

NORTHERN FUNDS

TAX FACTS

2015

Northern Funds Tax Facts provides specific information about your Northern Funds investment income and capital gain distributions for 2015. Please refer to the Northern Funds Tax Guide for explanations about your Northern Funds tax forms and other important instructions related to your tax filings. If you have any questions about how to apply this information to your income tax returns, please consult a tax advisor. For questions about the data provided or about your Northern Funds accounts, please call **800-595-9111**.

TRUST NORTHERN FOR WHAT REALLY MATTERS



Managed by
Northern Trust

LONG-TERM CAPITAL GAIN DISTRIBUTIONS

Listed in the table below are the long-term capital gain distributions per share made by each equity, fixed income and money market fund, as applicable. For more information about capital gain distributions, see the 2015 Northern Funds Tax Guide or visit northernfunds.com/tax-center.

NORTHERN FUNDS	Capital Gains
Bond Index	0.019725
California Intermediate Tax-Exempt	0.019421
Core Bond	0.002495
Fixed Income	0.040593
Global Sustainability Index	0.207344
Income Equity	0.427947
Intermediate Tax-Exempt	0.010410
Large Cap Equity	0.479005
Mid Cap Index	1.022252
Money Market	0.00000628
Multi-Manager Emerging Markets	0.367583
Multi-Manager High Yield Opportunity	0.047262
Multi-Manager Large Cap	2.036331
Multi-Manager Mid Cap	1.329916
Multi-Manager Small Cap	2.554212
Municipal Money Market	0.000083
Short-Intermediate Tax-Exempt	0.001078
Small Cap Core	0.540924
Small Cap Index	0.549320
Small Cap Value	0.612232
Stock Index	0.312756
Tax-Advantaged Ultra-Short Fixed Income	0.003465
Technology	2.754212
Ultra-Short Fixed Income	0.004490
U.S. Treasury Index	0.201816

CAPITAL GAIN INFORMATION FOR RESIDENTS OF RHODE ISLAND

For Rhode Island residents, the following chart shows the percentage of capital gain distributions for assets held one to five years and five years or more. This information may be necessary to prepare your Rhode Island state tax filings.

NORTHERN FUNDS	Assets held more than 1 year and up to 5 years	Assets held more than 5 years
Bond Index	—	100.00%
California Intermediate Tax-Exempt	100.00%	—
Core Bond	100.00%	—
Fixed Income	100.00%	—
Global Sustainability Index	75.37%	24.63%
Global Tactical Asset Allocation	100.00%	—
Income Equity	42.18%	57.82%
Intermediate Tax-Exempt	100.00%	—
Large Cap Equity	56.10%	43.90%
Mid Cap Index	68.17%	31.83%
Money Market	100.00%	—
Multi-Manager Emerging Markets Equity	80.00%	20.00%
Multi-Manager High Yield Opportunity	96.25%	3.75%
Multi-Manager Large Cap	64.62%	35.38%
Multi-Manager Mid Cap	83.10%	16.90%
Multi-Manager Small Cap	86.04%	13.96%
Municipal Money Market	100.00%	—
Short-Intermediate Tax-Exempt	100.00%	—
Small Cap Core	75.15%	24.85%
Small Cap Index	55.38%	44.62%
Small Cap Value	36.20%	63.80%
Stock Index	66.94%	33.06%
Tax-Advantaged Ultra-Short Fixed Income	100.00%	—
Technology	86.58%	13.42%
Ultra-Short Fixed Income	100.00%	—
U.S. Treasury Index	77.98%	22.02%

DIRECT U.S. GOVERNMENT & AGENCY OBLIGATIONS

Percentage of Dividends from Direct U.S. Government and 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 Funds during 2015 may qualify for this exemption. The table below 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 Funds during 2015.

