STATE STREET PASSES STRESS TEST WITH SUBSTANTIAL CAPITAL BUFFER

07/05/2009

Projected Tier 1 Capital/RWA[1] and Tier 1 Common/RWA Ratios under Stress Test Scenarios More Than Twice Required Minimums Assuming *Pro-Forma* Consolidation of Asset-Backed Commercial Paper Conduits

BOSTON – May 7, 2009 – State Street Corporation (NYSE:STT), today announced that the Board of Governors of the Federal Reserve System has determined that, under the stress test administered under The Supervisory Capital Assessment Program (SCAP), State Street does not need additional capital. The Federal Reserve concluded that State Street has a sufficient capital buffer to withstand even the stress test's "more adverse"[2] scenario.

"We're very pleased to have passed this important supervisory test by a wide margin. Even under the test's 'more adverse' stress assumptions, State Street's capital levels are well in excess of the required ratios established by the supervisory authorities. The Federal Reserve's findings are also consistent with our own long-held views of the quality of our assets," said Ronald E. Logue, chairman and CEO of State Street. "With the stress test completed, we are now in a position to consider repayment of the TARP preferred stock and warrants under the appropriate circumstances."

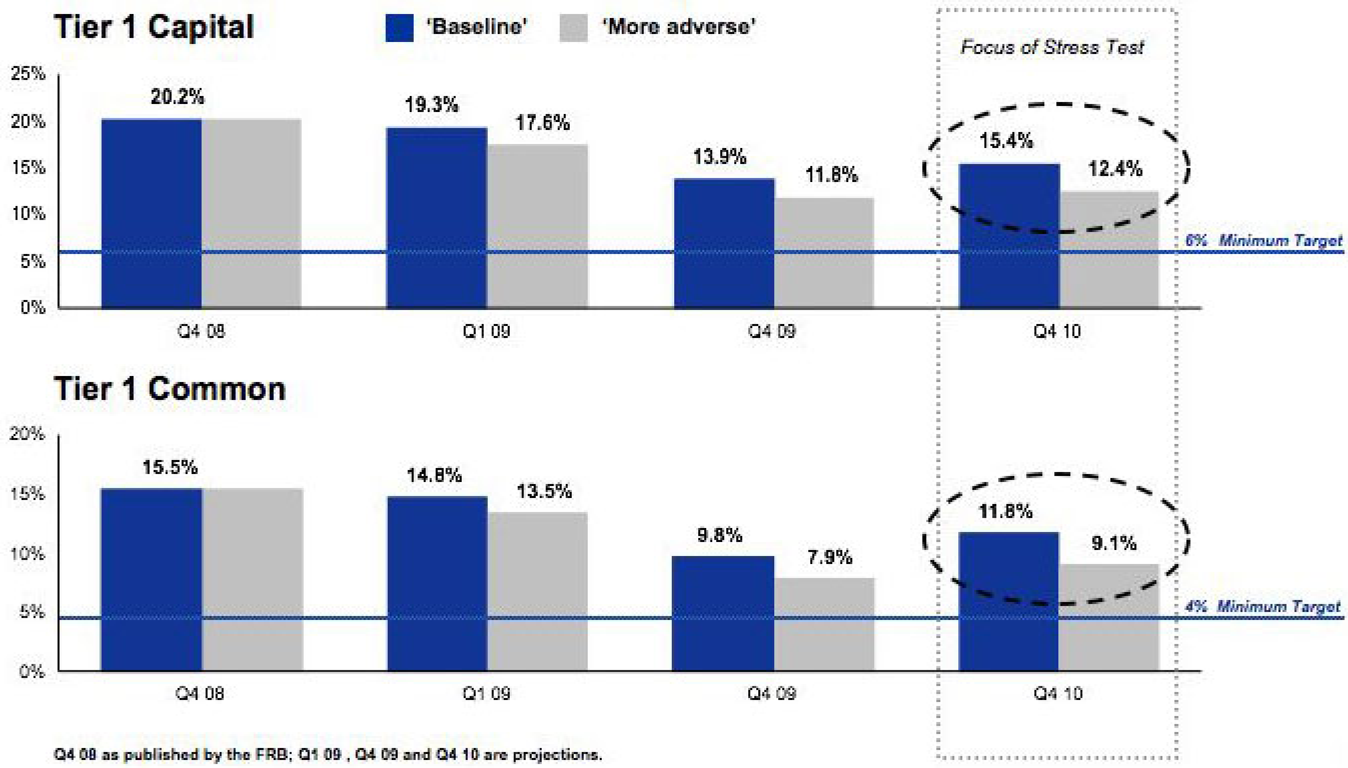
[1]Represents risk-weighted assets as defined in 12 CFR 225 Appendix A.
[2]The stress test's "more adverse" scenario, which included a decline in GDP of -3.3% in 2009 and an increase of 0.5% in 2010; civilian unemployment of 8.9% in 2009 and 10.3% in 2010; and house price declines of -22% during 2009 and -7% in 2010, are described in detail in The Supervisory Capital Assessment Program; Design and Implementation released by the Board of Governors of the Federal Reserve System on April 24, 2009.

