

**NORTHERN TRUST CORPORATION**  
**BUSINESS RISK COMMITTEE CHARTER**

**Effective January 1, 2010**  
**(Supercedes the Business Risk Committee Charter Adopted November 11, 2008)**

The By-laws of Northern Trust Corporation (the "Corporation") provide that the Board of Directors of the Corporation (the "Board") shall appoint annually at its organization meeting a Business Risk Committee (the "Committee") and its Chairman. The By-Laws also provide that the Committee shall perform such functions for the Corporation as are set forth in a Business Risk Committee Charter for the Corporation, as adopted by the Board. This Committee Charter also governs the Committee as and when it acts as the Business Risk Committee of the Board of Directors of The Northern Trust Company.

**I. Purpose.**

The purpose of the Committee is to assist the Board in (a) discharging its oversight duties with respect to (i) the risks inherent in the businesses of the Corporation and its subsidiaries (collectively, "Northern Trust") in the following categories (collectively, the "Charter Mandate Risks"): credit risk, market and liquidity risk, fiduciary risk, operational risk and the regulatory component of compliance risk; and (ii) the process by which risk-based capital requirements are determined, including Northern Trust's internal capital adequacy assessment process and (b) promoting a culture that encourages ethical conduct and compliance with applicable rules and standards. Attached to this Charter are the definitions of risk categories used in the management of risk for Northern Trust, including those risk categories encompassed by the Charter Mandate Risks.

**II. Committee Membership.**

The Committee shall consist of at least three directors, none of whom shall be an employee of Northern Trust. The Committee's membership shall be such that, in the judgment of the Board, it shall have the experience, expertise and judgment necessary to evaluate the reports and other information presented to the Committee by Business Unit management, Audit Services, Corporate Risk Management, and others with respect to the Charter Mandate Risks and to discharge its other responsibilities under this Charter.

The Board shall appoint the Committee members and the Chairman of the Committee annually based on the recommendations of the Corporation's Corporate Governance Committee. The Board may fill vacancies on the Committee and may remove a member from Committee membership at any time with or without cause. The Chairmanship of the Committee should change at intervals of approximately five years, and there should also be a regular rotation in the membership of the Committee, balancing in each case the need for fresh perspective with the need for experience and continuity.

### **III. Committee Structure and Operations.**

#### **A. Meetings.**

The Committee shall meet in person or by telephone conference, videoconference or other means of communications permitted under applicable Delaware law at least three times per year. Additional meetings may be held, or actions may be taken by unanimous written consent, as deemed necessary or appropriate by the Committee Chairman or by any other member of the Committee. Minutes of each meeting shall be prepared by the Secretary of the Corporation or such other person designated by the Committee Chairman as Acting Secretary of the Committee and, when approved, shall be distributed to all Board members.

The Committee may meet with the Corporation's Chief Executive Officer ("CEO"), the Head of Corporate Risk Management of the Corporation, the Chief Compliance and Ethics Officer, the General Auditor, members of Business Unit management, consultants or advisors as it may deem necessary or appropriate.

#### **B. Resources.**

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities. In particular, the Committee shall have direct and unrestricted access to the Corporation's management and non-management personnel and all corporate records; it shall have authority to select, retain and terminate the engagement of any consultant in connection with the performance of its duties and to approve the terms of the engagement, including the fees to be paid to the consultant; and it shall have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

#### **C. Delegation of Authority.**

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee. In addition, the Committee may, in its discretion and subject to the requirements of applicable law, authorize one or more officers of the Corporation, including but not limited to the CEO and the Head of Corporate Risk Management of the Corporation, to take certain actions on its behalf.

### **IV. Duties and Responsibilities.**

The Committee's responsibility is one of oversight. The responsibility for regulatory compliance and for the management of other risks in Northern Trust's businesses rests with management of the Corporation. In fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not full-time employees of the Corporation and are not, and do not represent themselves to be, risk management or compliance professionals. Each member of the Committee shall be entitled to rely in good faith on (i) the integrity of those persons and organizations within and outside Northern Trust from which he or she receives information, and (ii) the accuracy of the information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board).

