest Rates on Fixed-Rate Assets

- 2009 – 2012**
- Approximately \$16BN per year of total assets (ex-US Treasuries) in the investment portfolio have matured / paid down
 - At an average of 60% floating / 40% fixed split, an average of ~\$6BN of fixed-rate securities mature / pay down per year
 - The percentage of fixed-rate assets in the investment portfolio has tempered the decline in net interest margin (NIM) in the low-rate environment
 - Since 2009, about 2/3 of the fixed-rate portfolio will have been reinvested by 12/31/12 into a lower-rate environment

2012 NIM Outlook

- Expect operating-basis NIM to be in the middle of the 145 to 155 bps range

Looking Forward

- A majority of the remaining 1/3 of the fixed-rate portfolio is expected to mature / pay down by the end of 2014
- Reinvestment concentrated in domestic MBS and foreign ABS and covered bonds, offsetting run-off of SSFA-unfriendly assets

**Expect NIM to Decline 10 to 12 bps in 2013,
Assuming Interest Rates Remain at Current Levels**

Successfully Navigating Headwinds

Basel III Estimated Impact of Simplified Supervisory Formula Approach (SSFA) Under the NPRs: Highlights¹

- Proposed Basel III capital rules, expected to be fully implemented on 1/1/15, are not final and remain subject to interpretation; industry comment due by October 22, 2012
