



STATE STREET

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## News Release

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### **STATE STREET REPORTS 2008 EARNINGS PER SHARE OF \$3.89, UP 13% ON A REVENUE GAIN OF 28% COMPARED TO 2007**

### **FULL-YEAR OPERATING EARNINGS PER SHARE INCREASED 14% TO A RECORD \$5.21 PER SHARE ON A 25% GAIN IN OPERATING REVENUE**

Boston, MA ... January 20, 2009

State Street Corporation today announced full-year 2008 earnings of \$3.89 per share on net income of \$1.620 billion compared with \$3.45 per share on net income of \$1.261 billion in 2007. Revenue in 2008 is \$10.693 billion, up 28% from \$8.336 billion in 2007. Return on common shareholders' equity in 2008 is 13.4% equal to 13.4% in 2007. In the fourth quarter of 2008, State Street reported earnings of \$0.15 per share on net income of \$65 million, compared to net income of \$223 million, or \$0.57 per share in the fourth quarter of 2007. Revenue in the fourth quarter of 2008 is \$2.673 billion, up 8% from \$2.479 billion in the fourth quarter of 2007. Return on common shareholders' equity is 2.3% in the fourth quarter of 2008 compared to 7.7% in the fourth quarter of 2007.

Management also presents results on an operating basis in order to provide financial information that is comparable from period to period and to present comparable financial trends with respect to our ongoing business operations. A full reconciliation of operating-basis results to U.S generally accepted accounting principals (GAAP) is included in the addendum at the end of this press release.

"Operating-basis" results for the full-year 2008 exclude previously reported net effects of \$(28) million, or \$(0.25) per share, as well as fourth-quarter net effects of \$(723) million, or \$(1.03) per share, including \$(450) million related to the previously disclosed transaction with certain stable value funds managed by State Street Global Advisors; restructuring charges of \$(306) million, primarily associated with our previously announced reduction in force; merger and integration costs of \$(27) million associated with the 2007 acquisition of Investors Financial Services Corp. ("Investors Financial"); partially offset by net interest revenue of \$60 million from acting as an intermediary under the Federal Reserve Bank's Asset-Backed Commercial Paper Money Market Liquidity Facility ("AMLF"). "Operating- basis" results for the full-year 2007 exclude \$(665) million in pre-tax charges associated with active fixed-income

strategies at State Street Global Advisors and merger and integration costs associated with Investors Financial. "Operating-basis" results for the fourth-quarter of 2007 exclude \$(524) million in pre-tax charges associated with active fixed-income strategies at State Street Global Advisors and merger and acquisition costs associated with Investors Financial. Operating-basis revenue for all periods is presented on a fully taxable-equivalent basis.

The following financial results are presented on an operating basis, as discussed below.

Operating-basis earnings for the full-year 2008 are \$5.21 per share, up 14% from \$4.57 per share in 2007. Operating-basis revenue in 2008 is up 24.8% to a State Street record of \$10.477 billion from \$8.394 billion in 2007. Operating-basis expenses in 2008 of \$7.058 billion increased 22.4% from \$5.768 billion in 2007. On an operating basis, we achieved 240 basis points in positive operating leverage in the year-over-year comparison. Operating-basis return on common shareholders' equity in 2008 is 17.9%, up from 17.7% in 2007.

Operating-basis earnings per share in the fourth quarter are \$1.18 per share down 14 % from \$1.38 per share in the fourth quarter of 2007. Operating revenue of \$2.641 billion in the fourth quarter of 2008 is up 5.8% from \$2.496 billion in the fourth quarter a year ago. Operating-basis expenses of \$1.806 billion in the fourth quarter of 2008 are up 9.5% from \$1.649 billion in the year-ago quarter. For the fourth quarter of 2008, operating return on common shareholders' equity is 18.3%, down from 18.7% for the fourth quarter of 2007.

