

Executive Summary of Investment Performance

Retirement Funds (CTF)

Quarter Ended March 31, 2003

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CTF Bullet Point Highlights

Capital Markets

- The Wilshire 5000 index started 2003 in negative territory earning -3.19 percent for the quarter. Since the bear market started, a little over three years ago, eight of the 12 quarters have been negative, with the average negative return being -9.7 percent. The three-year return of the Wilshire 5000 on an annualized basis is -16.3 percent.
- Small cap, as measured by the Russell 2000, underperformed large cap, as measured by the Russell 1000, for the quarter and one-year, but outperformed during the three-year bear market by 5.2 percent.
- Value underperformed growth for the quarter, but continued its dominance in every other time period: one, three, five, and ten year. The three-year return, while a negative -6.1 percent, still outperformed growth by 19.4 percent.
- The non-U.S. equity market again underperformed the U.S. equity market for the quarter, losing 7.3 percent as measured by the MSCI AWCI Free ex-U.S. Index, bringing the one-year return to a negative 22.2 percent, slightly better than the U.S. equity market. Three of 21 developed countries had positive returns (in U.S. dollars) for the three-year bear market; the emerging markets performed slightly better with six out of 26 countries having positive returns for the last three years.
- GDP growth grew at a rate of 1.6 percent (annualized) for the quarter. Inflation, as measured by the CPI, grew at 1.3 percent (5.1 percent annualized) with the one-year rising 3.0 percent.
- The Fed continued to hold the federal funds rate at 1.25 percent during the quarter. It was at six percent three years ago.

Total Fund

- The CTF decreased in size during the quarter by \$552 million and, using preliminary numbers, is down \$3.2 billion for the fiscal year-to-date (FYTD). The CTF has declined by \$11.2 billion during the bear market. The decrease includes transfers to participants of almost \$3.4 billion along with market impact.

Asset Allocation

- The CTF is within the 2002 ranges for all asset classes. Transfers for the quarter included a reduction for fixed income of \$600 million, bringing the FYTD transfer to \$1.665 billion. Page five shows the allocation at the beginning of the bear market.

Investment Return

- The restated return for the quarter ended December 31, 2002, is 3.68 percent, higher than the preliminary number of 3.18 percent.
- The CTF's preliminary return for the first quarter of 2003 is -1.46 percent, and the preliminary FYTD return is -5.34 percent
- The fund outperformed the TUCS > \$1 Billion Public and Public/Corporate median return for all time periods. The CTF also outperformed the MAP and structural benchmark.
- The fund is underperforming the actuarial assumption of eight percent in all time periods.

CTF Bullet Point Highlights

U.S. Equity

- Over the long term, three- and five-year time periods, the BGI commingled trust continues to have a positive tracking error against the Wilshire 5000. For the quarter, FYTD and one-year time periods, BGI is underperforming primarily due to securities held in the S&P 500 that are not held in the Wilshire 5000.

Non-U.S. Equity

- Non-U.S. equities underperformed the passive benchmark for the quarter, FYTD and one-year periods, but have outperformed for the three- and five-year time frames.
- Among the developed market managers, only three of the seven managers outperformed the benchmark for the quarter. For the bear-market time period, three of the seven managers outperformed the benchmark. Since inception of the new program one manager, Artisan, has outperformed the benchmark by almost 6.5 percent, annualized.
- Two of the five emerging market managers outperformed for the quarter. Of the four emerging market managers who have had five years of performance, only two have outperformed the benchmark.

Fixed Income

- The SIB fixed income portfolio, after struggling during the first half 2002, has produced strong returns for the first quarter of 2003, and is now outperforming both the Lehman Universal and Lemman Aggregate for all time periods listed.

Private Equity

- The restated return for the quarter ended December 31, 2002, was negative 2.3 percent. The one-year return was negative 12.2 percent.
- The venture and other portfolio fell 12.5 percent, and KKR's portfolio returned a negative 11.6 percent for the year.
- As of December 31, 2002, there was over \$5.4 billion in open commitments (including approved commitments that have not yet closed).

Real Estate

- The December 31, 2002, one-quarter return for real estate was 3.5 percent, higher than the NCREIF index of 1.7 percent. For the one-year period, the return of 11.9 percent was over five percent above the NCREIF index of 6.8 percent.
- As of December 31, 2002, there are just over \$3.1 billion in open commitments.

Capital Market Environment

MARKETS DISLIKE UNCERTAINTY

The *New York Times* recently published an article summarizing the economic and political parallels between 1991 and now: the economy is weak, we recently ended a war with Iraq, George Bush is President, and Alan Greenspan is Chairman of the Federal Reserve. What are the economic headlines we are seeing in the papers of late? An article in *Pensions and Investments* is entitled, “Some investors see opportunity while others in a holding pattern.” The *Wall Street Journal* reports that, “Stocks Get Ready for Postwar Rally.” On March 21, 2003, Bloomberg reported that U.S. stocks rallied, sending the Dow Jones Industrial Average to its biggest weekly gain in more than 20 years. One week later Bloomberg reported that U.S. stocks fell for a third day, the longest losing streak in six weeks. On the next business day, U.S. stocks fell for a fourth day in a row.

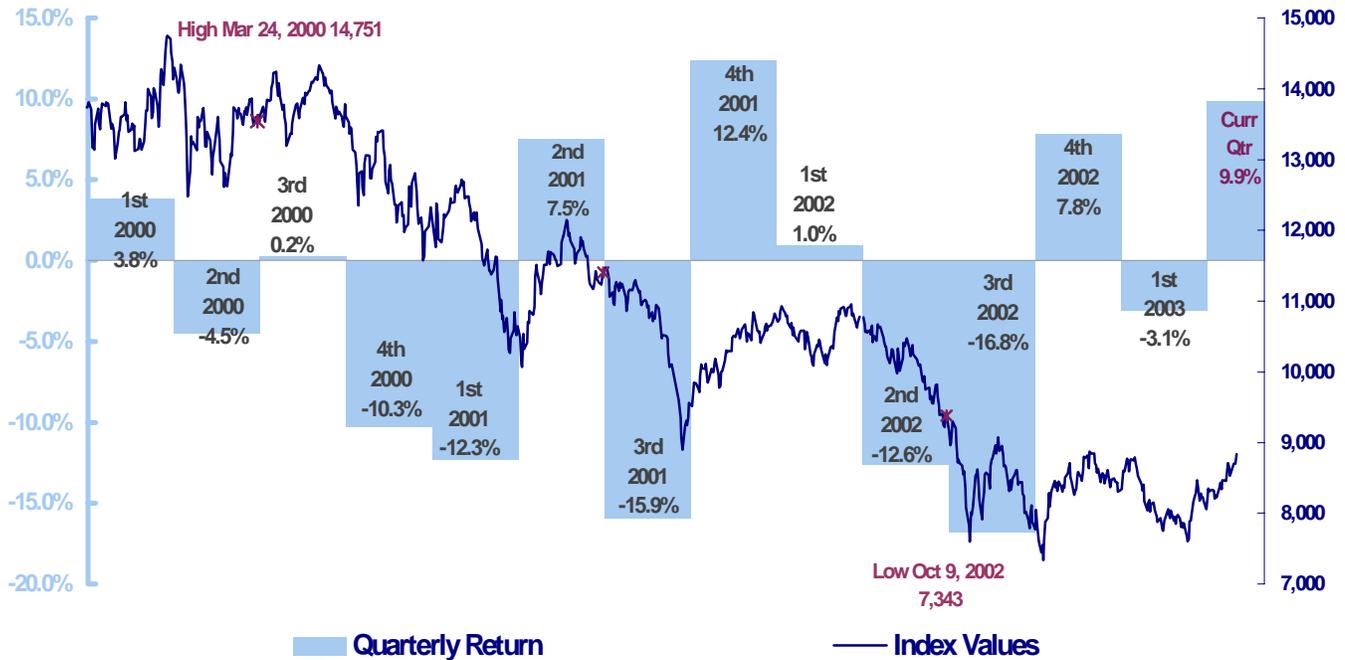
Markets are merely a composition of human beings and uncertainty is unsettling. It is human nature to question the wisdom of investment strategies during uncertain times. There is no question that these are uncertain times. We have just completed the third straight year of negative investment returns within the equity markets followed by negative investment returns for the first calendar quarter of this year. Additionally, we have a weak economy, low capital expenditures by corporations, and corporate scandals that continue to shake investor confidence. The one issue that many investors forget, especially during uncertain times, is that in addition to the potential cost of investing too aggressively there is a cost to investing too conservatively—that is the cost of not keeping pace with inflation. The cost for those who attempt to “time the market” can be even greater. The cost of being out of the domestic equity markets during just the five best days of last year—but fully invested the other 360 days—would translate to a loss of more than 24 percent! Markets can, and do, rebound very quickly with little or no warning. Clearly an investor’s risk tolerance and time horizon are critical to developing the best investment strategy.

In terms of geopolitical stability, the steps taken to resolve the postwar situation in Iraq will be critical—and perhaps less certain than the war itself. While it is reasonable to believe there will be less uncertainty now that the war is over, there will undoubtedly continue to be enough uncertainty to be a drag on economic recovery and market rebound. From an economic point of view, history does provide some comfort when looking at investment returns following recent wars. The last four military conflicts directly involving the United States were all followed by double-digit investment returns on domestic equity investments for the year following the conflict, as measured by the S&P 500. World War II was followed by investment returns of 22 percent. The Korean War was followed by investment returns of 25 percent. The Vietnam War was followed by investment returns of 15 percent. And finally, the Gulf War was followed by investment returns of more than 11 percent. It has been said that history does not always repeat itself, sometimes it only rhymes.

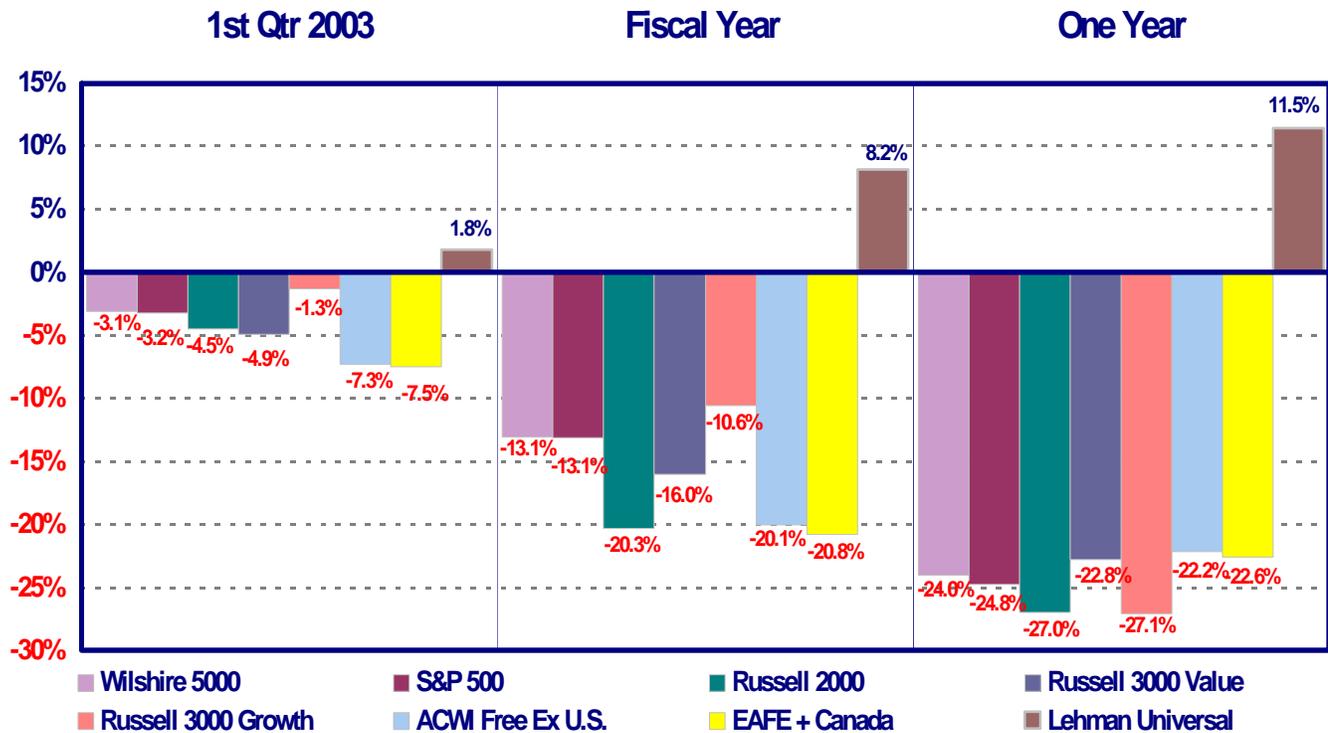
Capital Market Environment

Wilshire 5000

January 1, 2000 - May 2, 2003



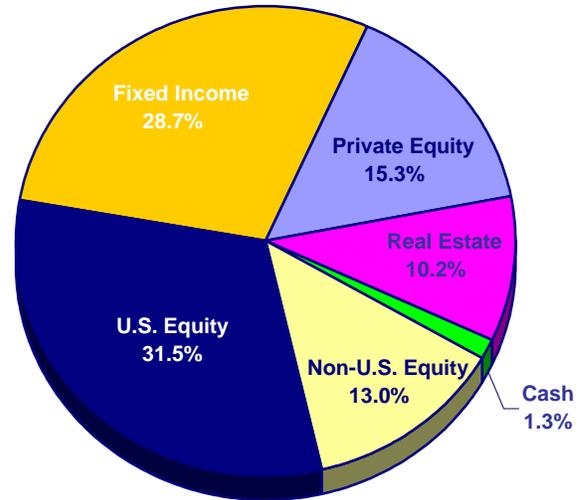
Capital Market Returns



CTF Asset Allocation

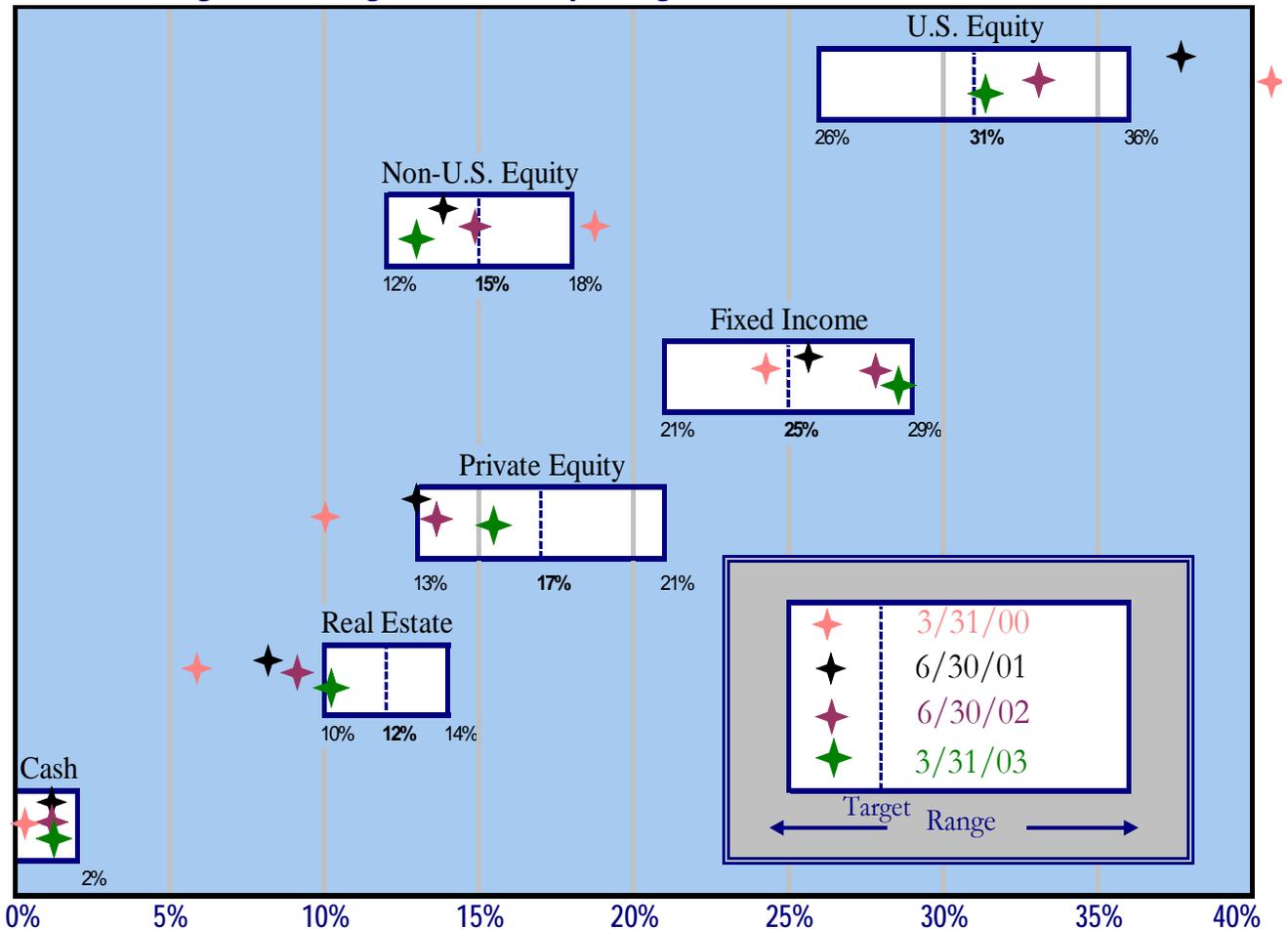
March 31, 2003

Asset Class	Market Value (000s)
U.S. Equity	\$ 11,254,002
Non-U.S. Equity	4,662,003
Fixed Income	10,237,992
Private Equity	5,477,065
Real Estate	3,636,092
Cash	462,397
Total Fund	\$ 35,729,552



