

NORTHERN TRUST CORP
Form DEF 14A
March 14, 2005

NOTICE & PROXY STATEMENT

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY
RULE 14A-6(E)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

NORTHERN TRUST CORPORATION

(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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No fee required

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On

April 19, 2005

To the Stockholders of Northern Trust Corporation:

The annual meeting of stockholders of Northern Trust Corporation will be held on Tuesday, April 19, 2005 at 10:30 a.m., Chicago time, at the office of the Corporation, northwest corner of LaSalle and Monroe Street in Chicago, Illinois.

The purposes of the meeting are to:

- Elect 12 directors to hold office until the next annual meeting of stockholders and until their successors shall have been elected and qualified;
- Ratify the appointment of KPMG LLP as independent registered public accountants of the Corporation for the year 2005; and
- Transact any other business that may properly come before the meeting.

Any action on the items of business described above may be considered at the annual meeting at the time and date specified above or at any time and date to which the annual meeting may be properly adjourned or postponed.

You may vote if you are a stockholder of record at the close of business on February 28, 2005.

ROSE A. ELLIS

Corporate Secretary

March 14, 2005

IMPORTANT PLEASE VOTE PROMPTLY

In order that there may be proper representation at the meeting, we urge you to vote by telephone or through the Internet or sign and return the enclosed proxy card in the postage-paid envelope provided. You may nevertheless vote in person if you do attend the meeting.

NORTHERN TRUST CORPORATION

50 South LaSalle Street

Chicago, Illinois 60675

March 14, 2005

PROXY STATEMENT

INTRODUCTION

Our 2005 annual meeting of stockholders will be held on Tuesday, April 19, 2005 at 10:30 a.m., Chicago time, at the office of Northern Trust Corporation (the "Corporation") located on the northwest corner of LaSalle and Monroe Street in Chicago, Illinois. We invite you to attend the annual meeting and vote your shares directly.

You do not need to attend the annual meeting to vote your shares. Instead, you may vote your shares by telephone or through the Internet or you may complete, sign, date and return the enclosed proxy card in the postage-paid envelope provided. Instructions for voting by telephone or through the Internet can be found on the enclosed proxy card.

The Corporation's board of directors is soliciting your proxy to encourage your participation in the voting at the annual meeting and to obtain your support on each proposal to be presented. This proxy statement provides you with information about each proposal and other matters that you may find useful in voting your shares. On March 14, 2005, we began mailing this proxy statement and the enclosed proxy card to all stockholders entitled to vote at the annual meeting. Detailed information relating to the Corporation's activities and financial performance is contained in our 2004 annual report to stockholders, which is also enclosed.

VOTING

Who May Vote

Record holders of the Corporation's common stock at the close of business on February 28, 2005 may vote at the annual meeting. On that date, the Corporation had 218,699,056 shares outstanding. The shares of common stock held in the Corporation's treasury will not be voted.

You are entitled to one vote for each share of common stock that you owned of record at the close of business on February 28, 2005. The enclosed proxy card indicates the number of shares you are entitled to vote at the annual meeting. You may vote cumulatively in the election of directors, a process described below under "Election of Directors."

Voting Your Proxy

Whether or not you plan to attend the annual meeting, we urge you to vote your proxy promptly.

If you are a stockholder of record (that is, if you hold shares of the Corporation's common stock in your own name), you may vote your shares by proxy using any of the following methods:

- telephoning the toll-free number listed on the proxy card;
- using the Internet site listed on the proxy card; or
- completing, signing, dating and returning the proxy card in the postage-paid envelope provided.

The telephone and Internet voting procedures set forth on the proxy card are designed to authenticate stockholders' identities, to allow stockholders to provide their voting instructions, and to confirm that their instructions have been properly recorded. If you vote by telephone or through the Internet, you should not return your proxy card.

If your shares of common stock are held by a broker, bank or other nominee in street name, you will receive voting instructions (including instructions, if any, on how to vote by telephone or through the Internet) from the record holder that you must follow in order to have your shares voted at the annual meeting.

