

NORTHERN TRUST CORP
Form DEF 14A
March 04, 2014
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NOTICE & PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14A-6(E)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

NORTHERN TRUST CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required
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(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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Northern Trust Corporation

50 South La Salle Street

Chicago, Illinois 60603

March 4, 2014

Dear Stockholder:

You are cordially invited to attend the Northern Trust Corporation 2014 Annual Meeting of Stockholders on Tuesday, April 15, 2014, at 10:30 am Central Time, at our corporate headquarters at 50 South La Salle Street in Chicago, Illinois.

For nearly 125 years, our stockholders' support has been essential to Northern Trust's stability and success. **Your vote plays a vital role and is very important for our future.** Whether or not you plan to attend the Annual Meeting, I urge you to vote your shares as promptly as possible.

The attached Notice of Annual Meeting of Stockholders and Proxy Statement provide you with information about each proposal to be considered at the Annual Meeting, as well as other information you may find useful in voting your shares. If you plan to attend the Annual Meeting, please review the information on admittance procedures in the accompanying Proxy Statement.

If you choose not to attend in person, you may vote your shares by Internet or telephone. If you received a paper copy of the proxy materials, you also may complete, sign, date, and return your proxy card in the enclosed envelope. Instructions for voting by Internet or telephone can be found on your proxy card or your Notice Regarding the Availability of Proxy Materials.

Thank you for your continued support of Northern Trust Corporation, and your contribution to the future of our company.

Sincerely,

Frederick H. Waddell

Chairman of the Board and Chief Executive Officer

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Date: Tuesday, April 15, 2014
Time: 10:30 am Central Time
Place: Northern Trust Corporation

50 South La Salle Street

Chicago, Illinois 60603

Purposes: The purposes of the Annual Meeting are to:

Elect 11 directors to serve on the Board of Directors until the 2015 Annual Meeting of Stockholders and until their successors are elected and qualified;

Approve, by an advisory vote, named executive officer 2013 compensation;

Ratify the appointment of KPMG LLP as the Corporation's independent registered public accounting firm for the 2014 fiscal year;

Consider a stockholder proposal regarding additional disclosure of political and lobbying contributions, if properly presented at the Annual Meeting; and

Transact any other business that may properly come before the Annual Meeting.

Record Date: You can, and should, vote if you were a stockholder of record at the close of business on February 18, 2014.
March 4, 2014

By order of the Board of Directors,

Stephanie S. Greisch

Corporate Secretary

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR

THE STOCKHOLDER MEETING TO BE HELD ON APRIL 15, 2014

This Proxy Statement, the 2013 Annual Report to Stockholders, and a link to the means to vote by Internet or telephone are available at <https://materials.proxyvote.com/665859>.

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PROXY STATEMENT

The accompanying proxy is solicited on behalf of the Board of Directors for use at the Annual Meeting of Stockholders to be held on Tuesday, April 15, 2014. On or about March 4, 2014, we began mailing or otherwise making available our proxy materials to all stockholders entitled to vote at the Annual Meeting. Our proxy materials include our 2013 Annual Report to Stockholders, which contains detailed information about the Corporation's activities and financial performance in 2013.

GENERAL INFORMATION

A Notice Regarding the Availability of Proxy Materials

Pursuant to rules adopted by the Securities and Exchange Commission (the "SEC"), for some of our stockholders we are providing access to our proxy materials via the Internet. The rules permit us to send a Notice Regarding the Availability of Proxy Materials (the "Notice") to stockholders of record and beneficial owners. All stockholders have the ability to access the proxy materials on the website referred to in the Notice, www.proxyvote.com, or to request a printed set of proxy materials on this site or by calling toll-free 1-800-690-6903. Complete instructions for accessing the proxy materials on the Internet or requesting a printed copy may be found in the Notice. In addition, stockholders may request to receive all future proxy materials in printed form by mail or electronically by e-mail on the website above or when voting electronically.

Electronic Access to the Proxy Materials

The Notice provides instructions regarding how to view our proxy materials for the Annual Meeting on the Internet and how to instruct us to send our future proxy materials to you electronically by e-mail.

