

STATE STREET CORP
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The information contained in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED MARCH 21, 2006

State Street Capital Trust III

\$ _____ % Fixed to Floating Rate Capital Securities
 (Liquidation Amount \$1,000 per Capital Security)

State Street Capital Trust IV

\$ _____ Floating Rate Capital Securities
 (Liquidation Amount \$1,000 per Capital Security)

Fully and Unconditionally Guaranteed, on a Subordinated Basis to the Extent Described Below, By

State Street Corporation

State Street Capital Trust III, a Delaware statutory trust, will issue _____ % Fixed to Floating Rate Capital Securities, which we refer to as the fixed rate capital securities. Each fixed rate capital security represents an undivided preferred beneficial interest in the assets of State Street Capital Trust III. State Street Capital Trust IV, a Delaware statutory trust, will issue Floating Rate Capital Securities, which we refer to as the floating rate capital securities. Each floating rate capital security represents an undivided preferred beneficial interest in the assets of State Street Capital Trust IV. The fixed rate capital securities do not represent any interest in the assets of State Street Capital Trust IV, and the floating rate capital securities do not represent any interest in the assets of State Street Capital Trust III. The only assets of State Street Capital Trust III will be our _____ % Fixed to Floating Rate Junior Subordinated Debentures, which we refer to as the fixed rate debentures. The only assets of State Street Capital Trust IV will be our Floating Rate Junior Subordinated Debentures, which we refer to as the floating rate debentures. State Street Capital Trust III will pay distributions on the fixed rate capital securities only from the proceeds, if any, of interest payments on the fixed rate debentures. State Street Capital Trust IV will pay distributions on the floating rate capital securities only from the proceeds, if any, of interest payments on the floating rate debentures. The fixed rate capital securities and the floating rate capital securities are collectively referred to as the capital securities and the fixed rate debentures and the floating rate debentures are collectively referred to as the debentures.

The fixed rate debentures will bear interest at the annual rate of (i) _____ % from and including April _____, 2007 to but excluding June 15, 2017, (ii) three-month LIBOR plus _____ % from and including June 15, 2017 to but excluding June 15, 2047 and (iii) one-month LIBOR plus _____ % thereafter. We will pay interest on the fixed rate debentures semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2007 until June 15, 2017, quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, beginning on September 15, 2017 until June 15, 2047, and thereafter monthly in arrears on the 15th day of each month, or if this day is not a business day, on the next business day. The floating rate debentures will bear interest at an annual rate of (i) three-month LIBOR plus _____ % from and including April _____, 2007 to but excluding June 15, 2047, and (ii) one-month LIBOR plus _____ % thereafter. We will pay interest on the floating rate debentures quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, beginning on September 15, 2007 until June 15, 2047, and thereafter monthly in arrears on the 15th day of each month, or if this day is not a business day, on the next business day. We have the right, on one or more occasions, to defer the payment of interest on the debentures for one or more consecutive interest periods that do not exceed five years without being subject to our obligations under the alternative payment mechanism described in this prospectus supplement and for one or more consecutive interest periods that do not exceed 10 years without giving rise to an event of default under the terms of the debentures or the capital securities. In the event of our bankruptcy, holders will have a limited claim for deferred interest.

The principal amount of the debentures, together with any accrued and unpaid interest thereon, will become due on the scheduled maturity date only to the extent that we have raised sufficient net proceeds from the issuance of qualifying capital securities during a 180-day period ending on a notice date not more than 30 or less than 10 business days prior to the scheduled maturity date. The scheduled maturity date is initially June 15, 2037 with respect to each series of debentures but we may extend the scheduled maturity date with respect to either series at our option to June 15, 2047 upon the satisfaction of certain criteria described in this prospectus supplement. We will use our commercially reasonable efforts, with respect to each series of debentures, subject in each case to certain market disruption events, to sell enough qualifying capital securities to permit repayment of the debentures in full on the scheduled maturity date, as it may be extended. If any amount is not paid on the scheduled maturity date, it will remain outstanding and bear interest at the applicable floating rate and we will continue to use our commercially reasonable efforts to sell enough qualifying capital securities to permit repayment of the debentures in full. The final repayment date is initially June 1, 2067 (or if that day is not a business day, the following business day) with respect to each series of debentures, but may be extended with respect to either series at our option to June 1, 2077 upon the satisfaction of certain criteria described in this prospectus supplement. On the final repayment date, we must pay any

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remaining principal and interest in full on the debentures, whether or not we have sold qualifying capital securities.

At our option, the fixed rate debentures may be redeemed at any time in whole or in part at the redemption price described in this prospectus supplement. The redemption price for the fixed rate debentures will be 100% of the principal amount, plus accrued and unpaid interest through the date of redemption for any redemption (i) in whole or in part on June 15, 2017 or June 15, 2027, (ii) in whole or in part, at any time on or after June 15, 2037, (iii) in whole, but not in part, at any time after June 15, 2017 and within 90 days of the occurrence of a tax event, and (iv) in whole, but not in part, at any time within 90 days of the occurrence of a capital treatment event or an investment company event. The redemption price for the fixed rate debentures in all other cases will be the applicable make-whole redemption price set forth herein. The make-whole redemption price may be lower in the case of the redemption of all fixed rate debentures prior to June 15, 2017 within 90 days of a tax event or a rating agency event. At our option, the floating rate debentures may be redeemed in whole or in part at any time on or after June 15, 2012, or earlier, in whole, but not in part, within 90 days of the occurrence of a tax event, rating agency event, capital treatment event, or investment company event, for a redemption price equal to 100% of the principal amount plus accrued and unpaid interest through the date of redemption. Except as set forth in the preceding sentence, we may not redeem floating rate debentures prior to June 15, 2012. Payments from the redemption or repurchase of a series of debentures, in whole or in part, will be used to redeem a total amount of capital securities and common securities of the applicable trust, equal to the amount of debentures redeemed or repaid.

The debentures will be subordinated to all of our existing and future senior, subordinated and junior subordinated debt, including the junior subordinated debentures issued by us in connection with prior issuances of capital securities issued by our capital trusts, except that the fixed rate debentures and the floating rate debentures will rank *pari passu* with each other and any future debt that by its terms is not superior in right of payment and any trade accounts payable and accrued liabilities arising in the ordinary course of business. The debentures will be effectively subordinated to all liabilities of our subsidiaries. As a result, the capital securities also will be effectively subordinated to the same debt and liabilities. We will guarantee the capital securities on a subordinated basis to the extent described in this prospectus supplement.

We do not intend to apply for listing of the capital securities on the New York Stock Exchange or any other securities exchange.

See Risk Factors beginning on page S-10 for a discussion of certain risks that you should consider in connection with an investment in the capital securities.

	Initial Public Offering Price(1)			Underwriting Commissions(2)			Proceeds to the Applicable Trust		
Per Fixed to Floating Rate Capital Security	\$			\$			\$		
Per Floating Rate Capital Security	\$			\$			\$		
Total	\$			\$			\$		

(1) Plus accrued distributions on the capital securities since April , 2007, if any.

(2) Because State Street Capital Trust III and State Street Capital Trust IV will use all of the proceeds from the sale of the capital securities to purchase the applicable debentures of State Street Corporation, State Street Corporation will pay the underwriting commissions.

Delivery of the capital securities, in book-entry form only, will be made on or about April , 2007.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

Credit Suisse Sole Structuring Coordinator Muriel Siebert Capital Markets	Joint Bookrunners Goldman, Sachs & Co.	Morgan Stanley The Williams Capital Group, L.P.
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The date of this prospectus supplement is April , 2007.

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You should read this prospectus supplement along with the accompanying prospectus carefully before you invest. Both documents contain important information you should consider when making your investment decision. This prospectus supplement contains information about the capital securities and the accompanying prospectus contains information about our securities generally, some of which does not apply to the capital securities. This prospectus supplement may add, update or change information in the accompanying prospectus. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or any document incorporated by reference in the accompanying prospectus, on the other hand, the information contained in this prospectus supplement shall control.

In this prospectus supplement, State Street, we, our, ours and us refer to State Street Corporation, and not State Street Corporation together with any of its subsidiaries, unless the context otherwise requires.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus is accurate as of any date other than the respective date of the document in which the information is contained. Our business, financial condition, results of operations and prospects may have changed since those dates.

PROSPECTUS SUPPLEMENT SUMMARY

*In this summary, we have highlighted certain information in this prospectus supplement and the accompanying prospectus. This summary may not contain all of the information that is important to you. To understand the terms of the capital securities and the related guarantees and debentures, as well as the considerations that are important to you in making your investment decision, you should carefully read this entire prospectus supplement and the accompanying prospectus. You should also read the documents we have referred you to in *Where You Can Find More Information* on page 1 of the accompanying prospectus.*

State Street Capital Trust III, State Street Capital Trust IV and State Street Corporation

Each of State Street Capital Trust III and State Street Capital Trust IV, which we refer to collectively as the trusts, and each individually as a trust, is a Delaware statutory trust. As described in the accompanying prospectus, the trusts exist exclusively for the purposes of (i) issuing, in the case of State Street Capital Trust III, the % Fixed to Floating Rate Capital Securities, which we refer to as the fixed rate capital securities, or, in the case of State Street Capital Trust IV, the Floating Rate Capital Securities, which we refer to as the floating rate capital securities, and, together with the fixed rate capital securities, the capital securities, (ii) issuing their common securities, (iii) investing the gross proceeds derived from the issuance of their capital securities and common securities, in the case of State Street Capital Trust III, in the % Fixed to Floating Rate Junior Subordinated Debentures, which we refer to as the fixed rate debentures, or, in the case of State Street Capital Trust IV, in the Floating Rate Junior Subordinated Debentures, which we refer to as the floating rate debentures, and, together with the fixed rate debentures, the debentures, and (iv) engaging in only those other activities necessary or incidental to the above. The trustees of the trusts set forth in each trust's Amended and Restated Trust Agreement will conduct the business affairs of each trust.

Except as otherwise specified in this prospectus supplement, the terms of the fixed rate capital securities and the fixed rate debentures are identical to the corresponding terms of the floating rate capital securities and the floating rate debentures, respectively.

State Street Corporation is a financial holding company organized under the laws of the Commonwealth of Massachusetts. Through our subsidiaries, we provide a full range of products and services for institutional investors worldwide.

We were organized in 1970 and conduct our business primarily through our principal bank subsidiary, State Street Bank and Trust Company, which we refer to as State Street Bank. State Street Bank traces its beginnings to the founding of the Union Bank in 1792. The charter under which State Street Bank now operates was authorized by a special act of the Massachusetts Legislature in 1891, and its present name was adopted in 1960.

