

STATE STREET CORP  
Form PRER14A  
March 02, 2001

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No. 1)

Filed by the Registrant    
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

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.
- \$125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), 14a-6(i)(2) or Item 22(a)(2) of Schedule 14A.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- 1) Title of each class of securities to which transaction applies:  
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- 2) Aggregate number of securities to which transaction applies:  
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1) Amount Previously Paid:

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[State Street Letterhead]

March 12, 2001

DEAR STOCKHOLDER:

We cordially invite you to attend the 2001 Annual Meeting of Stockholders of State Street Corporation. The meeting will be held in the Enterprise Room at 225 Franklin Street, Boston, Massachusetts on April 18, 2001, 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. Then complete, sign, date and mail promptly the accompanying proxy in the enclosed return envelope. To be sure that your vote will be received in time, please return the proxy at your earliest convenience.

We look forward to seeing you at the Annual Meeting so that we can update you on our progress. Your continuing interest is very much appreciated.

Sincerely,  
/s/David A. Spina

[State Street Letterhead]

## NOTICE OF 2001 ANNUAL MEETING OF STOCKHOLDERS

- Time** 10:00 a.m., Eastern Time
- Date** Wednesday, April 18, 2001
- Place** 225 Franklin Street, Fifth Floor, Boston, Massachusetts
- Purpose**
1. To elect 9 directors;
  2. To increase State Street's authorized shares of Common Stock from 250,000,000 to 500,000,000;
  3. To approve the Senior Executive Annual Incentive Plan;
  4. To vote on a stockholder proposal on the Model Business Corporation Act; and
  5. To vote on a stockholder proposal, if properly raised, to amend the By-Laws to provide certain rules on the manner in which stockholder meetings are conducted.
- Record Date** You are entitled to vote if you were a stockholder of record at the close of business on February 28, 2001.
- Meeting Admission** If your State Street stock is held in a brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your broker or nominee. Your name does not appear on the list of stockholders. If your stock is held in street name, you should bring a form of personal identification with you and a letter or account statement showing that you were the beneficial owner of the stock on the record date, in order to be admitted to the meeting.
- Voting by Proxy** Please submit a proxy as soon as possible so your shares can be voted at the meeting. You may submit your proxy by mail. If your stock is held in the name of a broker, bank or other nominee, you may have the choice of instructing the record holder as to the voting of your shares over the Internet or by telephone. Follow the instructions on the form you receive from your broker or bank.

By Order of the Board of Directors,

Maureen Scannell Bateman  
Secretary

March 12, 2001

**STATE STREET CORPORATION**

225 Franklin Street, Boston, Massachusetts 02110

**PROXY STATEMENT**

**GENERAL INFORMATION**

***When was this proxy statement and the accompanying proxy card scheduled to be sent to stockholders?***

This proxy statement and accompanying proxy card are scheduled to be sent to stockholders beginning on March 12, 2001.

***Who is soliciting my vote?***

The Board of Directors of State Street Corporation ("State Street") is soliciting your vote for the 2001 Annual Meeting of Stockholders.

***How many votes can be cast by all stockholders?***

\_\_\_\_,\_\_\_\_,\_\_\_\_ shares of Common Stock of State Street are 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?***

You may vote in person at the Annual Meeting or by proxy without attending the meeting. To vote by proxy please mark, date, sign and return the enclosed proxy card in the enclosed envelope. If you vote by the enclosed proxy your shares will be voted at the meeting in accordance with your instructions or as provided in the proxy card. If you do not give any instructions, your shares will be voted by the persons named in the proxy card in accordance with the recommendations of the Board of Directors given below.

If your stock is held in the name of a broker, bank or other nominee, you may have the choice of voting your shares over the Internet or by telephone. Follow the instructions on the form you receive from your broker or bank.

To vote in person bring a form of personal identification with you. If your stock is held by a broker, bank or other nominee, bring an account statement indicating that you own the shares as of the record date, or a letter from the record holder indicating that you owned the shares as of February 28, 2001, and if you wish to vote at the meeting you must first obtain from the record holder a proxy issued in your name.

Participants in State Street's Salary Savings Program will receive proxy cards separately. State Street Bank and Trust Company, as trustee, will vote in accordance with written instructions from the participants or as provided in the proxy card, and, where no instructions are received, the shares will be voted in accordance with the trust documents.

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

The Board of Directors recommends a vote:

- FOR election of the 9 directors (page 3)
- FOR increasing the authorized number of shares of Common Stock (page 22)
- FOR approval of the Senior Annual Executive Incentive Plan (page 24)
- AGAINST approval of the stockholder proposal relative to the application of the Model Business Corporation Act to State Street (page 25)
- AGAINST approval of the stockholders' proposal relative to the amendment of the By-laws to provide certain rules on the manner in which stockholder meetings are to be conducted (page 27)

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***Who pays the cost for soliciting proxies?***

State Street will pay the cost of our proxy solicitor. The solicitation of proxies will be made primarily by mail. State Street has retained Morrow & Co., Inc. to aid in the solicitation of proxies for a fee of \$10,000, plus expenses. Proxies may also be solicited personally, by telephone, fax and e-mail by employees of State Street and its principal subsidiary, State Street Bank and Trust Company (the "Bank"), without any additional remuneration. State Street intends to request brokers, banks, custodians, other nominees and fiduciaries to forward these soliciting materials to their principals and to obtain the authorization for the execution of proxies.

***Can I change my vote?***

You may revoke your signed proxy at any time before it is voted by notifying the Secretary in writing, by returning a proxy card with a later date or by attending the meeting and voting in person.

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

The nine nominees for election as directors who receive a plurality of the shares voted for election of directors shall be elected directors (Item 1). The affirmative vote of a majority of all shares outstanding and entitled to vote is necessary to approve the increase in the authorized shares (Item 2).

The affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote is necessary to approve the Senior Executive Annual Incentive Plan (Item 3) and the stockholder proposal regarding the Model Business Corporation Act (Item 4). The affirmative vote of a majority of all shares outstanding and entitled to vote is necessary to approve the amendments to the By-laws as provided in the stockholders' proposal regarding amendment of the By-laws (Item 5).

