# Resolution Plan for Northern Trust Corporation and The Northern Trust Company

## Section 1: Public Section

December 31, 2013

## Contents

# Section 1: Public Section

## Introduction

The Public Section provides an overview of the overall resolution strategy for Northern Trust Corporation (NTC) and its material entities, including its principal subsidiary and insured depository institution, The Northern Trust Company (TNTC). References throughout this document to "our," "we," "us," and "Northern Trust," refer to Northern Trust Corporation and its consolidated subsidiaries, while references to "NTC" refer solely to Northern Trust Corporation.

Under Title I, Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and implementing regulations issued by the Federal Deposit Insurance Corporation (FDIC) and the Board of Governors of the Federal Reserve System, NTC, a bank holding company with assets of $50 billion or more, is required to submit periodically to the Federal Reserve Board (FRB), the FDIC and the Financial Stability Oversight Council a plan for resolution in the event of material distress or failure of the bank holding company. The FDIC has also issued a final rule that requires insured depository institutions (IDIs), such as TNTC, with assets of $50 billion or more, to submit periodically to the FDIC a plan for resolution in the event of failure under the Federal Deposit Insurance Act (the "FDI Act"). Accordingly, Northern Trust has developed a combined Resolution Plan in accordance with these rules (the "Resolution Plan"). This Public Section contains the information required by the agencies to be made publicly available.

Northern Trust maintains a strong balance sheet in terms of capital, liquidity and asset quality. Northern Trust generates the majority of its revenue from noninterest income that primarily consists of trust, investment and other servicing fees. As a result, Northern Trust has received strong credit ratings from the credit rating agencies. In 2012, 92 percent of Northern Trust's revenues were derived from trust, investment and other servicing fees, net interest income (consisting of interest income generated by earning assets, net of interest expense on deposits and borrowed funds) and foreign exchange. The remaining 8 percent of Northern Trust's revenues are derived from Other Noninterest Income (treasury management fees, security commissions and trading income, other operating income and investment security gains or losses).

The Resolution Plan considers strategies for the resolution of Northern Trust. As per the guidance, it is assumed during the resolution of Northern Trust that this event is idiosyncratic, that general macroeconomic conditions are consistent with certain baseline assumptions and the U.S. and global financial systems are operating normally.

The Resolution Plan provides a description of the resolution strategies for NTC and its material entities, including TNTC. The resolution strategies focus on an orderly resolution that preserves value, provides for continuity of services, and avoids systemic risk to the U.S. financial system. In each of the resolution strategies, depositors would have timely access to their insured deposits and there would be no cost to the FDIC Deposit Insurance Fund (DIF). The strategies do not contemplate any extraordinary funding or public support, or any reliance on the Orderly Liquidation Authority (OLA) powers granted to the FDIC.

Northern Trust believes it is highly resolvable under the U.S. Bankruptcy Code and other applicable resolution regimes. This is supported by the following assumptions:

- The FDIC will be able to use its resolution powers in a receivership to facilitate an orderly resolution since Northern Trust's Core Business Lines and Critical Operations operate through TNTC

- The strength of Northern Trust's highly liquid balance sheet will sustain anticipated client deposit run-off without posing systemic risk.

## Overview of Northern Trust

NTC is a financial holding company that conducts business through various U.S. and non-U.S. subsidiaries, including TNTC. NTC was originally formed as a holding company for TNTC in 1971.

Northern Trust has a network of offices in 18 U.S. states, Washington, D.C., and 16 international locations in North America (Americas), Europe, the Middle East, and Africa (EMEA) and the Asia Pacific (APAC) region. At December 31, 2012, NTC had consolidated total assets of $97.5 billion and stockholders' equity of $7.5 billion.

TNTC is an Illinois banking corporation headquartered in Chicago and is NTC's principal subsidiary. Founded in 1889, TNTC conducts its business through its U.S. operations and its various U.S. and non-U.S. branches and subsidiaries. At December 31, 2012, TNTC had consolidated assets of $97.1 billion and common equity capital of $7.2 billion.

Northern Trust is a leading provider of asset servicing, asset management, fiduciary and banking solutions for corporations, institutions, families and individuals worldwide. Northern Trust focuses on servicing and managing client assets through its two primary business units, Wealth Management (WM) and Corporate & Institutional Services (C&IS). Asset management and related services are primarily provided to C&IS and WM clients by a third business unit, Asset Management. Northern Trust benefits from an integrated global operating platform. Operations and technology services are delivered by a fourth business unit, Operations & Technology.

