



STATE STREET®

Edward J. Resch
Executive Vice President and
Chief Financial Officer

State Street Financial Center
One Lincoln Street
Boston, MA 02111

(b) (6)

March 4, 2009

**Via Email (SIGTARP.response@do.treas.gov)
and Overnight Courier**

Special Inspector General – TARP
1500 Pennsylvania Avenue, NW
Suite 1064
Washington, D.C., 20220

Re: February 6, 2009 Request for Information

Dear Mr. Barofsky:

On October 13, 2008, State Street Corporation committed to participate in the U.S. Department of the Treasury's TARP Capital Purchase Program ("CPP"), and on October 28, 2008, we received an investment of \$2 billion from the Treasury under the CPP in exchange for shares of our series B fixed rate cumulative perpetual preferred stock and a warrant to purchase shares of our common stock. We have received your letter dated February 6, 2009, a copy of which is attached to this letter as Annex A, requesting information in connection with your audit into the use of funds by participants in the CPP and participants' compliance with the executive compensation requirements under the Emergency Economic Stabilization Act of 2008 ("EESA"). We are pleased to provide you with the following responses to your inquiries.

1. *Use of Funds*

State Street is one of the original nine banks invited by former Treasury Secretary Paulson to a meeting in Washington, D.C. on October 13, where we were asked to participate in the CPP. As noted above, we issued preferred stock and a common stock purchase warrant to Treasury on October 28 in exchange for a \$2 billion investment. We believe we were asked to become one of the nine original CPP banks due to our unique and critical role in the financial markets. We are a large custodian and asset manager and provide services to an institutional investor customer base. While our customer relationships are with institutional investors, our services indirectly benefit retirees, mutual fund investors and other individuals participating in these collective investments. Our role enables the investment process to run smoothly and as intended, ultimately allowing our customers' customers – individual citizens with savings – access to their funds when needed. State Street is also an important source of credit, liquidity and

stability to the financial system. Much of the credit and liquidity we offer is provided on a temporary basis, to cover our customers' short-term trade settlement and redemption needs. We believe our use of the CPP investment should support these core functions of our business model.

Because we were not aware of the program prior to our commitment to participate in it, we had no planned use of CPP funds prior to that time. After we committed to participate, we began developing plans to use the CPP investment consistent with the objectives of EESA.

We determined that the use of the funding that most directly reflected our role in the financial markets was to increase the level of available credit and liquidity that we provide to our fund customers, consisting of mutual fund, pension fund and other institutional investors. In November 2008, State Street's Asset and Liability Committee set a target to increase credit facilities by \$2 billion to these customers.

Since October 1, 2008 and through January 31, 2009, we have approved approximately \$1.85 billion of new or increased credit lines to our fund customers, making substantial progress towards our target of \$2 billion. Of this, \$1.02 billion of fund facilities were approved and closed and, as of January 31, 2009, an additional \$830 million of credit lines to fund customers have received internal credit approval and await completion of documentation. In addition, during this period, \$2.671 billion of gross credit facility renewals for our fund customers have been approved. These credit facilities provide consistent credit support to our existing fund customer base.

The CPP investment also provides additional capacity for other activities consistent with the goals of the EESA, including new commitments and funding in low-income housing investments, energy investments and municipal bond liquidity and credit enhancements. Since October 1, 2008 and through January 31, 2009, new commitments and funding in these areas totaled \$355 million.

We have attached as Annex B copies of our Monthly Intermediation Snapshot report to Treasury for each of the three-month periods ended December 31, 2008 and January 31, 2009 which describe our activities in various categories Treasury is tracking to assess the use of CPP funds.

State Street's Asset and Liability Committee - an executive committee that meets monthly and whose membership includes the Chief Executive Officer, Chief Financial Officer, Treasurer, Chief Legal Officer and Chief Risk Officer - provides oversight of the use of the CPP funds. As stated above, at the November 2008 meeting, the Committee set a target to increase credit facilities to fund customers, including mutual fund, pension fund and other institutional investors, by \$2 billion. Although CPP funds are not "segregated" from other institutional funds, we are tracking and reporting the new commitments and funding of credit facilities internally to the Asset and Liability Committee monthly and externally to Treasury via the Monthly Intermediation Snapshot report.

We believe that our use of the TARP funds follows the intent of Congress in enacting the EESA, is consistent with our agreement with Treasury and aligns with our business model and role in the financial markets.

