



Northern Trust

“Managing the Down Cycle”

BancAnalysts Association of Boston - 26th Annual Fall Conference

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Executive Vice President & Chief Financial Officer



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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, other contingent liabilities, 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.



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Conference Theme: “Managing the Down Cycle”



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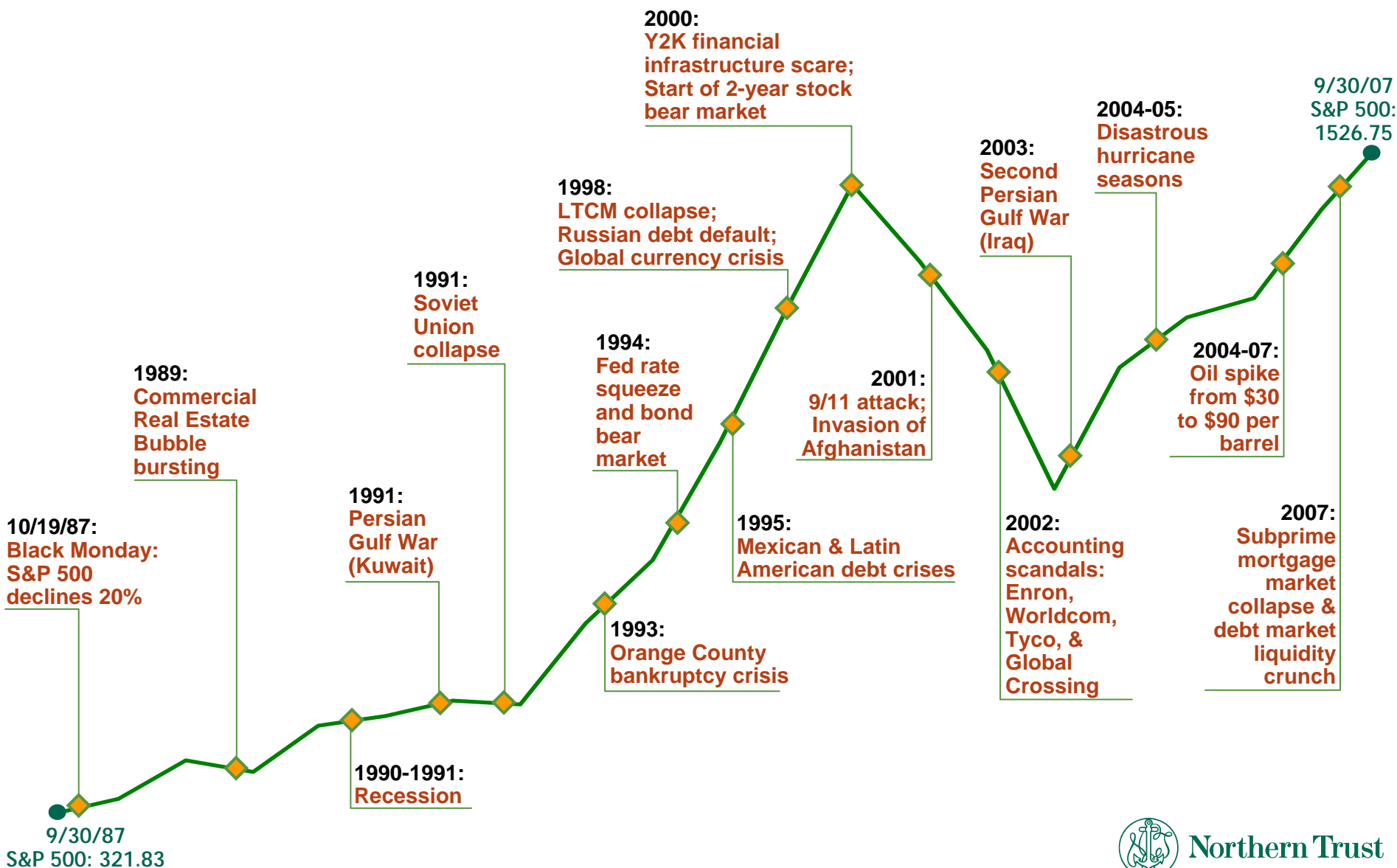
Northern Trust: “Managing the Business Through All Cycles”



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20 Years of History: Economic Shocks & Cycles

