

AMERICAN LIBRARY ASSOCIATION WORKING CAPITAL ACCOUNT REVIEW

PORTFOLIO REVIEW

AS OF 9/30/03

- 1) Financial Market Overview**
- 2) Growth of Fixed Income Assets**
- 3) Performance .vs Guidelines**
- 4) Investment Objectives and Guidelines**

Prepared by

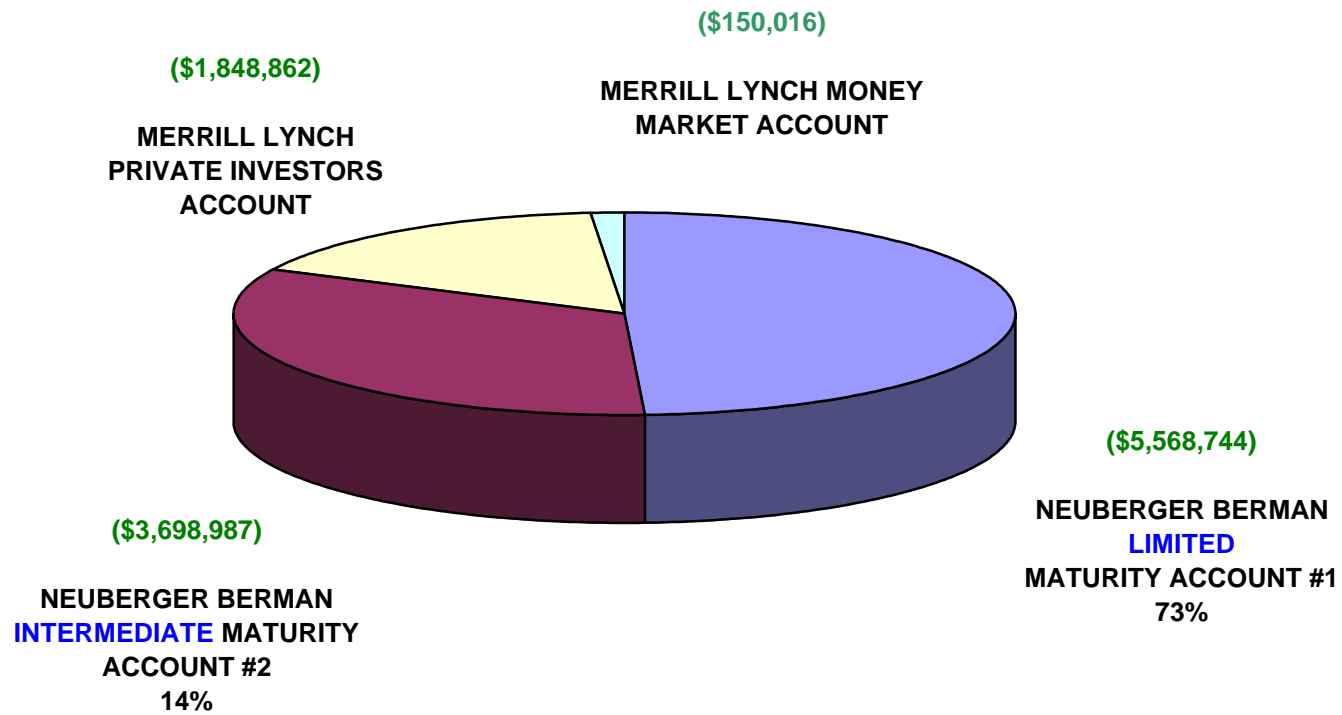
**Raj Bhatia
Senior Vice President**

**Joseph Kelly
Assistant Vice President**

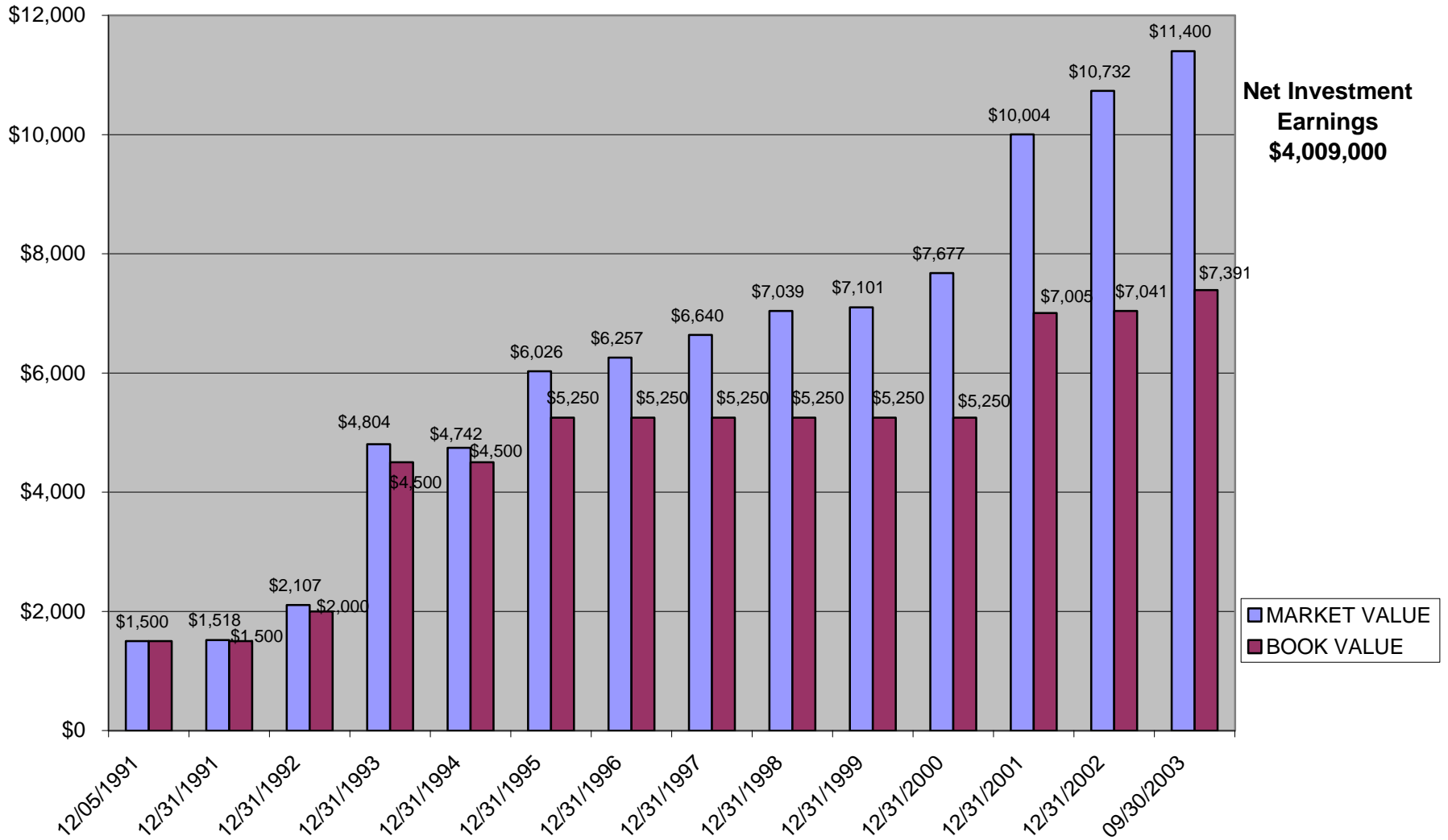
American Library Association Working Capital Account