With \$11.85 trillion of assets under custody and \$1.75 trillion of assets under management at year-end 2006, we are a leading specialist in meeting the needs of institutional investors worldwide. Our customers include mutual funds and other collective investment funds, corporate and public retirement plans, insurance companies, foundations, endowments and other investment pools, and investment managers. Including the United States, we operate in 26 countries and more than 100 geographic markets worldwide.

Our executive offices are located at One Lincoln Street, Boston, Massachusetts 02111, and our telephone number is (617) 786-3000.

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The Capital Securities

Each fixed rate capital security represents an undivided preferred beneficial ownership interest in the assets of State Street Capital Trust III, the trust issuing such securities. Each floating rate capital security represents an undivided preferred beneficial ownership interest in the assets of State Street Capital Trust IV, the trust issuing such securities. The fixed rate capital securities do not represent any interest whatsoever in the assets of State Street Capital Trust IV, and the floating rate capital securities do not represent any interest whatsoever in the assets of State Street Capital Trust III.

Each trust will sell its capital securities to the public and its common securities to us. State Street Capital Trust III will use all of the proceeds from its sale of fixed rate capital securities and its common securities to purchase \$ million aggregate principal amount of fixed rate debentures. State Street Capital Trust IV will use all of the proceeds from its sale of floating rate capital securities and its common securities to purchase \$ million aggregate principal amount of floating rate debentures. The fixed rate debentures and the floating rate debentures are two series of the junior subordinated debentures referred to in the accompanying prospectus.

Distributions

If you purchase either the fixed rate capital securities or the floating rate capital securities, you will be entitled to receive periodic distributions from the applicable trust on the stated liquidation amount of \$1,000 per capital security (the liquidation amount) on the same payment dates and in the same amounts as we pay interest on a principal amount of the fixed rate debentures or the floating rate debentures, as applicable, equal to the liquidation amount of such capital security, unless those payments are deferred as described below. Distributions will accumulate from April , 2007 in respect of each series of capital securities.

We will pay interest on the fixed rate debentures semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2007, until June 15, 2017, quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, beginning on September 15, 2017 until June 15, 2047, and thereafter monthly in arrears on the 15th day of each month, or in each case if this day is not a business day, on the next business day. We will pay interest on the floating rate debentures quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, beginning on September 15, 2007 until June 15, 2047, and thereafter monthly in arrears on the 15th day of each month, or in each case if this day is not a business day, on the next business day.

Payments of interest will be subject to our deferral rights described under Deferral of Distributions below. Each trust will use the payments it receives on the applicable series of debentures to make the corresponding payments on the applicable series of capital securities.

Deferral of Distributions

We have the right, on one or more occasions, to defer the payment of interest on the debentures of either or both trusts for one or more consecutive interest periods that do not exceed five years without being subject to our obligations described under Summary of Terms of the Debentures Alternative Payment Mechanism, and for one or more consecutive interest periods that do not exceed 10 years without giving rise to an event of default under the terms of the debentures or the capital securities. However, no interest deferral may extend beyond the repayment or redemption of the applicable debentures.

If we exercise our right to defer interest payments on a series of debentures, the applicable trust will also defer paying a corresponding amount of distributions on the applicable capital securities during that period of deferral.

Although neither we nor the applicable trust will be required to make any interest or distribution payments on the applicable debentures and capital securities during a deferral period with respect to such debentures and capital securities other than pursuant to the alternative payment mechanism, interest on the applicable debentures will continue to accrue during deferral periods and, as a result, distributions on the applicable capital securities will continue to accumulate at the then-applicable interest rate on such debentures, compounded on each distribution date.

Following the earlier of (i) the fifth anniversary of the commencement of a deferral period with respect to a series of debentures or (ii) a payment of current interest on the applicable debentures, we will be required to pay deferred interest thereon pursuant to the alternative payment mechanism described under Summary of Terms of the Debentures Alternative Payment Mechanism. At any time during a deferral period, we may not pay deferred interest on the applicable debentures except pursuant to the alternative payment mechanism, subject to limited exceptions.

If we defer payments of interest on a series of debentures, such debentures will be treated as being issued with original issue discount for U.S. federal income tax purposes, even though no cash is distributed to you. This means that you must include interest income with respect to the deferred distributions on your applicable capital securities in your gross income for U.S. federal income tax purposes, even though neither we nor the applicable trust will make actual payments on such debentures, or on the applicable capital securities, as the case may be, during a deferral period. You will not receive the cash related to the deferred distributions from the applicable trust if you dispose of your applicable capital securities prior to the record date for the payment of distributions, even if you held the capital securities on the date that the payments would normally have been paid. See Material U.S. Federal Income Tax Consequences United States Holders Interest Income and Original Issue Discount.

Redemption of Capital Securities

Each trust will use the proceeds of any repayment or redemption of the debentures it holds to redeem, on a proportionate basis, an equal amount of the capital securities and common securities issued by it.

For a description of our rights to redeem the debentures, see Summary of Terms of the Debentures Redemption below.

Under the current rules of the Board of Governors of the Federal Reserve System, which we refer to, collectively with the Federal Reserve Bank of Boston, or any successor federal bank regulatory agency having primary jurisdiction over us, as the Federal Reserve, Federal Reserve approval is generally required for the early redemption of preferred stock or trust preferred securities included in regulatory capital. However, under current guidelines, rules and regulations, Federal Reserve approval is not required for the redemption of the capital securities on or after the scheduled maturity date in connection with the repayment of the debentures since, in this case, the redemption would not be an early redemption but would be pursuant to our contractual obligation to repay the debentures, subject to the limitations described under Summary of Terms of the Debentures Repayment of Principal, on the scheduled maturity date.

Liquidation of a Trust and Distribution of Debentures to Holders

We may elect to dissolve either trust at any time and, after satisfaction of the applicable trust's liabilities, to cause the property trustee to distribute the applicable series of debentures to the holders of the capital securities and common securities issued by the applicable trust. However, if then required under the Federal Reserve's risk-based capital guidelines applicable to bank holding companies, we must obtain the approval of the Federal Reserve prior to making that election.

Further Issues

Each trust has the right, without notice to or consent of the holders of its capital securities, to issue additional capital securities of the same series in the future. Any additional capital securities will have the same terms as the corresponding capital securities being offered by this prospectus supplement but may be offered at a different offering price and accrue distributions from a different date than the corresponding capital securities being offered hereby, provided that the total liquidation amount of fixed rate capital securities outstanding may not exceed \$ million, and the total liquidation amount of floating rate capital securities outstanding may not exceed \$ million. If issued, any additional capital securities will become part of the same series as the corresponding capital securities being offered hereby, and, in connection with the issuance of the additional capital securities, the trusts will purchase a corresponding principal amount of debentures of the same series.

Book-Entry

The capital securities will be represented by global securities registered in the name of and deposited with The Depository Trust Company, or DTC, or its nominee. This means that you will not receive a certificate for your capital securities and capital securities will not be registered in your name, except under the limited circumstances described below in Book-Entry Only Issuance The Depository Trust Company and under Global Securities Book-Entry Issuance in the accompanying prospectus.

No Listing

We do not intend to apply for listing of the capital securities on the New York Stock Exchange or any other securities exchange.

The Debentures

Repayment of Principal

We must repay the principal amount of the debentures, together with accrued and unpaid interest, on the scheduled maturity date, subject to the limitations described below. The scheduled maturity date is initially June 15, 2037 with respect to each series of debentures (or if this date is not a business day, the following business day), but may be extended at our option to June 15, 2047 with respect to either series upon the satisfaction of certain criteria, as described under Summary of Terms of the Debentures Repayment of Principal.

We are required to repay the debentures on the scheduled maturity date only to the extent that we have raised sufficient net proceeds from the issuance of qualifying capital securities, as described under Replacement Capital Covenant, during a 180-day period ending on a notice date not more than 30 or less than 10 business days prior to the scheduled maturity date. If we are unable for any reason to raise sufficient proceeds with respect to a series of debentures to permit repayment in full of all principal and accrued and unpaid interest on the scheduled maturity date, the unpaid portion will remain outstanding and bear interest at the applicable floating rate. We will be required to use our commercially reasonable efforts, subject to a market disruption event, to raise sufficient proceeds from the sale of qualifying capital securities to permit the repayment of the unpaid portion of the applicable debentures on each subsequent interest payment date to the extent of the net proceeds we receive from any subsequent issuance of qualifying capital securities.

Any unpaid principal amount of the debentures, together with accrued and unpaid interest, will be due and payable on the final repayment date or earlier upon an event of default, regardless of the amount of qualifying capital securities we have issued and sold by that time. The final repayment date is initially June 1, 2067 (or if this date is not a business day, the following business day), but may be extended at our

option to June 1, 2077 with respect to either series upon the satisfaction of certain criteria, as described under Summary of Terms of the Debentures Repayment of Principal.

Although under the replacement capital covenant the principal amount of debentures that we may repay may be based on the net cash proceeds from certain issuances of common stock, rights to acquire common stock, mandatorily convertible preferred stock and debt exchangeable for equity in addition to qualifying capital securities, we have no obligation to issue any securities other than qualifying capital securities or to use the proceeds of the issuance of any other securities to repay the debentures on the scheduled maturity date or at any time thereafter.

Under the current rules of the Federal Reserve, Federal Reserve approval is generally required for the early redemption of preferred stock or trust preferred securities included in regulatory capital. However, under current guidelines, rules and regulations, Federal Reserve approval is not required for the redemption of the capital securities on or after the scheduled maturity date in connection with the repayment of the debentures since, in this case, the redemption would not be an early redemption but would be pursuant to our contractual obligation to repay the debentures, subject to the limitations described under Summary of Terms of the Debentures Repayment of Principal, on the scheduled maturity date.

Interest

Fixed Rate Debentures

The fixed rate debentures will bear interest:

- at the annual rate of % from and including April , 2007 to but excluding June 15, 2017;
- at a quarterly rate of three-month LIBOR plus % from and including June 15, 2017 to but excluding June 15, 2047; and
- at a monthly rate of one-month LIBOR plus % thereafter.

Floating Rate Debentures

- at an annual rate of three-month LIBOR plus % from and including April , 2007 to but excluding June 15, 2047 and
- at a monthly rate of one-month LIBOR plus % thereafter.

