NORTHERN INSTITUTIONAL FUNDS

GLOBAL TACTICAL ASSET ALLOCATION PORTFOLIO

SEMIANNUAL REPORT

MAY 31, 2010

TRUST NORTHERN FOR WHAT REALLY MATTERS

NORTHERN INSTITUTIONAL FUNDS®

Managed by Northern Trust

A MESSAGE FROM

BOB BROWNE

CHIEF INVESTMENT OFFICER

The global equity markets lost ground during the six months ended May 31, 2010, as the strength exhibited during the early part of the year gave rise to heightened investor nervousness in May. Through the first five months of the period, investors maintained a healthy appetite for risk on the strength of improving economic conditions and stronger corporate earnings. Late in the period, however, growing concern over European sovereign debt risk led to a sharp sell-off in the world markets. The U.S. stock market outperformed with a gain of 0.40% during the semiannual period, as gauged by the S&P 500 Index, while the Russell 2000 Index — a measure of small-cap performance — rose 14.84%. Non-U.S. equities lagged sharply due to the weakness in Europe, with the MSCI EAFE Index falling 10.90%.

As we move into the summer, the investment environment is presenting market participants with a mixed picture. On one hand, signs of strength in the global economy continue to emerge. The tremendous improvement in the credit markets since March 2009 has underpinned the cyclical economic recovery, enabling banks and non-financial companies to shore up their finances. U.S. growth has benefited substantially from a drop in the consumer savings rate, while corporate activity is showing broad signs of strength. The profitability of companies in the S&P 500 also continues to surprise, as corporate cost-cutting in 2008 and 2009 is allowing rising revenues to translate into much higher profitability. In total, underlying fundamentals for stocks remain positive, with steadily improving corporate earnings, continued low interest rates, and reasonable valuations. Nevertheless, the increase in market volatility helps illustrate investors' rising sensitivity to macroeconomic risks.

During the past year, we have described our near-term outlook as partly sunny (cyclical economic rebound supported by massive liquidity) while our longer-term view was partly cloudy (growth in developed economies impeded by high debt levels). The cyclical global rebound has come to fruition thus far. Some signs of slowing momentum are causing market participants to refocus on the possibility of a "double-dip" recession, but we do not number among them. We continue to believe that the cyclical recovery is underway as strength in corporate profitability unleashes a virtuous cycle. Corporate profits lead to employment growth and investment, which lead to more consumption which in turn leads to more corporate profits. In addition, we believe it is unlikely that the Federal Reserve and the European Central Bank will raise interest rates any time soon — another potential source of support for equity markets.

Nevertheless, the sovereign debt issue has begun to pressure the markets sooner than expected, moving some clouds into view. We also see continued evidence of over-investment in real estate that may lead to further monetary tightening in China. While we retain a positive view overall, we are not taking these potential obstacles lightly. Accordingly, we believe the prudent course of action is to maintain a conservative approach until the effects of this latest crisis become more readily apparent.

Bob Browne
Chief Investment Officer
Northern Trust

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STATEMENT OF ASSETS AND LIABILITIES

MAY 31, 2010 (UNAUDITED)

Amounts in thousands, except per share data	GLOBAL TACTICAL ASSET ALLOCATION PORTFOLIO
ASSETS:	
Investments, at cost[(1)]	$22,432
Investments, at value[(2)]	$23,423
Interest income receivable	6
Dividend income receivable	56
Receivable for securities sold	97
Receivable for fund shares sold	2
Receivable from affiliated administrator	12
Prepaid and other assets	10
Total Assets	23,606
LIABILITIES:	
Payable for securities purchased	110
Payable for fund shares redeemed	24
Payable to affiliates:	
Investment advisory fees	3
Administration fees	2
Custody and accounting fees	4
Trustee fees	3
Accrued other liabilities	13
Total Liabilities	159
Net Assets	$23,447
ANALYSIS OF NET ASSETS:	
Capital stock	$31,256
Accumulated undistributed net investment loss	(2)
Accumulated undistributed net realized loss	(8,798)
Net unrealized appreciation	991
Net Assets	$23,447
Net Assets:	
Class A	$19,541
Class C	3,862
Class D	44
Total Shares Outstanding (no par value, unlimited shares authorized):	
Class A	2,152
Class C	426
Class D	5
Net Asset Value, Redemption and Offering Price Per Share:	
Class A	$9.08
Class C	9.08
Class D	8.96

(1) Amount includes cost of $20,161 in affliliated portfolios.
(2) Amount includes value of $21,065 in affliliated portfolios.

See Notes to the Financial Statements.

STATEMENT OF OPERATIONS

SIX MONTHS ENDED MAY 31, 2010 (UNAUDITED)

Amounts in thousands	GLOBAL TACTICAL ASSET ALLOCATION PORTFOLIO
INVESTMENT INCOME:	
Dividend income[(1)]	$373
Total Investment Income	373
EXPENSES:	
Investment advisory fees	30
Administration fees	12
Custody and accounting fees	25
Transfer agent fees	3
Blue sky fees	13
SEC fees	1
Printing fees	12
Audit fees	2
Legal fees	5
Shareholder servicing fees	3
Trustee fees	4
Other	5
Total Expenses	115
Less waivers of investment advisory fees	(12)
Less expenses reimbursed by administrator	(68)
Net Expenses	35
Net Investment Income	**338**
NET REALIZED AND UNREALIZED GAINS (LOSSES):	
Net realized gains on investments[(2)]	1,939
Net change in unrealized depreciation on investments[(3)]	(2,554)
Net Losses	(615)
Net Decrease in Net Assets Resulting from Operations	**$(277)**

(1) Amount includes dividend income from affiliated portfolios of $365.
(2) Amount includes net realized gain from affliliated portfolios of $1,765.
(3) Amount includes net change in unrealized depreciation from affiliated portfolios of $(2,366).

See Notes to the Financial Statements.

STATEMENT OF CHANGES IN NET ASSETS

SIX MONTHS ENDED MAY 31, 2010 (UNAUDITED) OR FISCAL YEAR ENDED NOVEMBER 30, 2009

	GLOBAL TACTICAL ASSET ALLOCATION PORTFOLIO	
Amounts in thousands	**2010**	**2009**
OPERATIONS:		
Net investment income	$338	$1,065
Net realized gains (losses)	1,939	(539)
Net change in unrealized appreciation (depreciation)	(2,554)	4,014
Net Increase (Decrease) in Net Assets Resulting from Operations	(277)	4,540
CAPITAL SHARE TRANSACTIONS:		
Net decrease in net assets resulting from Class A share transactions	(647)	(64)
Net increase (decrease) in net assets resulting from Class C share transactions	123	(40)
Net decrease in net assets resulting from Class D share transactions	(2)	(6)
Net Decrease in Net Assets Resulting from Capital Share Transactions	(526)	(110)
DISTRIBUTIONS TO CLASS A SHAREHOLDERS:		
From net investment income	(293)	(507)
Total Distributions to Class A shareholders	(293)	(507)
DISTRIBUTIONS TO CLASS C SHAREHOLDERS:		
From net investment income	(52)	(84)
Total Distributions to Class C shareholders	(52)	(84)
DISTRIBUTIONS TO CLASS D SHAREHOLDERS:		
From net investment income	(1)	(1)
Total Distributions to Class D shareholders	(1)	(1)
Total Increase (Decrease) in Net Assets	**(1,149)**	**3,838**
NET ASSETS:		
Beginning of period	24,596	20,758
End of period	$23,447	$24,596
Accumulated Undistributed Net Investment Income (Loss)	**$(2)**	**$6**

See Notes to the Financial Statements.

