

NORTHERN TRUST CORPORATION
COMPENSATION AND BENEFITS COMMITTEE CHARTER

Effective April 19, 2005

(Supercedes the Compensation and Benefits Committee Charter Adopted February 17, 2004)

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 Compensation and Benefits Committee (the "Committee") and its Chairman, with the Committee consisting of at least three Directors. The By-Laws also provide that the Committee shall perform such functions for the Corporation as are set forth in a compensation and benefits committee charter for the Corporation, as adopted by the Board. This Committee Charter also governs the Committee as and when it acts as the compensation and benefits committee of the board of directors of The Northern Trust Company.

I. Purpose.

The purpose of the Committee is to discharge the Board's duties and responsibilities relating to the compensation of the directors and officers of the Corporation and its subsidiaries. The Committee shall provide an annual report on executive compensation for inclusion in the Corporation's proxy statement in accordance with applicable SEC rules and regulations. The Committee also shall assist the Board with management development and succession planning.

II. Committee Membership.

The Committee shall consist of at least three directors, all of whom shall be (i) "independent directors" under the Corporation's Corporate Governance Guidelines and The Nasdaq Stock Market, Inc. ("Nasdaq"), (ii) "outside directors" for purposes of Section 162(m) of the Internal Revenue Code, as amended (the "Code") and (iii) "non-employee directors" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All Committee members shall have, in the judgment of the Board, the experience, expertise and judgment necessary to make objective decisions on compensation matters and performance evaluations.

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 chief human resources officer 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 chief human resources officer of the Corporation, other members of management, consultants or advisors as it may deem necessary or appropriate. The CEO shall not attend any part of any meeting where the CEO's performance or compensation is discussed, unless specifically invited by the Committee.

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 sole authority to select, retain and terminate the engagement of any consultant in connection with any compensation and benefits matter (including the evaluation of director, CEO or senior executive compensation) 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 chief human resources officer of the Corporation, to take certain actions on its behalf, including, but not limited to, the granting of stock options.

IV. Duties and Responsibilities.

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

A. Director Compensation and Benefits.

- Review and recommend to the Board the adoption of, or changes to, the Corporation's compensation and benefits policies, plans and programs for its non-employee directors, taking into specific account the potential negative effect on director independence if director compensation and perquisites exceed customary levels.
- Review and recommend to the Board grants of awards to non-employee directors under the Corporation's equity-based plans and incentive compensation plans.

B. Executive Compensation and Benefits.

- Review and approve corporate goals and objectives relevant to CEO compensation (including the goals set forth in any then current Management Performance Plan), evaluate the CEO's performance in light of those goals and objectives, and determine and approve the compensation and perquisites to be paid or provided to the CEO based on this evaluation taking into specific account in determining any long-term incentive component of CEO compensation, the Corporation's performance and relative stockholder return, the value of similar incentive awards given to CEOs of peer group and other comparable companies, including companies in the financial services industry, the value of long-term incentive awards granted to the CEO in recent years and the CEO's retention of those awards.
- Review and discuss with the CEO the performance of all executive officers (other than the CEO), and approve the compensation and perquisites to be paid or provided to such persons.
- Make recommendations to the Board with respect to incentive compensation plans and equity-based plans.
- Review and approve any equity compensation plan that is not subject to stockholder approval.
- Review and discuss with management the administration of all equity-based plans and material incentive compensation plans, and, in connection therewith, discharge, or delegate under Section III.C above, any responsibilities imposed under these plans, including, but not limited to, approving or delegating the approval of:

- (a) any plan amendment that is not subject to stockholder approval;
- (b) the grant of awards under any plan;
- (c) the terms and conditions of awards granted under any plan; and
- (d) the payouts of awards under any plan.

C. Employee Compensation and Benefits.

- Review and evaluate the effectiveness of the Corporation's employee compensation, benefits and welfare policies, plans and programs.

D. Management Development and Succession Planning.

- Review, and following Committee discussions, with and without the CEO, and the Committee's annual management development and succession planning review to which all of the Corporation's directors are invited, make recommendations to the Board, concerning management development and succession planning activities (with the understanding that the Corporate Governance Committee shall be responsible for discussing and recommending to the Board, after consultation with the Chairman of the Compensation and Benefits Committee, an appropriate successor in the event of the unexpected death, incapacity or resignation of the CEO).

E. Reporting.

- Make regular reports to the Board.
- Provide an annual report on executive compensation for inclusion in the Corporation's proxy statement in accordance with applicable SEC rules.
- Conduct an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this Committee Charter.
- Review and reassess the adequacy of this Committee Charter on an annual basis and submit any recommended changes to the Board for approval.