The Committee shall perform the following oversight functions for the Corporation and such other duties and responsibilities as are delegated to it by the Board:

**A. Review Responsibilities.**

Review and discuss the following with management as appropriate:

1. (a) Northern Trust's risk management framework for the Charter Mandate Risks, (b) reports from management with respect to risk exposures in connection with the Charter Mandate Risks, and (c) management's procedures for identifying, assessing, controlling, measuring, monitoring, and reporting such risk exposures.
2. Proposed policies and proposed changes in policies with respect to (a) management of the Charter Mandate Risks including, where appropriate, limits or guidelines reflecting the Corporation's risk tolerance in particular areas, and (b) the risk-based capital requirements for Northern Trust and related risk oversight processes that evaluate Northern Trust's risk profile, in each case for recommendation to the Board or action by the Committee as appropriate.
3. The scope and effectiveness of the work of the Head of Corporate Risk Management and the Chief Compliance and Ethics Officer, who shall review and discuss, or cause his or her designee to review and discuss, the following with the Committee as appropriate: (a) the key elements of Northern Trust's risk management program and oversight framework for the Charter Mandate Risks including (i) enterprise-wide risk policies, ii) risk management standards, and (iii) roles and responsibilities of committees and functions with risk management oversight responsibilities; (b) the status of the Corporate Risk Management function within Northern Trust and how senior management ensures communication of the importance of risk management of the Charter Mandate Risks across and at all levels of Northern Trust through training and other means; and (c) (i) the capabilities and qualifications of Northern Trust's senior risk professionals to manage the Charter Mandate Risks arising from Northern Trust's business (activities and (ii) the means through which such risk professionals are motivated to manage the Charter Mandate Risks.
4. Significant findings identified by the Head of Corporate Risk Management, the Chief Compliance and Ethics Officer, or Audit Services, among others concerning risk management activities of Northern Trust for the Charter Mandate Risks, together with any management responses or follow-up.

5. Significant issues raised by regulatory agencies relating to risk management activities for the Charter Mandate Risks, and management's response to issues identified in regulatory examination reports.
6. The processes by which the Audit Committee is informed of matters reviewed or discussed by the Committee that also bear on the risks within the mandate of the Audit Committee, recognizing that the Audit Committee has primary responsibility for reviewing and discussing matters relating to the financial reporting and legal compliance components of compliance risk.

**B. Reporting Responsibilities.**

1. Make regular reports to the Board.
2. Conduct an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this Committee Charter.
3. Review and reassess the adequacy of this Committee Charter on an annual basis and submit any recommended changes to the Board for approval.

Attachment to the  
Northern Trust Corporation and The Northern Trust Company  
Business Risk Committee Charter

### Risk Categories and Definitions

<b>Risks</b>	<b>Definitions</b>
<b>Compliance</b>	Risks resulting from noncompliance with laws and regulations and lack of adequate documentation to demonstrate compliance; risk from failure to comply with financial reporting standards, agreements or regulatory requirements, including risks resulting from action taken by stockholders, potential stockholders, regulators and the general investing public who may have been harmed by incomplete, inaccurate or untimely reporting of financial performance and including risk caused by senior management's inability to respond to economic opportunities available to the Corporation because of incomplete, inaccurate or untimely reporting; and risks resulting from claims, lawsuits (including both costs of defense and adverse judgments), and inability to enforce contracts as expected. The main Compliance Risk components are generally referred to as regulatory, financial reporting and legal risk.
<b>Credit</b>	Risk to interest income or principal from the failure of a borrower or counterparty to perform on an obligation.
<b>Fiduciary</b>	Risks arising from the failure, in administering or managing financial and other assets in clients' fiduciary accounts: (i) to adhere to the standard of care required under the terms of the governing documents or applicable laws; (ii) to properly discharge fiduciary duties; and (iii) to develop self-governing practices intended to continuously manage the foregoing risks in a dynamic environment.
<b>Market &amp; Liquidity</b>	Risk resulting from sensitivity of net interest income to interest rate changes, changes in the value of trading positions from movement in foreign exchange and interest rates, liquidity risk from funding needs during difficult markets and capital adequacy challenges.
<b>Operational</b>	Risk of loss from inadequate or failed internal processes, people and systems or from external events. Operational Risk is the potential that inadequate information systems, operating problems, product design and delivery difficulties, or catastrophes will result in unexpected losses. Operational Risk includes Compliance and Fiduciary Risks, which under NTC's risk structure are governed and managed explicitly.
<b>Strategic</b>	Long term risk to earnings and/or capital from adverse effects of business decisions, improper implementation of business decisions, unexpected external events or damage to the Corporation's reputation from negative public opinion.