Ranking

The fixed rate debentures and the floating rate debentures will constitute two series of the junior subordinated debentures referred to in the accompanying prospectus and will be issued by us under supplements to the junior subordinated indenture referred to in the accompanying prospectus. The debentures will be subordinated to all of our existing and future senior, subordinated and junior subordinated debt, including the junior subordinated debentures issued by us in connection with prior issuances of capital securities issued by our capital trusts, except that the fixed rate debentures and the floating rate debentures will rank pari passu with each other and any future debt that by its terms is not superior in right of payment and any trade accounts payable and accrued liabilities arising in the ordinary course of business. The debentures will be effectively subordinated to all liabilities of our subsidiaries. As a result, the capital securities also will be effectively subordinated to the same debt and liabilities. Substantially all of our existing indebtedness is senior debt (including approximately \$670 million of existing junior subordinated debentures issued in connection with capital securities issued by our capital trusts). See Summary of Terms of the Debentures for the definition of senior debt.

Certain Payment Restrictions Applicable to State Street

During any period in which

- there has occurred any event of which we have actual knowledge that, with the giving of notice or lapse of time, would become an event of default under the indentures and which we have not taken reasonable steps to cure;
- we are in default regarding our payment of any obligations under our guarantee regarding either trust; or
- we have given notice of our election to defer interest payments with respect to either series of debentures but the related deferral period has not yet commenced or a deferral period is continuing,

we generally may not make payments on or redeem or repurchase our capital stock or our debt securities or guarantees ranking *pari passu* with or junior to the debentures, subject to certain limited exceptions as described under Summary of Terms of the Debentures Dividend and Other Payment Stoppages during Interest Deferral and under Certain Other Circumstances. In addition, if any deferral period lasts longer than one year, we generally may not be permitted to repurchase or acquire any of our securities ranking junior to or *pari passu* with any APM qualifying securities the proceeds of which were used to settle deferred interest during the relevant deferral period until the first anniversary of the date on which all deferred interest has been paid.

Redemption of Debentures

We will be subject to our obligations under the applicable replacement capital covenant (as described below) if we elect to redeem any or all of the fixed rate debentures or the floating rate debentures prior to the termination of the replacement capital covenant. Under the current rules of the Federal Reserve, Federal Reserve approval is generally required for the early redemption of preferred stock or trust preferred securities included in regulatory capital. However, under current guidelines, rules and regulations, Federal Reserve approval is not required for the redemption of the capital securities on or after the scheduled maturity date in connection with the repayment of the debentures since, in this case, the redemption would not be an early redemption but would be pursuant to our contractual obligation to repay the debentures, subject to the limitations described under Summary of Terms of the Debentures Repayment of Principal, on the scheduled maturity date.

Fixed Rate Debentures

The fixed rate debentures may be redeemed (i) in whole or in part on June 15, 2017 or June 15, 2027, (ii) in whole or in part at any time on or after June 15, 2037, including on or after the scheduled maturity date, (iii) in whole, but not in part, at any time after June 15, 2017 and within 90 days of the occurrence of a tax event and (iv) in whole, but not in part, at any time within 90 days of the occurrence of a capital treatment event or investment company event, in each case at 100% of their principal amount, plus accrued and unpaid interest through the date of redemption. We may redeem any or all of the fixed rate debentures at any time prior to June 15, 2037, at their principal amount or, if greater, a make-whole redemption price calculated as described under Summary of Terms of the Debentures Redemption Fixed Rate Debentures, in each case plus accrued and unpaid interest through the date of redemption. In addition, at any time (i) prior to June 15, 2017 and within 90 days of the occurrence of a tax event or (ii) within 90 days of the occurrence of a rating agency event, we may elect to redeem all, but not less than all, of the fixed rate debentures for a lower make-whole redemption price calculated as described under Summary of Terms of the Debentures Redemption Fixed Rate Debentures, in each case plus accrued and unpaid interest through the date of redemption.

Floating Rate Debentures

We may redeem any or all of the floating rate debentures at any time on or after June 15, 2012 at 100% of their principal amount, plus accrued and unpaid interest through the date of redemption. In addition, prior to June 15, 2012, we may elect to redeem all, but not less than all, of the floating rate debentures for a price equal to 100% of their principal amount, plus accrued and unpaid interest through the date of redemption, at any time within 90 days of the occurrence of a tax event, rating agency event, capital treatment event or investment company event. Except as set forth in the preceding sentence, we may not redeem the floating rate debentures prior to June 15, 2012.

Events of Default

The following events are events of default with respect to each series of the debentures:

- default in the payment of interest, including compounded interest, in full on such debentures for a period of 30 days after the conclusion of a 10-year period following the commencement of any deferral period if at such time such deferred period has not ended; or
- certain events of bankruptcy, insolvency and reorganization involving us.

If an event of default under the indenture arising from a default in the payment of interest of the type described in the first bullet point above has occurred and is continuing, the indenture trustee or the holders of at least 25% in aggregate outstanding principal amount of the applicable series of debentures will have the right to declare the principal of and accrued and unpaid interest (including compounded interest) on those securities to be due and payable immediately. If the indenture trustee or the holders of at least 25% of the aggregate outstanding principal amount of the applicable series of debentures fail to make that declaration, then the holders of at least 25% in total liquidation amount of the applicable series of capital securities then outstanding will have the right to do so. If an event of default under the indenture of the type described in the second bullet point above has occurred, the principal of and accrued and unpaid interest on the applicable series of debentures will automatically, and without any declaration or other action on the part of the indenture trustee or any holder, become immediately due and payable, subject to the limitation described under Summary of Terms of the Debentures Limitation on Claims in the Event of Our Bankruptcy, Insolvency or Receivership.

Replacement Capital Covenant

We will enter into a replacement capital covenant for the benefit of persons that buy, hold or sell a specified series of our unsecured long-term indebtedness ranking senior to the debentures (or in certain limited cases unsecured long-term indebtedness of our principal bank subsidiary at the relevant time, which is currently State Street Bank) in which we will agree that neither we nor any of our subsidiaries will repay, redeem or purchase the debentures or the capital securities offered by this prospectus supplement at any time prior to June 1, 2047 (or June 1, 2057 if we extend the scheduled maturity date to June 15, 2047 or the final repayment date to June 1, 2077), unless:

- in the case of a redemption or purchase prior to the scheduled maturity date, we have obtained the prior approval of the Federal Reserve if such approval is then required under the Federal Reserve's capital guidelines or policies applicable to bank holding companies; and
- the aggregate principal amount repaid, or the applicable redemption or purchase price, does not exceed the sum of the following amounts:
 - the applicable percentage of the aggregate amount of (i) net cash proceeds received by us or our subsidiaries from the sale of common stock and rights to acquire common stock (including common stock or rights to acquire common stock issued pursuant to our dividend reinvestment

plan or employee benefit plans), (ii) the market value of any of our common stock that we or our subsidiaries have delivered as consideration for property or assets in an arm's-length transaction and (iii) the market value of common stock that we or our subsidiaries have issued in connection with the conversion or exchange of any convertible or exchangeable securities, other than securities for which we or any of our subsidiaries has received equity credit from any rating agency, in each case within the applicable measurement period (without double counting proceeds received in any prior measurement period); plus

- 100% of the aggregate amount of net cash proceeds received by us and our subsidiaries within the applicable measurement period (without double counting proceeds received in any prior measurement period) from the sale of debt exchangeable for common equity, debt exchangeable for preferred equity, mandatorily convertible preferred stock or REIT preferred securities; plus
- 100% of the aggregate amount of net cash proceeds received by us or our subsidiaries within the applicable measurement period (without double counting proceeds received in any prior measurement period) from the sale of qualifying capital securities;

in each case to persons other than us or our subsidiaries.

The replacement capital covenant, including the definitions of the various types of replacement capital securities referred to above and other important terms, is described in more detail under Replacement Capital Covenant.

If an event of default resulting in the acceleration of the debentures occurs, we will not have to comply with the replacement capital covenant. Our replacement capital covenant will run only to the benefit of the covered debtholders. It may not be enforced by the holders of the capital securities or the debentures. The initial series of covered debtholders are the holders of our floating rate junior subordinated debentures due 2028, underlying the floating rate capital securities of State Street Capital Trust I, which have CUSIP No. 857476AA3.

Guarantee by State Street

We will fully and unconditionally guarantee payment of amounts due under each series of the capital securities on a subordinated basis and only to the extent the applicable trust has funds available for payment of those amounts. We refer to this obligation as the guarantee. However, the guarantee does not cover payments if the applicable trust does not have sufficient funds to make the distribution payments, including, for example, if we have failed to pay to the applicable trust amounts due under the applicable series of debentures.

As issuer of the debentures, we are also obligated to pay the expenses and other obligations of each trust, other than their respective obligations to make payments on the capital securities issued by them.

Tax Treatment

In connection with the issuance of the debentures, Ropes & Gray LLP, special tax counsel to us and each trust, has advised that, under current law and assuming full compliance with the terms of the indenture and other relevant documents, and based on the facts, assumptions and analysis set forth in its opinion, as well as the representations we made, although the matter is not free from doubt, the debentures held by each trust will be characterized as indebtedness for U.S. federal income tax purposes. The debentures are novel financial instruments, and there is no statutory, judicial or administrative authority that directly addresses the U.S. federal income tax treatment of instruments similar to the debentures. Thus, no assurance can be given that the Internal Revenue Service, which we refer to as the IRS, or a court will agree with this characterization. By purchasing capital securities, each holder of capital

securities agrees, and we agree and each trust agrees, to treat the applicable debentures as indebtedness for all U.S. federal income tax purposes. See Material U.S. Federal Income Tax Consequences.

ERISA Matters

In general, employee benefit plans subject to Title I of the Employee Retirement Income Security Act of 1974, as amended, or ERISA, or plans subject to Section 4975 of the Internal Revenue Code of 1986, as amended, or the Code, and plans subject to one or more provisions under other applicable federal, state, local, non-U.S. or other laws or regulations that contain one or more provisions that are similar to the provisions of Title I of ERISA or Section 4975 of the Code, or Similar Laws, (or entities deemed to hold the assets of any such employee benefit plan or plan) (collectively, Plans) will be eligible to purchase the capital securities. By indirectly or directly purchasing or holding capital securities or any interest in them, you will be deemed to have represented that either: (i) you are not a Plan and are not purchasing the capital securities on behalf of or with plan assets of any Plan; or (ii) your purchase, holding and disposition of capital securities (or debentures) will not violate any Similar Laws and either (a) will not result in a non-exempt prohibited transaction under ERISA or the Code or (b) if it could result in such a prohibited transaction, it satisfies the requirements of, and is entitled to full exemptive relief under Prohibited Transaction Class Exemption 96-23, 95-60, 91-38, 90-1 or 84-14 or another applicable exemption.

