

STATE STREET CORP  
Form 8-K  
April 25, 2014

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 8-K

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CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 24, 2014

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State Street Corporation  
(Exact name of registrant as specified in its charter)

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| Massachusetts<br>(State of Incorporation) | 001-07511<br>(Commission File Number) | 04-2456637<br>(IRS Employer Identification Number) |
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|--|---------------------|
| One Lincoln Street<br>Boston, Massachusetts<br>(Address of principal executive office) | 02111<br>(Zip Code) |
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Registrant's telephone number, including area code: (617) 786-3000

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act



Item 2.02. Results of Operations and Financial Condition.

On April 25, 2014, State Street Corporation (“State Street” or the “Company”) issued a news release announcing its results of operations for the first quarter of 2014. Copies of that news release and accompanying first-quarter 2014 financial information addendum are furnished herewith as Exhibits 99.1 and 99.2, respectively, and are incorporated herein by reference.

In addition, a slide presentation providing highlights of State Street's first-quarter 2014 results of operations and information pertaining to its investment portfolio as of March 31, 2014, which will be made available in connection with the investor conference call to be held by the Company on April 25, 2014, is furnished with this Current Report on Form 8-K as Exhibit 99.3.

Item 2.05. Costs Associated with Exit or Disposal Activities.

On April 25, 2014, State Street announced its results of operations for the first quarter of 2014, which reflected pre-tax severance costs of \$72 million. The severance costs relate to staff reductions, in response to challenges presented by the current economic environment, to realign the Company's cost base to support businesses with growth opportunities and to meet evolving regulatory requirements. These staff reductions are expected to be substantially completed during 2014.

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements as defined by United States securities laws, including statements relating to the completion of the reductions announced today and the costs of such reductions. Forward-looking statements are often, but not always, identified by such forward-looking terminology as “expect,” “objective,” “intend,” “plan,” “forecast,” “outlook,” “believe,” “anticipate,” “estimate,” “seek,” “may,” “will,” “trend,” “target,” or similar statements or variations of such terms. These statements are not guarantees of future performance, are inherently uncertain, are based on current assumptions that are difficult to predict and involve a number of risks and uncertainties. Therefore, actual outcomes and results may differ materially from what is expressed in those statements, and those statements should not be relied upon as representing our expectations or beliefs as of any date subsequent to April 25, 2014.

Important factors that may affect future results and outcomes include, but are not limited to:

the financial strength and continuing viability of the counterparties with which we or our clients do business and to which we have investment, credit or financial exposure, including, for example, the direct and indirect effects on counterparties of the sovereign-debt risks in the U.S., Europe and other regions; increases in the volatility of, or declines in the level of, our net interest revenue, changes in the composition or valuation of the assets recorded in our consolidated statement of condition (and our ability to measure the fair value of investment securities) and the possibility that we may change the manner in which we fund those assets; the liquidity of the U.S. and international securities markets, particularly the markets for fixed-income securities and inter-bank credits, and the liquidity requirements of our clients;

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the level and volatility of interest rates and the performance and volatility of securities, credit, currency and other markets in the U.S. and internationally;

the credit quality, credit-agency ratings and fair values of the securities in our investment securities portfolio, a deterioration or downgrade of which could lead to other-than-temporary impairment of the respective securities and the recognition of an impairment loss in our consolidated statement of income;

our ability to attract deposits and other low-cost, short-term funding, and our ability to deploy deposits in a profitable manner consistent with our liquidity requirements and risk profile;

the manner and timing with which the Federal Reserve and other U.S. and foreign regulators implement the Dodd-Frank Act changes to the Basel III capital framework and European legislation, such as the Alternative Investment Fund Managers Directive and Undertakings for Collective Investment in Transferable Securities Directives, with respect to the levels of regulatory capital we must maintain, our credit exposure to third parties, margin requirements applicable to derivatives, banking and financial activities and other regulatory initiatives in the U.S. and internationally, including regulatory developments that result in changes to our structure or operating model, increased costs or other changes to how we provide services;

adverse changes in the regulatory capital ratios that we are required or will be required to meet, whether arising under the Dodd-Frank Act or the Basel III capital and liquidity standards, or due to changes in regulatory positions, practices or regulations in jurisdictions in which we engage in banking activities, including changes in internal or external data, formulae, models, assumptions or other advanced systems used in the calculation of our capital ratios that cause changes in those ratios as they are measured from period to period;

increasing requirements to obtain the prior approval of the Federal Reserve or our other regulators for the use, allocation or distribution of our capital or other specific capital actions or programs, including acquisitions, dividends and equity purchases, without which our growth plans, distributions to shareholders, equity purchase programs or other capital initiatives may be restricted;

