

NORTHERN TRUST CORP
Form 10-Q
April 30, 2010

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, 2010

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

241,849,640 Shares - \$1.66 2/3 Par Value

(Shares of Common Stock Outstanding on March 31, 2010)

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CONSOLIDATED BALANCE SHEET

NORTHERN TRUST CORPORATION

(\$ In Millions Except Share Information)	March 31 2010 (Unaudited)	December 31 2009	March 31 2009 (Unaudited)
Assets			
Cash and Due from Banks	\$ 2,651.7	\$ 2,491.8	\$ 2,104.1
Federal Funds Sold and Securities Purchased under Agreements to Resell	150.4	250.0	451.3
Time Deposits with Banks	15,939.3	12,905.2	18,334.9
Federal Reserve Deposits and Other Interest-Bearing Securities	6,892.8	14,973.0	2,989.8
Available for Sale	16,640.8	17,462.1	16,671.5
Held to Maturity (Fair value - \$1,246.0 at March 2010, \$1,185.7 at December 2009, \$1,148.8 at March 2009)	1,226.0	1,161.4	1,131.7
Trading Account	9.8	9.9	5.1
Total Securities	17,876.6	18,633.4	17,808.3
Loans and Leases			
Commercial and Other	17,164.0	16,998.0	19,822.9
Residential Mortgages	10,798.0	10,807.7	10,588.0
Total Loans and Leases (Net of unearned income - \$489.1 at March 2010, \$486.0 at Dec. 2009, \$509.4 at March 2009)	27,962.0	27,805.7	30,410.9
Reserve for Credit Losses Assigned to Loans and Leases	(320.5)	(309.2)	(286.2)
Buildings and Equipment	540.5	543.5	535.2
Client Security Settlement Receivables	970.6	794.8	702.3
Goodwill	394.0	401.6	387.4
Other Assets	3,261.1	3,651.6	5,026.6
Total Assets	\$ 76,318.6	\$ 82,141.5	\$ 78,464.6
Liabilities			
Deposits			
Demand and Other Noninterest-Bearing	\$ 8,239.1	\$ 9,177.5	\$ 9,019.0
Savings and Money Market	13,442.4	15,044.0	10,940.8
Savings Certificates	2,198.2	2,476.7	2,838.3
Other Time	1,482.8	1,524.5	984.0
Non U.S. Offices - Noninterest-Bearing	2,947.0	2,305.8	1,777.0
- Interest-Bearing	29,125.7	27,752.8	27,785.5
Total Deposits	57,435.2	58,281.3	53,344.6
Federal Funds Purchased	3,739.4	6,649.8	7,735.6
Securities Sold Under Agreements to Repurchase	673.0	1,037.5	1,021.2
Other Borrowings	1,042.6	2,078.3	2,202.6
Senior Notes	1,395.0	1,551.8	1,049.0
Long-Term Debt	2,725.4	2,837.8	3,144.2
Floating Rate Capital Debt	276.8	276.8	276.7
Other Liabilities	2,584.1	3,116.1	3,166.0

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Total Liabilities	69,871.5	75,829.4	71,939.9
Stockholders' Equity			
Preferred Stock - Series B (Net of discount - \$71.4)			1,504.6
Common Stock, \$1.66 2/3 Par Value; Authorized 560,000,000 shares; Outstanding 241,849,640 shares at March 2010, 241,679,942 shares at December 2009 and 223,669,263 shares at March 2009	408.6	408.6	379.8
Additional Paid-In Capital	895.2	888.3	163.0
Retained Earnings	5,665.0	5,576.0	5,166.6
Accumulated Other Comprehensive Income (Loss)	(332.5)	(361.6)	(446.1)
Treasury Stock - (at cost, 3,321,884 shares at March 2010, 3,491,582 shares at December 2009, and 4,252,261 shares at March 2009)	(189.2)	(199.2)	(243.2)
Total Stockholders' Equity	6,447.1	6,312.1	6,524.7
Total Liabilities and Stockholders' Equity	\$ 76,318.6	\$ 82,141.5	\$ 78,464.6

CONSOLIDATED STATEMENT OF INCOME

NORTHERN TRUST CORPORATION

(UNAUDITED)

(\$ In Millions Except Per Share Information)	Three Months Ended March 31	
	2010	2009
Noninterest Income		
Trust, Investment and Other Servicing Fees	\$ 515.1	\$ 410.7
Foreign Exchange Trading Income	79.7	131.1
Security Commissions and Trading Income	13.3	16.8
Treasury Management Fees	20.1	20.4
Other Operating Income	39.0	37.1
Security Gains (Losses), net	.3	.4
Total Noninterest Income	667.5	616.5
Net Interest Income		
Interest Income	314.3	393.8
Interest Expense	83.9	116.7
Net Interest Income	230.4	277.1
Provision for Credit Losses	40.0	55.0
Net Interest Income after Provision for Credit Losses	190.4	222.1
Noninterest Expenses		
Compensation	274.7	258.3
Employee Benefits	63.1	65.8
Outside Services	105.6	95.7
Equipment and Software Expense	66.6	61.7
Occupancy Expense	42.7	41.8
Other Operating Expenses	67.0	70.2
Total Noninterest Expenses	619.7	593.5
Income before Income Taxes	238.2	245.1
Provision for Income Taxes	81.0	83.3
Net Income	\$ 157.2	\$ 161.8
Net Income Applicable to Common Stock	\$ 157.2	\$ 138.8
Per Common Share		
Net Income - Basic	\$.65	\$.62
- Diluted	.64	.61
Cash Dividends Declared	.28	.28
Average Number of Common Shares Outstanding - Basic	241,724,178	223,357,446
- Diluted	242,513,391	224,401,185

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NORTHERN TRUST CORPORATION

(UNAUDITED)

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(In Millions)	Three Months	
	2010	2009
Net Income	\$ 157.2	\$ 161.8
Other Comprehensive Income (Loss) (net of tax and reclassifications)		
Net Unrealized Gains on Securities Available for Sale	12.7	42.3
Net Unrealized Gains on Cash Flow Hedge Designations	21.6	6.8
Foreign Currency Translation Adjustments	(11.4)	(3.5)
Pension and Other Postretirement Benefit Adjustments	6.2	3.2
Other Comprehensive Income	29.1	48.8
Comprehensive Income	\$ 186.3	\$ 210.6

