The following forms State Street’s UK Pillar 3 disclosure under BIPRU 11.5.18R in respect of 2014.

**BIPRU 11.5.18R (1)**

“Information concerning the decision-making process used for determining the remuneration policy, including if applicable, information about the composition and the mandate of a remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders”

The Executive Compensation Committee (“ECC”) of State Street Corporation has oversight and approval of the remuneration policy and practices within State Street’s operations globally, including those in its UK operations. There is no separate remuneration committee for State Street in the UK.

ECC members are senior professionals with strong financial/business knowledge, who are independent members of the Board of State Street Corporation (“Board”), in accordance with the listing standards of the New York Stock Exchange. They are appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee of the Board. There are currently five (5) members of the ECC.

The Chair of the Risk Committee of the Board (“RC”) is also a member of the ECC, providing continuity between the two committees. It should be noted that the RC is responsible for reviewing and discussing with management State Street’s assessment and management of risk. In addition, other independent directors who are not members of the ECC attend ECC meetings from time to time.

The ECC has sole authority to retain and terminate any compensation consultants and other advisers used by the ECC to assist in the evaluation of compensation for the Chief Executive Officer (“CEO”) and/or other executive officers and approve these consultants’ and advisers’ fees and other retention terms. The ECC engages Meridian Compensation Partners, an executive compensation consulting firm, to provide compensation consulting as part of its review of executive compensation, and retains its own external legal counsel, Shearman & Sterling LLP.

The ECC operates under a Board-approved charter. Under this charter, the ECC oversees all State Street’s compensation plans, policies, and programs in which senior executives participate and incentive, retirement, welfare and equity plans in which certain other employees of the State Street group of companies participate. It also oversees the alignment of the group’s incentive compensation arrangements with the group’s financial safety and soundness consistent with applicable related regulatory rules and guidance.

The ECC reviews and approves the CEO’s compensation in conjunction with other independent directors of the Board. The CEO and the Chair of the ECC review, annually incentive compensation allocations for all Executive Vice Presidents (“EVPs”) and all employees who are among the top 100 in total compensation.

The ECC approves the overall allocation of the Incentive Compensation (“IC”) Plan pool. The CEO allocates IC pools to business units based upon a variety of factors, which may include budget performance, achievement of key goals and other considerations. The final expenditure and overall allocation between current and deferred awards is then reviewed by the ECC prior to payment.

In 2010, State Street introduced a formal process for integrating the perspectives of the RC into compensation decisions made by the ECC. The RC evaluates annually the material risks applicable to State Street, as well as management actions during the year designed to mitigate those risks. The RC then makes recommendations to the ECC as to positive or negative factors to be considered in compensation decisions. These recommendations are presented to the ECC by the Chair of the RC, who is also a member of the ECC.

The remit of the ECC has been extended specifically to cover governance of UK remuneration matters. The ECC oversees all requirements of UK remuneration policy. Day-to-day operation of remuneration policies and practices in the UK and the rest of the EU is carried out through the EU Remuneration Regulation Working Group (“EU...
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Working Group

The ECC has overall responsibility for setting remuneration policy and structure, and approval of EU Identified Staff lists and performance measurement.

Additionally, the ECC is presented with detailed performance assessments and compensation information for all EU Identified Staff, including details of individual performance, with a particular focus on financial and risk performance as well as compensation proposals and compensation history. The Head of EMEA and/or Vice Chairman of State Street reviews the assessments and attends the ECC’s February meeting to present the assessments to the ECC for its review and approval.

State Street has held annual “say-on-pay” votes in each of the last five years, and these votes have been approved by a significant majority of the votes cast. In January 2011, the ECC evaluated our “say-on-pay” practices in light of regulatory requirements and, consistent with the recommendation of our management, recommended to the Board of Directors that the Board recommend that our shareholders vote to approve an annual frequency for our “say-on-pay” vote. The Board followed the ECC’s recommendation and the same recommendation from the Nominating and Corporate Governance Committee at the Board's February 2011 meeting, and shareholders approved the annual frequency at their annual meeting in 2011.