Current Allocation

Versus Long-Term Targets and Policy Ranges



Market Values & Net Investment Performance - Preliminary¹

Periods Ended March 31, 2003

Market Values in \$000's

			<u>Quarter</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Total Fund	\$ 35,729,552	100.0%	-1.46 %	-5.34 %	-10.00 %	-6.12 %	1.75 %	7.79 %
<i>MAP Benchmark²</i>			-2.49	-8.79	-15.21	-10.03	-1.02	6.42
<i>Structural Benchmark³</i>			-1.49	-5.74	-10.25	-6.44	1.44	7.60
<i>TUCS Public Fund >\$1B Median⁴</i>			-1.79	-6.59	-11.15	-6.27	0.68	7.21
<i>TUCS Public/Corporate Fund >\$1B Median⁴</i>			-1.82	-6.64	-11.07	-5.60	1.05	7.54
U.S. Equity	\$ 11,254,002	31.5%	-3.19 %	-13.24 %	-24.26 %	-16.06 %	-3.61 %	8.00 %
<i>Wilshire 5000</i>			-3.08	-13.06	-24.03	-16.30	-3.90	7.96
<i>S&P 500</i>			-3.15	-13.12	-24.76	-16.09	-3.77	8.53
Non-U.S. Equity	\$ 4,662,003	13.0%	-7.70 %	-20.43 %	-22.49 %	-18.06 %	-5.48 %	1.66 %
<i>MSCI ACWI Free ex-U.S.</i>			-7.30	-20.06	-22.18	-18.74	-6.55	2.26
<i>MSCI EAFE</i>			-8.21	-21.57	-23.23	-19.54	-7.13	1.96
Fixed Income	\$ 10,237,992	28.7%	2.13 %	9.46 %	11.85 %	9.83 %	7.59 %	7.41 %
<i>Lehman Universal</i>			1.80	8.17	11.46	9.47	7.18	7.22
Cash	\$ 462,397	1.3%	0.34 %	1.14 %	1.54 %	2.26 %	3.59 %	4.31 %
<i>90 Day T-Bills</i>			0.31	1.19	1.66	3.74	4.23	4.61
Private Equity⁵	\$ 5,477,065	15.3%	-2.28 %	-8.95 %	-12.22 %	-5.61 %	4.80 %	13.32 %
<i>S&P 500 + 400 bp lagged one quarter</i>			9.42	-19.32	-18.10	-10.55	3.41	13.34
Real Estate⁵	\$ 3,636,092	10.2%	3.47 %	9.78 %	11.87 %	11.59 %	11.16 %	13.07 %
<i>NCREIF + 100 bp</i>			1.92	5.91	7.47	9.73	11.72	10.26
<i>CPI</i>			1.27 %	2.28 %	3.03 %	2.45 %	2.57 %	2.52 %

¹ Performance figures are net of manager fees. Real estate and private equity returns are calculated by the WSIB consultants and are lagged by one quarter.

² Currently 60% Wilshire 5000, 25% Lehman Universal, 15% MSCI ACWI Free ex-U.S. Over time, the benchmark has been adjusted by changing the Lehman Aggregate to the Universal and by reducing Lehman from 30% and raising the Wilshire 5000 from 54%.

³ Uses previous quarters actual allocation in calculating performance.

⁴ TUCS returns have been adjusted to reflect fees equivalent to those incurred by the WSIB (6.5 bp over one, three, and five years and 10 bp for ten years).

⁵ Private equity and real estate uses December 31, 2002, market values, plus cash flows for the first quarter of 2003.

Market Values & Net Investment Performance - Restated ¹

Periods Ended December 31, 2002

Market Values in \$000's

			<u>Quarter</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Total Fund	\$ 35,591,975	100.0%	3.68 %	-3.98 %	-8.13 %	-4.89 %	3.50 %
<i>MAP Benchmark</i> ²			6.22	-11.93	-17.44	-10.37	0.19
<i>Structural Benchmark</i> ³			3.75	-7.79	-11.67	-6.73	2.16
<i>TUCS Public Fund >\$1B Median</i> ⁴			4.79	-5.29	-9.05	-4.38	2.89
<i>TUCS Public/Corporate Fund >\$1B Median</i> ⁴			4.75	-5.13	-9.08	-4.23	3.00
U.S. Equity	\$ 11,254,002	31.6%	7.83 %	-10.38 %	-21.28 %	-13.95 %	-0.60 %
<i>Wilshire 5000</i>			7.82	-10.30	-20.86	-14.36	-0.86
<i>S&P 500</i>			8.44	-10.30	-22.10	-14.55	-0.59
Non-U.S. Equity	\$ 4,662,003	13.1%	6.50 %	-13.79 %	-14.18 %	-15.55 %	-1.86 %
<i>MSCI ACWI Free ex-U.S.</i>			6.86	-13.77	-14.67	-16.45	-2.66
<i>MSCI EAFE</i>			6.45	-14.55	-15.94	-17.24	-2.89
Fixed Income	\$ 10,237,992	28.8%	1.38 %	7.17 %	9.64 %	9.91 %	7.49 %
<i>Lehman Universal</i>			2.00	6.26	9.83	9.58	7.18
Cash	\$ 462,397	1.3%	0.50 %	0.80 %	1.75 %	2.61 %	3.81 %
<i>90 Day T-Bills</i>			0.43	0.89	1.79	4.11	4.45
Private Equity	\$ 5,151,077	14.5%	-2.28 %	-7.39 %	-12.20 %	-5.52 %	4.87 %
<i>S&P 500 + 400 bp</i>			9.42	-8.34	-18.10	-10.55	3.41
Real Estate	\$ 3,824,503	10.7%	3.47 %	6.48 %	11.87 %	11.59 %	11.16 %
<i>NCREIF + 100 bp</i>			1.92	3.99	7.47	9.73	11.72
<i>CPI</i>			0.44 %	1.06 %	2.43 %	2.44 %	2.33 %

¹ Performance figures are given net of fees.

² Currently 60% Wilshire 5000, 25% Lehman Universal, 15% MSCI ACWI Free ex-U.S. Over time, the benchmark has been adjusted by reducing Lehman Aggregate from 30% and raising the Wilshire 5000 from 54%.

³ Uses previous quarter actual allocation in calculating performance.

⁴ TUCS returns have been adjusted to reflect fees equivalent to those incurred by the WSIB (6.5 bp over one, three, and five years).

CTF Historical Performance and Assets Under Management

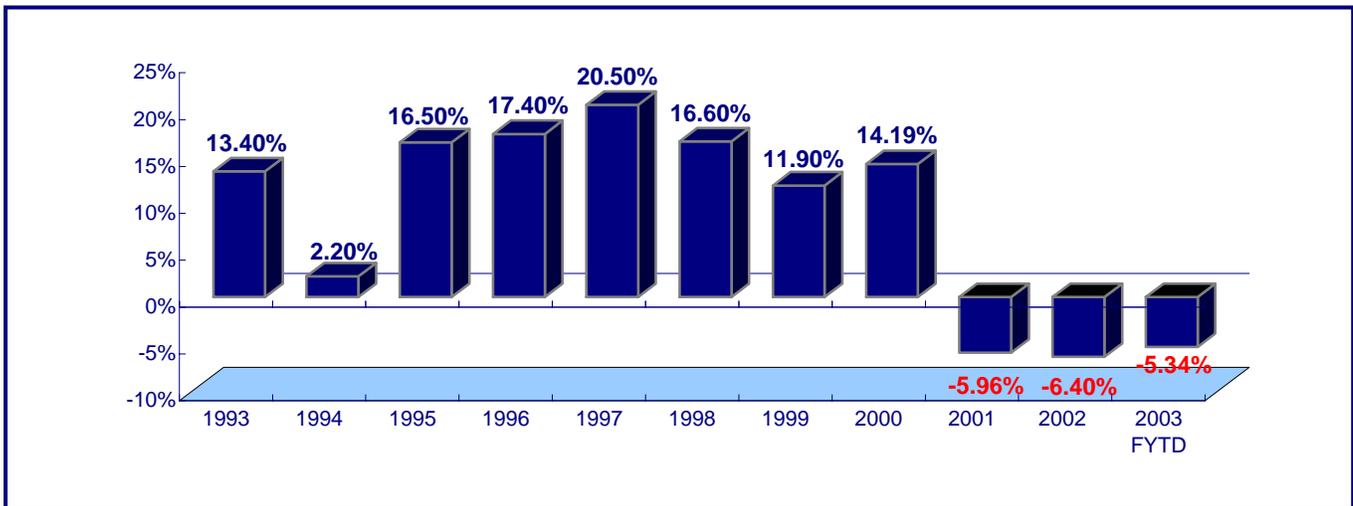
March 31, 2003

Market Values in \$000's

CTF Market Value:	\$	35,729,552
Net Change this Quarter:		(552,527)
Net Change for Fiscal Year:	\$	(3,237,408)

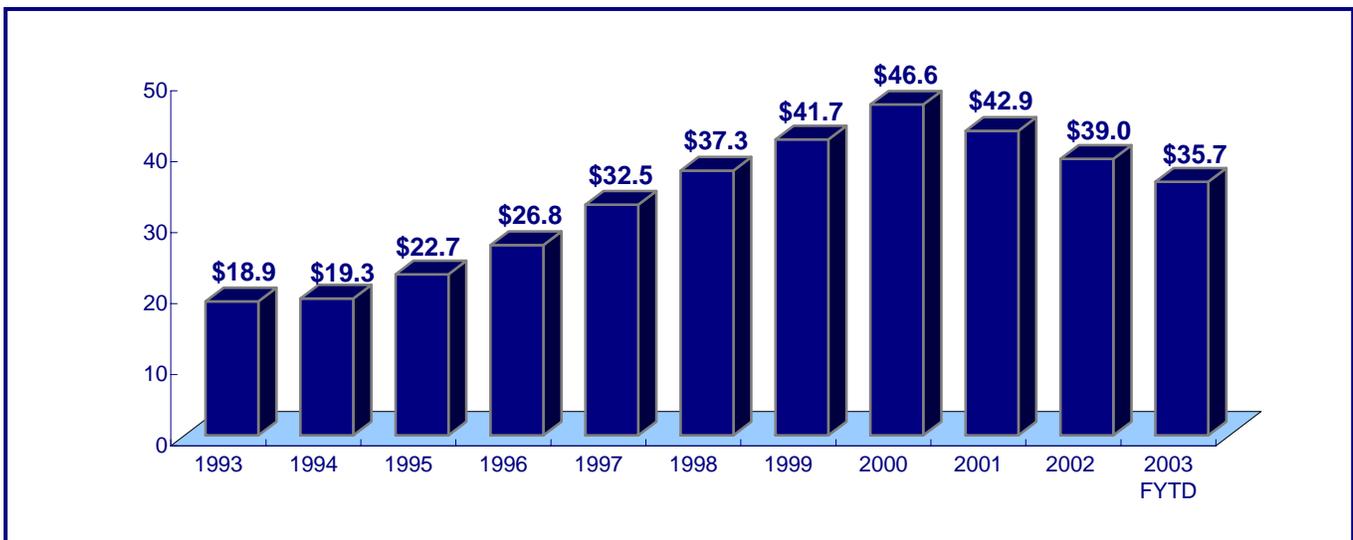
Annual Performance

Fiscal Years Ended June 30



Assets Under Management- (\$ Billions)

Fiscal Years Ended June 30



U.S. Equity

March 31, 2003

Market Values in \$000's

Market Value: \$ 11,254,002

100% passively managed by Barclays Global Investors

Ten Largest Holdings (3,719 total holdings versus 5,586 in the index)

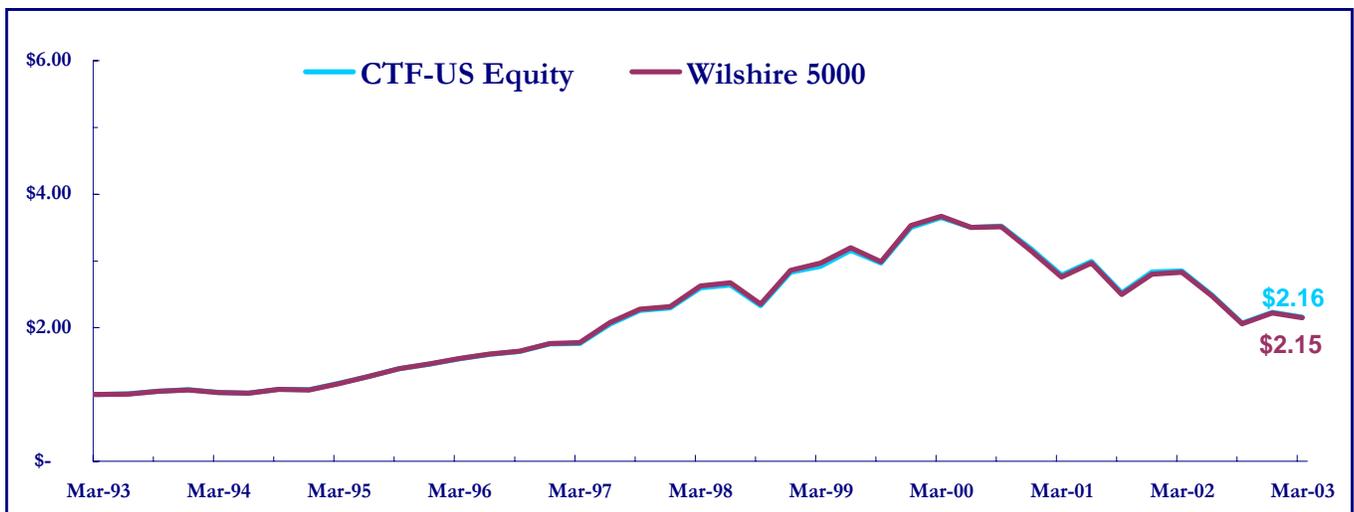
Microsoft Corp.	2.64%	Citigroup Inc.	1.81%
General Electric Co.	2.59%	Johnson & Johnson	1.75%
Exxon Mobil Corp.	2.40%	Int'l Business Machines Corp.	1.35%
Wal-Mart Store Inc.	2.34%	American Int'l Group	1.32%
Pfizer Inc.	1.96%	Merck & Company Inc.	1.25%

(The top ten companies represent about 19.4% of the portfolio.)

Performance

	<u>Qtr.</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
WSIB U.S. Equity	-3.19%	-13.24%	-24.26%	-16.06%	-3.61%	8.00%
<i>Wilshire 5000</i>	<i>-3.08</i>	<i>-13.06</i>	<i>-24.03</i>	<i>-16.30</i>	<i>-3.90</i>	<i>7.96</i>
<i>S & P 500</i>	<i>-3.15</i>	<i>-13.12</i>	<i>-24.76</i>	<i>-16.09</i>	<i>-3.77</i>	<i>8.53</i>
<i>Russell 3000</i>	<i>-3.04</i>	<i>-13.31</i>	<i>-24.66</i>	<i>-15.84</i>	<i>-3.72</i>	<i>8.16</i>

Growth of a Dollar



Non-U.S. Equity

March 31, 2003

Market Values in \$000's

Market Value: \$ 4,662,003

The portfolio has 2,603 holdings versus 1,746 in the index, the top 25 holdings representing about 26.2 percent of the portfolio. The portfolio invests in 65 countries: 22 developed, 24 emerging, and 19 other (as defined by MSCI AWCI Free ex U.S.).

Ten Largest Exposures by Country

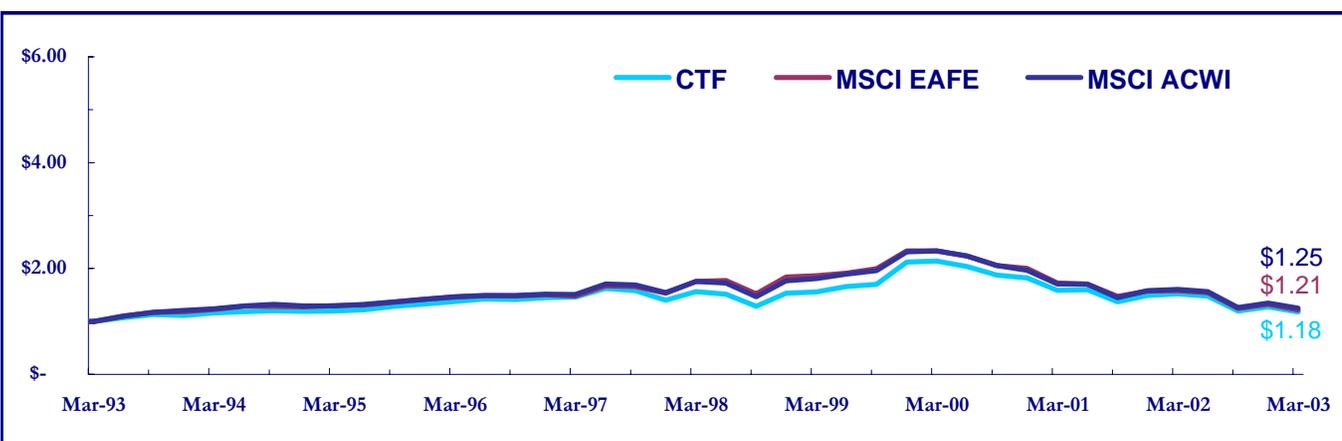
	CTF <u>Weight</u>	Index <u>Weight</u>		CTF <u>Weight</u>	Index <u>Weight</u>
United Kingdom	22.0%	23.7%	Netherlands	4.8%	4.4%
Japan	15.4%	18.3%	Germany	4.4%	4.8%
France	7.5%	7.9%	Spain	4.2%	3.1%
Switzerland	7.0%	6.9%	Canada	4.0%	5.4%
Australia	5.6%	4.5%	Italy	2.6%	3.3%

The ten largest country exposures comprise 77.4 percent of the portfolio.