If you own shares of common stock as a participant in the amended and restated Northern Trust Company Thrift-Incentive Plan (TIP), including shares in the Northern Trust Stock Fund or the Former ESOP Fund of the TIP, or shares in any other employee benefit plan of the Corporation, you will receive a voting instruction card that covers the shares credited to each of your plan accounts.

Whether you vote by mail, telephone or Internet, your common stock will be voted in accordance with your instructions. If you sign, date and return your proxy card without indicating how you want to vote your shares, the proxy holders will vote your shares as recommended by the board of directors FOR the election of each nominee for director and FOR the ratification of the appointment of KPMG LLP as the Corporation's independent registered public accountants for the year 2005. The proxy holders are authorized to vote as they shall determine in their sole discretion on any other matters as may properly come before the meeting.

Revoking Your Proxy

You may revoke your proxy at any time *before* it is voted at the annual meeting. To revoke your proxy, you may send a written notice of revocation to the Corporation's Corporate Secretary at the address indicated on the first page of this proxy statement, submit another signed proxy with a later date, vote by telephone or through the Internet at a later date, or vote in person at the annual meeting.

Voting in Person

You may come to the annual meeting and vote your shares in person by obtaining and submitting a ballot that will be provided at the meeting. However, if your shares are held by a broker, bank or other nominee in street name, to be able to vote at the meeting you must obtain a proxy, executed in your favor, from the institution that holds your shares, indicating that you were the beneficial owner of the shares on February 28, 2005, the record date for voting.

Householding Information

We are delivering only one annual report and proxy statement to record stockholders who share the same address unless they have notified us that they wish to continue receiving multiple copies. This practice, known as householding, reduces duplicate mailings, saves printing and postage costs as well as natural resources and will not affect dividend check mailings. If you wish to receive a separate copy of the annual report or proxy statement, or if you wish to receive separate copies of future annual reports or proxy statements, please call 312-444-7030 or mail a request to the Corporation's Corporate Secretary at the address indicated on the first page of this proxy statement. We will deliver the requested documents promptly upon your request.

If you and other record stockholders with whom you share an address currently receive multiple copies of annual reports or proxy statements, or if you hold stock in the Corporation in more than one account and, in either case, you wish to receive only a single copy of the annual report or proxy statement, please contact the Corporation's transfer agent (Wells Fargo Bank, N.A., Attn: Householding, P.O. Box 64854, St. Paul, MN 55164-0854; Telephone: 877-602-7615) with the names in which all accounts are registered and the name of the account for which you wish to receive mailings.

Quorum and Vote Required for Approval

A quorum of stockholders is necessary to hold a valid meeting. A quorum will exist if a majority of the outstanding shares is present in person or by proxy at the annual meeting. Abstentions and broker non-votes, if any, will be counted as present for purposes of establishing a quorum. A broker non-vote will occur when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that proposal and has not received instructions from the beneficial owner. Inspectors of election appointed for the annual meeting will tabulate all votes cast in person or by proxy at the annual meeting. In the event a quorum is not present at the annual meeting, we expect that the annual meeting will be adjourned or postponed to solicit additional proxies.

The directors will be elected at the annual meeting by a plurality of all the votes cast (*i.e.*, the 12 nominees for director who receive the most votes will be elected). Votes to withhold authority for a nominee or nominees will have no effect on the election of directors, and it is not anticipated that there will be any broker non-votes on this proposal since brokers will have discretion to vote in the election of directors. The vote required for ratification of the appointment of KPMG LLP as the Corporation's independent registered public accountants for the year 2005 is the affirmative vote of a majority of the shares of common stock present in person or by proxy and entitled to vote at the annual meeting. An abstention with respect to the ratification of the appointment of KPMG LLP will have the effect of a vote against the ratification proposal, and broker non-votes will have no effect on the ratification proposal.