- SSFA replaces ratings provided by rating agencies, increases the risk weights on many higher-quality assets and provides increased benefit to many lower-quality assets
 - *Pro forma* Basel III tier 1 common ratio, as of June 30, 2012, revised to 11.0%² (from 9.8%) since the second-quarter earnings release
 - Basel III tier 1 common ratio projected to increase to 11.8% by 1/1/15 from scheduled asset run-off of investment portfolio assets, expected reinvestment and the impact of the planned GSAS acquisition. No management action anticipated.

The Above Assumes

- Distribution by dividend and stock purchases of approximately our total expected earnings, subject to CCAR stress tests and regulatory oversight
- Reinvestment of investment portfolio assets running off into like-yielding securities³

Maintain Industry-Leading Capital Ratios

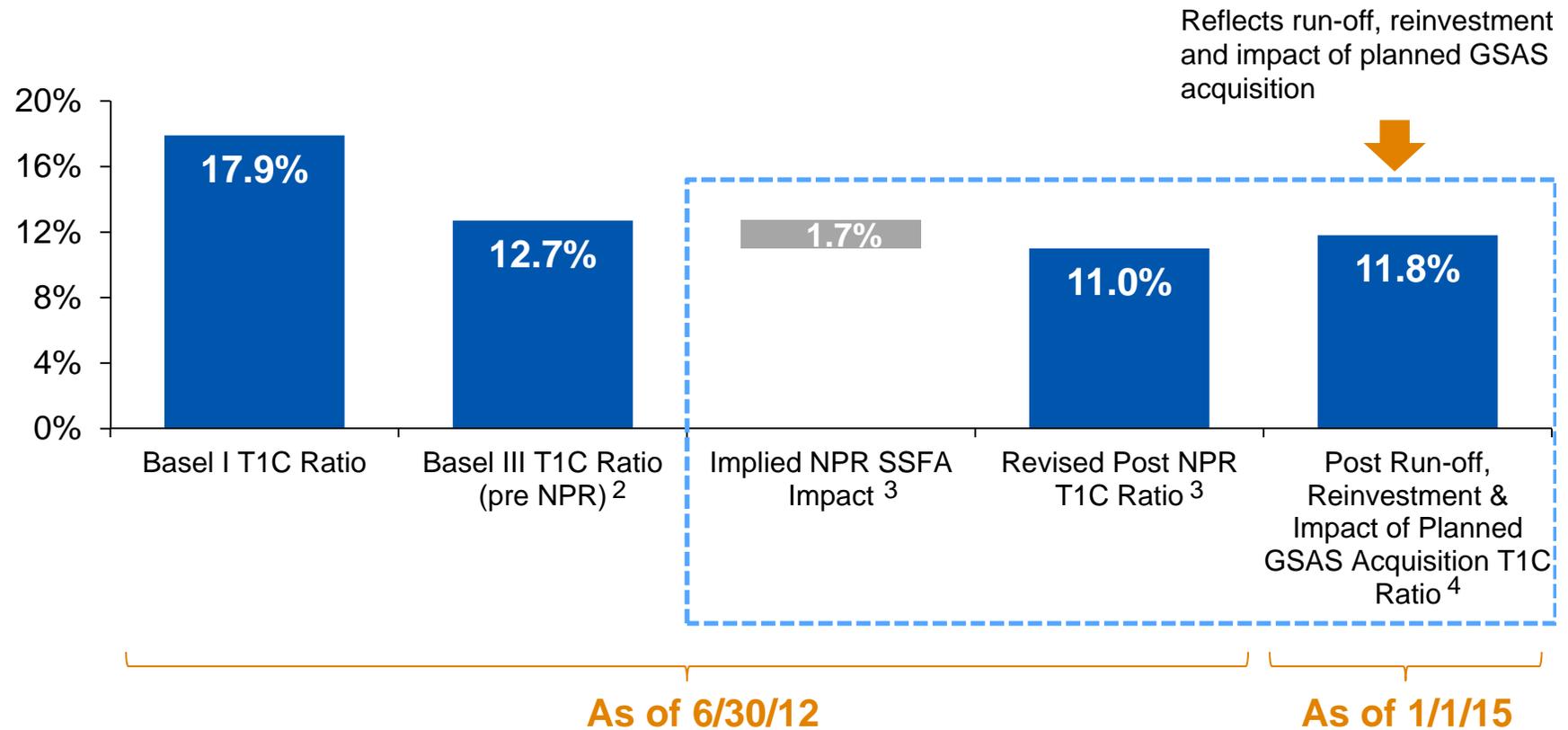
¹ Based on State Street's current understanding of proposed Basel III requirements and the SSFA, the rules for which are not final. The tier 1 common ratios include non-GAAP information in their calculation (in addition to Basel III ratios being calculated based on various estimates). For a description of referenced ratios, see the Appendix.