2. *Executive Compensation*

Recovery Act Requirements. On February 17, 2009, the American Recovery and Reinvestment Act of 2009 (the “Recovery Act”) was enacted. The Recovery Act amended and restated the executive compensation and corporate governance provisions, Section 111, of EESA. By its terms, the amended Section 111 applies to any entity that has received financial assistance under the TARP, and we understand the intent of the Recovery Act to apply the amended Section 111 retroactively to entities participating in the TARP prior to the statute’s enactment. Although, in some respects, addressing several matters subject to the executive compensation restrictions in effect upon our agreement to participate in the CPP, the requirements under the amended Section 111 appear broader and include requirements in additional areas. The new requirements include, in general:

- limits on compensation that exclude incentives for senior executive officers to take unnecessary and excessive risks that threaten the value of the TARP recipient;
- a provision for the recovery, a “clawback”, by the TARP recipient of any bonus, retention award or incentive compensation paid to a senior executive officer and any of its next 20 most highly compensated employees, based on statements of earnings, revenues, gains or other criteria that are later found to be materially inaccurate;
- a prohibition on the TARP recipient making any golden parachute payment to a senior executive officer or any of its next five most highly compensated employees;
- a prohibition, subject to some exceptions, on the TARP recipient paying any bonus, retention award or incentive compensation to a senior executive officer or, for State Street, any of its next 20 most highly compensated employees;
- a prohibition on any compensation plan that would encourage manipulation of the reported earnings of the TARP recipient to enhance the compensation of any of its employees;
- a requirement to establish an independent Board compensation committee;
- a requirement for an annual chief executive officer/chief financial officer compliance certification;
- a requirement that each TARP recipient have in place a company-wide policy regarding excessive or luxury expenditures; and
- a requirement that any proxy for an annual or other meeting of any TARP recipient’s shareholders permit a separate non-binding shareholder vote to approve the compensation of executives, a “say-on-pay” vote, as disclosed pursuant to SEC rules.

We are in the process of reviewing and analyzing these new requirements, including with the Executive Compensation Committee of our Board of Directors. The new requirements, however, present several significant interpretative and other issues, due to, among other things, uncertainty concerning the definitions of terms and the retroactive effect of the requirements. Under the Recovery Act, the Treasury is required to promulgate regulations to implement the amended Section 111. The Securities and Exchange Commission has already issued guidance with respect to the “say-on-pay” vote, and we intend to include such a vote in our proxy statement for our 2009 Annual Meeting of Shareholders. We look forward to receiving guidance from the Treasury to aid our understanding and interpretation of the other new requirements. Following our review and analysis of that guidance, when issued, we expect to implement all of the new requirements, as applicable to State Street.

Prior Requirements. Under our agreement to participate in the TARP Capital Purchase CPP, we agreed to comply with the provisions of Section 111(b) of EESA, as implemented by guidance or regulation issued as of the closing date of Treasury’s investment. At that time, Treasury had issued guidance under an interim final rule, 31 CFR 30, with respect to the CPP. These requirements included, in general:

- limits on compensation that exclude incentives for senior executive officers to take unnecessary and excessive risks that threaten the value of the financial institution;
- a provision for the recovery, a “clawback”, by the financial institution of any bonus or incentive compensation paid to a senior executive officer based on statements of earnings, gains or other criteria that are later proven to be materially inaccurate;
- a prohibition on making any golden parachute payment to senior executive officers; and
- an agreement that no deduction be claimed for federal income tax purposes for remuneration that would not be deductible if 26 U.S.C. 162(m)(5) were applicable to the financial institution.

As we reported publicly on October 31, 2008, consistent with our obligations, State Street amended its compensation, bonus, incentive and other benefit plans, arrangements and agreements, including golden parachute, severance and employment agreements, to the extent necessary to be in compliance with the executive compensation and corporate governance requirements of Section 111(b) of EESA and Treasury’s interim final rule. To do so and consistent with Treasury’s interim final rule, on October 28, 2008, we entered into an omnibus amendment to our compensation arrangements with each of our five senior executive officers, as defined by Treasury’s interim final rule: Ronald E. Logue, Chairman and Chief Executive Officer; Edward J. Resch, Executive Vice President and Chief Financial Officer; Joseph L. Hooley, President and Chief Operating Officer; Joseph C. Antonellis, Vice Chairman; and James S. Phalen, Executive Vice President. Among other things and consistent with the Treasury’s interim final rule, the omnibus amendment (1) prevented the payment of golden parachute

