

FUND FACTS

Fund Objective: Seeks to Replicate Index
Inception Date: February 27, 2007
Ticker Symbol: NOBOX
Gross Expense Ratio: 0.45%
Net Expense Ratio: 0.16%¹
Dividend Schedule: Monthly
Benchmark: Barclays Capital U.S. Aggregate Bond Index
Morningstar Category: Intermediate-Term Bond

FUND CHARACTERISTICS

Total Net Assets: \$2.3 billion
Number of Holdings: 2,176
30-Day SEC Yield: 2.03%
Average Duration: 4.9 years
Average Maturity: 7.0 years

FUND STRATEGY

- Passively managed in an effort to replicate the performance and composition of the Barclays Capital U.S. Aggregate Bond Index.
- Gain broad exposure to the U.S. Treasury, government agency, investment-grade corporate bond, mortgage- and asset-backed sectors of the fixed income markets.
- Provide investors with a way to gain broad exposure to U.S. bond market.

PERFORMANCE as of 12/31/11

FUND	ANNUALIZED						
	Quarter	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
FUND	1.11%	7.63%	7.63%	6.14%	—	—	6.08%
BARCLAYS CAPITAL U.S. AGG BOND INDEX ²	1.12%	7.84%	7.84%	6.77%	—	—	6.36%
MORNINGSTAR CATEGORY AVG INT TERM BOND	1.32%	5.86%	5.86%	9.22%	—	—	—

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 December 31, 2012. 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.

Index Fund Risk: The performance of the Fund is expected to be lower than that of the Index because of Fund fees and expenses. It is important to remember that there are risks associated with index investing, including the potential risk of market decline, as well as the risks associated with investing in specific companies.

Mortgage-Backed Securities Risk: Mortgage-backed investments involve risk of loss due to prepayments and, like any bond, due to default. Because of the sensitivity of mortgage-related securities to changes in interest rates, the Fund's performance may be more volatile than if it did not hold these securities.

¹ The Net Expense Ratio, as reported in the most recent prospectus, includes contractual expense reimbursements that, if not extended, will end on December 31, 2012.

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



MATURITY DISTRIBUTION

Maturity Range	Fund
0 - 1 Year	2.5%
1 - 2 Years	10.3%
2 - 3 Years	13.2%
3 - 5 Years	27.6%
5 - 7 Years	19.1%
7 - 10 Years	14.7%
10 - 20 Years	3.4%
20 - 30 Years	8.9%
30+ Years	0.3%
TOTAL	100.0%

QUALITY DISTRIBUTION

Quality Rating	Fund	Benchmark ²
Aaa	75.9%	75.1%
Aa	5.5%	5.1%
A	10.7%	10.7%
Baa	7.9%	9.1%
TOTAL	100.0%	100.0%

SECTOR WEIGHTINGS

Economic Sector	Fund	Benchmark ²
Treasury	35.7%	35.3%
Mortgage-Backed	31.4%	31.8%
Industrials	10.8%	11.1%
Financials	6.2%	6.5%
Agency	5.7%	5.6%
Utilities	2.2%	2.3%
Commercial MBS	2.0%	2.0%
Local Authority	1.3%	1.4%
Foreign Agencies	1.2%	1.3%
Sovereign	1.2%	1.1%
Supranational	1.2%	1.4%
Short-Term	0.9%	0.0%
Asset-Backed	0.2%	0.2%
TOTAL	100.0%	100.0%

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

PORTFOLIO MANAGER



LOUIS D'ARIENZO | Began career in 1981
With Northern Trust since 2003

Mr. D'Arienzo received a B.S. degree in finance from the Stern School of Business at New York University.

CALENDAR YEAR RETURNS

	2011	2010	2009	2008	2007
FUND	7.63%	6.21%	4.60%	5.82%	—
BARCLAYS CAPITAL U.S. AGG BOND INDEX ²	7.84%	6.54%	5.93%	5.24%	—
MORNINGSTAR CATEGORY AVG INT TERM BOND	5.86%	7.72%	13.97%	-4.70%	—

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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.

² Barclays Capital U.S. Aggregate Bond Index is an unmanaged index of prices of U.S. dollar-denominated investment-grade fixed income securities with remaining maturities of one year and longer. It is not possible to invest directly in an index.

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

Quality Distribution: Credit quality ratings are based on the conservative average of Moody's, Standard & Poor's and Fitch ratings. If ratings from all three rating agencies disagree, the model assigns the middle rating to the security. If two of the three agree, the model assigns the rating from those two to the security. If none of these three rating agencies has assigned a rating, the Fund will assign a rating of not rated. The ratings, expressed in Moody's nomenclature, range from Aaa (judged to be of the highest quality, with minimal credit risk) to C (the lowest rated class of bonds, typically in default, with little prospect for recovery of principal or interest). Short-term ratings, expressed in Standard & Poor's nomenclature, range from A-1 (obligor's capacity to meet its financial commitment on the obligation is strong) to A-3 (exhibits adequate protection parameters). 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.



Managed by
Northern Trust