Solicitation of Proxies

The Corporation will pay all costs of soliciting proxies. The Corporation has retained Georgeson Shareholder Communications Inc. to assist with the solicitation of proxies for a fee not to exceed \$12,500, plus reimbursement of reasonable out-of-pocket expenses. In addition, we may also use our officers and employees to solicit proxies either personally or by telephone, Internet, letter or facsimile.

ADMITTANCE TO THE ANNUAL MEETING

Stockholders as of the record date, or their duly appointed proxies, may attend our annual meeting on April 19, 2005, and each may be accompanied by one guest. Registration will begin at 9:30 a.m., and seating will begin at 10:00 a.m. If you attend, please note that you will need an admission ticket or proof of ownership of Northern Trust common stock to enter the meeting. If you arrive at the meeting without an admission ticket, we will admit you only if we are able to verify that you are a Northern Trust stockholder. Also, you may be asked to present valid picture identification,

such as a driver's license or passport. For safety and security reasons, cameras and recording devices will not be permitted in the meeting.

For registered stockholders, an admission ticket is enclosed. Please bring the admission ticket with you to the meeting.

If your shares of common stock are held by a broker, bank or other nominee in street name, your admission ticket is the left side of your voting information form. If you do not bring your admission ticket, you will need proof of ownership to be admitted to the meeting. A recent brokerage statement or letter from a bank or broker is an example of proof of ownership.

ELECTION OF DIRECTORS

Stockholders will be asked to elect 12 directors at this year's annual meeting. Set forth below is detailed information with respect to the 12 nominees, 11 of whom are currently serving as directors of the Corporation and of its principal subsidiary, The Northern Trust Company (the Bank). Robert S. Hamada, a director of the Corporation since 1988, has decided not to stand for re-election as a director at the annual meeting. Charles A. Tribbett III, a new director nominee who was initially recommended to the Corporate Governance Committee by William A. Osborn, the Chairman and Chief Executive Officer of the Corporation and the Bank, will stand for election to Mr. Hamada's vacated seat. Each of the 12 director nominees has consented to serve as a director if elected at this year's annual meeting.

Each nominee elected as a director will serve until the next annual meeting and until his or her successor has been elected and qualified. If any nominee is unable to serve as a director at the time of the annual meeting, your proxy may be voted for the election of another nominee proposed by the board or the board may reduce the number of directors to be elected at the annual meeting.

The enclosed proxy card provides instructions on how to vote for all nominees or to withhold authority to vote for all or one or more nominees. You have cumulative voting rights in the election of directors, meaning that your total number of votes equals the number of your shares of common stock multiplied by 12, the number of directors to be elected. You may allocate these cumulative votes equally among the nominees or otherwise as you specify on the enclosed proxy card. Unless you choose a different allocation and so mark on your proxy card, it is expected that the proxy holders will allocate cumulative votes equally among all nominees for whom authority to vote has not been withheld. However, the proxy holders will have the discretion to allocate cumulative votes differently among those for whom authority to vote has not been withheld, so as to elect all or as many nominees as possible depending on the circumstances at the annual meeting. If you wish to exercise your right to cumulative voting, you must provide us with written instructions on the enclosed proxy card; you may not exercise this right by voting by telephone or through the Internet.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH NOMINEE.

INFORMATION ABOUT THE NOMINEES FOR DIRECTOR

The following information about the nominees for election to the board of directors of the Corporation at the 2005 annual meeting of stockholders is as of December 31, 2004, unless otherwise indicated.

DUANE L. BURNHAM, Director since 1997, Age 62

Retired Chairman and Chief Executive Officer, Abbott Laboratories since April 1999, Chairman from 1990 until that date, and Chief Executive Officer from 1990 through December 1998 (Global diversified health care products and services company).

SUSAN CROWN, Director since 1997, Age 46

Vice President, Henry Crown and Company since 1984 (Company with diversified manufacturing operations, real estate and securities).

Ms. Crown is a director of Illinois Tool Works Inc. and a trustee of Yale University and Rush-Presbyterian-St. Luke's Medical Center in Chicago.