

JANUARY 31, 2010

NORTHERN FUNDS

MONTHLY PERFORMANCE

UPDATE

TRUST NORTHERN FOR WHAT REALLY MATTERS



Managed by
Northern Trust

DISCOVER

the Full Spectrum of Financial Opportunity

The entire Northern Funds family of no-load mutual funds is managed by Northern Trust's own team of investment professionals.¹

To assist you in implementing your asset allocation strategy, Northern Funds offers a broad range of domestic and international equity funds, as well as taxable and tax-exempt fixed income funds and money market funds.

Contact us today for more complete information, including a prospectus. Before investing, you should carefully read the prospectus and consider the investment objectives, risks, charges and expenses of Northern Funds. The prospectus contains this and other information about the funds.

¹ Although the funds are no-load, other annual fees and expenses do apply as described in the prospectus.

HOW TO INVEST IN NORTHERN FUNDS

BY PHONE	Call 800-595-9111
ONLINE	Visit northernfunds.com
BY MAIL	Send your completed application & check to: Northern Funds P.O. Box 75986 Chicago, IL 60675-5986
IN PERSON	Visit any Northern Trust location
MINIMUM INVESTMENT	\$2,500 \$500 for IRAs

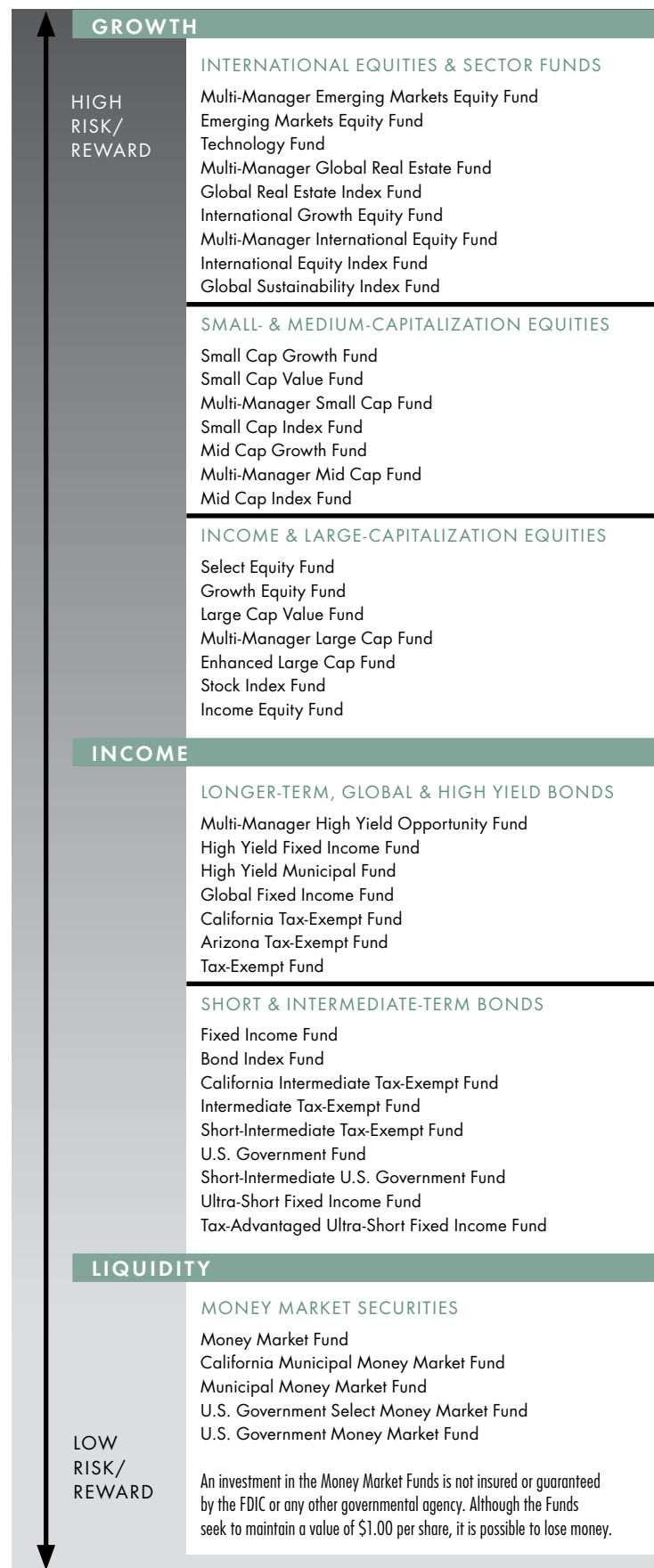
IT'S ON NORTHERNFUNDS.COM

Visit our Web site for the latest Northern Funds information including:

- Fund performance, including daily NAVs, at northernfunds.com/funds
- Market commentary from our Northern Trust investment group, at northernfunds.com/resources

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 at northernfunds.com. Investment performance reflects fee waivers in effect. In the absence of fee waivers, total return and yield would be lower.