CONSOLIDATED STATEMENT OF CHANGES IN

NORTHERN TRUST CORPORATION

STOCKHOLDERS' EQUITY

(UNAUDITED)

(In Millions)	Three Months Ended March 31	
	2010	2009
Preferred Stock		
Balance at January 1	\$	\$ 1,501.3
Discount Accretion - Preferred Stock		3.3
Balance at March 31		1,504.6
Common Stock		
Balance at January 1 and March 31	408.6	379.8
Additional Paid-in Capital		
Balance at January 1	888.3	178.5
Treasury Stock Transactions - Stock Options and Awards	(10.8)	(12.7)
Stock Options and Awards - Amortization	17.5	(5.1)
Stock Options and Awards - Tax Benefits	.2	2.3
Balance at March 31	895.2	163.0
Retained Earnings		
Balance at January 1	5,576.0	5,091.2
Net Income	157.2	161.8
Dividends Declared - Common Stock	(68.2)	(63.2)
Dividends Declared - Preferred Stock		(19.9)
Discount Accretion - Preferred Stock		(3.3)
Balance at March 31	5,665.0	5,166.6
Accumulated Other Comprehensive Income (Loss)		
Balance at January 1	(361.6)	(494.9)
Other Comprehensive Income	29.1	48.8
Balance at March 31	(332.5)	(446.1)
Treasury Stock		
Balance at January 1	(199.2)	(266.5)
Stock Options and Awards	13.8	29.6
Stock Purchased	(3.8)	(6.3)
Balance at March 31	(189.2)	(243.2)
Total Stockholders' Equity at March 31	\$ 6,447.1	\$ 6,524.7

CONSOLIDATED STATEMENT OF CASH FLOWS

NORTHERN TRUST CORPORATION

(UNAUDITED)

(In Millions)	Three Months Ended March 31	
	2010	2009
Cash Flows from Operating Activities:		
Net Income	\$ 157.2	\$ 161.8
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Provision for Credit Losses	40.0	55.0
Depreciation on Buildings and Equipment	22.4	21.5
Amortization of Computer Software	32.8	29.9
Amortization of Intangibles	4.0	3.9
Decrease in Receivables	.3	120.6
Decrease in Interest Payable	(18.4)	(31.7)
Amortization and Accretion of Securities and Unearned Income, net	(13.6)	(6.5)
Investment Security (Gains) Losses, net	(.3)	(.4)
Qualified Pension Plan Contribution	(20.0)	
Excess Tax Benefits from Stock Incentive Plans	(.2)	(2.3)
Net (Increase) Decrease in Trading Account Securities	.1	(2.8)
Other Operating Activities, net	(169.5)	97.8
Net Cash Provided by Operating Activities	34.8	446.8
Cash Flows from Investing Activities:		
Net (Increase) Decrease in Federal Funds Sold and Securities Purchased under Agreements to Resell	99.6	(282.3)
Net Increase in Time Deposits with Banks	(3,034.1)	(1,613.9)
Net Decrease in Federal Reserve Deposits and Other Interest-Bearing Assets	8,080.2	6,414.0
Purchases of Securities-Held to Maturity	(224.1)	(31.1)
Proceeds from Maturity and Redemption of Securities-Held to Maturity	215.8	54.7
Purchases of Securities-Available for Sale	(4,100.4)	(4,466.6)
Proceeds from Sale, Maturity and Redemption of Securities-Available for Sale	4,338.5	2,260.2
Net (Increase) Decrease in Loans and Leases	(195.5)	349.5
Purchases of Buildings and Equipment, net	(19.4)	(50.2)
Purchases and Development of Computer Software	(61.0)	(55.7)
Net (Increase) Decrease in Client Security Settlement Receivables	(175.8)	7.0
Other Investing Activities, net	582.2	(1,163.2)
Net Cash Provided by Investing Activities	5,506.0	1,422.4
Cash Flows from Financing Activities:		
Net Decrease in Deposits	(846.1)	(9,061.8)
Net Increase (Decrease) in Federal Funds Purchased	(2,910.4)	5,952.1
Net Decrease in Securities Sold under Agreements to Repurchase	(364.5)	(507.9)
Net Increase (Decrease) in Short-Term Other Borrowings	(459.6)	1,460.1
Proceeds from Term Federal Funds Purchased	6,196.0	2,881.0
Repayments of Term Federal Funds Purchased	(6,772.0)	(2,875.0)
Repayments of Senior Notes & Long-Term Debt	(256.5)	(132.1)
Treasury Stock Purchased	(3.8)	(4.2)
Net Proceeds from Stock Options	4.0	14.8
Excess Tax Benefits from Stock Incentive Plans	.2	2.3
Cash Dividends Paid on Common Stock	(67.7)	(62.5)
Cash Dividends Paid on Preferred Stock		(19.9)
Other Financing Activities, net	114.5	(13.6)
Net Cash Used in Financing Activities	(5,365.9)	(2,366.7)

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Effect of Foreign Currency Exchange Rates on Cash	(15.0)	(46.6)
Increase (Decrease) in Cash and Due from Banks	159.9	(544.1)
Cash and Due from Banks at Beginning of Year	2,491.8	2,648.2
Cash and Due from Banks at End of Period	\$ 2,651.7	\$ 2,104.1
Supplemental Disclosures of Cash Flow Information:		
Interest Paid	\$ 102.3	\$ 148.4
Income Taxes Paid (Refunded)	(58.5)	106.9

Notes to Consolidated Financial Statements

1. Basis of Presentation The consolidated financial statements include the accounts of Northern Trust Corporation (Corporation) and its subsidiaries (collectively, Northern Trust), all of which are wholly-owned. Significant intercompany balances and transactions have been eliminated. The consolidated financial statements, as of and for the periods ended March 31, 2010 and 2009, have not been audited by the Corporation's independent registered public accounting firm. In the opinion of management, all accounting entries and adjustments, including normal recurring accruals, necessary for a fair presentation of the financial position and the results of operations for the interim periods have been made. For a description of Northern Trust's significant accounting policies, refer to Note 1 of the Notes to Consolidated Financial Statements in the 2009 Annual Report to Shareholders.

