

The Way Ahead: Creating Long-Term Shareholder Value

Joseph L. Hooley
Chairman, President and Chief Executive Officer

Michael W. Bell
Executive Vice President and Chief Financial Officer

Barclays Global Financial Services Conference

September 9, 2014



STATE STREET

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 and capital condition, results of operations, investment portfolio performance and strategies, the financial and market outlook, dividend and stock purchase programs, 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,” “intend,” “objective,” “forecast,” “outlook,” “believe,” “anticipate,” “estimate,” “seek,” “may,” “will,” “trend,” “target,” “strategy” 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 9, 2014.

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 of the sovereign-debt risks in the U.S., Europe and other regions; increases in the volatility of, or declines in the level of, our net interest revenue, changes in the composition or valuation of the assets recorded in our consolidated statement of condition (and our ability to measure the fair value of investment securities) and the possibility that we may 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 and timing with which the Federal Reserve and other U.S. and foreign regulators implement the Dodd-Frank Act, changes to the Basel III capital framework and European legislation, such as the Alternative Investment Fund Managers Directive and Undertakings for Collective Investment in Transferable Securities Directives, with respect to the levels of regulatory capital we must maintain, our credit exposure to third parties, margin requirements applicable to derivatives, banking and financial activities and other regulatory initiatives in the U.S. and internationally, including regulatory developments that result in changes to our structure or operating model, or other changes to how we provide services; the impact of evolving and increasing regulatory compliance requirements and expectations on our expenses; adverse changes in the regulatory capital ratios that we are required or will be required to meet, whether arising under the Dodd-Frank Act or the Basel III capital and liquidity standards, or due to changes in regulatory positions, practices or regulations in jurisdictions in which we engage in banking activities, including changes in internal or external data, formulae, models, assumptions or other advanced systems used in the calculation of our capital ratios that cause changes in those ratios as they are measured from period to period; increasing requirements to obtain the prior approval of the Federal Reserve or our other regulators for the use, allocation or distribution of our capital or other specific capital actions or programs, including acquisitions, dividends and equity purchases, without which our growth plans, distributions to shareholders, equity purchase programs or other capital initiatives may be restricted; changes in law or regulation, or the enforcement of law or regulation, that may adversely affect our business activities or those of our clients or our counterparties, and the products or services that we sell, including additional or increased taxes or assessments thereon, capital adequacy requirements, margin requirements and changes that expose us to risks related to the adequacy of our controls or compliance programs; financial market disruptions or economic recession, whether in the U.S., Europe, Asia or other regions; our ability to promote a strong culture of risk management, operating controls, compliance oversight and governance that meet our expectations and those of our clients and our regulators; the results of, and costs associated with, governmental or regulatory inquiries and investigations, litigation and similar claims, disputes, or proceedings; 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 and may cause volatility of our earnings; the potential for losses arising from our investments in sponsored investment funds; the possibility that our clients will incur substantial losses in investment pools for which we act as agent, and the possibility of significant reductions in the liquidity or valuation of assets underlying those pools; our ability to anticipate and manage the level and timing of redemptions and withdrawals from our collateral pools and other collective investment products; the credit agency ratings of our debt and depository obligations and investor and client perceptions of our financial strength; adverse publicity, whether specific to State Street or regarding other industry participants or industry-wide factors, or other reputational harm; our ability to control operational risks, data security breach 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; dependencies on information technology and our ability to control related risks, including cyber-crime and other threats to our information technology infrastructure and systems and their effective operation both independently and with external systems, and complexities and costs of protecting the security of our systems and data; our ability to grow revenue, control expenses, attract and retain highly skilled people and raise the capital necessary to achieve our business goals and comply with regulatory requirements; changes or potential changes to the competitive environment, including changes due to regulatory and technological changes, the effects of industry consolidation and perceptions of State Street as a suitable service provider or counterparty; changes or potential changes in how and in what amounts clients compensate us for our services, and the mix of services provided by us that clients choose; our ability to complete acquisitions, joint ventures and divestitures, including the ability to obtain regulatory approvals, the ability to arrange financing as required and the ability to satisfy closing conditions; the risks that our 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 negative synergies 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 our relationships with our clients, our employees or regulators; our ability to recognize emerging needs of our clients and to develop products that are responsive to such trends and profitable to us, the performance of and demand for the products and services we offer, and the potential for new products and services to impose additional costs on us and expose us to increased operational risk; 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 2013 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 9, 2014, and we do not undertake efforts to revise those forward-looking statements to reflect events after that date.

The Way Ahead

Agenda

-  Our Company
-  Focused Strategy
-  Financial Performance
-  Summary

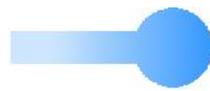
Our Company



STATE STREET.