***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. A majority of the shares entitled to vote at the Annual Meeting constitutes a quorum. The tellers will count shares represented by proxies that withhold authority to vote for a nominee for election as a director only as shares that are present and entitled to vote for purposes of determining the presence of a quorum. None of the withheld votes will be counted as votes "for" a director. As a result, none of the withheld votes will have any effect on the outcome of the voting on the election of directors. Shares properly voted to "abstain" on a particular matter are considered as shares that are entitled to vote for the purpose of determining a quorum but are treated as having voted against the matter. If a stockholder holds shares through a broker, stock exchange and NASD rules prohibit a broker from voting shares held in a brokerage account on some proposals (a "broker non-vote") if the broker

does not receive voting instructions from the beneficial holder. Under these rules, a broker may not vote in its discretion on Item 4 and Item 5. Shares that are subject to a broker non-vote are counted for determining the quorum but as not entitled to vote on the particular matter, so without voting instructions a broker non-vote could occur on Item 4 and Item 5. This will have no effect on whether the required vote has been received on Item 4, but will have the effect of the shares being voted against approval of Item 5.

***Could other matters be decided at the Annual Meeting?***

We do not know of any other matters that may be presented for action at the meeting, Should any other business 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.

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***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.

**ELECTION OF DIRECTORS**

In accordance with Massachusetts law and State Street's By-laws, the Board is divided into three classes of directors. Each class has a term of three years. Each director serves until his or her term expires and until his or her successor is duly elected and qualified. The Board determines the number of directors. There are currently 19 directors. Marshall N. Carter, former Chairman, retired from the Board on December 31, 2000, and David A. Spina, Chief Executive Officer, was elected Chairman, effective with Mr. Carter's retirement. James E. Cash, Jr., currently a Class I director, is retiring from the Board effective with the 2001 Annual Meeting. Ronald E. Logue and Nicholas A. Lopardo were appointed as Class II directors by the Board on May 18, 2000 and Linda A. Hill was appointed as a Class II director by the Board on December 21, 2000.

Pursuant to the By-laws, at a meeting on December 21, 2000, the Board of Directors fixed the number of directors at 18, effective at the time of the 2001 Annual Meeting. Nine directors are to be elected at the meeting, two as Class III directors to serve until the 2002 Annual Meeting, one as a Class I director to serve until the 2003 Annual Meeting, and six as Class II directors to serve until the 2004 Annual Meeting. Each of the nominees for election as director is currently a director. The designation of the nominees into different classes is being made in order to make the classes of directors equal in number.

It is intended that, unless you give contrary instructions, shares represented by proxies solicited by the Board of Directors will be voted for the election of the nine 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 and for each continuing director, including his or her period of service as a director of State Street, principal occupation and other biographical material is shown below.

**The Board of Directors unanimously recommends that you vote  
FOR  
each of these nominees for director. (Item 1 on your proxy card)**

**DIRECTORS TO BE ELECTED AT THE 2001 ANNUAL MEETING**

*Class III Nominees with Terms Expiring in 2002*

**RONALD E. LOGUE**

**Director since 2000**

Vice Chairman and Chief Operating Officer of State Street. He was elected Vice Chairman in 1999 and Chief Operating Officer in May 2000. Prior to that time, Mr. Logue, age 55, headed State Street's Global Investor Services Group. He is responsible for State Street's \$6 trillion asset-servicing business, which provides custody, accounting, administration, global cash management, credit, risk management and other services to institutional investors worldwide. Mr. Logue joined State Street in 1990 as head of the Mutual Fund Custody Division. Mr. Logue is a director of the Metropolitan Boston Housing Partnership. He received B.S. and M.B.A. degrees from Boston College.

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**NICHOLAS A. LOPARDO**

**Director since 2000**

Vice Chairman of State Street since 1997 and Chairman and Chief Executive Officer of State Street Global Advisors, State Street's investment management group. Mr. Lopardo, age 54, joined State Street Global Advisors in January 1987. He is a member of the boards of PerkinElmer, Inc., the Boston Stock Exchange and the Whitehead Institute for Biomedical Research. He is chairman of the board of the Landmark School and Susquehanna University. He is on the American Bankers Association Investment & Trust Services advisory board and the advisory board of the Salvation Army. Mr. Lopardo is a board member of Boston Partners in Education, Massachusetts Sports Partnership, Inc., Team Harmony Foundation and the Hockey Humanitarian Foundation. Mr. Lopardo received a B.S. degree from Susquehanna University.

*Class I Nominee with Term Expiring in 2003*

**DAVID A. SPINA**

**Director since 1989**

Chairman and Chief Executive Officer of State Street since January 1, 2001. Prior to that date Mr. Spina, age 58, was President and Chief Executive Officer. He joined State Street in 1969 and has held a variety of positions with State Street, including chief operating officer, chief financial officer and treasurer. He is vice chairman of the Massachusetts Taxpayers Foundation, Inc., director of the United Way of Massachusetts Bay, Jobs for Massachusetts and the Pioneer Institute for Public Policy Research, a member of the Massachusetts Governor's Board of Economic Advisors, a incorporator of the Dana Hall School and chairman *emeritus* of the Massachusetts Housing Investment Corporation. Mr. Spina holds a B.S. degree from the College of the Holy Cross and an M.B.A. from Harvard University. He was an officer in the United States Navy from 1964 to 1969, serving a tour of duty in Vietnam.

*Class II Nominees with Terms Expiring in 2004*

**DAVID P. GRUBER**

**Director since 1997**

Retired Chairman, Chief Executive Officer and Director of Wyman-Gordon Company, a manufacturer of forging, investment casting and composite airframe structures for the commercial aviation, commercial power and defense industries. Mr. Gruber, age 59, joined Wyman-Gordon in 1991 and retired in 1999. He is a member of the board of trustees of Manufacturers' Alliance for Productivity and Innovation, chairman of the Worcester Polytechnic Institute Mechanical Engineering Advisory Committee and a member of the board of directors of Novelos Therapeutics Inc. and Worcester Municipal Research Bureau. He has a B.S. degree from Ohio State University.

**LINDA A. HILL**

**Director since 2000**

Wallace Brett Donham Professor of Business Administration at Harvard University. Dr. Hill, age 44, is co-faculty chair, Global Leadership Initiative, and faculty chair, Young Presidents' Organization Presidents' Seminar. She is a member of the board of directors of Cooper Industries, the boards of trustees of the Rockefeller Foundation, Bryn Mawr College, the Children's Museum, Boston, and the board of overseers of the Beth Israel Deaconess Medical Center. Dr. 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.

**CHARLES R. LAMANTIA**

**Director since 1993**

Retired Chairman and Chief Executive Officer of Arthur D. Little, Inc., which provides management, technology and environmental consulting services worldwide. Dr. LaMantia, age 61, is a member of the board

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of Marathon Technologies and the advisory board of StoneGate Partners, IntellectExchange and several non-profit research and educational institutions. Dr. LaMantia received B.A., B.S., M.S. and Sc.D. degrees from Columbia University and attended the Advanced Management Program at Harvard Business School.