In its annual process, the ECC receives regular updates, including by its independent compensation consultant and outside legal counsel, on regulatory and governmental actions and initiatives concerning compensation and related risk and governance considerations, particularly with respect to the financial services industry. These updates include rulemaking by the Board of Governors of the United States Federal Reserve System and other banking agencies regarding incentive compensation arrangements; rulemaking under the Dodd-Frank Act; proposed and final guidance and regulations from banking regulators in Europe and Asia concerning compensation and risk principles; and specific actions and inquiries undertaken by state and federal authorities concerning compensation practices. The ECC also receives updates on compensation actions, including publicly reported new design elements, taken by other major financial services firms. These updates focused on developments in the alignment of incentive compensation with risk principles, and they informed the decisions of the ECC in making its incentive compensation decisions for 2014.

Consistent with the principles outlined in this evolving framework, State Street has established a committee (reporting to the Compliance and Ethics Committee (“CEC”), with annual reporting to the ECC) of senior representatives of State Street’s Risk function, Enterprise Risk Management (“ERM”), Compliance, Internal Audit, Finance, Legal and Global Human Resources departments 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. This review and assessment is 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.

In addition, we have identified those employees throughout our global organization who individually or as a group are responsible for activities that may expose State Street to material amounts of risk. We annually review the incentive compensation arrangements used to compensate these employees in light of identified risks relevant to their respective responsibilities. We also annually review the design and governance of our incentive compensation plans applicable to all of our employees for alignment with applicable regulatory guidance. Representatives of the control function committee described above participated in these activities and the results of these reviews were evaluated by that committee. With respect to the 2014 compensation year, the Chief Risk Officer and Chief Human Resources Officer presented the results of these reviews to the ECC in December 2014.

Material Risk Takers (“MRTs”)

State Street has taken a robust approach to identifying MRTs within its business. Various key bodies were involved with the process of identifying or approving State Street’s MRTs (referred to internally as EU Identified Staff or “EUIS”) within Europe.

Qualitative Review

In recognition of the fact that individuals may be material risk takers without meeting specific criteria under the EBA Remuneration Technical Standards (“EU RTS”), State Street took a broad interpretation when identifying the original list of individuals who may potentially be MRTs. Having done this, we then went through a detailed process of review for each individual, considering their role, responsibility, independent authority, and potential ability to impact on State Street’s main risks to determine if it was felt that this individual should be captured as a material risk taker, even if they did not meet a specific qualitative criterion. Recommendations (including detailed documentation in any areas open to interpretation) were reviewed and discussed by a Working Group made up of representatives of Human Resources, Legal, Compliance, Finance, ERM and Regulatory and Industry Affairs, then signed off by a committee made up of senior EMEA or International heads of these functions (Decision Making

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Body). In addition, heads of each business unit or corporate function were separately asked to review all decisions for their populations to ensure that appropriate business contexts were considered.

As part of this, a consistency review across the EU was undertaken to ensure that individuals were captured even if they may not have fully met the criteria set out under Article 3.

Quantitative Exclusions

This detailed review provided an important input into State Street’s exclusion approach. In a number of cases, the exclusions we have detailed were reviewed as part of the original review process (prior to the production of the qualitative list). As such, their role and responsibilities had already been reviewed by both the relevant business head and members of the ERM department and it had been agreed that they could not materially impact State Street’s risk profile or expose State Street to a material level of harm and so should not be included in the qualitative MRT list. However, as these individuals were identified under Article 4, a secondary review was then carried out by the central team, with verification and input from the business head and ERM where appropriate. The role and responsibilities of each individual were carefully reviewed and a number of factors were specifically considered.

BIPRU 11.5.18R (2)

“Information on the link between pay and performance”

The policies and practices as set out below apply on a global basis to all employees of the State Street group.

Introduction

State Street’s overall aim is to attract and retain high-performing employees via its compensation strategy. We recognise that, for the business to succeed, it must remain competitive and cultivate an environment that encourages employees to learn and grow in their careers.

