

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

Filing Date: **2007-12-04** | Period of Report: **2007-09-30**
SEC Accession No. **0000950135-07-007280**

([HTML Version](#) on [secdatabase.com](#))

FILER

SPDR TRUST SERIES 1

CIK: **884394** | IRS No.: **000000000** | State of Incorporation: **NY** | Fiscal Year End: **1231**
Type: **N-30D** | Act: **40** | File No.: **811-06125** | Film No.: **071283655**

Mailing Address
86 TRINITY PLACE
PDR SERVICES LLC C/O
AMERICAN STOCK EXC
NEW YORK NY 10006

Business Address
86 TRINITY PLACE
C/O PDR SERVICES LLC/
AMEX INC
NEW YORK NY 10006
212-306-1844

STANDARD AND POOR'S DEPOSITARY RECEIPTS(R) ("SPDR(R)")

SPDR TRUST SERIES 1

A UNIT INVESTMENT TRUST

ANNUAL REPORT

SEPTEMBER 30, 2007

"STANDARD & POOR'S(R)", "S&P(R)", "S&P 500(R)", "STANDARD & POOR'S 500(R)", "500", "STANDARD & POOR'S DEPOSITARY RECEIPTS(R)", AND "SPDRS(R)" ARE TRADEMARKS OF THE MCGRAW-HILL COMPANIES, INC. STATE STREET GLOBAL MARKETS, LLC IS PERMITTED TO USE THESE TRADEMARKS PURSUANT TO A "LICENSE AGREEMENT" WITH STANDARD & POOR'S, A DIVISION OF THE MCGRAW-HILL COMPANIES, INC., AND SPDR TRUST, SERIES 1, IS PERMITTED TO USE THESE TRADEMARKS PURSUANT TO A SUBLICENSE FROM STATE STREET GLOBAL MARKETS, LLC. SPDR TRUST, SERIES 1 IS NOT, HOWEVER, SPONSORED BY OR AFFILIATED WITH STANDARD & POOR'S OR THE MCGRAW-HILL COMPANIES, INC.

SPDR TRUST, SERIES 1
TRUST OVERVIEW

OBJECTIVE:

The SPDR Trust, Series 1 (the "Trust") is an exchange traded fund designed to provide investment results that, before expenses, generally correspond to the price and yield performance of the S&P 500(R) Index (the "Index").

STRATEGY:

To accomplish this objective, the Trust utilizes a full replication approach in an effort to minimize tracking error relative to the Trust's Index. With this strategy, all 500 securities of the Index are owned by the Trust in their approximate market capitalization weight.

PERFORMANCE OVERVIEW:

For the twelve-month period ended September 30, 2007, the Trust returned 16.31% and the Index returned 16.44%.

During the twelve-month period ended September 30, 2007, the Index rose 16.44%, extending the gains from the previous year. Strong corporate profits and solid economic growth were the primary causes of the positive performance. Despite this strong return, there were a number of factors that dragged on the economy during this period. First, there was increased weakness in the housing markets and continued high commodity prices. Second, a quickly escalating credit crunch that moved from subprime in July to commercial paper in August, as well as concerns regarding the potential impact to the broad economy, briefly put the Index returns into the red less than a month after it set a record closing high. These concerns were apparently echoed by the Federal Reserve Bank, which dropped its discount rate 50 basis points on August 17, 2007 and the Fed funds rate from 5.25% to 4.75% on September 18, 2007. Equity markets responded positively after the Fed's moves.

The S&P 500 underperformed mid cap stocks by more than 2 percentage points during the year, as the S&P MidCap 400(R) Index rose 18.76%. Conversely, the S&P 500 dramatically outperformed the Russell 2000(R) Index's performance of 12.34% by over 4 percentage points. The S&P 500/Citigroup Value(R) Index and the S&P 500/Citigroup Growth(R) Index were effectively flat with less than a percentage point difference for the year. International stocks posted excellent results as the MSCI(R) EAFE(R) Index rose 24.86%, while the Lehman Brothers Aggregate Bond Index rose only 5.14%.

Each of the nine Select Sector Indices which, when combined, comprise the Index, rose during the period, with the Financial Select Sector Index posting the smallest gain, 1.70%. The Energy Select Sector Index was the top performing Select Sector Index for the year, rising 42.31%.

SPDR TRUST, SERIES 1
SCHEDULE OF INVESTMENTS
SEPTEMBER 30, 2007

<Table>

<Caption>

COMMON STOCKS	SHARES	VALUE
<S>	<C>	<C>
3M Co.	4,211,562	\$ 394,117,972
Abbott Laboratories.....	8,998,822	482,516,836
Abercrombie & Fitch Co. (Class A).....	507,740	40,974,618
ACE, Ltd.	1,883,201	114,065,485
Adobe Systems, Inc. *.....	3,394,138	148,188,065
Advanced Micro Devices, Inc. *.....	3,112,394	41,083,601
AES Corp. *.....	3,860,771	77,369,851
Aetna, Inc.	2,992,125	162,382,624
Affiliated Computer Services, Inc. (Class A) *.....	569,975	28,635,544
AFLAC, Inc.	2,835,365	161,729,220
Agilent Technologies, Inc. *.....	2,326,657	85,807,110
Air Products & Chemicals, Inc.	1,272,879	124,436,651
Akamai Technologies, Inc. *.....	951,571	27,338,635
Alcoa, Inc.	5,002,090	195,681,761
Allegheny Energy, Inc. *... Allegheny Technologies, Inc.	930,480	48,626,885
578,294	63,583,425	
Allergan, Inc.	1,778,565	114,664,086
Allied Waste Industries, Inc. *.....	1,366,685	17,425,234
Allstate Corp.	3,409,975	195,016,470
ALLTEL Corp.	2,045,413	142,524,378
Altera Corp.	2,036,405	49,036,632
Altria Group, Inc.	12,253,285	851,970,906
Amazon.com, Inc. *.....	1,795,837	167,282,217
Ambac Financial Group, Inc.	594,086	37,373,950
Ameren Corp.	1,164,795	61,151,737
American Capital Strategies, Ltd.	995,928	42,556,003
American Electric Power Co., Inc.	2,289,670	105,507,994
American Express Co.	6,866,716	407,676,929
American International Group, Inc.	15,046,386	1,017,888,013
American Standard Cos., Inc.	1,008,307	35,915,895
Ameriprise Financial, Inc.	1,408,282	88,876,677
AmerisourceBergen Corp. ...	1,099,726	49,850,580
Amgen, Inc. *.....	6,297,028	356,222,874
Anadarko Petroleum Corp. ..	2,671,838	143,611,292
Analog Devices, Inc.	1,957,604	70,786,961
Anheuser-Busch Cos., Inc.	4,404,649	220,188,404
Aon Corp.	1,706,873	76,484,979
Apache Corp.	1,908,257	171,857,625
Apartment Investment & Management Co. (Class A).....	552,060	24,914,468
Apollo Group, Inc. (Class A) *.....	799,258	48,075,369
Apple, Inc. *.....	5,061,335	777,117,376
Applera Corp. -- Applied Biosystems Group.....	1,053,858	36,505,641
Applied Materials, Inc. ...	8,039,854	166,424,978
Archer-Daniels-Midland Co.	3,786,414	125,254,575
Archstone-Smith Trust.....	1,286,816	77,389,114
Ashland, Inc.	319,248	19,221,922
Assurant, Inc.	579,047	30,979,015

<Caption>

COMMON STOCKS	SHARES	VALUE
AT&T, Inc.	35,512,305	1,502,525,625
Autodesk, Inc. *.....	1,315,546	65,737,834
Automatic Data Processing, Inc.	3,196,184	146,800,731