2. Recent Accounting Pronouncements In March 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) Effect of a Loan Modification When It Is Part of a Pool That Is Accounted for as a Single Asset. This guidance states that a modified loan within a pool of purchased, credit-impaired loans which are accounted for as a single asset, should remain in the pool even if the modification would otherwise be considered a Troubled Debt Restructuring (TDR). A one-time election to terminate accounting for a group of loans in a pool, which may be made on a pool-by-pool basis, is allowed upon adoption of the ASU. The ASU does not require any additional recurring disclosures and will be effective for modifications of loans accounted for within a pool in interim or annual periods ending on or after July 15, 2010. Adoption of this ASU is not expected to have a material impact on Northern Trust's consolidated financial position or results of operations.

3. Fair Value Measurements Fair Value Hierarchy. The following describes the hierarchy of valuation inputs (Levels 1, 2, and 3) used to measure fair value and the primary valuation methodologies used by Northern Trust for financial instruments measured at fair value on a recurring basis. Observable inputs reflect market data obtained from sources independent of the reporting entity; unobservable inputs reflect the entity's own assumptions about how market participants would value an asset or liability based on the best information available. The standard requires an entity measuring fair value to maximize the use of observable inputs and minimize the use of unobservable inputs and establishes a fair value hierarchy of inputs. Financial instruments are categorized within the hierarchy based on the lowest level input that is significant to their valuation.

Level 1. Quoted, active market prices for identical assets or liabilities.

Northern Trust's Level 1 assets and liabilities include available for sale investments in U.S. treasury securities, seed investments for the development of managed fund products consisting of common stock and securities sold but not yet purchased, and U.S. treasury securities held to fund employee benefit and deferred compensation obligations.

Notes to Consolidated Financial Statements (continued)

Level 2. Observable inputs other than Level 1 prices, such as quoted active market prices for similar assets or liabilities, quoted prices for identical or similar assets in inactive markets, and model-derived valuations in which all significant inputs are observable in active markets.

Northern Trust's Level 2 assets include available for sale and trading account investments. Their fair values are determined by external pricing vendors, or in limited cases internally, using widely accepted income-based (discounted cash flow) models that incorporate observable current market yield curves and assumptions regarding anticipated prepayments and defaults.

Level 2 assets and liabilities also include derivative contracts which are valued using widely accepted income-based models that incorporate inputs readily observable in actively quoted markets and reflect the contractual terms of the contracts. Observable inputs include foreign exchange rates and interest rates for foreign exchange contracts; credit spreads, default probabilities, and recovery rates for credit default swap contracts; interest rates for interest rate swap contracts; and interest rates and volatility inputs for interest rate option contracts. Northern Trust evaluates the impact of counterparty credit risk and its own credit risk on the valuation of its derivative instruments. Factors considered include the likelihood of default by Northern Trust and its counterparties, the remaining maturities of the instruments, net exposures after giving effect to master netting agreements, available collateral, and other credit enhancements in determining the appropriate fair value of derivative instruments. The resulting valuation adjustments have not been considered material. Level 2 other assets represent investments in mutual funds and collective trust funds held to fund employee benefit and deferred compensation obligations. These investments are valued based on a market approach at the funds' net asset values.

Level 3. Valuation techniques in which one or more significant inputs are unobservable in the marketplace.

Northern Trust's Level 3 assets consist of auction rate securities purchased from Northern Trust clients. To estimate their fair value, Northern Trust developed an internal income-based model. The lack of activity in the auction rate security market has resulted in a lack of observable market inputs to incorporate in the model. Therefore, significant inputs to the model include Northern Trust's own assumptions about future cash flows and appropriate discount rates, both adjusted for credit and liquidity factors. In developing these assumptions, Northern Trust incorporated the contractual terms of the securities, the types of collateral, any credit enhancements available, and relevant market data where available. Level 3 liabilities include financial guarantees relating to standby letters of credit and a net estimated liability for Visa related indemnifications. Northern Trust's recorded liability for standby letters of credit, reflecting the obligation it has undertaken, is measured as the amount of unamortized fees on these instruments. The fair value of the net estimated liability for Visa related indemnifications is based on a market approach, but requires management to exercise significant judgment given the limited number of market transactions involving identical or comparable liabilities.

Notes to Consolidated Financial Statements (continued)

Northern Trust believes its valuation methods for its assets and liabilities carried at fair value are appropriate; however, the use of different methodologies or assumptions, particularly as applied to Level 3 assets and liabilities, could have a material effect on the computation of estimated fair values.

The following presents assets and liabilities measured at fair value on a recurring basis as of March 31, 2010 and December 31, 2009, segregated by fair value hierarchy level.

(In Millions)

March 31, 2010	Level 1	Level 2	Level 3	Netting *	Assets/Liabilities Fair Value
Securities					
Available for Sale					
U.S. Government	\$ 59.0	\$	\$	\$	\$ 59.0
Obligations of States and Political Subdivisions		43.1			43.1
Government Sponsored Agency		10,705.9			10,705.9
Non-U.S. Government		255.0			255.0
Corporate Debt		2,968.3			2,968.3
Residential Mortgage-Backed		304.9			304.9
Other Asset-Backed		1,464.2			1,464.2
Auction Rate			411.7		411.7
Other		428.7			428.7
Total	59.0	16,170.1	411.7		16,640.8
Trading Account					
		9.8			9.8
Total	59.0	16,179.9	411.7		16,650.6
Other Assets					
Derivatives					
Foreign Exchange Contracts		2,380.7			2,380.7
Interest Rate Swap Contracts		235.9			235.9
Interest Rate Option Contracts		.2			.2
Credit Default Swap Contracts		.1			.1
Total		2,616.9		(1,284.6)	1,332.3
All Other	71.3	36.5			107.8
Total	71.3	2,653.4		(1,284.6)	1,440.1
Total Assets at Fair Value	\$ 130.3	\$ 18,833.3	\$ 411.7	\$ (1,284.6)	\$ 18,090.7
Other Liabilities					
Derivatives					
Foreign Exchange Contracts	\$	\$ 2,326.5	\$	\$	\$ 2,326.5
Interest Rate Swap Contracts		129.0			129.0
Interest Rate Option Contracts		.2			.2
Credit Default Swap Contracts		2.0			2.0
Total		2,457.7		(1,490.9)	966.8

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All Other			92.4		92.4
Total Liabilities at Fair Value	\$	\$ 2,457.7	\$ 92.4	\$(1,490.9)	\$ 1,059.2

* Northern Trust has elected to net derivative assets and liabilities when legally enforceable master netting agreements exist between Northern Trust and the counterparty. As of March 31, 2010, derivative assets and liabilities shown above also include reductions of \$242.6 million and \$448.9 million, respectively, as a result of cash collateral received from and deposited with derivative counterparties.