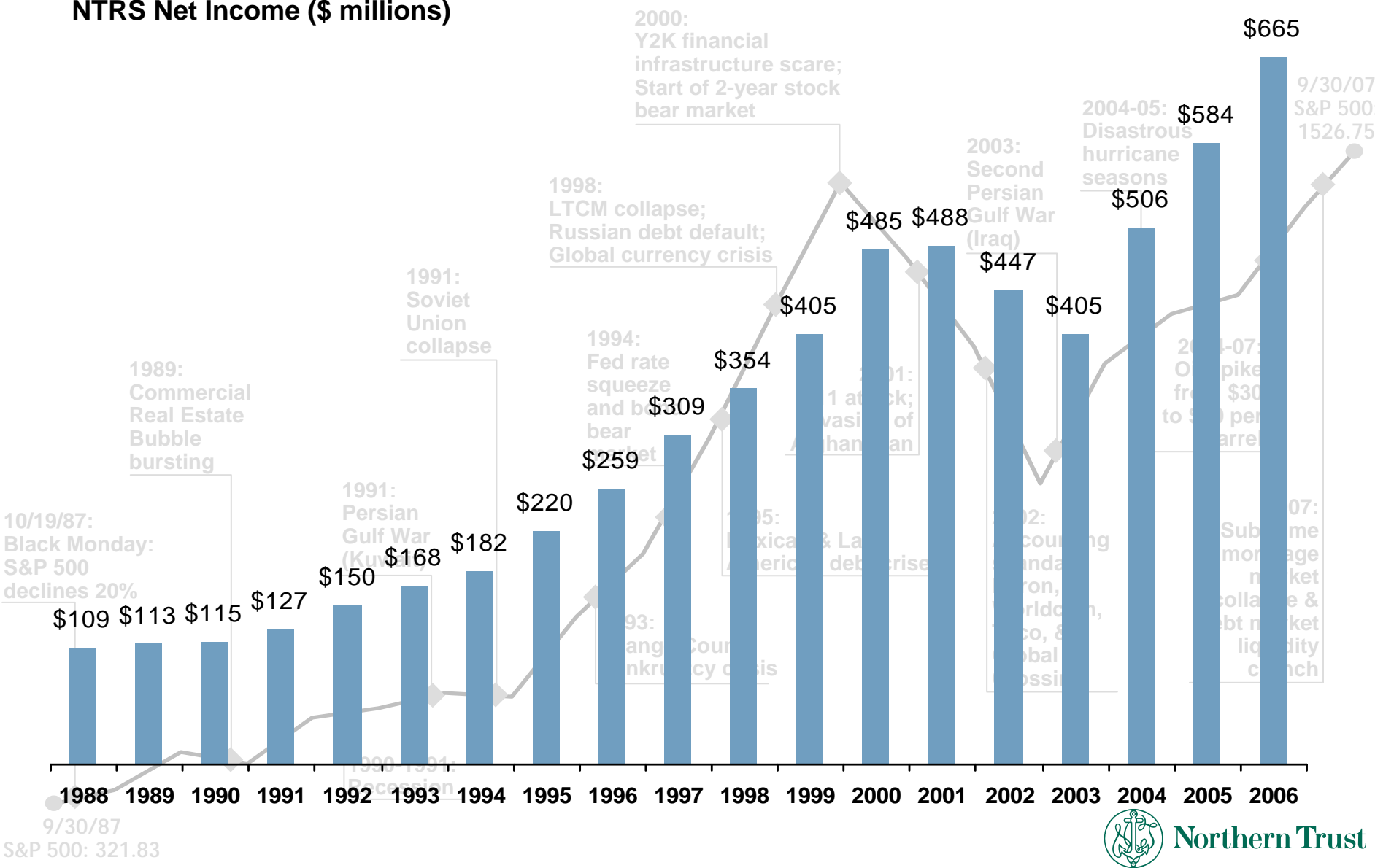


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20 Years of History: Successfully Navigated by NTRS

NTRS Net Income (\$ millions)



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Macroeconomic Environment: A Current Perspective

How have financial institutions managed the recent exceptionally challenging macroeconomic environment?





Securities Write-downs

\$7.9 billion on CDOs and subprime mortgages

\$3.6 billion on investments due to subprime crisis

\$2.2 billion in debt and equity trading operations, including mortgage-backed securities and structured products

\$1.56 billion on loans and subprime mortgages

\$1 billion on mortgage-backed securities and non-agency loans

\$525 million on mortgage loan and CDO warehouses

\$450 million in CDO and MBS



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Charge-offs on Illiquid Leveraged Loans

<i>\$1.5 billion</i>	\$1.3 billion
\$1.35 billion	<i>\$940 million</i>
\$869 million	\$463 million
\$402 million	<i>\$250 million</i>





Credit Quality Challenges

Credit costs increased nearly \$3 billion due to a \$740 million increase in credit losses and a \$2.2 billion charge to increase loan loss reserves

Nonperforming assets up 23% and provision for credit losses up 17% over last quarter

Nonperforming assets up 50% over last quarter; \$55 million loan loss provision

Nonperforming assets up 51% over last quarter to \$570 million

Loan loss provision up 50% over last quarter to \$90 million

Net charge-offs increased to 1.01% of loans in the quarter

Nonperforming assets jumped 41% over last quarter due to home equity and residential construction loans

Nonperforming assets doubled to \$3.4 billion over last year



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Tumultuous Third Quarter: Successfully Navigated by NTRS

NTRS' Third Quarter 2007:

- No securities or leveraged loan write-downs
- Credit quality improved: nonperforming assets decreased and reserve ratios improved
- EPS: 11th consecutive quarter of double-digit, year-over-year growth
- Common Equity: 78th consecutive quarter of growth
- Record quarterly net income, up 27% year-over-year
- Record assets under custody, up 24% year-over-year
- Record global custody assets, up 31% year-over-year
- Strong 14% year-over-year growth in assets under management



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Success Achieved Through Enduring Principles and Strategies

- ✓ Attractive Demographic Markets
- ✓ Focused and Conservative Strategy
 - ✓ Client Centricity
 - ✓ Excellence in Execution
- ✓ Consistent Leadership and Philosophy



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Northern Trust: “Managing the Business Through All Cycles”