AutoNation, Inc. *	840,000	14,884,800
AutoZone, Inc. *	285,105	33,112,095
AvalonBay Communities, Inc.	453,612	53,553,433
Avaya, Inc. *	2,612,571	44,309,204
Avery Dennison Corp.	525,412	29,958,992
Avon Products, Inc.	2,555,821	95,919,962
Baker Hughes, Inc.	1,876,102	169,543,338
Ball Corp.	588,503	31,632,036
Bank of America Corp.	25,737,332	1,293,815,680
Bank of New York Mellon Corp.	6,534,597	288,437,112
Barr Pharmaceuticals, Inc. *	609,166	34,667,637
Bausch & Lomb, Inc.	308,462	19,741,568
Baxter International, Inc.	3,772,654	212,324,967
BB&T Corp.	3,118,548	125,958,154
Bear Stearns Cos., Inc. ...	694,060	85,237,509
Becton, Dickinson & Co. ...	1,406,090	115,369,684
Bed Bath & Beyond, Inc. *..	1,600,433	54,606,774
Bemis Co., Inc.	600,165	17,470,803
Best Buy Co., Inc.	2,317,089	106,632,436
Big Lots, Inc. *.....	646,891	19,303,227
Biogen Idec, Inc. *.....	1,650,653	109,487,813
BJ Services Co.	1,708,890	45,371,030
Black & Decker Corp.	388,518	32,363,549
BMC Software, Inc. *.....	1,203,976	37,600,170
Boeing Co.	4,551,018	477,811,380
Boston Properties, Inc. ...	688,042	71,487,564
Boston Scientific Corp. *..	7,738,469	107,951,643
Bristol-Myers Squibb Co. ..	11,344,870	326,959,153
Broadcom Corp. (Class A) *.....	2,671,983	97,367,061
Brown-Forman Corp. (Class B).....	462,333	34,633,365
Brunswick Corp.	537,615	12,289,879
Burlington Northern Santa Fe Corp.	1,759,042	142,781,439
C.R. Bard, Inc.	589,543	51,991,797
CA, Inc.	2,363,466	60,788,346
Campbell Soup Co.	1,250,565	46,270,905
Capital One Financial Corp.	2,367,191	157,252,498
Cardinal Health, Inc.	2,110,347	131,959,998
Carnival Corp.	2,543,692	123,191,004
Caterpillar, Inc.	3,735,820	293,000,363
CB Richard Ellis Group, Inc. (Class A) *.....	1,041,320	28,990,349
CBS Corp. (Class B).....	4,254,482	134,016,183
Celgene Corp. *.....	2,178,939	155,380,140
CenterPoint Energy, Inc. ..	1,774,360	28,442,991
Centex Corp.	694,629	18,456,293
CenturyTel, Inc.	647,964	29,948,896

See accompanying notes to financial statements.

2

SPDR TRUST, SERIES 1
SCHEDULE OF INVESTMENTS (CONTINUED)
SEPTEMBER 30, 2007

<Table>		
<Caption>		
COMMON STOCKS	SHARES	VALUE
<S>	<C>	<C>
C.H. Robinson Worldwide, Inc.	984,538	\$ 53,450,568
Charles Schwab Corp.	5,454,058	117,807,653
Chesapeake Energy Corp. ...	2,381,016	83,954,624
Chevron Corp.	12,459,199	1,165,931,842
Chubb Corp.	2,359,005	126,537,028
Ciena Corp. *.....	474,587	18,072,273
CIGNA Corp.	1,682,585	89,664,955
Cincinnati Financial		

Corp.	987,489	42,768,149
Cintas Corp.	781,858	29,006,932
Circuit City Stores, Inc.	831,235	6,575,069
Cisco Systems, Inc. *.....	35,447,819	1,173,677,287
CIT Group, Inc.	1,129,217	45,394,523
Citigroup, Inc.	28,948,434	1,351,023,415
Citizens Communications Co.	1,884,640	26,988,045
Citrix Systems, Inc. *.....	1,037,991	41,851,797
Clear Channel Communications, Inc.	2,861,388	107,130,367
Clorox Co.	871,567	53,156,871
CME Group, Inc.	320,246	188,096,488
CMS Energy Corp.	1,258,839	21,173,672
Coach, Inc. *.....	2,135,141	100,928,115
Coca-Cola Co.	11,635,553	668,695,231
Coca-Cola Enterprises, Inc.	1,577,343	38,203,247
Cognizant Technology Solutions Corp. (Class A) *.....	816,445	65,127,818
Colgate-Palmolive Co.	2,958,302	210,986,099
Comcast Corp. (Class A) *..	18,013,610	435,569,090
Comerica, Inc.	921,612	47,260,263
Commerce Bancorp, Inc.	1,105,807	42,883,195
Computer Sciences Corp. *..	981,849	54,885,359
Compuware Corp. *.....	1,832,029	14,692,873
ConAgra Foods, Inc.	2,938,188	76,774,852
ConocoPhillips.....	9,472,621	831,411,945
CONSOL Energy, Inc.	1,040,373	48,481,382
Consolidated Edison, Inc.	1,573,791	72,866,523
Constellation Brands, Inc. (Class A) *.....	1,162,056	28,133,376
Constellation Energy Group, Inc.	1,041,610	89,359,722
Convergys Corp. *.....	794,097	13,785,524
Cooper Industries, Ltd. (Class A).....	1,046,096	53,445,045
Corning, Inc.	9,100,345	224,323,504
Costco Wholesale Corp.	2,622,330	160,932,392
Countrywide Financial Corp.	3,464,724	65,864,403
Coventry Health Care, Inc. *.....	907,768	56,472,247
Covidien, Ltd. *.....	2,865,519	118,919,038
CSX Corp.	2,522,097	107,769,205
Cummins, Inc.	603,251	77,149,770
CVS Caremark Corp.	8,630,444	342,024,496
D.R. Horton, Inc.	1,545,998	19,804,234

<Caption>

COMMON STOCKS	SHARES	VALUE
Danaher Corp.	1,369,854	113,300,624
Darden Restaurants, Inc. ..	833,741	34,900,398
Dean Foods Co.	770,797	19,716,987
Deere & Co.	1,303,806	193,510,887
Dell, Inc. *.....	13,143,369	362,756,984
Developers Diversified Realty Corp.	743,944	41,564,151
Devon Energy Corp.	2,562,376	213,189,683
Dillard's, Inc. (Class A)..	349,287	7,624,935
DIRECTV Group, Inc. *.....	4,531,753	110,030,963
Discover Financial Services *.....	3,098,036	64,439,149
Dominion Resources, Inc. ..	1,703,180	143,578,074
Dover Corp.	1,159,139	59,058,132
Dow Chemical Co.	5,486,123	236,232,456
Dow Jones & Co., Inc.	378,629	22,604,151
DTE Energy Co.	1,011,891	49,016,000
Du Pont (E.I.) de Nemours & Co.	5,332,278	264,267,698
Duke Energy Corp.	7,283,234	136,123,643
Dynegy, Inc. (Class A) *..	2,866,586	26,487,255
E*TRADE Financial Corp. *..	2,432,787	31,772,198
Eastman Chemical Co.	485,202	32,377,529
Eastman Kodak Co.	1,634,546	43,740,451
Eaton Corp.	852,990	84,480,130
eBay, Inc. *.....	6,527,247	254,693,178
Ecolab, Inc.	1,027,954	48,519,429
Edison International.....	1,884,444	104,492,420

El Paso Corp.	4,054,500	68,804,865
Electronic Arts, Inc. *....	1,786,498	100,026,023
Electronic Data Systems Corp.	2,946,665	64,355,164
Eli Lilly & Co.	5,706,650	324,879,584
Embarq Corp.	874,332	48,612,859
EMC Corp. *.....	12,086,903	251,407,582
Emerson Electric Co.	4,593,119	244,445,793
ENSCO International, Inc.	864,370	48,491,157
Entergy Corp.	1,141,594	123,623,214
EOG Resources, Inc.	1,414,873	102,337,764
Equifax, Inc.	839,186	31,989,770
Equity Residential Properties Trust.....	1,665,762	70,561,678
Estee Lauder Cos., Inc. (Class A).....	672,971	28,574,349
E.W. Scripps Co. (Class A).....	478,671	20,104,182
Exelon Corp.	3,891,452	293,259,823
Express Scripts, Inc. *....	1,568,111	87,531,956
Exxon Mobil Corp.	32,298,611	2,989,559,434
Family Dollar Stores, Inc.	883,528	23,466,504
Fannie Mae.....	5,633,929	342,599,222
Federated Investors, Inc. (Class B).....	483,018	19,175,815
FedEx Corp.	1,778,685	186,317,254
Fidelity National Information Services, Inc.	926,167	41,094,030

See accompanying notes to financial statements.

