



**Northern Trust:**  
*Client Centric and  
Highly Focused*

**Lehman Brothers 2007 Financial Services Conference**

September 11, 2007  
New York City

**Frederick H. Waddell**  
President & Chief Operating Officer



**Northern Trust**

[northerntrust.com](http://northerntrust.com)



# Forward Looking Statement

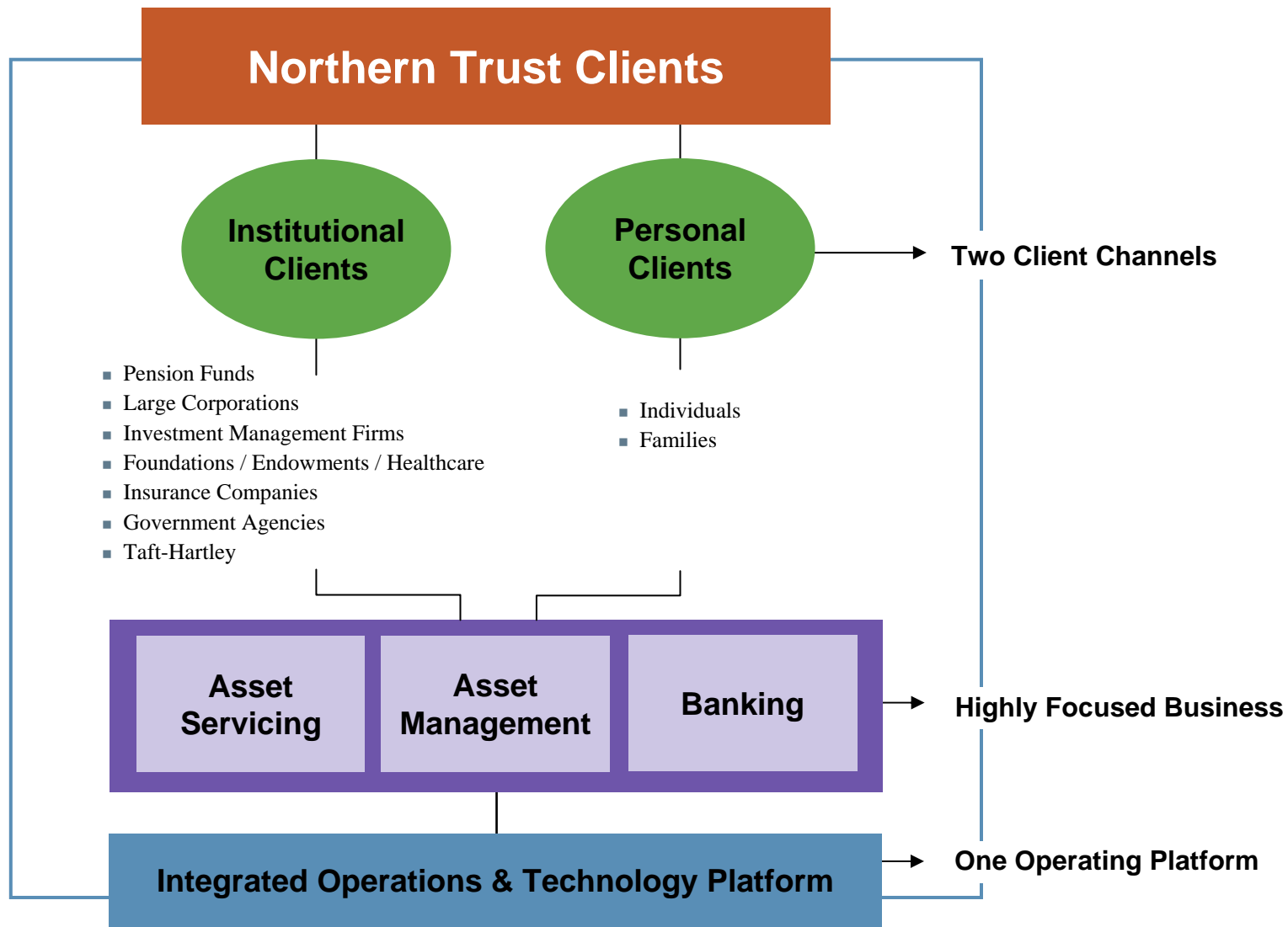
This presentation may include forward-looking statements such as statements that relate to Northern Trust's financial goals, dividend policy, expansion and business development plans, anticipated expense levels and projected profit improvements, business prospects and positioning with respect to market, demographic and pricing trends, strategic initiatives, re-engineering and outsourcing activities, new business results and outlook, changes in securities market prices, credit quality including reserve levels, planned capital expenditures and technology spending, anticipated tax benefits and expenses, and the effects of any extraordinary events and various other matters (including developments in litigation and regulation involving Northern Trust and changes in accounting policies, standards and interpretations) on Northern Trust's business and results. These statements speak of Northern Trust's plans, goals, strategies, beliefs, and expectations, and refer to estimates or use similar terms. Actual results could differ materially from those indicated by these statements because the realization of those results is subject to many risks and uncertainties. Our 2006 financial annual report and periodic reports to the SEC contain information about specific factors that could cause actual results to differ, and you are urged to read them. Northern Trust disclaims any continuing accuracy of the information provided in this presentation after today.