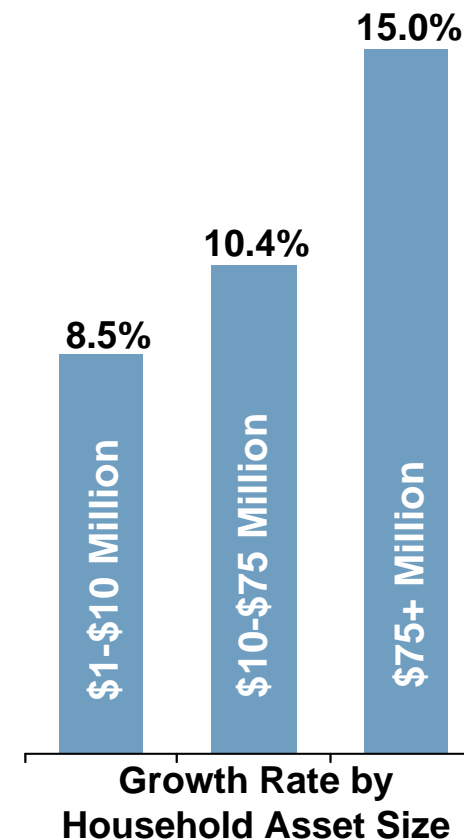
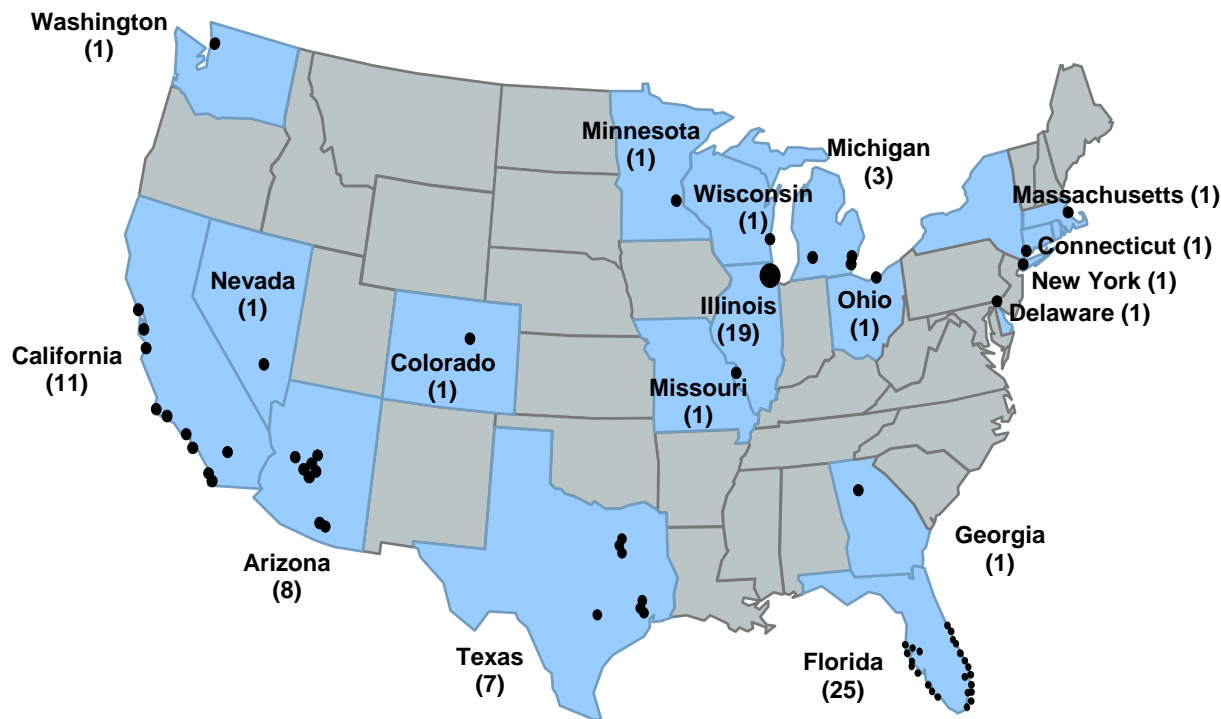
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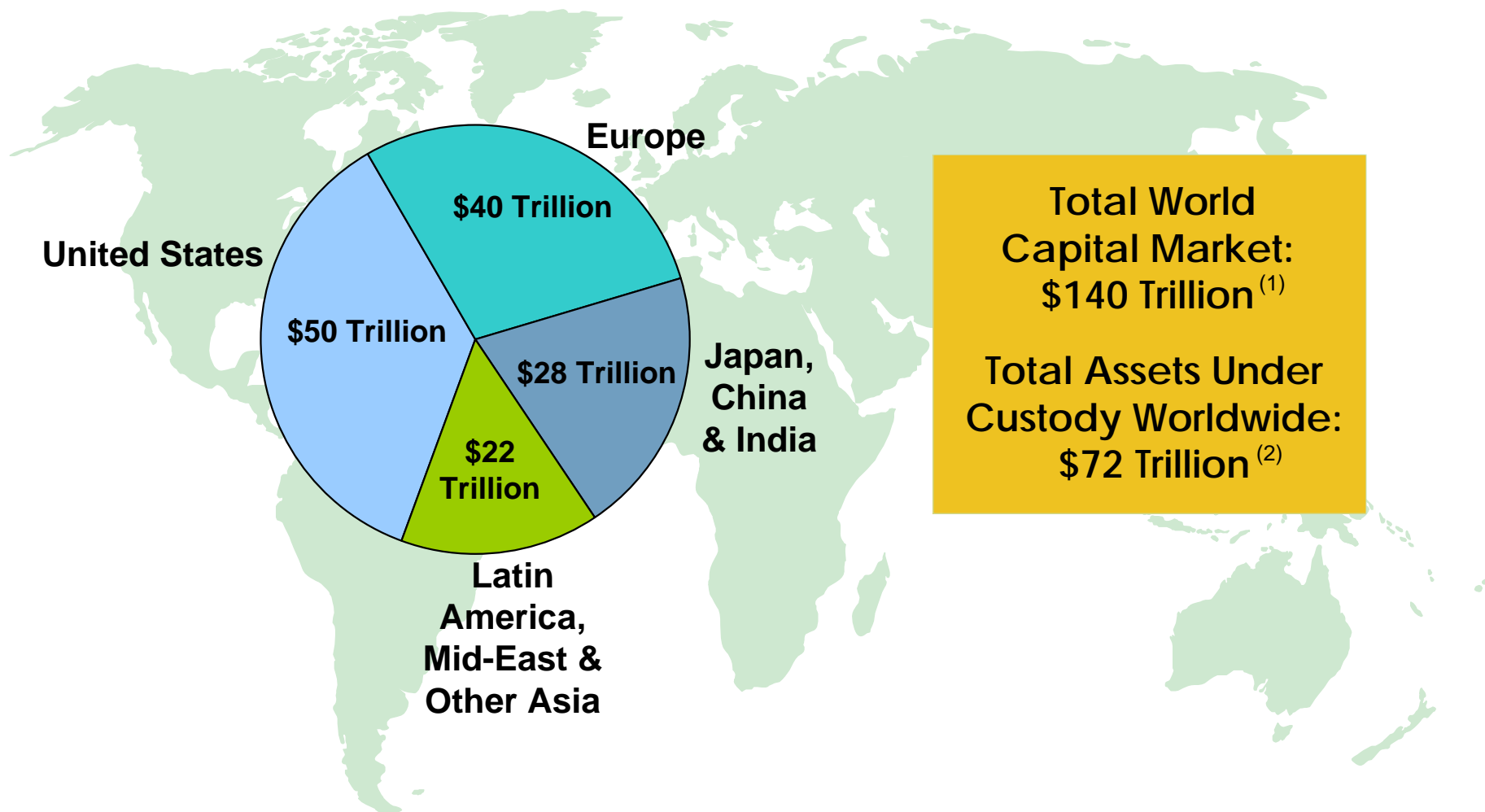
85 Offices in 18 States