as of September 30, 2003

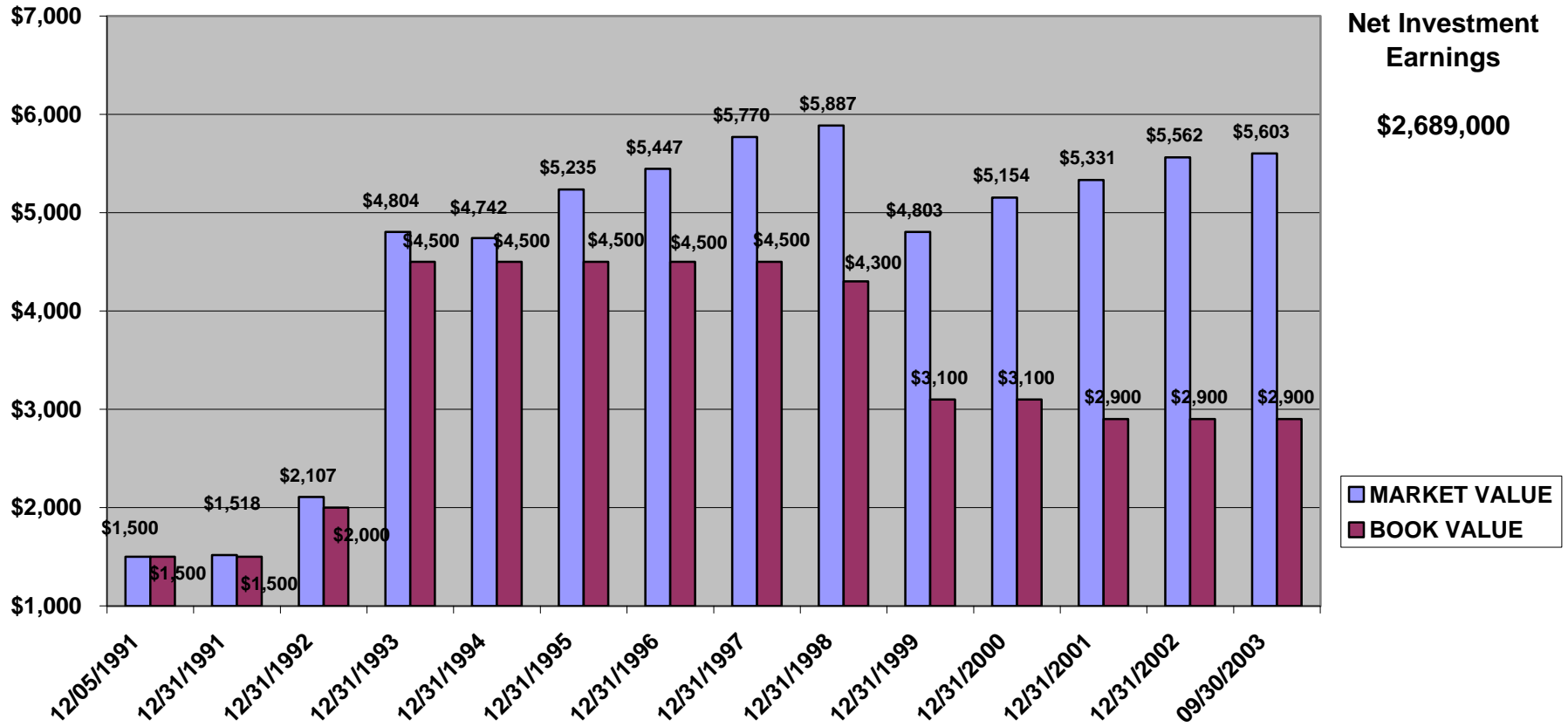
(\$11,400,000)