3

SPDR TRUST, SERIES 1
SCHEDULE OF INVESTMENTS (CONTINUED)
SEPTEMBER 30, 2007

<Table>		
<Caption>		
COMMON STOCKS	SHARES	VALUE
<S>	<C>	<C>
Fifth Third Bancorp.....	3,176,740	\$ 107,627,951
First Horizon National Corp.	718,114	19,144,919
FirstEnergy Corp.	1,818,429	115,179,293
Fiserv, Inc. *.....	994,705	50,590,696
Fluor Corp.	501,596	72,219,792
Ford Motor Co. *.....	11,938,796	101,360,378
Forest Laboratories, Inc. *.....	1,850,493	69,004,884
Fortune Brands, Inc.	884,187	72,052,399
FPL Group, Inc.	2,338,382	142,360,696
Franklin Resources, Inc. ..	958,208	122,171,520
Freddie Mac.....	3,814,017	225,065,143
Freeport-McMoRan Copper & Gold, Inc.	2,169,671	227,576,791
Gannett Co., Inc.	1,353,046	59,128,110
Gap, Inc.	3,146,087	58,013,844
General Dynamics Corp.	2,335,846	197,308,912
General Electric Co.	59,610,422	2,467,871,471
General Growth Properties, Inc.	1,431,921	76,779,604
General Mills, Inc.	2,030,683	117,799,921
General Motors Corp.	3,271,429	120,061,444
Genuine Parts Co.	982,700	49,135,000
Genworth Financial, Inc. (Class A).....	2,562,683	78,751,249
Genzyme Corp. *.....	1,519,514	94,149,087
Gilead Sciences, Inc. *....	5,373,253	219,604,850
Goldman Sachs Group, Inc.	2,377,986	515,404,686
Goodrich Corp.	723,821	49,386,307
Goodyear Tire & Rubber		

Co. *	1,171,035	35,611,174
Google, Inc. (Class A) *	1,342,028	761,292,224
H&R Block, Inc.	1,858,589	39,364,915
H.J. Heinz Co.	1,897,781	87,677,482
Halliburton Co.	5,276,932	202,634,189
Harley-Davidson, Inc.	1,501,647	69,391,108
Harman International Industries, Inc.	381,093	32,972,166
Harrah's Entertainment, Inc.	1,074,459	93,402,721
Hartford Financial Services Group, Inc.	1,842,447	170,518,470
Hasbro, Inc.	993,925	27,710,629
Hercules, Inc.	646,156	13,582,199
Hershey Co.	1,011,858	46,960,330
Hess Corp.	1,575,614	104,825,599
Hewlett-Packard Co.	15,012,587	747,476,707
Hilton Hotels Corp.	2,256,032	104,882,928
Home Depot, Inc.	9,702,347	314,744,137
Honeywell International, Inc.	4,361,837	259,398,446
Hospira, Inc. *.....	909,909	37,715,728
Host Hotels & Resorts, Inc.	3,008,382	67,508,092
Hudson City Bancorp, Inc.	2,795,772	42,998,973
Humana, Inc. *.....	972,701	67,972,346

<Caption>

COMMON STOCKS	SHARES	VALUE

Huntington Bancshares, Inc.	2,122,748	36,044,261
IAC/InterActiveCorp *.....	1,291,007	38,304,178
Illinois Tool Works, Inc.	2,387,250	142,375,590
IMS Health, Inc.	1,131,759	34,677,096
Ingersoll-Rand Co., Ltd. (Class A).....	1,764,467	96,110,517
Integrus Energy Group, Inc.	433,454	22,205,848
Intel Corp.	33,985,392	878,862,237
IntercontinentalExchange, Inc. *.....	403,480	61,288,612
International Business Machines Corp.	7,907,908	931,551,562
International Flavors & Fragrances, Inc.	438,934	23,202,051
International Game Technology.....	1,924,291	82,936,942
International Paper Co. ...	2,579,949	92,542,771
Interpublic Group of Cos., Inc. *.....	2,714,572	28,177,257
Intuit, Inc. *.....	1,950,843	59,110,543
ITT Corp.	1,047,593	71,162,992
J.C. Penney Co., Inc.	1,287,589	81,594,515
Jabil Circuit, Inc.	995,994	22,748,503
Janus Capital Group, Inc.	1,203,293	34,029,126
JDS Uniphase Corp. *.....	1,194,329	17,867,162
Johnson & Johnson.....	16,854,287	1,107,326,656
Johnson Controls, Inc.	1,132,885	133,805,047
Jones Apparel Group, Inc.	654,868	13,837,361
JPMorgan Chase & Co.	19,806,226	907,521,275
Juniper Networks, Inc. *...	2,982,886	109,203,456
KB HOME.....	435,275	10,907,992
Kellogg Co.	1,542,055	86,355,080
KeyCorp.....	2,292,613	74,120,178
Kimberly-Clark Corp.	2,467,951	173,398,237
Kimco Realty Corp.	1,463,428	66,161,580
King Pharmaceuticals, Inc. *.....	1,380,592	16,180,538
KLA-Tencor Corp.	1,126,211	62,820,050
Kohl's Corp. *.....	1,873,626	107,414,979
Kraft Foods, Inc. (Class A).....	9,412,768	324,834,624
Kroger Co.	4,110,075	117,219,339
L-3 Communications Holdings, Inc.	715,712	73,102,824
Laboratory Corp. of America Holdings *.....	703,993	55,073,372
Legg Mason, Inc.	754,797	63,621,839

Leggett & Platt, Inc.	1,033,581	19,803,412
Lehman Brothers Holdings, Inc.	3,092,577	190,904,778
Lennar Corp. (Class A).....	794,852	18,003,398
Leucadia National Corp. ...	991,628	47,816,302
Lexmark International, Inc. (Class A) *.....	565,964	23,504,485
Limited Brands, Inc.	1,993,039	45,620,663
Lincoln National Corp.	1,585,027	104,564,231

See accompanying notes to financial statements.