The balance sheet declined from \$286 billion at September 30, 2008, to \$174 billion at year end. Excluding \$52 billion in excess deposits held at central banks at December 31, 2008, compared with \$54 billion at September 30, 2008, and \$6 billion of investment securities related to the AMLF, compared to \$77 billion at September 30, 2008, the normalized balance sheet was \$116 billion at December 31, 2008. At December 31, 2007 the balance sheet was \$143 billion. Our regulatory ratios continue to be strong as of December 31, 2008. The tier-1 capital ratio stood at 20.49% and our tier-1 leverage ratio was 7.74%.

Reflecting the ongoing illiquidity in the markets at December 31, 2008, the after-tax, unrealized mark-to-market losses in the investment portfolio increased to \$6.3 billion (\$5.45 billion recorded in OCI and \$.87 billion in HTM, not recorded in OCI), up \$3.0 billion from September 30, 2008, and in the State Street-administered asset-backed commercial paper conduits increased to \$3.6 billion up \$1.4 billion from September 30, 2008. Since year end the unrealized after-tax losses in the investment portfolio have improved \$400 million to \$5.9 billion as of Friday, January 16, 2009.

Commenting on the performance, Ronald E. Logue, State Street's chairman and chief executive officer, said, "I am pleased that we either met or exceeded our financial goals in 2008. Fiscal year 2008 represents our fourth consecutive year of double-digit growth both in revenue and operating earnings per share. New business wins in 2008 totaled \$1.66 trillion in asset servicing with \$317 billion to be installed in 2009 and \$198 billion in asset management with \$24 billion to be installed this year. Servicing fees,

trading services, securities finance and net interest revenue each recorded significant double-digit revenue growth in 2008.”

Logue commented on the quality of State Street’s assets, “We continue to believe that the asset quality of both our investment portfolio and the conduit program remains strong. None of the securities is in default and all are current for principal and interest. In 2008, more than \$8 billion in structured securities in our investment portfolio paid down at par, yet had a fair market value, which on average was at a 7.8% discount to book value. We expect the vast majority of our securities to behave similarly as they mature. The current trend in the market is encouraging, but we recognize it only measures two-weeks’ progress.”

Logue added, “While we expect 2009 to present industry-wide challenges, we believe that the revenue drivers we have identified and the expense controls we have in place, will allow us to meet the following 2009 financial goals, all stated on an operating basis. We expect our revenue in 2009 to be approximately flat with our record revenue in 2008, down from our long term goal of 8% to 12% growth. We expect our operating earnings per share to also be approximately flat with 2008, below our long-term goal of 10% - 15% growth, and we expect operating return on equity to be slightly below the long-term goal of 14% to 17%. We continue to target positive operating leverage on an annual basis.”

Citing specific revenue drivers for 2009, Logue said, “Our business pipeline is strong. In addition to those 2008 wins that are scheduled for installation in 2009, we are meeting with potential customers from very large fund complexes that are considering outsourcing their back and/or middle office to us in order to create some variable expense for their organizations. Also large hedge funds, that have historically self-administered their holdings are looking for an outsource partner to create more transparency for their funds and their shareholders. Further, we are expecting new government mandates for increased regulations and transparency to create opportunities for us to develop products for our customers.”

Logue concluded, “Regarding net interest income, we expect 2009 net interest income and net interest margin to be approximately flat with 2008. We have \$15 billion of low-yielding securities maturing, which we will re-invest in AAA-rated asset-backed and mortgage-backed securities at higher yields if government programs begin to normalize markets.”

State Street evaluates the market from time to time. Following recent discussions with investors, State Street has determined not to raise equity capital in this turbulent market.

Following are three tables that display specified reported-basis and operating-basis results for legacy State Street as well as for the acquired Investors Financial business. The first two tables present results for the full year 2008 and 2007 and the fourth quarter for 2008 and 2007, reported in accordance with GAAP and the effects of the non-operating items excluded from operating-basis results. The third table describes the results in four categories: “Baseline,” “Investors Financial,” “Operating,” and “Reported.” Management believes such presentation facilitates an investor’s understanding and analysis of our underlying performance and trends in addition to financial information

prepared in accordance with GAAP. In addition, management believes that providing separate Investors Financial results and baseline financial information further assists investors and analysts in understanding the effect of that acquisition.

