

NORTHERN TRUST CORP
Form 424B3
August 22, 2006
Table of Contents

The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(3)

Registration No. 333-105423

Subject to Completion

Preliminary Prospectus Supplement dated August 22, 2006

PROSPECTUS SUPPLEMENT

(To prospectus dated May 29, 2003)

\$

Northern Trust Corporation

% Notes due

We will pay interest on the notes on _____ and _____ of each year beginning _____, 2006. The notes will mature on _____. We have no right to redeem the notes prior to their maturity.

The notes will be unsecured obligations and rank equally with our unsecured senior indebtedness. The notes will be issued only in registered form in denominations of \$1,000.

Investing in the notes involves risks that are described in the Risk Factors section beginning on page S-5 of this prospectus supplement.

	Per Note	Total
Public offering price(1)	%	\$
Underwriting discount	%	\$
Proceeds, before expenses, to Northern Trust	%	\$
(1) Plus accrued interest from _____, 2006, if settlement occurs after that date		

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or determined that this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes.

The notes will be delivered to purchasers only in book-entry form through The Depository Trust Company, as depositary, and its direct and indirect participants, including Euroclear Bank, S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, société anonyme, against payment therefor on or about _____, 2006.

Merrill Lynch & Co.

JPMorgan

UBS Investment Bank

The date of this prospectus supplement is _____, 2006.

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the notes we are offering and certain other matters relating to us and our financial condition. The second part, the base prospectus, gives more general information about securities we may offer from time to time, some of which does not apply to the notes we are offering. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. To the extent the description of the notes in this prospectus supplement differs from the description in the base prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in this document or to which this document refers you, or other offering materials filed by us with the SEC. We have not authorized anyone, and we have not authorized the underwriters to authorize anyone, to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus supplement, the base prospectus and the documents incorporated by reference is accurate only as of their respective dates, regardless of the time of delivery of this prospectus supplement or any sale of the notes. Our business, financial condition, results of operations and prospects may have changed since those dates.

The notes are offered globally for sale in those jurisdictions in the United States, Europe, Asia and elsewhere where it is lawful to make such offers. See Underwriting.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. Persons into whose possession this prospectus supplement and the accompanying prospectus come should inform themselves about and observe any such restrictions. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. See Underwriting.

References herein to \$ and dollars are to the currency of the United States.

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

	Page
<u>About this Prospectus Supplement</u>	S-i
<u>Table of Contents</u>	S-ii
<u>Summary</u>	S-1
<u>Risk Factors</u>	S-5
<u>Incorporation by Reference</u>	S-6
<u>Use of Proceeds</u>	S-6
<u>Capitalization</u>	S-7
<u>Ratios of Earnings to Fixed Charges</u>	S-7
<u>Supplemental Description of the Notes</u>	S-8
<u>United States Tax Considerations</u>	S-9
<u>Certain ERISA Considerations</u>	S-11
<u>Underwriting</u>	S-13
<u>Legal Matters</u>	S-14
<u>Experts</u>	S-14

Prospectus

About this Prospectus	1
Where You Can Find More Information	1
Incorporation of Certain Documents By Reference	2
Forward-Looking Statements	3
Northern Trust Corporation	4
The Trusts.	6
Certain Regulatory Considerations.	8
Use of Proceeds	9
Ratios of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividend Requirements	9
Description of Common Stock	10
Description of Preferred Stock	11
Description of the Debt Securities	13
Additional Terms of the Senior Debt Securities	20
Additional Terms of the Subordinated Debt Securities	20
Description of the Warrants	24
Description of the Stock Purchase Contracts and Stock Purchase Units	25
Description of the Preferred Securities of the Trusts	25
Description of the Preferred Securities Guarantees	35
Relationship Among the Preferred Securities, the Subordinated Debt Securities Held by the Trusts and the Preferred Securities Guarantees	38
Global Securities	40
Plan of Distribution	42
Legal Matters	43
Experts	43

Table of Contents

SUMMARY

This summary highlights selected information from this prospectus supplement and the accompanying prospectus to help you understand us and the notes. The Supplemental Description of Notes section of this prospectus supplement and the Description of Debt Securities section of the accompanying prospectus contain more detailed information regarding the terms and conditions of the notes. You should carefully read this prospectus supplement and the accompanying prospectus to fully understand the terms of the notes and the other considerations that are important to you in making a decision about whether to invest in the notes.