State Street's application of the stress test's "more adverse" scenario and methodology on a pro-forma basis (which assumes consolidation of the asset-backed commercial paper conduits during 2009) results in the following projected tier 1 Capital and tier 1 Common ratios as of December 31, 2010. The Federal Reserve in its announcement only published these ratios as of December 31, 2008.

	Targeted Minimum Ratios[3]	Projected Ratios as of Dec. 31, 2010[4]
Tier 1 Capital[5]	6%	12.4%
Tier 1 Common[6]	4%	9.1%

[3]Targeted ratios set by SCAP supervisors to determine the desired capital buffer in the stress test's "more adverse" scenario.
[4]The stress test methodology under the SCAP assumed a stressed economic and market environment in 2009 and 2010 (see note 2 above) and projected losses that the 19 participating banks would incur and financial resources that would be available to offset those losses if that economic scenario were to occur. The amounts displayed result from application of the assumptions and methodologies of the "more adverse" scenario in the stress tests, established by supervisory authorities, do not reflect State Street's outlook for 2009 and are based upon stress test assumptions described in note 7 below. State Street has provided no outlook for 2010.
[5]Represents Tier 1 capital divided by RWA.
[6]Represents Tier 1 capital, less non-common elements including qualifying perpetual preferred stock, qualifying minority interest in subsidiaries and qualifying trust preferred securities, divided by RWA.

The accompanying chart reflects State Street's actual Tier 1 Capital and Tier 1 Common ratios as of December 31, 2008 (as published by the Federal Reserve) and State Street's estimates of such ratios as of March 31, 2009, December 31, 2009 and December 31, 2010 applying the assumptions under the "baseline" and "more adverse" scenarios as defined by the Federal Reserve[7]:



[7]The stress test methodology under the SCAP assumed two scenarios: one reflecting the current market outlook entitled "baseline" scenario (described above in footnote 2 and below in footnote 7) and the other (described above in footnotes 2 and 4) entitled "more adverse" scenario. The amounts displayed assume the losses reflected in SCAP's loss assessment under the "baseline" and "more adverse" scenarios, consolidation of the conduits State Street administers during 2009, no change from December 31, 2008 in outstanding common stock or other Tier 1 capital, and internal generation of capital for 2009 and 2010 that is lower than is reflected in State Street's outlook for 2009. These data have been prepared in accordance with the assumptions and methodologies required by SCAP and are intended to provide some guidance under those assumptions and methodologies as to our ratios projected by the stress test as of the dates indicated. The Federal Reserve in its announcement only published these ratios as of December 31, 2008. This data does not reflect State Street's outlook for 2009 or 2010 and is not intended as a representation of future performance or financial condition. The stress test's "baseline" scenario, which included a decline in GDP of -2.0% in 2009 and an increase of 2.1% in 2010; civilian unemployment of 8.4% in 2009 and 8.8% in 2010; and house price declines of -14% during 2009 and -4% in 2010; are described in detail in The Supervisory Capital Assessment Program; Design and Implementation released by the Board of Governors of the Federal Reserve System on April 24, 2009. The test's "more adverse" scenario is described above in footnote 2.

Set forth below are State Street's results under the stress test as published by the Federal Reserve. The estimates in the Federal Reserve table, including the $4.3 billion of ***Resources Other Than Capital to Absorb Losses***, provide an estimate of future earnings and losses and reflect the SCAP's stress test assumptions and methodologies, and market conditions and financial outcomes that are more severe than State Street currently anticipates or that are reflected in the Company's outlook for the remainder of 2009. State Street has not provided any outlook for 2010.

Table 2: Supervisory Capital Assessment Program
Estimates for State Street Corporation for the More Adverse Economic Scenario

The estimates below represent a hypothetical 'what-if' scenario that involves an economic outcome that is more adverse than expected. These estimates are not forecasts of expected losses or revenues.