NORTHERN FAMILY OF FUNDS



NOT FDIC INSURED

May lose value / No bank guarantee

EQUITY AND FIXED INCOME FUNDS

EQUITY FUNDS ⁽¹⁾	TICKER SYMBOL	INCEPTION DATE	YIELDS*			TOTAL RETURNS AS OF 1/31/10**		
			30-DAY SEC	TAX-EQUIVALENT	30-DAY SEC W/O WAIVER	YEAR-TO-DATE	1-YEAR	SINCE INCEPTION
EMERGING MARKETS EQUITY ^{(3)^}	NOEMX	4/25/06	—	—	—	-6.17%	76.18%	3.54%
ENHANCED LARGE CAP [^]	NOLCX	12/16/05	—	—	—	-3.63%	32.94%	-3.06%
GLOBAL REAL ESTATE INDEX ^{(3,10)^}	NGREX	7/26/06	—	—	—	-6.03%	50.25%	-7.90%
GLOBAL SUSTAINABILITY INDEX ^{(3)^}	NSRIX	3/5/08	—	—	—	-4.58%	38.06%	-10.24%
GROWTH EQUITY [^]	NOGEX	4/1/94	—	—	—	-3.27%	38.27%	6.06%
INCOME EQUITY [^]	NOIEX	4/1/94	4.06%	—	3.78%	-2.50%	35.12%	7.50%
INTERNATIONAL EQUITY INDEX ^{(3)^}	NOINX	3/22/05	—	—	—	-4.71%	39.74%	1.89%
INTERNATIONAL GROWTH EQUITY ^{(3)^}	NOIGX	4/1/94	—	—	—	-5.15%	39.11%	4.32%
LARGE CAP VALUE [^]	NOLVX	8/3/00	—	—	—	-2.39%	36.35%	3.17%
MID CAP GROWTH ^{(4)^}	NOMCX	3/31/98	—	—	—	-6.50%	33.98%	4.39%
MID CAP INDEX ^{(4)^}	NOMIX	3/22/05	—	—	—	-3.14%	43.19%	2.34%
MULTI-MANAGER EMERGING MARKETS EQUITY ^{(3)^}	NMMEX	11/19/08	—	—	—	-6.68%	77.97%	75.83%
MULTI-MANAGER GLOBAL REAL ESTATE ^{(3,10)^}	NMMGX	11/19/08	—	—	—	-6.52%	48.54%	50.08%
MULTI-MANAGER INTERNATIONAL EQUITY ^{(3)^}	NMIEX	6/22/06	—	—	—	-3.58%	35.28%	-1.57%
MULTI-MANAGER LARGE CAP [^]	NMMLX	10/17/07	—	—	—	-3.83%	31.77%	-10.86%
MULTI-MANAGER MID CAP ^{(4)^}	NMMCX	6/22/06	—	—	—	-3.31%	44.29%	-1.19%
MULTI-MANAGER SMALL CAP ^{(4)^}	NMMSX	6/22/06	—	—	—	-3.39%	39.02%	-4.05%
SELECT EQUITY	NOEQX	4/6/94	—	—	—	-5.10%	29.53%	6.78%