Notes to Consolidated Financial Statements (continued)

(In Millions)

December 31, 2009	Level 1	Level 2	Level 3	Netting *	Assets/Liabilities Fair Value
Securities					
Available for Sale					
U.S. Government	\$ 74.0	\$	\$	\$	\$ 74.0
Obligations of States and Political Subdivisions		47.0			47.0
Government Sponsored Agency		12,325.4			12,325.4
Non-U.S. Government		80.6			80.6
Corporate Debt		2,822.1			2,822.1
Residential Mortgage-Backed		314.0			314.0
Other Asset-Backed		1,181.3			1,181.3
Auction Rate			427.7		427.7
Other		190.0			190.0
Total	74.0	16,960.4	427.7		17,462.1
Trading Account					
		9.9			9.9
Total	74.0	16,970.3	427.7		17,472.0
Other Assets					
Derivatives					
Foreign Exchange Contracts		2,078.3			2,078.3
Interest Rate Swap Contracts		213.7			213.7
Interest Rate Option Contracts		.4			.4
Total		2,292.4		(1,156.0)	1,136.4
All Other	59.9	35.1			95.0
Total	59.9	2,327.5		(1,156.0)	1,231.4
Total Assets at Fair Value	\$ 133.9	\$ 19,297.8	\$ 427.7	\$ (1,156.0)	\$ 18,703.4
Other Liabilities					
Derivatives					
Foreign Exchange Contracts	\$	\$ 2,059.5	\$	\$	\$ 2,059.5
Interest Rate Swap Contracts		117.3			117.3
Interest Rate Option Contracts		.4			.4
Credit Default Swap Contracts		2.2			2.2
Total		2,179.4		(1,133.1)	1,046.3
All Other	3.9		94.4		98.3
Total Liabilities at Fair Value	\$ 3.9	\$ 2,179.4	\$ 94.4	\$ (1,133.1)	\$ 1,144.6

* Northern Trust has elected to net derivative assets and liabilities when legally enforceable master netting agreements exist between Northern Trust and the counterparty. As of December 31, 2009, derivative assets and liabilities shown above also include reductions of \$216.2 million and \$193.3 million, respectively, as a result of cash collateral received from and deposited with derivative counterparties.

Notes to Consolidated Financial Statements (continued)

The following presents the changes in Level 3 assets for the three months ended March 31, 2010 and 2009.

(In Millions)	Securities	
	Available for 2010	Sale (1) 2009
Fair Value at January 1	\$ 427.7	\$ 453.1
Total Realized and Unrealized:		
Losses (Gains) Included in Earnings	(.5)	(2.2)
Gains (Losses) Included in Other Comprehensive Income	(7.9)	25.5
Purchases, Sales, Issuances, and Settlements, net	(7.6)	(.1)
Fair Value at March 31	\$ 411.7	\$ 476.3

(1) Balance represents the fair value of auction rate securities.

Northern Trust purchased certain illiquid auction rate securities from clients in 2008 which were recorded at their purchase date fair market values and designated as available for sale securities. Subsequent to their purchase, the securities are reported at fair value and unrealized gains and losses are credited or charged, net of the tax effect, to accumulated other comprehensive income (AOCI). As of March 31, 2010, the net unrealized gain related to these securities was \$10.1 million (\$6.4 million net of tax); at December 31, 2009, the net unrealized loss was \$18.0 million (\$11.4 million net of tax). Amounts included in earnings represent realized gains from redemptions by issuers and are included in interest income within the consolidated statement of income.

The following presents the changes in Level 3 liabilities for the three months ended March 31, 2010 and 2009.

(In Millions)	Other Liabilities			
	Derivatives		All Other (2)	
	2010	2009(1)	2010	2009
Fair Value at January 1	\$	\$ 314.1	\$ 94.4	\$ 104.2
Total Realized and Unrealized (Gains) Losses:				
Included in Earnings		8.3	(2.2)	(1.8)
Included in Other Comprehensive Income				
Purchases, Sales, Issuances, and Settlements, net			.2	6.5
Fair Value at March 31	\$	\$ 322.4	\$ 92.4	\$ 108.9
Unrealized (Gains) Losses Included in Earnings Related to Financial Instruments Held at March 31		8.3		

(1) Balance represents the fair value of Capital Support Agreements.

(2) Balance represents standby letters of credit and the net estimated liability for Visa related indemnifications.

All realized and unrealized gains and losses related to Level 3 liabilities for the periods presented are included in other operating income or other operating expenses.

Notes to Consolidated Financial Statements (continued)

Carrying values of assets and liabilities that are not measured at fair value on a recurring basis may be adjusted to fair value in periods subsequent to their initial recognition, for example, to record an impairment of an asset. U.S. generally accepted accounting principles (GAAP) require entities to separately disclose these subsequent fair value measurements and to classify them under the fair value hierarchy.

During the three months ended March 31, 2010 and 2009, Northern Trust provided an additional \$13.5 million and \$17.8 million, respectively, in specific reserves to adjust certain impaired loans held at those quarter-ends to their total estimated fair value of \$67.8 million and \$32.5 million, respectively. Northern Trust also charged \$.5 million and \$.2 million, respectively, through other operating expenses during the three months ended March 31, 2010 and 2009 to reduce the value of certain Other Real Estate Owned (OREO) properties held at those quarter-ends to their total estimated fair value of \$.1 million and \$.5 million, respectively. The fair values of loan collateral and OREO properties were estimated using a market approach that was supported by third party appraisals and were discounted to reflect management's judgment as to the realizable value of the collateral and the real estate. The fair value measurements of these impaired loans and OREO are classified as Level 3.

