Northern Funds

LARGE CAP VALUE FUND

4Q2011 NOLVX/EQUITY

FUND FACTS

Fund Objective: Capital Appreciation
Inception Date: August 3, 2000
Ticker Symbol: NOLVX
Gross Expense Ratio: 1.23%
Net Expense Ratio: 0.85%[1]
Dividend Schedule: Annually
Benchmark: Russell 1000® Value Index
Morningstar Category: Large Value

FUND CHARACTERISTICS

Total Net Assets: $124 million
Number of Holdings: 50
Annual Portfolio Turnover: 65.38% (as of 3/31/11)
Weighted Average Market Cap ($mil): $95,567

	Fund	Benchmark[2]
Trailing 12-month Price to Earnings Ratio	**11.76**	12.42
Price to Book Ratio	**1.54**	1.35

RISK CHARACTERISTICS

	Fund	Benchmark[2]
Beta	**1.06**	1.00
Up Market Capture	**100.79**	100.00
Down Market Capture	**107.21**	100.00
Information Ratio	**–0.57**	0.00

Above risk characteristics are based on 3-year time period.

FUND STRATEGY

- Focus on valuation and dividend yield, which is designed to contribute positively to total return and provide a cushion against market volatility.
- Select stocks based on valuation levels, financial strength and earnings growth potential, identifying a catalyst for potential appreciation, such as a new product line or corporate restructuring.
- Maintain a strict sell discipline — systematically sell stocks that we believe have achieved their true value.

PERFORMANCE as of 12/31/11

				ANNUALIZED			
	Quarter	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
FUND	**14.33%**	**–8.91%**	**–8.91%**	**9.02%**	**–3.82%**	**2.26%**	**3.14%**
RUSSELL 1000® VALUE INDEX[2]	13.11%	0.39%	0.39%	11.55%	–2.64%	3.89%	3.62%
MORNINGSTAR CATEGORY AVG LARGE VALUE	11.97%	–0.75%	–0.75%	11.76%	–2.00%	3.32%	–

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.

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.

Equity Risk: Equity securities (stocks) are more volatile and carry more risk than other forms of investments, including investments in high-grade fixed income securities. The net asset value per share of this Fund will fluctuate as the value of the securities in the portfolio changes.

Value Risk: Value-based investments are subject to the risk that the broad market may not recognize their intrinsic value.

[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, investment terms and index definitions.

Large Cap Value Fund

TOP 10 HOLDINGS

Company	Fund % of Net Assets
Exxon Mobil Corp	3.4%
Chevron Corp	3.2%
Intel Corp	3.0%
Boeing Co	3.0%
Microsoft Corp	2.8%
Cisco Systems Inc	2.8%
Pfizer Inc	2.8%
BlackRock Inc	2.8%
AT&T Inc	2.7%
Newell Rubbermaid Inc	2.7%
TOTAL	**29.2%**

SECTOR WEIGHTINGS

Economic Sector	Fund	Benchmark[2]
Financials	**25.9%**	24.4%
Information Technology	**15.3%**	8.9%
Health Care	**15.3%**	12.9%
Energy	**12.8%**	12.3%
Industrials	**8.1%**	9.2%
Consumer Discretionary	**7.7%**	8.9%
Consumer Staples	**7.1%**	8.2%
Telecommunication Services	**4.9%**	4.8%
Materials	**2.9%**	2.6%
Utilities	**0.0%**	7.8%
TOTAL	**100.0%**	100.0%

ASSET ALLOCATION

Stocks	**100.0%**
TOTAL	**100.0%**

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

PORTFOLIO MANAGERS

DONNA RENAUD | Began career in 1986, *with Northern Trust since 2004*

Ms. Renaud received a B.A. degree with high distinction from Pennsylvania State University, an MBA from Arizona State University and is a CFA charterholder.

STEPHEN G. ATKINS | Began career in 1997, *with Northern Trust since 2000*

Mr. Atkins graduated from Georgetown University and is a CFA charterholder.

BETSY TURNER | Began career in 1986, *with Northern Trust since 2000*

Ms. Turner holds a degree in economics from Lake Forest College.

DOUGLAS MC ELDOWNEY | Began career in 1984, *with Northern Trust since 2006*

Mr. McEldowney earned a B.A. from the University of Kentucky and an MBA from Rollins College and is a CFA charterholder.

CALENDAR YEAR RETURNS

	2011	2010	2009	2008	2007
FUND	**–8.91%**	**13.43%**	**25.42%**	**–34.10%**	**–3.64%**
RUSSELL 1000® VALUE INDEX[2]	0.39%	15.51%	19.69%	-36.85%	-0.17%
MORNINGSTAR CATEGORY AVG LARGE VALUE	-0.75%	13.66%	24.13%	-37.09%	1.42%

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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] **Russell 1000® Value Index** is an unmanaged index which measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000® companies with lower price-to-book ratios and lower expected growth values. It is not possible to invest directly in an index.

Trailing 12-month Price to Earnings Ratio: The sum of a company's price-to-earnings. Calculated by taking the current stock price and dividing it by the current earnings per share for the past 12 months.

Price to Book Ratio: A ratio used to compare a stock's market value to its book value. It is calculated by dividing the current price of the stock by the latest quarter's book value per share.

Beta: Beta represents the systematic risk of a portfolio and measures its sensitivity to a benchmark.

Up Market Capture: Measure of a manager's performance in up markets relative to the market.

Down Market Capture: Measure of a manager's performance in down markets relative to the market.

Information Ratio: A measure of risk-adjusted relative return.

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.

NORTHERN FUNDS® | Managed by Northern Trust