Northern Trust

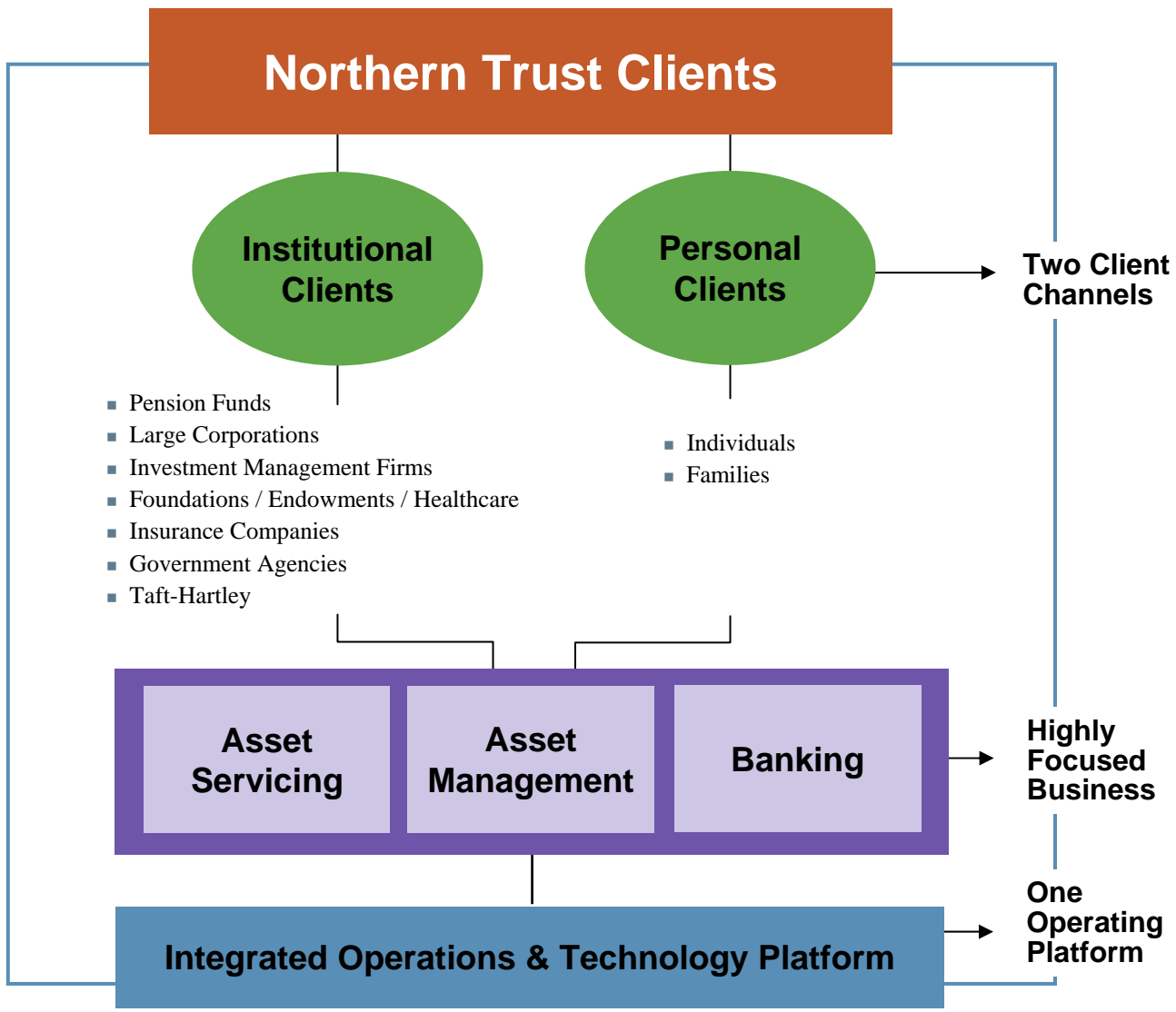


# Client-centric and Highly Focused





- Businesses we are NOT in:**
- Retail Banking
  - Consumer Finance
  - Credit Cards
  - Discount Brokerage
  - Investment Banking
  - ADRs
  - Venture Capital
  - Stock Transfer
  - DC Record Keeping





<b>Full Year 2006</b>	<b>% Growth 2005 to 2006</b>		<b>YTD 6/30/07</b>	<b>% Growth 2006 to 2007</b>
<b>\$1,792 Million</b>	<b>+15%</b>	Trust, Inv. & Other Servicing Fees	<b>\$1,021 Million</b>	<b>+14%</b>
<b>\$475 Million</b>	<b>+17%</b>	Other Non-Interest Income	<b>\$266 Million</b>	<b>+6%</b>
<b>\$795 Million</b>	<b>+10%</b>	Net Interest Income	<b>\$419 Million</b>	<b>+8%</b>
<b>\$3,061 Million</b>	<b>+14%</b>	Total Revenues	<b>\$1,706 Million</b>	<b>+11%</b>
<b>\$1,957 Million</b>	<b>+13%</b>	Non-Interest Expenses	<b>\$1,081 Million</b>	<b>+12%</b>
<b>\$665 Million</b>	<b>+14%</b>	Net Income	<b>\$394 Million</b>	<b>+19%</b>
<b>\$3.00</b>	<b>+14%</b>	Earnings Per Share	<b>\$1.76</b>	<b>+18%</b>
<b>\$3.5 Trillion</b>	<b>+21%</b>	Assets Under Custody	<b>\$4.0 Trillion</b>	<b>+26%</b>
<b>\$1.7 Trillion</b>	<b>+36%</b>	Global Custody Assets	<b>\$1.9 Trillion</b>	<b>+34%</b>
<b>\$697 Billion</b>	<b>+13%</b>	Assets Under Management	<b>\$767 Billion</b>	<b>+20%</b>





## ☑ Consistent and Conservative Balance Sheet

### ◆ High Quality Securities Portfolio

- ▶ 96% of \$12.6 billion securities portfolio rated AAA
- ▶ Securities backed by sub-prime mortgages equaled \$459 million
- ▶ 94% of sub-prime asset backed securities rated AAA

### ◆ Excellent Credit Quality

- ▶ Nonperforming assets equaled \$32 million on June 30<sup>th</sup>, representing 0.13% of the loan portfolio
- ▶ Northern Trust does not underwrite mortgage loans to sub-prime borrowers, does not lend directly to hedge funds, does not provide bridge financing to private equity buyout deals, and does not provide an off-balance sheet commercial paper conduit for client liquidity

## ☑ Consistent and Strong Capital Position

- ◆ The second quarter of 2007 represented the 77<sup>th</sup> consecutive quarter that Northern Trust reported an increase in common equity
- ◆ Each of Northern Trust's subsidiary banks have capital ratios that are above the level required for "well capitalized" classification





## Personal Financial Services

Comprehensive, customized and innovative financial solutions for successful individuals, families, and their businesses.



# What We Deliver...

*...An holistic approach to supporting our clients' financial goals and aspirations*





## Private Banking

- Personal Credit Lines and Swing Loans
- Real Estate Development Loans
- Margin Loans
- Stock Option Lending
- Home Mortgages
- Equity Credit Lines

## Trust Services

- Fiduciary Administration and Oversight
- Family Business Services
- Philanthropic Services
- Estate Settlement Services
- Real Estate and Farm Management
- Asset Custody
- Minerals Management

## Asset Management

- Structured Investment Services
- Asset Allocation
- Equity Investing
- Fixed Income Investing
- Short-Term Asset Management
- Indexing
- Alternative Investments
- Single Stock Strategies

## Financial Planning

- Retirement Planning
- Estate Planning
- Tax Planning
- Asset Allocation
- Stock Option Planning



## Online Access

- Access to Your Banking, Trust, Investment Management, Mutual Funds and Brokerage Information, via Northern Trust Private Passport® and Wealth Passport®

## Wealth Management Group

- Family Office Support
- Multi-generational Wealth Management
- Global Asset Servicing for Multi-Manager Investment Programs
- Data Aggregation and Customized Reporting
- Tax Lot and Partnership Accounting
- Investment Consulting and Performance Measurement

## Retirement Services

- Qualified Plan Services
- Defined Benefit Plans
- Defined Contribution Plans
- Recordkeeping
- Investment Management
- Benefit Payment Services

## Corporate Banking

- Working Capital and General Corporate Loans
- Secured and Cash Flow Lending
- Acquisition Financing
- Industrial Development Bonds
- Equipment Finance and Leasing