There are five key principles that define the compensation strategy:

- An emphasis on total compensation.
- A pay-for-performance philosophy. Company, business unit and individual performance drive overall compensation levels.
- A competitive compensation package to attract and retain key talent. We target the aggregate annual value of our total compensation program to the median of our corporate peer group.
- An alignment with shareholder interests as reflected through the mix of cash, instruments and equity compensation.
- Compliance with applicable regulations and related guidance, including limiting incentives to take excessive risks.

Through a process of structured discretion in determining IC pool funding and individual incentive award decisions (please see below as to how such decisions are taken), and the use of deferred awards (e.g., Deferred Stock Awards (“DSAs”), Deferred Value Awards (“DVAs”, SSgA Long Term Incentive (“SSgA LTI”), and Performance Related Stock Units (“PRSUs”)) as a pay delivery vehicle (with ex post adjustments during the deferral period, further details of which are set out below), our compensation system is made appropriately risk-sensitive and links current decisions and actions to future risk outcomes. A comprehensive set of factors such as risk and capital are considered in addition to business performance and competitiveness.

Base Salary

Base Salary is one element of an employee’s compensation. Employees’ base salaries are determined by role, job band and by a number of other factors such as individual performance, proficiency level, year-over-year increase guidelines, budget and position to market.

Role Based Allowance

Role Based Allowance is a new element of an employee’s fixed compensation introduced for the 2014 performance year to ensure that State Street can continue to deliver compensation that is reflective of the competitive market
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place, an individual’s role, responsibility, experience and performance, in compliance with its regulatory obligations.

**Variable Remuneration, i.e., IC**

State Street operates a fully flexible, discretionary bonus policy. The discretionary bonus policy is structured so as to achieve a balance between fixed and variable components.

**Link between pay and performance for the institution**

The Corporate IC bonus pool is based on the overall profits of the entire State Street group of companies. The primary component in the calculation of the IC bonus pool is operating-basis “Net Income Before Tax and Incentive Compensation” (“NIBTIC”). The ECC reviews operating-basis NIBTIC calculations and identifies any applicable adjustments to reflect its assessment as to elements of revenues and expenses that should or should not apply for IC purposes.

The ECC has flexibility to adjust the overall global IC pool or business unit allocations and, in doing so, evaluates a number of factors, including capital, risk, business and other considerations. Specific capital measurements taken into consideration include, for example, the Tier 1 risk-based capital ratio; the tangible common equity ratio; unrealized portfolio gains and losses; and the Tier 1 leverage ratio.

For further detail on the performance metrics used for State Street in the UK, please see the "Ex Ante Performance Adjustment” section below.

**Link between pay and performance for business units**

Further, the allocation of the overall global bonus pool to each business unit is determined by the CEO/Chairman by reference to business unit performance and considers many factors including those considered by the ECC. For further detail on the performance metrics used for business units, please see the “Ex Ante Performance Adjustment” section below.

**Link between pay and performance for individuals**

The sub-allocation of the business unit bonus pool to an individual is then also further determined by an individual’s business manager with reference to the individual’s performance measured on both financial and non-financial criteria.

Individual incentive awards are completely discretionary. In addition to the formal ex ante adjustment process described below, in making individual incentive awards, State Street permits the use of discretionary adjustments to awards for non-compliance with internal policies and procedures or significant audit findings, instances where there is a significant downturn in the financial performance of, or a material risk management failure, in respect of State Street or a material business unit. The ECC may also exercise negative discretion based on these factors when making awards to members of State Street's Management Committee.

State Street also has a performance planning and review process for employee compensation that involves a collaborative planning process in which employees and their managers establish performance goals that align individual with corporate goals (in the following categories which are described below: driving strategy, strengthening the organization, enhancing culture, and engaging employees).