NORTHERN FUNDS	U.S. Gov't	Federal Farm Credit Bank	Federal Home Loan Bank	Student Loan Marketing Assn.	Tennessee Valley Authority
MONEY MARKET FUNDS					
California Municipal Money Market	—	—	—	—	—
Money Market	3.09%	2.63%	5.98%	—	—
Municipal Money Market	—	—	—	—	—
U.S. Government Money Market	6.17%	14.41%	30.98%	—	—
U.S. Government Select Money Market	5.28%	23.57%	51.99%	—	0.88%
FIXED INCOME FUNDS					
Arizona Tax-Exempt	—	—	—	—	—
Bond Index	24.18%	—	0.31%	—	—
California Intermediate Tax-Exempt	—	—	—	—	—
California Tax-Exempt	—	—	—	—	—
Core Bond	10.90%	—	—	—	—
Fixed Income	10.30%	—	—	—	—
High Yield Fixed Income	—	—	—	—	—
High Yield Municipal	—	—	—	—	—
Intermediate Tax-Exempt	—	—	—	—	—
Multi-Manager Emerging Markets Debt Opportunity	0.15%	—	—	—	—
Multi-Manager High Yield Opportunity	0.01%	—	—	—	—
Short Bond	11.06%	—	—	—	—
Short-Intermediate Tax-Exempt	—	—	—	—	—
Short-Intermediate U.S. Government	71.42%	—	0.73%	—	—
Tax-Advantaged Ultra-Short Fixed Income	0.22%	—	—	—	—
Tax-Exempt	—	—	—	—	—
Ultra-Short Fixed Income	6.41%	—	0.05%	—	—
U.S. Government	74.37%	—	0.65%	—	—
U.S. Treasury Index	99.10%	—	—	—	—
EQUITY FUNDS					
Emerging Markets Equity Index	—	—	—	—	—
Global Sustainability Index	—	—	—	—	—
Global Tactical Asset Allocation	—	—	—	—	—
Income Equity	—	—	—	—	—
International Equity	—	—	—	—	—
International Equity Index	—	—	—	—	—
Large Cap Core	—	—	—	—	—
Large Cap Equity	—	—	—	—	—
Large Cap Value	—	—	—	—	—
Mid Cap Index	—	—	—	—	—
Multi-Manager Emerging Markets Equity	—	—	—	—	—
Multi-Manager Global Listed Infrastructure	—	—	—	—	—
Multi-Manager International Equity	—	—	—	—	—
Multi-Manager Large Cap	—	—	—	—	—
Multi-Manager Mid Cap	—	—	—	—	—
Multi-Manager Small Cap	—	—	—	—	—
Small Cap Core	0.01%	—	—	—	—
Small Cap Index	—	—	—	—	—
Small Cap Value	—	—	—	—	—
Stock Index	—	—	—	—	—
Technology	—	—	—	—	—

PERCENTAGE OF EXEMPT-INTEREST DIVIDENDS

The amount of dividends paid that may be excluded from gross income for federal income tax purposes is reported on Form 1099-DIV (box 10). Please refer to the Northern Funds Tax Guide for more information about Form 1099-DIV.

PERCENTAGE OF QDI AND DRD

Income & Capital Gain Distributions

For the 2015 calendar year, 100% of the dividends paid by the fixed income funds are taxable as ordinary income for federal income tax purposes. Listed in this table are the annualized percentages of ordinary income distributed (dividend income plus short-term gain) by the equity funds, as applicable, that can be treated as Qualified Dividend Income (QDI). For monthly, quarterly or annual information, as applicable, please see the 2015 Qualified Dividend Income information on northernfunds.com/tax-center.

Percentage of Dividends Eligible for the Corporate Dividends-Received Deduction

Mutual fund dividends derived from certain domestic corporations may be eligible for the Dividends Received Deduction (DRD) for corporations. A portion of the ordinary income distribution (dividend income plus short-term gain) paid in 2015 by the Funds listed below may qualify for this deduction. The table below shows the portion of annualized ordinary income distribution (dividend income plus short-term gain) attributable to such domestic corporations for each of the Funds for 2015. For monthly, quarterly or annual information, as applicable, please see the 2015 Corporate Dividends Received Deduction information on northernfunds.com/tax-center.