**ALFRED POE**

**Director since 1994**

Private investor pursuing startups in the functional food business. Mr. Poe, age 52, was chief executive officer of MenuDirect Corporation, a direct home delivery prepared food service from 1997 to 1999. From 1991 to 1996 he was a corporate vice president of Campbell Soup Company and president of the Meal Enhancement Group. He is a member of the board of directors of Polaroid Corporation, B&G Foods, Inc., the LEAD (Leadership, Education and Development) Program for minority students and the Executive Leadership Council. Mr. Poe holds a B.S. degree from Polytechnic Institute of Brooklyn and an M.B.A. from the Harvard Graduate School of Business.

**DIANA CHAPMAN WALSH**

**Director since 1997**

President of Wellesley College. Prior to becoming President of Wellesley College, Dr. Walsh, age 56, was Professor and Chairman, Department of Health and Social Behavior, at the Harvard School of Public Health. She serves on the board of directors of the Consortium on Financing Higher Education and as chair of the American Council on Education Commission on International Education. She is a trustee of Amherst College. Dr. Walsh received a B.A. degree from Wellesley College, M.S. and Ph.D. degrees from Boston University and Doctor of Humane Letters, *honoris causa*, from Boston University and Deree College, American College of Greece.

**ROBERT E. WEISSMAN**

**Director since 1989**

Chairman of the Executive Committee of IMS Health Incorporated, which provides information to the pharmaceutical and healthcare industries, since November 2000. Mr. Weissman, age 60, was formerly the Chairman and Chief Executive Officer of IMS Health. He is a director of Cognizant Technology Solutions Corp. He is a member of the Committee for Economic Development and The U.S.-Japan Business Council and is vice chairman of the corporation of Babson College. Mr. Weissman received a degree in Business Administration from Babson College.

**CONTINUING DIRECTORS WITH TERMS EXPIRING IN 2002**

*Class III*

**TENLEY E. ALBRIGHT, M.D.**

**Director since 1993**

Physician and surgeon. Dr. Albright, age 65, is Chairman of Western Resources, Inc., a holding company of varied assets with plans for a research and development park and senior care facility. She is consultant to and formerly chairman of the Board of Regents of the National Library of Medicine at National Institutes of Health. She is a director of West Pharmaceutical Services, Inc., the Whitehead Institute for Biomedical Research and the Massachusetts Society for Medical Research. She is a member of the corporation of Woods Hole Oceanographic Institution and New England Baptist Hospital and a member of the Harvard Medical School Information Technology Committee and serves on the Board of Visitors of the Harvard Medical Institute for Research and Education. Dr. Albright graduated from Harvard Medical School and Radcliffe College.

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**NADER F. DAREHSHORI**

**Director since 1990**



Chairman of the Board, President and Chief Executive Officer of Houghton Mifflin Company, publisher. Mr. Darehshori, age 64, serves as a director of Houghton Mifflin Company and is chairman of its executive committee. He is a director of CGU Insurance Group and chairman of the Boston Public Library Foundation. He is a trustee of Wellesley College, the WGBH Educational Foundation and the Dana-Farber Cancer Institute. Mr. Darehshori also serves on the board of the Massachusetts Business Roundtable and the Association of American Publishers.

**JOHN M. KUCHARSKI**

**Director since 1991**

Retired Chairman of the Board and Chief Executive Officer of PerkinElmer, Inc. (formerly EG&G, Inc.), a provider of scientific and technological products and services worldwide. Mr. Kucharski, age 65, is a director of Nashua Corporation. He serves on the boards of trustees of Marquette University and George Washington University. He is also a member of the president's council and the advisory council to the College of Engineering of Marquette University. Mr. Kucharski holds a B.S. degree from Marquette University, a J.D. degree from George Washington University and is a member of the District of Columbia Bar Association.

**BERNARD W. REZNICEK**

**Director since 1991**

National Director, Special Markets, for Central States Indemnity Co. of Omaha, an insurance company specializing in credit card and utility payment protection for consumers, since 1997, and President, Premier Enterprises, a construction company. Mr. Reznicek, age 64, also serves on the board of directors of Central States. From 1994 to 1996, he was dean of the College of Business Administration of Creighton University. From 1987 to 1990, he was president and chief operating officer of Boston Edison Company. In 1990, he became chief executive officer, and in 1992, he was elected chairman of Boston Edison. Prior to joining Boston Edison, he was president and chief executive officer of Omaha Public Power District. Mr. Reznicek holds a B.S. degree from Creighton University and an M.B.A. from the University of Nebraska. He serves on the boards of CSG Systems International, Inc. and TTI Technologies, Inc.

**CONTINUING DIRECTORS WITH TERMS EXPIRING IN 2003**

*Class I*

**I. MACALLISTER BOOTH**

**Director since 1990**

Retired Chairman, President and Chief Executive Officer of Polaroid Corporation, a manufacturer of instant image recording products. Mr. Booth, age 69, joined Polaroid in 1958. He is a director of John Hancock Mutual Life Insurance Company, ThermoLase Corporation and Western Digital Corporation and past chairman of the national board of directors of Inroads. He received B.S. and M.B.A. degrees from Cornell University.

**TRUMAN S. CASNER**

**Director since 1990**

Partner in the law firm of Ropes & Gray. Mr. Casner, age 67, received an A.B. degree from Princeton University in 1955 and an LL.B. from Harvard Law School in 1958. He served as law clerk to Chief Justice Wilkins of the Massachusetts Supreme Judicial Court and joined Ropes & Gray in 1959, becoming a partner in 1968. He is a trustee of the Museum of Science, Boston, chairman of the corporation and past president of Belmont Hill School, a member of the corporation of Woods Hole Oceanographic Institution and a director of the Massachusetts Business Roundtable. He is a member of the American Law Institute.

**ARTHUR L. GOLDSTEIN**

**Director since 1995**

Chairman and Chief Executive Officer of Ionics, Incorporated, an international company involved in the purification and treatment of water. Mr. Goldstein, age 65, is a director of Cabot Corporation. He is a member of the National Academy of Engineering and its Industry Advisory Board. He is a trustee of California Institute of Technology, Massachusetts General Physicians Organization, Inc., Dana-Farber/Partners Cancer Care and Co-Chair of the Committee on Industrial Relations and Ventures of Partners HealthCare, and a director of Partners HealthCare

System, Inc., Jobs for Massachusetts, Inc. and the Massachusetts High Technology Council. Mr. Goldstein received a B.S. degree in chemical engineering from Rensselaer Polytechnic Institute, an M.S. in chemical engineering from the University of Delaware and an M.B.A. from Harvard Business School.

