

**State Street Securities Europe
Limited**
Report and Accounts

31 December 2000

ERNST & YOUNG



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COMPANIES HOUSE 21/08/01

State Street Securities Europe Limited

Registered No. 03418476

DIRECTORS

Nicholas Bonn
Nicholas Feeny
Andrew Hone
Robert Kilroy
Daniel Wiener
William Weihs

SECRETARY

Andrew Hone

AUDITORS

Ernst & Young
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

REGISTERED OFFICE

21 St. James's Square
London
SW1Y 4SS

State Street Securities Europe Limited

DIRECTORS' REPORT

The directors present their report and audited accounts for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The company sought and obtained membership of the Securities and Futures Authority (SFA) in December 2000. As part of this process the company was re-capitalised to enable the company to meet the SFA's ongoing regulatory capital requirements. This was achieved through a mix of issuing additional share capital and the receipt of a capital contribution from the company's parent, State Street Bank Europe Limited (see note 6).

The company is a regulated securities broker and is also a member of the London Stock Exchange. The service that it provides includes equity brokerage.

RESULTS AND DIVIDENDS

The profit after taxation for the year amounts to £1,122 (1999 - nil). The directors do not recommend the payment of a dividend.

DIRECTORS

The directors during the year were as follows:

Nicholas Bonn	
Nicholas Feeny	
Andrew Hone	(appointed 9 May 2000)
Robert Kilroy	
Daniel Wiener	
William Weihs	(appointed 9 May 2000)

None of the directors had a disclosable interest in the shares of the company during the year.

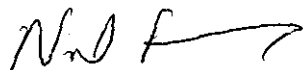
Indemnity insurance for the directors was maintained during the year.

AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

Ernst & Young has stated that, subject to the approval of its partners, it is intending to transfer its business to a limited liability partnership during the year. If this happens, it is the current intention of the Directors to use their statutory powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.

By order of the board



Nicholas Feeny
19 April 2001

State Street Securities Europe Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
to the members of State Street Securities Europe Limited

We have audited the accounts on pages 5 to 8, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

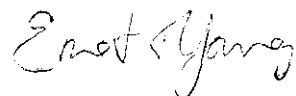
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script, appearing to read 'Ernst & Young'.

Ernst & Young
Registered Auditor
London

19 April 2001

State Street Securities Europe Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2000

	Notes	2000 £	1999 £
Interest income		1,603	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	1,603	-
Taxation	4	481	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,122	-
Retained profit brought forward		-	-
RETAINED PROFIT CARRIED FORWARD		1,122	-

RECOGNISED GAINS AND LOSSES

There have been no recognised gains or losses other than the reported profit for the year of £1,122.

A reconciliation of movements in shareholders' funds is given in note 7.

State Street Securities Europe Limited

BALANCE SHEET at 31 December 2000

	Notes	2000 £	1999 £
CURRENT ASSETS			
Debtors		1,603	1
Cash		1,000,000	
Amounts due from fellow subsidiaries		1	
		<u>1,001,604</u>	
CREDITORS: amounts falling due within one year	5	481	-
NET CURRENT ASSETS		<u>1,001,123</u>	<u>1</u>
TOTAL ASSETS LESS LIABILITIES		<u>1,001,123</u>	<u>1</u>
CAPITAL AND RESERVES			
Called up share capital	6	1,001	1
Share premium	6	499,000	-
Capital contribution	7	500,000	-
Profit and loss account		1,122	-
SHAREHOLDERS' FUNDS - EQUITY	7	<u>1,001,123</u>	<u>1</u>

Daniel Wiener

Daniel Wiener
Director
19th April 2001

State Street Securities Europe Limited

NOTES TO THE ACCOUNTS at 31 December 2000

1. ACCOUNTING POLICIES

Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Foreign currencies

Assets, liabilities, revenue and costs denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities at the balance sheet date are translated at year end rates of exchange. Any exchange differences thus arising are reported as part of the result for the year. Non-monetary assets and liabilities at the balance sheet date are recorded at historic cost.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The auditors' remuneration for 2000 was borne by State Street Bank and Trust Company.

3. STAFF COSTS

There were no staff employed by the company during the year

There were no emoluments paid to directors in 2000

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£	£
UK corporation tax @ 30%	481	-
	<u>481</u>	<u>-</u>

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000	1999
	£	£
Corporation tax	481	-
	<u>481</u>	<u>-</u>

6. CALLED UP SHARE CAPITAL

	Authorised		Allotted and fully paid	
	2000	1999	2000	1999
	£	£	£	£
Ordinary shares of £1 each	5,000	1	1,001	1
	<u>5,000</u>	<u>1</u>	<u>1,001</u>	<u>1</u>

State Street Securities Europe Limited

NOTES TO THE ACCOUNTS

at 31 December 2000

6. CALLED UP SHARE CAPITAL (CONTINUED)

During the year the authorised share capital was increased by £4,000 by the creation of 4,000 ordinary shares of £1 each. During the year, 1,000 ordinary shares of £1 each, with an aggregate nominal value of £1,000, were issued fully paid for cash of £500,000.

This additional share capital and share premium, together with the receipt of a capital contribution from the company's parent, State Street Bank Europe Limited, was required to provide the company with sufficient regulatory capital to meet the Securities and Futures Authority's Financial Resources Rules.

7. RECONCILIATION OF MOVEMENT ON SHAREHOLDERS' FUNDS

	<i>Share Capital £</i>	<i>Share premium £</i>	<i>Capital contribution £</i>	<i>Profit and loss account £</i>	<i>Total shareholders' funds £</i>
At 1 January 1999 and 2000	1	-	-	-	1
Retained profit for the year	-	-	-	1,122	1,122
Issued share capital	1,000	-	-	-	1,000
Share premium on issue	-	499,000	-	-	499,000
Capital contribution	-	-	500,000	-	500,000
At 31 December 2000	1,001	499,000	500,000	1,122	1,001,123

8. CASH FLOW STATEMENT

Cashflows of the Company are included in the consolidated group cash flow statement of State Street Corporation and consequently, the Company is exempt under the terms of Financial Reporting Standard No. 1 (Revised) from publishing a cash flow statement.

9. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in Financial Reporting Standard 8 'Related Party Disclosures', relating to transactions between 90 per cent or more controlled subsidiaries.

10. PARENT COMPANY

The company's immediate parent undertaking is State Street Bank Europe Limited. It has included the company in its group accounts, copies of which are available from its registered office: 1 Royal Exchange Steps, Royal Exchange, London EC3V 3RT.

The ultimate parent company is State Street Corporation, incorporated in the Commonwealth of Massachusetts, in the United States of America. State Street Corporation's consolidated accounts can be obtained from 225 Franklin Street, Boston, Commonwealth of Massachusetts, United States of America.