

NORTHERN TRUST CORPORATION

AUDIT COMMITTEE CHARTER

Effective April 19, 2005

(Supercedes the Audit Committee Charter Adopted January 18, 2005)

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 an Audit Committee ("Committee") and its Chairman. The By-laws also provide that the Committee shall perform such functions as are set forth in an audit committee charter both for the Corporation and its subsidiaries (collectively, "Northern Trust") on a consolidated basis and for such individual banking subsidiaries as the Board shall direct.

I. Purpose.

The 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, (a) assisting the Board's oversight of (i) the integrity of Northern Trust's consolidated annual and quarterly financial statements and earnings releases filed on Form 8-K, (ii) Northern Trust's compliance with legal and regulatory requirements, (iii) the Corporation's public accountants' qualifications and independence, and (iv) the performance of Northern Trust's internal audit function and the Corporation's public accountants, and (b) preparing the report required to be prepared by the Committee pursuant to the rules of the Securities and Exchange Commission (the "SEC") for inclusion in the Corporation's annual proxy statement.

II. Committee Membership, Independence and Experience.

The Committee shall consist of at least four directors. Each member of the Committee shall be qualified to serve on the Committee pursuant to the requirements of The Nasdaq Stock Market, Inc. ("NASDAQ") and any additional requirements the Board deems appropriate. The Board shall appoint the members 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.

All members of the Committee shall be “independent directors” under the Corporation’s Corporate Governance Guidelines and the applicable NASDAQ rules, the provisions of the Sarbanes-Oxley Act of 2002 (the “Act”), and the Federal Deposit Insurance Corporation Improvement Act of 1991 (“FDICIA”). The Committee shall have, in the judgment of the Board, the literacy and experience requirements under the applicable NASDAQ rules, the provisions of the Act and FDICIA. At least one member of the Committee shall have “accounting or related financial management expertise,” as such qualifications are interpreted by the Board in its business judgment. At least one member of the Committee shall be the “audit committee financial expert,” as such term is defined in the rules and regulations promulgated by the SEC pursuant to the Act.

Director’s fees (including any additional amounts paid to chairmen of committees and to members of committees of the Board) are the only compensation a member of the Committee may receive from the Corporation; provided, however, that a member of the Committee may also receive pension or other forms of deferred compensation from the Corporation for prior service so long as such compensation is not contingent in any way on continued service.

No director may serve as a member of the Committee if such director serves on the audit committee of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee. Any such determination must be disclosed in the Corporation’s annual proxy statement.

III. Committee Structure and Operations.

Meetings.

The Committee shall meet in person or by telephone conference, videoconference or other means of communications permitted under applicable Delaware law at least once every fiscal quarter. 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 such 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 ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as it may deem necessary or appropriate. The Committee shall meet separately, periodically, with (i) management, (ii) Northern Trust’s internal auditors and (iii) the Corporation’s public accountants, in each case to discuss any matters that the Committee or any of the above persons or firms believes should be discussed privately.

Resources.

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities. The Committee shall have direct and unrestricted access to Northern Trust’s management and non-management personnel, all corporate records and the Corporation’s public

accountants. The Committee shall have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors, without the approval of the engagement by the Board or management, and may direct the proper officers of the Corporation to pay the reasonable fees and expenses of any such advisors. The Committee may request its advisors to attend a meeting of the Committee or to meet with any members of the Committee.

IV. Committee Responsibility and Authority.

The Committee's responsibility is one of oversight. The responsibility for the completeness and accuracy of the financial statements rests with Northern Trust's management. The responsibility of the Corporation's public accountants is to perform an audit and to express an opinion as to whether Northern Trust's annual consolidated financial statements are free of material misstatement and presented in accordance with generally accepted accounting principles ("GAAP").

In fulfilling their duties and responsibilities hereunder, it is recognized that members of the Committee are not full-time employees of Northern Trust and are not, and do not represent themselves to be, accountants or auditors by profession. 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, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board) and (iii) representations made by Northern Trust's management as to any information technology, internal audit and other non-audit services provided by the Corporation's public accountants to Northern Trust.

The Corporation's public accountants shall be accountable to the Board and the Committee. The public accountants shall report directly to the Committee. The Committee shall have the authority and responsibility to evaluate, select, and, as appropriate, replace the Corporation's public accountants.

