

DISCLOSURE OF INDIRECT COMPENSATION: FLOAT

Schedule C of Form 5500 requires reporting of “indirect compensation” received by service providers to employee benefit plans that are subject to ERISA (the Employee Retirement Income Security Act of 1974). According to the instructions to Schedule C, “float” earned in circumstances in which a bank has the use of non-interest bearing cash held on deposit pending investment or distribution is subject to the disclosure requirements. In addition, to the extent applicable, disclosure of this information may be required pursuant to the regulations under Section 408(b)(2) of ERISA.

The purpose of this disclosure is to provide you with information about float revenue that may result in “eligible indirect compensation” by The Northern Trust Company (“Northern Trust”) and is intended to meet the requirements of Schedule C of Form 5500.

(A) EXISTENCE OF COMPENSATION AND (B) SERVICES PROVIDED

In the course of providing trust, custody, and related services to its customers, Northern Trust may derive the benefit of float in the following circumstances:

- U.S. dollar cash balances: U.S. dollar cash is generally swept “to the penny” on the date of receipt to one of several short term investment funds that accrue earnings from the date of investment until the date of withdrawal. Thus, there is generally no float generated from contributions or transaction-related account activities denominated in U.S. dollars. However, float may arise in the following ways:
 - Transactions not included in Northern Trust’s cash projections: Northern Trust may establish deadlines by which it must receive notice of transactions (trades, income, cash movement) projected for same-day settlement. Any such deadlines are communicated to clients and their investment managers, as applicable. Cash balances that result from transactions not included in the cash projections prior to the applicable deadline will not be swept, and will be held overnight as non-interest bearing deposits.
 - Benefit payment services: Under Northern Trust’s standard benefit payment service, cash is generally debited from the customer’s account on the date a benefit payment check is dated (payable date). Such cash is deposited in a non-interest bearing omnibus deposit account at Northern Trust, where it remains until the earlier of the date the check is presented for payment or the date payment on the check is stopped at the instruction of the plan sponsor or its designee. Checks to periodic recipients are generally mailed 3 to 4 days prior to payable date. Checks for non-periodic recipients are mailed on payable date. Reports are mailed to

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customers each month, detailing the outstanding checks in their accounts. A customer may request that payment on an outstanding check be stopped at any time. Stop payment instructions are processed within 24-48 hours of receipt. Stopped payments can be either re-issued or placed into a customer's account pending further instruction, as directed by the customer or its designee.

- Fees and expense payments. Checks for payment of fees and expenses are generally handled in the same manner as benefit payment checks. There is generally no float generated in connection with payments made by wire transfer.
- Foreign cash balances: Foreign cash balances denominated in currencies that are included in Northern Trust's cash management program, which includes most, if not all, major currencies, are generally invested in interest bearing deposits of Northern Trust's London branch (although such deposits may bear interest at 0%, or generate negative interest charges, depending on prevailing market rates). Thus, there is generally no float generated from foreign cash balances denominated in those currencies. Float may arise in connection with foreign cash balances as follows:
 - Cash management program: Northern Trust receives float on deposit balances in currencies not part of the cash management program and deposit balances of customers that have elected not to participate in the cash management program. The following is the list of foreign currencies included in the cash management program: Australian dollar; British pound sterling; Canadian dollar, Czech koruna; Danish krone; Euro; Hong Kong dollar; Hungarian forint; Japanese yen; Mexican peso; New Zealand dollar; Norwegian kroner; Polish zloty; Singapore dollar; South African rand; Swedish krona; Swiss franc; and Turkish lira.
 - Contractual settlement: Customers who participate in Northern Trust's contractual settlement date processing program forego the use of foreign cash in the case of late-settled securities purchase transactions ("buy fail float") in consideration of having the continued use of foreign cash (thereby avoiding the incidence of overdrafts) in the case of late-settled securities sale transactions.

(C) DESCRIPTION OF THE FORMULA TO DETERMINE THE COMPENSATION

Non-Interest Bearing U.S. Dollar cash balances

Northern Trust estimates the value of float on non-interest bearing U.S. dollar cash deposit balances to be equal to the federal funds rate (which is the rate at which depository institutions lend balances at the Federal Reserve to other depository institutions overnight) less the cost of FDIC insurance premiums Northern Trust is required to pay on such deposits. Accordingly, the formula to determine the amount of float on non-interest bearing U.S. dollar cash deposit balances can be described as follows:

[(amount of non-interest bearing cash on deposit) X (number of days such cash is held) X (federal funds rate during the period)] – (cost of FDIC insurance premiums applicable to such deposits)

Foreign cash balances

The value of float on non-interest bearing foreign cash deposit balances varies by market and circumstance (e.g., whether Northern Trust is able to productively place such funds) but would not be expected to exceed the prevailing money market interest rate in any given market. Accordingly, the formula to determine the maximum expected amount of float on non-interest bearing foreign cash deposit balances in a given currency can be described as follows:

(amount of such currency held as non-interest bearing deposit) X (number of days such currency is held) X (prevailing money market rate for investments denominated in such currency)

(D) IDENTITY OF PARTIES PAYING AND RECEIVING THE COMPENSATION AND MANNER OF RECEIPT

“Float” on non-interest bearing cash deposits, whether denominated in U.S. dollars or foreign currency, represents the benefit that Northern Trust receives by virtue of such funds’ availability for use in Northern Trust’s general operations. Accordingly, the “float” revenue Northern Trust receives as indirect compensation is not “paid” by any identifiable party or parties.

The compensation is received by:

The Northern Trust Company

Employer Identification Number (EIN): 36-1561860

Address: 50 South LaSalle Street
Chicago, IL 60603

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