payments to the executive (see 31 CFR 30.8) and (2) provided that any bonus or incentive compensation paid to the executive will be subject to recovery or “clawback” by State Street if the payments were based on materially inaccurate financial statements or any other materially inaccurate statement of performance metric criteria (see 31 CFR 30.6). A copy of the form of omnibus amendment is attached to this letter as Annex C and also was filed with the SEC on February 27, 2009 as an exhibit to our Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

In mid-January 2009, less than 90 days after the closing of the Treasury’s investment in State Street under the CPP, the Executive Compensation Committee of our Board of Directors met with our senior risk officers, Maureen J. Miskovic, Executive Vice President and Chief Risk Officer, and Jeffrey N. Carp, Executive Vice President and Chief Legal Officer, along with our head of Global Human Resources, David C. O’Leary, Executive Vice President, and outside counsel to our Board of Directors. At this meeting, the Committee reviewed our senior executive officer incentive compensation arrangements for the purpose of both (1) ensuring that the arrangements do not encourage senior executive officers to take unnecessary and excessive risks that threaten the value of State Street and (2) discussing and reviewing the relationship between State Street’s risk management policies and practices and the senior executive officer incentive compensation arrangements (see 31 CFR 30.3). Following this review, the Committee concluded that our senior executive officer incentive compensation arrangements do not encourage those officers to take unnecessary and excessive risks that threaten the value of State Street and authorized us to include in our proxy statement for our 2009 Annual Meeting of Shareholders the certification required by 31 CFR 30.3 and 30.5. We intend to include that certification in the proxy statement, when filed.

State Street has not yet filed its federal income tax return for the fiscal year ended December 31, 2008. However, consistent with its obligations as a participant in the CPP, it intends to comply in its 2008 federal income tax return with the applicable prohibitions on deducting remuneration set forth in 26 U.S.C. 162(m)(5).

In early February 2009, State Street announced that it is reviewing its compensation plans in 2009 with the goal of designing a system that is both reflective of the new reality in which we, and the rest of the financial services industry, are now operating, as well as the need to pay for performance and continue to attract, retain and motivate top talent. No determinations with respect to this review have yet been made.

* * * * *

On behalf of State Street Corporation, the undersigned, Edward J. Resch, hereby certifies, to my knowledge, that the statements in, and the supporting information

provided as an Annex to, this letter, as they relate to State Street Corporation, are accurate in all material respects.

We recognize and appreciate the importance of your role in enhancing understanding of compliance with and effectiveness of the TARP. I hope this response is helpful toward that goal. If you have any questions concerning this letter or the attached materials, please contact me at (b) (6) or Stefan Gavell, Executive Vice President and Head of Regulatory and Industry Affairs, at (b) (6)

Very truly yours,



Edward J. Resch
Executive Vice President and
Chief Financial Officer

Annexes:

- A: Letter dated February 6, 2009 from Neil M. Barofsky, Special Inspector General, to Edward J. Resch, State Street Corporation
- B: State Street Corporation Monthly Intermediation Snapshot Reports to the U.S. Department of the Treasury for each of the three-month periods ended December 31, 2008 and January 31, 2009
- C: Form of omnibus amendment to compensation arrangements entered into between State Street Corporation and each of its senior executive officers on October 28, 2008

Annex A

OFFICE OF THE SPECIAL INSPECTOR GENERAL
TROUBLED ASSET RELIEF PROGRAM

1500 Pennsylvania Ave., N.W., Suite 1064
Washington, D.C. 20220

February 6, 2009

State Street Corp.
Mr. Edward J. Resch
One Lincoln Street
Boston, MA 02111

Dear Mr. Edward J. Resch,

The Emergency Economic Stabilization Act of 2008 ("EESA") that established the Troubled Asset Relief Program (TARP) also created the Office of the Special Inspector General for Troubled Asset Relief Program (SIGTARP). SIGTARP is responsible for coordinating and conducting audits and investigations of any program established by the Secretary of the Treasury under the act. As part of an audit into TARP recipients' use of funds and their compliance with EESA's executive compensation requirements,

