



Dear Shareholder:

Enclosed is your 2008 Tax Information for the Russell Investment Company (RIC) funds. The Form 1099-DIV summarizes your 2008 income dividends and capital gains distributions from the Fund. We suggest that you read the following for an explanation of the amounts shown. Please retain this notice for income tax purposes.

In some cases, the Fund may have filed Form 1099-DIV with the Internal Revenue Service and provided you with a copy even if you are exempt from taxation. If you are exempt, you are not required to report your income from the Fund to the IRS.

For those shareholders invested in the Russell Tax Exempt Bond Fund, you will receive the Form 1099-INT which will show your non-taxable income received. We recommend that you consult a professional tax advisor for further information.

Explanation of Amounts Shown on the Enclosed 2008 Form 1099-DIV:

Box 1a Total ordinary dividends represent your share of income dividends, including short-term capital gains, and your share of foreign taxes paid by the Fund.

Box 1b Qualified dividends represent the portion of the amount in box 1a that may be eligible to be taxed at a lower rate depending on your individual tax bracket. We recommend that you consult a professional tax advisor for further information.

Box 2a Total capital gain distributions are the amounts distributed that have been designated as long-term capital gains for tax purposes.

Box 3 Nondividend distributions represent amounts distributed as return of capital, which for tax purposes, are not taxable. These nontaxable distributions should reduce the cost basis of your shares.

Box 4 Federal income tax withheld shows amounts withheld from distributions for federal income tax purposes.

Box 6 Foreign tax paid represents your share of taxes paid by the Fund to foreign countries in 2008. You may be able to claim this foreign tax as a deduction or credit on your individual tax return. We recommend that you consult a professional tax advisor for further information.

Other Information:

If your social security or tax identification number is incorrect or missing from your statement, please call Russell Investments at (800) 787-7354 to request a W-9. Without a proper number on file, the Internal Revenue Service may require the Fund to withhold 28% of your earnings.

For information regarding state or federal taxes, we recommend that you consult your tax advisor.

For questions regarding 1099 forms and supplemental information, please call Russell Investments at (800) 787-7354.

Sincerely,

Russell Investment Company Funds

Special Information

Please note, the RIC Net Investment Income and Capital Gains Dividends Paid in 2008 section is available at www.russell.com

On September 2, 2008, the Equity I Fund was renamed the Russell U.S. Core Equity Fund.

On September 2, 2008, the Equity II Fund was renamed the Russell U.S. Small & Mid Cap Fund.

On September 2, 2008, the Equity Q Fund was renamed the Russell U.S. Quantitative Equity Fund.

On September 2, 2008, the Tax-Managed Large Cap Fund was renamed the Russell Tax-Managed U.S. Large Cap Fund.

On September 2, 2008, the Tax-Managed Mid & Small Cap Fund was renamed the Russell Tax-Managed U.S. Mid & Small Cap Fund.

On September 2, 2008, the International Fund was renamed the Russell International Developed Markets Fund.

On September 2, 2008, the Fixed Income I Fund was renamed the Russell Investment Grade Bond Fund.

On September 2, 2008, the Fixed Income III Fund was renamed the Russell Strategic Bond Fund.

On September 2, 2008, the Money Market Fund was renamed the Russell Money Market Fund.

On September 2, 2008, the Global Equity Fund was renamed the Russell Global Equity Fund.

On September 2, 2008, the Real Estate Securities Fund was renamed the Russell Real Estate Securities Fund.

On September 2, 2008, the Short Duration Bond Fund was renamed the Russell Short Duration Bond Fund.

On September 2, 2008, the Tax Exempt Bond Fund was renamed the Russell Tax Exempt Bond Fund.

On September 2, 2008, the Select Growth Fund was renamed the Russell U.S. Growth Fund.

On September 2, 2008, the Select Value Fund was renamed the Russell U.S. Value Fund.

On September 2, 2008, the Tax-Managed Global Equity Fund was renamed the Russell Tax-Managed Global Equity Fund.

Allocation of Tax-Exempt Income by State for 2008

Income dividends paid to you by the following Fund during 2008 represent 97.76% federal tax-exempt income. The list below is a breakdown by state of the federal tax-exempt income earned by the Fund as of December 31, 2008. For example, 0.53% of the Fund's total earnings came from investments in issues from the state of Alabama. However, as state income tax laws vary, we are not able to advise you of the state tax status of your 2008 dividends and suggest that you consult your tax advisor.

