

For additional information, please see the Additional Soliciting Materials filed with the Securities and Exchange Commission on April 9, 2020, entitled “Overview of State Street Corporation’s Corporate Governance and Executive Compensation Practices”

Executive Compensation Considerations

**2020 Annual Meeting of Shareholders:
May 20, 2020**



Key Messages

Shareholder feedback is integral to our compensation program design

- ❑ The HRC actively engages with our shareholders on compensation and governance issues and their perspectives inform the HRC's compensation design decisions
- ❑ This feedback has informed key changes over the last several years, including adding pre-tax margin as a second metric in the performance-based equity program and increasing the return on equity (ROE) target
- ❑ Based on historical “say-on-pay” votes and annual shareholder outreach, shareholders have supported our executive compensation program

HRC's compensation decisions appropriately reflect the experience and performance of our CEO, Mr. O'Hanley

- ❑ After a multi-year planned succession, Mr. O'Hanley took over as CEO in January 2019
- ❑ The HRC set his target total compensation based on his significant leadership experience and market comparisons
- ❑ Mr. O'Hanley's strategic execution drove meaningful improvements in 2019 and confirmed him to be a strong, performance-oriented CEO
- ❑ Given market weakness, Mr. O'Hanley received 2019 total compensation below the 25th percentile of our peer companies¹

Our executive compensation program aligns pay with performance and shareholder interests

- ❑ The HRC designed the compensation program to align pay with both corporate and individual performance as well as shareholder interests
- ❑ The HRC has been judicious in past pay decisions:
 - CEO target total compensation has remained flat over the past five years, with Mr. O'Hanley's 2019 target below peer median
 - CEO actual total compensation was below target in four of the last five years
- ❑ Over time, pay continues to align with shareholder interests:
 - 75% of Mr. O'Hanley's incentive compensation is awarded in deferred equity, two thirds of which is performance-based
 - Realizable pay (today's value of prior awards granted) reflects our shareholders' experience

(1) Our 15-company peer group is described on pages 43-44 of our proxy statement for the 2020 annual meeting of shareholders. References throughout this presentation to our peer companies are to this peer group


We actively engage with our shareholders on compensation and governance issues and their perspectives inform the HRC's compensation design decisions

- We engage our largest shareholders annually to receive their specific perspectives on our compensation program and governance practices
- In 2019, we requested engagement with shareholders representing more than half of our outstanding common stock
- Shareholder input informed key changes to our executive compensation program, including:
 - For 2019, we enhanced the clarity and transparency of the relationship between individual pay outcomes and company performance
 - For 2018, we added pre-tax margin to our performance-based equity program as an equally-weighted metric with ROE, further aligning compensation with our business strategy
 - Over the last several years, we steadily increased the ROE target in our performance-based equity vehicle from 9% to 13%
- We maintained elements that shareholders broadly supported, including:
 - High levels of deferral and performance-based equity
 - A flexible structure allowing judicious use of discretion in final pay decisions

Based on our historical “say-on-pay” votes and annual shareholder outreach, shareholders have supported our executive compensation program

Mr. O'Hanley sharpened State Street's focus on strategic priorities in 2019 contemporaneously with his appointment as CEO

- At the end of 2018, State Street faced significant market weakness when U.S. and international markets fell 6% and greater than 15%, respectively, and also faced greater than anticipated servicing fee pressure¹
- Mr. O'Hanley took over as CEO and quickly initiated strategic priorities to address these headwinds. He successfully executed on these strategic priorities and achieved clear results

Executed on strategic priorities	Results and progress made in 2019
 Reignite servicing fee growth	Enhanced client service quality and deepened relationships by implementing new client initiatives, including a senior executive client coverage model and a new client onboarding process that enabled us to scale rapidly
 Innovate to grow diversified revenue streams	Launched new products and balance sheet fortifying initiatives, including a dozen deposit programs to better serve clients and drive revenue growth
 Deploy the leading front-to-back office platform	Created end-to-end platform solutions for clients -- making it faster, easier and more cost-effective for clients to administer their investment strategies
 Generate annual expense savings	Increased productivity, simplified client experience through infrastructure and resource optimization and achieved expense savings
 Foster a high performing organization	Reorganized the leadership of our multi-regional international business to further our growth objectives, and expanded P&L accountability to a larger group of executives

**This successful execution and progress was reflected in our share price performance: FY 2019 +25%, 2H19 +41%
Total shareholder return increased from -10% in 1H19 to +43% in 2H19, an improvement of >50% points**

(1) Equity market indices change based on a spot basis comparing 12/31/2018 to 12/31/2017

