

INTERMEDIATE TAX-EXEMPT FUND

FUND FACTS

Fund Objective: Current Tax-Exempt Income

Inception Date: April 1, 1994

Ticker Symbol: NOITX

Cusip: 665162871

Gross Expense Ratio: 0.84%

Net Expense Ratio: 0.75%¹

Dividend Schedule: Monthly

Benchmark: Barclays Capital Intermediate Municipal Bond Index

Morningstar Category: Municipal National Intermediate

FUND CHARACTERISTICS

Total Net Assets: \$1.6 billion

Number of Holdings: 265

30-Day SEC Yield: 2.71%

Tax-Equivalent 30-Day SEC Yield: 4.16%²

Modified Duration: 4.8 years

Average Maturity: 10.9 years

FUND STRATEGY

- Maintain a dollar-weighted average maturity range, 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 3/31/10

FUND	ANNUALIZED						
	QUARTER	YTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION
BARCLAYS CAPITAL INT MUNI BOND INDEX ³	0.57%	0.57%	6.94%	4.22%	3.92%	4.73%	4.59%
MORNINGSTAR CATEGORY AVG MUNI NAT'L INT	0.97%	0.97%	8.85%	3.87%	3.76%	4.57%	—

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.

Performance calculations reflect voluntary fee waivers in effect. In the absence of fee waivers, total return, growth since inception and dividends would have been reduced. The 30-Day SEC yield would have been 2.62%. Total return is based on net change in NAV assuming reinvestment of distributions.

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.

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.

¹ The Net Expense Ratio includes voluntary expense reimbursements by Northern Funds' investment advisers that may change or end at any time.

² Tax-equivalent yields are based on an assumed tax rate of 35.0% for national municipal funds.

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

MATURITY DISTRIBUTION

MATURITY RANGE	FUND
0 - 1 YEAR	23.6%
2 - 5 YEARS	2.3%
6 - 10 YEARS	19.4%
11 - 20 YEARS	35.9%
21 - 30 YEARS	18.1%
31+ YEARS	0.7%
TOTAL	100.0%

QUALITY DISTRIBUTION

QUALITY RATING	FUND	BENCHMARK ³
AAA	38.4%	14.3%
AA	28.7%	54.5%
A	10.7%	21.6%
BBB	0.3%	9.6%
SP1/MIG1	7.4%	0.0%
NOT RATED	1.1%	0.0%
CASH EQUIVALENTS	13.4%	0.0%
TOTAL	100.0%	100.0%

SECTOR WEIGHTINGS

ECONOMIC SECTOR	FUND	BENCHMARK ³
REVENUE	39.0%	49.6%
GENERAL OBLIGATION	31.3%	31.7%
SHORT-TERM	13.4%	0.0%
INSURED	12.9%	11.9%
GOVERNMENT BACKED	3.4%	6.8%
TOTAL	100.0%	100.0%

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

PORTFOLIO MANAGER



TIMOTHY T.A. MCGREGOR | Began career in 1985
With Northern Trust since 1989

Mr. McGregor received a B.S. in economics with a minor in East Asian studies from Indiana University. He is a CFA charterholder.

CALENDAR YEAR RETURNS

	2009	2008	2007	2006	2005
FUND	8.96%	0.41%	3.49%	3.81%	2.00%
BARCLAYS CAPITAL INT MUNICIPAL BOND INDEX ³	7.97%	4.05%	4.87%	4.06%	1.82%
MORNINGSTAR CATEGORY AVG MUNI NAT'L INT	11.41%	-2.32%	2.75%	3.67%	1.80%

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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 Intermediate Municipal Bond Index is an unmanaged index of investment grade (Baa3 or better) tax-exempt bonds with maturities of five to ten 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 ratings are issued by Standard & Poor's rating services and reflect the agency's assessment of the risk of a bond based on the issuer's capacity to meet its financial commitment on the bond. The ratings range from AAA (extremely strong capacity to meet its financial commitment) to D (in default).

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