SMALL CAP GROWTH ^{(4)^}	NSGRX	9/30/99	—	—	—	-5.51%	34.11%	2.79%
SMALL CAP INDEX ^{(4)^}	NSIDX	9/3/99	—	—	—	-3.79%	37.57%	3.97%
SMALL CAP VALUE ^{(4)^}	NOSGX	4/1/94	—	—	—	-3.17%	32.99%	8.66%
STOCK INDEX [^]	NOSIX	10/7/96	—	—	—	-3.63%	32.85%	4.58%
TECHNOLOGY ^{(5)^}	NTCHX	4/1/96	—	—	—	-7.08%	36.01%	6.43%
FIXED INCOME FUNDS⁽²⁾								
ARIZONA TAX-EXEMPT ^(6,7)	NOAZX	10/1/99	3.85%	6.20%	3.65%	0.40%	7.52%	5.03%
BOND INDEX	NOBOX	2/27/07	2.89%	—	2.70%	1.56%	7.13%	5.88%
CALIFORNIA INTERMEDIATE TAX-EXEMPT ^(6,7)	NCITX	10/1/99	2.84%	4.82%	2.71%	0.56%	5.25%	4.32%
CALIFORNIA TAX-EXEMPT ^(6,7)	NCATX	4/8/97	3.81%	6.46%	3.66%	0.24%	8.42%	5.34%
FIXED INCOME	NOFIX	4/1/94	3.10%	—	3.01%	1.47%	9.45%	5.73%
GLOBAL FIXED INCOME ⁽³⁾	NOIFX	4/1/94	1.15%	—	0.91%	0.44%	4.55%	5.28%
HIGH YIELD FIXED INCOME ^{(8)^}	NHFIX	12/31/98	8.67%	—	8.56%	0.89%	27.40%	5.22%
HIGH YIELD MUNICIPAL ^(6,8)	NHYMX	12/31/98	4.79%	7.37%	4.68%	0.73%	17.48%	2.80%
INTERMEDIATE TAX-EXEMPT ⁽⁶⁾	NOITX	4/1/94	2.79%	4.29%	2.70%	0.33%	5.78%	4.62%
MULTI-MANAGER HIGH YIELD OPPORTUNITY ⁽⁸⁾	NMHYX	9/23/09	6.00%	—	5.85%	0.91%	—	4.63%
SHORT-INTERMEDIATE TAX-EXEMPT ⁽⁶⁾	NSITX	8/22/07	1.02%	1.57%	0.92%	0.31%	2.88%	4.65%
SHORT-INTERMEDIATE U.S. GOVERNMENT ⁽⁹⁾	NSIUX	10/1/99	0.69%	—	0.59%	1.05%	2.74%	4.40%
TAX-ADVANTAGED ULTRA-SHORT FIXED INCOME	NTAUX	6/18/09	0.68%	—	0.44%	0.27%	—	1.57%
TAX-EXEMPT ⁽⁶⁾	NOTEX	4/1/94	3.48%	5.35%	3.38%	0.12%	8.57%	5.37%
ULTRA-SHORT FIXED INCOME	NUSFX	6/18/09	0.82%	—	0.47%	0.38%	—	1.82%
U.S. GOVERNMENT ⁽⁹⁾	NOUGX	4/1/94	1.40%	—	1.23%	1.35%	2.73%	5.15%

