



Dear Shareholder:

Enclosed is your 2016 Tax Information for the Russell Investment Company (RIC) funds. The Form 1099-DIV summarizes your 2016 income dividends and capital gains distributions from any applicable Fund(s). 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(s) may have filed Form 1099-DIV with the Internal Revenue Service and provided you with a copy even if you are exempt from taxation.

Explanation of Amounts Shown on the Enclosed 2016 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(s).

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 Non-dividend distributions represent amounts distributed as return of capital, which for tax purposes, are not taxable. These non-taxable 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(s) to foreign countries in 2016. 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.

Box 10 Exempt-interest dividends shows the amount of tax exempt dividend income received from a mutual fund or other regulated investment company.

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 Forms 1099 and supplemental information, please call Russell Investments at (800) 787-7354.

Sincerely,

Russell Investments Company Funds

Allocation of Tax Exempt Income by State for 2016

Income dividends paid to you by the Russell Tax Exempt Bond and Russell Tax Exempt High Yield Bond Funds during 2016 represent 98.94% and 97.00%, respectively, of federal tax exempt income. The list below is a breakdown by state of the federal tax exempt income earned by the Funds as of December 31, 2016. For example, 1.62% of the Russell Tax Exempt Bond Fund's total tax exempt 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 2016 dividends and suggest that you consult your tax advisor.

	<u>Russell Tax Exempt Bond</u>	<u>Russell Tax Exempt High Yield Bond</u>		<u>Russell Tax Exempt Bond</u>	<u>Russell Tax Exempt High Yield Bond</u>		<u>Russell Tax Exempt Bond</u>	<u>Russell Tax Exempt High Yield Bond</u>
Alabama	1.62%	2.20%	Louisiana	1.94%	1.22%	Oklahoma	0.28%	0.31%
Alaska	0.13%	1.08%	Maine	0.00%	0.00%	Oregon	0.41%	1.44%
Arizona	2.55%	0.92%	Maryland	0.32%	0.83%	Pennsylvania	4.28%	4.32%
Arkansas	0.07%	0.00%	Massachusetts	0.57%	2.03%	Rhode Island	0.18%	0.27%
California	9.06%	11.76%	Michigan	4.34%	5.09%	South Carolina	1.11%	0.14%
Colorado	2.14%	1.55%	Minnesota	1.09%	1.74%	South Dakota	0.13%	0.00%
Connecticut	1.70%	0.15%	Mississippi	0.37%	0.01%	Tennessee	0.65%	1.64%
Delaware	0.04%	0.06%	Missouri	1.33%	0.84%	Texas	9.07%	6.05%
District of Columbia	0.31%	1.11%	Montana	0.00%	0.00%	Utah	0.36%	0.00%
Florida	8.22%	7.64%	Nebraska	0.74%	0.00%	Vermont	0.04%	0.39%
Georgia	1.53%	0.62%	Nevada	0.93%	0.15%	Virginia	0.83%	0.56%
Hawaii	0.02%	0.77%	New Hampshire	0.20%	0.11%	Washington	2.55%	1.29%
Idaho	0.75%	0.00%	New Jersey	5.21%	5.35%	West Virginia	0.14%	0.00%
Illinois	9.69%	10.30%	New Mexico	0.10%	0.00%	Wisconsin	1.25%	0.76%
Indiana	0.26%	1.14%	New York	7.61%	4.23%	Wyoming	0.17%	0.00%
Iowa	0.69%	0.15%	North Carolina	0.52%	0.41%	Guam	1.33%	1.22%
Kansas	0.39%	0.00%	North Dakota	0.26%	0.10%	Puerto Rico	4.19%	10.67%
Kentucky	0.34%	1.37%	Ohio	5.20%	3.26%	Virgin Islands	1.73%	1.75%
							<u>98.94%</u>	<u>97.00%</u>

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.

If your state allows some form of pass-through treatment, first compute the amount of your income dividends for 2016 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, 2016 from:

Fund	U.S. Treasury Securities (a)	Other Direct U.S. Government Obligations (b)	Other Indirect U.S. Government Obligations (c)
<i>Russell U.S. Core Equity</i>	0.02%	0.00%	0.00%
<i>Russell U.S. Defensive Equity</i>	0.08%	0.00%	0.00%
<i>Russell U.S. Dynamic Equity</i>	0.00%	0.00%	0.00%
<i>Russell U.S. Strategic Equity</i>	0.02%	0.00%	0.00%
<i>Russell U.S. Large Cap Equity</i>	0.00%	0.00%	0.00%
<i>Russell U.S. Mid Cap Equity</i>	0.00%	0.00%	0.00%
<i>Russell U.S. Small Cap Equity</i>	0.04%	0.00%	0.00%
<i>Select U.S. Equity</i>	0.00%	0.00%	0.00%
<i>Russell International Developed Markets</i>	0.12%	0.00%	0.00%
<i>Russell Global Equity</i>	0.14%	0.00%	0.00%
<i>Russell Emerging Markets</i>	0.04%	0.00%	0.00%
<i>Select International Equity</i>	0.00%	0.00%	0.00%
<i>Russell Tax-Managed U.S. Large Cap</i>	0.05%	0.00%	0.00%
<i>Russell Tax-Managed U.S. Mid & Small Cap</i>	0.00%	0.00%	0.00%
<i>Russell Tax-Managed International Equity</i>	0.00%	0.00%	0.00%
<i>Russell Global Opportunistic Credit</i>	0.06%	0.00%	0.00%
<i>Russell Strategic Bond</i>	9.40%	0.44%	16.73%
<i>Russell Investment Grade Bond</i>	14.71%	0.86%	28.05%
<i>Russell Short Duration Bond</i>	11.28%	0.43%	22.69%
<i>Russell Tax Exempt High Yield Bond</i>	0.00%	0.00%	0.00%
<i>Russell Tax Exempt Bond</i>	0.00%	0.00%	0.00%
<i>Russell Commodity Strategies</i>	0.00%	0.00%	0.00%
<i>Russell Global Infrastructure</i>	0.00%	0.00%	0.00%
<i>Russell Global Real Estate Securities</i>	0.00%	0.00%	0.00%
<i>Russell Multi-Strategy Alternative</i>	2.29%	0.01%	2.07%
<i>Russell Multi-Strategy Income</i>	0.13%	0.00%	0.00%
<i>Russell Strategic Call Overwriting</i>	0.00%	0.00%	0.00%
<i>Unconstrained Total Return Fund</i>	0.06%	0.00%	14.90%
<i>LifePoints Conservative Strategy</i>	5.94%	0.29%	11.43%
<i>LifePoints Moderate Strategy</i>	5.83%	0.30%	11.00%
<i>LifePoints Balanced Strategy</i>	3.63%	0.17%	6.73%
<i>LifePoints Growth Strategy</i>	1.92%	0.09%	3.75%
<i>LifePoints Equity Growth Strategy</i>	0.04%	0.00%	0.17%
<i>LifePoints 2020 Strategy</i>	7.64%	0.38%	14.08%
<i>LifePoints 2025 Strategy</i>	6.86%	0.35%	12.59%
<i>LifePoints 2030 Strategy</i>	5.59%	0.28%	10.18%
<i>LifePoints 2035 Strategy</i>	3.23%	0.15%	5.72%
<i>LifePoints 2040 Strategy</i>	1.41%	0.07%	2.47%
<i>LifePoints 2045 Strategy</i>	1.41%	0.07%	2.48%
<i>LifePoints 2050 Strategy</i>	1.41%	0.07%	2.47%
<i>LifePoints 2055 Strategy</i>	1.40%	0.06%	2.46%
<i>LifePoints In Retirement</i>	8.28%	0.41%	15.33%

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 Bank, Federal Home Loan Bank, 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 received by the Fund. In accordance with the Internal Revenue Code, the Fund has elected to pass through the tax benefit resulting from this foreign tax withholding. We suggest that you consult your tax advisor for further information.

FOREIGN INCOME - The amount shown in Box 1a, "Ordinary Dividends," represents the 2016 income dividends including any short-term capital gain distributions from the Fund plus the share of foreign taxes paid by the Fund. To calculate the foreign income, multiply the amount in Box 1a of the 2016 Form 1099-DIV by the income factor below.

FOREIGN TAXES - The amount shown in Box 6, "Foreign Tax Paid," represents the share of taxes paid by the Fund to foreign countries in 2016. This is the amount available for the Foreign Tax Credit on your individual tax return. To calculate the foreign tax, multiply the amount in Box 6 of the 2016 FORM 1099-DIV by the tax factor in the table below.