Our Company

A Leading Provider of Financial Services to Institutional Investors



Operating globally in more than 100 geographic markets



\$28.4 trillion of assets under custody and administration (AUC/A)¹



\$2.5 trillion of assets under management (AUM)¹

Developing Client Focused Solutions Through Continuous Innovation

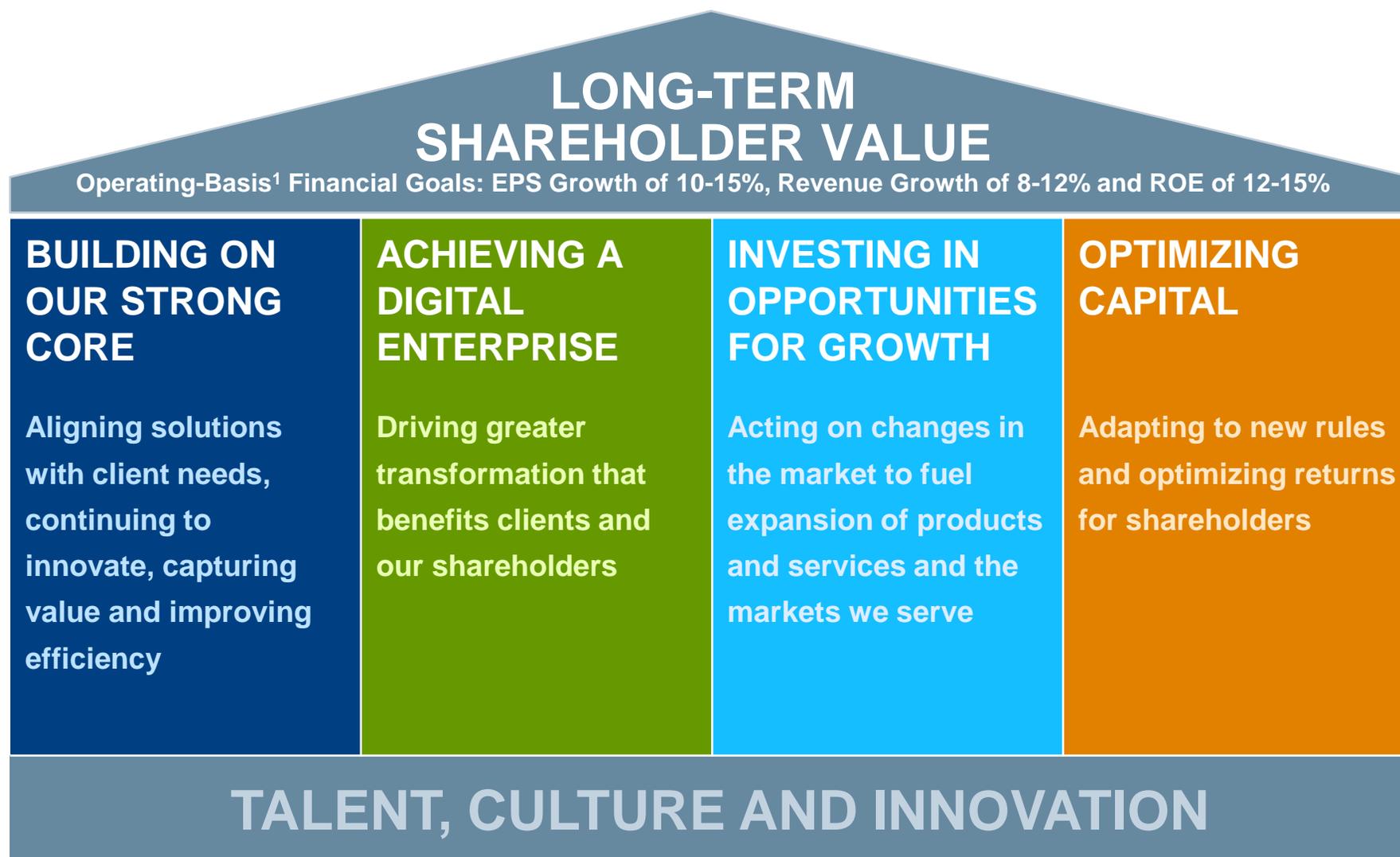
¹As of June 30, 2014.

Focused Strategy



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Focused Strategy

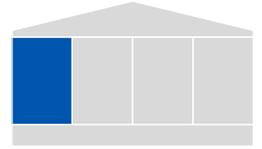


¹Goals presented on an operating basis, a non-GAAP presentation. Refer to Appendix included with this presentation for explanations of our non-GAAP measures. The Appendix is available on State Street's website (www.statestreet.com/stockholder) and in State Street's current report on Form 8-K filed with the SEC on the date hereof.

Focused Strategy – Supported by Strong Growth Drivers

-  Globalization
-  Retirement Savings
-  Regulation & Complexity

Well-Positioned to Gain Momentum as These Drivers Create Opportunities



Focused Strategy – Building on our Strong Core Extensive Global Footprint

AMERICAS

AUC/A: \$21.2T
Revenue: \$1,499M
AUM: \$1,533B

EUROPE, MIDDLE EAST, AFRICA

AUC/A: \$5.9T
Revenue: \$884M
AUM: \$589B

ASIA-PACIFIC

AUC/A: \$1.3T
Revenue: \$215M
AUM: \$358B

KEY DEVELOPMENTS

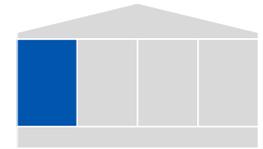
- Transitioning to a more integrated sales approach by sector
- Capturing full value of client relationships
- Developing innovative new products and services
- Leveraging technology leadership for speed and efficiencies
- Focusing on fast-growing markets

**Our Powerful Global Franchise Sets us Apart in
Meeting the Needs of Institutional Investors**

All data as of, or for the quarter ended, June 30, 2014, as appropriate.