Performance

	<u>Qtr.</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
WSIB Non-U.S. Equit	-7.70%	-20.43%	-22.49%	-18.06%	-5.48%	1.66%
<i>MSCI ACWI Free ex U.S</i>	<i>-7.30</i>	<i>-20.06</i>	<i>-22.18</i>	<i>-18.74</i>	<i>-6.55</i>	<i>2.26</i>
<i>MSCI EAFE</i>	<i>-8.21</i>	<i>-21.57</i>	<i>-23.23</i>	<i>-19.54</i>	<i>-7.13</i>	<i>1.96</i>
<i>Emerging Markets</i> <small>(MSCI after 6/02; IFC before)</small>	<i>-6.00</i>	<i>-13.48</i>	<i>-20.30</i>	<i>-14.92</i>	<i>-5.31</i>	<i>0.42</i>
<i>MSCI Europe</i>	<i>-9.21</i>	<i>-22.32</i>	<i>-25.82</i>	<i>-18.40</i>	<i>-7.61</i>	<i>6.25</i>
<i>MSCI Pacific Basin</i>	<i>-5.69</i>	<i>-19.68</i>	<i>-16.29</i>	<i>-21.93</i>	<i>-5.81</i>	<i>-3.52</i>

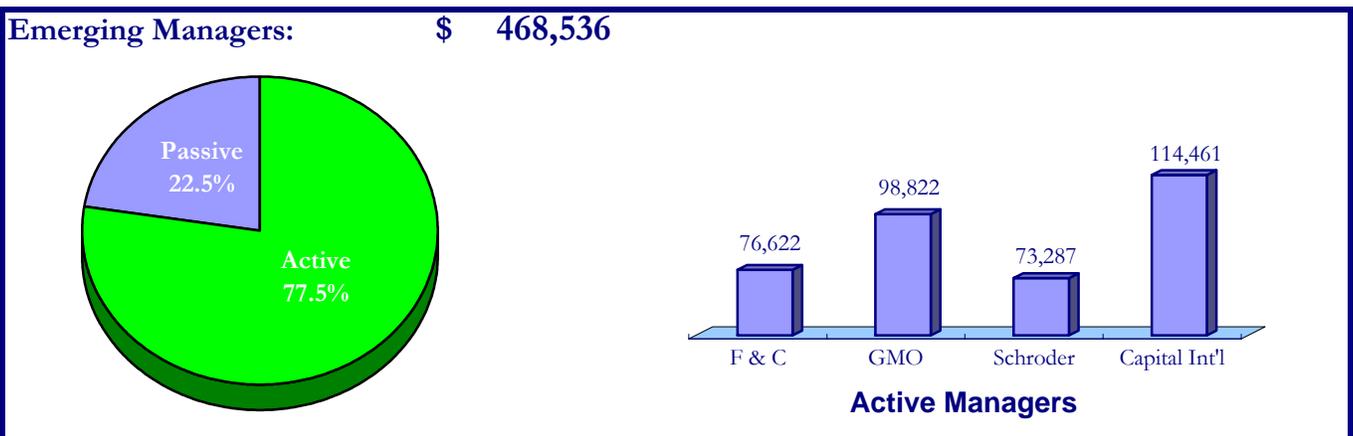
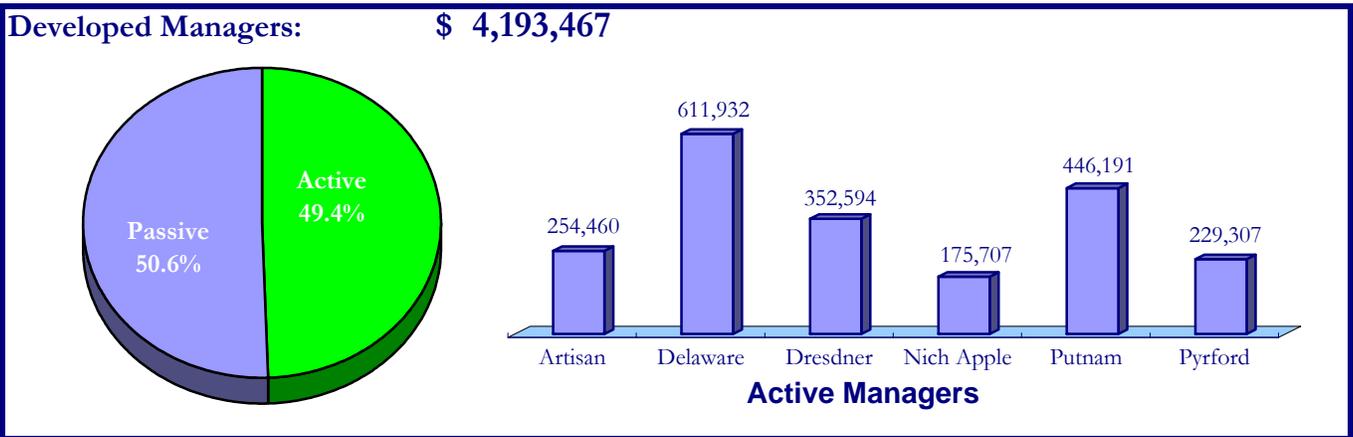
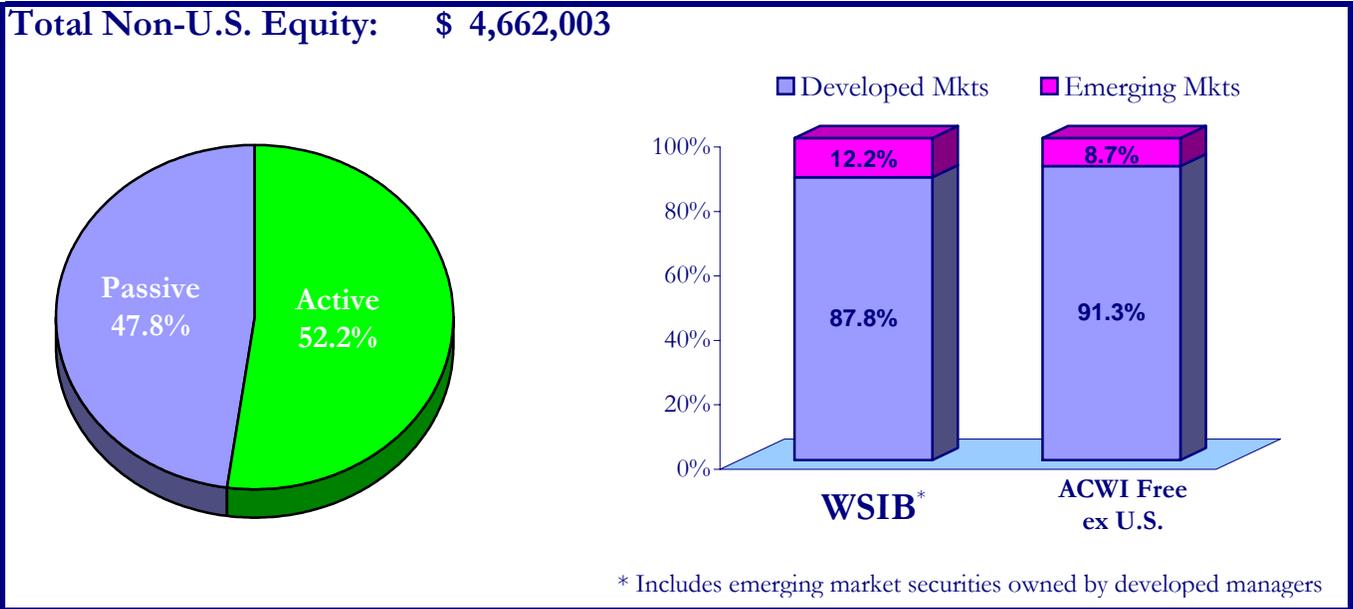
Growth of a Dollar



Non-U.S. Equity

March 31, 2003

Market Values in \$000's



Fixed Income

March 31, 2003

Market Values in \$000's

Market Value: \$ 10,237,992

Duration

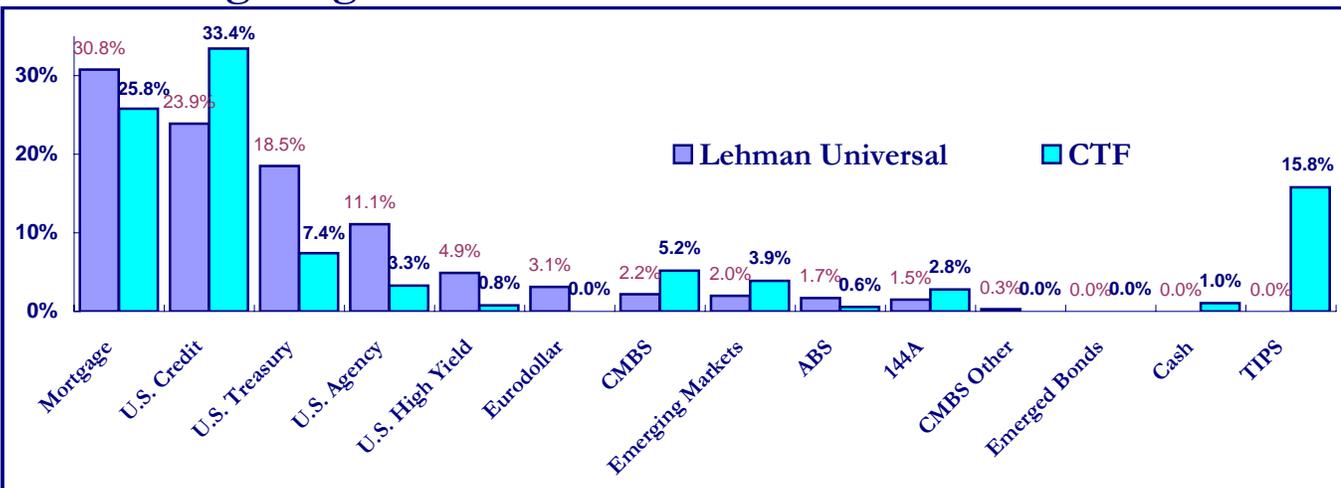
100% actively managed by WSIB staff.

	Dec-02	Mar-03
SIB Portfolio	4.23	4.65
Lehman Universal	3.89	3.95
Difference	8.7%	17.7%

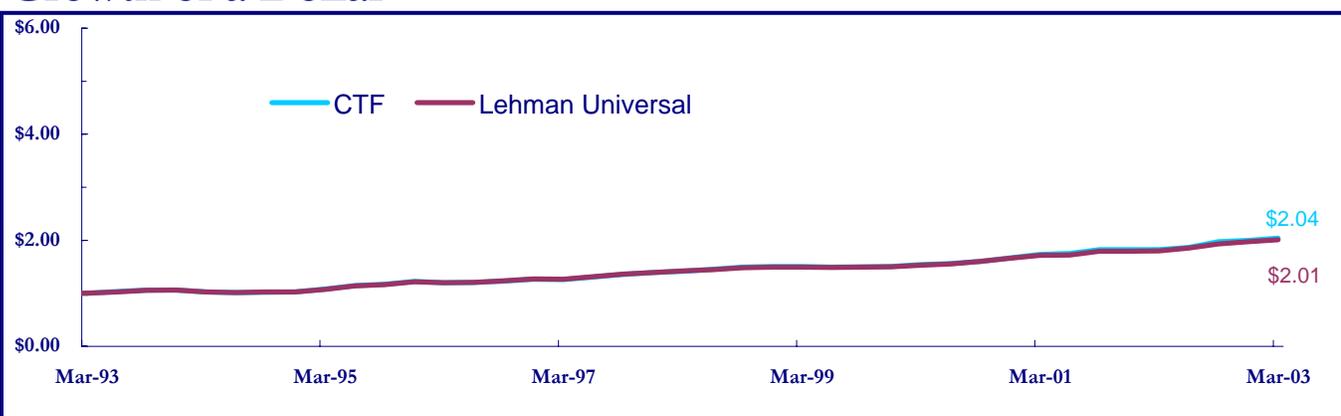
Performance

	Qtr.	FYTD	1 Year	3 Year	5 Year	10 Year
WSIB Fixed Income	2.13%	9.46%	11.85%	9.83%	7.59%	7.41%
Lehman Universal	1.80	8.17	11.46	9.47	7.18	7.22

Sector Weighting



Growth of a Dollar



Private Equity

Market Values in \$000's

Market Value: **\$5,151,077**

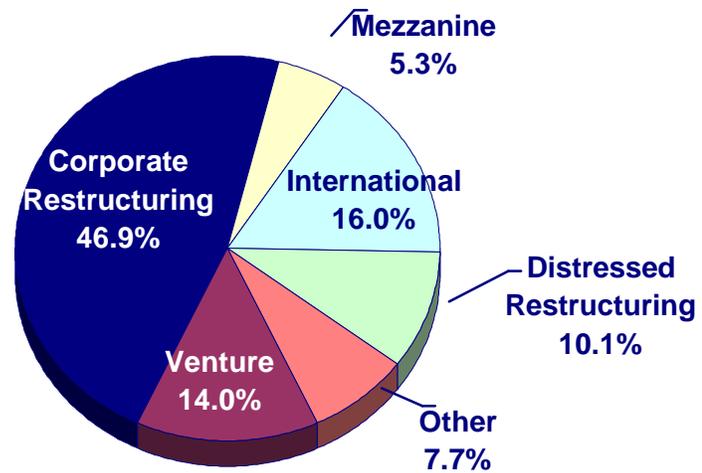
Unfunded Commitments **\$ 5.4 billion**
(includes approved commitments that have not closed)

Net Performance as of December 31, 2002

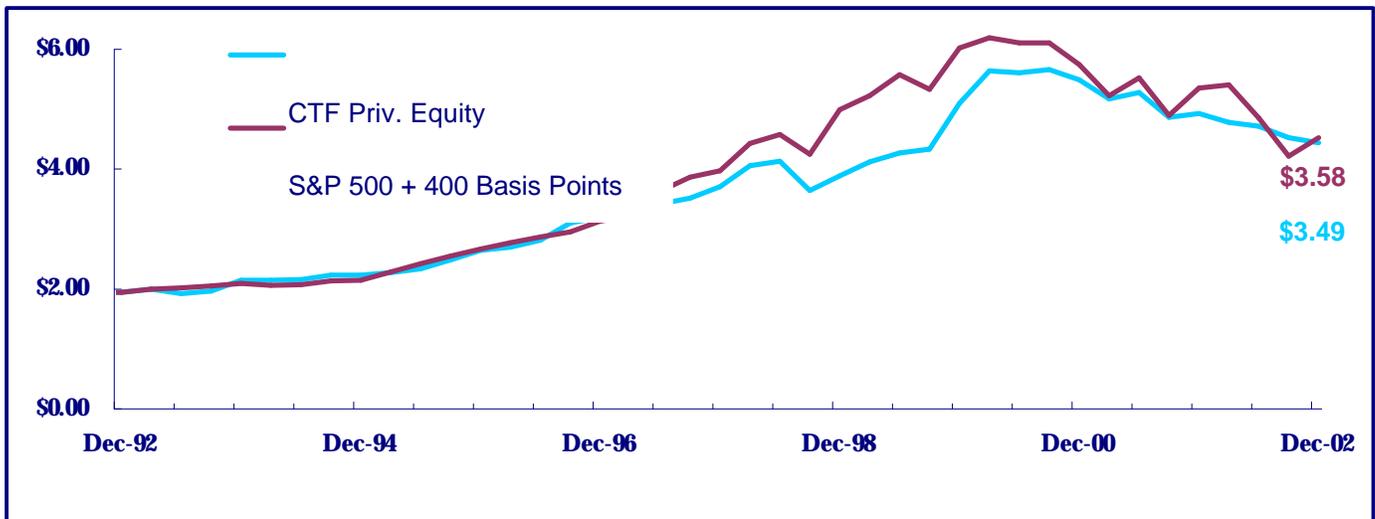
	<u>Qtr.</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
WSIB Private Equity	-2.3%	-7.4%	-12.2%	-5.5%	4.9%	13.4%
KKR	-5.4%	-11.3%	-11.6%	-6.8%	-0.5%	10.2%
Venture Capital & Other	-1.2%	-6.0%	-12.5%	-4.4%	9.7%	15.9%
S&P 500+400 bp (12/31/02)		-8.3%	-18.1%	-10.6%	3.4%	13.3%

172 Partnerships

85 Private Equity General Partners



Growth of a Dollar



Real Estate - Information from Courtland Partners

Market Values in \$000's

Market Value: **\$3,824,503**

Unfunded Commitments **\$3.1 billion**

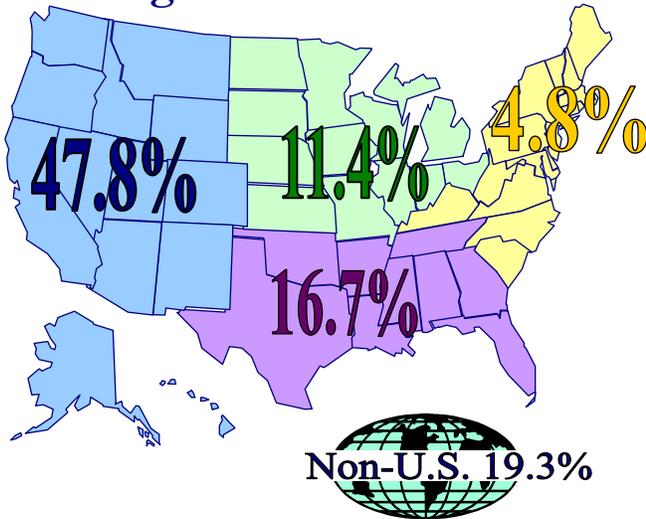
Net Performance as of December 31, 2002

	<u>Qtr.</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
CTF Real Estate	3.5%	11.9%	11.4%	10.9%
<i>NCREIF</i>	<i>1.7%</i>	<i>6.8%</i>	<i>8.7%</i>	<i>10.7%</i>

