STATE STREET Corp
Form FWP
May 18, 2009

Common Stock Offering
May 18, 2009
Filed pursuant to Rule 433
Registration No. 333-157882

State Street has filed a registration statement (including a prospectus) with the SEC for the offerings to which this communicat relates. Before you invest, you should read the prospectus in that registration statement and other documents State Street has filed with the SEC for more complete information about State Street and the offerings. You may obtain these documents for fre by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, copies of the prospectus may be obtained from Goldr Sachs & Co. toll free at (866) 471-2526, or Morgan Stanley & Co. Incorporated, toll free at (866) 718-1649.

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Forward-Looking Statements

This presentation contains forward-looking statements as defined by United States securities laws, including statements about S financial condition, results of operations and strategies, the financial and market outlook, governmental and regulatory initiativ statements are not guarantees of future performance, are inherently uncertain, are based on assumptions that are difficult to pre Therefore, actual outcomes and results may differ materially from what is expressed in those statements, and those statements s expectations or beliefs as of any date subsequent to the date of this presentation.

Important factors that may affect future results and outcomes include, but are not limited to: global financial market disruption monetary and other governmental actions designed to address such disruptions and recession in the U.S. and internationally; th purposes, effective as of May 15, 2009, of the asset-backed commercial paper conduits that we administer, including the possib changes in the composition of the assets on our consolidated balance sheet and the possibility that we may be required to chang strength and continuing viability of the counterparties with which we or our clients do business and with which we have invest international securities markets, particularly the markets for fixed-income securities, and the liquidity requirements of our cust securities in our investment securities portfolio, a deterioration or downgrade of which could lead to other-than-temporary imp impairment loss; the maintenance of credit agency ratings for our debt obligations as well as the level of credibility of credit ag substantial losses in investment pools where we act as agent, and the possibility of further general reductions in the valuation o short-term funding; potential changes to the competitive environment, including changes due to the effects of consolidation, ex of State Street as a suitable service provider or counterparty; the level and volatility of interest rates and the performance and v U.S. and internationally; our ability to measure the fair value of the investment securities on our consolidated balance sheet; th disputes and, in particular, the effect of current or potential proceedings concerning State Street Global Advisors , or SSgA s, and the enactment of legislation and changes in regulation and enforcement that impact us and our customers; adverse publicity acquisitions, strategic alliances and divestures, finance future business acquisitions and obtain regulatory approvals and conse products and services we offer, including the level and timing of withdrawals from our collective investment products; our abil control expenses and attract the capital necessary to achieve our business goals and comply with regulatory requirements; our a systems risks and outsourcing risks, the possibility of errors in the quantitative models we use to manage our business and the potential for new products and services to impose additional costs on us and expose us to increased operational risk, and our ab government regulation or new legislation, which may increase our costs, expose us to risk related to compliance or impact our participation in the U.S. Treasury s TARP capital purchase program and our ability to repurchase the preferred stock and warr standards and practices; and changes in tax legislation and in the interpretation of existing tax laws by U.S. and non-U.S. tax au

Other important factors that could cause actual results to differ materially from those indicated by any forward-looking stateme 10-K and its subsequent SEC filings, including, in particular, its Current Report on Form 8-K dated May 18, 2009. State Street sections on Risk Factors, and its subsequent SEC filings for additional information with respect to any forward-looking statem looking statements contained in this presentation speak only as of May 18, 2009, and State Street does not undertake efforts to after that date.

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The Offering
POSITIONS STATE STREET TO REDEEM TARP PREFERRED INVESTMENT
>
State Street Corporation
Issuer
>
NYSE: STT
Symbol
>
60 days (Company, Executive Officers, Directors[2])
Lock-up

>
Planned repurchase of $2.0 billion of TARP preferred plus related
warrants, subject to regulatory approval; general corporate purposes
Use of Proceeds
>
May 18, 2009
Anticipated
Pricing
>
15%
Over-allotment
Option
>
$1.5 billion of common stock[1]
Offering
Size
Bookrunners
>
Goldman Sachs, Morgan Stanley
Additional
Actions
>
Intend to offer benchmark-size holding-company non-guaranteed senior notes
>
Elected to take steps resulting in consolidation of ABCP conduits as of May
15, 2009

1
Amount excludes over-allotment option.
2
One Director is not standing for reelection at the May 20, 2009 Annual Meeting and will not be subject to lock-up.