I am requesting that you provide my office, within 30 days of this request, the following information:

- (1) A narrative response specifically outlining (a) your anticipated use of TARP funds; (b) whether the TARP funds were segregated from other institutional funds; (c) your actual use of TARP funds to date; and (d) your expected use of unspent TARP funds. In your response, please take into consideration your anticipated use of TARP funds at the time that you applied for such funds, or any actions that have taken that you would not have been able to take absent the infusion of TARP funds.
- (2) Your specific plans, and the status of implementation of those plans, for addressing executive compensation requirements associated with the funding. Information provided regarding executive compensation should also include any assessments made of loan risks and their relationship to executive compensation; how limitations on executive compensation will be implemented in line with Department of Treasury guidelines; and whether any such limitations may be offset by other changes to other, longer-term or deferred forms of executive compensation.

February 6, 2009

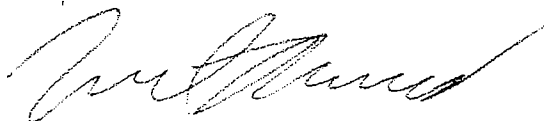
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In connection with this request:

- (1) We anticipate that responses might well be quantitative as well as qualitative in nature regarding the impact of having the funds, and we encourage you to make reference to such sources as statements to the media, shareholders, or others concerning your intended or actual use of TARP funds, as well as any internal email, budgets, or memoranda describing your anticipated use of funds. We ask that you segregate and preserve all documents referencing your use or anticipated use of TARP funds such as any internal email, budgets, or memoranda regarding your anticipated or actual use of TARP funds.
- (2) Your response should include copies of pertinent supporting documentation (financial or otherwise) to support your response.
- (3) Further, I request that, your response be signed by a duly authorized senior executive officer of your company, including a statement certifying the accuracy of all statements, representations, and supporting information provided, subject to the requirements and penalties set forth in Title 18, United States Code, Section 1001.
- (4) Responses should be provided electronically within 30 days to SIGTARP at SIGTARP.response@do.treas.gov, with an original signed certification and any other supporting documentation mailed to: **Special Inspector General – TARP; 1500 Pennsylvania Avenue, NW; Suite 1064; Washington, D.C. 20220.**

We think this initiative is vital to providing transparency the TARP program and the ability of SIGTARP and others to assess the effectiveness of TARP programs over time. If you have any questions regarding this initiative, please feel free to contact Mr. Barry W. Holman, my Deputy Inspector General for Audit at (202) 927-9936.

Very truly yours,



Neil M. Barofsky
Special Inspector General

TREASURY MONTHLY INTERMEDIATION SNAPSHOT

Name of institution: STATE STREET CORPORATION

Submission date: February 27, 2009

Person to be contacted about this report: Stefan Gavell

PART I. QUANTITATIVE OVERVIEW

SCHEDULE A: CONSUMER LENDING (Millions \$)	2008		2009		Key	Comments
	NOV	DEC	JAN			
1. First Mortgage						
a. Average Loan Balance (Daily Average Total Outstanding)	\$0.0	\$0.0	\$0.0			Schedule A is not applicable
b. Total Originations	\$0.0	\$0.0	\$0.0			State Street does not directly provide retail banking services including mortgage, credit card or other consumer credit activities
(1) Refinancings	\$0.0	\$0.0	\$0.0			
(2) New Home Purchases	\$0.0	\$0.0	\$0.0			
2. Home Equity						
a. Average Total Loan Balance	\$0.0	\$0.0	\$0.0			Schedule A is not applicable
b. Originations (New Lines+Line Increases)	\$0.0	\$0.0	\$0.0			State Street does not directly provide retail banking services including mortgage, credit card or other consumer credit activities
c. Total Used and Unused Commitments	\$0.0	\$0.0	\$0.0			
3. US Card - Managed						
a. Average Total Loan Balance - Managed	\$0.0	\$0.0	\$0.0			Schedule A is not applicable
b. New Account Originations (Initial Line Amt)	\$0.0	\$0.0	\$0.0			State Street does not directly provide retail banking services including mortgage, credit card or other consumer credit activities
c. Total Used and Unused Commitments	\$0.0	\$0.0	\$0.0			
4. Other Consumer						
a. Average Total Loan Balance	\$0.0	\$0.0	\$0.0			Schedule A is not applicable
b. Originations	\$0.0	\$0.0	\$0.0			State Street does not directly provide retail banking services including mortgage, credit card or other consumer credit activities