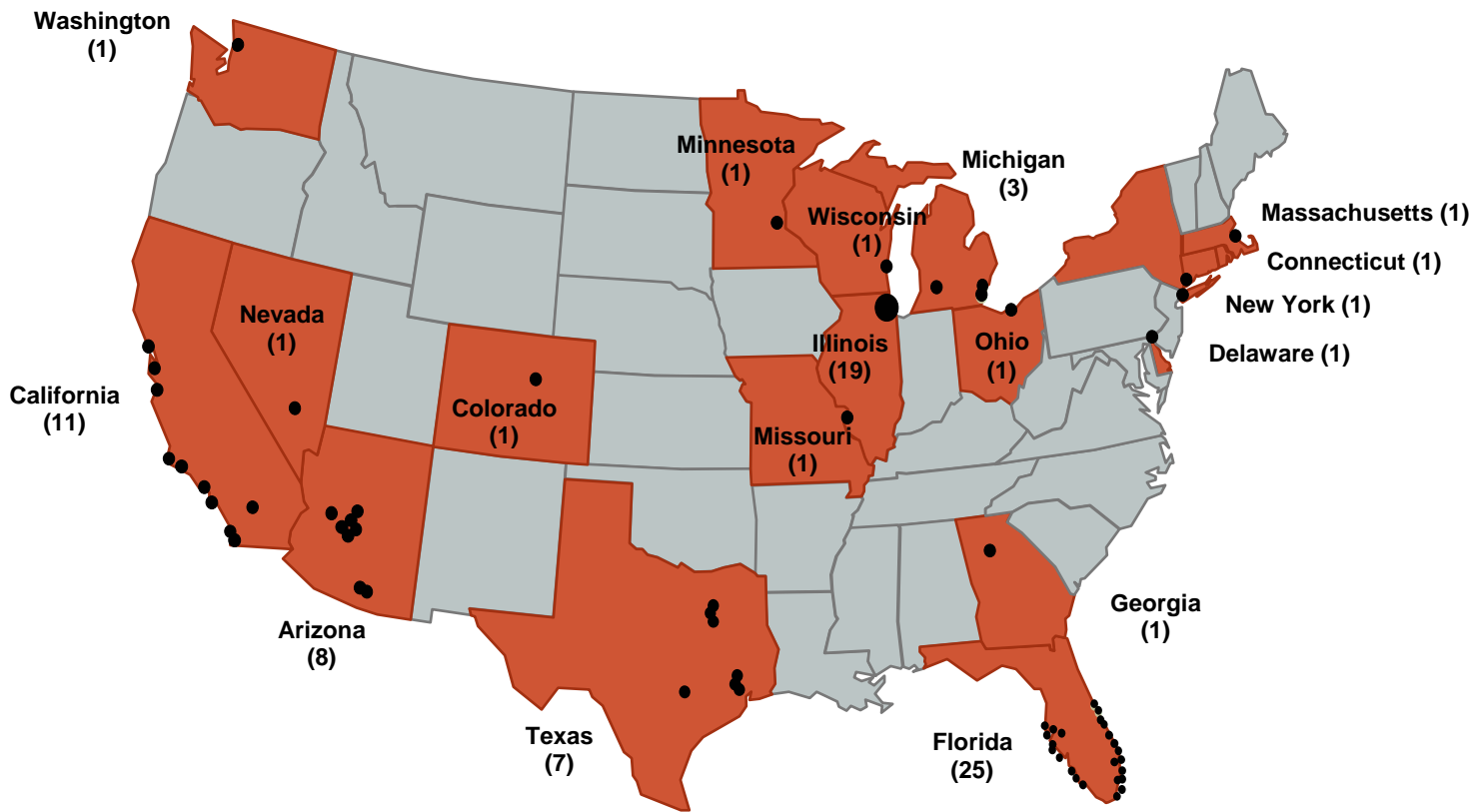
## Brokerage

- Full-Service Brokerage
- Money Market Instruments
- Safekeeping

# Extensive Reach in High Growth Target Market

## 85 Offices in 18 States

Over 50% of millionaire market resides within a 45-minute drive of Northern Trust offices.



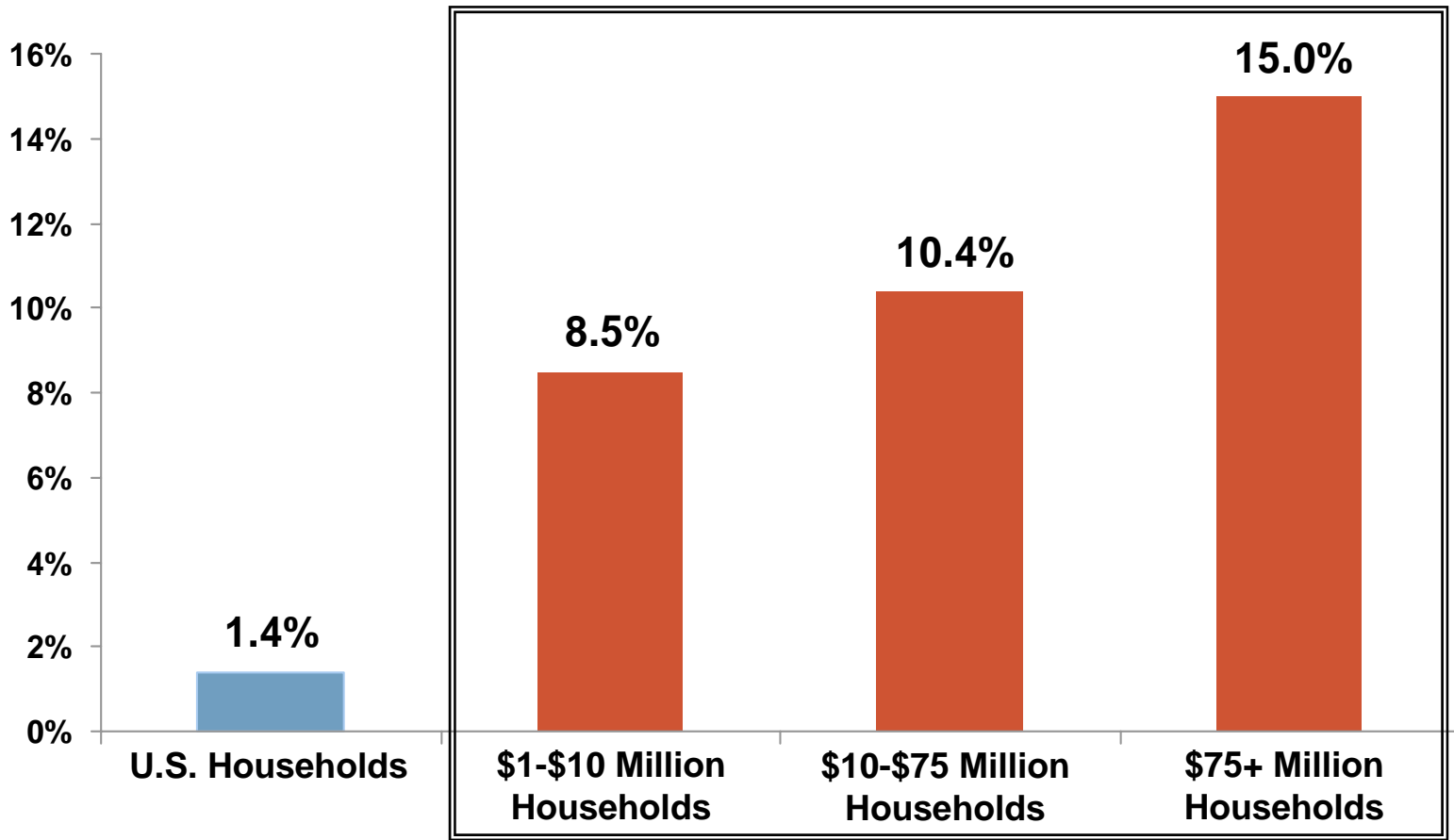
Source: Claritas





## *Favorable Growth Projections in the Affluent Market*

**Projected Annual Growth Rate  
2006 – 2011**

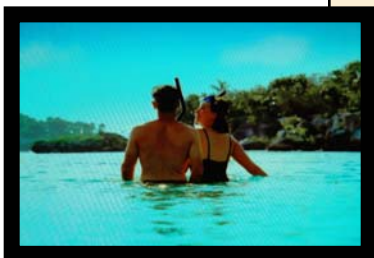


Source: U.S. Census Bureau, Claritas, Survey of Consumer Finances, Company Research.

