

STATE STREET CORP  
Form DEF 14A  
April 04, 2013  
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**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant To Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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|-------------------------------------|--|--------------------------|---|
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**STATE STREET CORPORATION**

**(Name of Registrant as Specified in its Charter)**

(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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Joseph L. Hooley

Chairman, President and Chief Executive Officer

April 4, 2013

Dear Shareholder:

We cordially invite you to attend the 2013 annual meeting of shareholders of State Street Corporation. The meeting will be held at One Lincoln Street, 36<sup>th</sup> Floor, Boston, Massachusetts, on Wednesday, May 15, 2013, at 10:00 a.m.

Details regarding admission to the meeting and the business to be conducted are more fully described in the accompanying notice of annual meeting and proxy statement.

Your vote is very important. Whether or not you plan to attend the meeting, please carefully review the enclosed proxy statement and then cast your vote. We urge you to vote regardless of the number of shares you hold. Please mark, sign, date and mail promptly the accompanying proxy card. If you hold your shares in street name, meaning they are held for your account by a broker, bank or other nominee, you will receive separate voting instructions for your shares from your broker, bank or other nominee. Registered shareholders may also vote electronically by telephone or over the Internet by following the instructions included with your proxy card. For shares held in street name, please follow the relevant instructions for telephone and Internet voting provided by the broker, bank or other nominee. To be sure that your vote will be received in time, please cast your vote by your choice of available means at your earliest convenience.

We are pleased to take advantage of the Securities and Exchange Commission rule allowing companies to furnish proxy materials to their shareholders over the Internet. We believe that this e-proxy process expedites shareholders' receipt of proxy materials and lowers the costs and reduces the environmental impact of the annual meeting. Shareholders receiving e-proxy materials have been sent a notice containing instructions on how to access the proxy statement and annual report over the Internet and how to vote.

We look forward to seeing you at the annual meeting. Your continuing interest in State Street is very much appreciated.

Sincerely,

**PLEASE NOTE: If you plan to attend the meeting, please allow time for registration and security clearance. You will be asked to present a valid picture identification acceptable to our security personnel, such as a driver's license or passport. If your State Street shares are held in street name through a broker, bank or other nominee, you should also bring proof of beneficial ownership (for further details, see Meeting Admission in the attached *Notice of State Street Corporation 2013 Annual Meeting of Shareholders*). For security reasons, you and your bags are subject to search prior to your admittance to the meeting, and no large bags, packages or electronic devices, including cell phones, are permitted in the meeting. Public fee-based parking is available at State Street's headquarters at One Lincoln Street (entrance from Kingston Street). Other public fee-based parking facilities available near One Lincoln Street include the LaFayette Corporate Center and the Hyatt Hotel (entrances from Rue de LaFayette). South Station is the closest MBTA station to One Lincoln Street.**

State Street Corporation

One Lincoln Street

Boston, MA 02111-2900

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**NOTICE OF STATE STREET CORPORATION 2013 ANNUAL MEETING OF SHAREHOLDERS**

<b><i>Time</i></b>	10:00 a.m., Eastern Time
<b><i>Date</i></b>	Wednesday, May 15, 2013
<b><i>Place</i></b>	One Lincoln Street, 36th Floor, Boston, Massachusetts
<b><i>Purpose</i></b>	<ol style="list-style-type: none"><li>1. To elect 11 directors;</li><li>2. To approve an advisory proposal on executive compensation;</li><li>3. To ratify the selection of Ernst &amp; Young LLP as State Street's independent registered public accounting firm for the year ending December 31, 2013; and</li><li>4. To act upon such other business as may properly come before the meeting and any adjournments thereof.</li></ol>
<b><i>Record Date</i></b>	The directors have fixed the close of business on March 15, 2013, as the record date for determining shareholders entitled to notice of and to vote at the meeting.
<b><i>Meeting Admission</i></b>	If you plan to attend the meeting, please allow time for registration and security clearance. You will be asked to present a valid picture identification acceptable to our security personnel, such as a driver's license or passport. If your State Street shares are held in street name through a broker, bank or other nominee, your name does not appear on our list of shareholders and these proxy materials are being forwarded to you by your broker, bank or other nominee. If you are a street name holder and wish to attend the annual meeting, in addition to a valid form of picture identification, you will be required to present a letter or account statement showing that you were a beneficial owner of our shares on the record date. For security purposes, you and your bags are subject to search prior to your admittance to the meeting. In addition, no cameras, recording equipment, cell phones or other electronic devices, large bags or packages will be permitted into the meeting.
<b><i>Voting by Proxy</i></b>	Please submit a proxy card or, for shares held in street name, voting instruction form, as soon as possible so your shares can be voted at the meeting. You may submit your proxy card or voting instruction form by mail. If you are a registered shareholder, you may also vote electronically by telephone or over the Internet by following the instructions included with your proxy card. If your shares are held in street name, you will receive instructions for the voting of your shares from your broker, bank or other nominee, which may permit telephone or Internet voting. Follow the instructions on the voting instruction form that you receive from your broker, bank or other nominee to ensure that your shares are properly voted at the annual meeting.

By Order of the Board of Directors,

Jeffrey N. Carp  
*Secretary*

April 4, 2013

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**STATE STREET CORPORATION**

One Lincoln Street, Boston, Massachusetts 02111

**PROXY STATEMENT**

**GENERAL INFORMATION**

***Why am I receiving these materials?***

State Street's Board of Directors is soliciting your vote by proxy at the 2013 annual meeting of shareholders. This proxy statement includes information that we are required to provide to you under the rules of the Securities and Exchange Commission, or SEC, and that is designed to assist you in voting your shares.

***Can I access State Street's proxy materials and annual report electronically?***

As permitted by SEC rules, we are making this proxy statement and our annual report, including our consolidated financial statements for the year ended December 31, 2012, available to our shareholders over the Internet. On April 4, 2013, we mailed to our U.S. shareholders as of the record date for the annual meeting, March 15, 2013, a notice containing instructions on how to access these proxy materials online and how to vote. Also on April 4, 2013, we began mailing printed copies of these proxy materials to shareholders that have requested printed copies and to shareholders outside the United States. If you received a notice by mail, you will not receive a printed copy of the proxy materials in the mail unless you request a copy. Instead, the notice instructs you on how to access and review online all of the important information contained in the proxy statement and annual report. The notice also instructs you on how you may submit your vote over the Internet. If you received a notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the notice.

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on May 15, 2013.**

**The proxy statement and annual report, and the means to vote electronically, are available at [www.proxyvote.com](http://www.proxyvote.com). To view this material, you must have available the 12-digit control number located on the notice mailed on April 4, 2013 or the proxy card or, if shares are held in the name of a broker, bank or other nominee, the voting instruction form.**

***How do I request a printed copy of the proxy materials for future shareholder meetings?***

To request a printed copy of the proxy statement, annual report and form of proxy relating to our future shareholder meetings, visit [www.proxyvote.com](http://www.proxyvote.com), telephone 1-800-579-1639 or send an email to [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com). You must have available the 12-digit control number described above.

***What are the directions to the meeting?***

Directions to the meeting are as follows:

**From the North:**

Take Expressway (I-93) South to exit 20 (Purchase Street/South Station) and follow the signs for South Station. Follow exit ramp and cross Summer Street. Turn right onto Lincoln Street. Take first left onto Bedford Street. Take first left onto Kingston Street. Entrance to the garage is on the left.

**From the South:**

Take Expressway (I-93) North to exit 20 (South Station). Bear left at the ramp to South Station/Chinatown. You will see State Street Financial Center directly ahead. You will be on Lincoln Street. Follow Lincoln Street through the major intersection at the lights (pass the entrance to the building). Take left onto Bedford Street. Take first left onto Kingston Street. Entrance to the garage is on the left.





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### **From the West:**

Take Mass Turnpike (I-90) to exit 24A (South Station). Turn left on Kneeland Street towards Chinatown. Turn right onto Lincoln Street at the light. Follow Lincoln Street through the major intersection at the lights (pass the entrance to the building). Take left onto Bedford Street. Take first left onto Kingston Street. Entrance to the garage is on the left.

### **Via Massachusetts Bay Transportation Authority:**

Take the MBTA Red Line train to the South Station MBTA stop. Exit the train station and walk across Atlantic Avenue (towards Summer Street and Federal Street). Follow Summer Street to Lincoln Street.

### ***What is the record date for the meeting?***

Our Board of Directors has fixed the record date for the annual meeting as of the close of business on March 15, 2013.

### ***How many votes can be cast by all shareholders?***

As of the record date, 455,748,012 shares of our common stock were outstanding and entitled to be voted at the meeting. Each share of common stock is entitled to one vote on each matter.

### ***How do I vote?***

If your shares are registered in your name, you may vote in person at the annual meeting or by proxy without attending the meeting. Registered shareholders may also vote by telephone or over the Internet by following the instructions included with your proxy card or the notice we mailed to you on April 4, 2013. In addition, if you received a printed proxy card, you may mark, sign, date, and mail the proxy card you received from State Street in the postage-paid return envelope. If you vote by any of the available methods, your shares will be voted at the meeting in accordance with your instructions. If you sign and return the proxy card or vote by telephone or over the Internet but do not provide voting instructions on some or all of the proposals, your shares will be voted by the persons named in the proxy card on all uninstructed proposals in accordance with the recommendations of the Board of Directors given below.

If your shares are held in  street name by a broker, bank or other nominee, that person, as the record holder of your shares, is required to vote your shares according to your instructions. Your bank, broker or other nominee will send you directions on how to vote those shares, which may include the ability to instruct the voting of your shares by telephone or over the Internet.

If your shares are held by a broker, bank or other nominee and you wish to vote in person at the meeting, you must obtain from the record holder, and bring with you to the meeting, a proxy from the record holder issued in your name. Please note that this proxy from the record holder is in addition to the picture identification and proof of beneficial ownership required for your admission into the meeting.

### ***What are the Board's recommendations on how to vote my shares?***

The Board of Directors recommends a vote:

- n Item 1 **FOR** election of the 11 nominees named herein as directors (page 7)
  
- n Item 2 **FOR** approval of the advisory proposal on executive compensation (page 15)
  
- n Item 3 **FOR** ratification of the selection of the independent registered public accounting firm (page 16)

Additionally, if other matters are presented at the annual meeting, the persons named in the proxy card as proxy holders are authorized to vote on the additional matters as they determine.



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### ***Who pays the cost for soliciting proxies by State Street?***

State Street will pay the cost for the solicitation of proxies by the Board. That solicitation of proxies will be made primarily by mail and electronic means. State Street has retained Georgeson Inc. to aid in the solicitation of proxies for a fee of \$19,000, plus expenses. Proxies may also be solicited by employees of State Street and its subsidiaries personally, or by mail, telephone, fax or e-mail, without any remuneration to such employees other than their regular compensation. State Street will reimburse brokers, banks, custodians, other nominees and fiduciaries for forwarding these materials to their principals to obtain authorization for the execution of proxies.

### ***What is householding?***

Some banks, brokers and other nominee record holders may be householding our proxy statements, annual reports and related materials.

Householding means that only one copy of these documents may have been sent to multiple shareholders in one household. If you would like to receive your own set of State Street's proxy statements, annual reports and related materials, or if you share an address with another State Street shareholder and together both of you would like to receive only a single set of these documents, please contact your bank, broker or other nominee.

### ***May I change my vote?***

If you are a registered shareholder, you may revoke or change your proxy at any time before it is voted by notifying the Secretary in writing, by returning a signed proxy with a later date or submitting an electronic proxy as of a later date or by attending the meeting and voting in person. If your shares are held in street name, you must contact your bank, broker or other nominee for instructions on changing your vote.

### ***What constitutes a quorum?***

A majority of the votes entitled to be cast on a matter constitutes a quorum for action on that matter. A share once represented for any purpose at the annual meeting will be deemed present for determination of a quorum for the entire meeting and for any adjournment of the meeting (unless (1) a shareholder attends solely to object to lack of notice, defective notice or the conduct of the meeting on other grounds, and the shareholder does not vote the shares or otherwise consent that they are to be deemed present, or (2) in the case of an adjournment, a new record date is set for that adjourned meeting).

### ***What vote is required to approve each item?***

Since it is an uncontested election of directors at the annual meeting, a nominee for director will be elected to the Board of Directors if the votes cast for the nominee's election exceed the votes cast against the nominee's election (Item 1). If the votes cast against the nominee's election exceed the votes cast for the nominee's election, the nominee will not be elected to the Board of Directors. However, under Massachusetts law, if a nominee that is an incumbent director is not elected to the Board of Directors, that incumbent director will hold over in office as a director until his or her successor is elected or until there is a decrease in the number of directors. All of the 11 nominees for director are incumbent directors. Under our Corporate Governance Guidelines, in an uncontested election of directors, any director/nominee who does not receive more votes cast for his or her election than votes cast against his or her election, will submit to the Board a letter of resignation for consideration by the Nominating and Corporate Governance Committee. After consideration, that committee would make a recommendation to the Board on action to be taken regarding the resignation. No such tendered resignation will be deemed effective unless and until it is accepted by action of the Board.

The actions concerning the advisory proposal on executive compensation (Item 2) and the ratification of the selection of the independent registered public accounting firm (Item 3) will be approved if the votes cast for the action exceed the votes cast against the action. Item 2 is a non-binding proposal.

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### ***How is the vote counted?***

Votes cast by proxy or in person at the annual meeting will be counted by the persons appointed by State Street to act as tellers for the meeting.

Abstentions and broker non-votes are not counted as votes with respect to any of the items to be voted on at the annual meeting.

If you hold shares through a broker, bank or other nominee, generally the nominee may vote the shares for you in accordance with your instructions. Stock exchange rules permit a broker to vote shares held in a brokerage account on routine proposals if the broker does not receive voting instructions from you. Stock exchange and SEC rules, however, prohibit brokers from voting uninstructed shares in the election of directors and executive compensation matters, including the advisory proposal on executive compensation. Accordingly, of the matters to be voted on at the 2013 Annual Meeting, the only routine proposal is the ratification of the selection of the independent registered accounting firm (Item 3).

### ***Could other matters be decided at the meeting?***

We do not know of any matters that may be properly presented for action at the meeting other than Items 1 through 3. Under our by-laws, the deadline for shareholders to notify us of any proposals or director nominations to be presented for action at the 2013 Annual Meeting has passed. However, should any other business properly come before the meeting, the persons named on the enclosed proxy will have discretionary authority to vote the shares represented by such proxies in accordance with their best judgment.

### ***What happens if the meeting is postponed or adjourned?***

Your proxy may be voted at the postponed or adjourned meeting. You will still be able to change your proxy until it is voted.

### ***What are my rights as a participant in the Salary Savings Program?***

As part of its employee benefits program, State Street maintains a Salary Savings Program, or SSP. If you participate in the SSP with company stock in the SSP and have invested part or all of your account in the Employee Stock Ownership Plan fund as of the record date, you may direct the trustee how to vote your allocated share of State Street Corporation common stock held in your SSP account. You may give the trustee direction over the Internet, by telephone or by mail. If you do not provide timely direction to the trustee as to how to vote your allocated share, the trustee will vote your allocated share on the same proportional basis as the shares that are directed by other participants. If a matter arises at the meeting, or such other time as affords no practical means for securing participant direction, the trustee will follow the direction of State Street, unless the trustee determines that doing so would result in a breach of the trustee's fiduciary duty.

You must direct the trustee in advance of the meeting so that the trustee, the registered owner of all of the shares held in the SSP, can vote in a timely way. Regardless of what method you use to direct the trustee, the trustee must receive your direction no later than 11:59 p.m. Eastern Time on May 13, 2013 for your direction to be counted. Your direction will be held in confidence by the trustee. You may not provide this direction at the annual meeting. You may change your direction to the trustee by timely submitting a new direction. The last direction the trustee receives by 11:59 p.m. Eastern Time on May 13, 2013, will be the only one counted. If your direction by mail is received on the same day as one received electronically, the electronic direction will be followed.

The trustee is providing the annual report and the notice of annual meeting and proxy statement electronically to SSP participants with company stock in the SSP who are active employees and have a company-provided e-mail account and Internet access. Instead of receiving these materials in paper form mailed to your

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home, you will have on-line access to these materials over the Internet, thus expediting the delivery of materials and reducing printing and mailing costs. An e-mail will be sent to all such participants with detailed instructions to access materials and give your direction to the trustee. You may request that paper copies be sent to you, thereby permitting you to send in your direction by mail if you prefer that method. All other participants will receive their materials in the mail.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT****Beneficial Owners**

The table below sets forth the number of shares of common stock of State Street beneficially owned as of the close of business on December 31, 2012 by each person or entity known to State Street to beneficially own more than 5% of our outstanding common stock.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
BlackRock, Inc. 40 East 52 <sup>nd</sup> Street New York, NY 10022	26,512,290 <sup>(1)</sup>	5.7%
Massachusetts Financial Services Company 111 Huntington Avenue Boston, MA 02199	27,707,655 <sup>(2)</sup>	6.0

(1) This information is based solely on a Schedule 13G filed with the SEC on March 6, 2013 by BlackRock, Inc., in which it reported sole voting power of 26,512,290 shares and sole dispositive power of 26,512,290 shares.

(2) This information is based solely on a Schedule 13G filed with the SEC on February 13, 2013 by Massachusetts Financial Services Company, in which it reported sole voting power of 23,271,350 shares and sole dispositive power of 27,707,655 shares.

**Table of Contents****Management**

The table below sets forth the number of shares of common stock of State Street beneficially owned as of the close of business on March 1, 2013 by (1) each director, (2) the named executive officers for the year ended December 31, 2012, as identified in the Summary Compensation Table on page 48 of this proxy statement, and (3) all current directors and executive officers as a group. For this purpose, beneficial ownership is determined under the rules of the SEC. As of March 1, 2013, there were 455,661,978 shares of State Street common stock outstanding. On March 1, 2013, neither the current executive officers or directors listed below individually, nor those individuals as a group, owned beneficially as much as 1% of the outstanding shares of common stock.

Name	Amount and Nature of Beneficial Ownership <sup>(1)</sup>
Joseph C. Antonellis	171,079
Kennett F. Burnes	45,047
Peter Coym	17,367
Patrick de Saint-Aignan	11,786
Amelia C. Fawcett	22,432
David P. Gruber	22,076
Linda A. Hill	35,254
Joseph L. Hooley	550,786 <sup>(2)</sup>
Robert S. Kaplan	19,206
James S. Phalen	279,003 <sup>(3)</sup>
Scott F. Powers	153,889
Edward J. Resch	420,837
Richard P. Sergel	38,128
Ronald L. Skates	39,532
Gregory L. Summe	56,130
Robert E. Weissman	55,437
Thomas J. Wilson	1,657
All current directors and executive officers, as a group (25 persons)	3,512,465 <sup>(4)</sup>

- (1) Information in this table includes shares that the individual or group has the right to acquire within 60 days of March 1, 2013 through the exercise of stock options, the exercise of stock appreciation rights (based on the closing price of common stock on March 1, 2013) and shares that have vested under deferred retirement benefits, as follows: Mr. Antonellis, 94,869; Mr. Hooley, 139,827; Mr. Phalen, 17,053; Mr. Powers, 52,136; Mr. Resch, 170,629; and the group of current directors and executive officers, 553,230.
- (2) Includes 2,800 shares as to which Mr. Hooley has shared voting power and investment power.
- (3) Includes 29,477 shares held in a trust for which Mr. Phalen disclaims beneficial ownership except to the extent of his pecuniary interest therein.
- (4) Includes 402,000 shares held in trust by one current executive officer not individually named, for which this executive officer disclaims beneficial ownership except to the extent of his pecuniary interest therein.

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**ITEM 1 ELECTION OF DIRECTORS**

**The Board of Directors unanimously recommends that you vote**

**FOR**

**each of the nominees for director (Item 1 on your proxy card)**

Each director elected at the 2013 annual meeting will serve until the next annual meeting of shareholders, except as otherwise provided in State Street's by-laws. Prior to the 2013 annual meeting, the State Street Board of Directors will consist of 13 members. Effective as of the 2013 annual meeting, the State Street Board of Directors will consist of 11 members. Of the 11 director nominees, 10 are non-management directors and one is the chief executive officer of State Street. All of the non-management directors are independent directors, as determined by the Board in its opinion, under the applicable definition in the New York Stock Exchange, or NYSE, listing standards and the State Street Corporate Governance Guidelines.

Pursuant to State Street's by-laws, on February 21, 2013, the Board fixed the number of directors at 11 effective as of the 2013 annual meeting. Each of the nominees for election as a director is currently a director. Unless contrary instructions are given, shares represented by proxies solicited by the Board of Directors will be voted for the election of the 11 nominees listed below as directors. We have no reason to believe that any nominee will be unavailable for election at the annual meeting. In the event that one or more nominees is unexpectedly not available to serve, proxies may be voted for another person nominated as a substitute by the Board, or the Board may reduce the number of directors to be elected at the annual meeting. Information relating to each nominee for election as director is described below, including:

n his or her age and period of service as a director of State Street;

n his or her business experience during the past five years (including directorships at other public companies);

n his or her community activities; and

n the other experience, qualifications, attributes or skills that led the Board to conclude he or she should continue to serve as a director of State Street.

See Corporate Governance at State Street Composition of the Board and Director Selection Process beginning on page 18 of this proxy statement for a further discussion of the Board's process and reasons for nominating these candidates.

**KENNETT F. BURNES**  
**Board Roles: Lead Director; and Executive Committee**

**Age 70, Director since 2003**

**Career Highlights and Community Involvement**

n Former Chairman and Chief Executive Officer, Cabot Corporation, an NYSE-listed manufacturer of specialty chemicals and performance materials (2001 to 2008); also President (1995 to 2008)

n Director, Watts Water Technologies, Inc., an NYSE-listed supplier of products for use in the water quality, water safety, water flow control and water conservation markets (2009 to present), chair of Nominating Committee

n Trustee, Dana Farber Cancer Institute

n Chairman of Board of Visitors and member of the Board of Trustees, Executive Committee and Audit Committee Chairman, New England Conservatory

n Chairman of Board of Trustees, Schepens Eye Research Institute

n Chairman of Board of Trustees, Epiphany School



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### **Qualifications and Attributes**

Mr. Burnes' significant experience in leading a global organization, with facilities and operations in approximately 20 countries, brings to State Street's Board a focus on developing new products and new businesses in diverse, international environments. Prior to joining Cabot Corporation in 1987, Mr. Burnes was a partner at the Boston-based law firm of Choate, Hall & Stewart where he practiced corporate and business law for nearly 20 years. Mr. Burnes obtained experience in evaluating complex legal issues that arise in the types of material transactions boards of directors are called on to consider, including mergers and acquisitions and financing transactions. Mr. Burnes holds both an LL.B. and B.A. degree from Harvard University.

### **PETER COYM**

**Age 71, Director since 2006**

**Board Roles: Examining and Audit Committee; and Nominating and Corporate Governance Committee**

### **Career Highlights and Community Involvement**

- n Retired head of Lehman Brothers Holdings Inc., Germany; and former Member of the Lehman Brothers Bankhaus Management Board, and its European Management Group (1993 to 2005)
- n Managing Director and Office Manager, Salomon Brothers AG, and Managing Director of Salomon Brothers, Inc. (1986 to 1993)
- n Deputy Chairman of Supervisory Board, Magix AG, an international provider of software, online services and digital content in multimedia communication (2003 to present)
- n Member of Supervisory Board, Deutsche Börse AG, one of the world's leading exchange organizations (1994 to 2003)
- n Member of the Supervisory Board (Börsenrat), Eurex, a German options and futures exchange (1994 to 2005); also Chairman of the Supervisory Board (2003 to 2005)
- n Board Member, Association of Foreign Banks (1992 to 2005); also Chairman of Executive Committee (2001 to 2005)
- n Board member, German Deposit Protection Fund (1999 to 2005)
- n Member, German Central Capital Market Committee (1997 to 2005)
- n Member, Advisory Council of the German Bundesbank (2003 to 2006)
- n Member, Advisory Council to the German Minister of Finance (2002 to 2005)

### **Qualifications and Attributes**

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A German citizen, Dr. Coym's more than 35 years of experience in investment banking, based primarily in Europe, provides, among other things, insight into the complexities and trends within and influencing the financial services industry, including its participants, customers and regulators, particularly in a region of strategic importance to State Street. Dr. Coym, through his broad advisory experience in foreign markets, brings to the Board an international perspective on the factors motivating and affecting major corporate strategic and financing transactions and product development initiatives. Dr. Coym received an undergraduate degree and a Ph.D. in business studies from The University of Hamburg.

