Marks Scott
Form 4
January 12, 2010

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
Marks Scott

(Last) (First) (Middle)

4700 HWY 365, SUITE A-202

(Street)

PORT ARTHUR, TX 77642

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
Noble Corp / Switzerland [NE]

3. Date of Earliest Transaction (Month/Day/Year)
11/20/2009

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Sr. VP - Engineering

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities	8. I De Sec

(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)		Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)				(Instr. 3 and 4)		(In
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Phantom Stock Units	$ 0	11/20/2009	A		54.87		11/20/2009	(1)	Shares	54.87	$
Phantom Stock Units	$ 0	12/17/2009	A		59.4058		12/17/2009	(2)	Shares	59.4058	$
Phantom Stock Units	$ 0	01/08/2010	A		55.0714		01/08/2010	(3)	Shares	55.0714	$

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Marks Scott 4700 HWY 365 SUITE A-202 PORT ARTHUR, TX 77642			Sr. VP - Engineering	

Signatures

Julie J. Robertson	01/12/2010
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Contribution made on November 20, 2009 pursuant to the Noble Drilling Corporation 401(k) Savings Restortaion Plan

(2) Contribution made on December 17, 2009 pursuant to the Noble Drilling Corporation 401(k) Savings Restortaion Plan

(3) Contribution made on January 8, 2010 pursuant to the Noble Drilling Coproation 401(k) Savings Resotration Plan

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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1,439

149

1,813

Total asset-backed securities
478

4,333

3,999

1,576

10,386

Non-U.S. debt securities:

Mortgage-backed securities
1,202

3,707

896

1,807

7,612

Asset-backed securities
177

2,140

234

153

2,704

Government securities
3,233

1,691

146

—

5,070

Other
1,653

2,692

664

—

5,009

Total non-U.S. debt securities
6,265

10,230

1,940

1,960

20,395

State and political subdivisions
447

2,389

5,267

1,923

10,026

Collateralized mortgage obligations
282

47

528

2,081

2,938

Other U.S. debt securities
837

1,224

139

31

2,231

Total
$
10,428

$
24,117

$
16,442

$
19,565

$
70,552

Held to maturity:

U.S. Treasury and federal agencies:

Direct obligations
$
—

$
11,887

$
10,633

$
83

$
22,603

Mortgage-backed securities
—

11

—

577

588

Asset-backed securities:

Student loans
50

142

244

1,108

1,544

Credit cards
39

641

217

—

897

Other
72

134

68

3

277

Total asset-backed securities
161

917

529

1,111

2,718

Non-U.S. debt securities:

Mortgage-backed securities
376

520

91

1,160

2,147

Asset-backed securities
116

993

—

—

1,109

Government securities
158

115

—

—

273

Other
98

119

—

—

217

Total non-U.S. debt securities
748

1,747

91

1,160

3,746

Collateralized mortgage obligations
196

70

302

989

1,557

Total
$
1,105

$
14,632

$
11,555

$
3,920

$
31,212

The maturities of asset-backed securities, mortgage-backed securities, and collateralized mortgage obligations are based on expected principal payments.

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CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(UNAUDITED)

The following table presents a roll-forward with respect to net impairment losses that have been recognized in income for the periods indicated.

	Three Months Ended March 31,	
(In millions)	2016	2015
Balance, beginning of period	$92	$115
Additions:		
Losses for which OTTI was previously recognized	—	1
Deductions:		
Previously recognized losses related to securities sold or matured	(1)	(9)
Balance, end of period	$91	$107

Interest revenue related to debt securities is recognized in our consolidated statement of income using the effective interest method, or on a basis approximating a level rate of return over the contractual or estimated life of the security. The level rate of return considers any nonrefundable fees or costs, as well as purchase premiums or discounts, resulting in amortization or accretion, accordingly.

For debt securities acquired for which we consider it probable as of the date of acquisition that we will be unable to collect all contractually required principal, interest and other payments, the excess of our estimate of undiscounted future cash flows from these securities over their initial recorded investment is accreted into interest revenue on a level-yield basis over the securities' estimated remaining terms. Subsequent decreases in these securities' expected future cash flows are either recognized prospectively through an adjustment of the yields on the securities over their remaining terms, or are evaluated for other-than-temporary impairment. Increases in expected future cash flows are recognized prospectively over the securities' estimated remaining terms through the recalculation of their yields.

For certain debt securities acquired which are considered to be beneficial interests in securitized financial assets, the excess of our estimate of undiscounted future cash flows from these securities over their initial recorded investment is accreted into interest revenue on a level-yield basis over the securities' estimated remaining terms. Subsequent decreases in these securities' expected future cash flows are either recognized prospectively through an adjustment of the yields on the securities over their remaining terms, or are evaluated for other-than-temporary impairment. Increases in expected future cash flows are recognized prospectively over the securities' estimated remaining terms through the recalculation of their yields.

Impairment:

We conduct periodic reviews of individual securities to assess whether OTTI exists. For more information about the review of securities for impairment, refer to Note 3 in the consolidated financial statements on pages 149 to 152 in our 2015 Form 10-K.

We had less than $1 million of OTTI in the three months ended March 31, 2016, compared to $1 million in the three months ended March 31, 2015, which resulted from adverse changes in the timing of expected future cash flows from the securities.

After a review of the investment portfolio, taking into consideration current economic conditions, adverse situations that might affect our ability to fully collect principal and interest, the timing of future payments, the credit quality and performance of the collateral underlying mortgage- and asset-backed securities and other relevant factors, and excluding the OTTI recorded in the three months ended March 31, 2016, management considers the aggregate decline in fair value of the investment securities portfolio and the resulting gross pre-tax unrealized losses of $576 million related to 1,031 securities as of March 31, 2016 to be temporary, and not the result of any material changes in the credit characteristics of the securities.

Note 4. Loans and Leases

We segregate our loans and leases into two segments: institutional and CRE. Within the institutional and CRE segments, we further segregate the receivables into classes based on their risk characteristics, their initial measurement attributes and the methods we use to monitor and assess credit risk. For additional information on our loans and leases, including our internal risk-rating system used to assess our risk of credit loss for each loan or lease, refer to Note 4 to the consolidated financial statements on pages 152 to 156 in our 2015 Form 10-K.

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The following table presents our recorded investment in loans and leases, by segment and class, as of the dates indicated:

(In millions)	March 31, 2016	December 31, 2015
Institutional:		
Investment funds:		
U.S.	$ 11,681	$ 11,136
Non-U.S.	2,247	1,678
Commercial and financial:		
U.S.	3,707	4,671
Non-U.S.	541	278
Purchased receivables:		
U.S.	86	93
Non-U.S.	—	—
Lease financing:		
U.S.	335	337
Non-U.S.	563	578
Total institutional	19,160	18,771
Commercial real estate:		
U.S.	27	28
Total loans and leases	19,187	18,799
Allowance for loan losses	(47)	(46)
Loans and leases, net of allowance for loan losses	$ 19,140	$ 18,753

Short-duration advances to our clients included in the institutional segment were $4.08 billion and $2.62 billion as of March 31, 2016 and December 31, 2015, respectively. These short-duration advances provide liquidity to fund clients in support of their transaction flows associated with securities settlement activities.
The commercial-and-financial class in the institutional segment presented in the preceding table included approximately $3.27 billion and $3.14 billion of senior secured loans as of March 31, 2016 and December 31, 2015, respectively. These senior secured loans are included in the “speculative”, "special mention" and "substandard" categories in the credit-quality-indicator tables presented below. As of March 31, 2016 and December 31, 2015, our allowance for loan losses included approximately $36 million and $35 million, respectively, related to these loans.

The following tables present our recorded investment in each class of loans and leases by credit quality indicator as of the dates indicated:

March 31, 2016	Institutional					
(In millions)	Investment Funds	Commercial and Financial	Purchased Receivables	Lease Financing	Commercial Real Estate	Total Loans and Leases
Investment grade[1]	$ 13,563	$ 904	$ 86	$ 870	$ 27	$ 15,450
Speculative[2]	365	3,329	—	28	—	3,722
Special mention[3]	—	—	—	—	—	—
Substandard[4]	—	15	—	—	—	15
Total	$ 13,928	$ 4,248	$ 86	$ 898	$ 27	$ 19,187

Institutional

December 31, 2015 (In millions)	Investment Funds	Commercial and Financial	Purchased Receivables	Lease Financing	Commercial Real Estate	Total Loans and Leases
Investment grade[1]	$12,415	$ 1,780	$ 93	$ 888	$ 28	$ 15,204
Speculative[2]	399	3,138	—	27	—	3,564
Special mention[3]	—	31	—	—	—	31
Substandard[4]	—	—	—	—	—	—
Total	$12,814	$ 4,949	$ 93	$ 915	$ 28	$ 18,799

[1] Investment-grade loans and leases consist of counterparties with strong credit quality and low expected credit risk and probability of default. Ratings apply to counterparties with a strong capacity to support the timely repayment of any financial commitment.
[2] Speculative loans and leases consist of counterparties that face ongoing uncertainties or exposure to business, financial, or economic downturns. However, these counterparties may have financial flexibility or access to financial alternatives, which allow for financial commitments to be met.
[3] Special mention loans and leases consist of counterparties with potential weaknesses that, if uncorrected, may result in deterioration of repayment prospects.
[4] Substandard loans and leases consist of counterparties with well-defined weakness that jeopardizes repayment with the possibility we will sustain some loss.