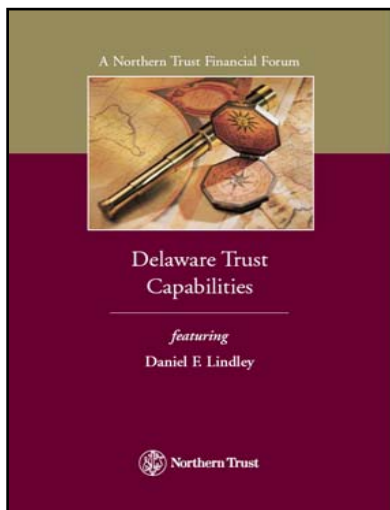




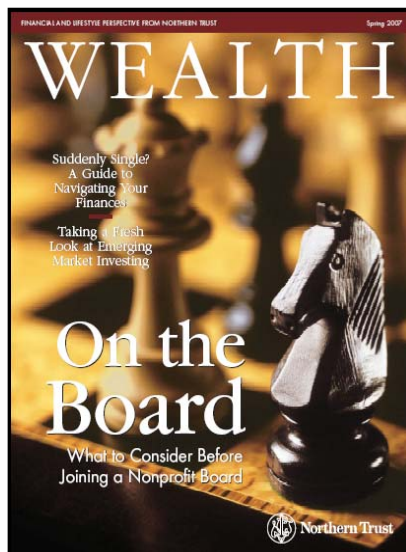
TV and Print Advertising



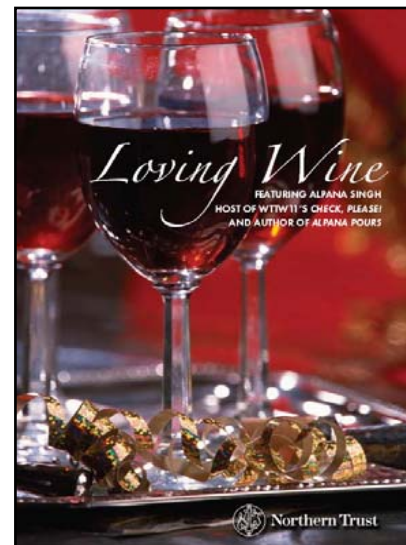
Relationships with Centers of Influence



Educational Events and Seminars



Client Communications

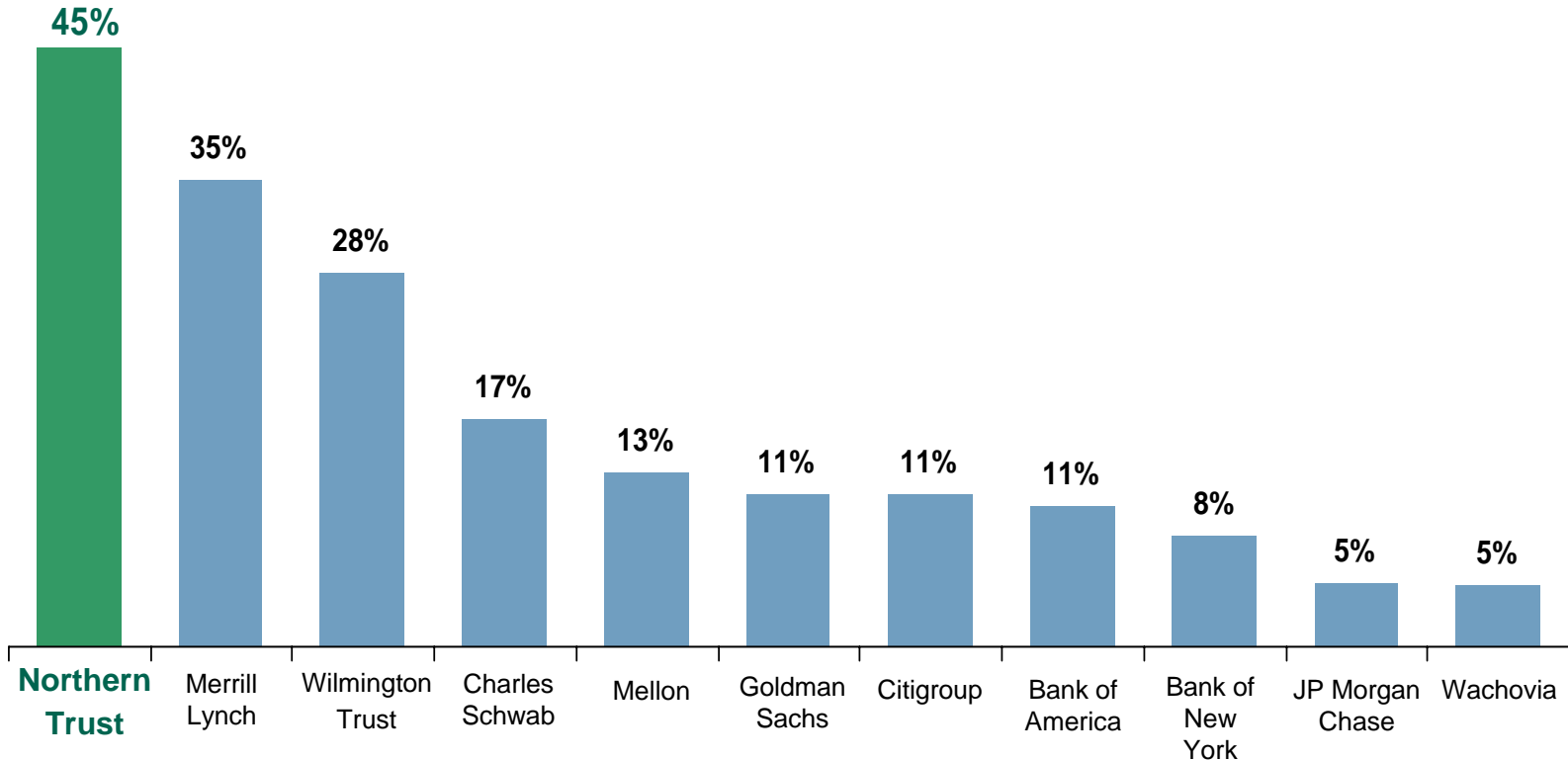


Events and Strategic Philanthropy



### Private Client Revenues

(As a Percentage of Total Company Revenues, 2006)