**PATRICK DE SAINT-AIGNAN**

**Age 64, Director since 2009**

**Board Roles: Examining and Audit Committee; and Risk and Capital Committee**

### **Career Highlights and Community Involvement**

- n Retired Managing Director and Advisory Director for Morgan Stanley (1974 to 2007), including firm-wide head of the company's risk management function (1995 to 2002)

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- n Director, Allied World Assurance Company Holdings AG, an NYSE-listed specialty insurance and reinsurance company (2008 to present); also member of the Enterprise Risk Committee (chair), Compensation Committee, Audit Committee and Investment Committee (2008 to present)
  
- n Director, Member of the Compensation Committee, Forerun Inc., a private healthcare information technology company (2007 to present)
  
- n Censeur of Supervisory Board, IXIS Corporate and Investment Bank, the Corporate and Investment Banking arm of Groupe Caisse d'Epargne (2005 to 2007)
  
- n Director, Bank of China Limited (2006 to 2008); also member of the Audit Committee (chair), the Risk Policy Committee, and the Personnel and Remuneration Committee (2006 to 2008)
  
- n Director, Non-Executive Chairman, European Kyoto Fund (2008 to 2012)

## **Qualifications and Attributes**

Mr. de Saint-Aignan's extensive experience in risk management, corporate finance, capital markets and firm management brings to the Board a sophisticated understanding of risk, particularly with respect to the implementation of risk evaluation and monitoring programs within a global financial services organization. Mr. de Saint-Aignan's service on the board of directors and committees of several other companies give him additional perspective on global management and governance. A dual citizen of the United States and France, he was honored with Risk Magazine's Lifetime Achievement Award in 2004. Mr. de Saint-Aignan holds his B.B.A. degree from the Ecole des Hautes Etudes Commerciales and an M.B.A. from Harvard University.

## **AMELIA C. FAWCETT**

**Age 56, Director since 2006**

**Board Roles: Executive Committee; Executive Compensation Committee; and Risk and Capital Committee (Chair)**

## **Career Highlights and Community Involvement**

- n Non-Executive Chairman, Guardian Media Group plc, a privately held diversified multimedia business headquartered in London (2009 to present)
  
- n Chairman, Hedge Fund Standards Board, a standard setting body for the hedge fund industry, headquartered in London (2011 to present)
  
- n Non-Executive Director, Investment AB Kinnevik, investment manager of a portfolio of long-term investments in a number of listed and unlisted growth companies around the globe including a long history of investing in emerging markets (2011 to present)
  
- n Non-Executive Chairman, powerPerfactor Group plc, a privately-held UK energy efficiency company focused on voltage optimization (2012 to present)
  
- n Non-Executive Chairman, Pensions First LLP, a privately held financial services and systems company (2007 to 2010)

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- n Former Vice Chairman and Chief Operating Officer of European Operations (2002 to 2006), Morgan Stanley International Limited, London (2006 to 2007); also Vice President (1990 to 1992), Executive Director (1992 to 1996), Managing Director and Chief Administrative Officer for European Operations (1996 to 2002), and Senior Adviser (2006 to 2007)
  
- n Former Member of the Court of Directors and Chairman of the Audit Committee, The Bank of England (2004 to 2009)
  
- n Chairman, The Prince of Wales Charitable Foundation (2012 to present); Trustee since 2011
  
- n Chairman of the American Friends of the National Portrait Gallery (2011 to present); Former Deputy Chairman, National Portrait Gallery (2002 to 2011); also Chairman of Development Board (2002 to 2011)

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- n Governor, London Business School (2009 to present)
  
- n Director, Project Hope (U.K.) (2009 to present)
  
- n Commissioner, US-UK Fulbright Commission (2010 to present)
  
- n Advisory Board Member, Cambridge (University) Programme for Sustainability Leadership

## **Qualifications and Attributes**

Dame Amelia Fawcett, a dual American and British citizen, has many years of extensive and diverse financial services experience. At Morgan Stanley, she had responsibility for development and implementation of the company's business strategy (including business integration), as well as oversight of the company's operational risk functions, infrastructure support and corporate affairs. Prior to joining Morgan Stanley, she was an attorney at the New York-based law firm of Sullivan & Cromwell, practicing primarily in the areas of corporate and banking law in both New York and Paris. In 2002 Dame Amelia was awarded a CBE (Commander of the Order of the British Empire) by the Queen and in 2010 she was awarded a DBE (Dame Commander of the Order of the British Empire) by the Queen, in both instances for services to the finance industry. In addition, she received His Royal Highness The Prince of Wales Ambassador Award in 2004, an award recognizing responsible business activities that have a positive impact on society and the environment. Dame Amelia's public policy experience and experience in the European banking markets provides a valuable international financial markets perspective to the Board. Dame Amelia received a B.A. degree from Wellesley College, a J.D. degree from the University of Virginia and an honorary degree from the American University in London (Richmond).

## **LINDA A. HILL**

**Age 56, Director since 2000**

**Board Roles: Executive Compensation Committee; and Nominating and Corporate Governance Committee**

## **Career Highlights and Community Involvement**

- n Harvard Business School: Wallace Brett Donham Professor of Business Administration (1984 to present); and former Faculty Chair for the Leadership Initiative, the High Potentials Leadership Program, and the Organizational Behavior Unit
  
- n Director, Eaton Corp., an NYSE-listed power management company providing energy-efficient solutions that effectively manages electrical, hydraulic and mechanical power, and a member of the Governance Committee and Compensation and Organization Committee (1994 to 2012 as Cooper Industries, Inc. prior to merger with Eaton Corp from 2012 to present)
  
- n Director, Harvard Business Publishing
  
- n Special Representative to the Board of Trustees, Bryn Mawr College
  
- n Trustee, The Bridgespan Group
  
- n Trustee, Nelson Mandela Children's Fund USA

n Trustee, The Art Center College of Design

**Qualifications and Attributes**

Ms. Hill is the author of several books and articles focusing on the principles and qualifications for effective leadership and management. Through her research and academic perspectives, affiliation with Harvard Business School, and experience as a public company director, Ms. Hill brings to the Board an effective understanding of market and competitive trends in executive talent development and corporate governance matters. Ms. Hill received an A.B. degree in psychology from Bryn Mawr College, an M.A. in educational psychology from the University of Chicago, and a Ph.D. in behavioral sciences from the University of Chicago and completed her post-doctoral research fellowship at the Harvard Business School.

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### **JOSEPH L. HOOLEY**

**Age 56, Director since 2009**

**Board Roles: Chairman of the Board; Executive Committee (Chair); and Risk and Capital Committee**

#### **Career Highlights and Community Involvement**

- n State Street Corporation, Chairman (2011 to present), President (2008 to present), and Chief Executive Officer (2010 to present); also President and Chief Executive Officer, National Financial Data Services (1988 to 1990), President and Chief Executive Officer, Boston Financial Data Services (1990 to 2000)
  
- n Board of Trustees, Boston College (2012 to present)
  
- n Director, Boys and Girls Clubs of Boston (2002 to present)
  
- n Director, President's Council of Massachusetts General Hospital (2009 to present)
  
- n Chairman, Boston College Center for Asset Management (2007 to present)
  
- n Member of the Corporate Advisory Board, The Boston Club (2006 to present)

#### **Qualifications and Attributes**

Mr. Hooley joined State Street in 1986 and has served as our President and Chief Executive Officer since March 2010, prior to which he had served as President and Chief Operating Officer since April 2008. From 2002 to April 2008, Mr. Hooley served as Executive Vice President and head of Investor Services and, in 2006, was appointed Vice Chairman and Global Head of Investment Servicing and Investment Research and Trading. Mr. Hooley was elected to serve on the Board of Directors effective October 22, 2009, and he was appointed Chairman of the Board effective January 1, 2011. Mr. Hooley's leadership experience and core understanding of the company's full range of services brings to the Board a detailed and thorough perspective on the company's key operations, strategic initiatives and customer relationships globally. He received his B.S. degree from Boston College.

### **ROBERT S. KAPLAN**

**Age 55, Director since 2009**

**Board Roles: Executive Compensation Committee; and Nominating and Corporate Governance Committee**

#### **Career Highlights and Community Involvement**

- n Co-Chairman, Draper, Richards, Kaplan Foundation, a global venture philanthropy firm (2010 to present)
  
- n Professor of Management Practice, Harvard Business School (2005 to present)
  
- n Advisory Director, Berkshire Partners LLC, a private equity firm (2009 to present)

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- n Senior Advisor, Indaba Capital Management, LLC, a hedge fund manager (2011 to present)
  
- n Director, Harvard Management Company, manager of Harvard University's endowment and related financial assets; also served as President, Chief Executive Officer (2007) and Interim Chief Executive Officer (2007 to 2008)
  
- n Former Vice Chairman, Goldman Sachs Group; and Senior Director, Management Committee Member (2002 to 2006); also Global Co-Head, Investment Banking Division (1999 to 2002), Co-chief Operating Officer, Global Investment Banking (1998 to 1999), Head, Americas Corporate Finance Department (1994 to 1999), Co-head, Asia-Pacific Investment Banking (1990 to 1994)
  
- n Director, Bed, Bath & Beyond, Inc, a NASDAQ-listed retailer (2004 to 2009)
  
- n Co-Chairman, Project A.L.S., a not-for-profit dedicated to neurodegenerative disease research (2000 to present)
  
- n Co-Chairman, Teak Fellowship, a not-for-profit which provides academic support to low-income students from New York City (1998 to present)
  
- n Trustee, Ford Foundation (2008 to present)



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- n Trustee, The Jewish Theological Seminary (2004 to present)
  
- n Founding Co-Chair of the Harvard NeuroDiscovery Center Advisory Board
  
- n Member, Kansas Healthcare Policy Authority Board (2006 to 2010)

## **Qualifications and Attributes**

As a professor of management practice at Harvard Business School, and through his broad range of financial services experience while at Goldman Sachs and other roles in the industry, Mr. Kaplan adds to the Board a multi-faceted, regionally diverse and practical knowledge of financial, operational and regulatory issues within the financial services industry. Mr. Kaplan's commitment to community service is represented by his extensive service to several not-for-profit organizations. Mr. Kaplan received his B.S. from the University of Kansas and an M.B.A. from Harvard University and also was previously employed as a Certified Public Accountant for Peat Marwick Mitchell & Co.

## **RICHARD P. SERGEL**

**Age 63, Director since 1999**

**Board Roles: Executive Committee; Executive Compensation Committee (Chair); and Examining and Audit Committee**

## **Career Highlights and Community Involvement**

- n Retired President, Chief Executive Officer, North American Electric Reliability Corporation, a self-regulatory organization for the bulk electricity system in North America (2005 to 2009)
  
- n President, Chief Executive Officer, New England Electric System (and its successor company, National Grid USA), an NYSE-listed electric utility (1998 to 2004)
  
- n Director, Emera, Inc., a Toronto Stock Exchange-listed energy and services company (2010 to present)
  
- n Former Director of Jobs for Massachusetts
  
- n Former Director of The Greater Boston Chamber of Commerce
  
- n Former Trustee for the Merrimack Valley United Way, and the Worcester Art Museum
  
- n Former Chairman for the Consortium for Energy Efficiency
  
- n Former Audit Committee member for the Town of Wellesley, Massachusetts

## **Qualifications and Attributes**

Mr. Sergel's responsibilities as Chief Executive Officer of the North American Electric Reliability Corporation included imposing statutory responsibility and regulating the industry through adoption and enforcement of standards and practices. To do so, he led NERC to establish the

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first set of legally enforceable standards for the U.S. bulk power system. Prior to joining NERC, he spent twenty-five years with the New England Electric System, where he oversaw the merger with National Grid in 2000. His extensive practical and technical expertise in navigating the energy market through regulatory change and major transactions offers to the Board important perspective on the evolving financial services industry and regulatory environment. Mr. Sergel received a B.S. degree from Florida State University, an M.S. from North Carolina State University, and an M.B.A. from the University of Miami. He served in the United States Air Force reserve from 1973 to 1979.

### **RONALD L. SKATES**

**Age 71, Director since 2002**

**Board Roles: Examining and Audit Committee (Chair); Executive Committee; Nominating and Corporate Governance Committee; and Risk and Capital Committee**

### **Career Highlights and Community Involvement**

- n Former Chief Executive Officer and President, Data General Corp., a manufacturer of multi-user computer systems such as minicomputers, workstations, servers and storage devices (acquired by EMC)

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Corp. in 1999) (1989 to 1999); also Senior Vice President of Finance and Administration (1986 to 1988), Executive Vice President and Chief Operating Officer (1988 to 1989), Chief Financial Officer (1986 to 1987)

- n Audit Partner, PricewaterhouseCoopers (1976 to 1986)
  
- n Director, Raytheon Company, an NYSE-listed developer of technological products specializing in defense, homeland security and other government markets throughout the world (2003 to present); also serves on the Audit Committee (chair), the Public Affairs Committee, and the Management Development and Compensation Committee
  
- n Director, Courier Corporation, a NASDAQ-listed full-service book manufacturer and specialty publisher (2003 to present); also serves on the Audit and Finance Committee (chair), the Compensation Management Development Committee and the Nominating and Corporate Governance Committee
  
- n Director, Gilbane, Inc., a privately held, family owned construction and real-estate company (2002 to present)
  
- n Director, Cabot Microelectronics Corp., an NYSE-listed supplier of sophisticated polishing compounds and a provider of polishing pads which serve as components for modern electronics (2000 to 2005); also served on the Compensation Committee (chair), and the Nominating and Corporate Governance Committee (2001 to 2005)
  
- n Trustee Emeritus, Massachusetts General Hospital
  
- n Trustee, Massachusetts General Physicians Organization

## **Qualifications and Attributes**

Mr. Skates currently is a private investor. His management experience with a large information technology company, combined with his extensive accounting background and board service for varied and significant organizations, provides the State Street Board with a balanced and detailed insight into the Company's operations, organization and administration. He holds B.A. (cum laude) and M.B.A. degrees from Harvard University.

## **GREGORY L. SUMME**

**Age 56, Director since 2001**

**Board Roles: Executive Committee; and Nominating and Corporate Governance Committee (Chair)**

## **Career Highlights and Community Involvement**

- n Managing Director and Vice Chairman of Global Buyout, Carlyle Group, a leading private equity firm (2009 to present)
  
- n Director, Automatic Data Processing, Inc., a NASDAQ-listed provider of business outsourcing solutions (2007 to present)
  
- n Director, Freescale Semiconductor, an NYSE listed provider of embedded processing solutions (2010 to present)

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- n Senior Advisor, Goldman Sachs Capital Partners, a private equity business affiliated with Goldman Sachs (2008 to 2009)
  
- n Chairman (1999 to 2009), Chief Executive Officer (1999 to 2008) and President (1998 to 2007) of PerkinElmer, Inc., an NYSE-listed global health science company
  
- n President of General Aviation Avionics, Aerospace Engines, and Automotive Products Group for AlliedSignal, an NYSE-listed aerospace, automotive and engineering company (1993 to 1998)
  
- n General Manager of commercial motors, General Electric (1992 to 1993)
  
- n Associate and then Partner, McKinsey & Co. (1983 to 1992)

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### **Qualifications and Attributes**

Mr. Summe has extensive management experience leading large and complex corporate organizations in evolving environments. In particular, at PerkinElmer he led that company's transformation from a diversified defense contractor to a technology leader in health sciences. His experience in private equity since his tenure at PerkinElmer has afforded him a deepened exposure to understanding varied business models, practices, strategies and environments and assessing value in varied international regions. At the Carlyle Group, he is responsible for buyout funds in financial services, infrastructure, Japan, the Middle East and Africa. Mr. Summe holds B.S. and M.S. degrees in electrical engineering from the University of Kentucky and the University of Cincinnati, and an M.B.A. with distinction from the Wharton School of the University of Pennsylvania. He has published a number of articles in the Harvard Business Review, Electronic Business, and various technical journals and is in the Engineering Hall of Distinction at the University of Kentucky.

### **THOMAS J. WILSON**

**Age 55, Director since 2012**

**Board Roles: No committee assignments at this time**

### **Career Highlights and Community Involvement**

- n Chairman, President and CEO, Allstate Corporation; Joined Allstate in 1995 as Chief Financial Officer and has held various positions throughout his tenure (2007 to the present as CEO and President; 2008 appointed as Chairman)
- n Chairman, Property and Casualty CEO Roundtable
- n Former Chairman, Financial Services Roundtable (ended March 2013)
- n Trustee, Rush University Medical Center
- n Trustee, Museum of Science and Industry (Chicago)
- n Director, U.S. Chamber of Commerce
- n Director, World Business Chicago
- n Director, Economic Club of Chicago
- n Director, Catalyst, Inc.

### **Qualifications and Attributes**

As the CEO and chairman of the Allstate Corporation, the largest publicly held personal lines property and casualty insurer in America, Mr. Wilson brings an exceptional background of successful business leadership to the Board. With extensive experience in business strategy, finance, mergers and acquisitions, risk management and workforce development, Mr. Wilson provides important insight and perspective on operating a large public company in a highly regulated industry. During his tenure at Allstate, Mr. Wilson has served in a number of capacities prior to becoming president and chief executive officer in 2007. From 2002 to 2006, Mr. Wilson was president of Allstate Protection,

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responsible for the company's property-casualty insurance operations. In 2005 and 2006, he also served as the president and chief operating officer of The Allstate Corporation. From 1999 to 2002, Mr. Wilson was the chairman and president of Allstate Financial, which offers a range of life insurance, retirement and investment products. From 1995 to 1998, Mr. Wilson served as Allstate's chief financial officer. Mr. Wilson joined Allstate in 1995 from Sears, Roebuck and Co., where he was vice president of strategy and analysis. He was managing director of mergers and acquisitions at Dean Witter Reynolds from 1986 to 1993 and held various financial positions at the Amoco Corporation from 1980 to 1986. Mr. Wilson has a strong commitment to community service and the advancement of women in business and serves several not-for-profit organizations including Catalyst, Inc.

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David P. Gruber's and Robert E. Weissman's terms as directors will expire at the annual meeting, and the Board thanks them for their long service as they retire from the Board. Mr. Gruber is the former Chairman and Chief Executive Officer of Wyman-Gordon Company, a manufacturer of forging, investment casting and composite airframe structures for the commercial aviation and defense industries and has served as a director of State Street since 1997. Mr. Weissman, a director since 1989, is the Chairman of Shelburne Investments, a private investment company and former Chairman and Chief Executive Officer of IMS Health, Inc, an NYSE-listed provider of information to the pharmaceutical and healthcare industries.

**ITEM 2 APPROVAL OF ADVISORY PROPOSAL ON EXECUTIVE COMPENSATION**

**The Board of Directors unanimously recommends that you vote**

**FOR**

**this proposal (Item 2 on your proxy card)**

The Board of Directors recommends that shareholders approve the advisory proposal on executive compensation set forth below. Unless contrary instructions are given, shares represented by proxies solicited by the Board will be voted for the approval of the advisory proposal. This is the fifth consecutive year that our shareholders have had the opportunity to vote on an advisory proposal on executive compensation. In each of the past four years, the say-on-pay vote was approved by a significant majority of the votes cast.

The goals of State Street's compensation program for executive officers are to attract, retain and motivate superior executives and reward them for meeting short-term and long-term financial and strategic objectives, and to drive long-term shareholder value and financial stability, in a manner aligned with appropriate risk management principles. Our executive compensation program is described below in this proxy statement under the heading Executive Compensation.

The advisory vote is provided in accordance with Section 14A of the Securities Exchange Act of 1934, or the Exchange Act, and is non-binding. The outcome of this advisory vote does not overrule any decision by State Street or the Board of Directors (or any of its committees), create or imply any change to the fiduciary duties of State Street or the Board of Directors (or any of its committees), or create or imply any additional fiduciary duties for State Street or the Board of Directors (or any of its committees). Although non-binding, the Executive Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements. Currently, the Board of Directors has determined that State Street will hold an annual advisory vote on executive compensation.

The text of the proposal presented for your approval is as follows:

VOTED: That the compensation of State Street's executives, as disclosed pursuant to the SEC's compensation disclosure rules, as set forth in this proxy statement under the heading Executive Compensation, including the Compensation Discussion and Analysis, the compensation tables and related material, is approved; provided, that, this resolution shall not be binding on State Street's Board of Directors or any of its committees and may not be construed as overruling any decision by the Board or any of its committees.

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**ITEM 3 RATIFICATION OF THE SELECTION OF THE INDEPENDENT REGISTERED**

**PUBLIC ACCOUNTING FIRM**

**The Board of Directors unanimously recommends that you vote**

**FOR**

**this proposal (Item 3 on your proxy card)**

The Board of Directors recommends that shareholders approve the ratification of the selection of the independent registered public accounting firm described below. The Examining and Audit Committee has appointed Ernst & Young LLP as State Street's independent registered public accounting firm for the year ending December 31, 2013. Ernst & Young LLP has acted as our independent auditor since 1972. We have been advised by Ernst & Young LLP that it is a registered public accounting firm with the Public Company Accounting Oversight Board (United States) and complies with the auditing, quality control and independence standards and rules of that Board and the SEC.

We expect that representatives of Ernst & Young LLP will be present at the annual meeting to respond to appropriate questions, and they will have the opportunity to make a statement if they desire. While shareholder ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm is not required, the Board of Directors is submitting the selection of Ernst & Young LLP to the shareholders for ratification to learn the opinion of shareholders on the selection. Unless contrary instructions are given, shares represented by proxies solicited by the Board of Directors will be voted for the ratification of the selection of Ernst & Young LLP as State Street's independent registered public accounting firm for the year ending December 31, 2013. Should the selection of Ernst & Young LLP not be ratified by the shareholders, the Examining and Audit Committee will reconsider the matter. Even in the event the selection of Ernst & Young LLP is ratified, the Examining and Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if in its view such a change is in the best interests of State Street and its shareholders.

**OTHER MATTERS**

The Board of Directors does not know of any other matters that may be presented for action at the annual meeting. Under our by-laws, the deadline for shareholders to notify us of any proposals or director nominations to be presented for action at the 2013 Annual Meeting has passed. Should any other business properly come before the meeting, the persons named on the enclosed proxy will, as stated therein, have discretionary authority to vote the shares represented by such proxies in accordance with their best judgment. See the discussion above in this proxy statement under the heading "General Information" "Could other matters be decided at the meeting?"



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**CORPORATE GOVERNANCE AT STATE STREET**

State Street is a financial holding company whose principal subsidiary is State Street Bank and Trust Company, or the Bank. State Street and the Bank are each organized under the laws of the Commonwealth of Massachusetts. In accordance with Massachusetts law and State Street's by-laws, our Board of Directors has responsibility for overseeing the conduct of our business. Our Board is committed to strong corporate governance practices and is intent on maintaining State Street's reputation for quality, integrity and high ethical standards.

State Street's Board of Directors, in its role of overseeing the conduct of our business, is guided by our Corporate Governance Guidelines, or the Guidelines. Among other things, the Guidelines describe the role of the Board of Directors, its responsibilities and functions, the director qualification and selection process and the role of the Lead Director. The Guidelines also contain categorical standards for determining director independence under NYSE listing standards. In general, a director would not be independent under these standards if the director (and in certain circumstances, a member of the director's immediate family) has, or in the past three years had, certain relationships or affiliations with State Street, its external or internal auditors, or other companies that do business with State Street (including employment by State Street, receipt of a specified level of direct compensation from State Street other than director fees and compensation committee interlocks). The categorical standards also provide specified relationships that, by themselves, would not impair independence. The portion of the Guidelines addressing director independence is attached as *Appendix A* to this proxy statement. The full Guidelines are available under the corporate governance section in the investor relations portion of our website at [www.statestreet.com](http://www.statestreet.com). In addition to the Guidelines, the charters for each principal committee of the Board and our Standard of Conduct for Employees, Standard of Conduct for Directors and Code of Ethics for Senior Financial Officers are also available in the same location of our website. Except as may be specifically incorporated by reference in this proxy statement, information on our website is not part of this proxy statement.

Pursuant to the Guidelines, the Board undertook a review of director independence in February 2013. As provided in the Guidelines, the purpose of this review was to determine whether any relationship or transaction was inconsistent with a determination that the director was independent. As a result of this review, the Board, after review and recommendation by the Nominating and Corporate Governance Committee, determined that each of our non-management directors (Dame Amelia, Ms. Hill and Messrs. Burnes, Coym, de Saint-Aignan, Gruber, Kaplan, Sergel, Skates, Summe, Weissman and Wilson) meets the categorical standards for independence under the Guidelines, has no material relationship with State Street and satisfies the qualifications for independence under listing standards of the NYSE. In making this determination, the Board considered that the following individuals, or their respective family members, have the following relationships or arrangements that are deemed to be immaterial under the categorical standards for independence included in the Guidelines: commercial relationships with an entity for which the State Street director or family member serves as non-employee director, and with respect to which the director was uninvolved in the negotiations (Ms. Hill and Messrs. de Saint-Aignan, Sergel, Skates, Summe and Weissman); and commercial relationships with an entity for which the State Street director or family member serves as an employee, consultant or executive officer where the director does not receive any special benefits from the transaction and the annual payments to or from the entity are equal to or less than the greater of \$1 million or 2% of the consolidated gross annual revenues of the other entity during the most recent completed fiscal year (Ms. Hill and Messrs. Kaplan, Summe and Wilson). None of these commercial relationships involved amounts paid or received by State Street in 2012 greater than 0.1% of the director-affiliated entity's annual gross revenue or 0.1% of State Street's annual gross revenue.

Although State Street does not have a formal policy regarding attendance of directors at the annual meeting, all directors are encouraged to attend. Of the 12 directors then on the Board, all 12 attended the 2012 annual meeting.