Mid-year and year-end progress reviews are conducted and the employee’s performance level is reviewed and rated on a five-point scale (“consistently exceeded expectations”, “often exceeded expectations”, “consistently achieved expectations”, “sometimes achieved expectations” and “unacceptable performance”). This rating is a key factor used by managers in determining incentive compensation and salary decisions during the annual compensation planning process. Typically, employees receiving a rating of 2 or lower will receive a much-reduced or zero IC award.

Performance management employs consistent processes to cascade goals, create "line of sight” and measure actual individual and organizational performance. Frequent feedback is a critical element of Performance Planning & Review (“PPR”), which is State Street's performance management process.

State Street's PPR process is designed to maximize individual performance and further the accomplishment of its corporate goals, as follows:

**Drive Strategy**

1. Achieve financial commitments and optimize the use of our capital and balance sheet

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2. Drive innovation in the core business to enhance growth and profitability

3. Execute the Global Exchange and SSGA 4.0 strategic initiatives and optimize our global footprint, pursing growth in select emerging markets

**Strengthening the Organisation**
1. Advance Sector Solutions strategy to better understand our clients and drive product innovation and revenue growth
2. Execute IT and Operations transformation and advance digitization to deliver superior client service, increase efficiency and fuel innovation

**Enhancing Culture**
1. Continuously improve the management of risk
2. Take an owner mindset to drive long-term value creation, and protect and preserve our reputation

**Engaging Employees**
1. Develop, attract, engage and reward talent to continue building a diverse and industry leading workforce

The PPR process is a three-staged approach to performance management. The first stage, called Performance Planning, involves the employee and manager working in partnership to ensure that performance goals and targets, skills and behaviours, and development goals are collaboratively set for every employee at the beginning of the performance year. Goals are recorded in the PPR application with final approval being given by the manager. Stage two focuses on the facilitation of regular review and feedback between the employee and manager throughout the year. The third stage is the completion of a year-end review by mid-December and includes a performance level descriptor.

Where applicable, individual financial targets are incorporated into the Performance Planning stage of the PPR process and the level of achievement against these financial goals will form part of the year-end review process and contribute to the performance rating along with qualitative assessment.

In addition to the PPR process, in 2012 State Street introduced the Talent and Reward Differentiation Tool ("TRDT") to assist managers in making compensation decisions. The TRDT allows managers to assign a relative score (on a seven-point scale) to employees at the Vice President level and above based on five factors. These include relative performance, potential, criticality of role, critical skills or expertise and retention risk, and combined with the PPR rating, are used to help guide compensation decisions.

**BIPRU 11.5.18R (3)**

"The most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria"

State Street’s IC plan is an integral part of the State Street compensation strategy as set out in section BIPRU 11.5.18R (2) above. The IC Plan is the primary scheme for the provision of annual discretionary bonuses to State Street’s staff globally, including in the UK, and is intended to motivate staff at various levels within State Street’s operations to perform as well as possible and produce superior results whilst not incentivising inappropriate risk-taking. For the 2014 performance year (paid in February 2015), IC awards consisted of deferred awards and immediate cash payments. The allocation of deferred compensation is formulaically-driven based on total value of an individual’s 2014 IC. In general, the more senior an employee is, the greater the percentage of IC that was paid as a deferred award. At the most junior level of the organisation, awards are generally small and were delivered entirely in immediate cash. For EUIS, the IC award is delivered in two separate elements, the immediate non-deferred award (delivered partly in cash and partly in equity) and the deferred award (delivered partly in equity and partly in cash that notionally tracks a money market instrument). More significant deferral and instrument thresholds are in place for more senior staff.

Beginning with the 2014 compensation year, incentive compensation plan awards for EUIS are restricted to 2x fixed compensation to ensure compliance with the maximum ratio permitted under CRD IV and Principle 12(d) of the Remuneration Code. The relevant State Street entities operating in the UK have obtained the relevant shareholder approvals to extend the default maximum ratio from 1x fixed compensation to 2x fixed compensation and such has been notified to the PRA.
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For all EUIS in the UK, upon vesting, all equity delivered pursuant to a deferred equity award is subject to a 6-month retention period during which the recipient is prohibited from sale or other transfer of the equity.