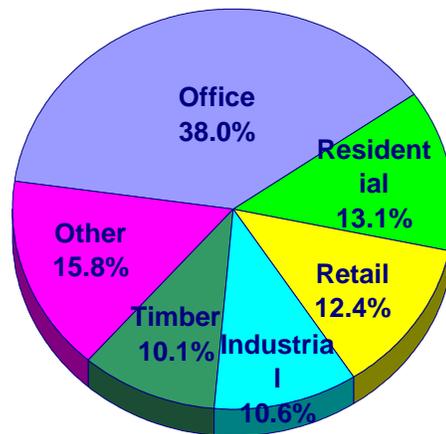
Largest Managers

Principal Enterprise Capital	14%
WA Real Estate Holdings	12%
Pacific Realty Associates, L.P.	12%
Hudson Advisors	11%
TA Associates Realty	10%
<i>Representation in the RE portfolio</i>	60%

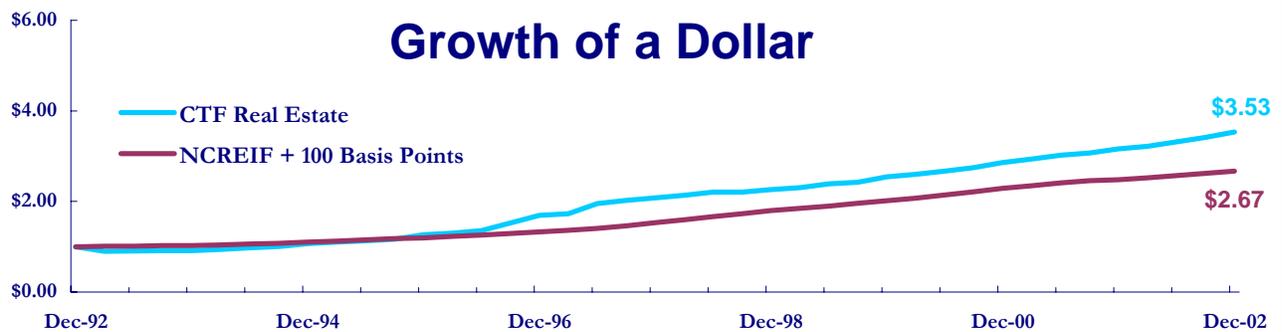
Regional Distribution



Asset Type Distribution



Growth of a Dollar



Passive Equity Managers

U. S. EQUITY

Barclays Global Investors (BGI)

BGI manages the entire \$11.25 billion U.S. equity portfolio in a passive commingled trust that reproduces the performance of the broad U.S. equity market. The fund is designed to track the Wilshire 5000 Index, although it does not specifically replicate it. The BGI portfolio is comprised of the S&P 500 holdings and an optimized portfolio representing the remaining U.S. market targeted to the Wilshire 4500. There are some differences in index construction between the Wilshire 5000 and the portfolio.

Non-U.S. EQUITY

State Street Global Advisors (SSgA)

SSgA manages two passive global portfolios for the WSIB. The first is a portfolio that tracks the MSCI EAFE plus Canada, the other an emerging markets portfolio. It is the WSIB's policy to have 25 percent of the assets targeted for emerging markets and 50 percent of the assets targeted for developed markets managed passively.

The WSIB has been using SSgA's MSCI EAFE plus Canada since 1994. In 2001, the WSIB switched to the new Provisional EAFE plus Canada as a result of pending changes to the MSCI indices. Since then, MSCI has finished their restructuring and we have transferred back to the EAFE plus Canada. The assets in this portfolio are currently \$2.12 billion.

The WSIB has been using the emerging markets vehicle since December 1995. The portfolio uses a passive liquidity tier approach. SSgA divides the countries in the IFC emerging markets universe into three 'tiers' according to liquidity. As the markets shift, SSgA rebalances the portfolio back to the benchmark weights when appropriate, but seeks to limit turnover and transaction costs. The passive emerging markets portfolio is currently \$105 million.

Non-U.S. Equity - Active Developed Markets Managers

Artisan Partners uses an investment strategy that is growth oriented with a bottom-up investment process. Artisan concentrates on industries or themes that present accelerating growth prospects and companies well positioned to capitalize on growth. The portfolio has a primary emphasis on being fully invested in the developed markets and is constructed without regard to index weightings and mandate. Risk control is achieved mainly through country, industry and company diversification. The WSIB portfolio, managed by Artisan since June 1999, is currently valued at \$254 million.

Delaware International Advisers identifies value investments using a dividend discount valuation model of future income streams. The investment analysis is applied consistently to individual securities across all markets and industries. Tied to the security selection is a top-down country allocation overlay that helps structure the portfolio. The WSIB portfolio, managed by Delaware since June 1999, is currently valued at \$612 million.

Dresdner RCM Global Investors identifies high-quality growth companies through a combination of rigorous fundamental research and a disciplined valuation methodology. The investment process stresses bottom-up fundamental stock research and uses top-down macroeconomic and liquidity analysis as a risk control feature. The WSIB portfolio, managed by Dresdner RCM since June 1999, is currently valued at \$353 million.

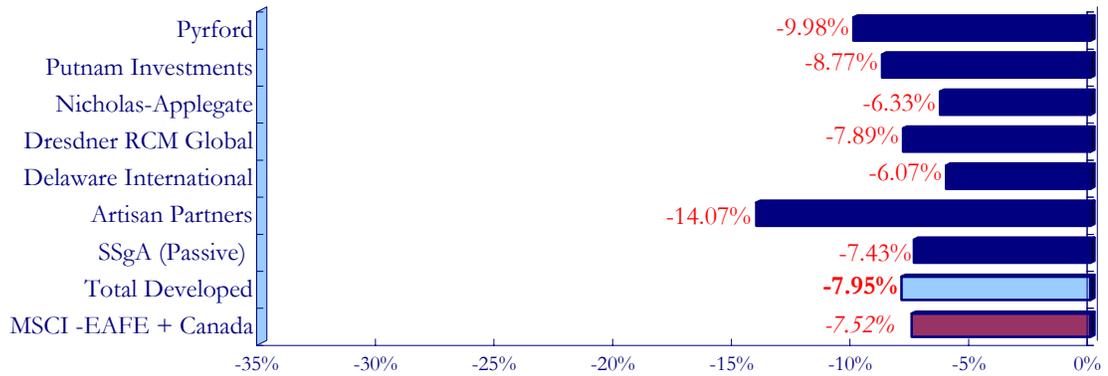
Nicholas-Applegate Capital Management identifies growth stock opportunities through an integration of qualitative and quantitative analysis used to identify inefficiencies within the international markets. Sector and industry weightings are a result of individual stock selection. The manager's country analysis includes a country ranking based on an assessment of political, monetary, economic and technical conditions. The WSIB portfolio, managed by Nicholas-Applegate since June 1999, is currently valued at \$176 million.

Putnam Investments relies on top-down macroeconomic, sector and market analysis, as well as bottom-up fundamental company research. Over longer time periods, Putnam believes that added value will result equally from top-down (country and sector allocation) and stock selection decisions. The manager relies on broad diversification across countries and sectors to reduce risk. The WSIB portfolio, managed by Putnam since June 1999, is currently valued at \$446 million.

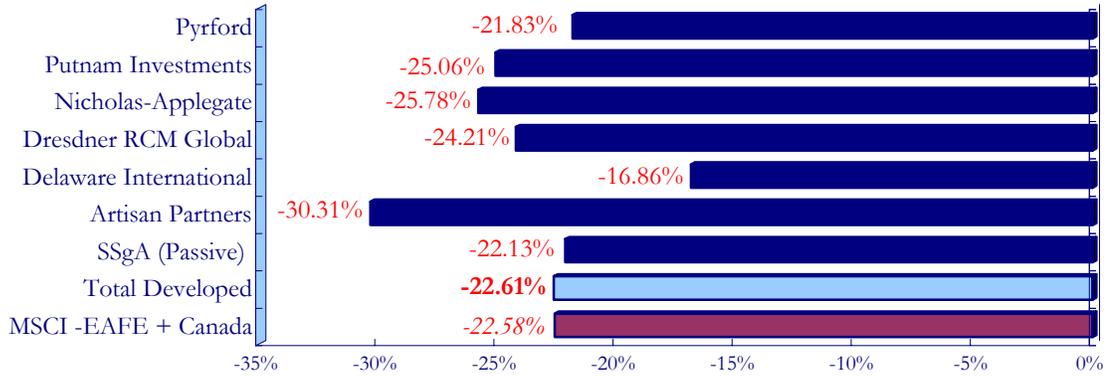
Pyrford International bases its investment strategy on a value-driven approach with top-down country allocation followed by bottom-up stock selection. The manager utilizes fundamental analysis of world economies to identify markets where value exists. This philosophy leads to participation only in those markets with value opportunities and, as a result, the portfolio can, at times, be absent from a major market. The WSIB portfolio, managed by Pyrford since June 1999, is currently valued at \$229 million.

Non-U.S. Equity - Active Developed Markets Managers

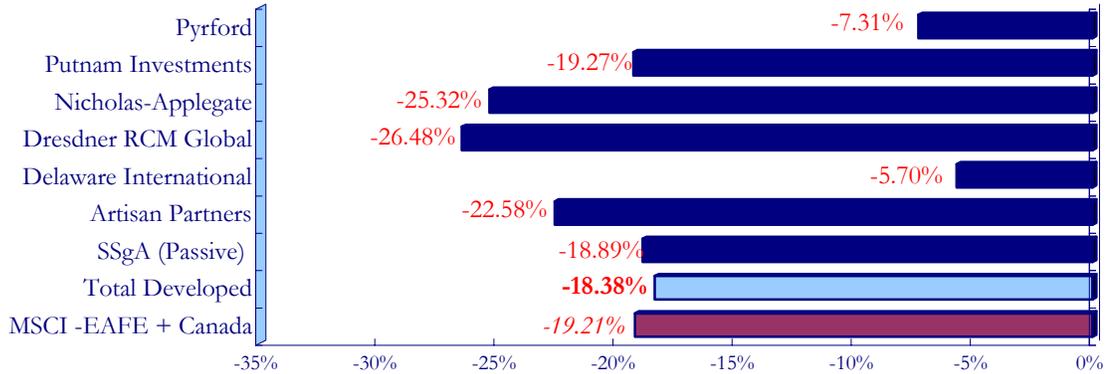
**One quarter ended
Mar. 31, 2003**



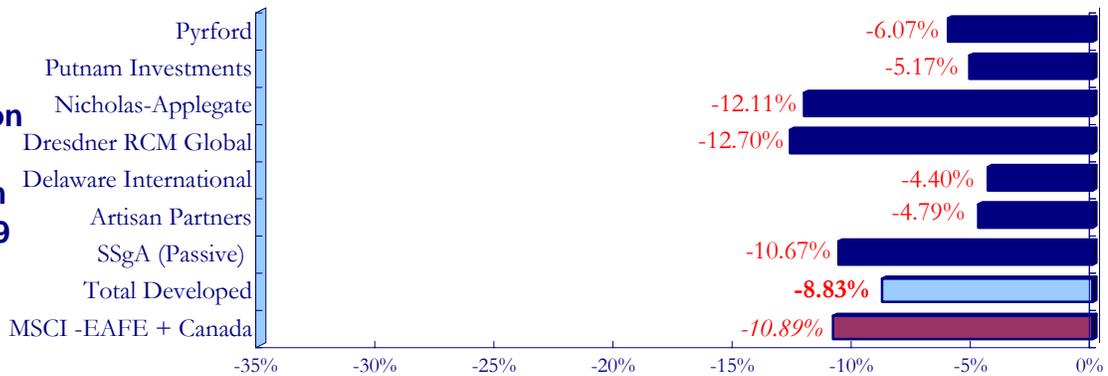
**One year ended
Mar. 31, 2003**



**Three years ended
Mar. 31, 2003**



**Since Inception
of the
new program
June 30, 1999**



Non-U.S. Equity - Active Emerging Markets Managers

Capital International, Inc. manages an active emerging markets equity portfolio for the WSIB. Capital utilizes a Multiple Portfolio Manager System, which enables several key decision makers to work on each account by dividing the portfolio into smaller segments. Each manager is free to make his or her decisions as to individual security, country and industry selection, timing, and percentage to be invested for their portion of the assets. The aggregate portfolio does not have a formal policy regarding asset and country diversification and tends to have a value bias. The WSIB portfolio, managed by Capital since the middle of the second quarter of 2001, is currently valued at \$114 million.

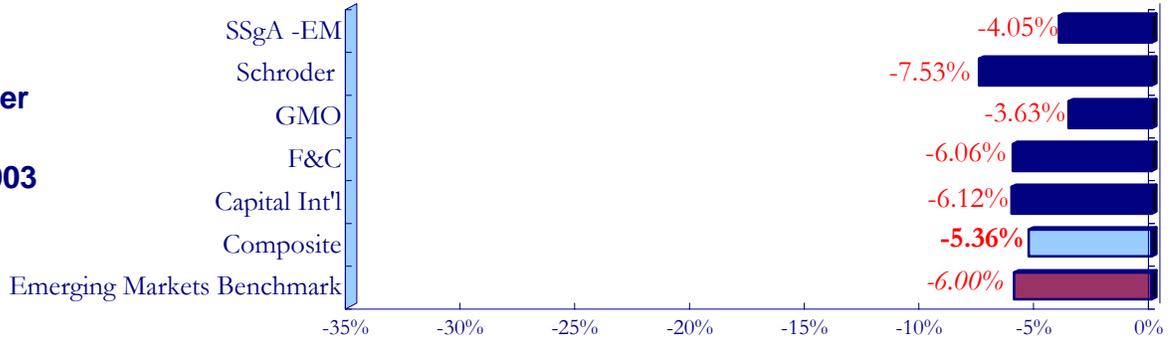
F&C Emerging Markets Limited manages an active emerging markets equity portfolio for the WSIB. The country selection process analyzes market valuation, as well as economic, fiscal, and monetary factors to create 12-month market return forecasts for each country. The return forecasts are used in conjunction with political stability analysis to set country allocations, which are divided between the ten largest core markets (85 percent) and satellite markets (15 percent). Bottom-up fundamental analysis is used to identify companies possessing the following characteristics: strategic position in their respective industry, management quality and integrity, and a sound financial position. The WSIB portfolio, managed by F&C since the fourth quarter of 1996, is currently valued at \$77 million.

Grantham Mayo Van Otterloo (GMO) manages an active emerging markets portfolio for the WSIB. GMO uses a quantitative investment process. Top-down country allocation is based on market valuations, macroeconomic fundamentals, relative performance, stock valuation, and subjective judgment. The stock selection process utilizes a model that is customized for each country and incorporates three factors: value, neglect and momentum. GMO seeks to invest in cheap countries, sectors and stocks, so that its portfolios will generally exhibit P/E ratios below those of the index benchmarks. The WSIB portfolio, managed by GMO since the fourth quarter of 1996, is currently valued at \$99 million.

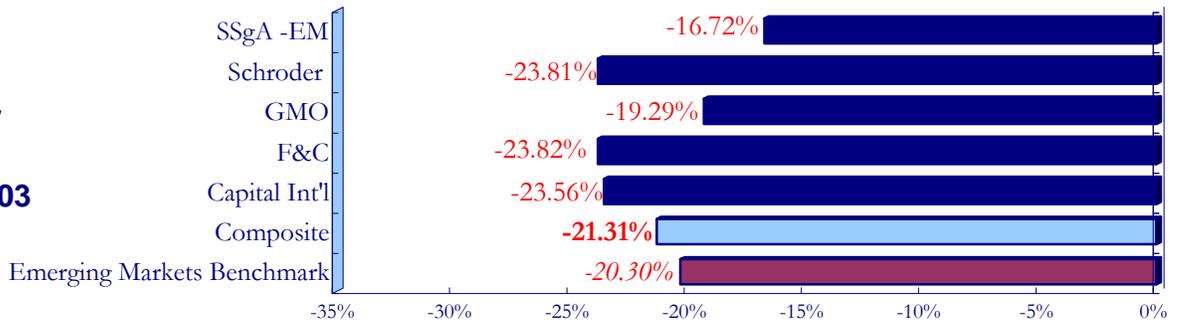
Schroder Capital Management manages an active emerging markets equity portfolio for the WSIB. Country allocations are determined on the basis of macroeconomic factors and market return forecasts. Stock selection is relegated to individual regions and is based on fundamental research. The portfolio is divided between a core holding of more established markets and a smaller opportunistic allocation to early-stage markets. The portfolio tends to have a growth bias. The WSIB portfolio, managed by Schroder since the fourth quarter of 1995, is currently valued at \$73 million.