	State Street Corporation	
At December 31, 2008	**$ Billions**	**As % of RWA**
Tier 1 Capital	14.1	20.2%
Tier 1 Common Equity	10.8	15.5%
Risk-Weighted Assets	69.6	
Memo: UST Preferred Equity	2.0	
	More Adverse Scenario	
Estimated for 2009 and 2010 for the More Adverse Scenario	**$ Billions**	**As % of Loans**
Total Estimated Losses (Before purchase accounting adjustments)	8.2	
First Lien Mortgages	-na-	-na-
Second/Junior Lien Mortgages	-na-	-na-
Commercial and Industrial Loans	0.04	22.8%
Commercial Real Estate Loans	0.3	35.5%
Credit Card Loans	-na-	-na-
Securities (AFS and HTM)	1.8	-na-
Trading & Counterparty	-na-	-na-
Other (1)	6.0	-na-
Memo: Purchase Accounting Adjustments	-na-	
Resources Other Than Capital to Absorb Losses (2)	4.3	
SCAP Buffer Added for More Adverse Scenario		
(SCAP buffer is defined as additional Tier 1 common/contingent common)		
Indicated SCAP Buffer as of December 31, 2008	No Need	
Less: Capital Actions and Effects of Q1 2009 Results (3)	0.2	
SCAP Buffer	No Need	

(1) Includes other consumer and non-consumer loans and miscellaneous commitments and obligations
(2) Resources to absorb losses include pre-provision net revenue less the change in the allowance for loan and lease losses
(3) Capital Actions include completed or contracted transactions since Q4 2008
Note: Numbers may not sum due to rounding

The $8.2 billion ***Total Estimated Losses*** listed in the chart under the "more adverse" scenario primarily is comprised of $6.0 billion in ***Other***, $1.8 billion in ***Securities (AFS and HTM),*** $0.3 billion in ***Commercial Real Estate Loans,*** and $0.04 billion in ***Commercial and Industrial Loans***. Each of these items is explained in greater detail below.

Other
For the purposes of the stress test, State Street assumed that the asset-backed commercial paper conduits it administers would be consolidated during 2009. State Street has reported on a *pro-forma* basis the impact of conduit consolidation on its capital ratios quarterly since the third quarter of 2007. Included in ***Other*** is the estimated pre-tax charge of $5.9 billion ($3.6 billion after-tax) that would be recorded upon a consolidation of the conduits during 2009. This amount represents the difference between the book value of the conduits' net assets and their fair value, each as of December 31, 2008. Although State Street is not currently required to consolidate the conduits, it continues to monitor the performance of the conduits' assets and consolidation requirements. It is possible that some future conditions or actions may result in the consolidation of conduits by State Street. While the pre-tax accounting charge of $5.9 billion (after-tax $3.6 billion) reflects the mark-to-market value at December 31, 2008, State Street believes the ultimate economic loss will be materially lower.

Securities (AFS and HTM)
The $1.8 billion pre-tax ($1.1 billion after-tax) loss is projected using the stress test's "more adverse" assumptions and

methodologies and is substantially less than the pre-tax mark-to-market loss on the investment portfolio, which was $10.3 billion pre-tax ($6.3 billion after-tax) as of December 31, 2008. This result is consistent with State Street's long-established view that the mark-to-market loss on its investment portfolio primarily reflects the lack of liquidity and resulting disruption in the fixed income markets and not the credit quality of its investment portfolio. The amount (pre-tax $1.8 billion or $1.1 billion after-tax) reflected in this line relates entirely to State Street's other-than-temporary impairments in its investment portfolio under the "more adverse" stress test scenario based upon investment portfolio balances and accounting rules in effect on December 31, 2008. Recently announced changes in accounting rules under which impairments to securities will be determined were not included in the stress test's methodologies and would have a favorable impact on these results. The impact of implementing these changes in accounting rules is estimated by State Street to reduce the pre-tax loss of $1.8 billion to about $400 million under the "more adverse" scenario as of December 31, 2008.

Commercial and Industrial Loans and Commercial Real Estate Loans
The amounts reflected include potential losses on certain real-estate loans that we acquired primarily in the fourth quarter of 2008 as analyzed under "more adverse" conditions. The percentages in the table under "as a % of loans" refer to estimated losses as a percentage of only these loans. State Street does not engage in commercial real-estate lending as a component of its normal investment operations.

