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Northern Trust Enhances Solution for Fair Value Leveling

Collaborates with Interactive Data to Improve Transparency for Fixed Income Securities

CHICAGO, May 9, 2016 – As regulations require asset owners to provide increasing levels of investment transparency, Northern Trust announced today it has collaborated with Interactive Data (IDC) to enhance its support for fair value level determination for fixed income securities.

To satisfy fair value disclosure requirements prescribed within IFRS 13, FASB ASC 820, GASB 72, UK FRS 102, and other accounting guidance, financial statement preparers are required to categorize fair value measurements (Level 1, Level 2, Level 3) based on the inputs used to measure fair value. Through the use of IDC’s VantageSM, a web application that provides in-depth market information and sophisticated workflow tools, Northern Trust can deliver improved transparency to evaluated prices for most fixed income assets.

In addition to improving data transparency, Northern Trust’s solution provides information that makes it easier for clients to manage the asset leveling process and reduce associated costs. The Fair Value Toolkit offers suggested fair value levels, detailed pricing inputs, flexibility in assigning fair value levels, and options for categorizing assets in accordance with financial statement presentations.
Clients with complex portfolios will benefit from fully outsourced support through Northern Trust’s Valuation Support Services. With IDC’s Vantage™, Northern Trust’s clients receive access to more than 40 fixed income valuation inputs from IDC, including bid/ask prices, bid spread, comparable bond inputs, trading volumes, use of single-broker quotes, a market depth indicator that provides insight into the amount of data available for an asset, and points of market color per issue and issuer. In addition, Northern Trust staff helps:

- Establish client-specific fair value leveling criteria
- Identify market inactivity and other factors that impact fair value levels
- Streamline testing performed by auditors
- Coordinate pricing vendor inquiries.

“Northern Trust is focused on providing tailored solutions and proactively enhancing the services we provide to meet the growing data challenges faced by our clients,” said Pete Cherecwich, Americas head of Corporate and Institutional Services at Northern Trust. “With the introduction of these new fair value leveling capabilities, we have improved our clients’ access to the information they need.”

“We are delighted to work with Northern Trust on this important and innovative initiative to offer the ability to generate suggested fair value levels within a highly automated workflow framework,” said Andrew Hausman, President, Interactive Data’s Pricing & Reference Data. “This will significantly contribute to operational efficiencies for clients.”

About Northern Trust

Northern Trust Corporation (Nasdaq: NTRS) is a leading provider of wealth management, asset servicing, asset management and banking to corporations, institutions, affluent families and individuals. Founded in Chicago in 1889, Northern Trust has offices in the United States in 19 states and Washington, D.C., and 20 international locations in Canada, Europe, the Middle East and the Asia-Pacific region. As of March 31, 2016, Northern Trust had assets under custody of US$6.2 trillion, and assets under management of US$900 billion. For more than 125 years, Northern Trust has earned distinction as an industry leader for exceptional service, financial
expertise, integrity and innovation. Visit northerntrust.com or follow us on Twitter @NorthernTrust.

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