

COMMISSION RECAPTURE FOR CUSTODY CLIENTS

Cost-Efficient Trading to Maximize Returns



NTSI, Northern Trust's brokerage affiliate, can help you optimize manager participation and enhance oversight by leveraging our strategic relationships with top brokers in the industry and our investments in technology and client servicing.

As an investor in equity and fixed income markets, you want to know that your investment managers understand the importance of controlling commission costs while securing optimal trade execution. If you are a custody client of Northern Trust, we can help you contain commission expenses with comprehensive, efficient commission recapture services.

CUT TRADING EXPENSES

You can cut commission-related costs through our program by directing investment managers to trade with specified brokers who redirect part of their commission back to your account. You can use these rebates to offset qualifying expenses such as trust/custody and performance measurement fees, or simply reinvest them back into your portfolio.

Pay only for execution

Most commissions are bundled – that is, they include a charge for both trade execution and investment research. But if you don't use the research, you can use our commission management program to unbundle commissions and pay only for execution. By converting commission expenses into cash inflows, you can help enhance investment returns and increase cost efficiency.

Control your costs

Through Northern Trust Securities, Inc. (NTSI), you instruct your investment

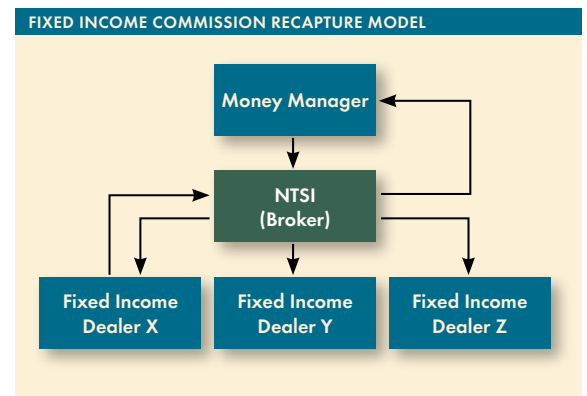
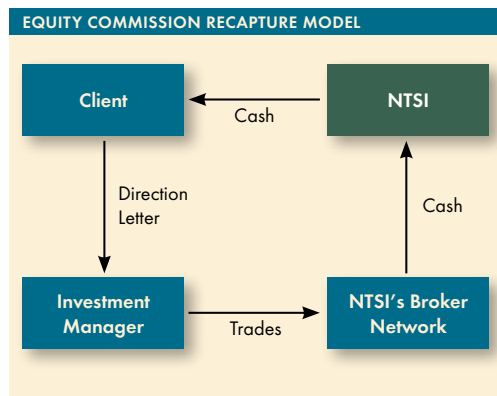
managers to direct a specified percentage of trades to brokers in the NTSI network. The managers pay their normal commission rate to the broker to execute the trades. NTSI recovers the commission from the executing broker and rebates the agreed portion.

EXTENSIVE BROKER NETWORK

Our program gives approved managers the flexibility to trade with their established brokers, thereby ensuring that managers keep working to obtain best execution. Please ask your relationship manager for the current list of brokers in NTSI's network.

COMPREHENSIVE REPORTING

You can use our reports to easily monitor manager participation in the program and see a concise review of commission rebates. These online reports cover any time period dating back to the program's start date. We also provide detailed reporting of commission recapture trades.



EQUITY COMMISSION RECAPTURE EVALUATION EXAMPLE

Annual Commissions Paid	\$1,000,000
Percentage Directed to Program	30%
Broker Cost	30%
Rebate Rate	70%
Client Rebate Amount	\$147,000

FIXED INCOME COMMISSION RECAPTURE EXAMPLE

Fixed income commissions exist, but due to industry practices, they are not displayed or charged explicitly to the client. Instead, transactions are done on a net basis with commissions not broken out as a separate cost of the trade. (Instruments less than one year maturity are not available for rebate.)

EXAMPLE: CLIENT WISHES TO BUY 1MM 10 YEAR BONDS

<i>Old Model</i>	
Executed Net @ 99-22 or	\$996,932.50
Mark up = 10 bps	\$995.00
Rebated Commission	\$0.00
Yield Cost 2.6 bps	\$995.00
<i>Northern Trust Securities Model</i>	
Offer price = 99-19 or	\$995,937.50
Commission = 10 bps	\$995.00
Rebated Commission =	\$497.50
Yield Cost 1.1 bps	\$497.50
Total Cost	\$996,435.00

CLIENT SERVICE

Your satisfaction is the singular focus of our organizational structure, supporting processes and corporate culture. Northern Trust has a reputation for exceptional client service. We understand that, ultimately, our business is about how well we serve your business needs.

TIMELY CREDITING OF NTSI REBATES

NTSI credits your account with rebates for commission recapture trades executed the prior month. This ensures you receive credit for commission recapture transactions on a timely basis and reflects our commitment to providing the highest possible level of service.

EASE OF IMPLEMENTATION

Getting started is quick and easy. We provide you with an Appointment Letter template to place on your letterhead, sign and return to NTSI. You also receive a Direction Letter to complete and send to your investment managers.

Once we receive your Appointment Letter and copies of your Direction Letters, we contact each of your investment managers to make sure they understand the account set-up instructions. We also assure all managers that the program will not change their trading strategies or efforts to obtain best execution.

After arrangements are complete, you will begin to accumulate savings within the first month. On the 15TH day of every calendar month or the next successive business day, your savings will be credited to your commission management posting account(s).

FOR MORE INFORMATION

To learn more, contact your relationship manager or NTSI institutional sales at 1-800-433-8320.

This material is directed to eligible counterparties and professional clients only and should not be relied upon by retail investors.

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NOT FDIC INSURED	May lose value	No bank guarantee
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