

Northern Funds

CALIFORNIA INTERMEDIATE
TAX-EXEMPT FUND

FUND FACTS

Fund Objective: Current Tax-Exempt Income**Inception Date:** October 1, 1999**Ticker Symbol:** NCITX**Cusip:** 665162749**Gross Expense Ratio:** 0.86%**Net Expense Ratio:** 0.75%¹**Dividend Schedule:** Monthly**Benchmark:** Barclays Capital California Intermediate Municipal Bond Index**Morningstar Category:** Municipal California Intermediate/Short

FUND CHARACTERISTICS

Total Net Assets: \$270 million**Number of Holdings:** 127**30-Day SEC Yield:** 3.18%**Tax-Equivalent 30-Day SEC Yield:** 5.39%²**Modified Duration:** 5.1 years**Average Maturity:** 10.7 years

FUND STRATEGY

- Concentrate our investments in California state-specific, investment-grade municipal instruments which are exempt from federal income tax and California state personal income tax while maintaining an average maturity, under normal circumstances, between three and 10 years.
- Invest in high-quality securities, primarily investment-grade debt.
- Select investments on the basis of their relative value with a focus on total return.

PERFORMANCE as of 6/30/10

FUND	ANNUALIZED						
	QUARTER	YTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION
FUND	2.09%	3.19%	8.14%	4.24%	3.31%	4.34%	4.40%
BARCLAYS CAPITAL CA INT MUNI BOND INDEX ³	2.60%	4.57%	10.67%	6.49%	4.77%	5.37%	5.33%
MORNINGSTAR CATEGORY AVERAGE MUNI CA INT/SHORT	1.53%	2.65%	7.83%	3.89%	3.22%	4.18%	—

Performance quoted represents past performance and does not guarantee future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown here. Performance data current to the most recent month end is available by calling 800-595-9111.

The Advisor has agreed to reimburse certain expenses of the Fund. The contractual reimbursement arrangement is expected to continue until at least July 31, 2011. After this date, the contractual arrangements may be terminated if it is determined to be in the best interest of the Fund and its shareholders. In the absence of fee waivers, yield, total return, growth since inception and dividends would have been reduced. Total return is based on net change in NAV assuming reinvestment of distributions. The 30-day SEC yield more closely reflects the current earnings of the Fund than the total returns.

Bond Risk: Bond funds will tend to experience smaller fluctuations in value than stock funds. However, investors in any bond fund should anticipate fluctuations in price, especially for longer-term issues and in environments of rising interest rates.

Non-Diversified Risk: The Fund invests in a smaller number of stocks than the average mutual fund. The change in value of a single holding may have a more pronounced effect on the Fund's net asset value and performance than for other funds.

Tax-Free/AMT Risk: Tax-exempt funds' income may be subject to certain state and local taxes and, depending on your tax status, the federal alternative minimum tax.

Regional Investment Risk: The geographical concentration of portfolio holdings in this Fund may involve increased risk.

¹ The Net Expense Ratio, as reported in the most recent prospectus, includes contractual expense reimbursements that, if not extended, will end on July 31, 2011.

² Tax-equivalent yields are based on an assumed tax rate of 41.0% for California.

Please see back page for calendar year returns and index definitions.

NOT FDIC INSURED

May lose value/No bank guarantee



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MATURITY DISTRIBUTION

MATURITY RANGE	FUND
0 - 1 YEAR	5.5%
2 - 5 YEARS	21.3%
6 - 10 YEARS	33.7%
11 - 20 YEARS	28.8%
21 - 30 YEARS	10.7%
TOTAL	100.0%

QUALITY DISTRIBUTION

QUALITY RATING	FUND	BENCHMARK ³
AAA	19.3%	2.7%
AA	45.4%	41.5%
A	25.6%	48.3%
BBB	2.4%	7.5%
SP1/MIG1	3.0%	0.0%
SHORT-TERM	4.3%	0.0%
TOTAL	100.0%	100.0%

SECTOR WEIGHTINGS

ECONOMIC SECTOR	FUND	BENCHMARK ³
REVENUE	37.6%	45.1%
GENERAL OBLIGATION	31.8%	41.1%
INSURED	18.8%	11.0%
GOVERNMENT BACKED	7.5%	2.8%
SHORT-TERM	4.3%	0.0%
TOTAL	100.0%	100.0%

All data is as of date indicated and subject to change.

PORTFOLIO MANAGER



ERIC V. BOECKMANN | Began career in 1985
With Northern Trust since 1985

Mr. Boeckmann received a B.S. in finance from the University of Illinois.

CALENDAR YEAR RETURNS

	2009	2008	2007	2006	2005
FUND	8.56%	-1.26%	2.43%	3.61%	2.11%
BARCLAYS CAPITAL CA INT MUNI BOND INDEX ³	7.17%	3.11%	4.78%	4.04%	1.91%
MORNINGSTAR CATEGORY AVERAGE MUNI CA INT/SHORT	10.27%	-3.59%	2.50%	3.71%	1.89%

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A Conservative Investment Approach

Northern Trust has built a tradition of strength and stability in investment management. Markets fluctuate over time, but we have remained steadfast in our disciplined, risk-managed investment philosophy.

³ **Barclays Capital California Intermediate Municipal Bond Index** is an unmanaged index of investment grade (Baa3 or better) tax-exempt California bonds with maturities of five to 10 years. It is not possible to invest directly in an index.

Modified Duration: Duration is a measure of a bond fund's sensitivity to changes in interest rates. The Fund's duration is calculated using the modified duration formula.

Quality Distribution: Credit quality ratings reported for the fund primarily originate from data compiled by InvestorTools within their Perform system. They are based on converting the available Moody's, Standard & Poor's, and/or Fitch ratings to a common numerical basis and averaging that result. If none of these three rating agencies has assigned a rating the Fund will assign a rating of NR (non-rated security). The ratings, expressed in Standard & Poor's nomenclature, range from AAA (extremely strong capacity to meet its financial commitment) to D (in default). The ratings represent the rating agencies' opinions of the quality of the securities they rate. Ratings are relative and subjective and are not absolute standards of quality.

Please carefully read the prospectus and summary prospectus and consider the investment objectives, risks, charges and expenses of Northern Funds before investing. Call 800-595-9111 to obtain a prospectus and summary prospectus, which contain this and other information about the funds.



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