SCHEDULE B: COMMERCIAL LENDING (Millions \$)		NOV	DEC	JAN	Key	Comments
1. C & I						
a. Average Total Loan and Lease Balance		\$10,873.0	\$10,538.0	\$7,645.0		Renewals of existing lines are reported net of reductions or decreases in credit facilities, which are primarily due to customer requests in response to their expected decrease in borrowing activities. For the three months ended January 31, 2009, aggregate gross renewal commitments were \$2,402 billion. Gross renewals of existing lines were \$677 million, \$1.188 billion, and \$537 million, for November 2008, December 2008, and January 2009, respectively. Since October 1, 2008, we have approved and closed \$1.1 billion in new credit facilities. An additional \$830 million of credit lines have been approved and are in process of being finalized as of January 31, 2009. The amount of Renewals (1b) for November and December 2008 and New Commitments (1c) for December 2008, have been restated from the prior filing.
b. Renewal of Existing Accounts		\$557.0	\$870.0	\$139.0		
c. New Commitments		\$192.0	\$533.0	\$150.0		
2. Commercial Real Estate						
a. Average Total Loan and Lease Balance		\$800.0	\$800.0	\$800.0		There were no changes to commercial real estate balances
b. Renewal of Existing Accounts		\$0.0	\$0.0	\$0.0		
c. New Commitments		\$0.0	\$0.0	\$0.0		
SCHEDULE C: OTHER INTERMEDIATION ACTIVITIES (Millions \$)						
1. MBS/ABS Net Purchased Volume						
a. Mortgage Backed Securities		(\$268.0)	(\$224.0)	\$289.0		The number reported for C.1. represents gross purchases, net of gross sales on a settlement date basis. Principal paydowns are included.
b. Asset Backed Securities		(\$198.0)	(\$238.0)	(\$153.0)		
2. Secured Lending (Repo, PB, Margin Lending)						
a. Average Total Matched Book (Repo/Reverse Repo) ¹						During November, December and January, we purchased approximately \$70 million, \$52 million, and \$566 million, respectively, of mortgage-backed and asset-backed securities. We experienced maturities and run-off in our mortgage-backed and asset-backed securities portfolio of \$536 million, \$514 million and \$430 million in November, December and January, respectively.
b. Average Total Debt Balances ²						
3. Underwriting						
a. Total Equity Underwriting						
b. Total Debt Underwriting						

Notes:
1. Not applicable if matched book activity does not exceed \$50 billion.
2. Applicable only for institutions offering prime brokerage or other margin lending services to clients.

TARP MONTHLY INTERMEDIATION SNAPSHOT

Name of institution: **STATE STREET CORPORATION**

Reporting month(s): **NOV./DEC. 2008/JAN. 2009**

Submission date: **February 27, 2009**

Person to be contacted regarding this report: **Stefan Gavell**

PART II. QUALITATIVE OVERVIEW

State Street Corporation (“State Street”) provides investment servicing and investment management services to institutional investors, including pension funds, mutual funds, and other collective investment pools. Unlike more traditional banks, State Street does not directly provide ordinary retail banking services, including mortgages, credit cards, or other consumer credit, or engage in investment banking activities. State Street’s loan activity primarily relates to the provision of credit to a core customer base of institutional investors. State Street also takes in deposits for institutional clients as part of their investing activities, provides lines of credit and overdrafts that help smooth the operation of the financial markets, and provides custody services to institutional investors. As a bank, State Street has access to the payment systems and the Federal Reserve’s primary credit and Term Auction Facility programs, enabling us to fully service our customers.

State Street’s two primary lines of business, Investment Servicing and Investment Management, provide products and services including custody, recordkeeping, daily pricing and administration, shareholder services, foreign exchange, brokerage and other agency trading services, securities finance, deposit and short-term investment facilities, loan and lease financing, investment manager and hedge fund manager operations outsourcing, performance, risk, and compliance analytics, investment research and investment management, including passive and active U.S. and non-U.S. equity and fixed-income strategies. State Street’s core business can generally be described as “back-office” or “middle-office” in nature, and gives us a risk-profile that is generally lower than that of investment or commercial banks.