SPDR TRUST, SERIES 1
SCHEDULE OF INVESTMENTS (CONTINUED)
SEPTEMBER 30, 2007

<Table> <Caption>		
COMMON STOCKS	SHARES	VALUE
<S>	<C>	<C>
Linear Technology Corp. ...	1,284,597	\$ 44,948,049
Liz Claiborne, Inc.	600,493	20,614,925
Lockheed Martin Corp.	2,048,382	222,228,963
Loews Corp.	2,612,400	126,309,540
Lowe's Cos., Inc.	8,734,572	244,742,707
LSI Logic Corp. *.....	4,437,371	32,925,293
M&T Bank Corp.	450,374	46,591,190
Macy's, Inc.	2,672,799	86,384,864
Manor Care, Inc.	419,550	27,019,020
Marathon Oil Corp.	4,020,748	229,263,051
Marriott International, Inc. (Class A).....	1,902,120	82,685,156
Marsh & McLennan Cos., Inc.	3,219,222	82,090,161
Marshall & Ilsley Corp. ...	1,462,616	64,018,702
Masco Corp.	2,246,340	52,047,698
Mattel, Inc.	2,216,445	51,997,800
MBIA, Inc.	759,908	46,392,383
McCormick & Co., Inc.	752,103	27,053,145
McDonald's Corp.	6,908,227	376,291,125
McGraw-Hill Cos., Inc.	2,023,409	103,011,752
McKesson Corp.	1,729,844	101,697,529
MeadWestvaco Corp.	1,039,375	30,692,744
Medco Health Solutions, Inc. *.....	1,671,667	151,101,980
Medtronic, Inc.	6,680,685	376,857,441
MEMC Electronic Materials, Inc. *.....	1,303,681	76,734,664
Merck & Co., Inc.	12,666,176	654,714,637
Meredith Corp.	235,639	13,502,115
Merrill Lynch & Co., Inc.	5,058,786	360,590,266
MetLife, Inc.	4,339,922	302,622,761
MGIC Investment Corp.	496,190	16,031,899
Microchip Technology, Inc.	1,275,280	46,318,170
Micron Technology, Inc. *..	4,335,531	48,124,394
Microsoft Corp.	46,997,018	1,384,532,150
Millipore Corp. *.....	301,664	22,866,131
Molex, Inc.	810,631	21,830,293
Molson Coors Brewing Co. (Class B).....	392,479	39,118,382
Monsanto Co.	3,145,891	269,728,694
Monster Worldwide, Inc. *..	732,720	24,956,443
Moody's Corp.	1,351,962	68,138,885
Morgan Stanley.....	6,103,443	384,516,909
Motorola, Inc.	13,339,621	247,183,177
Murphy Oil Corp.	1,075,194	75,145,309
Mylan Laboratories, Inc. ..	1,364,238	21,773,238
Nabors Industries, Ltd. *..	1,597,294	49,148,736
National City Corp.	3,719,829	93,330,510
National Semiconductor Corp.	1,391,704	37,743,012
National-Oilwell Varco,		

Inc. *	1,029,295	148,733,127
NCR Corp. *	1,033,372	51,461,926
Network Appliance, Inc. *..	2,136,290	57,487,564

<Caption>

COMMON STOCKS	SHARES	VALUE

New York Times Co. (Class A).....	826,166	16,325,040
Newell Rubbermaid, Inc. ...	1,586,248	45,715,667
Newmont Mining Corp. (Holding Co.).....	2,606,509	116,589,148
News Corp. (Class A).....	13,433,927	295,412,055
Nicor, Inc.	249,064	10,684,846
NIKE, Inc. (Class B).....	2,183,023	128,056,129
NiSource, Inc.	1,554,003	29,743,617
Noble Corp.	1,553,247	76,186,765
Nordstrom, Inc.	1,156,435	54,225,237
Norfolk Southern Corp.	2,273,378	118,011,052
Northern Trust Corp.	1,084,799	71,889,630
Northrop Grumman Corp.	2,015,229	157,187,862
Novell, Inc. *.....	1,946,561	14,871,726
Novellus Systems, Inc. *...	753,614	20,543,518
Nucor Corp.	1,771,541	105,353,543
NVIDIA Corp. *.....	3,152,464	114,245,295
Occidental Petroleum Corp.	4,813,763	308,465,933
Office Depot, Inc. *.....	1,634,347	33,700,235
OfficeMax, Inc.	406,453	13,929,144
Omnicom Group, Inc.	1,932,722	92,944,601
Oracle Corp. *.....	23,068,889	499,441,447
PACCAR, Inc.	1,436,688	122,477,652
Pactiv Corp. *.....	801,916	22,982,913
Pall Corp.	709,554	27,601,651
Parker-Hannifin Corp.	677,029	75,712,153
Patterson Cos., Inc. *.....	788,594	30,447,614
Paychex, Inc.	1,945,393	79,761,113
Peabody Energy Corp.	1,532,488	73,360,201
Pepsi Bottling Group, Inc.	759,211	28,219,873
PepsiCo, Inc.	9,441,564	691,688,979
PerkinElmer, Inc.	731,104	21,355,548
Pfizer, Inc.	40,336,652	985,424,408
PG&E Corp.	2,022,521	96,676,504
Pinnacle West Capital Corp.	563,831	22,276,963
Pitney Bowes, Inc.	1,283,486	58,295,934
Plum Creek Timber Co., Inc.	1,041,458	46,615,660
PNC Financial Services Group, Inc.	1,988,411	135,410,789
Polo Ralph Lauren Corp. ...	350,982	27,288,851
PPG Industries, Inc.	938,005	70,866,278
PPL Corp.	2,224,304	102,985,275
Praxair, Inc.	1,837,240	153,887,222
Precision Castparts Corp.	795,947	117,784,237
Principal Financial Group, Inc.....	1,540,107	97,165,351
Procter & Gamble Co.	18,234,250	1,282,597,145
Progress Energy, Inc.	1,476,067	69,153,739
Progressive Corp.	4,282,343	83,120,278
ProLogis.....	1,480,313	98,218,768
Prudential Financial, Inc.	2,703,341	263,792,015

</Table>

See accompanying notes to financial statements.

SPDR TRUST, SERIES 1
SCHEDULE OF INVESTMENTS (CONTINUED)
SEPTEMBER 30, 2007

COMMON STOCKS	SHARES	VALUE

<Table>

<Caption>

<S>	<C>	<C>
Public Service Enterprise Group, Inc.	1,454,505	\$ 127,981,895
Public Storage, Inc.	697,451	54,854,521
Pulte Homes, Inc.	1,219,637	16,599,260
QLogic Corp. *.....	914,932	12,305,835
QUALCOMM, Inc.	9,645,142	407,603,701
Quest Diagnostics, Inc. ...	921,723	53,247,938
Questar Corp.	980,658	51,513,965
Qwest Communications International, Inc. *....	9,064,697	83,032,625
R.R. Donnelley & Sons Co.	1,232,776	45,070,291
RadioShack Corp.	762,428	15,751,762
Raytheon Co.	2,571,176	164,092,452
Regions Financial Corp. ...	4,181,936	123,283,473
Reynolds American, Inc. ...	971,956	61,806,682
Robert Half International, Inc.	971,875	29,020,188
Rockwell Automation, Inc.	948,271	65,914,317
Rockwell Collins, Inc.	976,359	71,313,261
Rohm & Haas Co.	830,125	46,213,059
Rowan Cos., Inc.	621,159	22,721,996
Ryder System, Inc.	345,833	16,945,817
SAFECO Corp.	609,875	37,336,548
Safeway, Inc.	2,550,943	84,461,723
SanDisk Corp. *.....	1,319,490	72,703,899
Sara Lee Corp.	4,306,877	71,881,777
Schering-Plough Corp.	9,401,511	297,369,793
Schlumberger, Ltd.	6,936,028	728,282,940
Sealed Air Corp.	926,801	23,689,034
Sears Holdings Corp. *.....	471,391	59,960,935
Sempra Energy.....	1,516,678	88,149,325
Sherwin-Williams Co.	629,638	41,373,513
Sigma-Aldrich Corp.	760,199	37,052,099
Simon Property Group, Inc.	1,292,824	129,282,400
SLM Corp.	2,364,931	117,466,123
Smith International, Inc.	1,154,575	82,436,655
Snap-on, Inc.	332,780	16,485,921
Soletron Corp. *.....	5,187,730	20,232,147
Southern Co.	4,319,031	156,694,445
Southwest Airlines Co.	4,528,639	67,023,857
Sovereign Bancorp, Inc. ...	2,122,949	36,175,051
Spectra Energy Corp.	3,597,705	88,071,818
Sprint Nextel Corp.	16,756,641	318,376,179
St. Jude Medical, Inc. *...	1,997,439	88,027,137
Stanley Works.....	464,358	26,064,415
Staples, Inc.	4,135,981	88,882,232
Starbucks Corp. *.....	4,344,654	113,829,935
Starwood Hotels & Resorts Worldwide, Inc.	1,242,425	75,477,319
State Street Corp.(a).....	2,305,648	157,152,968