V. Committee Oversight Activities.

The Committee shall have the authority to perform the following oversight functions for Northern Trust on a consolidated basis:

Financial Reporting and Control Review Activities.

- Being directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, and having each such registered public accounting firm report directly to the Committee (the registered public accounting firm engaged for the purpose of preparing or issuing audit reports for inclusion in the Corporation's Annual Report on Form 10-K is referred to herein as the "public accountants").

- Reviewing and, in its sole discretion, approving in advance the Corporation's public accountants' annual engagement letter, including the proposed fees contained therein, as well as all audit and, as provided in the Act and the SEC rules and regulations promulgated thereunder, all permitted non-audit services engagements and relationships between Northern Trust and such public accountants (which approval should be made after receiving input from Northern Trust's management, if desired). Approval of audit and permitted non-audit services will be granted by the Committee in its sole discretion.
- Reviewing the performance of the Corporation's public accountants, including the lead partner of the public accountants, and, in its sole discretion, making decisions regarding the replacement or termination of the public accountants when circumstances warrant.
- Reviewing and approving all related party transactions disclosable pursuant to Item 404 of Regulation S-K, *i.e.*, transactions or series of similar transactions to which Northern Trust is a party, in which the amount involved exceeds \$60,000 and in which any director, executive officer, director nominee, beneficial holder of more than five percent of the Corporation's voting securities or any immediate family member of any of the foregoing persons has a direct or indirect material interest.
- Reviewing and discussing with management, the Corporation's public accountants and, if appropriate, Northern Trust's internal auditors, the following:
 - (1) Northern Trust's annual audited consolidated financial statements and quarterly consolidated financial statements, including the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and any major issues related thereto, and the certifications required under Sections 302 and 906 of the Act;
 - (2) such accounting policies (and changes therein) of Northern Trust, including any financial reporting issues which could have a material impact on Northern Trust's consolidated financial statements, as are deemed appropriate for review by the Committee prior to any interim or year-end filings with the SEC or other regulatory body;
 - (3) major issues regarding accounting principles and financial statement presentations, including (A) any significant changes in Northern Trust's selection or application of accounting principles, (B) any analyses prepared by management and/or the public accountants setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the ramifications and effects of alternative GAAP methods on Northern Trust's consolidated financial statements, and (C) all alternative treatments of financial information that have been discussed by the public accountants and management, and the treatment preferred by the public accountants;
 - (4) all other material written communications between the public accountants and management, such as any management letter or schedule of unadjusted differences;

- (5) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the consolidated financial statements of Northern Trust; and
 - (6) any other matters required to be brought forth by AICPA Statement of Auditing Standards No. 61.
- As appropriate, receiving and discussing with the Corporation's Chief Executive Officer and Chief Financial Officer and other senior members of management, Northern Trust's internal auditors and the Corporation's public accountants:
 - (1) their assessments of the adequacy of internal financial controls, including the responsibilities, budget and staffing of Northern Trust's internal audit function;
 - (2) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Northern Trust's ability to record, process, summarize and report financial information;
 - (3) any fraud, whether or not material, that involves management or other employees who have a significant role in Northern Trust's internal control over financial reporting;
 - (4) any significant changes in internal control over financial reporting or in other factors that could significantly affect internal control over financial reporting, including any corrective actions or resolutions with regard to significant deficiencies and material weaknesses or the ability of management to override or compromise Northern Trust's internal financial control system;
 - (5) the reports issued with respect to the annual consolidated financial statements, the internal financial control structure and procedures for financial reporting, and compliance with laws and regulations relating to these statements or structure and procedures for financial reporting and the basis for such reports; and
 - (6) the reports of the internal auditors on the internal audit program and the results of internal audit examinations, including significant findings.
 - Determining whether to recommend to the Board that the audited consolidated financial statements be included in the Corporation's Annual Report on Form 10-K for the last fiscal year.
 - Discussing the Corporation's earnings press releases, as well as discussing generally financial information and earnings guidance provided by the Corporation to analysts and rating agencies through discussion of the types of information to be disclosed and the types of presentations to be made.
 - Discussing the Corporation's major financial reporting risk exposures and the guidelines and policies governing the process by which management monitors and controls financial reporting risk to the Corporation. Recognizing that it is the responsibility of one or more other Board Committees to discuss risks to the Corporation other than financial reporting risk and the

guidelines and policies governing the process by which management monitors and controls those risks, the Committee should review in a general manner the processes by which those Committees accomplish those tasks.