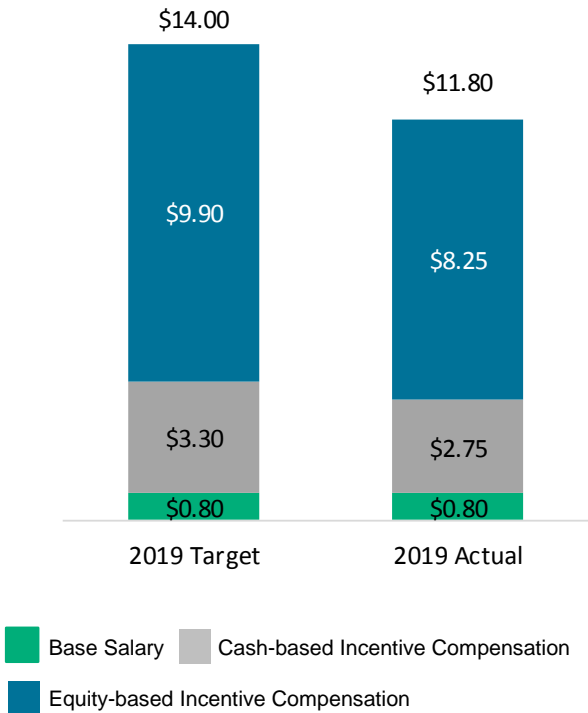
Our incentive compensation program benefits shareholders by providing a direct link between executive pay and performance

- The HRC sets a single incentive target for each named executive officer (NEO); actual awards vary based on individual and corporate results
 - Separate individual and corporate components **drive clear accountability for individual and corporate results**
 - The corporate component, applied equally to all NEOs, provides a **transparent link to corporate results and promotes shared accountability**
 - The structure results in a wide range of possible pay outcomes, allowing both equity and cash actual awards to vary from target, **closely linking amounts awarded to current year performance**
- The program incorporates **significant equity and performance-based components, and deferrals above the peer group average, to align incentives with the results experienced by shareholders**
- The **HRC reviews performance holistically** and awards incentive pay, as appropriate
 - The **HRC's holistic review** emphasizes strategic objectives that may not be easily quantifiable, but that are **critical to our long-term success and allows them to consider key leadership behaviors, including diversity and inclusion, employee engagement and talent development**
 - By design, the program does not impose purely formulaic outcomes. A **formulaic incentive design can drive inappropriate risk taking**, yield results based on factors that do not reflect management's true contributions and encourage decision-making that does not consider the constantly-changing economic environment

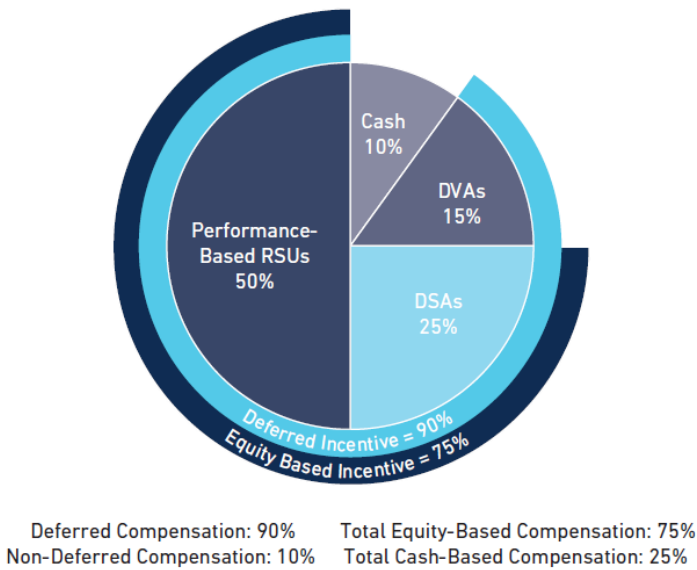
Mr. O’Hanley’s 2019 total compensation was appropriate based on his leadership experience, individual and company performance and market practices

- **Mr. O’Hanley’s target compensation reflects his years of leadership experience and was set below the median of our peer companies**
- **Based upon corporate performance, the HRC awarded Mr. O’Hanley total compensation that was below the 25th percentile relative to our peer companies**
- **State Street’s incentive compensation structure provides strong alignment with shareholders, with 90% deferred and 75% in equity for the CEO (deferral levels exceed peer practices¹)**

CEO Total Compensation (\$ in millions)