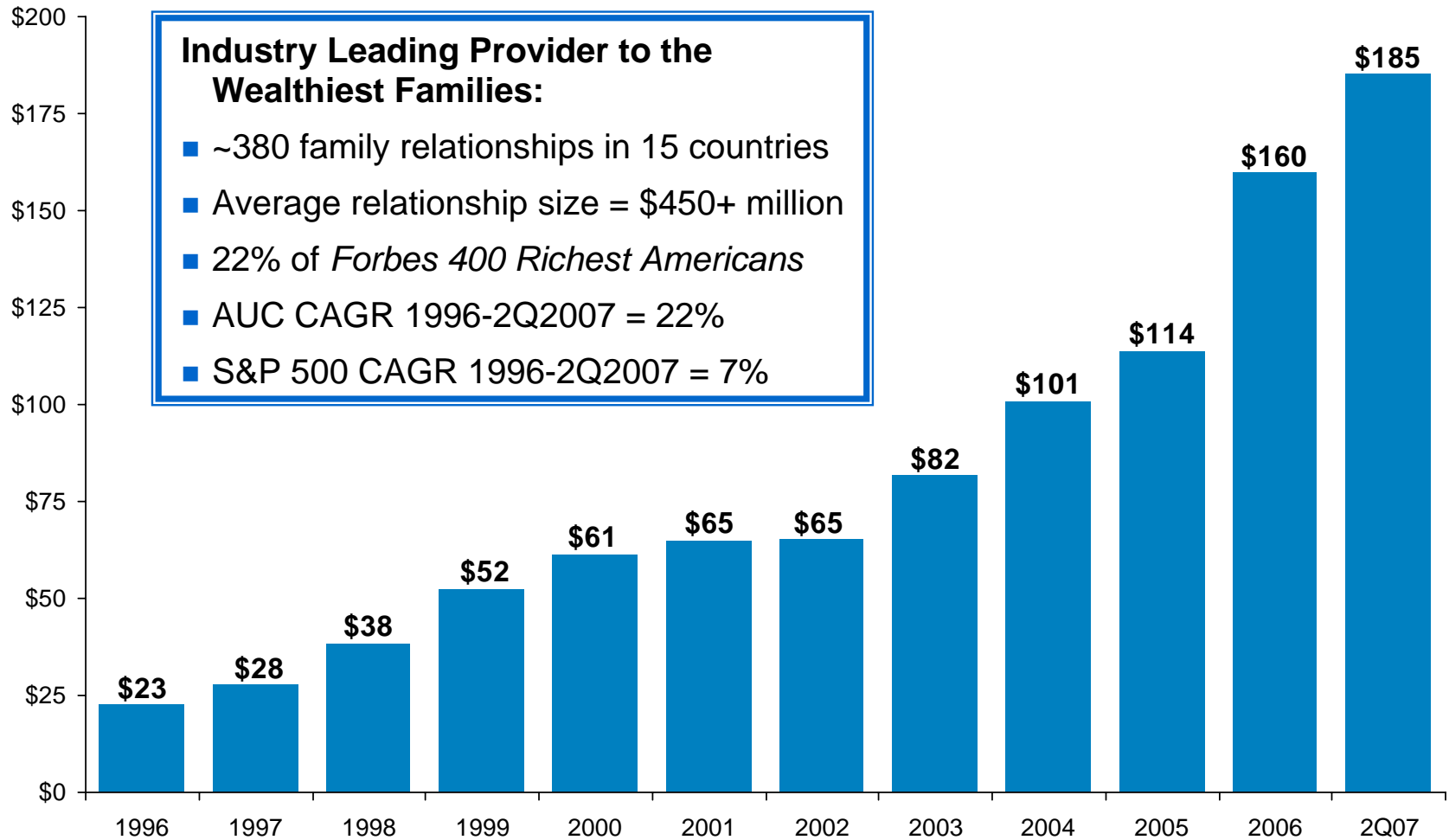
Source: Company reports





### Wealth Management – Assets Under Custody

\$ Billions



**Industry Leading Provider to the Wealthiest Families:**

- ~380 family relationships in 15 countries
- Average relationship size = \$450+ million
- 22% of *Forbes 400 Richest Americans*
- AUC CAGR 1996-2Q2007 = 22%
- S&P 500 CAGR 1996-2Q2007 = 7%



## Corporate & Institutional Services

Global leader in helping manage the sophisticated financial needs of corporations, public entities, foundations, endowments, insurance companies and investment managers worldwide.



# Extensive Suite of Product Solutions for Institutional Clients

## Asset Management

### Asset Management

- Cash
- Active
- Passive
- Securities Lending
- Manager of Managers
- Foreign Exchange
- Transition Management
- Commission Management

## Asset Servicing

### Risk Management Services

- Attribution Analysis
- Value at Risk
- Cross-Border Pooling patent pending
- Compliance Monitoring
- Market Event Analytics
- Socially Responsible Investing

### Information Services

- Accounting
- Reporting
- Valuation
- Rates of Return
- Multinational HQ Reporting
- Regulatory Reporting

### Fund Services

- Fund Accounting
- Investment Operations Outsourcing
- Active Collateral Management
- Hedge Fund Administration
- Private Equity Administration
- Property Administration

### Asset Servicing

- Safekeeping
- Settlement
- Income Collection
- Corporate Actions

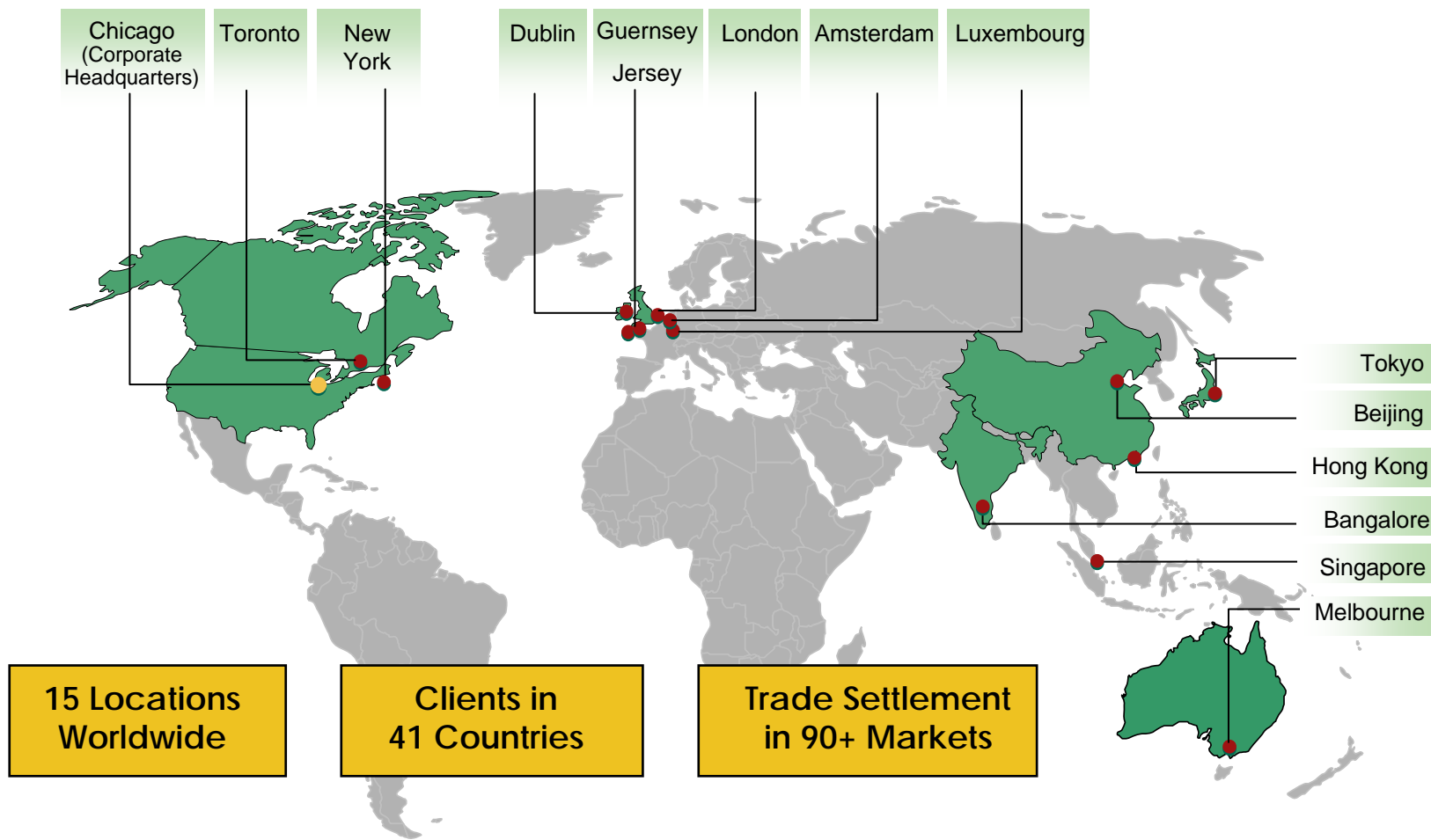






# Corporate & Institutional Services Positioned Globally for Growth

*Positioned to serve clients locally and capitalize on global opportunities.*



**Northern Trust**



## Pension Plans

<u>Of the Top</u>	<u>Northern Serves</u>
100 U.S. Corporate Plans	40%
200 U.S. Funds	37%
200 U.K. Funds	27%

## Public Funds / Taft-Hartley

<u>Of the Top</u>	<u>Northern Serves</u>
25 Taft-Hartley Funds	32%
100 U.S. Public Funds	35%
U.K. Local Authority	31%

## Foundations, Endowments & Healthcare

<u>Of the Top</u>	<u>Northern Serves</u>
50 U.S. Foundations	30%
50 U.S. Endowments	28%
50 U.S. Healthcare Funds	32%

## Fund Administration

- Serves 28% of the Top 200 Asset Managers in the world
- Is the #1 Provider of Offshore Private Equity Fund Administration service in Europe
- Serves as Fund Administrator for more funds in Ireland and Guernsey than any other provider

Source: Pensions and Investments 22 January 2007 (US Pensions), 25 December 2006 (Foundations & Endowments), 29 May 2006 (Asset Managers); Pension Funds and Their Advisors, 2006 (UK Funds); Money Market Directory, 2006 (Healthcare Funds); Lipper Fitzrovia Dublin Fund Encyclopaedia, Administrators, 2006/2007; Lipper Fitzrovia Guernsey Fund Encyclopaedia, Administrators, 2006/2007.