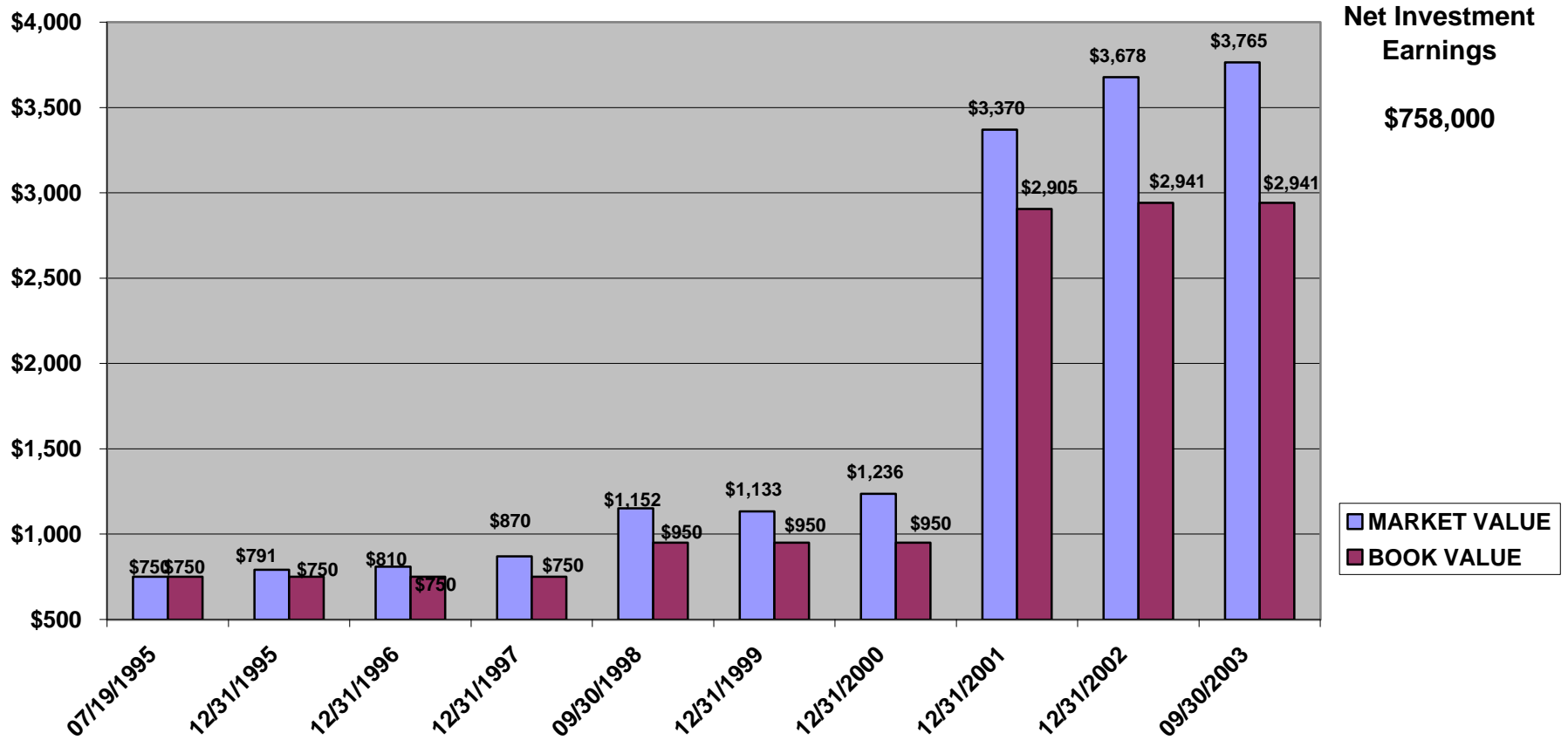
**ALA Working Capital
Combined Managed Accounts
(000's)**