**DENNIS J. PICARD**

**Director since 1991**

Chairman *Emeritus* of Raytheon Company, with products and services in commercial and defense electronics and special mission aircraft. Mr. Picard, age 68, continues as a member of the board of directors of Raytheon. He joined Raytheon in 1955 and retired in 1999. He is a member of the National Academy of Engineering and its Industry Advisory Board, president-elect and an honorary fellow of the American Institute of Aeronautics and Astronautics and a life fellow of the Institute of Electrical and Electronic Engineers. Mr. Picard is a trustee of Northeastern University, a director of the Discovery Museums and a member of the Business Council. He is a graduate of Northeastern University and holds honorary doctorates from Northeastern University, Merrimack College and Bentley College.

**RICHARD P. SERGEL**

**Director since 1999**

President, Chief Executive Officer and Director of National Grid U.S.A. since 1999, the successor to New England Electric System (NEES), an electric power provider. Mr. Sergel, age 51, joined NEES in 1978. He is a director of the Edison Electric Institute, Jobs for Massachusetts, the Greater Boston Chamber of Commerce and is a trustee of the Worcester Art Museum. Mr. Sergel received a B.S. degree from Florida State University, an M.S. from North Carolina University and an M.B.A. from the University of Miami. He served in the United States Air Force.

**General Information**

The Board of Directors has the overall responsibility for the conduct of our business. Of the 19 directors currently in office, 16 are outside directors and 3 are executive officers of State Street. The Board of Directors held 4 meetings during 2000 and each of the directors attended 75% or more of the total of all meetings of the Board and of the committees of the Board on which each director served during the year. Each member of the Board, except Mr. Poe, Mr. Reznicek and Mr. Weissman, is also a member of the Board of Directors of the Bank. The Board of Directors of the Bank held 11 meetings during 2000. Each member of State Street's Executive Committee and the Examining and Audit Committee is also a member of the corresponding committee of the Bank, and members customarily hold joint meetings of both committees.

The Board of Directors has the following committees to assist it in carrying out its responsibilities:

The EXECUTIVE COMMITTEE is authorized to exercise all the powers of the Board of Directors that may be legally delegated to it by the Board in the management and direction of the business and affairs of State Street, including the review and approval of policies for the extension of credit, investment of assets and financial management, and monitoring activities under these policies. The Committee reports periodically to the Board.

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Its members are Truman S. Casner, Chair; I. MacAllister Booth; James I. Cash; David P. Gruber, and David A. Spina. During 2000, the Committee held 12 meetings.

The EXAMINING AND AUDIT COMMITTEE oversees the operation of a comprehensive system of internal controls to ensure the integrity of State Street's financial reports and compliance with laws, regulations and corporate policies; monitors communication with external auditors and bank regulatory authorities, and recommends the selection of the independent auditors. Specific functions and responsibilities of the Committee are set forth in the charter adopted by the Board of Directors which is attached as Appendix A to this proxy statement. Its members are John M. Kucharski, Chair; Tenley E. Albright; I. MacAllister Booth, and Charles R. LaMantia. During 2000, the Committee held 8 meetings.

The EXECUTIVE COMPENSATION COMMITTEE sets and administers policies which relate to the compensation system for State Street's executive officers and other incentive programs of State Street. Its members are Robert E. Weissman, Chair; I. MacAllister Booth; Nader F. Darehshori; Charles R. LaMantia, and Bernard W. Reznicek. None of these individuals is or has been an officer or employee of State Street or the Bank. During 2000, the Committee held 5 meetings.

The NOMINATING COMMITTEE recommends nominees for directors of State Street and the Bank. In carrying out its responsibility of finding the best qualified directors, the Committee will consider proposals from a number of sources, including recommendations for nominees submitted upon timely written notice to the Secretary of State Street by stockholders. Its members are Arthur L. Goldstein, Chair; Dennis J. Picard; Alfred Poe; David A. Spina, and Diana C. Walsh. During 2000, the Committee held 2 meetings.

### Compensation of Directors

Directors who are also employees of State Street or the Bank do not receive any compensation for serving as directors or as members of committees. Directors who are not employees of State Street or the Bank received an annual retainer of \$40,000, payable at their election in shares of Common Stock of State Street or in cash, plus a fee of \$1,500 for each meeting of the Board of Directors and each committee meeting attended, as well as travel accident insurance and reimbursement for travel expenses, and an award of 424 shares of deferred stock payable when the director leaves the Board or retires, for the period April 2000 through March 2001. For this period, all outside directors elected to receive their annual retainer in shares of Common Stock. The directors may elect to defer either 50% or 100% of all fees and compensation payable during any calendar year pursuant to State Street's Deferred Compensation Plan for Directors. Three directors have elected to defer compensation.

## BENEFICIAL OWNERSHIP OF SHARES

### Management

The table below sets forth the number of shares of Common Stock of State Street beneficially owned (as determined under the rules of the Securities and Exchange Commission) by each director, the former chairman, the current chairman and chief executive officer and the four other most highly compensated executive officers and by the group consisting of those persons and other executive officers as of the close of business on February 1, 2001 based on information furnished by each person. None of the individuals owned beneficially as much as 1% of the outstanding shares of Common Stock. The group in the aggregate beneficially owned 1.40% of the outstanding shares.

