

NORTHERN
INSTITUTIONAL
FUNDS

TAX
FACTS

2013

Northern Institutional Funds: Tax Facts 2013 contains specific information about investment income related to Northern Institutional Funds. It includes the percentages that clients will need to calculate possible tax exemptions.

Because tax laws vary among localities and states, we encourage you to consult your tax advisor concerning the application of state and local tax regulations to each Portfolio's distributions.

If you have questions about the information provided or about your Northern Institutional Funds accounts, please call your Investment Relationship Manager or **800-637-1380**.

As always, we appreciate your confidence in selecting Northern Institutional Funds as your investment partner. We hope you find this material useful as you prepare your tax filings for 2013.

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DIRECT U.S. GOVERNMENT & AGENCY OBLIGATIONS

Percentage of Dividends Derived from Direct U.S. Government & Agency Obligations

In some states, mutual fund dividends derived from certain direct U.S. government and agency obligations may be exempt from state income taxes. A portion of the dividend income paid by Northern Institutional Funds during 2013 may qualify for this exemption. This table shows the percentage of dividends (the amount reported in box 1a of Form 1099-DIV) attributable to direct U.S. government and agency obligations for each of the Northern Institutional Portfolios during 2013.

PORTFOLIOS	U.S. Government	Federal Farm Credit Bank	Federal Home Loan Bank	Student Loan Marketing Association	Tennessee Valley Authority
DIVERSIFIED ASSETS MONEY MARKET	3.47%	2.74%	7.21%	—	—
LIQUID ASSETS MONEY MARKET	2.68%	2.04%	5.98%	—	—
MUNICIPAL MONEY MARKET	—	—	—	—	—
PRIME OBLIGATIONS MONEY MARKET	3.21%	2.58%	5.32%	—	—
TAX-EXEMPT MONEY MARKET	—	—	—	—	—
TREASURY MONEY MARKET	52.87%	—	—	—	—
U.S. GOVERNMENT MONEY MARKET	9.58%	10.31%	34.56%	—	—
U.S. GOVERNMENT SELECT MONEY MARKET	11.90%	30.70%	43.44%	—	1.55%

ALTERNATIVE MINIMUM TAX

The Tax Reform Act of 1986 requires that interest income from certain municipal obligations called “private activity bonds” be included as a tax preference item for the Alternative Minimum Tax (AMT) computation on your federal tax return. Form 1099-DIV (Box 11) reports the tax-exempt income that is subject to AMT. The table below reports the percentage of tax-exempt income subject to the AMT.

PORTFOLIOS	AMT Percentage
MUNICIPAL MONEY MARKET	16.44%
TAX-EXEMPT MONEY MARKET	0.55%

TAX-EXEMPT INCOME EARNED BY STATE

Generally, the U.S. government does not impose income tax on interest income derived from municipal obligations. In addition, most states do not impose income tax on interest income derived from their own municipal obligations. This table shows the portion of dividends derived from interest income on state and local obligations on a state-by-state basis during 2013 for the Municipal and the Tax-Exempt Money Market Portfolios.

Because tax laws vary among localities and states, we urge you to consult with your tax advisor about the specific rules in your respective state.

STATE	Municipal Money Market	Tax-exempt Money Market	STATE	Municipal Money Market	Tax-exempt Money Market
ALABAMA	0.82%	1.03%	MONTANA	0.11%	—
ALASKA	0.49%	0.64%	NEBRASKA	0.20%	0.07%
ARIZONA	0.80%	0.12%	NEVADA	1.09%	—
ARKANSAS	0.23%	—	NEW HAMPSHIRE	0.15%	0.31%
CALIFORNIA	8.60%	8.57%	NEW JERSEY	1.05%	3.17%
COLORADO	4.00%	2.45%	NEW MEXICO	0.15%	0.00%
CONNECTICUT	0.22%	0.02%	NEW YORK	7.78%	16.57%
DELAWARE	0.01%	0.17%	NORTH CAROLINA	2.83%	4.55%
DISTRICT OF COLUMBIA	1.74%	0.40%	NORTH DAKOTA	0.01%	0.57%
FLORIDA	8.16%	4.63%	OHIO	1.66%	1.97%
GEORGIA	2.61%	1.40%	OKLAHOMA	0.16%	0.34%
GUAM	—	—	OREGON	1.58%	1.09%
HAWAII	0.14%	0.31%	PENNSYLVANIA	3.17%	3.91%
IDAHO	0.90%	0.59%	PUERTO RICO	0.85%	0.29%
ILLINOIS	6.96%	3.20%	RHODE ISLAND	0.04%	—
INDIANA	2.52%	2.68%	SOUTH CAROLINA	0.45%	1.34%
IOWA	1.54%	2.57%	SOUTH DAKOTA	0.39%	—
KANSAS	1.13%	0.29%	TENNESSEE	1.15%	2.44%
KENTUCKY	1.36%	4.02%	TEXAS	15.62%	12.52%
LOUISIANA	2.01%	0.37%	UTAH	0.66%	0.96%
MAINE	0.01%	—	VERMONT	0.72%	0.02%
MARYLAND	2.23%	1.87%	VIRGIN ISLANDS	—	—
MASSACHUSETTS	1.48%	0.80%	VIRGINIA	0.60%	1.27%
MICHIGAN	2.32%	1.73%	WASHINGTON	0.87%	0.46%
MINNESOTA	2.37%	1.49%	WEST VIRGINIA	0.44%	0.40%
MISSISSIPPI	0.99%	1.28%	WISCONSIN	3.13%	5.90%
MISSOURI	1.40%	1.21%	WYOMING	0.10%	0.01%
			TOTAL	100%	100%

PERCENTAGE OF EXEMPT INTEREST DIVIDENDS

The following table refers to the amount of dividends paid that may be excluded from gross income for federal income tax purposes. To determine the portion that may be excluded, multiply the percentage below by your total dividends received in 2013 as shown on your year-end statement.

PORTFOLIOS	Tax-Exempt Percentage	Taxable Percentage
MUNICIPAL MONEY MARKET	74.80%	25.20%
TAX-EXEMPT MONEY MARKET	100.00%	—

IRS CIRCULAR 230 NOTICE: The information in this guide is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law. For more information about this notice, see northerntrust.com/circular230.

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