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The following table presents our recorded investment in loans and leases, disaggregated based on our impairment methodology, as of the dates indicated:

(In millions)	March 31, 2016			December 31, 2015		
	Institutional	Commercial Real Estate	Total Loans and Leases	Institutional	Commercial Real Estate	Total Loans and Leases
Loans and leases[1]:						
Individually evaluated for impairment	$15	$ —	$15	$—	$ —	$—
Collectively evaluated for impairment	19,145	27	19,172	18,771	28	18,799
Total	$19,160	$ 27	$19,187	$18,771	$ 28	$18,799

[1] For those portfolios where there are a small number of loans each with a large balance, we review each loan annually for indicators of impairment. For those loans where no such indicators are identified, the loans are collectively evaluated for impairment. As of March 31, 2016 and December 31, 2015, $1 million and zero, respectively, of the allowance for loan loss related to institutional loans individually evaluated for impairment. As of both March 31, 2016 and December 31, 2015, $46 million of the allowance for loan loss related to institutional loans collectively evaluated for impairment.

The following table presents information related to our recorded investment in impaired loans and leases for the dates or periods indicated:

(In millions)	As of March 31, 2016			Three Months Ended March 31, 2016		As of December 31, 2015		
	Recorded Investment	Unpaid Principal Balance	Related Allowance[1]	Average Recorded Investment	Interest Revenue Recognized	Recorded Investment	Unpaid Principal Balance	Related Allowance[1]
With no related allowance recorded:								
CRE—property development—acquired credit-impaired	$—	$ 34	$ —	$ —	$ —	$ —	$ 34	$ —
CRE—other—acquired credit-impaired	—	22	—	—	—	—	22	—
Total CRE	—	56	—	—	—	—	56	—
With an allowance recorded:								
Institutional- commercial and financial lending	15	15	1	15	—	—	—	—
Total Institutional	15	15	1	15	—	—	—	—
Total CRE and institutional	$15	$ 71	$ 1	$ 15	$ —	$ —	$ 56	$ —

[1] As of both March 31, 2016 and December 31, 2015, there was an additional allowance for loan losses of $46 million related to loans that were not impaired.

In certain circumstances, we restructure troubled loans by granting concessions to borrowers experiencing financial difficulty. Once restructured, the loans are generally considered impaired until their maturity, regardless of whether the borrowers perform under the modified terms of the loans. No loans were modified in troubled debt restructurings during the three months ended March 31, 2016 and the year ended December 31, 2015.

As of March 31, 2016 and December 31, 2015, no institutional loans or leases and no CRE loans were on non-accrual status or 90 days or more contractually past due.

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Explanation of Responses:

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The following table presents activity in the allowance for loan losses for the periods indicated:

	Three Months Ended March 31,	
	2016	2015
(In millions)	Total Loans and Leases	Total Loans and Leases
Allowance for loan losses[1]:		
Beginning balance	$ 46	$ 37
Provision for loan losses	4	4
Charge-offs	(3)	—
Ending balance	$ 47	$ 41

[1] As of March 31, 2016, approximately $36 million of our allowance for loan losses was related to senior secured loans included in the institutional segment; the remaining $11 million was related to other institutional segment loans. The provision of $4 million and the charge-offs of $3 million recorded in the three months ended March 31, 2016 were a result of exposure to senior

secured loans to non-investment grade borrowers, purchased in connection with our participation in syndicated loans. The provision of $4 million recorded in the three months ended March 31, 2015 was associated with the senior secured loans as the portfolio continues to grow and become more seasoned. The senior secured loans are held in connection with our participation in loan syndications in the non-investment grade lending market.

Loans and leases are reviewed on a regular basis, and any provisions for loan losses that are recorded reflect management's estimate of the amount necessary to maintain the allowance for loan losses at a level considered appropriate to absorb estimated incurred losses in the loan-and-lease portfolio.

Note 5. Goodwill and Other Intangible Assets

The following table presents changes in the carrying amount of goodwill during the periods indicated:

	Three Months Ended March 31,					
	2016			2015		
(In millions)	Investment Servicing	Investment Management	Total	Investment Servicing	Investment Management	Total
Goodwill:						
Beginning balance	$5,641	$ 30	$5,671	$5,793	$ 33	$5,826
Foreign currency translation	61	1	62	(160)	(3)	(163)
Ending balance	$5,702	$ 31	$5,733	$5,633	$ 30	$5,663

The following table presents changes in the net carrying amount of other intangible assets during the periods indicated:

	Three Months Ended March 31,					
	2016			2015		
(In millions)	Investment Servicing	Investment Management	Total	Investment Servicing	Investment Management	Total
Other intangible assets:						
Beginning balance	$1,753	$ 15	$1,768	$1,998	$ 27	$2,025
Amortization	(47)	(2)	(49)	(48)	(2)	(50)
Foreign currency translation and other, net	29	1	30	(81)	(2)	(83)

Ending balance	$1,735	$ 14	$1,749	$1,869	$ 23	$1,892

The following table presents the gross carrying amount, accumulated amortization and net carrying amount of other intangible assets by type as of the dates indicated:

	March 31, 2016			December 31, 2015		
(In millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Other intangible assets:						
Client relationships	$2,523	$ (1,251)	$ 1,272	$2,486	$ (1,198)	$ 1,288
Core deposits	676	(258)	418	667	(246)	421
Other	153	(94)	59	147	(88)	59
Total	$3,352	$ (1,603)	$ 1,749	$3,300	$ (1,532)	$ 1,768

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Note 6. Other Assets
The following table presents the components of other assets as of the dates indicated:

(In millions)	March 31, 2016	December 31, 2015
Collateral deposits, net	$ 23,065	$ 21,465
Derivative instruments, net	5,813	4,777
Bank-owned life insurance	3,098	3,078
Investments in joint ventures and other unconsolidated entities	2,191	2,034
Accounts receivable	1,240	1,018
Prepaid expenses	385	284
Receivable for securities settlement	345	311
Deferred tax assets, net of valuation allowance	221	182
Income taxes receivable	161	154
Deposits with clearing organizations	133	127
Other	431	473
Total	$ 37,083	$ 33,903

Note 7. Derivative Financial Instruments
We use derivative financial instruments to support our clients' needs and to manage our interest-rate and currency risk. In undertaking these activities, we assume positions in both the foreign exchange and interest-rate markets by buying and selling cash instruments and using derivative financial instruments, including foreign exchange forward contracts, foreign exchange and interest-rate options and interest-rate swaps, interest-rate forward contracts and interest-rate futures. For information on our derivative instruments, including the related accounting policies, refer to Note 10 to the consolidated financial statements on pages 162 to 168 in our 2015 Form 10-K.
Derivative financial instruments are also subject to credit and counterparty risk, which we manage by performing credit reviews, maintaining individual counterparty limits, entering into netting arrangements and requiring the receipt of collateral. Cash collateral received from and provided to counterparties in connection with derivative financial instruments is recorded in accrued expenses and other liabilities and other assets, respectively, in our consolidated statement of condition. As of March 31, 2016 and December 31, 2015, we had recorded approximately $3.89 billion and $1.40 billion, respectively, of cash collateral received from counterparties and approximately $1.11 billion and $1.65 billion, respectively, of cash collateral provided to counterparties in connection with derivative financial instruments in our consolidated statement of condition.

Certain of our derivative assets and liabilities as of March 31, 2016 and December 31, 2015 are subject to master netting agreements with our derivative counterparties. Certain of these agreements contain credit risk-related contingent features in which the counterparty has the right to declare us in default and accelerate cash settlement of our net derivative liabilities with the counterparty in the event that our credit rating falls below specified levels. The aggregate fair value of all derivative instruments with credit risk-related contingent features that were in a net liability position as of March 31, 2016 totaled approximately $1.49 billion, against which we provided $267 million of underlying collateral. If our credit rating were downgraded below levels specified in the agreements, the maximum additional amount of payments related to termination events that could have been required pursuant to these contingent features, assuming no change in fair value, as of March 31, 2016 was approximately $1.22 billion. Such accelerated settlement would be at fair value and therefore not affect our consolidated results of operations.
Derivatives Not Designated as Hedging Instruments:
In connection with our trading activities, we use derivative financial instruments in our role as a financial intermediary and as both a manager and servicer of financial assets, in order to accommodate our clients' investment and risk management needs. In addition, we use derivative financial instruments for risk management purposes as economic

hedges, which are not formally designated as accounting hedges, in order to contribute to our overall corporate earnings and liquidity. These activities are designed to generate trading services revenue and to manage volatility in our net interest revenue. The level of market risk that we assume is a function of our overall objectives and liquidity needs, our clients' requirements and market volatility. For additional information on derivatives not designated as hedging instruments, refer to Note 10 to the consolidated financial statements on pages 163 to 164 in our 2015 Form 10-K.

Derivatives Designated as Hedging Instruments:

In connection with our asset-and-liability management activities, we use derivative financial instruments to manage our interest-rate risk and foreign currency risk. Interest-rate risk, defined as the sensitivity of income or financial condition to variations in interest rates, is a significant non-trading market risk to which our assets and liabilities are exposed. We manage our interest-rate risk by identifying, quantifying and hedging our exposures, using fixed-rate portfolio securities and a variety of

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derivative financial instruments, most frequently interest-rate swaps and options (for example, interest-rate caps and floors). Interest-rate swap agreements alter the interest-rate characteristics of specific balance sheet assets or liabilities. When appropriate, forward-rate agreements, options on swaps, and exchange-traded futures and options are also used. We use foreign exchange forward and swap contracts to hedge foreign exchange exposure to various foreign currencies with respect to certain assets and liabilities. Our hedging relationships are formally designated, and qualify for hedge accounting, as fair value or cash flow hedges. For additional information on derivatives designated as hedging instruments, refer to Note 10 to the consolidated financial statements on pages 164 to 168 in our 2015 Form 10-K.

Fair Value Hedges

We have entered into interest-rate swap agreements to modify our interest revenue from certain available-for-sale investment securities from a fixed rate to a floating rate. The hedged AFS investment securities included hedged trusts that had a weighted-average life of approximately 5.3 years as of March 31, 2016, compared to 5.4 years as of December 31, 2015.

