

NORTHERN TRUST CORP  
Form 10-Q  
April 29, 2011

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2011

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 0-5965

**NORTHERN TRUST CORPORATION**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**36-2723087**  
(I.R.S. Employer  
Identification No.)

**50 South LaSalle Street**

**Chicago, Illinois**  
(Address of principal executive offices)

**60603**  
(Zip Code)

**Registrant's telephone number, including area code: (312) 630-6000**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and small reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

**241,803,134 Shares - \$1.66 2/3 Par Value**

**(Shares of Common Stock Outstanding on March 31, 2011)**

## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

## CONSOLIDATED BALANCE SHEET

## NORTHERN TRUST CORPORATION

(\$ In Millions Except Share Information)	March 31 2011 (Unaudited)	December 31 2010
<b>Assets</b>		
Cash and Due from Banks	\$ 3,592.8	\$ 2,818.0
Federal Funds Sold and Securities Purchased under Agreements to Resell	90.2	160.1
Interest Bearing Deposits with Banks	16,891.5	15,351.3
Federal Reserve Deposits and Other Interest-Bearing Securities	15,080.5	10,924.6
Available for Sale	21,887.3	19,901.9
Held to Maturity (Fair value of \$911.8 and \$941.8)	896.5	922.2
Trading Account	5.6	6.8
<b>Total Securities</b>	<b>22,789.4</b>	<b>20,830.9</b>
<b>Loans and Leases</b>		
Commercial	11,632.5	11,613.4
Personal	16,255.0	16,518.6
<b>Total Loans and Leases (Net of unearned income of \$452.2 and \$456.8)</b>	<b>27,887.5</b>	<b>28,132.0</b>
Allowance for Credit Losses Assigned to Loans and Leases	(313.5)	(319.6)
Buildings and Equipment	494.7	504.5
Client Security Settlement Receivables	1,304.0	701.3
Goodwill	405.8	400.9
Other Assets	4,456.3	4,339.9
<b>Total Assets</b>	<b>\$ 92,679.2</b>	<b>\$ 83,843.9</b>
<b>Liabilities</b>		
<b>Deposits</b>		
Demand and Other Noninterest-Bearing	\$ 9,115.7	\$ 7,658.9
Savings and Money Market	14,147.3	14,208.7
Savings Certificates and Other Time	3,765.2	3,913.0
Non U.S. Offices Noninterest-Bearing	2,969.7	2,942.7
Interest-Bearing	41,077.5	35,472.4
<b>Total Deposits</b>	<b>71,075.4</b>	<b>64,195.7</b>
Federal Funds Purchased	4,364.3	3,691.7
Securities Sold Under Agreements to Repurchase	798.5	954.4
Other Borrowings	2,135.1	347.7
Senior Notes	1,890.6	1,896.1
Long-Term Debt	2,538.2	2,729.3
Floating Rate Capital Debt	276.9	276.9
Other Liabilities	2,672.0	2,921.8
<b>Total Liabilities</b>	<b>85,751.0</b>	<b>77,013.6</b>

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<b>Stockholders Equity</b>		
Common Stock, \$1.66 2/3 Par Value; Authorized 560,000,000 shares; Outstanding shares of 241,803,134 and 242,268,903	<b>408.6</b>	408.6
Additional Paid-In Capital	<b>932.8</b>	920.0
Retained Earnings	<b>6,054.5</b>	5,972.1
Accumulated Other Comprehensive Loss	<b>(279.6)</b>	(305.3)
Treasury Stock (3,368,390 and 2,902,621, at cost)	<b>(188.1)</b>	(165.1)
<b>Total Stockholders Equity</b>	<b>6,928.2</b>	6,830.3
<b>Total Liabilities and Stockholders Equity</b>	<b>\$ 92,679.2</b>	\$ 83,843.9