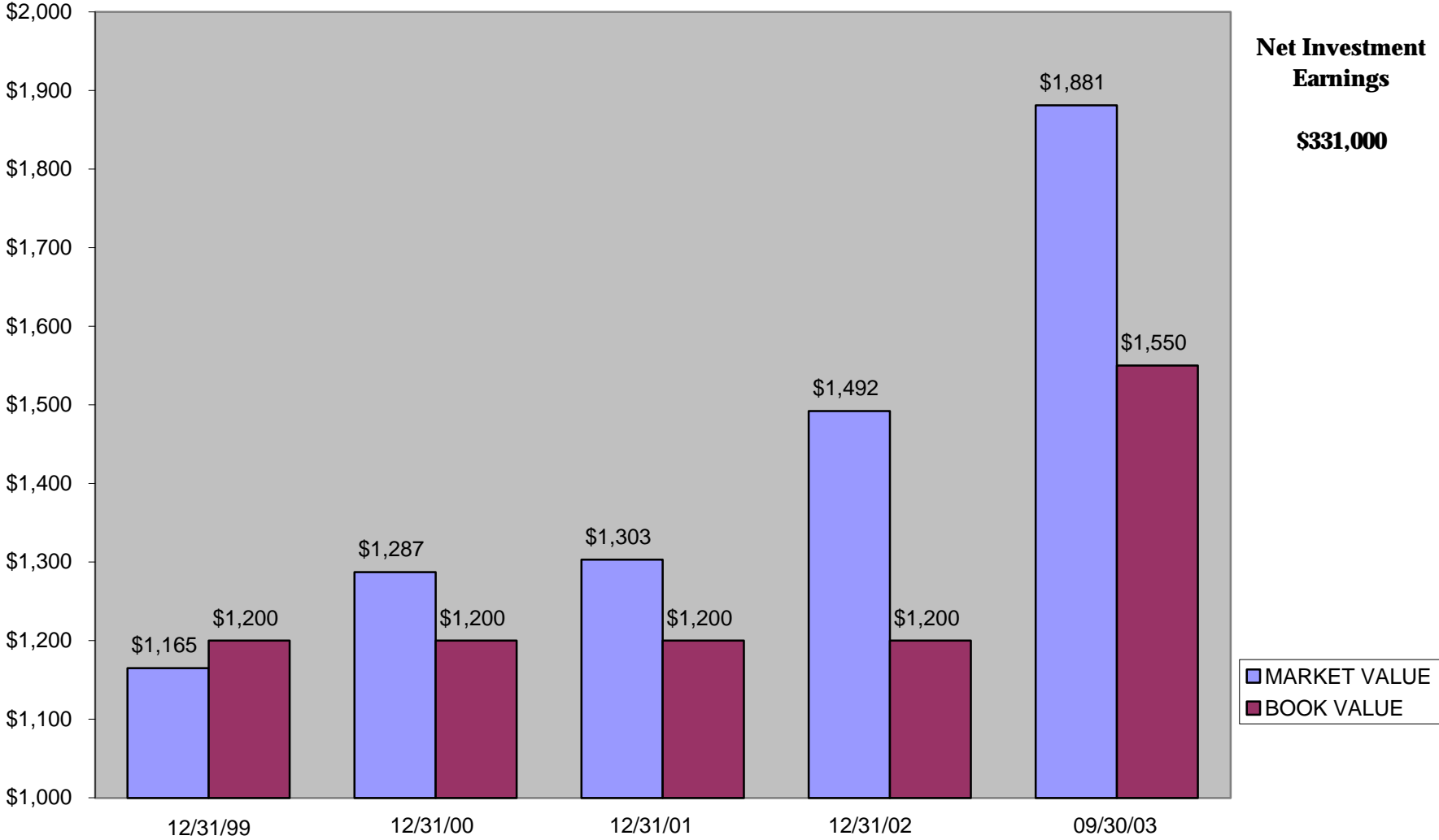
NEUBERGER BERMAN #1 ACCOUNT
(Limited Maturity)
(000's)