Non-U.S. Equity - Active Emerging Markets Managers

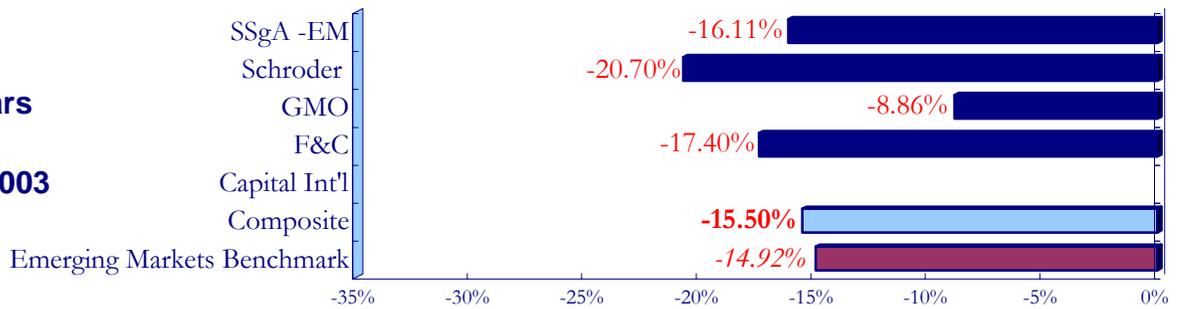
One quarter
ended
Mar. 31, 2003



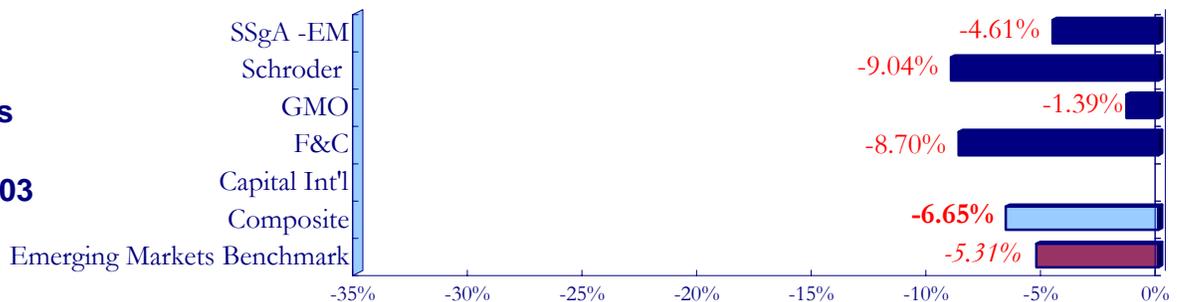
One year
ended
Mar. 31, 2003



Three years
ended
Mar. 31, 2003



Five years
ended
Mar. 31, 2003

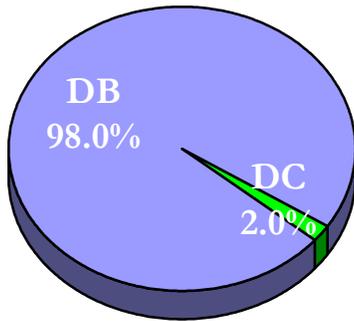


Manager Performance versus S & P 500

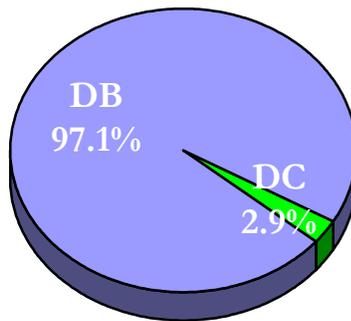
	Quarter	FYTD	1 Year	3 Year	5 Year	10 Year
S & P 500 Index	-3.15	-13.12	-24.76	-16.09	-3.77	8.53
U.S. Equity						
Barclays Global Investors	-3.19	-13.24	-24.26	-16.06	-3.61	
U.S. Equity Composite	-3.19	-13.24	-24.26	-16.06	-3.61	8.00
Non-U.S. Equity						
<u>Developed Markets</u>						
SSgA (passive)	-7.43	-20.62	-22.13	-18.89		
Artisan Partners	-14.07	-29.08	-30.31	-22.58		
Delaware International	-6.07	-18.29	-16.86	-5.70		
Dresdner RCM Global Investors	-7.89	-21.76	-24.21	-26.48		
Nicholas-Applegate	-6.33	-22.53	-25.78	-25.32		
Putnam Investments	-8.77	-21.88	-25.06	-19.27		
Pyrford International	-9.98	-20.80	-21.83			
<u>Emerging Markets</u>						
SSgA (passive)	-4.05	-8.56	-16.72	-16.11	-4.61	
Capital International	-6.12	-12.61	-23.56			
F&C	-6.06	-15.92	-23.82	-17.40	-8.70	
Grantham, Mayo, Van Otterloo	-3.63	-12.92	-19.29	-8.86	-1.39	
Schroder	-7.53	-15.81	-23.81	-20.70	-9.04	
Non-U.S. Equity Composite	-7.70	-20.43	-22.49	-18.06	-5.48	1.66

CTF Stakeholder Characteristics and Cash Flows

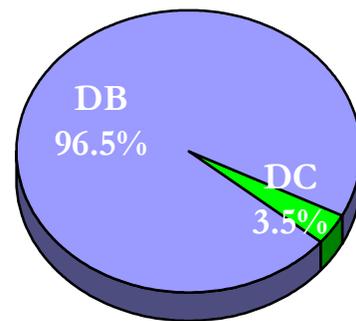
Defined Benefit and Defined Contribution breakdown in the CTF



March 31, 2001

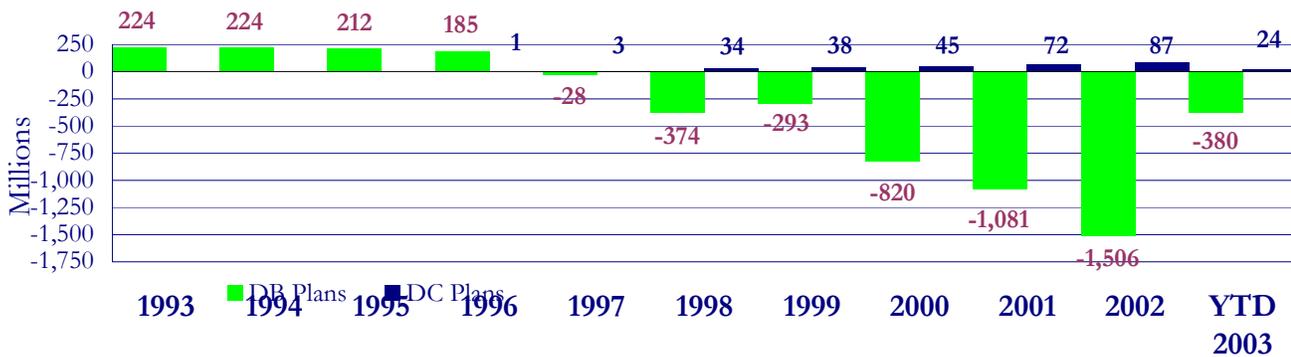


March 31, 2002

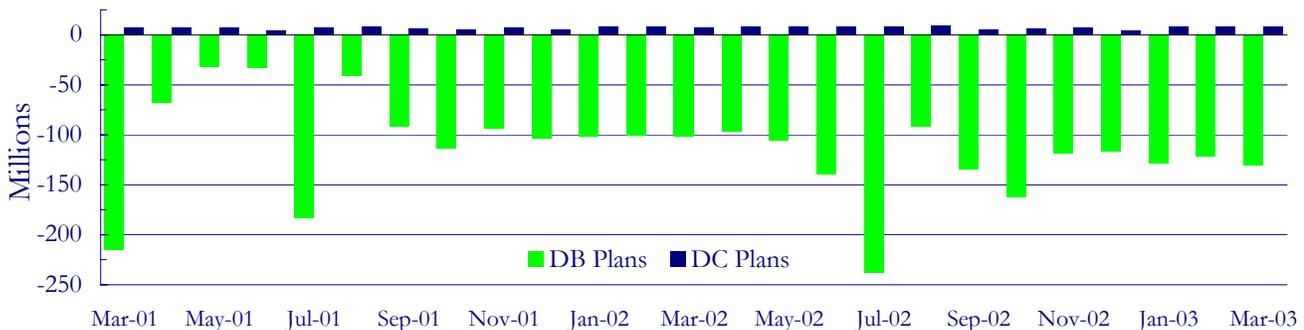


March 31, 2003

Yearly Cash Flow History*



Monthly Cash Flow History*



* Only includes new cash to the portfolio; does not include transfers between plan II and plan III

Glossary

Asset Allocation Policy

The targets will adjust annually toward the long-term asset allocation policy, which is 31 percent U.S. equity, 15 percent non-U.S. equity, 25 percent fixed income, 17 percent private equity, and 12 percent real estate. It is expected to take two to three years to reach this target.

Commingled Trust Fund

The investment trust fund that pools the assets of most of the Washington State retirement trust funds to permit more efficient management and to reduce administrative costs. The retirement accounts included in the CTF are: PERS I, II & III; TRS I, II & III; LEOFF I & II; JRS; SERS II & III; WSPRS I & II; and Volunteer Firefighters.

Emerging Markets Liquidity Tier Index

This index divides the countries found in the IFC emerging markets universe into three 'tiers' according to their market capitalization and liquidity. The top tier represents 55 percent of the total index, with five countries at an 11 percent weight each. The middle tier represents 33 percent of the total, with nine countries at 3.7 percent each. The bottom tier represents 12 percent of the total, with 12 countries at one percent each.

MAP (Multi-Asset Portfolio)

The MAP Portfolio is currently 60 percent Wilshire 5000 Index, 25 percent Lehman Universal Index, and 15 percent MSCI ACWI Index. The percentages have changed, as the portfolio was rebalanced to meet the target asset allocation policy. This portfolio is a 'passive' representation of the fund.

Structural Asset Allocation Policy

The Structural Asset Allocation Policy is the previous quarter's ending asset class percentages times the following indices: Wilshire 5000 Index, Lehman Universal Index, MSCI ACWI Index, NCREIF, and the actual private equity return. This is used to show the manager value added, versus a passive structure.

TUCS Public Fund > \$1 Billion Median

Trust Universe Comparison Services median return of other public funds. There are currently 49 funds in the universe, with a median asset size of about \$8.75 billion.

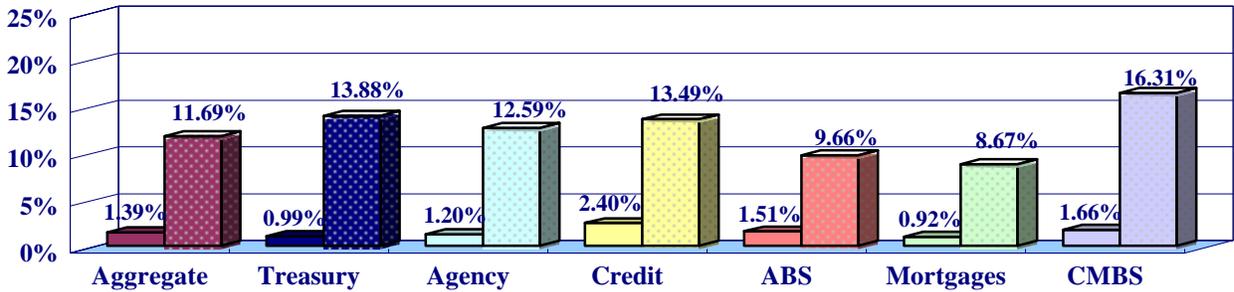
TUCS Public/Corporate Fund > \$1 Billion Median

Trust Universe Comparison Services median return of corporate and public funds. There are currently 116 funds in the universe, with a median asset size of around \$4.34 billion.

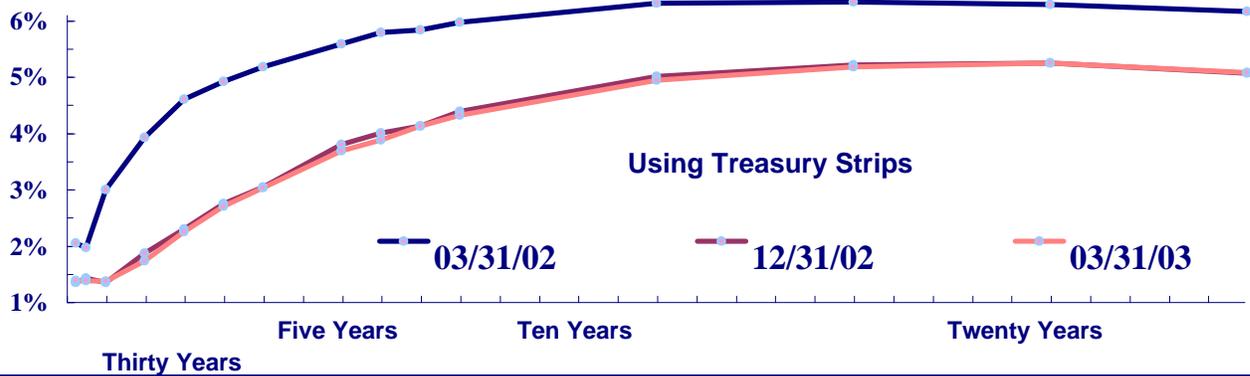
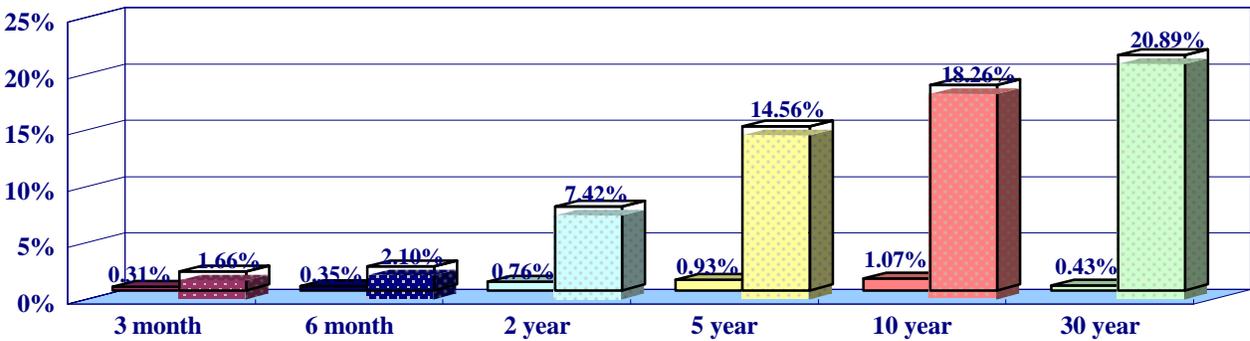
Capital Markets One Quarter and One Year Performance

Quarter Ended March 31, 2003

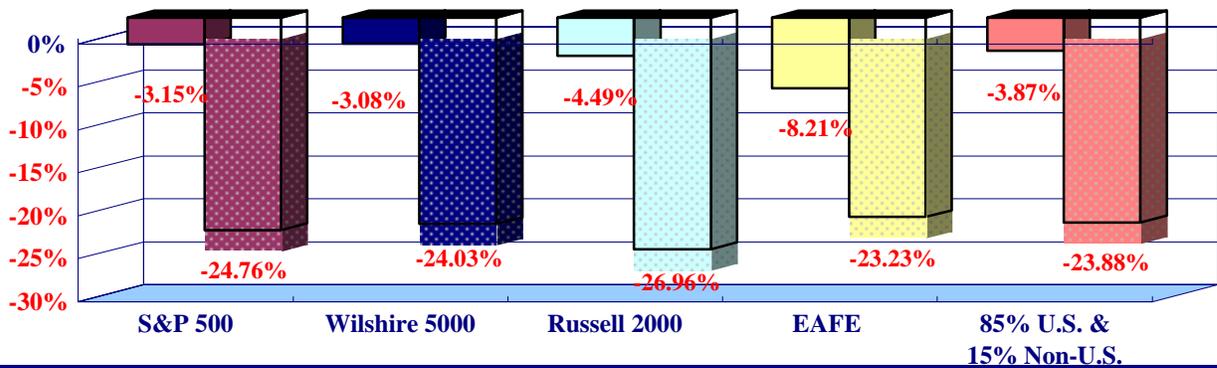
Asset Class Returns (using Lehman Brothers indices)



Treasury Return and Yield Curve



Equity Indices



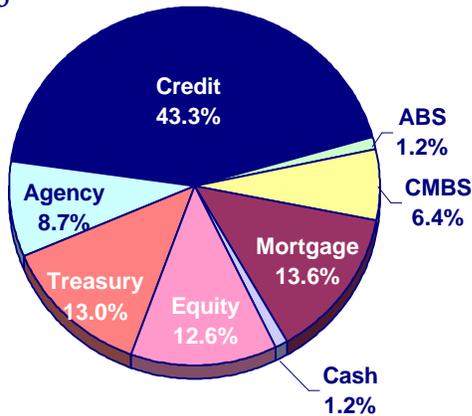
LABOR & INDUSTRIES' FUNDS

Quarter Ended March 31, 2003

Market Values and Asset Allocation

Total L&I Funds

\$ 8,897,987,495



WSIB Policy Ranges for Total L & I:

Fixed Income: 82-88%
Equities: 12-18%

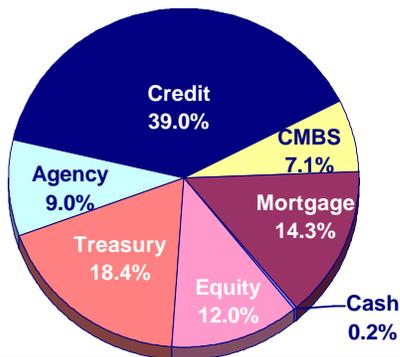
WSIB Policy Ranges within Fixed Income:

U.S. Treasuries & Agencies: 5-25%
Credit Securities: 20-70%
Mortgage-Backed Securities: 0-25%
Asset-Backed Securities: 0-10%
Commercial Mortgage-Backed Securities: 0-10%