State Street has established and maintains internal controls and procedures designed to ensure the integrity and accuracy of its consolidated financial statements and control of its assets. State Street has established and

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maintains disclosure controls and procedures designed to ensure that State Street is able to timely record, process and report the information required for public disclosure. State Street is dedicated to maintaining its high standards of financial accounting and reporting.

We have a Standard of Conduct for Directors, which together with the Standard of Conduct for Employees, promotes ethical conduct and the avoidance of conflicts of interest in conducting our business. We also have a Code of Ethics for Senior Financial Officers (including the Chief Executive Officer), as required by the Sarbanes-Oxley Act and SEC rules. Only our Board may grant a waiver for directors, senior financial officers or executive officers from a provision of the Standard of Conduct for Directors, the Standard of Conduct for Employees or the Code of Ethics for Senior Financial Officers, and any waivers will be posted under the corporate governance section in the investor relations portion of our website at [www.statestreet.com](http://www.statestreet.com).

### **Composition of the Board and Director Selection Process**

In connection with nominating directors for election each year and evaluating the need for new director candidates as appropriate, the Nominating and Corporate Governance Committee, with input from the entire Board and management, focuses on the Board's capabilities and functioning as a whole, including skill sets, diversity, specific business background and global or international experience. The Board expects all nominees to possess the following attributes or characteristics:

- n unquestionable business ethics, irrefutable reputation and superior moral and ethical standards;
- n informed and independent judgment with a balanced perspective, financial literacy, mature confidence, high performance standards and incisiveness;
- n ability and commitment to attend Board and committee meetings and to invest sufficient time and energy in monitoring management's conduct of the business and compliance with State Street's operating and administrative procedures; and
- n a global vision of business with the ability and willingness to work closely with the other Board members.

Taken as a whole, the Board expects one or more of its members to have the following skill sets, specific business background and global or international experience:

- n experience in the financial services industry;
- n experience as a senior officer of a well-respected public company;
- n experience as a senior business leader of an organization active in the company's key international growth markets;
- n experience in key disciplines, such as risk management, of significant importance to the company's overall operations; and
- n qualification as an audit committee financial expert (as defined by applicable SEC rules).

The director biographies set forth in this proxy statement above under the heading "Item 1-Election of Directors" indicate each nominee's experience, qualifications, attributes and skills that led the Board to conclude he or she should continue to serve as a director of State Street. The Board believes that individually each of the nominees has had substantial achievement in his or her personal and professional pursuits, and has talents, experience and integrity that will contribute to the best interests of State Street and to long-term shareholder value, and the nominees as a

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group possess the skill sets, specific business background and global or international experience that the Board desires.

State Street does not have a formal or informal policy with respect to diversity, but taken as a whole, strives to have a Board that reflects the diversity (in terms of a number of characteristics, including, gender, race,

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national origin, age and tenure on the Board) of the company's key stakeholders and of the various communities in which the company operates. Presently, the Nominating and Corporate Governance Committee and the Board believe the composition of the Board, which currently reflects a range of personal and professional backgrounds, experiences and other characteristics, is reflective of this diversity. As noted above, the Nominating and Corporate Governance Committee includes diversity as a consideration in making its recommendations for nominees for director. The Committee, however, does not assign specific weight to the various factors it considers and no particular criterion is a prerequisite for nomination.

In carrying out its responsibility to find the best qualified candidates for directors, the Nominating and Corporate Governance Committee will consider proposals from a number of sources, including recommendations for nominees from shareholders submitted upon written notice to the Chair of the Nominating and Corporate Governance Committee, c/o the Office of the Secretary of State Street Corporation, One Lincoln Street, Boston, Massachusetts 02111 (facsimile number (617) 664-8209). The Committee seeks to identify individuals qualified to become directors, consistent with the above criteria established by the Board for director candidates.

The Nominating and Corporate Governance Committee's process for identifying and evaluating candidates includes actively seeking to identify qualified individuals by reviewing lists of possible candidates, and considering proposals from a number of sources, such as from members of the Board, members of management, employees, shareholders and industry contacts. The Committee's charter grants it the authority to retain a search firm to assist in conducting this search. Upon identifying a possible candidate, from whatever source, the Committee makes an initial evaluation as to whether the individual would be expected to qualify under the criteria established by the Board for director candidates. A possible candidate whom the Committee feels is an individual who could qualify under the criteria established by the Board is then further evaluated through a process which may include obtaining and examining the individual's resume, speaking with the person who has recommended the individual, speaking with others who may be familiar with the individual, interviews by members of the Board and the Nominating and Corporate Governance Committee with the individual, discussion at the Committee level of the individual's possible contribution to State Street and, if appropriate, voting on the individual as a candidate. The Committee evaluates possible nominees for director without regard to whether an individual is recommended by a shareholder or otherwise.

Mr. Thomas J. Wilson is a nominee for election as director by shareholders for the first time at this meeting. He was elected to the Board by the other directors in October 2012. The Nominating and Corporate Governance Committee recommended Mr. Wilson to the directors for appointment to the Board in October 2012, and also as candidate for election by the shareholders at this meeting, after evaluating his candidacy. The candidate was first identified by a third-party search firm that was retained to identify potential director candidates. At the request of the Committee, the search firm discussed with the members of the Committee the priority characteristics in a new director candidate, in light of the preferred individual and Board qualities described above. The search firm developed preliminary criteria for a director candidate, and reviewed it with the Committee. The search firm identified potential candidates that met the criteria as established by the Committee, and submitted a list of potential candidates to the Committee. The Committee met to discuss and finalize the list of candidates, and the Committee reviewed this process and the resulting list with the Board. After conducting a preliminary check to determine conflicts and eliminating from consideration those candidates whose Board commitments precluded them from considering an appointment to the Board, the search firm approached the candidates to determine their interest in serving on the Board. The search firm gave the Committee a list of candidates who were interested, and members of the Committee and the Chairman personally interviewed them. The Committee recommended Mr. Thomas J. Wilson to the Board, after determining that he met several of the criteria identified by the Board for new directors, had the background and potential to make significant contributions to State Street through service as a director and was independent under the Corporate Governance Guidelines.

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**Board Leadership Structure**

Mr. Hooley, as State Street's Chairman of the Board, presides at all meetings of the Board during which he is present. State Street has adopted a leadership structure that also includes an independent Lead Director of the Board. This position is currently held by Kennett F. Burnes. The Chairman works with the independent Lead Director in setting Board agendas and coordinating other Board activities. The Board of Directors believes that Mr. Hooley's role as Chairman and Mr. Burnes' role as Lead Director is the most effective leadership structure for State Street and is in the best interests of the Board, the company and its shareholders at this time. Among the factors leading the Board to this conclusion are:

- n As our Chief Executive Officer, Mr. Hooley is more familiar with our business and strategy than an independent, non-management Chairman would be and is thus better positioned to focus our Board's agenda on the key issues facing State Street.
  - n A single Chairman and Chief Executive Officer provides strong, consistent and accountable leadership for State Street, without risking overlap or conflict of roles.
  - n Oversight of State Street is the responsibility of our Board as a whole, and this responsibility can be properly discharged without an independent Chairman.
  - n The Chairman and our Lead Director work together to play a strong and active role in the oversight of State Street's leadership. Mr. Burnes was appointed Lead Director to serve a one-year term as the presiding director of the independent directors of the Board (all directors, except for Mr. Hooley) in May 2012. Mr. Burnes has served in this capacity for three terms. In appointing Mr. Burnes to this position, the Board intended to enhance the role of Lead Director within our corporate governance framework. As Lead Director, Mr. Burnes:
    - n is actively involved in all the matters of the Board and each of its committees;
    - n participates in, and attends, meetings of all of the Board's committees providing valuable committee membership overlap to enable optimal agenda coordination;
    - n presides at all meetings of the Board at which the Chairman is not present, including all executive sessions of independent directors;
    - n serves as a liaison between the Chairman and the independent directors;
    - n establishes the agenda and oversees the executive sessions of the independent directors;
    - n communicates with the Chairman to provide feedback and also to implement the decisions and recommendations of the independent directors; and
    - n approves, in consultation with the Chairman, the agendas for Board meetings, information sent to the Board and the schedule of Board meetings.
- The independent directors meet in executive session at every regularly scheduled meeting of the Board and otherwise as needed. The Lead Director is authorized to call additional meetings of the independent directors. The meetings of the independent directors promote additional

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opportunities, outside the presence of management, for the directors to engage together in discussion of pending and other important matters, and the regularity of these meetings fosters continuity for these discussions and allows for a greater depth and scope to the matters discussed. The role of the Lead Director provides another method to communicate the perspectives of the independent directors, including the matters discussed at the separate meetings of the independent directors, and to effectively integrate those perspectives into Board agendas and materials.

A review of the role, responsibilities and effectiveness of the Lead Director is conducted annually by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee

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conducts a review of the current Lead Director by soliciting feedback from members of the Board, and based upon the review, recommends that the Board of Directors elect a member of the Board as its Lead Director for a one-year term.

### *Communication with the Board of Directors*

Shareholders and interested parties who wish to contact the Board of Directors or the Lead Director should address correspondence to the Lead Director in care of the Corporate Secretary. The Corporate Secretary will review and forward correspondence to the Lead Director or appropriate person or persons for response.

Lead Director of State Street Corporation

c/o Office of the Secretary

One Lincoln Street

Boston, MA 02111

In addition, State Street has established a procedure for communicating directly with the Lead Director by utilizing a third-party independent provider, regarding concerns about State Street or its conduct, including complaints about accounting, internal accounting controls or auditing matters. An interested party who wishes to contact the Lead Director may use any of the following methods, which are also described on State Street's website at [www.statestreet.com](http://www.statestreet.com):

**Telephone:**

From within the United States and Canada:  
1-888-736-9833 (toll-free)

**Posted Mail:**

The Network  
ATTN: State Street  
333 Research Court  
Norcross, GA 30092  
USA

**Internet:**

[www.tnwinc.com/webreport](http://www.tnwinc.com/webreport)

For country specific phone numbers please visit [www.statestreet.com](http://www.statestreet.com).

The Lead Director may forward to the Examining and Audit Committee, or to another appropriate group or department, any concerns the Lead Director receives for appropriate review. The Lead Director periodically reports to the non-management directors as a group regarding concerns received.

### **Meetings of the Board of Directors**

During 2012, the Board of Directors held nine meetings, and each of the incumbent directors attended 75% or more of the total of all meetings of the Board and all meetings of the committees of the Board for such period as the director served during the year. Each member of the Board is also a member of the Board of Directors of the Bank. The Board of Directors of the Bank held eight meetings during 2012. Each member of State Street's Executive Committee, Risk and Capital Committee and Examining and Audit Committee is also a member of the corresponding committee of the Bank, and members customarily hold joint meetings of both committees.

### **Committees of the Board of Directors**

The Board of Directors has the following principal committees to assist it in carrying out its responsibilities, each of which operates under a written charter, a copy of which is available under the corporate governance section in the investor relations portion of our website at [www.statestreet.com](http://www.statestreet.com). The charter for each committee, which establishes its roles and responsibilities and governs its procedures, has been approved by the Board.

*Examining and Audit Committee.* The Examining and Audit Committee has direct responsibility for the appointment, compensation, retention, evaluation and oversight of the work of the independent registered public





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accounting firm for State Street, and sole authority to establish pre-approval policies and procedures for all audit engagements and for any non-audit engagements with the independent auditor. The Committee also oversees the operation of our system of internal controls covering the integrity of our financial statements and reports, compliance with laws, regulations, corporate policies, and the qualifications, performance and independence of State Street's independent registered public accounting firm. The Committee acts on behalf of the Board in monitoring and overseeing the performance of the internal audit function at State Street and in reviewing certain communications with bank regulatory authorities. The Committee reports periodically to the Board as appropriate, and its specific functions and responsibilities are set forth in the Committee's charter. The Committee's members are, Ronald L. Skates, Chair; Peter Coym, Patrick de Saint-Aignan, David P. Gruber and Richard P. Sergel. During 2012, the Committee held 20 meetings.

The Board of Directors has determined that the Examining and Audit Committee consists entirely of directors who meet the independence requirements of the listing standards of the NYSE and the rules and regulations of the SEC. Further, all of the members of the Committee are financially literate, based upon their education and experience, as such qualification under the listing standards of the NYSE is interpreted by the Board. The Board has determined, based upon education and experience as a principal accounting or financial officer or public accountant, or experience actively supervising a principal accounting or financial officer or public accountant, that the following members of the Committee: Messrs. Skates, de Saint-Aignan, Gruber and Sergel, each satisfy the definition of "audit committee financial expert" as set out in the rules and regulations under the Exchange Act, and have accounting or related financial management expertise as such qualification under the listing standards of the NYSE is interpreted by the Board. None of the members of the Committee serve on more than two other audit committees of public companies.

*Executive Committee.* The Executive Committee is authorized to exercise all the powers of the Board of Directors, except as otherwise limited by the laws of the Commonwealth of Massachusetts or the Committee's charter. The purpose and function of the Committee is to review, approve and act on matters on behalf of the Board of Directors at times when it is not practical to convene a meeting of the full Board to address such matters. The Committee, dependent on its meeting activities, if any, reports periodically to the Board, as appropriate, and its specific functions and responsibilities are set forth in the Committee's charter. The Committee's members are Joseph L. Hooley, Chair, Kennett F. Burnes, Amelia C. Fawcett, Richard P. Sergel, Ronald L. Skates and Gregory L. Summe. The Committee did not meet in 2012.

*Executive Compensation Committee.* The Executive Compensation Committee, sometimes referred to as the Compensation Committee, oversees the operation of all of our compensation plans, policies and programs in which executive officers participate and certain other incentive, retirement, welfare and equity plans in which all other employees participate. The Committee also oversees the alignment of our incentive compensation arrangements with our safety and soundness. Acting together with the other independent directors, the Committee annually reviews and approves corporate goals and objectives relevant to the chief executive officer's compensation, evaluates the chief executive officer's performance, and reviews, determines and approves, in consultation with the other independent directors, the chief executive officer's compensation level. In addition, the Committee reviews, evaluates and approves the total compensation of all executive officers and oversees State Street's incentive plans. The Committee is also responsible for approving the terms and conditions of employment and any changes thereto, including any restrictive provisions, severance arrangements, and special arrangements or benefits, of any executive officer. The Committee adopts equity grant guidelines in connection with its overall responsibility for all equity plans, and monitors stock ownership of executive officers. The Committee reports periodically to the Board, as appropriate, and its specific functions and responsibilities are set forth in the Committee's charter. Its members are Richard P. Sergel, Chair; Amelia C. Fawcett, Linda A. Hill, Robert S. Kaplan and Robert E. Weissman. None of these individuals is or has been an officer or employee of State Street or the Bank. The Board of Directors has determined that the Committee consists entirely of directors who meet the applicable independence requirements of the listing standards of the NYSE. During 2012, the Committee held six meetings.

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The Board of Directors has formed a subcommittee of the Executive Compensation Committee and appointed Messrs. Sergel (Chair) and Weissman and Dame Amelia as members of the subcommittee. The purpose and authority of the subcommittee is to perform all functions of the Executive Compensation Committee related to the qualification of performance-based compensation for applicable exemptions under Section 162(m), including establishing and administering performance goals and certifying the attainment of those goals. Each of Messrs. Sergel and Weissman and Dame Amelia qualify as outside directors for purposes of Section 162(m) and as non-employee directors for purposes of SEC Rule 16b-3. All references to the Executive Compensation Committee in this proxy statement refer to the subcommittee, as appropriate.

*Nominating and Corporate Governance Committee.* The Nominating and Corporate Governance Committee's principal responsibilities are to assist the Board in overseeing the company's succession planning process, to identify and recommend nominees for directors of State Street, to recommend to the Board director nominees for each committee, to provide leadership in shaping our corporate governance, including the Corporate Governance Guidelines, and to lead the Board in its annual review of the Board's performance. The Committee is also responsible for reviewing and approving State Street's related-person transactions and reviewing the amount and form of director compensation. The Committee reports periodically to the Board, as appropriate, and its specific functions and responsibilities are set forth in the Committee's charter. Its members are Gregory L. Summe, Chair; Peter Coym, Linda A. Hill, Robert S. Kaplan and Ronald L. Skates. The Board of Directors has determined that the Committee consists entirely of directors who meet the applicable independence requirements of the listing standards of the NYSE. During 2012, the Committee held six meetings.

*Risk and Capital Committee.* The Risk and Capital Committee is responsible for the oversight relating to State Street's assessment and management of risk, including market, operational, fiduciary, interest-rate, liquidity, business and credit risks and related policies. In addition, the Committee provides oversight on strategic capital governance principles and controls and monitors capital adequacy in relation to risk. The Risk and Capital Committee is also responsible for discharging the duties and obligations of the Board under applicable Basel requirements. The Committee reports periodically to the Board, as appropriate, and its specific functions and responsibilities are set forth in the Committee's charter. Its members are Amelia C. Fawcett, Chair; Patrick de Saint-Aignan, David P. Gruber, Joseph L. Hooley and Ronald L. Skates. During 2012, the Committee held 11 meetings.

### **Non-Employee Director Compensation**

#### **General**

The Nominating and Corporate Governance Committee is responsible for reviewing annually the form and amount of director compensation and for making a related recommendation to the Board. The Committee's review focuses on compensation for our non-employee directors. Mr. Hooley is the only director that is also one of our employees, and the determination of his compensation is described in this proxy statement under the heading Executive Compensation. In conducting its review, the Committee has access to compensation consultants and other resources it deems appropriate, including peer group data. The Committee uses the same peer group as the Compensation Committee uses for purposes of executive compensation generally and, like the Compensation Committee, uses the services of Aon Hewitt as a compensation consultant.

The Nominating and Corporate Governance Committee targets non-employee director compensation at the median of the companies in our peer group. Aon Hewitt prepares a review of director compensation at the peer group and provides the review to the Committee annually. The summary includes data on total compensation for directors at the peer group companies as well as on individual components of that compensation, such as annual retainers, meeting fees and equity awards. Data is also provided that differentiates compensation by board position, such as committee chairs and lead directors. Aon Hewitt also provides data showing trends in director compensation. For 2012 director compensation, management and Aon Hewitt met to review the data with the Committee at a meeting in April 2012. The Committee then made its recommendation to the Board, which,

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following the May 2012 annual meeting of shareholders, approved director compensation for all non-employee directors effective through the 2013 annual meeting of shareholders.

### **Director Compensation Arrangements**

#### ***Compensation***

For the period beginning after the 2012 annual meeting of shareholders and ending upon the 2013 annual meeting of shareholders, non-employee directors receive the following compensation:

- n annual retainer \$75,000, payable at the director's election in shares of State Street common stock or in cash;
  - n meeting fees \$1,500 for each Board and committee meeting attended, together with reimbursement of expenses incurred as a result of attending such meetings, payable in cash;
  - n an annual common stock award in an amount of shares equal to \$130,000 divided by the closing price of the stock on May 16, 2012 (with additional stock amounts to reflect dividends if the award is deferred);
  - n a pro-rated annual retainer and annual common stock award for any director joining the Board prior to the 2013 annual meeting;
  - n an additional annual retainer for the Lead Director of \$90,000, payable at the director's election in shares of State Street common stock or in cash;
  - n an additional annual retainer for the Examining and Audit Committee Chair and for the Risk and Capital Committee Chair of \$25,000, payable at the director's election in shares of State Street common stock or in cash;
  - n an additional annual retainer for the Chairs of the Executive Compensation Committee and the Nominating and Corporate Governance Committee of \$15,000, payable at the director's election in shares of State Street common stock or in cash; and
  - n an additional annual retainer for each member of the Examining and Audit Committee and for each member of the Risk and Capital Committee, other than the Chairs, of \$10,000, payable at the director's election in shares of State Street common stock or in cash.
- Pursuant to State Street's Deferred Compensation Plan for Directors, for 2012 directors could elect to defer the receipt of 0%, 50% or 100% of their (1) retainers, (2) meeting fees, and/or (3) annual award of shares of common stock. For 2013, directors may only defer 0% or 100% of such compensation. Directors also may elect to receive all of their retainers in cash or shares of common stock. Directors who elect to defer the cash payment of their retainers and/or meeting fees may also make notional investment elections with respect to such deferrals, with a choice of notional investment fund returns. To the extent the amounts are deferred they will (a) be paid as elected by the director, on either the date of the director's termination of service on the Board or on the earlier of such termination and a future date specified, and (b) be paid in the form elected by the director as either a lump sum or in installments over a two- to ten-year period (or for 2013 compensation, over a two- to five-year period).

#### ***Director Stock Ownership Guidelines***

We have stock ownership guidelines that apply to all directors. The target level of stock ownership is the lesser of 10,000 shares of common stock or common shares worth at least \$500,000. The value of those shares is calculated by reference to the closing price of our common stock on the NYSE on the date that we use for the beneficial ownership table in our annual meeting proxy statement. Directors are credited with the value and number of all shares they beneficially own for purposes of the beneficial ownership table as well as all shares awarded as director

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compensation, whether deferred, delayed or subject to vesting or other restrictions. The achievement of these levels is phased-in over a period of seven years, with the first year commencing on the date of election as director, for any director elected to the Board prior to May 2011. For directors elected to the board

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after May 2011, the phase-in period is five years. As of March 1, 2013, the stock ownership of each of our directors exceeded the expected level of ownership under these guidelines or is consistent with a prorated accumulation of shares which would, if continued, exceed the guidelines for those directors whose holdings do not meet the applicable seven-year, or five-year, threshold.

**2012 Director Compensation**

Name	Fees Earned or Paid in			Total
	Cash	Stock Awards <sup>(1)</sup>	All Other Compensation <sup>(2)</sup>	
(a)	(b)	(c)	(g)	(h)
Kennett F. Burnes	\$ 18,000	\$ 295,000	\$ 31,117	\$ 344,117
Peter Coym <sup>(3)</sup>	137,500	130,000		267,500
Patrick de Saint-Aignan <sup>(3)</sup>	135,500	130,000	35,721	301,221
Amelia C. Fawcett <sup>(3)</sup>	134,500	130,000		264,500
David P. Gruber <sup>(3)</sup>	153,500	130,000		283,500
Linda A. Hill <sup>(3)</sup>	109,500	130,000		239,500
Robert S. Kaplan	25,500	205,000		230,500
Charles R. LaMantia <sup>(4)</sup>	19,500		12,217	31,717
Richard P. Sergel <sup>(3)</sup>	157,000	130,000	34,579	321,579
Ronald L. Skates <sup>(3)</sup>	183,500	130,000	36,117	349,617
Gregory L. Summe	22,500	220,000	14,512	257,012
Robert E. Weissman <sup>(3)</sup>	102,000	130,000	12,117	244,117
Thomas J. Wilson <sup>(5)</sup>	45,250	75,833		121,083

(1) For the May 2012 – April 2013 Board year, each director (with the exception of Mr. Wilson, who was elected to the Board in October 2012 (see note 5 below), and Mr. LaMantia, who retired from the Board in May 2012) received 3,111 shares of stock valued at \$130,000 on the date of grant for the annual equity award; each director electing to receive the annual retainer in stock also received 1,795 shares of stock valued at \$75,000 on the date of grant. Some directors elected to receive their additional committee chair or member retainers in stock in lieu of cash. All of these shares were valued based on the per share closing price of our common stock on the NYSE on May 16, 2012 of \$41.80.

(2) Perquisites that Messrs. Burnes, de Saint-Aignan, LaMantia, Sergel, Skates, Summe and Weissman, received in 2012 include: director life insurance coverage paid for by State Street (\$512 for Mr. Summe, \$614 for Mr. LaMantia, \$721 for Mr. de Saint-Aignan and Mr. Sergel, and \$1,117 for Messrs. Burnes, Skates, and Weissman); matching charitable contributions that were made in the name of directors under State Street's matching gift program available to all directors (\$11,000 for Mr. Weissman, \$14,000 for Mr. Summe, \$30,000 for Mr. Burnes, \$33,858 for Mr. Sergel, and \$35,000 for Mr. de Saint-Aignan and Mr. Skates); and an \$11,603 retirement gift for Mr. LaMantia in recognition of his 19 years of service as a member of the State Street Board. The amount of perquisites and other personal benefits for Dame Amelia, Ms. Hill, and Messrs. Coym, Gruber, Kaplan, and Wilson has not been itemized because the total did not exceed \$10,000.

(3) Annual retainer was paid in cash.

(4) Mr. LaMantia retired from the Board in May 2012. Amounts reflected under Fees Earned or Paid in Cash (column (b)) reflect Board and committee meeting fees earned from January to May 2012, while Mr. LaMantia was still serving as a director.

- (5) Mr. Wilson was elected to the Board in October 2012, and chose to receive his prorated annual retainer of \$43,750 in cash. Mr. Wilson also received a prorated annual stock retainer of 1,657 shares of stock valued at \$75,833, based on a per share closing price of our common stock on the NYSE on November 23, 2012 of \$45.78.

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**Related Person Transactions**

The Board has adopted written policies and procedures for the review of any transaction, arrangement or relationship in which State Street is a participant, the amount involved exceeds \$120,000, and one of our executive officers, directors, director nominees or 5% shareholders (or their immediate family members), who we refer to as related persons, has a direct or indirect material interest.