Russell Tax Exempt Bond		Russell Tax Exempt Bond		Russell Tax Exempt Bond	
Alabama	0.53%	Louisiana	0.16%	Oklahoma	0.76%
Alaska	0.42%	Maine	0.02%	Oregon	1.34%
Arizona	2.49%	Maryland	3.03%	Pennsylvania	3.28%
Arkansas	0.00%	Massachusetts	4.51%	Rhode Island	0.24%
California	6.22%	Michigan	2.07%	South Carolina	1.79%
Colorado	0.97%	Minnesota	1.63%	South Dakota	0.42%
Connecticut	0.37%	Mississippi	0.25%	Tennessee	1.54%
Delaware	0.32%	Missouri	0.78%	Texas	14.58%
District of Columbia	0.55%	Montana	0.82%	Utah	0.30%
Florida	6.66%	Nebraska	0.00%	Vermont	0.00%
Georgia	4.08%	Nevada	0.63%	Virginia	1.53%
Hawaii	0.80%	New Hampshire	0.03%	Washington	5.71%
Idaho	0.79%	New Jersey	2.76%	West Virginia	0.00%
Illinois	3.19%	New Mexico	0.00%	Wisconsin	1.42%
Indiana	2.04%	New York	9.02%	Wyoming	0.00%
Iowa	0.66%	North Carolina	1.89%	Puerto Rico	5.67%
Kansas	0.57%	North Dakota	0.22%	Virgin Islands	0.78%
Kentucky	0.00%	Ohio	2.16%		100.00%

Corporate Qualifying and Non-Qualifying Dividend Percentages (for corporate taxpayers only)

Note: In calculating the qualifying percentage of U.S. corporate dividends received (corporate taxpayers only), short-term capital gain is considered ordinary income.

	Qualifying Dividend %	Non-Qualifying Dividend %		Qualifying Dividend %	Non-Qualifying Dividend %
Russell U.S. Core Equity	100.0%	0.0%	LifePoints Moderate Strategy	13.1%	86.9%
Russell U.S. Small & Mid Cap	100.0%	0.0%	LifePoints Conservative Strategy	6.4%	93.6%
Russell U.S. Quantitative Equity	100.0%	0.0%	Russell Tax-Managed Global Equity	28.6%	71.4%
Russell International Developed Markets	0.0%	100.0%	LifePoints 2010 Strategy	14.0%	86.0%
International Securities	0.0%	100.0%	LifePoints 2015 Strategy	9.4%	90.6%
Russell Emerging Markets	N/A	N/A	LifePoints 2020 Strategy	22.8%	77.2%
Russell Real Estate Securities	2.4%	97.6%	LifePoints 2025 Strategy	22.7%	77.3%
Diversified Equity	100.0%	0.0%	LifePoints 2030 Strategy	37.9%	62.1%
Special Growth	100.0%	0.0%	LifePoints 2035 Strategy	35.8%	64.2%
Quantitative Equity	100.0%	0.0%	LifePoints 2040 Strategy	38.8%	61.2%
Russell U.S. Value	100.0%	0.0%	LifePoints 2045 Strategy	31.7%	68.3%
Russell U.S. Growth	100.0%	0.0%	LifePoints 2050 Strategy	36.7%	63.3%
Russell Tax-Managed U.S. Large Cap	100.0%	0.0%	LifePoints In Retirement	5.5%	94.5%
Russell Tax-Managed U.S. Mid & Small Cap	100.0%	0.0%	2017 Retirement Distribution Fund - A Shares	21.0%	79.0%
Russell Global Equity	48.6%	51.4%	2017 Accelerated Distribution Fund - A Shares	0.8%	99.2%
Russell Flex Equity	100.0%	0.0%	2027 Extended Distribution Fund - A Shares	2.8%	97.2%
LifePoints Equity Growth Strategy	42.1%	57.9%	2017 Retirement Distribution Fund - S Shares	26.0%	74.0%
LifePoints Growth Strategy	32.4%	67.6%	2017 Accelerated Distribution Fund - S Shares	0.8%	99.2%
LifePoints Balanced Strategy	21.0%	79.0%	2027 Extended Distribution Fund - S Shares	1.1%	98.9%

N/A - There were no net investment income or short-term capital gains paid out of the Fund for the period 1/1/08 through 12/31/08.

Percentage of Direct Obligation and Agency Income

Most states allow mutual funds to “pass through” the state tax exemption on income earned from investments in obligations of the U.S. government or its agencies. Mutual fund shareholders may be allowed to exclude income derived from these earnings from their state tax returns. However, because requirements vary by state, you should review your state’s income tax return instructions or consult a qualified tax advisor.

For your convenience, the table below provides the percentage of income earned from direct obligations of the U.S. government, as well as income earned from agency and other miscellaneous securities. The information is presented in this format because certain states exempt only income earned from direct obligations of the U.S. government. These obligations include Treasury Bonds, Treasury Notes, and Treasury Bills. Although some states do not exempt income earned from agency securities, such as GNMA or FNMA issues, your state may permit an exclusion for this income. Once again, you should verify your state’s requirements to properly calculate your state income exclusion. Please note that only funds with U.S. Government obligations are listed below.