While State Street’s customer relationships are with institutional investors, its services indirectly benefit retirees, mutual fund investors and other individuals participating in these collective investments. State Street’s role in the financial markets enables the investment process to run smoothly and as intended, and ultimately, to help its customers’ customers – citizens with savings - to be able to access their investments when needed. Since State Street’s business model and client base differ significantly from traditional commercial and investment banks, the use of the capital received under the TARP Capital Purchase Program (“CPP”) is necessarily different. Accordingly, much of State Street’s application of the additional funding capacity created by the CPP capital is directed at maintaining the functioning of the securities settlement process, in which we play a central role due to our custodial services, and providing funding when necessary to our customers, which is the focus of our business in managing and servicing cash pools, including money market funds, collateral pools or similar mandates.

After State Street received the CPP investment, it was determined that the use of the funding that most directly reflected our role in the financial markets was to increase the level of available credit and liquidity that we provide to our fund customers, consisting of mutual fund, pension fund and other

TARP MONTHLY INTERMEDIATION SNAPSHOT

Name of institution: **STATE STREET CORPORATION**

Reporting month(s): **NOV./DEC. 2008/JAN. 2009**

Submission date: **February 27, 2009**

Person to be contacted regarding this report: **Stefan Gavell**

institutional investors. In November 2008, State Street's Asset and Liability Committee set a target to increase credit facilities by \$2 billion to these customers. Since October 2008, \$1.020 billion of fund facilities were approved and closed. As of January 31, 2009, an additional \$830 million of credit lines to fund customers have received internal credit approval and await completion of documentation. Equally important are the \$2.671 billion of gross credit facility renewals for our fund customers that have been approved since October 1, 2008. These credit facilities provide consistent credit support to our existing fund customer base. Of these renewals, \$537 million were approved in January.

In some cases, these credit facilities replaced sources of liquidity made unavailable to clients by the market crisis following the collapse of Lehman Brothers in mid-September. The funds received under the CPP support State Street's efforts to help protect investors in difficult and volatile markets by enabling us to increase our credit facilities, and provide short-term liquidity to support settlement and increased redemption requests that can place considerable liquidity strains on these clients. While the amount of credit extended will vary with financial market conditions and the unique circumstances of these institutional investors, State Street's provision of credit enhances their ability to adopt a more normalized investment policy despite unexpected levels of cash demands for redemption or settlement purposes.

The reduction in C&I average outstanding in January 2009, as compared to November 2008 and December 2008, relates primarily to a decrease in customer overdrafts, although credit facilities outstandings are also down from the October levels. This reflects a normalization of customer demand from the extraordinarily high levels in the fourth quarter of 2008 and not a reduction in credit availability from State Street. Peak overdrafts during January were \$8.0 billion, down from their peak of \$19.6 billion during October 2008. As the financial markets improved from the period of peak disruption, redemption requests declined and fund managers adjusted portfolios and increased cash holdings. As noted above, since October 2008, we have approved approximately \$1.85 billion in new or increased credit lines to our fund customers, making substantial progress towards our target of \$2.0 billion.

During the reporting period of November 2008 through January 2009, we purchased approximately \$688 million of mortgage-and asset-backed securities, including \$566 million in January 2009. Maturities and run-off totaled approximately \$430 to \$530 million per month in each of the three months. The modest level of net investment reflects our previously announced policy of a more conservative reinvestment plan. Future purchases of securities will depend on market conditions, target capital ratios, and other factors. We continue to provide liquidity to the inter-bank and Fed Funds markets, though demand varies depending on market conditions and the availability of alternative sources of liquidity by central banks.

TARP MONTHLY INTERMEDIATION SNAPSHOT

Name of institution: **STATE STREET CORPORATION**

Reporting month(s): **NOV./DEC. 2008/JAN. 2009**

Submission date: **February 27, 2009**

Person to be contacted regarding this report: **Stefan Gavell**

The CPP investment also provides additional capacity for other activities consistent with the goals of the EESA, including new commitments and funding in low-income housing investments, energy investments and municipal bond liquidity and credit enhancements. Since October 2008, new commitments and funding in these areas totaled \$355 million, of which \$68 million were in January.

OMNIBUS AMENDMENT

AMENDMENT, dated as of October __, 2008 (the "Amendment"), by and between _____ (the "Executive") and State Street Corporation (the "Company").

