

FIXED INCOME FUND

FUND FACTS

Fund Objective: Current Income**Inception Date:** April 1, 1994**Ticker Symbol:** NOFIX**Cusip:** 665162806**Gross Expense Ratio:** 0.99%**Net Expense Ratio:** 0.90%¹**Dividend Schedule:** Monthly**Benchmark:** Barclays Capital U.S. Aggregate Bond Index**Morningstar Category:** Intermediate-Term Bond

FUND CHARACTERISTICS

Total Net Assets: \$1.1 billion**Number of Holdings:** 147**30-Day SEC Yield:** 2.92%**Average Duration:** 4.6 years**Average Maturity:** 7.3 years

FUND STRATEGY

- Invest primarily in investment-grade domestic debt obligations with an average maturity, under normal circumstances, between three and 15 years, but may own, to a limited extent, securities of foreign issuers and non-investment-grade debt.
- Buy and sell securities using a relative value approach that employs models that analyze and compare expected returns and assumed risks.
- Emphasize securities and types of securities (such as Treasury, agency, mortgage-related and corporate securities) that we believe have the potential to provide a favorable return.

PERFORMANCE as of 12/31/09

FUND	ANNUALIZED						
	QUARTER	YTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION
FUND	0.60%	6.87%	6.87%	4.97%	4.18%	5.44%	5.67%
BARCLAYS CAPITAL U.S. AGG BOND INDEX ²	0.20%	5.93%	5.93%	6.04%	4.97%	6.33%	6.46%
MORNINGSTAR CATEGORY AVG INT TERM BOND	1.19%	13.97%	13.97%	4.45%	3.84%	5.53%	—

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 2.83%. 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.

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 includes voluntary expense reimbursements by Northern Funds' investment advisers that may change or end at any time.

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

MATURITY DISTRIBUTION

MATURITY RANGE	FUND
0 - 1 YEAR	7.0%
1 - 3 YEARS	19.9%
3 - 5 YEARS	23.9%
5 - 10 YEARS	39.2%
10+ YEARS	10.0%
TOTAL	100.0%

QUALITY DISTRIBUTION

QUALITY RATING	FUND	BENCHMARK ²
AAA	64.4%	78.0%
AA	6.2%	4.1%
A	8.3%	9.7%
BAA	17.3%	8.2%
BA	3.8%	0.0%
TOTAL	100.0%	100.0%

SECTOR WEIGHTINGS

ECONOMIC SECTOR	FUND	BENCHMARK ²
MORTGAGE-BACKED	42.4%	37.8%
CORPORATE	36.1%	23.3%
TREASURY	13.3%	26.0%
SHORT-TERM	5.8%	0.0%
COMMERCIAL MBS	2.4%	3.3%
AGENCY	0.0%	9.2%
ASSET-BACKED	0.0%	0.4%
TOTAL	100.0%	100.0%

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

PORTFOLIO MANAGER



COLIN A. ROBERTSON | Began career in 1986
With Northern Trust since 1999

Mr. Robertson received a B.S. degree in business from Indiana University and an MBA degree in finance/international management from Kellogg Graduate School at Northwestern University.

CALENDAR YEAR RETURNS

	2009	2008	2007	2006	2005
FUND	6.87%	3.91%	4.16%	4.38%	1.63%
BARCLAYS CAPITAL U.S. AGG BOND INDEX ²	5.93%	5.24%	6.97%	4.33%	2.43%
MORNINGSTAR CATEGORY AVG INT TERM BOND	13.97%	-4.70%	4.70%	4.15%	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.

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 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.



Managed by
Northern Trust