A related person proposing to enter into such a transaction, arrangement or relationship must report the proposed related-person transaction to State Street's Chief Legal Officer. The policy calls for the proposed related-person transaction to be reviewed and, if deemed appropriate, approved by the Nominating and Corporate Governance Committee. Whenever practicable, the reporting, review and approval will occur prior to the transaction. If advance review is not practicable or was otherwise not obtained, the Committee will review, and, if deemed appropriate, may ratify the related-person transaction. The policy also permits the Chair of the Committee to review and, if deemed appropriate, approve proposed related-person transactions that arise between Committee meetings, in which case they will be reported to the full Committee at its next meeting. Any related-person transactions that are ongoing in nature will be reviewed annually.

A related-person transaction reviewed under the policy will be considered approved or ratified if it is authorized by the Committee (or the Committee Chair) after full disclosure of the related person's interest in the transaction. As appropriate for the circumstances, the Committee (or the Committee Chair) will review and consider:

- n the related person's interest in the related-person transaction;
- n the approximate dollar value of the amount involved in the related-person transaction;
- n the approximate dollar value of the amount of the related person's interest in the transaction without regard to the amount of any profit or loss;
- n whether the transaction was undertaken in the ordinary course of State Street's business;
- n whether the transaction with the related person is on terms no less favorable to State Street than terms that could be reached with an unrelated third party;
- n the purpose of, and the potential benefits to State Street of, the transaction; and
- n any other information regarding the related-person transaction or the related person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

The Committee may approve or ratify the related-person transaction only if the Committee determines that, under all of the circumstances, the transaction is in, or is not inconsistent with, State Street's best interests. The Committee may, in its sole discretion, impose such conditions as it deems appropriate on State Street or the related person in connection with approval of the related-person transaction.

In addition to the transactions that are excluded by the instructions to the SEC's related-person transaction disclosure rule, the Board has determined that the following transactions do not create a material direct or indirect interest on behalf of related persons and, therefore, are not related-person transactions for purposes of this policy:

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interests arising solely from the related person's position as an executive officer, employee or consultant of another entity (whether or not the person is also a director of such entity) that is a party to the transaction, where (1) the related person and his or her immediate family members do not receive any special benefits as a result of the transaction and (2) the annual amount involved in the transaction equals less than the greater of \$1 million or 2% of the consolidated gross revenues of the other entity that is a party to the transaction during that entity's last completed fiscal year; or



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n a transaction that involves discretionary charitable contributions from State Street to a tax-exempt organization where a related person is a director, trustee, employee or executive officer, provided the related person and his or her immediate family members do not receive any special benefits as a result of the transaction, and further provided that, where a related person is an executive officer of the tax-exempt organization, the amount of the discretionary charitable contributions in any completed year in the last three fiscal years is not more than the greater of \$1 million, or 2% of that organization's consolidated gross revenues in the last completed fiscal year of that organization (in applying this test, State Street's automatic matching of employee charitable contributions to a charitable organization will not be included in the amount of State Street's discretionary contributions).

Based on information provided by the directors and executive officers, and obtained by the legal department, no related-person transactions were required to be reported in this proxy statement under applicable SEC regulations. In addition, neither State Street nor the Bank had extended a personal loan or extension of credit to any directors or executive officers.

Table of Contents**EXECUTIVE COMPENSATION****Compensation Discussion and Analysis**

The goals of State Street's compensation program for executive officers are to attract, retain and motivate superior executives and reward them for meeting short-term and long-term financial and strategic objectives, and to drive long-term shareholder value and financial stability, in a manner aligned with appropriate risk management principles. In this compensation discussion and analysis, we describe our approach to executive compensation, including philosophy, design, process and risk alignment. We also describe 2012 compensation determinations for specific executive officers, who we refer to as our named executive officers.

**Overview**

In making compensation decisions for our executive officers, each of whom has significant policy-making and other influence over our operations, the Compensation Committee evaluates overall corporate performance based on a number of relevant factors, including financial performance, strategic objective performance and risk management. The Committee also evaluates individual performance, market and competitive compensation practices and regulatory and shareholder perspectives in making these determinations. This overview reviews several key factors and procedural elements involved in the Committee's determinations of 2012 executive officer incentive compensation. Many of these factors and elements are further described later in this compensation discussion and analysis.

**2012 Compensation Determinations for our Named Executive Officers**

The following table provides a summary of the Compensation Committee's 2012 compensation decisions for our named executive officers, in comparison to 2011, consistent with how the Committee views total compensation for its named executive officers and as further described below in this compensation discussion and analysis. **While the table below is presented to summarize how the Committee determines compensation, the table is not a substitute for the tables and disclosures required by the SEC's rules, which begin on page 48 of this proxy statement.** An explanation of the differences between the Committee's calculations of compensation and compensation calculated under the SEC's rules can be found beginning on page 36 of this proxy statement.

Named Executive Officer	Year	Base Salary Rate	Total Incentive Compensation	Total Compensation
Joseph L. Hooley	2012	\$ 1,000,000	\$ 11,000,000	\$ 12,000,000
<i>Chairman, President, and Chief Executive Officer</i>	2011	1,000,000	13,000,000	14,000,000
Edward J. Resch	2012	800,000	5,750,000	6,550,000
<i>Executive Vice President and Chief Financial Officer</i>	2011	800,000	7,400,000	8,200,000
Joseph C. Antonellis	2012	800,000	5,500,000	6,300,000
<i>Vice Chairman</i>	2011	800,000	7,300,000	8,100,000
James S. Phalen	2012	750,000	5,900,000	6,650,000
<i>Executive Vice President and Head of Global Operations, Technology, and Product Development</i>	2011	750,000	7,750,000	8,500,000
Scott F. Powers	2012	800,000	6,400,000	7,200,000
<i>Executive Vice President and Chief Executive Officer of State Street Global Advisors</i>	2011	800,000	7,750,000	8,550,000

As noted above, overall corporate performance is a factor in determining incentive compensation for our named executive officers. State Street's 2012 corporate performance reflected its resilience and financial stability in an environment that included continuing global economic uncertainty. Within this challenging environment we continued to advance our business opportunities and strategic priorities to achieve positive and tangible results.

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Overall, the Compensation Committee evaluated this corporate performance, as well as the individual performance of each of our named executive officers, to be within the Committee's expectations.

The Committee also recognized management's actions to reduce incentive compensation levels for 2012 throughout the company. With this additional factor in mind, the Committee concluded that reducing the incentive compensation levels for each of the named executive officers relative to 2011 was appropriate. Those determinations are reflected in the table above.

### ***2012 Corporate Performance Highlights***

Below are highlights reflecting several indicators by which we monitor our performance and which, in addition to the factors noted above under 2012 Compensation Determinations for our Named Executive Officers and elsewhere in this compensation discussion and analysis, were relevant in evaluating overall corporate performance for 2012 for compensation purposes.

- n **Overall Performance.** Consolidated total revenue for 2012 increased 0.6% to \$9.65 billion from \$9.59 billion in 2011, with an associated increase in consolidated diluted earnings per common share of 10.8% from \$3.79 in 2011 to \$4.20. Return on average common shareholders' equity for 2012 was 10.3%, compared to 10.0% in 2011.
  
  - n **Assets under Custody/Administration and Assets under Management.** Assets under custody and administration as of December 31, 2012 were \$24.37 trillion, an increase from \$21.81 trillion as of December 31, 2011. Asset servicing fees for 2012 increased by 1% compared to 2011. Assets under management as of December 31, 2012 were \$2.09 trillion, an increase from \$1.85 trillion as of December 31, 2011. Asset management fees for 2012 increased by 8% compared to 2011.
  
  - n **Dividends and Share Purchases.** In March 2012, State Street restored its regular quarterly common stock dividend to its previous split-adjusted high of \$0.24 per share. State Street declared aggregate quarterly common stock dividends of \$0.96 per share in 2012, or approximately \$456 million, compared to aggregate quarterly common stock dividends of \$0.72 per share, or approximately \$358 million in 2011. In addition, we purchased approximately 33.4 million shares of our common stock in 2012 at an aggregate cost of approximately \$1.44 billion under our publicly announced share purchase program approved by our Board in March 2012, compared to purchases of approximately 16.3 million shares at an aggregate cost of approximately \$675 million in 2011.
  
  - n **Capital Levels.** Our regulatory capital levels remained well above current regulatory minimum requirements in 2012. At December 31, 2012, State Street Corporation's tier 1 risk-based capital ratio was 19.1%, our total risk-based capital ratio was 20.6% and our tier 1 leverage ratio was 7.1%.
  
  - n **Business Operations and Information Technology Transformation Program<sup>1</sup>.** We continued the implementation of our Business Operations and Information Technology Transformation program that we announced in late 2010. In 2012, we achieved approximately \$112 million of incremental pre-tax expense savings. This followed the \$86 million of incremental pre-tax expense savings we achieved in 2011.
  
  - n **Hedge-Fund Administration Acquisition.** In October 2012, we completed our acquisition of Goldman Sachs Administration Services, a global hedge-fund administrator with approximately \$200 billion of hedge-fund assets under administration.
- State Street's 2012 financial performance is reviewed in greater detail in our Annual Report on Form 10-K, accompanying this proxy statement and on file with the SEC.

### ***Compensation Committee Process and Risk Alignment***

The Compensation Committee has direct responsibility for executive officer compensation plans, policies and programs at State Street and for establishing the overall compensation philosophy for executive officers, other than the Chief Executive Officer. The Committee, in consultation

with the other independent directors,

- <sup>1</sup> These pre-tax expense savings relate only to our Business Operations and Information Technology Transformation program and are based on projected improvement from our total 2010 expenses from operations. Our actual total expenses have increased since 2010, and may in the future increase or decrease, due to other factors.

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performs those same functions with respect to the Chief Executive Officer. References in this compensation discussion and analysis to the Committee's compensation determinations for the Chief Executive Officer also represent references to the other independent directors. In making compensation decisions for the other named executive officers, the Committee considers the recommendations of the Chief Executive Officer and input from the other independent directors. The Committee met six times during the 2012 compensation cycle and received, considered and evaluated regular reports on a breadth of corporate performance factors, individual performance updates and market and other information.

During 2012, the Compensation Committee maintained its particular focus on its goal of aligning incentive compensation with appropriate risk management principles, such as providing incentives in a manner designed not to encourage unnecessary or excessive risk-taking and establishing additional process controls and oversight where appropriate. Over the past several years, State Street has implemented various compensation processes and design characteristics consistent with this goal. These features include: (1) recurring communications between the Committee and the Risk and Capital Committee of our Board of Directors to integrate the latter committee's input into compensation decisions; (2) periodic review by the Committee of a standardized corporate risk assessment evaluating firm-wide risk in a number of areas; (3) an annual risk presentation to the Committee by the Chief Risk Officer and the Chief Human Resources Officer regarding both compensation plan design and identification of executives and other individuals whose activities may expose State Street to material amounts of risk (referred to as material risk-takers); (4) maintaining significant levels of equity and deferral in incentive compensation awards; (5) integrating a two-pronged process for risk-based adjustments to incentive compensation awards, as appropriate, for material risk-takers both before and after such compensation is awarded, including forfeiture provisions in executive officer performance-based restricted stock unit and deferred share awards; and (6) review by the Committee of the activities of a multi-disciplinary control function committee created by management to formally review and assess incentive compensation arrangements throughout the organization. For a further discussion of the risk alignment of our compensation practices, see below under the heading *Alignment of Incentive Compensation and Risk*.

### ***Incentive Compensation Design Elements***

The design of the 2012 incentive compensation program for our named executive officers reflects the Compensation Committee's consideration of a number of factors, including:

- n alignment with the performance of the company over time, including performance-based metrics and risk management principles;
- n market practices in the design of deferred incentive compensation;
- n current economic conditions;
- n the current hiring environment;
- n the design of prior incentive compensation awards granted by the company; and
- n evolving regulatory standards and guidance.

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Key elements of our incentive compensation program for our named executive officers for 2012 are described below.

<b>Element</b>	<b>Description</b>	<b>Considerations</b>
Performance-Based Restricted Stock Units (RSUs)	<p>n Equity-based compensation</p> <p>n The number of RSUs actually earned is dependent upon State Street's 2013 return on common shareholders' equity performance, determined in accordance with GAAP, subject to adjustment for pre-established, objectively determinable factors<sup>(1)</sup> (ROE)</p> <p>n RSUs convert at a rate of 100% if 2013 ROE performance meets or exceeds a threshold of approximately 85% of the ROE level included in the 2013 budget</p> <p>n Conversion rate adjusts downward ratably if 2013 ROE performance is lower than the threshold, with a minimum conversion rate of 30% for ROE performance at or below approximately 32% of the ROE level included in the 2013 budget (but no payout will be made if 2013 ROE is zero or negative)</p> <p>n RSUs converting based on 2013 ROE performance vest ratably in four annual installments beginning in 2014</p>	<p>n RSUs represent approximately 45% of each named executive officer's 2012 incentive compensation<sup>(3)</sup></p> <p>n Subject to both performance and time vesting criteria</p> <p>n Due to the performance-based conversion adjustment, the ultimate number of shares received under the award may be less than (but not more than) the initial number of RSUs awarded</p> <p>n Performance threshold designed to create appropriate incentives consistent with applicable regulatory guidance concerning risk management principles</p> <p>n Equity-based form of compensation directly reflects the rewards and risks shared with shareholders</p>
Deferred Share Awards (DSAs)	<p>n Equity-based compensation</p> <p>n Vest ratably in four annual installments beginning in 2014</p>	<p>n DSAs represent approximately 45% of each named executive officer's 2012 incentive compensation<sup>(3)</sup></p> <p>n Subject to time vesting criteria</p> <p>n Equity-based form of compensation directly reflects the rewards and risks shared with shareholders</p>
Forfeiture Provisions (clawbacks)	<p>n RSUs and DSAs are subject to post-award forfeiture provisions, sometimes referred to as clawbacks</p> <p>n In general, amounts remaining to be paid under these awards are subject to forfeiture by the executive under the following circumstances:<sup>(2)</sup></p> <p>n if the executive's actions exposed State Street to inappropriate risk(s) and the exposure resulted in (or could reasonably be expected to result in) material loss(es)</p> <p>n if the executive engaged in fraud, gross negligence or any misconduct that was materially detrimental to the interests or business reputation of State Street</p>	<p>n Compensation Committee, in its discretion, determines whether forfeiture is appropriate</p> <p>n Forfeiture provisions apply to all RSUs and DSAs awarded as part of 2012 incentive compensation</p>

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n if, as a result of a material financial restatement or miscalculation or inaccuracy in the determination of performance metrics, financial results or other criteria, the executive would have received a smaller or no award

Cash Incentive

n Paid in immediately available cash

n Represents approximately 10% of each named executive officer's 2012 incentive compensation

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- (1) Early in each compensation year, the Compensation Committee identifies specific types of objectively determinable factors that could affect performance measures if the factors occur during the year. In doing so, the Committee establishes that the effects of those factors will be excluded from the calculation of the performance measures. Factors that result in an adjustment to the calculation of performance measures include: acquisitions, dispositions and similar transactions and related securities issuances and expenses; changes in accounting principles or law; litigation or regulatory settlements; and restructuring charges and expenses. The Compensation Committee retains the power to exercise negative discretion, as it deems appropriate under the relevant circumstances, to reduce the actual payouts under performance awards below the payouts otherwise resulting from the application of adjustments for any of these factors.
- (2) For a description of these forfeiture provisions, see below under the heading, **Other Elements of Compensation Forfeiture Provisions**.
- (3) As a result of specific requirements of the U.K. Financial Services Authority and his role in our organization, the structure of Mr. Antonellis's incentive compensation differs from that of our other named executive officers. Among those requirements is that at least one-half of the non-deferred portion of Mr. Antonellis's incentive compensation award be in the form of equity that is immediately vested, but that cannot be sold for six months. Primarily as a result of this requirement, the composition of Mr. Antonellis's 2012 incentive compensation award was approximately as follows: 38% performance-based RSUs, 38% DSAs, 14% immediately vested common stock (with a six-month no-sale restriction) and 10% cash.

**2012 Compensation Determinations**

***Philosophy***

The goals of State Street's compensation program for executive officers are to attract, retain and motivate superior executives and reward them for meeting short-term and long-term financial and strategic objectives, and to drive long-term shareholder value and financial stability, in a manner aligned with appropriate risk management principles.

***Total Compensation Approach***

The Compensation Committee evaluates individual compensation by looking at total compensation, consisting of base salary and incentive compensation.

Base salary is a fixed annual cash amount and, for all named executive officers, historically has been a smaller portion of total compensation. Base salary rates for all of the named executive officers for 2012 remained unchanged from their levels in 2011 and 2010. In evaluating base salaries, the Committee is mindful of the \$1 million deduction limit on non-performance-based compensation under Section 162(m) of the Internal Revenue Code.

Incentive compensation is a variable amount, composed of both equity and cash. The Committee believes that a significant amount of the incentive compensation portion of total compensation should take the form of deferred equity-based awards, as this serves to align our compensation structure with the performance of our stock and therefore the interests of our shareholders. This approach is also consistent with regulatory guidance applicable to executive compensation at major financial institutions. For 2012, approximately 90% of total incentive compensation for each named executive officer, other than Mr. Antonellis, was in the form of four-year deferred equity awards, with approximately 45% of total incentive compensation taking the form of four-year performance-based RSUs payable based upon a one-year return on equity performance-metric and approximately 45% of total incentive compensation taking the form of four-year deferred stock awards. The remaining 10% of total 2012 incentive compensation was in the form of cash. Each of the equity-based incentive awards vests ratably in four annual installments, except that the amount vesting under the performance-based awards is determined based upon achievement of specified levels of return on common shareholders' equity in 2013. By placing a significant component of our executives' compensation in the same form, equity, held by our shareholders and by requiring vesting of that component over a four-year ratable period from the date of award, the Committee believes it has created an incentive structure where the executives share directly with our shareholders in both the rewards and the risks of share ownership. The equity-based awards are described further above under the heading **Overview Incentive Compensation Design Elements**.



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Due to his role in our organization, the structure of Mr. Antonellis' s incentive compensation is subject to specific requirements of the U.K. Financial Services Authority that are not applicable to our other named executive officers. Among those requirements is that at least one-half of the non-deferred portion of his incentive compensation be in the form of equity that is immediately vested, but that cannot be sold for six months. Therefore, primarily due to these regulatory requirements, while Mr. Antonellis received approximately 90% of his total 2012 incentive compensation in the form of equity, approximately 14% of his total incentive compensation was in the form of immediately vested shares of our common stock that he is prohibited from selling until August 2013. The complete composition of Mr. Antonellis' s 2012 incentive compensation was approximately as follows: 38% performance-based RSUs; 38% DSAs; 14% immediately vested common stock (with a six-month no-sale restriction) and 10% cash.

In addition, our named executive officers are permitted to defer certain compensation and are entitled to retirement benefits, change in control protection and perquisites that may differ from those generally available to other employees. These other elements of our compensation program for our named executive officers are described below under **Other Elements of Compensation**.

### ***Compensation Assessment Framework***

For each named executive officer, the Compensation Committee makes a determination of the appropriate aggregate level of total compensation for the year. This determination of total compensation is based upon a subjective evaluation of many factors, including assessments of corporate performance, individual performance and market, regulatory and shareholder considerations. The determination of total compensation does not result from a specific formula, and the achievement of any particular goal or target does not automatically result in any particular level of compensation. In evaluating these factors and making 2012 compensation decisions for the named executive officers, the Committee used the following framework:

As it relates to evaluating corporate performance, the above framework incorporates a structured approach by using three separate standardized performance assessments: one focused on each of financial performance, strategic objective performance and risk management. The Committee received updates on each of these areas and progress against annual goals in each of July and December 2012, with a final evaluation in January 2013. The Committee' s assessment of these standardized performance assessments factored significantly into the 2012 incentive compensation decisions for our named executive officers.

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State Street’s consolidated financial performance for 2012 exceeded its 2011 performance in many ways, with increases in revenue and diluted earnings per common share, on both a GAAP and an operating basis.<sup>2</sup> On a GAAP basis, our 2012 return on average common shareholders equity increased compared to 2011, but declined on an operating basis. On both a GAAP and an operating basis, the rate of revenue growth exceeded the rate of expense growth for 2012, relative to 2011. Our regulatory capital ratios at December 31, 2012 were well above current regulatory minimum requirements. In general, and recognizing the prevailing global economic uncertainty throughout the year, the Committee evaluated overall financial performance to be within expectations.

The Committee also believed management made significant overall progress toward our corporate strategic objectives. In this regard, the Committee recognized, in particular: our results in the Federal Reserve’s March 2012 Comprehensive Capital Analysis Review, or CCAR, and our resulting significant enhancement of our program to return capital to our shareholders through dividends and share purchases; our execution on our multi-year Business Operations and Information Technology Transformation program and the related expense savings; and our October 2012 acquisition of Goldman Sachs Administration Services and resulting expansion of our leadership in servicing alternative assets.

The Committee evaluated risk management for 2012 based on a separate standardized assessment developed with our Enterprise Risk Management group and the Risk and Capital Committee. The Compensation Committee received updates to the assessment in July and December of 2012, with a final evaluation in January 2013. On each occasion, the risk assessment was reviewed and approved by the Risk and Capital Committee and presented by a representative of that committee to the Compensation Committee for consideration in compensation decisions. The assessment evaluates firm-wide risk associated with a number of risk areas, including financial, operational, customer, capital and other matters, as well as stress scenarios. Under this evaluation, the Compensation Committee assessed that State Street’s overall 2012 corporate risk management met expectations.

***Individual Compensation Determinations***

Each of the named executive officers, due to their position within our organization, has the opportunity to determine or influence broad corporate activities. Therefore, in determining the 2012 incentive compensation for each of our named executive officers, the Compensation Committee weighed heavily the overall corporate performance assessments described above. In determining the total compensation for each named executive officer, the Committee also considered that officer’s individual performance both overall and in relation to goals of driving our strategy, delivering valued services and solutions, enhancing our culture and engaging our personnel. On an individual performance basis, the Committee recognized the following contributions, in particular, of our named executive officers:

*Mr. Hooley.* During 2012, Mr. Hooley demonstrated strong leadership in emphasizing important corporate initiatives, despite an uncertain economic environment and the effects of that environment on revenue growth, particularly in market-driven businesses. Under his leadership:

- n We continued to prioritize the return of capital to our shareholders. This resulted in an increase of our return of capital to shareholders, consisting of common stock dividends and share purchases, relative to

<sup>2</sup> State Street measures and reports its financial performance in accordance with U.S. generally accepted accounting principles, referred to as GAAP. State Street also separately measures and compares its financial performance on a non-GAAP basis, referred to as operating basis, because it believes that this presentation supports meaningful comparisons from period to period and the analysis of comparable financial trends with respect to State Street’s normal ongoing business operations. State Street believes that operating-basis financial information, which reports revenue from non-taxable sources, such as interest revenue from tax-exempt investment securities and processing fees and other revenue associated with tax-advantaged investments, on a fully taxable-equivalent basis and excludes the impact of revenue and expenses outside of the normal course of business, facilitates an investor’s understanding and analysis of State Street’s underlying financial performance and trends in addition to financial information prepared and reported in conformity with GAAP. Operating-basis and other non-GAAP financial information should be considered in addition to, not as a substitute for or superior to, financial information prepared in conformity with GAAP.

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2011. In doing so, we also maintained regulatory capital ratios at year-end that were well above current regulatory minimum requirements.

- n We drove a focus on profitability, value delivery, transformation and efficiency. These efforts included optimizing the value of client relationships, implementing client-centric organizational and related changes to our sales interactions and processes and identifying, developing and deploying enhanced products and services to help clients address new and anticipated regulatory changes, particularly in our State Street Global Services businesses. In addition, we developed new data and analytics product offerings in our core business.
  
- n Our Business Operations and Information Technology program progressed ahead of schedule in delivering cost savings and is already offering contributions and efficiencies to the delivery of client services.
  
- n We stressed a disciplined acquisition strategy targeting specific attractive markets. This resulted in the identification and completion of our acquisition of Goldman Sachs Administration Services in October 2012, significantly expanding our client base in the important hedge-fund servicing category and improving our cross-selling opportunities.

*Mr. Resch.* Mr. Resch oversaw the Treasury function in responding to the economic climate to achieve significant contributions to overall 2012 corporate performance, including net interest revenue increases relative to 2011. This performance was achieved while adhering to established corporate risk parameters. He also played an effective leadership role in addressing critical regulatory processes such as responding to the Federal Reserve's CCAR stress test and preparing a resolution plan (a living will). In addition, he initiated a restructuring and process redesign in the Finance function to improve effectiveness and efficiency.

*Mr. Antonellis.* Mr. Antonellis further developed our international businesses by improving client satisfaction, attracting new business and developing and assembling increased talent in our senior staff. He also contributed significantly to cost savings achieved under our Business Operations and Information Technology Transformation program.