Choosing to receive your future proxy materials by e-mail will save us the cost of printing and mailing documents to you and will reduce the impact of our annual stockholders' meetings on the environment. If you choose to receive future proxy materials by e-mail, you will receive an e-mail next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by e-mail will remain in effect until you terminate it.

Who May Vote

Record holders of the Corporation's common stock at the close of business on February 18, 2014 may vote at the Annual Meeting. On that date, the Corporation had 237,309,755 shares of common stock outstanding. The shares of common stock held in the Corporation's treasury will not be voted.

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You are entitled to one vote for each share of common stock that you owned of record at the close of business on February 18, 2014. The proxy card or Notice, as applicable, indicates the number of shares you are entitled to vote at the Annual Meeting.

Voting Your Proxy

Whether or not you plan to attend the Annual Meeting, we urge you to vote your shares promptly.

If you are a *stockholder of record* (that is, you hold your shares of the Corporation's common stock in your own name), you may vote your shares by proxy using any of the following methods:

Using the Internet site listed on the Notice or the proxy card;

Calling the toll-free telephone number listed on the proxy card (Notice recipients should first visit the Internet site listed on the Notice before voting by telephone); or

Completing, signing, dating, and returning your proxy card.

The Internet and telephone voting procedures set forth on the Notice and the proxy card are designed to authenticate stockholders' identities, to allow stockholders to provide their voting instructions, and to confirm that their instructions have been properly recorded. If you vote by Internet or telephone, you should not return your proxy card.

If you are a *beneficial owner*, also known as a *street name* holder (that is, you hold your shares of the Corporation's common stock through a broker, bank, or other nominee), you will receive from the record holder, in the form of a Notice or otherwise, voting instructions (including instructions, if any, on how to vote by Internet or telephone) that you must follow in order to have your shares voted at the Annual Meeting. **If you fail to provide your specific voting instructions, your broker may only vote your shares on the ratification of the appointment of the Corporation's independent registered public accounting firm.** Consequently, it is important that you communicate your voting instructions so your vote can be counted by using any of the following methods:

Using the Internet site listed on the voting instruction form;

Calling the toll-free telephone number listed on the voting instruction form; or

Completing, signing, dating, and returning your voting instruction form.

If you own shares of common stock as a participant in The Northern Trust Company Thrift-Incentive Plan (TIP), or as a participant in any other employee benefit plan of the Corporation, your proxy card will cover the shares credited to each of your plan accounts. The completed proxy card (or vote by Internet or telephone) will serve as your voting instructions to the TIP trustee. To allow sufficient time for voting by the trustee, your voting instructions must be received by April 11, 2014.

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Whether you vote by Internet, telephone or mail, your shares will be voted in accordance with your instructions. If you sign, date and return your proxy card without indicating how you want to vote your shares, the proxy holders will vote your shares in accordance with the following recommendations of the Board of Directors:

- Item 1 **FOR** the election of each nominee for director;
- Item 2 **FOR** the approval, by an advisory vote, of the 2013 compensation of the Corporation's named executive officers, as disclosed in this Proxy Statement pursuant to the compensation disclosure rules of the SEC;
- Item 3 **FOR** the ratification of the appointment of KPMG LLP as the Corporation's independent registered public accounting firm for the fiscal year ending December 31, 2014; and
- Item 4 **AGAINST** the stockholder proposal regarding additional disclosure of political and lobbying contributions.

The proxy holders are authorized to vote as they shall determine in their sole discretion on any other business that may properly come before the Annual Meeting.

Revoking Your Proxy

You may revoke your proxy at any time before it is voted at the Annual Meeting by:

Sending a written notice of revocation to the Corporation's Corporate Secretary at the address indicated on the cover page of this Proxy Statement;

Submitting another signed proxy card with a later date;

Voting by Internet or telephone at a later date; or

Attending the Annual Meeting and voting in person.

Voting in Person

You may come to the Annual Meeting and vote your shares in person by obtaining and submitting a ballot that will be provided at the meeting. However, if your shares are held by a broker, bank, or other nominee in street name, to be able to vote at the meeting you must obtain a proxy, executed in your favor, from the record holder of your shares, indicating that you were the beneficial owner of the shares at the close of business on February 18, 2014, the record date for voting.