The markets in which Northern Trust operates are very competitive. Competition is provided by both unregulated and regulated financial services organizations, whose products and services span the local, national, and global markets in which Northern Trust conducts operations.

Northern Trust's principal business strategy is to provide quality financial services to targeted market segments in which it believes it has a competitive advantage and favorable growth prospects. As part of this strategy, Northern Trust seeks to deliver a level of service that distinguishes it from its competitors by:

- Focusing on its core business
  - Wealth management, asset servicing; and asset management
- Positioning for growth in key markets and jurisdictions
  - Capitalizing on evolving market dynamics and industry mega trends; and
  - Expanding its global presence in attractive growth markets where it has, or can develop, sustainable competitive advantage
- Expanding value-added services, products and capabilities
- Emphasis on key client segments
  - Focusing on target client segments to build market share
- Excellence in execution and a relentless drive to provide exceptional client service

Northern Trust emphasizes the development and growth of recurring sources of fee-based income and is one of a select group of major bank holding companies in the U.S. that generates more revenues from fee-based services than from net interest income.

Northern Trust also seeks to preserve its asset quality through established credit review procedures and to maintain a highly liquid and well capitalized balance sheet. Northern Trust operates with a long tenured, strong management team that includes senior officers having broad experience.

Northern Trust

## A. Names of Material Entities

Under the Section 165(d) and IDI Rules, a "Material Entity" [1] is defined as NTC and TNTC subsidiaries and foreign offices that are significant to NTC's Core Business Lines and Critical Operations. Northern Trust has performed a multi-step analysis to identify Material Entities using key metrics relating to assets, revenue and earnings, substitutability, staffing levels, memberships of key payment, clearing and settlement systems, and financial guarantees. Northern Trust has identified six Material Entities, three U.S. entities and three non-U.S. entities, as described below.

### Northern Trust Corporation (NTC)

NTC is the ultimate parent company of all Northern Trust entities. NTC was originally formed as a holding company for TNTC in 1971 and is a bank holding company regulated by the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 as amended. On October 30, 2003, NTC elected to be a financial holding company under the Gramm Leach Bliley Act of 1999. NTC is subject to supervision and regulation by the U.S. FRB and the U.S. Securities & Exchange Commission (SEC).

NTC has a network of offices in 18 U.S. states, Washington, D.C., and 16 international locations in the Americas, EMEA, and APAC.

### The Northern Trust Company (TNTC)

TNTC was organized as an Illinois bank on August 7, 1889. TNTC is headquartered in Chicago, Illinois and is NTC's principal subsidiary. As a state-chartered banking institution that is a member of the Federal Reserve System, TNTC's primary federal banking regulator is the FRB for both its U.S. and non-U.S. operations. TNTC is an FDIC-insured depository institution and is subject to applicable federal and state banking laws, as well as supervision by the Illinois Department of Financial and Professional Regulation (IDFPR), the FDIC and the regulatory authorities of those states and countries in which a TNTC branch is located.

TNTC is a leading provider of asset servicing, asset management, fiduciary and banking solutions for corporations, institutions, families and individuals worldwide. TNTC conducts its business through two primary business units, C&IS and WM. Northern Trust also operates under an integrated global platform through Northern Trust's other two business lines, Asset Management and Operations & Technology. At December 31, 2012, TNTC and its subsidiaries and branches comprised approximately 99% of Northern Trust's consolidated total assets.

### The Northern Trust Company, London Branch (TNTC London)

TNTC London provides banking, custody, fund administration and foreign exchange services primarily to institutional clients.

[1] For purposes of resolution plans required under Section 165(d) of the Dodd-Frank Act ("165(d) Plan"), a "material entity" is defined as: "…a subsidiary or foreign office of the covered company that is significant to the activities of a critical operation or core business line." 12 CFR Part 243 (Federal Reserve) or 12 CFR Part 381 (FDIC). For purposes of resolution plans required for insured depository institutions (IDI) with assets of $50 billion or more ("IDI Plan"), a "material entity" is defined as: "…a company that is significant to the activities of a critical service or core business line." 12 CFR Part 360 (FDIC).

