



Investment Reports

Quarterly Report – March 31, 2006

Commingled Trust Fund (CTF)	Section 1
Defined Contribution Plans	Section 2
Daily Priced Investment Options	Section 3
Labor and Industries' Funds	Section 4
Permanent and Other Trust Funds	Section 5

Dated: May 8, 2006



Commingled Trust Fund (CTF)

Quarterly Report – March 31, 2006

Highlights.....	1
Capital Market Environment	3
Asset Allocation.....	4
Market Values and Net Performance	5
Historical Performance and Assets Under Management.....	6
U.S. Equity	7
U.S. Equity – Manager Returns.....	8
International Equity	9
International Equity – Manager Returns.....	11
Fixed Income.....	13
Private Equity	14
Real Estate	15
Manager Performance Versus S&P 500	16
Stakeholder Characteristics and Cash Flows	17
Manager Descriptions.....	18
Glossary	21

Capital Markets

- ❖ The Dow Jones Wilshire 5000 index had another above average quarter returning 5.4 percent. This brings the one-year return to 14.7 percent.
- ❖ Small cap, as measured by the Russell 2000, earned 13.9 percent for the quarter, outperforming large cap (Russell 1000) for the quarter by almost 10 percent returning 4.9 percent. Small cap also outperformed large cap for the one-, three-, five-, and ten-year.
- ❖ This quarter value outperformed growth (6.6 versus 4.1 percent) using the Russell 3000 series. However, on a yearly basis, growth still edged out value earning 14.4 to value's 14.2.
- ❖ For the third quarter in a row earning 9.8 percent, the international equity market, as measured by the MSCI ACWI ex U.S., outperformed the U.S. equity market. Of the 48 countries in the MSCI ACWI ex U.S. Index, 45 countries had positive returns for the quarter in U.S. dollars. The lowest and highest returning markets were both emerging countries (Jordan at -14.6 percent and Venezuela at 50.2 percent). The best performing developed country was Norway at 23.4 percent and the worst was New Zealand at -4.5 percent.
- ❖ In the Lehman indices, emerging markets had the highest return for both the quarter and year earning 3.2 and 16.8 respectively. For the quarter and year, the short end of the curve outperformed the long end. For the quarter, the 3 month T-Bill earned 1.0 percent and the 30 year Treasury Bond earned -5.9 percent.
- ❖ For the first quarter of 2006, the best performers in the NCREIF were office, at 3.9 percent, and the Western region, at 3.9 percent. Total return for the index was 3.6 percent.
- ❖ GDP was 4.8 percent for the quarter. Inflation, as measured by CPI, was up 1.1 percent.
- ❖ The Fed raised the federal funds rate 25 basis points two times during the quarter, increasing the rate from 4.25 percent to 4.75 percent.

Total Fund

- ❖ The CTF increased in size during the quarter growing approximately \$2.7 billion to over \$53.6 billion.
- ❖ Since the beginning of the fiscal year the fund has increased by almost 6.2 percent.

Asset Allocation

- ❖ All asset classes in the CTF are within their new long-term target ranges. 398 million was taken from U.S. Equity. Almost 372 million was transferred to International Equity, and the remaining balance was transferred to fund net participant withdrawals and real estate purchases.

Investment Return

- ❖ The CTF's return for the first quarter of 2006 has positive returns for all time spans. The quarter return was 6.0. All annualized returns shown (one-, three-, five-, and ten-year) exceed the actuarial assumption of 8 percent.
- ❖ The fund outperformed all benchmarks for all periods.

U.S. Equity

- ❖ The WSIB U.S. equity portfolio slightly underperformed the Dow Jones Wilshire 5000 for the quarter and one year.
- ❖ The passive index manager (BGI) outperformed for the quarter and year. The two new enhanced managers that had a full quarter's performance both outperformed their benchmark the Russell 3000 but underperformed the DJ Wilshire 5000.

International Equity

- ❖ The WSIB International equity portfolio outperformed the benchmark for the quarter but continues to underperform for the longer time periods.
- ❖ Eight of the ten developed managers outperformed for the quarter and year. Mondrian, who underperformed for the year, continues to outperform for the longer time frames.
- ❖ Because of the transition that happened during the quarter only two of the WSIB's five emerging markets managers have a full quarter's performance and only one of them outperformed the benchmark. Both legacy managers outperformed for the year.

Fixed Income

- ❖ The WSIB underperformed the Lehman Universal by 9 basis points for the quarter but continues to outperform both the Lehman Universal and the Aggregate for all other time periods.

Private Equity

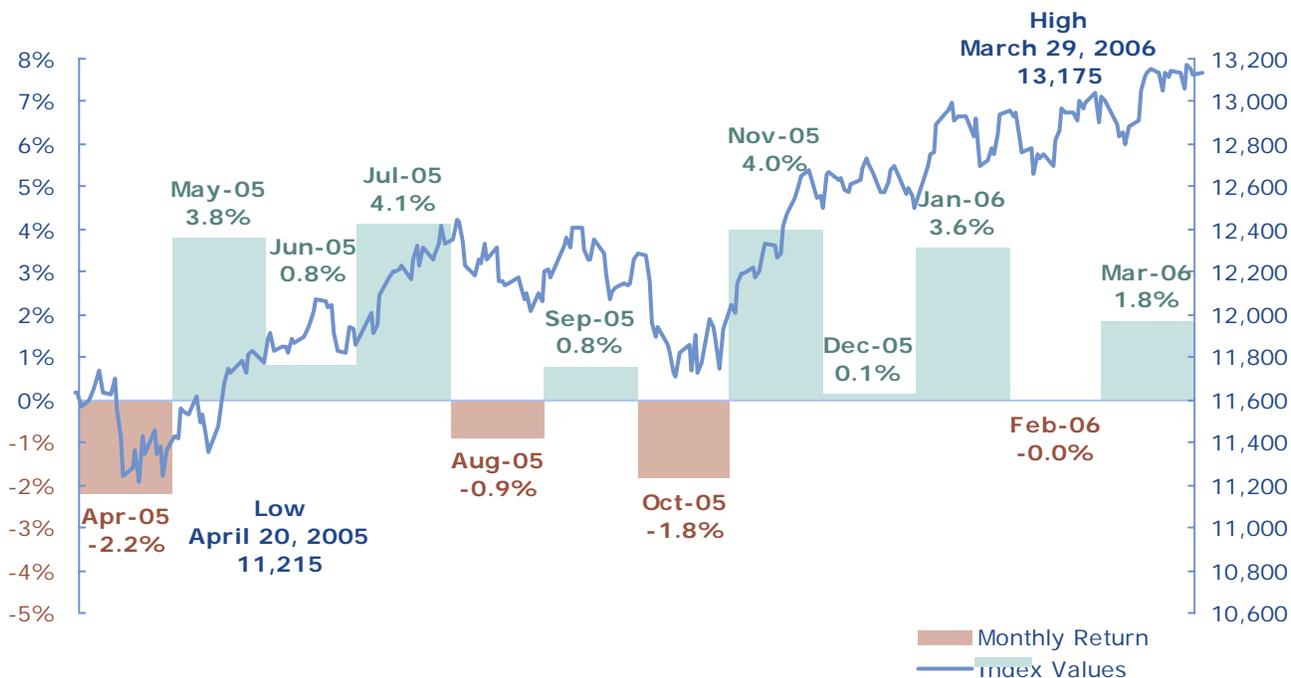
- ❖ The WSIB private equity return for the fourth quarter was 10.8 percent. The one-year return was 36.7 percent, higher than the benchmark, S&P 500 plus 500 basis points, at 9.9 percent.
- ❖ The WSIB LP portfolio returned 8.5 percent, and the WSIB KKR portfolio returned 16.8 percent for the quarter.
- ❖ As of December 31, 2005, there were \$4.8 billion in open commitments.

Real Estate

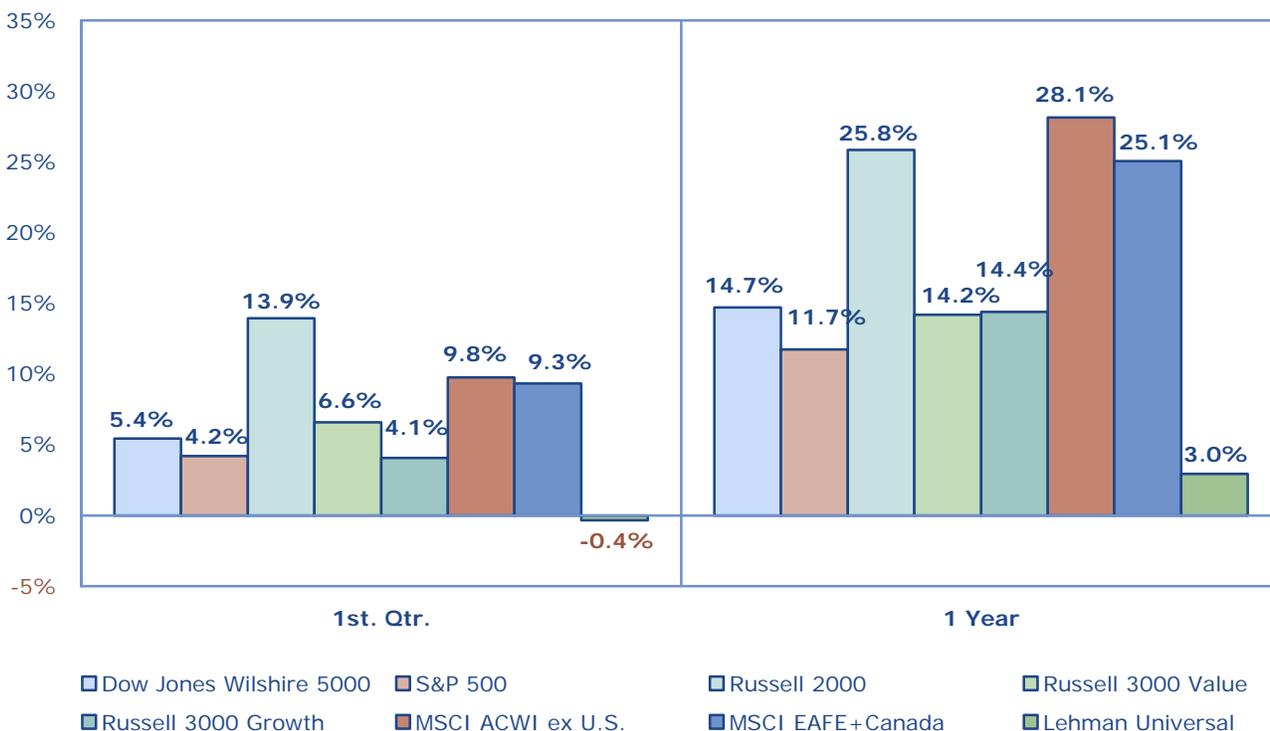
- ❖ The WSIB Real Estate return for the fourth quarter was 7.2 percent, higher than the NCREIF (lagged on quarter) plus 100 basis point index of 5.7 percent. For the one-year period, the return of 33.2 percent was over 1200 basis points above the NCREIF (lagged one quarter) plus 100 basis point index of 21.1 percent.
- ❖ As of December 31, 2005, there were \$5.8 billion in open commitments.