Householding Information

We are delivering only one annual report and proxy statement (or, as applicable, the Notice) to record stockholders who share the same address unless they have notified us that they wish to continue receiving multiple copies. This practice, known as "householding," reduces duplicate mailings, saves printing and postage costs as well as natural resources and will not affect dividend check mailings. If you wish to receive separate copies of future proxy materials, please contact Broadridge toll free at 1-800-542-1061, or by writing to Broadridge, Householding Department, 51 Mercedes Way, Edgewood, NY 11717. Stockholders who wish to receive a separate set of proxy materials now should contact Broadridge at the same telephone number or mailing address and the materials will be delivered to you promptly upon your request.

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Quorum and Vote Required for Approval

A quorum of stockholders is necessary to hold a valid meeting. A quorum will exist if a majority of the outstanding shares entitled to vote at the meeting is present in person or by proxy at the Annual Meeting. Abstentions and broker non-votes, if any, will be counted as present for purposes of establishing a quorum. A broker non-vote will occur when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that proposal and has not received instructions from the beneficial owner. **Brokers cannot vote your shares on the election of directors, executive compensation matters or stockholder proposals without your specific instructions. Please return your proxy card or voting instruction form, as applicable, or vote by Internet or telephone so your vote can be counted.** Inspectors of election appointed for the Annual Meeting will tabulate all votes cast in person or by proxy at the Annual Meeting. In the event a quorum is not present at the Annual Meeting, we expect that the Annual Meeting will be adjourned or postponed to solicit additional proxies.

The following table indicates the vote required for approval of each item to be presented to the stockholders at the Annual Meeting and the effect of withhold votes, abstentions, and broker non-votes.

Item	Required Vote	Effect of Withhold Votes, Abstentions, Broker Non-Votes
Item 1 Election of Directors	Affirmative vote of a majority of the shares of common stock present and voting.	Withhold votes will have the effect of a vote AGAINST the election of directors.
Item 2 Advisory Vote on Executive Compensation	Affirmative vote of a majority of the shares of common stock present and voting.	Broker non-votes will have no effect on the voting for this item. Abstentions will have the effect of a vote AGAINST this proposal.
Item 3 Ratification of the appointment of KPMG LLP as the Corporation's independent registered public accounting firm for fiscal year 2014	Affirmative vote of a majority of the shares of common stock present and voting.	Broker non-votes will have no effect on the voting for this item. Abstentions will have the effect of a vote AGAINST ratification.
Item 4 Stockholder Proposal	Affirmative vote of a majority of the shares of common stock present and voting.	Brokers may vote uninstructed shares on this item. Abstentions will have the effect of a vote AGAINST this proposal.
		Broker non-votes will have no effect on the voting for this item.

Solicitation of Proxies

The Corporation will pay all costs of soliciting proxies. The Corporation has retained Georgeson Inc. to assist with the solicitation of proxies for a fee of approximately \$13,500, plus reimbursement of reasonable out-of-pocket expenses.

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ADMITTANCE TO THE ANNUAL MEETING

Stockholders at the close of business on the record date, February 18, 2014, or their duly appointed proxies, may attend our Annual Meeting at our corporate headquarters on April 15, 2014 at 10:30 am Central Time. Registration will begin at 9:30 am. Our corporate headquarters are located at 50 South La Salle Street (northwest corner of La Salle Street and Monroe Street) in Chicago, Illinois.

In order to be admitted to the meeting, you must bring documentation showing that you owned the Corporation's common stock at the close of business on the record date, February 18, 2014. Acceptable documentation includes an admission ticket, a Notice Regarding the Availability of Proxy Materials or any other proof of ownership of the Corporation's common stock at the close of business on February 18, 2014. A brokerage statement or letter from a bank or broker reflecting your holdings at the close of business on February 18, 2014 is an example of such other proof of ownership. Your admission ticket is located on the top portion of the rear side of your proxy card or on the left side of your voting instruction form if your shares are held by a broker, bank, or other nominee in street name. You may be asked to present valid picture identification, such as a driver's license or passport. For safety and security reasons, cameras and recording devices will not be permitted in the meeting.