STATE STREET

Focused Strategy – We Have More Than 30 Years of Success in Asia-Pacific Region



DIVERSE CLIENT BASE

More than 300 clients in 16 countries

EXTENSIVE GEOGRAPHIC REACH

11 client management and 12 operations centers¹

More than 3,900 employees

LARGE SCALE AND SCOPE

\$1.3T AUC/A; \$358B AUM

Full suite of solutions for more than 3,000 portfolios

CONTINUOUS INNOVATION

ETFs

Alternative investment servicing

Middle office servicing

Full service solution for Japan

ITM² funds

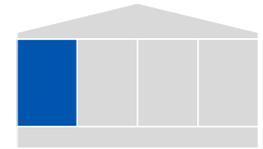
Asia-Pacific Region is Expected to Generate ~40%³ of Global Institutional Asset Growth by 2020

All data as of June 30, 2014.

¹ In some markets, State Street has multiple operations centers and/or client management offices. ² Refers to Investment Trust Management funds (a.k.a., the collective funds) in Japan. ³ Source: McKinsey (September 2012).

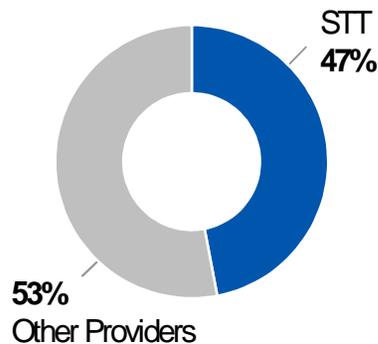
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Focused Strategy – Strong Industry Leadership Positions for Future Growth

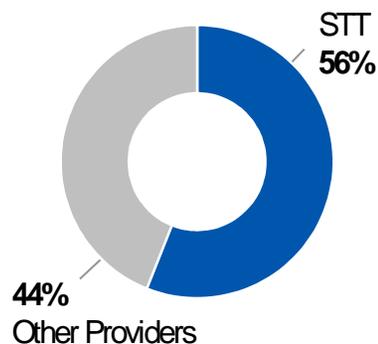


MARKET SHARE

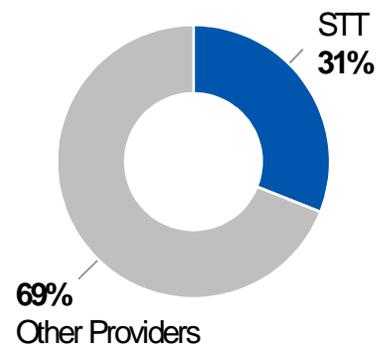
US MUTUAL FUNDS¹



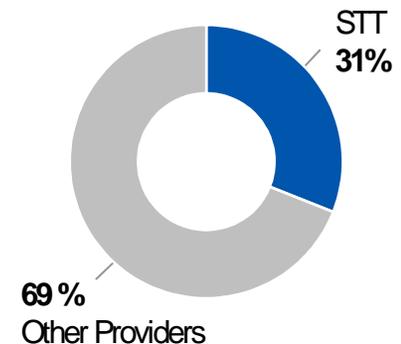
MIDDLE OFFICE²



US PENSION FUNDS³



HEDGE FUNDS⁴



CONTINUOUS PRODUCT EXPANSION AND INNOVATION

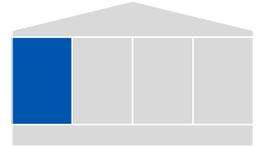
Launching new product capabilities

- Extend **enhanced custody** offering
- Capture continued growth in **ETF servicing** market
- Offer **currency hedging** capabilities
- Support clients' risk management needs with **collateral servicing**
- Expand our **regulatory compliance** solutions

Continuing to Refresh and Find Ways to Add Value to Our Core Relationships

Sources: ¹ Mutual Funds - State Street Global Business Reporting, Investment Company Institute, June 2014. ² Middle Office - State Street December 2013, Scrip Issue Global Report, outsourced market only. ³ Pension Fund – State Street Global Business Reporting, Investment Company Institute, Retirement Research Q1/14. ⁴ Hedge Funds – State Street December 2013, Hedge Fund Research.

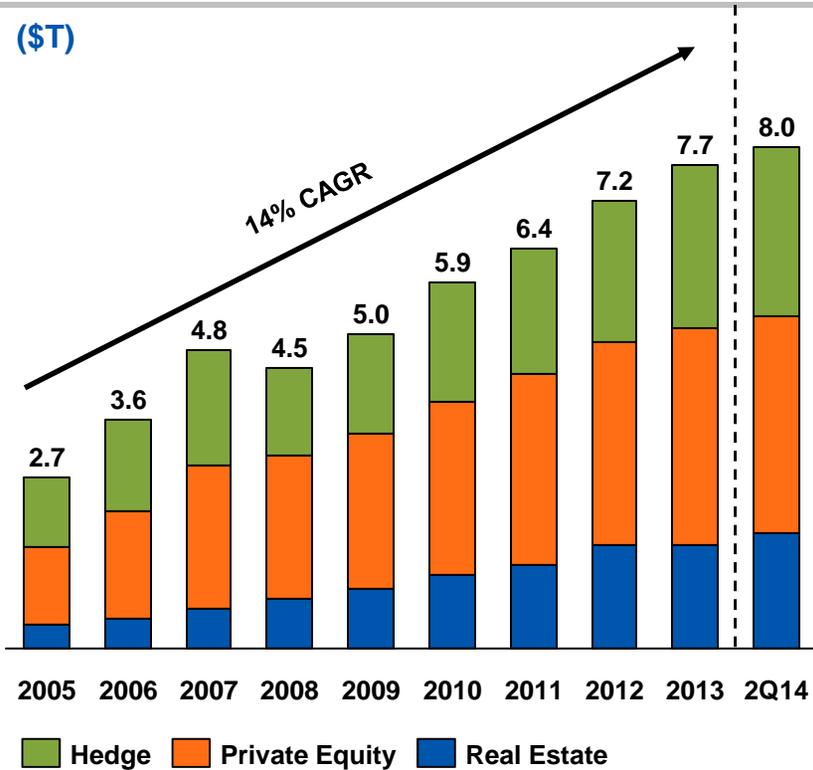
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Focused Strategy – An Early Mover in Alternatives