Dow Jones Wilshire 5000

March 31, 2005 - March 31, 2006

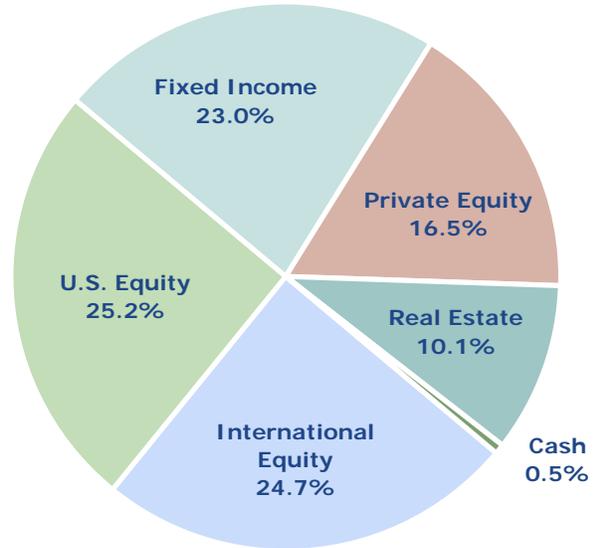


Capital Market Returns

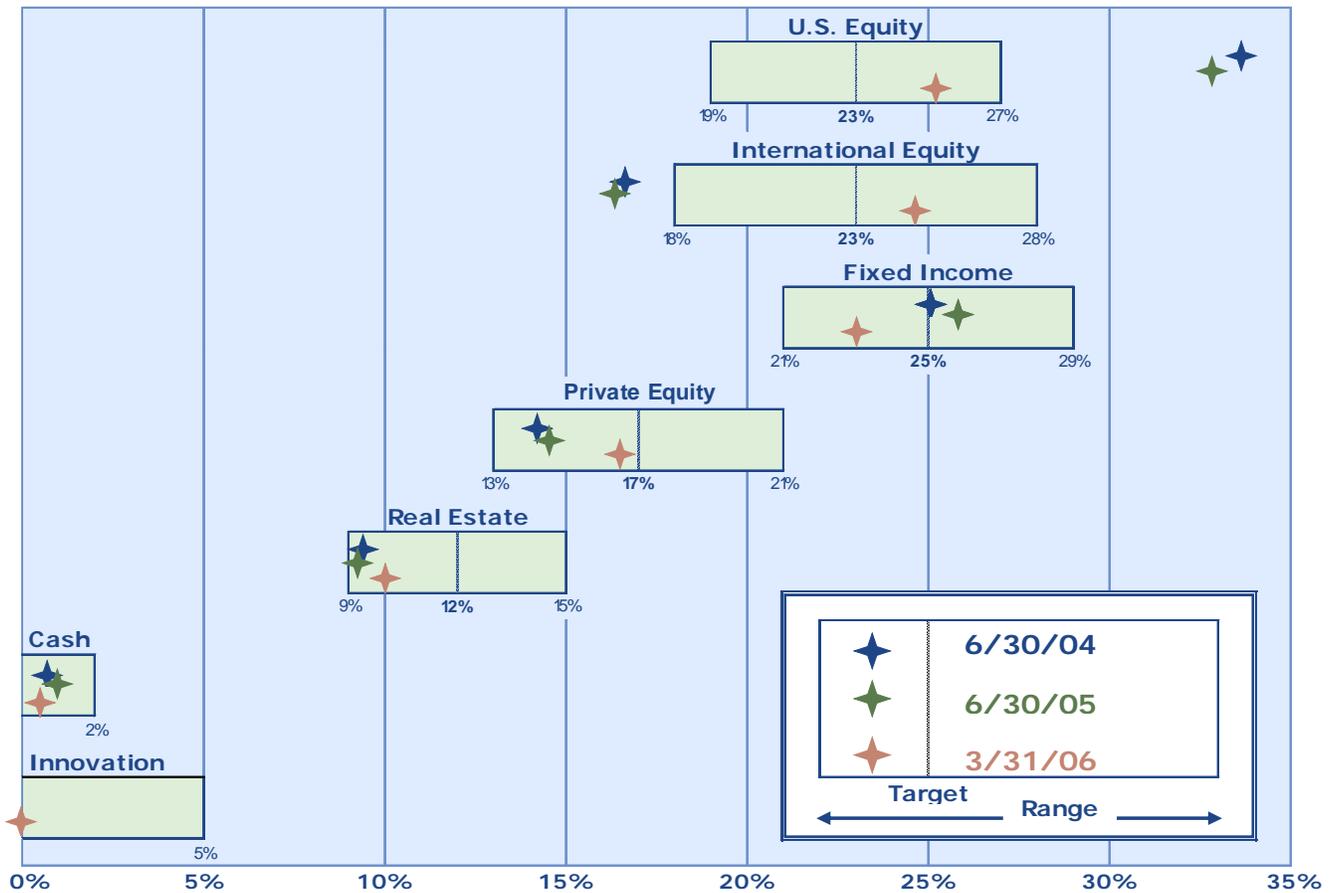




Asset Class	Market Value (000s)
U.S. Equity	\$ 13,531,529
International Equity	13,221,207
Fixed Income	12,339,041
Private Equity	8,835,997
Real Estate	5,402,593
Cash	286,127
Total Fund	\$ 53,616,493



Current Allocation Versus Long-Term Targets and Policy Ranges





Market Values in \$000s

			Qtr.	FYTD	1 Year	3 Year	5 Year	10 Year
Total Fund	\$ 53,616,493	100.0%	6.03 %	15.56 %	19.27 %	18.51 %	8.73 %	9.80 %
Passive Benchmark ²			4.96	12.01	14.46	17.82	7.17	8.31
Implementation Value Added Benchmark ³			4.55	12.26	14.29	17.40	7.99	N/A
TUCS Public Fund >\$1B Median ⁴			4.77	11.76	14.04	16.51	7.26	8.74
TUCS Public/Corporate Fund >\$1B Median ⁴			4.76	11.88	14.26	16.92	7.64	8.97
U.S. Equity	\$ 13,531,529	25.2%	5.39 %	12.04 %	14.66 %	19.77 %	5.90 %	9.23 %
Dow Jones Wilshire 5000			5.43	12.12	14.71	19.67	5.95	9.14
S&P 500			4.21	10.22	11.73	17.22	3.97	8.95
Int'l. Equity	\$ 13,221,207	24.7%	9.95 %	27.52 %	27.80 %	32.84 %	11.76 %	7.21 %
MSCI ACWI ex U.S.			9.76	28.14	28.13	33.51	11.78	7.35
MSCI EAFE			9.40	25.68	24.41	31.13	9.63	6.49
Fixed Income	\$ 12,339,041	23.0%	-0.44 %	0.26 %	3.11 %	4.16 %	5.89 %	6.76 %
Lehman Universal			-0.35	-0.15	2.95	3.75	5.53	6.47
Cash	\$ 286,127	0.5%	1.10 %	3.35 %	4.12 %	2.27 %	2.41 %	3.59 %
90 Day T-Bills			1.02	2.79	3.53	2.09	2.25	3.86
Private Equity⁵	\$ 8,835,997	16.5%	10.79 %	32.32 %	36.68 %	27.38 %	10.43 %	15.76 %
S&P 500 (Lagged One Quarter) + 500 bp			3.32	10.90	9.91	19.39	5.55	14.07
Real Estate⁵	\$ 5,402,593	10.1%	7.16 %	17.73 %	33.24 %	19.15 %	15.83 %	14.38 %
NCREIF (Lagged One Quarter) + 100 bp			5.68	16.74	21.06	15.42	12.40	13.10
CPI			1.06 %	3.04 %	3.42 %	2.76 %	2.56 %	2.54 %

¹ Performance figures are net of all non-appropriated fees.

² Currently 52% Dow Jones Wilshire 5000, 25% Lehman Universal, and 23% MSCI ACWI ex U.S. Over time the benchmark has been adjusted by changing both benchmarks and percentages. The most recent change occurred on December 1st, 2005.

³ See the glossary on page 20 for definitional implementation value added benchmark.

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 the latest market value known plus cash flows since then. For compositing purposes the private equity and real estate return are calculated using monthly time-weighted returns.



Market Values in \$000s

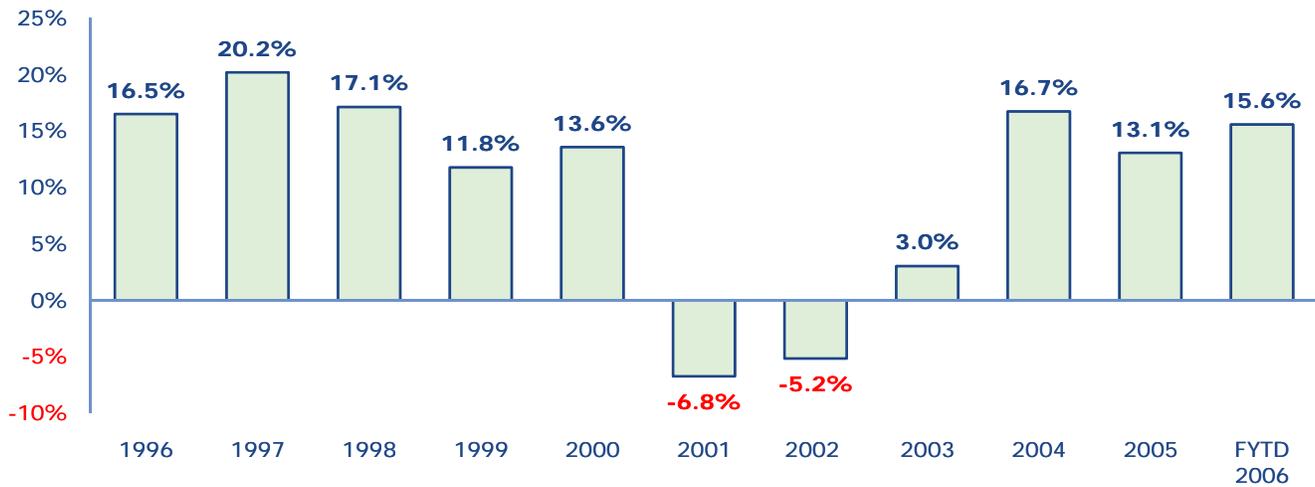
CTF Market Value: \$ 53,616,493

Net Change this Quarter: \$ 2,724,229

Net Change for Fiscal Year: \$ 6,154,724

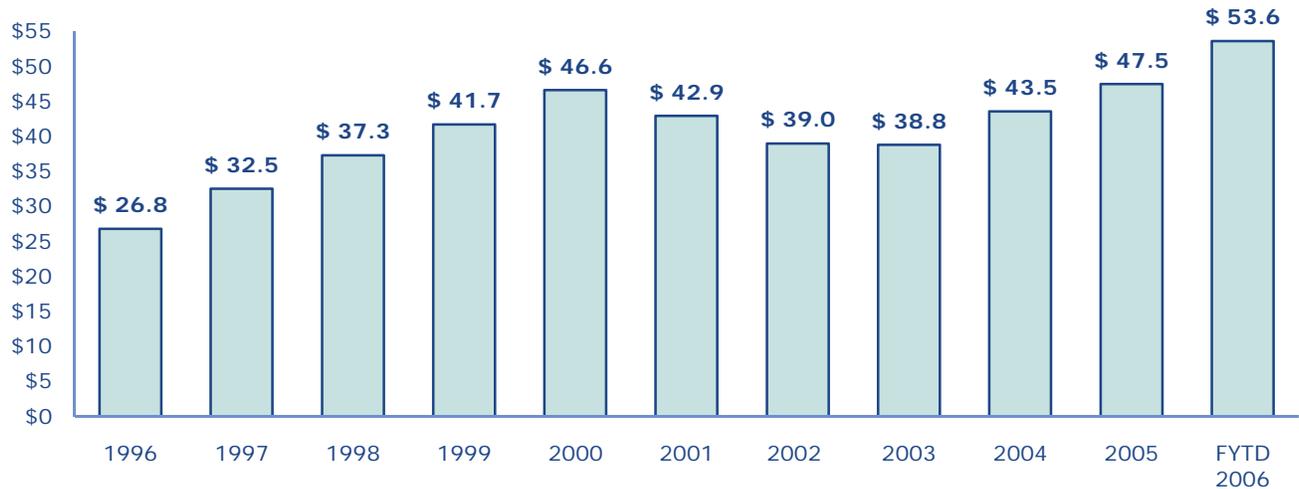
Annual Performance

Fiscal Years Ended June 30



Assets Under Management (\$ Billions)