Reflecting the nature of State Street's business, which focuses on servicing and management for institutional investors worldwide, and the quality of its investment portfolio, the stress test did not reflect any losses in its other categories, such as ***First and Second Lien Mortgages*** and ***Credit Card and Other Consumer Loans***, used under the Federal Reserve's analysis.

The line entitled ***Capital Actions and Effects of Q1 2009 Results*** represents a credit of approximately $200 million to reflect the actual increase in capital during the first quarter of 2009 based on actual first-quarter results, relative to the projected increase in capital during that period under the stress assumptions that were used.

The stress test results did not include any strategic actions contemplated by State Street such as acquisitions or divestitures.

Based on ***Indicated Additional Capital Buffer*** listed in the Federal Reserve's table of State Street estimates for the "more adverse" scenario, the supervisory authorities determined that State Street needs no additional capital.

State Street continues to perform against its TCE improvement plan as announced on February 5 and updated on April 21, 2009.

State Street Corporation (NYSE: STT) is the world's leading provider of financial services to institutional investors including investment servicing, investment management and investment research and trading. With $11.337 trillion in assets under custody and $1.395 trillion in assets under management at March 31, 2009, State Street operates in 27 countries and more than 100 geographic markets and employs 27,500 worldwide.

FORWARD-LOOKING STATEMENTS
This news announcement contains forward-looking statements as defined by United States securities laws, including statements about our goals and expectations regarding our business, financial condition, results of operations and strategies, the financial and market outlook, governmental and regulatory initiatives and developments, and the business environment. 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 the date of this release. Important factors that may affect future results and outcomes include:

- global financial market disruptions and the current worldwide economic recession, and monetary and other governmental actions designed to address such disruptions and recession in the U.S. and internationally;
- the possibility that changes in market conditions, regulatory activities, or asset performance (including the financial condition of any insurer or guarantor, or the ratings, of any assets) or to accounting rules may require any off-balance sheet activities, including the unconsolidated asset-backed commercial paper conduits we administer, to be consolidated into our financial statements, requiring the recognition of associated losses;
- the financial strength of the counterparties with which we or our clients do business and with which we have investment or financial exposure;

- the liquidity of the U.S. and international securities markets, particularly the markets for fixed-income securities, and the liquidity requirements of our customers;
- the credit quality and credit agency ratings 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;
- the maintenance of credit agency ratings for our debt obligations as well as the level of credibility of credit agency ratings;
- the possibility of our customers incurring substantial losses in investment pools where we act as agent, and the possibility of further general reductions in the valuation of assets;
- our ability to attract deposits and other low-cost, short-term funding;
- potential changes to the competitive environment, including changes due to the effects of consolidation, extensive and changing government regulation and perceptions of State Street as a suitable service provider or counterparty;
- 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;
- our ability to measure the fair value of securities in our investment securities portfolio and in the unconsolidated asset-backed commercial paper conduits we administer;
- the results of litigation and similar disputes and, in particular, the effect of current or potential litigation concerning SSgA's active fixed-income strategies, and the enactment of legislation and changes in regulation and enforcement that impact us and our customers, as well as the effects of legal and regulatory proceedings;
- adverse publicity or other reputational harm;
- our ability to pursue acquisitions, strategic alliances and divestures, finance future business acquisitions and obtain regulatory approvals and consents for acquisitions;
- the performance and demand for the products and services we offer, including the level and timing of withdrawals from our collective investment products;
- our ability to continue to grow revenue, attract highly skilled people, control expenses and attract the capital necessary to achieve our business goals and comply with regulatory requirements;
- our ability to control operating risks, information technology systems risks and outsourcing risks, the possibility of errors in the quantitative models we use to manage our business and the possibility that our controls will fail or be circumvented;
- the potential for new products and services to impose additional costs on us and expose us to increased operational risk, and our ability to protect our intellectual property rights;
- our ability to obtain quality and timely services from third parties with which we contract;
- changes in accounting standards and practices, including changes in the interpretation of existing standards, that impact our consolidated financial statements; and
- changes in tax legislation and in the interpretation of existing tax laws by U.S. and non-U.S. tax authorities that impact 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 2008 Annual Report on Form 10-K and our subsequent SEC filings. We encourage investors to read our 10-K, particularly the section on Risk Factors, and our subsequent SEC filings for additional information with respect to any forward-looking statements and prior to making any investment decision. The forward-looking statements contained in this press release speak only as of the date hereof, May 7, 2009, and we do not undertake efforts to revise those forward-looking statements to reflect events after this date.