City of New York DCP – Mid Cap Value

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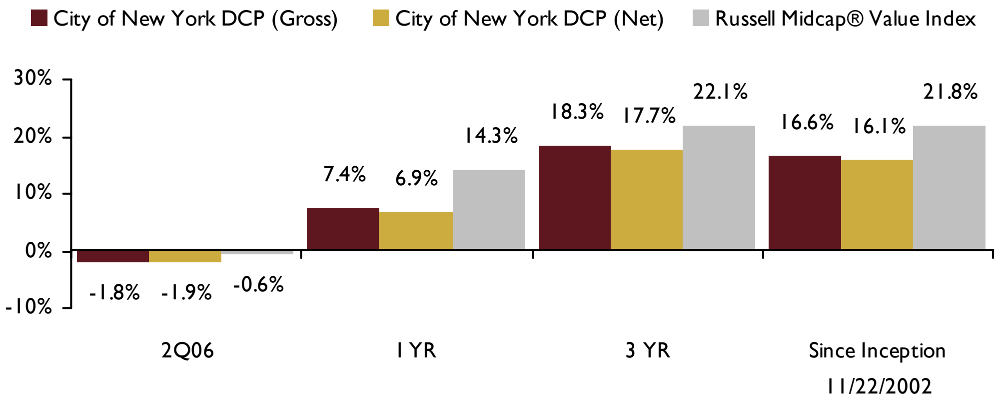
2Q06

Performance



Portfolio & Strategy Review

For the period ended June 30, 2006 your portfolio underperformed the Russell Midcap® Value Index. Detracting from your portfolio's performance were stock selection within the healthcare and materials & processing sectors as well as underperformance of a security within the technology sector. Within the healthcare sector, shares of an eye healthcare company fell following the announcement of a potential infection related to the use of its contact lens solution.

Within the materials & processing sector, shares of a producer of newsprint and coated mechanical papers declined following the announcement of first quarter earnings that were below consensus estimates. Also within the sector, shares of a packaging manufacturer fell following the announcement of its quarterly earnings results. The company missed analysts' earnings expectations due to margin compression resulting from higher raw material prices and inflationary costs. Within the technology sector, investors reacted unfavorably when a provider of communications network infrastructure announced that it was acquiring a supplier of wireless communications equipment. Concerns included the potential slowing of revenue growth, margin dilution and low expected synergies.

On the positive side, strong performance of a specific security within the consumer discretionary sector as well as stock selection within the utilities, producer durables and financial services sectors were the major contributors to performance. Within the consumer discretionary sector, shares of an office products distribution company added to returns as investors continued to react favorably to a quarterly earnings report which exceeded analysts' expectations. Operational improvements and improved promotional strategies drove margins to expand.

Portfolio & Strategy Review (continued)

Within the utilities sector, shares of a telecommunications services provider rose following the announcement that it was acquiring a communication solutions provider. The acquisition is expected to generate synergies as a result of eliminating overlapping facilities and reducing out-of-region access costs. Within the producer durables sector, a manufacturer of diesel engines, benefited from the announcement that it will be the sole provider of medium-sized engines for a truck manufacturer. Also, stronger-than-expected orders for large engines in June helped stock performance. Within the financial services sector, a property and casualty insurance provider helped performance as its shares rose following the announcement of strong quarterly results.

In implementing our strategy, we continue to find the investment opportunity in the telecommunications industry compelling, as we added Embarq, the Sprint Nextel spinoff, to our portfolios during the quarter. Also, we added to our telecommunications equipment supplier position during the second quarter, using near-term stock price weakness to increase the holdings in these stocks as we expect provider capital spending to continue strongly for the foreseeable future.

The advertising, media and publishing industries continue to be areas of focus; we expect companies in these industries to continue to improve their returns in an increasingly favorable industry environment. Combined with our investment in retail turnaround stories (such as Federated, Foot Locker and OfficeMax), these investments in business services make up the bulk of your consumer discretionary overweighting.

Market Outlook

Despite the overall market correction during the second quarter, the market's leadership remains dominated by short term earnings expectations and share price momentum strategies. This is classically a late economic cycle trading pattern.

For the last eighteen months, we have been turning the portfolio toward the stocks of companies that we expect will improve profitability over the next two to four years. This anticipation of improving returns over a longer time frame has put us at odds with the current market preoccupation with short term trends and is reflected in our relative performance. We continue to execute our investment discipline which is grounded in the belief that the source of your portfolio's returns is the improving performance of corporations in whose stock we invest.