Accident Fund

\$ 3,639,105,749

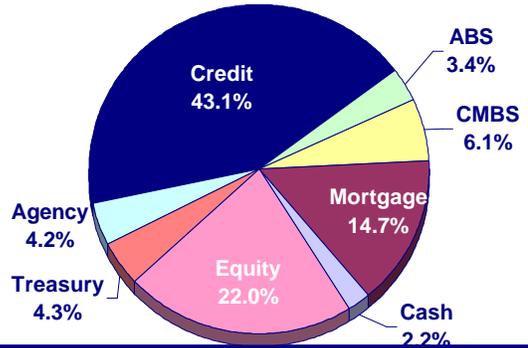
Fund 608



Medical Aid Fund

\$ 3,118,999,485

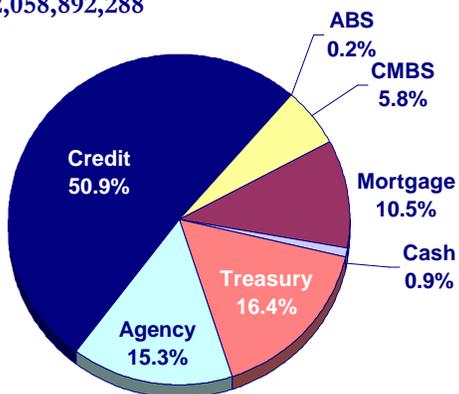
Fund 609



Pension Reserve

\$ 2,058,892,288

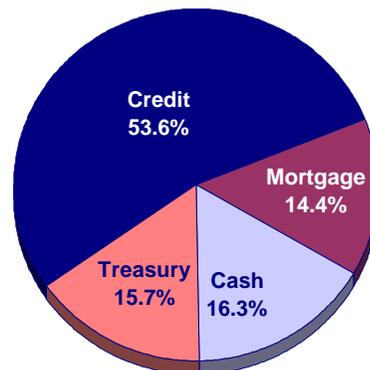
Fund 610



Supplemental Pension

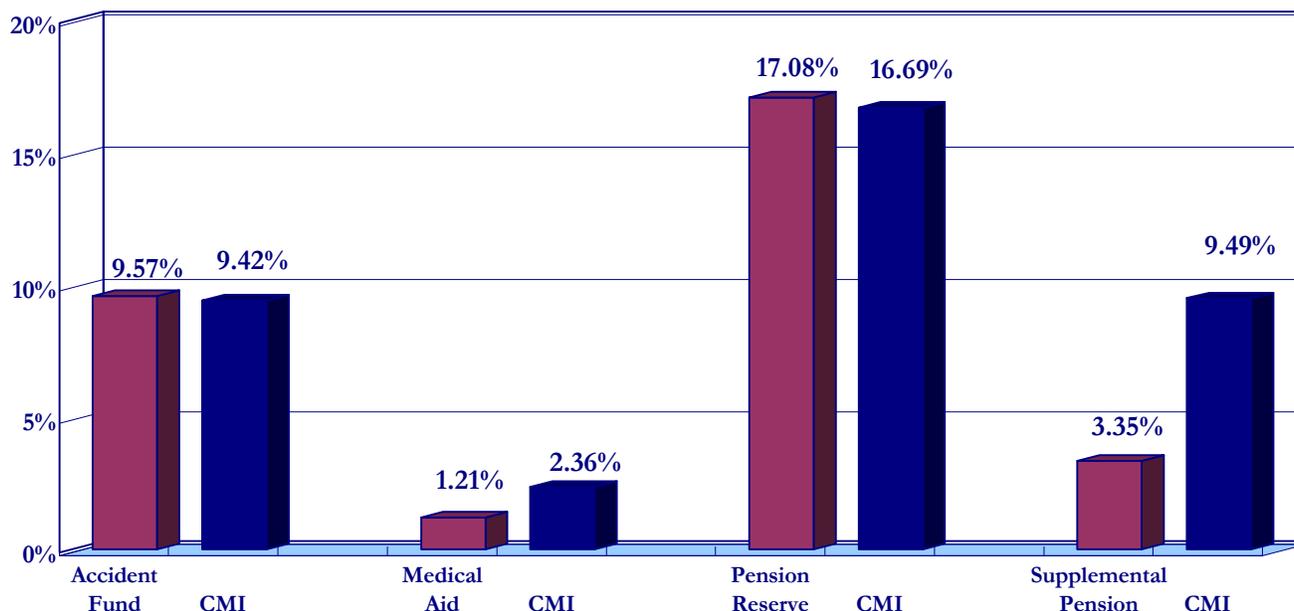
\$ 80,989,972

Fund 881



Performance and Durations versus CMI

One Year Performance



	Accident Fund	CMI	Medical Aid	CMI	Pension Reserve	CMI	Suppl. Pension	CMI
Duration:	9.78	9.81	3.83	3.88	10.15	10.47	2.46	2.36

Total Return

	Accident Fund	CMI	Medical Aid	CMI	Pension Reserve	CMI	Suppl. Pension	CMI
Quarter	23.00%	1.63%	0.27%	0.70%	2.41%	2.43%	1.30%	1.59%
One Year	11.00%	9.42%	1.21%	2.36%	17.08%	16.69%	3.35%	9.49%
Three Year	13.00%	7.08%	3.19%	3.22%	11.49%	11.35%	6.28%	8.53%
Five Year	6.37%	6.05%	4.84%	4.79%	8.11%	7.74%	5.58%	6.98%
Ten Year	7.43%	*	7.21%	*	9.13%	*	6.16%	*

L&I Statutory Accounting Return**

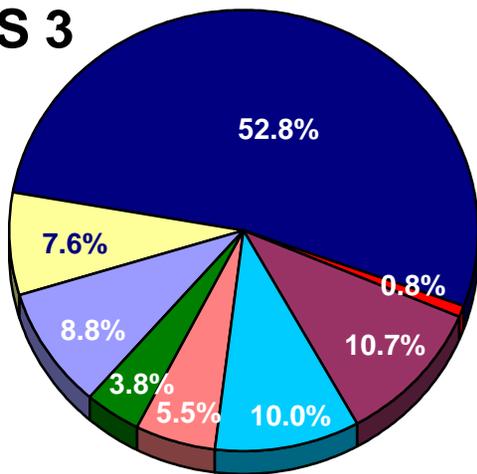
	Accident Fund	Medical Aid	Pension Reserve	Suppl. Pension
Quarter	1.26%	0.36%	2.00%	0.86%
One Year	0.71%	-3.03%	4.49%	0.82%
Three Year	3.38%	0.63%	6.83%	4.55%

*Ten-year data not available. The CMI's started July 1, 1993.

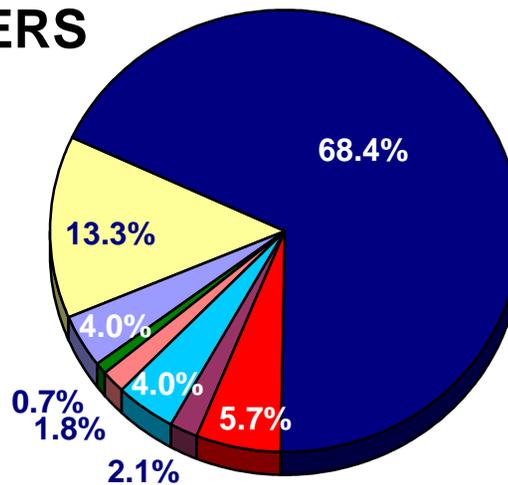
**Uses net income, realized and unrealized gains and losses on equity securities, and realized gains and losses on fixed income in the numerator. The denominator uses book value for fixed income securities and market value for equities. Below investment grade fixed income securities are carried at the lower of book or market.

Option	TRS Plan 3		SERS Plan 3		PERS Plan 3	
	Market Value	Quarterly Change	Market Value	Quarterly Change	Market Value	Quarterly Change
WSIB TAP Option	\$ 840,693,826	\$ 2,480,903	\$ 320,200,119	\$ (3,371,673)	\$ 110,166,552	\$ 9,427,998
Short-Horizon Fund	1,917,440	133,393	3,762,725	(235,083)	3,708,635	348,915
Mid-Horizon Fund	4,757,390	603,459	13,167,907	132,908	11,277,680	1,141,337
Long-Horizon Fund	5,816,985	928,879	9,731,842	(426,298)	8,464,652	1,074,412
U.S. Stock Fund	169,363,034	(1,416,599)	9,608,317	(109,214)	6,821,733	1,055,106
U.S. Large Stock Fund	159,662,625	(3,415,962)	18,933,672	(303,395)	9,815,011	1,092,370
U.S. Small Stock Fund	88,028,485	(4,183,375)	8,351,339	(357,935)	5,778,681	533,936
International Stock Fund	61,019,294	(4,824,009)	3,406,241	(305,936)	2,181,645	154,368
Bond Market	139,416,843	8,105,168	18,608,329	3,304,683	16,667,021	2,492,378
Money Market	120,944,849	3,680,493	62,373,290	1,531,923	51,105,768	3,534,309
Total Fund	\$ 1,591,620,772	\$ 2,092,350	\$ 468,143,782	\$ (140,021)	\$ 225,987,378	\$ 20,855,130

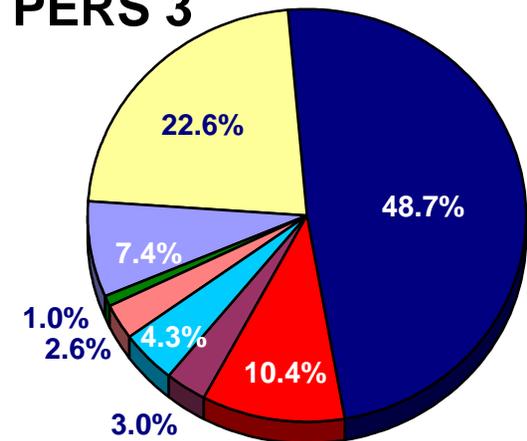
TRS 3



SERS



PERS 3



■ WSIB TAP
 ■ Horizon Funds
 ■ Stock Market
 ■ Large Stocks
 ■ Small Stocks
 ■ International Stocks
 ■ Bond Market
 ■ Money Market

TRS 3

SERS 3

PERS 3

Mar-01

Mar-02

Mar-03

Mar-01

Mar-02

Mar-03

Jun-02

Dec-02

Mar-03

\$1,538.229

\$1,685.527

\$1,591.621

\$136.304

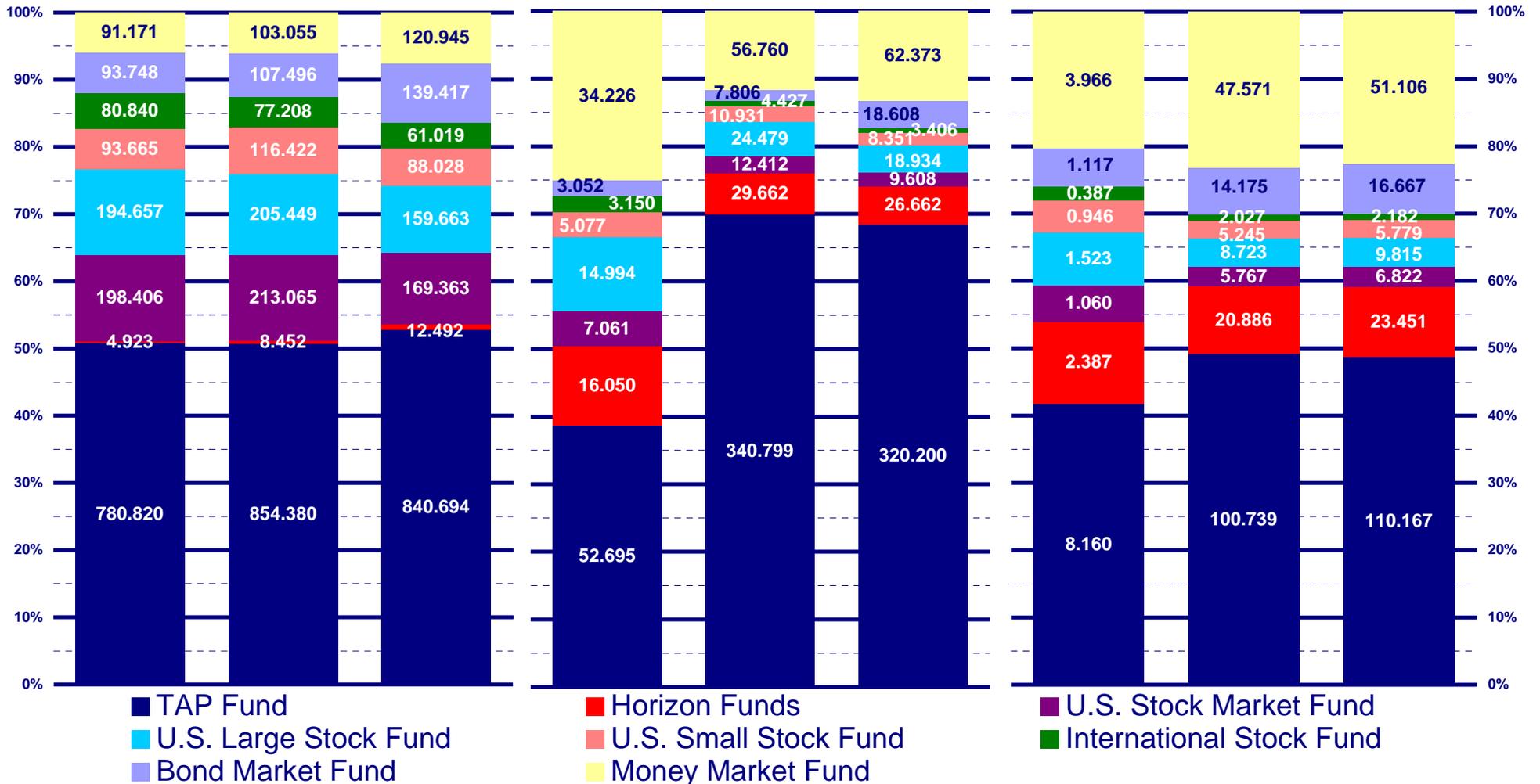
\$487.275

\$468.144

\$19.545

\$205.132

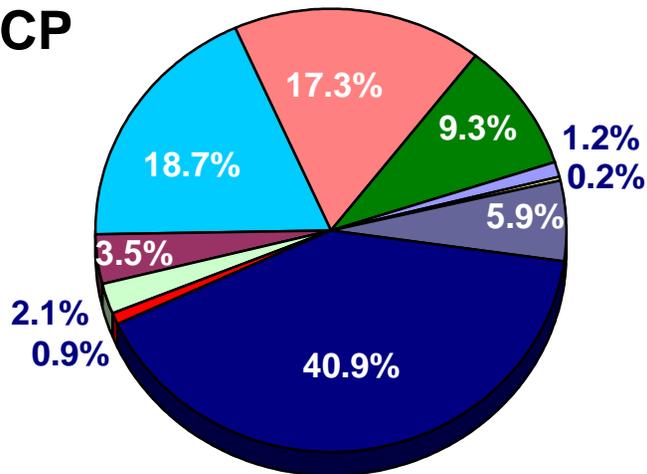
\$225.987



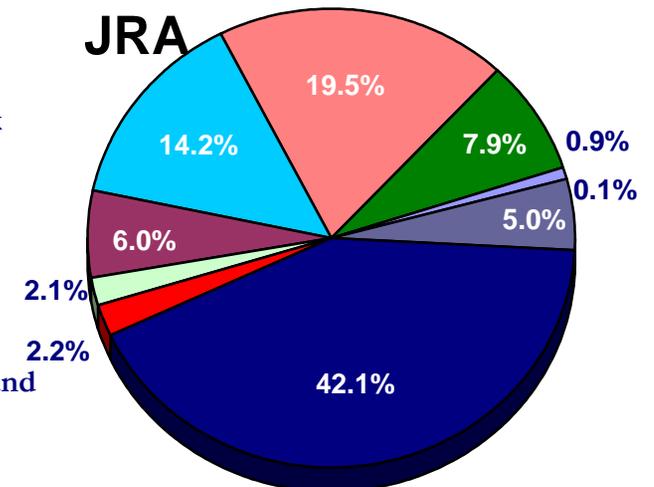
**Deferred Compensation Program and Judicial Retirement Account
Market Values and Distributions -- March 31, 2003**

Option	Deferred Compensation Program	Quarterly Change
Short-Horizon Fund	\$ 3,646,083	\$ 140,596
Mid-Horizon Fund	4,894,387	570,610
Long-Horizon Fund	3,566,638	219,088
Social Balanced Fund	27,177,083	(267,908)
U.S. Stock Market Index Fund	46,452,915	1,281,491
Equity-Income Fund	244,827,257	(20,140,225)
Independence Fund	227,076,234	(14,663,263)
Growth Company Fund	122,221,163	1,488,226
Overseas Fund	15,831,792	(1,627,144)
U.S. Small Cap Stock Fund	1,928,756	231,758
Bond Market Fund	76,972,896	7,235,917
Savings Pool	536,064,208	15,667,077
Total Fund	\$ 1,310,659,411	\$ (9,863,776)

Judicial Retirement Account	Quarterly Change
\$ 116,468	\$ 77,030
66,724	21,357
24,447	7,473
194,181	5,407
572,768	(4,483)
1,350,131	(61,310)
1,859,224	(118,428)
754,274	81,845
89,169	(10,850)
7,766	302
477,758	29,365
4,009,611	78,781
\$ 9,522,521	\$ 106,489

DCP


- Horizon Fund
- Social Balanced Fund
- U.S. Stock Market Index
- Equity-Income Fund
- Independence Fund
- Growth Co. Fund
- Overseas Fund
- U.S. Small Cap Stock Fund
- Bond Market Fund
- Savings Pool