Performance Measures

State Street applies both “ex ante” and “ex post” adjustments to its award process for identified material risk takers, including EUIS.

“Ex Ante” Performance Adjustment

“Ex ante” adjustments are guided by the corporate multi-factor risk scorecard which is used to guide the assessment of risk performance and serve as an input into the incentive compensation pool size and allocation processes. This scorecard framework utilizes several different risk inputs and perspectives to assess State Street’s top risks. ERM, developed the corporate level scorecard, which the Risk and Capital Committee of the State Street Corporation Board of Directors (RC) then reviewed. Risk factors are evaluated using a five-point rating scale that ranges from significantly above expectations to significantly below expectations for each of the following five categories:

- Actual performance vs. expectations for key risk areas such as operational losses, fiduciary losses, liquidity risk, investment portfolio change,
- Stress loss based on scenarios specified by the US Federal Reserve Board,
- Capital/ dividend strength,
- Economic capital, and
- Regulatory and agency ratings.

Performance against the scorecard metrics is completed using data sourced from various systems in State Street’s compliance functions, including ERM, Finance and Treasury, among others. To the extent any performance is “significantly below expectations” (i.e., a red flag is indicated on any scorecard), judgment-based ex ante adjustments to the responsible individual material risk taker’s (including EUIS) incentive compensation may be triggered.

The corporate risk scorecard creates a mechanism that, in the first instance, adjusts the overall pool of incentive compensation to reflect the inventory of risks taken during the year, and in the second instance, can affect allocations based on appropriate risk-taking behaviour by unit or individual. Moreover, any red flags on the Scorecard will automatically trigger a review of the appropriateness of an ex ante adjustment to the associated individual material risk taker.

“Ex Post” Performance Adjustment

State Street includes a malus-based forfeiture provision in the deferred award agreements of all material risk takers, including EUIS.

The malus-based forfeiture provision includes a statement of intention to comply with and meet the requirements of applicable banking regulations and guidance on incentive compensation, including both that of the Board of Governors of the United States Federal Reserve System and the United Kingdom Financial Conduct Authority/ Prudential Regulation Authority, and provides specifically that the ECC may reduce or cancel any deferred award to the extent required to do so under any such applicable rules. In this way, the forfeiture provision permits consideration by the Malus Committee of any criteria, to the extent required by applicable law to be considered in an investigation and forfeiture decision.

Malus-based forfeiture review will be triggered by the occurrence of a material loss, the establishment of a reserve for a material loss, or the investigation of facts or circumstances, which, if determined adversely to State Street or a material business unit of State Street, could reasonably be expected to result in a material loss or reserve.

In addition, State Street has for several years included in its deferred award agreements for all employees, a contractual provision requiring any unvested deferred to be forfeited in the case of termination on account of gross misconduct. Gross misconduct is determined in State Street’s discretion and includes conduct which gives rise to a significant risk management failure in respect of State Street or a material business unit, this could include placing State Street at legal or financial risk. For members of the MC, forfeiture also may be triggered upon misconduct that was materially detrimental to the interests or business reputation of State Street or any of its businesses (again, determined in State Street’s discretion).

From 1 January 2015, State Street has also included a new clawback provision in its incentive compensation awards to EUIS in the UK. For a period of seven years from the date of grant, unpaid incentive compensation may be subject to forfeiture if (i) there is reasonable evidence of employee misbehaviour or material error, (ii) State Street or one of its subsidiaries or a relevant business unit has suffered a material downturn in its financial performance, or (iii) State Street, one of its subsidiaries or a relevant business unit has suffered a material failure of risk management, and paid incentive compensation may be subject to repayment in the event of (i) or (iii) above.
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*The Vesting Period, Vesting Schedule & Proportion Subject to Performance Adjustment*

DSAs vest on an annual pro-rata basis over four years following the award date. SSGA LTIP awards and DVAs vest quarterly over four years following the award date, beginning with the first quarter following the Award Date. 100% of DSAs, SSGA LTIP awards and DVAs are subject to the above “ex-post” performance adjustments. In practice, for all EUIS in the UK, the current global structure of State Street IC delivers at least 60% of IC deferred over four years.