MONEY MARKET FUNDS

	TICKER SYMBOL	INCEPTION DATE	TOTAL RETURNS AS OF 1/31/10**			
			YEAR-TO-DATE	1-YEAR	10-YEAR	SINCE INCEPTION
CALIFORNIA MUNICIPAL MONEY MARKET ^(6,7)	NOCXX	11/29/94	0.00%	0.02%	1.68%	2.18%
MONEY MARKET	NORXX	4/11/94	0.00%	0.11%	2.67%	3.56%
MUNICIPAL MONEY MARKET ⁽⁶⁾	NOMXX	4/11/94	0.00%	0.13%	1.82%	2.31%
U.S. GOVERNMENT MONEY MARKET ⁽⁹⁾	NOGXX	4/11/94	0.00%	0.01%	2.59%	3.47%
U.S. GOVERNMENT SELECT MONEY MARKET ⁽⁹⁾	NOSXX	12/12/94	0.00%	0.02%	2.52%	3.41%

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

EQUITY AND FIXED INCOME FUNDS

EQUITY FUNDS ⁽¹⁾	TOTAL RETURNS AS OF THE LAST QUARTER 12/31/09**				GROSS EXPENSE RATIO	NET EXPENSE RATIO***
	1-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION		
EMERGING MARKETS EQUITY ^{(3)^}	72.64%	—	—	5.42%	0.76%	0.76%
ENHANCED LARGE CAP [^]	26.77%	—	—	-2.23%	0.94%	0.60%
GLOBAL REAL ESTATE INDEX ^{(3,10)^}	36.96%	—	—	-6.41%	0.74%	0.65%
GLOBAL SUSTAINABILITY INDEX ^{(3)^}	30.13%	—	—	-8.37%	1.23%	0.65%
GROWTH EQUITY [^]	31.70%	0.13%	-2.09%	6.32%	1.20%	1.00%
INCOME EQUITY [^]	32.22%	3.84%	4.80%	7.72%	1.28%	1.00%
INTERNATIONAL EQUITY INDEX ^{(3)^}	28.99%	—	—	2.96%	0.62%	0.45%
INTERNATIONAL GROWTH EQUITY ^{(3)^}	31.39%	4.05%	0.62%	4.70%	1.40%	1.26%
LARGE CAP VALUE [^]	25.42%	-0.36%	—	3.46%	1.21%	1.10%
MID CAP GROWTH ^{(4)^}	34.18%	2.20%	-1.29%	5.02%	1.26%	1.00%
MID CAP INDEX ^{(4)^}	37.15%	—	—	3.07%	0.51%	0.30%
MULTI-MANAGER EMERGING MARKETS EQUITY ^{(3)^}	74.90%	—	—	95.30%	1.58%	1.50%
MULTI-MANAGER GLOBAL REAL ESTATE ^{(3,10)^}	36.25%	—	—	64.44%	1.50%	1.30%
MULTI-MANAGER INTERNATIONAL EQUITY ^{(3)^}	27.74%	—	—	-0.58%	1.50%	1.47%
MULTI-MANAGER LARGE CAP [^]	28.75%	—	—	-9.67%	1.23%	1.20%
MULTI-MANAGER MID CAP ^{(4)^}	39.69%	—	—	-0.27%	1.21%	1.20%
MULTI-MANAGER SMALL CAP ^{(4)^}	30.49%	—	—	-3.21%	1.44%	1.40%
SELECT EQUITY	28.61%	0.28%	-3.75%	7.17%	1.30%	1.00%
SMALL CAP GROWTH ^{(4)^}	33.14%	2.19%	-1.20%	3.38%	1.71%	1.25%
SMALL CAP INDEX ^{(4)^}	27.22%	0.21%	3.03%	4.40%	0.54%	0.35%
SMALL CAP VALUE ^{(4)^}	17.77%	1.36%	7.18%	8.93%	1.38%	1.00%
STOCK INDEX [^]	26.22%	0.18%	-1.33%	4.90%	0.39%	0.25%
TECHNOLOGY ^{(5)^}	42.67%	0.08%	-9.13%	7.04%	1.49%	1.25%
FIXED INCOME FUNDS⁽²⁾						
ARIZONA TAX-EXEMPT ^(6,7)	11.37%	3.73%	5.16%	5.03%	0.95%	0.75%
BOND INDEX	4.60%	—	—	5.49%	0.44%	0.25%
CALIFORNIA INTERMEDIATE TAX-EXEMPT ^(6,7)	8.56%	3.04%	4.45%	4.30%	0.88%	0.75%
CALIFORNIA TAX-EXEMPT ^(6,7)	12.35%	3.77%	5.54%	5.35%	0.90%	0.75%
FIXED INCOME	6.87%	4.18%	5.44%	5.67%	0.99%	0.90%
GLOBAL FIXED INCOME ⁽³⁾	-0.21%	3.15%	5.28%	5.28%	1.39%	1.15%
HIGH YIELD FIXED INCOME ^{(8)^}	33.48%	4.11%	5.22%	5.18%	1.01%	0.90%
HIGH YIELD MUNICIPAL ^(6,8)	23.24%	0.82%	3.69%	2.75%	0.96%	0.85%
INTERMEDIATE TAX-EXEMPT ⁽⁶⁾	8.96%	3.70%	4.81%	4.63%	0.84%	0.75%
MULTI-MANAGER HIGH YIELD OPPORTUNITY ⁽⁸⁾	—	—	—	3.69%	1.29%	1.10%
SHORT-INTERMEDIATE TAX-EXEMPT ⁽⁶⁾	4.80%	—	—	4.68%	0.80%	0.70%
SHORT-INTERMEDIATE U.S. GOVERNMENT ⁽⁹⁾	0.98%	3.70%	4.37%	4.33%	1.00%	0.90%
TAX-ADVANTAGED ULTRA-SHORT FIXED INCOME TAX-EXEMPT ⁽⁶⁾	—	—	—	3.69%	0.55%	0.25%
TAX-EXEMPT ⁽⁶⁾	12.36%	4.08%	5.64%	5.39%	0.85%	0.75%
ULTRA-SHORT FIXED INCOME	—	—	—	1.43%	0.69%	0.25%
U.S. GOVERNMENT ⁽⁹⁾	0.06%	4.00%	4.99%	5.09%	1.07%	0.90%