We have entered into interest-rate swap agreements to modify our interest expense on six senior notes and two subordinated notes from fixed rates to floating rates. The senior and subordinated notes are hedged with interest-rate swap contracts with notional amounts, maturities and fixed-rate coupon terms that align with the hedged notes. The table below summarizes the maturities and the paid fixed interest rates for the hedged senior and subordinated notes:

March 31, 2016	Maturity	Paid Fixed Interest Rate
Senior Notes		
	2018	1.35%
	2020	2.55%
	2021	4.38%
	2023	3.70%
	2024	3.30%
	2025	3.55%
Subordinated Notes		
	2018	4.96%
	2023	3.10%

We have entered into foreign exchange swap contracts to hedge the change in fair value attributable to foreign exchange movements in our foreign currency denominated investment securities

and deposits. These forward contracts convert the foreign currency risk to U.S. dollars, thereby mitigating our exposure to fluctuations in the fair value of the securities and deposits attributable to changes in foreign exchange rates.

Cash Flow Hedges

We have entered into foreign exchange contracts to hedge the change in cash flows attributable to foreign exchange movements in foreign currency denominated investment securities. These foreign exchange contracts convert the foreign currency risk to U.S. dollars, thereby mitigating our exposure to fluctuations in the cash flows of the securities attributable to changes in foreign exchange rates.

The following table presents the aggregate contractual, or notional, amounts of derivative financial instruments entered into in connection with our trading and asset-and-liability management activities as of the dates indicated:

(In millions)	March 31, 2016	December 31, 2015
Derivatives not designated as hedging instruments:		
Interest-rate contracts:		
Swap agreements and forwards	$ 197	$ 336

Futures	13,198	2,621
Foreign exchange contracts:		
Forward, swap and spot	1,354,032	1,274,277
Options purchased	1	403
Options written	—	404
Futures	3	—
Credit derivative contracts:		
Credit swap agreements	37	141
Commodity and equity contracts:		
Commodity(1)	97	113
Equity(1)	25	87
Other:		
Stable value contracts	24,771	24,583
Deferred value awards(2)	550	320
Derivatives designated as hedging instruments:		
Interest-rate contracts:		
Swap agreements	8,916	9,398
Foreign exchange contracts:		
Forward and swap	5,789	4,515

(1) Primarily composed of positions held by a consolidated sponsored investment fund, more fully described in Note 11.
(2) Represents grants of deferred value awards to employees; refer to discussion in this note under "Derivatives Not Designated as Hedging Instruments."

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(UNAUDITED)

In connection with our asset-and-liability management activities, we have entered into interest-rate contracts designated as fair value and cash flow hedges to manage our interest-rate risk. The following tables present the aggregate notional amounts of these interest-rate contracts and the related assets or liabilities being hedged as of the dates indicated:

(In millions)	March 31, 2016[1] Fair Value Hedges
Investment securities available for sale	$ 1,666
Long-term debt[2]	7,250
Total	$ 8,916

(In millions)	December 31, 2015[1] Fair Value Hedges
Investment securities available for sale	$ 1,698
Long-term debt[2]	7,700
Total	$ 9,398

[1] As of March 31, 2016 and December 31, 2015, there were no interest-rate contracts designated as cash flow hedges.
[2] As of March 31, 2016, these fair value hedges increased the carrying value of long-term debt presented in our consolidated statement of condition by $340 million. As of December 31, 2015, these fair value hedges decreased the carrying value of long-term debt presented in our consolidated statement of condition by $105 million.

The following table presents the contractual and weighted-average interest rates for long-term debt, which include the effects of the fair value hedges presented in the table above, for the periods indicated:

	Three Months Ended March 31,			
	2016		2015	
	Contractual Rates	Rate Including Impact of Hedges	Contractual Rates	Rate Including Impact of Hedges
Long-term debt	3.44 %	2.20 %	3.53 %	2.54 %

The following tables present the fair value of derivative financial instruments, excluding the impact of master netting agreements, recorded in our consolidated statement of condition as of the dates indicated. The impact of master netting agreements is disclosed in Note 8.

Derivative Assets[1]

(In millions)	Fair Value March 31, 2016	December 31, 2015
Derivatives not designated as hedging instruments:		

Foreign exchange contracts	$15,799	$ 10,799
Interest-rate contracts	1	2
Other derivative contracts	3	5
Total	$15,803	$ 10,806
Derivatives designated as hedging instruments:		
Foreign exchange contracts	$501	$ 517
Interest-rate contracts	370	133
Total	$871	$ 650

(1) Derivative assets are included within other assets in our consolidated statement of condition.

Derivative Liabilities(1)

(In millions)	Fair Value March 31, 2016	 December 31, 2015
Derivatives not designated as hedging instruments:		
Foreign exchange contracts	$15,705	$ 10,795
Other derivative contracts	144	103
Interest-rate contracts	1	2
Total	$15,850	$ 10,900
Derivatives designated as hedging instruments:		
Interest-rate contracts	$205	$ 180
Foreign exchange contracts	81	73
Total	$286	$ 253

(1) Derivative liabilities are included within other liabilities in our consolidated statement of condition.

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The following tables present the impact of our use of derivative financial instruments on our consolidated statement of income for the periods indicated:

	Location of Gain (Loss) on Derivative in Consolidated Statement of Income	Amount of Gain (Loss) on Derivative Recognized in Consolidated Statement of Income	
		Three Months Ended March 31,	
(In millions)		2016	2015
Derivatives not designated as hedging instruments:			
Foreign exchange contracts	Trading services revenue	$ 154	$ 204
Interest-rate contracts	Processing fees and other revenue	2	1
Interest-rate contracts	Trading services revenue	(2)	—
Credit derivative contracts	Trading services revenue	(1)	—
Other derivative contracts	Trading services revenue	1	2
Total		$ 154	$ 207

	Location of (Gain) Loss on Derivative in Consolidated Statement of Income	Amount of (Gain) Loss on Derivative Recognized in Consolidated Statement of Income	
		Three Months Ended March 31,	
(In millions)		2016	2015
Derivatives not designated as hedging instruments:			
Other derivative contracts	Compensation and employee benefits	$ 71	$ 59
Total		$ 71	$ 59

	Location of Gain (Loss) on Derivative in Consolidated Statement of Income	Amount of Gain (Loss) on Derivative Recognized in Consolidated Statement of Income		Hedged Item in Fair Value Hedging Relationship	Location of Gain (Loss) on Hedged Item in Consolidated Statement of Income	Amount of Gain (Loss) on Hedged Item Recognized in Consolidated Statement of Income	
		Three Months Ended March 31,				Three Months Ended March 31,	
(In millions)		2016	2015			2016	2015
Derivatives designated as fair value hedges:							
Foreign exchange contracts	Processing fees and other revenue	$ 44	$ (67)	Investment securities	Processing fees and other revenue	$ (44)	$ 67
Foreign exchange contracts	Processing fees and other revenue	248	—	FX deposit	Processing fees and other revenue	(248)	—
Interest-rate contracts	Processing fees and other revenue	(30)	(25)	Available-for-sale securities	Processing fees and other revenue[1]	31	25

Interest-rate contracts	Processing fees and other revenue	248	68	Long-term debt	Processing fees and other revenue	(240)	(65)
Total		$ 510	$ (24)			$ (501)	$ 27

(1) For the three months ended March 31, 2016 and 2015, $19 million and $15 million, respectively, of unrealized losses on AFS investment securities designated in fair value hedges was recognized in OCI.

Differences between the gains (losses) on the derivative and the gains (losses) on the hedged item, excluding any amounts recorded in net interest revenue, represent hedge ineffectiveness.

	Amount of Gain (Loss) on Derivative Recognized in Other Comprehensive Income		Location of Gain (Loss) Reclassified from OCI to Consolidated Statement of Income	Amount of Gain (Loss) Reclassified from OCI to Consolidated Statement of Income		Location of Gain (Loss) on Derivative Recognized in Consolidated Statement of Income	Amount of Gain (Loss) on Derivative Recognized in Consolidated Statement of Income	
	Three Months Ended March 31,			Three Months Ended March 31,			Three Months Ended March 31,	
(In millions)	2016	2015		2016	2015		2016	2015
Derivatives designated as cash flow hedges:								
Interest-rate contracts	$ —	$ —	Net interest revenue	$ —	$ (1)	Net interest revenue	$ —	$ —
Foreign exchange contracts	(113)	20	Net interest revenue		—	Net interest revenue	5	2
Total	$ (113)	$ 20		$ —	$ (1)		$ 5	$ 2

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Note 8. Offsetting Arrangements
We manage credit and counterparty risk by entering into enforceable netting agreements and other collateral arrangements with counterparties to derivative contracts and secured financing transactions, including resale and repurchase agreements, and principal securities borrowing and lending agreements. These netting agreements mitigate our counterparty credit risk by providing for a single net settlement with a counterparty of all financial transactions covered by the agreement in an event of default as defined under such agreement. In limited cases, a netting agreement may also provide for the periodic netting of settlement payments with

respect to multiple different transaction types in the normal course of business. For additional information on offsetting arrangements, refer to Note 11 to the consolidated financial statements on pages 169 to 172 in our 2015 Form 10-K.
As of March 31, 2016 and December 31, 2015, the fair value of securities received as collateral where we are permitted to transfer or re-pledge the securities totaled $3.44 billion and $3.05 billion, respectively, and the fair value of the portion that had been transferred or re-pledged as of the same date was $970 million and $262 million, respectively.