## Northern Trust Investments, Inc. (NTI)

NTI is a subsidiary of TNTC and an Illinois state bank limited to the exercise of full trust powers. NTI is regulated by the U.S. SEC and the IDFPR, and is a registered investment adviser.

NTI provides passive and active investment advisory services to personal and institutional clients for fixed income and equity separate accounts and funds. In addition, NTI manages equity, fixed income and mutual fund assets through wrap and model investment management services.

## Northern Operating Services Private Limited (NOS)

NOS was incorporated as a private limited company under the Companies Act, 1956 on August 30, 2005, in Bangalore, India.

NOS provides back-office processing services in support of custody and asset servicing functions, investment operations outsourcing, fund accounting, foreign exchange, cash management, derivatives processing, securities operations and other services as may be agreed upon by NTC affiliates.

## Northern Trust Management Services Limited (NTMSL)

NTMSL is registered in England and Wales as an investment holding company. It provides personnel services to TNTC London and to Northern Trust's London-based operating subsidiaries.

## B. Description of Core Business Lines

Northern Trust has two Core Business Lines[2]: C&IS and WM.

### Corporate & Institutional Services (C&IS)

C&IS is a leading global provider of asset servicing, asset management, brokerage, banking and related services to institutional investors.

Asset servicing and related services encompass a full range of industry leading capabilities including but not limited to: global master trust and custody, trade settlement, and reporting; fund administration; foreign exchange; cash management; investment risk and performance analytical services; investment operations outsourcing; and transition management and commission recapture.

Client relationships are managed through TNTC and TNTC's and NTC's other subsidiaries and branches, including support from locations in the Americas, EMEA, and APAC. At December 31, 2012, C&IS had Assets Under Custody (AUC) of $4.4 trillion and Assets Under Management (AUM) of $561.2 billion.

### Wealth Management

WM provides advisory services (financial planning, trust and estate services, foundations and institutional advisory services and other specialty asset management services), private and business banking services, and investment management services for businesses and foundations.

WM focuses on high net worth individuals and families, business owners, executives, professionals, retirees, and established privately held businesses in its target markets. Wealth Management includes the Global Family and Private Investment Office, which provides customized products and services to meet the complex financial needs of individuals and family offices in the U.S. and throughout the world with assets typically exceeding $200 million, as well as foundations.

WM is one of the largest providers of personal trust services in the U.S., with $446.3 billion in AUC and $197.7 billion in AUM at December 31, 2012. WM services are delivered through a network of offices in 18 U.S. states and Washington D.C., as well as offices in EMEA.

[2] For purposes of 165(d) Plans, "core business lines" are defined as: "…those business lines of the covered company, including associated operations, services, functions and support, that, in the view of the covered company, upon failure would result in a material loss of revenue, profit or franchise value." 12 CFR Part 243 (Federal Reserve) or 12 CFR Part 381 (FDIC). For purposes of IDI Plans, "core business lines" are defined as: "…those business lines of the [covered insured depository institution], including associated operations, services, functions and support, that, in the view of the [covered insured depository institution], upon failure would result in a material loss of revenue, profit or franchise value." 12 CFR Part 360 (FDIC).

## C. Summary of Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources

The table below provides a consolidated balance sheet for NTC as of December 31, 2012.

**Northern Trust Corporation Balance Sheet as of December 31, 2012**

(dollar amounts in Millions, except per share information)

