

Safety in Numbers: Cybersecurity 101 for the IRO – Sample Proxy Statement References to Cybersecurity

NIRI-Chicago
3.15.16
Ruth Venning

Companies from across industries are beginning to include mention of cybersecurity relative to the efforts and expertise of their boards in their proxy statements – above and beyond the Risk Factors in the Form 10-K. The following are examples of discussion of cybersecurity or IT security in several sample company 2015 proxy statements: **Allstate, Coca Cola, CVS Healthcare, General Electric, Goldman Sachs, Lockheed Martin, Staples and Target**. Of the sample companies, Target and Staples report on cyber breaches in their proxy statements.

ALLSTATE

From “Letter to Stockholders from Your Board of Directors” (pg. viii)

stock ownership guidelines and the proposal is not in line with industry practice, as discussed in more detail on page 72. We did adopt a policy prohibiting the pledging of Allstate securities for senior executives and directors.

CORPORATE GOVERNANCE

We continued our practice of interacting with stockholders on governance issues three times a year: before, during, and after annual stockholder voting. Each Board committee considers this feedback from stockholders and takes action as needed.

- Board composition is vital to effective oversight and we focus on having a team of independent directors with the capabilities, experience, diversity, and tenure to represent your interests. Mike Eskew joined this team in 2014 and brings substantial operating, technology, and governance experience.
- Mandatory auditor rotation was considered by the audit committee, and it determined that a process of annual evaluation remained appropriate. The committee has solicited requests for information from other auditing firms within the last three years.
- Cybersecurity is a growing threat for all companies, so the audit committee increased its focus on these initiatives to supplement oversight by the Board and the risk and return committee.

From “Board Role in Risk Oversight” (pg. 23)

PROXY STATEMENT

Corporate Governance Practices

Board Leadership Structure and Practices

- Allstate's Corporate Governance Guidelines allow the Board the flexibility to assign the chairman and CEO responsibilities to best meet Allstate's interests.
- The roles of chairman and CEO were split during a transition of leadership in 2007 and 2008.
- The Board has determined that Allstate currently is well-served by now having these roles performed by Mr. Wilson, who provides unified leadership and direction for management to execute our strategy and business plans.

Lead Director

The Board has an independent lead director who:

- Works with the chairman in developing Board meeting agendas and information provided to shape Board dialogue.

- In 2013, the Board added a risk and return committee as a standing committee of the Board to ensure sufficient expertise and continuity between the Board's bi-annual reviews. The following are the key responsibilities of the risk and return committee:

- Assists the Board in risk and return governance and oversight.
- Reviews risk and return process, policies, and guidelines used to evaluate, monitor, and manage enterprise risk and return.
- Supports the audit committee in its oversight of risk controls and management policies.
- The risk and return committee meets in executive session with the chief risk officer at each meeting.
- The Board, audit, and risk and return committees provide oversight of cybersecurity risk.
- The audit committee provides oversight and

From “Table of Contents”

| | | | |
|---|-----|--|---------|
| Compliance | 68 | | |
| Proposal 3: Ratification of the Appointment of Independent Registered Public Accountant | 69 | Executive Overview of Compensation. Review our 2014 performance; how we align pay with performance; and changes to our compensation program. | Page 28 |
| Audit Committee Report | 70 | | |
| Stockholder Proposal | 71 | | |
| Stockholder Proposals for the 2016 Annual Meeting | 73 | | |
| Allstate 401(k) Savings Plan Participants | 74 | Incentive Design and Goal Setting. Review our compensation and succession committee's robust process for determining annual and long-term incentives for management. | Page 33 |
| Proxy Statement and Annual Report Delivery Procedures for Attending the Annual Meeting | 74 | | |
| Proxy Solicitation | 75 | | |
| Appendices | | | |
| Appendix A – Categorical Standards of Independence | A-1 | Other Highlights... | |
| Appendix B – Policy Regarding Pre-Approval of Independent Registered Public Accountant's Services | B-1 | How to vote in advance of the annual meeting. | |
| Appendix C – Executive Officers | C-1 | Page 1 | |
| Appendix D – Definitions of Non-GAAP Measures | D-1 | Cybersecurity oversight enhanced. Page 23 | |

From “Outside Advisory Participation in Meetings (pg. 25)

general counsel participate in nominating and governance committee meetings. The committee regularly meets in executive session without management present.

- Risk and Return Committee: A number of our executives, including the CEO, CFO, general counsel, chief risk officer and operating unit risk officers, participate in risk and return committee meetings. The committee regularly meets in executive session, including sessions with the chief risk officer.

Outside Advisor Participation in Meetings

All independent Board committees use independent external consultants. Outside experts such as independent auditors, governance specialists, cybersecurity experts, board search firm representatives, and financial advisors attend meetings to provide directors with additional information on issues.

Transactions are reviewed and approved or ratified by the committee chair when it is not practicable or desirable to delay review of a transaction until a committee meeting. The chair reports any approved transactions to the committee. Any ongoing, previously approved or ratified related person transactions are reviewed annually.

Nominee Independence Determinations

- The Board has determined that all non-employee directors who served during 2014 and all nominees, other than Mr. Wilson, are independent according to applicable law, the NYSE listing standards, and the Board's Director Independence Standards. In accordance with the Director Independence Standards, the Board has determined that the nature of the relationships with the corporation that are set forth in Appendix A do not create a conflict of interest that would impair a director's independence.

From “Board Meetings and Committees” (pg. 8)

Corporate Governance Practices

PROXY STATEMENT

Board Meetings and Committees

The following table identifies each standing committee of the Board, its members, functions, and the number of meetings held during 2014. The Board has determined the members of the audit, compensation and succession, nominating and governance, and risk and return committees are independent within the meaning of applicable law, NYSE listing standards, and the Director Independence Standards in effect at the time of determination.

| | Key Responsibilities | Meetings in 2014 | Directors |
|---|---|------------------|---|
| The Allstate Corporation Board of Directors | <ul style="list-style-type: none"> Strategic oversight Corporate governance Stockholder advocacy Leadership | 4 | <ul style="list-style-type: none"> Chair: Thomas J. Wilson Independent Lead Director: E. Duane Ackerman 1 of 12 are independent |
| Audit Committee (Board Page 70) | <ul style="list-style-type: none"> Assists the Board on its oversight of the company's financial statements and other financial information, including reviews of Allstate's internal controls, including reviews of information on accounting and financial reporting and disclosure, enterprise risk control assessment and governance and policies by which risk reduction activities must be developed and implemented, and compliance with applicable laws and regulations. Approves, reforms, and oversees the compensation and each of the independent registered public accountant, and with the Board evaluates its qualifications, performance, and independence. Evaluates Allstate's internal audit function through | 4 | <ul style="list-style-type: none"> Chair: Judith A. Samson Other Members: <ul style="list-style-type: none"> Robert D. Brown Michael J. Caspell William H. Hester Mary Ellen Taylor The Board determined that Mr. Samson, Mr. Brown, Mr. Caspell, Mr. Hester and Mrs. Taylor are each an audit committee financial expert. However, Mr. Hester and Mrs. Taylor are not audit committee financial experts but do not currently serve on the audit committee. |

From “Risk Factors” (pg. 9)

The failure in cyber or other information security systems, as well as the occurrence of events unanticipated in our disaster recovery systems and management continuity planning could result in a loss or disclosure of confidential information, damage to our reputation, additional costs and impairment of our ability to conduct business effectively.

We depend heavily upon computer systems and mathematical algorithms and data to perform necessary business functions. Despite our implementation of a variety of security measures, our computer systems could be subject to cyber-attacks and unauthorized access, such as physical and electronic break-ins or unauthorized tampering. Like other global companies, we have experienced threats to our data and systems, including malware and computer virus attacks, unauthorized access, system failures and disruptions. Events such as these could jeopardize the confidential, proprietary and other information (including personal information of our customers, claimants or employees) processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our operations, which could result in damage to our reputation, financial losses, litigation, increased costs, regulatory penalties and/or customer dissatisfaction or loss. These risks may increase in the future as we continue to expand our internal and mobile strategies, develop additional remote connectivity solutions to serve our customers, and build and maintain an integrated digital enterprise.

The occurrence of a disaster, such as a natural catastrophe, pandemic, industrial accident, blackout, terrorist attack, war, cyber-attack, computer virus, insider threat, unanticipated problems with our disaster recovery systems, or a support failure from external providers, could have an adverse effect on our ability to conduct business and on our results of operations and financial condition, particularly if those events affect our computer-based data processing, transmission, storage, and retrieval systems or destroy data. If a significant number of our managers were unavailable in the event of a disaster, our ability to effectively conduct our business could be severely compromised.

Third parties to whom we outsource certain of our functions are also subject to the risks outlined above. The Company also has business process and information technology operations in Northern Ireland and India and is subject to operating, regulatory and political risks in those countries. Any of these may result in our incurring substantial costs and other negative consequences, including a material adverse effect on our business, financial condition, results of operations and liquidity.

COCA COLA

From Audit Matters, (pg. 79-80)

Primary Responsibilities and 2014 Actions

The Audit Committee represents and assists the Board in fulfilling its oversight responsibility relating to the integrity of the Company's financial statements and the financial reporting process, the systems of internal accounting and financial controls, the internal audit function and the annual independent audit of the Company's financial statements. The Audit Committee oversees the Company's compliance with legal and regulatory requirements, the independent auditors' qualifications and independence, the performance of the Company's internal audit function and the independent auditors, the Company's ethical compliance programs, including the Company's Codes of Business Conduct, and the Company's quality, safety, environmental assurance and information technology security programs. The Audit Committee also oversees the Company's enterprise risk management (ERM) program and has direct oversight over certain risks within the ERM framework. In addition, the Audit Committee participates in educational sessions developed by management, at the request of the Audit Committee, on areas of the Company's operations.

In 2014, the Audit Committee held nine meetings. Meeting agendas are established by the Audit Committee's Chair and the Chief of Internal Audit. During 2014, among other things, the Audit Committee:

- Met with the senior members of the Company's financial

- Received periodic updates on management's process to assess the adequacy of the Company's system of internal control over financial reporting, the framework used to make the assessment, and management's conclusions on the effectiveness of the Company's internal control over financial reporting.
- Discussed with the independent auditors the Company's internal control assessment process, management's assessment with respect thereto and the independent auditors' evaluation of the Company's system of internal control over financial reporting.
- Reviewed and discussed with management and the independent auditors the Company's earnings releases and quarterly and annual reports on Form 10-Q and Form 10-K prior to filing with the SEC.
- Reviewed the Company's internal audit plan and the performance of the Company's internal audit function.
- Reviewed with senior members of the Company's financial management team, the independent auditors and the Chief of Internal Audit, the overall audit scope and plans, the results of internal and external audit examinations, evaluations by management and the independent auditors of the Company's internal controls over financial reporting and the quality of the

AUDIT MATTERS

From "Board Oversight of Risk" (pg. 32)

GOVERNANCE Board and Committee Governance

and the risk management program. Management communicates routinely with the Board, Board committees and individual Directors on the significant risks identified and how they are being managed. Directors are free to, and indeed often do, communicate directly with senior management.

The Board implements its risk oversight function both as a whole and through delegation to Board committees, which meet regularly and report back to the full Board. All committees play significant roles in carrying out the risk oversight function. In particular:

- The Audit Committee oversees risks related to the Company's financial statements, the financial reporting process and accounting and legal matters. The committee oversees the internal audit function, the Company's ethics programs, including the Codes of Business Conduct, and the Company's quality, safety, environmental assurance and information technology security programs. The committee periodically receives reports on and

investments, currency risk and hedging programs, taxes, mergers and acquisitions, and capital projects;

- The Management Development Committee oversees management development and succession planning across senior management positions;
- The Public Issues and Diversity Review Committee oversees issues that could pose significant reputational risk to the Company; and
- The Committee on Directors and Corporate Governance oversees the Company's governance practices, Director succession and committee leadership to manage risks associated with corporate governance.

Annually, one meeting of the full Board is dedicated primarily to evaluating and discussing risk, risk mitigation strategies and the Company's internal control environment. Topics examined at this meeting include, but are not limited to, financial risks, political and regulatory risks, legal risks, supply chain and quality risks, information

From "2015 Director Nominees" (pg. 25)

David B. Weinberg



Mr. Weinberg is Chairman of the Board and Chief Executive Officer of Judd Enterprises, Inc., a private, investment-management office with diverse interests in a variety of asset classes, and President of Digital Bandwidth LLC, its private, early-stage technology investing affiliate, and has held these positions since 1994. From September 1989 to June 1996, Mr. Weinberg was a partner in the corporate, securities and investment management practice of Mayer, Brown & Plet, a leading international law firm.

Director since 2015
Age: 53
Board Committee: Audit
Other Public Company Boards: None

- Specific Qualifications, Attributes, Skills and Experience:**
- High Level of Financial Experience**
In his position as Chairman and Chief Executive Officer of Judd Enterprises, Inc., oversees substantial assets in a wide variety of asset classes. Significant experience in reviewing financial statements as an investor, and as a securities lawyer when structuring transactions. Previously served on the audit committees and currently serves on the executive, finance and investment committees of Northwestern University.
 - Relevant Senior Leadership/Chief Executive Officer Experience**
Since 1994, has served as Chairman and Chief Executive Officer of Judd Enterprises, Inc., a private, investment-management office, and President of Digital Bandwidth LLC, its private early-stage technology investing affiliate.
 - Innovation/Technology Experience**
Extensive investment experience as President of Digital Bandwidth LLC, overseeing investments in early stage companies focusing on technologies, including wireless networks, speech recognition, network security and radio frequency identification tags.
 - Risk Oversight/Management Expertise**
Extensive risk oversight and management experience overseeing a private investment management office as Chief Executive Officer of Judd Enterprises, Inc. as a partner in the corporate, securities and investment management practice of the Mayer, Brown & Plet law firm, advised clients on a broad range of regulatory and transactional matters. Additional

GOVERNANCE

From "Report of the Audit Committee" (pg. 32)

over certain risks within the ERM framework. In addition, the Audit Committee participates in educational sessions developed by management, at the request of the Audit Committee, on areas of the Company's operations.

In 2014, the Audit Committee held nine meetings. Meeting agendas are established by the Audit Committee's Chair and the Chief of Internal Audit. During 2014, among other things, the Audit Committee:

- Met with the senior members of the Company's financial management team at each regularly scheduled meeting.
- Held separate private sessions, during its regularly scheduled meetings, with each of the Company's General Counsel, the Independent Auditors, and the Chief of Internal Audit, at which candid discussions regarding financial management, legal, accounting, auditing and internal control issues took place.
- Continued its long-standing practice of having independent legal counsel, who regularly attends committee meetings.
- Met with the chief ethics and compliance officer to discuss the effectiveness of the Company's compliance program and regularly received status reports of compliance issues.

- Reviewed the Company's internal audit plan and the performance of the Company's internal audit function.

Reviewed with senior members of the Company's financial management team, the independent auditors and the Chief of Internal Audit, the overall audit scope and plans, the results of internal and external audit examinations, evaluations by management and the independent auditors of the Company's internal controls over financial reporting and the quality of the Company's financial reporting.

- Discussed with management, including the Chief of Internal Audit and General Counsel, and the independent auditors, significant risks and exposures identified by management, the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs, including the Company's Codes of Business Conduct, and the Company's quality, safety, environmental assurance and information technology security programs.

Participated, with representatives of management and of the independent auditors, in educational sessions about topics requested by the Committee, including (i) governance of the

2015 Proxy Statement | The Coca-Cola Company | 10

From "Audit Committee" (pg. 29)

AUDIT COMMITTEE



Evan G. Greenberg
Committee Chair

Additional Committee Members: Ronald W. Allen, Marc Boland*, Peter V. Ueberroth**, David B. Weinberg*
Meetings Held in 2014: 9

Primary Responsibilities:
The Audit Committee represents and assists the Board in fulfilling its oversight responsibility relating to the integrity of the Company's financial statements and the financial reporting process, the systems of internal accounting and financial controls, the internal audit function and the annual independent audit of the Company's financial statements. The Audit Committee oversees the Company's compliance with legal and regulatory requirements, the independent auditors' qualifications and independence, the performance of the Company's internal audit function and the independent auditors, the Company's ethical compliance programs, including the Company's Codes of Business Conduct, and the Company's quality, safety, environmental assurance and information technology security programs. The Audit Committee also oversees the Company's enterprise risk management (ERM) program and has direct oversight over certain risks within the ERM framework. In addition, the Audit Committee participates in educational sessions developed by management, at the request of the Audit Committee, on areas of the Company's operations. The Audit Committee periodically receives reports on and discusses governance of the Company's risk management process and reviews significant risks and exposures identified to the committee (whether financial, operating or otherwise), and management's steps to address them. In exercising its duties, the

GOVERNANCE Board and Committee Governance

GOVERNANCE

AUDIT MATTERS Report of the Audit Committee

Company's information technology environment, including oversight of cloud computing and cyber security, (ii) the Company's global income tax structure, (iii) marketing objectives and expense controls, (iv) safety programs and related risk oversight, (v) productivity and reinvestment program, (vi) ethics and compliance

governance and investigative processes, and (vii) the new internal control framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013 and management's approach to its implementation.

Oversight of Independent Auditors

The Audit Committee engaged Ernst & Young LLP as our independent auditors for the year ended December 31, 2014. In its meetings with representatives of the independent auditors, the Audit Committee asks them to address, and discusses their responses to, several questions that the Audit Committee believes are particularly relevant to its oversight.

- These questions include:
- Are there any significant accounting judgments or estimates

- Based on the independent auditors' experience, and their knowledge of the Company, has the Company implemented internal controls and internal audit procedures that are appropriate for the Company?

The Audit Committee believes that using these questions to help focus its discussions with the independent auditors promotes a more meaningful dialogue that provides a basis for its oversight judgments.

The Audit Committee also discussed with the independent auditors

CVS HEALTHCARE

From Committees of the Board (pg. 22)

AUDIT COMMITTEE

Committee Members in 2014: (all independent)

Nancy Ann M. DePaola
Jean Pierre Milon
Richard J. Swift (Chair)
Tony L. White*

Each member of the Audit Committee is financially literate and independent of the Company and management under the standards set forth in applicable SEC rules and the Corporate Governance Rules of the NYSE. The Board has designated each of Messrs. Swift, Milon and White as an audit committee financial expert, as defined under applicable SEC rules. The Board has approved a charter for the Committee, which can be viewed on our website at <http://investors.cvshealth.com> and also is available to stockholders without charge upon request to our Corporate Secretary.

Mr. Richard Brackeen, who is also financially literate and independent, joined the Committee in March 2015.

Primary Responsibilities:
Pursuant to its charter, the Committee assists the Board in its oversight of:

- the integrity of our financial statements;
- the qualifications, independence and performance of our independent registered public accounting firm, for whose appointment the Committee bears principal responsibility;
- the performance of our internal audit function;
- our policies and practices with respect to risk assessment and risk management, including discussing with management the Company's major financial risk exposures and the steps that have been taken to monitor and control such exposures;
- compliance with our Code of Conduct;
- the review of our information governance framework, including its privacy and information security programs, as well as the cybersecurity aspects of the information security program;
- the review of our business continuity and disaster recovery program;
- the review of our environmental, health and safety program;
- review and ratification of any related person transactions in accordance with our policy on such matters; and
- our compliance with legal and regulatory requirements, including Federal health care program requirements.

* Audit Committee Financial Expert

- compliance with our Code of Conduct;
- the review of our information governance framework, including its privacy and information security programs, as well as the cybersecurity aspects of the information security program;
- the review of our business continuity and disaster recovery program;
- the review of our environmental, health and safety program;
- review and ratification of any related person transactions in accordance with our policy on such matters; and
- our compliance with legal and regulatory requirements, including Federal health care program requirements.

Audit Committee Activities in 2014

The Audit Committee met eight times in 2014, and each member of the Committee attended all of its meetings. Four of the Committee's meetings were focused primarily on our quarterly financial reports, including our Form 10-K, Form 10-Qs and our related earnings releases. At each of these meetings the Committee reviews the documents in depth and also receives reports from our internal audit department and our independent outside audit firm, Ernst & Young LLP. The Committee regularly meets with Ernst & Young outside the presence of management, and also meets individually with

members of management. In addition to its responsibilities related to our financial statements, the Committee plays a primary role in risk oversight, including reviews of our enterprise risk management program, cybersecurity efforts, business continuity and disaster recovery program, privacy programs, and environmental, health and safety program. The Committee also reviews our legal and regulatory compliance program on a quarterly basis, and in 2014 it assumed responsibility for oversight of the Company's compliance with its Corporate Integrity Agreement.

Audit Committee Report

During 2014, the Audit Committee of the Board of Directors was composed of four independent directors. Set forth below is the report of the Committee on its activities with respect to CVS Health's audited financial statements for the fiscal year ended December 31, 2014 (the "audited financial statements").

GENERAL ELECTRIC

From "Q&A from Our Lead Director" (pg. ii)

What would you say the Board's most significant priorities over the past year have been?
Brennan: We prioritize the things that create value for our shareholders — strategy, portfolio risk, aligned compensation programs and leadership development. As a Board, we also have to continually assess the strength of GE's portfolio. GE has made disciplined portfolio changes over the last year that are the result of the Board/leadership annual strategic planning process. The Board has spent a significant amount of time on the Alstom transaction, the Synchro Financial split and the GE Appliances disposition, which are important capital allocation priorities, and we expect these deals to be major drivers of shareholder value over the next several years. The Management Development and Compensation Committee and the Board also oversee the transformation of our compensation programs, especially the annual incentive compensation program, which needed a redesign to provide for a better alignment of compensation with company results and our shareholders. Lastly, I would say from a risk perspective we had a sharp focus on financial services governance and risk oversight, and **Cybersecurity**.
What areas do you think will be important for the

You saw that reflected in the annual goals the Board and management set for the company, which included cash from operating activities, SG&A expense and corporate overhead reduction targets, and margin and return on total capital, as well as an overall goal to right-size GE Capital and expand the industrial footprint.
What are your views on proxy access, which GE recently implemented?
Brennan: Proxy access has gained considerable momentum among investors, similar to majority voting a few years ago. From the Board's perspective, we want to balance the interests of significant shareholders with the potential for disruption that could result from an abusive use of this tool, such as by parties without a meaningful level of ownership or long-term stake in the company. So, this year GE implemented proxy access at the 3%/3-year level, which we think is appropriate based on our conversations with our largest investors and given our size and shareholder base.
Any final thoughts?
Brennan: It is an exciting time to be part of GE. To our shareholders, I would like to take this opportunity to say, I am honored to represent your interests as your lead director.

Proxy Summary

This summary highlights information contained elsewhere in the proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

Meeting Agenda

ELECTION OF 16 DIRECTORS

Your Board recommends a vote for each director nominee

MANAGEMENT PROPOSALS

Advisory approval of our named executives' compensation — page 34
 Ratification of KPMG as independent auditor

Board & Governance Highlights

Governance Changes Since 2014 Annual Meeting

- Implemented proxy access for a single shareholder, or a group of up to 2% who hold 1% of GE stock for 3 years (may nominate up to 20% of the Board) — page 12
- Enhanced investor outreach process by inviting major institutional investors to meet with our independent directors — page 13
- Increased corporate political spending oversight with GPK annually approving a political spending budget — page 12
- Enhanced GE's sustainability reporting with launch of new Sustainability website — page 32

Compensation Changes Since 2014 Annual Meeting

- Redesigned cash bonus program effective 2015
- Implemented new equity pay program with the CEO &

AUDIT



Douglas A. Warner III, Chair

KEY OVERSIGHT RESPONSIBILITIES

- Independent auditor, including audit/non-audit services provided
- Scope & results of the independent auditor's audit
- Financial reporting activities & accounting standards/principles used
- Internal audit functions (Corporate Audit Staff and GE Capital Audit)
- Disclosure controls and internal controls
- GE's compliance and integrity programs
- Cybersecurity**

"In 2014, our focus included cybersecurity and controls around simplification."

GOVERNANCE & PUBLIC AFFAIRS



Rachelle Lazarus

KEY OVERSIGHT RESPONSIBILITIES

- Director recruitment
- Corporate governance, including the Board's Governance Principles
- Board committee structure & membership
- Annual Board/committee self-evaluation
- Conflicts-of-interest reviews involving directors/executive officers
- Director compensation
- GE positions on corporate social responsibilities
- Corporate political spending & lobbying

GOVERNANCE / HOW WE OVERSEE RISK

Board Members Visit at Least Two GE Businesses Per Year

GE POLICY: We encourage our directors to meet with GE senior managers without corporate management present. To facilitate this contact, directors are expected to make at least two scheduled visits to GE businesses each year unaccompanied by corporate management. In determining which businesses to visit, management and the Board give priority to those identified at the company's annual financial and strategic planning sessions as strategically important as well as any that have been recently acquired or are a particular focus of risk oversight.

2014 VISITS:

- Global Growth Organization (Russia, China and Saudi Arabia)
- Power & Water (Power Generation Services, Power Generation Products, Renewables and Water)
- Oil & Gas
- Transportation
- GE Capital (Energy Financial Services, GE Capital Aviation Services, Real Estate, Leveraged Lending, Capital International and Risk)
- Cybersecurity Center
- Global Research Center

We Annually Evaluate the Board's Effectiveness

EVALUATION PROCESS: Each year, either the lead director or an independent, third-party governance expert interviews each director to obtain his or her assessment of the effectiveness of the Board and committees, as well as director performance and Board dynamics, and then, after discussion with the chair of the GPAC, summarizes these individual assessments for discussion with the Board and committees. In years when a third-party governance expert conducts the interviews, the expert will also discuss them with the lead director before summarizing them for Board discussion. In addition, periodically we ask directors to complete a written committee evaluation to focus the interviewer on the most important matters. For more information on this evaluation process, see the Board's Governance Principles and the GPAC's Key Practices (see "Helpful Resources" on page 55).

From "Board Operations" (pg. 10-12)

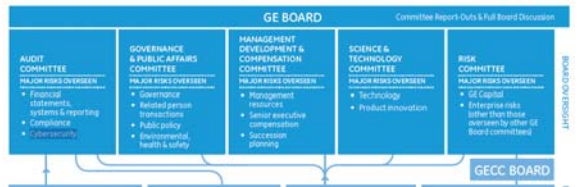
We Annually Evaluate the Board's Effectiveness

EVALUATION PROCESS: Each year, either the lead director or an independent, third-party governance expert interviews each director to obtain his or her assessment of the effectiveness of the Board and committees, as well as director performance and Board dynamics, and then, after discussion with the chair of the GPAC, summarizes these individual assessments for discussion with the Board and committees. In years when a third-party governance expert conducts the interviews, the expert will also discuss them with the lead director before summarizing them for Board discussion. In addition, periodically we ask directors to complete a written committee evaluation to focus the interviewer on the most important matters. For more information on this evaluation process, see the Board's Governance Principles and the GPAC's Key Practices (see "Helpful Resources" on page 55).

CHANGES MADE IN RESPONSE TO 2014 EVALUATIONS: In response to feedback received from our directors in 2014, the Board determined to adjust the compositions of the Audit Committee and Risk Committee in light of the increased demands on both of these committees and formalize and strengthen the Audit Committee's oversight responsibility for **Cybersecurity**.

How We Oversee Risk

For more information, see the "Risk Management" section in our annual report on Form 10-K for 2014.



From "Compensation Actions for 2014" (pg. 18)

reduction of the CEO's base salary (the base cover of this proxy statement, which are designed to improve speed and competitiveness.

- Improve GE's capability in software and analytics.** GE Predictive by the company's software and analytics business achieved \$1.4 billion in revenues (up 75% from 2013) from over 40 software and analytics products built on Predix (GE's software platform for the Industrial Internet). In 2014, the company both announced that it would open up Predix to third-party software developers to accelerate the momentum behind the platform and continued to invest in its Software Center of Excellence in San Ramon, California.
- Maintain world-class enterprise risk management processes.** GE continued to enhance its enterprise risk management in 2014 by strengthening its **Cybersecurity** oversight with the creation of a Cybersecurity Task Force and expanded Board reporting. The company also made significant improvements in product safety management and customized service agreement performance, led by the Global Research Center, and continued to maintain a world-class global compliance program. GE Capital continued to execute on its Getting to Strong initiatives, strengthened its risk management organization and improved its Tier 1 Common Ratio Base1 \$1 by 150 basis points to 12.7%.

Mr. Immett also executed on the following financial goals included in the performance framework:

| Selected Financial Objectives For 2014 | Objective | Result |
|--|-----------|--------|
| Revenue | \$100-105 | 146.6 |

for values. Early in 2014, the MDCI increased Mr. Immett's base salary 9% to \$18 million, effective March 1, 2014, recognizing his continued strong leadership of the company with the global scale and diversity of GE and reflecting that this increase was his second salary increase since 2005.

In February 2015, all of the PDSs granted to Mr. Immett in 2009 (with a \$2.3 million grant date fair value and all of the stock options granted to Mr. Immett in 2010 with a \$7.4 million grant date fair value) were cancelled under the terms of the grants because GE did not achieve the specified TSR and Industrial CDA performance conditions. See the Outstanding CEO Performance-Based Equity Awards Table on page 42 for additional information.

SEC TOTAL COMPENSATION SIGNIFICANTLY IMPACTED BY CHANGE IN PENSION VALUE ASSUMPTIONS

Excluding the effect of the change in pension value, Mr. Immett's compensation for 2014 was \$18.8 million, down 7% from 2013 (\$20.2 million) on his salary and bonus increases for 2014 were offset by a 20% lower aggregate grant date fair value for his 2014 equity grant. However, Mr. Immett's SEC total compensation for 2014 was \$17.2 million, compared to \$18.8 million in 2013, driven by an \$18.8 million increase in pension value (compared to \$0.1 million in 2013). 52% of this pension value increase is the result of best completely external factors. The first factor is a change in the discount rate reflecting historically low interest rates. The discount rate has ranged between 3.50% and 7.75% over the last 30 years, and at the end of 2014 was at 4.02%. A 100 basis point change in this discount rate would have impacted Jeff's theoretical pension value by more than \$8 million for 2014. The second factor is the Society of Actuaries' recent issuance of new mortality tables projecting longer life expectancies.

GOLDMAN SACHS

From "Board Oversight of Our Firm" (pg. 32)

Risk Management


- Our Board is responsible for overseeing the risk management of our firm, which is carried out at the full Board as well as at each of its Committees, and in particular the Risk Committee.
- Board risk management oversight includes:**
 - Strategic and financial considerations
 - Legal, regulatory and compliance risks
 - Other risks considered by committees
- Risk Committee risk management oversight includes:**
 - Overall risk taking tolerance and risk governance, as well as Risk Appetite Statement
 - Liquidity, market, credit and operational risks
 - Our Capital Plan, capital ratios and capital adequacy
 - Technology and **Cybersecurity** risks
- Audit Committee risk management oversight includes:**
 - Financial, legal and compliance risk, in coordination with our full Board
 - Coordination with our Risk Committee, including with respect to our risk assessment and risk management practices
- Compensation Committee risk management oversight includes:**
 - Design firmwide compensation program and policies that are consistent with the safety and soundness of our firm and do not raise risks reasonably likely to have a material adverse effect on our firm

LOCKHEED MARTIN

From "Director Nominees" (pg. 26)

as a director of Rivada Networks, LLC.

Joseph W. Raibson



Age: 71
 Director since: 2003
 Independent

Committees:

- Classified Business and Security
- Ethics and Sustainability
- Strategic Affairs

Skills and Qualifications:

- Industry-specific expertise and insight into our core customers, including requirements for acquisition of products and services, from prior senior leadership positions with the military.
- Experience with large organization management and overseeing human resources, equipment **SEC**, and financial requirements, as well as reputational risks during his service as a senior military officer, including Vice Chairman of the Joint Chiefs of Staff.
- Skilled in executive management, logistics, and military procurement due to his distinguished career managing 65,000 troops from 23 countries as Supreme Allied Commander.

Vice Chairman of The Cohen Group since March 2003. Retired from active duty in March 2003. Commander, U.S. European Command and Supreme Allied Commander Europe, NATO, Mons, Belgium from May 2000 to January 2003. Vice Chairman, Joint Chiefs of Staff, Washington, D.C. from March 1999 to April 2000. Mr. Raibson formerly served as a director of URS Corporation from 2003 to October 2014 and currently serves as a director of The Tasker Company.

From "Ethics and Sustainability Recognition" (back cover)

SUSTAINABILITY Recognition

- Named #14 in Corporate Responsibility (CR) Magazine's 100 Best Corporate Citizens
- Recognized by Ethical Corporation as a Best Supplier Engagement Award Nominee
- Recognized by Fortune – Most Admired Companies #1 in Social Responsibility in Aerospace & Defense Industry
- Named #45 by Newsweek in America's Greenest Companies
- Rated by Center for Political Accountability-Zicklin Index (rating the transparency of 300 companies' political spending activities) with a score of 78.6, placing the Corporation in the upper ranks of the second highest tier
- Received fourth consecutive Outstanding Rating from U.S. Government for our U.S. Department of Defense Small Business Program
- Earned **SEC** Incident Response Accreditation (CIRA) from the U.S. National Security Agency, which makes Lockheed Martin one of the first federally-recognized companies accredited to help organizations respond to attacks on their networks

CITIZENSHIP Recognition

- Earned a perfect score of 100 on the U.S. Business Leadership Network and American Association of People with Disabilities pilot Disability Equality Index
- Recipient of the Catalyst Award, the prestigious annual award honoring innovative initiatives that expand opportunities for women and business
- Named as the #1 supporter of Historically Black Colleges and Universities engineering programs by Career Communications Group

From "Executive Summary" (pg. 31)

Executive Summary

Our 2014 Performance

Lockheed Martin delivered another year of strong performance in 2014 despite a challenging environment with evolving customer requirements and a volatile security landscape.

Several of our key financial metrics were better than expected, including sales of \$45.6 billion (above the top end of the range of our outlook at the beginning of 2014), segment operating profit of \$5.6 billion, diluted earnings per share from continuing operations of \$11.21, new orders of \$4.3 billion, net earnings from continuing operations of \$3.6 billion (up 23% from 2013), and cash from operations of \$3.8 billion. In 2014, we returned \$1.8 billion in dividends to our stockholders, our fifth consecutive year of double-digit dividend growth. We also repurchased 11.5 million shares of stock for \$1.9 billion.

F-35 Lightning II program made strides in development testing, production deliveries, and international orders. Our Lintal Combat Ship program has advanced both in production and in deployment. Lockheed Martin's Joint Light Tactical Vehicle program surpassed 150,000 miles of Engineering & Manufacturing Development durability testing in 2014. We have continued to invest in our information technology business, expanding our capability in the growing fields of **SEC** security, commercial aerospace, and healthcare administrative technology. The successful first flight test of the Orion Multipurpose Crew Vehicle captured the imaginations of people around the world. Finally, we continued to grow our international business and expand our partnerships in various countries.

Through these accomplishments, Lockheed Martin delivered one-year and five-year total shareholder returns ("TSR") that

Executive Compensation

STAPLES

From "Audit Committee" (pg. 12)

- Establishes escalation and oversight procedures for the treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for confidential and anonymous submission by our associates of concerns regarding questionable accounting, internal accounting controls or auditing matters.
- Monitors the function of our ethics program, including compliance with our Code of Ethics.
- Prepares the Audit Committee Report required under the rules of the SEC.

2014 Highlights

The 2014 Report of the Audit Committee of the Board of Directors is included in the Ratification of Selection of Independent Registered Public Accounting Firm section of this proxy statement. In 2014, in connection with its quarterly earnings and internal controls review, the Audit Committee focused on strategic reversion priorities and the related estimates, charges and guidance. As part of the enterprise risk management ("ERM") process, significant attention was given to the Company's information **SEC** profile. The Committee, with the assistance of third party experts, conducted a review of security practices and strategy, and the retail marketing information security environment. The Audit Committee was also integrally involved in overseeing the response to the data security incident announced in 2014. The Audit Committee provides oversight to management with respect to network security enhancements and other projects underway by the Global Technology team.

12 STAPLES Notice of Annual Meeting of Stockholders

From "Risk Oversight by the Board of Directors" (pg. 16)

RISK OVERSIGHT BY THE BOARD OF DIRECTORS

Our Board of Directors is ultimately responsible for reviewing and approving our risk management strategy and framework and key risk parameters. In terms of overseeing the broader enterprise risk management ("ERM") program, the Audit Committee, under powers delegated by the Board, is responsible for the approval and establishment of our risk management framework and ensuring that appropriate policies and practices are in place for risk assessment and management, including that all risk areas are being monitored by senior management, reported to the Board or appropriate Board committee by senior management and addressed as needed. At each quarterly Board meeting, the Audit Committee reports to the Board on all of its specific activities.

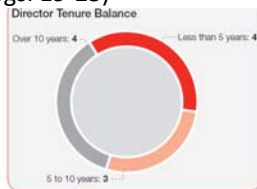
Our most senior executives are responsible for collaborating with the Audit Committee to provide oversight to the risk management process and prioritize and validate key risks. Management is then responsible for implementing the Board and Board committee approved risk management strategy and for developing policies, controls, processes and procedures to identify and manage risks. In 2014, our internal audit

prioritizing financial, operational and legal risks. In addition, the Audit Committee receives detailed presentations from senior executives from Global Technology, Merchandising, Human Resources and other areas to address specific risks and mitigation strategies. In 2014, as part of the ERM process, significant attention was given to the Company's information **SEC** profile. In addition, the Audit Committee was integrally involved in overseeing the response to the data security incident announced in 2014. The Audit Committee provides oversight to management with respect to network security enhancements and other projects underway by the Global Technology team.

independent of the enterprise risk management process, the Audit Committee is made aware of risks as a result of being briefed in person regularly by our Vice President of Internal Audit, as well as an annual briefing and quarterly reports by our Vice President, Ethics & Compliance. The Audit Committee also meets regularly with the General Counsel and at least quarterly, in executive session, alone with the Vice President of Internal Audit. The Audit Committee uses the results of

From "Election of Directors" (pgs. 19-25)

nominee. We believe that the specific skills, qualifications and experience of our directors, considered as a group, should provide a mix of knowledge and abilities that will allow our Board to fulfill its responsibilities.



Many of the nominees are either current or former chief executive officers or chairpersons or vice chairpersons of other large international corporations. As such, they have a deep understanding of, and extensive experience in, many areas that are critical to our operation and success. We have determined that nominees who have served in these roles have extensive experience with financial statement preparation, compensation determinations, compliance, corporate governance, risk oversight, public affairs and legal matters.

We believe each nominee in the slate presented below, through their own personal accomplishments and dedication to their profession and community, has demonstrated strong

ELECTION OF DIRECTORS (ITEM 1 ON THE PROXY CARD)



Age: 67
 Director Since: 2012
 Current Staples Board Committees
 - Nominating and Corporate Governance

Skills and Experience:

- Corporate Governance
- Leadership and Management
- International Operations
- IT Management and **SEC**
- Risk Oversight
- Strategy

Selected Other Positions:

- Director, Harvard Management Company
- Director, Broad Institute
- Director, Ragon Institute

Education:

- M. A. and Ph.D., American Civilization, University of Pennsylvania
- B.A., History, Bryn Mawr College, magna cum laude with honors



Age: 51
 Director Since: Nominee
 Current Staples Board Committees
 - n/a

Skills and Experience:

- Consumer and Business Sales
- E-commerce/Marketing
- International Operations
- IT Management and **SEC**
- Strategy

Education:

- Ecole Nationale Supérieure des Télécommunications (ENST)
- Lycée du Parc



Age: 68
 Director Since: 1986
 Current Staples Board Committees
 - Executive, Finance, Nominating and Corporate Governance

Skills and Experience:

- Consumer and Business Sales
- Corporate Governance
- International Operations
- IT Management and **SEC**
- Marketing
- Retail
- Real Estate

Public Company Boards:

- CRA International, Inc.
- WEX, Inc.
- Writas Corporation

Prior:

- Trammel Crow Company (1997-2006)
- Capital American (1991-1997)

Selected Other Positions:

- Director, Wharton Graduate School
- Director, Packsize International LLC

Education:

- D.B.A., Harvard University
- M.B.A., Wharton School of Business
- B.A., Rutgers University



Age: 43
 Director Since: 2013
 Current Staples Board Committees
 - Compensation

Skills and Experience:

- Consumer and Business Sales
- E-commerce/Marketing
- International Operations
- IT Management and **SEC**
- Leadership and Management
- Retail
- Supply Chain/Logistics

Selected Other Positions:

- Director, Progreso Financiero

Education:

- M.B.A., Wharton Business School, University of Pennsylvania
- B.S. & M.S., Industrial Engineering, Stanford University



Age: 65
 Director Since: 1990
 Current Staples Board Committees
 - Finance, Compensation

Skills and Experience:

- Audit, Financial Expertise
- Consumer and Business Sales
- E-commerce/Marketing
- International Operations
- IT Management and **SEC**
- Leadership and Management
- MSA/Integration
- Retail
- Risk Oversight
- Strategy

Public Company Boards:

- Prior
- eFunds Corporation (2002-2007)
- Incom, Inc. (1995-1998)

Selected Other Positions:

- Director, Sterling Backcheck
- Director, Competitor Group, Inc.
- Trustee, Thunderbolt School of Management (2009-2013)

Education:

- M.B.A., Boston University, with honors
- B.S., Engineering, Tufts University

From the “Forward-Looking Statements” (pg. 10, 10-K)

Internal investigations, train-of-thought and other panels on our existing compliance methods, and take other actions, all of which may be expensive, divert management's time and impact our operations. There are also different employer/employee relationships and in some cases the existence of workers' councils that may delay or impact the implementation of some of these operational systems. In addition, differences in business practices in our international markets may cause customers to be less receptive to our business model than we expect.

Risks inherent in international operations also include, among others, the costs and difficulties of managing international operations, adverse tax consequences and greater difficulty in enforcing intellectual property rights. Other factors that may also have an adverse impact on our international operations include limitations on the repatriation and investment of funds, foreign currency exchange restrictions, complex import and export schemes, increased local competition, our lack of familiarity with local customer preferences, unfavorable foreign trade policies, unstable political or economic conditions, and geopolitical events, including war and terrorism.

Compromises of our information systems or unauthorized access to confidential information or personal information may materially harm our business or damage our reputation.

On our business, financial condition and results of operations.

On December 10, 2014, we announced that the investigation into our previously announced data **security** incident had determined that malware deployed by criminals to some point of sale systems at 115 of our more than 1,400 U.S. retail stores may have allowed access to transaction data at those affected stores. As a result, cardholder names, payment card numbers, expiration dates, and card verification codes for approximately 1.15 million payment cards may have been affected. Upon detection, we immediately took action to eradicate the malware and commenced an investigation into the incident, working closely with payment card companies and law enforcement and with the assistance of outside data security experts. We also have taken steps to further enhance the security of our point of sale systems, including the use of new encryption tools. We continue to evaluate cybersecurity policies and practices to mitigate the risk of future incidents. Expenses incurred to date related to this incident have not been material. It is reasonably possible that we may incur additional expenses or losses in connection with the incident; however, at this time we are unable to reasonably estimate any such additional expenses or losses. In addition, we maintain network security insurance coverage, which we expect would help mitigate any material financial impact.

Our effective tax rate may fluctuate.

TARGET

From “Risk Oversight” (pg. 12)

the comprehensive evaluations, and discussions with our senior executive officers the major events, activities and challenges affecting their respective functional areas. The Board's ongoing oversight of risk also occurs at the Board Committee level on a more focused basis.

| RESPONSIBLE PARTY | GENERAL DESCRIPTION OF RISK OVERSIGHT FUNCTION |
|---|---|
| Management | Identification, assessment and management of risks. |
| Board of Directors | Continuous oversight of overall risks, with emphasis on strategic risks. |
| Audit Committee | Financial reporting and internal control risks. |
| Compensation Committee | Compensation policies, practices and incentive-related risks. |
| Nominating & Governance Committee | Board and management succession risks. |
| Corporate Risk & Responsibility Committee | Operating, business, compliance and reputational risks, including information security and technology. |
| Finance Committee | Financial risks, including liquidity and capital markets risk. |

the **Committees**, most notably by reviewing the risk oversight role of the Corporate Risk & Responsibility Committee (formerly known as the Corporate Responsibility Committee). A summary of the allocation of general risk oversight functions among management, the Board and its Committees is as follows:

From “2015 Nominees for Director” (pg. 19)

THE ONE ELECTION OF DIRECTORS

2015 NOMINEES FOR DIRECTOR

After considering the recommendations of the Nominating & Governance Committee, the Board has set the number of directors at 10 and nominated all of the current directors to stand for re-election, except for Jim Johnson who will retire from the Board at the end of his current term. The Board believes that each of these nominees is qualified to serve as a director of

Target and the specific qualifications of each nominee that were considered by the Board follow each nominee's biographical description. Equally important, the Board believes that the combination of backgrounds, skills and experiences has produced a Board that is well-equipped to exercise oversight responsibilities for Target's shareholders and other stakeholders.

The following table describes key characteristics of our business and experiences of our Board.

| TARGET'S BUSINESS CHARACTERISTICS | COLLECTIVE EXPERIENCES |
|---|---|
| Target's scale and complexity requires aligning many different areas of our operations, including marketing, merchandising, supply chain, technology, human resources, property development, credit card servicing and our community and charitable activities. | → Senior Leadership. Experience as executive officer level business leader or senior government leader. |
| Our brand is the cornerstone of our strategy to provide a relevant and affordable differentiated shopping experience for our guests. | → Marketing or Brand Management. Marketing or managing well-known brands or the types of consumer products and services we sell. |
| We own most of our stores and a network of distribution centers. | → Real Estate. Real estate acquisitions and dispositions or property management experience. |
| We have a large and global workforce, which represents one of our key resources, as well as one of our largest operating expenses. | → Workforce Management. Managing a large or global workforce. |
| Our business has become increasingly complex as we have expanded our offerings as well as the channels in which we deliver our shopping experience. This increased complexity requires an increasingly sophisticated technology infrastructure. | → Technology. Leadership and understanding of technology, digital platforms and new media, data security and data analytics. |
| Our business involves sourcing merchandise domestically and internationally from a large number of vendors and distributing it through our network of distribution centers. | → Multi-National Operations or Supply Chain Logistics. Executive officer roles at multi-national organizations or in global supply chain operations. |
| We are a large public company committed to disciplined financial and risk management, legal and regulatory compliance and accurate disclosure. | → Finance or Risk Management. Public company management, financial stewardship, enterprise risk management or credit card servicing experience. |
| To be successful, we must preserve, grow and leverage the value of our reputation with our guests, team members, the communities in which we operate and our shareholders. | → Public Affairs or Corporate Governance. Public sector experience, community relations or corporate governance expertise. |