<i>\$ in millions except per share data</i>	<i>For the year ended</i>		<i>For the year ended</i>	
	<i>December 31, 2008</i>		<i>December 31, 2007</i>	
	<u><i>Operating<sup>a</sup></i></u>	<u><i>Reported<sup>b</sup></i></u>	<u><i>Operating<sup>c</sup></i></u>	<u><i>Reported<sup>d</sup></i></u>
<i>Fee revenue</i>	\$7,747	7,747	\$6,633	\$6,633
<i>Net interest revenue from operations</i>	2,680	2,680	1,730	1,730
<i>Taxable-equivalent adjustment</i>	104	0	58	0
<i>Net interest revenue from AMLF</i>	0	68	0	0
<i>SIL0-related reduction in net interest revenue</i>	0	(98)	0	0
<i>Total net interest revenue</i>	2,784	2,650	1,788	1,730
<i>Gains (losses) related to investment securities, net</i>	(54)	(54)	(27)	(27)
<i>Gain on sale of CitiStreet interest</i>	0	350	0	0
<i>Total revenue</i>	10,477	10,693	8,394	8,336
<i>Expenses from operations</i>	7,058	7,058	5,768	5,768
<i>Non-operating expenses:</i>				
<i>Merger and integration costs</i>	0	115	0	198
<i>Non-operating provisions, net<sup>d</sup></i>	0	956	0	467
<i>Total expenses</i>	7,058	8,129	5,768	6,433
<i>Income before income tax expense</i>	3,419	2,564	2,626	1,903
<i>Income tax expense from operations</i>	1,127	1,127	899	899
<i>Taxable-equivalent adjustment</i>	104	0	58	0
<i>Income tax expense (benefit) on non-operating items</i>	0	(205)	0	(257)
<i>Total income tax expense</i>	1,231	922	957	642
<i>Preferred dividends and related adjustments</i>	(22)	(22)	0	0
<i>Net income available to common shareholders</i>	\$2,166	\$1,620	\$1,669	\$1,261
<i>Diluted earnings per common share</i>	\$5.21	\$3.89	\$4.57	\$3.45

<sup>a</sup> "Operating" results for 2008 are reported results, excluding the impact of the CitiStreet gain, AMLF revenue, the charge associated with SIL0 leasing transactions, the reserve associated with the estimated net exposure to an affiliate of Lehman Brothers Holdings, Inc.; the merger and integration costs associated with the acquisition of Investors Financial the charge associated with certain of State Street Global Advisors' managed accounts with exposure to third-party guarantors, and the restructuring charges primarily associated with the reduction in force, and are presented on a fully taxable-equivalent basis.

<sup>b</sup> "Reported" results are in accordance with U.S. generally accepted accounting principles (GAAP).

<sup>c</sup> “Operating” results for 2007 are reported results, excluding the impact of the merger and integration costs associated with the acquisition of Investors Financial and a net charge associated with certain fixed-income strategies at State Street Global Advisors and are presented on a fully taxable-equivalent basis.

<sup>d</sup> Non-operating provisions include, for 2008, the charge associated with certain of State Street Global Advisors’ managed accounts with exposure to third-party guarantors, the restructuring charges primarily associated with the reduction in force, and the reserve associated with the estimated net exposure to an affiliate of Lehman Brothers Holdings, Inc.; for 2007, includes the net charge associated with certain active fixed-income strategies at State Street Global Advisors.