| | | |
|---|---|---|
| **Assets** | | |
| Cash and Due from Banks | $ | 3,752.7 |
| Federal Funds Sold and Securities Purchased under Agreements to Resell | | 60.8 |
| Interest-Bearing Deposits with Banks | | 18,803.5 |
| Federal Reserve Deposits and Other Interest-Bearing | | 7,619.7 |
| Securities | | |
| Available for Sale | | 28,643.5 |
| Held to Maturity (Fair Value - $2,394.8 in 2012 and $817.1 in 2011) | | 2,382.0 |
| Trading Account | | 8.0 |
| **Total Securities** | **$** | **31,033.5** |
| Loans and Leases | | |
| Commercial | | 12,897.2 |
| Personal | | 16,607.3 |
| **Total Loans and Leases (Net of unearned income - $297.9 in 2012 & $374.1 in 2011)** | | **29,504.5** |
| Allowance for Credit Losses Assigned to Loans and Leases | | (297.9) |
| Buildings and Equipment | | 469.9 |
| Client Security Settlement Receivables | | 2,049.1 |
| Goodwill | | 537.8 |
| Other Assets | | 3,930.2 |
| **Total Assets** | **$** | **97,463.8** |
| **Liabilities** | | |
| Deposits | | |
| Demand and Other Noninterest-Bearing | $ | 20,519.0 |
| Savings and Money Market | | 15,189.7 |
| Savings Certificates and Other Time | | 2,466.1 |
| Non-U.S. Offices - Noninterest-Bearing | | 3,512.8 |
| - Interest-Bearing | | 39,720.2 |
| **Total Deposits** | **$** | **81,407.8** |
| Federal Funds Purchased | | 780.2 |
| Securities Sold under Agreements to Repurchase | | 699.8 |
| Other Borrowings | | 367.4 |
| Senior Notes | | 2,405.8 |
| Long-Term Debt | | 1,421.6 |
| Floating Rate Capital Debt | | 277.0 |
| Other Liabilities | | 2,577.2 |
| **Total Liabilities** | **$** | **89,936.8** |
| **Stockholders' Equity** | | |
| Common Stock, $1.66 ⅔ Par Value; Authorized 560,000,000 shares; Outstanding shares of 238,914,988 and 241,008,509 | $ | 408.6 |
| Additional Paid-in Capital | | 1,012.7 |
| Retained Earnings | | 6,702.7 |
| Accumulated Other Comprehensive Loss | | (283.0) |
| Treasury Stock (6,256,536 and 4,163,015 shares, at cost) | | (314.0) |
| **Total Stockholders' Equity** | **$** | **7,527.0** |
| **Total Liabilities and Stockholders' Equity** | **$** | **97,463.8** |

**Source: 2012 Annual Report**

The table below provides a consolidated balance sheet for TNTC as of December 31, 2012.

**The Northern Trust Company Balance Sheet as of December 31, 2012**

(dollar amounts in millions)

| | | |
|---|---|---|
| **Assets** | | |
| Cash and Due from Banks | $ | 3,736.7 |
| Federal Funds Sold and Securities Purchased under Agreements to Resell | | 60.8 |
| Interest-Bearing Deposits with Banks | | 18,794.8 |
| Federal Reserve Deposits and Other Interest-Bearing | | 7,606.6 |
| Securities | | 28,638.6 |
| Available for Sale | | |
| Held to Maturity (Fair Value - $2,394.8 in 2012 and $817.1 in 2011) | | 2,382.0 |
| **Total Securities** | **$** | **31,020.6** |
| Loans and Leases | | |
| Commercial | | 12,897.2 |
| Personal | | 16,607.3 |
| **Total Loans and Leases (Net of unearned income - $297.9 in 2012 and $374.1 in 2011)** | **$** | **29,504.5** |
| Allowance for Credit Losses Assigned to Loans and Leases | | (297.9) |
| Buildings and Equipment | | 464.9 |
| Client Security Settlement Receivables | | 2,049.1 |
| Goodwill | | 499.0 |
| Other Assets | | 3,699.7 |
| **Total Assets** | **$** | **97,138.8** |
| **Liabilities** | | |
| Deposits | | |
| Demand and Other Noninterest-Bearing | $ | 20,552.4 |
| Savings and Money Market | | 15,190.9 |
| Savings Certificates | | 2,466.1 |
| Non-U.S. Offices - Noninterest-Bearing | | 3,513.2 |
| - Interest-Bearing | | 41,411.6 |
| **Total Deposits** | | **83,134.2** |
| Federal Funds Purchased | | 780.2 |
| Securities Sold under Agreements to Repurchase | | 699.8 |
| Other Borrowings | | 392.2 |
| Senior Notes | | 750.0 |
| Long-Term Debt | | 1,714.2 |
| Other Liabilities | | 2,442.7 |
| **Total Liabilities** | **$** | **89,913.3** |
| **Stockholders' Equity** | **$** | **7,225.5** |
| **Total Liabilities and Stockholders' Equity** | **$** | **97,138.8** |

**Source: 2012 Form 10-K**

## Capital

One of Northern Trust's primary objectives is to maintain a strong capital position that merits and maintains the confidence of clients, the investing public, the credit rating agencies, bank regulators and stockholders. A strong capital position helps Northern Trust pursue profitable investment opportunities and withstand unforeseen adverse developments.