Unless otherwise indicated, references in this prospectus supplement to Northern Trust, the Corporation, we, us and our are to Northern Trust Corporation and its consolidated subsidiaries. References to the Bank are to The Northern Trust Company.

NORTHERN TRUST CORPORATION

We are a financial holding company that provides investment management, asset and fund administration, fiduciary and banking solutions for corporations, institutions and affluent individuals. We have a network of over 80 offices in 18 U.S. states and have international offices in 12 locations in North America, Europe and the Asia-Pacific region. We conduct business through various U.S. and non-U.S. subsidiaries, including the Bank. At June 30, 2006, we had assets under custody of \$3.2 trillion, assets under management of \$640 billion, consolidated total assets of \$53.3 billion and stockholders' equity of \$3.8 billion. As of June 30, 2006, Northern Trust was the second largest bank holding company in Illinois and the 27th largest in the United States based on consolidated total assets on that date.

The Bank is an Illinois banking corporation headquartered in the Chicago financial district and our principal subsidiary. Founded in 1889, the Bank conducts business through its U.S. operations, its London and Singapore branches, and various U.S. and non-U.S. subsidiaries. In recent years, the Bank, like the Corporation generally, has experienced significant growth outside the United States. In 2005, the Bank acquired a group of subsidiaries that brought Northern Trust expanded capabilities in institutional fund administration, custody, banking, trust, and related services as well as new capabilities in hedge fund and private equity administration. At June 30, 2006, the Bank had consolidated assets of \$45.4 billion and common equity capital of \$2.8 billion.

We expect that, although the operations of other banking and non-banking subsidiaries will continue to be of increasing significance, the Bank will in the foreseeable future continue to be the major source of our consolidated assets, revenues and net income.

BUSINESS UNITS

Under Chairman of the Board and Chief Executive Officer William A. Osborn, we organize our services globally around two client-focused principal business units: Corporate and Institutional Services (C&IS) and Personal Financial Services (PFS). Two other business units provide services to the two principal business units: Northern Trust Global Investments (NTGI), which provides investment management, and Worldwide Operations and Technology (WWOT), which provides operating and systems support. For financial management reporting purposes, the operations of NTGI and WWOT are allocated to the two principal business units.

Table of Contents

The following is a brief summary of each business unit's activities and the activities of the Corporate Financial Management Group and the Corporate Risk Management Group.

Corporate and Institutional Services

Headed by Frederick H. Waddell, President and Chief Operating Officer of the Corporation, who also serves as President Corporate and Institutional Services, C&IS is a leading worldwide provider of asset administration, asset management, and related services to corporate and public retirement funds, foundations, endowments, fund managers, insurance companies, and government funds. C&IS also offers a full range of commercial banking services, placing special emphasis on developing and supporting institutional relationships in two target markets: large corporations and financial institutions. Asset administration, asset management and related services encompass a full range of state-of-the-art capabilities including: worldwide master trust, asset servicing, fund administration, settlement and reporting; cash management; and investment risk and performance analytical services. Non-U.S. client relationships are managed principally through the Bank's London and Singapore branches and the Bank's and the Corporation's non-U.S. subsidiaries. Trust and asset servicing relationships managed by C&IS often include investment management, securities lending, transition management and commission recapture services provided through NTGI. C&IS also provides related foreign exchange services in Chicago, London and Singapore. At June 30, 2006, total C&IS assets under custody were \$2.9 trillion, of which \$517.1 billion were managed.

Personal Financial Services

Headed by Sherry S. Barrat and William L. Morrison, Presidents Personal Financial Services, PFS provides personal trust, custody and investment management services; individual retirement accounts; guardianship and estate administration; qualified retirement plans; banking; personal lending; and residential real estate mortgage lending. PFS focuses on high net worth individuals, business owners, executives, retirees and established privately-held businesses in its target markets. PFS also includes the Wealth Management Group, which provides customized products and services to meet the complex financial needs of families and individuals in the United States and throughout the world with assets typically exceeding \$75 million.

PFS is one of the largest providers of personal trust services in the United States, with \$234.9 billion in assets under custody and \$123.0 billion in assets under management at June 30, 2006. PFS services are delivered through a network of over 80 offices in 18 U.S. states, as well as offices in London and Guernsey.