<u>Name</u>	<u>Amount and Nature of Beneficial Ownership</u>
Tenley E. Albright, M.D.	22,318 (1)(8)
Maureen Scannell Bateman	45,011 (3)
I. MacAllister Booth	14,729 (2)(8)
Marshall N. Carter	362,800 (3)
James I. Cash, Jr.	5,435 (8)
Truman S. Casner	18,125 (4)(8)
Nader F. Darehshori	8,422 (8)
Arthur L. Goldstein	6,369 (8)

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David P. Gruber	4,177 (8)
Linda A. Hill	231 (8)
John M. Kucharski	12,314 (8)
Charles R. LaMantia	11,420 (5)(8)
Ronald E. Logue	112,257 (3)
Nicholas A. Lopardo	331,313 (3)(6)(8)
Dennis J. Picard	14,374 (8)
Alfred Poe	7,925 (8)
Bernard W. Reznicek	10,479 (8)
Richard P. Sergel	1,659 (8)
David A. Spina	980,983 (3)(7)
John R. Towers	81,265 (3)(8)
Diana Chapman Walsh	3,789 (8)
Robert E. Weissman	17,570 (8)
All of the above and other executive officers as a group (24 persons)	2,261,964 (3)(5)(8)

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- (1) Includes 6,398 shares held in trust for a family member pursuant to a trust of which Dr. Albright is a co-trustee and 4,200 shares owned by a family member with respect to all of which shares she disclaims beneficial ownership.
  - (2) Includes 1,600 shares held in trust for the benefit of family members with respect to which shares Mr. Booth disclaims beneficial ownership.
  - (3) Includes shares which may be acquired within 60 days through the exercise of stock options as follows: Ms. Bateman, 41,135; Mr. Carter, 259,960; Mr. Logue, 70,268; Mr. Lopardo, 164,268; Mr. Spina, 476,802; Mr. Towers, 73,835, and the group, 1,320,639.
  - (4) Includes 4,000 shares as to which Mr. Casner has sole investment power and shared voting power.
  - (5) Include shares as to which voting power and investment power are shared, as follows: Dr. LaMantia, 2,000, and the group, 153,329.

- (6) Includes 13,545 shares held in a charitable lead trust of which Mr. Lopardo is a co-trustee and members of Mr. Lopardo's family have a remainder interest with respect to

which shares he disclaims beneficial ownership.

- (7) Includes 41,000 shares owned by members of Mr. Spina's family with respect to which shares he disclaims beneficial ownership.
- (8) Includes shares held in deferred stock accounts as follows:  
Dr. Albright, 2,911; Mr. Booth, 3,548; Dr. Cash, 3,427;  
Mr. Casner; 3,497; Mr. Darehshori, 3,497; Mr. Goldstein,  
2,400; Mr. Gruber, 2,001; Dr. Hill, 122; Mr. Kucharski,  
3,337; Dr. LaMantia, 2,911; Mr. Lopardo, 2,171; Mr.  
Picard, 3,301; Mr. Poe, 2,676; Mr. Reznicek, 3,337; Mr.  
Sergel, 1,268; Mr. Towers, 1,762; Dr. Walsh, 1,579; Mr.  
Weissman, 4,666, and the group, 50,817.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires State Street's directors and certain of its officers to send reports of their ownership and of changes in ownership of the Common Stock to the Securities and Exchange Commission and the New York Stock Exchange. Based on State Street's review of the reports it has received, State Street believes all of its directors and officers complied with all reporting requirements applicable to them with respect to transactions in 2000.

### **Certain Transactions**

During 2000 certain directors and executive officers of State Street, and various corporations and other entities associated with such directors, were customers of the Bank and its affiliates and had ordinary business transactions with the Bank and its affiliates. The transactions include loans and commitments made in the ordinary course of the Bank's business and on substantially the same terms, including interest rate and collateral, as those prevailing at the time for comparable transactions with unrelated persons with no more than normal risk of collection nor did they present other unfavorable features. During 2000, the Bank and other subsidiaries of State Street have used products or services of Gartner, Inc. and a subsidiary of Ionics, Incorporated, with which two of the directors of State Street were associated. Additional transactions of this nature may be expected to take place in the ordinary course of business in the future. Ropes & Gray, a law firm of which Mr. Casner, a director of State Street, is a partner, was retained by State Street to handle certain legal matters during the past year. It is anticipated that the firm will continue to provide legal services in the current year.

## **REPORT OF THE EXECUTIVE COMPENSATION COMMITTEE**

The Executive Compensation Committee of the Board of Directors (the "Committee") furnishes the following report on Executive Compensation.

### **Policy**

State Street combines information technology with financial expertise to provide sophisticated investors with an integrated range of products and services spanning the investment cycle. Our goal is to be the leading company serving sophisticated investors worldwide. The executive compensation program, by providing competitive pay and aligning executive compensation with our business strategy, is designed to attract and retain superior executives, to focus these individuals on achieving State Street's objectives, and to reward executives for meeting specific short-term and long-term performance targets. The executive compensation program places

emphasis on challenging performance goals, business growth, and sustainable real growth in earnings per share. By including stock-based compensation plans as a major part of the compensation strategy, we link closely the goals of stockholders and executives. Eighteen executives participated in the executive compensation program in 2000. The former chairman, the current chairman and chief executive officer, the vice chairmen, and the executive vice presidents are considered executives for this purpose. In May 2000, Marshall N. Carter, Chairman and Chief Executive Officer retired as chief executive officer and announced his intention to retire as chairman at the end of 2000. At its meeting on May 18, 2000, the Board of Directors elected David A. Spina, President and Chief Executive Officer of the Corporation and announced that he would become Chairman upon Mr. Carter's retirement. Mr. Spina became Chairman of the Board of Directors as of January 1, 2001.

The principles of the executive compensation strategy are applied throughout State Street. Because executives have the greatest opportunity to influence long-term performance, a greater proportion of their compensation is linked to the achievement of long-term financial goals and to stock price. Other individuals who manage business units or have corporate functional or staff responsibilities have a significant opportunity to influence State Street's results, and a sizable portion of their compensation is related to the achievement of financial goals of both the respective business unit and State Street as a whole. In addition to executives, many officers and managers who make significant contributions participate in the equity incentive programs and in a variety of annual incentive plans.

The Committee is comprised entirely of independent, non-employee directors, each of whom also qualifies as an "outside director" for purposes of Section 162(m) of the Internal Revenue Code. The Committee is responsible for setting and administering policies which relate to executive compensation, equity incentive programs, and other incentive programs. The Committee on an annual basis reviews and evaluates the executive compensation program.

The Committee met five times in 2000 and provided reports to the Board of Directors about its activities at each of these meetings. In conjunction with its annual review and evaluation of the executive compensation program, the Committee engaged its own independent compensation consultant. The consultant worked for the Committee in reviewing the executive compensation program, in reviewing a reference group of public companies against which State Street's executive compensation and financial performance was compared, and in considering modifications to existing plans. The Committee, with assistance from its independent consultant, validated this group of companies as a reference group against which to compare compensation practices and competitive levels of compensation. This group includes large U.S. bank holding companies and U.S. based financial services companies.

The Committee believes that State Street's most direct competitors for executives are not necessarily the same companies that would be included in a peer group established to compare stockholder returns. Therefore, the reference companies used for comparative compensation purposes contain some overlap with, but are not identical to, the companies in the S&P Financial Index used for performance comparison under "Stockholder Return Performance Presentation" in this proxy statement.

