

Northern Funds FIXED INCOME FUND

4Q2011

NOFIX/FIXED INCOME

FUND FACTS

Fund Objective: Current Income
Inception Date: April 1, 1994
Ticker Symbol: NOFIX
Gross Expense Ratio: 1.00%
Net Expense Ratio: 0.46%¹
Dividend Schedule: Monthly
Benchmark: Barclays Capital U.S. Aggregate Bond Index
Morningstar Category: Intermediate-Term Bond

FUND CHARACTERISTICS

Total Net Assets: \$1.6 billion
Number of Holdings: 221
30-Day SEC Yield: 1.97%
Average Duration: 5.0 years
Average Maturity: 7.5 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 12/31/11

	ANNUALIZED						
	Quarter	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
FUND	1.70%	7.22%	7.22%	6.73%	5.64%	5.09%	5.78%
BARCLAYS CAPITAL U.S. AGG BOND INDEX ²	1.12%	7.84%	7.84%	6.77%	6.50%	5.78%	6.54%
MORNINGSTAR CATEGORY AVG INT TERM BOND	1.32%	5.86%	5.86%	9.22%	5.63%	5.22%	—

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.

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.



Managed by
Northern Trust

NOT FDIC INSURED

May lose value/No bank guarantee

MATURITY DISTRIBUTION

Maturity Range	Fund
0 - 1 Year	10.7%
1 - 3 Years	15.7%
3 - 5 Years	24.6%
5 - 10 Years	36.2%
10+ Years	12.8%
TOTAL	100.0%

QUALITY DISTRIBUTION

Quality Rating	Fund	Benchmark ²
Aaa	64.3%	75.1%
Aa	1.6%	5.1%
A	7.8%	10.7%
Baa	15.7%	9.1%
Ba	9.2%	0.0%
B	1.4%	0.0%
TOTAL	100.0%	100.0%

SECTOR WEIGHTINGS

Economic Sector	Fund	Benchmark ²
Corporate	35.7%	25.2%
Mortgage-Backed	30.0%	31.8%
Treasury	21.9%	35.2%
Short-Term	9.3%	0.0%
Commercial MBS	3.1%	2.0%
Agency	0.0%	5.6%
Asset-Backed	0.0%	0.2%
TOTAL	100.0%	100.0%

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

PORTFOLIO MANAGERS



BRADLEY CAMDEN, CFA | Began career in 2002
With Northern Trust since 2005

Mr. Camden holds a bachelor's in economics from DePauw University. He is a CFA charterholder, a member of the CFA Institute and a member of the CFA Society of Chicago.

FRED A. AZAR, CPA | Began career in 1991
With Northern Trust since 2004

Mr. Azar received a bachelor's degree in accounting and business administration and an MBA from the University of Kansas. He is a Certified Public Accountant.

CALENDAR YEAR RETURNS

	2011	2010	2009	2008	2007
FUND	7.22%	6.10%	6.87%	3.91%	4.16%
BARCLAYS CAPITAL U.S. AGG BOND INDEX ²	7.84%	6.54%	5.93%	5.24%	6.97%
MORNINGSTAR CATEGORY AVG INT TERM BOND	5.86%	7.72%	13.97%	-4.70%	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.



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