■ **Best Investor Services House**

*Euromoney Magazine "Awards of Excellence" (July 2007)*

■ **Fund Administrator of the Year**

*Global Investor Awards for Investment Excellence (June 2007)*

■ **Best Global Custodian – North American Institutional Fund Managers**

*Global Investor Global Custody Survey (May 2007)*

■ **Best Sole Custodian – North America**

*Global Investor Global Custody Survey (May 2007)*

■ **Best Global Custodian – Asia**

*Global Investor Global Custody Survey (May 2007)*

■ **European Pension Fund Custodian of the Year**

*International Custody and Fund Administration  
4th Consecutive Year (February 2007)*

■ **Client Relationship Manager of the Year**

*International Custody and Fund Administration  
(February 2007)*

■ **Best Operations Innovation – Multinational Pooling**

*Operations Management (October 2006)*

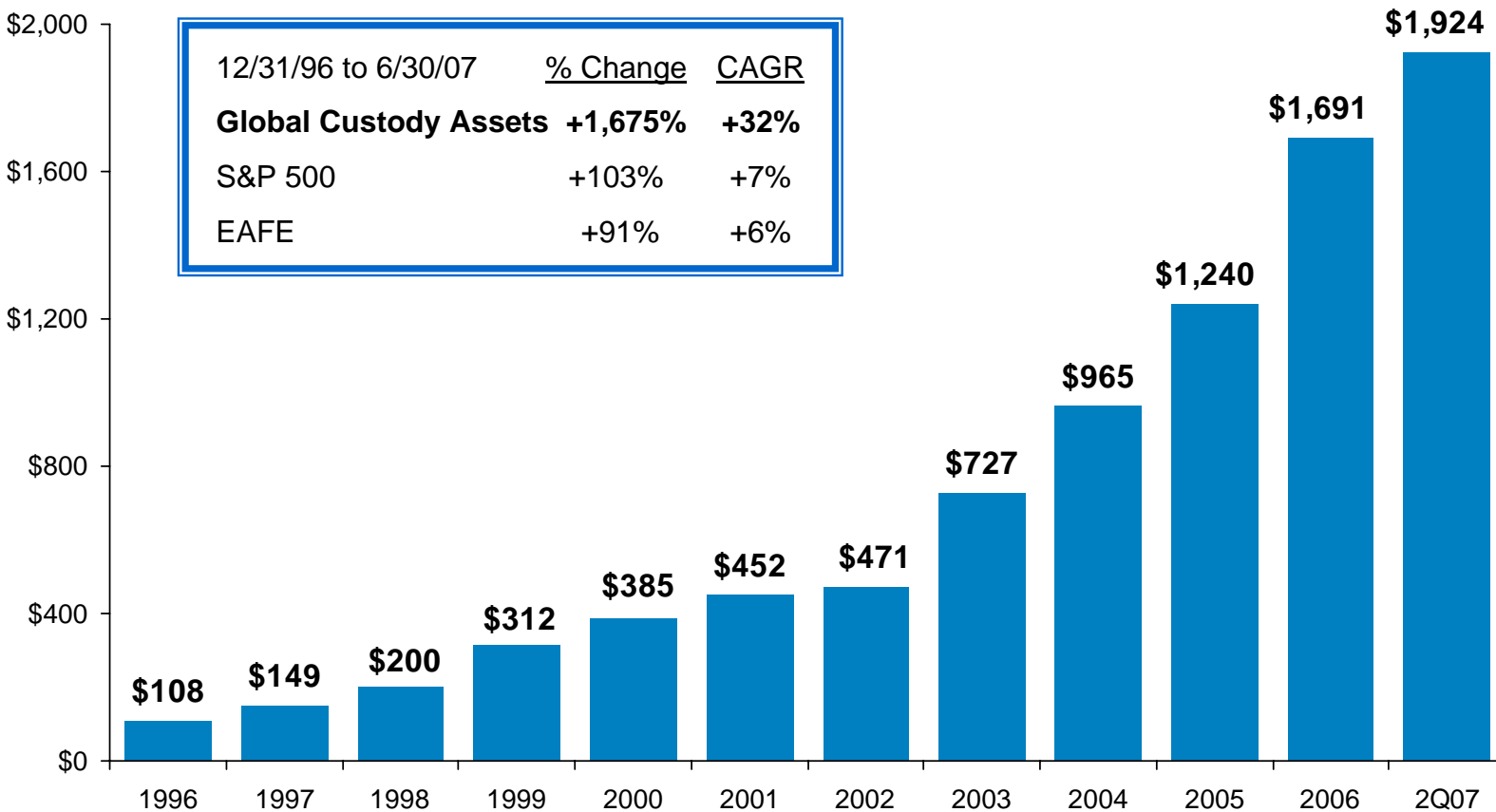


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## Global Custody Assets

\$ Billions



	12/31/96 to 6/30/07	% Change	CAGR
<b>Global Custody Assets</b>		<b>+1,675%</b>	<b>+32%</b>
S&P 500		+103%	+7%
EAFE		+91%	+6%

% of C&IS  
Total AUC

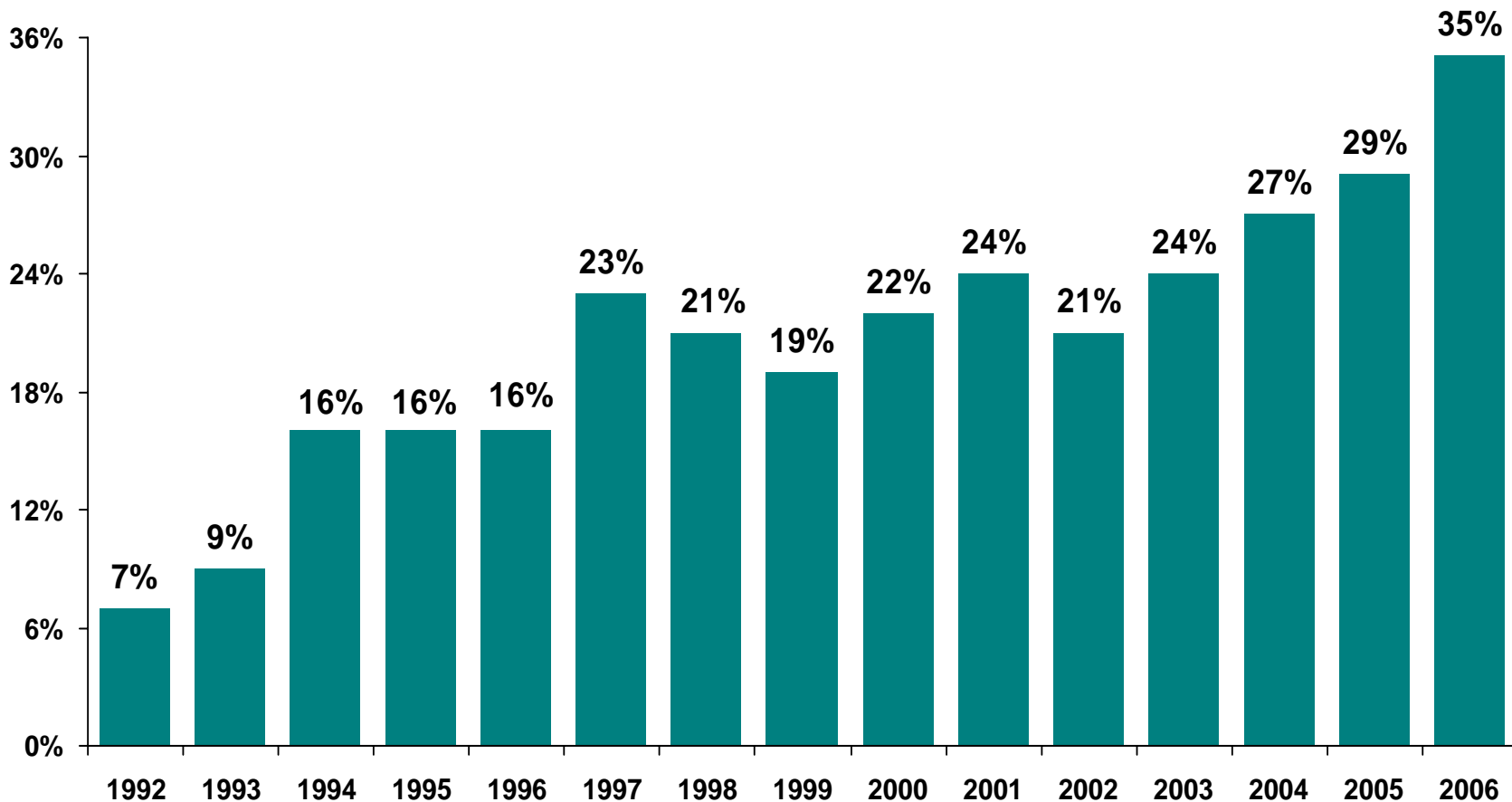
15% 15% 18% 23% 26% 30% 35% 38% 41% 46% 52% 52%