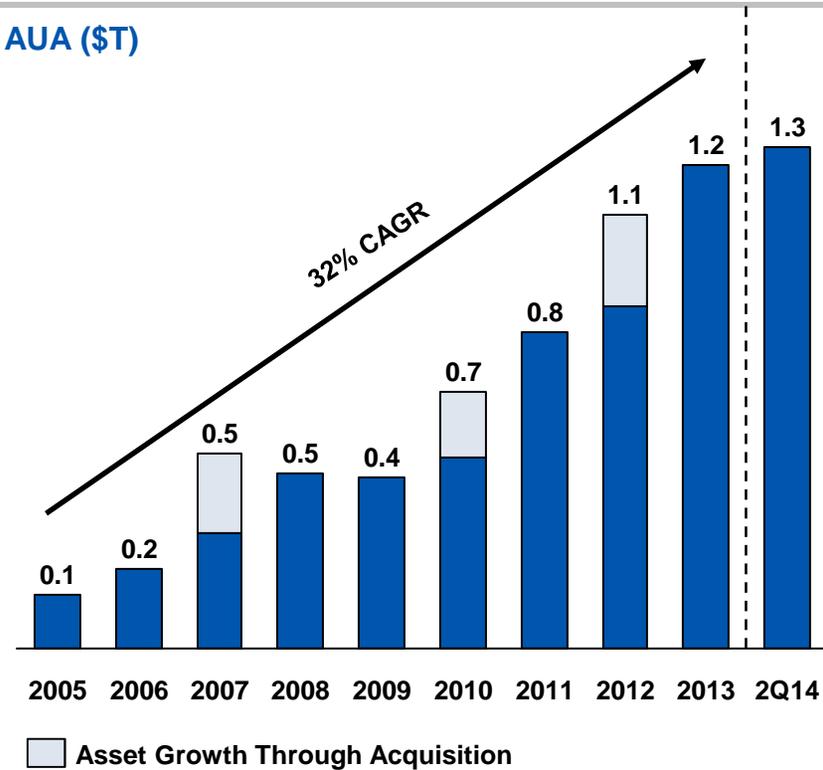
ALTERNATIVE INVESTMENTS MARKET¹

(\$T)



STATE STREET ALTERNATIVE INVESTMENT SOLUTIONS²

AUA (\$T)

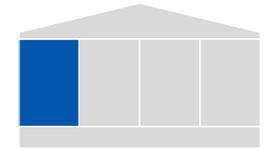


Our Asset Growth at More Than Twice the Rate of the Market

Data as of period end.

Sources: ¹ Hedge Fund Market - Hedge Fund Research, April 2014; Private Equity Market - Preqin, January 2014; Real Estate Market – Towers Watson, July 2014; PI Online (2005-2008). ² Acquisitions: 2007: Palmeri \$35B, Investors Financial \$170B, 2010: Mourant \$170B, 2012: GSAS \$200B.

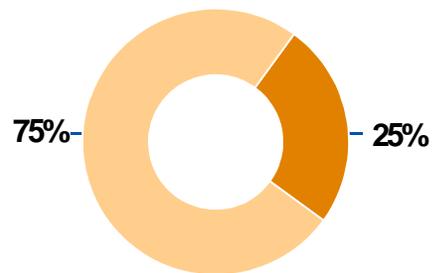
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Focused Strategy – An Early Mover in Alternatives

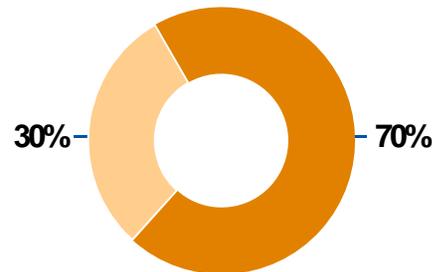
ALTERNATIVE MARKET SEGMENTS

HEDGE FUNDS



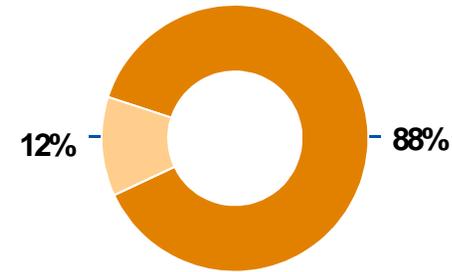
\$2.70T MARKET¹

PRIVATE EQUITY



\$3.45T MARKET²

REAL ESTATE



\$1.85T MARKET³

Outsourced
Insourced

KEY STATE STREET CAPABILITIES

- Single global front-to-back office platform
- Integration of GSAS largely complete; expansion of strong client base and retention of key talent
- Established presence in Shanghai; servicing Qualified Domestic Limited Partnerships (QDLPs)
- Cross-selling capabilities including extension of enhanced custody for client risk diversification
- Expanding credit services; evolving products to provide optimal solution for clients
- Enhancing client reporting; introduction of solutions supporting investors' needs for transparency
- Supporting market convergence

A Substantial Market Opportunity Within Alternatives Remains Untapped as Private Equity and Real Estate at Early Stages of Outsourcing

Sources: ¹ PWC; Hedge Fund Administration, August 2014. ² Private Equity Market - Preqin, January 2014. ³ Real Estate Market - Towers Watson, July 2014.