² Under Basel III for rules effective 1/1/15, assuming the 6/30/12 balance sheet.

³ Subject to market forces, security availability, and credit ratings.

Successfully Navigating Headwinds

Basel I Tier 1 Common Ratio and Revised Projected Basel III Tier 1 Common Ratio (T1C)¹



1 Based on State Street's current understanding of proposed Basel III requirements, including the application of the SSFA, the rules for which are not final. The tier 1 common ratio includes non-GAAP information in its calculation (in addition to Basel III ratios being calculated based on various estimates). For a description of referenced ratios, see the Appendix.

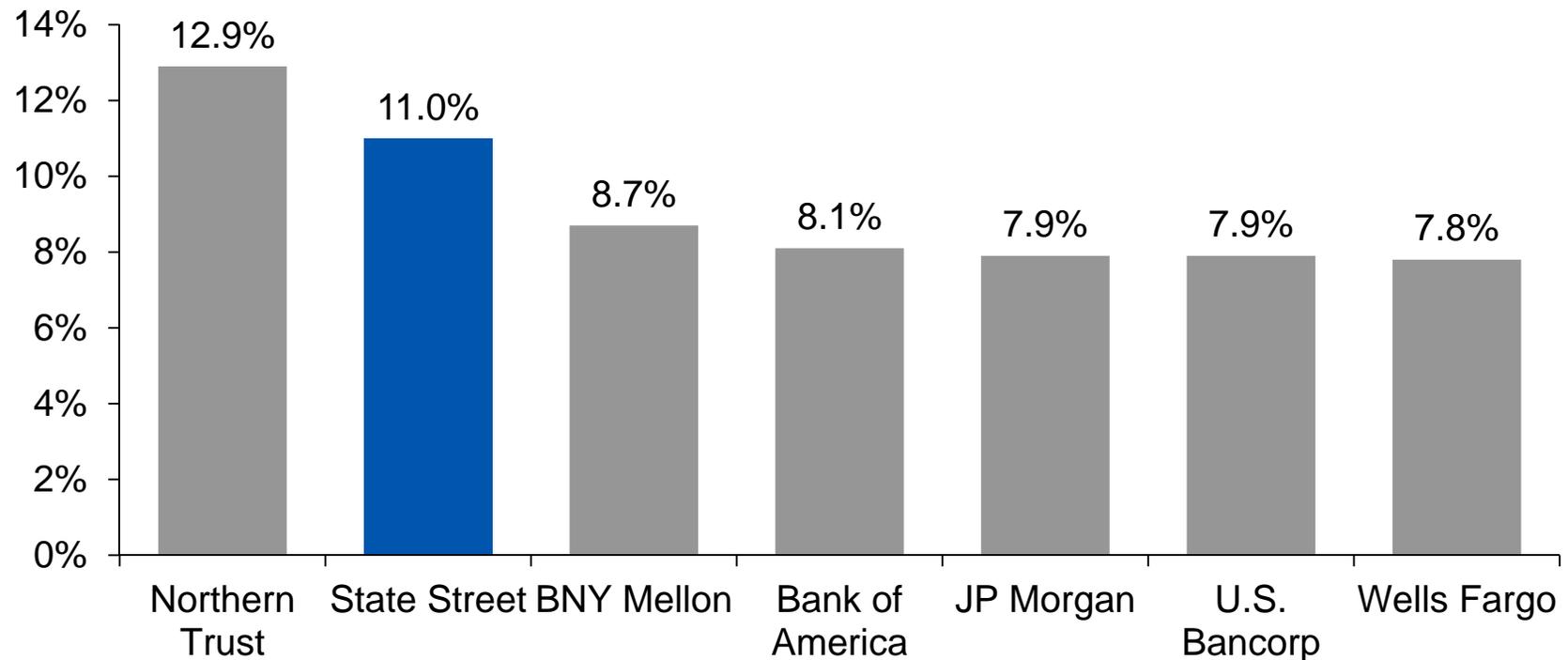
2 Estimated under Basel III rules (Basel Committee), as understood by State Street, effective 1/1/13, assuming the 6/30/12 balance sheet.

3 Estimated under Basel III rules (US NPRs), as understood by State Street, effective 1/1/15, revised upward from 9.8% discussed in connection with 7/17/12 earnings release, and assuming the 6/30/12 balance sheet.

4 Estimated Basel III tier 1 common assuming the 6/30/12 balance sheet and the planned acquisition of GSAS.

Successfully Navigating Headwinds

Basel III Tier 1 Common Ratio, including Estimated Impact of NPRs as of 6/30/12¹



¹ Under Basel III rules effective 1/1/15, assuming the 6/30/12 balance sheet. State Street information based on State Street's current understanding of proposed Basel III requirements and the SSFA, the rules for which are not final. Financial industry data from published company reports. See the respective public filings of the referenced entities for a description, to the extent provided therein, of their calculation of the tier 1 common ratios referenced. State Street's tier 1 common ratio includes non-GAAP information in its calculation (in addition to Basel III ratios being based on various estimates). For a description of this ratio with respect to State Street, see the Appendix.

Successfully Navigating Headwinds

Key Takeaways

- Achieving solid performance amid headwinds
- Managing expenses against weaker environment
- Executing on Business Operations and Information Technology Transformation program
- Continuing to invest through the cycle
- High-quality investment portfolio (89% AAA/AA-rated as of 6/30/12)
- Maintaining strong capital: well positioned for Basel III implementation

Summary

Path to the Future

**Long-Term Annual
Operating-Basis¹ Goals:**
Revenue Growth 8% – 12%
EPS 10% – 15%
ROE 12% – 15%

Globalization

Retirement Savings

Regulation and Complexity

**Leverage the Power
of the Core Franchise**

**Drive New Revenue
Growth Through Innovation**

Optimize Capital

Committed to Delivering Long-Term Shareholder Value

¹ Financial information is presented on an operating, or non-GAAP, basis. For a description of GAAP- and operating-basis results, see the Appendix.