FINANCIAL HIGHLIGHTS

SIX MONTHS ENDED MAY 31, 2010 (UNAUDITED)
OR FISCAL YEARS ENDED NOVEMBER 30,

GLOBAL TACTICAL ASSET ALLOCATION PORTFOLIO[1]

CLASS A

Selected per share data	2010	2009[2]	2008[2]	2007[2]	2006	2005
Net Asset Value, Beginning of Period	**$9.33**	**$7.81**	**$12.56**	**$12.61**	**$12.63**	**$12.11**
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income	0.13	0.41	0.22	0.30	0.28	0.23
Net realized and unrealized gains (losses)	(0.25)	1.34	(2.74)	0.42	0.52	0.62
Total from Investment Operations	(0.12)	1.75	(2.52)	0.72	0.80	0.85
LESS DISTRIBUTIONS PAID:						
From net investment income	(0.13)	(0.23)	(0.22)	(0.34)	(0.27)	(0.23)
From net realized gains	—	—	(2.01)	(0.43)	(0.55)	(0.10)
Total Distributions Paid	(0.13)	(0.23)	(2.23)	(0.77)	(0.82)	(0.33)
Net Asset Value, End of Period	$9.08	$9.33	$7.81	$12.56	$12.61	$12.63
Total Return[3]	**(1.24)%**	**22.77%**	**(23.97)%**	**5.88%**	**6.74%**	**7.14%**
SUPPLEMENTAL DATA AND RATIOS:						
Net assets, in thousands, end of period	$19,541	$20,708	$17,426	$61,967	$125,172	$130,166
Ratio to average net assets of:[4]						
Expenses, net of waivers, reimbursements and credits	0.25%[5]	0.24%[5]	0.37%[5][6]	0.61%	0.61%	0.61%
Expenses, before waivers, reimbursements and credits	0.91%[5]	0.99%[5]	0.77%[5][6]	0.82%	0.79%	0.78%
Net investment income, net of waivers, reimbursements and credits	2.83%	4.88%	2.25%	2.38%	2.23%	1.90%
Net investment income, before waivers, reimbursements and credits	2.17%	4.13%	1.85%	2.17%	2.05%	1.73%
Portfolio Turnover Rate	46.92%	126.86%	398.83%	147.04%	200.30%	119.58%

CLASS C

Selected per share data	2010	2009[2]	2008[2]	2007[2]	2006	2005
Net Asset Value, Beginning of Period	**$9.32**	**$7.81**	**$12.56**	**$12.61**	**$12.63**	**$12.11**
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income	0.12	0.39	0.19	0.27	0.25	0.21
Net realized and unrealized gains (losses)	(0.24)	1.33	(2.73)	0.42	0.52	0.61
Total from Investment Operations	(0.12)	1.72	(2.54)	0.69	0.77	0.82
LESS DISTRIBUTIONS PAID:						
From net investment income	(0.12)	(0.21)	(0.20)	(0.31)	(0.24)	(0.20)
From net realized gains	—	—	(2.01)	(0.43)	(0.55)	(0.10)
Total Distributions Paid	(0.12)	(0.21)	(2.21)	(0.74)	(0.79)	(0.30)
Net Asset Value, End of Period	$9.08	$9.32	$7.81	$12.56	$12.61	$12.63
Total Return[3]	**(1.36)%**	**22.33%**	**(24.14)%**	**5.63%**	**6.57%**	**6.80%**
SUPPLEMENTAL DATA AND RATIOS:						
Net assets, in thousands, end of period	$3,862	$3,841	$3,287	$5,023	$4,306	$4,518
Ratio to average net assets of:[4]						
Expenses, net of waivers, reimbursements and credits	0.49%[5]	0.48%[5]	0.61%[5][6]	0.85%	0.85%	0.85%
Expenses, before waivers, reimbursements and credits	1.15%[5]	1.23%[5]	1.01%[5][6]	1.06%	1.03%	1.02%
Net investment income, net of waivers, reimbursements and credits	2.59%	4.64%	2.01%	2.14%	1.99%	1.66%
Net investment income, before waivers, reimbursements and credits	1.93%	3.89%	1.61%	1.93%	1.81%	1.49%
Portfolio Turnover Rate	46.92%	126.86%	398.83%	147.04%	200.30%	119.58%

(1) Formerly known as the Balanced Portfolio.
(2) Net investment income for the period ended was calculated using the average shares outstanding method.
(3) Assumes investment at net asset value at the beginning of the period, reinvestment of all dividends and distributions, and a complete redemption of the investment at net asset value at the end of the period. Total return is not annualized for periods less than one year.
(4) Annualized for periods less than one year.
(5) Expense ratios reflect only the direct expenses of the Portfolio and not any expenses associated with the underlying funds.
(6) Expense ratios decreased from the prior year due to the Portfolio changing its investment strategy to an asset allocation fund.

See Notes to the Financial Statements.

FINANCIAL HIGHLIGHTS continued

SIX MONTHS ENDED MAY 31, 2010 (UNAUDITED) OR FISCAL YEARS ENDED NOVEMBER 30,

GLOBAL TACTICAL ASSET ALLOCATION PORTFOLIO[1]