STATE STREET

Focused Strategy – Business Operations and Information Technology

Achieving a Digital Enterprise



Digital Enterprise

- Speed and Agility
- Data Services
- Increased Efficiency

Industry-Leading Platform for Innovation

Focused Strategy – Business Operations and IT Transformation Program Delivering Expected Benefits



LEVERS

Business Operations

- Process transformation and standardization
- Automation of key business processes
- Centers of Excellence in a globally balanced model

Information Technology

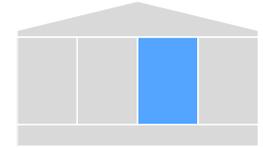
- New technology architecture
- Private cloud
- Workforce optimization

OUTCOMES

- 8 Operational Centers of Excellence employing improved tools and processes
- Patented cloud technology running 142 applications with 25 data intensive applications moved to data appliances
- 100 applications retired via operational rationalization
- Globally balanced workforce leveraging worldwide partners
- Improved data insights supportive of control and customer demand
- Acceleration of time-to-market
- Expect to achieve \$130M of incremental pre-tax expense savings in 2014 and an additional ~\$50M in 2015¹

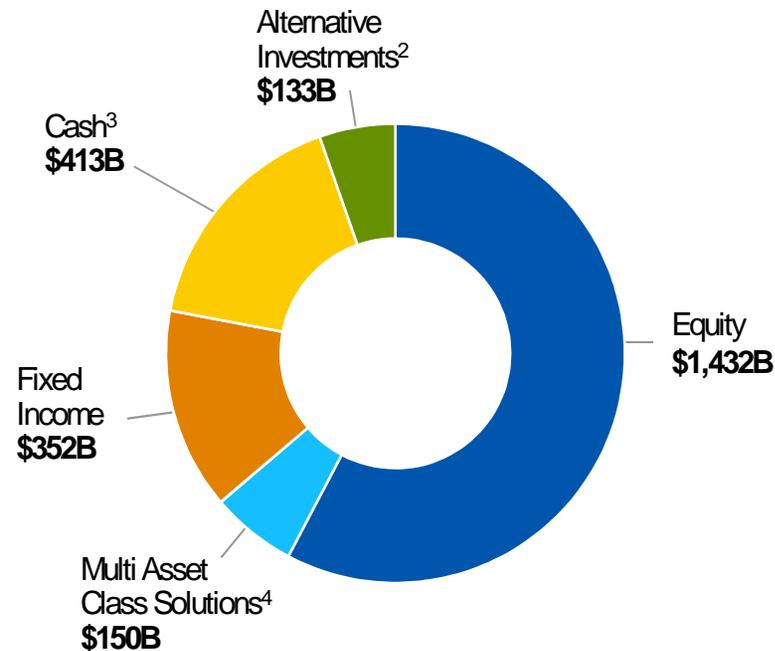
On Track to Achieve Original Target of \$575M-\$625M in Pre-Tax, Run-Rate Expense Savings by 2015¹

¹The full run-rate effect of the pre-tax expense savings is not expected to be achieved until 2015. Estimated pre-tax expense savings relate only to the Business Operations and Information Technology Transformation program and are based on projected improvement from our total 2010 operating-basis expenses, all else being equal. Our actual total expenses have increased since 2010, and may increase or decrease in the future, due to other factors.



Focused Strategy – Investing in Opportunities for Growth SSgA is Well-Positioned for Growth in 2014 and Beyond

**\$2.5 TRILLION¹ IN
ASSETS UNDER MANAGEMENT**



MARKET LEADERSHIP

- No. 2 Global Index Manager⁵
- No. 2 ETF Manager⁶
- No. 3 Cash Manager⁷

CLIENTS

- ~2,900 clients globally
- ~40% of Top 100 institutions globally
- 57% of clients use two or more strategies
- 82% of 2014 new business came from existing SSgA clients as of June 30, 2014

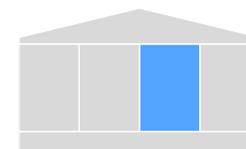
**Management Fees Year-to-Date June 30, 2014
Increased 10% From the Same Period in 2013**

All data as of, or for the six months ended, June 30, 2014, unless otherwise noted.

¹This AUM includes the assets of SPDR® Gold ETF (approx. \$33B as of June 30, 2014), for which State Street Global Markets, LLC, an affiliate of SSgA, serves as the distribution agent. ² Includes real estate investment trusts, currency and commodities, including SPDR® Gold ETF for which State Street is not the investment manager, but acts as a distribution agent. ³ Includes both floating- and constant-net-asset-value portfolios held in commingled structures or separate accounts. ⁴ Assets in multi-asset class solutions are not counted in the underlying asset class. ⁵ Source: Pension & Investments' Worldwide Index Manager Ranking June 2013. ⁶ Source: Institutional Investor 300 Ranking (2013). ⁷ Source: Blackrock ETP Landscape June 2014.