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Appendix – Supplementary Materials

Appendix

Estimated Impact of SSFA on STT Regulatory Capital as of 6/30/12¹

Investment Portfolio Securities Impacted by SSFA	Book Value (\$BN)	Avg. Rating	Avg. Book Yield	6/30 RWA before SSFA (\$BN)	6/30 RWA w/SSFA (\$BN)	1/1/15 SSFA RWA (\$BN) w/ Runoff and Reinvestment
UK RMBS	\$8.6	AAA	2.84%	\$1.4	\$2.9	\$2.8
Australian RMBS	2.8	AA	5.68%	1.9	18.1	7.6
Netherlands RMBS	2.7	AAA	1.87%	0.7	3.1	6.0
FFELPS Student Loans	16.4	AA	1.15%	3.4	8.6	8.1
US RMBS Re-securitizations	1.2	AA	3.05%	0.4	3.1	0.9
All Other ²	26.1	AAA	2.07%	8.0	9.2	8.2
Total Impact From Higher-rated Securities	57.8			15.8	45.0	33.6
US RMBS Lower-rated Securities	3.3	BBB	3.03%	21.4	2.9	2.1
Total	\$61.1			\$37.2	\$47.9	\$35.7

1 Assumes implementation of SSFA on State Street's investment portfolio, as constructed as of 6/30/12, based on State Street's understanding of the SSFA, the proposed rules regarding which are not final.

2 All Other: ABS, CMBS, and other FRMBS.

Appendix

Support for High Quality Assets

Asset Class	Commentary	Book Value (\$BN) (6/30/12)	Avg. Mkt/Bk (6/30/12)	After-Tax Unreal MTM (Gain (Loss)) \$MN	
				6/30/12	3/31/12
UK RMBS	<ul style="list-style-type: none"> • AAA average credit quality: 89% AAA, 5% AA, 6% A • Predominantly prime mortgages loans with sound performance history. On a weighted average basis total arrears are 3.16% and cumulative net losses are 0.31%, with credit enhancement of 20.02%. The majority of this portfolio represents the highest quality borrowers in the UK mortgage market with relatively low LTVs, resulting in resilient performance during the recent recessionary periods. <ul style="list-style-type: none"> – Avg. CE: 19.98% – HCL .25% – SFL 2.69% – Coverage 7.42X 	\$8.6	99.84	\$(8)	\$(21)
Australian RMBS	<ul style="list-style-type: none"> • AA average credit quality: 45% AAA, 19% AA, 36% A • Prime mortgage portfolio which has performed very well historically. Average total arrears on the portfolio are 2.3% and losses are zero, with weighted average credit enhancement of 3.3%. Over half of the portfolio is directly supported by Lenders Mortgage Insurance, and over 98% of the supporting LMIs are currently rated AA/A. Lenders are regulated tightly on assessment of key underwriting characteristics to create market wide consistency, with strong oversight provided by the mortgage insurers. <ul style="list-style-type: none"> – Avg. CE: 3.63% – HCL 0.0% – SFL .50 % – Coverage 7.26X 	2.8	97.55	(41)	(38)

Appendix

Support for High Quality Assets

Asset Class	Commentary	Book Value (\$BN) (6/30/12)	Avg. Mkt/Bk (6/30/12)	After-Tax Unreal MTM (Gain (Loss) \$MN)	
				6/30/12	3/31/12
Netherlands RMBS	<ul style="list-style-type: none"> • AAA average credit quality: 98% AAA, 2% AA • Prime mortgage portfolio. Historically one of the best performing sectors in Europe, average total arrears on the portfolio are 1.2% and loss levels are 0.1%, with weighted average credit enhancement of 9.5%. The Dutch mortgage market is characterized by a strong credit culture and full recourse loans resulting in low delinquencies, defaults, and very low loss levels. <ul style="list-style-type: none"> – Avg. CE: 9.33% – HCL .09% – SFL .50% – Coverage 18.67X 	\$2.7	100.12	\$2	\$(4)