Fair Value of Financial Instruments. GAAP requires disclosure of the estimated fair value of certain financial instruments and the methods and significant assumptions used to estimate fair value. It excludes from its scope nonfinancial assets and liabilities, as well as a wide range of franchise, relationship, and intangible values that add value to Northern Trust. Accordingly, the fair value disclosures presented below provide only a partial estimate of the fair value of Northern Trust. Financial instruments recorded at fair value on Northern Trust's consolidated balance sheet are discussed above. The following methods and assumptions were used in estimating the fair values of financial instruments that are not carried at fair value.

Held to Maturity Securities. The fair values of held to maturity securities were modeled by external pricing vendors or, in limited cases, modeled internally, using widely accepted models which are based on an income approach that incorporates current market yield curves and assumptions regarding anticipated prepayments and defaults.

Loans (excluding lease receivables). The fair values of one-to-four family residential mortgages were valued using a market approach based on quoted market prices of similar loans sold, adjusted for differences in loan characteristics. The fair values of the remainder of the loan portfolio were estimated using an income approach (discounted cash flow) in which the interest component of the discount rate used was the rate at which Northern Trust would have originated the loan had it been originated as of the date of the consolidated financial statements. The fair values of all loans were adjusted to reflect current assessments of loan collectibility.

Savings Certificates, Other Time, and Non-U.S. Offices Interest-Bearing Deposits. The fair values of these instruments were estimated using an income approach (discounted cash flow) that incorporates market interest rates.

Senior Notes, Subordinated Debt, Federal Home Loan Bank Borrowings, and Floating Rate Capital Debt. Fair values were determined using a market approach based on quoted market prices, when available. If quoted market prices were not available, fair values were based on quoted market prices for comparable instruments.

Notes to Consolidated Financial Statements (continued)

Loan Commitments. The fair values of loan commitments represent the amount of unamortized fees on these instruments.

Financial Instruments Valued at Carrying Value. Due to their short maturity, the carrying values of certain financial instruments approximated their fair values. These financial instruments include cash and due from banks; money market assets (includes federal funds sold and securities purchased under agreements to resell, time deposits with banks, and federal reserve deposits and other interest-bearing assets); client security settlement receivables; federal funds purchased; securities sold under agreements to repurchase; and other borrowings (includes Treasury Investment Program balances, term federal funds purchased, and other short-term borrowings). As required by GAAP, the fair values required to be disclosed for demand, noninterest-bearing, savings, and money market deposits must equal the amounts disclosed in the consolidated balance sheet, even though such deposits are typically priced at a premium in banking industry consolidations.

Notes to Consolidated Financial Statements (continued)

The following table summarizes the book and fair values of financial instruments.

(In Millions)	March 31, 2010		December 31, 2009	
	Book Value	Fair Value	Book Value	Fair Value
Assets				
Cash and Due from Banks	\$ 2,651.7	\$ 2,651.7	\$ 2,491.8	\$ 2,491.8
Money Market Assets	22,982.5	22,982.5	28,128.2	28,128.2
Securities:				
Available for Sale	16,640.8	16,640.8	17,462.1	17,462.1
Held to Maturity	1,226.0	1,246.0	1,161.4	1,185.7
Trading Account	9.8	9.8	9.9	9.9
Loans (excluding Leases)				
Held for Investment	26,611.0	26,711.2	26,497.0	26,539.1
Held for Sale	1.3	1.3	4.2	4.2
Client Security Settlement Receivables	970.6	970.6	794.8	794.8
Liabilities				
Deposits:				
Demand, Noninterest-Bearing, and Savings and Money Market	24,628.5	24,628.5	26,527.3	26,527.3
Savings Certificates, Other Time and Foreign Offices Time	32,806.7	32,830.5	31,754.0	31,783.6
Federal Funds Purchased	3,739.4	3,739.4	6,649.8	6,649.8
Securities Sold under Agreements to Repurchase	673.0	673.0	1,037.5	1,037.5
Other Borrowings	1,042.6	1,042.6	2,078.3	2,078.3
Senior Notes	1,395.0	1,457.0	1,551.8	1,611.3
Long Term Debt:				
Subordinated Debt	1,125.7	1,155.5	1,132.5	1,150.6
Federal Home Loan Bank Borrowings	1,592.5	1,681.1	1,697.5	1,792.6
Floating Rate Capital Debt	276.8	202.7	276.8	159.4
Financial Guarantees	93.0	93.0	94.4	94.4
Loan Commitments	27.5	27.5	28.4	28.4
Derivative Instruments				
Asset/Liability Management:				
Foreign Exchange Contracts				
Assets	26.7	26.7	46.1	46.1
Liabilities	46.9	46.9	51.0	51.0
Interest Rate Swap Contracts				
Assets	108.0	108.0	98.8	98.8
Liabilities	3.9	3.9	4.2	4.2
Credit Default Swaps				
Assets	.1	.1		
Liabilities	2.0	2.0	2.2	2.2
Client-Related and Trading:				
Foreign Exchange Contracts				
Assets	2,354.0	2,354.0	2,032.2	2,032.2
Liabilities	2,279.6	2,279.6	2,008.5	2,008.5
Interest Rate Swap Contracts				
Assets	127.9	127.9	114.9	114.9
Liabilities	125.1	125.1	113.1	113.1
Interest Rate Option Contracts				
Assets	.2	.2	.4	.4
Liabilities	.2	.2	.4	.4

Notes to Consolidated Financial Statements (continued)

4. Securities The following table summarizes the book and fair values of securities.

(In Millions)	March 31, 2010		December 31, 2009		March 31, 2009	
	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value
Available for Sale						
U.S. Government	\$ 59.0	\$ 59.0	\$ 74.0	\$ 74.0	\$ 16.2	\$ 16.2
Obligations of States and Political Subdivisions	43.1	43.1	47.0	47.0	31.5	31.5
Government Sponsored Agency	10,705.9	10,705.9	12,325.4	12,325.4	13,364.9	13,364.9
Non-U.S. Government	255.0	255.0	80.6	80.6	125.9	125.9
Corporate Debt	2,968.3	2,968.3	2,822.1	2,822.1	961.4	961.4
Residential Mortgage-Backed	304.9	304.9	314.0	314.0	377.3	377.3
Other Asset-Backed	1,464.2	1,464.2	1,181.3	1,181.3	1,143.8	1,143.8
Auction Rate	411.7	411.7	427.7	427.7	476.3	476.3
Other	428.7	428.7	190.0	190.0	174.2	174.2
Subtotal	16,640.8	16,640.8	17,462.1	17,462.1	16,671.5	16,671.5
Held to Maturity						
Obligations of States and Political Subdivisions	675.0	705.5	692.6	726.5	768.2	801.0
Government Sponsored Agency	142.8	145.3	114.6	116.8	55.9	57.6
Other	408.2	395.2	354.2	342.4	307.6	290.2
Subtotal	1,226.0	1,246.0	1,161.4	1,185.7	1,131.7	1,148.8
Trading Account	9.8	9.8	9.9	9.9	5.1	5.1
Total Securities	\$ 17,876.6	\$ 17,896.6	\$ 18,633.4	\$ 18,657.7	\$ 17,808.3	\$ 17,825.4