ITEM 1 ELECTION OF DIRECTORS

Stockholders will be asked to elect 11 directors at this year's Annual Meeting of Stockholders. Set forth below is detailed information with respect to the 11 nominees, all of whom are currently serving as directors of Northern Trust Corporation (the Corporation or Northern Trust) and its principal subsidiary, The Northern Trust Company (the Bank). Edward J. Mooney has not been nominated for re-election as he has reached retirement age under the Corporation's Corporate Governance Guidelines. Mr. Mooney has served as a member of the Board of Directors since 1996.

Each of the 11 director nominees has consented to serve as a director if elected at this year's Annual Meeting. Each nominee elected as a director will serve until the next Annual Meeting and until his or her successor is elected and qualified. If any nominee is unable to serve as a director at the time of the Annual Meeting, your proxy may be voted for the election of another nominee proposed by the Board of Directors (the Board) or the Board may reduce the number of directors to be elected at the Annual Meeting.

Under the majority voting policy as set forth in the Corporation's By-laws, a nominee for director in an uncontested election (such as this year's election where the only nominees are those recommended by the Board of Directors) must receive the affirmative vote of a majority of the votes present and voting at a meeting of stockholders. In contested elections, the affirmative vote of a plurality of the votes present and voting will be required to elect a director. The Corporation's Corporate Governance Guidelines require an incumbent director who fails to receive the affirmative vote of a majority of the votes present and voting in an uncontested election at a meeting of stockholders to submit his or her resignation, with such resignation to be considered by the members of the Corporate Governance Committee and the Board other than such incumbent director. In such event, the Board of Directors will act to accept or reject the incumbent director's resignation no later than 90 days following the date of the stockholders' meeting.

The Board of Directors unanimously recommends that you vote FOR the election of each nominee.

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INFORMATION ABOUT THE NOMINEES FOR DIRECTOR

The following information about the nominees for election to the Board of Directors of the Corporation at the 2014 Annual Meeting of Stockholders is as of December 31, 2013, unless otherwise indicated.

LINDA WALKER BYNOE, Director since 2006, Age 61

President and Chief Executive Officer, Telemat Ltd. since 1995 (project management and consulting firm).

Ms. Bynoe is a director of Anixter International Inc. and Prudential Retail Mutual Funds and a trustee of Equity Residential. She is a former director of Simon Property Group, Inc.

The Board of Directors concluded that Ms. Bynoe should serve as a director based on her diverse consulting and investment experience, her expertise in public accounting, corporate governance, managing a private equity investment portfolio, and strategy development, and her experience as a director of financial services and other complex global corporations.

NICHOLAS D. CHABRAJA, Director since 2007, Age 71

Retired Chairman and Chief Executive Officer, General Dynamics Corporation (global defense, aerospace, and other technology products manufacturer). Mr. Chabraja served as Chief Executive Officer of General Dynamics Corporation from 1997 to 2009 and as Chairman from 1997 to 2010.

Mr. Chabraja is a director of General Dynamics Corporation and the non-executive chairman of Tower International, Inc.

The Board of Directors concluded that Mr. Chabraja should serve as a director based on his experience leading a complex global corporation and risk oversight experience as Chairman and Chief Executive Officer of General Dynamics Corporation.

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SUSAN CROWN, Director since 1997, Age 55

Vice President, Henry Crown and Company since 1984 (global company with diversified investments in banking, transportation, manufacturing, real estate, and other industries), **Chief Executive Officer, Owl Creek Partners, LLP** since 2010 (venture capital investment vehicle), and **Chairman and Founder, Susan Crown Exchange Inc. (SCE)** since 2009 (social investment organization that connects talent and innovations with market forces to drive social change).

Ms. Crown is a director of Illinois Tool Works Inc. and Vice Chair of the Board of Trustees of Rush University Medical Center in Chicago. Ms. Crown is a former trustee of Yale University.