<i>\$ in millions except per share data</i>	<i>For the quarter ended</i>		<i>For the quarter ended</i>	
	<i>December 31, 2008</i>		<i>December 31, 2007</i>	
	<i>Operating<sup>a</sup></i>	<i>Reported<sup>d</sup></i>	<i>Operating<sup>c</sup></i>	<i>Reported<sup>d</sup></i>
<i>Fee revenue</i>	\$1,881	\$1,881	\$1,927	\$1,927
<i>Net interest revenue from operations</i>	783	783	556	556
<i>Taxable-equivalent adjustment</i>	28	0	17	0
<i>Net interest revenue from AMLF</i>	0	60	0	0
<i>Total net interest revenue</i>	811	843	573	556
<i>Gains (losses) related to investment securities, net</i>	(51)	(51)	(4)	(4)
<i>Total revenue</i>	2,641	2,673	2,496	2,479
<i>Expenses from operations</i>	1,806	1,806	1,649	1,649
<i>Non-operating expenses:</i>				
<i>Merger and integration costs</i>	0	27	0	57
<i>Non-operating provisions, net<sup>d</sup></i>	0	756	0	467
<i>Total expenses</i>	1,806	2,589	1,649	2,173
<i>Income before income tax expense</i>	835	84	847	306
<i>Income tax expense from operations</i>	274	274	290	290
<i>Taxable-equivalent adjustment</i>	28	0	17	0
<i>Income tax expense (benefit) on non-operating items</i>	0	(277)	0	(207)
<i>Total income tax expense (benefit)</i>	302	(3)	307	83
<i>Preferred dividends and related adjustments</i>	(22)	(22)	0	0
<i>Net income available to common shareholders</i>	\$511	\$65	\$540	\$223
<i>Diluted earnings per common share</i>	\$1.18	\$0.15	\$1.38	\$0.57

<sup>a</sup> “Operating” results in the fourth quarter of 2008 are reported results, excluding the impact of AMLF revenue, the charge associated with certain of State Street Global Advisors’ managed accounts with exposure to third-party guarantors, the restructuring charges primarily associated with the reduction in force, and merger and integration costs associated with the acquisition of Investors Financial; and are presented on a fully taxable-equivalent basis.

<sup>b</sup> “Reported” results are in accordance with U.S. generally accepted accounting principles (GAAP).

<sup>c</sup> “Operating” results in the fourth quarter of 2007 are reported results, excluding the impact of the merger and integration costs associated with the acquisition of Investors Financial and a net charge associated with certain fixed-income strategies at State Street Global Advisors and are presented on a fully taxable-equivalent basis.

<sup>d</sup> Non-operating provisions include, for 2008, the charge associated with certain of State Street Global Advisors’ managed accounts with exposure to third-party guarantors and the restructuring charges primarily associated with the reduction in force; and for 2007, includes the net charge associated with certain active fixed-income strategies at State Street Global Advisors.

\$ in millions except per share data

For the quarter ended

December 31, 2008

December 31, 2007

	<u>Baseline (a)</u>	<u>Investors Financial (b)</u>	<u>Operating (c)</u>	<u>Reported (d)</u>	<u>Reported (d)</u>
Fee revenue	\$1,730	\$151	\$1,881	\$1,881	\$1,927
All other revenue	675	85	760	792	552
Total revenue	2,405	236	2,641	2,673	2,479
Total expenses	1,659	147	1,806	2,589	2,173
Income tax expense (benefit)	262	40	302	(3)	83
Preferred dividends and related adjustments	(22)	0	(22)	(22)	0
Net income available to common shareholders	\$462	\$49	\$511	\$65	\$223
Diluted EPS	\$1.16	\$0.02	\$1.18	\$0.15	\$0.57

(a) “Baseline” results represent results of legacy State Street on an operating basis excluding AMLF revenue, the impact of the charge associated with the State Street Global Advisors’ managed accounts with exposure to third-party guarantors, the restructuring charges primarily associated with the reduction in force, and merger and integration costs associated with the acquisition of Investors Financial; and are presented on a fully taxable-equivalent basis.

(b) “Investors Financial” results represent revenue and expenses, including financing costs and amortization of intangibles, attributable to the Investors Financial business acquired on July 2, 2007, but excluding merger and integration costs. Presented on a fully taxable-equivalent basis. Per-share amounts reflect the impact on outstanding shares from the issuance of approximately 61 million shares for the acquisition.

(c) “Operating” results are reported results, excluding AMLF revenue, the impact of the charge associated with the State Street Global Advisors’ managed accounts with exposure to third-party guarantors, the restructuring charges primarily associated with the reduction in force, and merger and integration costs associated with the acquisition of Investors Financial; and are presented on a fully taxable-equivalent basis.

(d) “Reported” results are in accordance with GAAP.