WHEREAS, in connection with the purchase by the United States Department of the Treasury (the "Treasury") of certain preferred shares and warrants of the Company, pursuant to a Letter Agreement and a Securities Purchase Agreement—Standard Terms, dated as of October 26, 2008 between the Treasury and the Company (the "Purchase Agreement"), the Company is required to meet certain executive compensation and corporate governance standards under Section 111(b) of the Emergency Economic Stabilization Act of 2008 (the "EESA") as implemented by guidance or regulation thereunder that has been issued and is in effect as of the Closing Date (as defined in the Purchase Agreement) (such guidance or regulation being hereinafter referred to as the "CPP Guidance");

WHEREAS, as a condition to the purchase of the debt or equity securities of the Company acquired by the Treasury pursuant to the Purchase Agreement or the Warrant (as defined in the Purchase Agreement) (such debt or equity securities being hereinafter referred to as the "Purchased Securities"), amendments are required to be made to the compensation, bonus, incentive and other benefit plans, arrangements, policies and agreements (including "golden parachute", severance and employment agreements) that the Company's "Senior Executive Officers" as defined in subsection 111(b)(3) of the EESA and regulations issued thereunder, including the rules set forth in 31 C.F.R. Part 30, have with the Company or its affiliates or in which its Senior Executive Officers participate in connection with a Senior Executive Officer's employment with the Company or its affiliates (collectively, the "Compensation and Benefit Arrangements");

WHEREAS, the Executive is now or may in the future be a Senior Executive Officer; and

WHEREAS, in consideration for the benefits the Executive will receive as a result of the participation of the Company in the Treasury's TARP Capital Purchase Program, the Executive desires to modify the Executive's Compensation and Benefit Arrangements to the extent necessary to comply with Section 111(b) of the EESA, the CPP Guidance and the Purchase Agreement.

NOW, THEREFORE, in consideration of the foregoing and the covenants set forth herein, the parties hereto agree as follows:

1. Amendments to the Compensation and Benefit Arrangements. Effective as of the date hereof (to the extent the Executive is a Senior Executive Officer for the 2008 calendar year) or effective as of any calendar year commencing after January 1, 2008, if any, as to which the Executive shall in the future be a Senior Executive Officer and any Purchased Securities are owned by the Treasury, the Executive's Compensation and Benefit Arrangements are hereby amended during such and any subsequent periods as necessary to comply with the executive compensation and corporate governance requirements of

Annex C

Section 111(b) of the EESA and the CPP Guidance, and the provisions of Sections 1.2(d)(iv), 1.2(d)(v) or 4.10 of the Purchase Agreement, including as follows:

- a. In the event that any payment or benefit to which the Executive is or may become entitled thereunder is a “golden parachute payment” for purposes of Section 111(b) of the EESA and the CPP Guidance, including the rules set forth in § 30.9 Q-9 of 31 C.F.R. Part 30, (i) the Company shall not make or provide (nor shall the Company be obligated to make or provide), during the period that the Treasury owns any Purchased Securities, such payment or benefit to the Executive, and (ii) the Executive shall not be entitled to receive, during the period that the Treasury owns the Purchased Securities, such payment or benefit.
- b. Any bonus or incentive compensation paid to the Executive during the period that the Treasury owns the Purchased Securities will be subject to recovery or “clawback” by the Company or its affiliates if the payments were based on materially inaccurate financial statements or any other materially inaccurate statement of performance metric criteria, all within the meaning of Section 111(b) of the EESA and the CPP Guidance.

2. Miscellaneous.

- a. The Executive’s execution of this Amendment shall not be determinative of the Executive’s status as a Senior Executive Officer.
- b. This Amendment shall be void and without effect *ab initio* if the Closing (as defined in the Purchase Agreement) of the transactions contemplated by the Purchase Agreement does not occur.
- c. This Amendment may be executed in one or more counterparts, and by different parties hereto in separate counterparts, each of which when executed shall be an original, but all of which when taken together shall constitute one and the same agreement.
- d. This Amendment shall be governed by, and interpreted in accordance with, the laws of the Commonwealth of Massachusetts.

Annex C

IN WITNESS WHEREOF, the Company has caused this Amendment to be signed by its duly authorized representative and the Executive has hereunto set his or her hand as of the day and year first above written.

EXECUTIVE

STATE STREET CORPORATION

Name:

By: _____

Name:

Title: