



Quarterly Report

March 31, 2004

Table of Contents

Executive Summary of Investment Performance
Retirement Funds (CTF)

Defined Contribution Plans

Labor & Industries' Funds

Permanent Funds and Other Trusts



Executive Summary of Investment Performance

Retirement Funds (CTF)

Quarter Ended March 31, 2004

Table of Contents

CTF Bullet Point Highlights

Capital Market Environment

CTF Asset Allocation

Market Values and Net Investment Performance - Lagged March 31, 2004

Market Values and Net Investment Performance - Non-Lagged December 31, 2003

CTF Historical Performance and Assets Under Management

U.S. Equity

Non-U.S. Equity

Non-U.S. Equity - Individual Manager Returns

Fixed Income

Private Equity

Real Estate

Manager Performance versus S&P 500

CTF Stakeholder Characteristics and Cashflows

Manager Descriptions

Glossary

CTF Bullet Point Highlights

Capital Markets

- The Wilshire 5000 index had its fourth consecutive quarter of positive returns earning 2.6 percent for the quarter. The one-year return remains above average, returning 39.4 percent.
- Small cap, as measured by the Russell 2000, earned 6.3 percent for the quarter and 63.8 percent for the year. Small cap's one-year performance earned over 27 percent more than large cap, as measured by the Russell 1000, which returned 36.4 percent for the year.
- Value and growth continued to flip flop with value outperforming by 219 basis points for the quarter, earning 3.3 percent compared to growth's 1.1 percent.
- For the fourth quarter in a row the non-U.S. equity market outperformed the U.S. equity market, gaining 4.8 percent as measured by the MSCI ACWI ex U.S. Index; the one-year return of 59.9 percent is higher than the U.S. equity market by over 20.0 percent. The 48 countries in the MSCI ACWI ex U.S. Index all had positive returns for the year, in U.S. dollars, but 10 countries had negative returns for the quarter.
- In the Lehman indices 144A bonds had the best performance for the quarter, while emerging markets returned the highest for the year. Longer maturity securities outperformed shorter maturities for both the quarter and year.
- The best performers in the NCREIF for the first quarter were apartments, at 3.0 percent, and the Eastern region, at 3.0 percent. Total return for the index was 2.6 percent.
- GDP growth grew at a rate of 4.2 percent (annualized) for the quarter. Inflation, as measured by the CPI, was up 1.2 percent for the quarter and grew 1.7 percent for the year.
- The Fed continued to hold the federal funds rate at 1.0 percent during the quarter.

Total Fund

- The CTF increased in size during the quarter by \$1.1 billion.

Asset Allocation

- The CTF finished the quarter within the long-term targets for all asset classes except for real estate. Transfers for the quarter consisted of an increase of \$350 million for the fixed income portfolio due to the large amount of disbursements by private equity and real estate.

Investment Return

- The non-lagged return for the quarter ended December 30, 2003, was 8.5 percent, which is higher than the lagged return of 7.7 percent.
- The CTF's lagged return for the first quarter of 2004 is 3.9 percent; bringing the one-year return to 26.27 percent.
- The fund underperformed both the TUCS > \$1 Billion Public and Public/Corporate median return for the one- and three-year periods but outperformed the TUCS > \$1 Billion Public for the quarter and five-year periods. The CTF outperformed the Structural benchmark for all time periods, underperformed the MAP benchmark for the FYTD and one-year, and outperformed for the longer time periods.

CTF Bullet Point Highlights

U.S. Equity

- The WSIB U.S. equity portfolio continues to have a positive tracking error against the Wilshire 5000 for the quarter, one-, five-, and ten-year periods but underperformed for the three-year period. The tracking error was 3 basis points for the quarter and 38 basis points for the year.

Non-U.S. Equity

- The WSIB non-U.S. equity portfolio underperformed the passive benchmark for the quarter by 38 basis points but is outperforming the five-year period by 46 basis points.
- Among the developed market managers, four active managers outperformed the benchmark for the quarter. Since inception of the current program five managers are outperforming.
- Only one of the four emerging market managers outperformed for the quarter. Of the three emerging market managers who have five years of performance history with the WSIB, only one has outperformed the benchmark.

Fixed Income

- The WSIB fixed income portfolio continues to outperform both the Lehman Universal and Lehman Aggregate for all time periods listed; the one-year time period by 102 basis points over the Universal and 234 basis points over the Aggregate.

Private Equity

- The WSIB private equity non-lagged return for the quarter ended December 31, 2003, was 8.7 percent. The one-year return was 18.0 percent.
- The WSIB LP portfolio rose 8.7 percent, and the WSIB KKR portfolio returned 8.7 percent for the quarter.
- As of December 31, 2003, there were slightly more than \$5.5 billion in open commitments (including approved commitments that have not yet closed).

Real Estate

- The non-lagged December 31, 2003, one-quarter return for the WSIB real estate portfolio was 3.2 percent, higher than the NCREIF+100 basis point index of 0.2 percent. For the one-year period the return of 10.5 percent was 40 basis points above the NCREIF+100 basis point index of 10.1 percent.
- As of December 31, 2003, there were just over \$2.8 billion in open commitments.

Capital Market Environment

ECONOMIC FORECAST: CAUTIOUSLY OPTIMISTIC

The economic news for the first quarter of 2004 continued to be somewhat mixed. The recovery appears to be firmly in place with reports of the fourth quarter of 2003 corporate profit growth reported in March indicating that earnings had grown at an annualized rate of 29 percent, up from a 25 percent annualized gain in the previous quarter. The concern as the first quarter of 2004 came to a close was the disappointing labor reports. How fast things can change. Shortly after the end of the first quarter of 2004, stronger employment numbers were posted with over 300,000 jobs added in March, retail sales were up, and the consumer price index (CPI) shot up by a higher than expected 0.5 percent. Core CPI, which excludes the more volatile food and energy components, surged 0.4 percent for the month, which was the largest increase since November 2001. The financial market had only expected a 0.2 percent increase in the core CPI.

At the March Federal Open Market Committee meeting the Federal Reserve changed its accommodative stance on monetary policy stating that policy accommodation can be removed at a pace that is likely to be measured, which led the financial markets to believe the Federal Reserve would most likely increase interest rates at their June meeting. With stronger than expected retail sales and employment numbers along with higher than expected inflation, the question has now changed from when will the Federal Reserve raise rates to how far will they go. While the negative developments in Iraq of late along with increases in oil prices probably won't derail the recovery, they certainly could slow it down.

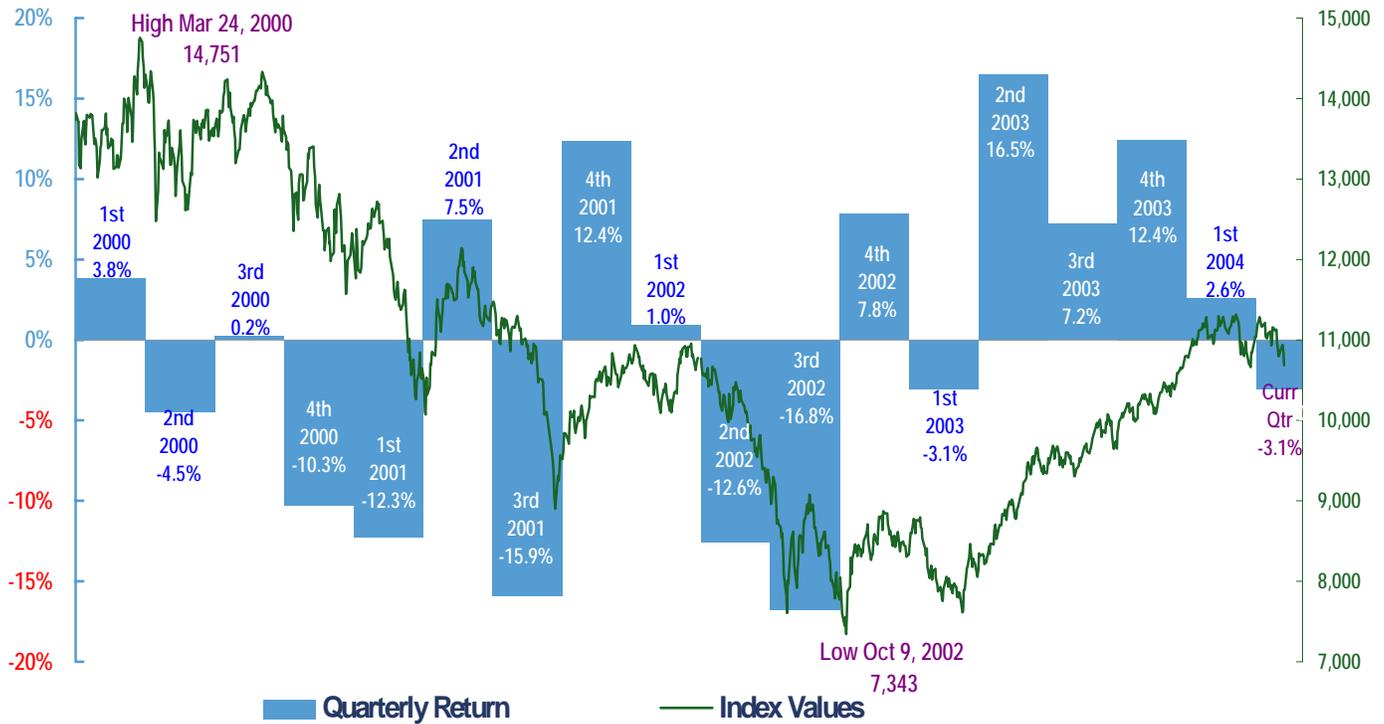
For the quarter ended March 31, 2004, the U.S. Equity market, as measured by the Wilshire 5000, the Russell 3000, and the S&P 500, were up 2.61 percent, 2.23 percent, and 1.69 percent, respectively. The Russell Growth and the Russell Value indices were up 1.14 percent and 3.33 percent, respectively. The International Equity market, as measured by the MSCI EAFE, was up 4.24 percent for the quarter. U.S. Fixed Income, as measured by the Lehman Aggregate, was up slightly at 2.66 percent, while the 90 Day Treasury Bill returned 0.24 percent for the quarter.

Looking forward, the two key questions will be: will companies contribute to the economy by creating jobs in a meaningful way and increasing capital spending, and will the consumer continue to be the fuel for economic activity. Consumer spending generally accounts for a full two-thirds of the U.S economy. Unless companies are successful at creating jobs in a meaningful way, the consumer may not be able to continue to fuel economic activity. The surge in consumer spending that was fueled by the massive refinancing and the federal tax rebates appears to be fading. The growth rate for personal spending slipped to 3.2 percent from 6.9 percent in the fourth quarter of 2004.

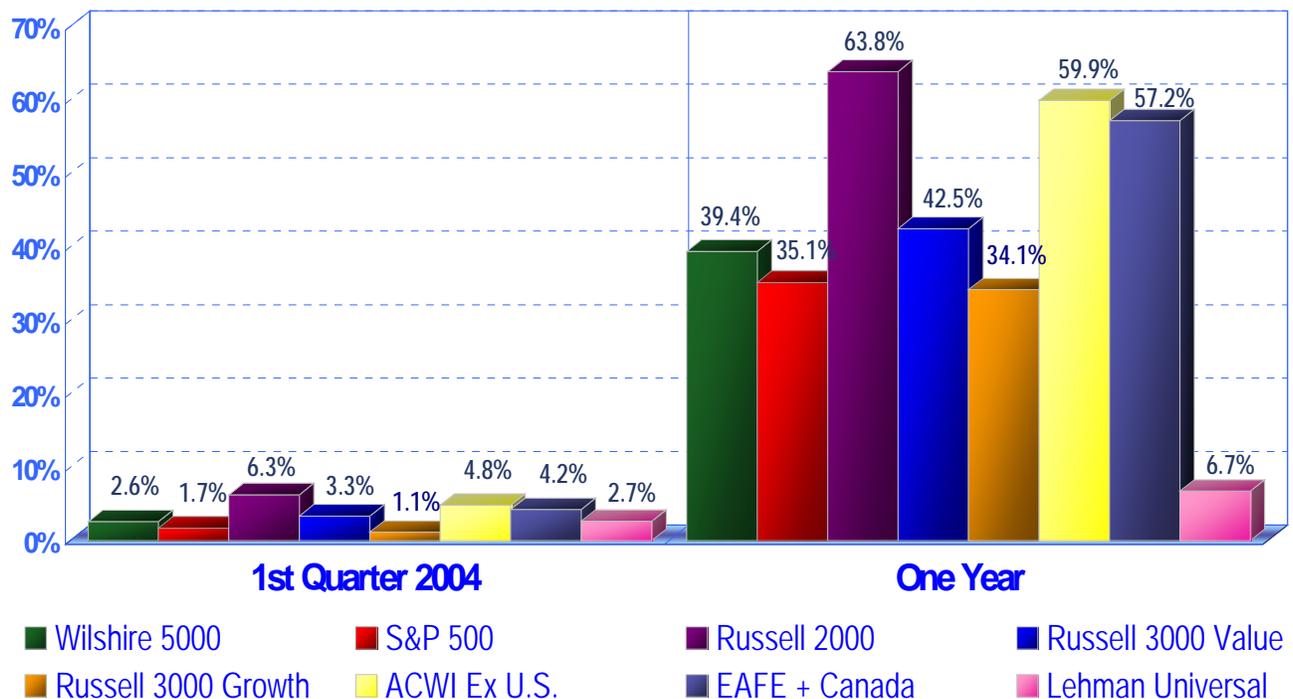
Capital Market Environment

Wilshire 5000

January 1, 2000 - May 7, 2004



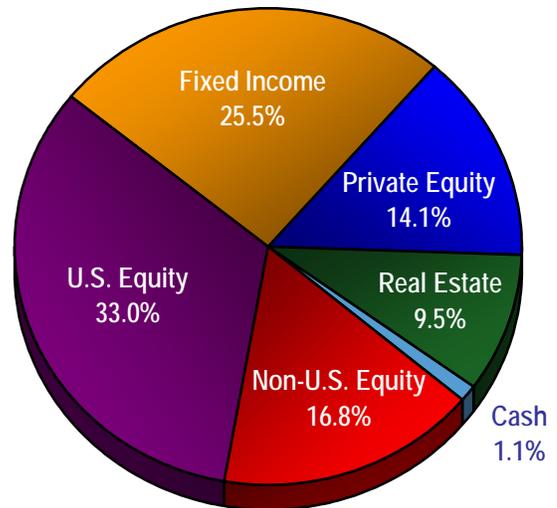
Capital Market Returns



CTF Asset Allocation

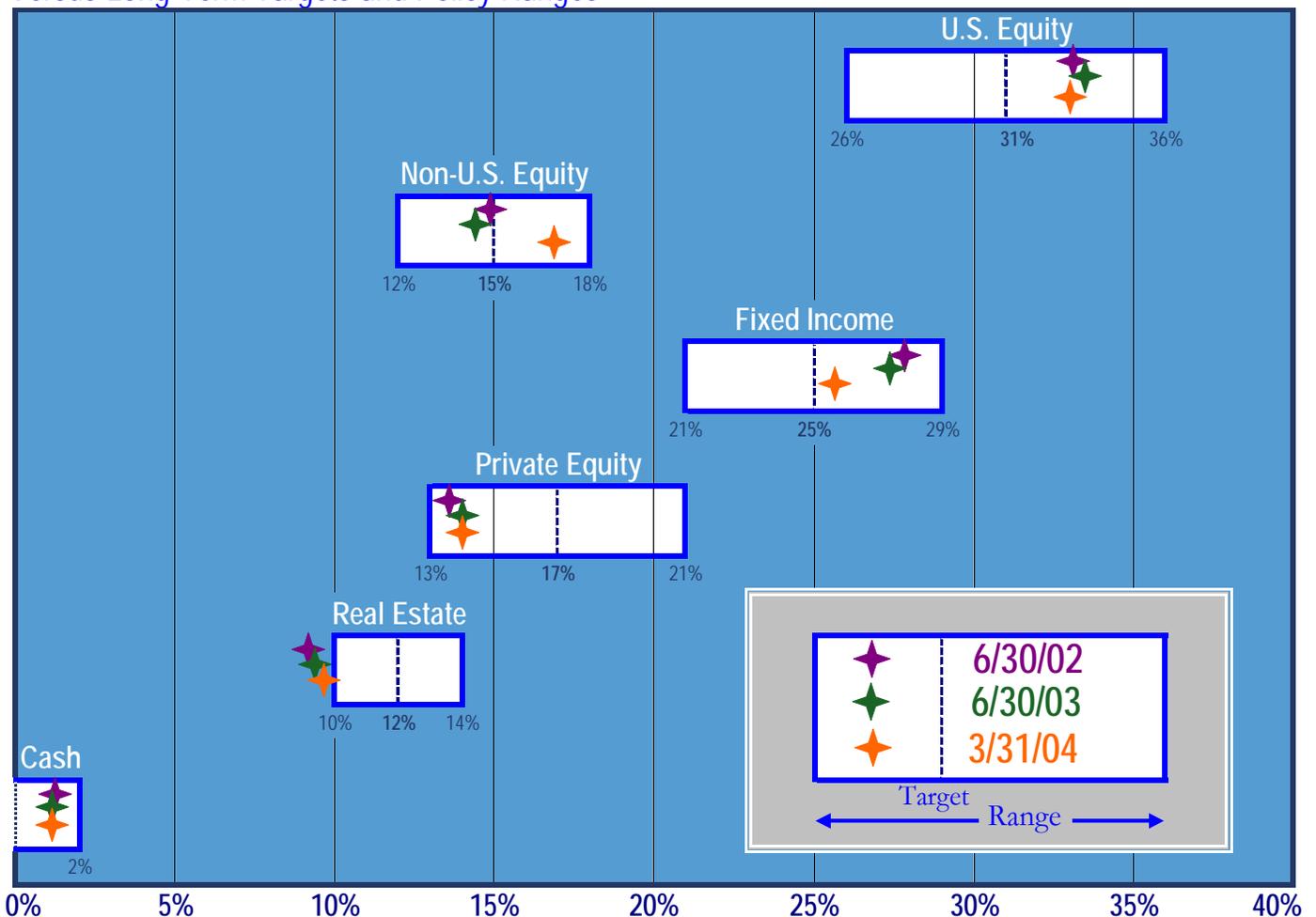
March 31, 2004

Asset Class	Market Value (000s)
U.S. Equity	\$ 14,442,059
Non-U.S. Equity	7,334,299
Fixed Income	11,140,602
Private Equity	6,145,759
Real Estate	4,163,297
Cash	463,886
Total Fund	\$ 43,689,903



Current Allocation

Versus Long-Term Targets and Policy Ranges



Market Values & Net Investment Performance - Lagged¹

Periods Ended March 31, 2004

Market Values in \$000s

			<u>Quarter</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Total Fund	\$ 43,689,903	100.0%	3.88 %	15.95 %	26.22 %	4.80 %	4.80 %	9.84 %
<i>MAP Benchmark²</i>			2.96	17.43	33.35	4.85	2.53	9.21
<i>Structural Benchmark³</i>			3.55	15.36	25.37	4.08	3.82	9.46
<i>TUCS Public Fund >\$1B Median⁴</i>			3.03	16.06	29.55	5.14	4.47	9.71
<i>TUCS Public/Corporate Fund >\$1B Median⁴</i>			3.18	16.19	29.61	5.49	4.71	9.97
U.S. Equity	\$ 14,442,059	33.0%	2.64 %	19.85 %	39.77 %	2.71 %	0.66 %	11.36 %
<i>Wilshire 5000</i>			2.61	19.64	39.39	2.79	0.20	11.30
<i>S&P 500</i>			1.69	17.09	35.13	0.63	-1.20	11.68
Non-U.S. Equity	\$ 7,334,299	16.8%	4.45 %	31.34 %	57.53 %	5.42 %	3.56 %	4.84 %
<i>MSCI ACWI ex U.S.</i>			4.83	33.43	59.91	5.45	2.03	4.90
<i>MSCI EAFE</i>			4.34	32.09	57.54	3.43	0.52	4.55
Fixed Income	\$ 11,140,602	25.5%	2.89 %	3.88 %	7.74 %	8.26 %	7.87 %	7.90 %
<i>Lehman Universal</i>			2.66	3.52	6.72	7.73	7.48	7.64
Cash	\$ 463,886	1.1%	0.23 %	0.81 %	1.15 %	2.12 %	2.71 %	4.10 %
<i>90 Day T-Bills</i>			0.24	0.74	1.08	2.01	3.49	4.43
Private Equity⁵	\$ 6,145,759	14.1%	8.68 %	19.72 %	17.92 %	-3.25 %	6.95 %	13.16 %
<i>S&P 500 + 400 bp lagged one quarter</i>			13.16	20.60	32.69	-0.05	3.43	15.07
Real Estate⁵	\$ 4,163,297	9.5%	3.23 %	9.11 %	10.54 %	11.00 %	11.58 %	15.53 %
<i>NCREIF + 100 bp lagged one quarter</i>			3.01	7.76	9.99	8.67	10.30	11.06
<i>CPI</i>			1.24 %	2.02 %	1.74 %	2.08 %	2.58 %	2.44 %

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, and 15% MSCI ACWI 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 quarter's 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 use December 31, 2003, market values, plus cash flows for the first quarter of 2004.

Market Values & Net Investment Performance - Non-Lagged¹

Periods Ended December 31, 2003

Market Value

			<u>Quarter</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Total Fund	\$ 42,547,250	100.0%	8.50 %	12.05 %	21.54 %	2.08 %	4.71 %
<i>MAP Benchmark²</i>			<i>3.54</i>	<i>3.54</i>	<i>21.89</i>	<i>-4.02</i>	<i>3.47</i>
U.S. Equity	\$ 14,070,617	33.1%	12.51 %	16.77 %	31.83 %	-2.56 %	0.78 %
<i>Wilshire 5000</i>			<i>12.42</i>	<i>16.59</i>	<i>31.64</i>	<i>-2.48</i>	<i>0.42</i>
Non-U.S. Equity	\$ 7,036,956	16.5%	16.81 %	25.74 %	39.21 %	-0.82 %	3.00 %
<i>MSCI ACWI ex U.S.</i>			<i>17.11</i>	<i>27.28</i>	<i>41.41</i>	<i>-0.96</i>	<i>1.55</i>
Fixed Income	\$ 10,467,034	24.6%	0.71 %	0.96 %	6.94 %	8.69 %	7.25 %
<i>Lehman Universal</i>			<i>0.76</i>	<i>0.84</i>	<i>5.83</i>	<i>7.91</i>	<i>6.88</i>
Cash	\$ 351,755	0.8%	0.29 %	0.57 %	1.26 %	2.52 %	2.92 %
<i>90 Day T-Bills</i>			<i>0.26</i>	<i>0.50</i>	<i>1.15</i>	<i>2.44</i>	<i>3.66</i>
Private Equity	\$ 6,051,798	14.2%	8.68 %	13.06 %	17.95 %	-3.30 %	6.96 %
<i>S&P 500 + 400 bp</i>			<i>13.16</i>	<i>17.11</i>	<i>32.69</i>	<i>-0.05</i>	<i>3.43</i>
Real Estate	\$ 4,569,090	10.7%	3.23 %	5.73 %	10.54 %	11.00 %	11.58 %
<i>NCREIF + 100 bp</i>			<i>3.01</i>	<i>5.28</i>	<i>9.99</i>	<i>8.67</i>	<i>10.30</i>
<i>CPI</i>			<i>-0.11 %</i>	<i>0.76 %</i>	<i>1.82 %</i>	<i>1.93 %</i>	<i>2.38 %</i>

¹ Performance figures are given net of fees.

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

CTF Historical Performance and Assets Under Management

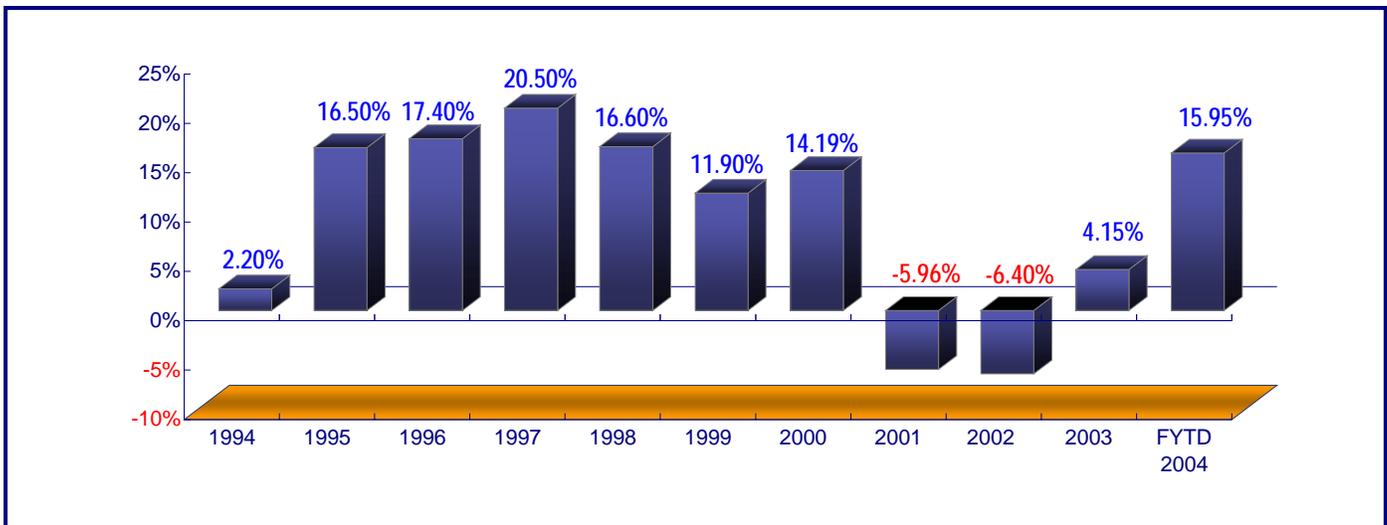
March 31, 2004

Market Values in \$000s

CTF Market Value:	\$	43,689,903
Net Change this Quarter:	\$	1,142,654
Net Change for Fiscal Year:	\$	4,912,701

Annual Performance

Fiscal Years Ended June 30



Assets Under Management- (\$ Billions)

Fiscal Years Ended June 30



U.S. Equity

March 31, 2004

Market Values in \$000s

Market Value: \$ 14,442,059
100% passively managed by Barclays Global Investors

Ten Largest Holdings (4,209 total holdings versus 5,176 in the index)

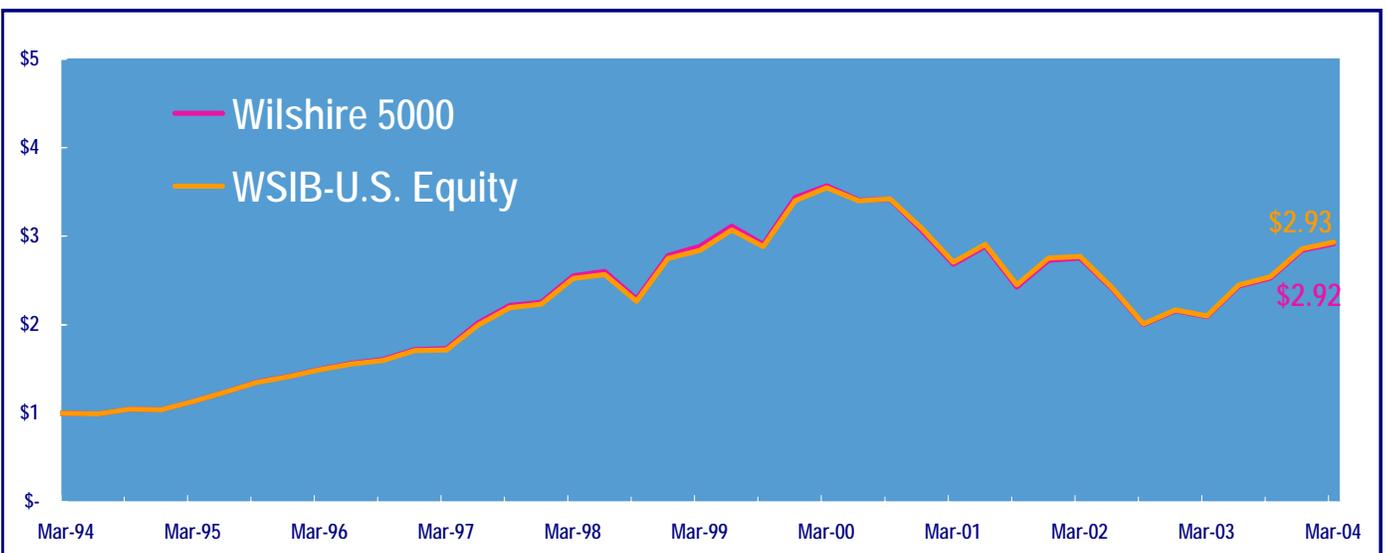
General Electric Co.	2.29%	Wal-Mart Store Inc.	1.90%
Exxon Mobil Corp.	2.00%	American Int'l Group	1.37%
Microsoft Corp.	1.98%	Intel Corp.	1.30%
Pfizer Inc.	1.96%	Cisco Systems, Inc.	1.19%
Citigroup Inc.	1.96%	Int'l Business Machines Corp.	1.15%

(The top ten companies represent almost 17.1% of the portfolio, the top 100 approximately 52.4%.)

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	2.64%	19.85%	39.77%	2.71%	0.66%	11.36%
<i>Wilshire 5000</i>	<i>2.61</i>	<i>19.64</i>	<i>39.39</i>	<i>2.79</i>	<i>0.20</i>	<i>11.30</i>
<i>S & P 500</i>	<i>1.69</i>	<i>17.09</i>	<i>35.13</i>	<i>0.63</i>	<i>-1.20</i>	<i>11.68</i>
<i>Russell 3000</i>	<i>2.23</i>	<i>18.88</i>	<i>38.19</i>	<i>1.95</i>	<i>0.14</i>	<i>11.45</i>

Growth of a Dollar



Non-U.S. Equity

March 31, 2004

Market Values in \$000s

Market Value: \$ 7,334,299

The portfolio has 2,128 holdings versus 1,750 in the index. The top ten holdings represent about 13.5 percent of the portfolio and the top 100 approximately 50.0 percent. The portfolio has exposure to 56 countries: 22 developed, 23 emerging, and 11 other (as defined by MSCI AWCI ex U.S.).

Ten Largest Exposures by Country

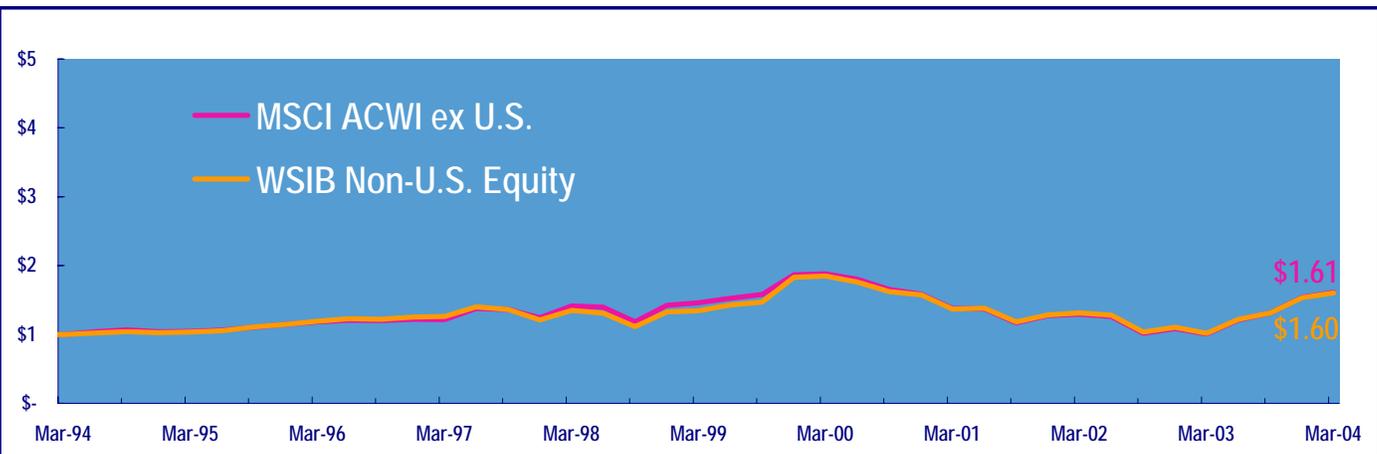
	CTF <u>Weight</u>	Index <u>Weight</u>		CTF <u>Weight</u>	Index <u>Weight</u>
United Kingdom	20.9%	21.1%	Australia	4.6%	4.4%
Japan	18.3%	20.0%	Spain	3.8%	3.0%
France	7.7%	8.0%	Canada	3.8%	5.2%
Switzerland	6.7%	6.0%	Netherlands	3.8%	4.0%
Germany	5.6%	5.6%	Korea	2.8%	1.9%

The ten largest country exposures comprise 78.0% of the portfolio versus the index at 79.4%.

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. Equity	4.45%	31.34%	57.53%	5.42%	3.56%	4.84%
<i>MSCI ACWI ex U.S.</i>	<i>4.83</i>	<i>33.43</i>	<i>59.91</i>	<i>5.45</i>	<i>2.03</i>	<i>4.90</i>
<i>MSCI EAFE+Canada</i>	<i>4.24</i>	<i>31.82</i>	<i>57.16</i>	<i>3.81</i>	<i>0.97</i>	<i>4.71</i>
<i>Emerging Markets</i> <small>(MSCI after 6/02; IFC before)</small>	<i>9.59</i>	<i>47.34</i>	<i>81.66</i>	<i>20.47</i>	<i>11.34</i>	<i>2.35</i>
<i>MSCI Europe</i>	<i>0.89</i>	<i>26.18</i>	<i>53.96</i>	<i>2.66</i>	<i>-0.18</i>	<i>8.97</i>
<i>MSCI Pacific Basin</i>	<i>12.73</i>	<i>47.04</i>	<i>65.52</i>	<i>5.14</i>	<i>2.13</i>	<i>-0.78</i>

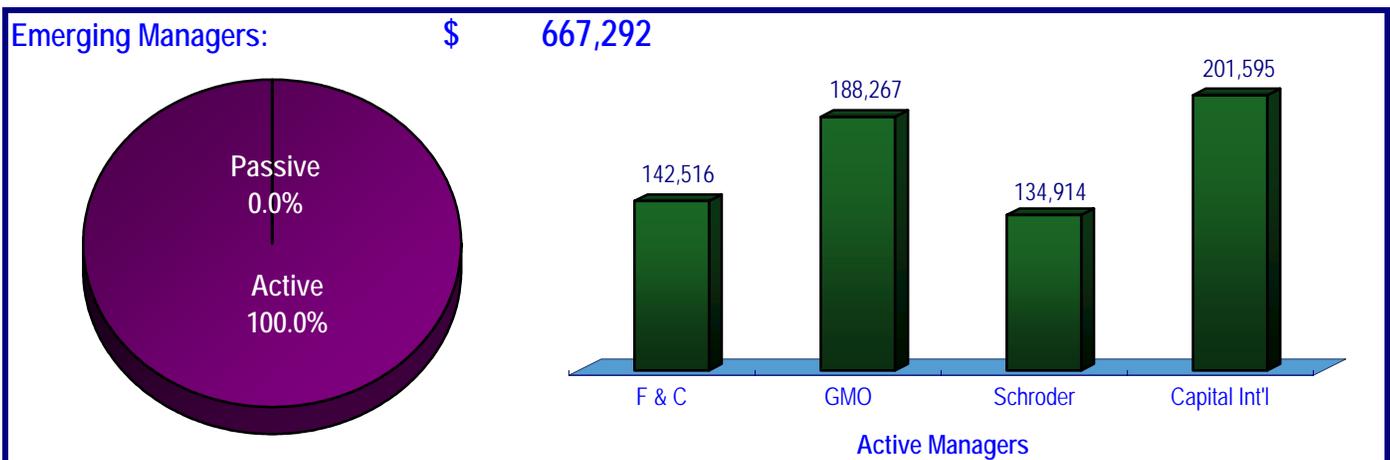
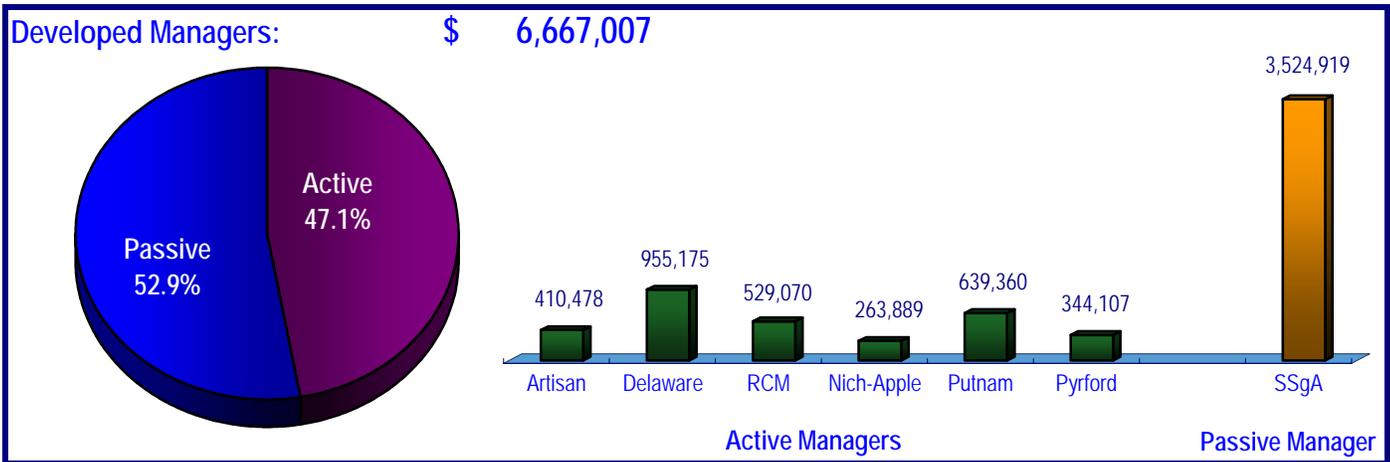
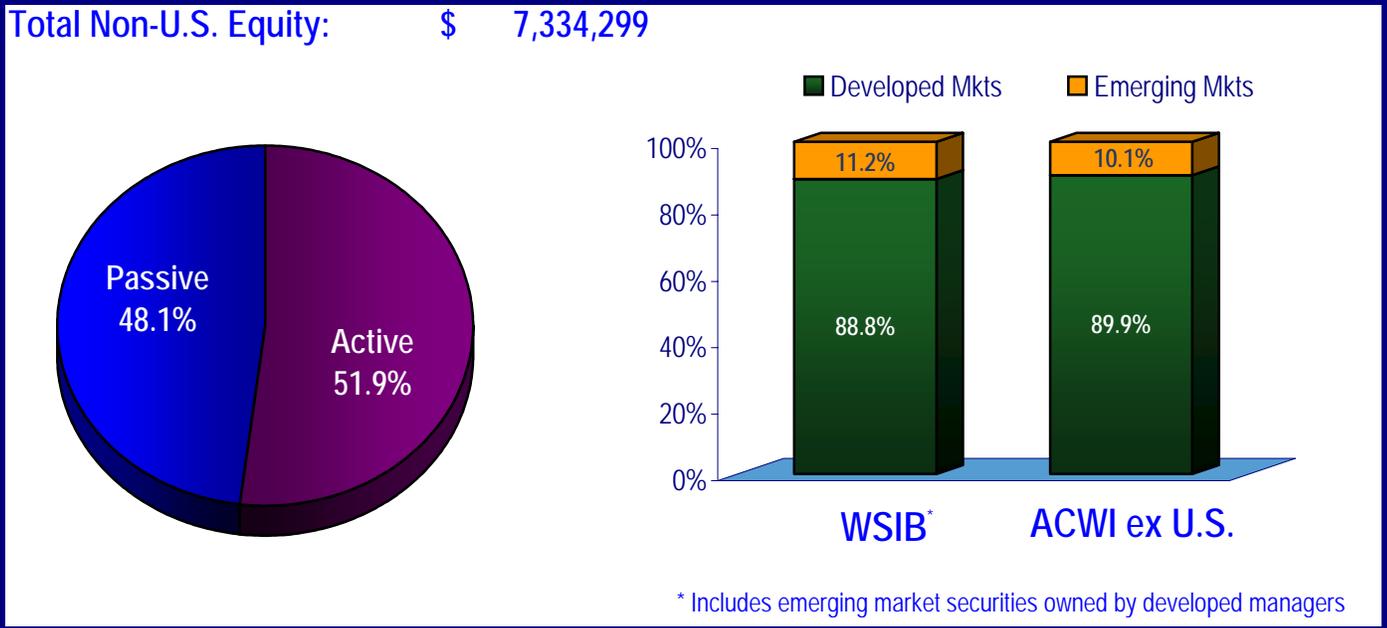
Growth of a Dollar



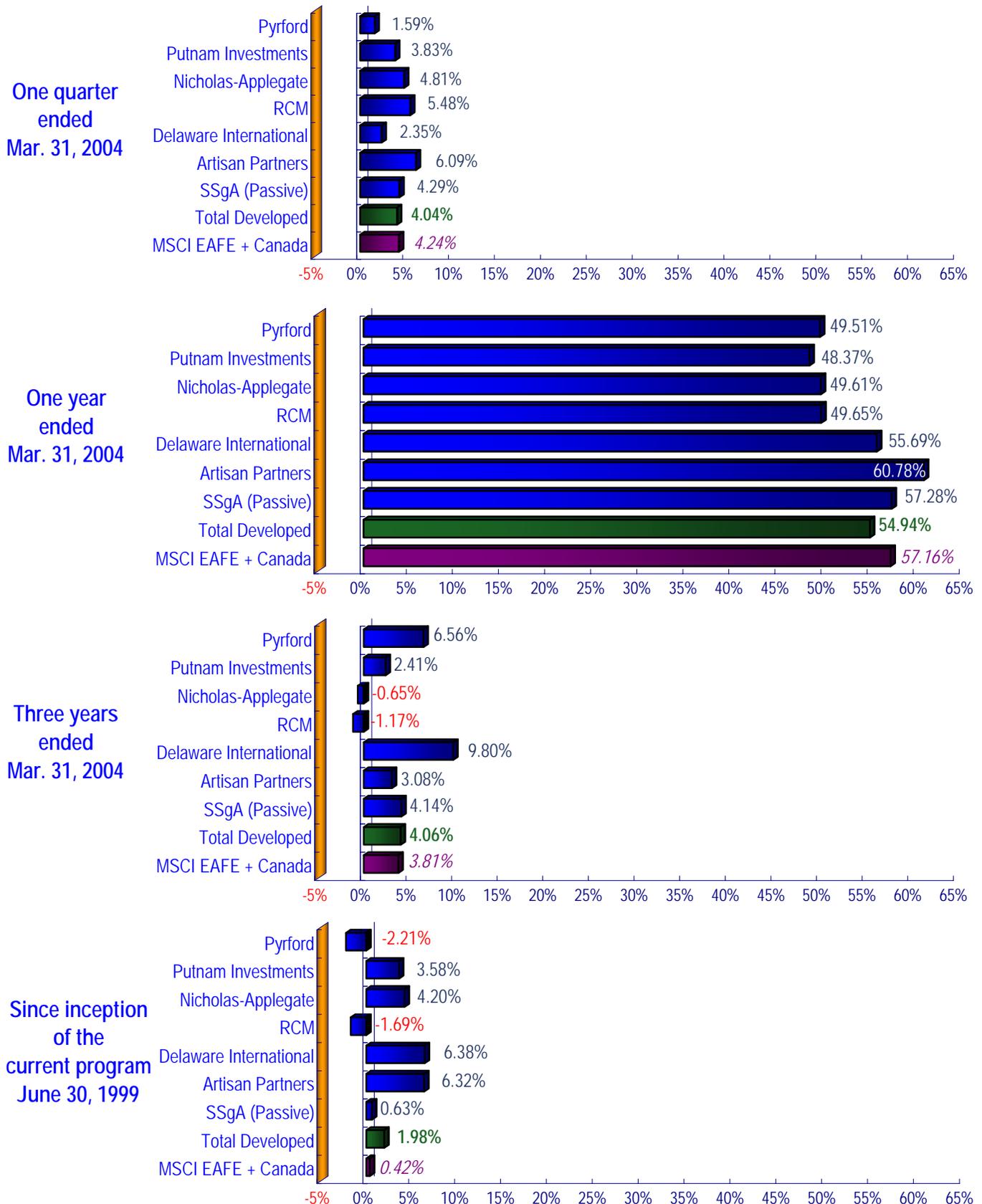
Non-U.S. Equity

March 31, 2004

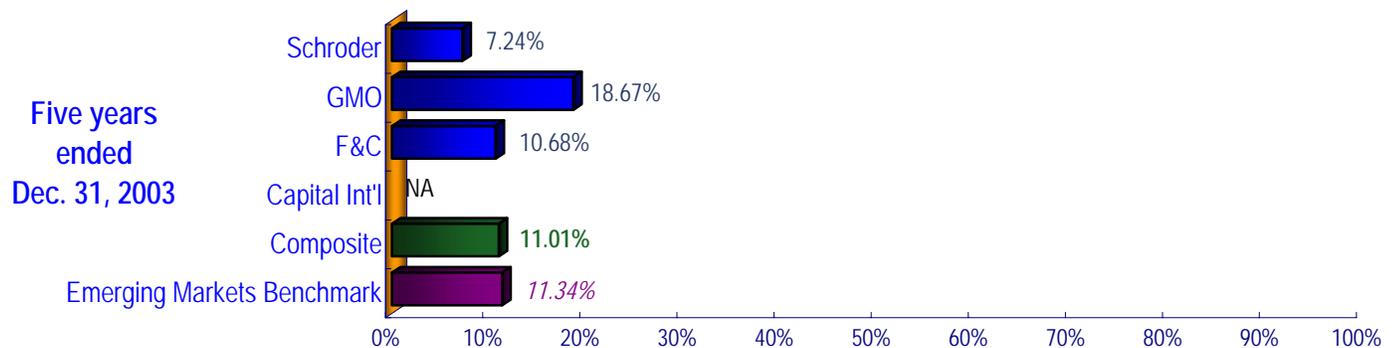
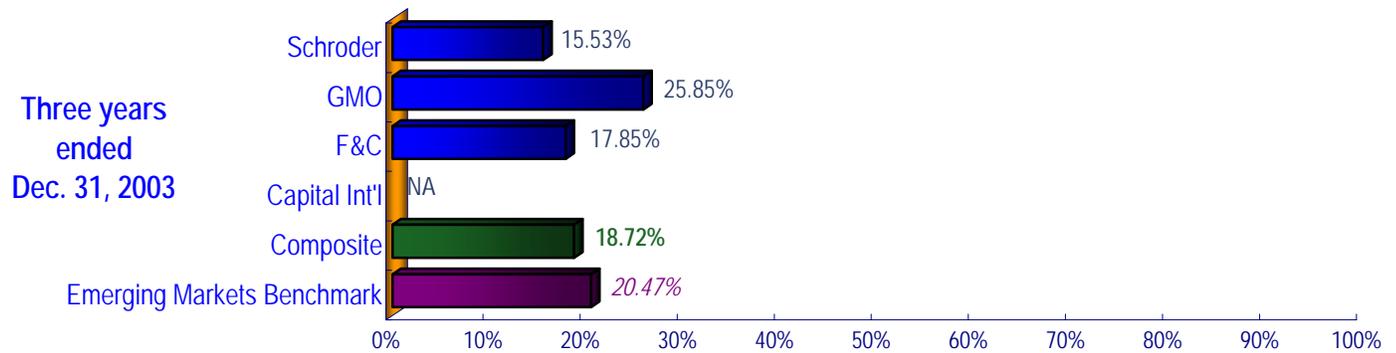
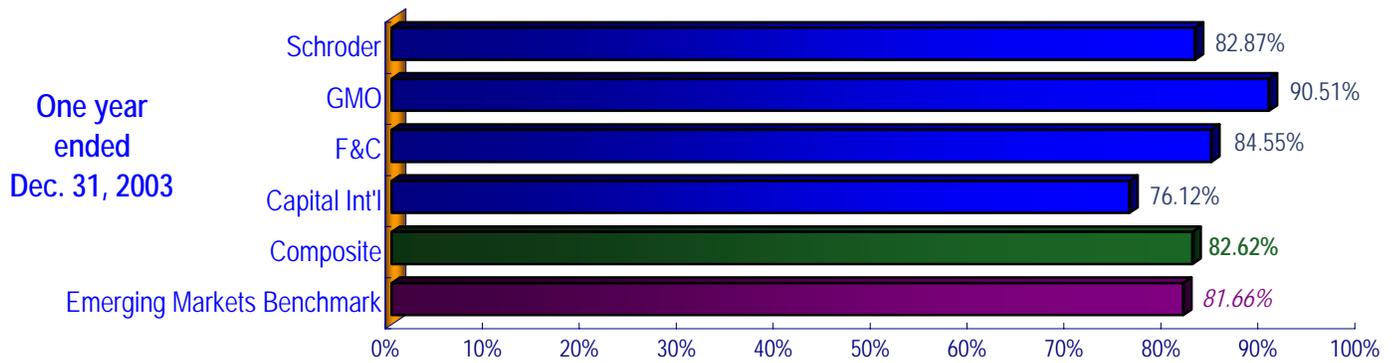
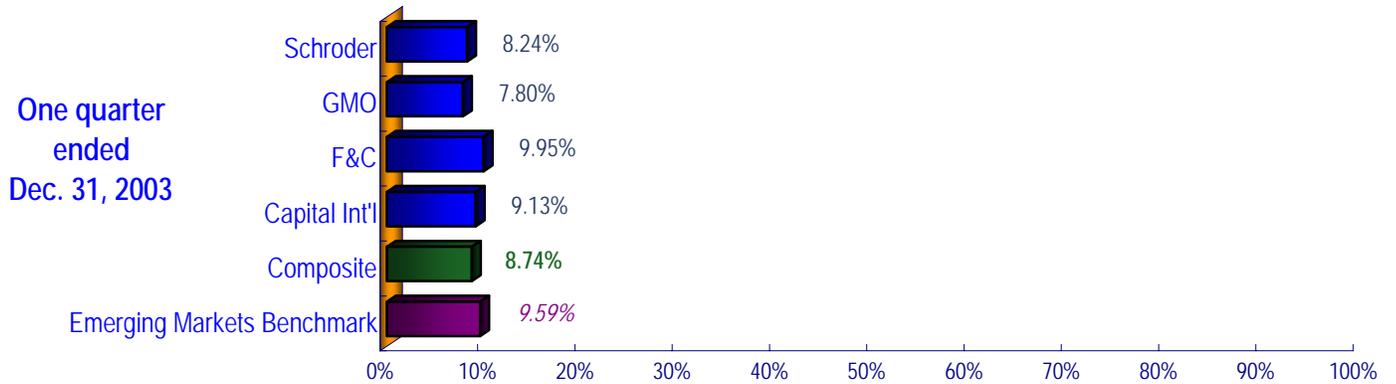
Market Values in \$000s



Non-U.S. Equity - Developed Markets Manager Returns



Non-U.S. Equity - Emerging Markets Manager Returns



Fixed Income

March 31, 2004

Market Values in \$000s

Market Value: \$ 11,140,602

Duration

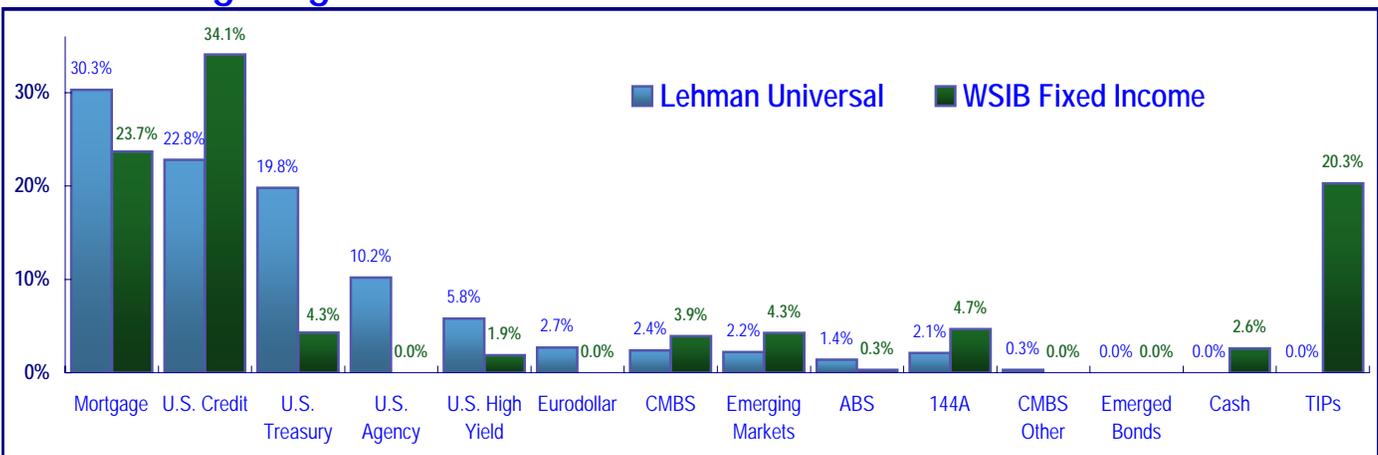
100% actively managed by WSIB staff.

	<u>Dec-03</u>	<u>Mar-04</u>
WSIB Portfolio	4.08	3.88
Lehman Universal	4.55	4.41
Difference	-10.3%	-12.0%

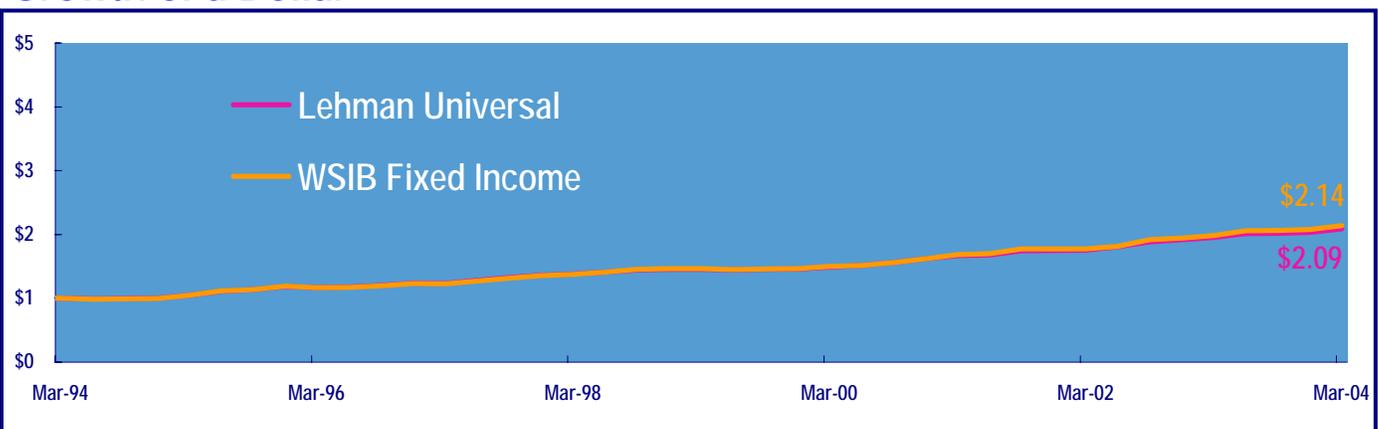
Performance

	<u>Qtr.</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
WSIB Fixed Income	2.89%	3.88%	7.74%	8.26%	7.87%	7.90%
Lehman Universal	2.66	3.52	6.72	7.73	7.48	7.64
Lehman Aggregate	2.65	2.83	5.40	7.44	7.29	7.54

Sector Weighting



Growth of a Dollar



Private Equity

Market Values in \$000s

Market Value: **\$6,051,798**

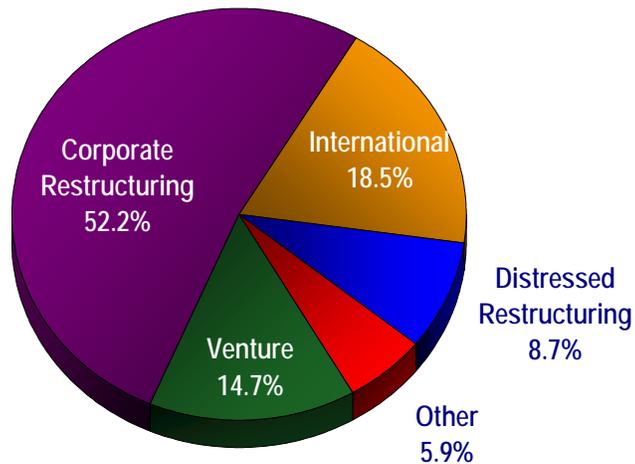
Unfunded Commitments **\$ 5.5 billion**
(includes approved commitments that have not closed)

Net Performance as of December 31, 2003

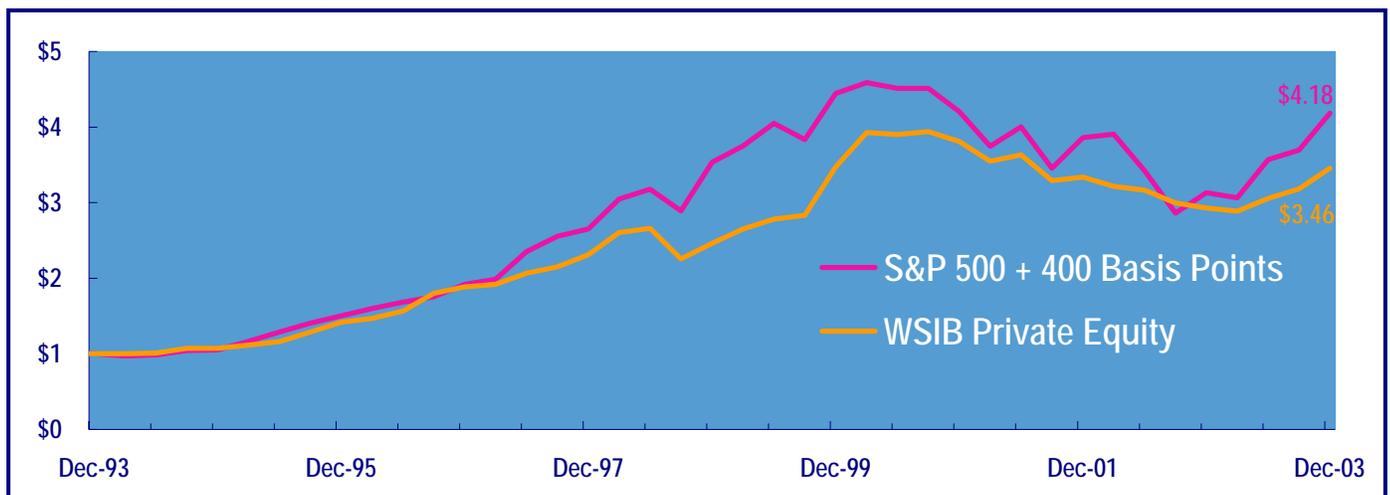
	<u>Qtr.</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
WSIB Private Equity	8.7%	13.1%	18.0%	-3.3%	7.0%	14.1%
KKR	8.7%	16.2%	19.9%	-1.0%	2.1%	10.4%
LP Portfolio	8.7%	12.2%	17.5%	-3.9%	11.6%	15.6%
<i>S&P 500+400 bp (12/31/03)</i>	13.2%	17.1%	32.7%	-0.0%	3.4%	15.1%

179 Partnerships

85 Private Equity General Partners



Growth of a Dollar



Real Estate

Market Values in \$000s

Market Value: **\$4,569,090**

Unfunded Commitments **\$2.8 billion**

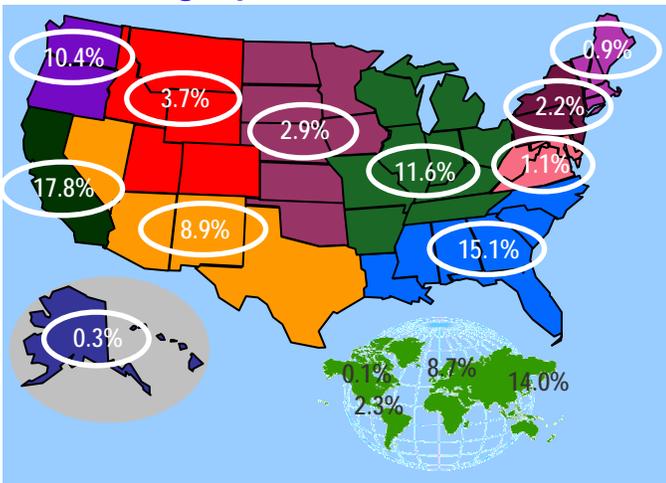
Net Performance as of December 30, 2003

	<u>Qtr.</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
CTF Real Estate	3.2%	5.7%	10.5%	11.0%	11.6%
<i>NCREIF + 100 basis points</i>	<i>3.0%</i>	<i>5.3%</i>	<i>10.1%</i>	<i>8.7%</i>	<i>10.4%</i>

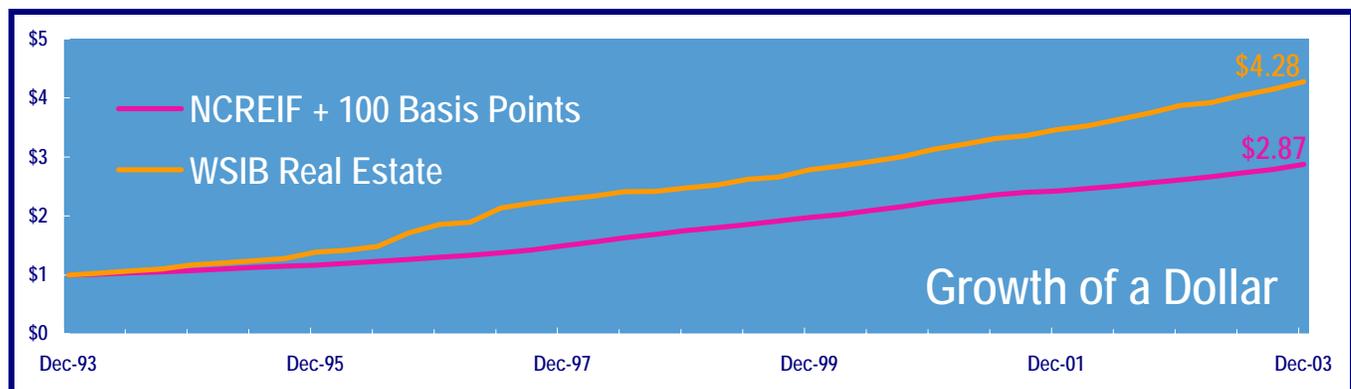
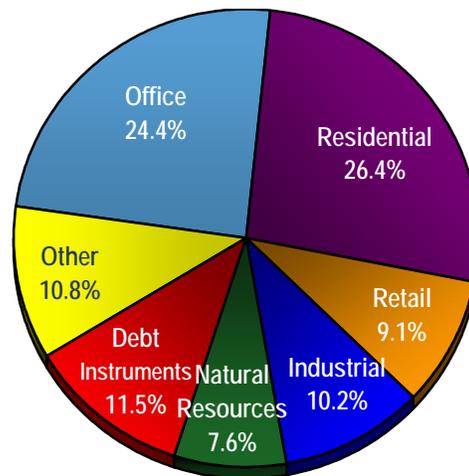
Largest Managers

Hometown America	20.8%
Hudson Advisors (LoneStar)	13.5%
Principal Enterprise Capital (PEC)	13.1%
Pacific Realty Associates, L.P. (PacSIB, PacTrust)	7.4%
TA Associates Realty (Olympia)	<u>6.6%</u>
<i>Representation in the Real Estate portfolio</i>	61.4%

Geographical Distribution



Property Type Distribution



Manager Performance versus S&P 500

March 31, 2004

	Quarter	FYTD	1 Year	3 Year	5 Year	10 Year
S&P 500 Index	1.69	17.09	35.13	0.63	-1.20	11.68

U.S. Equity

Barclays Global Investors

2.64	19.85	39.77	2.71	0.66
------	-------	-------	------	------

U.S. Equity Composite

2.64	19.85	39.77	2.71	0.66	11.36
------	-------	-------	------	------	-------

Non-U.S. Equity

Developed Markets

SSgA (passive)

4.29	31.76	57.28	4.14	1.35
------	-------	-------	------	------

Artisan Partners

6.09	30.35	60.78	3.08
------	-------	-------	------

Delaware International

2.35	26.69	55.69	9.80
------	-------	-------	------

RCM

5.48	28.64	49.65	-1.17
------	-------	-------	-------

Nicholas-Applegate

4.81	27.17	49.61	-0.65
------	-------	-------	-------

Putnam Investments

3.83	26.61	48.37	2.41
------	-------	-------	------

Pyrford International

1.59	25.38	49.51	6.56
------	-------	-------	------

Emerging Markets

Capital International

9.13	43.66	76.12
------	-------	-------

F&C

9.95	47.74	84.55	17.85	10.68
------	-------	-------	-------	-------

Grantham, Mayo, Van Otterloo

7.80	54.78	90.51	25.85	18.67
------	-------	-------	-------	-------

Schroder

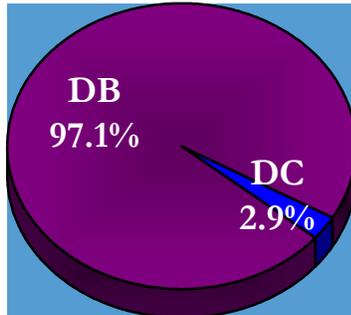
8.24	48.72	82.87	15.53	7.24
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Non-U.S. Equity Composite

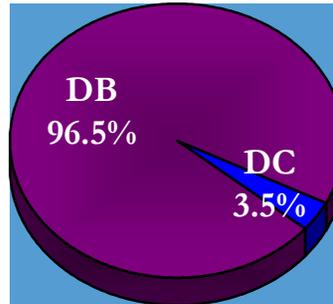
4.45	31.34	57.53	5.42	3.56	4.84
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CTF Stakeholder Characteristics and Cash Flows

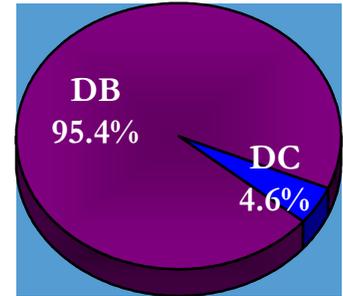
Defined Benefit and Defined Contribution Breakdown in the CTF



March 31, 2002



March 31, 2003



March 31, 2004

Yearly Cash Flow History*



Monthly Cash Flow History*



* Only includes new cash to/from the portfolio; does not include DB/DC transfers between Plan 2 and Plan 3 that stay inside the CTF. Numbers are historical and are not indicative of future transfers.

Manager Descriptions - Passive Equity

U. S. EQUITY

Barclays Global Investors (BGI)

It is the WSIB's policy to manage 100 percent of the U.S. equity portfolio in a low-cost broad-based index fund. BGI manages the entire \$14.44 billion U.S. equity portfolio in a fund designed to track the Wilshire 5000 Index, although it does not specifically replicate it. The BGI portfolio is comprised of the S&P 500 Index holdings and an optimized portfolio representing the remaining U.S. market targeted to the Wilshire 4500 Index. The differences in index construction between the Wilshire 5000 Index and the BGI fund will produce a minor tracking error. The WSIB has been using the Wilshire 5000 Index fund since June 1998. However, BGI has been managing money in other funds for the WSIB since 1982.

Non-U.S. EQUITY

State Street Global Advisors (SSgA)

SSgA manages an optimized index fund that is designed to passively track the MSCI EAFE plus Canada (developed markets).

The WSIB has been using SSgA's MSCI EAFE plus Canada fund since 1994. In 2001 the WSIB switched to the new Provisional EAFE plus Canada fund as a result of pending changes to the MSCI indices. Since then MSCI has finished their restructuring and the WSIB has transferred back to the EAFE plus Canada fund. The assets in this portfolio are currently valued at \$3.52 billion.

Manager Descriptions - Active Non-U.S. Developed Markets

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 \$410 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 \$955 million.

RCM (formerly Dresdner RCM Global Investor) 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 RCM since June 1999, is currently valued at \$529 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 \$264 million.

Putnam Investments relies on top-down macroeconomic, sector, and market analysis as well as bottom-up fundamental company research. Putnam believes that added value will result equally from top-down (country and sector allocation) and stock selection decisions over longer time periods. 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 \$639 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 \$344 million.

Manager Descriptions - Active Non-U.S. Emerging Markets

Capital International, Inc. manages an active emerging markets equity portfolio for the WSIB. Capital utilizes a Multiple Portfolio Manager System that enables several key decision makers to work on each account by dividing the portfolio into smaller segments. Each manager is free to make their 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 \$202 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 \$143 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 its portfolios 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 \$188 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 \$135 million.

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 years to reach this target.

Commingled Trust Fund

The investment trust fund that pools the assets of most of the Washington State retirement funds to permit more efficient management and to reduce administrative costs. The retirement accounts included in the CTF are: PERS 1, 2 & 3; TRS 1, 2 & 3; LEOFF 1 & 2; JRS; SERS 2 & 3; WSPRS 1 & 2; and Volunteer Firefighters.

MAP (Multi-Asset Portfolio)

The MAP Portfolio is currently 60 percent Wilshire 5000 Index, 25 percent Lehman Universal Index, and 15 percent MSCI ACWI ex U.S. 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 ex U.S., 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 54 funds in the universe with a median asset size of slightly over \$11.0 billion.

TUCS Public/Corporate Fund > \$1 Billion Median

Trust Universe Comparison Services median return of corporate and public funds. There are currently 135 funds in the universe with a median asset size of approximately \$4.1 billion.



Defined Contribution Plans

March 31, 2004

Table of Contents

Market Values and Distributions

Plan 3's Market Values and Distributions

Plan 3's Historical Distribution

DCP & JRA Market Values and Distributions

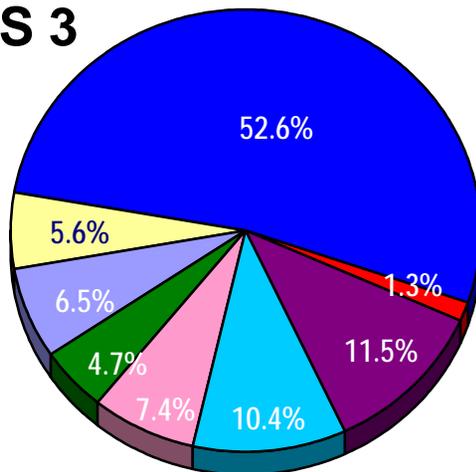
DCP & JRA Historical Distribution

Balanced, Bond, and Cash Options

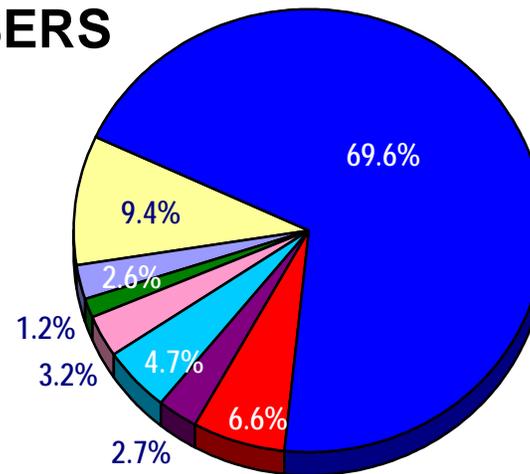
Equity Options

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	\$ 1,152,967,520	\$ 65,029,552	\$ 427,308,138	\$ 22,413,451	\$ 418,310,034	\$ 19,355,465
Short-Horizon Fund	3,708,202	325,693	5,373,104	500,456	15,362,029	849,928
Mid-Horizon Fund	11,710,358	1,466,196	19,486,733	1,209,740	49,578,778	3,320,078
Long-Horizon Fund	12,479,008	1,555,976	15,629,953	793,767	38,293,382	3,340,275
U.S. Stock Fund	252,353,654	10,093,056	16,816,639	1,133,323	36,956,521	3,753,588
U.S. Large Stock Fund	229,017,996	6,476,663	28,951,740	1,359,884	45,300,459	3,441,236
U.S. Small Stock Fund	161,534,287	13,807,852	19,334,486	2,647,356	50,898,583	8,769,540
International Stock Fund	103,994,158	7,377,865	7,652,760	1,172,203	17,925,270	3,585,527
Bond Market	142,972,113	2,738,222	15,645,378	(427,177)	32,554,093	(95,715)
Money Market	121,991,976	(1,666,714)	57,758,984	(3,142,558)	101,863,908	(15,649,534)
Total Fund	\$ 2,192,729,271	\$ 107,204,361	\$ 613,957,916	\$ 27,660,445	\$ 807,043,057	\$ 30,670,388

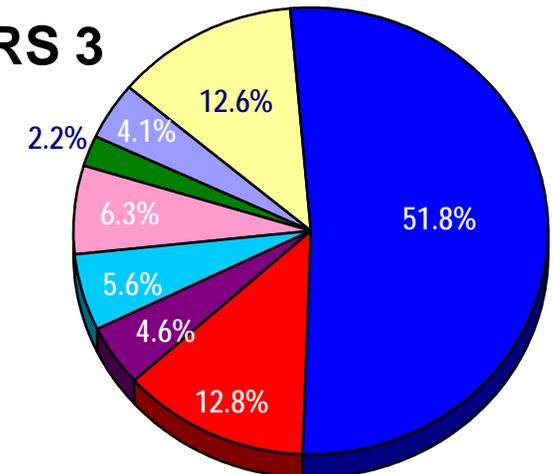
TRS 3



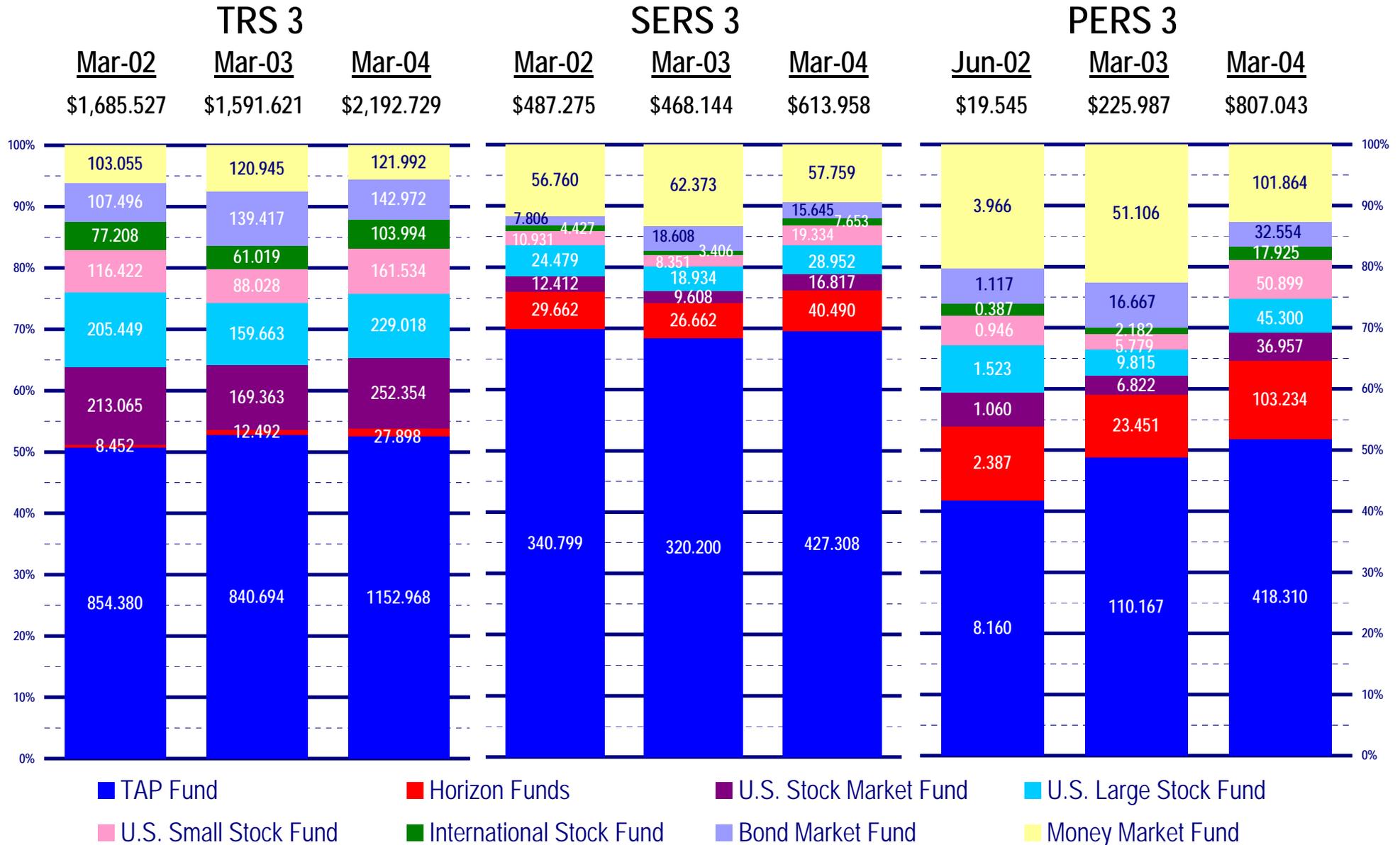
SERS



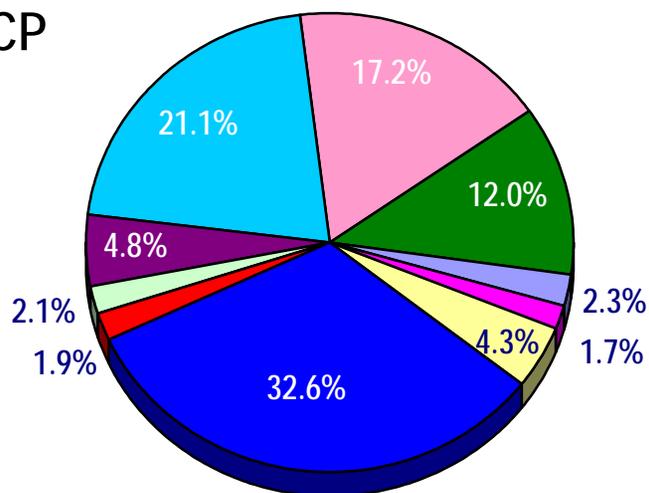
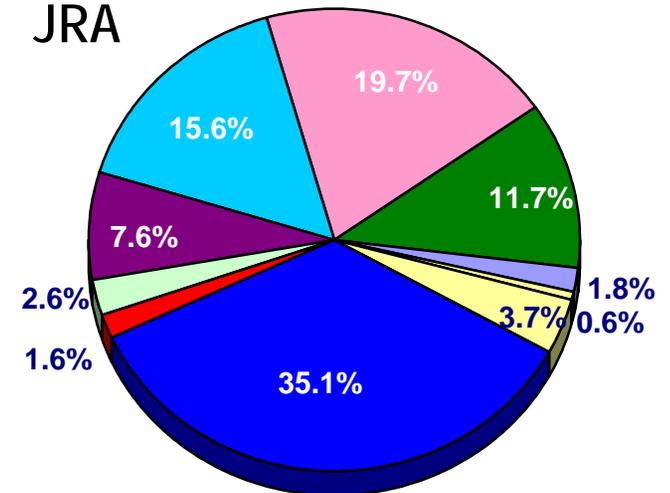
PERS 3



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



Option	Deferred Compensation Program		Judicial Retirement Account	
	Program	Quarterly Change	Account	Quarterly Change
Short-Horizon Fund	\$ 7,179,656	\$ 1,332,203	\$ 48,651	\$ 3,078
Mid-Horizon Fund	13,143,859	2,944,838	113,167	28,630
Long-Horizon Fund	11,609,439	2,365,031	40,854	3,292
Social Balanced Fund	36,154,930	1,312,165	329,027	(4,042)
U.S. Stock Market Index Fund	81,844,344	6,082,995	945,363	40,814
Equity-Income Fund	359,527,989	11,050,238	1,958,127	79,951
Independence Fund	292,323,684	924,181	2,471,793	108,423
Growth Company Fund	203,323,686	6,523,121	1,462,538	106,749
Overseas Fund	39,685,334	7,816,070	223,373	11,716
U.S. Small Cap Stock Fund	29,244,938	8,541,312	69,287	12,648
Bond Market Fund	72,488,859	(356,011)	462,710	(21,758)
Savings Pool	553,376,097	1,827,339	4,394,871	(993)
Total Fund	\$ 1,699,902,817	\$ 50,363,482	\$ 12,519,761	\$ 368,509

DCP

JRA




DCP

JRA

Mar-02

Mar-03

Mar-04

Mar-02

Mar-03

Mar-04

\$1,456.119

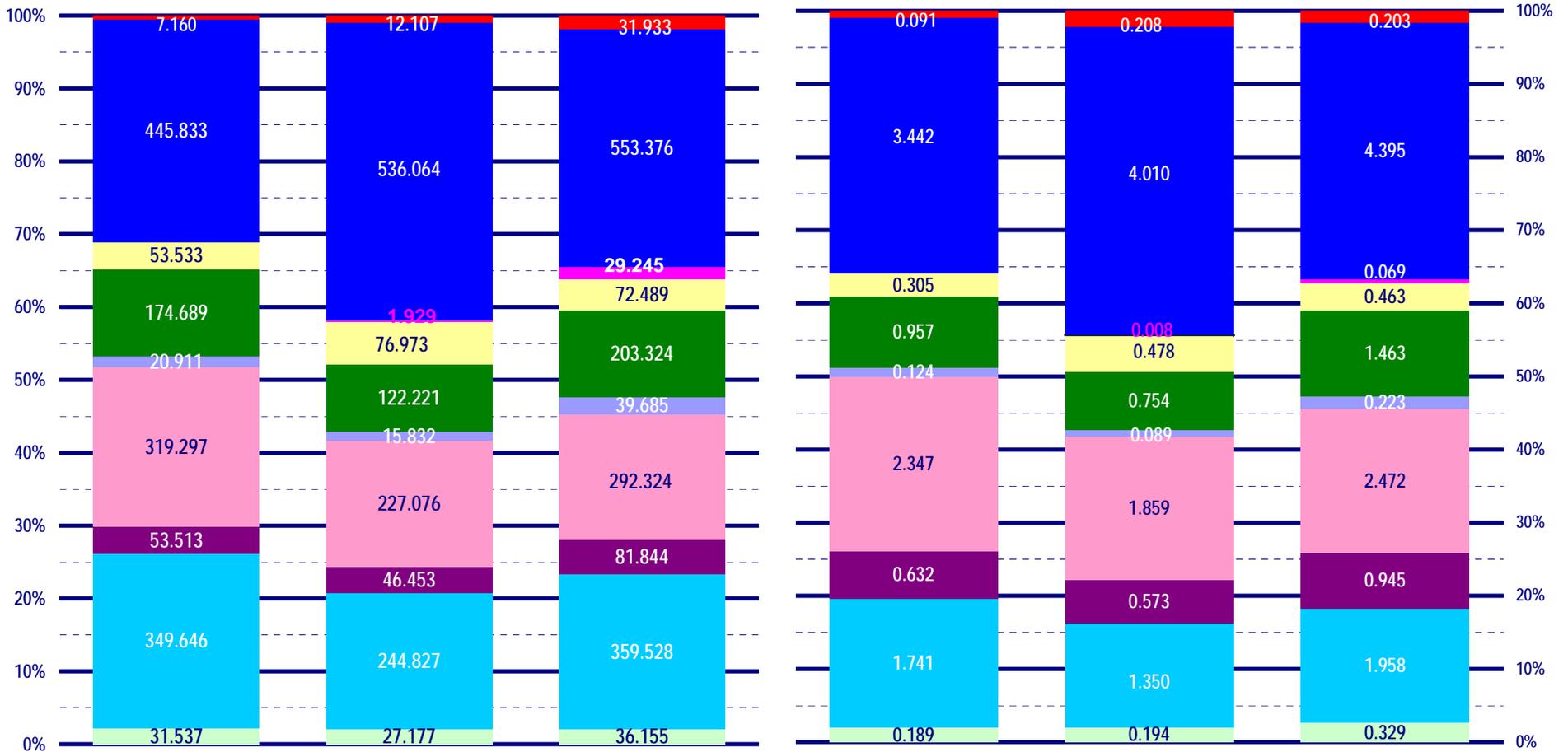
\$1,310.659

\$1,699.903

\$9.827

\$9.523

\$12.520



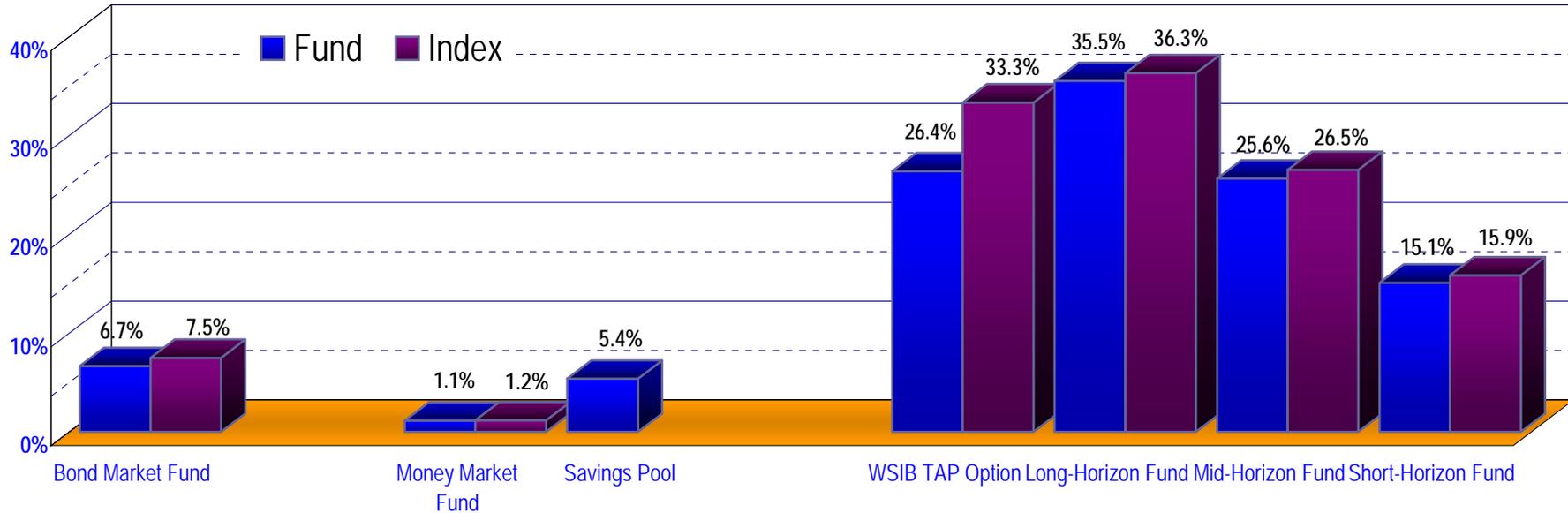
- Social Balanced Fund
- Overseas Fund
- Savings Pool

- Equity-Income Fund
- Growth Company Fund
- Horizon Funds

- Stock Market Index Fund
- Bond Market Fund

- Independence Fund
- Small Cap Stock Fund

One Year Returns (ended March 31, 2004)



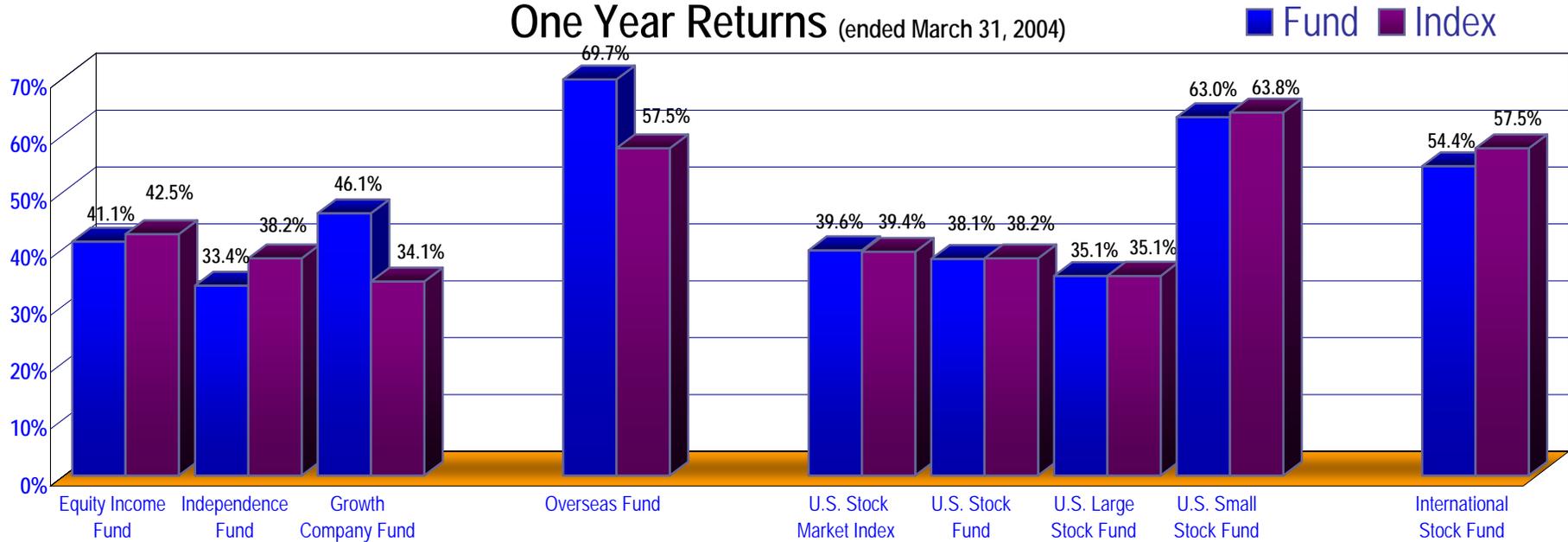
Bond Funds	Qtr.	1 yr.	3 yr.	5 yr.	10 yr.
Bond Market Fund	2.6%	6.7%	7.9%	N/A	N/A
<i>Lehman Intermediate Credit</i>	2.8%	7.5%	8.5%	7.8%	7.8%
Cash Funds	Qtr.	1 yr.	3 yr.	5 yr.	10 yr.
Money Market Fund	0.3%	1.1%	2.1%	3.6%	4.6%
<i>One Month LIBOR</i>	0.3%	1.2%	2.0%	3.6%	4.7%
Savings Pool	1.3%	5.4%	5.9%	6.2%	6.5%

Balanced Funds	Qtr.	1 yr.	3 yr.	5 yr.	10 yr.
WSIB TAP Option	4.0%	26.4%	4.9%	4.8%	9.8%
<i>Custom Benchmark</i>	3.0%	33.3%	4.9%	2.2%	9.2%
Long-Horizon Fund	3.03%	35.53%	4.05%	N/A	N/A
<i>Custom Benchmark</i>	3.09%	36.33%	4.66%	2.26%	9.48%
Mid-Horizon Fund	2.95%	25.65%	5.53%	N/A	N/A
<i>Custom Benchmark</i>	3.05%	26.54%	6.19%	4.29%	9.04%
Short-Horizon Fund	2.24%	15.11%	5.21%	N/A	N/A
<i>Custom Benchmark</i>	2.34%	15.85%	5.74%	4.99%	7.67%
Social Balanced Fund	2.3%	N/A	N/A	N/A	N/A
<i>Custom Benchmark</i>	2.1%	21.1%	4.1%	3.0%	10.2%

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



One Year Returns (ended March 31, 2004)



Active U.S. Equity	Qtr.	1 yr.	3 yr.	5 yr.	10 yr.
Equity Income Fund	1.8%	41.1%	3.4%	3.4%	11.3%
<i>Russell 3000 Value</i>	3.3%	42.5%	5.1%	4.7%	12.6%
Independence Fund	1.9%	33.4%	0.9%	1.5%	9.9%
<i>Russell 3000</i>	2.2%	38.2%	1.9%	0.1%	11.5%
Growth Company Fund	3.1%	46.1%	-0.5%	2.2%	11.7%
<i>Russell 3000 Growth</i>	1.1%	34.1%	-1.2%	-5.5%	9.4%
Active International	Qtr.	1 yr.	3 yr.	5 yr.	10 yr.
Overseas Fund	5.8%	69.7%	3.4%	2.2%	5.8%
<i>MSCI EAFE</i>	4.3%	57.5%	3.4%	0.5%	4.6%

Passive U.S. Equity	Qtr.	1 yr.	3 yr.	5 yr.	10 yr.
U.S. Stock Market Index	2.6%	39.6%	2.7%	0.7%	11.5%
<i>Wilshire 5000</i>	2.6%	39.4%	2.8%	0.2%	11.3%
U.S. Stock Fund	2.2%	38.1%	1.9%	N/A	N/A
<i>Russell 3000</i>	2.2%	38.2%	1.9%	0.1%	11.5%
U.S. Large Stock Fund	1.7%	35.1%	0.7%	-1.2%	N/A
<i>S&P 500</i>	1.7%	35.1%	0.6%	-1.2%	11.7%
U.S. Small Stock Fund	6.2%	63.0%	10.9%	9.6%	N/A
<i>Russell 2000</i>	6.3%	63.8%	10.9%	9.7%	10.4%
Passive International	Qtr.	1 yr.	3 yr.	5 yr.	10 yr.
International Stock Fund	4.3%	54.4%	1.7%	-0.7%	N/A
<i>MSCI EAFE</i>	4.3%	57.5%	3.4%	0.5%	4.6%

*Uses current managers'/funds' 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.



Labor and Industries' Funds
Quarterly Report
March 31, 2004

Table of Contents

Capital Markets

Market Values and Asset Allocation

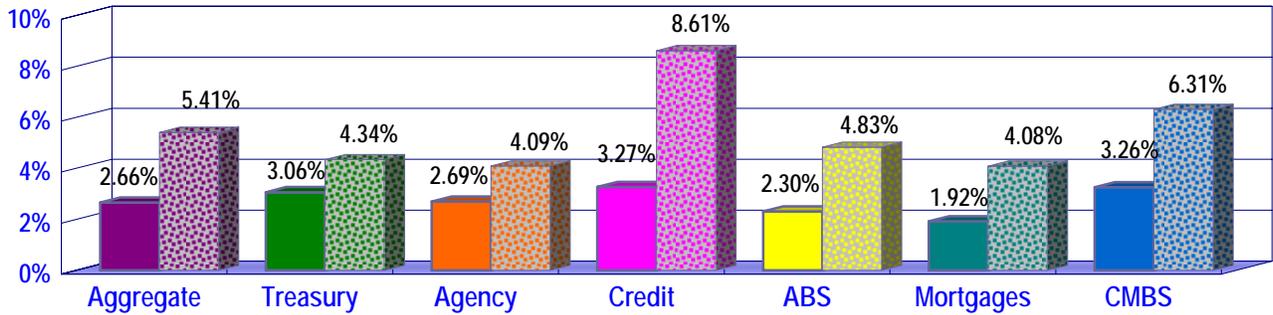
Performance and Durations versus CMI
Quarter, One, Three, Five, and Ten Year

Capital Markets One Quarter and One Year Performance

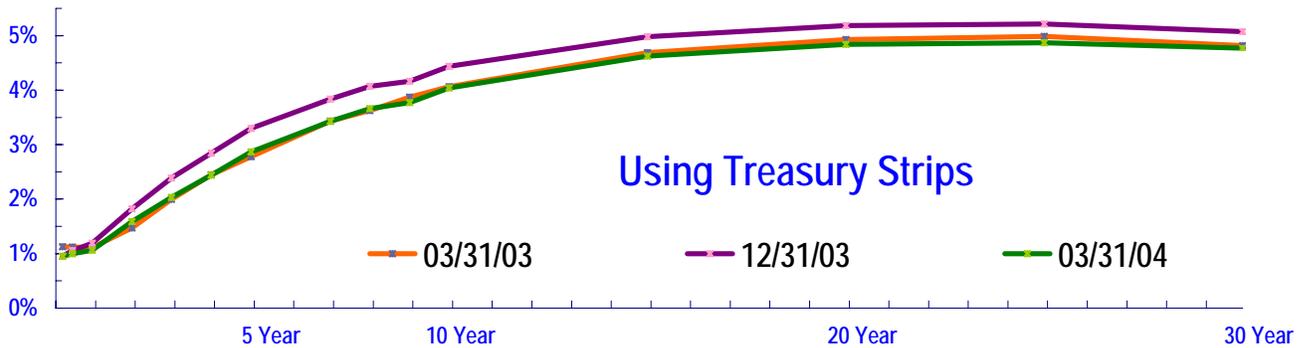
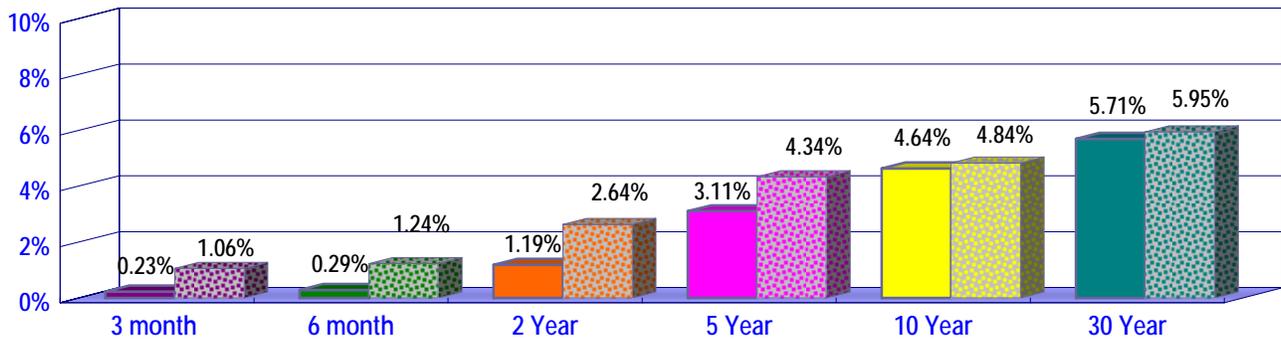
Quarter Ended March 31, 2004

Asset Class Returns (using Lehman Brothers indices)

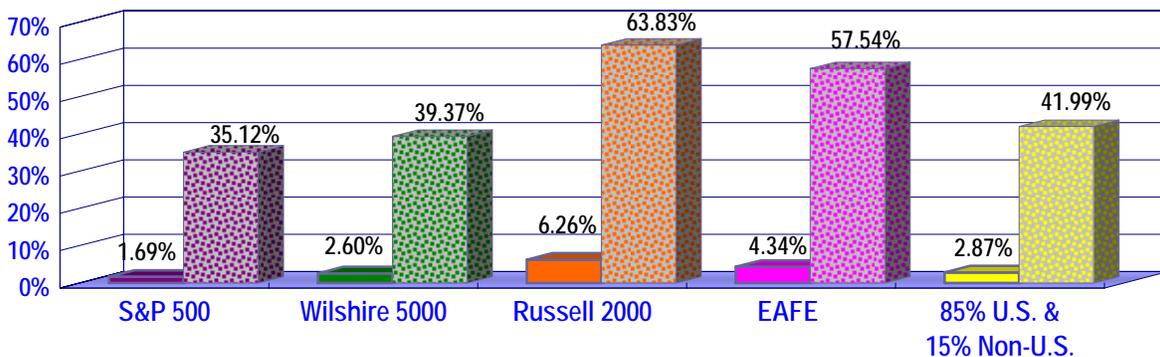
One Quarter- solid bars
One Year - patterned bars



Treasury Return and Yield Curve



Equity Indices



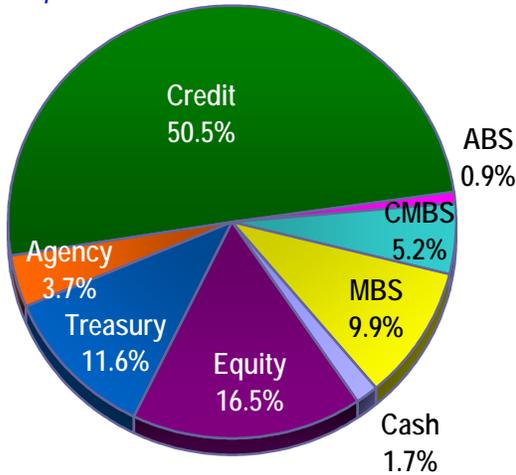
LABOR & INDUSTRIES' FUNDS

Quarter Ended March 31, 2004

Market Values and Asset Allocation

Total L&I Funds

\$ 9,688,160,511



WSIB Policy Ranges for Total L & I:

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

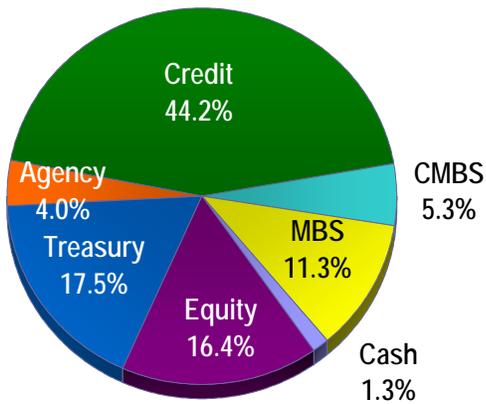
WSIB Policy Ranges within Fixed Income:

U.S. Treasuries and Agencies: 5-25%
Credit Securities: 20-70%
Mortgage-Backed Securities (MBS): 0-25%
Asset-Backed Securities (ABS): 0-10%
Commercial Mortgage-Backed Securities (CMBS): 0-10%

Accident Fund

\$ 3,805,455,565

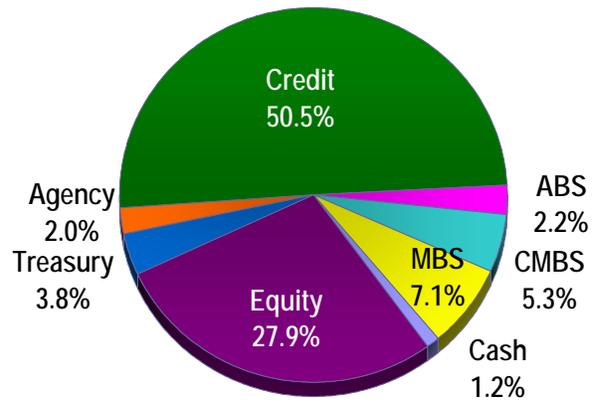
Fund 608



Medical Aid Fund

\$ 3,499,023,916

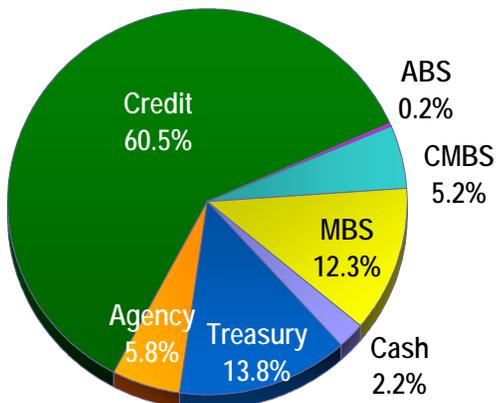
Fund 609



Pension Reserve

\$ 2,310,030,717

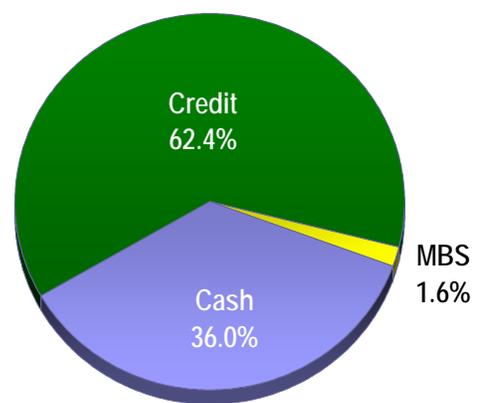
Fund 610



Supplemental Pension

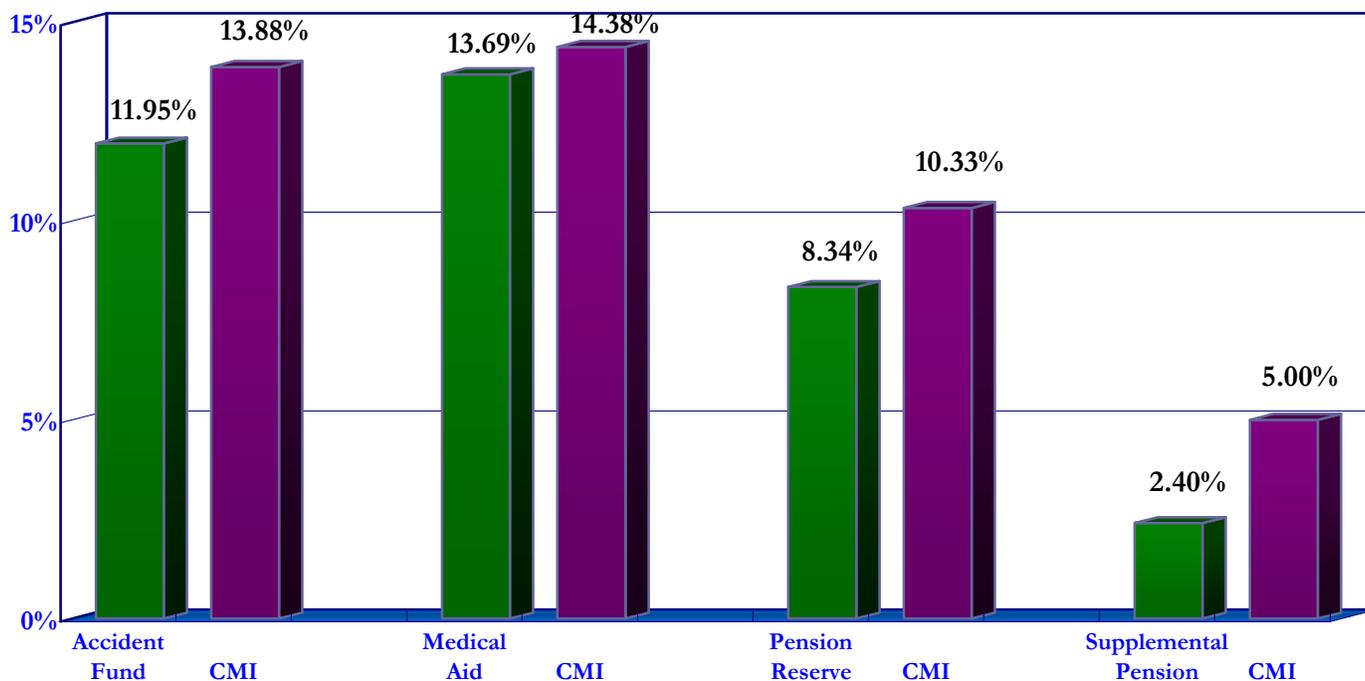
\$ 73,650,313

Fund 881



Performance and Durations versus CMI

One Year Performance



	Accident Fund	CMI	Medical Aid	CMI	Pension Reserve	CMI	Supplemental Pension	CMI
Duration:	9.53	10.03	3.77	3.82	9.21	10.79	1.56	2.41

Total Return

	Total	CMI	Total	CMI	Total	CMI	Total	Ex-Cash	CMI
Quarter	4.39%	4.35%	2.78%	2.67%	4.69%	4.77%	1.25%	1.94%	1.75%
One Year	11.95%	13.88%	13.69%	14.38%	8.34%	10.33%	2.40%	4.14%	5.00%
Three Year	8.63%	9.27%	6.59%	7.17%	9.88%	10.49%	3.50%	5.02%	6.59%
Five Year	7.39%	7.48%	5.99%	6.05%	8.80%	8.70%	4.77%	5.88%	6.70%
Ten Year	8.31%	8.17%	8.27%	8.28%	9.65%	9.51%	5.95%	6.56%	6.70%

L&I Statutory Accounting Return**

Quarter	2.03%	2.04%	2.33%	0.77%
One Year	13.72%	15.04%	8.90%	3.86%
Three Year	6.82%	5.80%	6.95%	3.57%
Five Year	6.63%	5.43%	7.36%	4.89%

**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 value.



Permanent Funds and Other Trusts Quarterly Report March 31, 2004

Table of Contents

Permanent Funds

Market Values and Asset Allocation

Interest Income, Performance and Duration
Quarter, One Year, Three Year, Five Year, Ten Year

Other Trusts

Market Values and Asset Allocation
Quarter, One Year, Three Year, Five Year, Ten Year

GET—Advanced College Tuition Payment Program
Quarter, One Year, Three Year, Five Year, Ten Year

DDEF—Developmental Disability Endowment Fund
Quarter, One Year, Three Year, Five Year, Ten Year

OTHER TRUST FUNDS

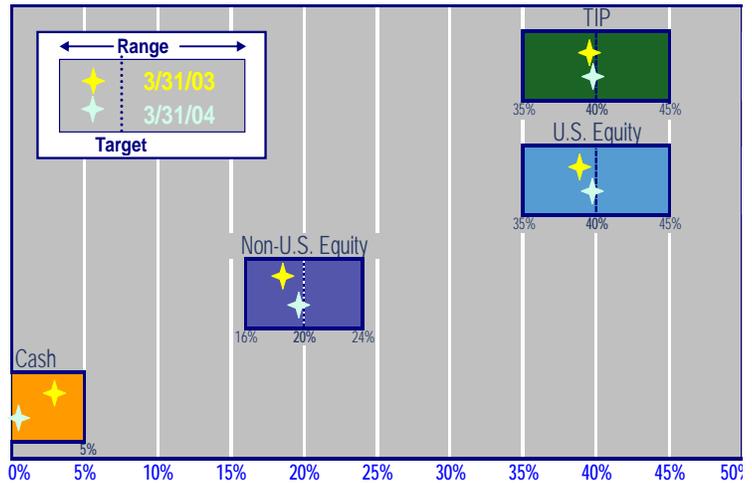
March 31, 2004

GET Portfolio Breakdown and Performance

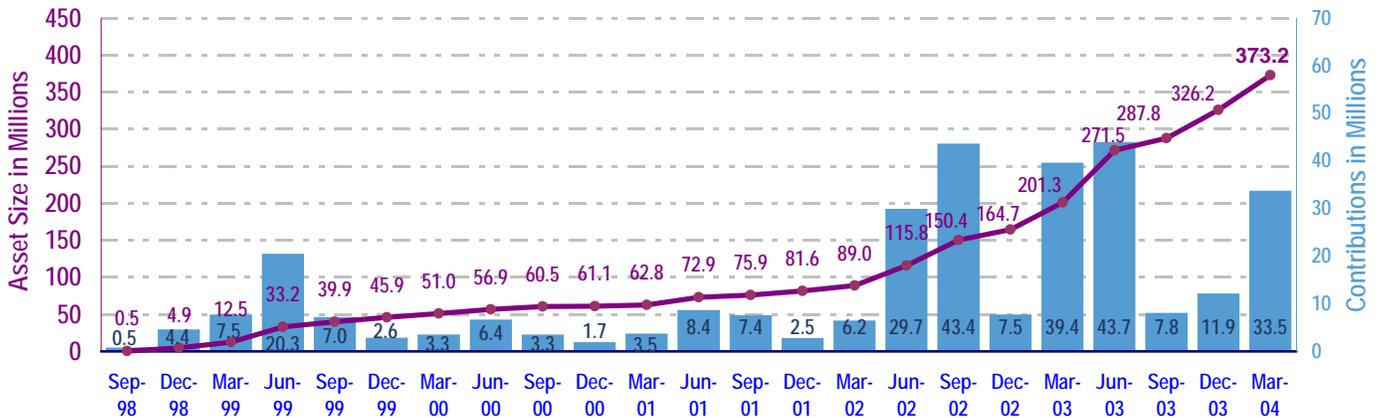
Portfolio Size

Total **\$373,241,425**

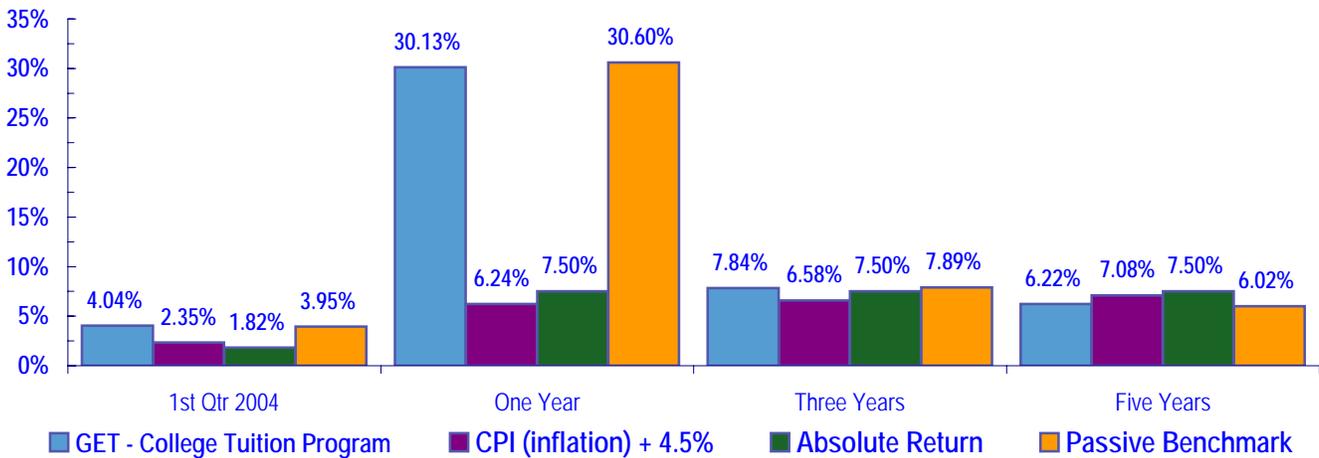
Cash	2,404,013
Treasury Inflation Index Note (TIP)	148,276,844
U.S. Equity	148,534,125
Non-U.S. Equity	74,026,444



Assets Under Management



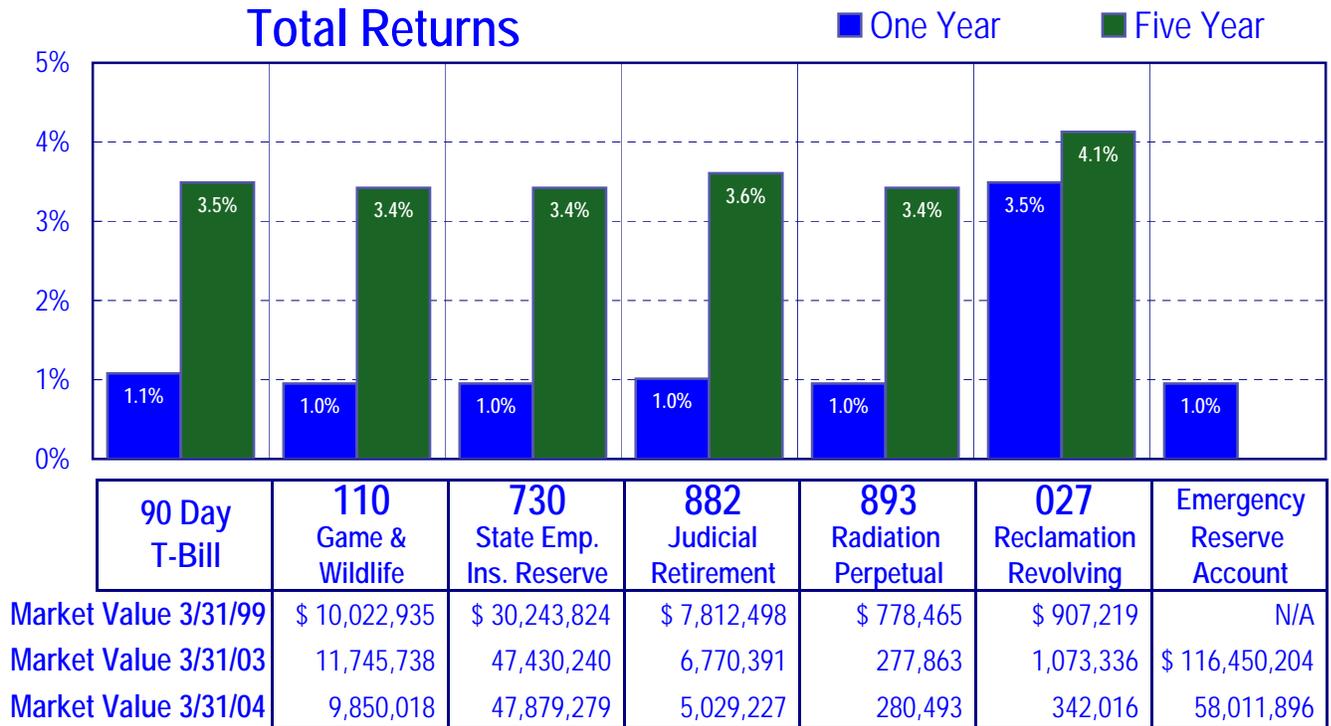
Total Return



OTHER TRUST FUNDS

March 31, 2004

Market Values, Performance and Asset Allocation

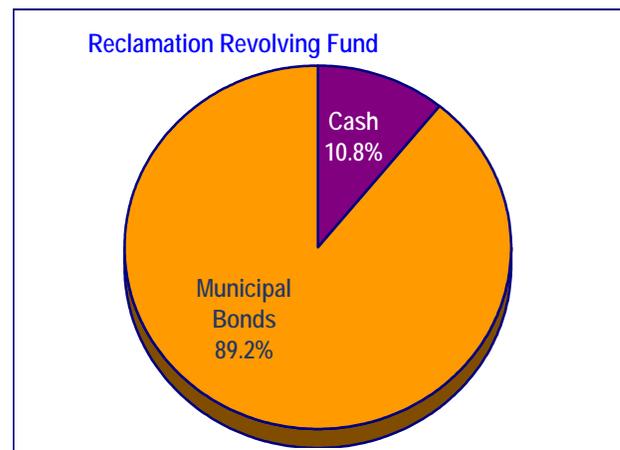


Total Return

Quarter	0.24%	0.22%	0.22%	0.21%	0.22%	1.38%	0.22%
One Year	1.08%	0.95%	0.95%	1.01%	0.95%	3.49%	0.95%
Three Year	2.01%	1.80%	1.80%	2.02%	1.80%	3.11%	1.86%
Five Year	3.49%	3.42%	3.42%	3.61%	3.42%	4.13%	N/A
Ten Year	4.43%	4.58%	4.42%	4.54%	4.42%	4.84%	N/A

Portfolio Allocations

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



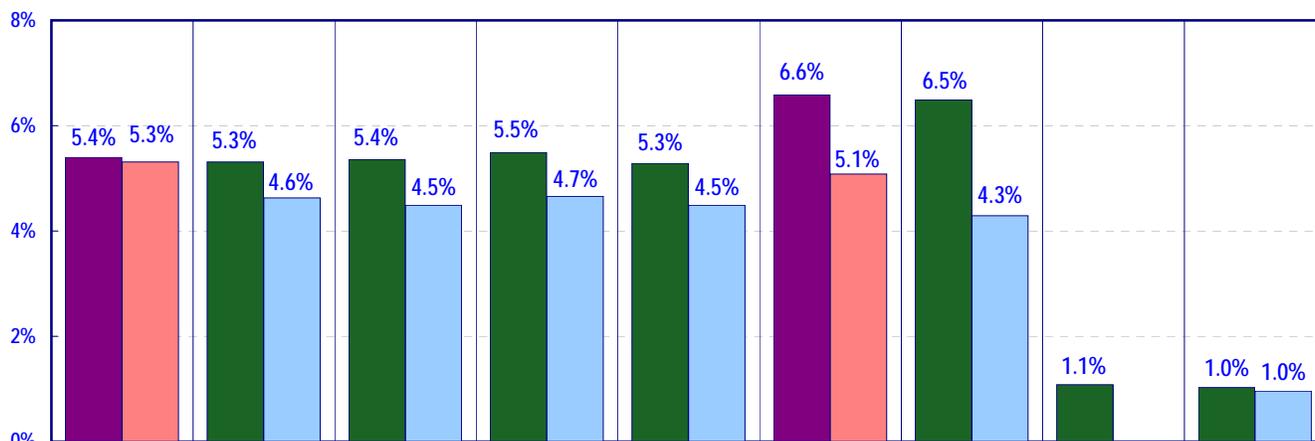
PERMANENT FUNDS

March 31, 2004

Interest Income, Performance and Duration

One Year

■ Total Return ■ Coupon or Distribution Return



	Lehman Aggregate Index	601 Agricultural Fund	604 Normal School	606 Scientific Permanent	607 State University	Custom Benchmark*	605 Common School	90-Day TBill	603 Millersylvania Park Fund
Balance - 3/31/99		\$ 97,086,895	\$183,798,553	\$137,447,851	\$20,479,189		\$159,452,407		\$5,171
Balance - 3/31/03		149,111,460	210,960,159	162,467,525	24,971,782		170,706,936		5,156
Balance - 3/31/04		152,597,929	215,862,873	167,542,197	25,649,419		174,554,314		5,155

Distribution Return (Includes coupon income and amortization minus expenses and deferred losses based on book value)

Quarter	0.80%	0.78%	0.80%	0.80%		0.76%		0.16%
One Year	4.63%	4.49%	4.66%	4.49%		4.29%		0.96%
Three Year	5.82%	5.69%	5.89%	5.69%		5.55%		1.98%
Five Year	6.29%	6.15%	6.20%	6.25%		5.95%		3.55%

Total Return

Quarter	2.65%	3.08%	3.13%	3.11%	3.16%	2.66%	3.20%	0.24%	0.25%
One Year	5.40%	5.31%	5.36%	5.49%	5.29%	6.58%	6.49%	1.08%	1.03%
Three Year	7.44%	7.36%	7.56%	7.88%	7.82%	7.30%	7.52%	2.01%	1.91%
Five Year	7.29%	7.28%	7.35%	7.34%	7.56%	7.05%	7.13%	3.49%	3.48%
Ten Year	7.54%	7.63%	7.65%	7.59%	7.75%	7.42%	7.52%	4.43%	4.44%

Fixed Income Duration

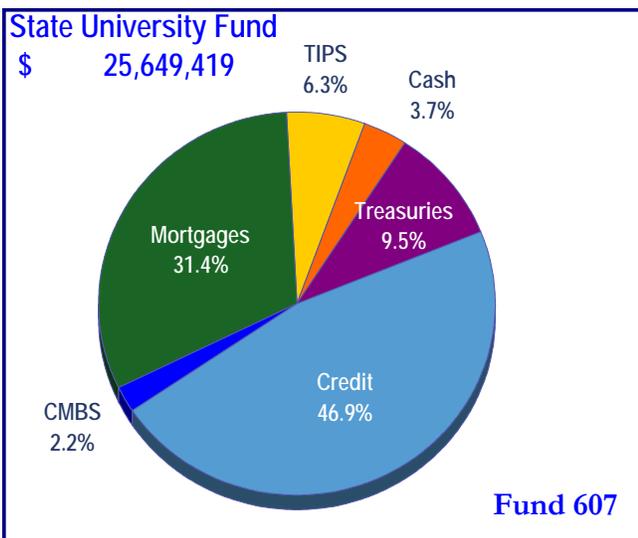
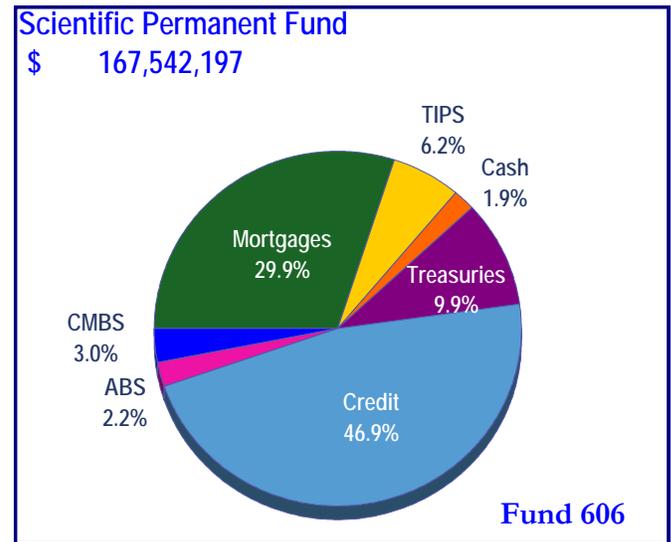
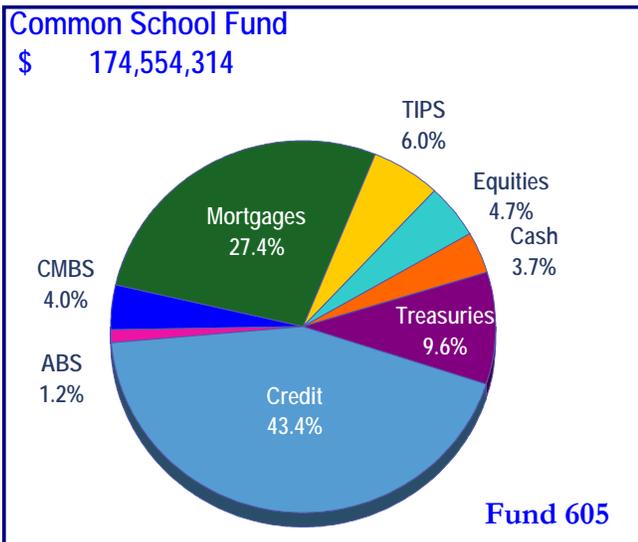
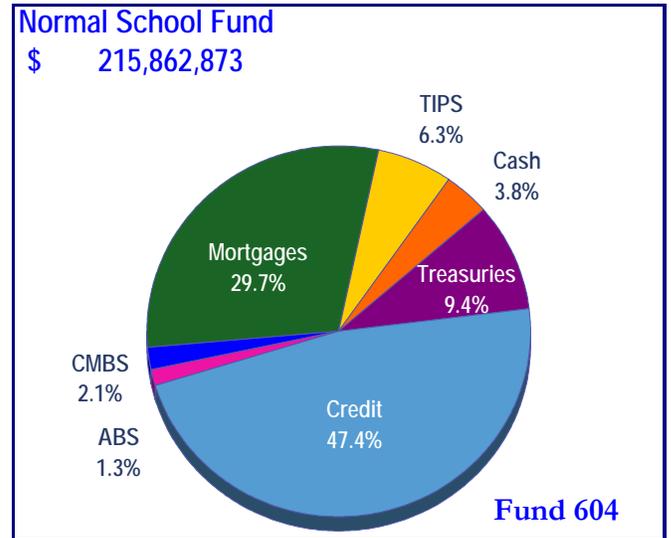
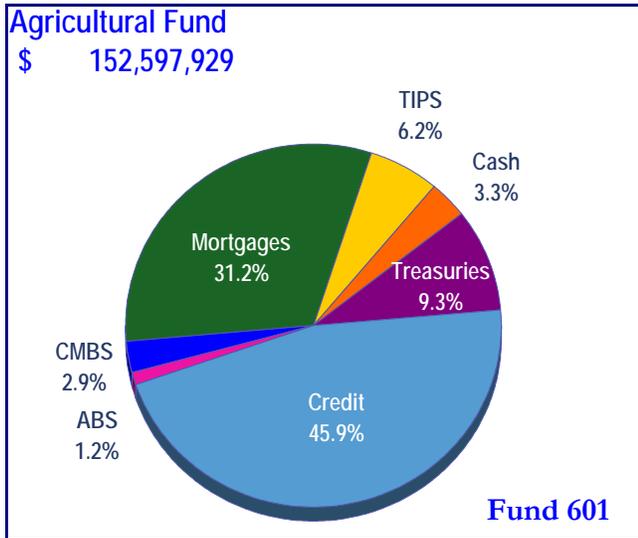
Duration	4.33	4.04	4.22	4.13	4.20	4.33	4.23	0.25	0.10
Difference		-0.28	-0.11	-0.20	-0.13		-0.10		N/A
Percent Difference		-6.5%	-2.5%	-4.5%	-3.0%		-2.2%		N/A

* The custom benchmark for the Common School Fund is a combination of the Lehman Aggregate and Wilshire 5000 using the previous month-end weights adjusted for new purchases during the current month. For March 2004, the breakdown was 4.7% Wilshire 5000 and 95.3% Lehman Aggregate.

PERMANENT FUNDS

March 31, 2004

Market Values and Asset Allocation



Millersylvania State Park Fund
\$ 5,155

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

Fund 603

WSIB Fixed Income Policy Ranges per Fund:

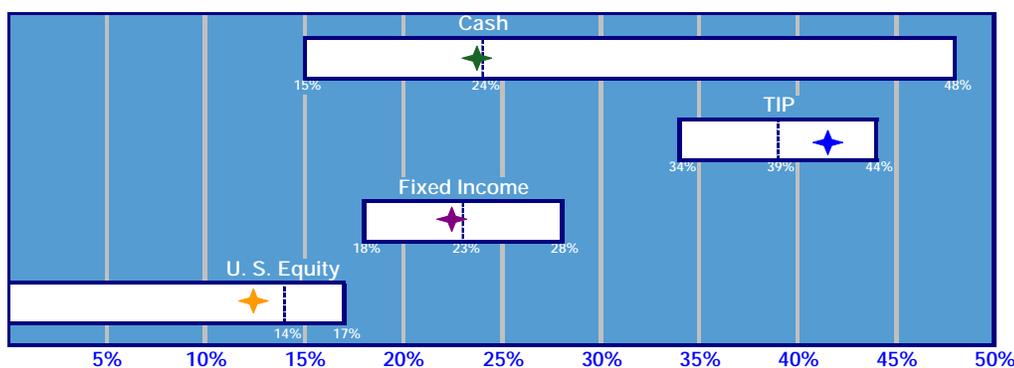
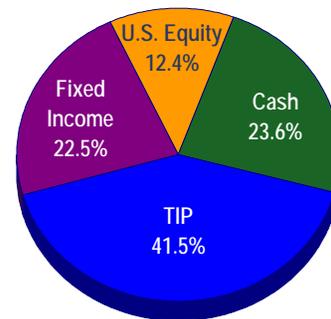
U.S. Treasuries and Agencies	10-50%
Investment Grade Credits	10-50%
Mortgage-Backed Securities	5-40%
Asset-Backed Securities (ABS)	0-10%
Commercial Mortgage-Backed Securities (CMBS)	0-10%

DDEF Portfolio Breakdown and Performance

Allocation

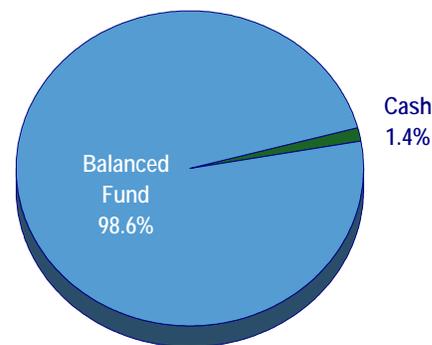
DDEF - State Funds

Total	\$6,622,123
Cash	1,562,714
Treasury Inflation Index Note (TIP)	2,745,273
Fixed Income	1,489,780
U.S. Equity	824,355



DDEF - Private Funds

Total	\$718,113
Cash	10,018
Balanced Fund	708,095



Total Return