Fiscal Years Ended June 30



Market Values in \$000s

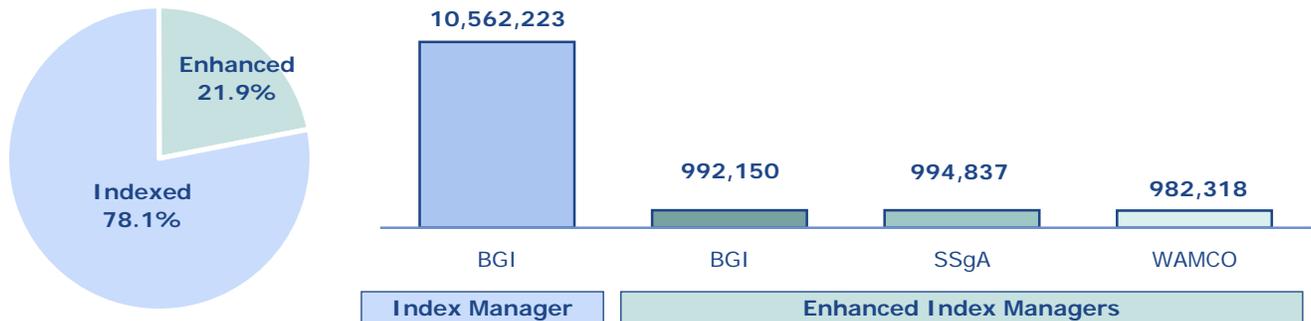
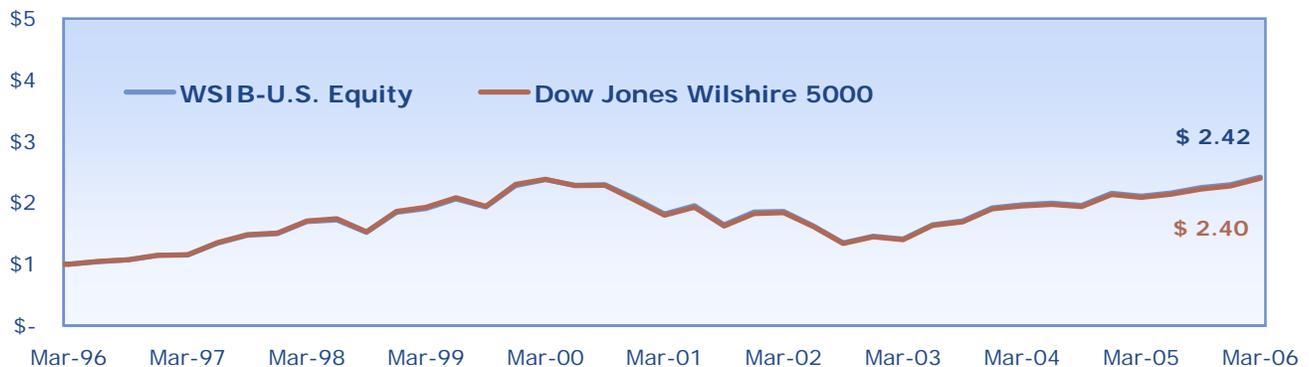
Market Value: \$13,531,529
Ten Largest Holdings (3,921 total holdings versus 4,980 in the index)

Exxon Mobil Corp.	2.54%	Pfizer Inc.	1.29%
General Elec Co.	2.38%	Procter And Gamble Co.	1.24%
Microsoft Corp.	1.69%	Johnson + Johnson	1.19%
Citigroup Inc.	1.64%	J.P. Morgan Chase & Co.	0.98%
Bank Amer Corp.	1.44%	American Intl Group Inc.	0.96%

The top ten companies represent 15.3% of the portfolio, the top 100 approximately 49.9%

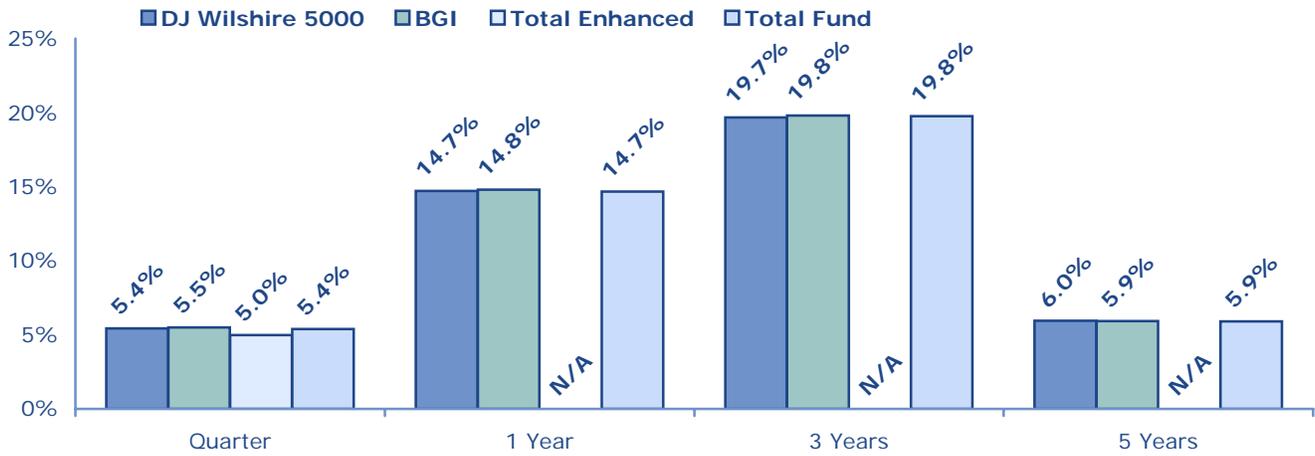
Performance

	Qtr.	FYTD	1 Year	3 Year	5 Year	10 Year
WSIB U.S. Equity	5.39 %	12.04 %	14.66 %	19.77 %	5.90 %	9.23 %
Dow Jones Wilshire 5000	5.43	12.12	14.71	19.67	5.95	9.14
S & P 500	4.21	10.22	11.73	17.22	3.97	8.95
Russell 3000	5.31	11.77	14.28	19.14	5.33	9.19

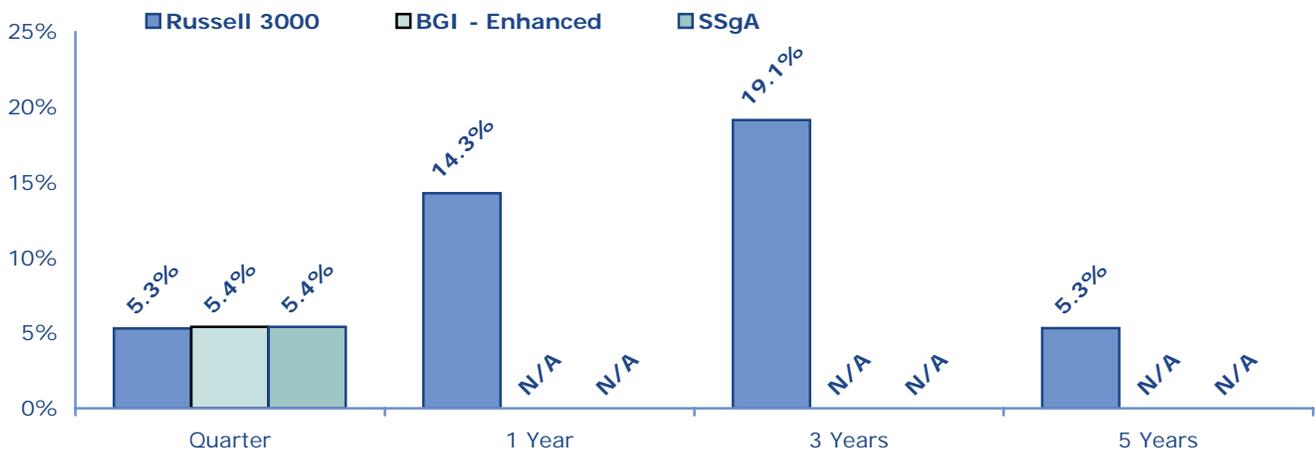
Manager Breakdown

Growth of a Dollar




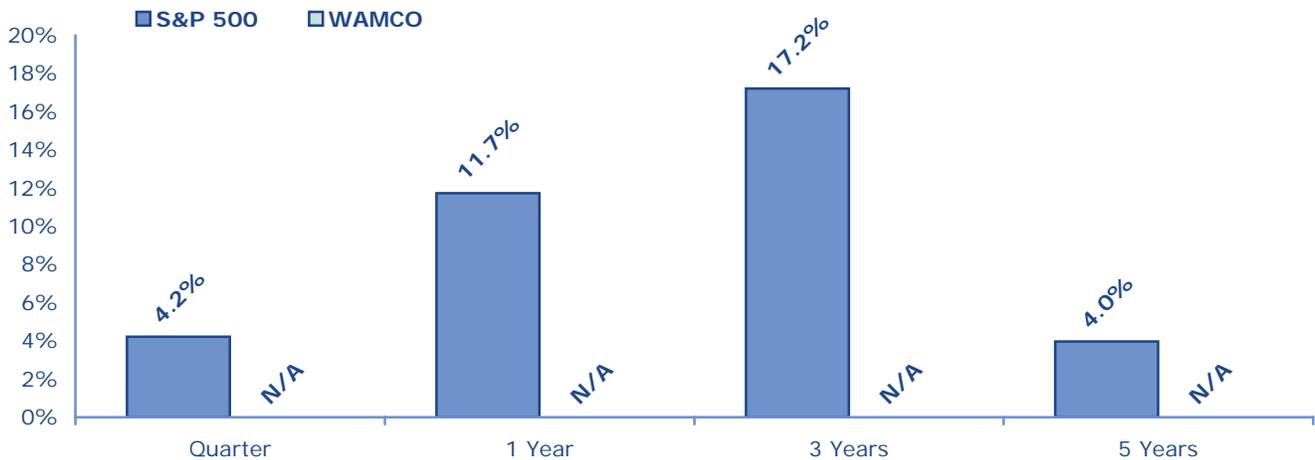
Managers and Composites Compared to DJ Wilshire 5000



Managers Compared to Russell 3000



Managers Compared to S&P 500





Market Values in \$000s

Market Value: \$13,221,207

The portfolio has 2,477 holdings versus 2,058 in the index. The top ten holdings represent about 9.6 percent of the portfolio and the top 100 approximately 43.9 percent. The portfolio has exposure to 62 countries: 22 developed, 25 emerging, and 15 other (as defined by MSCI AWCI ex U.S.).