Because the capital securities will not be registered under Section 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended, we cannot make any assurances that the capital securities will meet the criteria for publicly-offered securities for purposes of the exception to the ERISA plan assets regulation issued by the U.S. Department of Labor. Therefore, the underlying assets of the trust may be deemed to be plan assets of investing plans if participation in the purchase and holding of the capital securities by benefit plan investors is deemed significant within the meaning of the ERISA plan asset regulations.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the capital securities on behalf of or with plan assets of any Plan consult with their counsel regarding the potential consequences under ERISA, the Code or Similar Laws of any investment in the capital securities. See ERISA Considerations.

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RISK FACTORS

*In considering whether to purchase the capital securities, you should carefully consider all the information we have included or incorporated by reference in this prospectus supplement and the accompanying prospectus. In particular, you should carefully consider the following risk factors, as well as the factors listed in *Forward-Looking Statements* in the accompanying prospectus and in the *Risk Factors* section of our annual report on Form 10-K for the year ended December 31, 2006. In addition, because you may receive debentures upon dissolution of a trust, you are also making an investment decision with regard to the debentures. You should carefully review all the information in this prospectus supplement and the accompanying prospectus about both the capital securities and the debentures.*

Our obligations to make payments on the debentures and the guarantees are subordinate to our payment obligations under our senior debt.

Our obligations under the debentures and the guarantees are unsecured and rank junior in right of payment to all of our existing and future senior debt. Our senior debt includes approximately \$670 million of existing junior subordinated debentures issued in connection with capital securities issued by our capital trusts. See *Summary of Terms of the Debentures* for the definition of senior debt. As of December 31, 2006, there was approximately \$2.1 billion of outstanding senior debt of State Street and its subsidiaries as described in *Risk Factors*. The debentures and the guarantees will be effectively subordinated to the obligations of our subsidiaries excluding obligations under letters of credit, capital leases, guarantees, foreign exchange contracts and interest swap contracts. In addition, State Street was obligated on December 31, 2006 under letters of credit, guarantees, foreign exchange contracts and interest rate swap contracts to which the debentures will be subordinated pursuant to the terms of the indenture.

This means that we cannot make any payments on the debentures or under the guarantees if certain events of default have occurred under our senior debt. In addition, the terms of our outstanding junior subordinated debentures prohibit us from making any payment of interest on the debentures or under the guarantees and from repaying, redeeming or repurchasing any debentures if there exists an event of default with respect to our outstanding junior subordinated debentures or at any time we have deferred interest. In the event of our bankruptcy or liquidation, our assets must be used to pay off our senior debt in full before any payments may be made on the debentures or under the guarantees.

There is no limit on the amount of indebtedness for money borrowed we may issue that ranks senior to the debentures upon our liquidation or in right of payment as to principal or interest.

Substantially all our existing debt is senior debt. The terms of the indenture, the guarantees and the trust agreements with respect to the trusts and the capital securities do not limit our ability to incur additional debt, including secured or unsecured debt. We may in the future issue debentures that rank upon our liquidation on a parity with the debentures, which we refer to as parity securities, as to which during a deferral period on either of the debentures we are required to make payments of interest that are not made pro rata with payments of interest on the debentures or other parity securities and that, if not made, would cause us to breach the terms of the instrument governing parity securities. The terms of both series of debentures permit us during a deferral period to make any payment of current interest on parity securities that is made pro rata to the amounts due on parity securities and the debentures and any payment of deferred interest on parity securities that, if not made, would cause us to breach the terms of the instrument governing parity securities, subject to the limitations described in the last paragraph under *Summary of Terms of the Debentures - Alternative Payment Mechanism* to the extent that it applies.

The debentures and the guarantees will be effectively subordinated to the obligations of our subsidiaries.

We are a holding company that conducts substantially all of our operations through subsidiaries. As a result, our ability to make payments on the debentures and the guarantees will depend primarily upon the receipt of dividends and other distributions from our subsidiaries. Various legal limitations restrict the

extent to which our subsidiaries may extend credit, pay dividends or other funds or otherwise engage in transactions with us or some of our other subsidiaries.

In addition, our right to participate in any distribution of assets from any subsidiary, upon the subsidiary's liquidation or otherwise, is subject to the prior claims of creditors of that subsidiary, except to the extent that we are recognized as a creditor of that subsidiary. As a result, the debentures and the guarantees will be effectively subordinated to all existing and future liabilities of our subsidiaries. You should look only to our assets as the source of payment for the debentures and the guarantees.

Our ability to make distributions on or redeem the capital securities is restricted.

Federal banking authorities will have the right to examine the trusts and their activities because they are our subsidiaries. Under certain circumstances, including any determination that our relationship to the trusts would result in an unsafe and unsound banking practice, these banking authorities have the authority to issue orders which could restrict the trusts' ability to make distributions on or to redeem the capital securities.

The guarantee only guarantees payments on the capital securities if the applicable trust has cash available.

If we fail to make payments on the debentures, the applicable trust will be unable to make the related distribution, redemption or liquidation payments on the capital securities to you. In those circumstances, you cannot rely on the guarantee for payments of those amounts. Instead, if we are in default under the debentures, you may rely on the property trustee of the applicable trust to enforce the trust's rights under the debentures or you may directly sue us or seek other remedies to collect your pro rata share of the payments owed.

We may extend the scheduled maturity date and the final repayment date, and our obligation to repay the debentures on the scheduled maturity date is subject to issuance of qualifying capital securities.

The scheduled maturity date for the debentures is initially June 15, 2037 and the final repayment date is initially June 1, 2067, but on June 15, 2017 we may elect, with respect to one or more series of debentures, to extend the scheduled maturity date to June 15, 2047 and/or the final repayment date to June 1, 2077, if:

- certain criteria are satisfied relating to the ratings of the debentures;
- during the three years prior to June 15, 2017, no event of default has occurred or is occurring in respect of any payment obligation on, or financial covenant in, any of our then outstanding debt for money borrowed having an aggregate principal amount of \$100 million or greater;
- during the three years prior to June 15, 2017, we did not have any outstanding deferred payments under any of our then-outstanding preferred stock or debt for money borrowed; and
- we deliver a written certification to the indenture trustee stating that (i) we believe that the likelihood that we will elect to defer interest on the debentures is remote, (ii) we expect to make all required payments on the debentures in accordance with their terms, and (iii) we expect to be able to satisfy our obligations under the replacement capital covenant relating to the debentures.

We have no obligation to repay the debentures prior to the scheduled maturity date and accordingly, any extension of the scheduled maturity date will delay our obligation to repay the debentures.

Moreover, our obligation to repay the debentures on the scheduled maturity date is limited. We are required to repay the debentures on the scheduled maturity date only to the extent that we have raised sufficient net proceeds from the issuance of qualifying capital securities (as defined under Replacement Capital Covenant) within a 180-day period ending on a notice date not more than 30 or less than 10 business days prior to the scheduled maturity date. If we have not raised sufficient net proceeds from the issuance of qualifying capital securities to permit repayment in full of all the debentures (excluding any

additional future *pari passu* debentures) on the scheduled maturity date, we will repay the fixed rate debentures and floating rate debentures on a pro rata basis to the extent of the net proceeds we have received and the unpaid portion will remain outstanding and bear interest at the applicable floating rate. We will be required to repay the unpaid principal amount of the debentures on each subsequent interest payment date to the extent of net proceeds we receive from any subsequent issuance of qualifying capital securities until: (i) we have raised sufficient net proceeds to permit repayment in full in accordance with this requirement; (ii) payment of the debentures is accelerated upon the occurrence of an event of default; or (iii) the final repayment date for the debentures. Our ability to issue qualifying capital securities in connection with this obligation to repay the debentures will depend on, among other things, legal and regulatory requirements, market conditions at the time the obligation arises, as well as the acceptability to prospective investors of the terms of these qualifying capital securities. Although we have agreed to use our commercially reasonable efforts to issue sufficient qualifying capital securities during the 180-day period referred to above to repay the debentures on the scheduled maturity date, as it may be extended, and on each interest payment date thereafter until the debentures are repaid in full, our failure to do so would not be an event of default or give rise to a right of acceleration or similar remedy until the final repayment date, and we will be excused from using our commercially reasonable efforts if certain market disruption events occur.

Moreover, at or around the time of issuance of the capital securities, we will enter into the replacement capital covenant described above pursuant to which we will make a covenant restricting our right to repay, redeem or purchase debentures or capital securities at any time prior to June 1, 2047 (or June 1, 2057 if we extend the scheduled maturity date or final repayment date). We may modify the replacement capital covenant without your consent if the modification does not further restrict our ability to repay the debentures in connection with an issuance of qualifying capital securities. See Replacement Capital Covenant.

We have no obligation to issue any securities other than qualifying capital securities in connection with our obligation to repay the debentures on or after the scheduled maturity date.

We have the right to defer interest for 10 years without causing an event of default.

We have the right on one or more occasions to defer interest on the debentures for one or more interest periods of up to 10 consecutive years. Although we would be subject to the alternative payment mechanism after we have deferred interest for a period of five consecutive years, or such shorter period resulting from our payment of current interest, if we are unable to raise sufficient eligible proceeds, we may fail to pay accrued interest on the debentures for a period of up to 10 consecutive years without causing an event of default. During any deferral period, holders of capital securities will receive limited or no current payments on the capital securities and, so long as we are otherwise in compliance with our obligations, holders will have no remedies against the applicable trust or us for nonpayment unless we fail to pay all deferred interest, including compounded interest, at the end of the 10-year deferral period. Furthermore, if all deferred interest is paid prior to the end of the 10-year deferral period, we can defer interest for another 10-year period without causing an event of default.

Our ability to pay deferred interest is limited by the terms of the alternative payment mechanism, and is subject to market disruption events and other factors beyond our control.