MONEY MARKET FUNDS

	TOTAL RETURNS AS OF THE LAST QUARTER 12/31/09**				SEVEN-DAY YIELD AS OF 1/31/10			
	1-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION	CURRENT	EFFECTIVE	CURRENT TAX-EQUIVALENT	CURRENT W/O WAIVER
CALIFORNIA MUNICIPAL MONEY MARKET ^(6,7)	0.03%	1.91%	1.71%	2.19%	0.01%	0.01%	0.02%	-0.33%
MONEY MARKET	0.13%	2.82%	2.72%	3.58%	0.01%	0.01%	—	-0.20%
MUNICIPAL MONEY MARKET ⁽⁶⁾	0.16%	1.98%	1.85%	2.32%	0.01%	0.01%	0.02%	-0.21%
U. S. GOVERNMENT MONEY MARKET ⁽⁹⁾	0.03%	2.74%	2.63%	3.49%	0.01%	0.01%	—	-0.36%
U.S. GOVERNMENT SELECT MONEY MARKET ⁽⁹⁾	0.02%	2.68%	2.56%	3.43%	0.01%	0.01%	—	-0.37%

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

BROAD MARKET INDICES

Following are some of the broad market indices that can help you stay in touch with current trends and provide perspective on your funds' performance.

	YEAR-TO-DATE as of 1-31-10	2009	2008	2007	2006	2005
CONSUMER PRICE INDEX	2.72% ⁽¹¹⁾	2.72%	0.09%	4.08%	2.54%	3.42%
DOW JONES INDUSTRIAL AVERAGE	-3.32%	22.68%	-31.93%	8.78%	18.95%	1.87%
NASDAQ COMPOSITE INDEX	-5.37%	43.22%	-43.16%	9.81%	9.52%	1.37%
S&P 500 [®] INDEX	-3.60%	26.46%	-37.00%	5.49%	15.80%	4.91%
RUSSELL MIDCAP GROWTH [®] INDEX	-3.99%	46.29%	-44.32%	11.43%	10.66%	12.10%
RUSSELL 2000 GROWTH [®] INDEX	-4.47%	34.47%	-38.54%	7.05%	13.34%	4.15%
RUSSELL 2000 VALUE [®] INDEX	-2.93%	20.58%	-28.92%	-9.78%	23.48%	4.71%
MSCI EAFE [®] INDEX	-4.41%	31.78%	-43.38%	11.17%	26.34%	13.54%
NYSE ARCA TECH 100 SM INDEX	-5.32%	44.37%	-34.51%	7.82%	4.79%	3.37%
BARCLAYS CAPITAL U.S. AGGREGATE BOND INDEX	1.53%	5.93%	5.24%	6.97%	4.33%	2.43%
BARCLAYS CAPITAL U.S. GOVERNMENT BOND INDEX	1.45%	-2.20%	12.39%	8.66%	3.48%	2.65%
BARCLAYS CAPITAL MUNICIPAL BOND INDEX	0.52%	12.91%	-2.47%	3.36%	4.84%	3.51%
BARCLAYS CAPITAL 5-YEAR MUNICIPAL BOND INDEX	0.61%	7.40%	5.78%	5.15%	3.34%	0.95%
iMONEYNET TM MONEY FUND AVERAGE/ALL TAXABLE FUNDS	0.00%	0.18%	2.03%	4.59%	4.42%	2.63%

* 30-Day SEC Yield is based on net income during the 30-day period ending on the last day of the month. Tax-equivalent yields are based on assumed income tax rates of 41.0%, 38.0% and 35.0%, for California, Arizona and national municipal bond funds, respectively.

** Total return is based on net change in NAV, assuming reinvestment of all distributions. Total return is annualized for periods greater than one year.

*** Includes voluntary expense reimbursements by Northern Funds investment advisers that may change or end at any time.

^ 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.