Ten Largest Exposures by Country

	CTF Weight	Index Weight		CTF Weight	Index Weight
Japan	22.25%	20.73%	Canada	4.57%	6.10%
United Kingdom	17.66%	19.39%	Australia	3.95%	4.23%
France	8.35%	7.53%	Netherlands	3.50%	2.75%
Germany	5.90%	5.48%	Spain	3.25%	2.99%
Switzerland	5.28%	5.59%	Italy	3.20%	3.06%

The ten largest country exposures comprise 77.9% of the portfolio versus the index at 77.8%.

Performance

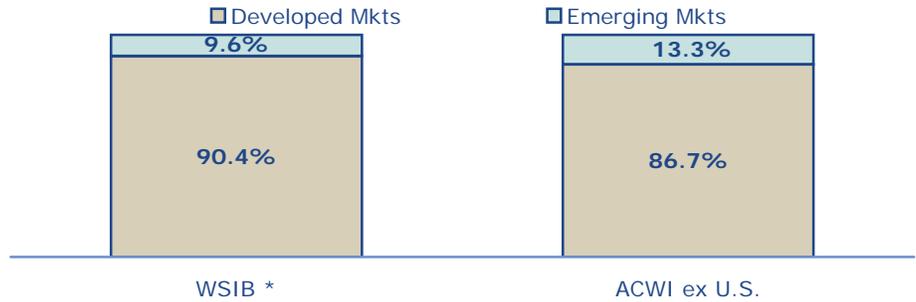
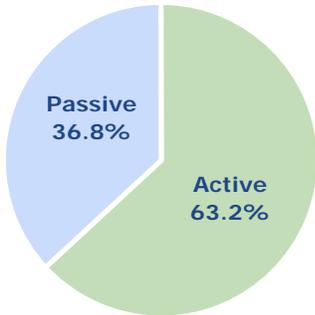
	Qtr.	FYTD	1 Year	3 Year	5 Year	10 Year
WSIB International Equity	9.95 %	27.52 %	27.80 %	32.84 %	11.76 %	7.21 %
MSCI ACWI ex U.S.	9.76	28.14	28.13	33.51	11.78	7.35
MSCI EAFE+Canada	9.33	26.04	25.06	31.45	10.08	6.74
Emerging Markets (MSCI after 6/02; IFC before)	12.02	41.61	47.45	46.18	24.63	8.24
MSCI Europe	10.76	21.66	20.64	30.76	9.46	10.10
MSCI Pacific Basin	6.70	34.94	33.04	31.73	9.93	1.55

Growth of a Dollar



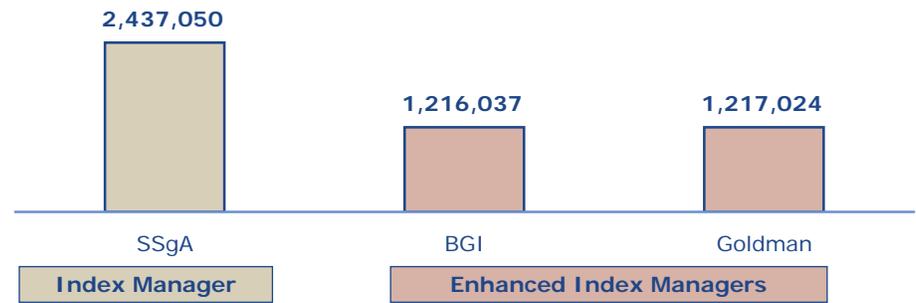
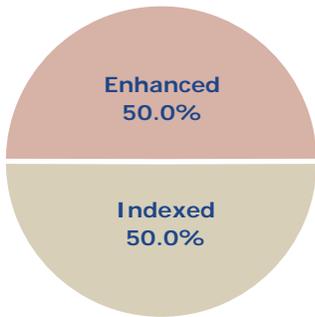
Market Values in \$000s

Total International Equity: \$ 13,221,207

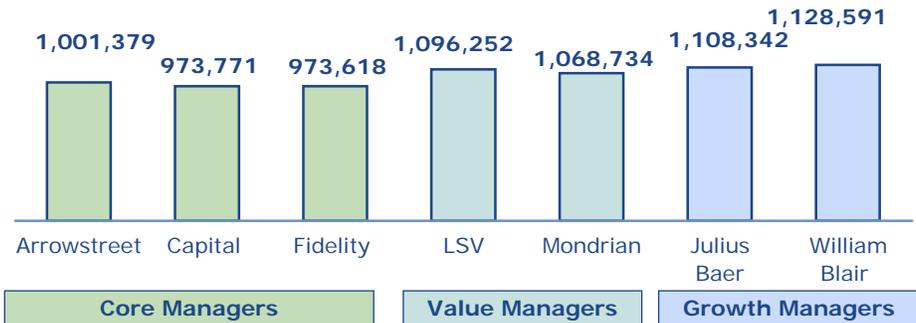


* Includes emerging market securities owned by developed managers

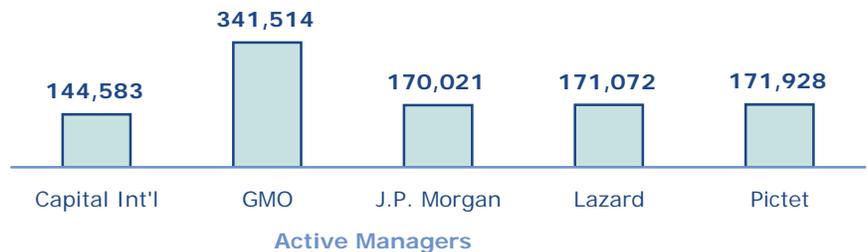
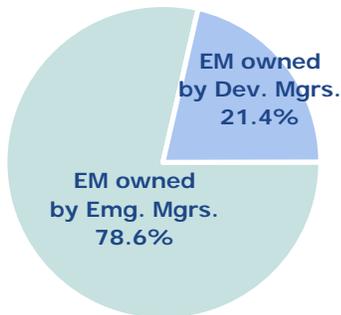
Passive Developed Managers: \$ 4,870,111