Northern Trust Global Investments

Headed by Terence J. Toth, President Northern Trust Global Investments, NTGI, through various subsidiaries of the Corporation, provides a broad range of investment management and related services and other products to U.S. and non-U.S. clients of C&IS and PFS. Clients include institutional and individual separately managed accounts, bank common and collective funds, registered investment companies, non-U.S. collective investment funds and unregistered private investment funds. NTGI offers both active and passive equity and fixed income portfolio management, as well as alternative asset classes (such as private equity and hedge funds of funds) and multi-manager products and services. NTGI's activities also include brokerage, securities lending, transition management and related services. NTGI's business operates internationally through subsidiaries, joint ventures, alliances and distribution arrangements.

Table of Contents

Worldwide Operations and Technology

Headed by Timothy J. Theriault, President Worldwide Operations and Technology, WWOT supports all of our business activities, including the processing and product management activities of C&IS, PFS and NTGI. These activities are conducted principally in the operations and technology centers in Chicago, London and Bangalore.

Corporate Financial Management Group

Headed by Steven L. Fradkin, Executive Vice President and Chief Financial Officer, the Corporate Financial Management Group includes the Corporate Controller, Corporate Treasurer, Corporate Development, Investor Relations and Strategic Sourcing functions. The Group is responsible for Northern Trust's accounting and financial infrastructure and for managing the Corporation's financial position.

Corporate Risk Management Group

Headed by Jana R. Schreuder, Executive Vice President, the Corporate Risk Management Group includes the Credit Policy and Corporate Risk Management functions. The Corporate Risk Management Group monitors, measures and facilitates the management of risks across the businesses of the Corporation and its subsidiaries.

Table of Contents

The Offering

Issuer	Northern Trust Corporation
Securities offered	\$ aggregate principal amount of % notes due .
Maturity date	The notes will mature on .
Interest rate	The interest rate on the notes will be % per annum.
Interest payment dates	Each and , commencing , 2006.
Ranking	The notes will be senior, unsecured obligations of Northern Trust Corporation ranking equally in right of payment with other senior indebtedness of Northern Trust Corporation.
The Indenture does not limit the amount of debt that Northern Trust Corporation or any of its subsidiaries may incur.	
Redemption	We have no right to redeem the notes prior to maturity.
Use of proceeds	The net proceeds, after estimated expenses, to us from the sale of the notes offered hereby will be approximately \$, which we will use for general corporate purposes, including the funding of additional contributions to the capital of our subsidiaries.
Risk factors	See Risk Factors and other information in this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before deciding to invest in the notes.
For additional information regarding the notes, see Supplemental Description of the Notes on page S-8.	

Table of Contents

RISK FACTORS

In deciding whether to invest in the notes, you should consider carefully the following factors that could materially adversely affect our operating results and financial condition, and the value of your investment in the notes. Although we have tried to discuss key factors, please be aware that other risks may prove to be important in the future. New risks may emerge at any time, and we cannot predict those risks or estimate the extent to which they may affect our financial performance. You should also consider the information included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2005, including the Risk Factors described in that report and the Factors Affecting Future Results described in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006, as well as our subsequent reports on Form 10-Q and Form 8-K. Each of the risks described below could result in a decrease in the value of the notes and your investment therein.

We are a holding company, and as a result we are dependent on dividends from our subsidiaries, including the Bank, to meet our obligations, including with respect to the notes.

We are a non-operating holding company, whose principal asset and source of income is our investment in the Bank. We are a legal entity separate and distinct from the Bank and our other subsidiaries and, therefore, rely primarily on dividends from these subsidiaries to meet our obligations, including with respect to the notes, and to provide funds for payment of dividends to our shareholders, to the extent declared by our board of directors. There are various legal limitations on the extent to which the Bank and our other subsidiaries can finance or otherwise supply funds to us (by dividend or otherwise) and certain of our affiliates. Although we maintain cash positions for liquidity at the holding company level, if the Bank or other of our subsidiaries were unable to supply us with cash over time, we could be unable to meet our obligations, including with respect to the notes. See **Certain Regulatory Considerations Restrictions on Payment of Dividends** in the accompanying prospectus.

Because we are a holding company, our rights and the rights of our creditors, including the holders of the notes, to a share of the assets of any subsidiary upon the liquidation or recapitalization of the subsidiary will be subject to the prior claims of the subsidiary's creditors (including, in the case of the Bank and our other banking subsidiaries, its depositors), except to the extent that we may ourselves be a creditor with recognized claims against the subsidiary. Accordingly, the notes will be effectively subordinated to all existing and future liabilities of our subsidiaries.