The following tables present information about the offsetting of assets related to derivative contracts and secured financing transactions, as of the dates indicated:

Assets:	March 31, 2016			December 31, 2015		
(In millions)	Gross Amounts of Recognized Assets[1][2]	Gross Amounts Offset in Statement of Condition[3]	Net Amounts of Assets Presented in Statement of Condition	Gross Amounts of Recognized Assets[1]	Gross Amounts Offset in Statement of Condition[3]	Net Amounts of Assets Presented in Statement of Condition
Derivatives:						
Foreign exchange contracts	$16,300	$(7,684)	$8,616	$11,316	$(5,896)	$5,420
Interest-rate contracts	371	(9)	362	135	(5)	130
Equity derivative contracts	—	—	—	1	—	1
Other derivative contracts	3	(2)	1	4	(2)	2
Cash collateral netting	N/A	(3,166)	(3,166)	N/A	(776)	(776)
Total derivatives	$16,674	$(10,861)	$5,813	$11,456	$(6,679)	$4,777
Other financial instruments:						
Resale agreements and securities borrowing[4]	$63,868	$(38,404)	$25,464	$62,522	$(38,997)	$23,525
Total derivatives and other financial instruments	$80,542	$(49,265)	$31,277	$73,978	$(45,676)	$28,302

(1) Amounts include all transactions regardless of whether or not they are subject to an enforceable netting arrangement.
(2) Derivative amounts are carried at fair value and securities financing amounts are carried at amortized cost, except for securities collateral which are also carried at fair value. Refer to Note 1 to the consolidated financial statements on pages 129 to 132 in our 2015 Form 10-K for additional information on the measurement basis of these instruments.
(3) Amounts subject to netting arrangements which have been determined to be legally enforceable and eligible for netting in the consolidated statement of condition.

(4) Included in the $25,464 million as of March 31, 2016 were $3,722 million of resale agreements and $21,742 million of collateral provided related to securities borrowing. Included in the $23,525 million as of December 31, 2015 were $3,404 million of resale agreements and $20,121 million of collateral provided related to securities borrowing. Resale agreements and collateral provided related to securities borrowing were recorded in securities purchased under resale agreements and other assets, respectively, in our consolidated statement of condition. Refer to Note 9 for additional information with respect to principal securities finance transactions.

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(In millions)	March 31, 2016 Net Amount of Assets Presented in Statement of Condition	March 31, 2016 Gross Amounts Not Offset in Statement of Condition: Counterparty Netting	March 31, 2016 Gross Amounts Not Offset in Statement of Condition: Cash and Securities Received[1]	March 31, 2016 Net Amount[2]	December 31, 2015 Net Amount of Assets Presented in Statement of Condition	December 31, 2015 Gross Amounts Not Offset in Statement of Condition: Counterparty Netting	December 31, 2015 Gross Amounts Not Offset in Statement of Condition: Collateral Received[1]	December 31, 2015 Net Amount[2]
Derivatives	$5,813	$—	$(403)	$5,410	$4,777	$—	$(405)	$4,372
Resale agreements and securities borrowing	25,464	(92)	(24,882)	490	23,525	(63)	(22,812)	650
Total	$31,277	$(92)	$(25,285)	$5,900	$28,302	$(63)	$(23,217)	$5,022

(1) Includes securities in connection with our securities borrowing transactions.
(2) Includes amounts secured by collateral not determined to be subject to enforceable netting arrangements.

The following tables present information about the offsetting of liabilities related to derivative contracts and secured financing transactions, as of the dates indicated:

Liabilities:

(In millions)	March 31, 2016 Gross Amounts of Recognized Liabilities	March 31, 2016 Gross Amounts Offset in Statement of Condition[(1)(2)(3)]	March 31, 2016 Net Amounts of Liabilities Presented in Statement of Condition	December 31, 2015 Gross Amounts of Recognized Liabilities	December 31, 2015 Gross Amounts Offset in Statement of Condition[(1)(3)]	December 31, 2015 Net Amounts of Liabilities Presented in Statement of Condition
Derivatives:						
Foreign exchange contracts	$15,786	$(7,684)	$8,102	$10,868	$(5,896)	$4,972
Interest-rate contracts	206	(9)	197	182	(5)	177
Other derivative contracts	144	(2)	142	103	(2)	101
Cash collateral netting	N/A	(856)	(856)	N/A	(1,118)	(1,118)
Total derivatives	$16,136	$(8,551)	$7,585	$11,153	$(7,021)	$4,132
Other financial instruments:						
Repurchase agreements and securities lending[4]	$46,420	$(38,404)	$8,016	$46,766	$(38,997)	$7,769
Total derivatives and other financial instruments	$62,556	$(46,955)	$15,601	$57,919	$(46,018)	$11,901

(1) Amounts include all transactions regardless of whether or not they are subject to an enforceable netting arrangement.
(2) Derivative amounts are carried at fair value and securities financing amounts are carried at amortized cost, except for securities collateral which are also carried at fair value. Refer to Note 1 to the consolidated financial statements on pages 129 to 132 in our 2015 Form 10-K for additional information on the measurement basis of these instruments.
(3) Amounts subject to netting arrangements which have been determined to be legally enforceable and eligible for netting in the consolidated statement of condition.
(4) Included in the $8,016 million as of March 31, 2016 were $4,224 million of repurchase agreements and $3,792 million of collateral received related to securities lending. Included in the $7,769 million as of December 31, 2015 were $4,499 million of repurchase agreements and $3,270 million of collateral received related to securities lending. Repurchase agreements and collateral received related to securities lending were recorded in securities sold under repurchase agreements and accrued expenses and other liabilities, respectively, in our consolidated statement of condition. Refer to Note 9 for additional information with respect to principal securities finance transactions.

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	March 31, 2016				December 31, 2015			
		Gross Amounts Not Offset in Statement of Condition				Gross Amounts Not Offset in Statement of Condition		
(In millions)	Net Amount of Liabilities Presented in Statement of Condition	Counterparty Netting	Cash and Securities Provided[1]	Net Amount[2]	Net Amount of Liabilities Presented in Statement of Condition	Counterparty Netting	Collateral Provided[1]	Net Amount[2]
Derivatives	$7,585	$—	$ (119)	$ 7,466	$4,132	$—	$ (64)	$ 4,068
Repurchase agreements and securities lending	8,016	(92)	(5,797)	2,127	7,769	(63)	(5,287)	2,419
Total	$15,601	$(92)	$ (5,916)	$ 9,593	$11,901	$(63)	$ (5,351)	$ 6,487

(1) Includes securities provided in connection with our securities lending transactions.
(2) Includes amounts secured by collateral not determined to be subject to enforceable netting arrangements.

The securities transferred under resale and repurchase agreements typically are U.S. Treasury, agency and agency mortgage-backed securities. In our principal securities borrowing and lending arrangements, the securities transferred in exchange for the collateral are predominantly equity securities and some corporate debt securities. The fair value of the securities transferred may increase in value to an amount greater than the amount received under our

repurchase and securities lending arrangements, which exposes the Company with counterparty risk. We require the review of the price of the underlying securities in relation to the carrying value of the repurchase agreements and securities lending arrangements on a daily basis and when appropriate, adjust the cash or security to be obtained or returned to counterparties that is reflective of the required collateral levels.

The following table summarizes our repurchase agreements and securities lending transactions by category of collateral pledged and remaining maturity of these agreements as of March 31, 2016:

	Remaining Contractual Maturity of the Agreements			
(In millions)	Overnight and Continuous	Up to 30 days	30 – 90 days	Total
Repurchase agreements:				
U.S. Treasury and agency securities	$36,454	$ —	$—	$36,454
Non-U.S. sovereign debt	76	—	—	76
Total	36,530	—	—	36,530
Securities lending transactions:				
Corporate debt securities	1	—	—	1
Equity securities	8,810	—	965	9,775

Non-U.S. sovereign debt	114	—	—	114
Total	8,925	—	965	9,890
Gross amount of recognized liabilities for repurchase agreements and securities lending	$45,455	$ —	$965	$46,420

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Note 9. Commitments and Guarantees
For additional information regarding our commitments and guarantees, refer to Note 12 in the consolidated financial statements on pages 173 to 174 in our 2015 Form 10-K.
Commitments:
We had unfunded off-balance sheet commitments to extend credit generally through lines of credit and short-duration advance facilities totaling $23.57 billion and $22.58 billion as of March 31, 2016 and December 31, 2015, respectively. The maximum possible losses associated with these commitments, excluding the value of any collateral, equal the gross contractual amounts. As of March 31, 2016, approximately 75% of our unfunded commitments to extend credit expire within one year. Since many of these commitments are expected to expire or renew without being drawn upon, the gross contractual amounts do not necessarily represent our future cash requirements.
Guarantees:
Off-balance sheet guarantees comprise indemnified securities financing, stable value protection, asset purchase agreements, and standby letters of credit. The following table, which presents the aggregate gross contractual amounts of our off-balance sheet guarantees as of the dates indicated, does not consider the value of any collateral, which may mitigate any potential loss. Amounts presented do not reflect participations to independent third parties.

(In millions)	March 31, 2016	December 31, 2015
Indemnified securities financing	$337,941	$ 320,436
Stable value protection	24,771	24,583
Asset purchase agreements	4,128	3,990
Standby letters of credit	4,293	4,700

Indemnified Securities Financing
On behalf of our clients, we lend their securities, as agent, to brokers and other institutions. In most circumstances, we indemnify our clients for the fair market value of those securities against a failure of the borrower to return such securities.