Active Developed Managers: \$ 7,350,688

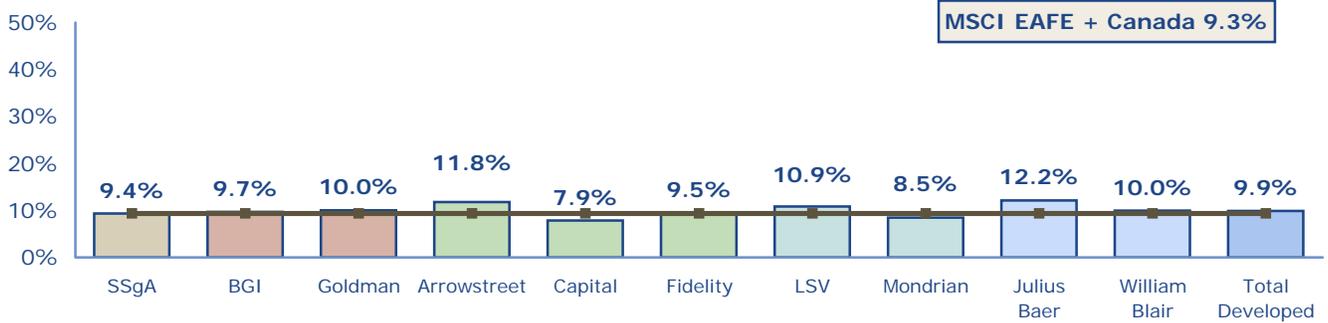


Emerging Managers: \$ 999,667





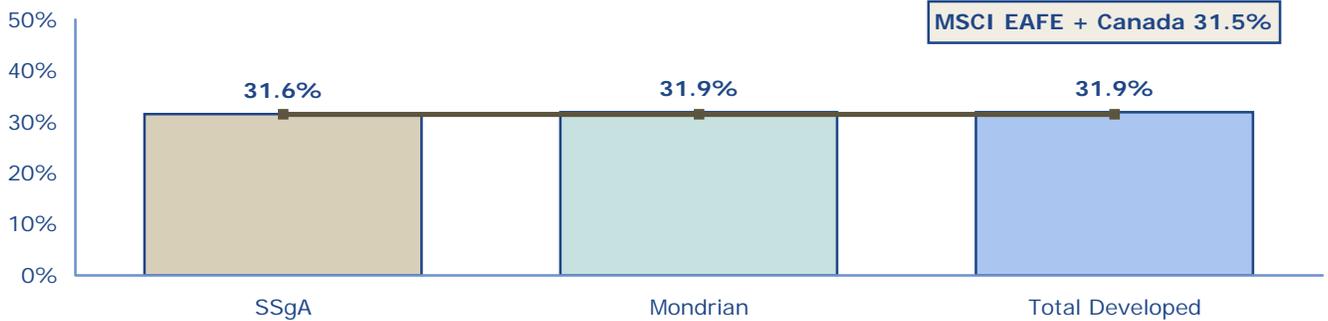
One Quarter



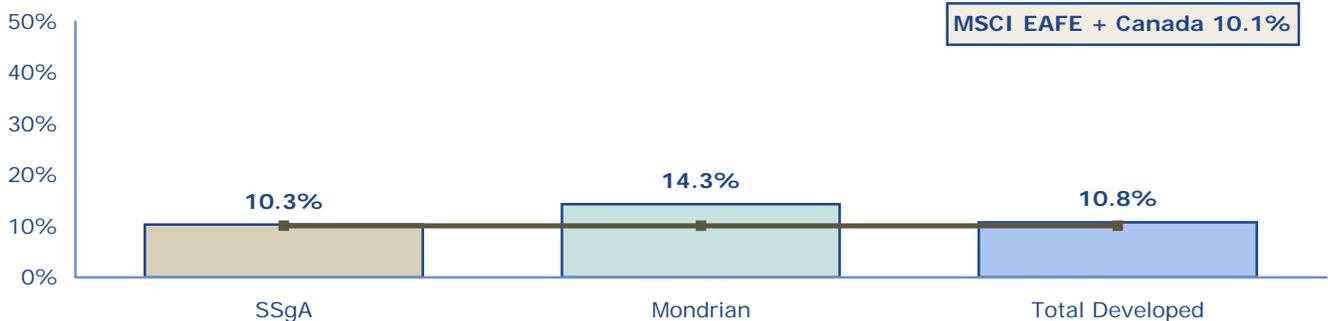
One Year



Three Years

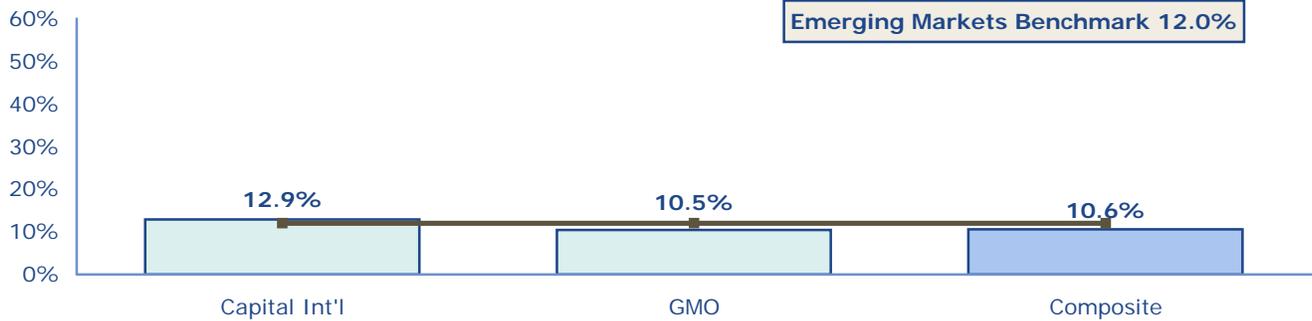


Five Years

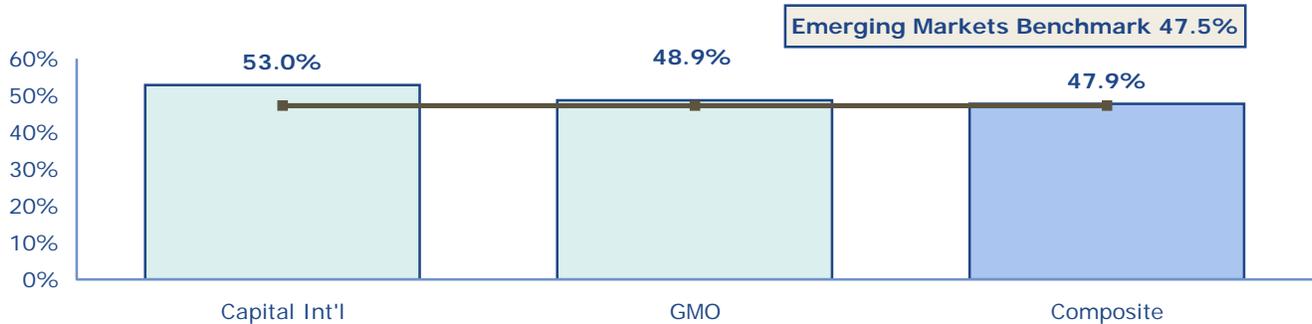




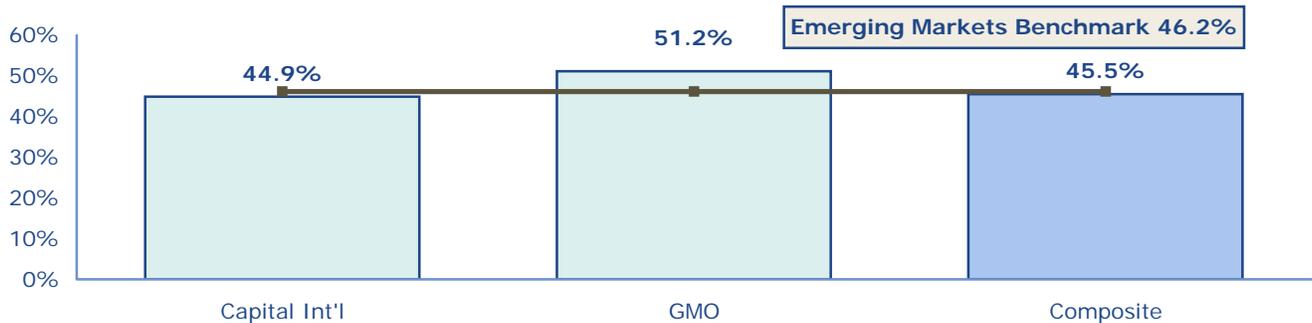
One Quarter



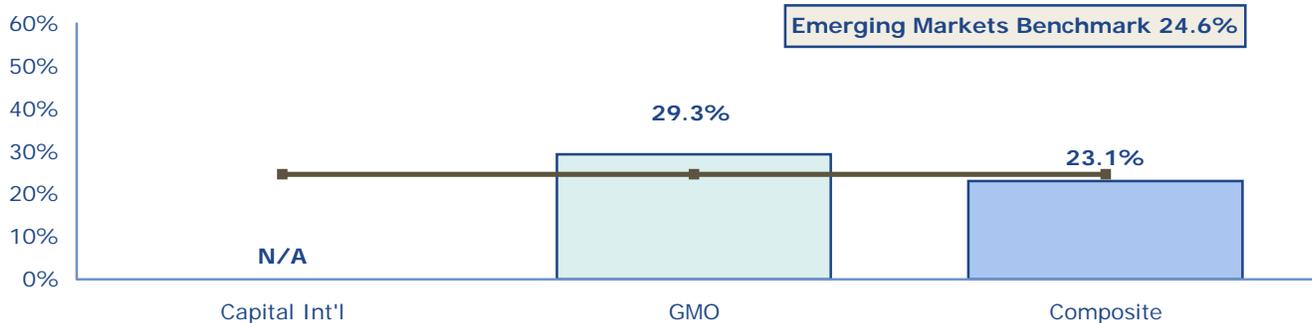
One Year



Three Years



Five Years



Market Values in \$000s

Market Value: \$ 12,339,041

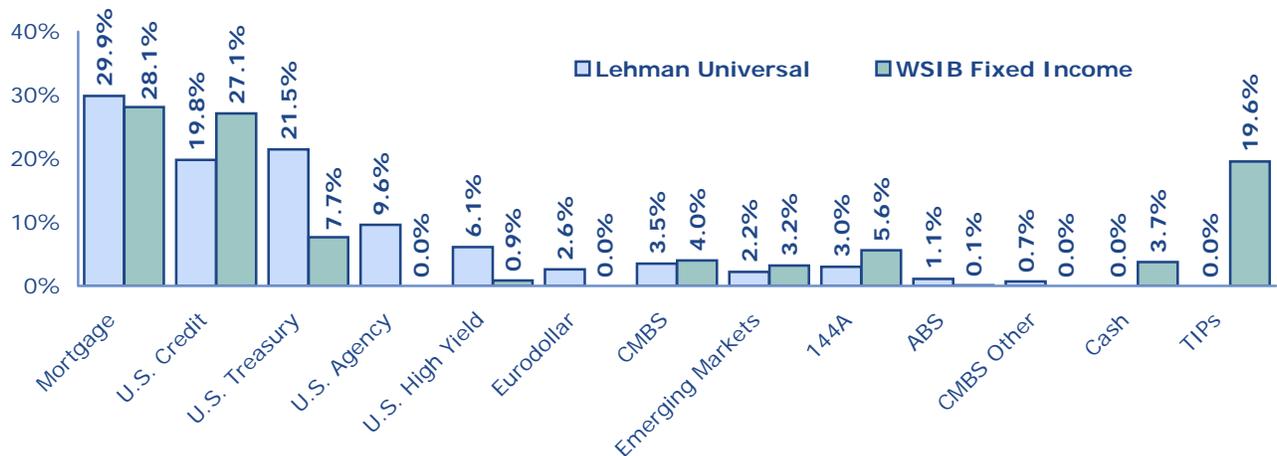
Duration

	Dec-05	Mar-06
WSIB Portfolio	4.24	4.47
Lehman Universal	4.61	4.70
Difference	-8.03%	-4.81%

Performance

	Qtr.	FYTD	1 Year	3 Year	5 Year	10 Year
WSIB Fixed Income	-0.44 %	0.26 %	3.11 %	4.16 %	5.89 %	6.76 %
Lehman Universal	-0.35	-0.15	2.95	3.75	5.53	6.47
Lehman Aggregate	-0.65	-0.73	2.26	2.92	5.11	6.29

Sector Weighting



Growth of a Dollar



Market Values in \$000s

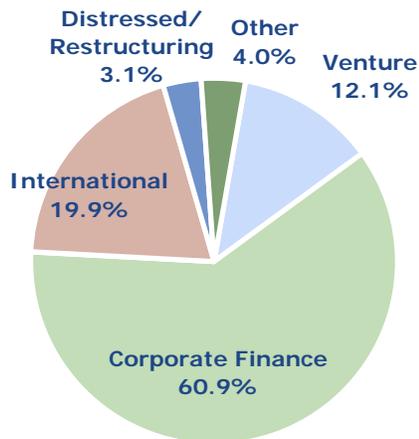
Market Value: \$8,835,997
Unfunded Commitments: \$4.8 billion

Net Performance

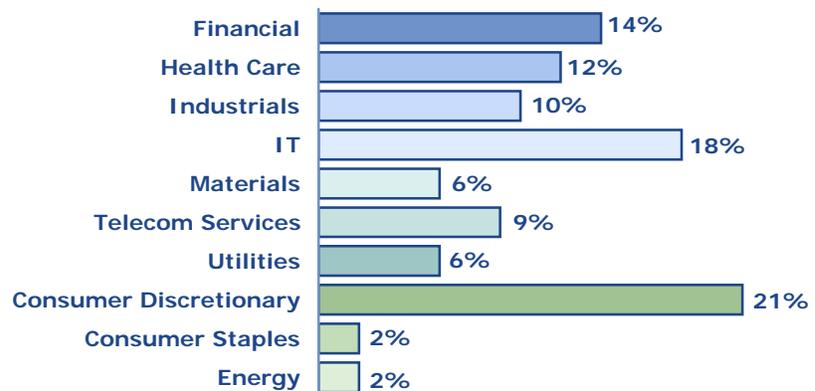
	Qtr.	FYTD	1 Year	3 Year	5 Year	10 Year
WSIB Private Equity	10.79%	32.32%	36.68%	27.38%	10.43%	15.76%
KKR	16.81%	41.96%	45.84%	35.87%	17.02%	16.02%
LP Portfolio	8.54%	28.92%	33.44%	24.41%	8.12%	15.66%
S&P 500 (Lagged One Quarter) + 500 bp	3.32%	10.90%	9.91%	19.39%	5.55%	14.07%

Return is calculated using geometrically linked monthly return. For true IRR return please see PCG's quarterly report.

Sector Distribution



Industry Distribution



Growth of a Dollar



Performance numbers are as of March 31, 2006. All other data is as of December 31, 2005.

Market Values in \$000s

Market Value: \$5,402,593
Unfunded Commitments \$5.8 billion

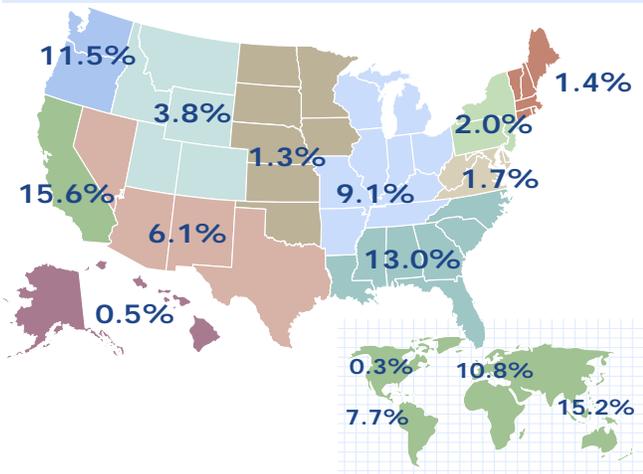
Net Performance

	Qtr.	FYTD	1 Year	3 Year	5 Year	10 Year
CTF Real Estate	7.16%	17.73%	33.24%	19.15%	15.83%	14.38%
NCREIF (Lagged One Quarter) + 100 bp	5.68%	16.74%	21.06%	15.42%	12.40%	13.10%

