

Northern Funds

TAX-ADVANTAGED ULTRA-SHORT
FIXED INCOME FUND

FUND FACTS

Fund Objective: Total Return
Inception Date: June 18, 2009
Ticker Symbol: NTAUX
Cusip: 665162459
Investment Minimum: \$250,000
Redemption Fee: 1% on shares sold or exchanged within 90 days of purchase
Gross Expense Ratio: 0.55%
Net Expense Ratio: 0.25%¹
Dividend Schedule: Monthly
Benchmark: 75% Merrill Lynch 6-12 Month U.S. Municipal Securities Index and 25% Merrill Lynch 1-3 Year U.S. Municipal Securities General Obligations Index
Morningstar Category: U.S. Ultrashort Bond

FUND CHARACTERISTICS

Total Net Assets: \$328 million
Number of Holdings: 234
30-Day SEC Yield: 0.72%
Average Duration: 0.9 years
Average Maturity: 392 days

FUND STRATEGY

- Seek to provide investors in higher tax brackets more after-tax yield than a money market fund with potential for capital appreciation.
- Strive to maximize after-tax return by pursuing best net after-tax yield and total return opportunities in both taxable and tax-exempt securities.
- Strive to maintain a 6-18 month average maturity, under normal circumstances, with a maximum security maturity of three years. Also manage Fund in an effort to have an average portfolio quality of A or better, with all securities to be investment grade.

PERFORMANCE as of 3/31/10

FUND	ANNUALIZED						
	QUARTER	YTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION
75% MERRILL LYNCH 6-12 MO U.S. MUNI SEC INDEX AND 25% MERRILL LYNCH 1-3 YR U.S. MUNI SEC G.O. INDEX ²	0.41%	0.41%	—	—	—	—	1.71%
MORNINGSTAR CATEGORY AVG U.S. ULTRASHORT BOND	0.89%	0.89%	—	—	—	—	—

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 0.48%. 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.

RISK/REWARD POSITIONING

The Fund seeks to yield more than a money market fund with less volatility than a short duration bond fund.



The Fund is not a money market fund, which maintains a \$1.00 NAV, and the Fund's share price will fluctuate with its returns.

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
1 DAY	25.5%
2 - 15 DAYS	6.7%
16 - 30 DAYS	0.6%
31 - 60 DAYS	0.6%
61 - 97 DAYS	1.5%
98 - 180 DAYS	5.2%
181 - 270 DAYS	4.7%
271 DAYS - 1 YEAR	9.8%
1 - 2 YEARS	23.5%
2 - 3 YEARS	21.9%
TOTAL	100.0%

QUALITY DISTRIBUTION

QUALITY RATING	FUND	BENCHMARK ²
AAA(LONG TERM)	8.6%	—
AA+(LONG TERM)	5.4%	—
AA(LONG TERM)	6.6%	—
AA-(LONG TERM)	8.5%	—
A+(LONG TERM)	6.9%	—
A(LONG TERM)	4.4%	—
A-(LONG TERM)	3.0%	—
BBB+(LONG TERM)	6.9%	—
BBB(LONG TERM)	2.2%	—
A1+(SHORT TERM)	23.2%	—
A1(SHORT TERM)	16.0%	—
A2(SHORT TERM)	1.8%	—
TREASURY	5.9%	—
AGENCY	0.6%	—
TOTAL	100.0%	—

SECTOR WEIGHTINGS

ECONOMIC SECTOR	FUND	BENCHMARK ²
FIXED RATE NOTE/BOND	60.7%	—
VARIABLE RATE NOTE/BOND	26.4%	—
OTHER	8.1%	—
DISCOUNT NOTE/TREASURY BILL	3.5%	—
CERTIFICATE OF DEPOSIT	0.9%	—
COMMERCIAL PAPER	0.4%	—
TOTAL	100.0%	—

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

PORTFOLIO MANAGERS



CAROL H. SULLIVAN | Began career in 1980
With Northern Trust since 1996

Ms. Sullivan received a B.A. degree in English from St. Xavier College and an MBA in finance from DePaul University. She is also a member of the CFA Society of Chicago and the CFA Institute.

PATRICK D. QUINN | Began career in 1985
With Northern Trust since 1985

Mr. Quinn received a B.S. degree in management and finance from DePaul University and an MBA in finance from the Kellstadt Graduate School of Business at DePaul University.

CALENDAR YEAR RETURNS

FUND	2009	2008	2007	2006	2005
75% MERRILL LYNCH 6-12 MO U.S. MUNI SEC INDEX AND 25% MERRILL LYNCH 1-3 YR U.S. MUNI SEC G.O. INDEX ²	—	—	—	—	—
MORNINGSTAR CATEGORY AVG U.S. ULTRASHORT BOND	—	—	—	—	—

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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 **Merrill Lynch 6-12 Month U.S. Municipal Securities Index** tracks the performance of U.S. dollar denominated, investment grade, tax-exempt debt, publicly issued by U.S. states and territories, and their political subdivisions, in the U.S. domestic market. Qualifying securities must have between six months to one year remaining term to final maturity, a fixed coupon schedule and an investment grade rating (based on an average of Moody's, S&P and Fitch). It is not possible to invest directly in an index.

² **Merrill Lynch 1-3 Year U.S. Municipal Securities General Obligations Index** tracks the performance of U.S. dollar denominated, investment grade, tax-exempt, general obligations publicly issued by U.S. states and territories, and their political subdivisions, in the U.S. domestic market. Qualifying securities must have between one to three years remaining term to final maturity, a fixed coupon schedule and an investment grade rating (based on an average of Moody's, S&P and Fitch). 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.