Northern Trust manages its capital on a total Corporation basis and on a legal entity basis. In establishing the standards for capital, a variety of factors are taken into consideration, including the overall risk of Northern Trust's businesses, regulatory requirements, capital levels relative to our peers and the impact on our credit ratings. NTC declared common dividends totaling $286.9 million in 2012 and, in March 2012, the Board increased the quarterly dividend by 7% to $0.30 per common share.

Capital levels were strengthened in 2012 as average common equity increased 5% or $363.5 million reaching $7.55 billion. At December 31, 2012, NTC's tier 1 capital ratio was 12.8% and its total capital ratio was 14.3% of risk-weighted assets, both well above the ratios that are a requirement for regulatory classification as "well-capitalized". The "well-capitalized" minimum ratios are 6.0% and 10.0%, respectively. NTC's leverage ratio (tier 1 capital to fourth quarter average assets) of 8.2% is also well above the "well-capitalized" minimum requirement of 5.0%. In addition, TNTC had a ratio of 11.9% for tier 1 capital, 13.7% for total risk-based capital, and 7.6% for leverage. Each of NTC's non-U.S. banking subsidiaries had capital ratios above their specified minimum requirements.

The current risk-based capital guidelines that apply to NTC and TNTC, commonly referred to as Basel I, are based upon the 1988 capital accord of the Basel Committee as implemented by the FRB. The table below presents Basel I regulatory capital ratios and related regulatory guidelines for NTC and TNTC as of December 31, 2012.

**Risk-Based and Leverage Ratios as of December 31, 2012**

| | ACTUAL | | MINIMUM TO QUALIFY AS WELL CAPITALIZED | |
|---|---|---|---|---|
| **($ In Millions)** | **Amount** | **Ratio** | **Amount** | **Ratio** |
| **AS OF DECEMBER 31, 2012** | | | | |
| **Total Capital to Risk-Weighted Assets** | | | | |
| Consolidated | $ 8,340.8 | 14.3% | $ 5,831.6 | 10.0% |
| The Northern Trust Company | 7,971.0 | 13.7 | 5,803.2 | 10.0 |
| **Tier 1 Capital to Risk-Weighted Assets** | | | | |
| Consolidated | 7,489.0 | 12.8 | 3,499.0 | 6.0 |
| The Northern Trust Company | 6,904.2 | 11.9 | 3,481.9 | 6.0 |
| **Tier 1 Capital to Adjusted Average Fourth Quarter Assets** | | | | |
| Consolidated | 7,489.0 | 8.2 | 4,543.7 | 5.0 |
| The Northern Trust Company | 6,904.2 | 7.6 | 4,533.9 | 5.0 |

### Economic Capital

Northern Trust strives to maintain capital against unexpected losses that could threaten solvency and estimates this by calculating economic capital. Under non-stressed conditions, NTC strives to hold capital at a level such that it can withstand a severe stress and still maintain ready access to funding, meet its obligations to creditors and other counterparties and continue to serve as a credit intermediary.

Northern Trust has established a Capital Committee to manage its capital adequacy position to meet the above objectives. The Capital Committee establishes internal capital management standards that consider regulatory requirements and the results of the capital adequacy assessment process and recommends these to NTC and TNTC's Board of Directors for approval.

## Stress Testing

Stress testing analysis is performed globally across Northern Trust's business units and legal entities to assess Northern Trust's overall capital adequacy in relation to its risk profile. Certain local, jurisdictional or entity-specific activities are documented in respective entity-level guidelines where they diverge from activities normally defined for stress testing. Stress testing plays an important role in the capital adequacy assessment process. It is used by Northern Trust's management and individual risk management teams across the organization to assess how various events may impact levels of required and/or available capital and provide additional information to management.

## Funding and Liquidity

Northern Trust maintains a strong liquidity position and conservative liquidity risk profile as demonstrated by its capital ratios. The objectives for liquidity risk management are to determine Northern Trust's cash flow obligations under both normal and adverse economic conditions while maintaining its ability to capitalize on business opportunities in a timely and cost effective manner.

Northern Trust uses liquidity stress tests to support its contingent liquidity plans, gain insight into its liquidity position and strengthen its liquidity policies and practices. A global contingent liquidity action plan is approved annually by Northern Trust's Asset and Liability Committee (ALCO) and regularly updated and tested.