If we elect to defer interest payments, we will not be permitted to pay deferred interest on the debentures, and compounded interest thereon, during the deferral period, which may last up to 10 years, from any source other than the issuance of common stock up to the maximum share number, qualifying preferred stock up to the preferred stock issuance cap or qualifying warrants, each as defined under Summary of Terms of the Debentures Alternative Payment Mechanism, except in limited circumstances. Those limited circumstances are (i) the occurrence and continuance of a supervisory event (i.e., the Federal Reserve has disapproved of such issuance or disapproved of the use of proceeds of such

issuance to pay deferred interest), (ii) the deferral period is terminated as permitted under the indenture on the interest payment date following certain business combinations (or if later, within 90 days following the date of consummation of the business consummation) and (iii) an event of default has occurred and is continuing. In those circumstances, we will be permitted, but not required, to pay deferred interest with cash from any source, all as described under Summary of Terms of the Debentures Alternative Payment Mechanism. Common stock, qualifying preferred stock and qualifying warrants issuable under the alternative payment mechanism are referred to as APM qualifying securities. The maximum share number limits our issuance of common stock to 15 million shares, but we may increase the maximum share number at our discretion if we determine an increase is necessary to allow us to make deferred interest payments. The preferred stock issuance cap limits the net proceeds of the issuance of qualifying preferred stock that we may apply to the payment of deferred interest with respect to all deferral periods to 25% of the aggregate principal amount of the debentures then outstanding. The occurrence of a market disruption event may prevent or delay a sale of APM qualifying securities and, accordingly, the payment of deferred interest on the debentures. Market disruption events include events and circumstances both within and beyond our control, such as the failure to obtain any consent or approval of our stockholders or a regulatory body or governmental authority to issue APM qualifying securities notwithstanding our commercially reasonable efforts to do so. Moreover, we may encounter difficulties in successfully marketing APM qualifying securities, particularly during times we are subject to the restrictions on dividends as a result of the deferral of interest. If we do not sell sufficient common stock, qualifying preferred stock or qualifying warrants to fund deferred interest payments in these circumstances other than as a result of a supervisory event, we will not be permitted to pay deferred interest to either trust and, accordingly, no payment of distributions may be made on the capital securities, even if we have cash available from other sources. See Summary of Terms of the Debentures Option to Defer Interest Payments, Alternative Payment Mechanism and Market Disruption Events.

The terms of our outstanding junior subordinated debentures prohibit us from making any payment of principal or interest on the debentures or the guarantees relating to the capital securities and from repaying, redeeming or repurchasing any debentures if there has occurred any event that would constitute an event of default under the applicable junior subordinated indenture or the related guarantees or at any time when we have deferred interest thereunder.

We must notify the Federal Reserve before using the alternative payment mechanism and may not use it if the Federal Reserve disapproves.

We must notify the Federal Reserve if the alternative payment mechanism is applicable. We may not sell our common stock, qualifying preferred stock or qualifying warrants pursuant to the alternative payment mechanism or use the proceeds of such sale to pay deferred interest, in either case, if a supervisory event has occurred and is continuing (i.e., the Federal Reserve has disapproved of such actions). Accordingly, if we elect to defer interest and the Federal Reserve disapproves of either our sale of APM qualifying securities or our use of the proceeds to pay deferred interest, we may be unable to pay deferred interest that otherwise would be paid pursuant to the alternative payment mechanism. We may continue to defer interest in the event of Federal Reserve disapproval of all or part of the alternative payment mechanism until 10 years have elapsed since the beginning of the deferral period without triggering an event of default under the indenture. As a result, we could defer interest for up to 10 years without being required to sell APM qualifying securities and apply the proceeds therefrom to pay deferred interest.

The indenture limits the number of shares of common stock that we may sell to pay deferred interest.

The indenture limits the amount of our common stock that we are permitted to sell to pay deferred interest to the then-current maximum share number, as described under Summary of Terms of the Debentures Alternative Payment Mechanism, which will initially be 15 million shares. If the number of shares of our common stock that we need to sell in order to pay deferred interest in full exceeds the then-current maximum share number, we may continue to defer interest, and such deferral will not constitute an event of default or give rise to a right of acceleration or similar remedy unless it extends beyond the date which is 10 years following the first interest payment date on which we deferred interest.

The indenture limits our obligation to raise proceeds from the sale of common stock to pay deferred interest during the first nine years of a deferral period and generally does not obligate us to issue qualifying warrants.

The indenture limits our obligation to raise proceeds from the sale of shares of common stock to pay deferred interest attributable to the first five years of any deferral period, including compounded interest, prior to the ninth anniversary of the commencement of a deferral period in excess of an amount we refer to as the common stock issuance cap. The common stock issuance cap takes into account all sales of common stock and qualifying warrants under the alternative payment mechanism for the deferral period. Once we reach the common stock issuance cap for a deferral period, we will no longer be obligated to sell common stock to pay deferred interest relating to such deferral period unless such deferral extends beyond the date which is nine years following the commencement of the relevant deferral period. Although we have the right to sell common stock if we have reached the common stock issuance cap but have not reached the maximum share number, we have no obligation to do so. In addition, the sale of qualifying warrants to raise proceeds to pay deferred interest is an option that we have, but in general, we are not obligated to sell qualifying warrants and no party may require us to. See Summary of Terms of the Debentures Alternative Payment Mechanism.

We have the ability under certain circumstances to narrow the definition of APM qualifying securities.

We may, without the consent of the holders of the capital securities or the debentures, amend the definition of APM qualifying securities for the purposes of the alternative payment mechanism to eliminate common stock or qualifying warrants (but not both) from the definition if we have been advised in writing by a nationally recognized independent accounting firm that there is more than an insubstantial risk that the failure to do so would result in a reduction in our earnings per share as calculated for financial reporting purposes. The elimination of either common stock or qualifying warrants from the definition of APM qualifying securities, together with continued application of the preferred stock issuance cap, may make it more difficult for us to succeed in selling sufficient APM qualifying securities to fund the payment of deferred interest.

Deferral of interest payments could adversely affect the market price of the capital securities and could have U.S. federal income tax consequences for you.

We currently do not intend to exercise our right to defer payments of interest on the debentures. However, if we exercise that right in the future, the market price of the capital securities is likely to be affected. As a result of the existence of our deferral right, the market price of the capital securities, payments on which depend solely on payments being made on the debentures, may be more volatile than the market prices of other securities that are not subject to optional deferrals. If we do defer interest on the debentures and you elect to sell capital securities during the period of that deferral, you may not receive the same return on your investment as a holder that continues to hold its capital securities until the payment of interest at the end of the deferral period.

If we do defer interest payments on the debentures, you will be required to accrue income, in the form of original issue discount, for U.S. federal income tax purposes during the period of the deferral in respect of your proportionate share of the debentures, even if you normally report income when received and even though you may not receive the cash attributable to that income during the deferral period. You will not receive the cash distribution related to any accrued and unpaid interest from the applicable trust if you sell the capital securities before the record date for any deferred distributions, even if you held the capital securities on the date that the payments would normally have been paid. See Material U.S. Federal Income Tax Consequences United States Holders Interest Income and Original Issue Discount.

If you sell your capital securities between record dates for distribution payments, you will have to include accrued but unpaid distributions in your taxable income.

The capital securities may trade at prices that do not fully reflect the value of accrued but unpaid interest on the debentures.

If you dispose of your capital securities before the record date for a distribution payment, you will have to treat a portion of your proceeds from the disposition as ordinary income for U.S. federal income tax purposes in an amount equal to the accrued but unpaid interest on your proportionate share of the debentures through the date of your disposition.

Upon the sale of your capital securities you will recognize a capital loss if the amount you receive is less than your adjusted tax basis in the capital securities. The amount you receive for your capital securities may not fully reflect the value of any accrued but unpaid interest at the time of the sale while your adjusted tax basis will include any accrued but unpaid interest. Normally, you may not apply capital losses to offset ordinary income for U.S. federal income tax purposes.

You should consider the U.S. federal income tax consequences of classification of the trusts as grantor trusts and the adverse tax consequences that could arise if a trust were not classified as a grantor trust for U.S. federal income tax purposes.

Each trust expects to be classified as a grantor trust, and not as a partnership or as an association taxable as a corporation, for U.S. federal income tax purposes. Accordingly, for U.S. federal income tax purposes, each holder of a capital security will be considered the owner of an undivided interest in the applicable debentures and will be required to accrue in gross income such holder's pro rata share of the income accruing on the applicable debentures. However, if a trust were treated other than as a grantor trust (as a result of a change in law or otherwise), the trust could be subject to additional tax liability (such as corporate tax liability) which could under certain circumstances reduce the amount available for distributions to the holders of the applicable capital securities and any such distributions could be taxable to such holders other than as interest (for example, as dividends).

We may dissolve each trust at any time. Upon dissolution of a trust, debentures held by the trust may be distributed to the holders of the applicable capital securities, as described under Description of the Capital Securities Redemption or Exchange in the accompanying prospectus. Under current U.S. federal income tax law, and assuming that, as expected, that trust is treated as a grantor trust, such a distribution of debentures to you should not be a taxable event. However, if that trust is characterized for U.S. federal income tax purposes as an association taxable as a corporation at the time it is dissolved, or if there is a change in law, the distribution of the debentures to you may be a taxable event.

The IRS or a court may disagree with the characterization of the debentures as indebtedness for U.S. federal income tax purposes.

We intend to treat the debentures as indebtedness for U.S. federal income tax purposes. We, each trust, and each holder of capital securities agree in the trust documents to treat the debentures as indebtedness for U.S. federal income tax purposes.

Both the debentures and the capital securities are novel financial instruments and there is no statutory, judicial or administrative authority that directly addresses the U.S. federal income tax treatment of securities similar to the debentures or the capital securities. Thus, the IRS or a court may disagree with the characterization of the debentures as indebtedness for U.S. federal income tax purposes. If, contrary to the opinion of tax counsel to us and each trust, the debentures were recharacterized as our equity, payment on the capital securities to non-United States Holders would generally be subject to the U.S. federal withholding tax at a rate of 30% (or a lower rate, if there is an applicable tax treaty providing such a lower rate). See Material U.S. Federal Income Tax Consequences.

Redemption of the debentures and capital securities could have adverse tax and other consequences for you.

At our election, we may redeem the fixed rate debentures at any time and the floating rate debentures prior to June 15, 2012 upon the occurrence of certain events and on and after June 15, 2012 at any time. A redemption would cause a mandatory redemption of the applicable capital securities. If the debentures and capital securities were redeemed, the redemption would be a taxable event to you. In addition, you might not be able to reinvest the money you receive upon redemption of the capital securities at the same rate as the rate of return on the capital securities. See Summary of Terms of the Debentures Redemption below.

Claims would be limited upon bankruptcy, insolvency or receivership.

In the event of our bankruptcy, insolvency or receivership prior to the redemption or repayment of any debentures, whether voluntary or not, a holder of debentures will have no claim for, and thus no right to receive, deferred and unpaid interest, including compounded interest thereon, that has not been settled through the application of the alternative payment mechanism to the extent the amount of such interest exceeds two years of accumulated and unpaid interest, including compounded interest, on such holder's debentures. Any claim for deferred and unpaid interest in the event of our bankruptcy, insolvency or receivership will be subject to applicable law.

Holders have limited rights of acceleration.

The remedies for any breach of our obligations under the alternative payment mechanism, the limitation on the source for payments of deferred interest, the restrictions imposed in connection with any optional deferral of interest payments and our obligation to raise proceeds from the issuance of qualifying capital securities to permit the repayment of the debentures on or after the scheduled maturity date are all limited. Our failure to comply with these obligations and restrictions would not constitute an event of default or give rise to a right of acceleration or similar remedy under the terms of the indenture.