4
Capital Plan
STRATEGIC RATIONALE AND KEY CONSIDERATIONS
>
Decisive, strategic capital action positions State Street for continued growth
>
Today s common stock offering further enhances State Street s already strong capital position

SCAP Stress Test confirmed strength of capital position

Capital ratios in line with or in excess of trust-bank peers

Accelerates achievement of TCE Improvement Plan
>
Proactive consolidation of the conduit assets eliminates related uncertainty and simplifies financial reporting
>
Operating earnings[1] expectation of $4.25 - $4.50 per share for 2009 after the offerings and conduit consolidation
>
Positions us to repay the TARP preferred stock and repurchase related warrants, subject to regulatory approval

[1] More fully described on page 19.

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Capital Strength
CAPITAL RAISE ACCELERATES TCE IMPROVEMENT
1.2
%
0.8
%
4.1
%
2.2
%
(0.1) %
0.0
%
1.0
%
2.0

%
3.0
%
4.0
%
5.0
%
3/31/09
Adjusted
For Conduit
Consolidation
Conduit Change in
Unrealized Loss
between 3/31/09
and 5/15/09
Capital
Raise
Estimated
2Q 2009
Capital
Generation[1]
6/30/09
Estimate[1]

The ratio of tangible common equity to adjusted tangible assets, or TCE ratio, as used by State Street, is calculated by dividing
after reducing both amounts by goodwill and other intangible assets net of related deferred taxes. Consolidated total assets refl
Federal Reserve s AMLF and cash balances on deposit at the Federal Reserve and other central banks in excess of required res
and 13. TCE ratio is a non-GAAP financial measure. See Appendix for a reconciliation of tangible common equity and adjuste

[1] Assumptions used in the Estimated 2Q 2009 Capital Generation are set forth on page 13. See also page 6 for 6/30/09 estima

Financial Impact
KEY
RATIOS[1]
ARE
MATERIALLY
ABOVE
WELL
CAPITALIZED
STANDARDS
6/30/09
Estimate including
TARP Repayment[2]
6/30/09
Estimate[2]
3/31/09
Adjusted for
Conduit Consolidation
4.1%
11.2%
15.5%
16.8%

Well
Capitalized
12.8%
13.2%
6%
Tier 1 Capital
4.0%
10.9%
14.1%
4%
10%
2.2%
TCE
9.0%
Tier
1
Common
1
14.6%
Total Capital
Fed stress
test metrics
6
1
Total risk-based capital, or total capital, and tier 1 risk-based capital, or tier 1 capital, ratios are calculated in accordance with a
commercial paper purchased under the AMLF. Stated ratios for well capitalized for total capital and tier 1 capital represent
regulatory requirements. Tier 1 common risk-based, or tier 1 common, ratio is calculated by dividing (a) tier 1 capital less non
minority interest in subsidiaries and qualifying trust preferred securities, by (b) risk-weighted assets, which assets are calculate
minimum ratio for well capitalized for tier 1 common represents the targeted ratio as of 12/31/10 set by SCAP to determine
for additional information about the SCAP stress test. The TCE ratio is described on page 5.
2
As applicable, 6/30/09 estimates reflect consolidation of all four State-Street administered ABCP conduits effective, and with e
capital raise of $1.5B common stock and $750M senior debt and other assumptions, including no repurchase of TARP securiti
securities consistent with management expectations at 5/15/09 (assumes average prepayments between CPR 8 12), fair value
with page 19 and maintaining current $0.01 per quarter common stock dividend rate.