## FULL YEAR 2008 VS. 2007

On an operating basis, total revenue increased 24.8% from \$8.394 billion to \$10.477 billion. Servicing fees increased 11%, from \$3.388 billion to \$3.745 billion. Management fees decreased 10%, from \$1.141 billion to \$1.028 billion. Trading

services revenue increased 27%, from \$1.152 billion to \$1.467 billion and securities finance revenue increased 81%, from \$681 million to \$1.230 billion. Processing fees and other revenue increased 2%, to \$277 million from \$271 million. Fully taxable-equivalent net interest revenue increased 56%, from \$1.788 billion to \$2.784 billion.

On an operating basis, expenses increased 22.4%, from \$5.768 billion to \$7.058 billion. On an annual, operating basis, the Company achieved approximately 240 basis points of positive operating leverage. Operating expenses included an increase of 21% to \$4.120 billion in salaries and employee benefits expense. Transaction processing expense increased 4% to \$644 million and information systems and communications increased 16% to \$633 million. Occupancy expense increased 14% to \$465 million. Other expenses increased 50% to \$1.196 billion.

#### RESULTS OF THE FOURTH-QUARTER OF 2008 VS. YEAR-AGO QUARTER

On an operating basis, total revenue is \$2.641 billion in the fourth quarter of 2008, up from \$2.496 billion, or 5.8%, from the fourth quarter of 2007. Expenses on an operating basis are \$1.806 billion, up 9.5% compared with \$1.649 billion in the fourth quarter of 2007.

Servicing fees are \$842 million, down 13%, from \$967 million in the year-ago quarter. The decrease is primarily attributable to lower equity valuations. Total assets under custody at quarter end are \$12.04 trillion, down 21%, compared with \$15.30 trillion at the end of the year-ago quarter.

Daily average values for the S&P 500 Index are down 39%, for the MSCI<sup>®</sup> EAFE Index<sup>SM</sup> are down 47%, and for the NASDAQ are down 41% during the fourth quarter of 2008 from the year-ago quarter.

Management fees, generated by State Street Global Advisors, are \$209 million, down 30%, compared to \$297 million in the year-ago quarter. The decrease in management fees reflects lower average month-end equity valuations and lower performance fees. Total assets under management at quarter end are \$1.44 trillion, down 27%, compared to \$1.98 trillion at the end of the year-ago quarter.

Average month-end values compared to the fourth quarter of 2007, are down 38% for the S&P 500 Index and down 41% for the NASDAQ; average month-end values for the MSCI<sup>®</sup> EAFE Index<sup>SM</sup> are down 48%. The total return of the Lehman US Aggregate bond index for the fourth quarter is 4.58%.

Trading services revenue, which includes foreign exchange trading revenue and brokerage and other fee revenue, is up 19%, from \$352 million to \$418 million. The increase is driven by higher volatility in foreign exchange, offset partially by a decline in foreign exchange volumes and in brokerage and other revenue.

Securities finance revenue is \$329 million in the quarter, compared to \$256 million in the year-ago quarter, an increase of 29%. The increase reflects improved spreads, offset partially by a lower level of demand for securities on loan reflecting the overall deleveraging of securities that occurred during the third and fourth quarters of 2008.

Processing and other revenue is up 51%, to \$83 million primarily due to increases in product-related revenue.

Fully taxable-equivalent net interest revenue is \$811 million, up 42% from \$573 million in last year's fourth quarter. The increase in net interest revenue is due to wider spreads on assets due to lower funding costs as a result of the reductions in the Fed Funds rate near the end of the third quarter and in fourth quarter. Net interest margin during the fourth quarter of 2008 increased to 2.28% from 1.95% in the year-ago period. During the quarter the Company recorded \$78 million in other-than-temporary impairment charges on eleven investment securities, offset partially by \$27 million in gains from the sales of securities and gains on security dispositions.

The 9.5% increase in expenses on an operating basis from \$1.649 billion in the fourth quarter of 2007 to \$1.806 billion in the fourth quarter of 2008 is primarily due to an increase in other expenses as well as in salaries and benefits costs. Salaries and employee benefits expense on an operating basis increased \$42 million to \$976 million, attributable to a higher headcount and benefits costs, offset partially by lower incentive compensation. Transaction processing expense decreased 21% to \$145 million principally due to lower subcustodian and brokerage fees. Information systems and communications expense increased 10% to \$163 million, and occupancy expenses of \$124 million in 2008 quarter compare to \$107 million in the 2007 quarter. On an operating basis, other expenses increased 44%, or \$122 million, to \$398 million, primarily due to increased securities processing costs and regulatory fees and assessments.