The elements of the executive compensation program currently consist of base salary, annual bonus, performance awards, stock options, deferred stock and restricted stock awards. These are integrated components where salary and bonus reflect one-year results, performance awards reflect two-year results, and stock options, deferred stock, and restricted stock awards reflect long-term stock price appreciation. As a result of its 2000 review, the Committee has determined that the fundamental elements of this compensation plan are appropriate for a program that is intended to support State Street's business strategy, provide competitive compensation, and create

value for stockholders. The Committee's policies with respect to each of these elements, including the bases for the compensation reported for 2000 to Mr. Carter and Mr. Spina, are discussed below.

## Base Salaries

The Committee recommended to the Board of Directors the base salary of Mr. Carter, Mr. Spina, Mr. Logue, and Mr. Lopardo, each of who were members during 2000 of the Board of Directors, and reviewed the salaries of the other executives. Base salaries for executives are determined by subjectively evaluating the responsibilities of the position, the strategic value of the position to State Street, and the experience and performance of the individual. No specific formula is used to set base salaries. The Committee has determined, however, that to be competitive it is appropriate for State Street's executive salary levels to be near the median of the reference group. Annual adjustments, if any, to base salary levels are determined by reviewing market compensation data and subjectively considering the overall scope of each position and its strategic importance, the performance of State Street, an evaluation of the individual's performance, and the length of time since the individual's last salary adjustment. The Committee also considers the range of salary increases which are awarded to all employees.

With respect to the base salary granted to Mr. Carter and Mr. Spina, for 2000, the Committee reviewed all of the factors noted above including data supplied by the compensation consultant on market levels of pay for the chief executive officer at companies in the reference group and the performance of State Street, specifically earnings per share and return on equity, under the leadership of Mr. Carter and Mr. Spina. No particular weight was applied to any single factor in making the Committee's determination. As compared to salaries paid to the chief executive officer position in the reference group, Mr. Carter's salary was slightly above median and Mr. Spina's salary was below median.

## Annual Bonuses

Executives are eligible for annual cash bonuses under the provisions of the Senior Executive Annual Incentive Plan, which was approved at the 1997 annual meeting of stockholders. Each year the Committee assigns to each executive a minimum, target, and maximum bonus award opportunity, stated as a percent of salary. The levels of bonus opportunity assigned to each executive are determined by reviewing competitive compensation data supplied by the compensation consultant, the level of responsibility of each executive, and the strategic importance of the executive's position. At its December 1999 meeting, the Committee assigned a range of bonus opportunity for Mr. Carter for 2000 at a minimum award of 0% of salary, a target award of 120% of salary, and a maximum award of 240% of salary. The minimum bonus opportunity for Mr. Spina was established at 0% of salary, the target award was 110% of salary, and the maximum award was 220% of salary. The actual level of bonus earned is based upon achievement of specific predetermined performance targets established by the Committee. Annually, the Committee reviews State Street's earnings per share growth, return on equity performance, revenue growth, and total stockholder return for the one- and five-year period as compared to the S&P Financial Index. In establishing performance targets for the annual incentive plan, the Committee considers this data along with State Street's long-term financial goals, the specific financial goals for the following year, and the business environment in which State Street is operating. The Committee then establishes the measures that will be used (based on the measures available under the Senior Executive Annual Incentive Plan), the weighting of the measures, and the specific performance targets at which various levels of bonus will be earned.

The 2000 performance targets established by the Committee were based on earnings per share and return on equity. The Committee established a performance/payout schedule which identified various objective earnings per share and return on equity levels at which specific awards would be earned.

At its meeting in February 2001, the Committee certified that specific performance goals had been achieved and approved a total bonus payment for 2000 of \$1,557,600 for Mr. Carter and \$1,168,200 for Mr. Spina. Bonuses for other participants in the plan receiving bonuses totaled \$5,858,346 for the year.

Federal law and regulations provide that in order to qualify for a tax deduction (See Tax Law at the end of this report), compensation in excess of \$1 million to a public corporation's top executive officers must qualify as performance-based compensation. In order to qualify as exempt performance-based compensation, bonuses must be earned under a plan, the material terms of which have been approved by stockholders. In general, the performance measures under such a plan must be reapproved by stockholders every five years. The Senior Executive Annual Incentive Plan was approved by stockholders at the 1997 Annual Meeting. Described elsewhere in this proxy statement is an amended Senior Executive Annual Incentive Plan which stockholders are being asked to approve at the April 2001 meeting. If approved, the new plan will be in effect for the 2002 plan year.

### **Performance Awards/Equity Awards**

Longer term compensation is provided to executives in the form of both performance awards and equity awards.

Performance Awards - Performance awards represent a contingent right to a cash payment, based upon the price of State Street's stock, in the event State Street meets specified performance goals over a specified time period following the grant. Performance awards have been granted to executives once every two years or at the time an officer joined the executive group. Performance award payments, if any, are made every two years.

The Committee granted performance awards under the 1997 Equity Incentive Plan to the executive group in December 1998. This grant included an award of 127,000 units to Mr. Carter and an award of 67,800 units to Mr. Spina. An additional grant was made to an executive who joined the executive group in March 1999. All of these grants had a two-year performance period covering the years 1999 and 2000. The Committee established performance targets for the 1999-2000 performance period for these grants, tied to a combination of financial measures, based upon return on equity, earnings per share, and total stockholder return. In February 2001, the Committee certified data confirming that 100% of performance awards had been earned for the two-year period. The Committee determined that Mr. Carter and Mr. Spina had earned all of the awards each had been granted. Based on the average high and low prices of State Street's common stock during the last ten trading days of 2000, the Committee approved a payment of \$15,706,471 to Mr. Carter and \$8,385,029 to Mr. Spina.

A new group of performance awards was granted under the 1997 Equity Plan to the executive group in December 2000. This grant included an award of 72,600 units to Mr. Spina. The size of these grants was determined based upon subjective factors, including primarily the perceived importance of the executive's contribution to the success of State Street, similar to the subjective factors considered in setting base salary, and upon a target level of long-term incentive opportunity based upon data supplied by the Committee's compensation consultant. These grants have a two-year performance period covering the years 2001 and 2002. The Committee also established performance targets for the 2001-2002 performance period, tied to a combination of financial measures, based upon return on equity, earnings per share, and total stockholder return. As soon as practicable after the end of the two-year performance period, ending December 31, 2002, a cash payment will be calculated based upon the number of performance awards earned, if any, times the market value of State Street's common stock at the end of the performance period. In this way, the final cash value of the performance awards relates directly to both corporate financial performance in determining how many awards are earned and stock price appreciation in determining the cash value of the units earned.