The Board of Directors concluded that Ms. Crown should serve as a director based on her experience at Henry Crown and Company, her leadership and risk oversight experience as a director of Illinois Tool Works Inc., and her extensive experience with civic and not-for-profit organizations. The Board also considered the valuable perspective on governance and corporate responsibility matters that Ms. Crown brings through her current and former Board service at various large organizations, both commercial and not-for-profit.

DIPAK C. JAIN, Director since 2004, Age 56

Chaired Professor of Marketing at INSEAD (international graduate business school). Mr. Jain served as Dean of INSEAD from 2011 to 2013 and became the INSEAD Chaired Professor of Marketing in 2013. Previously, Mr. Jain served as a member of the faculty of Northwestern University's Kellogg School of Management in a number of capacities, including as Dean Emeritus from 2009 to 2011, Dean from 2001 to 2009, Associate Dean for Academic Affairs from 1996 to 2001, and Sandy and Morton Goldman Professor in Entrepreneurial Studies and Professor of Marketing.

Mr. Jain is a visiting Professor of Marketing at the following institutions: Sasin Graduate Institute of Business Administration at Chulalongkorn University, Bangkok, Thailand; Nijenrode University, The Netherlands; WHU-Otto Beisheim Graduate School of Management, Koblenz, Germany; Indian School of Business, Hyderabad, India; Hong Kong University of Science and Technology, Hong Kong; and Recanati Graduate School of Business Administration at Tel Aviv University, Israel.

Mr. Jain is a director of Deere & Company, Reliance Industries Limited, India, and Global Logistics Properties, Singapore. He is a former director of Hartmarx Corporation and Peoples Energy Corporation.

The Board of Directors concluded that Mr. Jain should serve as a director based on his academic experience, his business administration positions both in the United States and abroad, his global

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consulting experience, including his experience and research in marketing and competitive market analysis, and his experience as a director of other complex global corporations.

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ROBERT W. LANE, Director since 2009, Age 64

Retired Chairman and Chief Executive Officer, Deere & Company (global provider of agricultural, construction, and forestry equipment and financial services). Mr. Lane served as Chairman of Deere & Company from 2000 to 2010 and as Chief Executive Officer from 2000 to 2009.

Mr. Lane is a director of Bayerische Motoren Werke (BMW) A.G., General Electric Company, and Verizon Communications Inc. He is a former director of Deere & Company.

The Board of Directors concluded that Mr. Lane should serve as a director based on his experience leading a complex global corporation and risk oversight experience as Chairman and Chief Executive Officer of Deere & Company and as a director of other complex global corporations, including his global management experience.

JOSE LUIS PRADO, Director since 2012, Age 59

President of Quaker Oats North America, a division of PepsiCo, Inc. (global food and beverage company), since 2011. Mr. Prado served as President and Chief Executive Officer of Grupo Gamesa-Quaker, PepsiCo International, Monterrey, Mexico, from 2002 to 2010.

Mr. Prado joined PepsiCo in Mexico in 1984 and has served in a variety of positions at PepsiCo, including: Regional Vice President Andean Region, Frito-Lay International; President of PepsiCo Snacks Argentina, Buenos Aires, Argentina; and President of Frito-Lay Snacks Caribbean, San Juan, Puerto Rico. His early career at PepsiCo included assignments in sales, finance, and information technology.

The Board of Directors concluded that Mr. Prado should serve as a director based on his management and risk oversight experience at a complex global corporation and his substantial international experience.

JOHN W. ROWE, Director since 2002, Lead Director since 2010, Age 68

Chairman Emeritus, Exelon Corporation (producer and wholesale marketer of energy) since 2012. Mr. Rowe served as Chairman and Chief Executive Officer of Exelon Corporation from 2002 to 2012.

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Mr. Rowe is a director of Allstate Corporation, American DG Energy Inc., and SunCoke Energy, Inc.
Mr. Rowe is a former director of Sunoco Corporation and Exelon Corporation.

The Board of Directors concluded that Mr. Rowe should serve as a director based on his management, regulatory, government relations, and risk oversight experience as Chief Executive Officer at Exelon Corporation and prior to that, at New England Electric System and Central Maine Power Company, and his experience as a director of other complex corporations.