*See accompanying notes to the consolidated financial statements.*

**CONSOLIDATED STATEMENT OF INCOME**  
**(UNAUDITED)**
**NORTHERN TRUST CORPORATION**

(\$ In Millions Except Per Share Information)	Three Months Ended March 31	
	2011	2010
<b>Noninterest Income</b>		
Trust, Investment and Other Servicing Fees	\$ 514.9	\$ 515.1
Foreign Exchange Trading Income	84.8	79.7
Treasury Management Fees	18.6	20.1
Security Commissions and Trading Income	15.0	13.3
Other Operating Income	35.7	39.0
Investment Security Gains (Losses), net (1)	(5.5)	.3
<b>Total Noninterest Income</b>	<b>663.5</b>	<b>667.5</b>
<b>Net Interest Income</b>		
Interest Income	347.1	314.3
Interest Expense	112.7	83.9
<b>Net Interest Income</b>	<b>234.4</b>	<b>230.4</b>
Provision for Credit Losses	15.0	40.0
<b>Net Interest Income after Provision for Credit Losses</b>	<b>219.4</b>	<b>190.4</b>
<b>Noninterest Expense</b>		
Compensation	294.0	274.7
Employee Benefits	54.8	63.1
Outside Services	124.0	105.6
Equipment and Software	73.4	66.6
Occupancy	42.6	42.7
Visa Indemnification Benefit	(10.1)	
Other Operating Expense	74.2	67.0
<b>Total Noninterest Expense</b>	<b>652.9</b>	<b>619.7</b>
Income before Income Taxes	230.0	238.2
Provision for Income Taxes	79.0	81.0
<b>Net Income</b>	<b>\$ 151.0</b>	<b>\$ 157.2</b>
<b>Net Income Applicable to Common Stock</b>	<b>\$ 151.0</b>	<b>\$ 157.2</b>
<b>Per Common Share</b>		
Net Income Basic	\$ .62	\$ .65
Diluted	.61	.64
Cash Dividends Declared	.28	.28
<b>Average Number of Common Shares Outstanding</b> Basic	<b>242,126,162</b>	<b>241,724,178</b>
Diluted	<b>242,969,629</b>	<b>242,513,391</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**(UNAUDITED)**
**NORTHERN TRUST CORPORATION**

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(In Millions)	Three Months Ended March 31	
	2011	2010
<b>Net Income</b>	<b>\$ 151.0</b>	<b>\$ 157.2</b>
<b>Other Comprehensive Income (Loss) (Net of Tax and Reclassifications)</b>		
Net Unrealized Gains on Securities Available for Sale	3.4	12.7
Net Unrealized Gains on Cash Flow Hedges	9.0	21.6
Foreign Currency Translation Adjustments	7.2	(11.4)
Pension and Other Postretirement Benefit Adjustments	6.1	6.2
<b>Other Comprehensive Income</b>	<b>25.7</b>	<b>29.1</b>
<b>Comprehensive Income</b>	<b>\$ 176.7</b>	<b>\$ 186.3</b>
(1) Changes in Other-Than-Temporary-Impairment (OTTI) Losses	\$ .1	\$ .
Noncredit-related OTTI Losses Recorded in/(Reclassified from) OCI	(5.2)	
Other Security Gains (Losses), net	(.4)	.3
Investment Security Gains (Losses), net	\$ (5.5)	\$ .3

*See accompanying notes to the consolidated financial statements.*

**CONSOLIDATED STATEMENT OF CHANGES IN  
STOCKHOLDERS' EQUITY  
(UNAUDITED)**
**NORTHERN TRUST CORPORATION**

(In Millions)	Three Months Ended March 31	
	2011	2010
<b>Common Stock</b>		
Balance at January 1 and March 31	\$ 408.6	\$ 408.6
<b>Additional Paid-in Capital</b>		
Balance at January 1	920.0	888.3
Treasury Stock Transactions    Stock Options and Awards	(9.5)	(10.8)
Stock Options and Awards    Amortization	22.8	17.5
Stock Options and Awards    Tax Benefits	(.5)	.2
Balance at March 31	932.8	895.2
<b>Retained Earnings</b>		
Balance at January 1	5,972.1	5,576.0
Net Income	151.0	157.2
Dividends Declared    Common Stock	(68.5)	(68.2)
Balance at March 31	6,054.6	5,665.0
<b>Accumulated Other Comprehensive Income (Loss)</b>		
Balance at January 1	(305.3)	(361.6)
Net Unrealized Gains on Securities Available for Sale	3.4	12.7
Net Unrealized Gains on Cash Flow Hedges	9.0	21.6
Foreign Currency Translation Adjustments	7.2	(11.4)
Pension and Other Postretirement Benefit Adjustments	6.1	6.2
Balance at March 31	(279.6)	