

STATE STREET
Received \$2.0 billion in TARP funds

Since you received TARP funds has there been an increase in lending activity by your bank, if so by how much?

Yes, State Street is utilizing the funds received in late October to help further expand the flow of credit to its customers. Although our business focuses on providing services to pension funds, mutual funds and other institutional investors and therefore does not include ordinary consumer or retail banking services or other activities commonly associated with other more traditional banks, we believe our selection as an initial participant in the Capital Purchase Program sent a signal that Treasury recognized the role of efficient trading, processing and settlement of securities transactions in the recovery of liquidity and stability in the capital markets. The CPP funds give us additional capacity to accommodate the increased short-term liquidity needs of our customers and room to increase committed credit facilities to our core customer base.

Demand for these borrowings depends on market volatility, trade settlement cycle and other factors and tends to peak during period of severe market disruption.

What amount of TARP funds have been used to help homeowners who are behind on their payments or facing foreclosure?

While State Street does not provide ordinary consumer or retail banking services, including mortgages or credit cards, we are supporting our mutual fund and other institutional investor customers with credit and liquidity that ultimately help enable individuals to have ready access to their money when they need it.

Does your bank need the TARP infusion, if not have you considered returning the funds?

State Street agreed to participate as one of the original nine major banks to help launch the US Treasury's Capital Purchase Program and restore confidence in the markets and the financial system. We remain well-capitalized both before and after receiving the funds. Depending on market conditions in the future, we would consider returning the funds, but only after consultation with appropriate government officials.

What will be the total amount awarded in bonuses at your institution this year?

Compensation for 2008 will be finalized in the first quarter of 2009. State Street's bonus program is based on pay-for-performance principles, is set aside from annual earnings – not from capital proceeds - and is tied to the company's overall annual performance and individual performance. State Street will not use proceeds from the US Treasury's Capital Purchase Program to fund its bonus pool or executive compensation.

If Congress passes retroactive compensation requirements for TARP Capital Purchase Program participants, will your bank give back the money?

State Street has adopted all executive compensation requirements of EESA and the related Treasury regulations. We can't comment on prospective legislation. Depending on market conditions in the future, we would consider returning the funds, but only after consultation with appropriate government officials.