There may not be any trading market for the notes; many factors affect the trading market and value of the notes.

Upon issuance, the notes will not have an established trading market. We cannot assure you that a trading market for the notes will ever develop or be maintained if developed. In addition to our creditworthiness, many factors affect the trading market for, and trading value of, the notes. These factors include:

the time remaining to the maturity of the notes,

the outstanding amount of notes with terms identical to the notes offered in this prospectus supplement,

the redemption or repayment features, if any, of the notes, and

the level, direction and volatility of market interest rates generally.

You should also be aware that there may be a limited number of buyers when you decide to sell your notes. This may affect the price you receive for your notes or your ability to sell your notes at all.

Table of Contents

Our credit ratings may not reflect all risks of an investment in the notes.

Our credit ratings are an assessment of our ability to pay our obligations. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the notes. Our credit ratings, however, may not reflect the potential impact of risks related to market or other factors discussed above on the value of the notes.

INCORPORATION BY REFERENCE

We are subject to the informational reporting requirements of the Securities Exchange Act of 1934. You may read and copy any document that we file at the public reference facilities of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the public reference facilities may be obtained by calling the SEC at 1-800-SEC-0330. You may also inspect our annual, quarterly and current reports, any proxy statements and other information over the Internet at the SEC's home page at <http://www.sec.gov>.

The SEC allows us to incorporate by reference information into this prospectus supplement and the accompanying prospectus. This means that we can disclose important information to you by referring you to another document that we have filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus. Information that we file with the SEC after the date of this prospectus supplement will automatically modify and supersede the information included or incorporated by reference in this prospectus supplement and the accompanying prospectus to the extent that the subsequently filed information modifies or supersedes the existing information. We incorporate by reference:

our Annual Report on Form 10-K for the fiscal year ended December 31, 2005;

our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2006 and June 30, 2006;

our Current Reports on Form 8-K filed on February 21, 2006, February 24, 2006, March 31, 2006 and April 19, 2006; and

any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until we sell all of the notes offered by this prospectus supplement.

You may request a copy of any of these filings at no cost by writing to or telephoning us at the following address and telephone number: Northern Trust Corporation, 50 South LaSalle Street, Chicago, Illinois 60675, Attention: Corporate Secretary, Telephone: (312) 444-3714. These filings are also available on the website we maintain at www.northerntrust.com.

USE OF PROCEEDS

The net proceeds, after estimated expenses, to us from the sale of the notes offered hereby will be approximately \$. We will use the funds for general corporate purposes, including the funding of additional contributions to the capital of our subsidiaries.

Table of Contents**CAPITALIZATION**

The following table shows our capitalization and short-term indebtedness at June 30, 2006 (1) on a consolidated basis and (2) on a consolidated basis as adjusted to reflect the issuance and sale of the notes. This table should be read in conjunction with our consolidated financial statements and related notes for the six months ended June 30, 2006, incorporated by reference in this prospectus supplement and the accompanying prospectus. See *Where You Can Find More Information* in the accompanying prospectus.

	June 30, 2006	
	Actual	As Adjusted
	(in millions)	
Senior notes (excluding amounts due within one year)	\$ 183.5	\$ 433.5
Long-term debt (excluding amounts due within one year)	1,960.5	1,960.5
Floating rate capital debt	276.4	276.4
Common stockholders' equity	3,808.4	3,808.4
Total capitalization	\$ 6,228.8	\$ 6,478.8
Short-term borrowings (including current portion of long-term and senior debt)	\$ 6,459.1	\$ 6,459.1

RATIOS OF EARNINGS TO FIXED CHARGES

The following are ratios of our earnings to fixed charges for each of the periods indicated:

	Six Months Ended	Fiscal Year Ended December 31				
	June 30, 2006	2005	2004	2003	2002	2001
Excluding Interest on Deposits:	3.56	3.67	3.67	3.08	2.98	2.59
Including Interest on Deposits:	1.79	1.93	2.30	2.18	2.02	1.66

For purposes of calculating the ratio of earnings to fixed charges, earnings consist of net income before extraordinary items plus applicable income taxes and fixed charges. Fixed charges, excluding interest on deposits consist of interest expense (other than on deposits) and the portion of rental expenses deemed to be representative of the interest factor. Fixed charges, including interest on deposits consist of all interest and the portion of rental expenses deemed to be representative of the interest factor.

