

A message from Alan Schoenheimer, Chief Executive, Asia Pacific

OCTOBER 3, 2008

It would be an understatement to say that 2008 has been a difficult year for both investors and advisers, and the market crises of the past couple of weeks have defied all predictions.

All of us here at Russell want you to know that we are acutely aware that now, more than ever, your clients rely on you to cut through the noise, make sense of the situation and keep them on track to meet their long-term goals.

While this may not be the first (or the last) market disruption you will have to guide your clients through, it may qualify as the strangest. Certainly one thing that's "different this time" (compared to the 2000/01 correction) is that individual investors are having to cope not only with valuation declines in their portfolios but fears of a global economic collapse.

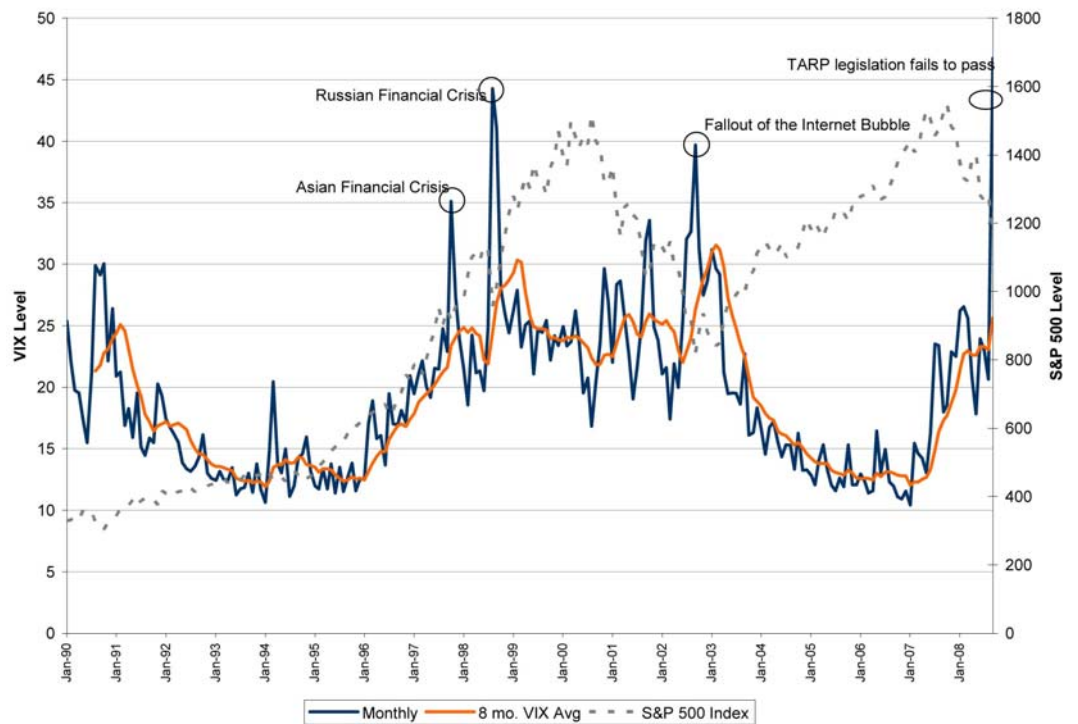
It's times like these that confirm our belief in the unquestionable importance of you, the adviser in securing people's financial security. It's also times like these that confirm our conviction in the absolute necessity of long-term, disciplined investing in well diversified portfolios.

SO HOW MAY YOU HELP CLIENTS RIGHT NOW?

Our advice is to focus on what is in your control. The greatest contribution you can make to your clients right now is helping them see the value of staying invested, staying well diversified and keeping their eye on their long-term goals.

Two things we believe are most important to focus on are:

1. You cannot tell your clients to turn off their TVs – but you can remind them that we've seen shows like this before. Emphasise that now is not a time to overreact but rather make sure their portfolio remains aligned with their long-term goals. Without diminishing the severity of the current situation, putting some historical context around market volatility can help illustrate that sound investing is a long-term process that survives short-term turmoil. The chart below compares the VIX level (a measure of the volatility implied by the price of S&P 500 options on the Chicago Board Options Exchange) to the S&P 500. This shows that what we are experiencing is not only something we have lived through before but that major markets shocks tend to be followed by market recovery in subsequent years.



2. Over communicate. Share the news and analysis of the market but refrain from predicting short-term outcomes. The entire Russell team stands ready to assist you in any way we can. We are committed to keeping you informed and up to date on market events as they occur. I want to assure you that the Russell Investments team is putting to good use our long experience in managing people's money through all kinds of market cycles, trends and turnarounds. As always, we are monitoring our investment managers closely. We are encouraged by the conviction they have shown to their long-term strategies despite the short-term disruptions.

We will continue to connect with you through regular calls and by emailing you the latest updates and information for you and your clients. As always, your Russell team is available to assist with any particular requests or information. In addition, we'd like to hear any ideas you may have for communications pieces that address the specific concerns of your clients. You can contact us at ask_russell@russell.com

While the financial services sector, more broadly, is also facing its challenges, I can assure you that Russell Investments is standing strong with the backing of our parent, Northwestern Mutual Life (NML). NML has consistently earned **the highest possible financial strength ratings*** from the four major financial ratings services. Being owned by a AAA rated mutual provides us with the opportunity to take a long-term view and not at all be driven by the short-term reactions of public shareholders.

Finally, I want to thank you for your continued support and confidence in Russell. Our experience tells us that all cycles, both good and bad, do eventually turn. We remain confident in what the future can hold for you, Russell and your clients as we work together through this time.

Sincerely,



Alan Schoenheimer
Chief Executive, Asia Pacific

* Northwestern Mutual's ratings: Moody's - Aaa, 12/2007; Standard & Poor's - AAA, 11/2007; Fitch Ratings - AAA, 7/2007; and AM Best Company - A++, 5/2007.

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