CLASS D						
Selected per share data	**2010**	**2009[2]**	**2008[2]**	**2007[2]**	**2006**	**2005**
Net Asset Value, Beginning of Period	**$9.20**	**$7.71**	**$12.47**	**$12.52**	**$12.54**	**$12.03**
INCOME (LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income	0.11	0.38	0.18	0.25	0.23	0.20
Net realized and unrealized gains (losses)	(0.23)	1.31	(2.75)	0.41	0.53	0.59
Total from Investment Operations	(0.12)	1.69	(2.57)	0.66	0.76	0.79
LESS DISTRIBUTIONS PAID:						
From net investment income	(0.12)	(0.20)	(0.18)	(0.28)	(0.23)	(0.18)
From net realized gains	—	—	(2.01)	(0.43)	(0.55)	(0.10)
Total Distributions Paid	(0.12)	(0.20)	(2.19)	(0.71)	(0.78)	(0.28)
Net Asset Value, End of Period	$8.96	$9.20	$7.71	$12.47	$12.52	$12.54
Total Return[3]	**(1.35)%**	**22.20%**	**(24.58)%**	**5.47%**	**6.38%**	**6.65%**
SUPPLEMENTAL DATA AND RATIOS:						
Net assets, in thousands, end of period	$44	$47	$45	$109	$254	$254
Ratio to average net assets of:[4]						
Expenses, net of waivers, reimbursements and credits	0.64%[5]	0.63%[5]	0.76%[5][6]	1.00%	1.00%	1.00%
Expenses, before waivers, reimbursements and credits	1.30%[5]	1.38%[5]	1.16%[5][6]	1.21%	1.18%	1.17%
Net investment income, net of waivers, reimbursements and credits	2.44%	4.49%	1.86%	1.99%	1.84%	1.51%
Net investment income, before waivers, reimbursements and credits	1.78%	3.74%	1.46%	1.78%	1.66%	1.34%
Portfolio Turnover Rate	46.92%	126.86%	398.83%	147.04%	200.30%	119.58%

(1) Formerly known as the Balanced Portfolio.
(2) Net investment income for the period ended was calculated using the average shares outstanding method.
(3) Assumes investment at net asset value at the beginning of the period, reinvestment of all dividends and distributions, and a complete redemption of the investment at net asset value at the end of the period. Total return is not annualized for periods less than one year.
(4) Annualized for periods less than one year.
(5) Expense ratios reflect only the direct expenses of the Portfolio and not any expenses associated with the underlying funds.
(6) Expense ratios decreased from the prior year due to the Portfolio changing its investment strategy to an asset allocation fund.

See Notes to the Financial Statements.

GLOBAL TACTICAL ASSET ALLOCATION PORTFOLIO

MAY 31, 2010 (UNAUDITED)

	NUMBER OF SHARES	VALUE (000S)
FUND ALLOCATION - INVESTMENT COMPANIES - 99.9%		
iPath Dow Jones-AIG Commodity Index Total Return ETN	12,348	$466
iShares Barclays U.S. Treasury Inflation Protected Securities Bond Fund ETF	6,705	711
SPDR Gold Trust ETF	9,930	1,181
Northern Funds - Bond Index Fund (1) (2)	289,430	3,048
Northern Funds - Emerging Markets Equity Fund (1) (2)	182,620	1,875
Northern Funds - Global Real Estate Index Fund (1) (2)	102,070	703
Northern Funds - High Yield Fixed Income Fund (1) (2)	410,694	2,813
Northern Funds - Mid Cap Index Fund (1) (2)	46,560	469
Northern Institutional Funds - Diversified Assets Portfolio (1) (2)	1,137,759	1,138
Northern Institutional Funds - Equity Index Portfolio (1) (2)	476,672	5,158
Northern Institutional Funds - International Equity Index Portfolio (1) (2)	395,118	2,813
Northern Institutional Funds - Short Bond Portfolio (1) (2)	136,732	2,579
Northern Institutional Funds - Small Company Index Portfolio (1) (2)	31,764	469
Total Investment Companies		
(Cost $22,432)		**23,423**
Total Investments - 99.9%		
(Cost $22,432)		**23,423**
Other Assets less Liabilities - 0.1%		24
NET ASSETS - 100.0%		**$23,447**

(1) Northern Trust Investments, N.A. is an investment adviser of the Portfolio and the investment adviser to other Northern Institutional Funds and to the Northern Funds.

(2) Investment in affiliated Portfolio.

ETF - Exchange Traded Fund
ETN - Exchange Traded Note
NF - Northern Funds
NIF - Northern Institutional Funds

Percentages shown are based on Net Assets.

At May 31, 2010, the asset class weightings for the Global Tactical Asset Allocation Portfolio were:

ASSET CLASS	WEIGHT	INVESTMENT VEHICLE
U.S. Equity - Large	21.7%	NIF Equity Index
U.S. Equity - Mid	2.0	NF Mid Cap Index
U.S. Equity - Small	2.0	NIF Small Company Index
Non U.S. Equity - Developed	11.9	NIF International Equity Index
Non U.S. Equity - Emerging Markets	8.0	NF Emerging Markets Equity
Global Real Estate	3.0	NF Global Real Estate Index
U.S. Bonds - High Yield	12.1	NF High Yield Fixed Income
U.S. Bonds - Inflation Protected	3.0	iShares Barclays U.S. Treasury Inflation Protected Securities Bond Fund ETF
U.S. Bonds - Intermediate	13.1	NF Bond Index
U.S. Bonds - Short	11.1	NIF Short Bond
Commodities	2.0	iPath Dow Jones-AIG Commodity Index Total Return ETN
	5.0	SPDR Gold Trust ETF
Cash	5.1	NIF Diversified Assets
Total	100.0%	

Various inputs are used in determining the value of the Portfolio's investments. These inputs are summarized in three levels listed below:

Level 1 - Quoted market prices in active markets for identical securities on the measurement date and on an ongoing basis
Level 2 - Other observable inputs (e.g., quoted prices in active markets for similar securities, securities valuations based on commonly quoted benchmark interest rates and yield curves, and/or securities indices)
Level 3 - Significant unobservable inputs (e.g., information about assumptions, including risk, market participants would use in pricing a security)

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities and other financial instruments, if any. Following is a summary of the inputs used in valuing the Global Tactical Asset Allocation Portfolio's investments, which are carried at fair value, as of May 31, 2010:

	LEVEL 1 (000S)	LEVEL 2 (000S)	LEVEL 3 (000S)	TOTAL (000S)
Investments held by Global Tactical Asset Allocation Portfolio	$23,423 (1)	$—	$ —	$23,423

(1) Classifications as defined in the Schedule of Investments.

See Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANIZATION

Northern Institutional Funds (the "Trust") is a Delaware statutory trust and is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company. The Trust includes 21 portfolios as of May 31, 2010, each with its own investment objective (e.g., long-term capital appreciation, total return or income consistent with preservation of capital). The Global Tactical Asset Allocation Portfolio (the "Portfolio") is a separate, diversified investment portfolio of the Trust. The Portfolio seeks to provide long-term capital appreciation and current income by investing primarily in shares of a combination of underlying mutual funds to which Northern Trust Investments, N.A. ("NTI"), the Portfolio's investment adviser, or an affiliate acts as investment adviser. The Portfolio also may invest in other unaffiliated mutual funds and exchange-traded funds ("ETFs") and other securities and investments not issued by mutual funds.

NTI is a subsidiary of The Northern Trust Company (collectively "Northern Trust"). Northern Trust serves as the custodian and transfer agent for the Portfolio. NTI serves as the Trust's administrator. Northern Funds Distributors, LLC is the Trust's distributor.