<Caption>

COMMON STOCKS	SHARES	VALUE
Stryker Corp.	1,392,962	95,780,067
Sun Microsystems, Inc. *...	20,783,733	116,596,742
Sunoco, Inc.	702,639	49,732,788
SunTrust Banks, Inc.	2,068,831	156,548,442
SUPERVALU, Inc.	1,207,241	47,094,471
Symantec Corp. *.....	5,344,457	103,575,577
Synovus Financial Corp. ...	1,849,138	51,868,321
Sysco Corp.	3,586,221	127,633,605
T. Rowe Price Group, Inc.	1,514,785	84,358,377
Target Corp.	4,943,283	314,244,500
TECO Energy, Inc.	1,188,558	19,528,008
Tektronix, Inc.	464,332	12,880,570
Tellabs, Inc. *.....	2,553,903	24,313,157
Temple-Inland, Inc.	626,445	32,969,800
Tenet Healthcare Corp. *...	2,683,567	9,016,785
Teradyne, Inc. *.....	1,119,379	15,447,430
Terex Corp. *.....	587,701	52,317,143
Tesoro Corp.	934,652	43,012,685
Texas Instruments, Inc. ...	8,289,378	303,308,341
Textron, Inc.	1,441,124	89,652,324
Thermo Electron Corp. *...	2,425,883	140,021,967
Tiffany & Co.	806,383	42,214,150
Time Warner, Inc.	21,895,449	402,000,444

TJX Cos., Inc.	2,620,851	76,188,139
Torchmark Corp.	581,783	36,256,717
Transocean, Inc. *.....	1,664,435	188,164,377
Travelers Cos., Inc.	3,879,931	195,315,727
Tribune Co.	561,532	15,341,054
TXU Corp.	2,635,532	180,454,876
Tyco Electronics, Ltd.	2,865,519	101,525,338
Tyco International, Ltd. ..	2,867,121	127,128,145
Tyson Foods, Inc. (Class		
A).....	1,419,263	25,333,845
U.S. Bancorp.....	10,180,898	331,184,612
Union Pacific Corp.	1,563,925	176,817,360
Unisys Corp. *.....	1,950,624	12,913,131
United Parcel Service, Inc.		
(Class B).....	6,167,509	463,179,926
United States Steel		
Corp.	705,638	74,755,290
United Technologies		
Corp.	5,753,352	463,029,769
UnitedHealth Group, Inc. ..	7,804,096	377,952,369
Unum Group.....	2,090,102	51,144,796
UST, Inc.	927,708	46,014,317
V.F. Corp.	501,690	40,511,468
Valero Energy Corp.	3,170,856	213,018,106
Varian Medical Systems,		
Inc. *.....	750,893	31,454,908
VeriSign, Inc. *.....	1,394,199	47,040,274
Verizon Communications,		
Inc.	16,814,327	744,538,400
Viacom, Inc. (Class B) *...	4,004,152	156,041,803
Vornado Realty Trust.....	751,384	82,163,840
Vulcan Materials Co.	548,730	48,919,279

</Table>

See accompanying notes to financial statements.

6

SPDR TRUST, SERIES 1
SCHEDULE OF INVESTMENTS (CONTINUED)
SEPTEMBER 30, 2007

<Table>
<Caption>
COMMON STOCKS

	SHARES	VALUE
<S>	<C>	<C>
W.W. Grainger, Inc.	428,970	\$ 39,117,774
Wachovia Corp.	11,078,947	555,609,192
Wal-Mart Stores, Inc.	14,056,856	613,581,764
Walgreen Co.	5,800,706	274,025,351
Walt Disney Co.	11,505,436	395,671,944
Washington Mutual, Inc. ...	5,149,953	181,844,840
Waste Management, Inc.	3,098,733	116,946,183
Waters Corp. *.....	591,754	39,600,178
Watson Pharmaceuticals,		
Inc. *.....	580,776	18,817,142
Weatherford International,		
Ltd. *.....	1,971,045	132,414,803
WellPoint, Inc. *.....	3,548,284	280,030,573
Wells Fargo & Co.	19,421,287	691,786,243
Wendy's International,		
Inc.	540,857	18,881,318
Western Union Co.	4,456,828	93,459,683
Weyerhaeuser Co.	1,247,615	90,202,564
Whirlpool Corp.	443,517	39,517,365
Whole Foods Market, Inc. ..	795,138	38,929,956
Williams Cos., Inc.	3,441,767	117,226,584
Windstream Corp.	2,707,145	38,224,887
Wm. Wrigley Jr. Co.	1,252,586	80,453,599
Wyeth.....	7,782,897	346,728,061
Wyndham Worldwide Corp. ...	1,129,442	37,000,520
Xcel Energy, Inc.	2,359,154	50,816,177
Xerox Corp. *.....	5,447,471	94,459,147
Xilinx, Inc.	1,723,702	45,057,570
XL Capital, Ltd. (Class		
A).....	1,081,502	85,654,958
XTO Energy, Inc.	2,226,451	137,683,730

Yahoo!, Inc. *.....	7,815,074	209,756,586
Yum! Brands, Inc.	3,035,281	102,683,556
Zimmer Holdings, Inc. *....	1,366,907	110,705,798
Zions Bancorp.....	638,710	43,860,216

Total Common Stocks (Cost \$85,439,135,452).....		\$78,433,090,251
		=====

</Table>

(*) Non-income producing security
(a) Affiliated Issuer. See following table for more information.

<Table>
<Caption>

SECURITY DESCRIPTION	NUMBER OF SHARES HELD AT 9/30/06	SHARES		NUMBER OF SHARES HELD AT 9/30/07
		PURCHASED FOR THE YEAR ENDED 9/30/07	SHARES SOLD FOR THE YEAR ENDED 9/30/07	
<S>	<C>	<C>	<C>	<C>
State Street Corp. (Cost \$158,506,359).....	1,580,244	4,513,222	3,787,818	2,305,648

</Table>

<Table>
<Caption>

SECURITY DESCRIPTION	INCOME EARNED FOR THE YEAR ENDED 9/30/07	REALIZED GAIN		DIVIDEND RECEIVABLE AT 9/30/07
		ON SHARES SOLD DURING THE YEAR ENDED 9/30/07		
<S>	<C>	<C>	<C>	<C>
	\$1,534,780	\$12,487,253		\$522,924

</Table>

See accompanying notes to financial statements.

7

SPDR TRUST, SERIES 1
STATEMENT OF ASSETS AND LIABILITIES
SEPTEMBER 30, 2007

<Table>	
<S>	<C>
ASSETS	
Investments in securities, at value (including affiliated investments at value of \$157,152,968).....	\$78,433,090,251
Cash.....	539,969,097
Receivable for investments sold.....	84,273,745
Dividends receivable.....	88,284,747

Total Assets.....	79,145,617,840

LIABILITIES	
Payable for investments purchased.....	60,933,865
Payable for SPDR's repurchased in-kind.....	20,204,170
Accrued Trustee expense.....	2,477,430
Income distribution payable.....	403,762,780
Accrued expenses and other liabilities.....	19,773,041

Total Liabilities.....	507,151,286

NET ASSETS.....	\$78,638,466,554
	=====

NET ASSETS REPRESENTED BY:	
Paid in surplus.....	\$92,473,543,917
Distribution in excess of net investment income.....	(354,299,342)
Accumulated net realized loss on investments.....	(6,474,732,820)
Net unrealized depreciation on investments.....	(7,006,045,201)
NET ASSETS.....	\$78,638,466,554
NET ASSET VALUE PER SDPR.....	\$ 152.48
UNITS OF FRACTIONAL UNDIVIDED INTEREST	
("SPDRS") OUTSTANDING, UNLIMITED UNITS AUTHORIZED, \$0.00 PAR	
VALUE.....	515,730,360
COST OF INVESTMENTS (INCLUDING COST OF AFFILIATED INVESTMENTS OF	
\$158,506,359).....	
	\$85,439,135,452

</Table>

See accompanying notes to financial statements.

