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## INVESTOR CONFIDENCE INDEX FALLS FROM 88.7 TO 82.6 IN OCTOBER

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**Boston, October 23, 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 October 2007.

Global Investor Confidence fell by 6.1 points to a level of 82.6, from last month's revised reading of 88.7. Sentiment in North America declined from 102.8 to 89.2. Asian investors were also feeling more cautious, resulting in a decline of 1.7 points in the Asian Confidence Index. Only in Europe did institutional risk appetite improve, rising from 82.9 to 83.6.

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.

“Following the see-saw behavior of late summer, which saw institutional investors providing liquidity to cash-strapped investors in August, before taking profit on that trade in September, this month's confidence reading reflects a more dubious stance on the



fundamentals,” commented Froot. “Uncertainty around the macroeconomic environment and earnings prospects has both increased the riskiness of assets, and decreased the appetite to hold them.”

“Emblematic of this month’s decline in confidence was the pattern observed among North American institutional investors,” added O’Connell. “In this cohort, confidence fell to its lowest level since February 2006, and this was reflected in persistent selling of equities over the period, especially in recent days.”



October Results

Global	82.6
N. America	89.2
Europe	83.6
Asia-Pacific	85.7

**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<sup>®</sup>:**

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 \$15.1 trillion in assets under custody and \$2.0 trillion in assets under management at September 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, October 23, 2007, and the company will not undertake efforts to revise those forward-looking statements to reflect events after this date.

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