Table of Contents

SUPPLEMENTAL DESCRIPTION OF THE NOTES

Please read the following information concerning the notes in conjunction with the statements under Description of the Debt Securities in the accompanying prospectus, which the following information supplements and, if there are any inconsistencies, supersedes. The following description is not complete. The notes will be issued under the Indenture, dated as of August , 2006, that we have entered into with JPMorgan Chase Bank, N.A., as trustee. The Indenture is described in the accompanying prospectus and is filed as an exhibit to the registration statement under which the notes are being offered and sold.

Maturity, Interest and Payment

The notes will mature on . The notes will bear interest from and including , 2006, payable in arrears on and of each year, commencing , 2006. Interest payable on each interest payment date will be paid to the persons in whose names the notes are registered at the close of business on the th calendar day prior to such interest payment date, and interest payable at maturity will be paid to the persons to whom the principal is then payable. If an interest payment date falls on a day that is not a business day, interest will be payable on the next succeeding business day with the same force and effect as if made on such interest payment date, and interest will not accrue on the amount so payable for the period from and after the interest payment date. Interest on the notes will be calculated on the basis of a 360-day year, consisting of twelve 30-day months, and will accrue from , 2006 or from the most recent interest payment date to which interest has been paid. We have no right to redeem the notes prior to maturity.

At maturity, the amounts due and payable on the notes will be 100% of their principal amount outstanding, together with interest accrued to the payment date.

Forms and Denominations

The notes will be issued as one or more global securities in the name of a nominee of The Depository Trust Company and will be available only in book-entry form. See Global Securities in the accompanying prospectus. The notes are available for purchase in multiples of \$1,000.

Additional Notes

We may, without the consent of the holders of the notes offered in this prospectus supplement, create and issue additional notes ranking equally with the notes offered in this prospectus supplement in all respects, including having the same CUSIP number, so that such additional notes would be consolidated and form a single series with the notes offered in this prospectus supplement and would have the same terms as to status, redemption or otherwise as the notes offered hereby. No additional notes may be issued if an Event of Default has occurred and is continuing with respect to the notes offered in this prospectus supplement.

Listing

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes.

Depository

Upon issuance, the notes will be represented by one or more fully registered global notes. Each global note will be deposited with, or on behalf of, The Depository Trust Company or any successor thereto, as depository, and registered in the name of Cede & Co. (DTC's partnership nominee). Investors may elect to hold interests in the global notes through either DTC (in the United States) or Clearstream Banking, société anonyme, or Euroclear Bank S.A./N.V., as operator of the Euroclear System if they are participants in such systems, or indirectly through organizations which are participants in such systems.

Table of Contents

UNITED STATES TAX CONSIDERATIONS

The following summary of certain United States federal income tax consequences of the purchase, ownership and disposition of the notes is based on laws, regulations, rulings and decisions now in effect, all of which are subject to change. It deals only with notes held as capital assets by initial purchasers who are U.S. holders and does not deal with persons in special tax situations, such as financial institutions, insurance companies, dealers in securities or currencies, persons holding notes as a hedge against currency risks or as a position in a straddle for tax purposes, or persons whose functional currency is not the United States dollar. It also does not deal with holders other than original purchasers. Persons considering the purchase of notes should consult their tax advisors concerning the application of United States federal income tax laws to their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction.

For purposes of this discussion, a U.S. holder is a beneficial owner of a note that for United States federal income tax purposes is:

a citizen or resident of the United States,

a corporation, partnership or other entity organized under the laws of the United States or any political subdivision of the United States,

an estate the income of which is subject to United States federal income taxation regardless of its source,

a trust which is subject to the supervision of a court within the United States and the control of a United States fiduciary, or

any other person whose income or gain in respect of a note is effectively connected with the conduct of a United States trade or business.

Interest

Payments of interest on a note will be taxable to a U.S. holder as ordinary interest income at the time the payments accrue or are received (in accordance with the U.S. holder's method of accounting for tax purposes).

Disposition of a Note

Upon the sale, exchange or retirement of a note, a U.S. holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement and the U.S. holder's adjusted tax basis in the note. This gain or loss generally will be long-term capital gain or loss if the note is held for more than one year. Long-term capital gains recognized on securities such as the notes are currently taxable at a maximum rate of 15.0% for individuals and 35.0% for corporations.

