

FUND FACTS

Fund Objective: High Current Income
Inception Date: December 31, 1998
Ticker Symbol: NHFIX
Cusip: 665162699
Gross Expense Ratio: 1.01%
Net Expense Ratio: 0.90%¹
Dividend Schedule: Monthly
Benchmark: Barclays Capital U.S. Corporate High Yield 2% Issuer Cap Index
Morningstar Category: High Yield Bond

FUND CHARACTERISTICS

Total Net Assets: \$3.0 billion
Number of Holdings: 160
30-Day SEC Yield: 8.26%
Average Duration: 4.8 years
Average Maturity: 10.4 years

FUND STRATEGY

- Invest primarily in high-yielding, lower-rated corporate debt. Lower-rated debt is commonly referred to as “junk bonds.”
- Take steps to properly manage downside risk by maintaining a broadly diversified portfolio.
- Rely on our extensive credit research capabilities in an effort to manage risk and minimize defaults.

PERFORMANCE as of 3/31/10

| FUND | ANNUALIZED | | | | | | |
|--|------------|-------|--------|--------|--------|---------|-----------------|
| | QUARTER | YTD | 1-YEAR | 3-YEAR | 5-YEAR | 10-YEAR | SINCE INCEPTION |
| FUND | 3.78% | 3.78% | 31.76% | 3.44% | 5.31% | 5.81% | 5.41% |
| BARCLAYS CAPITAL U.S. CORP HY 2% ISSUER CAP INDEX ² | 4.51% | 4.51% | 55.64% | 6.95% | 7.78% | 7.59% | 6.72% |
| MORNINGSTAR CATEGORY AVG HIGH YIELD BOND | 4.26% | 4.26% | 47.60% | 3.64% | 5.52% | 5.32% | — |

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 8.15%. Total return is based on net change in NAV assuming reinvestment of distributions. The recent growth rate in the stock market has helped to produce short-term returns that are not typical and may not continue in the future. Because of ongoing market volatility, fund performance may be subject to substantial short-term changes.

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.

High Yield Risk: Although a high yield fund’s yield may be higher than that of fixed income funds that purchase higher-rated securities, the potentially higher yield is a function of the greater risk that a high yield fund’s share price will decline.

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.

NOT FDIC INSURED | May lose value/No bank guarantee



MATURITY DISTRIBUTION

| MATURITY RANGE | FUND |
|----------------|--------|
| 0 - 1 YEAR | 2.3% |
| 1 - 3 YEARS | 1.2% |
| 3 - 5 YEARS | 20.0% |
| 5 - 10 YEARS | 69.6% |
| 10+ YEARS | 6.9% |
| TOTAL | 100.0% |

QUALITY DISTRIBUTION

| QUALITY RATING | FUND | BENCHMARK ² |
|----------------|--------|------------------------|
| BBB | 0.3% | 0.0% |
| BB | 20.1% | 38.1% |
| B | 47.7% | 37.0% |
| CCC | 22.8% | 19.7% |
| CC TO D | 0.7% | 2.7% |
| NOT RATED | 6.3% | 2.5% |
| SHORT-TERM | 2.1% | 0.0% |
| TOTAL | 100.0% | 100.0% |

SECTOR WEIGHTINGS

| ECONOMIC SECTOR | FUND | BENCHMARK ² |
|------------------------|--------|------------------------|
| CONSUMER CYCLICAL | 20.2% | 18.0% |
| COMMUNICATIONS | 17.6% | 16.5% |
| FINANCIAL INSTITUTIONS | 15.6% | 13.5% |
| CONSUMER NON-CYCLICAL | 11.2% | 10.9% |
| ENERGY | 7.1% | 8.1% |
| UTILITIES | 6.7% | 8.5% |
| CAPITAL GOODS | 5.9% | 6.5% |
| BASIC INDUSTRY | 4.7% | 8.7% |
| TRANSPORTATION | 4.3% | 2.5% |
| TECHNOLOGY | 4.1% | 5.2% |
| CASH EQUIVALENTS | 2.1% | 0.0% |
| INDUSTRIAL OTHER | 0.5% | 1.6% |
| TOTAL | 100.0% | 100.0% |

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

PORTFOLIO MANAGER



RICHARD J. INZUNZA | Began career in 1991
With Northern Trust since 2007

Mr. Inzunza received a B.S. in business administration — accounting from the California State University at Los Angeles and an MBA in finance from the William E. Simon Graduate School of Business Administration at the University of Rochester. He is a CFA charterholder and is a member of the CFA Institute, the CFA Society of Chicago and the United Kingdom Society of Investment Professionals.

CALENDAR YEAR RETURNS

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|--------|---------|-------|--------|-------|
| FUND | 33.48% | -19.29% | 1.35% | 10.08% | 1.77% |
| BARCLAYS CAPITAL U.S. CORP HY 2% ISSUER CAP INDEX ² | 58.76% | -25.88% | 2.26% | 10.76% | 2.76% |
| MORNINGSTAR CATEGORY AVG HIGH YIELD BOND | 46.70% | -26.41% | 1.47% | 10.14% | 2.59% |

Performance quoted represents past performance and does not guarantee future results.

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. Corporate High Yield 2% Issuer Cap Index** is an unmanaged index of the 2% Issuer Cap component of the Barclays Capital High Yield Corporate Bond Index, which is a market value-weighted index of fixed rate, non-investment grade debt. 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.

©2010 Northern Funds | Northern Funds are distributed by Northern Funds Distributors, LLC, not affiliated with Northern Trust.

NF FCT HYFI (4/10)



Managed by
Northern Trust