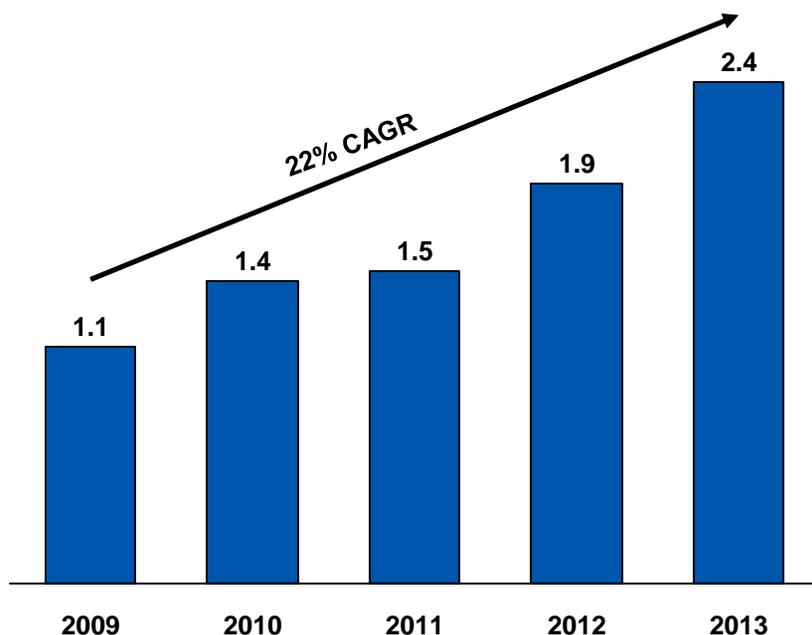
STATE STREET

Focused Strategy – Continuing to Invest in More Innovative and Higher Yielding Products



GLOBAL MARKET SIZE ETFs/OTHER EXCHANGE-TRADED PRODUCTS¹

(\$T)



OUR STRATEGY IS FOCUSED TO GROW REVENUE YIELD

Powerful Brand



ETF AUM

(as of June 30, 2014)

\$413B

New Product Introductions

(as of June 30, 2014)

Launched 19 new ETF products in 2014 at average total expense ratio of 34 bps

Launched 101 new ETF products since January 2011 at an average total expense ratio of 39 bps

- North America: 46
- EMEA: 45
- APAC: 10

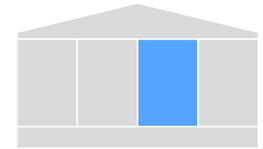
New ETFs include:

- Blackstone/GSO Senior Loan
- Ultra Short Term Bond
- MFS Actively managed ETF's
- MSCI Beyond BRIC
- S&P Global Dividend
- Russell Low Volatility ETF's
- Smart beta Quality Mix ETF's

On Track to Double the Size of U.S. Retail Intermediary Marketing and Distribution Team in 2014

¹ Source: BlackRock ETP Landscape, January 2014.

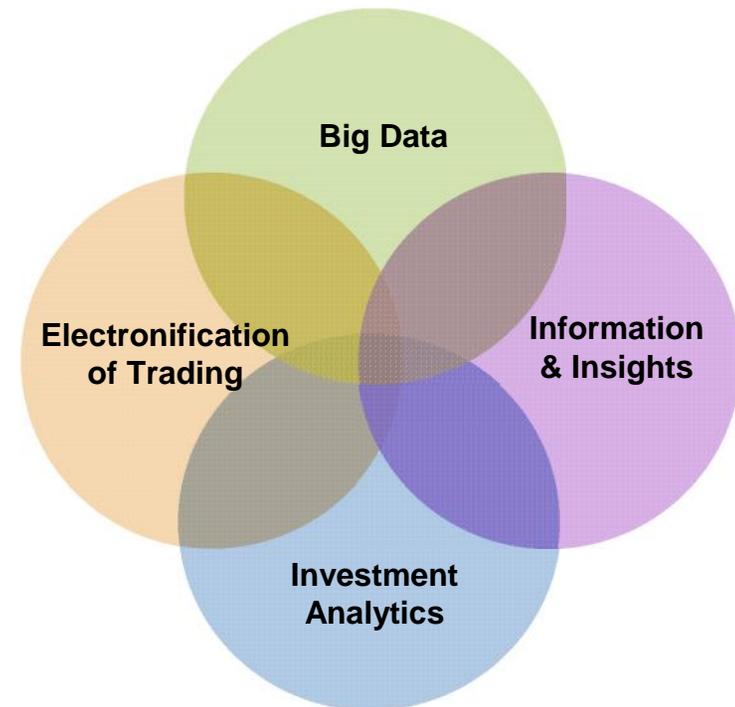
Focused Strategy - Established Global Exchange to Meet Emerging Client Needs



Client Needs

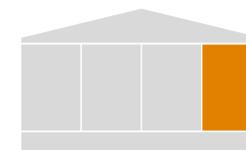
- Managing an unprecedented scale of data
- Accelerating effective investment decision-making
- Getting insights from a new, data-driven investment paradigm
- Improving insights through enhanced reporting and analytics

Strategic Growth Themes



Delivering Solutions to Manage & Integrate Data, Optimize Investment & Trading Strategies and Strengthen Insights, Reporting & Analytics

Focused Strategy – Optimizing Capital



INVESTING IN GROWTH

Focus on strategic initiatives

- Expanding geographies
- New product creation
- Advanced technologies

RETURNING CAPITAL TO SHAREHOLDERS

Optimize capital structure in light of new and emerging rules

Prioritize return to shareholders through common stock repurchases and dividends

Target common stock dividends to be 20-25% of operating-basis income¹

Balancing Investing in Growth with Shareholder Returns

¹ Target presented on an operating basis, a non-GAAP presentation. Refer to Appendix included with this presentation for explanations of our non-GAAP measures. The Appendix is available on State Street's website (www.statestreet.com/stockholder) and in State Street's current report on Form 8-K filed with the SEC on the date hereof.