Conduit Consolidation

8
Conduit Consolidation
STRATEGIC RATIONALE AND KEY CONSIDERATIONS
Effective as of May 15, 2009
One-time after-tax extraordinary loss of $3.7 billion related to recognition of unrealized mark-to-market (MTM) losses on the conduit assets
Based upon its credit assessment of the conduit assets, State Street expects a vast majority of the after-tax loss to accrete back through interest revenue over the life of the conduit assets
We expect approximately $475 million pre-tax to accrete back through interest revenue in 2009 based on management s current prepayment assumptions
Stress test, rating agencies and many market participants already view TCE ratio assuming consolidation
81% of consolidated portfolio is rated AAA or AA, compared to 83% for the unconsolidated investment portfolio at 5/15/09
Asset class percentages similar pre- and post-consolidation
Adequate liquidity to support assets and increased flexibility in funding sources for conduit assets
Simplifies reporting and communication requirements
>
>
>
>
>
>
>
>

9
>
Effective May 15, 2009, the four-asset backed commercial paper conduits State Street
administers were consolidated onto its balance sheet

As of 3/31/09, book value of $22.5 billion, after-tax unrealized loss of $(3.6) billion

As of 5/15/09, book value of $22.7 billion, after-tax unrealized loss of $(3.7) billion prior to consolidation
3.4 Years
3.1 years
Weighted-Average Life
Credit Ratings
AAA
AA
A
BBB
<BBB
Asset Size
($ in billions)
69%

12%
7%
4%
8%
72%
11%
5%
3%
9%
$89.6[1]
$75.5
Portfolio as of 5/15/09
Adjusted for Consolidation
Investment Portfolio
as of 5/15/09
1
Amounts,
percentages
and
weighted-average
life
under
Portfolio
as
of
5/15/09
Adjusted
for
Consolidation
are
calculated
using fair market value of
conduit
assets
as
of
5/15/09
and
exclude
$2.5
billion
of
conduit
loans. At 5/15/09, the fair value of these loans approximated their face values, and no allowance for loan losses was considered necessary.
>
Consolidation does not affect the unrealized loss position of consolidated investment portfolio

As of 3/31/09, the after-tax unrealized loss was $(5.9) billion

As of 5/15/09, the after-tax unrealized loss was $(5.3) billion
Conduit Consolidation
CREDIT QUALITY OF INVESTMENT PORTFOLIO SUBSTANTIALLY UNCHANGED

10
Govt / Agency
15%
ABS²
49%
MBS³
22%
CMBS
4%
Corporate
Bonds
3%
Muni. Bonds /
Other
7%
Govt / Agency
19%

ABS[2]
39%
MBS[3]
25%
CMBS
5%
Corporate
Bonds
3%
Muni. Bonds /
Other
9%
Conduit Consolidation
MINIMAL IMPACT ON COMPOSITION OF INVESTMENT PORTFOLIO AS OF 5/15/09
$75.5 billion
1
Amounts
and
percentages
under
Consolidated
Investment
Portfolio
are
calculated using fair market value of conduit assets as of 5/15/09 and exclude $2.5 billion of conduit loans at
fair value, and therefore no allowance for loan losses was considered necessary.
2
Asset-backed securities includes Student Loans, Credit Cards, Auto/Equipment, Foreign RMBS, CLOs, Sub-Prime, HELOC a
3
Mortgage-backed securities includes Agency, Alt-A and Non-Agency Prime.
$89.6 billion
Stand-alone Investment Portfolio
Consolidated Investment Portfolio[1]

Capital Strength

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SCAP Stress Test Results
SUPERVISORY RATIOS MORE THAN TWO TIMES THE MINIMUMS AFTER CONSOLIDATION
Passed
Stress Test
with More
Than Twice
the Minimum
Capital
Needed
Under the
More
Adverse
Scenario
Tier 1 Capital
Tier 1 Common