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MARTIN P. SLARK, Director since 2011, Age 59

Vice Chairman and Chief Executive Officer, Molex Incorporated (manufacturer of electronic, electrical, and fiber optic interconnection products and systems) since 2005. Previously, Mr. Slark served as President and Chief Operating Officer of Molex Incorporated from 2001 to 2005.

Mr. Slark is a director of Molex Incorporated, Hub Group, Inc., and Liberty Mutual Insurance Company (not a public company).

The Board of Directors concluded that Mr. Slark should serve as a director based on his experience leading a complex global corporation and risk oversight experience as Vice Chairman and Chief Executive Officer of Molex Incorporated and as a director of other complex global corporations.

DAVID H.B. SMITH, JR., Director since 2010, Age 47

Executive Vice President, Policy & Legal Affairs and General Counsel, Mutual Fund Directors Forum (nonprofit membership organization for investment company directors) since 2005. Previously, Mr. Smith held several positions at the U.S. Securities and Exchange Commission from 1996 to 2005, including Associate Director in the Division of Investment Management.

Mr. Smith is a director of Illinois Tool Works Inc. and a trustee of Carleton College.

The Board of Directors concluded that Mr. Smith should serve as a director based on his regulatory and leadership experience in the finance industry gained from his roles at the SEC and the Mutual Fund Directors Forum. The Board also considered that Mr. Smith's interest as a beneficiary of a trust that holds a significant amount of the Corporation's common stock further aligns his interests with the interests of the Corporation's stockholders.

CHARLES A. TRIBBETT III, Director since 2005, Age 58

Managing Director, Russell Reynolds Associates (global executive recruiting firm) since 1989, **Chairman** of the firm's Leadership Assessment and Promotions Board since 2006, and **Co-Leader** of the firm's CEO/Succession Planning and Board Services Practice since 1995.

The Board of Directors concluded that Mr. Tribbett should serve as a director based on his global leadership consulting experience evaluating and identifying senior management professionals and his

leadership experience as a Managing Director of Russell Reynolds Associates.

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FREDERICK H. WADDELL, Director since 2006, Age 60

Chairman of the Board of the Corporation and the Bank since 2009 and **Chief Executive Officer** of the Corporation and the Bank since 2008. Previously, Mr. Waddell served as President of the Corporation and the Bank from 2006 to 2011, Chief Operating Officer of the Corporation and the Bank from 2006 to 2008, and Executive Vice President of the Bank from 1997 to 2006 and of the Corporation from 2003 to 2006.

Mr. Waddell is a Class A Director of the Federal Reserve Bank of Chicago and a director of AbbVie, Inc.

Since joining Northern Trust in 1975, Mr. Waddell has held leadership positions in a variety of the Corporation's business units. The Board concluded that Mr. Waddell should serve as a director based on his experience and ongoing responsibilities with respect to the Corporation's businesses.

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BOARD AND BOARD COMMITTEE INFORMATION

Our Board of Directors currently consists of twelve members. The Board of Directors has determined that each of the following eleven current directors is independent in accordance with our independence standards, which conform with SEC rules and the listing standards of The NASDAQ Stock Market (NASDAQ): Linda Walker Bynoe, Nicholas D. Chabraja, Susan Crown, Dipak C. Jain, Robert W. Lane, Edward J. Mooney (who is not standing for re-election), Jose Luis Prado, John W. Rowe, Martin P. Slark, David H.B. Smith, Jr., and Charles A. Tribbett III.

During 2013, the Corporation's Board of Directors held 10 meetings. All persons who were directors during 2013 attended at least 75% of these meetings and meetings of committees on which they served. In accordance with the Corporate Governance Guideline that states that all directors are expected to attend the Annual Meeting of Stockholders, all of the current directors attended the 2013 Annual Meeting of Stockholders held on April 16, 2013.

Board Committees

The standing committees of the Board of Directors are the Audit Committee, the Business Risk Committee, the Business Strategy Committee, the Compensation and Benefits Committee, the Corporate Governance Committee and the Executive Committee. With the exception of the Executive Committee, all standing committees are composed solely of independent directors. Consequently, independent directors directly oversee critical matters and appropriately oversee the Chairman and CEO.