NORTHERN FUNDS	% QDI	% DRD
Emerging Markets Equity Index	67.15%	0.05%
Global Sustainability Index	100.00%	47.51%
Global Tactical Asset Allocation	33.10%	15.48%
Income Equity	100.00%	100.00%
International Equity	100.00%	2.07%
International Equity Index	100.00%	—
Large Cap Core	100.00%	100.00%
Large Cap Equity	100.00%	100.00%
Large Cap Value	100.00%	100.00%
Mid Cap Index	68.29%	65.73%
Multi-Manager Emerging Markets Equity	100.00%	—
Multi-Manager Global Listed Infrastructure	100.00%	31.63%
Multi-Manager International Equity	100.00%	2.98%
Multi-Manager Large Cap	74.52%	74.52%
Multi-Manager Mid Cap	100.00%	100.00%
Multi-Manager Small Cap	—	—
Small Cap Core	100.00%	100.00%
Small Cap Index	46.26%	44.38%
Small Cap Value	88.85%	87.27%
Stock Index	90.06%	88.57%
Technology	—	—

Legal, Investment and Tax Notice: This information is not intended to be and should not be treated as legal advice, investment advice or tax advice. Readers, including professionals, should under no circumstances rely upon this information as a substitute for their own research or for obtaining specific legal or tax advice from their own counsel.

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 following table reports the percentage of the Fund’s distributions that are subject to the AMT. You may want to consult with a professional tax advisor to determine your exposure to the AMT.

TAX-EXEMPT FUNDS	% AMT
Arizona Tax-Exempt	3.02%
California Intermediate Tax-Exempt	2.16%
California Municipal Money Market	4.99%
California Tax-Exempt	—
High Yield Municipal	3.00%
Intermediate Tax-Exempt	2.25%
Municipal Money Market	3.22%
Short-Intermediate Tax-Exempt	—
Tax-Advantaged Ultra-Short Fixed Income	9.39%
Tax-Exempt	1.28%

FOREIGN TAXES

To avoid double taxation, you are entitled to claim a foreign tax credit or take an itemized deduction, as applicable, on your federal income tax return for the foreign taxes paid by the Emerging Markets Equity Index, Global Real Estate Index*, International Equity, International Equity Index, Multi-Manager Emerging Markets Equity, Multi-Manager Global Real Estate*, Multi-Manager Global Listed Infrastructure and Multi-Manager International Equity Funds during 2015. Generally, you will owe less federal income tax if you claim the foreign tax credit by filing IRS Form 1116. (For corporations, use Form 1118.)

Determining Your Credits & Deductions

Qualifying Foreign Taxes Paid: Form 1099-DIV (box 6) reports the foreign taxes paid. This is your qualifying foreign taxes paid used in Part II of Form 1116.

Gross Income from Sources Outside the U.S.: Multiply the “Foreign Source Income Factor” in the table below by the amount in box 1a of your Form 1099-DIV. This result is your gross income from sources outside the U.S. used in Part I of Form 1116.

For additional information, refer to IRS Publication 514, Foreign Tax Credit for Individuals, or call the Foreign Tax Credit Department of the IRS at 800-829-1040.

NORTHERN FUNDS	Foreign Source Income
Emerging Markets Equity Index	1.000000
International Equity	0.989600
International Equity Index	1.000000
Multi-Manager Emerging Markets Equity	1.000000
Multi-Manager Global Listed Infrastructure	1.000000
Multi-Manager International Equity	1.000000

*If you are an investor in the Global Real Estate Index Fund or the Multi-Manager Global Real Estate Fund, your Form 1099-DIV which will be used to report your Foreign Income Tax Credit, will be sent separately.



Managed by
Northern Trust

© 2016 Northern Funds are distributed by Northern Funds Distributors, LLC, not affiliated with Northern Trust.

P.O. BOX 75986 | CHICAGO, ILLINOIS 60675-5986 | 800-595-9111 | NORTHERNFUNDS.COM