NEUBERGER BERMAN ACCOUNT #2
(Intermediate Maturity)
(000's)



**Merrill Lynch Private Investor Account
(Intermediate Maturity)
(000's)**



Fact sheet

Merrill Lynch Premier Institutional Fund
Boston, MA (800) 225-1576

September 2003

Fund Facts:

As of August 31, 2003

Symbol	MLPXX
Size	\$44.6 billion
Inception	January 27, 1997
Minimum Investment	\$10 million
Trading Deadline	5:00 P.M. ET
Average Maturity	64 Days

Historical Fund Performance

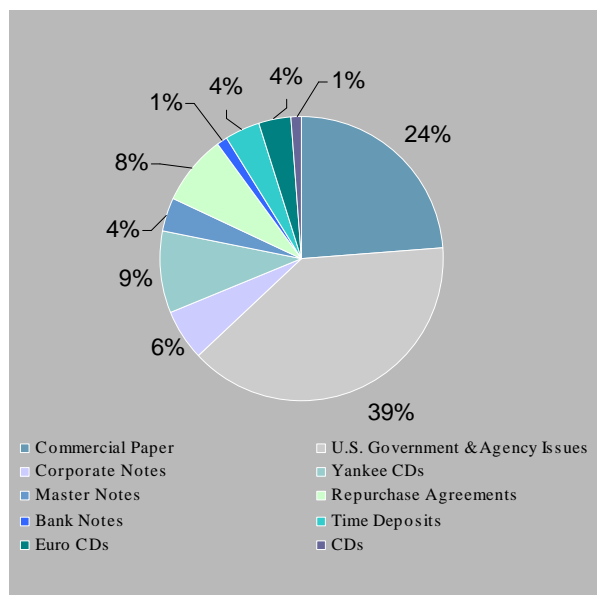
Annualized 7 and 30 day Yields¹

	7 Day	30 Day		7 Day	30 Day
Sep. 02	1.81%	1.81%	Mar. 03	1.27%	1.27%
Oct. 02	1.81%	1.79%	Apr. 03	1.25%	1.25%
Nov. 02	1.45%	1.55%	May 03	1.23%	1.23%
Dec. 02	1.39%	1.40%	Jun. 03	1.10%	1.17%
Jan. 03	1.33%	1.33%	Jul. 03	1.02%	1.02%
Feb. 03	1.30%	1.29%	Aug. 03	1.03%	1.04%

Avg Ann. Total Return²

	Period ending 08-31-03
1-Year	1.35%
3-Year	3.02%
5-Year	3.93%

Portfolio Investments:



Providing Competitive Performance and Outstanding Service in Institutional Money Market Funds

Investment Objective:

The Fund's objectives are to seek maximum current income consistent with liquidity and the maintenance of a portfolio of high quality short-term money market securities.

Investment Strategies:

The Fund seeks to achieve its objectives by investing in a diversified portfolio of U.S. dollar denominated money market securities. These securities consist primarily of short-term U.S. Government securities, U.S. Government agency securities, bank obligations, commercial paper and repurchase agreements. The Fund may also invest in domestic bank obligations and foreign bank obligations and other short-term debt securities issued by U.S. and foreign entities.