Northern Trust operates under a treasury model where the consolidated balance sheet, funding and liquidity are analyzed and managed centrally by the Northern Trust's Treasury Department. Northern Trust manages its liquidity within a global risk management framework, incorporating regional policies, limits, regulations and management when appropriate. This single set of policies, standards and processes provides for consistency across businesses, stability in methodologies and transparency of risk.

Northern Trust's balance sheet is primarily liability-driven. That is, the main driver of balance sheet changes comes from changing levels of client deposits, which are generally related to the level of global custody assets and corporate and personal deposits. This liability-driven business model differs from a typical asset-driven business model, where increased levels of deposits are required to support, for example, increased levels of lending.

Northern Trust's balance sheet generally consists of assets and liabilities with relatively short durations, resulting in low re-pricing and interest rate risk. The global custody business provides Northern Trust with a significant amount of institutional client funding, resulting in less reliance on wholesale funding and personal deposits, which differentiates Northern Trust from other U.S. bank holding companies.

## D. Description of Derivative and Hedging Activities

### Hedging Derivatives

Northern Trust is a party to various derivative financial instruments that are used in the normal course of business to meet the needs of its clients; as part of its trading activity for its own account; and as part of its risk management activities. These instruments include foreign exchange contracts, interest rate contracts, and credit default swap contracts.

Foreign exchange contracts are agreements to exchange specific amounts of currencies at a future date, at a specified rate of exchange. Foreign exchange contracts are entered into primarily to meet the foreign exchange needs of clients. Foreign exchange contracts can also be used for trading purposes and risk management. Northern Trust uses foreign exchange contracts to reduce its exposure to changes in foreign exchange rates relating to certain forecasted non-functional currency denominated revenue and expenditure transactions, foreign currency denominated assets and liabilities, and net investments in non-U.S. affiliates.

Interest rate contracts include swap, option, and forward contracts. Interest rate swap contracts involve the exchange of fixed and floating rate interest payment obligations without the exchange of the underlying principal amounts. Northern Trust enters into interest rate swap contracts on behalf of its clients and also utilizes such contracts to reduce or eliminate the exposure to changes in the cash flows or fair value of hedged assets or liabilities due to changes in interest rates.

Credit default swap contracts are agreements to transfer credit default risk from one party to another in exchange for a fee. To reduce credit risk, Northern Trust enters into credit default swaps with outside counterparties where the counterparty agrees to assume the underlying credit exposure of a specific Northern Trust commercial loan or loan commitment.

### Counterparty Credit Risk and Collateral

The estimated credit risk associated with derivative instruments relates to the failure of the counterparty and the failure of Northern Trust to pay based on the contractual terms of the agreement, and is generally limited to the unrealized fair value gains and losses on these instruments, respectively.

The amount of credit risk will increase or decrease during the life of the instruments as interest rates, foreign exchange rates, or credit spreads fluctuate. This risk is managed by limiting such activity to an approved list of counterparties and by subjecting such activity to the same credit and quality controls as are followed in lending and investment activities.

## E. Memberships in Material Payment, Clearing and Settlement Systems

Northern Trust utilizes payment, clearing and settlement systems, or "Financial Market Utilities (FMUs)", to conduct financial transactions in a global economy. FMUs allow Northern Trust to provide payment services to clients and facilitate the clearing and settlement of client security, derivative and cash transactions. Northern Trust's material relationships, mainly through TNTC, include participation in the following FMUs:

**Direct Memberships in Payment, Clearing and Settlement Systems**

| System Type | Payment, Clearing and Settlement Systems | Entity Holding Membership |
|---|---|---|
| Payment | Fedwire Funds Service (Fedwire) | TNTC |
| | Clearing House Interbank Payments System (CHIPS) | TNTC |
| | FedACH Services (FedACH) | TNTC |
| | Electronic Payments Network (EPN) | TNTC |
| Settlement and Clearing | Fedwire Securities Service | TNTC |
| | Depository Trust Company (DTC) | TNTC |
| | National Securities Clearing Corporation (NSCC) | TNTC |
| | Continuous Linked Settlement (CLS) | TNTC London |
| | Options Clearing Corporation (OCC) | TNTC |
| | Clearing and Depository Services, Inc. (CDS) | The Northern Trust Company, Canada (non-Material Entity) |
| | Euroclear | TNTC |
| | CREST (operated by Euroclear U.K. and Ireland Limited) | TNTC |
| Interbank Financial Telecommunication | The Society of Worldwide Interbank Financial Telecommunication (SWIFT) | TNTC |

## F. Description of Foreign Operations

Northern Trust has a network of offices in 18 U.S. states, Washington, D.C., and 16 international locations in the Americas, EMEA and APAC, with more than 14,300 employees worldwide.

