

NORTHERN FUNDS REDUCTIONS IN FUND EXPENSES FOR MOST NORTHERN FUNDS

Expense reductions for 37 of 44 Northern Funds became effective on January 1, 2012. The expense reductions are expected to result in higher distribution yields, increased dividends and increased performance. The expense reductions vary by mutual fund but range from 5% to 60%, and are outlined in the chart below.

NORTHERN FUNDS EXPENSE REIMBURSEMENTS COMPARISONS

| Fund | Ticker Symbol | Prior Total Annual Fund Operating Expenses* | Operating Expense Reduction | Current Total Annual Fund Operating Expenses* |
|---------------------------------------|---------------|---|-----------------------------|---|
| EQUITY FUNDS | | | | |
| International Equity | NOIGX | 1.25% | -0.19% | 1.06% |
| Large Cap Equity | NOGEX | 1.00% | -0.15% | 0.85% |
| Large Cap Growth | NOEQX | 1.00% | -0.15% | 0.85% |
| Large Cap Value | NOLVX | 1.10% | -0.25% | 0.85% |
| Small Cap Core | NSGRX | 1.00% | -0.25% | 0.75% |
| EQUITY INDEX FUNDS | | | | |
| Emerging Markets Equity Index | NOEMX | 0.72% | -0.42% | 0.30% |
| Global Real Estate Index | NGREX | 0.65% | -0.15% | 0.50% |
| Global Sustainability Index | NSRIX | 0.65% | -0.35% | 0.30% |
| International Equity Index | NOINX | 0.45% | -0.20% | 0.25% |
| Mid Cap Index | NOMIX | 0.30% | -0.15% | 0.15% |
| Small Cap Index | NSIDX | 0.35% | -0.20% | 0.15% |
| Stock Index | NOSIX | 0.25% | -0.15% | 0.10% |
| MULTI-MANAGER FUNDS | | | | |
| Multi-Manager Emerging Markets Equity | NMMEX | 1.46% | -0.10% | 1.36% |
| Multi-Manager Global Real Estate | NMMGX | 1.30% | -0.10% | 1.20% |
| Multi-Manager International Equity | NMIEX | 1.40% | -0.10% | 1.30% |
| Multi-Manager Large Cap | NMMLX | 1.20% | -0.10% | 1.10% |
| Multi-Manager Mid Cap | NMMCX | 1.20% | -0.10% | 1.10% |
| Multi-Manager Small Cap | NMMSX | 1.40% | -0.10% | 1.30% |
| Multi-Manager High Yield Opportunity | NMHYX | 1.10% | -0.10% | 1.00% |
| TAX-EXEMPT FIXED INCOME FUNDS | | | | |
| Arizona Tax-Exempt | NOAZX | 0.75% | -0.30% | 0.45% |
| California Intermediate Tax-Exempt | NCITX | 0.75% | -0.30% | 0.45% |
| California Tax-Exempt | NCATX | 0.75% | -0.30% | 0.45% |
| High Yield Municipal | NHYMX | 0.85% | -0.05% | 0.80% |
| Intermediate Tax-Exempt | NOITX | 0.75% | -0.30% | 0.45% |
| Short-Intermediate Tax-Exempt | NSITX | 0.71% | -0.25% | 0.46% |
| Tax-Exempt | NOTEX | 0.75% | -0.30% | 0.45% |
| FIXED INCOME FUNDS | | | | |
| Bond Index | NOBOX | 0.26% | -0.10% | 0.16% |
| Fixed Income | NOFIX | 0.91% | -0.45% | 0.46% |
| Global Fixed Income | NOIFX | 1.15% | -0.35% | 0.80% |
| High Yield Fixed Income | NHFIX | 0.87% | -0.10% | 0.77% |
| Short-Intermediate U.S. Government | NSIUX | 0.93% | -0.50% | 0.43% |
| U.S. Government | NOUGX | 0.91% | -0.50% | 0.41% |

*After Expense Reimbursement. These new contractual expense reimbursement arrangements are expected to continue from implementation until at least 12/31/2012.

Mutual fund investing involves risk, including loss of principal.

Please carefully read the prospectus and summary prospectus and consider the investment objectives, risks, charges and expenses of any mutual fund 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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