Holders have limited voting rights.

As a holder of capital securities, you will have limited voting rights. You generally will not be entitled to vote to appoint, remove or replace the property trustee, the Delaware trustee or any administrative trustee, all of which will be appointed, removed or replaced by us. However, if an event of default occurs with respect to the debentures, you would be entitled to vote to remove, replace or appoint the property trustee and the Delaware trustee.

You may not be able to enforce your rights against us directly if an event of default occurs; you may have to rely on the property trustee to enforce your rights.

You will not always be able to directly enforce your rights against us if an event of default occurs.

If an event of default under the debentures occurs and is continuing, that event will also be an event of default under the capital securities. In that case, you may have to rely on the property trustee, as the holder of the debentures, to enforce your rights against us.

You may only bring a legal action against us directly if an event of default under the applicable trust agreement occurs because of our failure to pay interest when due or principal at maturity of the applicable debentures.

Changes in demand for the capital securities could adversely affect the market price of the capital securities.

Neither we nor the trusts can assure you as to the market prices for the capital securities or the debentures that may be distributed in exchange for the capital securities. Investor demand for the capital securities may be greater or less than for traditional trust preferred instruments. Investor demand for securities with the characteristics of the capital securities may change as these characteristics are assessed by market participants, regulators and others. Accordingly, the capital securities that you may purchase, whether pursuant to the offer made by this prospectus supplement or in the secondary market, may trade at a discount to the price that you paid to purchase the capital securities if investor demand for securities with characteristics similar to those of the capital securities decreases over time. Furthermore, if we exchange the capital securities for the debentures, demand for the debentures may be greater or less than demand for the capital securities.

An active trading market for the capital securities may not develop.

We do not intend to apply for listing of the capital securities on the New York Stock Exchange or any other securities exchange. Although we have been advised that the underwriters intend to make a market in the capital securities, the underwriters are not obligated to do so and may discontinue market making at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the capital securities.

We may redeem the fixed rate debentures at any time. In certain circumstances, the redemption price will not include a make-whole amount, and may be less than would otherwise apply if there is a tax event, rating agency event, capital treatment event or an investment company event.

The fixed rate debentures may be redeemed (i) in whole or in part, on June 15, 2017 or June 15, 2027, (ii) in whole or in part, at any time on or after June 15, 2037, including on or after the scheduled maturity date, (iii) in whole, but not in part, at any time after June 15, 2017 and within 90 days of the occurrence of a tax event, and (iv) in whole, but not in part, at any time within 90 days of the occurrence of a capital treatment event or investment company event, in each case at 100% of their principal amount, plus accrued and unpaid interest through the date of redemption. We may redeem any or all of the fixed rate debentures at any time prior to June 15, 2037, at their principal amount or, if greater, a make-whole redemption price calculated as described under Summary of Terms of the Debentures Redemption Fixed Rate Debentures, in each case plus accrued and unpaid interest through the date of redemption. In addition, at any time (i) prior to June 15, 2017 and within 90 days of the occurrence of a tax event or (ii) within 90 days of the occurrence of a rating agency event, we may elect to redeem all, but not less than all, of the fixed rate debentures for a lower make-whole redemption price calculated as described under Summary of Terms of the Debentures Redemption Fixed Rate Debentures, in each case plus accrued and unpaid interest through the date of redemption.

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An IRS pronouncement or threatened challenge resulting in a tax event could occur at any time. Similarly, changes in rating agency methodology or the treatment of the capital securities for Federal Reserve capital adequacy purposes, and changes relating to the treatment of the trust as an investment company, could result in the debentures being redeemed earlier or at a lower redemption price than would otherwise be the case. See Summary of Terms of the Debentures Redemption for a further description of those events.

We may redeem the floating rate debentures at any time on or after June 15, 2012 or at any time prior to June 15, 2012 within 90 days of the occurrence of a tax event, rating agency event, capital treatment event or an investment company event. Except as set forth in the preceding sentence, we may not redeem the floating rate debentures prior to June 15, 2012.

We may redeem the floating rate debentures at any time on or after June 15, 2012, in whole or in part, at a redemption price equal to 100% of their principal amount, plus accrued and unpaid interest through the date of redemption. In addition, prior to June 15, 2012, at any time within 90 days of the occurrence of a tax event, rating agency event, capital treatment event or an investment company event, we may redeem the floating rate debentures, in whole but not in part, at a redemption price equal to 100% of their principal amount, plus accrued and unpaid interest through the date of redemption. Except as set in the preceding sentence, we may not redeem the floating rate debentures prior to June 15, 2012.

An IRS pronouncement or threatened challenge resulting in a tax event could occur at any time. Similarly, changes in rating agency methodology or the treatment of the capital securities for Federal Reserve capital adequacy purposes, and changes relating to the treatment of the trust as an investment company, could result in the debentures being redeemed earlier. See Summary of Terms of the Debentures Redemption for a further description of those events.

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USE OF PROCEEDS

The trusts will use all of the proceeds received from the sale of the capital securities and common securities to purchase debentures from us. We estimate that we will receive net proceeds (after payment by us of underwriting commissions and expenses and the purchase price for common securities of the trusts) of approximately \$ million from the sale of the debentures to the trusts. We intend to use these net proceeds for general corporate purposes, including, without limitation, funding redemptions and maturities of outstanding securities, investments in our various businesses, repurchases of our common stock and other uses. Subject to the receipt of approval from the Federal Reserve, we intend to redeem (i) \$200 million aggregate principal amount of the 7.940% Capital Securities issued by State Street Institutional Capital A and (ii) \$300 million aggregate principal amount of the 8.035% Capital Securities issued by State Street Institutional Capital B. Pending such uses, we may invest the proceeds temporarily in short-term securities.

STATE STREET CAPITAL TRUST III AND STATE STREET CAPITAL TRUST IV

Each trust is a statutory trust created under Delaware law. State Street Capital Trust III was created in 1998 and State Street Capital Trust IV was created in 2000. Each is one of the issuers formed for the purposes and having the characteristics described under the caption Description of the Trusts in the accompanying prospectus. Each trust will be governed by an amended and restated declaration of trust among State Street, as depositor, U.S. Bank National Association, as property trustee, U.S. Bank Trust National Association, as Delaware trustee and the administrative trustees named in the declaration of trust. Each trust has a term of approximately 100 years.

The trusts exist exclusively for the purposes of (i) issuing capital securities, (ii) issuing common securities, (iii) investing the gross proceeds derived from the issuance of the capital securities and common securities in the debentures and (iv) engaging in only those other activities necessary or incidental to the above.

Each series of debentures will be the sole assets of the trust that holds them, and, accordingly, payments under the applicable debentures will be the sole revenues of the applicable trust.

State Street Corporation will own (directly or indirectly) all of the common securities of the trusts in an aggregate liquidation amount equal to \$10,000 per trust. The common securities of the trusts will generally rank equally in right of payment, and payments will be made on the common securities on a pro rata basis, with the capital securities of the trust (except if an event of default occurs and is continuing under the trust agreement). If an event of default occurs and is continuing under the trust agreement, rights of the holders of the common securities to payment for distributions and payment upon liquidation, redemption and otherwise will be subordinated to the rights of the holders of the capital securities. The trust agreements do not permit the trusts to issue any securities other than the common securities and the capital securities and do not permit the trusts to incur any indebtedness.

The trusts will not be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended.

STATE STREET CORPORATION

We are a financial holding company organized under the laws of the Commonwealth of Massachusetts and a leading provider of services to institutional investors worldwide. We were organized in 1970 and conduct our business primarily through our principal bank subsidiary, State Street Bank, which traces its beginnings to the founding of Union Bank in 1792. The charter under which State Street Bank now operates was authorized by a special act of the Massachusetts Legislature in 1891, and its present name was adopted in 1960. We are also a bank holding company. Our executive offices are located at One Lincoln Street, Boston, Massachusetts 02111 and our telephone number is (617) 786-3000.

ACCOUNTING TREATMENT

The trusts will not be consolidated on our consolidated financial statements as a result of existing accounting guidance. Accordingly, for balance sheet purposes we will record the aggregate principal amount, net of discount, of the debentures we issue to the trusts as a liability and the amount we invest in the trusts' common securities as an asset. The interest paid on the debentures will be recorded as interest expense on our income statement.

REGULATORY CAPITAL

On March 1, 2005, the Federal Reserve adopted amendments to its risk-based capital guidelines. Among other things, the amendments confirm the continuing inclusion of outstanding and prospective issuances of capital securities in the Tier 1 capital of bank holding companies, but make the qualitative requirements for capital securities issued on or after April 15, 2005 more restrictive in certain respects and make the quantitative limits applicable to the aggregate amount of capital securities and other restricted core capital elements that may be included in Tier 1 capital of bank holding companies more restrictive. The capital securities will qualify as Tier 1 capital.

SUMMARY OF TERMS OF THE CAPITAL SECURITIES

Each trust will issue its capital securities under its amended and restated trust agreement. The underlying trust agreement has been qualified as an indenture under the Trust Indenture Act of 1939, as amended. U.S. Bank National Association, the property trustee, will act as indenture trustee for the capital securities under each trust agreement for the purpose of compliance with the Trust Indenture Act. The terms of the capital securities will include those stated in the applicable trust agreement and those made part of such trust agreement by the Trust Indenture Act.

The following description of the capital securities supplements, and to the extent inconsistent therewith, replaces, the description of the general terms and provisions of the capital securities set forth in the accompanying prospectus. The following description does not purport to be complete and is subject to, and qualified in its entirety by reference to, the applicable amended and restated trust agreement, a copy of the form of which is filed as an exhibit to the registration statement of which this prospectus supplement and the accompanying prospectus form a part, and to the Delaware Statutory Trust Act and the Trust Indenture Act of 1939, as amended. You should read the form of the applicable amended and restated trust agreement for provisions that may be important to you.

General

Each trust agreement authorizes the administrative trustees of the applicable trust to issue on behalf of such trust the related common securities and capital securities, which represent undivided beneficial ownership interests in the assets of the applicable trust. We will own all of the common securities of each trust, either directly or indirectly. The common securities of each trust will rank equally in right of payment, and payments will be made on the related common securities on a pro rata basis with the capital securities of the trust (except if an event of default occurs and is continuing under the applicable trust agreement). If an event of default occurs and is continuing under the applicable trust agreement, rights of the holders of the common securities of the trust to payment for distributions and payment upon liquidation, redemption and otherwise will be subordinated to the rights of the holders of the capital securities of the trust. The trust agreements do not permit the trusts to issue any securities other than the common securities and the capital securities of the trust and do not permit the trusts to incur any indebtedness.