Appendix

Support for High Quality Assets

Asset Class	Commentary	Book Value (\$BN) (6/30/12)	Avg. Mkt/Bk (6/30/12)	After-Tax Unreal MTM Gain(Loss) \$MN	
				6/30/12	3/31/12
Govt. Student Loans (FFELP)	<ul style="list-style-type: none"> • AA average credit quality: 26% AAA, 73% AA, 1% A, <1% BB • FFELP loans are reinsured by the U.S. Department of Education for at least 97% of defaulted principal and accrued interest. • Securitizations contain additional credit support in the form of overcollateralization, subordination, and excess spread which is available to absorb losses not covered by the government guarantee. Majority of our positions have support in excess of 100% when combining the government guarantee and the additional credit support. <ul style="list-style-type: none"> – Avg. CE: >100% - 97% government guarantee + 8.00% CE – HCL have been minimal, averaging 10 to 50 bps. Period losses are typically covered by available excess spread. – SFL: 12% - Historic default rate before government guarantees with 0% recoveries – With >100% Avg. CE, evaluated with minimal risk of loss 	\$16.4	97.06	\$(294)	\$(341)
US RMBS Re-securitizations	<ul style="list-style-type: none"> • AA average credit quality: 46% AAA, 4% AA, 48% A, 2% B • A re-securitization, or re-REMIC, is the creation of a new structure from bonds that trade in the secondary market. Typically, re-securitizations are created to add credit enhancement to protect investors from principal loss, downgrade, and/or impairment. • Our portfolio consists entirely of the senior-most bonds, or "super senior" tranche, within the re-REMIC structure. These bonds are enhanced such that principal writedowns and downgrades are unlikely. They also offer an attractive yield profile with less risk of impairment versus the underlying bond. <ul style="list-style-type: none"> – Avg. CE: 47.7% – HCL 5.40% – SFL 15.50% – Coverage 3.07X 	1.2	99.04	(7)	(6)

CE = Credit enhancement; HCL = Historic cumulative loss; SFL = Stressed future loss

Appendix

Definitions

SFL	Stressed future losses, or SFL, are State Street's estimate of potential future losses under a stressed economic scenario. State Street can not provide a generic calculation applicable across all asset classes as our estimates for each asset class are unique and in many cases are not a calculation, but a figure based upon our subjective assessment of relevant worst case historical performance. In the cases where we calculate a projected loss ourselves we describe the calculation in the slides. As SFL can be based upon historical worst case scenarios, SFL will vary among the asset classes, which we describe in our slides. Certain assumptions made by State Street in estimating SFL for various asset classes are set forth below.
HCL	Historical cumulative loss, or HCL, is determined by State Street based upon data obtained from third party providers.
Average CE	Average credit enhancement, or avg. CE, is determined by State Street based upon data obtained from third party providers. CE can include excess spread for the most recent year, over-collateralization, cash reserves, and subordination.
Coverage	Coverage is calculated by dividing CE by SFL, which results in the coverage multiple. Coverage is provided as a measure of excess enhancement above our projected future losses under a stressed economic scenario. For subprime, non-agency prime MBS, and Alt-A, coverage is calculated by dividing the break even loss value by SFL. The break even loss is calculated by a third party provider. It represents the loss value a bond can withstand before experiencing a principal loss after giving benefit to all credit enhancement, both structural and excess spread, as well as any discount to the carrying value of the bond (eg. due to purchase discount or impairment).

Appendix

Definitions

In performing these calculations, State Street collects and uses information provided by third-party providers. The information we used to create these slides included information from the latest surveillance reports that included data from servicer reports received during the most recent month. Third-party sources use assumptions, judgments and estimates in determining data, and different third parties may provide different data. It should be noted that certain securities report on a quarterly vs. monthly basis. For those securities, the most recent available information was used. It should be noted that industry information, rather than portfolio experience was used in certain instances where industry information resulted in a more conservative approach. State Street does not independently verify the data obtained from third-party providers that is used in determining and estimating SFL, HCL, Avg. CE and Coverage and the information is subject to the risk of inaccuracy, State Street's estimates are based upon various subjective assumptions, and there is no assurance that these assumptions accurately predict maximum potential or likely future losses.

Appendix – Non-GAAP Measures

STATE STREET CORPORATION

RECONCILIATIONS OF OPERATING-BASIS (NON-GAAP) FINANCIAL INFORMATION

In addition to presenting State Street's financial results in conformity with GAAP, management also presents results on a non-GAAP, or "operating," basis, as it believes that this presentation supports meaningful comparisons from period to period and the analysis of comparable financial trends with respect to State Street's normal ongoing business operations. The tables presented below reconcile operating-basis financial information to financial information prepared and reported in conformity with GAAP.