	Income Factor	Tax Factor
<i>Russell International Developed Markets</i>	94.22%	100.00%
<i>Russell Global Equity</i>	54.59%	100.00%
<i>Russell Emerging Markets</i>	77.88%	100.00%
<i>Select International Equity</i>	99.18%	100.00%
<i>Russell Tax-Managed International Equity</i>	85.80%	100.00%
<i>Russell Global Infrastructure</i>	67.77%	100.00%
<i>LifePoints Conservative Strategy</i>	5.41%	100.00%
<i>LifePoints Moderate Strategy</i>	13.74%	100.00%
<i>LifePoints Balanced Strategy</i>	24.22%	100.00%
<i>LifePoints Growth Strategy</i>	38.32%	100.00%
<i>LifePoints Equity Growth Strategy</i>	49.18%	100.00%
<i>LifePoints 2020 Strategy</i>	15.35%	100.00%
<i>LifePoints 2025 Strategy</i>	21.00%	100.00%
<i>LifePoints 2030 Strategy</i>	28.49%	100.00%
<i>LifePoints 2035 Strategy</i>	41.52%	100.00%
<i>LifePoints 2040 Strategy</i>	55.27%	100.00%
<i>LifePoints 2045 Strategy</i>	57.94%	100.00%
<i>LifePoints 2050 Strategy</i>	59.03%	100.00%
<i>LifePoints 2055 Strategy</i>	55.80%	100.00%
<i>LifePoints In Retirement</i>	11.52%	100.00%

Percent of Income Subject to AMT – Calendar Year 2016

7.32% of the Russell Tax Exempt High Yield Bond fund income for the calendar year ending December 31, 2016 is subject to AMT.

Corporate 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.

	<u>Qualifying Dividend %</u>		<u>Qualifying Dividend %</u>
Russell U.S. Core Equity	100.0%	Russell Multi-Strategy Alternative	0.0%
Russell U.S. Defensive Equity	100.0%	Russell Multi-Strategy Income	10.2%
Russell U.S. Dynamic Equity	100.0%	Russell Strategic Call Overwriting	100.0%
Russell U.S. Strategic Equity	100.0%	LifePoints Conservative Strategy	12.4%
Russell U.S. Large Cap Equity	100.0%	LifePoints Moderate Strategy	15.7%
Russell U.S. Mid Cap Equity	80.5%	LifePoints Balanced Strategy	34.5%
Russell U.S. Small Cap Equity	100.0%	LifePoints Growth Strategy	40.5%
Select U.S. Equity	100.0%	LifePoints Equity Growth Strategy	53.4%
Russell International Developed Markets	0.0%	LifePoints 2020 Strategy	19.4%
Russell Global Equity	49.9%	LifePoints 2025 Strategy	25.6%
Russell Emerging Markets	0.0%	LifePoints 2030 Strategy	32.2%
Select International Equity	0.0%	LifePoints 2035 Strategy	46.3%
Russell Tax-Managed U.S. Large Cap	100.0%	LifePoints 2040 Strategy	55.0%
Russell Tax-Managed U.S. Mid & Small Cap	0.0%	LifePoints 2045 Strategy	59.2%
Russell Tax-Managed International Equity	0.0%	LifePoints 2050 Strategy	57.9%
Russell Commodity Strategies	0.0%	LifePoints 2055 Strategy	59.7%
Russell Global Infrastructure	33.6%	LifePoints In Retirement	14.8%
Russell Global Real Estate Securities	0.0%		

Qualified Dividend Income Percentage (QDI)

The amount in Box 1b, "Qualified Dividends" on your Form 1099-DIV 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.

	<u>QDI Percentage</u>		<u>QDI Percentage</u>
Russell U.S. Core Equity	100.0%	Russell Multi-Strategy Income	22.6%
Russell U.S. Defensive Equity	100.0%	Russell Strategic Call Overwriting	100.0%
Russell U.S. Dynamic Equity	100.0%	LifePoints Conservative Strategy	22.8%
Russell U.S. Strategic Equity	100.0%	LifePoints Moderate Strategy	26.6%
Russell U.S. Large Cap Equity	100.0%	LifePoints Balanced Strategy	53.9%
Russell U.S. Mid Cap Equity	82.9%	LifePoints Growth Strategy	71.5%
Russell U.S. Small Cap Equity	100.0%	LifePoints Equity Growth Strategy	83.0%
Select U.S. Equity	100.0%	LifePoints 2020 Strategy	32.1%
Russell International Developed Markets	100.0%	LifePoints 2025 Strategy	41.9%
Russell Global Equity	100.0%	LifePoints 2030 Strategy	53.0%
Russell Emerging Markets	100.0%	LifePoints 2035 Strategy	75.0%
Select International Equity	100.0%	LifePoints 2040 Strategy	90.7%
Russell Tax-Managed U.S. Large Cap	100.0%	LifePoints 2045 Strategy	94.8%
Russell Tax-Managed International Equity	88.3%	LifePoints 2050 Strategy	92.8%
Russell Global Infrastructure	77.4%	LifePoints 2055 Strategy	95.1%
Russell Global Real Estate Securities	5.1%	LifePoints In Retirement	24.1%

Special Information

The RIC Net Investment Income and Capital Gains Dividends Paid in 2016 section is available at www.RussellInvestments.com.