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

Projected Annual Household Growth Rates 2006 - 2011

2006 - 2011



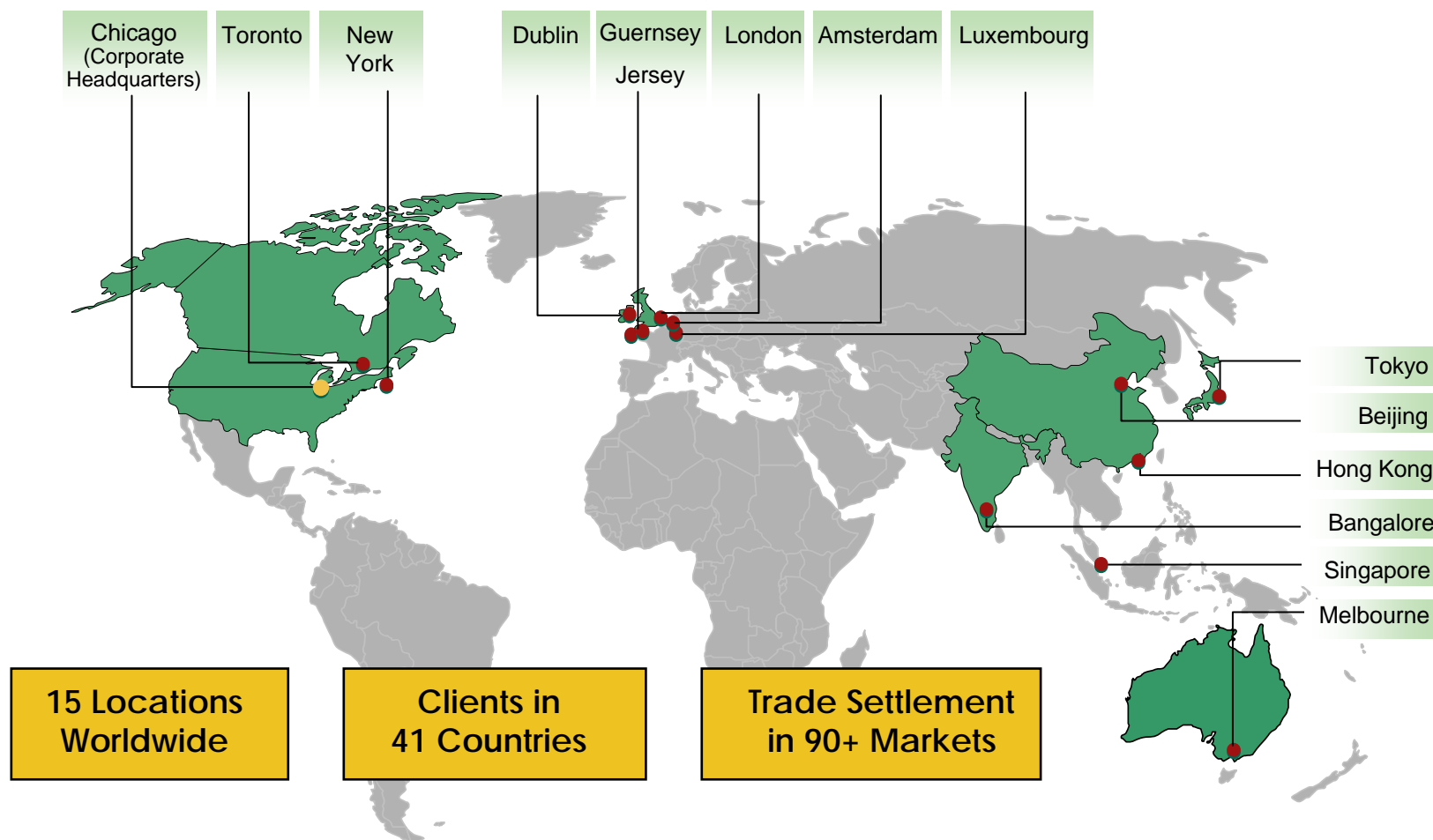


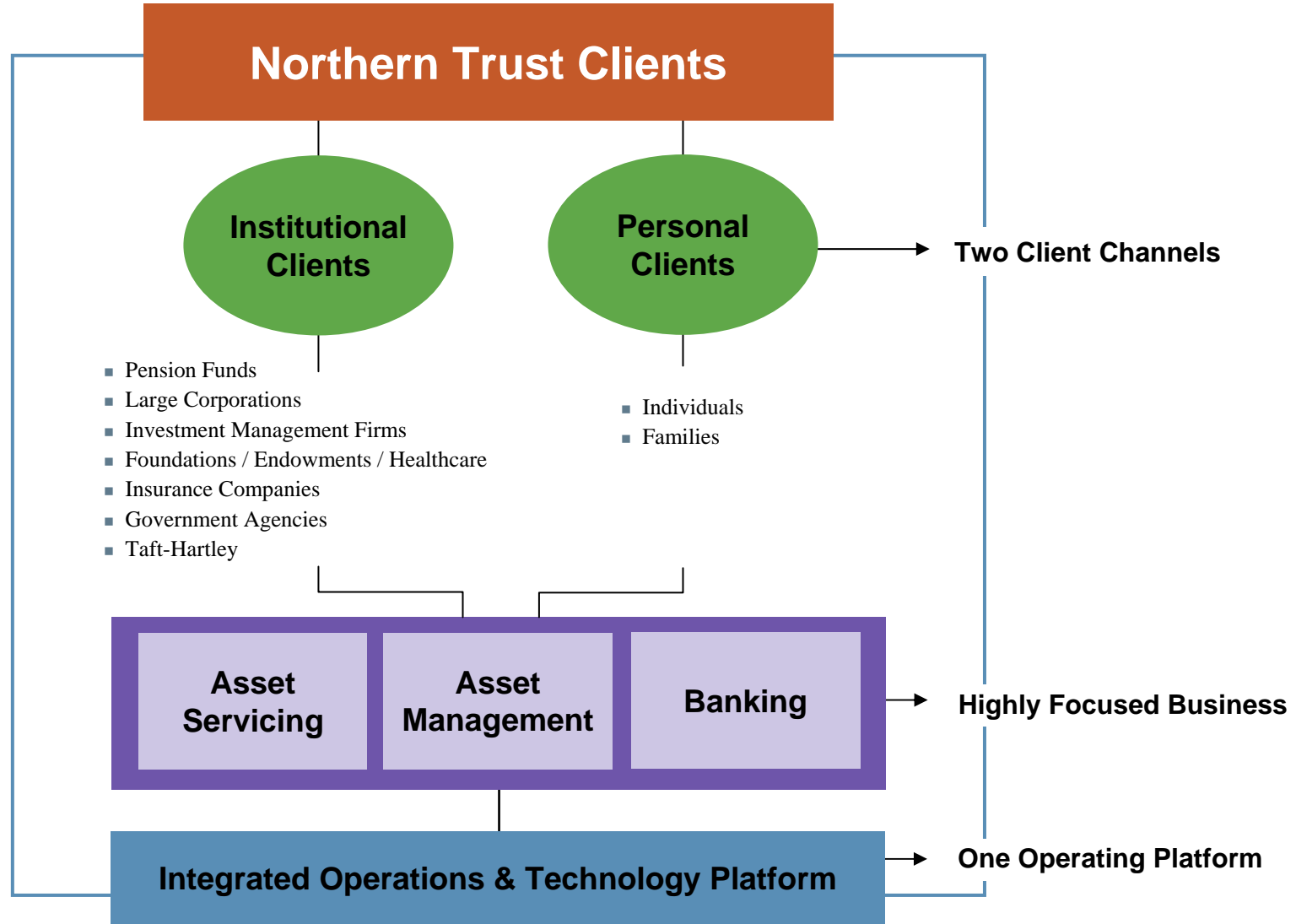
(1) McKinsey & Company – Mapping the Global Capital Market, Third Annual Report, January 2007

(2) The Greensted Report, Issue 4, Spring 2007 – AUC of Top 10 custodians as of December 31, 2006



Positioned to serve clients locally and capitalize on global opportunities.

