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## INVESTOR CONFIDENCE INDEX DECLINES FROM 118.4 TO 108.4 IN OCTOBER

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**Boston, October 27, 2009** – 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® for October 2009.

Global Investor Confidence fell by 10.0 points to 108.4 from a revised September level of 118.4. The most pronounced decline was evident among North American investors, where confidence fell 12.8 points from 113.9 to 101.1. European investor confidence followed suit, declining 9.3 points from 111.1 to 101.8. By contrast, Asian investors felt somewhat more upbeat about risk, and their investor confidence rose from 92.9 to 95.3. A reading of 100 in the Index represents a neutral level where institutions are neither allocating towards nor away from risky assets.

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 measures investor confidence on a quantitative basis by analyzing the actual buying and selling patterns of institutional investors. It is not a survey, but rather fact-based. The index is based on a financial theory that assigns precise meaning to changes in investor risk appetite. The more of their portfolio that institutional investors are willing to devote to equities, the greater their risk appetite or confidence.

"This month, institutional investors have paused to take stock," commented Froot. "The Global Index reading of 108.4 remains comfortably above the neutral level of 100 for a seventh consecutive month, but underlying flows have been tempered somewhat from the very strong



levels of July and August. While the US earnings season has been relatively robust so far, the number of positive surprises that have been observed in employment, retail sales, manufacturing and trade figures has diminished considerably, and this may be influencing investor risk appetite.”

“Looking at the underlying data by region, we have seen less interest on the part of North American investors to add further to their holdings of foreign equities, particularly Japan and the UK,” added O’Connell. “At the same time, non-US interest in US markets has picked up. It adds up to a mixed picture where institutional investors have become more discriminating in selecting target markets than was true over the summer, and are looking to balance country-specific prospects against the slow but steady improvement in the fundamental backdrop.”



**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 last Tuesday of each month. More information on the State Street Investor Confidence Index is available at <http://www.statestreet.com/investorconfidenceindex>.

### **About State Street**

State Street Corporation (NYSE: STT) is one of the world's leading providers of financial services to institutional investors including investment servicing, investment management and investment research and trading. With \$17.9 trillion in assets under custody and administration and \$1.7 trillion in assets under management at September 30, 2009, State Street operates in 27 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 set forth in State Street's 2008 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 27, 2009, and the company will not undertake efforts to revise those forward-looking statements to reflect events after this date.

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