The following table summarizes the aggregate fair values of indemnified securities financing and related collateral, as well as collateral invested in indemnified repurchase agreements, as of the dates indicated:

(In millions)	March 31, 2016	December 31, 2015
Fair value of indemnified securities financing	$337,941	$ 320,436
Fair value of cash and securities held by us, as agent, as collateral for indemnified securities financing	351,581	335,420
Fair value of collateral for indemnified securities financing invested in indemnified repurchase agreements	67,008	63,055
Fair value of cash and securities held by us or our agents as collateral for investments in indemnified repurchase agreements	70,743	67,016

In certain cases, we participate in securities finance transactions as a principal. As a principal, we borrow securities from the lending client and then lend such securities to the subsequent borrower, either a State Street client or a broker/dealer. Collateral provided and received in connection with such transactions is recorded in other assets and accrued expenses and other liabilities, respectively, in our consolidated statement of condition. As of March 31, 2016 and December 31, 2015, we had approximately $21.74 billion and $20.12 billion, respectively, of collateral provided and approximately $3.79 billion and $3.27 billion, respectively, of collateral received from clients in connection with our participation in principal securities finance transactions.
Stable Value Protection

In the normal course of our business, we offer products that provide book-value protection, primarily to plan participants in stable value funds managed by non-affiliated investment managers of post-retirement defined contribution benefit plans, particularly 401(k) plans. The book-value protection is provided on portfolios of intermediate investment grade fixed-income securities, and is intended to provide safety and stable growth of principal invested. The protection is intended to cover any shortfall in the event that a significant number of plan participants withdraw funds when book value exceeds market value and the liquidation of the assets is not sufficient to redeem the participants. The investment parameters of the underlying portfolios, combined with structural protections, are designed to provide cushion and guard against payments even under extreme stress scenarios.

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These contingencies are individually accounted for as derivative financial instruments. The notional amounts of the stable value contracts are presented as “derivatives not designated as hedging instruments” in the table of aggregate notional amounts of derivative financial instruments provided in Note 7. We have not made a payment under these contingencies that we consider material to our consolidated financial condition, and management believes that the probability of payment under these contingencies in the future, that we would consider material to our consolidated financial condition, is remote.

Note 10. Contingencies

Legal and Regulatory Matters:

In the ordinary course of business, we and our subsidiaries are involved in disputes, litigation, and governmental or regulatory inquiries and investigations, both pending and threatened. These matters, if resolved adversely against us or settled, may result in monetary damages, fines and penalties or require changes in our business practices. The resolution or settlement of these matters is inherently difficult to predict. Based on our assessment of these pending matters, we do not believe that the amount of any judgment, settlement or other action arising from any pending matter is likely to have a material adverse effect on our consolidated financial condition. However, an adverse outcome in certain of the matters described below could have a material adverse effect on our consolidated results of operations for the period in which such matter is resolved, or an accrual is determined to be required, on our consolidated financial condition, or on our reputation.

We evaluate our needs for accruals of loss contingencies related to legal proceedings on a case-by-case basis. When we have a liability that we deem probable and that we deem can be reasonably estimated as of the date of our consolidated financial statements, we accrue for our estimate of the loss. We also consider a loss probable and establish an accrual when we make, or intend to make, an offer of settlement. Once established, an accrual is subject to subsequent adjustment as a result of additional information. The resolution of proceedings and the reasonably estimable loss (or range thereof) are inherently difficult to predict, especially in the early stages of proceedings. Even if a loss is probable, due to many complex factors, such as speed of discovery and the timing of court decisions or rulings, a loss or range of loss might not be reasonably estimated until the later stages of the proceeding.

As of March 31, 2016, our aggregate accruals for legal loss contingencies and regulatory matters totaled approximately $575 million (excluding the accrual of $240 million in connection with errors in invoicing certain of our Investment Servicing clients). To the extent that we have established accruals in our consolidated statement of condition for probable loss contingencies, such accruals may not be sufficient to cover our ultimate financial exposure associated with any settlements or judgments. We may be subject to proceedings in the future that, if adversely resolved, would have a material adverse effect on our businesses or on our future consolidated financial statements. Except where otherwise noted below, we have not established accruals with respect to the claims discussed and do not believe that potential exposure is probable and can be reasonably estimated.

The following discussion provides information with respect to significant legal and regulatory matters.

Foreign Exchange

We offer our custody clients and their investment managers the option to route foreign exchange transactions to our foreign exchange desk through our asset servicing operation. We record as revenue an amount approximately equal to the difference between the rates we set for those trades and indicative interbank market rates at the time of settlement of the trade.

As discussed more fully below, claims have been asserted on behalf of certain current and former custody clients, and future claims may be asserted, alleging that our indirect foreign exchange rates (including the differences between those rates and indicative interbank market rates at the time we executed the trades) were not adequately disclosed or were otherwise improper, and seeking to recover, among other things, the full amount of the revenue we obtained from our indirect foreign exchange trading with them.

Attorneys general and other government authorities from a number of jurisdictions, as well as U.S. Attorney's offices, the U.S. Department of Labor and the SEC, have requested information or issued subpoenas in connection with inquiries into the pricing of our indirect foreign exchange trading.

In February 2011, a putative class action was filed in federal court in Boston seeking unspecified damages, including treble damages, on behalf of all custodial clients that executed certain foreign exchange transactions with State Street from 1998 to 2009. The putative class action alleges, among other things, that the rates at which State Street executed

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foreign currency trades constituted an unfair and deceptive practice under Massachusetts law and a breach of the duty of loyalty.

Two other putative class actions are currently pending in federal court in Boston alleging various violations of ERISA on behalf of all ERISA plans custodied with us that executed indirect foreign exchange trades with State Street from 1998 onward. The complaints allege that State Street caused class members to pay unfair and unreasonable rates on indirect foreign exchange trades with State Street. The complaints seek unspecified damages, disgorgement of profits, and other equitable relief. Other claims may be asserted in the future, including in response to developments in the actions discussed above or governmental proceedings.

If these matters were to proceed to trial, we expect that plaintiffs would seek to recover their share of all or a portion of the revenue that we have recorded from indirect foreign exchange trades. We cannot predict whether a court, in the event of an adverse resolution, would consider our revenue to be the appropriate measure of damages.

The following table summarizes our estimated total revenue worldwide from indirect foreign exchange trading for the periods indicated:

(In millions)	Revenue from indirect foreign exchange trading
Twelve Months Ended December 31, 2008	$ 462
Twelve Months Ended December 31, 2009	369
Twelve Months Ended December 31, 2010	336
Twelve Months Ended December 31, 2011	331
Twelve Months Ended December 31, 2012	248
Twelve Months Ended December 31, 2013	285
Twelve Months Ended December 31, 2014	246
Twelve Months Ended December 31, 2015	280
Three Months Ended March 31, 2016	66

We believe that the amount of our revenue from such trading has been of a similar or lesser order of magnitude for many years prior to 2008. Our revenue calculations related to indirect foreign exchange trading reflect a judgment concerning the relationship between the rates we charge for indirect foreign exchange execution and indicative interbank market rates near in time to execution. Our revenue from foreign exchange trading generally depends on the difference between the rates we set for those indirect trades and indicative interbank market rates at the time of settlement of the trade.

As of March 31, 2016, we have accrued a total of $565 million associated with our indirect foreign

exchange business. This accrual reflects the current status of our ongoing efforts to seek to resolve the outstanding claims asserted in the United States against us by federal governmental entities and U.S. civil litigants with regard to our indirect foreign exchange business. Although we believe this recorded legal accrual will address the financial demands associated with these claims, significant non-financial terms remain outstanding. In addition, there can be no assurance that other claims will not be asserted in the future. Consequently, there can be no assurance that we will enter into these settlements, that the cost of any settlements or other resolutions of any such matters will not materially exceed our accruals or that other, potentially material, claims relating to our indirect foreign exchange business will not be asserted against us. An adverse outcome with respect to one or more claims, whether or not currently asserted, relating to our indirect foreign exchange business could have a material adverse effect on our reputation, on our consolidated results of operations for the period in which the adverse outcome occurs (or an accrual is determined to

be required), or on our consolidated financial condition.
Transition Management
In January 2014, we entered into a settlement with the U.K. FCA, pursuant to which we paid a fine of £22.9 million (approximately $37.8 million), as a result of our having charged six clients of our U.K. transition management business during 2010 and 2011 amounts in excess of the contractual terms. The SEC and the U.S. Attorney are conducting separate investigations into this matter. In April 2016, the U.S. Attorney’s office in Boston charged two former employees in our U.K. transition management business with criminal fraud in connection with their alleged role in this matter. We do not know at this time what actions the U.S. Attorney or the SEC will take with respect to State Street. Such actions could include civil or criminal proceedings and could involve significant fines or other sanctions or penalties, any of which could have a material adverse effect on our reputation or on client demand for our products and services. As of March 31, 2016, we had remaining accruals of approximately $2.0 million for indemnification costs associated with this matter.
Federal Reserve/Massachusetts Division of Banks Written Agreement
On June 1, 2015, we entered into a written agreement with the Federal Reserve and the Massachusetts Division of Banks relating to deficiencies identified in its compliance programs with the requirements of the Bank Secrecy Act, AML regulations and U.S. economic sanctions regulations

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promulgated by OFAC. As part of this enforcement action, State Street is required to, among other things, implement improvements to our compliance programs and to retain an independent firm to conduct a review of account and transaction activity covering a prior three-month period to evaluate whether any suspicious activity not previously reported should have been identified and reported in accordance with applicable regulatory requirements. If deficiencies in our historical reporting are identified as a result of the transaction review or if we fail to comply with the terms of the written agreement, we may become subject to fines and other regulatory sanctions, which may have a material adverse effect on us.