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*% of Northern Trust Corporation Net Income resulting from International Activities*





## Northern Trust Global Investments

Global, multi-asset class investment manager providing private and institutional clients with comprehensive, value-added investment solutions.

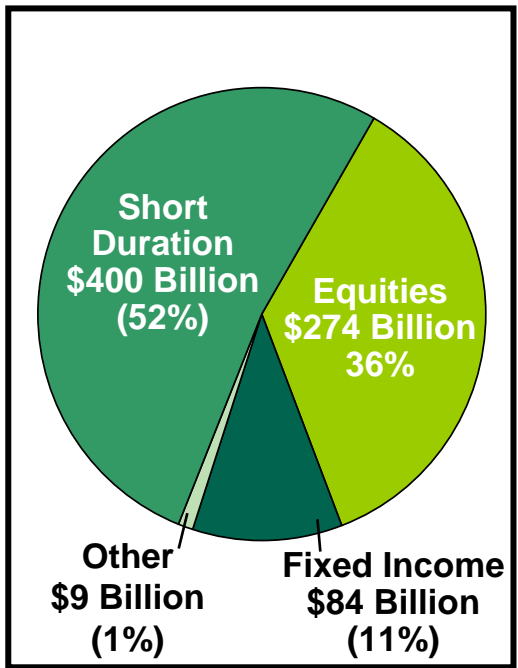


## \$766.5 Billion

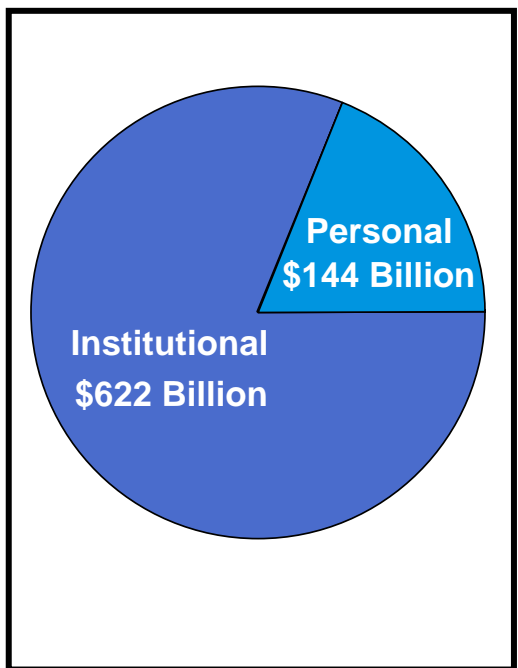
Assets Under Management as of June 30, 2007