The Portfolio is authorized to issue three classes of shares: Class A, C and D. Each class is distinguished by the level of administrative, liaison and transfer agent services provided. At May 31, 2010, Class A, Class C and Class D shares were outstanding.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Portfolio in the preparation of its financial statements. These policies are in conformity with U.S. generally accepted accounting principles or "GAAP." The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

The net asset value ("NAV") of each Portfolio's classes is determined daily as of the close of regular trading on the New York Stock Exchange ("NYSE"), generally 3:00 P.M. Central time, on each day the NYSE is open for trading.

A) VALUATION OF SECURITIES Securities are valued at their fair value. Securities traded on U.S. securities exchanges or in the NASDAQ National Market System are principally valued at the regular trading session closing price (generally, 3:00 P.M. Central time) on the exchange or market in which such securities are principally traded. If any such security is not traded on a valuation date, it is valued at the most recent quoted bid price. Over-the-counter securities not reported in the NASDAQ National Market System are also generally valued at the most recent quoted bid price. Fixed income securities, however, may be valued on the basis of evaluated prices provided by independent pricing services when such prices are believed to reflect the fair market value of such securities. Such prices may be determined taking into account securities prices, yields, maturities, call features, ratings, institutional size trading in similar groups of securities and developments related to specific securities.

The values of securities of foreign issuers are generally based upon market quotations which, depending upon local convention or regulation, may be the last sale price, the last bid price or the mean between the last bid and asked price as of, in each case, the close of the appropriate exchange or other designated time. Foreign fixed income securities, however, may, like domestic fixed income securities, be valued based on prices provided by independent pricing services when such prices are believed to reflect the fair market value of such securities.

Shares of open-end investment companies are valued at their NAV. Spot and forward foreign currency exchange contracts are generally valued using an independent pricing service. Exchange-traded financial futures and options are valued at the settlement price as established by the exchange on which they are traded. Over-the-counter options are valued at broker-provided prices, as are swaps, caps, collars and floors. The foregoing prices may be obtained from one or more independent pricing services or, as needed or applicable, independent broker-dealers. Short-term investments are valued at amortized cost, which the investment adviser has determined, pursuant to the Board of Trustees' authorization, approximates fair value.

Any securities for which market quotations are not readily available or are believed to be incorrect are valued at fair value as determined in good faith by the investment adviser under the supervision of the Board of Trustees. The Trust, in its discretion, may make adjustments to the prices of securities held by the Portfolio if an event occurs after the publication of market values normally used by the Portfolio but before the time as of which the Portfolio calculates its NAV, depending on the nature and significance of the event, consistent with applicable regulatory guidance. This may occur particularly with respect to certain foreign securities held by the Portfolio, in which case the Trust may use adjustment factors obtained from an independent evaluation service that are intended to reflect more accurately the fair value of those securities as of the time the Portfolio's NAV is calculated. The use of fair valuation involves the risk that the values used by the Portfolio to price their investments may be higher or lower than the values used by other unaffiliated investment companies and investors to price the same investments.

B) INVESTMENT TRANSACTIONS AND INCOME Investment transactions are recorded as of the trade date. The Portfolio determines the gain or loss realized from investment transactions by using an identified cost basis method. Interest income is recognized on an accrual basis and includes amortization of premiums and accretion of discounts using the effective yield method. Dividend income is recognized on the ex-dividend date. Dividends from foreign securities are recorded on the ex-dividend date, or as soon as the information is available.

C) EXPENSES The Portfolio is charged for those expenses that are directly attributable to the Portfolio. Certain expenses arising in connection with a class of shares are charged to that class of shares. Expenses incurred which do not specifically relate to the Portfolio are allocated among all Portfolios in the Trust in proportion to each Portfolio's relative net assets. Expenses included in the accompanying financial statements reflect the expenses of the Portfolio and do not include any expenses associated with the underlying funds.

D) PORTFOLIO SECURITIES LOANED While the Portfolio does not currently participate in Northern Trust's securities lending program and does not loan a portion of its investment portfolio to securities lending borrowers (e.g., brokers approved by Northern Trust), it may participate in the program in the future. If it does, Northern Trust would receive collateral for the Portfolio, generally consisting of cash, government securities and letters of credit, from the borrowers on behalf of the Portfolio in connection with such loans. Pursuant to an Exemptive Order granted by the Securities and Exchange Commission, the Portfolio may invest cash collateral in Northern Institutional Funds — Liquid Assets Portfolio, one of the Trust's money market funds. Non-cash collateral may be held in custody for the Portfolio. The Portfolio may not exercise effective control over the non-cash collateral received and therefore it would not be recognized on the Portfolio's Statement of Assets and Liabilities. The value of the collateral would be monitored daily to ensure the value of such collateral meets or exceeds the value of the securities loaned. However, in the event of default or bankruptcy by the borrowing party under the securities lending agreements, realization and/or retention of the collateral may be subject to legal proceedings.

If the Portfolio participates in the program, it will earn income on portfolio securities loaned, and receive compensation for lending its securities in the form of income earned on invested cash collateral and fees paid on non-cash collateral. Income earned by the Portfolio from securities lending will be based on the amount and type of securities loaned, the length of the borrowing period and other factors. The Portfolio would pay fees to Northern Trust for administering the securities lending program. The fees are typically based on a percentage of the revenue generated from the lending activities. Income (net of fees), if any, is disclosed as investment income in the Portfolio's Statement of Operations.

E) DISTRIBUTIONS TO SHAREHOLDERS Distributions of dividends from net investment income, if any, are declared and paid quarterly.

The Portfolio's net realized capital gains, if any, are declared and paid at least annually. Income dividends and capital gain distributions are determined in accordance with federal income tax regulations. Such amounts may differ from income and capital gains recorded in accordance with GAAP. The Portfolio may periodically make reclassifications among certain capital accounts to reflect differences between financial reporting and federal income tax basis distributions. The reclassifications are reported in order to reflect the tax treatment for certain permanent differences that exist between income tax regulations and GAAP. The reclassifications relate to net operating losses, Section 988 currency gains, PFICs gains and losses, recharacterization of dividends received from investments in REITs, expired capital loss carryforwards, and gain or loss on in-kind transactions. These reclassifications have no impact on the total net assets or the net asset values of the Portfolio. At November 30, 2009 the Portfolio reclassified approximately $476,000 of undistributed net investment income to accumulated net realized gains (losses).

F) FEDERAL INCOME TAXES No provision for federal income taxes has been made since the Portfolio's policy is to comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to distribute, each year, substantially all of its taxable income and capital gains to its shareholders.

At November 30, 2009, the capital loss carryforward for U.S. federal income tax purposes and its respective year of expiration was as follows:

Amounts in thousands	NOVEMBER 30, 2016	NOVEMBER 30, 2017
Global Tactical Asset Allocation	$2,189	$7,364

The Portfolio may offset future capital gains with this capital loss carryforward.