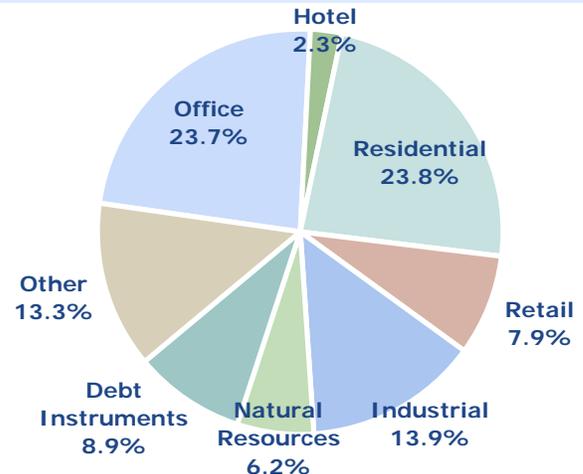
Largest Managers

Principal Enterprise Capital (PEC)	16.7%
Hudson Advisors (LoneStar)	16.6%
Pacific Realty Associates, L.P. (PacSIB, PacTrust)	13.2%
Morgan Stanley	8.7%
WA Holdings	8.2%
Representation in the Real Estate portfolio	63.4%

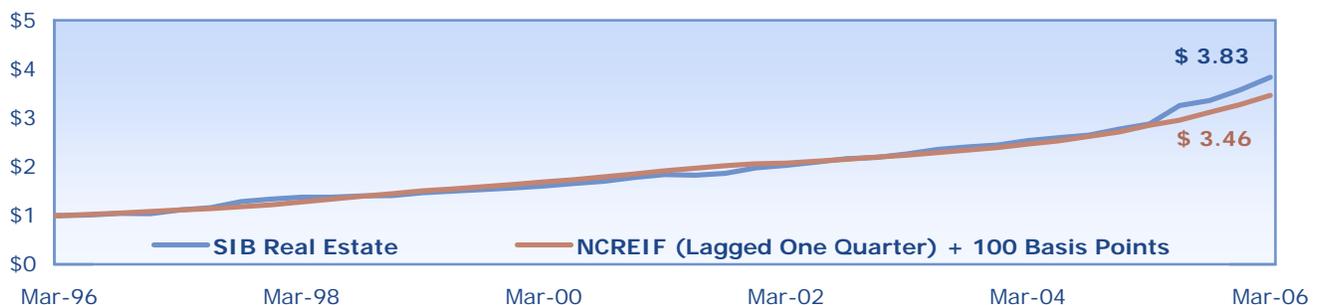
Geographical Distribution



Property Type Distribution



Growth of a Dollar



Performance numbers are as of March 31, 2006. All other data is as of December 31, 2005.



Numbers in %

	Qtr.	FYTD	1 Year	3 Year	5 Year	10 Year
S&P 500 Index	4.21%	10.22%	11.73%	17.22%	3.97%	8.95%

U.S. Equity

Barclays Global Investors (Passive)	5.50%	12.17%	14.79%	19.81%	5.92%	
Barclays Global Investors (Enhanced)	5.41%					
State Street Global Advisors	5.41%					
Western Asset Management Co.						

U.S. Equity Composite	5.39%	12.04%	14.66%	19.77%	5.90%	9.23%
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International Equity

Developed Markets

State Street Global Advisors	9.37%	26.13%	25.30%	31.55%	10.33%	
Barclays Global Investors	9.66%	26.06%	24.81%			
Goldman Sachs Asset Mgt.	10.02%	25.92%	25.36%			
Arrowstreet Capital, L.P	11.80%	25.11%	25.97%			
Fidelity Management Trust Co.	9.45%	27.68%	28.70%			
Capital Guardian Trust Co.	7.87%	30.34%	29.50%			
Mondrian Investment Partners	8.45%	20.90%	21.20%	31.89%	14.30%	
LSV Asset Management	10.86%	25.81%	26.04%			
William Blair & Company	9.95%	31.19%	33.62%			
Julius Baer Investment Mgt.	12.15%	31.79%	31.70%			

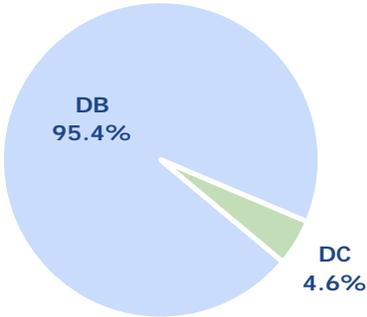
Emerging Markets

Capital International, Inc.	12.89%	44.49%	53.03%	44.92%		
Grantham, Mayo, Van Otterloo	10.46%	42.91%	48.86%	51.19%	29.31%	
J.P. Morgan						
Lazard						
Pictet						

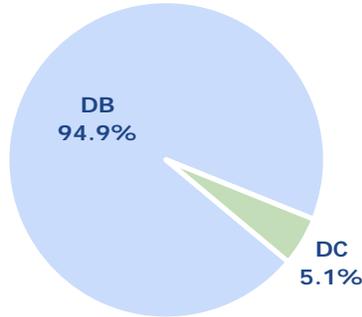
International Equity Composite	9.95%	27.52%	27.80%	32.84%	11.76%	7.21%
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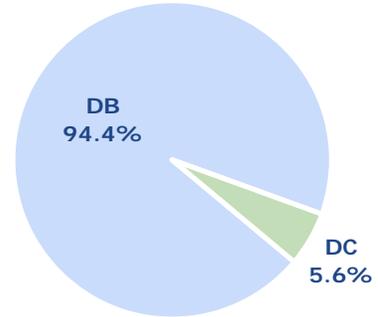
Defined Benefit and Defined Contribution Breakdown in the CTF



Mar-04

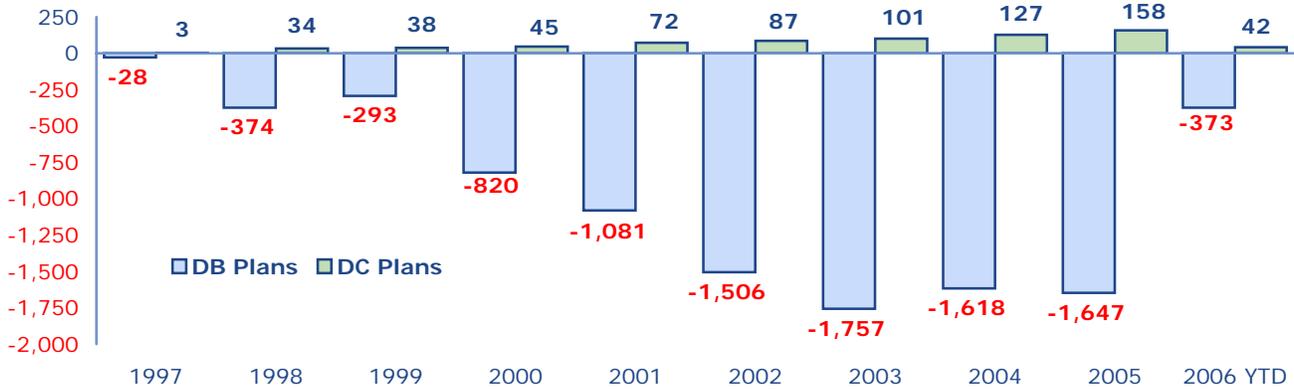


Mar-05



Mar-06

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.

Indexed

Barclays Global Investors (BGI)

BGI manages the bulk of the defined benefit retirement U.S. equity assets in a passive commingled trust designed to correspond to the Dow Jones Wilshire 5000 Index. BGI has managed funds for the WSIB since 1982.

Enhanced Indexed

Barclays Global Investors

BGI provides the WSIB with an enhanced index equity commingled fund, the Russell 3000 Alpha Tilts Strategy. This strategy is a bottom-up, style-neutral quantitative strategy designed to outperform the Russell 3000 Index by 30 to 80 basis points net of fees on a rolling three year average, while incurring a low level of risk of 1 percent or less. BGI's Alpha Tilts investment philosophy holds that superior investment outcomes are most reliably reached through Total Performance Management, the management of return, risk, and cost. They believe that markets are not perfectly efficient and that misvaluations can be used to systematically add value over time. The WSIB has invested in the Russell 3000 Alpha Tilt strategy since December 2005.

State Street Global Advisors

SSgA manages a U.S. enhanced index equity account, the Russell 3000 Index Plus Strategy. This strategy employs a quantitative, style neutral, beta neutral and capitalization neutral investment process that seeks to outperform the Russell 3000 Index by 75 to 125 basis points gross of fees over a typical market cycle while exhibiting similar characteristics to the benchmark and a targeted tracking error of 150 basis points. The Russell 3000 Index Plus Strategy seeks to add value by selecting the best stocks and industries within the Russell 3000 Index. These evaluations are applied within a risk controlled framework to construct portfolios that provide core equity exposure and closely track the benchmark. The WSIB has invested in the Russell 3000 Index Plus Strategy since December 2005.

Western Asset Management Company

Western Asset Management Company actively manages an enhanced index portfolio for the WSIB. The portfolio is based on a synthetic strategy that uses futures to track the S&P 500 index, and invests the uncommitted cash in a basket of actively managed short-term fixed-income securities. The firm's sole business is managing fixed-income portfolios for large institutional clients, an activity it has pursued for over 30 years. The WSIB portfolio has been managed by Western Asset since January 2006.

Indexed

State Street Global Advisors

It is the policy of WSIB to manage a portion of the International developed markets portfolio in a low cost broad based index fund. Accordingly, SSgA manages a replicated commingled index fund on behalf of the WSIB that is designed to passively track the MSCI EAFE plus Canada Indexes (which are the most widely-accepted index proxies for developed markets equities). The WSIB has been using SSgA's MSCI EAFE + Canada Fund since 1994.

Enhanced Indexed

Barclays Global Investors (BGI)

BGI provides an international developed markets enhanced index equity product, the World ex-U.S. Alpha Tilts Strategy, designed to outperform the MSCI World ex-U.S. Index by 1 to 2 percent. Because the markets are not perfectly efficient and that misvaluations can be used to systematically add value over time. The WSIB has invested in the World ex-U.S. Alpha Tilts Strategy since June 2004.

Goldman Sachs Asset Management (GSAM)

GSAM manages an international developed markets enhanced index equity portfolio using a combination of traditional fundamental analysis and quantitative modeling to add value from diversified sources of return such as country, currency selection, and individual stock selections. They expect to outperform the MSCI World ex-U.S. Index by 75 basis points net of fees on a rolling three year average, while incurring a low level of risk of 2 percent or less. GSAM has been managing the enhanced index portfolio for the WSIB since June 2004.

Active Developed Markets

Arrowstreet Capital, L.P

Arrowstreet actively manages an international developed markets equity "core" portfolio. The investment team continually monitors the current market factors and conditions and incorporates new investment insights and information as markets evolve. The WSIB portfolio has been managed by Arrowstreet since June 2004.

Capital Guardian Trust Company

Capital actively manages an international developed markets equity "core" portfolio. The firm conducts extensive fundamental research and uses a system of multiple managers to manage individual segments of the portfolios. The WSIB portfolio has been managed by Capital since June 2004.

Fidelity Management Trust Company (FMTC)

Fidelity actively manages an international developed markets equity "core" portfolio. The firm covers 80-90 percent of the MSCI EAFE + Canada benchmark and does not pre-screen for size, style, or other characteristics. The WSIB portfolio has been managed by FMTC since June 2004.

LSV Asset Management

LSV actively manages an international developed markets equity "value" portfolio. The strategy's primary emphasis uses quantitative techniques to select individual securities. A risk control discipline limits the over- or under-exposure of the portfolio to industry concentrations. Value factors and security selection dominate sector/industry factors in driving performance. The WSIB portfolio has been managed by LSV since August 2004.

Mondrian Investment Partners Limited (formerly Delaware)

Mondrian actively manages an international developed markets equity "value" portfolio. They identify value investments using a dividend discount-valuation model of future income streams with a top-down country allocation overlay that helps structure the portfolio. The WSIB portfolio has been managed by Mondrian since June 1999.



Active Developed Markets Continued

Julius Baer Investment Management (JBIM)

JBIM actively manages an international developed markets equity "growth" portfolio. The international equity team's research process is primarily based on fundamental assessment of companies, sectors, and macroeconomic influences on regions and countries. Country allocations are a result of the security selection process. The WSIB portfolio has been managed by JBIM since June 2004.

William Blair & Company (WB)

WB actively manages an international developed markets equity "growth" portfolio, which focuses on companies with above-average growth prospects that can be sustained through leading or franchise positions in terms of proprietary products, marketing dominance, or cost/asset base advantage. The WSIB portfolio has been managed by WB since June 2004.

Active Emerging Markets

Capital International, Inc.

Capital manages an active emerging markets equity portfolio, which is divided into smaller asset portions. This enables several key decision makers to work on each account and make decisions as to individual security, country and industry selection, timing, and percentage. The WSIB portfolio has been managed by Capital since the middle of the second quarter of 2001.

J.P. Morgan Asset Management (JPMAM)

Global Emerging Markets Focused strategy is a concentrated, bottom-up investment discipline that seeks to add alpha through superior stock selection based on fundamental research. The strategy typically holds between 50 and 75 securities. Investments are made with a long-term, low-turnover focus. Deviations from the benchmark are closely monitored and managed as JPMAM believes that risk control is best practiced by building a portfolio of independent bets, to insure that no one position can derail performance and that there are no unintended "themes" in the portfolio. JPMAM began managing assets for the WSIB in April 2006.

Lazard Asset Management LLC (Lazard)

Lazard's Emerging Markets Equity product is an actively managed strategy that follows a strict bottom-up, relative value investment philosophy that focuses on the tradeoff between valuation and financial productivity. The process begins with a database screening, followed by accounting validation, then fundamental analysis and finally portfolio construction and risk control, which takes into account macro economic risks, portfolio concentration risk, political risk and corporate governance risk. Strict country and sector limits are also in place to limit exposures. The strategy is focused on security selection, where the majority of the added value has been derived from historically. Lazard began managing assets for the WSIB in April 2006.

Grantham, Mayo, Van Otterloo (GMO)

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 has been invested in GMO's Emerging Market Strategy Fund since the fourth quarter of 1996.

Pictet Asset Management (Pictet)

Pictet employs a bottom-up method to invest in emerging markets. Pictet defines value principally in terms of productive assets. The majority of Pictet's time and resources are focused on identifying and appraising undervalued shares according to their proprietary valuation approach. All research and recommendations are conducted in-house based on the same valuation principles. As a control mechanism, Pictet operates a strict macroeconomic risk overlay in the investment process. The final portfolio consists of around 150-200 stocks. Pictet began managing assets for the WSIB in April 2006.

Asset Allocation Policy

The targets will adjust annually toward the long-term asset allocation policy, which is 23 percent U.S. equity, 23 percent non-U.S. equity, 25 percent fixed income, 17 percent private equity, and 12 percent real estate. The interim target for 2006 is 24.5 percent U.S. equity, 23 percent non-U.S. equity, 27.5 percent fixed income, 15.5 percent private equity, and 9.5 percent real estate.

CTF (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; SERS 2 & 3; WSPRS 1 & 2; and Volunteer Firefighters. Starting in July 2006 there will be a new fund, PSERS 2.

Passive Benchmark

The Passive Benchmark is currently 52 percent Dow Jones Wilshire 5000 Index, 25 percent Lehman Universal Index, and 23 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 CTF.

Implementation Value Added

The objective is to exceed the return of the custom benchmark consisting of the public market indices, as defined in each asset class's policy, weighted according to the asset allocation targets. This custom benchmark differs from the passive benchmark as it is not an investable benchmark due to the uninvestable premium added to the real estate and private equity passive benchmarks.

TUCS Public Fund > \$1 Billion Median

Trust Universe Comparison Services median return of other public funds. There are currently 65 funds in the universe with a median asset size of slightly over \$16.9 billion.

TUCS Public/Corporate Fund > \$1 Billion Median

Trust Universe Comparison Services median return of corporate and public funds. There are currently 151 funds in the universe with a median asset size of approximately \$5.0 billion.



Defined Contribution Plans

Quarterly Report - March 31, 2006

Market Values and Distributions

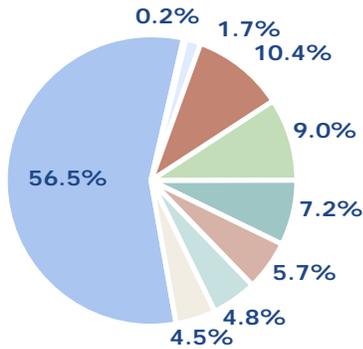
TRS Plan 3	1
SERS Plan 3	2
PERS Plan 3.....	3
DCP.....	4
JRA	5

Investment Performance

Balanced, Bond, and Cash Options.....	6
Equity Options	7



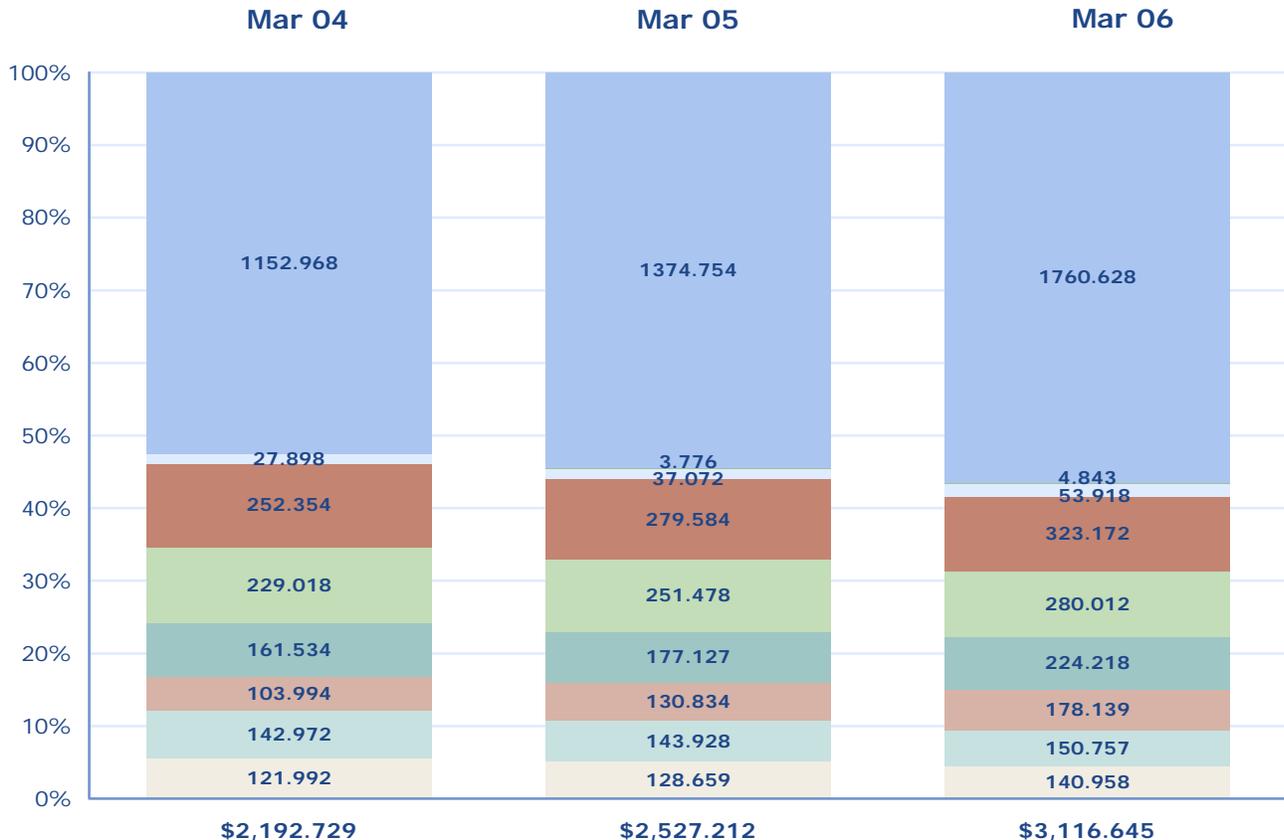
Market Values and Distributions



Option	Market Value	Quarterly Change
WSIB TAP Fund	\$ 1,760,627,990	\$ 129,364,790
Social Balanced Fund	4,842,726	271,910
Short-Horizon Fund	6,807,415	315,139
Mid-Horizon Fund	21,241,865	1,290,462
Long-Horizon Fund	25,868,370	3,475,698
U.S. Stock Fund	323,172,301	17,115,521
U.S. Large Stock Fund	280,012,404	10,224,845
U.S. Small Stock Fund	224,217,662	27,142,681
International Index Fund	178,139,018	20,608,363
Bond Market Fund	150,757,229	(889,665)
Money Market Fund	140,957,903	4,471,588
Total Fund	\$ 3,116,644,883	\$ 213,391,333