Proceeds from the sale of both the capital securities and common securities by State Street Capital Trust III will be used to purchase fixed rate debentures issued by us, which will be held by the property

trustee of the trust for the benefit of the holders of the fixed rate capital securities issued by that trust. Proceeds from the sale of both the capital securities and common securities by State Street Capital Trust IV will be used to purchase floating rate debentures issued by us, which will be held by the property trustee of the trust for the benefit of the holders of the floating rate capital securities issued by that trust. Holders of the capital securities issued by one trust will have no claim to or interest in the assets of the other trust.

We will guarantee on a subordinated basis the payments of distributions and payments of amounts upon redemption or liquidation of each trust with respect to the capital securities issued by the applicable trust, but only to the extent that the applicable trust has funds available to make those payments and has not made the payments. In the event that a trust does not have the funds available to make a required payment, your only remedy with respect to the capital securities issued by that trust will be to vote to direct the property trustee of that trust to enforce the property trustee's rights under the applicable debentures, except in the limited circumstances in which you may take direct action. See Description of the Capital Securities Events of Default; Notice and Description of the Capital Securities Guarantees in the accompanying prospectus and Voting Rights below.

Distributions

On each distribution date, the applicable trust will pay the applicable distribution to the holders of the related capital securities on the record date for that distribution date. As long as the capital securities remain in book-entry form, the record dates for the capital securities will be one business day prior to the relevant distribution date. For purposes of this prospectus supplement, business day means any London business day other than any Saturday, Sunday or other day on which banking institutions in New York, New York, Boston, Massachusetts or Wilmington, Delaware are authorized or required by law or executive order to remain closed. A London business day is any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market. If capital securities are not in book-entry form, the record date will be the fifteenth day preceding the relevant distribution date.

Distributions on each series of capital securities will be cumulative with respect to that series. The capital securities will be effectively subordinated to the same debts and liabilities to which the related debentures are subordinated, as described under Summary of Terms of the Debentures.

The funds available to each trust for distribution to holders of the capital securities of the trust will be limited to payments under the related debentures held by the trust. If we do not make interest payments on the debentures held by a trust, the property trustee of the trust will not have funds available to pay distributions on the capital securities of that trust. Each trust will pay distributions through its property trustee, which will hold amounts received from the debentures held by the trust in a payment account for the benefit of the holders of the capital securities and the common securities of the trust. Holders of capital securities of a trust will have no claim to or interest in amounts paid on the debentures held by the other trust.

All percentages resulting from any calculations referred to in this prospectus supplement will be rounded, if necessary, to the nearest one ten-thousandth of a percentage point, with five hundred-thousandths of a percentage point being rounded upwards (e.g., 6.87655% (or .0687655) would be rounded to 6.8766% (or .068766)), and all U.S. dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one-half cent or more being rounded upwards).

Fixed Rate Capital Securities

A holder of record of the fixed rate capital securities will be entitled to receive periodic distributions on the stated liquidation amount of \$1,000 per fixed rate capital security on the same payment dates and in the same amounts as we pay interest on a principal amount of fixed rate debentures equal to the

liquidation amount of such fixed rate capital security. Distributions will accumulate from April , 2007. State Street Capital Trust III will make distribution payments on the fixed rate capital securities:

- semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2007 until June 15, 2017, or if this day is not a business day, on the next business day;
- quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, beginning on September 15, 2017 until June 15, 2047, or if this day is not a business day, on the next business day; and
- thereafter monthly in arrears on the 15th day of each month, or if this day is not a business day, on the next business day.

In the event any distribution date on or prior to June 15, 2017 is not a business day, the payment made on the following business day shall be made without adjustment. If we defer payment of interest on the fixed rate debentures, distributions by State Street Capital Trust III on the fixed rate capital securities will also be deferred.

Floating Rate Capital Securities

A holder of record of the floating rate capital securities will be entitled to receive periodic distributions on the stated liquidation amount of \$1,000 per floating rate capital security on the same payment dates and in the same amounts as we pay interest on a principal amount of floating rate debentures equal to the liquidation amount of such floating rate capital security. Distributions will accumulate from April , 2007. State Street Capital Trust IV will make distribution payments on the floating rate capital securities:

- quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, beginning on September 15, 2007 until June 15, 2047, or if this day is not a business day, on the next business day; and
- thereafter monthly in arrears on the 15th day of each month, or if this day is not a business day, on the next business day.

If we defer payment of interest on the floating rate debentures, distributions by State Street Capital Trust IV on the floating rate capital securities will also be deferred.

Each date on which distributions are payable in respect of the fixed rate capital securities or the floating rate capital securities, as the case may be, in accordance with the foregoing provisions is referred to as a *distribution date* with respect to such series of capital securities. The term *distribution* includes any interest payable on unpaid distributions unless otherwise stated. The period beginning on and including April , 2007 and ending on but excluding the first distribution date with respect to a series of capital securities (December 15, 2007, in the case of the fixed rate capital securities, and September 15, 2007, in the case of the floating rate capital securities) and each period after that period beginning on and including a distribution date with respect to such series of capital securities and ending on but excluding the next distribution date with respect to such series of capital securities is called a *distribution period* with respect to such series of capital securities. Distributions to which holders of capital securities are entitled but are not paid will accumulate additional distributions at the annual rate applicable to such capital securities.

Deferral of Distributions

We have the right, on one or more occasions, to defer payment of interest on each series of debentures for one or more consecutive interest periods that do not exceed 10 years, as described under *Summary of Terms of the Debentures Option to Defer Interest Payments* below. If we exercise this

right, the applicable trust will also defer paying a corresponding amount of distributions on the applicable capital securities during that period of deferral.

Although neither we nor the applicable trust will be required to make interest or distribution payments during deferral periods other than pursuant to the alternative payment mechanism described under [Summary of Terms of the Debentures Alternative Payment Mechanism](#) below, interest on the debentures will continue to accrue during deferral periods and, as a result, distributions on the applicable capital securities will continue to accumulate at the interest rate in effect from time to time on the applicable debentures, compounded on each interest payment date. References to [accumulated and unpaid distributions](#) in this prospectus supplement and the accompanying prospectus include all accumulated and unpaid distributions, including compounded amounts thereon.

Redemption

If we repay or redeem a series of debentures, in whole or in part, whether at, prior to or after the scheduled maturity date, the property trustee under the applicable trust will use the proceeds of that repayment or redemption to redeem a total amount of capital securities and common securities of the applicable trust equal to the amount of debentures redeemed or repaid. Subject to applicable law, including U.S. federal securities laws and, at any time prior to its termination, the replacement capital covenant, we or our affiliates may at any time and from time to time purchase outstanding capital securities by tender, in the open market or by private agreement. The replacement capital covenant is scheduled to terminate on June 1, 2047 (or June 1, 2057 if we extend the scheduled maturity date to June 15, 2047 or the final repayment date to June 1, 2077).

Under the current risk-based capital adequacy guidelines of the Federal Reserve applicable to bank holding companies, Federal Reserve approval is generally required for the early redemption or repurchase of preferred stock or trust preferred securities included in regulatory capital. However, under current guidelines, rules and regulations, Federal Reserve approval is not required for the redemption of the capital securities on or after the scheduled maturity date in connection with the repayment of the debentures since, in this case, the redemption would not be an early redemption but would be pursuant to our contractual obligation to repay the debentures, subject to the limitations described under [Summary Terms of the Debentures Repayment of Principal](#), on the scheduled maturity date.

The redemption price per security at maturity will equal the \$1,000 liquidation amount, and the redemption price in the event of a redemption or repayment of debentures will equal the applicable redemption or repayment price attributed to \$1,000 in principal amount of the applicable debentures calculated as described under [Summary of Terms of the Debentures Redemption](#) or [Repayment of Principal](#) below, in each case plus accumulated but unpaid distributions to the date of payment.

If less than all capital securities and common securities issued by a particular trust are redeemed, the amount of each to be redeemed will be allocated proportionately based upon the total amount of capital securities and common securities of such trust outstanding, except as otherwise provided under [Description of the Capital Securities Subordination of Common Securities](#) in the accompanying prospectus.

The property trustee under the applicable trust will give holders of capital securities not less than 30 nor more than 60 days' notice prior to the date of any redemption of capital securities relating to the redemption of debentures and not less than 10 nor more than 30 business days' notice prior to the date of any redemption of capital securities relating to the repayment of debentures. See [Summary of Terms of the Debentures Redemption](#) and [Repayment of Principal](#) for a description of the redemption and repayment terms of the debentures.

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Optional Liquidation of Trusts and Distribution of Debentures to Holders

We may elect to dissolve either trust at any time and, after satisfaction of such trust's liabilities, to cause the property trustee of the applicable trust to distribute the debentures held by the trust to the holders of the capital securities and common securities of the trust. However, if then required under the Federal Reserve's risk-based capital guidelines applicable to bank holding companies, we must obtain the approval of the Federal Reserve prior to making that election.

We anticipate that any distribution of debentures would be through book-entry distribution of interests in one or more global securities under depositary arrangements similar to those applicable to the capital securities. See "Book-Entry Only Issuance" The Depository Trust Company below and "Description of the Junior Subordinated Debentures" Denominations, Registration and Transfer in the accompanying prospectus.

Under current U.S. federal income tax law, and assuming that, as expected, each trust is treated as a grantor trust, a distribution of debentures in exchange for the capital securities would not be a taxable event to you. If, however, a trust were subject to U.S. federal income tax with respect to income accrued or received on the debentures held by such trust (for example, if there were a change in law, a change in legal interpretation, or other circumstances), the distribution of such debentures by the trust could be a taxable event to the trust and to you. See "Material U.S. Federal Income Tax Consequences" United States Holders' Receipt of Debentures or Cash Upon Liquidation of a Trust below.

Liquidation Value

Upon liquidation of a trust of which you hold capital securities, you would be entitled to receive \$1,000 per capital security, plus accumulated and unpaid distributions to the date of payment. That amount would be paid to you in the form of a distribution of debentures held by such trust, subject to specified exceptions. See "Description of the Capital Securities" Liquidation Distribution Upon Dissolution in the accompanying prospectus.

Subordination of Common Securities

Each trust will pay distributions on its common securities at the same rate and on the same distribution dates as it does on its capital securities, except if there is a payment default under the indenture with respect to the series of debentures held by the trust. If there is a payment default under the indenture with respect to the series of debentures held by a trust, the trust will not pay distributions on its common securities until all distributions on its capital securities have been paid in full. For a more detailed description of circumstances in which the capital securities will have a preference over the related common securities, see "Description of the Capital Securities" Subordination of Common Securities in the accompanying prospectus.

