

SUDAN FREE INVESTING

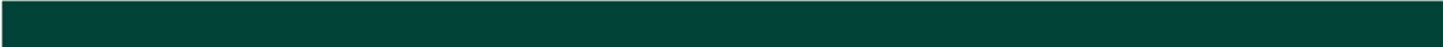
[HOST] Thank you for joining us for our podcast on Sudan-Free Investing. With us today is Lyle Logan, Managing Director of Northern Trust's Institutional Sales and Client Service Group.

This podcast will help you better understand why some investments have been divested from companies which do business in Sudan or distribute products made in Sudan. It will educate International and Global investors, as well as be informative to the Institutional Market.

Lyle, can you begin by explaining why Northern Trust Global Investments has decided to offer Sudan-free investment strategies?

[LYLE] In the United States, recent legislative activity in some states has mandated that their pension funds be divested from Sudan, a country designated by the U.S. Department of State as a sponsor of terror. Genocide in the Darfur region of Sudan has caused this legislation to discontinue the relationships with companies that support this terrorist state. There are more bills being passed and broader mandates like Sudan-free





Investing being made for other countries. In addition, some foundations are divesting from Sudan to demonstrate disagreement with the Genocide occurring in the region.

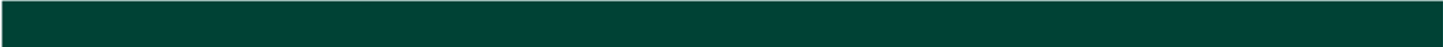
[HOST] Which states have been affected by this legislation so far?

[LYLE] As of the end of May, there are thirteen states with divestment legislation. The states of California, Colorado, Connecticut, Illinois, Indiana, Iowa, Kansas, Maine, Maryland, Minnesota, New Jersey, Oregon and Vermont have all accepted some form of Sudan Divestment strategy.

[HOST] Specifically, how has Northern Trust Global Investments played a role in Sudan-free investing?

[LYLE] Northern Trust worked individually with state of Illinois clients to create Sudan-free portfolios in the nine months between passage of the legislation banning Sudan investments for state pension funds and January 2006 when the law became effective in Illinois. We already have moved more than \$16 billion dollars from Illinois funds into Sudan-free index products. In broader socially responsible mandates, clients have moved more than \$20 billion dollars.

The speed and scale of these mandates is not the real story, however, nor is the trend toward terror-free indexes. Rather, this change underscores the larger trend, which is



toward customization of portfolios and the creation of individual solutions designed around the specific needs of investors. In the case of Sudan-free mandates, Northern Trust's capabilities from a quantitative standpoint allowed us to develop investment portfolios based on just about any index. It's only a question of understanding the investor's unique needs, developing thoughtful alternatives and delivering a solution that is economically viable. It follows naturally that the larger the pool of assets, the more viable things become.

[HOST] Thank you. Can you tell our listeners some of the challenges with implementing Sudan Free policies?

[LYLE] Certainly. Whether divesting from companies that do business in Sudan or acting on other social concerns, investors face major considerations when implementing these types of mandates:

- First, investors must define what it means to do business in Sudan and which companies to divest from.
- Second, there is the cost of divestiture, especially transaction costs.
- Third, investors must deal with the imbalances (tracking error) created in the portfolio as a result of these actions.
- Fourth, there is the risk of not owning certain large, global stocks.



[HOST] And, how can institutional investors most effectively implement Sudan-free investing?

[LYLE] Well, to implement these mandates successfully, investors need collaborative relationships with investment managers who have strong technical capabilities, a global footprint and the depth and breadth of experience that leads to customized solutions to such modern-day problems.

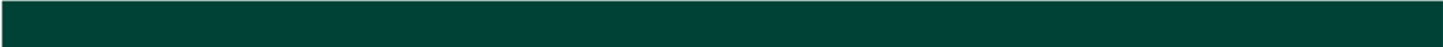
[HOST] Lyle, do you have any final thoughts you would like to share?

[LYLE] In the Sudan-free mandate, experience with socially responsible investments played a critical role. It is not simply that as the world changes, investors must change as well. It is that investors and their advisors increasingly must work in tandem to find creative solutions to ever-more complex problems.

[HOST] Thank you, Lyle for sharing why many investors are divesting from Sudan.

[LYLE] Well, thank you; it's been my pleasure.

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