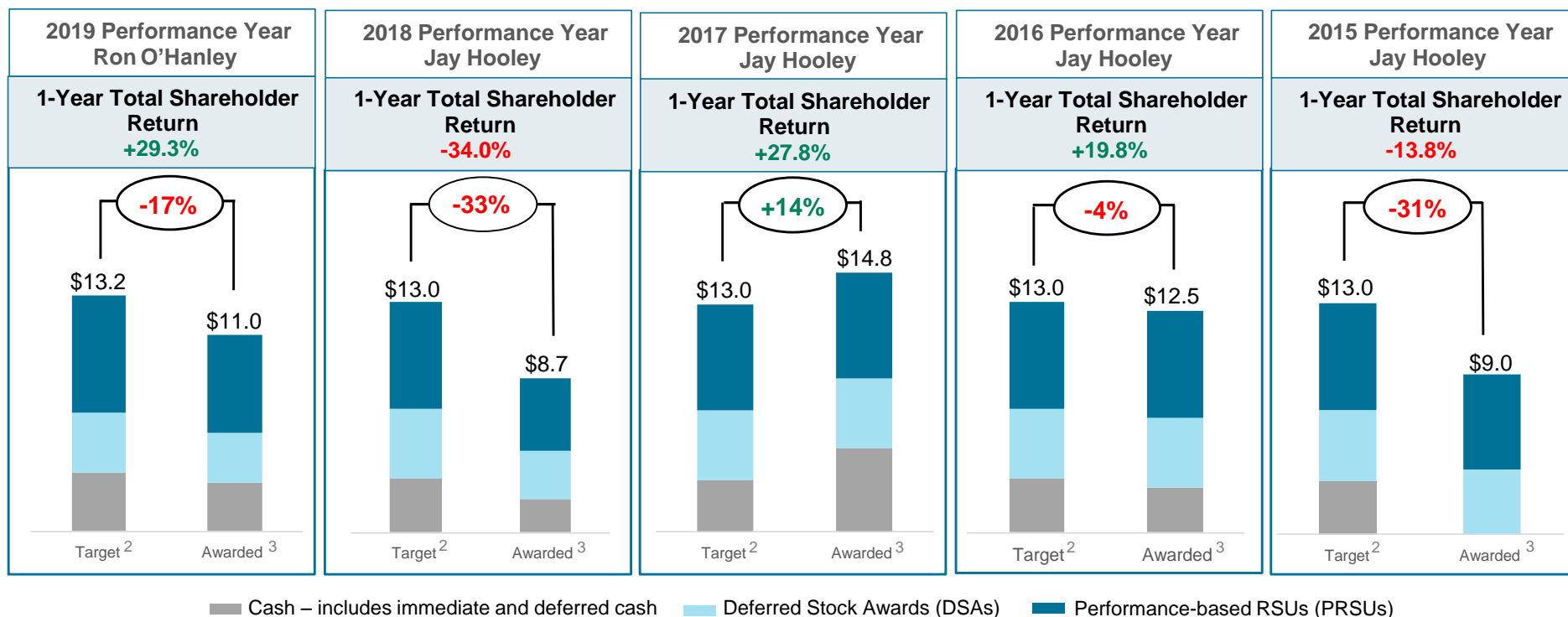
CEO Incentive Compensation Mix



(1) Our 2019 deferral levels are higher than 14 of 15 of our peer companies

The HRC's incentive compensation decisions are based on performance and reflect the shareholder experience

- CEO *target* incentive compensation has remained essentially flat over the past five years¹
- CEO *actual* incentive compensation awarded for four of the last five years was below target