Events of Default under Trust Agreements

For a description of the events of default under the trust agreements, as well as a summary of the remedies available as a result of those events of default, see "Description of the Capital Securities" Events of Default; Notice in the accompanying prospectus.

An event of default under the indenture with respect to our failure to pay interest that we are otherwise obligated to pay on a series of debentures in full within 30 days after the conclusion of a deferral period that continues for 10 years entitles the property trustee of the applicable trust, as sole holder of such series of debentures, to declare such debentures due and payable under the indenture. For a more complete description of remedies available upon the occurrence of an event of default with respect to the debentures, see "Summary of Terms of the Debentures" Events of Default below, as well as "Description

of the Junior Subordinated Debentures Events of Default, Waiver and Notice and Relationship among the Capital Securities, the Corresponding Junior Subordinated Debentures and the Capital Securities Guarantees in the accompanying prospectus.

Voting Rights

Except as described under Description of the Junior Subordinated Debentures Modification of Junior Subordinated Indenture, Description of the Capital Securities Voting Rights; Amendment of Each Trust Agreement and Description of the Capital Securities Guarantees Amendments and Assignment in the accompanying prospectus, or as otherwise required by law or the applicable trust agreement, as an owner of capital securities, you will not have any voting rights.

Further Issues

State Street Capital Trust III has the right to issue additional fixed rate capital securities, and State Street Capital Trust IV has the right to issue additional floating rate capital securities, in the future, but only to the extent that proceeds from the sale are used to purchase an equivalent amount of the applicable debentures. Any additional capital securities will have the same terms as the fixed rate capital securities or floating rate capital securities, as the case may be, being offered by this prospectus supplement, but they may be offered at a different offering price and accrue distributions from a different date than the capital securities being offered hereby, provided that the total liquidation amount of fixed rate capital securities outstanding may not exceed \$ million, and the total liquidation amount of floating rate capital securities outstanding may not exceed \$ million. If issued, any such additional capital securities will become part of the corresponding series of capital securities being offered hereby.

Book-Entry Only Issuance The Depository Trust Company

DTC will act as securities depository for the capital securities. The capital securities will be issued only as fully registered securities registered in the name of Cede & Co., DTC's nominee, or such other nominee as selected by DTC. One or more fully registered global capital securities certificates, which we refer to herein as global certificates, representing the total aggregate number of each series of capital securities, will be issued and will be deposited with DTC.

The laws of some jurisdictions require that certain purchasers of securities take physical delivery of securities in definitive form. Such laws may impair the ability to transfer beneficial interests in the global capital securities as represented by a global certificate.

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates.

Direct participants in DTC include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its direct participants and by the New York Stock Exchange, the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as securities brokers and dealers, banks and trust companies that clear transactions through or maintain a direct or indirect custodial relationship with a direct participant either directly or indirectly, which are referred to as indirect

participants. The rules applicable to DTC and its participants are on file with the Securities and Exchange Commission.

Purchases of capital securities within the DTC system must be made by or through direct participants, which will receive a credit for the capital securities on DTC's records. The ownership interest of each actual purchaser of each capital security, or beneficial owner is in turn to be recorded on the direct participants' and indirect participants' records, including Euroclear and Clearstream. Beneficial owners will not receive written confirmation from DTC of their purchases, but beneficial owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the direct or indirect participants through which the beneficial owners purchased capital securities. Transfers of ownership interests in the capital securities are to be accomplished by entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the capital securities, except in the event that use of the book-entry system for the capital securities is discontinued.

Transfers between participants will be effected in accordance with DTC's procedures and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Cross-market transfers between participants, on the one hand, and Euroclear participants or Clearstream participants, on the other hand, will be effected in DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depository; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in the capital securities in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a capital security from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear participant or Clearstream participant, during the securities settlement processing day, which must be a business day for Euroclear and Clearstream, as the case may be, immediately following the DTC settlement date. Cash received in Euroclear or Clearstream as a result of sales of interests in a capital security by or through a Euroclear or Clearstream participant to a direct participant in DTC will be received with value on the DTC settlement date, but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following the DTC settlement date.

DTC has no knowledge of the actual beneficial owners of the capital securities. DTC's records reflect only the identity of the direct participants to whose accounts such capital securities are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

So long as DTC, or its nominee, is the registered owner or holder of a global certificate, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the capital securities represented thereby for all purposes under the trust agreement and the capital securities. No beneficial owner of an interest in a global certificate will be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided for under the trust agreement.

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DTC has advised us that it will take any action permitted to be taken by a holder of capital securities (including the presentation of capital securities for exchange as described below) only at the direction of one or more direct participants to whose account the DTC interests in the global certificates are credited and only in respect of such portion of the aggregate liquidation amount of capital securities as to which such direct participant or direct participants has or have given such direction. However, if there is an event of default under the capital securities, DTC will exchange the global certificates for certificated securities, which it will distribute to its direct participants.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices in respect of the capital securities held in book-entry form will be sent to Cede & Co. as the registered holder of the capital securities. If less than all of the capital securities of a series are being redeemed, DTC's current practice is to determine by lot the amount of the interest of each direct participant to be redeemed.

Although voting with respect to the capital securities is limited, in those cases where a vote is required, neither DTC nor Cede & Co. will itself consent or vote with respect to capital securities. Under its usual procedures, DTC would mail an omnibus proxy to the relevant trustee as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the capital securities are credited on the record date (identified in a listing attached to the omnibus proxy).

Distributions on the capital securities held in book-entry form will be made by the relevant trustee to DTC in immediately available funds. DTC's practice is to credit direct participants' accounts on the relevant payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payments on such payment date. Payments by the participants to beneficial owners will be governed by standing instructions and customary practices and will be the responsibility of such participants and not of us, DTC or the trust, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of distributions to DTC is the responsibility of the applicable trust, disbursement of such payments to participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of the direct and indirect participants.

Except as provided in this prospectus supplement, a beneficial owner of an interest in a global certificate will not be entitled to receive physical delivery of capital securities. Accordingly, each beneficial owner must rely on the procedures of DTC to exercise any rights under the capital securities.

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in the global certificates among participants of DTC, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither State Street, the trusts nor the trustees will have any responsibility for the performance by DTC or its participants or indirect participants under the rules and procedures governing DTC. DTC may discontinue providing its services as securities depository with respect to a series of capital securities at any time by giving notice to the applicable trust. Under such circumstances, in the event that a successor securities depository is not obtained, capital security certificates are required to be printed and delivered. Additionally, either trust (with our consent) may decide to discontinue use of the system of book-entry transfers through DTC (or a successor depository). In that event, certificates for the applicable capital securities will be printed and delivered. In each of the above circumstances, we will appoint a paying agent with respect to the applicable capital securities.

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The information in this section concerning DTC and DTC's book entry system has been obtained from sources believed to be reliable by us and the trusts, but neither we nor the trusts take responsibility for the accuracy thereof.

Payment

Payments in respect of the capital securities represented by the global certificates shall be made to DTC, which shall credit the relevant accounts at DTC on the applicable distribution dates or, in the case of capital securities represented by certificated securities, such payments shall be made by check mailed to the address of the holder entitled thereto as such address shall appear on the securities register of the applicable trust.

Registrar, Transfer Agent and Paying Agent

U.S. Bank National Association will act as registrar, transfer agent and paying agent for each series of the capital securities. If the capital securities do not remain in book-entry only form, one or more additional paying agents may be appointed if so required by any rule or regulation of any securities exchange upon which the capital securities may be listed at such time. U.S. Bank National Association shall be permitted to resign as paying agent upon 30 days' written notice to the trustees of the applicable trust. In the event that U.S. Bank National Association shall no longer be the paying agent, the administrative trustees shall appoint a successor to act as paying agent, which shall be a bank or trust company acceptable to us.

Registration of transfers of capital securities will be effected without charge by or on behalf of the applicable trust, but upon payment, with the giving of such indemnity as we or the applicable trust may require, in respect of any tax or other government charges that may be imposed in relation thereto.

Neither trust will be required to register or cause to be registered the transfer of its capital securities after such capital securities have been called for redemption.

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SUMMARY OF TERMS OF THE DEBENTURES

The following description of the specific terms of the fixed rate debentures and floating rate debentures supplements the description of the general terms and provisions of the debentures set forth in the accompanying prospectus under the caption "Description of the Junior Subordinated Debentures." Except as otherwise specified in this prospectus supplement, the terms of the fixed rate debentures are identical to the terms of the floating rate debentures. The following description does not purport to be complete and is subject to, and qualified in its entirety by reference to, the indenture, dated as of December 15, 1996, between us and Bank of New York (as successor in interest to J.P. Morgan Chase & Co. (as successor in interest to Bank One Trust Company, N.A. (as successor in interest to The First National Bank of Chicago))), as debenture trustee for the indenture, a copy of which is filed as an exhibit to the registration statement of which this prospectus supplement and the accompanying prospectus form a part, and to the supplemental indentures, dated as of April 1, 2007, copies of which are available from us upon request and will be filed or incorporated by reference as an exhibit to such registration statement and to the Trust Indenture Act. You should read the indenture, as supplemented, for provisions that may be important to you.

General

The debentures will be issued as unsecured indebtedness under the indenture. We may issue additional series of debentures under the indenture, and any such series will rank equally in right of payment with the debentures. The debentures that are the subject of this prospectus supplement will be limited in aggregate principal amount to \$ 100 million, in the case of the fixed rate debentures, and \$ 100 million, in the case of the floating rate debentures, such amounts being the sums of the aggregate stated liquidation amounts of the corresponding series of capital securities and common securities. The debentures are not subject to a sinking fund provision.

If debentures are distributed to holders of capital securities in liquidation of such holders' interests in the applicable trust, such debentures will initially be issued as a global security. As described in this prospectus supplement, a debenture may be issued in certificated form in exchange for a global security. See "Summary of Terms of the Capital Securities - Book-Entry Only Issuance - The Depository Trust Company" above. In the event that debentures are issued in certificated form, such debentures will be in denominations of \$1,000 and integral multiples thereof and may be transferred or exchanged at the offices described below. Payments on debentures issued as a global security will be made to DTC, a successor depository or, in the event that no depository is used, to a paying agent for the debentures. In the event debentures are issued in certificated form, principal and interest will be payable, the transfer of such debentures will be registrable and such debentures will be exchangeable for debentures of that series of other denominations of a like aggregate principal amount at