

Morningstar Ratings™ as of 12/31/11

Fund Name (Ticker Symbol)	Morningstar Category	Overall Rating	3-Year Rating	5-Year Rating	10-Year Rating
			# of funds in category		
California Tax-Exempt Fund ^{2,8,9,13} (NCATX)	Municipal California Long	★★★★ 145	★★★ 145	★★★★★ 134	★★★★ 109
Income Equity Fund ^{1,4,14} (NOIEX)	Moderate Allocation	★★★★ 843	★★★★★ 843	★★★ 736	★★★★ 393
Mid Cap Index Fund ^{1,10,11} (NOMIX)	Mid Cap Blend	★★★★ 378	★★★★ 378	★★★★ 312	—
Multi-Manager Emerging Markets Equity Fund ^{1,17} (NMMEX)	Diversified Emerging Markets	★★★★ 352	★★★★ 352	—	—
Multi-Manager Mid Cap Fund ^{1,10} (NMMCX)	Mid Cap Blend	★★★★ 378	★★★★ 378	★★★★ 312	—
Tax-Exempt Fund ^{2,8} (NOTEX)	Municipal National Long	★★★★ 227	★★ 227	★★★★ 211	★★★★ 181

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.

Contact your Northern Trust Relationship Manager or the Northern Funds Center at **800-595-9111** to learn more about the Northern Funds family of mutual funds.

Past performance is no guarantee of future results. Ratings reflect fee waivers in effect; in their absence, ratings may have been lower.

Due to ongoing market volatility, the Funds may have experienced negative returns for the time periods shown. For complete performance information, please visit northernfunds.com. Mutual fund investing involves risk, including loss of principal. Please see page 2 for important fund-specific risks.



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- ¹ **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.
- ² **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.
- ³ **U.S. Government Guarantee:** U.S. Government guarantees apply only to the underlying securities of a fund's portfolio and not the fund's shares.
- ⁴ **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.
- ⁵ **International Risk:** International investing involves increased risk and volatility.
- ⁶ **Small Cap Risk:** Small capitalization funds typically carry additional risks since smaller companies generally have a higher risk of failure. Their stocks are subject to a greater degree of volatility, trade in lower volume and may be less liquid.
- ⁷ **Value Risk:** Value-based investments are subject to the risk that the broad market may not recognize their intrinsic value.
- ⁸ **Tax-Free/AMT Risk:** Tax-exempt funds' income may be subject to certain state and local taxes and, depending on your tax status, the federal alternative minimum tax.
- ⁹ **Regional Investment Risk:** The geographical concentration of portfolio holdings in a fund may involve increased risk.
- ¹⁰ **Mid Cap Risk:** Mid-capitalization stocks typically carry additional risk, since smaller companies generally have higher risk of failure and, historically, their stocks have experienced a greater degree of volatility.
- ¹¹ **Index Fund Risk:** The performance of the Fund is expected to be lower than that of the Index because of Fund fees and expenses. It is important to remember that there are risks associated with index investing, including the potential risk of market decline, as well as the risks associated with investing in specific companies.
- ¹² **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.
- ¹³ **Non-Diversified Risk:** The Fund invests in a smaller number of securities than the average mutual fund. The change in value of a single holding may have a more pronounced effect on the Fund's net asset value and performance than for other funds.
- ¹⁴ **Interest Rate/Maturity Risk:** Increases in prevailing interest rates will cause fixed income securities, including convertible securities, held by the Fund to decline in value.
- ¹⁵ **Emerging Markets Risk:** Emerging market investing is subject to additional economic, political, liquidity and currency risks not associated with more developed countries.
- ¹⁶ **Asset Allocation Risk:** An asset allocation strategy does not guarantee any specific result or profit nor protect against a loss.
- ¹⁷ **Emerging and Frontier Markets Risk:** Emerging and frontier market investing may be subject to additional economic, political, liquidity and currency risks not associated with more developed countries. Additionally, frontier countries generally have smaller economies or less developed capital markets than traditional emerging markets and, as a result, the risks of investing in emerging market countries are magnified in frontier countries.

Star ratings are based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The overall rating is a weighted average of the 3-, 5-, and 10-year (if applicable) returns. 5 stars = top 10% of funds in an asset category; 4 stars = next 22.5% of funds; 3 stars = next 35%; 2 stars = next 22.5% and 1 star = next 10%. A fund must be in existence three years to be rated. Ratings are subject to change monthly.

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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 contains this and other information about the funds.

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NF FCT STAR (1/12)