SCAP-required
6% Minimum
SCAP-required
4% Minimum
The stress test methodology under the SCAP assumed a stressed economic and market environment in 2009 and 2010 and proj
available
to
offset
those
losses
if
that
economic
scenario
were
to
occur.
The
data
in
the
table
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 o
published these ratios as of December 31, 2008. This data does not reflect State Street s outlook for 2009 or 2010 and is not i
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%
-14%
during
2009
and
-4%
in
2010;
The
stress
test s
more
adverse
scenario
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;both of these scenarios are described in detail i
released
by

the
Board
of
Governors
for
the
Federal
Reserve
Board
on
April 24, 2009. Minimum SCAP-required ratios represent targeted ratios set by SCAP supervisors to determine the desired ca
buffer
in
the
stress
test s
more
adverse
scenario.
15.4%
20.2%
12.4%
20.2%
0%
5%
10%
15%
20%
25%
Q4 2008A
Q4 2010E
"Baseline"
"More Adverse"
11.8%
15.5%
9.1%
15.5%
0%
5%
10%
15%
20%
25%
Q4 2008A
Q4 2010E
SCAP Stressed Scenario
>
Stress testing assumed conduit consolidation

The Offering
ACCELERATES ACHIEVEMENT OF TCE IMPROVEMENT PLAN
+0bps
+0bps
+18bps
4
+31bps
Price improvement
5.96%
+0bps
+51bps
(2)bps
+0bps
+39bps
+8bps
5.00%
Q4
5.00%
+0bps
+41bps
(4)bps

+0bps
+41bps
+8bps
4.14%
Q3
4.14%
+124bps
+31bps
(22)bps
+4bps
+29bps
+8bps
2.22%
Q2
2.22%
+0bps
+28bps
+15bps
+ 7bps
+14bps
+ 8bps
1.19%
Q1
TCE estimates[1]
assume adjustments based on
the following:
TCE at end of period
Common Equity Raise
Organic capital generation[3]
Other changes in balance sheet size
Conduit securities paying down / maturing
Portfolio securities paying down / maturing
Dividend Reduction
TCE at beginning of period
Expected Quarterly
Impacts on TCE
2
result in ratio of
5.96% at 12/31/09
13
1
Estimates of State Street Corporation s TCE ratio assume consolidation of all four State Street-sponsored ABCP conduits eff
total conduit assets of $22.7 billion (except for Q1 2009 for which estimates are as of 3/31/09, with total conduit assets of $22.
stock and $750M senior debt and other assumptions, including no repurchase of TARP securities, prepayment rates for investm
expectations at 5/15/09 (assumes average prepayments between CPR 8 12), fair value of investment portfolio securities at 5/
outlook described on page 19 and maintaining current $0.01 per share quarterly common stock dividend rate. Pre-payment rate
assumptions, based on changes in economic and market conditions and other factors.
2
The TCE ratio is described on page 5.
3

Consists of Net Income Available to Common plus employee stock compensation, currency translation and amortization of in
4
Reflects mark-to-market improvements through 5/15/09; assumed to remain flat for the rest of the quarter.

Business Update

15

Business Update

SIGNIFICANT GLOBAL TRENDS AND INITIATIVES

>
Global economy slowly beginning to repair

Well-positioned to leverage recovery in equity markets

>
Strong industry-leading global footprint with ongoing expansion opportunities

Target to achieve 50% of total revenue from non-US sources over time

>
Large opportunities to cross sell to existing customers

Revenue from existing customers expected to track historic average of 75% of total incremental annual revenue

>
Pipeline is strong with opportunities to service large global investment managers

>
Cross-border asset flows expected to increase

16
Continuing Momentum
GAINING MARKET POSITION
WINS IN 2008
>
$1.7 trillion in new business wins
including:

Lazard Asset Management

Illinois State Teachers

UK Pension Protection Fund

Columbia Management

Apostle Asset Management

Hartford Insurance Group of
Canada
Investment Servicing
>
$198 billion gross new asset
wins including:

CalPERS

AP4 Swedish Pension Fund

Lincoln Financial Group

Met Life

London Borough of Hillingdon

University Superannuation scheme

Investment Management

17
>
Alternative Investments

Hedge fund administration

#2 in world*: $252 billion in assets under administration as of 3/31/09

Hedge Funds moving to independent administration

Private Equity Administration

$138 billion in assets under administration as of 3/31/09

>
Outsourcing

#1 in world**: $4.7 trillion in middle-office assets under administration as of 3/31/09

Industry-leading solution for major global investment managers
Investment Servicing
STRATEGIC OVERVIEW
Key Customer
Drivers
*Source: HFM Hedge Fund Administration Survey 12/08. ** Source: Greensted Report, 1/09.
>
Flight to quality and safety (Deposits more than doubled as of 12/31/08 compared to 12/31/07)
>
Cost pressures on asset managers and asset owners
>
Heightened regulatory environment
>
Growing need for transparency, risk management and compliance
Growth
Opportunities

18
>
Cash Investment Management

Leading manager with $487 billion in AUM as of 3/31/09

Diverse product set creates opportunities in global markets
>
ETFs

Strong SPDR brand awareness; #2 in the world* with $140 billion in AUM as of 3/31/09

Increasingly important component of asset allocation strategies
>
Defined Contribution

Building on strong DB and recordkeeping relationships

Move towards passive and plan simplification
>
De-risking worldwide; flight to passive and broader benchmarks
>
Need for a trusted, strategic partner
>
Focus on pension funding levels; asset allocation decisions
>
Asset growth rate of DC/IRA bigger than DB
Investment Management
STRATEGIC OVERVIEW
Key Customer
Drivers
Growth
Opportunities
*Source: Pensions and Investments Magazine, March 23, 2009.

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Operating Outlook

OUTLOOK FOR 2009

- Operating EPS[1] expected to be between $4.25 and $4.50 due to:
  - Current operating environment marginally weaker than we originally believed
  - Discount accretion of $0.75 per share from the conduit assets offset by:
    - Impact of share and debt issuance
  - Contemplates re-establishing a reserve for discretionary incentive compensation in the second half of 2009, subject to company performance
- After consolidation, operating revenue expected to decline approximately 12% versus 2008
- After consolidation, ROE now expected to be approximately 17%

[1] Operating EPS, as defined by management, excludes the after-tax impact of net interest revenue associated with participation in the Federal Reserve Bank of Boston's AMLF; merger and integration costs associated with the July 2007 acquisition of Investors Financia
extraordinary loss recorded in connection with consolidation of the conduits.

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Capital Plan

SUMMARY

>

The Offering

Operating EPS forecast for 2009 of $4.25 - $4.50 post-offering and post-consolidation

Well-positioned to repay TARP CPP as evidenced by stress test results

Accelerates achievement of TCE improvement plan

Additional capital will help enhance future growth opportunities

>

Proactive Conduit Consolidation

Reduces complexity associated with off balance sheet assets

Asset quality continues to be strong and, based on our view of credit, we believe the vast majority of the assets will accrete through interest revenue over the life of the assets

Stress test, rating agencies and many market participants already view conduits as consolidated for purposes of capital ratio calculations

Appendix

22
Tangible Common Equity Reconciliation
(Dollars in millions)
Actual
Adjusted for
Conduit
Consolidation
Consolidated Total Assets
142,144
$
142,144
$
Less:
Goodwill

4,493
4,493
Other intangible assets
1,809
1,809
AMLF investment securities
740
740
Excess reserves held at central banks
29,963
29,963
Adjusted assets
105,139
105,139
Plus:
Deferred tax liability
540
540
Conduit assets net of CP held
-

11,730
Total tangible assets
A
105,679
$
117,409
$
Consolidated Total Common Shareholders' Equity
11,969
$
11,969
$
Less:
Goodwill
4,493
4,493
Intangible assets
1,809
1,809
Unrealized loss on conduit assets
-

3,603
Adjusted equity
5,667
2,064
Plus deferred tax liability
540
540

Total tangible common equity
B
6,207
$
2,604
$
Tangible common equity ratio
B/A
5.87%
2.22%
March 31, 2009