UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
INVESTMENT MANAGEMENT

July 16, 2008

Diana E. McCarthy
Drinker Biddle & Reath LLP
One Logan Square
18th and Cherry Streets
Philadelphia, PA 19103-6996

Re: Northern Institutional Funds— Diversified Assets Portfolio, Liquid Assets Portfolio and Prime Obligations Portfolio (File No. 811-03605) and Northern Funds— Money Market Fund (File No. 811-08236)

Dear Ms. McCarthy:

In February 2008, Northern Institutional Funds and Northern Funds (each a "Trust" and together, the "Trusts"), and Northern Trust Corporation ("NTC"), entered into four capital support agreements (each an "Agreement" and collectively, the "Agreements"). The Agreements were for the benefit of the Diversified Assets Portfolio, Liquid Assets Portfolio and Prime Obligations Portfolio, each of which is a series of the Northern Institutional Funds, and the Money Market Fund, a series of the Northern Funds (each a "Fund" and together, the "Funds"). Each Trust is an open-end management investment company that is registered with the Commission under the Investment Company Act of 1940 (the "Act"). Each Fund is a money market fund that seeks to maintain a stable net asset value per share of $1.00 and uses the amortized cost method of valuation in valuing its portfolio securities as permitted by rule 2a-7 under the Act. Each Agreement obligates NTC to make a cash contribution to the applicable Fund sufficient to restore the Fund's net asset value ("NAV") to a specified minimum permissible NAV. NTC is the indirect parent of the Trusts' Investment adviser, Northern Trust Investments, N.A (the "Adviser") and, thus, is an affiliated person of each Fund as defined in Section 2(a)(3) of the Act. Each Agreement was entered into after the staff of the Division of Investment Management informed the Trusts and NTC on February 28, 2008, that it would not recommend enforcement action to the Commission if the arrangement was effected.[1]

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[1] *See* Northern Institutional Funds, SEC Staff No-Action Letter (Feb. 28, 2008).

The Trusts and NTC now seek to amend each Agreement to extend the termination date from July 31, 2008 to February 28, 2009 ("New Termination Date"). You represent the following with respect to the extension request:

(i) Each Fund holds notes (the "Notes") issued by Whistlejacket Capital LLC and White Pine Finance LLC (the "Issuers"). The Issuers are structured investment vehicles and are currently engaged in restructuring efforts. Although the timeframe for completing the restructuring is unknown, it is unlikely that the restructuring will be completed by the July 31, 2008;

(ii) The Adviser has informed each Trust's Board of Trustees (the "Board") of its belief that greater value could be realized on the Notes if each Agreement was extended until the restructuring of the Issuers is finalized;

(iii) The Adviser also has informed the Board of the applicable trust of its belief that the current maximum contribution amount specified in each Agreement is sufficient to support the applicable Fund's market-based net asset value[2] at the minimum permissible net asset value specified in the Agreement;

(iv) Each Agreement also will be amended to permit the Board of the applicable Trust to cause the applicable Fund to sell the Notes and obligate NTC to make a cash contribution to the Fund (up to the maximum contribution amount) if the Board determines that the maximum contribution amount specified in the Agreement would not be sufficient to support the applicable Fund's market-based net asset value at the minimum permissible net asset value specified in the Agreement; and

(v) The Board of the applicable Trust, including all the trustees who are not "interested persons" as that term is defined in section 2(a)(19) of the Act, has reviewed the amended Agreements and has determined that it would be in the best interests of the applicable Fund and its shareholders to continue to hold the Notes and has approved the New Termination Date.

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[2] Money market funds are required by rule 2a-7 to calculate, at such intervals as the board of directors determines appropriate and reasonable in light of current market conditions, the extent of any deviation between a fund's current market-based net asset value per share from a fund's amortized cost price per share. This process is referred to in the rule as "shadow pricing."

On the basis of the facts and representations above, the Trusts and NTC may continue to rely on the no-action assurance granted by the staff on February 28, 2008.[3]

Very truly yours,

Dalia Osman Blass
Senior Counsel

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[3] This letter confirms the position of the staff that was provided orally by the undersigned to Veena K. Jain on July 15, 2008.