JRA


DCP

RA

Mar 31, 2001

Mar 31, 2002

Mar 31, 2003

Mar 31, 2001

Mar 31, 2002

Mar 31, 2003

\$1,376.917

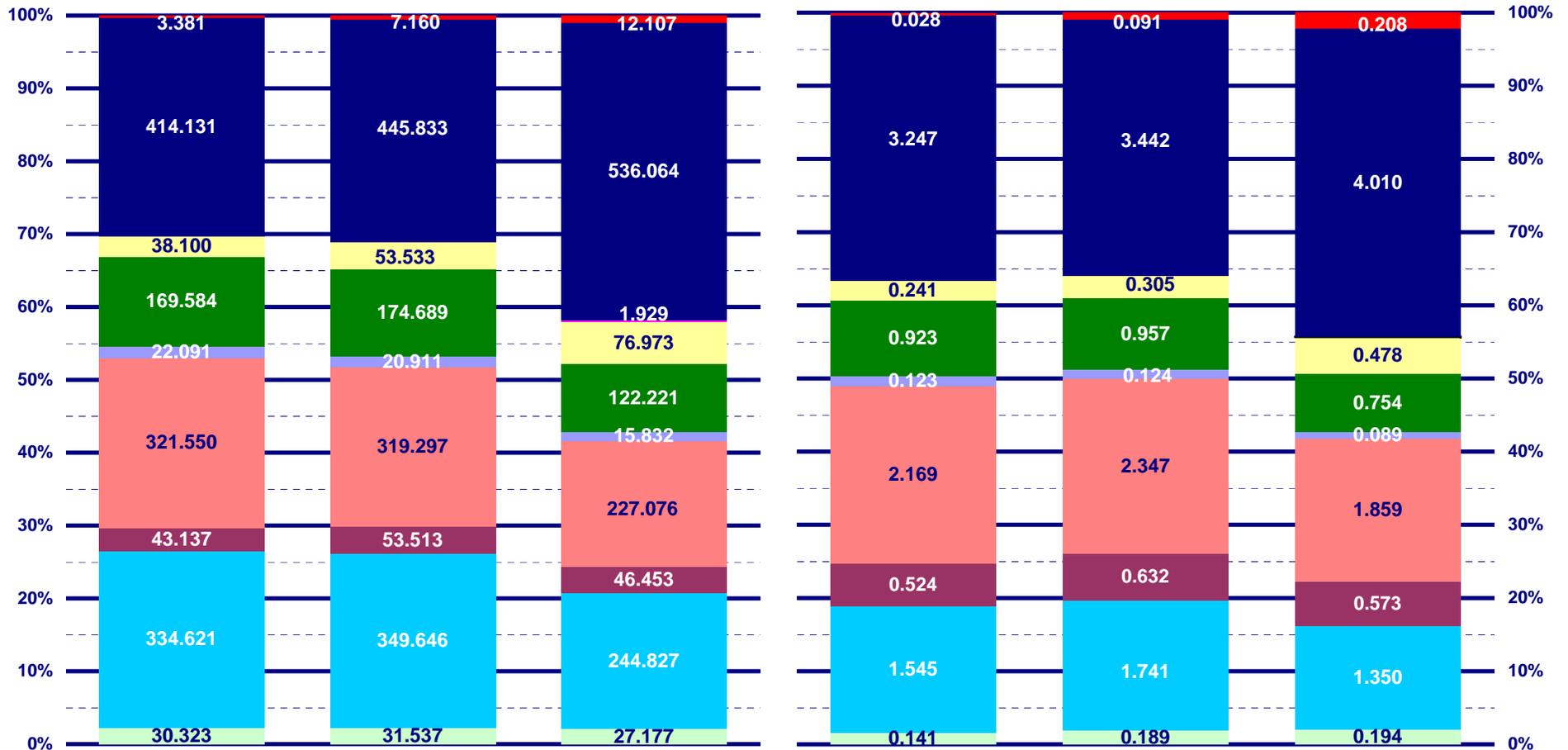
\$1,456.119

\$1,310.659

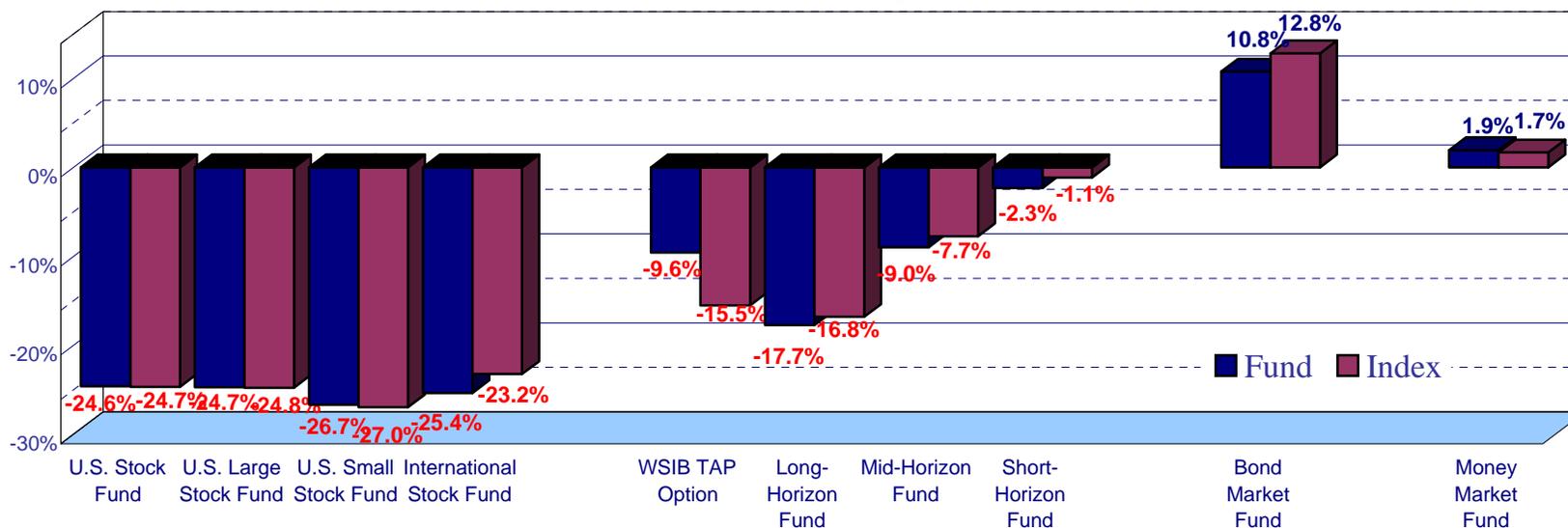
\$8.941

\$9.827

\$9.523



- Social Balanced Fund
- Independence Fund
- Bond Market Fund
- Horizon Funds
- Equity-Income Fund
- Overseas Fund
- Small Cap Stock Fund
- Stock Market Index Fund
- Growth Company Fund
- Savings Pool

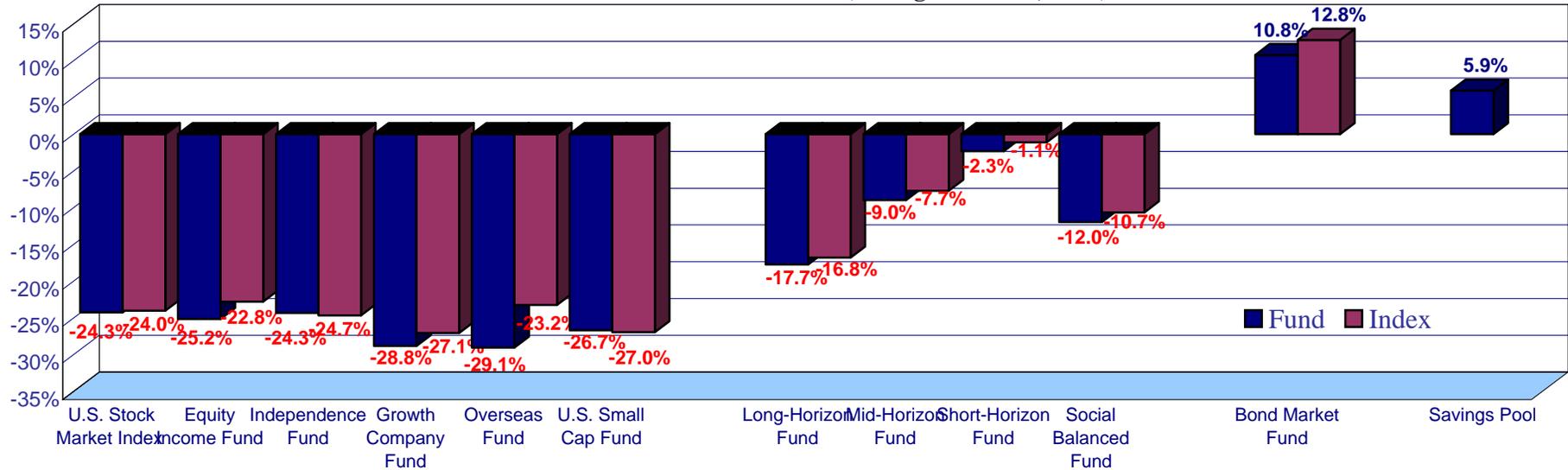
One-Year Returns (ending March 31, 2003)


Equity Funds	Qtr.	1 yr.	3 yr.	5 yr.	Balanced Funds	Qtr.	1 yr.	3 yr.	5 yr.
U.S. Stock Fund	-3.1%	-24.6%	N/A	N/A	WSIB TAP Option	-1.9%	-9.6%	-6.1%	1.5%
<i>Russell 3000</i>	-3.0%	-24.7%	-15.8%	-3.7%	<i>Custom Benchmark</i>	-2.5%	-15.5%	-10.4%	-1.5%
U.S. Large Stock Fund	-3.2%	-24.7%	-16.1%	-3.8%	Long-Horizon Fund	-3.2%	-17.7%	N/A	N/A
<i>S&P 500</i>	-3.1%	-24.8%	-16.1%	-3.8%	<i>Custom Benchmark</i>	-3.0%	-16.8%	-11.8%	-1.9%
U.S. Small Stock Fund	-4.4%	-26.7%	-10.8%	-4.2%	Mid-Horizon Fund	-1.4%	-9.0%	N/A	N/A
<i>Russell 2000</i>	-4.5%	-27.0%	-11.0%	-4.1%	<i>Custom Benchmark</i>	-1.3%	-7.7%	-4.9%	1.3%
International Stock Fund	-8.6%	-25.4%	-20.7%	-7.8%	Short-Horizon Fund	-0.2%	-2.3%	N/A	N/A
<i>MSCI EAFE</i>	-8.2%	-23.2%	-19.5%	-7.1%	<i>Custom Benchmark</i>	-0.2%	-1.1%	0.4%	3.5%
Bond Funds	Qtr.	1 yr.	3 yr.	5 yr.	Cash Funds	Qtr.	1 yr.	3 yr.	5 yr.
Bond Market Fund	2.4%	10.8%	N/A	N/A	Money Market Fund	0.4%	1.9%	4.1%	4.7%
<i>Lehman Intermediate Credit</i>	2.3%	12.8%	10.2%	7.6%	<i>One Month LIBOR</i>	0.3%	1.7%	3.8%	4.5%

*Uses current managers' returns. Return shown is after manager and portfolio expenses, but before the WSIB and record keeping fees.



One-Year Returns (ending March 31, 2003)



Equity Funds	Qtr.	1 yr.	3 yr.	5 yr.	10 yr.
U.S. Stock Market Index	-3.2%	-24.3%	-16.0%	-3.6%	8.1%
<i>Wilshire 5000</i>	-3.1%	-24.0%	-16.3%	-3.9%	8.0%
Equity Income Fund	-6.3%	-25.2%	-6.4%	-2.8%	8.4%
<i>Russell 3000 Value</i>	-4.9%	-22.8%	-6.1%	-1.9%	9.2%
Independence Fund	-5.5%	-24.3%	-20.6%	-0.2%	8.4%
<i>Russell 3000</i>	-3.0%	-24.7%	-15.8%	-3.7%	8.2%
Growth Company Fund	-0.3%	-28.8%	-26.9%	-1.2%	8.5%
<i>Russell 3000 Growth</i>	-1.2%	-27.1%	-25.5%	-7.0%	6.3%
Overseas Fund	-10.0%	-29.1%	-22.3%	-7.8%	2.8%
<i>MSCI EAFE</i>	-8.2%	-23.2%	-19.5%	-7.1%	2.0%
U.S. Small Cap Fund	-4.4%	-26.7%	-10.8%	-4.2%	N/A
<i>Russell 2000</i>	-4.5%	-27.0%	-11.0%	-4.1%	6.2%

Balanced Funds	Qtr.	1 yr.	3 yr.	5 yr.	10 yr.
Long-Horizon Fund	-3.2%	-17.7%	N/A	N/A	N/A
<i>Custom Benchmark</i>	-3.0%	-16.8%	-11.8%	-1.9%	6.9%
Mid-Horizon Fund	-1.4%	-9.0%	N/A	N/A	N/A
<i>Custom Benchmark</i>	-1.3%	-7.7%	-4.9%	1.3%	7.1%
Short-Horizon Fund	-0.2%	-2.3%	N/A	N/A	N/A
<i>Custom Benchmark</i>	-0.2%	-1.1%	0.4%	3.5%	6.6%
Social Balanced Fund	-1.5%	-12.0%	-7.7%	-1.8%	4.9%
<i>Custom Benchmark</i>	-0.9%	-10.7%	-5.7%	1.1%	8.2%

Bond Funds	Qtr.	1 yr.	3 yr.	5 yr.	10 yr.
Bond Market Fund	2.4%	10.8%	N/A	N/A	N/A
<i>Lehman Int. Credit</i>	2.3%	12.8%	10.2%	7.6%	7.3%

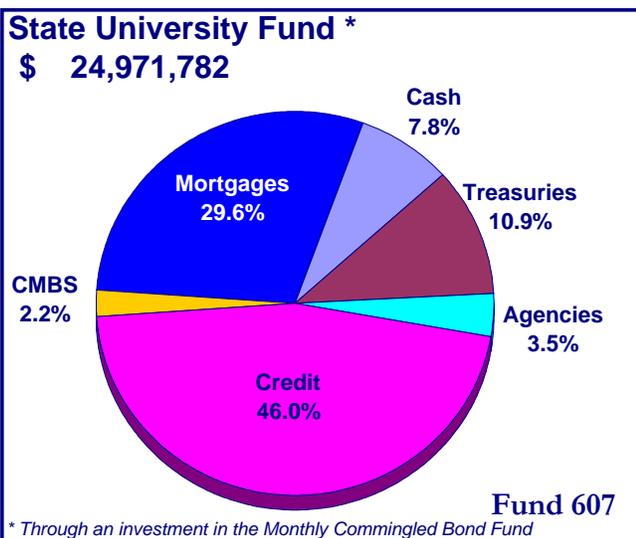
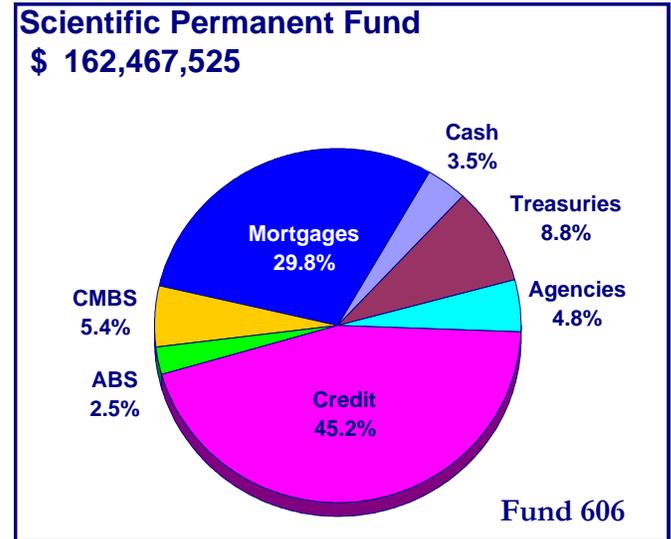
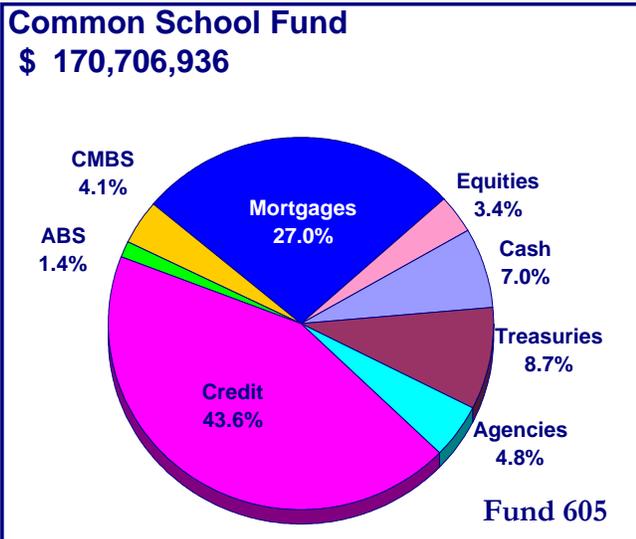
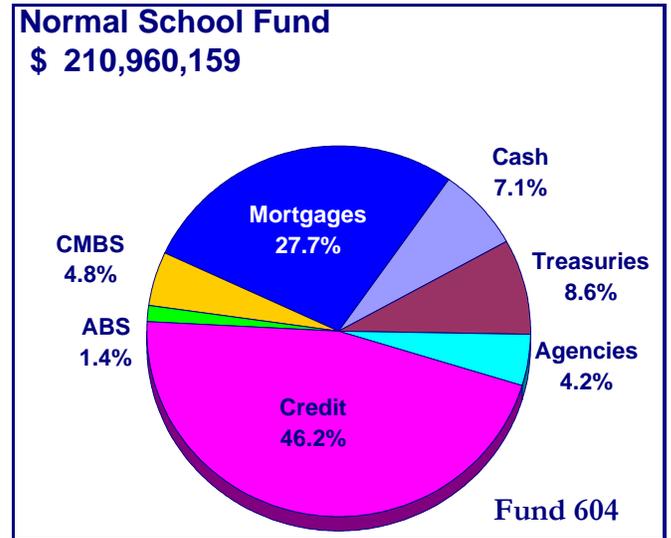
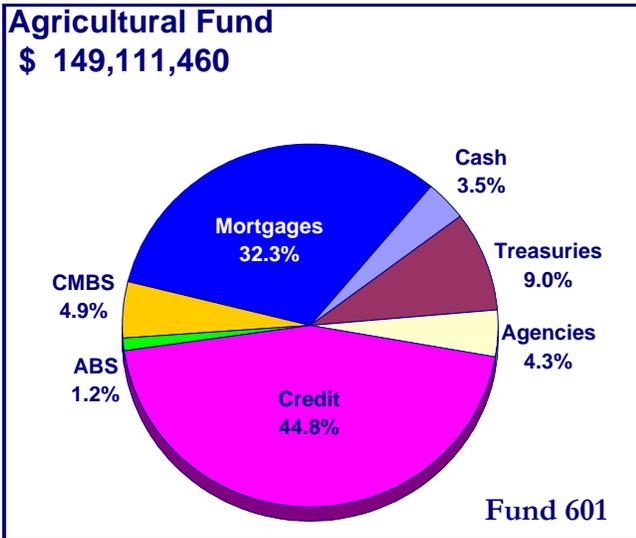
Cash Funds	Qtr.	1 yr.	3 yr.	5 yr.	10 yr.
Savings Pool	1.3%	5.9%	6.3%	6.4%	6.7%

*Uses current managers' returns and returns from other portfolios with same investment strategy but different fees to produce a ten-year history. Return shown is after manager and portfolio expenses, but before the WSIB and record keeping fees and does not include any return attributed to rebates.