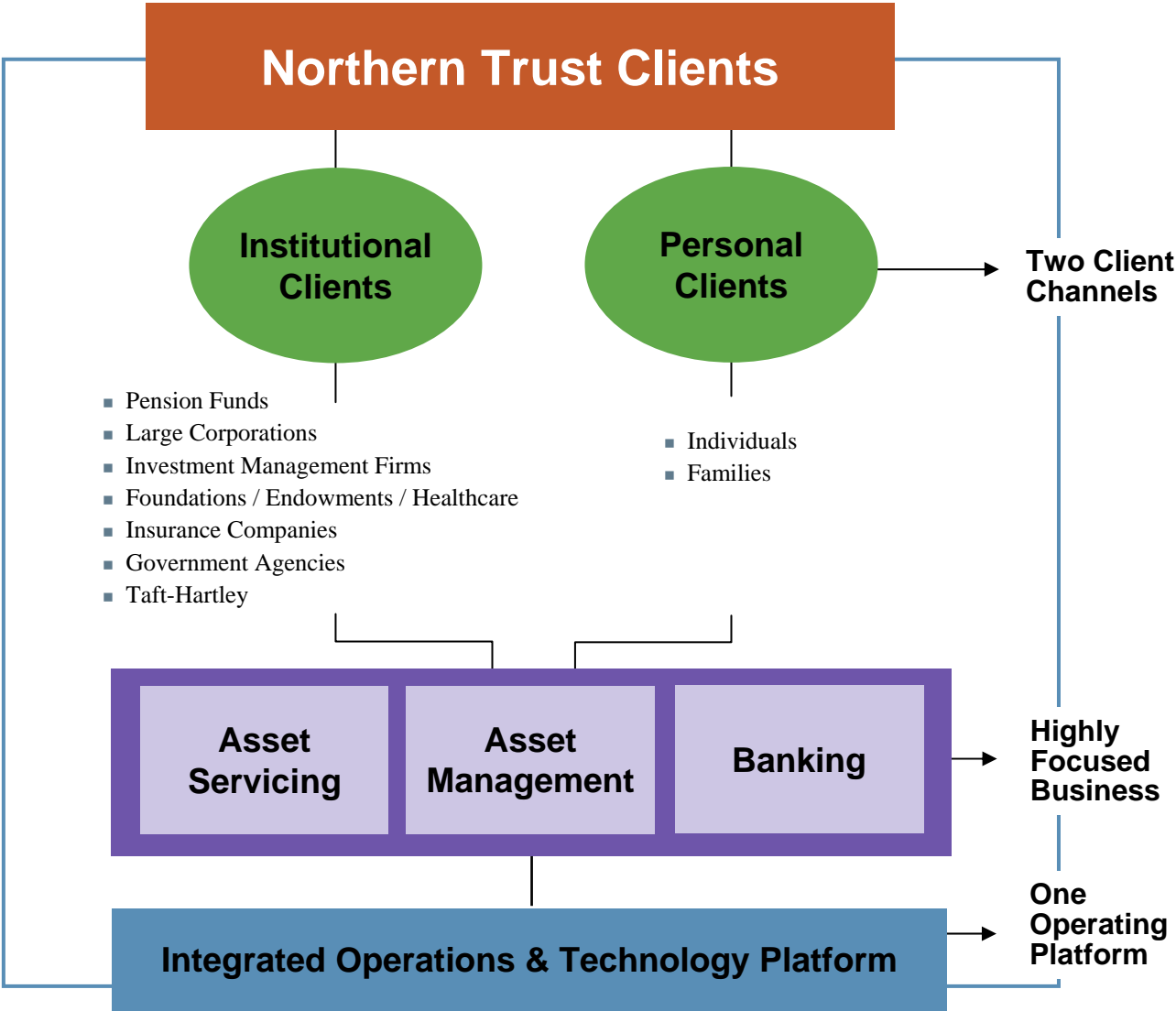






Focused and Conservative Client-centric and Highly Focused

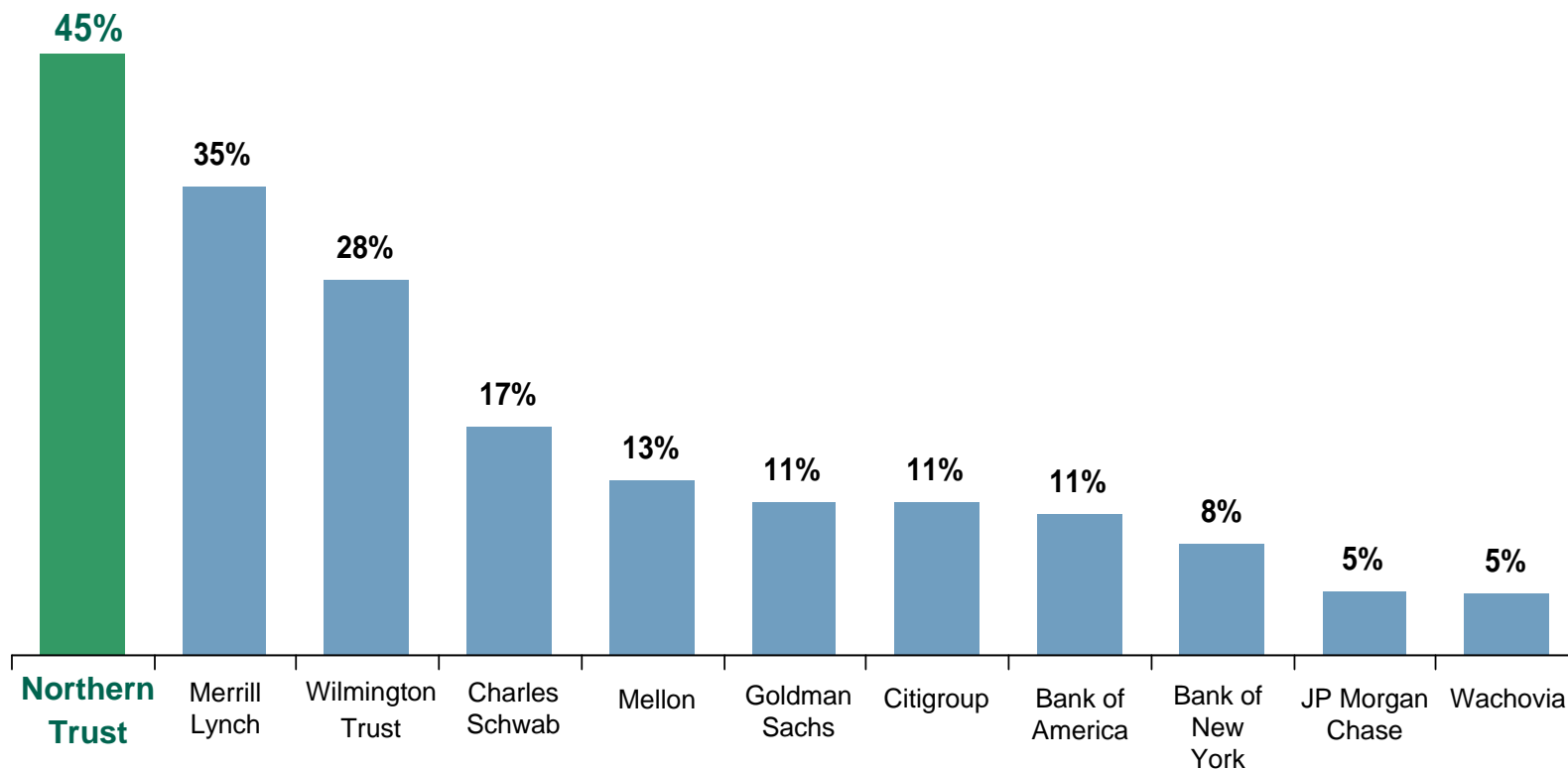
- Some of the businesses we are not in:
- Sub-Prime Mortgage Underwriting
 - Credit Cards
 - Asset Backed Commercial Paper Conduits
 - Private Equity Bridge Financing
 - Investment Banking





Private Client Revenues

(As a Percentage of Total Company Revenues, 2006)



Source: Company reports



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C&IS: Significant Presence in Our Target Segments

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 Encyclopedia, Administrators, 2006/2007; Lipper Fitzrovia Guernsey Fund Encyclopedia, Administrators, 2006/2007.





Securities Portfolio – High Quality and Short Duration

- ◆ 96% of Northern Trust's total securities portfolio was composed of AAA rated securities as of September 30, 2007.
- ◆ 75% of Earning Assets reprice or mature within one year.
 - ▶ Top 20 Bank average equals 50%.*
- ◆ 77% of Interest-Bearing Deposit liabilities reprice or mature within one year.
 - ▶ Top 20 Bank average equals 48%.*

Loan Portfolio – High Quality

- ◆ Nonperforming assets represent only 0.12% of total outstanding loans as of September 30, 2007.
 - ▶ Top 20 Bank average equals 0.68%.
- ◆ Nonperforming loans are covered 6.1x by credit loss reserves as of September 30, 2007.
 - ▶ Top 20 Bank average equals 2.0x.
- ◆ 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 deals, and does not provide an off-balance sheet commercial paper conduit for client liquidity

*As of June 30, 2007; Sources: FR Y-9C reports & SNL Financial.