Financial Performance



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Financial Performance – Year-to-Date June 30, 2014¹ Compared to the First Six Months of 2013

Increased operating-basis¹ earnings per share (EPS) by 7.7%

Grew total operating-basis¹ revenue 3.7% to more than \$5.2 billion

Grew core servicing and management fees approximately 7%

Market-driven revenue pressured by challenging environment

Increased operating-basis¹ return on average common equity (ROE) to 10.4%

Achieved record levels of \$28.4 trillion in assets under custody and administration and \$2.5 trillion in assets under management

Higher expenses impacted by increasing compliance requirements

Returned approximately \$1.1 billion in capital to our shareholders through common stock repurchases and dividends

Strong Performance in a Challenging Environment

¹ Results presented on an operating basis, a non-GAAP presentation. Refer to Appendix included with this presentation for explanations of our non-GAAP measures and for reconciliations of our operating-basis financial information. The Appendix is available on State Street's website (www.statestreet.com/stockholder) and in State Street's current report on Form 8-K filed with the SEC on the date hereof.

Financial Performance – Outlook for Remainder of the Year

Despite continued headwinds, our outlook for 2014 is positive:

- 3-5% operating-basis¹ revenue growth compared to 2013
- Expect to continue return of capital through quarterly common stock dividends and common stock repurchases

On track to deliver approximately \$130 million of incremental pre-tax expense savings² in 2014 from our Business Operations and Information Technology Transformation program

Regulatory compliance cost pressures are increasing:

- To achieve our goal of positive annual operating leverage³ in 2014 will likely require improvement in market-driven revenue in the second half of 2014

We are continuing to invest in growth initiatives

Positive Outlook for 2014

¹ Outlook presented on an operating basis, a non-GAAP presentation. Refer to Appendix included with this presentation for explanations of our non-GAAP measures. The Appendix is available on State Street's website (www.statestreet.com/stockholder) and in State Street's current report on Form 8-K filed with the SEC on the date hereof.

² Estimated pre-tax expense savings relate only to the Business Operations and Information Technology Transformation program and are based on projected improvement from our total 2010 operating-basis expenses, all else being equal. Our actual total expenses have increased since 2010, and may increase or decrease in the future, due to other factors.

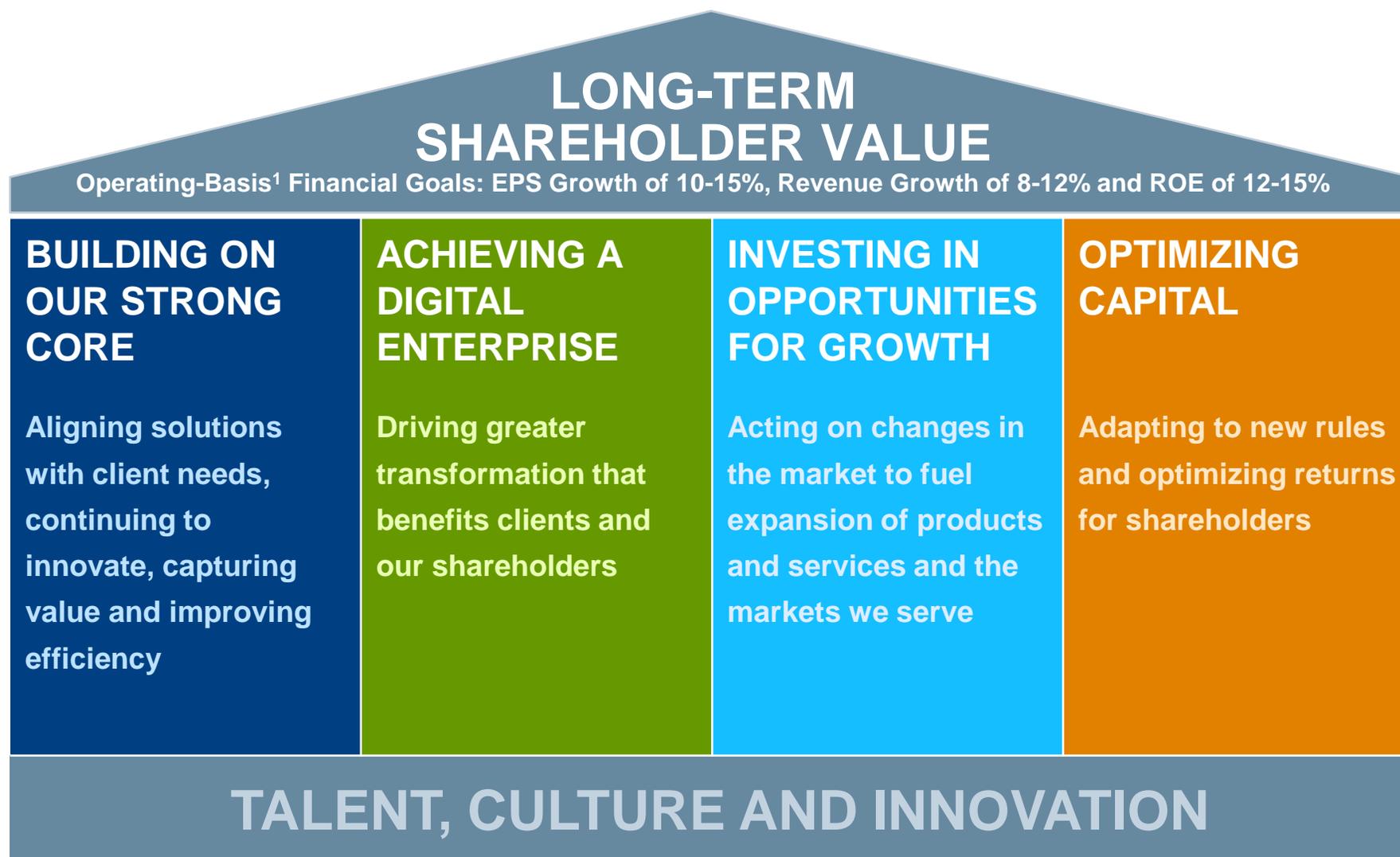
³ Operating leverage is defined as the rate of growth of total revenue less the rate of growth of total expenses, each as determined on an operating basis, comparing the current year to the prior year.