Portfolio Manager

P. Michael Walsh

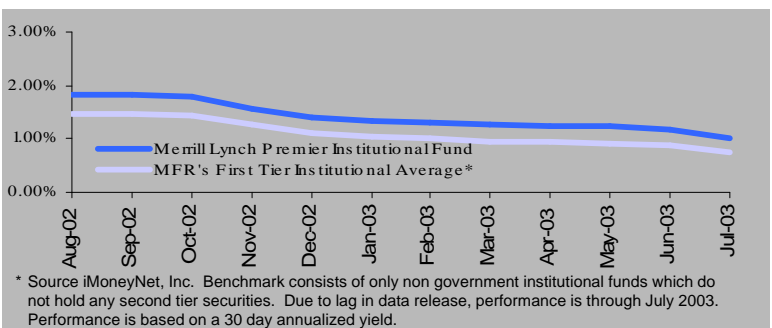
Merrill Lynch Premier Institutional Fund
Merrill Lynch Institutional Fund

Mr. Walsh is Managing Director of Merrill Lynch Investment Managers Americas Fixed Income division. Prior to joining MLIM in May of 1991, Mr. Walsh was a Financial Consultant with Merrill Lynch in Washington, DC. He has held various positions in the short-term Fixed Income area, including Manager of the Dollar Assets Portfolio and the Super Money Market Fund. He received his B.A. in Economics from Villanova University.

Market Commentary

As geopolitical tensions have receded, the market has turned its attention to the struggling U.S. economy. We have seen some signs that the economy is beginning to turn for the better, with the front end of the yield curve steepening in response. The Fed has dropped rates to 1% in an effort to eliminate the threat of deflation and they have indicated that they are willing to leave rates low for as long as it takes to get the economy back on track. It is our opinion that the Fed will tolerate several quarters of above trend GDP growth before they would consider raising interest rates and more rate cuts are possible. The front end of the yield curve is positively sloped although the pickup from overnights to one year investments is still minimal. While we are optimistic about the prospects for the U.S. economy (which will be augmented by the Bush tax cuts) over the next few quarters, we feel that the market may be overly upbeat about a strong sustainable recovery. While we expect that our WAM would drift lower in the coming months, we would be comfortable investing in longer-dated securities if the curve steepens more.

Performance vs. Benchmark



Unless Noted, Information is Current Through August 31, 2003.

The opinions expressed are those of P. Michael Walsh as of July 2003 and are subject to change. P. Michael Walsh is Managing Director of taxable US Fixed Income for MLIM. There is no guarantee that forecasts made will come to pass. Past performance is not an indication of future results. Yields may vary. An investment in the Fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund. The Fund's current portfolio holdings are subject to change. The Fund is part of the Merrill Lynch Funds For Institutions Series. ¹Annualized month-end yields are based on net investment income for the period shown. Yields will fluctuate, and are based on each fund's total net investment income during the period ²The Fund's current yield more closely reflects the current earnings of the Fund than the total return quotations. For a copy of the most current prospectus on the Merrill Lynch Funds For Institutions, please contact (800) 225-1576. FAM Distributors Inc.

Neuberger Berman, LLC

Growth of \$100/Manager Contribution

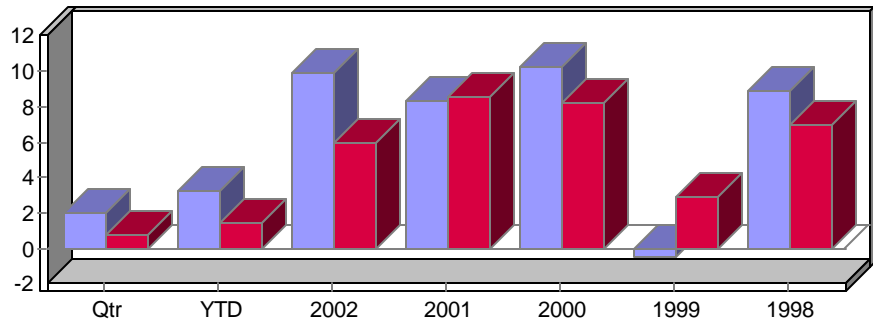
Product Name: Taxable, bottom-up, Interest Rate Trend Analysis
 Asset Class: Domestic Fixed
 Manager's Benchmark:

Benchmark: Lehman Gov't 1-3 Yr
 Ending Date: 06/30/2003
 Data calculated using Quarterly returns