changes in law or regulation, or the enforcement of law or regulation, that may adversely affect our business activities or those of our clients or our counterparties, and the products or services that we sell, including additional or increased taxes or assessments thereon, capital adequacy requirements, margin requirements and changes that expose us to risks related to the adequacy of our controls or compliance programs;

financial market disruptions or economic recession, whether in the U.S., Europe, Asia or other regions;

our ability to promote a strong culture of risk management, operating controls, compliance oversight and governance that meet our expectations and those of our clients and our regulators;

the results of, and costs associated with, government investigations, litigation and similar claims, disputes, or proceedings;

delays or difficulties in the execution of our previously announced Business Operations and Information Technology Transformation program, which could lead to changes in our estimates of the charges, expenses or savings associated with the planned program and may cause volatility of our earnings;

the potential for losses arising from our investments in sponsored investment funds;

the possibility that our clients will incur substantial losses in investment pools for which we act as agent, and the possibility of significant reductions in the liquidity or valuation of assets underlying those pools;

our ability to anticipate and manage the level and timing of redemptions and withdrawals from our collateral pools and other collective investment products;

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the credit agency ratings of our debt and depository obligations and investor and client perceptions of our financial strength;

adverse publicity, whether specific to State Street or regarding other industry participants or industry-wide factors, or other reputational harm;

our ability to control operational risks, data security breach risks and outsourcing risks, and our ability to protect our intellectual property rights, the possibility of errors in the quantitative models we use to manage our business and the possibility that our controls will prove insufficient, fail or be circumvented;

dependencies on information technology and our ability to control related risks, including cyber-crime and other threats to our information technology infrastructure and systems and their effective operation both independently and with external systems, and complexities and costs of protecting the security of our systems and data;

our ability to grow revenue, control expenses, attract and retain highly skilled people and raise the capital necessary to achieve our business goals and comply with regulatory requirements;

changes or potential changes to the competitive environment, including changes due to regulatory and technological changes, the effects of industry consolidation and perceptions of State Street as a suitable service provider or counterparty;

changes or potential changes in how and in what amounts clients compensate us for our services, and the mix of services provided by us that clients choose;

our ability to complete acquisitions, joint ventures and divestitures, including the ability to obtain regulatory approvals, the ability to arrange financing as required and the ability to satisfy closing conditions;

the risks that our acquired businesses and joint ventures will not achieve their anticipated financial and operational benefits or will not be integrated successfully, or that the integration will take longer than anticipated, that expected synergies will not be achieved or unexpected negative synergies will be experienced, that client and deposit retention goals will not be met, that other regulatory or operational challenges will be experienced, and that disruptions from the transaction will harm our relationships with our clients, our employees or regulators;

our ability to recognize emerging needs of our clients and to develop products that are responsive to such trends and profitable to us, the performance of and demand for the products and services we offer, and the potential for new products and services to impose additional costs on us and expose us to increased operational risk;

changes in accounting standards and practices; and

changes in tax legislation and in the interpretation of existing tax laws by U.S. and non-U.S. tax authorities that affect the amount of taxes due.

Other important factors that could cause actual results to differ materially from those indicated by any forward-looking statements are set forth in our 2013 Annual Report on Form 10-K and our subsequent SEC filings. We encourage investors to read these filings, particularly the sections on risk factors, for additional information with respect to any forward-looking statements and prior to making any investment decision. The forward-looking statements contained in this news release speak only as of the date hereof, April 25, 2014, and we do not undertake efforts to revise those forward-looking statements to reflect events after that date.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

State Street Corporation's news release dated April 25, 2014, announcing its first-quarter 2014 results of operations, and accompanying first-quarter 2014 financial information addendum, are furnished herewith as Exhibits 99.1 and 99.2, respectively; and a slide presentation providing highlights of State Street's first-quarter 2014 results of operations and information pertaining to its investment portfolio as of March 31, 2014, which will be made available in connection with the investor conference call referenced in the April 25, 2014 news release, is furnished herewith as Exhibit 99.3.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

STATE STREET CORPORATION

By: /s/ JAMES J. MALERBA  
Name: James J. Malerba  
Title: Executive Vice President,  
Corporate Controller and Chief Accounting Officer

Date: April 25, 2014

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EXHIBIT INDEX

| Exhibit No. | Description   |
|-------------|---|
| 99.1        | State Street's news release dated April 25, 2014, announcing its first-quarter 2014 results of operations.  |
| 99.2        | State Street's first-quarter 2014 financial information addendum.   |
| 99.3        | Slide presentation providing highlights of State Street's first-quarter 2014 results of operations and information pertaining to its investment portfolio as of March 31, 2014. |