Summary



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Focused Strategy



¹Goals presented on an operating basis, a non-GAAP presentation. Refer to Appendix included with this presentation for explanations of our non-GAAP measures. The Appendix is available on State Street's website (www.statestreet.com/stockholder) and in State Street's current report on Form 8-K filed with the SEC on the date hereof.

Q & A



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Appendix

Appendix: Reconciliation of Non-GAAP Measures

The foregoing presentation includes financial information presented on a GAAP basis as well as on a non-GAAP, or “operating basis.” Management measures and compares certain financial information on an 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. Management believes that operating-basis financial information, which reports revenue from non-taxable sources, such as interest revenue from tax-exempt investment securities and processing fees and other revenue associated with tax-advantaged investments, on a fully taxable-equivalent basis and excludes the impact of revenue and expenses outside of the normal course of business, facilitates an investor’s understanding and analysis of State Street’s underlying financial performance and trends in addition to financial information prepared and reported in conformity with GAAP. Non-GAAP financial measures should be considered in addition to, not as a substitute for or superior to, financial measures determined in conformity with GAAP.

Appendix: Reconciliation of Non-GAAP Measures

In addition to presenting State Street's financial results in conformity with U.S. generally accepted accounting principles, referred to as 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.

Management believes that operating-basis financial information, which reports revenue from non-taxable sources, such as interest revenue from tax-exempt investment securities and processing fees and other revenue associated with tax-advantaged investments, on a fully taxable-equivalent basis and excludes the impact of revenue and expenses outside of State Street's normal course of business, facilitates an investor's understanding and analysis of State Street's underlying financial performance and trends in addition to financial information prepared and reported in conformity with GAAP. Non-GAAP financial measures should be considered in addition to, not as a substitute for or superior to, financial measures determined in conformity with GAAP.

The foregoing presentation presents financial information prepared on a GAAP as well as on an operating basis. The following tables reconcile operating-basis financial information presented in the presentation to financial information prepared and reported in conformity with GAAP.

(Dollars in millions)	Six Months Ended		% Change
	June 30, 2014	June 30, 2013	2014 vs. 2013
Total Revenue:			
Total revenue, GAAP basis	\$ 5,083	\$ 4,995	1.8 %
Tax-equivalent adjustment associated with tax-advantaged investments	121	68	
Tax-equivalent adjustment associated with tax-exempt investment securities	86	65	
Discount accretion related to former conduit securities	(55)	(78)	
Total revenue, operating basis	<u>\$ 5,235</u>	<u>\$ 5,050</u>	3.7
Diluted Earnings per Common Share:			
Diluted earnings per common share, GAAP basis	\$ 2.19	\$ 2.22	(1.4)
Severance costs	.11	-	
Provisions for litigation exposure and other costs, net	.01	.02	
Acquisition costs	.06	.05	
Restructuring charges, net	.03	.02	
Effect on income tax rate of non-operating adjustments	.02	(.01)	
Discount accretion associated with former conduit securities	(.08)	(.10)	
Italian banking industry tax assessment	.03	-	
Diluted earnings per common share, operating basis	<u>\$ 2.37</u>	<u>\$ 2.20</u>	7.7
Return on Average Common Equity:			
Return on average common equity, GAAP basis	9.6 %	10.2 %	(60) bps
Severance costs	.5	-	
Provisions for litigation exposure and other costs, net	-	.1	
Acquisition costs	.2	.2	
Restructuring charges, net	.2	.1	
Effect on income tax rate of non-operating adjustments	.1	-	
Discount accretion associated with former conduit securities	(.3)	(.5)	
Italian banking industry tax assessment	.1	-	
Return on average common equity, operating basis	<u>10.4 %</u>	<u>10.1 %</u>	30

STATE STREET