Stock Options - Stock options are granted to executives annually, although the Committee has the authority to grant options at any time and has in the past made additional grants in conjunction with new responsibilities assumed by members of the executive group. The Committee selects the executives to receive options and sets the size of option awards based upon subjective factors, including: the perceived importance of the executive's contribution to the success of State Street, similar to the subjective factors considered in setting base salary; a target level of long-term incentive opportunity with respect to the reference group, based upon data supplied by the compensation consultant; and the amount of and annual value of the two-year performance awards which were granted to the respective



executive in that year or in the prior year. The exercise price of options is equal to the market price of the shares at the time of the grant. The options have a ten-year life and become exercisable in equal installments over a three-year period. Because stock options are granted at market price, the value of the stock options is dependent upon an increase in the price of State Street stock. The Committee views stock option grants as a part of the executive's annual total compensation package. The amount of stock options outstanding at the time of a new grant or granted in prior years does not serve to increase or decrease the size of the new grant.

At its meeting in December 2000, the Committee granted Mr. Spina options to purchase 125,400 shares, based upon a review of all of the factors noted above; no particular weight was applied to any single factor in making the Committee's determination.

**Deferred and Restricted Stock** Deferred and restricted stock awards are used to recruit, motivate, and retain high-potential individuals. Typically, deferred and restricted stock awards are made to individuals who are not members of the executive group. However, the Committee may grant deferred and restricted stock to members of the executive group as part of a recruitment package or based upon subjective factors to reward what is considered to be exceptional performance. Three members of the executive group received restricted stock awards and/or deferred stock under the 1997 Equity Incentive Plan in 2000. The awards were made without payment from the recipients.

### **Special Actions**

In 2000, the Committee recommended and the Board of Directors approved a special supplemental bonus of \$3,000,000 to be paid to Mr. Carter in recognition of his outstanding performance during his tenure as chief executive officer. This bonus will be paid on March 30, 2001. In addition, in recognition of Mr. Carter's services to State Street, the Committee also approved the full vesting of Mr. Carter's Supplemental Defined Benefit Pension Plan benefits as of January 1, 2001 and his eligibility to receive all applicable retirement benefits, and the full vesting of all unexercisable options held by Mr. Carter as of January 1, 2001, while retaining the expiration dates of these options as granted.

### **Tax Law**

Section 162(m) of the Internal Revenue Code generally precludes State Street from taking federal income tax deductions for compensation in excess of \$1,000,000 per year for the chief executive officer and any of its four other highest paid executive officers, if those individuals are employed on the last day of the tax year. Generally, however, performance-based compensation that satisfies the requirements of Section 162(m) is not subject to the deduction limit. The Committee reviewed all elements of the executive compensation program against the standards for qualifying for the tax deduction. Stock option and performance unit awards under the 1997 Equity Incentive Plan and awards under the Senior Executive Annual Incentive Plan have been designed to qualify as performance-based compensation, with the intended result that the deduction of compensation under

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these plans, including compensation from the exercise of options or from performance awards, would not be affected by the Section 162(m) deduction limits. A portion of a bonus earned in 2000 under the State Street Global Advisors Incentive Plan did not qualify for the federal income tax deduction pursuant to Section 162(m).

The restricted stock awards are not intended to qualify for exemption from the Section 162(m) limits.

In administering the executive compensation program, the Committee will continue to consider whether the deductibility of compensation will be limited under Section 162(m) and, in appropriate cases, will strive to structure such compensation so that any such limitation will not apply.

### **Conclusion**

Through the program described above, executive compensation is linked directly to State Street's performance, growth in stockholder value, and each executive's contribution to those results. As our business changes, particularly in light of our global expansion, and with the increasingly competitive and complex business and regulatory environment, the continuing assessment of the compensation structure and goals is required to assure that compensation incentives remain competitive, consistent with stockholder interest, and closely tied to continuing growth in stockholder value.

Submitted by,  
 Robert E. Weissman, Chair  
 I. MacAllister Booth  
 Nader F. Darehshori  
 Charles R. LaMantia  
 Bernard W. Reznicek

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### EXECUTIVE COMPENSATION

The table below shows information concerning the annual and long term compensation paid by State Street and its subsidiaries, including the Bank, to the former chairman, the current chairman and chief executive officer and the four other most highly compensated executive officers of State Street (the "Named Executive Officers") for the periods shown.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long Term Compensation			All Other Compensation (\$)(3)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards	Securities Underlying Options (#)	Payouts	
					Restricted Stock Awards (\$)(1)	Long Term Incentive Payouts (\$)(2)		
Marshall N. Carter (4) Chairman	2000	1,087,518	1,557,600	0	0	15,706,471	3,032,626(5)	
	1999	1,033,758	1,197,000	0	0	0	18,150	
	1998	976,265	895,372	0	1,201,250	5,680,000	4,800	
David A. Spina(6) Chairman and Chief Executive Officer	2000	821,276	1,168,200	0	0	8,385,029	24,638	
	1999	701,266	741,967	0	0	0	13,050	
	1998	668,758	500,000	0	0	3,536,250	4,800	
Nicholas A. Lopardo (7) Vice Chairman	2000	644,196	2,102,100	0	1,301,950	3,957,536	19,326	
	1999	551,265	1,415,612	0	0	0	10,800	
	1998	525,003	644,663	0	0	1,697,400	4,800	
Ronald E. Logue (8) Vice Chairman and Chief Operating Officer	2000	644,196	702,100	0	0	3,957,536	19,326	
	1999	545,019	425,612	0	0	0	4,800	
	1998	493,767	328,261	0	300,313	1,697,400	4,800	
John R. Towers(9) Vice Chairman and Chief Administrative Officer	2000	491,694	486,750	0	0	3,091,825	14,751	
	1999	393,758	266,005	0	0	0	8,400	
	1998	375,002	227,250	0	0	565,800	4,800	

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Maureen Scannell Bateman	2000	430,010	379,960	0	0	28,350	1,545,913	12,900
Executive Vice President	1999	379,262	237,742	0	0	25,000	0	8,175
and General Counsel	1998	360,364	275,000	434,906(10)	0	19,200	0	452