Reconciliation of Amortized Cost to Fair**Values of Securities Available for Sale**

(In Millions)	Amortized Cost	March 31, 2010 Gross Unrealized		Fair Value
		Gains	Losses	
U.S. Government	\$ 59.0	\$	\$	\$ 59.0
Obligations of States and Political Subdivisions	41.1	2.0		43.1
Government Sponsored Agency	10,659.4	57.4	10.9	10,705.9
Non-U.S. Government	255.7		.7	255.0
Corporate Debt	2,962.9	7.2	1.8	2,968.3
Residential Mortgage-Backed	408.8		103.9	304.9
Other Asset-Backed	1,462.9	2.3	1.0	1,464.2
Auction Rate	401.6	12.2	2.1	411.7
Other	428.8		.1	428.7
Total	\$ 16,680.2	\$ 81.1	\$ 120.5	\$ 16,640.8

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Reconciliation of Amortized Cost to Fair

Values of Securities Held to Maturity

(In Millions)	Book Value	March 31, 2010 Gross Unrealized		Fair Value
		Gains	Losses	
Obligations of States and Political Subdivisions	\$ 675.0	\$ 31.0	\$.5	\$ 705.5
Government Sponsored Agency	142.8	2.8	.3	145.3
Other	408.2		13.0	395.2
Total	\$ 1,226.0	\$ 33.8	\$ 13.8	\$ 1,246.0

Federal Reserve and Federal Home Loan Bank Stock. Stock in Federal Reserve and Federal Home Loan Banks, included at cost within other securities available for sale above, totaled \$42.6 million and \$147.0 million, respectively, as of March 31, 2010 and December 31, 2009, and \$27.6 million and \$146.1 million, respectively, as of March 31, 2009.

Notes to Consolidated Financial Statements (continued)

Reconciliation of Amortized Cost to Fair

Values of Securities Available for Sale

(In Millions)	Amortized Cost	December 31, 2009 Gross Unrealized		Fair Value
		Gains	Losses	
U.S. Government	\$ 74.0	\$	\$	\$ 74.0
Obligations of States and Political Subdivisions	45.6	1.4		47.0
Government Sponsored Agency	12,278.9	58.9	12.4	12,325.4
Non-U.S. Government	80.6			80.6
Corporate Debt	2,820.2	7.7	5.8	2,822.1
Residential Mortgage-Backed	439.7		125.7	314.0
Other Asset-Backed	1,183.8	.5	3.0	1,181.3
Auction Rate	409.7	18.2	.2	427.7
Other	190.0			190.0
Total	\$ 17,522.5	\$ 86.7	\$ 147.1	\$ 17,462.1

Reconciliation of Amortized Cost to Fair

Values of Securities Held to Maturity

(In Millions)	Book Value	December 31, 2009 Gross Unrealized		Fair Value
		Gains	Losses	
Obligations of States and Political Subdivisions	\$ 692.6	\$ 34.5	\$.6	\$ 726.5
Government Sponsored Agency	114.6	2.4	.2	116.8
Other	354.2		11.8	342.4
Total	\$ 1,161.4	\$ 36.9	\$ 12.6	\$ 1,185.7

The following table provides the remaining maturity of securities as of March 31, 2010.

(In Millions)	Amortized Cost	Fair Value
Available for Sale		
Due in One Year or Less	\$ 5,725.7	\$ 5,697.7
Due After One Year Through Five Years	9,986.3	9,985.0
Due After Five Years Through Ten Years	481.4	475.8
Due After Ten Years	486.8	482.3
Total	16,680.2	16,640.8
Held to Maturity		
Due in One Year or Less	177.2	177.7
Due After One Year Through Five Years	442.6	453.7
Due After Five Years Through Ten Years	534.0	548.2
Due After Ten Years	72.2	66.4
Total	\$ 1,226.0	\$ 1,246.0

Mortgage-backed and asset-backed securities are included in the above table taking into account anticipated future prepayments.

Notes to Consolidated Financial Statements (continued)

Securities with Unrealized Losses. The following tables provide information regarding securities that have been in a continuous unrealized loss position for less than 12 months and for 12 months or longer as of March 31, 2010 and December 31, 2009.

Securities with Unrealized Losses

as of March 31, 2010

(In Millions)	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Obligations of States and Political Subdivisions	\$ 4.2	\$.1	\$ 2.7	\$ 0.4	\$ 6.9	\$.5
Government Sponsored Agency	729.8	3.0	448.2	8.2	1,178.0	11.2
Non-U.S. Government	148.8	.7			148.8	.7
Corporate Debt	1,203.0	1.8			1,203.0	1.8
Residential Mortgage-Backed	.4	1.4	304.5	102.5	304.9	103.9
Other Asset-Backed	331.7	.9	171.5	.1	503.2	1.0
Auction Rate	99.8	2.0	4.0	.1	103.8	2.1
Other	140.5	5.3	33.9	7.8	174.4	13.1
Total	\$ 2,658.2	\$ 15.2	\$ 964.8	\$ 119.1	\$ 3,623.0	\$ 134.3

Securities with Unrealized Losses

as of December 31, 2009

(In Millions)	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Obligations of States and Political Subdivisions	\$ 7.7	\$.2	\$ 2.6	\$.4	\$ 10.3	\$.6
Government Sponsored Agency	810.6	3.0	523.3	9.6	1,333.9	12.6
Corporate Debt	1,220.7	5.8			1,220.7	5.8
Residential Mortgage-Backed	.5	1.5	313.5	124.2	314.0	125.7
Other Asset-Backed	222.1	.5	570.1	2.5	792.2	3.0
Auction Rate	7.0	.2			7.0	.2
Other	4.1	2.7	34.0	9.1	38.1	11.8
Total	\$ 2,272.7	\$ 13.9	\$ 1,443.5	\$ 145.8	\$ 3,716.2	\$ 159.7