Client Centricity

The Northern Trust Difference

Clients are at the center of everything we do



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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



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

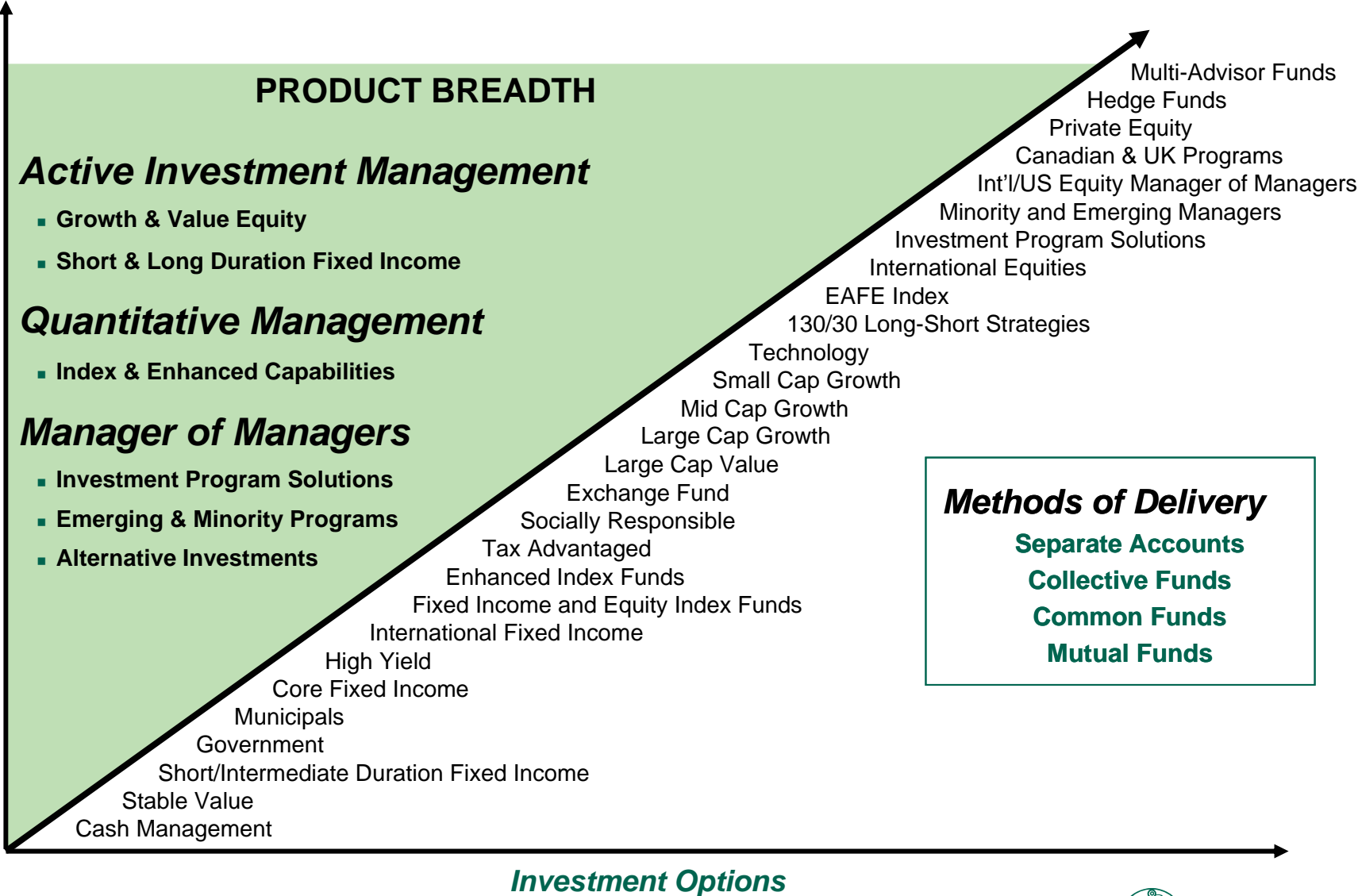
Fund Services

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

Asset Servicing

- Safekeeping
- Settlement
- Income Collection
- Corporate Actions







	Year-to-Date 9/30/07	% Growth 2006 to 2007
Trust, Inv. & Other Servicing Fees	\$1,530 Million	+15%
Other Non-Interest Income	\$421 Million	+16%
Net Interest Income	\$647 Million	+10%
Total Revenues	\$2,599 Million	+14%
Non-Interest Expenses	\$1,648 Million	+14%
Net Income	\$602 Million	+22%
Earnings Per Share	\$2.69	+21%
Assets Under Custody	\$4.1 Trillion	+24%
Global Custody Assets	\$2.0 Trillion	+31%
Assets Under Management	\$761 Billion	+14%





Consistent Leadership and Philosophy Well Positioned for Growth

■ Rich History

- ◆ 118 Year Heritage — Undiluted by Mergers & Acquisitions

■ Focused and Conservative 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

	<u>Northern Trust</u>	<u>Industry</u>
◆ Bill Osborn - Chairman & CEO	37 Years	37 Years
◆ Rick Waddell - President & COO	32 Years	32 Years
◆ Sherry Barrat - President – PFS	17 Years	37 Years
◆ Steve Fradkin - EVP & Chief Financial Officer	22 Years	22 Years
◆ Tim Moen - EVP – Human Resources & Administration	6 Years	32 Years
◆ Bill Morrison - President – PFS	11 Years	34 Years
◆ Steve Potter - EVP – International	25 Years	25 Years
◆ Joyce St. Clair - EVP – Corporate Risk Management	15 Years	26 Years
◆ Jana Schreuder - President – WWOT	27 Years	27 Years
◆ Tim Theriault - President – C&IS	25 Years	27 Years
◆ Kelly Welsh - EVP & General Counsel	7 Years	29 Years



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