At November 30, 2009, the tax components of undistributed net investment income and realized gains were as follows:

	UNDISTRIBUTED	
Amounts in thousands	ORDINARY INCOME*	LONG-TERM CAPITAL GAINS
Global Tactical Asset Allocation	$8	$ –

* *Ordinary income includes taxable market discount income and short-term capital gains, if any.*

NOTES TO THE FINANCIAL STATEMENTS continued

The taxable character of distributions paid during the fiscal year ended November 30, 2009, was as follows:

	DISTRIBUTIONS FROM	
Amounts in thousands	ORDINARY INCOME*	LONG-TERM CAPITAL GAINS
Global Tactical Asset Allocation	$592	$ –

* *Ordinary income includes taxable market discount income and short-term capital gains, if any.*

The taxable character of distributions paid during the fiscal year ended November 30, 2008, was as follows:

	DISTRIBUTIONS FROM	
Amounts in thousands	ORDINARY INCOME*	LONG-TERM CAPITAL GAINS
Global Tactical Asset Allocation	$4,194	$7,321

* *Ordinary income includes taxable market discount income and short-term capital gains, if any.*

As of November 30, 2009, the Portfolio had no uncertain tax positions that would require financial statement recognition or disclosure. The Portfolio's federal tax returns filed for the fiscal years ended November 30, 2006 through November 30, 2009 remain subject to examination by the Internal Revenue Service.

3. ADVISORY, TRANSFER AGENCY AND CUSTODIAN AGREEMENTS

As compensation for advisory services and assumption of related expenses, the investment adviser is entitled to receive a fee, computed daily and payable monthly, at annual rates set forth in the following table (expressed as a percentage of the Portfolio's respective average daily net assets). The investment adviser agreed to waive a portion of the advisory fees as shown in the accompanying Statement of Operations. The annual advisory fees and waiver rates expressed as a percentage of average daily net assets for the six months ended May 31, 2010, were as follows:

	ANNUAL ADVISORY FEE	LESS WAIVER	ADVISORY FEE AFTER WAIVER
Global Tactical Asset Allocation	0.25%	0.10%	0.15%

Prior to April 1, 2010, the waivers described above were voluntary and could be modified or terminated at any time. Starting April 1, 2010, the Investment Adviser has contractually agreed to waive a portion of the advisory fees charged to the Portfolio in the same amount that it previously voluntarily waived. The contractual waiver arrangements are expected to continue until at least April 1, 2011. After this date, the Investment Adviser or the Portfolio may terminate the contractual arrangements.

As compensation for the services rendered as transfer agent, including the assumption by Northern Trust of the expenses related thereto, Northern Trust receives a fee, accrued daily and payable monthly, at an annual rate of 0.01 percent, 0.10 percent and 0.15 percent of the average daily net assets of the outstanding Class A, C and D shares, respectively, for the Portfolio.

Class-specific transfer agent fees for the six months ended May 31, 2010, were as follows:

Amounts in thousands	CLASS A	CLASS C	CLASS D
Global Tactical Asset Allocation	$1	$2	$ –

For compensation as custodian, Northern Trust receives an amount based on a pre-determined schedule of charges approved by the Board of Trustees. The Portfolio has entered into an expense off-set arrangement with the custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Portfolio's custodian expenses. Custodian credits, if any, are reflected in the Portfolio's Statement of Operations.

4. ADMINISTRATION, DISTRIBUTION AND OTHER AGREEMENTS

NTI, as Administrator, is entitled to an administration fee from the Portfolio at the annual rate 0.10 percent of the average daily net assets of the Portfolio. Under the Administration Agreement with the Trust, which may be amended by the Trust's Board of Trustees without shareholder approval, NTI, as Administrator, has agreed to reimburse expenses (including fees payable to NTI for its services as Administrator, but excluding management fees, transfer agency fees, service agent fees, taxes, interest and other extraordinary expenses) ("Expenses") that exceed on an annualized 0.10 percent of the Portfolio's average daily net assets. In addition, NTI as Administrator has contractually agreed through at least April 1, 2011 to reimburse an additional portion of the Portfolio's other operating expenses so that the Portfolio's Expenses do not exceed 0.09 percent of its average daily net assets.

NTI also has a sub-administration agreement with Northern Trust, pursuant to which Northern Trust performs certain administrative services for the Portfolios. NTI pays Northern Trust for its sub-administration services out of NTI's administration fees.

The expenses reimbursed during the six months ended May 31, 2010, under such arrangements, are shown in the accompanying Statement of Operations.

Northern Funds Distributors, LLC, the distributor for the Portfolio, received no compensation from the Portfolio under its distribution agreement. However, it received compensation from NTI for its services as distributor pursuant to a separate letter agreement between it and NTI.

Certain officers of the Trust are also officers of Northern Trust and NTI. All officers serve without compensation from the Portfolio. The Trust provides a deferred compensation plan for its Trustees who are not officers of Northern Trust or NTI. Under the deferred compensation plan, Trustees may elect to defer all or a portion of their compensation. Amounts deferred are included in Trustee fees on the Statement of Assets and Liabilities. Each Trustee's account shall be deemed to be invested in shares of the Diversified Assets Portfolio and/or the Global Tactical Asset Allocation Portfolio of Northern Institutional Funds and/or at the discretion of the Trust, another money market fund selected by the Trust that complies with the provisions of Rule 2a-7 under the 1940 Act or one or more short-term fixed-income instruments selected by the Trust that are "eligible securities" as defined by that rule. The net investment income, gains and losses achieved by such deemed investment shall be credited to the Trustee's account as provided in the plan.

5. SHAREHOLDER SERVICING PLAN

The Trust has adopted a Shareholder Servicing Plan pursuant to which the Trust may enter into agreements with institutions or other financial intermediaries under which they will render certain shareholder administrative support services for their customers or other investors who beneficially own Class C and D shares. As compensation under the Shareholder Servicing Plan, the institution or other financial intermediary receives a fee at an annual rate of up to 0.15 percent and 0.25 percent of the average daily net assets of the outstanding Class C and D shares, respectively.