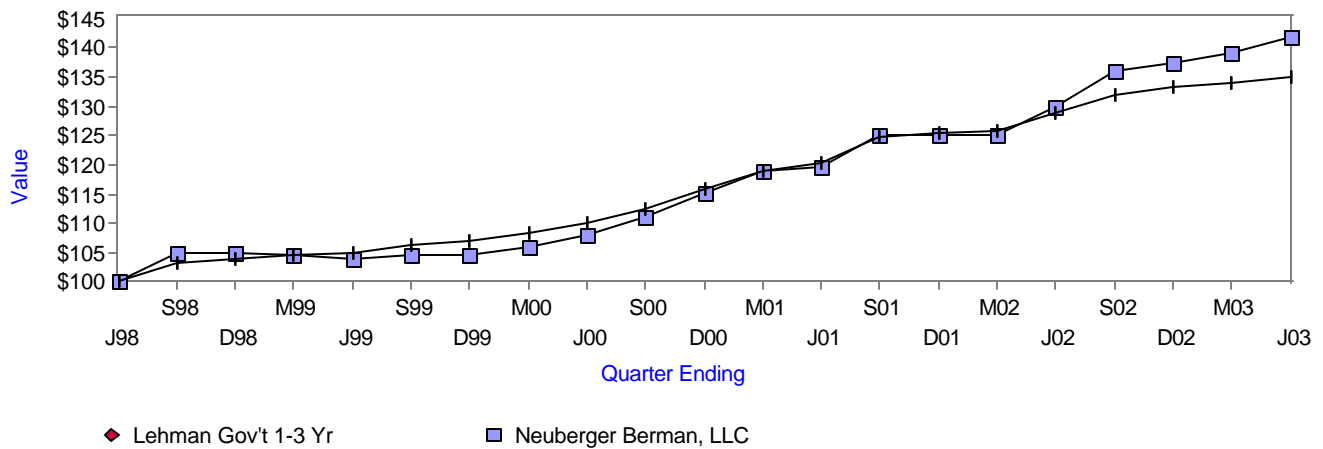
Manager Index

Qtr	2.038	0.772
YTD	3.281	1.458
2002	9.955	6.011
2001	8.369	8.530
2000	10.223	8.174
1999	-0.432	2.965
1998	8.900	6.984

