

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
Northern Funds Short Bond Fund		36-3849411	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Randal Rein	312.630.1872	rr36@ntrs.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
50 S. LaSalle Street		Chicago, IL 60603	
8 Date of action		9 Classification and description	
See Statement Attached		COMMON STOCK - REGULATED INVESTMENT COMPANY	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
665162368		BSBAX	

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ A portion of each distribution listed in the attached statement is a non-dividend distribution commonly referred to as a non-taxable return of capital. A return of capital occurs when all or a portion of a distribution exceeds the earning and profits available for distribution.

See statement attached for details.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ The portion of each distribution that is a non-taxable return of capital reduces the shareholder's cost basis in their shares of the Issuer on which the distribution was paid.

See statement attached for details.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ Issuer's computation of earnings and profits for the year ended March 31, 2016 was completed on May 23 2016. The Issuer's current and accumulated earnings were compared to distributions listed in the attached statement paid during the year ended March 31, 2016. The non-taxable return of capital is the amount of each distribution listed in the attached statement and paid during the taxable year ended March 31, 2016 in excess of the Issuer's current and accumulated earnings and profits.

See statement attached for details.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Internal Revenue Code Sections 301, 316, & 852.

18 Can any resulting loss be recognized? ▶ No.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The above described organizational action is reportable in tax year 2016.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature ▶ Signatures on File Date ▶ _____

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

Northern Funds Short Bond Fund

Employer Identification Number: **36-3849411**

Organizational Action Affecting Cost Basis: Return of Capital Distribution

The Fund has determined that a portion of the distributions listed below and paid during the Fund's fiscal year ended March 31, 2016 is classified as a Non-dividend distribution commonly referred to as a non-taxable return of capital, (ROC).

Month	Payable Date	Distribution Per Share	ROC%	Non-Dividend Distribution Per Share
March	3/23/2016	\$ 0.021486	35.15%	\$ 0.007553