Other Oversight Activities.

- On an annual basis, obtaining and reviewing a report from the Corporation's public accountants describing:

- (1) the public accountants' internal quality-control procedures;
- (2) any material issues raised by the most recent internal quality-control review, or peer review, of the public accountants, or by an inquiry or investigation by any governmental or professional authority, within the preceding five years, respecting one or more independent audits carried out by the public accounting firm, and any steps taken to address any such issues; and
- (3) the written disclosures and the letter required by Independence Standards Board Standard No. 1 setting forth all relationships between the public accountants and Northern Trust (including a description of each category of services provided by the public accountants to Northern Trust and a list of fees billed for each such category).

- Evaluating the independence of the Corporation's public accountants by, among other things:

- (1) obtaining from the public accountants a written statement of the aggregate fees billed for each of the categories of services set forth in Item 9 of Schedule 14A under the Securities Exchange Act of 1934;
- (2) actively engaging in a dialogue with the public accountants with respect to any disclosed relationships or services that may impact the objectivity and independence of the public accountants;
- (3) ensuring that the lead audit partner and reviewing audit partner responsible for the current fiscal year audit of Northern Trust's consolidated financial statements have not performed audit services for Northern Trust for more than the previous four consecutive fiscal years;
- (4) ensuring that the chief executive officer, chief financial officer, chief accounting officer or controller (or other person serving in an equivalent position) was not, within one year prior to the initiation of the audit, an employee of the public accountants who participated in any capacity in Northern Trust's audit;
- (5) considering whether there should be regular rotation of the public accountants;
- (6) receiving and reevaluating the internal policy with regard to Northern Trust's hiring employees or former employees of the public accountants; and

- (7) engaging in a dialogue with the Corporation's public accountants to confirm that audit partner compensation is consistent with applicable SEC rules.
- Reviewing on a regular basis with the Corporation's public accountants any difficulties encountered by the public accountants in the course of any audit work, including any restrictions on the scope of the public accountants activities or on access to requested information, and any significant disagreements with management. In connection therewith, the Committee should review with the public accountants the following:
 - (1) any accounting adjustments that were noted or proposed by the public accountants but were rejected by management (as immaterial or otherwise);
 - (2) any "management" or "internal control" letter issued by the public accountants to the Corporation; and
 - (3) the responsibilities, budget and staffing of Northern Trust's internal auditors.
 - Resolving any disagreements between the Corporation's public accountants and management regarding financial reporting.
 - Confirming that Northern Trust's interim consolidated financial statements included in the Quarterly Reports on Form 10-Q have been reviewed by the Corporation's public accountants.
 - Receiving and discussing periodic reports from the Corporation's public accountants, management and Northern Trust's internal auditors and assessing the impact on Northern Trust of significant accounting or financial reporting developments that may have a bearing on Northern Trust.
 - Establishing and maintaining free and open means of communication between and among the Committee, the Corporation's public accountants, Northern Trust's internal auditors and management, including providing such parties with appropriate opportunities to meet separately and privately with the Committee on a periodic basis.
 - Establishing procedures for (i) the receipt, retention and treatment of complaints received by Northern Trust regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous, submission by employees of Northern Trust of concerns regarding questionable accounting or auditing matters.
 - Securing expert advice to the extent the Committee determines it to be appropriate, including retaining, with or without Board approval, independent counsel, accountants, consultants or others, to assist the Committee in fulfilling its duties and responsibilities, the cost of such expert advisors to be borne by the Corporation.

- Receiving and discussing reports on such other matters as the Committee deems appropriate.

Reporting Activities.

- The Committee Chairman shall make regular reports to the Board on its activities, as appropriate. In connection therewith, the Committee should review with the Board any significant issues that arise with respect to the quality or integrity of Northern Trust's consolidated financial statements, Northern Trust's compliance with legal or regulatory requirements, the performance and independence of the Corporation's public accountants, or the performance of the internal audit function.
- The Committee shall prepare any report or other disclosures, including any recommendation of the Audit Committee to the Board, required by the rules of the SEC to be included in the Corporation's proxy statement.
- Review and reassess the adequacy of this Committee Charter on an annual basis and submit any recommended changes to the Board for approval.
- Conduct and review with the Board an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this Committee Charter.
- Discharge any other duty or responsibility assigned to it by the Board.