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July 15, 2008

Investment Company Act of 1940 – Sections 12(d)(3), 17(a)(1), and 17(d)

Mr. Robert E. Plaze
Associate Director
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: Northern Institutional Funds and Northern Funds – Money Market Funds

Dear Mr. Plaze:

We are counsel to the Northern Institutional Funds and Northern Funds (each, a "Trust," and collectively, the "Trusts"), each of which is a Delaware statutory trust registered with the Securities and Exchange Commission (the "Commission") as an open-end investment company under the Investment Company Act of 1940 (the "1940 Act"). We are writing to seek assurance from the staff of the Division of Investment Management (the "Division") that it will not recommend enforcement action to the Commission under Sections 12(d)(3), 17(a)(1) or 17(d) of the 1940 Act, or the rules thereunder, if each Trust and Northern Trust Corporation ("NTC"), the indirect parent of the Trusts' investment adviser, Northern Trust Investments, N.A. (the "Adviser"), amend the arrangements previously considered by the Division in a no-action letter dated February 28, 2008 (the "Initial Letter"), as described below.

The Diversified Assets Portfolio, Liquid Assets Portfolio and Prime Obligations Portfolio are series of the Northern Institutional Funds, and the Money Market Fund is a series of the Northern Funds (each a "Fund" and collectively, the "Funds'). As money market funds, each Fund seeks to maintain a stable net asset value per share of $1.00, and uses the amortized cost method of valuation in valuing its portfolio securities pursuant to Rule 2a-7 under the 1940 Act.

The Current Capital Support Agreements

As described in the Initial Letter, each Fund holds Notes (the "Notes") issued by Whistlejacket Capital LLC and White Pine Finance LLC (collectively, "Whistlejacket"). To limit the potential losses that a Fund may incur upon the ultimate disposition of the

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Notes, NTC entered into a Capital Support Agreement, on behalf of each Fund, with the applicable Trust (each an "Agreement," and collectively, the "Agreements"), at no cost to any Trust or Fund, that would prevent any losses realized on the Notes (collectively with any notes received in exchange for the Notes that do not qualify as "Eligible Securities" under Rule 2a-7, "Eligible Notes") from causing a Fund's market based net asset value per share ("NAV") to fall below the minimum permissible NAV ("Minimum Permissible NAV") specified in the Agreement. Generally, upon a sale or other ultimate disposition of an Eligible Note, the Agreement obligates NTC to make a cash contribution to the applicable Fund (up to the maximum amount specified in the Agreement ("Maximum Contribution Amount")) sufficient to restore the Fund's NAV to the Minimum Permissible NAV. NTC would not obtain any shares or other consideration from the Fund for its contribution; and the Fund would agree to retain the contribution and not include it in any dividends or distributions. NTC has a First Tier credit rating.

The Agreement further provides that any securities received in exchange for the Notes that qualify as Eligible Securities under Rule 2a-7 (or any Notes that qualify again as Eligible Securities) will not be subject to the Agreement. The Agreement obligates a Fund to sell the Eligible Notes (i) promptly following any change in NTC's short terms credit ratings such that NTC's obligations no longer qualify as First Tier Securities as defined in paragraph (a)(12) of Rule 2a-7, or (ii) on the business day immediately prior to July 31, 2008. NTC's obligations to make a cash contribution under an Agreement with respect to a Fund will terminate upon the earlier of (i) NTC having made cash contributions to that Fund equal to the maximum contribution amount specified in the Agreement; (ii) that Fund no longer holding Eligible Notes; or (iii) 5:00 p.m., Eastern Time on July 31, 2008.

Proposed Amendment to the Capital Support Agreements

The Notes went into receivership in mid-February, and are still in receivership. In June 2008, the receiver (Deloitte & Touche LLP) appointed a replacement investment manager and an investment bank to assist in restructuring the Notes and completing the insolvency proceeding. The likely timeframe for completion of the restructuring is unknown, but it is unlikely that it will be completed by July 31, 2008. Each Board held a meeting on July 15, 2008 at which they approved an extension of the termination date of the Agreement from July 31, 2008 to February 28, 2009. At this meeting, the Adviser provided each Board with financial and other information, including among other things, the Adviser's belief (i) that the Maximum Contribution Amounts continue to be sufficient to support each Fund's Minimum Permissible NAV; and (ii) that a greater value could be realized on the Notes if the Agreements continued until the restructuring of the Notes was completed than if the Agreements terminated on July 31, 2008. Based upon such information, each Board, including all of the disinterested Trustees, concluded that it would be in the best interest of the applicable Fund and its shareholders to continue to hold the Notes and extend the termination date of the Agreements to February 28, 2009. As requested, we, as counsel to the disinterested trustees, have provided you with a letter under separate cover with respect to the disinterested trustees' consideration of the extension of the termination date.