PERMANENT FUNDS

March 31, 2003

Market Values and Asset Allocation



Millersylvania State Park Fund
\$ 5,156

Assets of this fund are invested in a short-term investment fund (STIF).

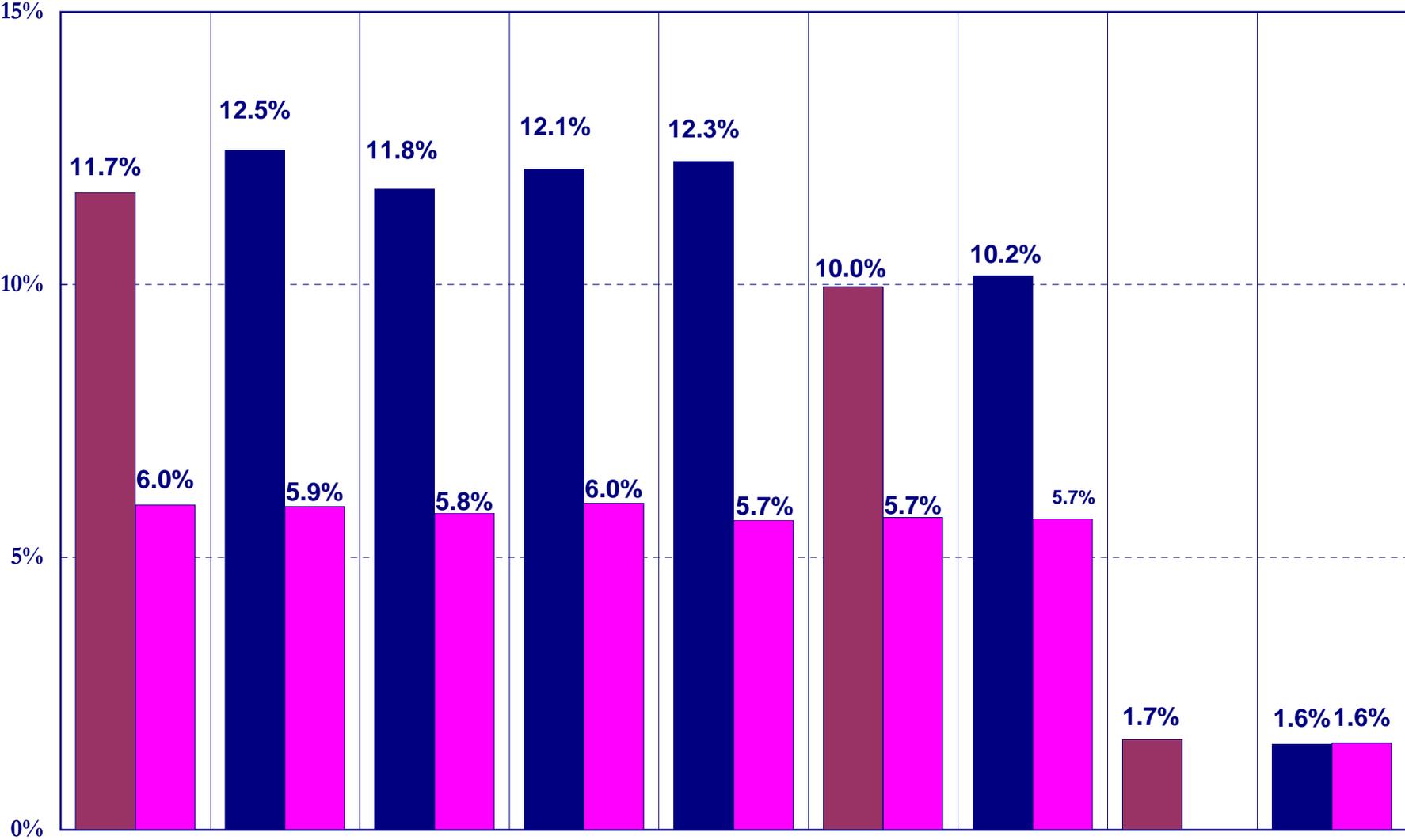
Fund 603

SIB Fixed Income Policy Ranges per Fund:

U.S. Treasuries and Agencies	10-50%
Investment Grade Credits	10-50%
Mortgage-Backed Securities	5-40%
Asset-Backed Securities (ABS)	0-10%
Commercial Mortgage-Backed Securities	0-10%

One Year

■ Total Return ■ Coupon or Distribution Return



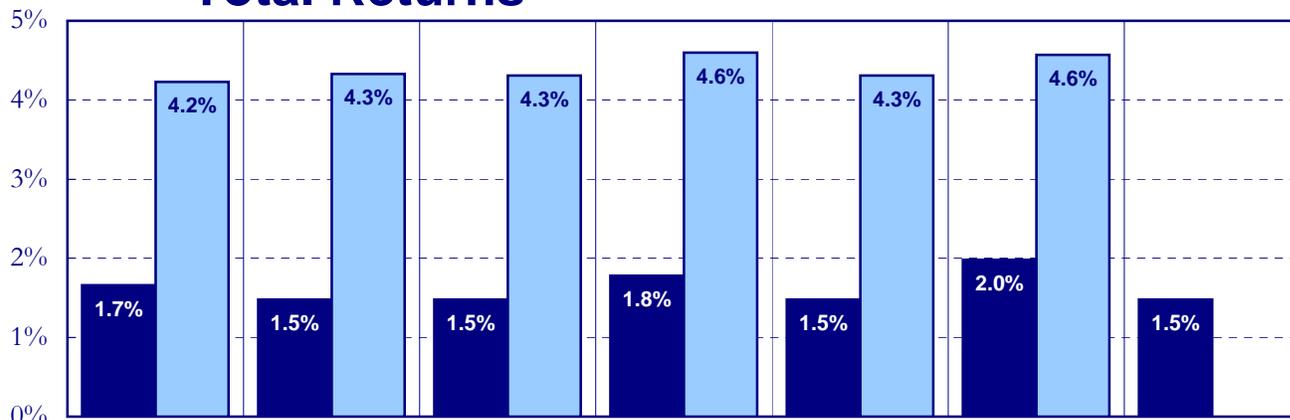
OTHER TRUST FUNDS

March 31, 2003

Market Values, Performance and Asset Allocation

Total Returns

■ One Year □ Five Year



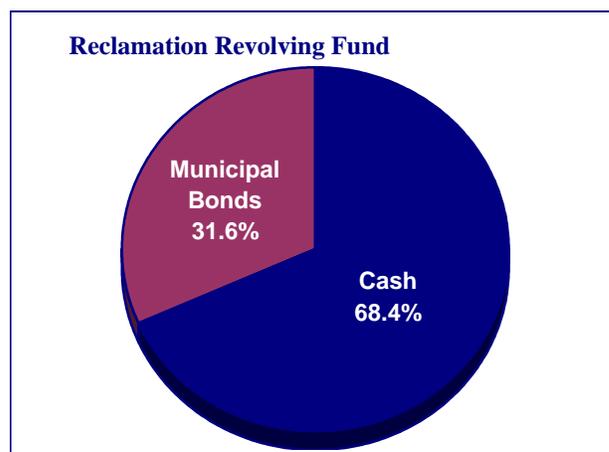
	90 Day T-Bill	110 Game & Wildlife	730 State Emp. Ins. Reserve	882 Judicial Retirement	893 Radiation Perpetual	027 Reclamation Revolving	Emergency Reserve Account
Market Value 3/31/98	#####	#####	#####	\$ 5,724,668	\$ 738,914	\$ 858,651	N/A
Market Value 3/31/02		11,574,067	38,159,918	7,041,176	273,802	1,052,465	#####
Market Value 3/31/03		11,745,738	47,430,240	6,770,391	277,863	1,073,336	#####

Total Return

Quarter	0.31%	0.28%	0.28%	0.34%	0.28%	0.60%	0.28%
One Year	1.66%	1.48%	1.48%	1.78%	1.48%	1.98%	1.48%
Three Year	3.74%	3.60%	3.60%	3.95%	3.60%	4.25%	3.84%
Five Year	4.23%	4.33%	4.31%	4.60%	4.31%	4.57%	N/A
Ten Year	4.61%	4.82%	4.65%	4.82%	4.68%	N/A	N/A

Portfolio Allocations

Funds 110, 730, 882, 893, and the Emergency Reserve Account are fully invested in short-term investment funds (STIF).



OTHER TRUST FUNDS

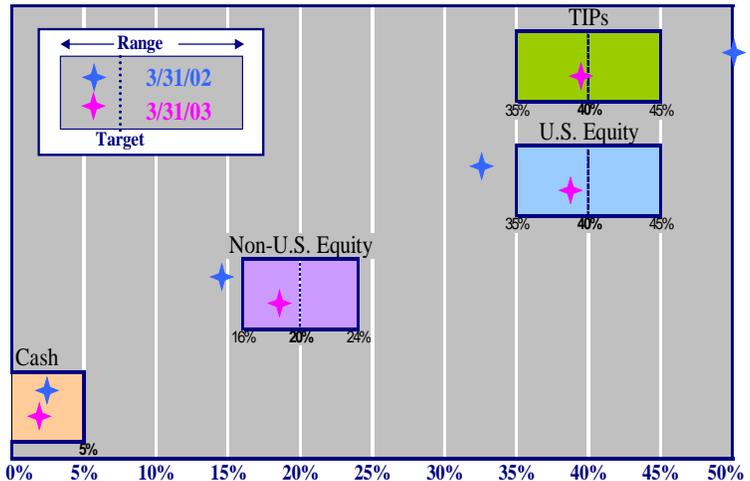
March 31, 2003

GET Portfolio Breakdown and Performance

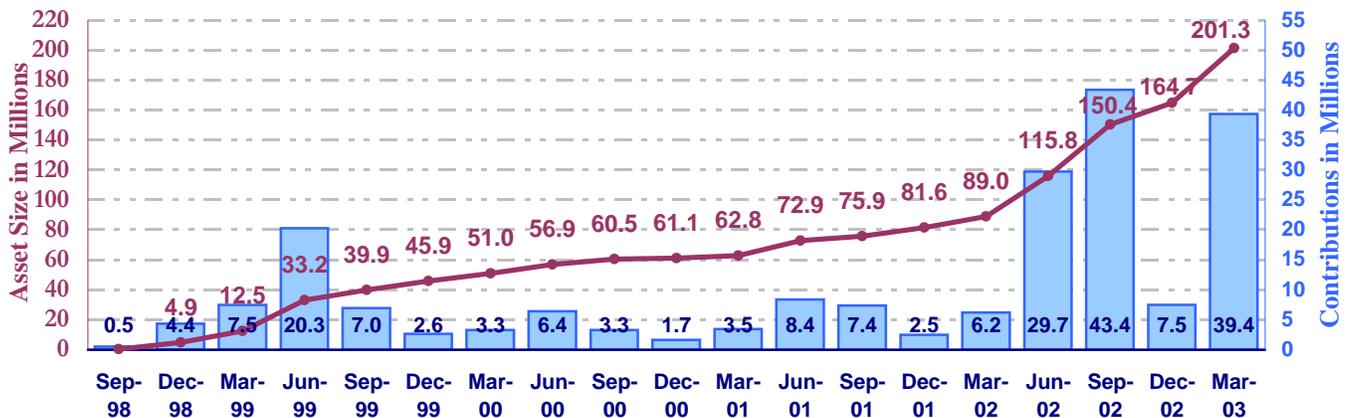
Portfolio Size

Total **\$201,347,965**

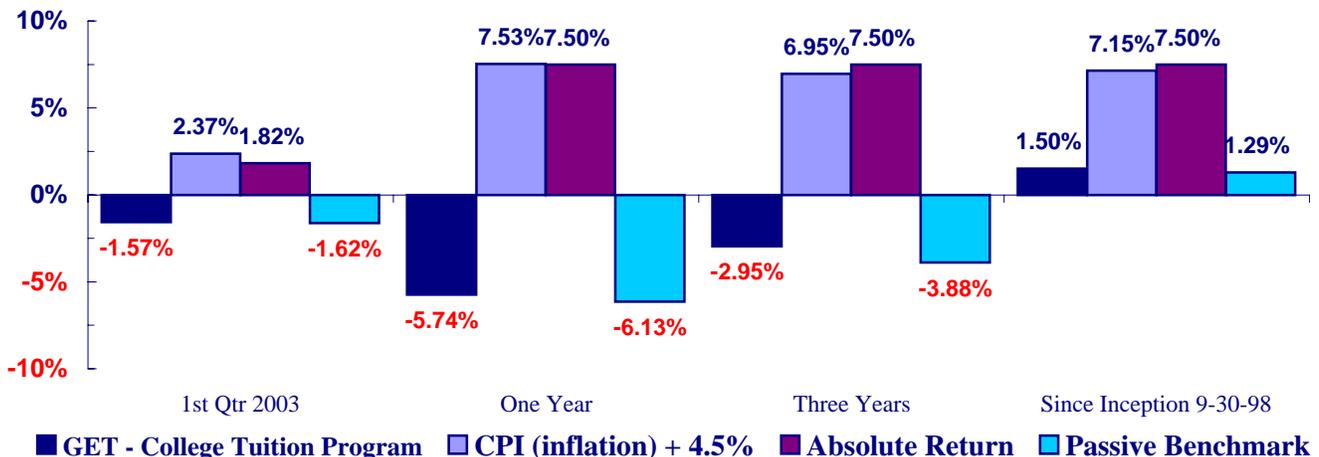
Cash	5,974,156
Treasury Inflation Index	79,610,336
U.S. Equity	78,383,256
Non-U.S. Equity	37,380,216



Assets Under Management



Total Return



OTHER TRUST FUNDS

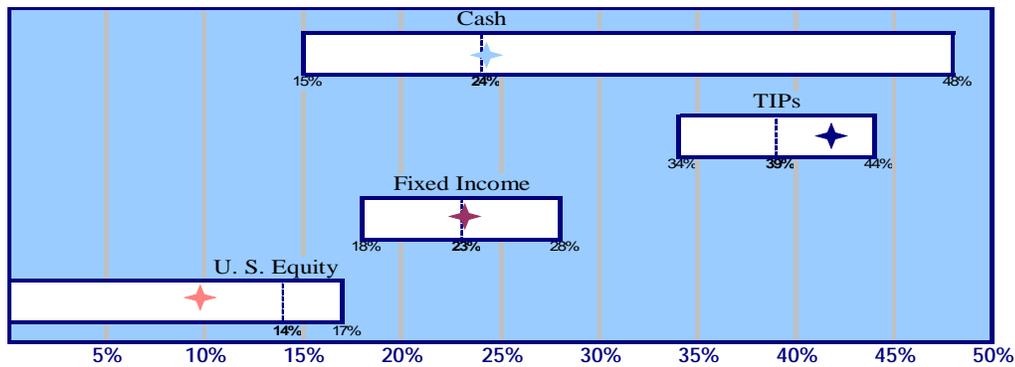
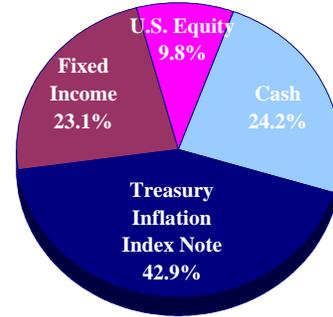
March 31, 2003

DDEF Portfolio Breakdown and Performance

Allocation

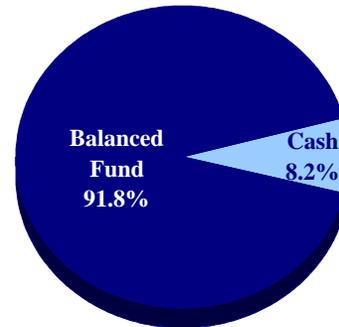
DDEF - State Funds

Total	\$6,040,402
Cash	1,461,666
Treasury Inflation Index Note	2,591,833
Fixed Income	1,396,680
U.S. Equity	590,222



DDEF - Private Funds

Total	\$122,862
Cash	10,021
Balanced Fund	112,840



Total Return