*Mr. Phalen.* Mr. Phalen led the further implementation of our Business Operations and Information Technology Transformation program, delivering significant cost savings and productive client service efficiencies. Cost savings achieved under the program in 2012 exceeded expectations. Separately, he also succeeded in delivering new product advances with the roll-out of several new products, including Form PF, collateral custody and Fund Insights. In addition, he improved risk management, thereby controlling operating losses, and implemented a program to further develop high potential employees.

*Mr. Powers.* Mr. Powers directed State Street Global Advisors, or SSgA, in its achievement of strong financial performance during 2012, including with respect to revenue, expense and business margin. He also realigned SSgA's business strategy to increase its focus on multi-asset class solutions and redesigned and constructed SSgA's personnel structure to strengthen its Solutions Business to produce significant revenue results. In addition, SSgA continued its focus on product development, launching 26 exchange-traded funds, or ETFs, globally (and its first three active ETFs), implemented an improved operating model with globally consistent, scalable platforms and other enhancements and further enhanced and developed the overall talent pool.

***Further Considerations***

In making incentive compensation decisions for our named executive officers for 2012, the Compensation Committee recognized overall performance, both corporate and individual, in a difficult economic environment. The Committee also recognized management's actions to reduce overall incentive compensation levels for 2012 throughout the company. With this additional factor in mind, the Committee concluded that reducing the incentive compensation levels for each of the named executive officers relative to 2011 was appropriate.

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Based on all the above, the Committee determined the 2012 total compensation for each of the named executive officers as set forth in the table below. The table below reflects the process and philosophy by which the Committee calculated named executive officer compensation in respect of 2012, as well as for 2011 and 2010, and is intended to assist shareholders in understanding the elements of total compensation as determined by the Committee. This information differs from the calculation of total compensation in accordance with the rules of the SEC. The data under the heading Summary Compensation Table beginning on page 48 of this proxy statement reflects compensation calculated in accordance with the SEC methodology. Footnotes (1)-(3) to the table below describe the relationship between the amounts reported in the table below and those amounts reported in the Summary Compensation Table and related tables beginning on page 48 of this proxy statement. **While the table below is presented to explain how the Committee determines compensation, the table and its accompanying disclosure are not a substitute for the tables and disclosures required by the SEC's rules.**

Named Executive Officer	Year	Annual Incentive Awards <sup>(1)</sup>			Equity-Based Compensation <sup>(2)</sup>					Total Compensation <sup>(3)</sup>
		Base Salary Rate <sup>(1)</sup>	Non-Deferred Cash	Deferred Cash	Performance Based RSUs	Performance Based SSgA RSUs	Non-Deferred Stock Awards	Deferred Stock Awards		
Joseph L. Hooley	2012	\$ 1,000,000	\$ 1,100,000	\$ 0	\$ 4,950,000	\$ 0	\$ 0	\$ 4,950,000	\$ 12,000,000	
	2011	1,000,000	2,608,000	0	5,196,000	0	0	5,196,000	14,000,000	
	2010	1,000,000	2,000,000	2,000,000	7,875,000	0	0	0	12,875,000	
Edward J. Resch	2012	800,000	575,000	0	2,587,500	0	0	2,587,500	6,550,000	
	2011	800,000	1,488,000	0	2,956,000	0	0	2,956,000	8,200,000	
	2010	800,000	1,452,800	2,056,300	4,322,900	0	0	0	8,632,000	
Joseph C. Antonellis	2012	800,000	550,000	0	2,077,200	0	795,600 <sup>(4)</sup>	2,077,200	6,300,000	
	2011	800,000	1,460,000	0	2,190,000	0	1,460,000	2,190,000	8,100,000	
	2010	800,000	1,412,800	1,657,600	4,478,700	0	0	0	8,349,100	
James S. Phalen	2012	750,000	590,000	0	2,655,000	0	0	2,655,000	6,650,000	
	2011	750,000	1,558,000	0	3,096,000	0	0	3,096,000	8,500,000	
	2010	750,000	1,512,800	1,557,600	4,996,300	0	0	0	8,816,700	
Scott F. Powers	2012	800,000	720,000	0	2,840,000	0	0	2,840,000	7,200,000	
	2011	800,000	1,558,000	0	3,096,000	0	0	3,096,000	8,550,000	
	2010	800,000	1,502,800	2,222,200	2,268,800	1,862,500	0	0	8,656,300	

(1) *Cash Compensation.* The base salary rate for each named executive officer at year-end and the cash portion of annual incentive awards, both deferred and non-deferred, are reflected in the above table under the headings Base Salary Rate, Annual Incentive Awards Non-Deferred Cash and Annual Incentive Awards Deferred Cash, respectively. The base salary paid and the cash portion of the annual incentive awards, both deferred and non-deferred, are set forth in columns (c) and (g), respectively, of the Summary Compensation Table beginning on page 48 of this proxy statement. For 2010, base salary paid reflected in the Summary Compensation Table is less than the base salary rate in the table above, as the base salary rate was adjusted effective partway through 2010. The Compensation Committee considers the year-end base salary rate in evaluating total compensation.

(2) *Equity-Based Compensation.* As to equity-based compensation, the table above reflects incentive compensation equity awards for the compensation year they are awarded even if the Compensation Committee actually grants those awards at the conclusion of its incentive compensation process early in the subsequent fiscal year. In contrast, SEC rules require the Summary Compensation Table (column (e)) and related tables beginning on page 48 of this proxy statement to reflect the amount of equity compensation in the year it is actually awarded. Therefore, while both the above table and the Summary Compensation Table and related tables each reflect the amount of equity compensation, as calculated by the Committee, they reflect the equity compensation attributable to different calendar years, as viewed by the Committee. For example, from the Committee's perspective, the amounts in the equity compensation columns of the Summary Compensation Table for 2012 represent the equity-based compensation for the year 2011 that was actually awarded in 2012. This occurs because, as noted below, State Street's annual compensation cycle generally concludes in February of the succeeding year. In addition, the Summary Compensation Table (column (e)) includes defined contribution deferred stock awards under our Executive Supplemental

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Retirement Plan. As described above under the heading "Total Compensation Approach," the Committee does not view these retirement benefits conceptually as a component of total compensation. For 2010, the Summary Compensation Table (column (e)) also reflects the restricted stock award granted to Mr. Powers in June 2010. This award is not reflected in the table above, as, consistent with past practice, the Committee does not conceptually view it to be a part of total compensation awarded as part of the regular annual compensation cycle. The award was granted outside of the ordinary annual compensation cycle to recognize and highlight the progress SSgA had achieved under Mr. Powers' leadership in advancing its management, organizational and operational structure and enhancing its risk and compliance functions to address issues arising out of the financial crisis. The award has four-year vesting and other provisions designed to promote retention of Mr. Powers' services and skills.

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- (3) *Total Compensation.* The amounts disclosed in the above table under the heading *Total Compensation* and the amounts reported in column (j) of the Summary Compensation Table beginning on page 48 of this proxy statement differ for two principal reasons. First, as described in note (2) above, (a) the equity awards attributed to one year (*e.g.*, 2012) in the Summary Compensation Table, as required by SEC rules, represent awards granted in that year (in our example, 2012) with respect to the prior compensation year (in our example, 2011), (b) the Summary Compensation Table includes defined contribution deferred stock awards under our Executive Supplemental Retirement Plan and (c) in the case of Mr. Powers, the Summary Compensation Table also includes the June 2010 restricted stock award. Second, the totals in the Summary Compensation Table include amounts related to the change in pension value during the relevant year, which the Compensation Committee did not view conceptually as a component of total compensation awarded as part of the regular annual compensation cycle, and therefore did not include in its calculations. The Committee was aware that, effective January 1, 2008, for our named executive officers, we began transitioning all of our defined benefit retirement plans to defined contribution plans and that all related transition periods were completed as of December 31, 2010. In addition, meaningful data from the peer group regarding increases in pension value are generally not available and, therefore, cannot be readily used as a quantitative factor in evaluating compensation compared to the peer group.
- (4) As discussed elsewhere in this proxy statement, as a result of specific requirements of the U.K. Financial Services Authority and his role in our organization, the structure of Mr. Antonellis' incentive compensation differs from that of our other named executive officers. Among those requirements is that at least one-half of the non-deferred portion of Mr. Antonellis' incentive compensation award be in the form of equity that is immediately vested, but that cannot be sold for six months.

**Additional Key Considerations and Compensation Process Elements*****Committee Meetings***

The Compensation Committee's process for determining annual incentive compensation for executive officers for any year ordinarily concludes with its approval and award of compensation, usually in February of the succeeding year. The Committee met six times in connection with its activities for the 2012 compensation year and considered and evaluated a broad range of corporate performance factors, individual performance updates and market information, as well as evolving trends, practices and guidance in the design, regulation, risk alignment and governance of compensation matters in the U.S. and other jurisdictions. During these meetings, the Committee received regular updates, including from the Committee's independent compensation consultant and external legal counsel, on these and other matters, particularly with respect to the financial services industry.

***Say-on-Pay Results***

Since 2009, we have annually asked our shareholders to vote at our shareholder meeting to approve a non-binding advisory proposal on executive compensation. In 2011, consistent with the Dodd-Frank Act, we asked our shareholders to vote on the frequency on which we should hold these votes. We recommended that we continue to hold the vote annually, and our shareholders approved that recommendation with the vote of 92% of the votes cast. We are therefore continuing our practice of holding a *say-on-pay* vote at each annual shareholder meeting.

Each year we have presented a *say-on-pay* vote, the proposals have been approved by a significant majority of the votes cast. At our 2012 annual meeting of shareholders, the *say-on-pay* proposal received the approval of 88% of the votes cast. The Compensation Committee was aware of and considered this result, and prior *say-on-pay* votes, in making its compensation determinations for 2012. The Committee believes that the results of the 2012 and prior *say-on-pay* votes reflect an overall high level of shareholder support for State Street's compensation practices, as well as an indication that State Street should continue to monitor and, as appropriate, integrate evolving market and regulatory compensation practices into its compensation programs. In response to these market and regulatory developments, State Street has, among other things, continued a performance-based component to incentive compensation for its named executive officers, maintained a high level of equity composition and deferral for incentive compensation awards to its named executive officers and maintained its processes associated with the alignment of incentive compensation and appropriate risk management principles. These matters are all discussed in greater detail in other sections of this compensation discussion and analysis.

**Table of Contents*****Peer Group and Benchmarking***

Among the many factors used in determining executive compensation, we benchmark our total compensation against a peer group of other major financial services companies. The Compensation Committee did not treat peer group data as definitive relative to appropriate levels for the compensation of our named executive officers. Rather, it referenced peer group data as indicative of appropriate compensation levels for our executives, but formed its own perspective in determining compensation for our named executive officers based on a subjective evaluation of many factors, including assessments of corporate performance, individual performance and market, regulatory and shareholder considerations. The Committee's analysis of these multiple factors is described in this proxy statement above under the heading "2012 Compensation Determinations."

There are not many firms that serve as true comparators for the specific scope of our primary business activities, although we include in our peer group our two most direct competitors operating primarily as trust banks (Bank of New York Mellon and Northern Trust Corporation). Our peer group therefore consists of firms with which we compete in some aspects of our and their businesses and for executive talent, and it exhibits some variability in firm size and business lines. Our generally applicable peer group, approved by the Compensation Committee, consists of the following 12 firms:

American Express	Bank of New York Mellon
BlackRock	Franklin Resources
Goldman Sachs	JP Morgan Chase
Marsh & McLennan	Morgan Stanley
Northern Trust Corporation	PNC Financial Services
U.S. Bancorp	Wells Fargo

A subset of the above firms, consisting of American Express, Northern Trust Corporation, U.S. Bancorp, Bank of New York Mellon, JP Morgan Chase, PNC Financial Services and Wells Fargo, is used for Mr. Hooley. The Committee believes this subset contains the comparator companies most appropriate for evaluating compensation of the Chief Executive Officer position. For Mr. Powers, the Committee uses a separate peer group of 11 leading investment management firms.<sup>3</sup> The Committee views this separate peer group as a more relevant comparator group for Mr. Powers, given his position as the Chief Executive Officer of SSgA, our investment management business unit.

During 2012, the Committee's independent compensation consultant, Aon Hewitt, compiled compensation paid to comparable executives for the generally applicable peer group for benchmarking purposes. At a December 2012 meeting of the Committee, Aon Hewitt presented a report in which it reviewed the total compensation paid to executives at companies in the peer group for 2011 (the most recent full year for which this specific data was available) and, where the comparable positions existed at State Street among our named executive officers, compared our total compensation for 2011 to the peer group. For Mr. Powers, the Committee uses supplemental data compiled by Towers Watson & Co. and McLagan Partners. For these purposes, and as otherwise discussed in this proxy statement, the Committee considers total compensation to consist of base salary and incentive compensation. In addition to this peer group data, the Committee received regular updates during 2012 and early 2013 regarding identified market trends and compensation actions at major financial services institutions.

The Committee recognizes that the peer group itself, although selected to comprise appropriate comparator companies, exhibits some variability in size and business lines. In addition, the nature of the roles of executives varies by firm, and several of our executive officers may not have many (or, possibly, any) direct equivalents within the peer group. Therefore, as noted above, the Compensation Committee referenced peer group data as indicative of appropriate compensation levels, but formed its own perspectives on appropriate compensation levels for our named executive officers on a subjective evaluation of many factors.

<sup>3</sup> This peer group consists of the following: American Century Investments, Bank of New York Mellon, Columbia Management, Goldman Sachs, MFS Investment Management, Morgan Stanley, New York Life Investment Management, Northern Trust Corporation, Oppenheimer Funds, Principal Global Investors and Prudential Investment Management.

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### ***Incentive Compensation Guidelines***

In the early part of each year, the Compensation Committee establishes guidelines for the amount of annual and other incentive awards for each named executive officer. These guidelines represent an initial payout opportunity based on State Street's consolidated operating-basis net income before income taxes and incentive compensation, which we refer to as Operating NIBTIC, with adjustments, determined by the Compensation Committee in its discretion, based upon business, risk management, capital and other considerations. As applied to the annual component of incentive compensation under the senior executive annual incentive plan, or SEAIP, described below, to qualify for the performance-based compensation exception to the deduction limitation of Section 162(m) of the Internal Revenue Code, these adjustments must only result in a reduction to Operating NIBTIC. For 2012, Operating NIBTIC was \$3.2 billion. The Committee did not exercise negative discretion to impose reductions to this performance determination; although, as described, below, the Committee did exercise negative discretion to award compensation for the named executive officers at levels lower than the payout opportunities provided for under the SEAIP and other, non-SEAIP, components of our incentive compensation program. For a discussion of the factors considered by the Committee in determining amounts awarded under the SEAIP and non-SEAIP components of our incentive compensation program, see 2012 Compensation Determinations above.

We use the SEAIP, approved by our shareholders in 2012, to provide our named executive officers with annual incentive compensation, the payment of which is dependent upon the achievement of annual financial performance goals. To implement the SEAIP, the Committee in early 2012 assigned each named executive officer a maximum payout opportunity expressed as a percentage of 2012 Operating NIBTIC. The payout opportunity for each of the named executive officers for 2012 was as follows: Mr. Hooley, 0.296472%; Mr. Resch, 0.168618%; Mr. Antonellis, 0.163801%; Mr. Phalen, 0.168618%; and Mr. Powers, 0.192707%. The SEAIP allows the Committee to exercise negative discretion to make awards that are less than the payout opportunity. For 2012, the Committee exercised this discretion, and each named executive officer received incentive compensation under the SEAIP in an amount less than the executive's payout opportunity. Amounts paid under the SEAIP for 2012 were in the form of cash and DSAs (and, in the case of Mr. Antonellis, also immediately vested shares with a six-month sale restriction). Awards under the SEAIP are intended to qualify for the performance-based compensation exception to the deduction limitation of Section 162(m) of the Internal Revenue Code and are subject to an annual limit of \$10 million per individual.

The other, non-SEAIP, component of each named executive officer's 2012 incentive compensation was paid as long-term performance-based RSUs. The Committee determined the total amount for the non-SEAIP component of incentive compensation for each named executive officer with reference to a payout opportunity guideline expressed as a percentage of 2012 Operating NIBTIC. The 2012 payout opportunity for each of the named executive officers, set by the Committee in early 2012, was as follows: Mr. Hooley, 0.177883%; Mr. Resch, 0.090795%; Mr. Antonellis, 0.088200%; Mr. Phalen, 0.090795%; and Mr. Powers, 0.103765%. Unlike for SEAIP awards, the amount resulting from this payout opportunity was not subject to a maximum limit. The Committee used the payout opportunity calculation as a guideline in developing each named executive officer's total compensation and could increase or decrease this component of incentive compensation, in its discretion, based upon its subjective assessment of the appropriate amount of compensation. For 2012, the Committee exercised negative discretion and awarded to each named executive officer other incentive compensation in an amount less than the payout opportunity.

### ***Prior-Year Performance Award Results***

In February 2013, the Compensation Committee reviewed State Street's 2012 financial results for purposes of determining compensation results under performance-based compensation awarded in prior years, but based in whole or in part on metrics for periods ended December 31, 2012. The results under those awards are as follows:

- n The performance period (2012) for the performance-based RSUs granted as part of 2011 incentive compensation to each of the named executive officers ended. The relevant performance threshold for a 100% payout on this one-year performance period was return on average common shareholders' equity, or ROE, determined in accordance with GAAP, of 8.0%. Actual ROE for the relevant performance period was 10.3%. Based on this performance, the awards became payable for 100% of the initial RSUs. One-



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fourth of the RSUs vested and converted into State Street common stock in February 2013. The remaining RSUs are scheduled to vest and convert into State Street common stock ratably in annual installments over the next three years.

- n The three-year performance period (2010-2012) for the SSgA-related performance-based RSUs granted to Mr. Powers as part of 2009 incentive compensation ended. The relevant performance threshold for a 100% payout on this three-year performance period was compounded annual growth in SSgA operating-basis pre-tax income, of 12.50%. Actual SSgA operating-basis pre-tax compounded income growth for the relevant performance period was -1.46%. Based on this performance, the award did not become payable for any of the initial RSUs.
  
- n The third performance period (2010-2012) for the four-year performance-based RSUs granted as part of 2009 incentive compensation to each of the named executive officers ended. The relevant performance threshold for a 100% payout on this three-year performance period (covering 25% of each individual's original 2009 award) was average annual ROE, determined in accordance with GAAP, of 14%. Actual average annual ROE for the relevant performance period was 10.6%. Based on this performance, 66% of the RSUs eligible for vesting during this three-year performance period converted into State Street common stock.

Early in each compensation year, the Committee identifies specific types of objectively determinable factors that could affect performance measures if the factors occur during the year. In doing so, the Committee establishes that the effects of those factors will be excluded from the calculation of the performance measures. Factors that could result in an adjustment to the calculation of the above performance measures include: acquisitions, dispositions and similar transactions and related securities issuances and expenses; changes in accounting principles or law; litigation or regulatory settlements; and restructuring charges and expenses. The Committee retains the power to exercise negative discretion, as it deems appropriate under the relevant circumstances, to reduce the actual payouts under performance awards below the payouts otherwise resulting from the application of adjustments for any of these factors. There were no adjustments due to these factors with respect to the above award payouts.

***Compensation Consultant***

The Compensation Committee has directly retained the services of Aon Hewitt to provide compensation consulting and compensation data services to the Committee in connection with its annual review of executive compensation. Aon Hewitt regularly participated in meetings and executive sessions of, and advised, the Committee in connection with its services.

The Committee believes that in order for its compensation consultant to provide the Committee with appropriate advice regarding compensation matters, including the amount, elements and structure of executive compensation, the consultant's primary representative advising the Committee must be independent of management and the Committee. The Committee has adopted a policy to aid its determination of independence. Under the policy, in determining independence for 2012, the Committee considered the following factors:

- n the provision of other services to State Street by Aon Hewitt;
  
- n the amount of fees received from State Street by Aon Hewitt, as a percentage of Aon Hewitt's total revenue;
  
- n the policies and procedures of Aon Hewitt that are designed to prevent conflicts of interest;
  
- n any business or personal relationship of Aon Hewitt's primary representative to the Committee with a member of the Committee;
  
- n any State Street stock owned by Aon Hewitt's primary representative to the Committee; and

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any business or personal relationship of Aon Hewitt's primary representative to the Committee or of Aon Hewitt with State Street's executive officers.

The Committee uses its discretion in implementing the policy. In particular, in balancing the above and any other factors, the Committee is not required to treat any one or more of the factors as dispositive or more or less heavily weighted than any or all of the other factors.

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At a meeting held in December 2012, the Committee reviewed the independence of Aon Hewitt's primary representative to the Committee under the policy, including each of the above factors. In connection with its evaluation, the Committee reviewed with the primary representative two relevant relationships under which either Aon Hewitt or one of its affiliates was engaged by management and not the Committee.

n **Aon Hewitt**. During 2012, Aon Hewitt provided consulting services to State Street in the U.S. and Asia. Total 2012 fees for these services were approximately \$17,500.

n **McLagan Partners**. McLagan Partners is a consulting, productivity and performance benchmarking firm. McLagan Partners is owned by Aon plc, the company that also acquired Hewitt Associates in October 2010, forming Aon Hewitt. During 2012, State Street management used McLagan Partners to provide consulting and market data services primarily supporting a special comprehensive review of State Street's compensation levels across its global organization. Total 2012 fees for these services were approximately \$1.1 million. State Street's relationship with McLagan Partners predates Aon's 2010 acquisition of Hewitt Associates.

The primary representative of Aon Hewitt advising the Compensation Committee did not participate in the provision of any of these other services by Aon Hewitt or McLagan Partners. In both cases, management determined to engage the relevant firm, and the Committee had no role in making or approving the engagements. Total 2012 fees to Aon Hewitt for compensation consultant services to the Committee were approximately \$220,000, or less than 0.01% of Aon plc's 2012 consolidated total revenue. The total 2012 fees to Aon Hewitt and McLagan for services other than compensation consultant services to the Committee were approximately \$1.1 million, also less than 0.01% of Aon plc's 2012 consolidated total revenue.

With regard to the independence of the primary representative of Aon Hewitt advising the Committee, in December 2012 that representative presented to the Committee several safeguards developed by Aon Hewitt to promote the independence of the compensation advice it provides. The safeguards include: strong confidentiality requirements and a code of conduct; a strict policy against investing in client organizations; management of multi-service client relationships by separate account executives; clearly defined engagements with compensation committees that are separate from any other services provided; formal segregation of executive compensation services into a separate business unit; no incentives for cross-selling of services, and no compensation rewards based on other results; no offers of more favorable terms for organizations that retain Aon Hewitt for additional services; and consulting work limited to boards, compensation committees and companies, with no representation of individual executives in any capacity. At the Committee's December 2012 meeting, the primary representative confirmed Aon Hewitt's compliance with these safeguards in connection with its services to the Committee.

Following its review of the primary representative of Aon Hewitt advising the Committee, consistent with its policy, the Committee determined the representative to be independent.

The Committee supplements the data provided by Aon Hewitt with data prepared by Towers Watson & Co. and McLagan Partners. Towers Watson, like McLagan Partners, was engaged by our Global Human Resources group based on its specialized expertise in the financial services industry. Towers Watson and McLagan have provided other services to State Street in the past and may do so in the future.

**Other Elements of Compensation**

Additional elements of our compensation program for our named executive officers include the following.

***Forfeiture Provisions***

The deferred equity-based awards to our named executive officers granted as part of our 2012 compensation process, consisting of performance-based RSUs and DSAs, each contain provisions permitting the reduction or

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cancellation of the amount to be paid under the award, in whole or in part, upon the occurrence of specified events. The Compensation Committee, in its discretion, determines whether forfeiture is appropriate. The events for which a forfeiture may occur include:

- n if the executive's actions exposed State Street to inappropriate risk or risks (including where the executive failed to timely identify, analyze, assess or raise concerns about such risk or risks, where it was reasonable to expect the executive to do so), and such exposure has resulted or could reasonably be expected to result in a material loss or losses that are or would be substantial in relation to State Street's revenue, capital and overall risk tolerance (where, for purposes of this clause, State Street means State Street Corporation, on a consolidated basis, or, to the extent the executive devotes substantially all of his or her business time to a particular business unit, State Street refers to such business unit);
  
- n if the executive engaged in fraud, gross negligence or any misconduct that was materially detrimental to the interests or business reputation of State Street or any of its businesses; or

- n if, as a result of a material financial restatement or miscalculation or inaccuracy in the determination of performance metrics, financial results or other criteria, the executive would have received a smaller or no award.

The awards are also subject to any compensation recovery, clawback or similar requirements under applicable law (including implementing regulations) and related company policies. The Committee introduced the first forfeiture provision regarding exposure to inappropriate risks for the 2011 compensation year. This approach is intended to comply with applicable banking regulations and regulatory guidance on incentive compensation and will be interpreted and administered accordingly. We have included the other forfeiture provisions in deferred incentive compensation awards for our named executive officers since the 2009 compensation year. The Committee anticipates reviewing the terms of these forfeiture provisions in light of relevant evolving market practices and regulatory guidance and may in the future alter its approach on this element of its compensation practices, as applied to future incentive compensation awards, to enhance its alignment with those practices and guidance, including by modifying the events upon which a reduction or cancellation of the relevant compensation may occur.