As of March 31, 2010, 317 securities with a combined fair value of \$3.6 billion were in an unrealized loss position, with their unrealized losses totaling \$134.3 million. The majority reflects the impact of credit and liquidity spreads on the valuations of residential mortgage-backed securities with unrealized losses totaling \$103.9 million. Of these, 34 securities with total unrealized losses of \$102.5 million have been in an unrealized loss position for more than 12 months. Residential mortgage-backed securities rated below double-A, which represented 75% of total residential mortgage-backed securities, had a total amortized cost and fair value of \$283.1 million and \$189.0 million, respectively, and were comprised primarily of sub-prime and Alt-A securities. Securities classified as other asset-backed at March 31, 2010 were predominantly floating rate with average lives less than 5 years, and 100% were rated triple-A.

Notes to Consolidated Financial Statements (continued)

Unrealized losses of \$11.2 million related to government sponsored agency securities are primarily attributable to widened credit spreads since their purchase. The majority of the \$13.1 million of unrealized losses in securities classified as other at March 31, 2010 relate to securities which Northern Trust purchases for compliance with the Community Reinvestment Act (CRA). Unrealized losses on these CRA related other securities are attributable to their purchase at below market rates for the purpose of supporting institutions and programs that benefit low to moderate income communities within Northern Trust's market area. Unrealized losses of \$2.1 million related to auction rate securities primarily reflect reduced market liquidity as a majority of auctions continue to fail preventing holders from liquidating their investments at par. Unrealized losses of \$1.8 million within corporate debt securities primarily reflect widened credit spreads since their purchase and 93% of the corporate debt portfolio is backed by guarantees provided by U.S. and non-U.S. governmental entities. The remaining unrealized losses on Northern Trust's securities portfolio as of March 31, 2010 are attributable to changes in overall market interest rates, increased credit spreads, and reduced market liquidity.

Security impairment reviews are conducted quarterly to identify and evaluate securities that have indications of possible OTTI. A determination as to whether a security's decline in market value is other-than-temporary takes into consideration numerous factors and the relative significance of any single factor can vary by security. Factors Northern Trust considers in determining whether impairment is other than temporary include, but are not limited to, the length of time which the security has been impaired; the severity of the impairment; the cause of the impairment and the financial condition and near-term prospects of the issuer; activity in the market of the issuer which may indicate adverse credit conditions; and Northern Trust's ability and intent not to sell, and the likelihood that it will not be required to sell, the security for a period of time sufficient to allow for the recovery of the security's amortized cost basis. For each security meeting the requirements of Northern Trust's internal screening process, an extensive review is conducted to determine if OTTI has occurred.

While all securities are considered, the following describes Northern Trust's process for identifying credit impairment within mortgage-backed securities, including residential mortgage-backed securities, the security type for which Northern Trust has previously recognized OTTI. To determine if an unrealized loss on a mortgage-backed security is other-than-temporary, economic models are used to perform cash flow analyses by developing multiple scenarios in order to create reasonable forecasts of the security's future performance using available data including servicers' loan charge off patterns, prepayment speeds, annualized default rates, each security's current delinquency pipeline, the delinquency pipeline's growth rate, the roll rate from delinquency to default, loan loss severities and historical performance of like collateral, along with Northern Trust's outlook for the housing market and the overall economy. If the present value of future cash flows projected as a result of this analysis is less than the current amortized cost of the security, an OTTI loss is recorded equal to the difference between the two amounts.

Notes to Consolidated Financial Statements (continued)

The factors used in developing the expected loss on mortgage-backed securities vary by year of origination and type of collateral. As of March 31, 2010, the expected loss on subprime and Alt-A portfolios was developed using default roll rates ranging from 2% to 25% for underlying assets that are current and ranging from 30% to 100% for underlying assets that are 30 days or more past due as to principal and interest payments or in foreclosure. Severities of loss ranging from 45% to 85% were assumed for underlying assets that may ultimately end up in default.

Credit Losses on Debt Securities. The table below provides information regarding cumulative credit-related losses recognized in earnings on debt securities other-than-temporarily impaired. There were no credit-related losses recognized in earnings for the three months ended March 31, 2010.

(In Millions)

Cumulative Credit-Related Losses on Securities	Beginning of Period	\$ 73.0
Plus: Losses on Newly Identified Impairments		
Additional Losses on Previously Identified Impairments		
Cumulative Credit-Related Losses on Securities	End of Period	\$ 73.0

5. Loans and Leases Amounts outstanding in selected loan categories are shown below.

(In Millions)	March 31, 2010	December 31, 2009	March 31, 2009
U.S.			
Residential Real Estate	\$ 10,798.0	\$ 10,807.7	\$ 10,588.0
Commercial	6,363.4	6,312.1	7,826.8
Commercial Real Estate	3,265.2	3,213.2	3,144.8
Personal	4,873.8	4,965.8	4,625.3
Other	654.4	774.0	1,169.9
Lease Financing, net	1,040.7	1,004.4	986.3
Total U.S.	26,995.5	27,077.2	28,341.1
Non-U.S.	966.5	728.5	2,069.8
Total Loans and Leases	27,962.0	27,805.7	30,410.9
Reserve for Credit Losses Assigned to Loans and Leases	(320.5)	(309.2)	(286.2)
Net Loans and Leases	\$ 27,641.5	\$ 27,496.5	\$ 30,124.7

Other U.S. loans and non-U.S. loans included \$1.0 billion at March 31, 2010, \$1.0 billion at December 31, 2009, and \$2.6 billion at March 31, 2009 of short duration advances, primarily related to overdrafts associated with the timing of custody clients' investments.

Notes to Consolidated Financial Statements (continued)

The following table shows outstanding amounts of nonperforming and impaired loans as of March 31, 2010, December 31, 2009, and March 31, 2009.