If your state allows some form of pass-through treatment, first compute the amount of your income dividends for 2008 by adding up all of the “dividend” transactions shown on your year-end account statement. (Do not add in any capital gain transactions that may appear on your statement.) Next, multiply the amount of your dividends shown on your statement by the percentage(s) from the table to determine your income from direct obligations and/or agency securities. If you require further information, please contact Russell Investments at (800) 787-7354.

Percentage of Ordinary Income Earned over the 12 months ending December 31, 2008 from:

Fund	U.S. Treasury Securities (a)	Other Direct U.S. Government Obligations (b)	Other Indirect U.S. Government Obligations (c)
Russell U.S. Core Equity	0.24%	0.00%	0.00%
Russell U.S. Small & Mid Cap	0.23%	0.00%	0.00%
Russell U.S. Quantitative Equity	0.16%	0.00%	0.00%
Russell Investment Grade Bond	5.25%	0.70%	34.99%
Russell Strategic Bond	1.68%	0.40%	24.29%
Russell International Developed Markets	0.22%	0.00%	0.00%
Diversified Equity	0.30%	0.00%	0.00%
Special Growth	0.50%	0.00%	0.00%
Quantitative Equity	0.23%	0.00%	0.00%
Russell Short Duration Bond	0.07%	0.06%	17.97%
Multistrategy Bond	2.25%	0.40%	21.84%
Russell Real Estate Securities	0.00%	0.00%	0.00%
Russell Tax-Managed U.S. Large Cap	0.30%	0.00%	0.00%
Russell Tax-Managed U.S. Mid & Small Cap	0.42%	0.00%	0.00%
International Securities	0.23%	0.00%	0.00%
Russell Emerging Markets	0.22%	0.00%	0.00%
Russell Money Market	0.00%	0.19%	0.00%
Russell U.S. Value	0.32%	0.00%	0.00%
Russell U.S. Growth	0.55%	0.00%	0.00%
Russell Global Equity	0.33%	0.00%	0.00%
Russell Flex Equity Fund	18.26%	22.81%	0.04%
Russell Tax-Managed Global Equity	0.27%	0.00%	0.00%
LifePoints Equity Growth Strategy	0.21%	0.00%	0.00%
LifePoints Growth Strategy	1.35%	0.24%	13.18%
LifePoints Balanced Strategy	1.73%	0.32%	17.65%
LifePoints Moderate Strategy	1.93%	0.36%	19.98%
LifePoints Conservative Strategy	1.68%	0.32%	20.42%
LifePoints 2010 Strategy	1.43%	0.34%	21.14%
LifePoints 2015 Strategy	1.42%	0.33%	19.97%
LifePoints 2020 Strategy	1.32%	0.30%	18.51%
LifePoints 2025 Strategy	1.10%	0.24%	14.81%
LifePoints 2030 Strategy	0.69%	0.13%	8.14%
LifePoints 2035 Strategy	0.70%	0.14%	8.39%
LifePoints 2040 Strategy	0.69%	0.13%	8.11%
LifePoints 2045 Strategy	0.67%	0.13%	7.78%
LifePoints 2050 Strategy	0.40%	0.05%	3.10%
LifePoints In Retirement	1.22%	0.28%	17.96%
2017 Retirement Distribution Fund - A Shares	1.34%	0.28%	16.85%
2017 Accelerated Distribution Fund - A Shares	1.97%	0.39%	22.34%
2027 Extended Distribution Fund - A Shares	1.94%	0.38%	21.48%
2017 Retirement Distribution Fund - S Shares	1.42%	0.32%	19.44%
2017 Accelerated Distribution Fund - S Shares	2.03%	0.39%	22.37%
2027 Extended Distribution Fund - S Shares	1.98%	0.39%	22.14%

Notes:

[a] **Direct U.S. Government Obligations** - U.S. Treasury Securities - includes bills, notes and bonds.

[b] **Other Direct U.S. Government Obligations** - Includes Federal Farm Credit Banks, Federal Home Loan Banks, and Student Loan Marketing Association.

