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## INVESTOR CONFIDENCE INDEX RISES TO 87.4 IN DECEMBER

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**Boston, December 19, 2006** – State Street Global Markets, the investment research and trading arm of State Street Corporation (NYSE:STT), released today the results of the State Street Investor Confidence Index<sup>®</sup> for December 2006.

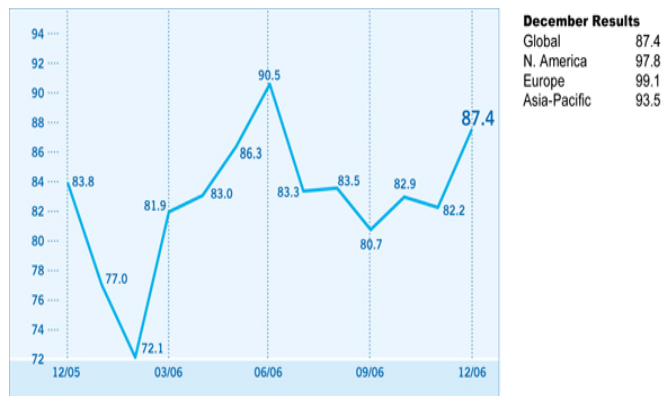
According to the December index, investor confidence increased by 5.2 to 87.4 from November's revised reading of 82.2. Looking regionally, the confidence of North American institutional investors rose strongly from 90.7 to 97.8. The confidence of European investors rose from 90.2 to 99.1, while the confidence of Asian investors dipped to 93.5 from 99.7 the previous month.

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, analyzing actual buying and selling patterns of institutional investors. The index is based on financial theory that assigns precise meaning to changes in investor risk sentiment, or the willingness of investors to hold proportionally more or less of their portfolio in equities. The more of their portfolio that institutional investors are willing to devote to equities, the greater their risk appetite or confidence.

"Investors were in a more upbeat mood this month, as U.S. policy-makers confirmed market expectations regarding U.S. growth and inflation, and volatility remained at or near record lows," said Froot. "Globally, investors increased their allocations to equities in the U.S., Japan and a number of European markets."



“The strong trend upwards in European Investor Confidence remained intact this month,” added O’Connell. “Asian investor confidence, however, took a pause after eight consecutive monthly increases, as investors in that region reduced their allocations to a number of equity markets, notably Australia.”



Since its launch in September of 2003, the State Street Investor Confidence Index® has become a key economic indicator for asset owners, investment managers and central banks. As the only index providing a quantitative measure tracking the common buying patterns of institutional investors around the world, the State Street Investor Confidence Index® offers a unique look into the investment behavior and decisions of thousands of professional investors and their investment decisions. Note that the regional indices have a different base year than the Global Index.

**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 specialist in providing institutional investors with investment servicing, investment management and investment research and trading. With \$11.3 trillion in assets under custody and \$1.6 trillion in assets under management as of September 30, 2006, State Street operates in 26 countries and more than 100 geographic markets worldwide. For more information, visit State Street's website 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 2005 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, December 19, 2006, and the company will not undertake efforts to revise those forward-looking statements to reflect events after this date.

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