***Retirement Benefits***

Our named executive officers are eligible to participate in our 401(k) defined contribution retirement plan available to our employees generally. This 401(k) plan includes a discretionary performance-based element. We did not make any contributions to the 401(k) plan under this performance-based element in either 2012 or 2011. Effective April 2012, we reduced the employer matching contribution to the 401(k) plan from 6% to 5%.

We also maintain a frozen qualified defined benefit pension plan for certain U.S. employees that determines benefits, in general, based on an account balance that is increased annually by interest credits. Each of our named executive officers, other than Mr. Powers, participates in this plan; no additional annual pay credits, however, are provided to their accounts. Because pension benefits under our qualified defined benefit plan are limited by Internal Revenue Code restrictions, we maintain two supplemental pension programs, both of which are frozen: one, with broader eligibility, that is designed to make up for limits imposed by the qualified plan or by the Internal Revenue Code on qualified-plan benefits, and a second that was originally designed to provide, together with other retirement programs, pension benefits for vested participants equal generally to a specified percentage of their compensation. The latter plan now provides for two separate benefit components: (1) a frozen traditional defined benefit component, in which all named executive officers, except for Mr. Powers, participate; and (2) a defined contribution component. For our named executive officers, the defined contribution component consists of an annual defined contribution credit and an annual deferred stock grant. Pursuant to an amendment approved by the Committee in December 2012, the annual defined contribution credit has been suspended for the 2013 plan year. These plans are described in further detail below under the heading Pension Benefits as of December 31, 2012.

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### ***Deferred Compensation***

We maintain a nonqualified deferred compensation plan that allows executive officers and others to defer both base salary and the cash portion of annual incentive bonuses and to receive a return based on one or more notional investment options selected by the participant. Currently, the investment options include a money market fund, three SSgA funds and a State Street common stock fund. The nonqualified deferred compensation plan supplements deferrals made under our tax-qualified 401(k) plan. We provide these nonqualified deferred compensation benefits because, in our experience, most companies of our size provide a similar benefit to their senior employees. This plan is described below under the heading 2012 Nonqualified Deferred Compensation.

### ***Perquisites***

We provide a modest level of perquisites, such as financial planning, annual physicals and personal liability coverage, to our named executive officers. We provide these benefits because we believe that some level of personal benefits is necessary as part of a competitive compensation arrangement for senior executives. In addition, we provide a driver and other security benefits to our chief executive officer and vice chairman, and we offer parking benefits to our other named executive officers. We do not provide a tax gross-up for the income attributable to any perquisite for our named executive officers.

### ***Change of Control Agreements***

The general structure of our change of control agreements with our named executive officers was put in place several years ago after consideration of appropriate measures to retain key employees in light of a then-threatened hostile bid to acquire State Street. The terms of the agreements have been revised on over time, most recently in 2009, as part of the Compensation Committee's review of the purpose and benefits of these agreements, in light of evolving market practices and trends. Under this program each of our named executive officers is a party to an agreement entitling him to specified change of control benefits. We have continued to provide these agreements because we believe that providing some protection in the event of a change of control is necessary to attract and retain high quality executives and to keep their attention on the business during the period leading up to a possible change of control. Our change in control arrangements are further described below under the heading Potential Payments Upon Termination or Change of Control Change of Control.

### ***Tax Deductibility of Executive Compensation***

Section 162(m) of the IRC generally limits to \$1 million the U.S. federal income tax deductibility of compensation paid in one year to any individual employee. Performance-based compensation is not subject to the limits on deductibility of Section 162(m), provided such compensation meets certain requirements, including shareholder approval of material terms of compensation.

The Compensation Committee strives to compensate the named executive officers using compensation programs that preserve the tax deductibility of compensation paid by State Street, to the extent reasonably practicable and to the extent consistent with State Street's other compensation objectives. In this regard, both our 2006 Equity Incentive Plan and the SEAIP have been approved by our shareholders, and all functions performed by the Committee related to the qualification of performance-based compensation for applicable exemptions under Section 162(m) for the 2012 compensation year were performed by the subcommittee of the Committee described in this proxy statement under the heading Corporate Governance at State Street Committees of the Board of Directors Executive Compensation Committee. See also above in this proxy statement, 2012 Compensation Determinations Total Compensation Approach and Additional Key Considerations and Compensation Process Elements Incentive Compensation Guidelines, for specific instances in our compensation processes where the Committee considers Section 162(m). The Committee believes, however, that shareholder interests are best served by not restricting the Committee's discretion and flexibility in structuring compensation programs, even though such programs may result in certain non-deductible compensation expenses.

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**Executive Equity Ownership Guidelines, Practices and Policies**

State Street believes that executive stock ownership is an important mechanism to promote alignment of our executives' interests with those of our shareholders and to effectively incent our executives to meet our financial, operational and strategic objectives. In order to foster these benefits appropriately, we have implemented several practices, policies and guidelines. These include:

*Stock Ownership Guidelines.* We have stock ownership guidelines that apply to all executive officers. The target level of stock ownership is the lesser of 100,000 shares or shares valued at \$5,000,000 for the chief executive officer, the lesser of 40,000 shares or shares valued at \$2,000,000 for other members of our Management Committee, representing our senior-most policy making executive officers, and 10,000 shares or shares valued at \$500,000 for other executive officers. The level of ownership is calculated on the date that we use for the beneficial ownership table in our annual meeting proxy statement and by reference to the closing price of our common stock on the NYSE on that date. The achievement of these levels is phased-in over a period of five years, with the first year commencing on the first January 1 after the person becomes an executive officer. The executive is expected to attain the expected ownership level ratably over five years. As of March 1, 2013, the stock ownership of each of our named executive officers exceeded the expected level of ownership under these guidelines.

*Securities Trading Policy; No Hedging or Speculative Trading; Rule 10b5-1 Plans.* State Street has a Securities Trading Policy, reviewed and approved annually by the Board of Directors, that contains specific provisions and trading restrictions designed primarily to assist our executive officers, and other designated employees with access to sensitive information, in their compliance with U.S. federal securities laws in connection with their trading in State Street securities. The policy also contains prohibitions against selling State Street securities short, engaging in options trading or hedging transactions in State Street securities and engaging in speculative trading in State Street securities. Limited exceptions to these prohibitions, relating to events associated with equity compensation and employee benefit plans, apply. The policy contemplates that individuals, including our executive officers, may enter into trading plans designed to comply with Rule 10b5-1 under the Exchange Act. Rule 10b5-1 allows corporate executives to prearrange sales of their company's securities in a manner that is designed to avoid concerns about initiating stock transactions while in possession of material non-public information. Our executive officers may, from time to time, adopt trading plans under Rule 10b5-1 and effect transactions in our securities under those plans on a predetermined basis. The Securities Trading Policy is in addition to the generally applicable requirements in the State Street Standard of Conduct, applicable to all employees, that their trading activities must be in compliance with applicable law and that they may not trade on the basis of material non-public information.

*Equity Grant Policy.* The Compensation Committee has adopted an Equity Grant Policy of general applicability, as described below:

- n Annual grants of equity awards to executive officers and other employees are typically made by the Committee on the date of a scheduled meeting of the Committee or the Board of Directors to be held in February or March of each year following the public release of financial results for the prior fiscal year. Pursuant to authority delegated by the Board, and subject to any limitations that the Board or the Committee may establish, a single-person or other committee of the Board may make annual grants to persons other than executive officers on the date of the scheduled meeting in February or March.
- n Grants of equity awards to executive officers in connection with new hirings, promotions, special recognition, retention or other special circumstances are made by the Committee. Awards to other individuals may be made either by the Committee or, subject to any limitations that the Board or the Committee may establish, a committee of the Board composed of (1) the Chairman of the Board, (2) the Chief Executive Officer, (3) the Committee Chair or (4) the Committee Chair along with any other member of the Committee. This type of award may be granted on the date of a scheduled meeting of the Committee, a scheduled meeting of the Board or the last business day of a calendar month.
- n The exercise price for all stock options and stock appreciation rights will be the closing price of State Street's common stock on the date of grant.

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Except for the setting of the February or March meeting to occur after our public release of annual earnings, there was no program, plan or practice with respect to 2012 of timing equity awards in coordination with the release of material non-public information.

**Compensation Committee Report**

The Compensation Committee furnishes the following report:

The Committee has reviewed and discussed the Compensation Discussion and Analysis with State Street management. Based on this review and discussion, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Submitted by,

Richard P. Sergel, Chair

Amelia C. Fawcett

Linda A. Hill

Robert S. Kaplan

Robert E. Weissman

**Alignment of Incentive Compensation and Risk**

As noted above under the heading Compensation Discussion and Analysis Overview Compensation Committee Process and Risk Alignment, during 2012 the Compensation Committee maintained its focus on its goal of aligning incentive compensation with appropriate risk management principles, such as providing incentives in a manner designed not to encourage unnecessary or excessive risk-taking and establishing additional process controls and oversight where appropriate. The Committee receives regular updates on regulatory and governmental actions and guidance concerning compensation and related risk management and governance matters, particularly with respect to the financial services industry. For 2012, these updates focused primarily on: the status of State Street's compliance with the incentive compensation guidance of the Board of Governors of the Federal Reserve System; proposed and final rulemaking under the Dodd-Frank Act; and proposed regulations from national and multi-national banking regulators in Europe concerning compensation and risk management principles. The Committee also received updates on compensation actions, including new design elements, matters involving forfeiture considerations or actions and say-on-pay results, relating to other major financial services firms. Many of these developments focused on aligning compensation with risk management principles, and each informed the decisions of the Committee in making its incentive compensation decisions for 2012.

Consistent with the principles outlined in this evolving framework, we have established broad and integrated processes to maintain the alignment of incentive compensation and risk management, including to:

n conduct risk-based reviews of incentive plan design;

n identify individuals whose activities may expose State Street to material amounts of risk; and

n adjust compensation for risk.

*Risk-Based Review of Incentive Plan Design.* We have established a management committee comprising senior representatives of our Enterprise Risk Management, Compliance, Corporate Audit, Finance, Legal and Global Human Resources groups to serve as a forum for the risk management and internal control functions to formally review and provide their assessment of incentive compensation arrangements throughout the organization. We refer to this committee as the Incentive Compensation Control Committee, or ICC. The ICC's review and assessment is

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intended to promote the consistency of our incentive compensation arrangements with the safety and soundness of State Street and the alignment of these arrangements with applicable regulatory guidance and regulations. All proposed incentive compensation arrangements and material amendments are presented for consideration by the ICCC. In addition, the Compensation Committee annually reviews the activities of the ICCC.



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The Compensation Committee integrates other elements into its incentive compensation design review processes in order to assess the alignment of incentive compensation design with risk management principles and, in those respects, interacts closely with our Risk and Capital Committee, whose Chair is also a member of the Compensation Committee. The two committees review a standardized corporate risk assessment, prepared by our Enterprise Risk Management group, evaluating firm-wide risk associated with a number of risk areas, including financial, operational, client, capital and other matters, as well as stress scenarios. In July and December of 2012, with a final evaluation in January 2013, the Compensation Committee received and reviewed updates to this risk assessment for use in its compensation decisions, in each case following review and approval by the Risk and Capital Committee. The Compensation Committee also annually meets with our Chief Risk Officer and our Chief Human Resources Officer to evaluate the incentive compensation plans for all State Street employees, including the named executive officers, relative to risk management principles.

*Identification of Material Risk Takers.* We undertake a comprehensive process, led by our Enterprise Risk Management group, to identify the population of individuals whose activities may expose State Street to material amounts of risk. We sometimes refer to these individuals as material risk takers. In this process, we identify specific material risks that employees have control or influence over and those employees, or groups of employees, with the capacity to expose State Street to those risks. Individuals or groups of employees are initially matched to specific risks, and the resulting list is then validated by control functions and executive management. The Compensation Committee reviewed the final list of material risk takers with our Chief Risk Officer in December 2012, permitting the opportunity to apply *ex ante* risk adjustments to the incentive compensation arrangements for those employees, if and as appropriate. See *Adjustments to Compensation for Risk* below. For these purposes, among other employees, each member of our Management Committee, including each named executive officer, is classified as a material risk taker.

*Adjustments to Compensation for Risk.* For 2012 incentive compensation awards, we maintained a formal two-pronged risk adjustment process allowing the opportunity for risk-based adjustments to the incentive compensation awarded to material risk takers, as appropriate, both before and after the compensation is awarded:

- n *ex ante* compensation adjustments to awards prior to grant, guided by risk assessments developed and implemented by our Enterprise Risk Management group and approved by the Risk and Capital Committee; and

- n *ex post* compensation adjustments to adjust for risk outcomes that arise during the vesting period of equity awards.

*Ex ante* adjustments to incentive compensation represent downward adjustments made to the amount of compensation awarded, based upon a determination that the corporation, business or material risk-taker contributed to a poor risk environment or actual or potential risk outcome during a compensation year. These adjustments are guided by formal risk assessments at the corporate and business unit levels. The corporate level assessment, noted above under *Risk-Based Review of Incentive Plan Design*, is reviewed by the Compensation Committee periodically and informs all compensation decisions made by the Committee. The Committee also specifically uses the corporate risk assessment in determining the total incentive compensation plan funding available to all State Street personnel globally for the compensation year. The business unit level risk assessments are similarly used to adjust allocations of incentive compensation funding to the individual business units. Finally, both the corporate and business unit level risk assessments are used to apply, as appropriate in the event of under-performance, a downward risk adjustment to the incentive compensation of the responsible material risk taker before the compensation is awarded.

As an *ex post* adjustment, for the 2012 compensation year, we have incorporated a risk-based forfeiture provision to the performance-based RSUs and DSAs for all material risk takers, including each named executive officer. The provision provides for the reduction or cancellation of the amount remaining to be paid under the relevant award to a material risk taker in the event the Committee determines that the actions of the material risk taker exposed State Street to inappropriate risk and that exposure has resulted or could reasonably be expected to result in a material loss or losses that are or would be substantial in relation to the revenue, capital and

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overall risk tolerance of State Street. For purposes of this provision, State Street refers to State Street Corporation or, to the extent the material risk taker devotes substantially all of its time to a particular business, the provision also refers to that business. This forfeiture provision permits the application, as appropriate, of a risk adjustment to the compensation of the responsible material risk taker after the compensation is awarded. For members of our Management Committee, the risk-based forfeiture provision is in addition to our previously introduced misconduct and financial restatement-related forfeiture provision. See above under the heading Compensation Discussion and Analysis Other Elements of Compensation Forfeiture Provisions.

As a result of these reviews and processes, we believe that our compensation policies and practices for employees do not create risks that are reasonably likely to have a material adverse effect on us. We will continue to monitor developments in this area and may, as we believe appropriate, make related adjustment to our compensation practices.

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Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Stock Awards <sup>(1)</sup> (\$) (e)	Non-Equity Incentive Plan Compensation <sup>(2)</sup> (\$) (g)	Change in Pension	Value and Nonqualified Deferred Compensation Earnings <sup>(3)</sup>	All Other Compensation <sup>(4)</sup> (\$) (i)	Total (\$) (j)
					(\$) (h)			
Joseph L. Hooley Chairman, President and Chief Executive Officer	2012	\$ 1,000,000	\$ 10,592,018	\$ 1,100,000	\$ 2,639,063	\$ 298,210	\$ 15,629,291	
	2011	1,000,000	8,076,905	2,608,000	4,192,459	310,600	16,187,964	
Edward J. Resch Chief Financial Officer	2012	800,000	6,112,066	575,000	737,606	231,022	8,455,694	
	2011	800,000	4,323,913	1,488,000	1,268,314	252,345	8,132,572	
	2010	776,923	4,326,785	3,509,100	767,619	61,150	9,441,577	
Joseph C. Antonellis Vice Chairman	2012	800,000	6,040,109	550,000	1,956,702	3,576,767	12,923,578	
	2011	800,000	4,679,751	1,460,000	3,354,755	2,315,211	12,609,717	
	2010	782,692	3,759,208	3,070,400	1,326,901	1,643,890	10,583,091	
James S. Phalen Executive Vice President	2012	750,000	6,392,090	590,000	1,651,828	573,549	9,957,467	
	2011	750,000	5,197,456	1,558,000	2,600,251	460,687	10,566,394	
	2010	703,846	3,879,544	3,070,400	1,738,765	405,965	9,798,520	
Scott F. Powers Executive Vice President	2012	800,000	6,392,090	720,000		224,342	8,136,432	
	2011	800,000	4,332,332	1,558,000		224,210	6,914,542	
	2010	788,462	8,796,762	3,725,000		229,700	13,539,924	

(1) Amounts represent the grant date fair value of awards granted to the named executive officers during the indicated years for restricted stock awards, deferred stock awards and performance awards. Fair value for the awards for each year is computed in accordance with GAAP (FASB ASC Topic 718), using the assumptions stated in notes 1 and 14 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2012. Please refer to the Grants of Plan-Based Awards in 2012 table for the threshold, target, and maximum levels for performance awards. The amount in the Stock Awards column for Messrs. Hooley, Resch, Antonellis, Phalen and Powers also includes a February 2012 award of 4,956 shares of deferred stock granted as part of a defined contribution Executive Supplemental Retirement Plan, or ESRP, benefit. There were no awards of stock options or stock appreciation rights to any of the named executive officers in the relevant years.

(2) Represents the cash portion of incentive compensation award for the relevant year.

(3) These amounts represent the change in the actuarial present value of the accumulated benefits under our qualified and nonqualified defined benefit pension plans. The plans are frozen and none of the named executive officers are receiving additional credits under the plans. Since Mr. Powers was hired at State Street after January 1, 2008, he cannot participate in the qualified and nonqualified defined benefit pension plans. For 2012, the change in value presented in the Summary Compensation Table above reflects a year-over-year update to applicable actuarial calculation assumptions from December 31, 2011 to December 31, 2012, including a decline in the relevant discount rate

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assumption resulting from a decline in market interest rates, as well as formula-driven changes due to an additional year of service and age. These updates resulted in increases in the actuarial present value of benefits at December 31, 2012. The table below describes the change in pension value and nonqualified deferred compensation earnings for 2012, as presented in the Summary Compensation Table above, highlighting the split between (i) the amount attributable to additional service and age and (ii) the amount attributable to the actuarial present value effect of the decline in interest rates. The change in pension value presented in the Summary Compensation Table above and in the following table represents actuarial calculations based upon assumptions on the relevant dates. The actuarial present value of the accumulated pension benefits calculated on future dates may increase or decrease, based upon assumptions applicable on those future dates and on formula-driven changes due to additional service and age.

**Table of Contents****2012 Change in Pension Value and Nonqualified Deferred Compensation Earnings**

Name	Due to Additional Year of Service and Age <sup>(A)</sup>	Due to Change in Assumptions <sup>(B)</sup>	Total
Joseph L. Hooley	\$ 995,141	\$ 1,643,922	\$ 2,639,063
Edward J. Resch	339,878	397,728	737,606
Joseph C. Antonellis	848,465	1,108,237	1,956,702
James S. Phalen	758,929	892,899	1,651,828
Scott F. Powers			

(A) The change in pension value and nonqualified deferred compensation due to additional years of service and age was quantified by comparing (i) the December 31, 2011 present value of pension benefits with (ii) the present value of pension benefits calculated on December 31, 2012 holding the December 31, 2011 discount rate assumptions constant.

(B) The change in pension value and nonqualified deferred compensation due to changes in assumptions was quantified by comparing (i) the present value of pension benefits calculated as of December 31, 2012 based on the December 31, 2012 discount rate assumptions and (ii) subtracting from that the relevant amounts determined to be due to additional service and age, as set forth in footnote (A) above.

(4) The following table describes the amounts set forth for 2012 in the All Other Compensation column:

Name	Personal and		Executive Health Screening	International Assignment <sup>(C)</sup>	Financial Planning/Tax Services	Personal Liability Coverage	Company Contributions to Defined Contribution Plans <sup>(D)</sup>	Other Benefits <sup>(E)</sup>	Total
	Travel Benefits <sup>(A)</sup>	Home Security <sup>(B)</sup>							
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Joseph L. Hooley	\$ 27,852	\$ 9,336	\$ 2,522	\$	\$	\$ 1,000	\$ 227,500	\$ 30,000	\$ 298,210
Edward J. Resch			2,522			1,000	227,500		231,022
Joseph C. Antonellis	61,267	3,470	2,522	3,243,508		1,000	230,000	35,000	3,576,767
James S. Phalen	5,820		2,522	292,707	4,000	1,000	227,500	40,000	573,549
Scott F. Powers	5,820		2,522			1,000	215,000		224,342

(A) Amount includes the cost of a car and driver (Messrs. Hooley and Antonellis only). For the car and driver in 2012, the aggregate incremental cost (\$27,852 for Mr. Hooley and \$61,267 for Mr. Antonellis) was determined by allocating the total cost between personal and business use by mileage traveled. Amount also includes parking benefits for Messrs. Phalen and Powers at \$5,820.

(B) Amount represents the cost of security at the residence of Mr. Hooley and at the residence of Mr. Antonellis. This amount was determined by invoice amounts for alarm monitoring and maintenance.

(C) The amounts shown include expatriate benefits received by Messrs. Antonellis and Phalen in accordance with their international assignments. State Street provides expatriate employees with cost of living, housing and other relocation assistance as well as a tax equalization policy (designed to maintain a level of income tax equivalent to that applicable in the home country) applicable to all

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employees working on temporary international assignments in jurisdictions other than their home country where taxes in the home and host jurisdictions are paid on the employee's behalf. In 2012, in connection with Mr. Antonellis' assignment to the United Kingdom as Head of International Global Services, State Street's total payments of \$3,243,508 included a cost-of-living allowance of \$73,981, tax equalization payments of \$2,711,406, housing and moving expenses equal to \$290,735, and other benefits of \$167,386. In connection with Mr. Phalen's prior assignment to the United Kingdom as Head of International Operations for Investment Servicing and Investment Research and Trading, State Street's total payments of \$292,707 included tax equalization payments of \$291,957 and housing and family expenses of \$750.

- (D) Includes contributions, made in February 2013 for 2012, to the Executive Supplemental Retirement Plan for Messrs. Hooley, Resch, Antonellis, Phalen and Powers (\$200,000 each). Also included are company contributions to other defined contribution plans (the Salary Savings Program and the Management Supplemental Savings Plan) in the following amounts for the named executive officers: Mr. Antonellis (\$30,000), Messrs. Hooley, Resch, and Phalen (\$27,500 each), and Powers (\$15,000).
  
- (E) Represents charitable donations and the matching gift program, excluding the \$5,000 benefit that all employees of State Street receive. Messrs. Antonellis and Phalen, who served on the board of a State Street joint venture, each directed contributions of \$20,000 from the joint venture to charities of their choice. Matching charitable contributions were made in the name of Messrs. Hooley, Antonellis and Phalen to charities of their choice under State Street's matching gift program (\$30,000 for Mr. Hooley, \$15,000 for Mr. Antonellis and \$20,000 for Mr. Phalen).

**Table of Contents****Grants of Plan-Based Awards in 2012**

Name (a)	Plan/Grant Date (b)	Estimated Possible Payouts Under			Estimated Future Payouts			All Other Stock Awards: Number of Shares of Stock or Units (i)	Grant Date Fair Value of Stock and Option Awards <sup>(2)</sup> (j)
		Non-Equity Incentive			Under Equity Incentive				
		Plan Awards <sup>(1)</sup> Threshold	Target	Maximum	Plan Awards Threshold	Target	Maximum		
		(\$) (c)	(\$) (d)	(\$) (e)	(#) (f)	(#) (g)	(#) (h)		
Joseph L. Hooley	2012 SEAIP 162(m) Plan 2006 Equity Incentive Plan (2/16/2012 ESRP Share Award) <sup>(3)</sup>	\$ 0	\$ 10,000,000	\$ 10,000,000				4,956	200,024
	2006 Equity Incentive Plan (2/16/2012 Deferred Stock Award) <sup>(4)</sup>							137,533	5,195,997
	2006 Equity Incentive Plan (2/16/2012 Performance-Based RSU) <sup>(5)</sup>				0	137,533	137,533		5,195,997
Edward J. Resch	2012 SEAIP 162(m) Plan 2006 Equity Incentive Plan (2/16/2012 ESRP Share Award) <sup>(3)</sup>	0	5,687,500	10,000,000				4,956	200,024
	2006 Equity Incentive Plan (2/16/2012 Deferred Stock Award) <sup>(4)</sup>							78,243	2,956,021
	2006 Equity Incentive Plan (2/16/2012 Performance-Based RSU) <sup>(5)</sup>				0	78,243	78,243		2,956,021
Joseph C. Antonellis	2012 SEAIP 162(m) Plan 2006 Equity Incentive Plan (2/16/2012 ESRP Share Award) <sup>(3)</sup>	0	5,525,000	10,000,000				4,956	200,024
	2006 Equity Incentive Plan (2/16/2012 Immediate Share Award) <sup>(6)</sup>							36,175	1,460,023
	2006 Equity Incentive Plan (2/16/2012 Deferred Stock Award) <sup>(4)</sup>							57,968	2,190,031
	2006 Equity Incentive Plan (2/16/2012 Performance-Based RSU) <sup>(5)</sup>				0	57,968	57,968		2,190,031
James S. Phalen	2012 SEAIP 162(m) Plan 2006 Equity Incentive Plan (2/16/2012 ESRP Share Award) <sup>(3)</sup>	0	5,687,500	10,000,000				4,956	200,024
	2006 Equity Incentive Plan (2/16/2012 Deferred Stock Award) <sup>(4)</sup>							81,949	3,096,033
	2006 Equity Incentive Plan (2/16/2012 Performance-Based RSU) <sup>(5)</sup>				0	81,949	81,949		3,096,033
Scott F. Powers	2012 SEAIP 162(m) Plan 2006 Equity Incentive Plan (2/16/2012 ESRP Share Award) <sup>(3)</sup>	0	6,500,000	10,000,000				4,956	200,024
	2006 Equity Incentive Plan (2/16/2012 Deferred Stock Award) <sup>(4)</sup>							81,949	3,096,033
	2006 Equity Incentive Plan (2/16/2012 Performance-Based RSU) <sup>(5)</sup>				0	81,949	81,949		3,096,033

(1) For 2012, under the 2012 SEAIP, amounts were awarded in the form of cash and deferred shares (and in the case of Mr. Antonellis, also immediately vested shares with a six-month sale restriction). The actual cash payouts under the 2012 SEAIP are reported in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. The actual deferred shares were granted in 2013 and will be disclosed in the 2014 proxy statement. Please refer to the Compensation Discussion and Analysis section above.