During calendar year 2006, ordinary income is taxable at a maximum rate of 35.0% for individuals and 35.0% for corporations. To the extent the amount realized represents accrued but unpaid interest, this amount will be treated as taxable interest income.

Backup Withholding

Backup withholding of United States federal income tax at a current rate of 28.0% may apply to payments made in respect of the notes to registered owners who are not exempt recipients and who fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner. Generally, individuals are not exempt recipients, whereas corporations and certain other entities are exempt recipients. Payments made in respect of the notes to a U.S. holder must be reported to the Internal Revenue Service, unless the U.S. holder is an exempt recipient or establishes an exemption.

Table of Contents

In addition, upon the sale of a note to (or through) a broker, the broker must withhold currently 28.0% of the entire purchase price, unless either (1) the broker determines that the seller is a corporation or other exempt recipient or (2) the seller provides the required identifying information. These sales must also be reported by the broker to the IRS, unless the broker determines that the seller is an exempt recipient.

Any amounts withheld under the backup withholding rules from a payment to a beneficial owner will be allowed as a refund or a credit against the beneficial owner's United States federal income tax, provided the required information is furnished to the IRS.

S-10

Table of Contents

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of notes by employee benefit plans that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (ERISA), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the Code), or provisions under any federal, state, local non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code, and entities whose underlying assets are considered to include plan assets of such plans, accounts and arrangements (each, a Plan). The Pension Protection Act of 2006 added new Section 3(42) to ERISA defining what constitute plan assets.

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an ERISA Plan) and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the management or administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any similar law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable similar laws.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are parties in interest, within the meaning of ERISA, or disqualified persons, within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition or holding of notes by an ERISA Plan with respect to which we or an underwriter are considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions, or PTCEs, that may apply to the acquisition and holding of the notes. These class exemptions include PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. There can be no assurance that a particular purchase of notes will satisfy all of the conditions of any such exemptions. Also, in this regard, the Pension Protection Act of 2006 added statutory exemptions in Section 408(b)(16), (17) and (19) that may apply to the acquisition or holding of the notes.

Because of the foregoing, the notes should not be purchased or held by any person investing plan assets of any Plan, unless such purchase and holding will not constitute a non-exempt prohibited transaction under ERISA and the Code or a violation of any applicable similar laws.

Table of Contents

Representation

By acceptance of a note, each purchaser and subsequent transferee of a note will be deemed to have represented and warranted that (i) no portion of the assets used by such purchaser or transferee to acquire and hold the note constitutes assets of any Plan, (ii) the Plan is a governmental plan as defined in Section 3 of ERISA which is not subject to the provisions of Title I of ERISA or Section 401 of the Code or (iii) the purchase and holding of the note by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violation under any applicable similar laws because such

purchase and holding satisfies the conditions of a class exemption, including PTCE 91-38, 90-1, 84-14, 95-60 or 96-23 or a statutory exemption (including Sections 408(b)(16), (17) or (19) of ERISA).

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the notes on behalf of, or with the assets of, any Plan consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any similar laws to such investment and whether an exemption would be applicable to the purchase and holding of the notes.

Table of Contents**UNDERWRITING**

We intend to offer the notes through the underwriters. Merrill Lynch, Pierce, Fenner & Smith Incorporated is acting as representative of the underwriters named below. Subject to the terms and conditions contained in a purchase agreement between us and the underwriters, we have agreed to sell to the underwriters, and the underwriters severally have agreed to purchase from us, the principal amount of the notes listed opposite their names below.

Underwriter	Principal Amount
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
J.P. Morgan Securities Inc.	
UBS Securities LLC	
Total	\$

The underwriters have agreed to purchase all of the notes sold pursuant to the purchase agreement if any of these notes are purchased. If an underwriter defaults, the purchase agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the purchase agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The notes are offered globally for sale in those jurisdictions in the United States, Europe, Asia and elsewhere where it is lawful to make such offers.

Commissions and Discounts

The underwriters have advised us that they propose initially to offer the notes to the public at the public offering price on the cover page of this prospectus supplement, and to dealers at that price less a concession not in excess of % of the principal amount of the notes. The underwriters may allow, and the dealers may reallow, a discount not in excess of % of the principal amount of the notes to other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

The expenses of the offering, not including the underwriting discount, are estimated to be \$395,000 and will be payable by us.

