

ERISA PLANS BOUNCED BACK NICELY IN THE FOURTH QUARTER



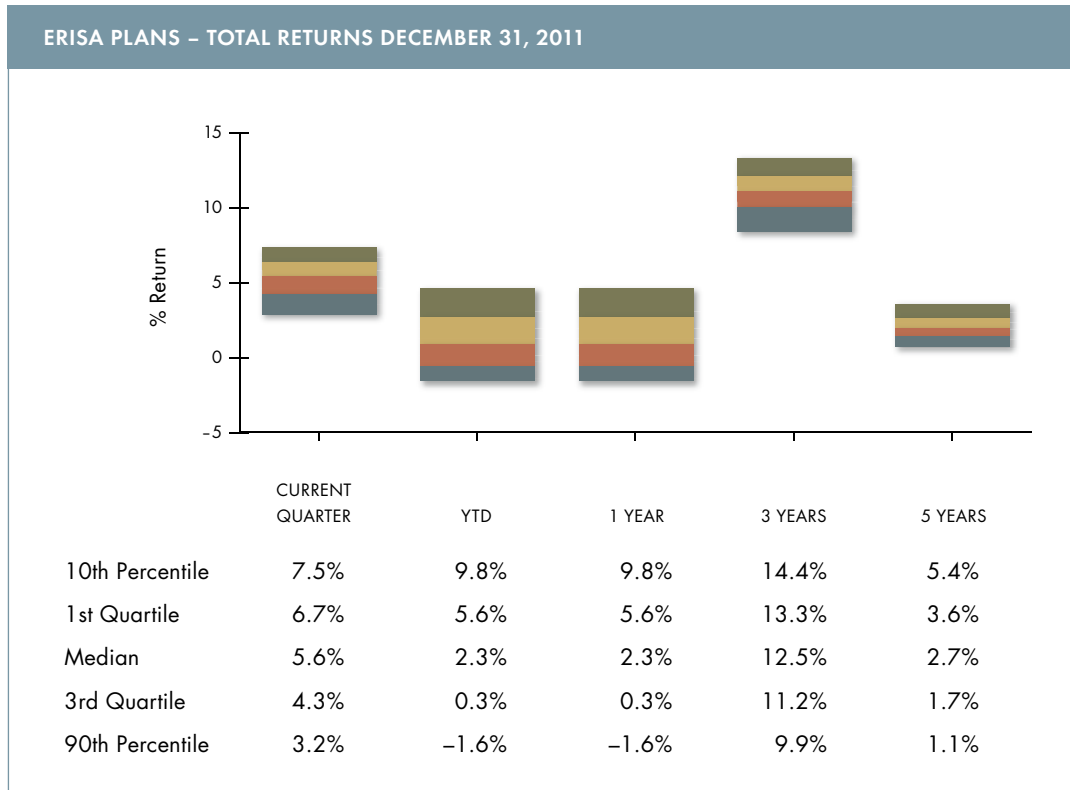
Jeff Feeney
 Senior Vice President
 Investment Risk &
 Analytical Services
 (312) 630-6627
 JF16@ntrs.com

The Northern Trust ERISA Plan Universe median return was 5.6% for the fourth quarter of 2011. The fourth quarter results were a sharp reversal from the third quarter. The driver behind these results was strong performance from domestic equities. The good fourth quarter resulted in a one-year median plan return of 2.3%.

During the fourth quarter, the median ERISA plan was not able to produce positive results on a relative excess return basis. More than half of the plans in the Northern Trust ERISA Universe underperformed their respective plan level benchmark. That underperformance resulted in a median excess return compared to the policy level benchmark of

-0.4% for the quarter. For the one-year, the results were similar. The median ERISA plan was 0.8% behind its assigned benchmark. Longer-term the numbers are positive. At 10 years, the median ERISA plan is 0.4% better than its assigned benchmark.

The ERISA plan level performance during the fourth quarter of 2011 was greatly affected by the allocations to equity, both domestic and international. Within the equity allocations of the Northern Trust ERISA Plan Universe, the U.S. equity programs outperformed the international equity programs in the most recent quarter with the median equity program up 12.0%, while international equity programs returned only 4.0%. Within U.S. equities, both



large caps and small caps returned more than 11%. Active managers, however, had a tough quarter. In both sizes the index was about 75 basis points better than the median manager. Longer-term, active managers still hold a nice lead.

The ERISA plan level performance benefited slightly from the fixed income allocations' positive absolute return during the fourth quarter of 2011. The median fixed income program was up a respectable 2.0% in the fourth quarter. In comparison to U.S. equities, however, the returns paled. Credit securities out-returned government securities in the fourth quarter. Corporate securities within the BC US Aggregate Index

outperformed the government securities by more than 100 basis points for the quarter (1.9% versus 0.8%). These returns resulted in the median fixed income program returning 2.0% for the fourth quarter.

The real estate sector continues to provide a diverse range of results depending on the type of investment used within the class – real estate investment trusts (REITs) versus limited partnerships for example. The sector's median return for the quarter was 2.0% with a wide range of results around it. The continued wide distribution of results for this allocation was evident in the rolling one-year results of 17.9% for the 10TH percentile versus a -3.0% return for the 90TH percentile.

COMPOSITE ASSET ALLOCATION – ERISA				
	Current	1 Year Ago	3 Years Ago	5 Years Ago
U.S. Equity	33%	36%	33%	44%
Global/Non-U.S. Equity	13%	17%	15%	19%
U.S. Fixed Income	33%	30%	35%	26%
Global/Non-U.S. Bonds	2%	2%	1%	3%
Private Equity/Hedge Funds	11%	10%	9%	5%
Cash & Other	8%	6%	7%	3%

ABOUT NORTHERN TRUST UNIVERSES

Northern Trust Universes represent the performance results of about 300 large institutional investment plans that subscribe to Northern Trust performance measurement services. These plans, with a combined asset value of approximately \$612 billion, represent a broad snapshot of overall institutional investment plan performance within the U.S. market.

If you would like to participate in our universe analysis and receive more in-depth information, please contact your relationship manager.

Returns are shown gross of fees. Index returns assume reinvestment of dividends and earnings and do not reflect the deduction of any trading costs or other expenses. It is not possible to invest directly in an index. Periods greater than one year are annualized. Past performance does not indicate future results.