(2) Fair value of the awards is computed in accordance with FASB ASC Topic 718, using the assumptions stated in the notes to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2012.





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- (3) Deferred stock award granted as part of the ESRP benefit. These awards are described in the narrative accompanying the Pension Benefits as of December 31, 2012 table.
  
- (4) Deferred stock awards granted on February 16, 2012, as a part of 2011 compensation.
  
- (5) Performance-based RSU awards granted on February 16, 2012, as a part of 2011 compensation.
  
- (6) Immediately vested shares, with a six-month sale restriction, granted on February 16, 2012, as a part of 2011 compensation.

**Narrative Disclosure Accompanying Grants of Plan-Based Awards Table**

State Street provides for annual incentive compensation under the SEAIP, which has been approved by shareholders. The SEAIP is further described above under the heading Compensation Discussion and Analysis Additional Key Considerations and Compensation Process Elements Incentive Compensation Guidelines.

The awards set forth in the Estimated Future Payouts Under Equity Incentive Plan Awards column in the Grants of Plan-Based Awards table were made under the non-SEAIP component of our incentive compensation program under which State Street grants performance-based RSU awards to executive officers. The awards referenced in this table were granted as part of 2011 incentive compensation in February 2012. Payouts under these awards are described above under the heading Compensation Discussion and Analysis Additional Key Considerations and Compensation Process Elements Prior-Year Performance Award Results.

The awards that appear in the All Other Stock Awards column of the Plan-Based Awards Table are deferred stock awards granted to Messrs. Hooley, Resch, Antonellis, Phalen and Powers as part of their ESRP benefit and as part of the SEAIP component of our incentive compensation program. The ESRP awards are for the 2011 compensation year, awarded in 2012. These awards are described in the narrative accompanying Pension Benefits as of December 31, 2012 heading below. The SEAIP component awards are time-based vesting stock awards.

The equity awards described above vest immediately following a triggering event in connection with a change of control, as described below under Potential Payments upon Termination or Change of Control.

**Table of Contents****Outstanding Equity Awards at Fiscal Year-End December 31, 2012**

Name	Option/SAR Awards					Stock Awards <sup>(1)</sup>			Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested
	Option/SAR Grant Date	Number of Securities Underlying Unexercised Options/SARs (#) Exercisable	Number of Securities Underlying Unexercised Options/SARs (#) Unexercisable <sup>(2)</sup>	Option/SAR Exercise Price (\$)	Option/SAR Expiration Date	Grant Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested
(a)	(b)	(c)	(e)	(f)	(g)	(h)	(i)	(j)	(j)	
Joseph L. Hooley	12/17/03	61,600	0	\$ 49.8100	12/16/13	10/22/09 <sup>(3)</sup>	85,690	\$ 4,028,287		
	03/02/05	64,900	0	44.5300	03/01/15	02/25/10 <sup>(4)</sup>			34,501	\$ 1,621,892
	03/01/06	94,938	0	62.6300	02/29/16	02/24/11 <sup>(5)</sup>	146,613	6,892,277		
	02/15/07	181,865	0	70.5900	02/14/17	02/16/12 <sup>(6)</sup>	137,533	6,465,426	137,533	6,465,426
	02/28/08	167,135	0	81.7100	02/27/18					
Edward J. Resch	12/17/03	64,700	0	49.8100	12/16/13	02/25/10 <sup>(4)</sup>			24,900	1,170,549
	03/02/05	97,300	0	44.5300	03/01/15	02/24/11 <sup>(5)</sup>	80,481	3,783,412		
	03/01/06	89,904	0	62.6300	02/29/16	02/16/12 <sup>(6)</sup>	78,243	3,678,203	78,243	3,678,203
	02/15/07	112,744	0	70.5900	02/14/17					
	02/28/08	113,629	0	81.7100	02/27/18					
Joseph C. Antonellis	12/17/03	32,867	0	49.8100	12/16/13	02/25/10 <sup>(4)</sup>			21,634	1,017,014
	03/02/05	48,675	0	44.5300	03/01/15	02/24/11 <sup>(5)</sup>	83,379	3,919,647		
	03/01/06	99,254	0	62.6300	02/29/16	02/16/12 <sup>(6)</sup>	57,968	2,725,076	57,968	2,725,076
	02/15/07	153,150	0	70.5900	02/14/17					
	02/28/08	124,395	0	81.7100	02/27/18					
James S. Phalen	12/17/03	8,100	0	49.8100	12/16/13	2/19/98 <sup>(3)</sup>	3,726	175,159		
	03/02/05	63,500	0	44.5300	03/01/15	02/25/10 <sup>(4)</sup>			22,326	1,049,545
	03/01/06	71,923	0	62.6300	02/29/16	02/24/11 <sup>(5)</sup>	93,015	4,372,635		
	02/15/07	65,421	0	70.5900	02/14/17	02/16/12 <sup>(6)</sup>	81,949	3,852,422	81,949	3,852,422
	02/28/08	67,568	0	81.7100	02/27/18					
Scott F. Powers	03/05/09	104,509	34,837	19.3100	03/04/19	03/05/09 <sup>(7)</sup>	7,159	336,545		
						02/25/10 <sup>(4)</sup>			16,009	752,583
						02/25/10 <sup>(7)</sup>	4,605	216,481		
						06/15/10 <sup>(3)</sup>	51,962	2,442,734		
						02/24/11 <sup>(5)</sup>	42,238	1,985,608		
						02/24/11 <sup>(7)</sup>	4,675	219,772		
						02/24/11 <sup>(8)</sup>	14,669	689,590		
						02/16/12 <sup>(6)</sup>	81,949	3,852,422	81,949	3,852,422
					02/16/12 <sup>(7)</sup>	5,039	236,883			

(1) Closing per share price of our common stock on December 31, 2012 was \$47.01. Market values described in the above table are based on that price.

(2) All option/SAR awards granted on March 5, 2009 vest in four equal annual installments (25% per year) starting on the first anniversary of the grant.

(3) Vesting for unvested stock awards is as follows: (i) the stock awards granted to Mr. Hooley on October 22, 2009 vest in five equal annual installments (20% per year) starting on November 1, 2010; (ii) the stock awards granted to Mr. Phalen on February 19, 1998 vest at retirement; and (iii) the stock awards granted to Mr. Powers on June 15, 2010 vest in four equal annual installments (25% per year) starting on August 15, 2011.

- (4) Performance-based RSU awards that vest in four equal annual installments (25% per year); amounts represent remaining 25% of unearned and unvested award and assume that 100% of performance threshold is attained.
  
- (5) Performance-based RSU awards with a one-year (January 1, 2011 – December 31, 2011) performance measurement period. These awards were earned at 105% and converted to time-based vesting in four equal installments (25% per year), starting in 2012.

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- (6) Performance-based RSU awards (included in column (i)) with a one-year (January 1, 2012 – December 31, 2012) performance measurement period. Subsequent to December 31, 2012, it was determined that these awards were earned at 100% and the awards converted to time-based vesting in four equal installments (25% per year), starting in 2013. Also includes time-based deferred stock awards (included in column (g)) that vest in four equal annual installments (25% per year) starting on February 15, 2013.
- (7) Deferred stock awards granted as part of the Executive Supplemental Retirement Plan (ESRP) benefit and described in the narrative to the Pension Benefits as of December 31, 2012 table. These amounts have been adjusted to include dividends.
- (8) SSgA performance-based RSU award with a one-year (January 1, 2011 – December 31, 2011) performance measurement period and was earned at 33%. This is converted to a time-based award, vesting in full in 2014.

**2012 Option/SAR Exercises and Stock Vested**

Name	Option/SAR Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise <sup>(1)</sup>	Number of Shares Acquired on Vesting <sup>(2)</sup>	Value Realized on Vesting <sup>(3)</sup>
(a)	(b)	(c)	(d)	(e)
Joseph L. Hooley	93,300	\$ 509,016	121,146	\$ 5,465,805
Edward J. Resch	50,000	79,576	91,145	4,138,272
Joseph C. Antonellis	790	3,642	104,803	4,555,388
James S. Phalen	9,800	42,724	86,579	3,894,038
Scott F. Powers	0		50,625	2,235,149

- (1) The value realized on exercise for Option/SAR awards is based on the intrinsic ( in-the-money ) value of the option/SAR awards exercised.
- (2) Includes stock awards that vested in 2012 and performance awards earned for performance periods ending in 2012 with immediate vesting upon certification of results. The number of stock awards that vested in 2012 are as follows: Mr. Hooley, 42,845; Mr. Resch, 42,846; Mr. Antonellis, 57,598; Mr. Phalen, 35,705; and Mr. Powers, 25,981. The number of performance awards earned for performance periods ending in 2012 are as follows: Mr. Hooley, 71,640; Mr. Resch, 43,260; Mr. Antonellis, 42,070; Mr. Phalen, 45,739; and Mr. Powers, 24,644. Figures also include vested ESRP shares and dividends earned on those shares (all earned in stock). Mr. Hooley’s ESRP awards are 100% vested, for a total of 6,661 shares. Messrs. Antonellis and Phalen’s ESRP awards are 100% vested, for a total of 5,135 shares each. Mr. Resch’s ESRP awards are 100% vested, for a total of 5,039 shares. Mr. Powers is 0% vested in his ESRP awards, which are included in the Outstanding Equity Awards at Fiscal Year-End December 31, 2012 above.
- (3) The value realized on vesting for stock awards and dividends is based on the closing stock price on the relevant vesting date.

**Table of Contents****Pension Benefits as of December 31, 2012**

Name	Plan Name	Number of Years Credited Service <sup>(1)</sup>  (#)	Present Value of Accumulated Benefit <sup>(2)</sup>
(a)	(b)	(c)	(d)
Joseph L. Hooley	Retirement Plan	14	\$ 214,477
	MSRP (Management Supplemental Retirement Plan)	14	871,725
	ESRP (Executive Supplemental Retirement Plan) <sup>(3)</sup>	26	15,459,221
	Total		16,545,423
Edward J. Resch	Retirement Plan	7	\$ 58,777
	MSRP (Management Supplemental Retirement Plan)	7	313,861
	ESRP (Executive Supplemental Retirement Plan) <sup>(3)</sup>	10	4,971,724
	Total		5,344,362
Joseph C. Antonellis	Retirement Plan	18	\$ 350,727
	MSRP (Management Supplemental Retirement Plan)	18	827,838
	ESRP (Executive Supplemental Retirement Plan) <sup>(3)</sup>	21	12,374,160
	Total		13,552,725
James S. Phalen	Retirement Plan	18	\$ 318,910
	MSRP (Management Supplemental Retirement Plan)	18	926,276
	ESRP (Executive Supplemental Retirement Plan) <sup>(3)</sup>	21	10,859,188
	Total		12,104,374
Scott F. Powers <sup>(4)</sup>	Retirement Plan		
	MSRP (Management Supplemental Retirement Plan)		
	ESRP (Executive Supplemental Retirement Plan) <sup>(3)</sup>		
	Total		

(1) Retirement Plan and MSRP service is credited from first anniversary of date of hire, but plans are frozen with benefits ceasing to accrue for Messrs. Hooley, Antonellis and Phalen on January 1, 2010 and Mr. Resch on December 31, 2010. ESRP service is credited from date of hire. For Mr. Hooley's ESRP benefit, prior service for nine years with a State Street joint venture counts as credited service with State Street.

(2) All assumptions are as described in note 18 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2012, including a discount rate of 3.75%, with the exception of the following:

retirement age assumed to be Normal Retirement Age as defined by each plan; and  
no pre-retirement mortality, disability, or termination assumed.

Consistent with valuation assumptions, the form of payment reflected in this December 31, 2012 disclosure is 55% lump sum or installment payment and 45% annuity for the Retirement Plan. For the MSRP, the form of payment is 100% lump sum. For the ESRP, the form of payment is three installments over two years. The 2012 qualified plan compensation limit of \$250,000 has been incorporated.

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(3) Messrs. Hooley s, Resch s, Antonellis , Phalen s and Powers ESRP defined contribution employer contribution cash amounts are reported in the All Other Compensation column of the Summary Compensation Table and Messrs. Hooley s, Resch s, Antonellis , Phalen s and Powers ESRP defined contribution share account information is reported in the 2012 Nonqualified Deferred Compensation table.

(4) Since Mr. Powers was hired at State Street on May 1, 2008, he does not participate in the Retirement Plan or the MSRP and therefore does not have any defined benefit pension benefits to be reported on the Pension Benefits Table or Summary Compensation Table.

State Street maintains a qualified defined benefit plan, referred to as the Retirement Plan. Since January 1, 1990, the Retirement Plan has determined benefits using a cash balance formula. Under this formula, a notional account is established for each participant that is increased annually by both interest credits and pay credits. Interest credits are made at a specified rate and pay credits equal a percentage of the participant s pay for the calendar year. The pay credit percentages are 4.0% for the first year of participation increasing to 11.25% for the thirtieth year and zero thereafter. Eligible pay includes a participant s salary, overtime, cash incentive compensation and commissions. In general, until August 31, 2003, the Retirement Plan provided that eligible

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participants who were continuously employed since December 31, 1989 and who retire(d) after reaching age 55 would receive the greater of their cash balance account or the annual benefit derived from a grandfathered formula. For a participant with 30 or more years of service, the grandfathered formula would result in a benefit of 50% of final average pay (counting base salary only) minus 50% of the estimated Social Security benefit. For periods of service of less than 30 years, the benefit is reduced on a pro rata basis by year.

Effective August 31, 2003, the Retirement Plan was amended to freeze the grandfathered formula by ceasing future accruals under this formula based on a participant's eligible average pay earned and benefit service completed after August 31, 2003. Years of service completed after that date will continue to be counted, however, for purposes of determining early retirement reduction factors. Effective January 1, 2008, the Retirement Plan was again amended to freeze participation and all future pay credits, with the exception of a three-year transition subsidy provided to certain participants who met a specified combination of age and completed years of service on that date. This three-year transition period ended December 31, 2010. The normal retirement age under the Retirement Plan is 65, although earlier retirement options are available. The Retirement Plan has a three-year vesting provision and participants who are vested are entitled to receive their account balances or equivalent annuities if they cease to be employed before retirement.

To comply with federal tax rules, the Retirement Plan limits the benefit that a participant may receive and the amount of compensation that may be taken into account for any participant in any year. For employees who are affected by this limitation, State Street has maintained a supplemental retirement plan, the Management Supplemental Retirement Plan, referred to as the MSRP, that is designed to provide the benefits that would be payable under the Retirement Plan but for the limitations imposed by the Internal Revenue Code.

State Street also maintains the Executive Supplemental Retirement Plan, referred to as the ESRP, to provide executive officers at the executive vice president level or higher with competitive retirement benefits and encourage their continued employment. Executive officers become eligible to participate in the ESRP upon their appointment to an eligible position. During 2011, all of the named executive officers participated in the ESRP, although, as described below Mr. Powers was only eligible to participate in the defined contribution portion of the ESRP.

The ESRP provides for two separate benefit components: a traditional defined benefit component, which was frozen effective January 1, 2008, and a defined contribution component. In general, the defined benefit component of the ESRP (when expressed as a life annuity commencing at age 65) accrues at the annual rate of  $2\frac{1}{2}\%$  of eligible earnings (generally base salary plus incentive compensation under the SEAIP plan in which the executive participates), up to a maximum of 50% of eligible earnings. This formula benefit is offset by pension benefits from State Street or other sources, including a former employer, but excluding social security. For participants who retire early, the defined benefit component is reduced by a factor of 3% for each year under the age of 65 (the standard reduction factors), except that any participants who on January 1, 2005 were at least age 55 and had completed at least 10 years of service are subject instead to a monthly early retirement reduction of their formula benefit aggregating to 1% per year between age 60 and 65 and to  $2\frac{1}{2}\%$  per year between ages 55 and 60 (the pre-2005 reduction factors), with the offset for other plan benefits reduced by the applicable factors under those plans. If a participant becomes disabled or dies before retirement, the ESRP pays a disability benefit equal to the participant's accrued defined benefit component including offsets, reduced for early retirement age and multiplied by a percentage determined by dividing the sum of the participant's age and service by 85, and a death benefit equal to one-half of the benefit calculated in the same manner.

For certain participants, the ESRP also contains special defined benefit provisions that may apply in lieu of or in addition to the general defined benefit provisions. In Mr. Hooley's case, the actuarial equivalent of a hypothetical account balance that is periodically adjusted for interest on the same basis as the cash balance accounts under State Street's tax-qualified defined benefit plan is added to the benefit determined from the defined benefit formula under the ESRP. No offsets apply to this formula benefit. As of December 31, 2012, the balance of this hypothetical account was \$927,938. In addition, Mr. Hooley is credited with nine additional years

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of service under the plan. These special defined benefit provisions were implemented in accordance with a 2005 amendment to the plan specifically addressing the unique circumstances of Mr. Hooley's service to a State Street joint venture. The credit reflects Mr. Hooley's service at the State Street joint venture and at State Street prior to the joint venture service.

Effective January 1, 2008, the ESRP was amended to freeze the defined benefit component. The amended plan includes a transition that continued the defined benefit component for certain executives who had attained age 50 and had served as an executive vice president for at least five years as of December 31, 2007. Messrs. Hooley, Antonellis and Phalen were provided with transition benefits that continued the defined benefit component until January 1, 2010, and their benefits are subject to the standard reduction factors. Mr. Resch was provided with continued accruals under the defined benefit component until December 31, 2010, and will qualify for the pre-2005 reduction factors although otherwise ineligible for those factors based on his age and service. Mr. Powers is ineligible to participate in the defined benefit portion of the ESRP as he was hired during 2008.

The defined contribution component of the ESRP was added to the plan effective January 1, 2008. As described in the immediately preceding paragraph, the ESRP generally provides that each of the named executive officers will receive each year that they remain employed by State Street an annual defined contribution credit to a separate account in the amount of \$200,000. Amounts credited to the account may be allocated by the executive among available notional investment options. Each of the named executive officers will also receive each year an additional \$200,000 grant of deferred stock under State Street's equity incentive plan for the applicable year. On December 11, 2012, the Committee approved an amendment to the ESRP to reduce the amount of annual defined contribution benefits for the 2013 compensation year. Pursuant to the amendment, the 2013 annual defined contribution credit for each of the named executive officers was reduced from \$200,000 to zero. The annual \$200,000 deferred stock grant for each of the named executive officers under the plan was not affected by the amendment. The amendment applies to the 2013 compensation year (with contributions for that year scheduled to be credited in the first quarter of 2014) and does not affect contributions for the 2012 compensation year (scheduled to be credited in the first quarter of 2013) or for compensation years subsequent to 2013.

Participants are eligible to receive one-third of their ESRP benefit if they have attained age 53 and have a combined age and service of at least 60 (Rule of 60); vesting increases to two-thirds on the first birthday following initial vesting and to full vesting on the second birthday following initial vesting. Benefits under the ESRP are subject to forfeiture in the event a participant's employment terminates for any reason other than death or disability prior to vesting at any time. Effective August 1, 2012, a minimum service requirement of 5 years was added to the definition of the Rule of 60 in determining early retirement eligibility. This change applies only to executives hired or rehired on or after August 1, 2012, and therefore it does not impact the named executive officers.

Vested participants who terminate their employment will receive their defined contribution benefit from the ESRP in three equal installments, with payments on the first day of the month following each of the six-month, one-year and two-year anniversaries of their termination of employment. In addition, benefits terminate if the participant engages in certain competitive activities within two years of termination of employment.

Based on their age and service to State Street, Messrs. Hooley, Resch, Antonellis, and Phalen are eligible for early retirement under the Retirement Plan and related supplemental plans. Since Mr. Powers was hired at State Street in 2008, he does not participate in the Retirement Plan, the MSRP, or the defined benefit portion of the ESRP. Mr. Powers is a participant in the defined contribution portion of the ESRP, but has not yet met the age and service requirements for early retirement under that plan.

Under the benefit formula, each of Messrs. Hooley, Resch, Antonellis, Phalen, and Powers would have received the following benefits if he had retired at the end of 2012: Mr. Hooley would have been entitled to a benefit of \$20,556,639 after applying early reduction factors, consisting of a benefit of \$927,938 from his Individual Retirement Account, a benefit of \$175,601 from the Retirement Plan, a benefit of \$763,328 from the



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MSRP, a benefit of \$17,412,574 from the defined benefit portion of the ESRP, and a benefit of \$1,277,198 from the defined contribution portion of the ESRP; Mr. Resch would have been entitled to a benefit of \$7,489,494 after applying early retirement reduction factors, consisting of a benefit of \$51,707 from the Retirement Plan, a benefit of \$293,164 from the MSRP, a benefit of \$6,313,840 from the defined benefit portion of the ESRP and a benefit of \$830,783 from the defined contribution portion of the ESRP; Mr. Antonellis would have been entitled to a benefit of \$17,128,343, after applying early retirement reduction factors, consisting of a benefit of \$295,830 from the Retirement Plan, a benefit of \$749,599 from the MSRP, a benefit of \$14,815,054 from the defined benefit portion of the ESRP, and a benefit of \$1,267,860 from the defined contribution portion of the ESRP; Mr. Phalen would have been entitled to a benefit of \$13,966,529 after applying early retirement reduction factors, consisting of a benefit of \$296,386 from the Retirement Plan, a benefit of \$893,599 from the MSRP, a benefit of \$11,517,160 from the defined benefit portion of the ESRP, and a benefit of \$1,259,384 from the defined contribution portion of the ESRP; Mr. Powers would have been entitled to his account balance of \$2,559,857 vested pursuant to his letter agreement dated April 1, 2008, but would not have been vested in the remaining defined contribution portion of the ESRP.

**2012 Nonqualified Deferred Compensation<sup>(1)</sup>**

Name (a)	Executive Contributions in Last FY	Registrant Contributions in Last FY	Aggregate Earnings in Last FY	Aggregate Withdrawals / Distributions <sup>(2)</sup>	Aggregate Balance at Last FYE
	(\$) (b)	(\$) (c)	(\$) (d)	(\$) (e)	(\$) (f)
Joseph L. Hooley	\$ 20,000	\$ 212,500	\$212,608	\$(8,356)	\$ 1,929,814
Edward J. Resch	200,000	212,500	297,607	(6,148)	2,505,479
Joseph C. Antonellis	32,000	215,000	177,019	(6,237)	2,791,087
James S. Phalen	37,500	212,500	323,058	(6,248)	3,089,963
Scott F. Powers		200,000	430,893		3,505,479

(1) Includes defined contribution plan amounts for the Management Supplemental Savings Plan and the ESRP.

(2) Includes the Federal Insurance Contributions Act, or FICA, tax payment associated with the ESRP balances vesting during 2012. State Street maintains the State Street Corporation Management Supplemental Savings Plan, referred to as the MSSP, for designated highly compensated or managerial employees, including the named executive officers. Under MSSP, eligible employees may elect, prior to the beginning of a year, to defer (a) base salary equal to the excess of (i) a percentage, from 1% to 25% (effective January 1, 2013, the maximum deferral increased to 50%), of base salary for the year over (ii) the maximum amount that may be deferred for the year under State Street's Salary Savings Program (\$17,000 for 2012, or \$22,500 for employees age 50 and older), and (b) a percentage, from 5% to 92%, of cash bonuses and other cash incentive pay, excluding any amount subject to automatic deferral. State Street matched all deferrals made under the MSSP for 2012 up to a maximum of 6% of a participant's match-eligible compensation, which is defined as the lesser of (i) base salary plus annual cash incentive compensation not exceeding 50% of prior year base salary (effective January 1, 2013, the annual cash incentive is no longer limited to 50% of prior year base salary), or (ii) \$500,000, in either case reduced by the applicable Internal Revenue Code cap on annual compensation (\$250,000 in 2012). State Street also provides a performance-based credit, in the company's discretion, to participants whose base salary exceeds the Internal Revenue Code cap on annual compensation.