- (1) 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 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) Foreign and emerging market securities may involve additional risks, such as social and political instability, reduced market liquidity and currency volatility.
- (4) Small- and mid-sized company stocks are generally riskier than large-company stocks due to greater volatility and less liquidity.
- (5) Technology stocks may be very volatile and mutual funds that concentrate in one market sector are generally riskier than more diversified strategies.
- (6) Income from the Fund may be subject to federal alternative minimum tax, state and local taxes.
- (7) The geographical concentration of portfolio holdings in this Fund may involve increased risk.
- (8) The Fund invests in below investment grade debt obligations, commonly known as "junk bonds." While offering higher current yields, these securities generally are considered speculative and are subject to greater risks than higher-rated bonds.
- (9) Unlike Treasury bonds and bills, the principal value and investment return of the Fund are not guaranteed or insured by the U.S. government.
- (10) Real estate securities may involve special risks, including sensitivity to changes in the overall economy or interest rate levels.
- (11) Year-to-date data is reported on a one-month lag.

An investment in the Money Market Funds is not insured or guaranteed by the FDIC or any other governmental agency. Although the Funds seek to maintain a value of \$1.00 per share, it is possible to lose money.

Current 7-day yield is based on net income during the 7-day period ended January 31, 2010. Effective 7-day yield is based on compounding the 7-day net income. 7-day yields more closely reflect the current earnings of the Money Market Funds than the total returns.

7-day current tax-equivalent yields are based on assumed income tax rates of 41.0% and 35.0% for California and national municipal money market funds, respectively.

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

NORTHERN FUNDS

4- & 5-STAR MORNINGSTAR RATINGS

EQUITY FUNDS

OVERALL MORNINGSTAR RATINGS™ AS OF 1/31/10*
Derived from a weighted average of the fund's 3-, 5-, and 10-year risk-adjusted returns

NORTHERN INTERNATIONAL GROWTH EQUITY FUND	★★★★	Among 635 foreign large blend funds
NORTHERN MID CAP INDEX FUND	★★★★	Among 370 mid-cap blend funds
NORTHERN MULTI-MANAGER INTERNATIONAL EQUITY FUND	★★★★	Among 635 foreign large blend funds
NORTHERN MULTI-MANAGER MID CAP FUND	★★★★	Among 370 mid-cap blend funds

FIXED INCOME FUNDS

NORTHERN ARIZONA TAX-EXEMPT FUND	★★★★	Among 313 municipal single state long funds
NORTHERN CALIFORNIA TAX-EXEMPT FUND	★★★★	Among 155 municipal California long funds
NORTHERN TAX-EXEMPT FUND	★★★★	Among 256 municipal national long funds

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

*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.

Northern International Growth Equity received 4 stars for the 3-year rating among 635 foreign large blend funds, 4 stars for the 5-year rating among 464 funds and 3 stars for the 10-year rating among 249 funds.

Northern Mid Cap Index received 4 stars for the 3-year rating among 370 mid-cap blend funds. The 5- and 10-year Morningstar Ratings are not available.

Northern Multi-Manager International Equity received 4 stars for the 3-year rating among 635 foreign large blend funds. The 5- and 10-year Morningstar Ratings are not available.

Northern Multi-Manager Mid Cap received 4 stars for the 3-year rating among 370 mid-cap blend funds. The 5- and 10-year Morningstar Ratings are not available.

Northern Arizona Tax-Exempt received 5 stars for the 3-year rating among 313 municipal single state long funds, 4 stars for the 5-year rating among 278 funds and 3 stars for the 10-year rating among 269 funds.

Northern California Tax-Exempt received 5 stars for the 3-year rating among 155 municipal California long funds, 4 stars for the 5-year rating among 143 funds and 4 stars for the 10-year rating among 114 funds.

Northern Tax-Exempt received 4 stars for the 3-year rating among 256 municipal national long funds, 4 stars for the 5-year rating among 233 funds and 4 stars for the 10-year rating among 204 funds.

© 2010 Morningstar, Inc. All Rights Reserved. Morningstar and/or its content providers are the proprietors of this information; do not permit its unauthorized copying or distribution; do not warrant it to be accurate, complete or timely; and are not responsible for damages or losses arising from its use.

Northern Funds are distributed by Northern Funds Distributors, LLC, Boston, MA, not affiliated with Northern Trust.

© 2010 Northern Funds