New Issue of Notes

The notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any national securities exchange or for quotation of the notes on any automated dealer quotation system. We have been advised by Merrill Lynch that they presently intend to make a market in the notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for notes or that an active public market for the notes will develop. If an active public trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

Table of Contents

Price Stabilization and Short Positions

In connection with the offering, the underwriters are permitted to engage in transactions that stabilize the market price of the notes. Such transactions consist of bids or purchases to peg, fix or maintain the price of the notes. If the underwriters create a short position in the notes in connection with the offering, i.e., if they sell more notes than are on the cover page of this prospectus supplement, the underwriters may reduce that short position by purchasing notes in the open market. Purchases of a security to stabilize the price or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither we nor any of the underwriters makes any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

The underwriters and certain of their affiliates have performed investment banking, advisory and general financing services, including commercial banking services, for us from time to time for which they have received customary fees and expenses. Specifically, Merrill Lynch, Pierce, Fenner & Smith Incorporated acted as financial advisor to Northern Trust in connection with Northern Trust's 2005 acquisition of Baring Asset Management's Financial Services Group from ING Group N.V. Additionally, an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated acted as sole book-runner in Northern Trust's offering of senior and subordinated debt totaling 250 million British pounds Sterling to fund that acquisition. The underwriters and certain of their affiliates may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business.

The trustee, JPMorgan Chase Bank, N.A., is an affiliate of J.P. Morgan Securities Inc., one of the underwriters. JPMorgan Chase & Co., an affiliate of J.P. Morgan Securities Inc., has entered into an agreement with The Bank of New York Company, Inc. (BNY) pursuant to which JPMorgan Chase intends to exchange portions of its corporate trust business, including the business of the Fiscal Agent and municipal and corporate trusteeships, for BNY's consumer, small business and middle market banking businesses. This transaction has been approved by both companies' boards of directors and is subject to regulatory approvals. It is expected to close in the late third quarter or fourth quarter of 2006.

LEGAL MATTERS

The validity of the notes will be passed upon for us by Schiff Hardin LLP, Chicago, Illinois. The underwriters have been represented by McDermott Will & Emery LLP, Chicago, Illinois.

EXPERTS

The consolidated financial statements of Northern Trust Corporation and its subsidiaries as of December 31, 2005 and 2004, and for each of the years in the three-year period ended December 31, 2005, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2005, have been incorporated by reference herein and in the registration statement in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

Table of Contents

PROSPECTUS

\$500,000,000

Northern Trust Corporation

COMMON STOCK

PREFERRED STOCK

DEBT SECURITIES

WARRANTS

STOCK PURCHASE CONTRACTS

STOCK PURCHASE UNITS

NTC Capital III

NTC Capital IV

NTC Capital V

PREFERRED SECURITIES

FULLY AND UNCONDITIONALLY GUARANTEED BY

NORTHERN TRUST CORPORATION

Northern Trust Corporation may offer and sell debt securities, preferred stock, common stock, warrants, stock purchase contracts and stock purchase units.

The trusts are Delaware statutory trusts. Each trust may offer and sell:

preferred securities representing undivided beneficial interests in the assets of the trust to the public; and

common securities representing undivided beneficial interests in the assets of the trust to Northern Trust Corporation.

Edgar Filing: NORTHERN TRUST CORP - Form 424B3

Northern Trust Corporation will fully and unconditionally guarantee the payments by the trusts on the preferred securities based on obligations discussed in this prospectus.

The common stock of Northern Trust Corporation is traded on The Nasdaq Stock Market under the symbol NTRS.

We may offer these securities from time to time, in amounts, on terms and at prices that will be determined at the time of offering. We will provide specific terms of these securities, including their offering prices, in prospectus supplements to this prospectus. The prospectus supplements may also add, update or change information contained in this prospectus. You should read this prospectus and any prospectus supplement carefully before you invest. The aggregate initial offering price of the securities that we may issue under this prospectus will not exceed \$500,000,000.

We may offer these securities to or through underwriters, through dealers or agents, directly to you or through a combination of these methods. You can find additional information about our plan of distribution for the securities under the heading Plan of Distribution beginning on page 53 of this prospectus. We will also describe the plan of distribution for any particular offering of these securities in the applicable prospectus supplement. We may not use this prospectus to sell our securities unless it is accompanied by a prospectus supplement.

The securities will be equity securities in or unsecured obligations of Northern Trust Corporation or a NTC Capital trust and will not be savings accounts, deposits or other obligations of any bank or nonbank subsidiary of Northern Trust Corporation and are not insured by the Federal Deposit Insurance Corporation, the Bank Insurance Fund or any other government agency.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is May 29, 2003.