Effective January 2012, State Street reduced the employer matching contribution to the MSSP from 6% to 5%, except for those with cash bonus deferrals from 2011 paid in 2012, who received 6%. Effective April 1, 2012, State Street reduced the employer matching contribution to the State Street 401(k) plan from 6% to 5%.



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The amount of the performance-based credit is limited to 5% of the amount by which a participant's base salary exceeds the Internal Revenue Code cap on annual compensation, but disregarding salary in excess of \$500,000. An account is maintained for each participant reflecting deferrals, matching credits, and increases or decreases based on the performance of notional investments selected by the employee, or on a default investment if the employee does not make a selection. A participant may change notional investments once per calendar month. The notional investments available for 2012 and the rate of return for the year were as set forth below.

<b>Notional Investment</b>	<b>Rate of Return</b>
Vanguard Prime Money Market Fund	0.02%
SSgA Intermediate Bond Index Fund	3.88%
SSgA S&P 500 Index Fund	15.93%
SSgA International Index Fund	18.64%
State Street Corporation ESOP Stock Fund	18.92%

Distributions of base salary and cash incentive compensation deferrals from the plan are made, pursuant to the participant's election at commencement of participation, either (i) on the first business day of the month following the six month anniversary of the participant's termination of employment, or (ii) at a specified date not earlier than one year from the date participation commenced. Payment is made either in a single lump sum distribution or in installments over two to ten years. Participants may change distribution elections consistent with limitations set forth in the plan and tax rules applicable to nonqualified deferred compensation. Matching and performance-based credits are paid in a lump sum on the first day of the month following the six-month anniversary of the employee's termination of employment. A participant's account is payable in a lump sum upon the participant's death. A participant who experiences a severe and unanticipated financial need may request a withdrawal of amounts deferred under the plan, but portions of an account attributable to matching credits or to notional investment experience are not available for withdrawal.

Amounts related to the defined contribution component of the ESRP, which is described in the narrative accompanying the Pension Benefits table, are included in the figures for Messrs. Hooley, Resch, Antonellis, Phalen and Powers. For Mr. Hooley, \$1,509,325 of his aggregate balance comes from the MSSP and \$420,489 of his aggregate balance comes from the defined contribution component of the ESRP. For Mr. Resch, \$2,311,598 of his aggregate balance comes from the MSSP and \$193,881 of his aggregate balance comes from the defined contribution component of the ESRP. For Mr. Antonellis, \$2,379,936 of his aggregate balance comes from the MSSP and \$411,151 of his aggregate balance comes from the defined contribution component of the ESRP. For Mr. Phalen, \$2,687,289 of his aggregate balance comes from the MSSP and \$402,674 of his aggregate balance comes from the defined contribution component of the ESRP. For Mr. Powers, \$15,924 of his aggregate balance comes from the MSSP and \$3,489,555 of his aggregate balance comes from the defined contribution component of the ESRP. The notional investment options available for the defined contribution ESRP are the same as the notional investment options listed above for the MSSP.

### **Potential Payments upon Termination or Change of Control**

#### **Termination of Employment**

State Street has a severance plan that provides benefits to all salaried employees upon certain involuntary terminations. In addition to providing for benefits that apply to all employees, the severance plan provides for severance pay up to a maximum, which varies depending on employment title. Severance payments made under the plan are subject to the employee's compliance with specified restrictive covenants. For the named executive officers, all of whom are executive vice presidents or more senior, the policy provides for a severance period of 52 weeks (including a two-week notice period) of base salary plus four weeks of base salary per completed year of service up to a maximum of 104 weeks of base salary.

Assuming a qualifying termination of employment at December 31, 2012, each of our named executive officers would have been eligible to receive severance payments under the severance plan in the following amounts: Mr. Hooley \$2,000,000; Mr. Resch \$1,415,385; Mr. Antonellis \$1,600,000; Mr. Phalen \$1,500,000; and Mr. Powers \$1,046,154.

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All deferred cash awards, deferred stock awards, restricted stock awards, stock options and SARs continue to vest during the severance period and, if awarded after 2006, continue to vest under the original terms of the award unless an employee is terminated for gross misconduct or terminates voluntarily. All performance-based awards will be paid on the scheduled payment date, subject to attainment of performance measures. Equity awards to our named executive officers that continue to vest after an employee is terminated remain subject to applicable forfeiture provisions which pertain to the relevant awards including the 2012 equity awards (granted in 2013) risk-based forfeiture provisions. For a description of these provisions, see above in this proxy statement under the heading Compensation Discussion and Analysis Other Elements of Compensation Forfeiture Provisions. In addition, in connection with a termination other than following a change of control, each of the named executive officers is entitled to benefits payable upon retirement or other qualifying termination under State Street's defined benefit pension plans and payouts of amounts that are credited to the executive under one or more of State Street's nonqualified deferred compensation arrangements. These arrangements are described above in this proxy statement under Pension Benefits as of December 31, 2012 and Nonqualified Deferred Compensation. All payments upon the separation from service of specified employees within the meaning of Section 409A of the Internal Revenue Code are subject to a six-month delay under the rules of Section 409A to the extent applicable.

**Change of Control**

State Street has agreements with each of our named executive officers that become effective upon a change of control of State Street or upon a termination of employment arising in connection with or in anticipation of a change of control. A change of control is defined to include the acquisition of 25% or more of our outstanding stock or other change of control determined by regulatory authorities, the failure of incumbent directors (or their designated successors) to constitute a majority of the board of directors or a merger, consolidation or sale of all or substantially all of our assets in which State Street shareholders do not retain a majority of the voting power of the surviving or successor corporation and incumbent directors do not constitute a majority of the board. These agreements renew from year to year at the end of the year, unless State Street gives the executive notice at least 60 days before the renewal date that the agreement will not be renewed.

Each change of control agreement provides for two years' continued employment after a change of control on terms commensurate with those previously in effect, including base salary at an unreduced rate and a minimum incentive compensation set at the target incentive compensation amount under the SEAIP applicable to the executive officer for the fiscal year in which the change of control occurs. Each agreement also provides for continued participation in incentive, savings, welfare benefit, fringe benefit and retirement plans on terms no less favorable than those in effect prior to the change of control, and payment of legal fees in connection with the enforcement of the rights under these agreements.

Under the agreements, executives are subject to an express undertaking not to disclose confidential information and a non-solicitation covenant lasting until the earlier of the first anniversary of the change of control and 18 months after the termination date. However, an asserted breach of these covenants would not give State Street grounds for deferring or withholding any payments.

The change of control agreements also provide our named executive officers with the payment of accrued salary and benefits, including a pro-rated annual incentive compensation, in the event of a termination by reason of death or disability, and they provide for additional severance-type benefits as summarized below upon the cessation of employment under a double trigger mechanism. This mechanism requires the occurrence of both a change of control and either the termination without cause or the constructive termination of the officer's employment.

The benefits provided include (1) a lump sum payment, subject to a maximum of \$10 million, equal to two times the sum of base salary and the target incentive compensation under the SEAIP in the year of the change of control, (2) a lump sum payment equal to two times State Street's contributions to the defined contribution retirement plans applicable to the officer and (3) a lump sum payment equal to the actuarial value of the

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incremental benefit under State Street's qualified and supplemental retirement plans which the officer would have received had he or she remained employed for two years after the date of termination and continued employee welfare benefits for two years after the date of termination.

Each of the outstanding agreements pursuant to which stock options, restricted stock, deferred stock, and performance awards were granted to the named executive officers contains provisions for acceleration of vesting and exercise of stock options and payment of performance awards in connection with a change of control. With respect to awards of deferred cash made in February 2011 and subsequently, the Supplemental Cash Incentive Plan provides for accelerated vesting and payment of such awards upon the occurrence of a change of control event as defined in Section 409A of the Internal Revenue Code.

The named executive officers are entitled to gross-up payments, subject to limitations, to make up for any taxes that may be imposed under the change-of-control (golden parachute) excise tax provisions under Section 280G and Section 4999 of the Internal Revenue Code. These gross-up payments, however, are limited so that they are made only in the event the value of the aggregate of the prescribed change of control benefits under the agreement exceeds 110% of the product of 2.99 multiplied by the executive officer's base amount. The base amount is generally the average annual compensation of the applicable officer over the preceding five-year period. In the event the value of the aggregate of the prescribed change of control benefits does not exceed that threshold, the executive officer does not receive the gross-up benefit, and the change of control benefits under the agreement will be reduced to assure that the change of control benefits do not exceed 2.99 times the named executive officer's base amount.

*Change of control payments at December 31, 2012.* The amounts set forth in the following table are based, in the case of each named executive officer, on the hypothetical assumption that on December 31, 2012 State Street had a change of control and that immediately thereafter, but also on December 31, 2012, the executive was terminated, received a lump sum payment of all cash entitlements under the change of control agreement and benefited from acceleration of all equity awards accelerating upon the change of control.

**Change of Control Benefit Components****December 31, 2012<sup>(1)</sup>**

(In millions)	Joseph L. Hooley	Edward J. Resch	Joseph C. Antonellis	James S. Phalen	Scott F. Powers
Cash Severance <sup>(2)</sup>	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
Accrued Obligations for 2012 Incentive Compensation <sup>(3)</sup>	10.00	5.69	5.53	5.69	6.50
Enhanced Pension Benefit <sup>(4)</sup>	3.44	1.37	2.94	2.34	0.83
Unvested Pension Benefit					2.34
Accelerated Vested Options Intrinsic Value <sup>(5)</sup>					0.96
Accelerated Vested Stock Value <sup>(6)</sup>	17.39	7.46	6.64	8.40	8.97
Payout of Performance Awards <sup>(7)</sup>	8.64	5.25	4.09	5.26	8.27
Other Benefits	0.21	0.11	0.20	0.11	0.11
<b>Total Value</b>	<b>49.68</b>	<b>29.88</b>	<b>29.40</b>	<b>31.80</b>	<b>37.98</b>
Tax Gross-up Payment <sup>(8)</sup>	15.54	9.90	9.22	10.19	11.77

(1) Calculations assume a change of control occurred on December 31, 2012 and a termination entitling the executives to the specified benefits occurred on that date. The value of shares of common stock used in calculations is based on the closing price of State Street's common stock on the NYSE on December 31, 2012, \$47.01.

(2) The amount would be paid as a lump sum but has been calculated without any present-value discount assuming that base pay would continue at 2012 rates, with bonuses each year at the bonus target applicable in 2012.

(3) The accrued obligation is equal to the target bonus to be paid to each executive in February 2013 for the 2012 year.

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- (4) The enhancement to any pension benefit otherwise owing to the executive would be paid as a lump sum but has been calculated assuming that base pay would continue at 2012 rates, with target bonuses each year creditable in full for supplemental pension purposes. 2010 was the final year for the defined benefit transition for which base pay and target bonus applied.

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- (5) Represents the difference between the closing price of State Street stock on December 31, 2012 and the exercise price of all unvested options/SARs that are accelerated upon a change of control.
  
- (6) Represents the value of all shares of restricted stock and performance awards with known performance that were subject to service-based restrictions on December 31, 2012. These restrictions lapse upon a change of control.
  
- (7) Represents the value of unearned performance awards and performance based RSUs granted from 2010 through 2012.
  
- (8) For purposes of determining tax gross-up amounts, it has been assumed that: (a) bonus opportunities and equity-based awards made in early 2012 were granted in the ordinary course and would not be treated as contingent on the change of control; (b) the bonus component of the executive's entitlements (that portion guaranteed as part of the accrued obligations, plus any excess payable in 2012) would be treated as reasonable compensation for services rendered prior to the change of control for purposes of applicable tax regulations; (c) the value of any early retirement subsidy triggered by a change of control is included; (d) payments under performance awards for the cycle ended December 31, 2012 are not contingent on the change of control to the extent such amounts would have been paid in the absence of a change of control and are otherwise treated as contingent on the change of control; (e) there is no six-month delay in payment required to comply with the requirements of Section 409A as applied to nonqualified deferred compensation; and (f) except as noted in (b) above, no portion of the amounts contingent on the change of control would be treated as reasonable compensation for pre-change of control services under applicable tax regulations.

**Table of Contents****EXAMINING AND AUDIT COMMITTEE MATTERS****Examining and Audit Committee Pre-Approval Policies and Procedures**

State Street's Examining and Audit Committee has established pre-approval policies and procedures applicable to all services provided by State Street's independent registered public accounting firm, pursuant to which the Examining and Audit Committee will review for approval each particular service expected to be provided. In connection with that review, the Examining and Audit Committee will be provided with sufficient detailed information so that it can make well-reasoned assessments of the impact of the services on the independence of the independent auditor. Pre-approvals include pre-approved cost levels or budgeted amounts or a range of cost levels or budgeted amounts. Substantive changes in terms, conditions, and fees resulting from changes in the scope, structure, or other items also require pre-approval. The pre-approvals include services in categories of audit services, audit-related services, tax services and other services (services permissible under the SEC's auditor independence rules). The services shown in the table below were approved by the Examining and Audit Committee in accordance with these pre-approval policies and procedures.

**Audit and Non-Audit Fees**

Ernst & Young LLP was State Street's independent registered public accounting firm for the fiscal year ended December 31, 2012. Fees incurred by State Street and its subsidiaries for professional services rendered by Ernst & Young LLP with respect to 2012 and 2011 were as follows:

Description	2012	2011
<b>(In millions)</b>		
Audit Fees	\$ 18.1	\$ 17.3
Audit-Related Fees	15.6	13.0
Tax Fees	3.8	6.0
All Other Fees	3.5	1.7

Services provided under Audit Fees primarily included statutory and financial statement audits, the requirement to opine on the design and operating effectiveness of internal control over financial reporting and accounting consultations billed as audit services. Services provided under Audit-Related Fees consisted principally of reports on the processing of transactions by servicing organizations, non-statutory audits and due diligence procedures. Services provided under Tax Fees consisted principally of compliance and corporate tax advisory services and expatriate tax services. Services provided under All Other Fees consisted of advisory services primarily related to certain regulatory initiatives.

In addition to the services described above, Ernst & Young LLP provides audit and tax compliance services to certain mutual funds, ETFs and foreign-based private investment funds for which State Street is the sponsor and investment adviser or manager. The mutual funds and ETFs have boards of directors or similar bodies that make their own determinations as to selection of the funds' audit firms and approval of any fees paid to such firms. In the case of certain foreign-based private investment funds, State Street participates in the selection of the audit firm to provide the audit and tax compliance services. All of the fees for such services are paid by the entities and not by State Street.

**Report of the Examining and Audit Committee**

The Examining and Audit Committee, referred to in this report as the Committee, furnishes the following report:

On behalf of State Street's Board of Directors, the Committee oversees the operation of a comprehensive system of internal controls designed to ensure the integrity of State Street's financial statements and reports, compliance with laws, regulations and corporate policies, and the qualifications, performance, and independence of State Street's registered public accounting firm.



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Consistent with this oversight responsibility, the Committee has reviewed and discussed with management the audited financial statements for the year ended December 31, 2012 and their assessment of internal control over financial reporting as of December 31, 2012. Ernst & Young LLP, State Street's independent registered public accounting firm, issued their unqualified report on State Street's consolidated financial statements and the design and operating effectiveness of State Street's internal control over financial reporting.

The Committee has also discussed with Ernst & Young LLP the matters required to be discussed in accordance with the Public Company Accounting Oversight Board's interim standard AU sec. 380 *Communications with Audit Committees*. The Committee has also received the written disclosures and the letter from Ernst & Young LLP required by PCAOB Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence*, and has conducted a discussion with Ernst & Young LLP relative to its independence. The Committee has considered whether Ernst & Young LLP's provision of non-audit services is compatible with its independence.

Based on these reviews and discussions, the Committee recommended to the Board of Directors that State Street's audited consolidated financial statements for the year ended December 31, 2012, be included in State Street's annual report for the fiscal year then ended.

Submitted by,

Ronald L. Skates, Chair

Peter Coym

Patrick de Saint-Aignan

David P. Gruber

Richard P. Sergel

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**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires State Street's directors, executive officers and any beneficial owners of more than 10% of our common stock to file reports of ownership and changes in ownership with the SEC. State Street is not aware of any 10% beneficial owners. Based on State Street's review of the reports it has received and written representations from its directors and executive officers, State Street believes that all of its directors and officers complied with all Section 16(a) reporting requirements applicable to them with respect to transactions in 2012.

**PROPOSALS AND NOMINATIONS BY SHAREHOLDERS**

Shareholders who wish to present proposals for inclusion in State Street's proxy materials for the 2014 annual meeting of shareholders may do so by following the procedures prescribed in Rule 14a-8 under the Securities Exchange Act of 1934 and State Street's by-laws. To be eligible for inclusion in State Street's proxy materials, the shareholder proposals must be received by the Secretary of State Street on or before December 6, 2013.

Under State Street's by-laws, nominations for directors and proposals of business other than those to be included in State Street's proxy materials following the procedures described in Rule 14a-8 may be made by shareholders entitled to vote at the meeting if notice is timely given and if the notice contains the information required by the by-laws and such business is within the purposes specified in our notice of meeting. Except as noted below, to be timely, a notice with respect to the 2014 annual meeting must be delivered to the Secretary of State Street no earlier than February 15, 2014 and no later than March 17, 2014 unless the date of the 2014 annual meeting is advanced by more than 30 days or delayed by more than 60 days from the anniversary date of the 2013 annual meeting, in which event the by-laws provide different notice requirements. Any proposal of business or nomination should be mailed to: Office of the Secretary, State Street Corporation, One Lincoln Street, Boston, Massachusetts 02111.

State Street's by-laws specify requirements relating to the content of the notice that shareholders must provide to the Secretary of State Street, including a shareholder nomination for director, to be properly presented at a shareholder meeting.

**Table of Contents***Appendix A***Excerpt from State Street's Corporate Governance Guidelines**

The Board will have a majority of directors who meet the criteria for independence required by the New York Stock Exchange (NYSE) corporate governance standards. The Board has adopted the following guidelines to assist it in determining director independence in accordance with the NYSE standards. To be considered independent, the Board must determine, after review and recommendation by the Nominating and Corporate Governance Committee, that the director has no direct or indirect material relationship with the Company. The Board has established the following categorical guidelines to assist it in determining independence:

- a. A director will not be independent if he or she does not satisfy any of the bright-line tests set forth in Section 303A.02 (b) of the NYSE Listed Company Manual.
  
- b. The following commercial or charitable relationships will not be considered to be material relationships that would impair a director's independence: (i) if the State Street director or a member of such director's immediate family (as defined in Section 303A of the NYSE Listed Company Manual) is a director or owner of less than a 10% ownership interest of another company (including a tax-exempt organization) that does business with the Company; provided such State Street director is not involved in negotiating the transaction; (ii) if the State Street director or a member of such director's immediate family is a current employee, consultant or executive officer of another company (including a tax-exempt organization) that does business with the Company; provided that, (x) where the State Street director is an employee, consultant or executive officer of the other company, neither the director nor any of his or her immediate family members receives any special benefits as a result of the transaction and (y) the annual payments to, or payments from, the Company from, or to, the other company, for property or services in any completed fiscal year in the last three fiscal years are equal to or less than the greater of \$1 million, or two percent of the consolidated gross annual revenues of the other company during the last completed fiscal year of the other company; and (iii) if the State Street director or member of such director's immediate family is a director, trustee, employee or executive officer of a tax-exempt organization that receives discretionary charitable contributions from the Company; provided such State Street director and his or her Immediate Family Members do not receive any special benefits as a result of the transaction; and further provided that, where the director or immediate family member is an executive officer of the tax-exempt organization, the amount of discretionary charitable contributions in any completed fiscal year in the last three fiscal years are not more than the greater of \$1 million, or two percent of that organization's consolidated gross revenues in the last completed fiscal year of that organization (in applying this test, State Street's automatic matching of employee charitable contributions to a charitable organization will not be included in the amount of State Street's discretionary contributions).
  
- c. The following commercial relationships will not be considered to be a material relationship that would impair a director's independence: lending relationships, deposit relationships or other banking relationships (such as depository, transfer, registrar, indenture trustee, trusts and estates, private banking, investment management, custodial, securities brokerage, cash management and similar services) between State Street and its subsidiaries, on the one hand, and a company with which the director or such director's immediate family member is affiliated by reason of being a director, employee, consultant, executive officer, general partner or an equityholder thereof, on the other, provided that: (i) such relationships are in the ordinary course of the Company's business and are on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated persons; (ii) with respect to a loan by the Company to such company or its subsidiaries, such loan has been made in compliance with applicable law, including Regulation O of the Board of Governors of the Federal Reserve and Section 13(k) of the Securities Exchange Act of 1934, such loan did not involve more than the normal risk of collectability or present other unfavorable features, and no event of default has occurred under the loan; and (iii) payments to the Company for property or services (including fees and interest on loans but not including principal repayments) from such company does not exceed the limit provided in (b)(ii) above.

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If a relationship is described by the categorical guidelines contained in both paragraphs b and c above, it will not be considered to be a material relationship that would impair a director's independence if it satisfies all of the applicable requirements of either paragraph b or c. For relationships not covered by the categorical guidelines (either because they involve a different type of relationship or a different dollar amount), the determination of whether the relationship is material or not, and therefore whether the director would be independent or not, shall be made by the directors who satisfy the independence guidelines set forth above. The Company will explain in the next proxy statement the basis for any Board determination that a relationship was immaterial despite the fact that it did not meet the categorical guidelines of immateriality set forth above.

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State Street Corporation

One Lincoln Street

Boston, MA 02111-2900

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*STATE STREET CORPORATION*

*ONE LINCOLN STREET*

*BOSTON, MA 02111*

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time on May 14, 2013. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time on May 14, 2013. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards, annual reports and related materials electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy and related materials electronically in future years.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M54756-P35262

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY  
**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

STATE STREET CORPORATION

The Board of Directors recommends a vote FOR each director nominee in Item 1 and FOR Items 2 and 3.

**Vote On Directors**

Item 1 To elect 11 directors

Nominees for Director:

1a. K. Burnes

1b. P. Coym

1c. P. de Saint-Aignan

1d. A. Fawcett

1e. L. Hill

1f. J. Hooley

1g. R. Kaplan

1h. R. Sergel

1i. R. Skates

For Against Abstain

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For Against Abstain

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1j. G. Summe

1k. T. Wilson

**Vote on Proposals**

Item 2 To approve an advisory proposal on executive

compensation; and

Item 3 To ratify the selection of Ernst & Young LLP as State Street's independent registered public accounting firm for the year ending December 31, 2013.

.. .. ..

In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting or any adjournment thereof.

NOTE: Shareholder - Please sign exactly as your name appears hereon

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Signature [PLEASE SIGN WITHIN BOX]

Signature (Joint Owners)

Date



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Dear Shareholder:

We cordially invite you to attend the 2013 annual meeting of shareholders of State Street Corporation. The meeting will be held at One Lincoln Street, 36th Floor, Boston, Massachusetts, on Wednesday, May 15, 2013, at 10:00 a.m. Eastern Time.

Details regarding admission to the meeting and the business to be conducted are more fully described in the accompanying notice of annual meeting and proxy statement.

Your vote is very important. Whether or not you plan to attend the meeting, please carefully review the enclosed proxy statement and then cast your vote. We urge you to vote regardless of the number of shares you hold. Please mark, sign, date and promptly mail this proxy card in the return envelope. You may also vote electronically by telephone or over the Internet by following the instructions included with this proxy card. In any event, to be sure that your vote will be received in time, please cast your vote by your choice of available means at your earliest convenience.

We look forward to seeing you at the annual meeting. Your continuing interest in State Street is very much appreciated.

Sincerely,

Joseph L. Hooley  
Chairman, President and Chief Executive Officer

**PLEASE NOTE: If you plan to attend the meeting, please allow additional time for registration and security clearance. You will be asked to present a valid picture identification acceptable to our security personnel, such as a driver's license or passport. Public fee-based parking is available at State Street's headquarters at One Lincoln Street (entrance from Kingston Street). Other public fee-based parking facilities available nearby include the LaFayette Corporate Center and the Hyatt Hotel (entrances from Rue de LaFayette).**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The Notice and Proxy Statement and Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).

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STATE STREET CORPORATION

Annual Meeting of Shareholders - May 15, 2013

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned, revoking all proxies, hereby appoints Kevin Brady, Valerie Haertel and Shannon Stanley, or any of them, with full power of substitution, as proxies to vote all shares of common stock of State Street Corporation which the undersigned is entitled to

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vote at the annual meeting of shareholders of State Street Corporation to be held at One Lincoln Street, Boston, Massachusetts 02111 on May 15, 2013 at 10:00 a.m. Eastern Time, or at any adjournment thereof, as indicated on the reverse side, and in their discretion on any other matters that may properly come before the meeting or any adjournment thereof.

**To vote in accordance with the recommendations of the Board of Directors, just sign and date the other side; no boxes need to be checked. The shares represented by this proxy will be voted in accordance with the specification made. If no specification is made, the proxy will be voted FOR the eleven director nominees and FOR Items 2 and 3.**