Class-specific shareholder servicing fees for the six months ended May 31, 2010, were as follows:

Amounts in thousands	CLASS C	CLASS D
Global Tactical Asset Allocation	$3	$ –

6. INVESTMENT TRANSACTIONS

For the six months ended May 31, 2010, the aggregate costs of purchases and proceeds from sales of securities (excluding short-term investments) for the Portfolio were as follows:

	PURCHASES		SALES	
Amounts in thousands	U.S. GOVERNMENT	OTHER	U.S. GOVERNMENT	OTHER
Global Tactical Asset Allocation	$ –	$11,278	$ –	$12,992

At May 31, 2010, for federal tax purposes, gross unrealized appreciation, gross unrealized depreciation, net unrealized appreciation on investments (including the effects of foreign currency translation) and the cost basis of securities were as follows:

Amounts in thousands	UNREALIZED APPRECIATION	UNREALIZED DEPRECIATION	NET APPRECIATION	COST BASIS OF SECURITIES
Global Tactical Asset Allocation	$1,273	$(282)	$991	$22,432

7. BANK BORROWINGS

The Trust has entered into a $100,000,000 revolving bank credit agreement administered by Deutsche Bank AG for liquidity and other purposes. The interest rate charged under the agreement depends on the type of loan. For base rate loans, the interest rate is the sum of the applicable margin (either 0.75 percent or zero) and the highest of (i) 0.50 percent in excess of the Federal Funds Rate, (ii) 1.00 percent in excess of the Adjusted London Interbank Offered Rate ("LIBOR") and (iii) the prime lending rate. For LIBOR loans, the interest rate is the sum of the applicable margin (0.75 percent) and the LIBOR then in effect. For an Interbank Offered Rate ("IBOR") loan, the interest rate is the sum of the applicable margin (0.75 percent) and the IBOR then in effect. In addition, there is an annual commitment fee of 12 basis points on the unused portion of the credit line under the agreement, payable quarterly in arrears, which is included in Other expense on the Statement of Operations. The agreement will expire on December 9, 2010, unless renewed.

At May 31, 2010, the Portfolio did not have any outstanding loans.

The Portfolio did not incur any interest expense during the six months ended May 31, 2010.

8. RELATED PARTY TRANSACTIONS

Pursuant to an exemptive order issued by the SEC, the Portfolio may invest its uninvested cash in a money market fund advised by the Investment Adviser or its affiliates. Accordingly, the Portfolio will bear indirectly a proportionate share of that money market fund's operating expenses. These operating expenses include the advisory, administrative, transfer agency and custody fees that the money market fund pays to the Investment Adviser and/or its affiliates. It is expected that the uninvested cash of the Portfolio will be invested in the Trust's Diversified Assets Portfolio. The aggregate annual rate of advisory, administration, transfer agency and custody fees payable to the Investment Adviser and/or its affiliates on any assets invested in the Trust's Diversified Assets Portfolio is 0.35 percent of the average daily net asset value of those assets. However, pursuant to the exemptive order, the Investment Adviser will reimburse the Portfolio for advisory fees otherwise payable by the Portfolio on any assets invested in the Diversified Assets Portfolio.

9. CAPITAL SHARE TRANSACTIONS

Transactions in capital shares for the six months ended May 31, 2010, were as follows:

Amounts in thousands	SHARES SOLD	PROCEEDS FROM SHARES SOLD	SHARES FROM REINVESTED DIVIDENDS	REINVESTMENT OF DIVIDENDS	SHARES REDEEMED	PAYMENTS FOR SHARES REDEEMED	NET INCREASE (DECREASE) IN SHARES	NET INCREASE (DECREASE) IN NET ASSETS
Class A	46	$436	32	$293	(147)	$(1,376)	(69)	$(647)
Class C	24	227	6	51	(16)	(155)	14	123
Class D	–	–	–	–	–	(2)	–	(2)

Transactions in capital shares for the fiscal year ended November 30, 2009, were as follows:

Amounts in thousands	SHARES SOLD	PROCEEDS FROM SHARES SOLD	SHARES FROM REINVESTED DIVIDENDS	REINVESTMENT OF DIVIDENDS	SHARES REDEEMED	PAYMENTS FOR SHARES REDEEMED	NET DECREASE IN SHARES	NET DECREASE IN NET ASSETS
Class A	180	$1,449	61	$506	(250)	$(2,019)	(9)	$(64)
Class C	79	677	10	84	(98)	(801)	(9)	(40)
Class D	–	–	–	–	(1)	(6)	(1)	(6)

10. AFFILIATED PORTFOLIOS

Transactions in affiliated portfolios for the six months ended May 31, 2010, were as follows:

Amounts in thousands	VALUE, BEGINNING OF PERIOD	PURCHASES	SALES PROCEEDS	REALIZED GAINS	DIVIDEND INCOME	VALUE, END OF PERIOD
Northern Funds – Bond Index Fund	$3,941	$1,205	$2,092	$135	$60	$3,048
Northern Funds – Emerging Markets Equity Fund	2,709	922	1,650	385	30	1,875
Northern Funds – Global Real Estate Index Fund	739	240	270	111	7	703
Northern Funds – High Yield Fixed Income Fund	2,463	1,273	922	167	120	2,813
Northern Funds – Mid Cap Index Fund	245	346	129	53	3	469
Northern Institutional Funds – Diversified Assets Portfolio	–	14,015	12,877	–	–	1,138
Northern Institutional Funds – Equity Index Portfolio	4,680	2,042	1,552	369	46	5,158
Northern Institutional Funds – International Equity Index Portfolio	3,941	1,819	2,459	402	56	2,813
Northern Institutional Funds – Short Bond Portfolio	3,448	919	1,779	82	40	2,579
Northern Institutional Funds – Small Company Index Portfolio	246	373	164	61	3	469
	$22,412	$23,154	$23,894	$1,765	$365	$21,065

11. NEW ACCOUNTING PRONOUNCEMENTS

In January 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-06, "Improving Disclosures about Fair Value Measurements" ("ASU 2010-06"). ASU 2010-06 amends ASC 820, "Fair Value Measurements and Disclosures" (formerly FASB Statement No. 157). Specifically, ASU 2010-06 requires entities to disclose a) the amounts of significant transfers between Level 1 and Level 2 of the fair value hierarchy and the reasons for these transfers, b) the reasons for any transfers in or out of Level 3; and c) information in the reconciliation of recurring Level 3 measurements about purchases, sales, issuances and settlements on a gross basis. In addition, ASU 2010-06 clarifies the requirement for entities to disclose information about both the valuation techniques and inputs used in estimating Level 2 and Level 3 fair value measurements. Except for the requirement to disclose information about purchases, sales, issuances and settlements in the reconciliation of recurring Level 3 measurements on a gross basis, all ASU 2010-06 disclosure requirements are effective for financial statements issued for interim and annual reporting periods beginning after December 15, 2009. The requirement to separately disclose purchases, sales, issuances and settlements of recurring Level 3 measurements is effective for financial statements issued for interim and annual reporting periods beginning after December 15, 2010. At this time, management is evaluating the implications of ASU 2010-06 and the impact it will have to the Portfolio's financial statement disclosures.

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events for the Portfolio through the date the financial statements were available to be issued and has concluded that there are no recognized or non-recognized subsequent events relevant for financial statement disclosure.

FUND EXPENSES

MAY 31, 2010 (UNAUDITED)

As a shareholder of the Portfolio, you incur two types of costs: (1) transaction costs, if any, and (2) ongoing costs, including advisory fees; distribution (12b-1) fees, if any; and other fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Portfolio and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of $1,000 invested at the beginning of the period and held for the entire period, December 1, 2009, through May 31, 2010.

ACTUAL EXPENSES

The first line of the tables below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid 12/1/09 - 5/31/10" to estimate the expenses you paid on your account during this period.

HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES

The second line in the tables below provides information about hypothetical account values and hypothetical expenses based on the Portfolio's actual expense ratios and an assumed rate of return of 5 percent per year before expenses, which is not the Portfolio's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Portfolio and other funds. To do so, compare this 5 percent hypothetical example with the 5 percent hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transaction costs, such as sales charges (loads), redemption fees, or exchange fees, but shareholders of other funds may incur such costs. Therefore, the hypothetical information is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds.

GLOBAL TACTICAL ASSET ALLOCATION

CLASS A	EXPENSE RATIO	BEGINNING ACCOUNT VALUE 12/1/09	ENDING ACCOUNT VALUE 5/31/10	EXPENSES PAID* 12/1/09 - 5/31/10
Actual	0.25%	$1,000.00	$987.60	$1.24
Hypothetical	0.25%	$1,000.00	$1,023.68	$1.26**
CLASS C				
Actual	0.49%	$1,000.00	$986.40	$2.43
Hypothetical	0.49%	$1,000.00	$1,022.49	$2.47**
CLASS D				
Actual	0.64%	$1,000.00	$986.50	$3.17
Hypothetical	0.64%	$1,000.00	$1,021.74	$3.23**

* *Expenses are calculated using the Portfolio's annualized expense ratios, which represent ongoing expenses as a percentage of net assets for the six months ended May 31, 2010. Expenses are calculated by multiplying the annualized expense ratio by the average account value of the period; then multiplying the result by the number of days in the most recent fiscal half year (182); and then dividing that result by the number of days in the current fiscal year (365).*

** *Hypothetical expenses are based on the Portfolio's actual annualized expense ratios and an assumed rate of return of 5 percent per year before expenses.*

TRUSTEES AND OFFICERS

APPROVAL OF ADVISORY AGREEMENT

The Trustees oversee the management of Northern Institutional Funds (the "Trust"), and review the investment performance and expenses of the Global Tactical Asset Allocation Portfolio (the "Portfolio") at regularly scheduled meetings held during the Portfolio's fiscal year. In addition, the Trustees determine annually whether to approve and continue the Trust's investment advisory agreement (the "Advisory Agreement") for the Portfolio with Northern Trust Investments, N.A. ("NTI" or "the Investment Adviser").

Because applicable regulations require annual approval of advisory agreements, the Advisory Agreement was re-approved with respect to the Portfolio by the Trustees, including all of the Trustees who are not parties to the Advisory Agreement or "interested persons" (as defined in the Investment Company Act of 1940, as amended) of any party thereto (the "Independent Trustees"), at the annual contract renewal meeting held on May 6-7, 2010 (the "Annual Contract Meeting").

In preparation for the Trustees' consideration of the Advisory Agreement at the Annual Contract Meeting, the Trustees received written materials and oral presentations relating to the Advisory Agreement. At the meeting, the Trustees considered the Investment Adviser's oral presentations and discussed the information that had been provided. In connection with their deliberations, the Trustees were advised by their independent legal counsel regarding their responsibilities under applicable law, and met in executive sessions at the Annual Contract Meeting without employees of the Investment Adviser present.

In evaluating the Advisory Agreement at the Annual Contract Meeting, the Trustees relied upon their knowledge, resulting from their meetings and other interactions throughout the year and past years, of the Investment Adviser, its services and the Portfolio. Both in meetings specifically dedicated to the review of the Advisory Agreement and other meetings held during the year, the Trustees received materials relating to the Investment Adviser's investment management services. These materials included: (i) information on the investment performance of the Portfolio in comparison to other mutual funds and benchmark indices; (ii) general investment outlooks in the markets in which the Portfolio invests; (iii) compliance reports; (iv) information about the Investment Adviser's and its affiliates' risk management processes; (v) expenses borne by the Portfolio; (vi) the Investment Adviser's profitability; (vii) the qualifications of the Investment Adviser and its affiliates to provide services to the Portfolio; and (viii) policies adopted by the Investment Adviser regarding brokerage, including soft dollars, trade allocations and other matters.

Specifically in connection with the Trustees' approval of the Advisory Agreement, the Trustees reviewed, among other things, information relating to: (i) the terms of the Advisory Agreement; (ii) the Portfolio's investment performance over different time periods in comparison to the investment performance of a mutual fund peer group and categories selected by Lipper Inc. ("Lipper"), a third-party provider of mutual fund data; (iii) the contractual investment advisory fees, the actual investment advisory fees (after voluntary waivers) and the total expenses borne by the Portfolio in comparison to those borne by mutual fund peer groups and categories selected by Lipper; (iv) the investment advisory fees charged by the Investment Adviser to the Investment Adviser's other institutional accounts; (v) the Investment Adviser's staffing for the Portfolio and the experience of the portfolio manager and other personnel; (vi) the Investment Adviser's financial resources and its ability to attract and retain portfolio management talent; (vii) the fees paid by the Portfolio to the Investment Adviser and its affiliates for services, and the expenses incurred by them in connection with the provision of those services; and (viii) the benefits received by the Investment Adviser and its affiliates from their relationships with the Portfolio, including reports on soft dollar usage and best execution. In connection with their approval of the Advisory Agreement for the Portfolio, the Trustees gave weight to various factors, but did not identify any single factor as controlling their decision.

Nature, Quality and Extent of Services

As part of their review, the Trustees considered the nature, extent and quality of the services provided by the Investment Adviser. In this regard, the Trustees considered both the investment advisory services, and the other non-advisory services, that are provided to the Portfolio by the Investment Adviser and its affiliates. These services include services as the Portfolio's custodian, transfer agent, and administrator. The Trustees considered the quality of the non-advisory services provided, as well as the expenditures made by the Investment Adviser and its affiliates to improve the quality and scope of such services, specifically noting information about periodic favorable reports by third parties and industry rankings provided to the Trustees. The Trustees also considered the Investment Adviser's record of communicating with and servicing shareholders. Attention was given to the Investment Adviser's and its affiliates' diligent and expanded risk management processes, including the steps taken by the Investment Adviser and its affiliates to strengthen the credit risk management processes in the past year. The Trustees also discussed the Investment Adviser's continued commitments to address the regulatory compliance requirements applicable to the Portfolio, the compliance oversight program with respect to all of the Portfolio's service providers and the continued active involvement of internal audit in reviewing operations related to the Portfolio.

The Trustees noted the Investment Adviser's and its affiliates' strong financial position, stability, and commitment to growing the mutual fund business, as evidenced by their support to the Trust's money market portfolios, as well as commitment of other resources to support the Portfolio. The Trustees concluded that the Investment Adviser was both able to commit, and had committed, substantial financial and other resources to the operations of the Portfolio and was able to provide quality services to the Portfolio.