### A Diversified Asset Manager

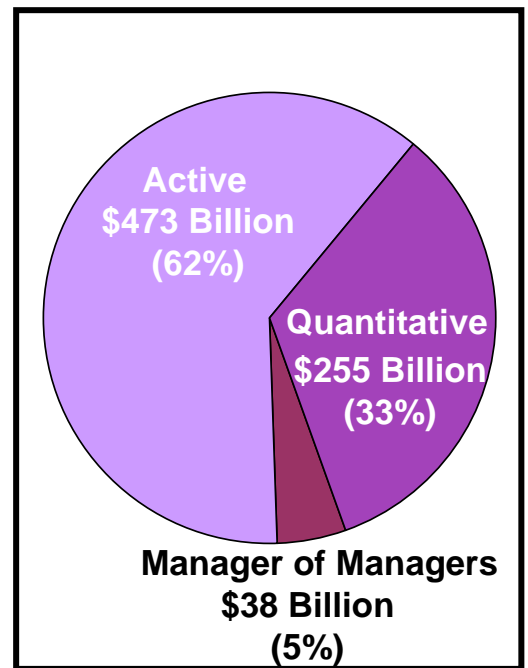
Across Asset Classes



Across Client Segments

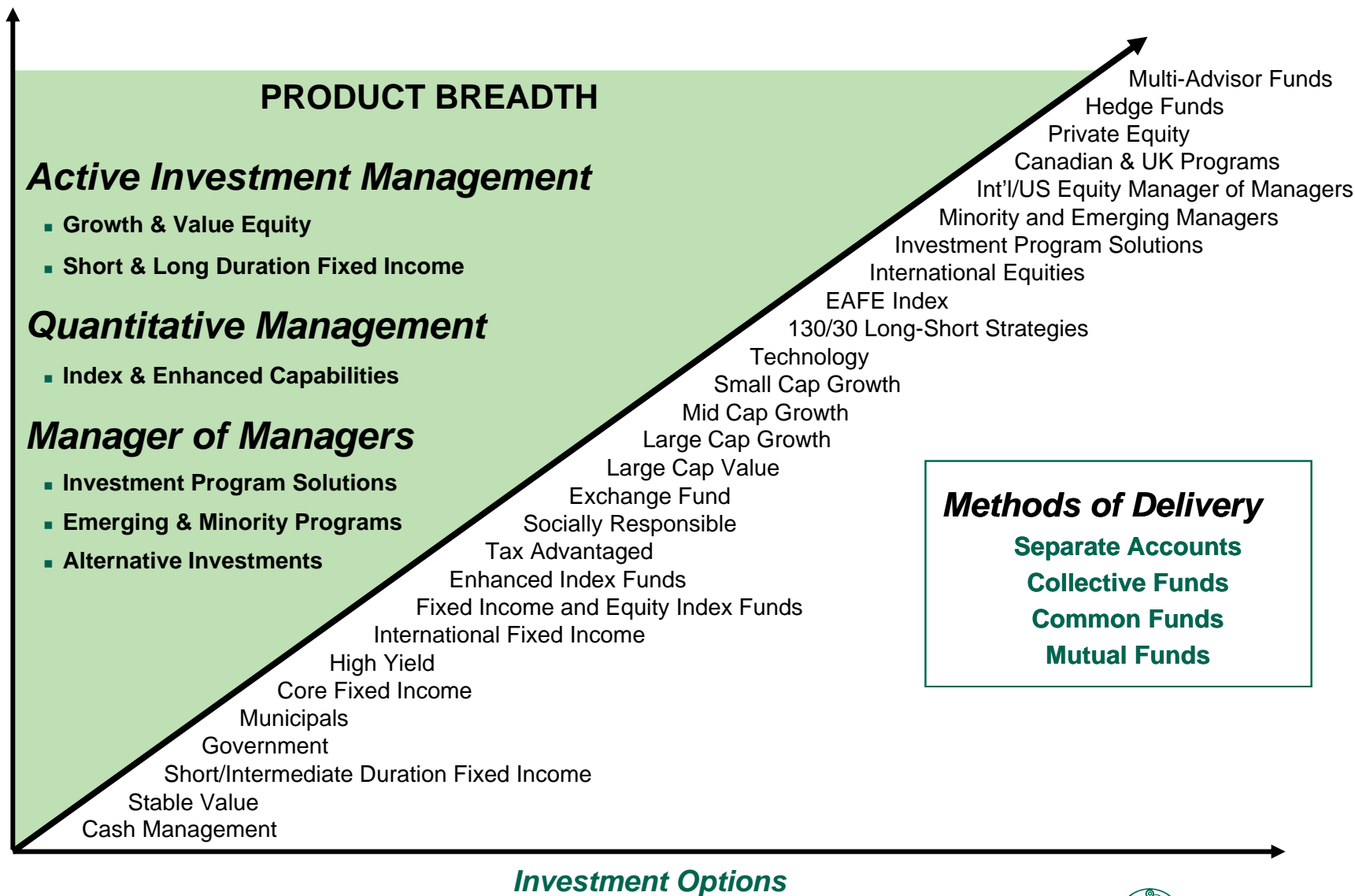


Across Styles





# A Continuum of Proprietary & External Investment Solutions





■ **Winner: 27 'Best in Class' Rankings for Transition Management**

*PLANSPONSOR Magazine Survey (May 2007)*

PLANSPONSOR®

■ **Winner: Manager of Managers Award**

*2007 FT Business Pension & Investment Provider Awards (May 2007)*

INVESTOR  
global

■ **5th Largest U.S. Institutional Tax-Exempt Asset Manager**

*Pensions & Investments (May 2007)*

■ **Winner: Multi-Manager of the Year**

*Professional Pensions Magazine - UK Pension Awards (April 2007)*

isf  
INTERNATIONAL SECURITIES FINANCE

■ **12<sup>th</sup> Largest Asset Manager Worldwide**

*Global Investor (December/January 2007)*

■ **Rated #1 Global Securities Lender in North America**

*International Securities Finance (September 2006)*

Pensions & Investments

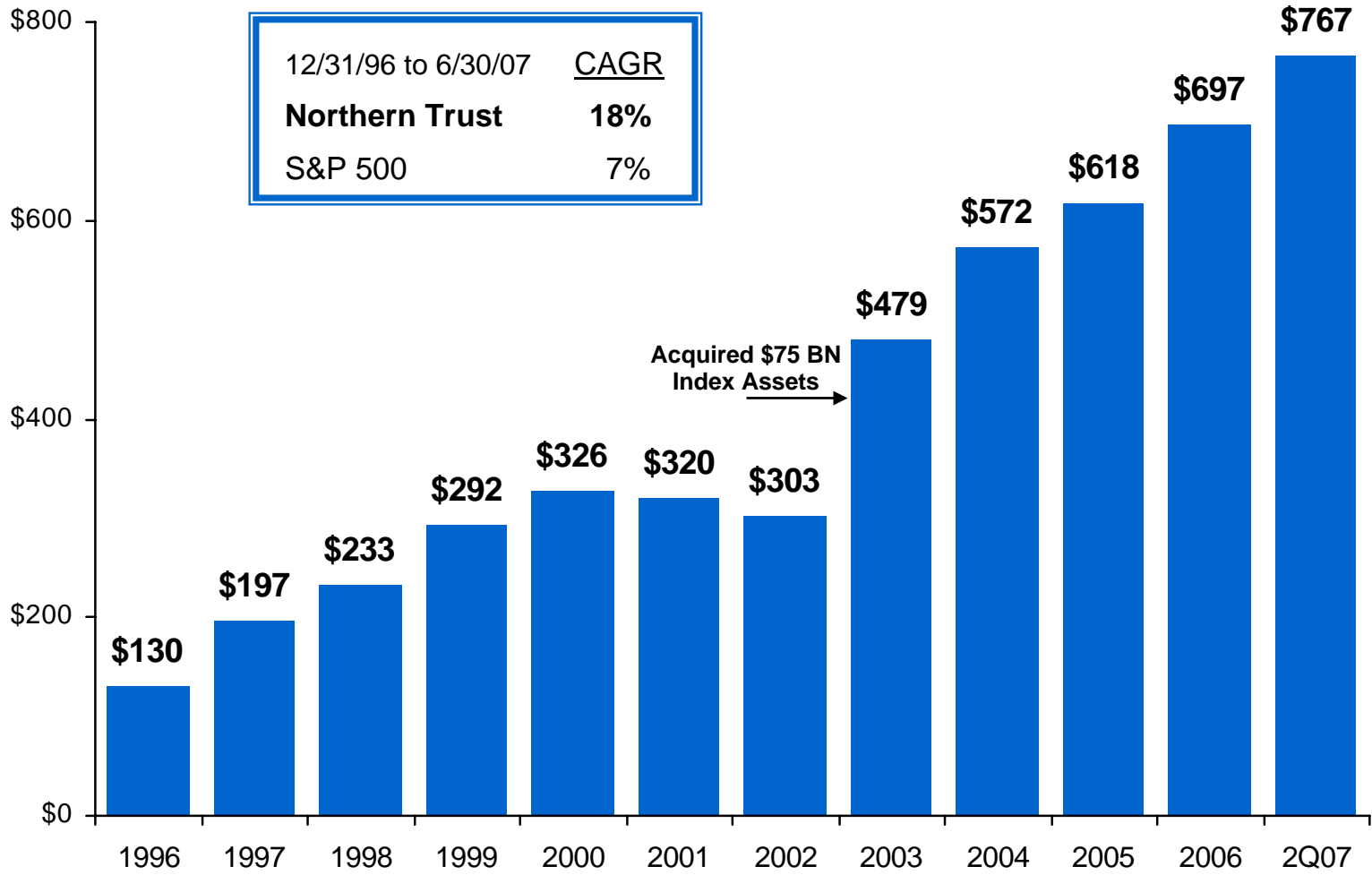


Northern Trust



## Assets Under Management

\$ Billions





■ **Rich History**

- ◆ 118 Year Heritage — Undiluted by Mergers & Acquisitions

■ **Consistent, Focused Strategy**

- ◆ Exclusively Focused on the Management and Administration of Client Assets

■ **Attractive Demographic Markets**

- ◆ Serving highly attractive demographic markets in the U.S. and globally

■ **Seasoned Management Team**

- ◆ Bill Osborn - Chairman & CEO
- ◆ Rick Waddell - President & COO
- ◆ Sherry Barrat - President – PFS
- ◆ Steve Fradkin - EVP & Chief Financial Officer
- ◆ Tim Moen - EVP – Human Resources & Administration
- ◆ Bill Morrison - President – PFS
- ◆ Steve Potter - EVP – International
- ◆ Joyce St. Clair - EVP – Corporate Risk Management
- ◆ Jana Schreuder - President – WWOT
- ◆ Tim Theriault - President – C&IS
- ◆ Kelly Welsh - EVP & General Counsel

**Northern Trust**

37 Years  
32 Years  
17 Years  
22 Years  
6 Years  
11 Years  
25 Years  
15 Years  
27 Years  
25 Years  
7 Years

**Industry**

37 Years  
32 Years  
37 Years  
22 Years  
32 Years  
34 Years  
25 Years  
26 Years  
27 Years  
27 Years  
29 Years





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