(In Millions)	March 31, 2010	December 31, 2009	March 31, 2009
Nonperforming Loans	\$ 319.5	\$ 278.5	\$ 167.8
Nonperforming Loans Classified as Impaired:			
Impaired Loans with Reserves	120.5	94.5	85.7
Impaired Loans without Reserves*	141.6	133.6	66.0
Total Impaired Loans**	\$ 262.1	\$ 228.1	\$ 151.7
Reserves for Impaired Loans	52.6	43.8	42.7
Average Balance of Impaired Loans During the Period	212.5	193.8	116.7

* When an impaired loan's discounted cash flows, collateral value, or market price equals or exceeds its carrying value (net of charge-offs), a reserve is not required.

** Included within total impaired loans as of March 31, 2010 and December 31, 2009 were \$35.7 million and \$24.3 million, respectively, of loans deemed troubled debt restructurings.

At March 31, 2010, residential real estate loans totaling \$1.3 billion were held for sale and carried at the lower of cost or market. Loan commitments for residential real estate loans that will be held for sale when funded are carried at fair value and had a total notional amount of \$20.3 billion at March 31, 2010. All other loan commitments are carried at the amount of unamortized fees with a reserve for credit loss liability recognized for estimated probable losses. At March 31, 2010, legally binding commitments to extend credit totaled \$25.1 billion compared with \$25.7 billion at December 31, 2009, and \$26.9 billion at March 31, 2009.

6. Reserve for Credit Losses Changes in the reserve for credit losses were as follows:

(In Millions)	Three Months Ended March 31,	
	2010	2009
Balance at Beginning of Period	\$ 340.6	\$ 251.1
Charge-Offs	(32.7)	(5.4)
Recoveries	2.1	2.7
Net Charge-Offs	(30.6)	(2.7)
Provision for Credit Losses	40.0	55.0
Effect of Foreign Exchange Rates		(.1)
Balance at End of Period	\$ 350.0	\$ 303.3
Reserve for Credit Losses Assigned to:		
Loans and Leases	320.5	286.2
Unfunded Commitments and Standby Letters of Credit	29.5	17.1
Total Reserve for Credit Losses	\$ 350.0	\$ 303.3

The reserve for credit losses represents management's estimate of probable inherent losses that have occurred as of the date of the financial statements. The loan and lease portfolio and other credit exposures are regularly reviewed to evaluate the adequacy of the reserve for credit

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losses. In determining the level of the reserve, Northern Trust evaluates the reserve necessary for specific nonperforming loans and also estimates losses inherent in other credit exposures.

Notes to Consolidated Financial Statements (continued)

7. Pledged Assets Securities and loans pledged to secure public and trust deposits, repurchase agreements, and for other purposes as required or permitted by law were \$22.9 billion on March 31, 2010, \$24.1 billion on December 31, 2009, and \$22.9 billion on March 31, 2009. Included in the March 31, 2010 pledged assets were securities available for sale of \$703.5 million that were pledged as collateral for agreements to repurchase securities sold transactions. The secured parties to these transactions have the right to repledge or sell these securities.

Northern Trust is permitted to repledge or sell collateral from agreements to resell securities purchased transactions. The total fair value of accepted collateral as of March 31, 2010, December 31, 2009, and March 31, 2009 was \$47.4 million, \$227.9 million, and \$48.9 million, respectively. There was no repledged collateral at March 31, 2010, December 31, 2009, or March 31, 2009.

8. Goodwill and Other Intangibles The following table shows the carrying amounts of goodwill by business unit, which include the effect of foreign exchange rates on non-U.S. dollar denominated goodwill, at March 31, 2010, December 31, 2009, and March 31, 2009.

(In Millions)	March 31, 2010	December 31, 2009	March 31, 2009
Corporate and Institutional Services	\$ 327.2	\$ 334.7	\$ 320.7
Personal Financial Services	66.8	66.9	66.7
Total Goodwill	\$ 394.0	\$ 401.6	\$ 387.4

Other intangible assets are included in other assets in the consolidated balance sheet. The gross carrying amount and accumulated amortization of other intangible assets subject to amortization at March 31, 2010, December 31, 2009, and March 31, 2009, which include the effect of foreign exchange rates on non-U.S. dollar denominated intangible assets, were as follows:

(In Millions)	March 31, 2010	December 31, 2009	March 31, 2009
Gross Carrying Amount	\$ 155.0	\$ 157.0	\$ 152.8
Accumulated Amortization	100.3	96.3	84.1
Net Book Value	\$ 54.7	\$ 60.7	\$ 68.7

Other intangible assets consist primarily of the value of acquired client relationships. Amortization expense related to other intangible assets totaled \$4.0 million and \$3.9 million for the quarters ended March 31, 2010 and 2009. Amortization for the remainder of 2010 and for the years 2011, 2012, 2013, and 2014 is estimated to be \$10.9 million, \$10.6 million, \$10.4 million, \$10.2 million and \$10.0 million, respectively.

9. Business Units The tables on page 39, reflecting the earnings contribution of Northern Trust's business units for the three month periods ended March 31, 2010 and 2009, are incorporated by reference.

Notes to Consolidated Financial Statements (continued)

10. Accumulated Other Comprehensive Income (Loss) The following tables summarize the components of accumulated other comprehensive income (loss) at March 31, 2010 and 2009, and changes during the three-month periods then ended.

(In Millions)	Beginning Balance (Net of Tax)	Period Change		Ending Balance (Net of Tax)
		Before Tax Amount	Tax Effect	
Three Months Ended March 31, 2010				
Noncredit-Related Unrealized Losses on Securities OTTI	\$ (42.0)	\$ 10.7	\$ (4.0)	\$ (35.3)
Other Unrealized Gains (Losses) on Securities Available for Sale, net	.3	9.9	(3.7)	6.5
Less: Reclassification Adjustments		.3	(.1)	.2
Net Unrealized Gains (Losses) on Securities Available for Sale	(41.7)	20.3	(7.6)	(29.0)
Unrealized Gains (Losses) on Cash Flow Hedge Designations	(26.2)	32.0	(11.7)	(5.9)
Less: Reclassification Adjustments		(2.1)	.8	(1.3)
Net Unrealized Gains (Losses) on Cash Flow Hedge Designations	(26.2)	34.1	(12.5)	(4.6)
Foreign Currency Translation Adjustments	11.3	22.4	(33.8)	(.1)
Pension and Other Postretirement Benefit Adjustments	(305.0)	.7	(.3)	(304.6)
Le				