Performance

The Trustees also considered the investment performance of the Portfolio. In this regard, the Trustees considered whether the Portfolio had operated within its investment objective, as well as its compliance with its investment restrictions and exemptive order conditions. The Trustees also considered the Portfolio's unique structure as a "fund of funds." They also compared the investment performance of the Portfolio to the performance of other Securities and Exchange Commission ("SEC") registered funds and to rankings and ratings issued by third parties. The Trustees also reviewed the Portfolio's investment performance relative to its performance benchmark. Information on the Portfolios' investment performance was provided for one, two, three, four, five and ten years, although the Trustees focused primarily on performance since April 2008, which is when the Portfolio changed its investment objective and strategies to become a "fund of funds." The Trustees also reviewed the Portfolio's excess returns versus targeted returns. The Trustees also considered the Portfolio's investment performance in light of the investment benchmark and objective and the investor base the Portfolio is intended to serve. In addition, the Trustees reviewed the consistency of the Investment Adviser's investment approach for the Portfolio. Based on the information received, the Trustees considered that the Portfolio lagged its benchmark for the one-year period and was in the fourth quartile for the same period. However, the Portfolio was in the first quartile of peer funds for the two-year period, and had exceeded its benchmark in the preceding year. Overall, the Trustees concluded that the Investment Adviser was devoting appropriate resources to improving the investment performance of the Portfolio.

Fee Rates, Cost of Services and Profitability

The Trustees also considered the Portfolio's contractual advisory fee rate; the Portfolio's total operating expense ratio; the Investment Adviser's voluntary fee waivers and expense reimbursements with respect to the Portfolio; the Investment Adviser's contractual commitment to continue the fee waivers and expense reimbursements for at least one year; and whether a consistent methodology was in place in determining the fees and expenses of the Portfolio. Based on the information provided to them from the Investment Adviser, the Trustees, including a majority of the Independent Trustees, determined that the services provided under the Advisory Agreement by the Investment Adviser were in addition to, rather than duplicative of services that, the Investment Adviser provided to the affiliated mutual funds in which the Portfolio invested. Information on the services rendered by the Investment Adviser to the Portfolio, the fee rate paid by the Portfolio under the Advisory Agreement and the Portfolio's total operating expense ratio were also compared to similar information for other mutual funds advised by the Investment Adviser and other, unaffiliated investment management firms. Many of the comparisons of the Portfolio's fee rate and total operating expense ratio were prepared by Lipper. The Trustees noted that the Portfolio's advisory fee rate after fee waivers, and the total expense ratio after waiver of advisory fees and reimbursement of expenses was at or below the peer group medians determined by Lipper. Information was also provided on the fee rates charged by the Investment Adviser to private accounts managed by it. With regard to these clients, the Trustees considered the difference in services provided by the Investment Adviser, regulatory, operational and compliance differences, board and committee support and other differences. These comparisons assisted the Trustees in evaluating the reasonableness of the investment advisory fees paid by the Portfolio.

In addition, the Trustees considered the amount of assets in the Portfolio; the information provided by the Investment Adviser relating to the costs of the services provided by the Investment Adviser and its affiliates and the profits realized by them. The Trustees reviewed the Investment Adviser's methodology for allocating costs to the Portfolio, recognizing that cost allocation methodologies are inherently subjective. The Trustees noted that, although the Investment Adviser's methodology was continuously refined, it had remained consistent with what had been presented to the Trustees in prior years and had previously been reviewed by Portfolio's auditors for reasonability. The Trustees also reviewed information with respect to the Investment Adviser's profitability compared to other publicly-traded advisers. However, the Trustees discussed how these profitability comparisons among advisers may not be meaningful due to the small number of firms in the survey and the numerous other factors that can affect adviser profitability, including, for example, different business lines, firm structure and cost allocation methodology.

Economies of Scale

The Trustees reviewed information as to whether the Investment Adviser had passed, and was likely to continue to pass, benefits from its economies of scale to shareholders. In this regard, the Trustees considered the Investment Adviser's view that the Portfolio may be sharing in economies of scale through the level at which the Portfolio's advisory fees are set and through the

Investment Adviser's contractual fee waivers and contractual expense reimbursements that limit the expenses for the Portfolio to specific levels.

Other Benefits to the Investment Adviser

The Trustees also reviewed other benefits accruing to the Investment Adviser and its affiliates as a result of its relationship with the Portfolios. These benefits included fees received by the affiliates from the Portfolio for transfer agency, custodial, administrative and accounting functions, and well as the fees for these and other services received from the affiliated mutual funds in which the Portfolio invested. The Trustees also considered that many of the Portfolio's shareholders had other client relationships with The Northern Trust Company.

After deliberation, the Trustees concluded at the Annual Contract Meeting with respect to the Portfolio that the fees paid by the Portfolio were reasonable in light of the services provided by the Investment Adviser, its actual costs and the Portfolio's current and reasonably foreseeable asset levels, and that the Advisory Agreement should be approved and continued.

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FOR MORE INFORMATION

PORTFOLIO HOLDINGS

Northern Institutional Funds files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The Portfolio's Forms N-Q are available on the SEC's Web site at sec.gov. You may also review and obtain copies at the SEC's Public Reference Room in Washington, D.C. Information about the Public Reference Room may be obtained by calling 800-SEC-0330.

PROXY VOTING

Northern Institutional Funds' Proxy Voting Policies and Procedures and the Fund's portfolio securities voting record for the 12-month period ended June 30 are available upon request and without charge by visiting Northern Institutional Funds' Web site at northernfunds.com/institutional or the SEC's Web site at sec.gov or by calling the Northern Institutional Funds Center at 800-637-1380.

PROTECTING YOUR PRIVACY

Protecting your privacy is important at Northern Institutional Funds, which is why we wanted you to know:

- We do not sell non-public personal information about our investors or former investors to any outside company.
- We have policies that limit access to your information to only those people who need it to perform their jobs and provide services to you, and we have physical, electronic and procedural safeguards that comply with federal standards to guard your personal information.
- We collect information about you from applications, forms, conversations and your use of our Web site; third parties with your permission; and your transactions with us, our affiliates and our joint marketing partners.
- We do not disclose the information we collect about our investors or former investors to anyone, except to companies that perform services for us, financial institutions with whom we have joint marketing agreements such as Northern Trust, (1) for our everyday purposes, such as to process transactions, maintain accounts, respond to court orders and legal investigations or report to credit bureaus or (2) as permitted by law.
- The information includes account balances and account history. You may limit our use or sharing of information about you with our affiliates and joint marketing partners for marketing purposes by calling 800-637-1380 weekdays from 7:00 a.m. to 7:00 p.m. Central time, or by writing to us at Northern Institutional Funds, P.O. Box 75986, Chicago IL 60675-5986.

If our information sharing practices change, we will send you a revised notice. You can also visit our Web site, northernfunds.com/institutional, for an online version of our current privacy notice.

Not part of the Semiannual Report.

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NIF SAR GTAA (7/10)