On an operating basis, the effective tax rate was 34.0% in the fourth quarter of 2008 compared with 34.9% in the fourth quarter of 2007. We expect the rate for 2009 to be approximately 34.0%.

#### RESULTS OF THE FOURTH-QUARTER OF 2008 VS. THIRD QUARTER OF 2008

On an operating basis, fourth-quarter earnings are \$1.18 per share as compared to third-quarter earnings of \$1.24 per share. Total revenue on a fully tax-equivalent basis in the 2008 fourth quarter of \$2.641 billion is up 4.1%, or \$105 million compared to \$2.536 billion in the third quarter. On an operating basis, expenses in the fourth quarter of 2008 are \$1.806 billion up 6.5%, or \$111 million, from third-quarter expenses of \$1.695 billion.

Servicing fee revenue is down 13% due to significantly lower average equity valuations. Management fee revenue is down 20% due to significantly lower average month-end equity valuations and lower performance fees. Trading services revenue is up 15% to \$418 million primarily due to higher volatility, partially offset by lower volumes in foreign exchange. Securities finance revenue improved 34% to \$329 million due to improved spreads, partially offset by a lower level of loaned securities. Processing fees and other revenue increased 32% to \$83 million due to increases in product-related revenue.

Fully taxable-equivalent net interest revenue increased 27% to \$811 million due to the wider spreads on assets following a significant cut in the Fed Funds rate in the fourth quarter and an increase in lower-cost funding.



Salaries and employee benefits expense is down 5% on an operating basis primarily due to lower incentive compensation. Transaction processing expense is down 12% due to lower brokerage and subcustodian fees. Information systems and communication is up 8% to and occupancy expense is up 7%. On an operating basis, other expense increased 65%, or \$157 million, to \$398 million. Other expenses included increased securities processing costs, additional regulatory fees and assessments, as well as legal and compliance costs.

## ADDITIONAL INFORMATION

All per share amounts represent diluted earnings per common share based on average common shares outstanding for the respective period reported. Positive operating leverage is defined as the excess rate of growth of total revenue over the rate of growth of total operating expenses, each determined on an operating basis.

## INVESTOR CONFERENCE CALL

State Street will webcast an investor conference call today, Tuesday, January 20, 2009, at 9:30 a.m. EST, available at [www.statestreet.com/stockholder](http://www.statestreet.com/stockholder). The conference call will also be available via telephone, at +1 706/679-5594 (conference ID 77064958). Recorded replays of the conference call will be available on the web site, and by telephone at +1 706/645-9291 (conference ID 77064958), beginning approximately two hours after the call's completion. The telephone replay will be available for approximately two weeks following the conference call. This press release, presentation materials to be referred to on the conference call and additional financial information are available on State Street's website, at [www.statestreet.com/stockholder](http://www.statestreet.com/stockholder), under "Investor Information—Latest News," "Annual Reports and Financial Trends—Financial Trends" and "—Investor Events and Presentations."

State Street Corporation (NYSE: STT) is the world's leading specialist in providing institutional investors with investment servicing, investment management and investment research and trading services. With \$12.04 trillion in assets under custody and \$1.44 trillion in assets under management at December 31, 2008, State Street operates in 27 countries and more than 100 geographic markets worldwide and employs 28,475 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 United States and internationally;
- 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 that changes to accounting rules or in market conditions or asset performance 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 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 United States and internationally;
- our ability to measure the fair value of securities in our investment securities portfolio and in the asset-backed commercial paper conduits we sponsor;
- 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 2007 Annual Report on Form 10-K and our subsequent SEC filings, including, in particular, our Current Report on Form 8-K dated January 20, 2009. We encourage investors to read these filings, particularly the sections 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, January 20, 2009, and we do not undertake efforts to revise those forward-looking statements to reflect events after this date.