[c] **Other Indirect U.S. Government Obligations** - Includes Federal Home Loan Mortgage Corporation, Federal National Mortgage Association and Government National Mortgage Association

Foreign Tax Credit Information

Remaining consistent with their investment objectives, the following Funds generally invest in securities of foreign corporations. In many cases, foreign countries impose a withholding tax on the dividends these corporations pay to the Fund. This means that the dividends are taxed at the time the Fund receives them. In accordance with the Internal Revenue Code (the Code), the Fund has elected to pass through to you the tax benefit resulting from this foreign tax withholding. Accordingly, the foreign tax paid amount is deemed to have been paid as a distribution from the Fund for tax purposes. The amount shown in Box 1a, "Ordinary Dividends", represents your 2008 income dividends including any short-term capital gains distributions from the Fund plus your share of foreign taxes paid by the Fund. The amount shown in Box 6, "Foreign Tax Paid", represents your share of taxes paid by the Fund to foreign countries in 2008. This is the amount available to you for the Foreign Tax Credit on your individual tax return. We suggest that you consult your tax advisor for further information.

	Deemed Foreign Tax Paid per Share 8/28/08	Deemed Foreign Tax Paid as a Percentage 8/28/08	Deemed Foreign Tax Paid per Share 12/23/08	Deemed Foreign Tax Paid as a Percentage 12/23/08
Russell International Developed Markets Class I	N/A	N/A	\$ 0.1091	100.00%
Russell International Developed Markets Class E	N/A	N/A	0.0528	100.00%
Russell International Developed Markets Class Y	N/A	N/A	0.0137	100.00%
Russell International Developed Markets Class A	N/A	N/A	0.0048	100.00%
Russell International Developed Markets Class C	N/A	N/A	0.0060	100.00%
Russell International Developed Markets Class S	N/A	N/A	0.0118	100.00%
Russell Emerging Markets Class S	N/A	N/A	0.0877	100.00%
Russell Emerging Markets Class E	N/A	N/A	0.0612	100.00%
Russell Emerging Markets Class C	N/A	N/A	0.0682	100.00%
Russell Emerging Markets Class A	N/A	N/A	0.0574	100.00%
Russell Emerging Markets Class Y	N/A	N/A	0.0084	100.00%
International Securities Class S	0.1564	12.46%	N/A	N/A
International Securities Class E	0.1537	13.36%	N/A	N/A
International Securities Class C	0.1601	19.50%	N/A	N/A
International Securities Class A	0.1472	12.72%	N/A	N/A
Russell Global Equity Class S	N/A	N/A	0.0208	23.66%
Russell Global Equity Class E	N/A	N/A	0.0089	12.66%
Russell Global Equity Class C	N/A	N/A	0.0091	87.50%
Russell Global Equity Class A	N/A	N/A	0.0047	5.82%
Russell Global Equity Class Y	N/A	N/A	0.0004	0.43%

Qualified Dividend Income Percentage (QDI)

The amount in Box 1b, "Qualified dividends" on your form 1099 is the amount of ordinary dividends received during the calendar year (unless otherwise indicated) multiplied by the QDI Percentage listed below. Ordinary dividends include any short-term gains distributed by the Funds. Funds that did not pay any ordinary dividends or Funds with no qualifying dividends are not listed below.

QDI Percentage	QDI Percentage
Russell U.S. Core Equity	98.2%
Russell U.S. Small & Mid Cap	44.2%
Russell U.S. Quantitative Equity	100.0%
Russell International Developed Markets	67.1%
International Securities	76.4%
Russell Emerging Markets	100.0%
Russell Real Estate Securities	2.5%
Diversified Equity	100.0%
Special Growth	59.6%
Quantitative Equity	100.0%
Russell U.S. Value	78.9%
Russell U.S. Growth	100.0%
Russell Tax-Managed U.S. Large Cap	100.0%
Russell Tax-Managed U.S. Mid & Small Cap	75.2%
Russell Global Equity	85.0%
Russell Flex Equity	100.0%
LifePoints Equity Growth Strategy	76.1%
LifePoints Growth Strategy	29.9%
LifePoints Balanced Strategy	14.9%
LifePoints Moderate Strategy	7.6%
LifePoints Conservative Strategy	3.7%
LifePoints 2010 Strategy	9.0%
LifePoints 2015 Strategy	13.5%
LifePoints 2020 Strategy	17.9%
LifePoints 2025 Strategy	30.6%
LifePoints 2030 Strategy	51.4%
LifePoints 2035 Strategy	51.6%
LifePoints 2040 Strategy	51.7%
LifePoints 2045 Strategy	53.3%
LifePoints 2050 Strategy	70.9%
LifePoints In Retirement	19.3%
Russell Tax-Managed Global Equity	91.9%
2017 Retirement Distribution Fund - A Shares	22.4%
2017 Accelerated Distribution Fund - A Shares	1.4%
2027 Extended Distribution Fund - A Shares	4.2%
2017 Retirement Distribution Fund - S Shares	15.0%
2017 Accelerated Distribution Fund - S Shares	1.0%
2027 Extended Distribution Fund - S Shares	2.3%