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## **INVESTOR CONFIDENCE INDEX RISES TO 99.3 FROM 86.3 IN AUGUST**

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**Boston, August 21, 2007** – State Street Global Markets, the investment research and trading arm of State Street Corporation (NYSE:STT), today released the results of the State Street Investor Confidence Index<sup>®</sup> for August 2007.

Global Investor Confidence rose by 13 points to a level of 99.3. Leading the way were North American institutional investors, whose risk appetite rose by a full 21 points to 116.5. In Europe, by contrast, investors consolidated the pullback they began last month, and confidence fell 4 points to 86.4. Asian investors remained in a holding pattern, and their confidence level exhibited only a small increase from 83.5 to 84.1.

Developed through State Street Global Markets' research partnership, State Street Associates, by Harvard University professor Ken Froot and State Street Associates Director Paul O'Connell, the State Street Investor Confidence Index<sup>®</sup> measures investor confidence on a quantitative basis by analyzing the actual buying and selling patterns of institutional investors. The index is based on financial theory that assigns precise meaning to changes in investor risk appetite, or the willingness of investors to allocate their portfolios to equities. The more of their portfolio that institutional investors are willing to devote to equities, the greater their risk appetite or confidence.

"Given the recent market dislocation stemming from the sub-prime mortgage crisis, this month's Investor Confidence readings may seem paradoxical," commented Froot. "They appear less so, however, once it is remembered that for every seller, there is a buyer. Many



market participants sold heavily over the past fortnight, but institutional investors were not among them. Instead, they took the other side of the trade, and accumulated assets at relatively attractive price levels across a broad cross-section of markets.”

“It is interesting to note that North American investors were net sellers of equities in early July,” added O’Connell. “Their allocation decisions in August have allowed them to reacquire assets at much more attractive prices than those which prevailed in July. Indeed, State Street’s measures of equity flows show that institutional investors have been steady buyers of equities since July 23<sup>rd</sup>, when the market turbulence began.”



August Results

Global	99.3
N. America	116.5
Europe	86.4
Asia-Pacific	84.1

**About State Street Global Markets:**

State Street Global Markets provides specialized investment research and trading in foreign exchange, equities, fixed income and derivatives. Its goal is to enhance and preserve portfolio values for asset managers and asset owners. From its unique position at the crossroads of the global markets, it creates and unlocks value for its clients with original flow-based research, innovative portfolio strategies, trade process optimization, and global connectivity across multiple asset classes and markets.

State Street Global Markets’ research team of leading academic and industry experts is committed to continually advancing the science, including theory and application of its proprietary investor behavior research and innovative portfolio & risk management technologies to help its clients challenge conventional thinking, shape ideas, make more informed investment decisions and deliver measurable results.

### **About the State Street Investor Confidence Index®:**

The index is released globally at 10 a.m. Eastern time in Boston on the second to last Tuesday of each month. More information on the State Street Investor Confidence Index, including frequently asked questions and a calendar of release dates, is available at <http://www.statestreet.com/investorconfidenceindex>. The previous month's calculations for the index are revised to account for trading activity through the end of the reporting period.

### **About State Street:**

State Street Corporation (NYSE: STT) is the world's leading provider of financial services to institutional investors including investment servicing, investment management and investment research and trading. With \$13.0 trillion in assets under custody and \$1.9 trillion in assets under management at June 30, 2007, State Street operates in 26 countries and more than 100 geographic markets worldwide. For more information, visit State Street's web site at [www.statestreet.com](http://www.statestreet.com).

This news announcement contains forward-looking statements as defined by United States securities laws, including statements about the financial outlook and business environment. Those statements are based on current expectations and involve a number of risks and uncertainties, including those related to the pace at which State Street adds new clients or at which existing clients use additional services, the value of global and regional financial markets, the pace of cross-border investment activity, changes in interest rates, the pace of worldwide economic growth and rates of inflation, the extent of volatility in currency markets, consolidations among clients and competitors, State Street's business mix, the dynamics of markets State Street serves, and State Street's success at integrating and converting acquisitions into its business. Other important factors that could cause actual results to differ materially from those indicated by any forward-looking statements are set forth in State Street's 2006 annual report and subsequent SEC filings. State Street encourages investors to read the corporation's annual report, particularly the section on factors that may affect financial results, and its subsequent SEC filings for additional information with respect to any forward-looking statements and prior to making any investment decision. The forward-looking statements contained in this press release speak only as of the date hereof, August 21, 2007, and the company will not undertake efforts to revise those forward-looking statements to reflect events after this date.

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