Note: \$ in millions

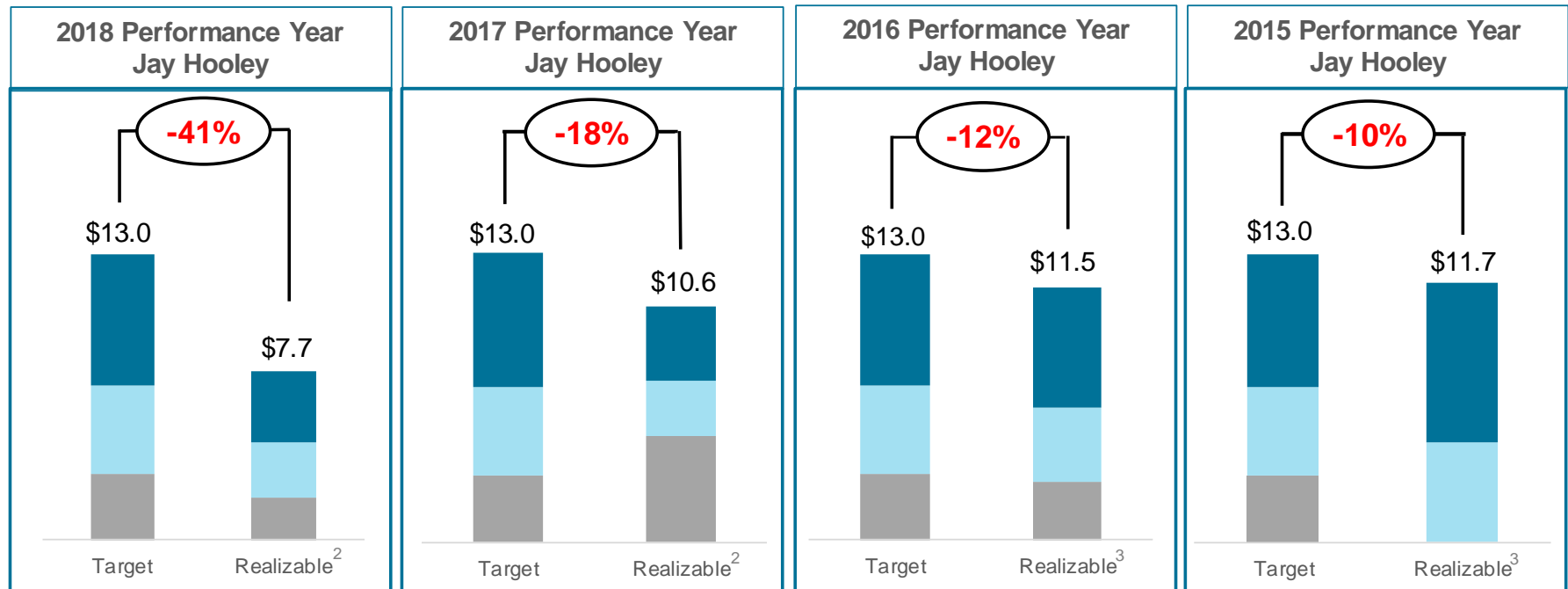
(1) CEO *total* compensation has remained flat over the past five years

(2) Reflects incentive compensation targets for the performance year as approved by the HRC

(3) Reflects actual incentive compensation awarded based on year-end performance outcomes. Mr. Hooley did not receive any cash-based incentive for 2015

The program design drives alignment in realizable pay and shareholder outcomes

- Realizable pay¹ is today's value of prior awards granted, as shown below for 2015 to 2018
- Realizable pay and shareholder interests are aligned, as 75% of Mr. O'Hanley's incentive compensation is awarded in deferred equity (two thirds of which is performance-based)
- The current program will produce aligned realizable pay outcomes for Mr. O'Hanley due to the continued deferral and performance-based structure



■ Cash – includes immediate and deferred cash ■ Deferred Stock Awards (DSAs) ■ Performance-based RSUs (PRSUs)

Note: \$ in millions

- (1) Realizable value reflects the value of outstanding DSAs and PRSUs based on the 4/30/2020 closing stock price of \$63.04 based on performance through 2019 (and assumes all shares are retained), plus the value of cash-based incentives awarded
- (2) PRSU shares reflect performance tracking through 12/31/2019. Current estimated value of realizable PRSUs based on performance of relevant criteria only for completed fiscal years within the three-year performance period. This performance has not been certified and is therefore subject to adjustment based on the terms of the relevant awards. No estimate of performance for incomplete fiscal years within the performance period has been made. Final payout will be based on satisfaction of the performance criteria as certified by the HRC following the end of the full performance period
- (3) Current value of realizable PRSUs reflects performance results certified by the HRC. Mr. Hooley did not receive any cash-based incentive for 2015

**The Board of Directors unanimously recommends that you vote
FOR**

Item 2 – Approval of Advisory Proposal on Executive Compensation

- We regularly review and refine our compensation and governance practices considering several factors, including feedback from ongoing engagement with our shareholders
- The HRC set Mr. O’Hanley’s 2019 target compensation based on his significant experience and awarded 2019 incentive compensation at 83% of target based on his and State Street’s performance
- Our current program strongly aligns pay and performance by:
 - ✓ Incorporating significant incentive compensation deferral levels (90% for NEOs)
 - ✓ Emphasizing equity compensation, two thirds of which is performance-based for the CEO, aligning with shareholder interests
 - ✓ Allowing judicious use of discretion, including integration of variable drivers of performance, enabling management to respond to changing market conditions
 - ✓ Supporting good governance, driving long-term shareholder value and mitigating against excessive risk-taking