Each committee is governed by a written charter. These charters detail the duties and responsibilities of each committee and are available on the Corporation's website at www.northerntrust.com.

Audit Committee

Current Members: Directors Mooney (Chair), Bynoe, Chabraja, Lane, and Smith

Number of Meetings in 2013: 5

The Audit Committee's purpose is to oversee the accounting and financial reporting processes of Northern Trust and the audits of the consolidated financial statements of Northern Trust and to provide assistance to the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal financial control and legal compliance functions of Northern Trust, including, without limitation, (i) assisting the Board's oversight of (a) the integrity of Northern Trust's consolidated annual and quarterly financial statements and earnings releases filed on Form 8-K, (b) Northern Trust's compliance with legal and regulatory requirements, (c) the Corporation's public accountants' qualifications and independence, and (d) the performance of Northern Trust's internal audit function and the Corporation's public accountants, and (ii) preparing the report required to be prepared by the Committee pursuant to SEC rules for inclusion in the Corporation's annual proxy statement.

The Board has determined that all members of the Audit Committee are independent under SEC rules and NASDAQ listing standards. The Board has also determined that all Audit Committee members are audit committee financial experts, as defined by SEC rules.

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Business Risk Committee

Current Members: Directors Bynoe (Chair), Mooney, Prado, Slark, and Smith

Number of Meetings in 2013: 4

The purpose of the Business Risk Committee is to assist the Board in (i) discharging its oversight duties with respect to (a) the risks inherent in the businesses of Northern Trust in the following categories: credit risk, market and liquidity risk, fiduciary risk, operational risk and the regulatory component of compliance risk, and (b) the process by which risk-based capital requirements are determined, including Northern Trust's internal capital adequacy assessment process and (ii) promoting a culture that encourages ethical conduct and compliance with applicable rules and standards.

The Board has determined that all members of the Business Risk Committee are independent under SEC rules and NASDAQ listing standards.

Business Strategy Committee

Current Members: Directors Jain (Chair), Prado, Slark, and Tribbett

Number of Meetings in 2013: 4

The purpose of the Business Strategy Committee is to assist the Board in discharging its oversight duties with respect to: (i) the strategic direction of the Corporation, (ii) the strategic initiatives of the business units of Northern Trust, (iii) the management of strategic risk for Northern Trust, and (iv) (a) the integration of corporate social responsibility principles related to environmental and social practices into the strategic direction and strategic initiatives of Northern Trust and its business units and (b) the governance of those practices.

The Board has determined that all members of the Business Strategy Committee are independent under SEC rules and NASDAQ listing standards.

Compensation and Benefits Committee

Current Members: Directors Chabraja (Chair), Crown, Jain, Mooney, and Rowe

Number of Meetings in 2013: 5

The principal purpose of the Compensation and Benefits Committee is to (i) assist the Board in discharging its duties and responsibilities relating to (a) the compensation of the directors and executive officers of Northern Trust, (b) governance and oversight of Northern Trust's compensation programs, and (c) management development and succession planning, and (ii) prepare the report required to be prepared by the Committee pursuant to SEC rules for inclusion in the Corporation's annual proxy statement.

The Board has determined that all members of the Compensation and Benefits Committee are independent under SEC rules and NASDAQ listing standards.

In 2013, the Committee engaged Aon Hewitt, a nationally recognized compensation and benefits consulting firm, as its independent compensation consultant. During 2013, Aon Hewitt provided compensation and benefits advice to the Committee, including information regarding

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competitive market data, relevant legal and regulatory requirements, and corporate best practices in the compensation and benefits area. The primary representative of Aon Hewitt advising the Committee attended all meetings of the Committee at which 2013 executive compensation decisions were made. The Corporation paid Aon Hewitt approximately \$50,000 for the services it provided to the Committee in 2013.