Invoicing Matter

In December 2015, we announced a review of the manner in which we invoiced certain expenses to certain of our Investment Servicing clients, primarily in the United States, during an 18-year period going back to 1998 and our determination that we had incorrectly invoiced clients for expenses in the aggregate amount of approximately $240 million. We have informed our clients that we will pay to them the expenses we concluded were incorrectly invoiced to them, plus interest. In conjunction with that review, we are evaluating other aspects of invoicing relating to billing our Investment Servicing clients, including calculation of asset-based fees. We are in communication with certain governmental authorities about these matters, including the Department of Justice, the SEC, the Department of Labor and the Massachusetts Attorney General. In April 2016, the Massachusetts Secretary of State commenced an administrative enforcement proceeding against State Street Global Markets, LLC, alleging that our allegedly unethical behavior concerning expense invoices caused State Street Global Markets, LLC to violate state law governing the securities industry by virtue of our alleged control of State Street Global Markets, LLC. The complaint seeks to impose a censure, a fine and to provide for reimbursement or other relief. It is possible that we may be required to reimburse clients for additional amounts, clients or governmental authorities may assert other theories of liability, or we may become subject to other regulatory proceedings and litigation in connection with these matters, any of which could have a material adverse effect on our reputation or business, including on client demand for our products and services.

Income Taxes:

In determining our provision for income taxes, we make certain judgments and interpretations with respect to tax laws in jurisdictions in which we have business operations. Because of the complex nature

of these laws, in the normal course of our business, we are subject to challenges from U.S. and non-U.S. income tax authorities regarding the amount of income taxes due. These challenges may result in adjustments to the timing or amount of taxable income or deductions or the allocation of taxable income among tax jurisdictions. We recognize a tax benefit when it is more likely than not that our position will result in a tax deduction or credit. Unrecognized tax benefits totaled approximately $63 million as of both March 31, 2016 and December 31, 2015.

The Internal Revenue Service is currently reviewing our U.S. income tax returns for the tax years 2012 and 2013. We are presently under audit by a number of tax authorities. The earliest tax year open to examination in jurisdictions where we have material operations is 2009. Management believes that we have sufficiently accrued liabilities as of March 31, 2016 for tax exposures.

Note 11. Variable Interest Entities

For additional information on our VIEs, refer to Note 14 to the consolidated financial statements on pages 176 to 177 in our 2015 Form 10-K.

Tax-Exempt Investment Program:

In the normal course of our business, we structure and sell certificated interests in pools of tax-exempt investment-grade assets, principally to our mutual fund clients. We structure these pools as partnership trusts, and the assets and liabilities of the trusts are recorded in our consolidated statement of condition as AFS investment securities and other short-term borrowings. As of March 31, 2016 and December 31, 2015, we carried AFS investment securities, composed of securities related to state and political subdivisions, with a fair value of $2.06 billion and

$2.10 billion, respectively, and other short-term borrowings of $1.68 billion and $1.75 billion, respectively, in our consolidated statement of condition in connection with these trusts. The interest revenue and interest expense generated by the investments and certificated interests, respectively, are recorded as components of net interest revenue when earned or incurred.

The trusts had a weighted-average life of approximately 5.3 years as of March 31, 2016, compared to approximately 5.4 years as of December 31, 2015.

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Under separate legal agreements, we provide standby bond-purchase agreements to these trusts and, with respect to certain securities, letters of credit. Our commitments to the trusts under these standby bond-purchase agreements and letters of credit totaled $1.71 billion and $546 million, respectively. As of March 31, 2016, $20 million of the standby bond-purchase agreements was utilized.
Interests in Sponsored Investment Funds:
As of March 31, 2016, the aggregate assets and liabilities of our consolidated sponsored investment funds totaled $330 million and $241 million, respectively. As of December 31, 2015, the aggregate assets and liabilities of our consolidated sponsored investment funds totaled $321 million and $228 million, respectively.
As of March 31, 2016, our potential maximum total exposure associated with the consolidated sponsored investment funds totaled $57 million and represented the value of our economic ownership interest in the fund.
As of March 31, 2016 and December 31, 2015, we managed certain sponsored investment funds, considered VIEs, in which we held a variable interest but for which we were not deemed to be the primary beneficiary. Our potential maximum loss exposure related to these unconsolidated funds totaled $129 million and $75 million as of March 31, 2016 and December 31, 2015, respectively, and represented the carrying value of our seed capital investment, which is recorded in either AFS investment securities or other assets in our consolidated statement of condition. The amount of loss we may recognize during any period is limited to the carrying amount of our seed capital investment in the unconsolidated fund.

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STATE STREET CORPORATION
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(UNAUDITED)

Note 12. Shareholders' Equity

Preferred Stock:
The following table summarizes selected terms of each of the series of the preferred stock issued and outstanding as of March 31, 2016:

	Issuance Date	Depositary Shares Issued	Ownership Interest per Depositary Share	Liquidation Preference Per Share	Liquidation Preference Per Depositary Share	Net Proceeds of Offering (in millions)	Redemption Date[1]
Preferred Stock:[2]							
Series C	August 2012	20,000,000	1/4,000th	$ 100,000	$ 25	$ 488	September 15, 2017
Series D	February 2014	30,000,000	1/4,000th	100,000	25	742	March 15, 2024
Series E	November 2014	30,000,000	1/4,000th	100,000	25	728	December 15, 2019
Series F	May 2015	750,000	1/100th	100,000	1,000	742	September 15, 2020

[1] On the redemption date, or any dividend declaration date thereafter, the preferred stock and corresponding depositary shares may be redeemed by us, in whole or in part, at the liquidation price per share and liquidation price per depositary share plus any declared and unpaid dividends, without accumulation of any undeclared dividends.
[2] The preferred stock and corresponding depositary shares may be redeemed at our option in whole, but not in part, prior to the redemption date upon the occurrence of a regulatory capital treatment event, as defined in the certificate of designation, at a redemption price equal to the liquidation price per share and liquidation price per depositary share plus any declared and unpaid dividends, without accumulation of any undeclared dividends.
The following table presents the dividends declared for each of the series of preferred stock issued and outstanding for the periods indicted:

	Three Months Ended March 31,					
	2016			2015		
	Dividends Declared	Dividends Declared per Depositary Share	Total (in millions)[1]	Dividends Declared	Dividends Declared per Depositary Share	Total (in millions)
Preferred Stock:						
Series C	$ 1,313	$ 0.33	$ 7	$ 1,313	$ 0.33	$ 6
Series D	1,475	0.37	11	1,475	0.37	11
Series E	1,500	0.38	11	1,833	0.46	14
Series F	2,625	26.25	20	—	—	—
Total			$ 49			$ 31

[1] Dividends were paid in March 2016.

In April 2016, we issued 20 million depositary shares, each representing 1/4,000th ownership interest in shares of State Street's fixed-to-floating rate non-cumulative perpetual preferred stock, Series G, without par value per share, with a liquidation preference of $100,000 per share (equivalent to $25 per depositary share), in a public offering.

Common Stock:

In March 2015 our Board approved a common stock purchase program authorizing the purchase of up to $1.8 billion of our common stock through June 30, 2016, (the 2015 Program). The table below presents the activity under the 2015 program during the three months ended March 31, 2016.

	Three Months Ended March 31, 2016		
	Shares Purchased (in millions)	Average Cost per Share	Total Purchased (in millions)
2015 Program	5.6	$ 57.88	$ 325

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STATE STREET CORPORATION
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(UNAUDITED)

The table below presents the dividends declared on common stock for the periods indicated:

	Three Months Ended March 31,			
	Dividends Declared per Share 2016	Total (in millions)	Dividends Declared per Share 2015	Total (in millions)
Common Stock	$0.34	$ 135	$0.30	$ 124

Accumulated Other Comprehensive Income (Loss):
The following table presents the after-tax components of AOCI as of the dates indicated:

(In millions)	March 31, 2016	December 31, 2015
Net unrealized gains on cash flow hedges	$ 225	$ 293
Net unrealized gains (losses) on available-for-sale securities portfolio	266	9
Net unrealized gains (losses) related to reclassified available-for-sale securities	(24)	(28)
Net unrealized gains (losses) on available-for-sale securities	242	(19)
Net unrealized losses on available-for-sale securities designated in fair value hedges	(129)	(109)
Other-than-temporary impairment on available-for-sale securities related to factors other than credit	—	—
Net unrealized losses on hedges of net investments in non-U.S. subsidiaries	(14)	(14)
Other-than-temporary impairment on held-to-maturity securities related to factors other than credit	(15)	(16)
Net unrealized losses on retirement plans	(185)	(183)
Foreign currency translation	(1,088)	(1,394)
Total	$ (964)	$ (1,442)

The following tables present changes in AOCI by component, net of related taxes, for the periods indicated:

	Three Months Ended March 31, 2016						
(In millions)	Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available-for-Sale Securities	Net Unrealized Losses on Hedges of Net Investments in Non-U.S. Subsidiaries	Other-Than-Temporary Impairment on Held-to-Maturity Securities	Net Unrealized Losses on Retirement Plans	Foreign Currency Translation	Total
Balance as of December 31, 2015	$293	$ (128)	$ (14)	$ (16)	$ (183)	$ (1,394)	$ (1,442)
Other comprehensive income (loss) before reclassifications	(68)	238	—	1	(3)	306	474
Amounts reclassified into (out of) earnings	—	3	—	—	1	—	4
Other comprehensive income (loss)	(68)	241	—	1	(2)	306	478
Balance as of March 31, 2016	$225	$ 113	$ (14)	$ (15)	$ (185)	$ (1,088)	$ (964)