Northern Trust's primary international activities consist of asset servicing and asset management. Northern Trust has operational capabilities in the Americas, EMEA and APAC.

At December 31, 2012, Northern Trust had approximately 2,500 employees in EMEA and approximately 3,300 employees in the APAC region.

## G. Material Supervisory Authorities

NTC is regulated as a financial holding company under the Bank Holding Company Act of 1956 and is subject to the supervision, examination, and regulation of the Federal Reserve Board.

TNTC, which is NTC's principal subsidiary, is a member of the Federal Reserve System and its deposits are insured by the FDIC up to the maximum authorized limit, and it is subject to regulation by both of these agencies. TNTC, as an Illinois banking corporation, is also subject to Illinois state laws and regulations and to examination and supervision by the Division of Banking of the IDFPR. TNTC is registered as a government securities dealer in accordance with the Government Securities Act of 1986. As a government securities dealer, its activities are subject to the rules and regulations of the Department of the Treasury. TNTC is also registered as a transfer agent with the FRB and is therefore subject to the rules and regulations of the FRB in this area.

NTC's nonbanking affiliates are all subject to examination by the FRB. Several subsidiaries of NTC are registered with the SEC under the Investment Advisors Act of 1940 (IAA) and are subject to the associated rules and regulations under the IAA. TNTC and other subsidiaries of NTC act as investment advisors to several mutual funds and other asset managers which are subject to regulation by the SEC under the Investment Company Act of 1940 (ICA).

The activities of NTC's subsidiaries outside the U.S. are subject to regulation, laws and supervision (including regulatory and capital requirements) by a number of non-U.S. regulatory agencies in the jurisdictions in which they operate, including regulatory and capital requirements.

## H. Principal Officers

The following table lists the principal officers (the Management Group) of NTC and TNTC, all of whom are appointed by the Board.

**Principal Officers of Northern Trust Corporation and The Northern Trust Company**

| Name | Position |
|---|---|
| Frederick H. Waddell | Chairman of the Board and Chief Executive Officer |
| William L. Morrison | President and Chief Operating Officer |
| S. Biff Bowman | Executive Vice President, Head of Human Resources |
| Jeffrey D. Cohodes | Executive Vice President, Chief Risk Officer |
| Steven L. Fradkin | President, Corporate and Institutional Services |
| Michael G. O'Grady | Executive Vice President, Chief Financial Officer |
| Stephen N. Potter | President, Asset Management |
| Jana R. Schreuder | President, Wealth Management |
| Joyce St. Clair | President, Operations and Technology |
| Kelly R. Welsh | Executive Vice President and General Counsel |

# I. Resolution Planning Corporate Governance Structure and Processes Related to Resolution Planning

Northern Trust has incorporated Resolution Planning into its risk framework. A comprehensive process was designed and deployed to provide proper governance and internal controls were incorporated in developing and maintaining the initial Resolution Plan. The governance structure is led by the Resolution Office, which is embedded within Northern Trust's Risk Management group.

A Resolution Office was established to coordinate the development of the Resolution Plan with input from business partners representing the Material Entities, Core Business Lines and Critical Operations. The Resolution Office is responsible for the ongoing maintenance of the Resolution Plan, including assessing interconnections, strategic options, Material Entities, Core Business Lines and Critical Operations.

## Board of Directors

The board of directors of NTC and TNTC is responsible for reviewing and approving the Resolution Plan. The board of directors also confirms that sufficient resources are allocated to projects and "business as usual" Resolution Plan preparation and maintenance.

## Global Enterprise Risk Committee (GERC)

The Global Enterprise Risk Committee is responsible for reviewing and recommending approval of the Resolution Plan to the board of directors. The GERC consists of senior leadership of Northern Trust, including its principal officers.

## Executive Advisory Council (EAC)

The EAC is responsible for providing oversight to the development and execution of Northern Trust's Resolution Plan. The EAC reviews and provides advice on the recommendations by the Resolution Office and Workstreams with regard to the designation of Material Entities, Core Business Lines and Critical Operations, as well as the resolution strategies.