Aon Hewitt and its affiliates provided unrelated services to the Corporation and The Northern Trust Company Pension Plan during 2013. These services included benefit and retirement plan administration services, market data services, and other consulting services. Aon Hewitt and its affiliates were paid approximately \$4.0 million in fees for these unrelated services. The primary representative of Aon Hewitt advising the Committee did not participate in the provision of any of these services. The specific fees paid to Aon Hewitt and its affiliates for these services were not approved in advance by the Board of Directors or the Committee; however, the Board of Directors and the Committee were aware of the other services being provided to the Corporation by Aon Hewitt and its affiliates.

The Committee considered the independence of Aon Hewitt in light of SEC rules and NASDAQ listing standards, which include the following factors: (i) other services provided to the Corporation by the consultant; (ii) fees paid by the Corporation as a percentage of the consulting firm's total revenue; (iii) policies or procedures maintained by the consulting firm that are designed to prevent a conflict of interest; (iv) any business or personal relationships between the individual consultants involved in the engagement and a member of the Committee; (v) any company stock owned by the individual consultants involved in the engagement; and (vi) any business or personal relationships between the Corporation's executive officers and the consulting firm or the individual consultants involved in the engagement. In connection with its evaluation of the independence of Aon Hewitt, the Committee considered the unrelated services that Aon Hewitt and its affiliates provide to the Corporation and The Northern Trust Company Pension Plan as further discussed above and concluded that the provision of these services did not present any conflict of interest.

In February 2014, the Committee engaged Compensation Advisory Partners to replace Aon Hewitt as its independent compensation consultant due to the retirement from Aon Hewitt of the Committee's primary advisor.

Corporate Governance Committee

Current Members: Directors Rowe (Chair), Crown, Lane, and Tribbett

Number of Meetings in 2013: 5

The purpose of the Corporate Governance Committee is to (i) identify and recommend to the Board candidates for nomination or appointment as directors, (ii) review the Board's committee structure and recommend appointments to committees, (iii) develop and recommend, to the Board, Corporate Governance Guidelines applicable to the Corporation, (iv) advise the Board on the appointment of a successor in the event of the unanticipated death, disability or resignation of the Corporation's CEO, after consultation with the Chairman of the Corporation's Compensation and Benefits Committee, and (v) oversee the annual evaluation of the Board, in conjunction with the Board's Lead Director.

The Board has determined that all members of the Corporate Governance Committee are independent under SEC rules and NASDAQ listing standards.

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Executive Committee

Current Members: Directors Waddell (Chair), Bynoe, Chabraja, Jain, Mooney, and Rowe

Number of Meetings in 2013: 1

The Board appoints an Executive Committee so that there will be a committee of the Board empowered to act for the Board, to the full extent permitted by law, between meetings of the Board. The Board expects that the Committee will meet only infrequently and in special circumstances such as when, in the judgment of the Committee, prompt action is needed and it is not practical to convene a Board meeting, or the matter is not consequential enough to submit to the full Board and action is needed before the Board's next regularly scheduled meeting. The Executive Committee did not meet in 2013.

CORPORATE GOVERNANCE

Director Independence

To be considered independent, the Board must affirmatively determine that a director has no relationship with Northern Trust which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and has no material relationship with Northern Trust (either directly or as a partner, shareholder or officer of an organization that has a relationship with Northern Trust). Northern Trust's Corporate Governance Guidelines require that the Board be composed of a majority of directors who meet the criteria for independence under the listing standards of The NASDAQ Stock Market.

To assist the Board in making its independence determinations, the Board has adopted categorical standards. Under these standards, the following persons shall not be considered independent :

a director who is or was an employee or executive officer of the Corporation, or whose Family Member is or was an executive officer of the Corporation, at any time during the past three years;

a director who receives or has received, or whose Family Member receives or has received, compensation from the Corporation in excess of \$120,000 during any period of twelve consecutive months within the past three years, other than director and committee fees, benefits under a tax-qualified retirement plan, or other forms of non-discretionary compensation; provided, however, that compensation received by a Family Member of a director for service as an employee (other than an executive officer) of the Corporation need not be considered in determining independence;

a director who is, or whose Family Member is, a current partner of the Corporation's outside auditor, or who was a partner or employee of the Company's outside auditor who worked on the Corporation's audit at any time during any of the past three years;