	Three Months Ended March 31, 2015	
(In millions)		Total

	Net Unrealized Gains (Losses) on Cash Flow Hedges	Net Unrealized Gains (Losses) on Available-for-Sale Securities	Net Unrealized Losses on Hedges of Net Investments in Non-U.S. Subsidiaries	Other-Than-Temporary Impairment on Held-to-Maturity Securities	Net Unrealized Losses on Retirement Plans	Foreign Currency Translation	
Balance as of December 31, 2014	$276	$ 192	$ (14)	$ (29)	$ (272)	$ (660)	$ (507)
Other comprehensive income (loss) before reclassifications	11	179	—	5	—	(699)	(504)
Amounts reclassified into (out of) earnings	1	—	—	(1)	5	—	5
Other comprehensive income (loss)	12	179	—	4	5	(699)	(499)
Balance as of March 31, 2015	$288	$ 371	$ (14)	$ (25)	$ (267)	$ (1,359)	$ (1,006)

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STATE STREET CORPORATION
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(UNAUDITED)

The following table presents after-tax reclassifications into earnings for the periods indicated:

(In millions)	Three Months Ended March 31, 2016	2015	Affected Line Item in Consolidated Statement of Income
	Amounts Reclassified into Earnings		
Cash flow hedges:			
Interest-rate contracts, net of related taxes of $0 and $0, respectively	$ —	$ 1	Net interest revenue
Available-for-sale securities:			
Net realized gains from sales of available-for-sale securities, net of related taxes of ($1) and $0, respectively	3	—	Net gains (losses) from sales of available-for-sale securities
Held-to-maturity securities:			
Other-than-temporary impairment on held-to-maturity securities related to factors other than credit	—	(1)	Losses reclassified (from) to other comprehensive income
Retirement plans:			
Amortization of actuarial losses, net of related taxes of ($2) and ($4), respectively	1	5	Compensation and employee benefits expenses
Total reclassifications out of AOCI	$ 4	$ 5	

Note 13. Regulatory Capital

We are subject to various regulatory capital requirements administered by federal banking agencies. Failure to meet minimum regulatory capital requirements can initiate certain mandatory and discretionary actions by regulators that, if undertaken, could have a direct material effect on our consolidated financial condition. Under current regulatory capital adequacy guidelines, we must meet specified capital requirements that involve quantitative measures of our consolidated assets, liabilities and off-balance sheet exposures calculated in conformity with regulatory accounting practices. Our capital components and their classifications are subject to qualitative judgments by regulators about components, risk weightings and other factors. For additional information on regulatory capital, and the requirements to which we are subject, refer to Note 16 to the consolidated financial statements on pages 180 and 181 in our 2015 Form 10-K.

As required by the Dodd-Frank Act, State Street and State Street Bank, as advanced approaches banking organizations, are subject to a permanent "capital floor" in the calculation and assessment of their regulatory capital adequacy by U.S. banking regulators. Beginning on January 1, 2015, we were required to calculate our risk-based capital ratios using both the advanced approaches and the standardized approach. As a result, from January 1, 2015 going forward, our risk-based capital ratios for regulatory assessment purposes are the lower of each ratio calculated under the standardized approach and the advanced approaches.

The methods for the calculation of our and State Street Bank's risk-based capital ratios will change as the provisions of the Basel III final rule related to the numerator (capital) and denominator (risk-weighted assets) are phased in, and as we begin calculating our risk-weighted assets using the advanced approaches. These ongoing methodological changes will result in differences in our reported capital ratios from one reporting period to the next that are independent of applicable changes to our capital base, our asset composition, our off-balance sheet exposures or our risk profile.

As of March 31, 2016, State Street and State Street Bank exceeded all regulatory capital adequacy requirements to which they were subject. As of March 31, 2016, State Street Bank was categorized as “well capitalized” under the applicable regulatory capital adequacy framework, and exceeded all “well capitalized” ratio guidelines to which it was subject. Management believes that no conditions or events have occurred since March 31, 2016 that have changed the capital categorization of State Street Bank.

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STATE STREET CORPORATION
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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The following table presents the regulatory capital structure, total risk-weighted assets, related regulatory capital ratios and the minimum required regulatory capital ratios for State Street and State Street Bank as of the dates indicated. As a result of changes in the methodologies used to calculate our regulatory capital ratios from period to period as the provisions of the Basel III final rule are phased in, the ratios presented in the table for each period-end are not directly comparable. Refer to the footnotes following the table.

	State Street				State Street Bank			
(Dollars in millions)	Basel III Advanced Approaches March 31, 2016[(1)]	Basel III Standardized Approach March 31, 2016[(2)]	Basel III Advanced Approaches December 31, 2015[(1)]	Basel III Standardized Approach December 31, 2015[(2)]	Basel III Advanced Approaches March 31, 2016[(1)]	Basel III Standardized Approach March 31, 2016[(2)]	Basel III Advanced Approaches December 31, 2015[(1)]	Basel III Standardized Approach December 31, 2015[(2)]
Common shareholders' equity:								
Common stock and related surplus	$10,243	$10,243	$10,250	$10,250	$10,941	$10,941	$10,938	$10,938
Retained earnings	16,233	16,233	16,049	16,049	10,997	10,997	10,655	10,655
Accumulated other comprehensive income (loss)	(1,020)	(1,020)	(1,422)	(1,422)	(841)	(841)	(1,230)	(1,230)
Treasury stock, at cost	(6,719)	(6,719)	(6,457)	(6,457)	—	—	—	—
Total	18,737	18,737	18,420	18,420	21,097	21,097	20,363	20,363
Regulatory capital adjustments:								
Goodwill and other intangible assets, net of associated deferred tax liabilities[(3)]	(6,242)	(6,242)	(5,927)	(5,927)	(5,938)	(5,938)	(5,631)	(5,631)
Other adjustments	(91)	(91)	(60)	(60)	(88)	(88)	(85)	(85)
Common equity tier 1 capital	12,404	12,404	12,433	12,433	15,071	15,071	14,647	14,647
Preferred stock	2,703	2,703	2,703	2,703	—	—	—	—
Trust preferred capital securities subject to phase-out from tier 1 capital	—	—	237	237	—	—	—	—
Other adjustments	(75)	(75)	(109)	(109)	—	—	—	—
Tier 1 capital	15,032	15,032	15,264	15,264	15,071	15,071	14,647	14,647

Qualifying subordinated long-term debt	1,259	1,259	1,358	1,358	1,271	1,271	1,371	1,371
Trust preferred capital securities phased out of tier 1 capital	890	890	713	713	—	—	—	—
ALLL and other	9	66	12	66	5	66	8	66
Other adjustments	1	1	2	2	—	—	—	—
Total capital	$17,191	$17,248	$17,349	$17,403	$16,347	$16,408	$16,026	$16,084
Risk-weighted assets:								
Credit risk	$52,865	$98,133	$51,733	$93,515	$48,489	$93,520	$47,677	$89,164
Operational risk	44,231	NA	43,882	NA	43,663	NA	43,324	NA
Market risk(4)	3,537	1,484	3,937	2,378	3,523	1,484	3,939	2,378
Total risk-weighted assets	$100,633	$99,617	$99,552	$95,893	$95,675	$95,004	$94,940	$91,542
Adjusted quarterly average assets	$217,029	$217,029	$221,880	$221,880	$212,843	$212,843	$217,358	$217,358

Capital Ratios:	Minimum Requirements Including Capital Conservation Buffer and G-SIB Surcharge(5) 2016	Minimum Requirements(6)								
Common equity tier 1 capital	5.5 %	4.5 %	12.3 %	12.5 %	12.5 %	13.0 %	15.8 %	15.9 %	15.4 %	16.0 %
Tier 1 capital	7.0	6.0	14.9	15.1	15.3	15.9	15.8	15.9	15.4	16.0
Total capital	9.0	8.0	17.1	17.3	17.4	18.1	17.1	17.3	16.9	17.6
Tier 1 leverage	4.0	4.0	6.9	6.9	6.9	6.9	7.1	7.1	6.7	6.7

NA: Not applicable.

(1) Common equity tier 1 capital, tier 1 capital and total capital ratios as of March 31, 2016 and December 31, 2015 were calculated in conformity with the advanced approaches provisions of the Basel III final rule. Tier 1 leverage ratio as of March 31, 2016 and December 31, 2015 were calculated in conformity with the Basel III final rule.

(2) Common equity tier 1 capital, tier 1 capital and total capital ratios as of March 31, 2016 were calculated in conformity with the standardized approach provisions of the Basel III final rule. Tier 1 leverage ratio as of March 31,

2016 was calculated in conformity with the Basel III final rule.

(3) Amounts for State Street and State Street Bank as of March 31, 2016 consisted of goodwill, net of associated deferred tax liabilities, and 60% of other intangible assets, net of associated deferred tax liabilities. Amounts for State Street and State Street Bank as of December 31, 2015 consisted of goodwill, net of deferred tax liabilities and 40% of other intangible assets, net of associated deferred tax liabilities. Intangible assets, net of associated deferred tax liabilities is phased in as a deduction from capital, in conformity with the Basel III final rule.

(4) Market risk risk-weighted assets reported in conformity with the Basel III advanced approaches included a CVA which reflected the risk of potential fair-value adjustments for credit risk reflected in our valuation of over-the-counter derivative contracts. The CVA was not provided for in the final market risk capital rule; however, it was required by the advanced approaches provisions of the Basel III final rule. State Street used the simple CVA approach in conformity with the Basel III advanced approaches.

(5) Minimum requirements will be phased in up to full implementation beginning on January 1, 2019; minimum requirements listed are as of March 31, 2016.

(6) Minimum requirements will be phased in up to full implementation beginning on January 1, 2019; minimum requirements listed are as of December 31, 2015.