SPDR TRUST, SERIES 1
STATEMENTS OF OPERATIONS

<Table>
<Caption>

	FOR THE YEAR ENDED SEPTEMBER 30, 2007	FOR THE YEAR ENDED SEPTEMBER 30, 2006	FOR THE YEAR ENDED SEPTEMBER 30, 2005
<S>	<C>	<C>	<C>
INVESTMENT INCOME			
Dividend income - unaffiliated issuers.....	\$ 1,230,919,171	\$1,039,969,618	\$1,088,830,574
Dividend income - affiliated issuers.....	1,534,780	1,232,565	1,074,217
Total Investment Income.....	1,232,453,951	1,041,202,183	1,089,904,791
EXPENSES			
Trustee expense.....	39,138,318	33,325,993	31,597,760
Marketing expense.....	12,846,106	12,253,449	15,473,877
S&P license fee.....	22,480,686	19,060,993	18,052,857
SEC registration fee.....	--	--	500,000
Legal and audit services.....	131,502	128,941	246,250
Other expenses.....	985,568	799,386	842,504
Total expenses.....	75,582,180	65,568,762	66,713,248
Trustee expense waiver.....	(4,970,832)	(11,108,781)	(15,133,657)
Net expenses.....	70,611,348	54,459,981	51,579,591
Trustee earnings credits.....	(18,950,100)	(8,560,492)	(2,730,415)
Net expenses after Trustee earnings credits...	51,661,248	45,899,489	48,849,176
NET INVESTMENT INCOME.....	1,180,792,703	995,302,694	1,041,055,615
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS			
Net realized gain (loss) on:			
Investment transactions -- unaffiliated issuers.....	8,384,712,286	2,976,847,607	4,542,652,646
Investment transactions -- affiliated issuers.....	12,487,253	(12,302,877)	190,138
Net change in unrealized appreciation (depreciation) on:			
Investment transactions -- unaffiliated issuers.....	451,101,267	2,090,504,058	(83,695,376)
Investment transactions -- affiliated issuers.....	(3,623,083)	8,531,665	9,218,142

NET REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS.....	8,844,677,723	5,063,580,453	4,468,365,550
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS.....	\$10,025,470,426	\$6,058,883,147	\$5,509,421,165

</Table>

See accompanying notes to financial statements.

9

SPDR TRUST, SERIES 1
STATEMENTS OF CHANGES IN NET ASSETS

<Table>
<Caption>

	FOR THE YEAR ENDED SEPTEMBER 30, 2007	FOR THE YEAR ENDED SEPTEMBER 30, 2006	FOR THE YEAR ENDED SEPTEMBER 30, 2005
<S>	<C>	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS:			
Net investment income.....	\$ 1,180,792,703	\$ 995,302,694	\$ 1,041,055,615
Net realized gain (loss) on investment transactions.....	8,397,199,539	2,964,544,730	4,542,842,784
Net change in unrealized appreciation (depreciation).....	447,478,184	2,099,035,723	(74,477,234)
NET INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS.....	10,025,470,426	6,058,883,147	5,509,421,165
NET EQUALIZATION CREDITS AND CHARGES.....	115,289,393	64,697,330	45,350,560
DISTRIBUTIONS TO UNITHOLDERS FROM NET INVESTMENT INCOME.....	(1,323,001,746)	(1,059,134,562)	(1,085,600,597)
NET INCREASE (DECREASE) IN NET ASSETS FROM ISSUANCE AND REDEMPTION OF SPDRS.....	12,234,823,506	5,492,844,774	(3,156,501,800)
NET INCREASE (DECREASE) IN NET ASSETS DURING PERIOD.....	21,052,581,579	10,557,290,689	1,312,669,328
NET ASSETS AT BEGINNING OF PERIOD.....	57,585,884,975	47,028,594,286	45,715,924,958
NET ASSETS END OF PERIOD*.....	\$78,638,466,554	\$57,585,884,975	\$47,028,594,286
* INCLUDES UNDISTRIBUTED (DISTRIBUTION IN EXCESS OF) NET INVESTMENT INCOME.....	\$ (354,299,342)	\$ (212,090,299)	\$ (147,564,863)

</Table>

See accompanying notes to financial statements.

10

SPDR TRUST, SERIES 1
FINANCIAL HIGHLIGHTS
SELECTED DATA FOR A SPDR OUTSTANDING DURING THE YEAR

<Table>
<Caption>

	FOR THE YEAR ENDED SEPTEMBER 30, 2007	FOR THE YEAR ENDED SEPTEMBER 30, 2006	FOR THE YEAR ENDED SEPTEMBER 30, 2005	FOR THE YEAR ENDED SEPTEMBER 30, 2004	FOR THE YEAR ENDED SEPTEMBER 30, 2003
<S>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF YEAR.....	\$ 133.53	\$ 122.85	\$ 111.78	\$ 99.87	\$ 81.78
Investment Operations:					
Net investment income.....	2.66(4)	2.32(4)	2.40(3)	1.81	1.55
Net realized and unrealized gain (loss) on investments.....	18.75	10.54	10.97	11.71	18.11
Total from investment operations.....	21.41	12.86	13.37	13.52	19.66
Net equalization credits and charges.....	0.26	0.15	0.10	0.18	(0.02)
Less distributions from:					
Net investment income.....	(2.72)	(2.33)	(2.40)	(1.79)	(1.55)
NET ASSET VALUE, END OF YEAR...	\$ 152.48	\$ 133.53	\$ 122.85	\$ 111.78	\$ 99.87
TOTAL INVESTMENT RETURN(5).....	16.31%	10.64%	12.11%	13.62%	24.13%
RATIOS AND SUPPLEMENTAL DATA					
Ratio to average net assets:					
Net investment income.....	1.86%	1.83%	2.02%	1.63%	1.67%
Total expenses(1).....	0.08%	0.08%	0.10%	0.11%	0.12%
Total expenses excluding Trustee earnings credit.....	0.11%	0.10%	0.10%	0.11%	0.12%
Total expenses excluding Trustee earnings credit and fee waivers.....	0.12%	0.12%	0.13%	0.13%	0.13%
Portfolio turnover rate(2).....	2.95%	3.70%	6.01%	2.23%	1.76%
Net assets, end of year (000's).....	\$78,638,467	\$57,585,885	\$47,028,594	\$45,715,925	\$36,054,568

</Table>

(1) Net of expenses reimbursed by the Trustee.

(2) Portfolio turnover ratio excludes securities received or delivered from processing creations or redemptions of SPDRs.

(3) Net investment income per unit reflects receipt of a special one time dividend from a portfolio holding. The effect of this dividend amounted to \$0.40 per share.

(4) Per share numbers have been calculated using the average shares method.

(5) Total return is calculated assuming a purchase of shares at net asset value per share on the first day and a sale at net asset value per share on the last day of each period reported. Distributions are assumed, for the purposes of this calculation, to be reinvested at the net asset value per share on the respective payment dates of each Fund. Total return for a period of less than one year is not annualized. Broker commission charges are not included in the calculation.

See accompanying notes to financial statements.

NOTE 1 -- ORGANIZATION

SPDR Trust Series 1 (the "Trust") is a unit investment trust created under the laws of the State of New York and registered under the Investment Company Act of 1940. The Trust was created to provide investors with the opportunity to purchase a security representing a proportionate undivided interest in a portfolio of securities consisting of substantially all of the common stocks, in substantially the same weighting, which comprise the Standard & Poor's 500 Composite Price Index (the "S&P Index"). Each unit of fractional undivided interest in the Trust is referred to as a Standard & Poor's Depositary Receipt ("SPDR"). The Trust commenced operations on January 22, 1993 upon the initial issuance of 150,000 SPDRs (equivalent to three "Creation Units" -- see Note 4) in exchange for a portfolio of securities assembled to reflect the intended portfolio composition of the Trust.

Under the Trust Agreement, the Sponsor and Trustee (each as defined below) are indemnified against certain liabilities arising out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. However, based on experience the Trust expects the risk of loss to be remote.

NOTE 2 -- SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Trustee to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from these estimates. The following is a summary of significant accounting policies followed by the Trust.

SECURITY VALUATION

Portfolio securities are valued based on the closing sale price on the exchange which is deemed to be the principal market for the security, except for securities listed on the NASDAQ which are valued at the NASDAQ official close price. If there is no closing sale price available, valuation will be determined by the Trustee in good faith based on available information.

In September, 2006, Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("SFAS 157"), was issued and is effective for fiscal years beginning after November 15, 2007. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The Trustee is currently evaluating the impact, if any, the adoption of SFAS 157 will have on the Trust's financial statements. The Trustee does not anticipate SFAS 157 will have a material impact on the Funds' financial statements.

RECLASSIFICATION

Certain prior year amounts on the Statements of Operations and the Financial Highlights have been reclassified to conform to the current year presentation.

INVESTMENT RISK

The Trust invests in various investments which are exposed to risks, such as market risk. Due to the level of risk associated with certain investments it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

NOTE 2 -- SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

INVESTMENT TRANSACTIONS

Investment transactions are recorded on the trade date. Realized gains and losses from the sale or disposition of securities are recorded on the identified cost basis. Dividend income is recorded on the ex-dividend date.

DISTRIBUTIONS TO UNITHOLDERS

The Trust declares and distributes dividends from net investment income to its unitholders quarterly. The Trust will distribute net realized capital gains, if any, at least annually.

EQUALIZATION

The Trust follows the accounting practice known as "Equalization" by which a portion of the proceeds from sales and costs of reacquiring the Trust's units, equivalent on a per unit basis to the amount of distributable net investment income on the date of the transaction, is credited or charged to undistributed net investment income. As a result, undistributed net investment income per unit is unaffected by sales or reacquisitions of the Trust's units.

FEDERAL INCOME TAX

The Trust has qualified and intends to qualify as a "regulated investment company" under Subchapter M of the Internal Revenue Code of 1986, as amended. By so qualifying and electing, the Trust will not be subject to federal income taxes to the extent it distributes its taxable income, including any net realized capital gains, for each fiscal year. In addition, by distributing during each calendar year substantially all of its net investment income and capital gains, if any, the Trust will not be subject to federal excise tax. Income and capital gain distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles. These differences are primarily due to differing treatments for income equalization, in-kind transactions and losses deferred due to wash sales. Net investment income per unit calculations in the financial highlights for all years presented exclude these differences.

During 2007, the Trust reclassified \$9,332,873,621 of non-taxable security gains realized in the in-kind redemption of Creation Units (Note 4) as an increase to paid in surplus in the Statement of Assets and Liabilities. At September 30, 2007, the Trust had capital loss carryforwards of \$58,816,996, \$403,831,303, \$472,492,447, \$1,530,834,020, \$445,024,832, \$380,379,645, \$1,174,140,896, and \$1,056,971,322 which will expire on September 30, 2008, September 30, 2009, September 30, 2010, September 30, 2011, September 30, 2012, September 30, 2013, September 30, 2014 and September 30, 2015, respectively. The Trust incurred losses of \$832,594,401 during the period November 1, 2006 through September 30, 2007 that were deferred for tax purposes until fiscal 2008.

The tax character of distributions paid during the year ended September 30, 2007 was \$1,323,001,746 of ordinary income. The tax character of distributions paid during the year ended September 30, 2006 was \$1,059,134,562 of ordinary income. The tax character of distributions paid during the year ended September 30, 2005 was \$1,085,600,597 of ordinary income.

As of September 30, 2007, the components of distributable earnings (excluding unrealized appreciation/(depreciation)) on a tax basis were undistributed ordinary income of \$49,463,432 and undistributed long term capital gain of \$0.

NOTE 2 -- SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

In December 2006, the SEC issued the staff guidance ("SEC Letter") that delayed the implementation of the Financial Accounting Standards Board's ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48") and clarified its application. FIN 48 was originally released by the FASB in July 2006. FIN 48 mandates a two-part test for recognition of a tax benefit in the financial statements of any company (including an investment company) that follows generally accepted accounting principles. First, the company must determine that it has a greater than 50% likelihood of sustaining its position based on the "technical merits" of the position. Second, the company must determine the amount of benefit that may be recognized by considering all of the potential outcomes and measuring the probability that each will occur. The SEC Letter clarifies the types of guidance upon which investment companies can rely in determining the technical merits of a tax position. In addition, the SEC Letter permits investment companies to delay the implementation of FIN 48 until the last NAV calculation in the first required financial reporting period for fiscal years beginning after December 15, 2006. In the case of the Trust, this is September 30, 2008. At this time, the Trustee is evaluating the implications of FIN 48 and its impact, if any, to the financial statements has not yet been determined.

NOTE 3 -- TRANSACTIONS WITH THE TRUSTEE AND SPONSOR

In accordance with the Trust Agreement, State Street Bank and Trust Company (the "Trustee") maintains the Trust's accounting records, acts as custodian and transfer agent to the Trust, and provides administrative services, including filing of all required regulatory reports. The Trustee is also responsible for determining the composition of the portfolio of securities which must be delivered and/or received in exchange for the issuance and/or redemption of Creation Units of the Trust, and for adjusting the composition of the Trust's portfolio from time to time to conform to changes in the composition and/or weighting structure of the S&P 500 Index. For these services, the Trustee received a fee at the following annual rates for the year ended September 30, 2007:

NET ASSET VALUE OF THE TRUST	FEE AS A PERCENTAGE OF NET ASSET VALUE OF THE TRUST
\$0 - \$499,999,999	10/100 of 1% per annum plus or minus the Adjustment Amount
\$500,000,000 - \$2,499,999,999	8/100 of 1% per annum plus or minus the Adjustment Amount
\$2,500,000,000 - and above	6/100 of 1% per annum plus or minus the Adjustment Amount

The Adjustment Amount is the sum of (a) the excess or deficiency of transaction fees received by the Trustee, less the expenses incurred in processing orders for creation and redemption of SPDRs and (b) the amounts earned by the Trustee with respect to the cash held by the Trustee for the benefit of the Trust. During the year ended September 30, 2007, the Adjustment Amount reduced the Trustee's fee by \$18,950,100. The Adjustment Amount included an excess of net transaction fees from processing orders of \$794,669 and a Trustee earnings credit of \$18,155,431.

Effective November 1, 2006, the Trustee changed the method of computing the Adjustment Amount to the Trustee Fee such that all income earned with respect to cash held for the benefit of the Trust is credited against the Trustee's Fee. In addition, during the period from December 1, 2006 through December 31, 2006, the Trustee applied incremental cash balance credits of \$5,918,238.