	Six Months Ended		Quarters Ended		% Change	% Change
	June 30,	June 30,	June 30,	March 31,	2012 YTD	Q2 2012
	2012	2011	2012	2012	vs.	vs.
(Dollars in millions, except per share amounts)					2011 YTD	Q1 2012
Total Revenue:						
Total revenue, GAAP basis	\$ 4,844	\$ 4,852	\$ 2,423	\$ 2,421		
Add: Tax-equivalent adjustment not included in reported results	62	64	31	31		
Loss on sale of Greek investment securities	46	-	46	-		
Less: Discount accretion related to former conduit securities	(123)	(113)	(74)	(49)		
Total revenue, operating basis	<u>\$ 4,829</u>	<u>\$ 4,803</u>	<u>\$ 2,426</u>	<u>\$ 2,403</u>	0.5%	1.0%
Expenses:						
Total expenses, GAAP basis	\$ 3,607	\$ 3,476	\$ 1,772	\$ 1,835		
Less: Acquisition costs	(28)	(27)	(15)	(13)		
Restructuring charges, net	(30)	(9)	(22)	(8)		
Litigation settlement costs	(22)	-	(7)	(15)		
Total expenses, operating basis	<u>\$ 3,527</u>	<u>\$ 3,440</u>	<u>\$ 1,728</u>	<u>\$ 1,799</u>	2.5%	(4.0)%
Diluted Earnings per Common Share:						
Diluted earnings per common share, GAAP basis	\$ 1.83	\$ 1.93	\$.98	\$.85		
Add: Acquisition costs, net of income taxes	.04	.04	.02	.02		
Restructuring charges, net of income taxes	.04	.01	.03	.01		
Litigation settlement costs, net of income taxes	.03	-	.01	.02		
Loss on sale of Greek investment securities, net of income taxes	.06	-	.06	-		
Less: Discount accretion related to former conduit securities, net of income taxes	(.15)	(.14)	(.09)	(.06)		
Diluted earnings per common share, operating basis	<u>\$ 1.85</u>	<u>\$ 1.84</u>	<u>\$ 1.01</u>	<u>\$.84</u>	0.5%	20.2%
Return on Average Common Equity:						
Return on average common equity, GAAP basis	9.4 %	10.6 %	10.0 %	8.8 %		
Add: Acquisition costs	0.2	0.2	0.2	0.2		
Restructuring charges	0.2	0.1	0.3	0.1		
Litigation settlement costs	0.2	-	0.1	0.2		
Loss on sale of Greek investment securities	0.3	-	0.6	-		
Less: Discount accretion related to former conduit securities	(0.8)	(0.8)	(0.9)	(0.7)		
Return on average common equity, operating basis	<u>9.5 %</u>	<u>10.1 %</u>	<u>10.3 %</u>	<u>8.6 %</u>	(60) bps	170 bps

STATE STREET CORPORATION

**RECONCILIATION OF TIER 1 COMMON RATIO
As of June 30, 2012**

The table set forth below reconciles State Street's tier 1 common ratio calculated in conformity with current regulatory guidelines and currently applicable regulatory requirements, the latter referred to as Basel I, to State Street's estimated tier 1 common ratio calculated in conformity with Basel III as State Street currently understands the impact of the Basel III requirements, which were issued by the Basel Committee on Banking Supervision in 2010. The table also presents information with respect to the estimated impact of the recently issued U.S. Notices of Proposed Rulemaking, or NPRs, on State Street's estimated tier 1 common ratio as of June 30, 2012.

(Dollars in millions)	Current Requirements ⁽¹⁾ (Basel I)		Original Basel III Requirements ⁽²⁾ (Basel Committee)	Basel III NPRs with Impact of SSFA ⁽³⁾	Basel III NPRs with SSFA, Run-Off/Reinvestment and GSAS ⁽⁴⁾
Tier 1 risk-based capital	\$ 13,976	A	\$ 13,359	\$ 13,435	\$ 12,885
Less:					
Trust preferred securities	950		637	713	713
Preferred stock	500		500	500	500
Plus:					
Other	-		-	58	58
Tier 1 common capital	<u>12,526</u>	B	<u>12,222</u>	<u>12,280</u>	<u>11,730</u>
Total risk-weighted assets	70,105	C	96,167	111,374	99,195
Tier 1 common ratio	17.9%	B/C	12.7%	11.0%	11.8%

⁽¹⁾ The tier 1 common ratio was calculated by dividing (a) tier 1 risk-based capital calculated in conformity with Basel I less non-common elements including qualifying perpetual preferred stock, qualifying minority interest in subsidiaries and qualifying trust preferred securities (tier 1 common capital) by (b) total risk-weighted assets, which were calculated in conformity with Basel I.