NTC and each Trust now propose to amend the Agreements by executing an amendment to the applicable Capital Support Agreements (each an "Amended Agreement" and collectively, the "Amended Agreements") in the form that we have provided to you. The Amended Agreements would change: (i) the latest date by which the Funds would be obligated to sell the Eligible Notes from the business day immediately prior to July 31, 2008 to the business day immediately prior to February 28, 2009; and (ii) the latest date by which NTC's obligations under the Amended Agreements would terminate from July 31, 2008 to February 28, 2009. The Amended Agreements also would include a provision stating that if a Board determined that the Maximum Contribution Amount would not be sufficient to support the applicable Fund's Minimum Permissible NAV, it could, at its option, cause the Fund to sell the Notes. Such a sale would obligate NTC to make a cash contribution to the Fund (up to the Maximum Contribution Amount) sufficient to restore the Fund's NAV to the Minimum Permissible NAV. Each Board has reviewed the relevant Amended Agreements and has concluded that that an Amended Agreement is in the best interest of each of the Funds and its shareholders.[1]

Need for No-Action Relief

NTC is an "affiliated person" or an "affiliated person of an affiliated person" of each Fund under Section 2(a)(3) of the 1940 Act because it is the parent company of the investment adviser to the Fund. The execution and delivery of an Amended Agreement may be subject to Section 17(a)(1) of the 1940 Act, which makes it unlawful for any affiliated person of a registered investment company (or any affiliated person of such person) acting as principal knowingly to sell any security or other property to the investment company. The proposed arrangement may also fall within Section 17(d) of the 1940 Act, which makes it unlawful for any affiliated person (or any affiliated person of such person) of a registered investment company to effect any transaction in which such registered investment company is a joint, or joint and several participant, with such person in contravention of rules adopted by the Commission.

NTC's operations include subsidiaries that act as broker/dealers and investment advisers registered with the Commission. The execution and delivery of an Amended Agreement may be, therefore, subject to Section 12(d)(3) of the 1940 Act, which makes it unlawful for a registered investment company to purchase or otherwise acquire any security issued by or any other interest in the business of any person who acts as a broker, dealer or registered investment adviser. A Fund could not rely upon the exemption

[1] We note that each Amended Agreement may be deemed to be a "security" within the meaning of Section 2(a)(36) of the 1940 Act. If deemed to be a security, we believe that each Amended Agreement would be an "Eligible Security" under Rule 2a-7(a)(10) under the 1940 Act based on the conclusion that NTC has received a rating from Nationally Recognized Statistical Rating Organization (NRSRO) in one of the two highest short-term categories with respect to a class of debt obligations (or any debt obligation within that class) that is comparable in priority and security with the Amended Agreement. In addition, the Adviser has determined, pursuant to delegated authority, that each Amended Agreement presents minimal credit risks in accordance with Rule 2a-7(c)(3)(i) under the 1940 Act.

provided under Rule 12d3-1 because the exemption does not extend to affiliated persons of a Fund's investment adviser.

On behalf of each Trust and NTC, we hereby request that the Division staff give its assurance that it will not recommend the Commission take enforcement action under Section 17(a)(1), Section 17(d) or Section 12(d)(3) of the 1940 Act, or rules thereunder, if each Trust and NTC entered into each of the applicable Amended Agreements as described above.

If you have any questions or other communications concerning this matter, please call the undersigned at 215.988.1146 or Veena K. Jain at 312.569.1167.

Very truly yours,

Diana E. McCarthy, Esq.

cc: Lloyd Wennlund
Richard P. Strubel
Craig R. Carberry, Esq.