The Trustee voluntarily agreed to waive a portion of its fee, as needed, for one year through February 1, 2008. From October 1, 2006 to January 31, 2007, the Trustee waived a portion of its fee so that the total operating expenses

NOTE 3 -- TRANSACTIONS WITH THE TRUSTEE AND SPONSOR - (CONTINUED)

would not exceed 10/100 of 1% per annum of the daily net asset value. Effective February 1, 2007, the Trust waived a portion of its fee so that the total operating expenses would not exceed 9.45/100 of 1% per annum of the daily net asset value. The total amount of such reimbursement by the Trustee for the year ended September 30, 2007 was \$4,970,832. The Trustee has not entered into an agreement with the Trust to recapture waived fees in subsequent periods.

Standard and Poor's ("S&P") and State Street Global Markets, LLC ("SSGM") have entered into a License Agreement. The License Agreement grants SSGM, an affiliate of the Trustee, a license to use the S&P 500 Index as a basis for determining the composition of the Portfolio and to use certain trade names and trademarks of S&P in connection with the Portfolio. The Trustee on behalf of the Trust, the American Stock Exchange LLC (the "AMEX"), and PDR Services LLC (the "Sponsor") have each received a sublicense from SSGM for the use of the S&P 500 Index and such trade names and trademarks in connection with their rights and duties with respect to the Trust. The Trust pays an annual sub-license fee to S&P equal to the greater of: (i) 0.03% of the daily average net assets of the Trust plus a volume based fee ranging from \$0.03 to \$0.04 per round lot trade of the average daily trading volume, or (ii) \$125,000, the minimum annual fee.

TRANSACTIONS WITH AFFILIATED ISSUERS
 Certain investments made by the Trust represent securities affiliated with the

Trustee. Investments in State Street Corp., the holding company of State Street Bank and Trust Company, were made according to its representative portion of the S&P 500 Index. The market value of these investments at September 30, 2007 is listed in the Schedule of Investments.

NOTE 4 -- TRUST TRANSACTIONS IN SPDRS
Transactions in SPDRS were as follows:

<Table>
<Caption>

	YEAR ENDED SEPTEMBER 30, 2007		YEAR ENDED SEPTEMBER 30, 2006		YEAR ENDED SEPTEMBER 30, 2005	
	SPDRS	AMOUNT	SPDRS	AMOUNT	SPDRS	AMOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
SPDRs sold.....	1,838,900,000	\$ 269,830,592,741	707,000,000	\$ 89,665,093,167	625,250,000	\$ 75,185,061,183
Dividend reinvestment SPDRs issued.....	80,264	11,506,562	96,447	12,194,198	73,825	8,743,709
SPDRs redeemed.....	(1,754,500,000)	(257,491,986,404)	(658,650,000)	(84,119,745,261)	(651,500,000)	(78,304,956,132)
Net income equalization.....	--	(115,289,393)	--	(64,697,330)	--	(45,350,560)
Net increase (decrease).....	84,480,264	\$ 12,234,823,506	48,446,447	\$ 5,492,844,774	(26,176,175)	\$ (3,156,501,800)

</Table>

With the exception of the Trust's dividend reinvestment plan, SPDRs are issued and redeemed by the Trust only in Creation Unit size aggregations of 50,000 SPDRs. Such transactions are only permitted on an in-kind basis, with a separate cash payment which is equivalent to the undistributed net investment income per SPDR (income equalization) and a balancing cash component to equate the transaction to the net asset value per unit of the Trust on the transaction date. A transaction fee of \$3,000 is charged in connection with each creation or redemption of Creation

SPDR TRUST, SERIES 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2007

NOTE 4 -- TRUST TRANSACTIONS IN SPDRS - (CONTINUED)

Units through the SPDR Clearing Process per Participating party per day, regardless of the number of Creation Units created or redeemed. Transaction fees are received by the Trustee and used to offset the expense of processing orders.

NOTE 5 -- INVESTMENT TRANSACTIONS
For the year ended September 30, 2007, the Trust had in-kind contributions, in-kind redemptions, purchases and sales of investment securities of \$151,576,149,798, \$139,503,503,027, \$2,829,005,645, and \$1,862,691,539, respectively. At September 30, 2007, the cost of investments for federal income tax purposes was \$85,560,782,411, accordingly, gross unrealized appreciation was \$1,390,535,886 and gross unrealized depreciation was \$8,518,228,046, resulting in net unrealized depreciation of \$7,127,692,160.

SPDR TRUST, SERIES 1
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE TRUSTEE AND UNITHOLDERS OF
SPDR TRUST, SERIES 1

In our opinion, the accompanying statements of assets and liabilities, including the schedule of investments, and the related statements of operations and of

changes in net assets and the financial highlights present fairly, in all material respects, the financial position of SPDR Trust, Series 1 (the "Trust") at September 30, 2007, the results of its operations, the changes in its net assets and the financial highlights for the periods indicated, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Trustee; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at September 30, 2007 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
 Boston, Massachusetts
 November 28, 2007

TAX INFORMATION (UNAUDITED)

For Federal income tax purposes, the percentage of Trust distributions which qualify for the corporate dividends received deduction for the fiscal year ended September 30, 2007 is 98.07%.

For the fiscal year ended September 30, 2007 certain dividends paid by the Trust may be designated as qualified dividend income and subject to maximum tax rate of 15%, as provided for the Jobs and Growth Tax Relief Reconciliation Act of 2003. Complete information will be reported in conjunction with your 2007 Form 1099-DIV.

FREQUENCY DISTRIBUTION OF DISCOUNTS AND PREMIUMS
 BID/ASK PRICE VS. NET ASSET VALUE
 AS OF SEPTEMBER 30, 2007

<Table>
 <Caption>

	BID/ASK PRICE ABOVE NAV			BID/ASK PRICE BELOW NAV		
	50 - 99	100 - 199	200	50 - 99	100 - 199	200
	BASIS POINTS	BASIS POINTS	BASIS POINTS	BASIS POINTS	BASIS POINTS	BASIS POINTS
<S>	<C>	<C>	<C>	<C>	<C>	<C>
2007.....	0	0	0	0	0	0
2006.....	0	0	0	0	0	0
2005.....	0	0	0	0	0	0
2004.....	0	0	0	1	0	0
2003.....	0	0	0	0	0	0

</Table>

COMPARISON OF TOTAL RETURNS BASED ON NAV AND BID/ASK PRICE(1)

<Table>
 <Caption>

	CUMULATIVE TOTAL RETURN		
	1 YEAR	5 YEAR	10 YEAR
<S>	<C>	<C>	<C>
SPDR Trust Series 1			
Return Based on NAV.....	16.31%	103.68%	86.75%
Return Based on Bid/Ask Price.....	16.33%	104.23%	87.49%
S&P 500 Index.....	16.44%	105.13%	88.96%

<Caption>

AVERAGE ANNUAL TOTAL RETURN

	1 YEAR	5 YEAR	10 YEAR
<S>	<C>	<C>	<C>
SPDR Trust Series 1			
Return Based on NAV.....	16.31%	15.29%	6.45%
Return Based on Bid/Ask Price.....	16.33%	15.35%	6.49%
S&P 500 Index.....	16.44%	15.45%	6.57%

(1) Currently, the Bid/Ask Price is calculated based on the best bid and best offer on the AMEX at 4:00 p.m. However, prior to April 3, 2001, the calculation of the Bid/Ask Price was based on the midpoint of the best bid and best offer at the close of trading on the AMEX, ordinarily 4:15 p.m.

SPDR TRUST, SERIES 1

SPONSOR
PDR Services LLC
c/o American Stock Exchange LLC
86 Trinity Place
New York, NY 10006

TRUSTEE
State Street Bank and Trust Company
One Lincoln Street
Boston, MA 02111

DISTRIBUTOR
ALPS Distributors, Inc.
1290 Broadway Suite 1100
Denver, CO 80203

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
PricewaterhouseCoopers LLP
125 High Street
Boston, MA 02110

LEGAL COUNSEL
Katten Muchin Rosenman LLP
575 Madison Avenue
New York, NY 10022