Table of Contents

TABLE OF CONTENTS

	Page
<u>ABOUT THIS PROSPECTUS</u>	1
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	1
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	2
<u>FORWARD-LOOKING STATEMENTS</u>	3
<u>NORTHERN TRUST CORPORATION</u>	4
<u>THE TRUSTS</u>	6
<u>CERTAIN REGULATORY CONSIDERATIONS</u>	8
<u>USE OF PROCEEDS</u>	9
<u>RATIOS OF EARNINGS TO FIXED CHARGES AND EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDEND REQUIREMENTS</u>	9
<u>DESCRIPTION OF COMMON STOCK</u>	10
<u>DESCRIPTION OF PREFERRED STOCK</u>	11
<u>DESCRIPTION OF THE DEBT SECURITIES</u>	13
<u>ADDITIONAL TERMS OF THE SENIOR DEBT SECURITIES</u>	20
<u>ADDITIONAL TERMS OF THE SUBORDINATED DEBT SECURITIES</u>	20
<u>DESCRIPTION OF THE WARRANTS</u>	24
<u>DESCRIPTION OF THE STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS</u>	25
<u>DESCRIPTION OF THE PREFERRED SECURITIES OF THE TRUSTS</u>	25
<u>DESCRIPTION OF THE PREFERRED SECURITIES GUARANTEES</u>	35
<u>RELATIONSHIP AMONG THE PREFERRED SECURITIES, THE SUBORDINATED DEBT SECURITIES HELD BY THE TRUSTS AND THE PREFERRED SECURITIES GUARANTEES</u>	38
<u>GLOBAL SECURITIES</u>	40
<u>PLAN OF DISTRIBUTION</u>	42
<u>LEGAL MATTERS</u>	43
<u>EXPERTS</u>	43

Table of Contents

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, which we refer to as the Commission, utilizing a shelf registration process. Under this process, we may from time to time sell any combination of the securities described in this prospectus in one or more offerings up to a total dollar amount of \$500,000,000 or the equivalent in one or more foreign currencies or currency units.

This prospectus provides you with a general description of the securities we may offer. Each time we offer securities registered under this process, we will provide a prospectus supplement that will contain specific information about the terms of the securities being offered and, if we sell securities through agents, underwriters or dealers, the names of such agents, underwriters and dealers and any fees, discounts and commissions to be paid to them. That prospectus supplement may include a description of any risk factors or other special considerations applicable to those securities. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in the prospectus supplement and this prospectus, you should rely on the information in the prospectus supplement. You should read both this prospectus and any prospectus supplement, together with the additional information described under the heading *Where You Can Find More Information*, before you invest.

You should rely only on the information incorporated by reference or provided in this prospectus and the accompanying prospectus supplement. We have not authorized anyone to provide you with different information. We are not making an offer to sell or soliciting an offer to buy these securities in any jurisdiction in which the offer or solicitation is not authorized or in which the person making the offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make the offer or solicitation. You should not assume that the information in this prospectus or the accompanying prospectus supplement is accurate as of any date other than the date on the front of the document.

Any of the securities described in this prospectus may be convertible or exchangeable into other securities we describe in this prospectus or will describe in a prospectus supplement and may be issued separately, together or as part of a unit consisting of two or more securities, which may or may not be separate from one another. These securities may include new or hybrid securities developed in the future that combine features of any of the securities described in this prospectus.

Unless otherwise indicated or unless the context requires otherwise, all references in this prospectus to Northern Trust, we, us, our or similar references mean Northern Trust Corporation and its subsidiaries, including the trusts. References to securities refer collectively to all of the securities registered hereunder.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Commission a registration statement on Form S-3 under the Securities Act of 1933, as amended, that registers the offer and sale of the securities described in this prospectus. The registration statement, including the attached exhibits and schedules, contains additional relevant information about us. As permitted by the rules and regulations of the Commission, we have not included certain portions of the registration statement in this prospectus.

Table of Contents

In addition, Northern Trust Corporation files annual, quarterly and current reports, proxy statements and other information with the Commission. You may read and copy the registration statement, as well as the reports and other information we file with the Commission, at the following public reference facilities:

Public Reference Room

450 Fifth Street, N.W.

Room 1024

Washington, D.C. 20549

Northeast Regional Office

The Woolworth Building