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STATE STREET CORPORATION
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Note 14. Net Interest Revenue
The following table presents the components of interest revenue and interest expense, and related net interest revenue, for the periods indicated:

(In millions)	Three Months Ended March 31, 2016	2015
Interest revenue:		
Deposits with banks	$43	$54
Investment securities:		
U.S. Treasury and federal agencies	211	183
State and political subdivisions	52	58
Other investments	183	259
Securities purchased under resale agreements	36	11
Loans and leases	91	74
Other interest-earning assets	13	3
Total interest revenue	629	642
Interest expense:		
Deposits	38	26
Short-term borrowings	—	1
Long-term debt	61	62
Other interest-bearing liabilities	18	7
Total interest expense	117	96
Net interest revenue	$512	$546

Note 15. Expenses
The following table presents the components of other expenses for the periods indicated:

(In millions)	Three Months Ended March 31, 2016	2015
Insurance	$22	$37
Regulatory fees and assessments	20	34
Securities processing	4	20
Litigation	—	150
Other	66	60
Total other expenses	$112	$301

Restructuring Charges
In the three months ended March 31, 2016, we recorded net restructuring charges of $97 million due to State Street Beacon, consisting of approximately $86 million of employee-related expenses and approximately $11 million of other restructuring costs.
Note 16. Earnings Per Common Share
Basic EPS is calculated pursuant to the “two-class” method, by dividing net income available to common shareholders by the weighted-average common shares outstanding during the period. Diluted EPS is calculated pursuant to the two-class method, by dividing net income available to common

shareholders by the total weighted-average number of common shares outstanding for the period plus the shares representing the dilutive effect of common stock options and other equity-based awards. The effect of common stock options and other equity-based awards is excluded from the calculation of diluted EPS in periods in which their effect would be anti-dilutive.
The two-class method requires the allocation of undistributed net income between common and participating shareholders. Net income available to common shareholders, presented separately in our consolidated statement of income, is the basis for the calculation of both basic and diluted EPS. Participating securities are composed of unvested restricted stock and fully vested deferred director stock awards, which are equity-based awards that contain non-forfeitable rights to dividends, and are considered to participate with the common stock in undistributed earnings.
The following table presents the computation of basic and diluted earnings per common share for the periods indicated:

	Three Months Ended March 31,	
(Dollars in millions, except per share amounts)	2016	2015
Net income	$368	$ 405
Less:		
Preferred stock dividends	(49)	(31)
Dividends and undistributed earnings allocated to participating securities[1]	—	(1)
Net income available to common shareholders	$319	$ 373
Average common shares outstanding (in thousands):		
Basic average common shares	399,421	412,225
Effect of dilutive securities: common stock options and common stock awards	4,194	6,525
Diluted average common shares	403,615	418,750
Anti-dilutive securities[2]	3,920	791
Earnings per Common Share:		
Basic	$.80	$ .90
Diluted[3]	.79	.89

[1] Represents the portion of net income available to common equity allocated to participating securities, composed of fully vested deferred director stock and unvested restricted stock that contain non-forfeitable rights to dividends during the vesting period on a basis equivalent to dividends paid to common shareholders.
[2] Represents common stock options and other equity-based awards outstanding but not included in the computation of diluted average common shares, because their effect was anti-dilutive.
[3] Calculations reflect allocation of earnings to participating securities using the two-class method, as this computation is more dilutive than the treasury stock method.

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STATE STREET CORPORATION
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Note 17. Line of Business Information
Our operations are organized for management reporting purposes into two lines of business: Investment Servicing and Investment Management, which are defined based on products and services provided. The results of operations for these lines of business are not necessarily comparable with those of other companies, including companies in the financial services industry. For information about our two lines of business, as well as revenues, expenses and capital allocation methodologies associated with

them, refer to Note 24 to the consolidated financial statements on pages 188 to 189 in our 2015 Form 10-K.
The following is a summary of our line-of-business results for the periods indicated. The “Other” column represents costs incurred that are not allocated to a specific line of business, including certain severance and restructuring costs, acquisition costs and certain provisions for legal contingencies.

	Three Months Ended March 31,							
	Investment Servicing		Investment Management		Other		Total	
(Dollars in millions, except where otherwise noted)	2016	2015	2016	2015	2016	2015	2016	2015
Servicing fees	$1,242	$1,268	$—	$—	$—	$—	$1,242	$1,268
Management fees	—	—	270	301	—	—	270	301
Trading services	262	315	10	9	—	—	272	324
Securities finance	134	101	—	—	—	—	134	101
Processing fees and other	45	59	7	2	—	—	52	61
Total fee revenue	1,683	1,743	287	312	—	—	1,970	2,055
Net interest revenue	511	545	1	1	—	—	512	546
Gains (losses) related to investment securities, net	2	(1)	—	—	—	—	2	(1)
Total revenue	2,196	2,287	288	313	—	—	2,484	2,600
Provision for loan losses	4	4	—	—	—	—	4	4
Total expenses	1,687	1,836	256	256	107	5	2,050	2,097
Income before income tax expense	$505	$447	$32	$57	$(107)	$(5)	$430	$499
Pre-tax margin	23 %	20 %	11 %	18 %			17 %	19 %

Note 18. Non-U.S. Activities
We generally define our non-U.S. activities as those revenue-producing business activities that arise from clients domiciled outside the U.S. Due to the integrated nature of our business, precise segregation of our U.S. and non-U.S. activities is not possible. Subjective estimates, assumptions and other judgments are applied to quantify the financial

results and assets related to our non-U.S. activities, including our application of funds transfer pricing, our asset-and-liability management policies and our allocation of certain indirect corporate expenses. Management periodically reviews and updates its processes for quantifying the financial results and assets related to our non-U.S. activities.

The following table presents our U.S. and non-U.S. financial results for the periods indicated:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015

(In millions)	Non-U.S.	U.S.	Total	Non-U.S.	U.S.	Total
Total revenue	$1,025	$1,459	$2,484	$1,147	$1,453	$2,600
Income before income taxes	176	254	430	342	157	499

Non-U.S. assets were $81.6 billion and $67.7 billion as of March 31, 2016 and 2015, respectively.

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REVIEW REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Shareholders and Board of Directors of
State Street Corporation

We have reviewed the consolidated statement of condition of State Street Corporation (the "Corporation") as of March 31, 2016, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the three-month periods ended March 31, 2016 and 2015. These financial statements are the responsibility of the Corporation's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statement of condition of State Street Corporation as of December 31, 2015, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the year then ended, not presented herein and we expressed an unqualified audit opinion on those consolidated financial statements in our report dated February 19, 2016. In our opinion, the information set forth in the accompanying consolidated statement of condition of State Street Corporation as of December 31, 2015, is fairly stated, in all material respects, in relation to the consolidated statement of condition from which it has been derived.

/s/ Ernst & Young LLP
Boston, Massachusetts
May 6, 2016

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PART II. OTHER INFORMATION

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) In March 2015, our Board of Directors approved a new common stock purchase program authorizing the purchase by us of up to $1.8 billion of our common stock from April 1, 2015 through June 30, 2016.

Stock purchases may be made using various types of mechanisms, including open market purchases or transactions off market, and may be made under Rule 10b5-1 trading programs. The timing of stock purchases, types of transactions and

number of shares purchased will depend on several factors, including, market conditions and State Street's capital positions, its financial performance and investment opportunities. The common stock purchase program does not have specific price targets and may be suspended at any time.

The following table presents purchases of our common stock under this program and related information for each of the months in the quarter ended March 31, 2016. We may employ third-party broker/dealers to acquire shares on the open market in connection with our common stock purchase programs.

(Dollars in millions, except per share amounts, shares in thousands)	Total Number of Shares Purchased Under Publicly Announced Program	Average Price Paid Per Share	Approximate Dollar Value of Shares Purchased Under Publicly Announced Program
Period:			
January 1 - January 31, 2016	—	$ —	$ —
February 1 - February 29, 2016	309	55.03	17
March 1 - March 31, 2016	5,306	58.04	308
Total	5,615	$ 57.88	$ 325

ITEM 6. EXHIBITS

The exhibits listed in the Exhibit Index following the signature page of this Form 10-Q are filed herewith or are incorporated herein by reference to other SEC filings.

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SIGNATURES

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

STATE STREET CORPORATION
(Registrant)

Date:	May 6, 2016	By:	/s/ MICHAEL W. BELL Michael W. Bell, Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Date:	May 6, 2016	By:	/s/ SEAN P. NEWTH Sean P. Newth, Senior Vice President, Chief Accounting Officer and Controller (Principal Accounting Officer)

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EXHIBIT INDEX

*3.1	Restated Articles of Organization, as amended
4.1	Deposit Agreement dated April 11, 2016, among State Street Corporation, American Stock Transfer & Trust Company, LLC (as depositary), and the holders from time to time of depositary receipts (filed as Exhibit 4.1 to State Street's Current Report on Form 8-K (File No. 001-07511), filed with the SEC on April 11, 2016 and incorporated herein by reference)
*10.1†	Transition Agreement dated April 5, 2016 by and between State Street Bank and Trust Company and Michael W. Bell
12	Statement of Ratios of Earnings to Fixed Charges
15	Letter regarding unaudited interim financial information
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chairman, President and Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32	Section 1350 Certifications
*101.INS	XBRL Instance Document
*101.SCH	XBRL Taxonomy Extension Schema Document
*101.CAL	XBRL Taxonomy Calculation Linkbase Document
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	XBRL Taxonomy Label Linkbase Document
*101.PRE	XBRL Taxonomy Presentation Linkbase Document

† Denotes management contract or compensatory plan or arrangement
* Submitted electronically herewith
Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) consolidated statement of income for the three months ended March 31, 2016 and 2015, (ii) consolidated statement of comprehensive income for the three months ended March 31, 2016 and 2015, (iii) consolidated statement of condition as of March 31, 2016 and December 31, 2015, (iv) consolidated statement of changes in shareholders' equity for the three months ended March 31, 2016 and 2015, (v) consolidated statement of cash flows for the three months ended March 31, 2016 and 2015, and (vi) notes to consolidated financial statements.

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