*Other Information*

A small number of employees in sales participate in sales incentive plans (“SIPs”), which aim to bring the variable compensation granted to plan participants into line with the revenues they generate as well as taking into account non-financial qualitative performance indicators. All such participants have fixed compensation. Variable compensation is assigned on an individual basis by way of a review of both quantitative and qualitative factors. All SIPs are reviewed annually by State Street’s Incentive Compensation Control Committee. An employee’s eligibility to participate in a SIP, and all amounts paid under a SIP, are subject to management approval.

One Identified Staff, who is a member of the Management Committee, will also receive Performance Related Stock Units (“PRSUs”) as a portion of his Deferred Equity for the 2014 compensation year. Performance over a three-year period (2015-2017), in the case of awards made for the 2014 compensation year in February 2015, will determine, based upon satisfaction of a GAAP average annual return on common shareholders’ equity (“ROE”) performance metric as certified by the ECC, what percentage of the shares awarded will be eligible for vesting. A 3-year simple average annual GAAP ROE will be calculated based on the GAAP ROE results for each year of the performance period (e.g., 2015, 2016 and 2017). The pay-out rate will be based on this GAAP ROE average. The maximum payout under these awards is capped at 100%, i.e., there is no leverage or upside associated with the awards. The shares that are eligible for vesting, based on satisfaction of the GAAP ROE metric, will cliff vest in February 2018, three years following the Award Date. 100% of PRSUs for EUIS are subject to the above ex-post performance adjustments.

Each control function has a reporting line which is independent from the business units which they supervise. Each function has a reporting line which feeds into a European or Global Head of Department for the control function. UK-based entities are represented at UK ExCo and there are committees such as Finance Committee, Internal Audit Committee and the UK Risk and Compliance Committee to discuss and take appropriate decisions. If decisions cannot be reached or require further authority these are then escalated to the UK ExCo and the global reporting lines of the control function.

The global management for each respective control function is responsible for determining compensation to control function staff, within overall State Street guidelines. Funding and performance assessment for these employees is based on overall corporate results and not by reference to the business units which individual control function employees supervise. The IC payable to senior risk and compliance officers is considered and determined by the ECC.

For the 2014 compensation cycle, State Street implemented a new process pursuant to which a committee of the Board of Directors with oversight of an area managed by a selected control function specifically reviews the performance assessment and individual compensation recommendations for the heads of the relevant control function, as well as an overview of the performance and compensation for the entire control function. For example, our Examining and Audit Committee conducted these reviews with respect to our Chief Compliance Officer and our Compliance Department. This process is designed, among other things, to provide the relevant committee with additional perspective on the performance of the relevant control function and whether that function is being allocated appropriate resources and compensation.
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BIPRU 11.5.18R(6)
“Aggregate quantitative information on remuneration, broken down by business area.”

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<thead>
<tr>
<th>Business Area</th>
<th>Asset Management</th>
<th>Investment Banking</th>
<th>Control Function</th>
<th>All Others (Global Services, Corporate Function)</th>
<th>All UK Identified Staff</th>
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<td>Total Remuneration (£ k) of UK Identified Staff</td>
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<td>9,431</td>
<td>18,633</td>
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BIPRU 11.5.18R(7)(a)
“Aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the firm indicating the amounts of remuneration for the financial year, split into fixed and variable remuneration, and the number of beneficiaries.”

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<th>Category</th>
<th>&quot;Senior Management&quot;</th>
<th>&quot;Members of staff whose actions have a material impact on the risk profile of the firm&quot;</th>
<th>All UK Identified Staff</th>
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</thead>
<tbody>
<tr>
<td>Number of &quot;UK Identified Staff&quot;</td>
<td>24</td>
<td>83</td>
<td>107</td>
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<tr>
<td>Total Fixed Remuneration (£ k)</td>
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<td>Total Variable Remuneration (£ k)</td>
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