## Executive Sponsor

The Executive Sponsor is an individual responsible for acting as the resolution planning leader and coordinator. The Executive Sponsor represents the Resolution Office within Northern Trust and liaises with the FRB and the FDIC. The Executive Sponsor is responsible for resolving any financial, strategic and operational obstacles related to resolution planning.

## Resolution Office

To facilitate the successful development of the resolution planning process, Northern Trust has established a dedicated Resolution Office. The Resolution Office is a core team that includes Risk Management, Legal Department, Compliance, Corporate Communications, Finance and business partners.

## J. Description of Material Management Information Systems

Northern Trust utilizes management information systems for risk management, accounting, financial, and regulatory reporting and internal management reporting and analysis. Northern Trust's key management information systems generate numerous reports that are used during the normal course of business to monitor the financial health, risks and operations of Northern Trust, its material entities, core business lines and critical operations. These systems are primarily platform and mainframe technologies with interface applications that are used to collect, maintain and report information to management, as well as used externally for regulatory compliance.

Financial reporting systems provide information required to produce financial position and performance for senior management and external parties. Key management information systems are used to improve the understanding of specific operational risk loss events in order to strengthen controls and improve the processes to reduce the frequency and severity of future loss events. Key management information systems are used to monitor NTC's and each business unit's performance across pre-determined strategic benchmarks and to establish action plans with the business units to enhance a strategic advantage or develop corrective actions.

Northern Trust maintains detailed business continuity and disaster recovery documentation for each of its departments and supporting technology platforms. This documentation discusses in detail application-specific recovery time objectives as well as plans to continue business operations in events where key systems are unavailable. Business continuity resources are deployed regionally around the globe to provide appropriate level of governance and oversight for business continuity planning, testing, response management, crisis management and supplier resiliency.

## K. High-Level Description of Resolution Strategy

The Resolution Plan is designed to provide for the rapid and orderly resolution of NTC and its subsidiaries without any extraordinary support from the U.S. government in an organized manner that substantially minimizes risk that failure of these entities, businesses or operations would have on financial stability in the U.S. The Resolution Plan also demonstrates how TNTC can be resolved in a manner that provides depositors access to insured deposits within one business day of failure, maximizes net present value return from sale or disposition of its assets, and minimizes amount of any loss realized by creditors in the resolution in a manner that is least costly to the DIF.

As per the guidance, the Resolution Plan considers strategies for resolution of Northern Trust in an idiosyncratic event that leaves NTC and TNTC insolvent. It is assumed that the idiosyncratic event occurs at a time that general macroeconomic conditions are consistent with certain baseline assumptions and the U.S. and global financial systems are operating normally.

The Resolution Plan describes multiple strategies for resolving Northern Trust in a manner that would substantially mitigate the risks that Northern Trust's failure would have serious adverse effects on the U.S. or global financial stability.

NTC, as the bank holding company and parent of TNTC, would initiate a bankruptcy proceeding by filing a voluntary Chapter 11 bankruptcy petition with the clerk of the appropriate bankruptcy court in the event of resolution. In Chapter 11, the debtor generally becomes debtor-in-possession and is authorized to operate its business "in the ordinary course" without the necessity of obtaining bankruptcy court approval.

The Resolution Plan contemplates that TNTC, which represents the bulk of the assets and liabilities of Northern Trust, would enter into an FDIC receivership allowing it to continue to provide requisite operational support to the rest of Northern Trust. The FDIC would use its traditional resolution powers in receivership under the FDI Act to facilitate an orderly disposition of assets.

Sale strategies for each of Northern Trust's core business lines, which Northern Trust believes would be attractive acquisition targets for a single or multiple third-party buyers (domestic or foreign), are also contemplated in the Resolution Plan. Sale transactions with a single buyer or multiple third-party buyers could be executed rapidly, over the course of a weekend, or on a delayed basis utilizing the FDIC's traditional bank resolution powers to charter a bridge bank as an interim step to a sale to a third-party buyer.

Each of Northern Trust's proposed resolution strategies are designed to mitigate the impact that the failure of Northern Trust would have on financial stability in the United States. Northern Trust believes that the Resolution Plan would result in no losses to the FDIC DIF, to the United States Department of Treasury or to depositors (domestic or foreign).