And as we said last quarter, there is no indication that the current fervor for momentum will end soon. Nevertheless, we believe the investments we are making in this environment will generate longer term gains that will more than offset the near term relative underperformance.

Key Investment Professionals

Edward K. von der Linde
Partner and Portfolio Manager

Mr. von der Linde joined the firm in 1988 as a research analyst from New York Life Insurance Company where he served as an Investment Analyst. He received his BA from Lake Forest College in International Relations and went on to earn his MBA in Finance at New York University. Mr. von der Linde was named assistant portfolio manager of the Lord Abbett Mid Cap Value Fund in 1994 and assumed full portfolio management responsibility in October 1995. Mr. von der Linde has been in the investment business since 1985.

Howard E. Hansen, CFA
Partner and Portfolio Manager

Mr. Hansen joined Lord Abbett in 1995 after serving as Equity Analyst for Alfred Berg Inc. His prior experience includes: Equity Analyst for Tiger Management Corporation, Equity Analyst for Kidder, Peabody & Co., Inc., and Financial Analyst for Merrill Lynch Capital Markets. Mr. Hansen received his MBA from Columbia University and his BS from Clarkson University. He has been in the investment business since 1985 and is a holder of the Chartered Financial Analyst designation.

Ten Largest Holdings

	% of Total		% of Total
Sabre Holdings Corp.	2.5%	Pactiv Corp.	2.2%
Host Hotels & Resorts, Inc.	2.4%	Timken Co. *	2.1%
Qwest Communications	2.4%	Northeast Utilities *	2.1%
Eastman Chemical Co.	2.3%	R.H. Donnelley Corp. *	2.1%
R.R. Donnelley & Sons Co.	2.3%	Genworth Financial, Inc. *	2.1%
		Total	**22.5%**

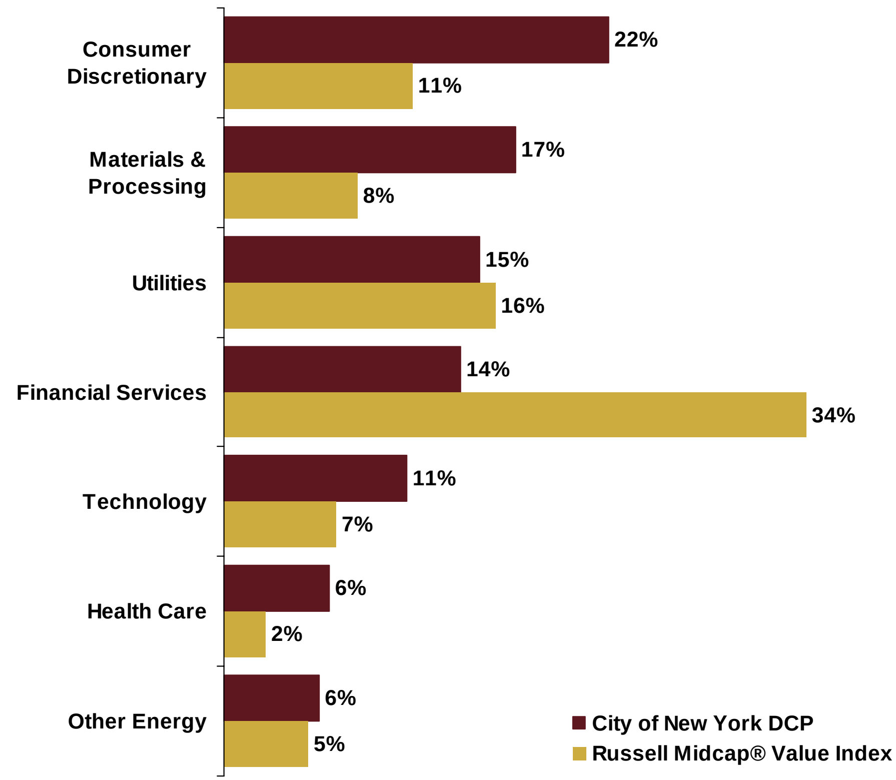
** New to top ten from last quarter.*

Portfolio Characteristics*

	City of New York DCP	Russell Midcap® Value Index
Weighted Median Market Cap *(mm)*	$4,205	$6,831
Price/Book Ratio	2.0x	2.0x
Price/Sales Ratio	0.9x	1.2x
Return on Equity (%)	8.4%	13.2%

*The portfolio is actively managed and characteristics, including allocations, may change significantly over time. *Source: Frank Russell & Co.*

Sector Weightings *(>5% of Portfolio)*



The securities identified and described do not represent all securities purchased, sold or recommended for client accounts. The reader should not assume that an investment in the securities identified were or will be profitable.