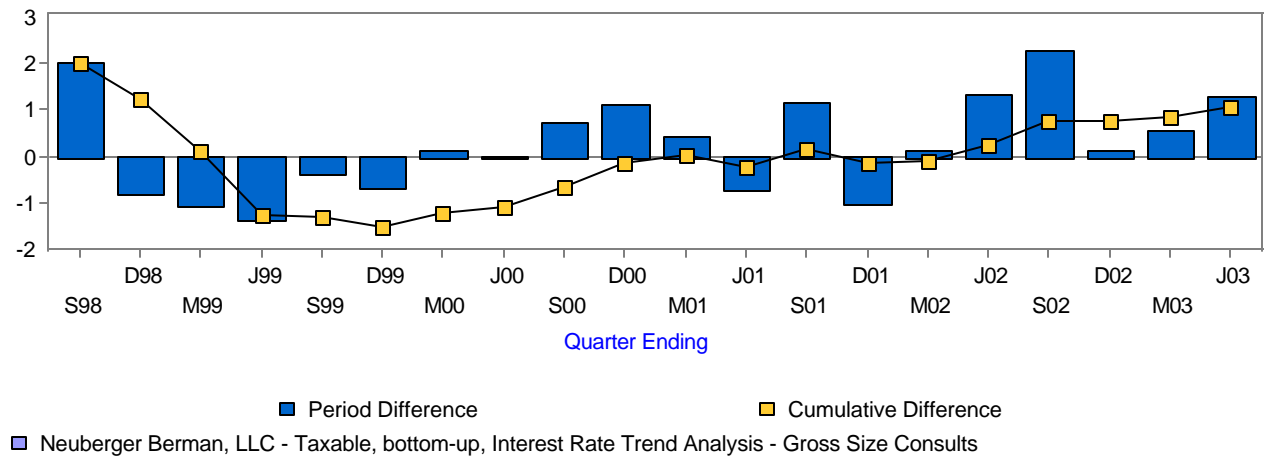
Returns



Growth of \$100



**Manager Contribution
 Index: Lehman Gov't 1-3 Yr**



Neuberger Berman, LLC

Trailing Returns/Risk Analysis/Scatterplot

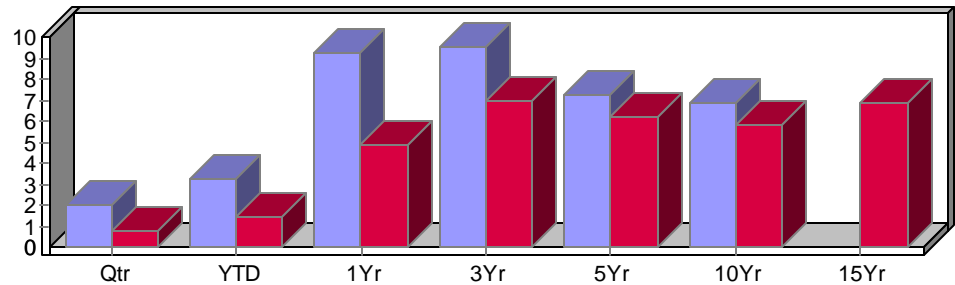
Product Name: Taxable, bottom-up, Interest Rate Trend Analysis [Gross Size Consults]
 Asset Class: Domestic Fixed

Benchmark: Lehman Gov't 1-3 Yr
 ending 06/30/2003
 Data calculated using Quarterly returns

Manager Index

Qtr	2.038	0.772
YTD	3.281	1.458
1Yr	9.243	4.908
3Yr	9.568	7.025
5Yr	7.251	6.192
10Yr	6.884	5.887
15Yr		6.870

Returns



◆ Lehman Gov't 1-3 Yr

■ Neuberger Berman, LLC

Risk Analysis

Timeframe	Standard Deviation	Sharpe Ratio	R-Squared	Alpha	Beta	Treynor Ratio	Tracking Error	Information Ratio
3Yr	3.524	1.779	85.565	-0.130	1.682	3.758	1.794	1.358
5Yr	3.775	0.863	91.385	-0.887	1.871	1.779	2.046	0.508
10Yr	3.648	0.658	92.490	-0.198	1.826	1.349	1.852	0.531
15Yr								

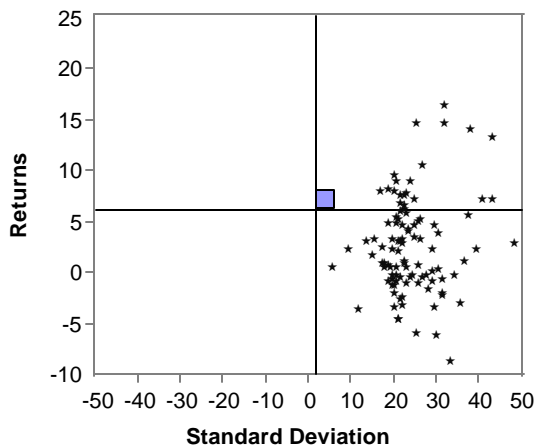
Index: Lehman Gov't 1-3 Yr

Market Cycle Analysis

	3Yr	5Yr	10Yr	15Yr
Best Quarter	4.680	5.070	5.070	
Worst Quarter	-0.204	-0.802	-1.612	
Best 4 Quarters	12.765	12.765	15.700	
Worst 4 Quarters	5.125	-0.432	-1.631	
Best Case	31.538	41.907	94.590	
Worst Case	-0.204	-1.218	-2.302	
Positive Quarters	11	15	30	
Negative Quarters	1	5	10	
Up-Market Ratio	136.192	117.098	119.018	
Down-Market Ratio			338.989	
Batting Average	83.333	60.000	60.000	
Up-Market Return	9.568	7.251	7.454	
Down-Market Return	0.000	0.000	-1.712	

Index: Lehman Gov't 1-3 Yr

Universe: Mobius Broad Equity
 5 Years Trailing ending 06/30/2003



+ Lehman Gov't 1-3 Yr

★ Universe Participant

■ Neuberger Berman, LLC - Taxable, bottom-up, Interest Rate Trend Analysis

Past performance is no guarantee of future results.

Please see last page for important information about the data and other materials contained in this document.

American Library Association Working Capital

Long Term Performance .vs. Benchmark

Period Ending 9/30/03	<u>Neuberger Berman</u> <u>Account # 1</u>	<u>US Treasury 1-3</u> <u>Years</u>
YTD	1.2	1.3
1 Year	4.1	4.6
5 Year	6.09	6.0
10 Year	5.9	5.8
15 Year		

Period Ending 9/30/03	<u>Neuberger Berman</u> <u>Account # 2</u>	<u>US Treasury 1-3</u> <u>Years</u>
YTD	3.2	1.3
1 Year	9.4	4.6
3 Year	9.1	6.8
7 Year	7.3	6.2

Period Ending 9/30/03	<u>Merrill Lynch Private</u> <u>Investor Account</u>	<u>US Treasury 1-3</u> <u>Years</u>
YTD	2.3	1.3
1 Year	7.3	4.6
3 Year	9.0	6.8