

NORTHERN FUNDS

TAX FACTS 2008

NORTHERN GLOBAL REAL ESTATE INDEX
FUND AND NORTHERN MULTI-MANAGER
GLOBAL REAL ESTATE FUND

TRUST NORTHERN FOR WHAT REALLY MATTERS



Managed by
Northern Trust

TAX FACTS

The underlying investments in the **Global Real Estate Index Fund** and/or the **Multi-Manager Global Real Estate Fund**, are Real Estate Investment Trusts (REITs), which provide complete tax information to the Funds after the calendar year-end. As a result, you will receive your Form 1099 for the Global Real Estate Index Fund and/or the Multi-Manager Global Real Estate Fund separate from other Northern Funds that you may own.

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 questions about how to apply this information to your income tax returns, please consult your tax advisor. For questions about the data provided or about your Northern Funds account, please call **800-595-9111**.

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 Global Real Estate Index Fund and/or the Multi-Manager Global Real Estate Fund during 2008. 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: Multiply the “Foreign Tax Factor” in the table

below by the amount in box 6 of your Form 1099-DIV. This result 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 TAX PAID | TOTAL FOREIGN SOURCE INCOME FACTOR |
|---------------------------------------|------------------|------------------------------------|
| GLOBAL REAL ESTATE INDEX FUND | 1.0000 | 0.8454 |
| MULTI-MANAGER GLOBAL REAL ESTATE FUND | 1.0000 | 0.3972 |

LONG-TERM CAPITAL GAIN DISTRIBUTIONS

Listed in the table are the long-term capital gain distributions per share made by the Global Real Estate Index Fund and the Multi-Manager Global Real Estate Fund, as applicable. For more information about capital gain distributions, see the 2008 Northern Funds Tax Guide or visit northernfunds.com/tax-center.

| NORTHERN FUND | CAPITAL GAINS |
|---------------------------------------|---------------|
| GLOBAL REAL ESTATE INDEX FUND | 0.011914 |
| MULTI-MANAGER GLOBAL REAL ESTATE FUND | 0.000041 |

QUALIFIED DIVIDEND INCOME

Listed in this table are the percentages of ordinary income distributed by the Global Real Estate Index Fund and the Multi-Manager Global Real Estate Fund that can be treated as Qualified Dividend Income (QDI).

| NORTHERN FUND | % QDI |
|---------------------------------------|--------|
| GLOBAL REAL ESTATE INDEX FUND | 36.29% |
| MULTI-MANAGER GLOBAL REAL ESTATE FUND | 0.94% |

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

©2009 Northern Funds are distributed by Northern Funds Distributors, LLC, not affiliated with Northern Trust.



Managed by
Northern Trust

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