- (1) Dividend equivalents are paid in cash on restricted stock awards. Includes awards to Mr. Lopardo of 4,000 shares of restricted stock at a value of \$321,875 based on the closing price of State Street's Common Stock on March 16, 2000 and 7,422 shares of deferred stock at a value of \$980,075 based on the closing price of State Street's Common Stock on October 3, 2000. Based on the fair market value of State Street's Common Stock on December 31, 2000, the aggregate number and value of all restricted and deferred stock holdings on such date were 99,422 shares and \$12,570,918 for Mr. Lopardo.
- (2) Long term compensation payouts reflect performance units earned in accordance with the attainment of performance targets for the two-year periods, 1997-1998 and 1999-2000 and paid in cash equal to the fair market value of the Common Stock at the end of each performance period.
- (3) Except as otherwise noted, reflects State Street's contributions of \$5,100 to the Salary Savings Program and contributions to the State Street Corporation 401(k) Restoration and Voluntary Deferral Plan as follows: Mr. Carter, \$27,526; Mr. Spina; \$19,538, Mr. Lopardo, \$14,226; Mr. Logue, \$14,226; Mr. Towers, \$9,651, and Ms. Bateman, \$7,800.
- (4) Retired as Chairman on December 31, 2000. Mr. Carter was Chief Executive Officer during 1998, 1999 and a portion of 2000.
- (5) Includes a \$3,000,000 supplemental bonus to be paid to Mr. Carter on March 30, 2001 in recognition of his service to State Street.
- (6) Became Chairman effective with Mr. Carter's retirement. Elected Chief Executive Officer on May 18, 2000; previously was President and Chief Operating Officer.
- (7) Includes bonuses from the Senior Executive Annual Incentive Plan and the State Street Global Advisors Incentive Plan.
- (8) Appointed Chief Operating Officer on May 18, 2000.
- (9) Appointed Chief Administrative Officer on May 18, 2000.
- (10) Represents expenses paid in connection with Ms. Bateman's relocation to Massachusetts, and tax reimbursement payments relating to expenses paid.

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These tables provide information with respect to option grants to and option exercises by the Named Executive Officers in 2000, the value of the options held by them as of December 31, 2000, and long-term incentive awards to the Named Executive Officers.

**Option Grants in Last Fiscal Year**

Name	Individual Grants		Exercise or Base Price (\$/Sh)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term (2)	
	Number of Securities Underlying Options Granted (#)(1)	Percent of Total Options Granted to Employees in Fiscal Year			5%(\$)	10%(\$)
Marshall N. Carter	--	--	--	--	--	--
David A. Spina	125,400	4.8	121.475	12/20/2010	9,579,930	24,277,423
Ronald E. Logue	78,200	3.0	121.475	12/20/2010	5,974,087	15,139,509
Nicholas A. Lopardo	78,200	3.0	121.475	12/20/2010	5,974,087	15,139,509
	44,300	1.7	121.475	12/20/2010	3,384,297	8,576,474

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John R. Towers

Maureen Scannell Bateman	6,250	0.2	106.0938	06/14/2010	417,011	1,056,789
	22,100	0.9	121.475	12/20/2010	1,688,329	4,278,557

(1) Options become exercisable in 33 1/3% installments over a three-year period commencing December 20, 2001. No SARs were granted.

(2) Gains are reported net of the option exercise price, but before taxes associated with exercise. These amounts represent certain assumed rates of appreciation only, as set by the Securities and Exchange Commission. The actual value, if any, that the Named Executive Officer may realize from these options will depend on the gain in stock price over the exercise price when the options are exercised.

**Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values**

<u>Name</u>	<u>Number of Securities Underlying Options Exercised (#)</u>	<u>Value Realized (\$)(2)</u>	<u>Number of Securities Underlying Unexercised Options at December 31, 2000</u>		<u>Value of Unexercised In-the-Money Options at December 31, 2000 (\$)(1)</u>	
			<u>Exercisable</u>	<u>Unexercisable</u>	<u>Exercisable</u>	<u>Unexercisable</u>
Marshall N. Carter(3)	149,010	9,655,026	133,535	129,265	7,504,290	7,185,048
David A. Spina	0	0	476,802	228,798	43,464,647	6,090,213
Ronald E. Logue	44,182	2,243,998	70,268	139,132	4,116,170	3,591,274
Nicholas A. Lopardo	90,800	8,177,549	214,268	139,132	18,308,688	3,591,274
John R. Towers	3,467	222,667	73,835	105,398	5,284,159	4,182,261
Maureen Scannell Bateman	0	0	41,135	51,415	2,506,845	1,452,399

(1) Represents the difference between the closing price of the stock on December 29, 2000 (\$124.21) and the exercise price of the stock options.

(2) Represents the difference between the fair market value of the stock at the time of the exercise and the exercise price of the stock options.

(3) All unexercised options granted to Mr. Carter were vested as of January 1, 2001.

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**Long-Term Incentive Plan Awards in Last Fiscal Year**

<u>Name</u>	<u>Number of Shares, Units or Other Rights (#)</u>	<u>Performance or Other Period Until Maturation or Payout (1)</u>
(a)	(b)	(c)
Marshall N. Carter	--	--
David A. Spina	72,600	2001-2002
Ronald E. Logue	45,200	2001-2002
Nicholas A. Lopardo	45,200	2001-2002
John R. Towers	25,600	2001-2002
Maureen Scannell Bateman	12,800	2001-2002

(1) The performance units are earned based on State Street's performance during the performance period. The performance period is two fiscal years, and the last day of the second fiscal year of the performance period is the maturity date. Performance units to the extent earned are payable at maturity in cash equal to the fair market value of the Common Stock at the end of the performance period. See Summary Compensation Table, LTIP Payouts, for payments under the plan for the performance period 1999-2000.

**STOCKHOLDER RETURN PERFORMANCE PRESENTATION**

The graph presented below compares the cumulative total stockholder return on State Street's Common Stock to the cumulative total return of the S&P 500 Index and the S&P Financial Index for the five fiscal years which commenced January 1, 1996 and ended December 31, 2000. The cumulative total stockholder return assumes the investment of \$100 in State Street's Common Stock and in each index on December 31, 1995 and assumes reinvestment of dividends. The S&P Financial Index is a publicly available measure of 74 of the Standard & Poor's 500 companies, representing 30 banking companies, 21 insurance companies and 23 diversified financial services companies.

	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
State Street Corporation	\$100	\$146	\$265	\$321	\$337	\$577
S&P 500 Index	100	123	164	211	255	