⁽²⁾ For purposes of the calculations in conformity with the original Basel III requirements issued by the Basel Committee on Banking Supervision in 2010, total risk-weighted assets were calculated using State Street's estimates, based on the original Basel III requirements and related published statements of U.S. banking regulators, of the effects of the original Basel III requirements expected to affect capital beginning in 2013. The tier 1 common ratio was calculated by dividing (a) tier 1 common capital (as described in footnote⁽¹⁾), but with tier 1 risk-based capital calculated in conformity with the original Basel III requirements, by (b) total risk-weighted assets, which are calculated in conformity with Basel III. While U.S. banking regulators have published NPRs, as described below, there remains considerable uncertainty concerning the timing for finalization and implementation of Basel III in the U.S. When finalized, the proposed rules may reflect modifications or adjustments. Therefore, State Street's current understanding of the original Basel III requirements, as reflected above, may differ from the ultimate application of Basel III upon implementation in the U.S.

- Tier 1 risk-based capital decreased by \$617 million, as a result of applying estimated Basel III requirements to tier 1 risk-based capital of \$13.976 billion as of June 30, 2012.
- Tier 1 common capital used in the calculation of the tier 1 common ratio was \$12.222 billion, reflecting the adjustments to tier 1 risk-based capital described in the first bullet above. Tier 1 common capital used in the calculation is therefore calculated as adjusted tier 1 risk-based capital of \$13.359 billion less non-common elements of capital, composed of trust preferred securities of \$637 million and preferred stock of \$500 million as of June 30, 2012, resulting in tier 1 common capital of \$12.222 billion. At June 30, 2012, there was no qualifying minority interest in subsidiaries.
- Total risk-weighted assets used in the calculation of the tier 1 common ratio increased by \$26.062 billion as a result of applying estimated Basel III requirements to total risk-weighted assets of \$70.105 billion as of June 30, 2012.

In June 2012, U.S. banking regulators issued three concurrent NPRs. These NPRs propose to revise the current U.S. regulatory capital framework and incorporate changes made by the Basel Committee on Banking Supervision to the Basel capital framework. The NPRs also propose to implement relevant provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act and restructure the U.S. capital rules into a harmonized, codified regulatory capital framework. The NPRs are currently in a comment period, with comments due in October 2012.

Footnotes (3) and (4) below describe State Street's estimated tier 1 common ratio as it would be affected by the NPRs, primarily the application of the Simplified Supervisory Formula Approach, or SSFA, as well as the estimated effect of run-off and reinvestment through December 2014 and the estimated effect of the planned acquisition of Goldman Sachs Administration Services, or GSAS, which is expected to be completed in the fourth quarter of 2012. These estimates are subject to change based on regulatory clarifications, further analysis, the results of industry comment on the NPRs and other factors.

⁽³⁾ Presents ratios calculated in conformity with original Basel III requirements as generally described in footnote⁽²⁾, but incorporates the estimated impact of the U.S. NPRs, including, among other things, application of the SSFA, the net impact of which is estimated to increase total risk-weighted assets by \$15.207 billion, from \$96.167 billion calculated as described in footnote⁽²⁾ to \$111.374 billion.

⁽⁴⁾ Presents ratios calculated in conformity with original Basel III requirements as described in footnote⁽²⁾, the effect of application of the SSFA as described in footnote⁽³⁾, the effect of run-off of investment securities as they mature or pay down and are replaced by subsequent reinvestment into new securities from July 2012 through December 2014, and the effect of the planned acquisition of GSAS. The net impact of run-off and subsequent reinvestment and the GSAS acquisition is estimated to reduce total risk-weighted assets by \$12.179 billion, from \$111.374 billion to \$99.195 billion.