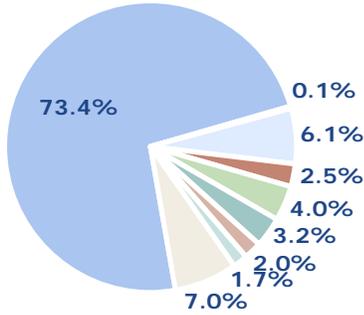
Historical Distributions

In Millions





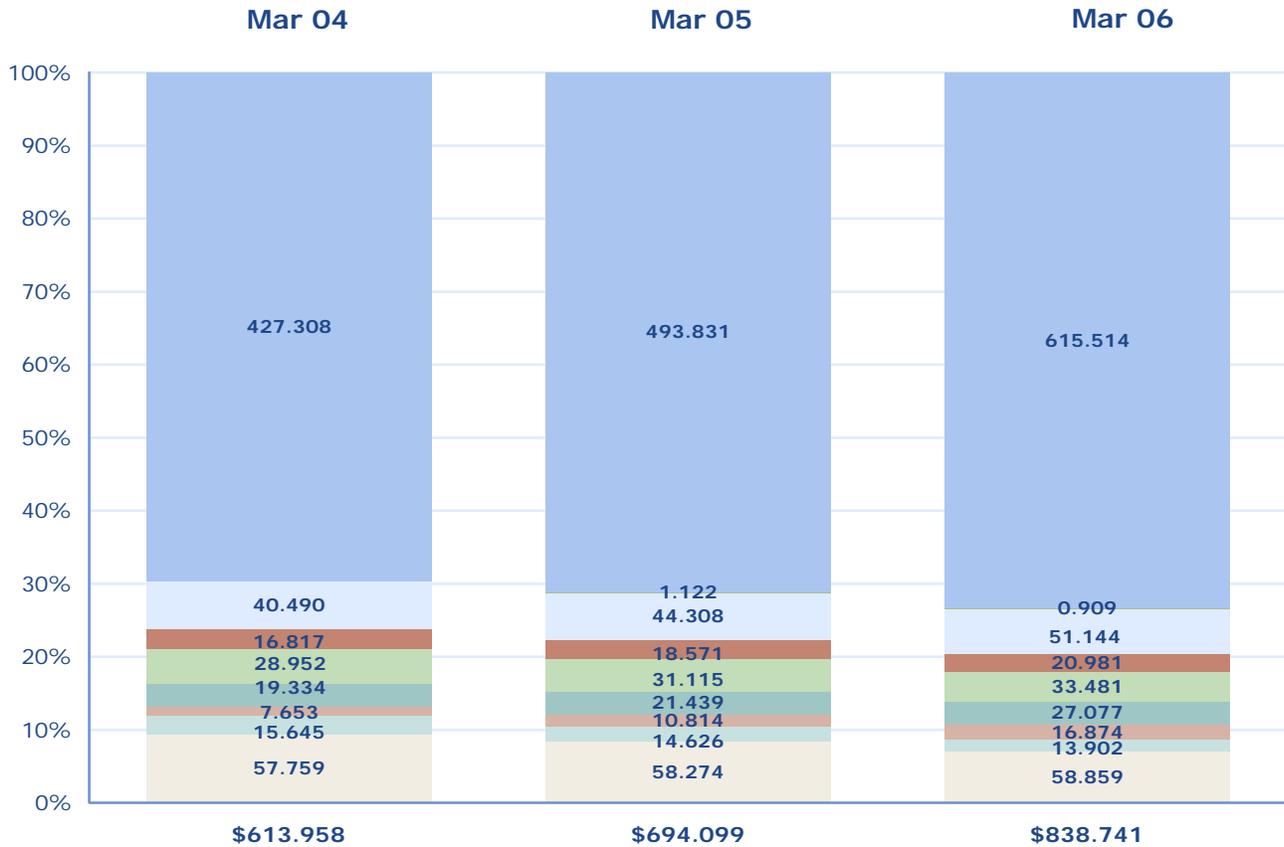
Market Values and Distributions



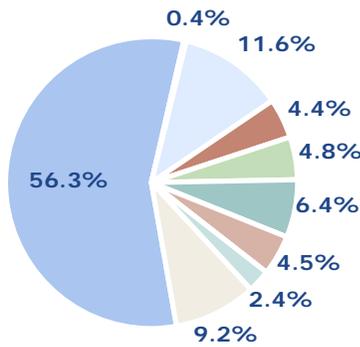
Option	Market Value	Quarterly Change
WSIB TAP Fund	\$ 615,514,025	\$ 40,833,391
Social Balanced Fund	908,711	(24,085)
Short-Horizon Fund	5,828,750	(358,241)
Mid-Horizon Fund	23,819,895	425,843
Long-Horizon Fund	21,494,917	1,437,707
U.S. Stock Fund	20,981,348	1,009,987
U.S. Large Stock Fund	33,480,884	1,031,766
U.S. Small Stock Fund	27,076,987	3,510,694
International Index Fund	16,873,773	2,916,379
Bond Market Fund	13,902,163	(547,212)
Money Market Fund	58,859,478	(204,590)
Total Fund	\$ 838,740,931	\$ 50,031,638

Historical Distributions

In Millions



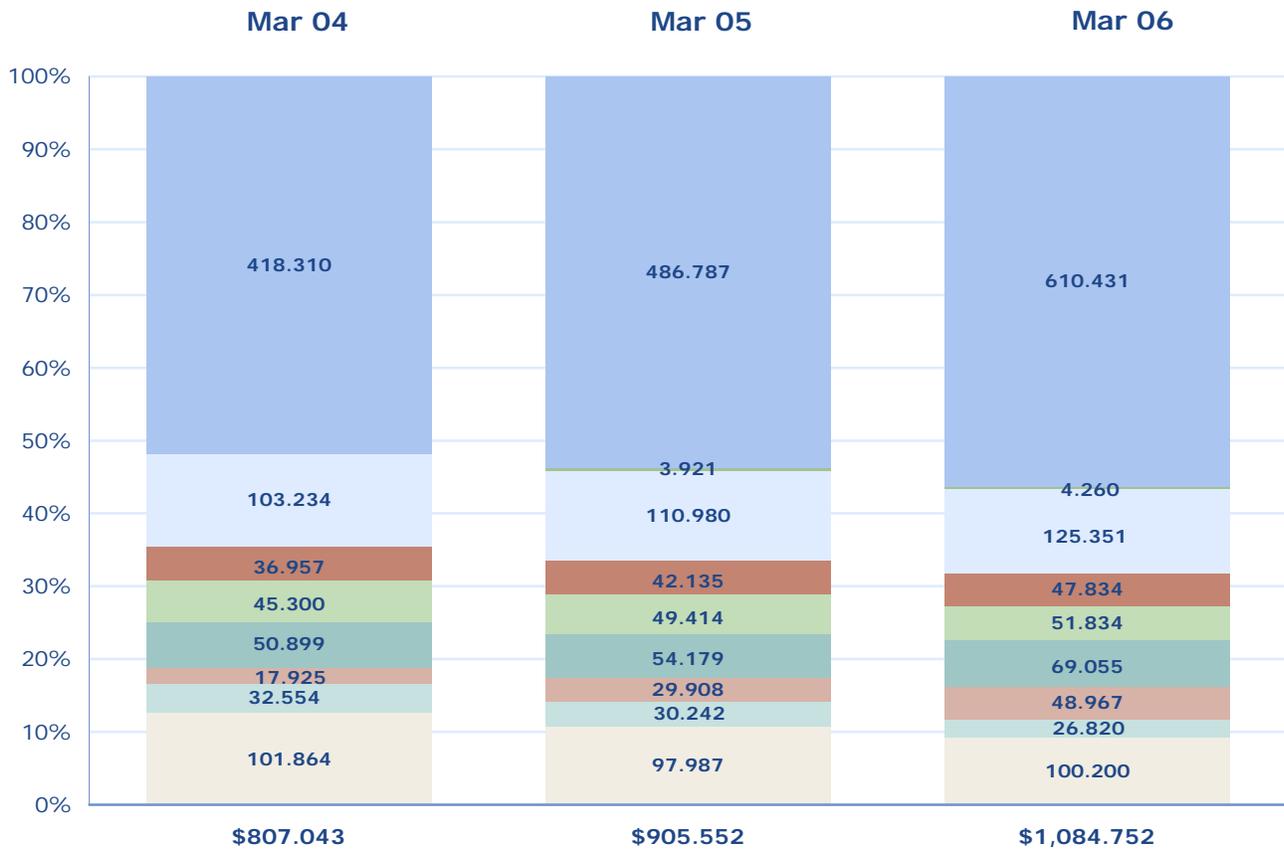
Market Values and Distributions

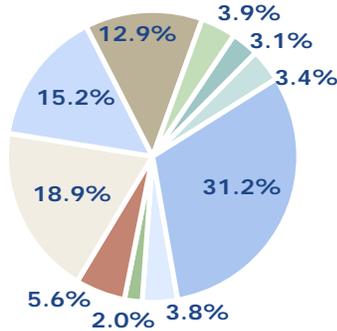


Option	Market Value	Quarterly Change
WSIB TAP Fund	\$ 610,430,760	\$ 40,947,064
Social Balanced Fund	4,260,324	(40,476)
Short-Horizon Fund	13,497,161	(159,482)
Mid-Horizon Fund	55,950,999	1,297,605
Long-Horizon Fund	55,903,018	4,159,422
U.S. Stock Fund	47,834,271	2,358,416
U.S. Large Stock Fund	51,834,179	471,654
U.S. Small Stock Fund	69,055,032	7,972,372
International Index Fund	48,966,843	8,956,629
Bond Market Fund	26,819,950	(2,166,244)
Money Market Fund	100,199,919	249,492
Total Fund	\$ 1,084,752,457	\$ 64,046,451

Historical Distributions

In Millions

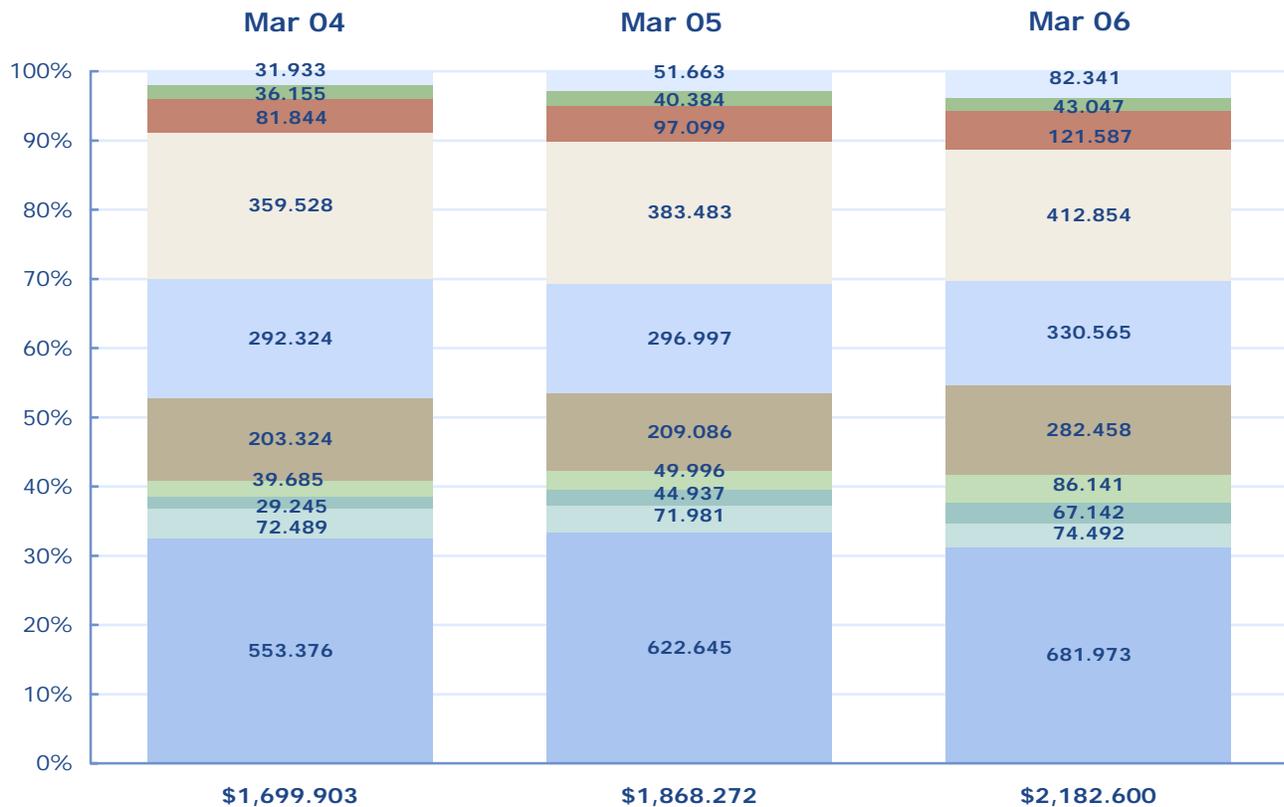


Market Values and Distributions


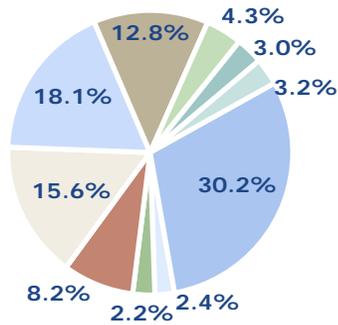
Option	Market Value	Quarterly Change
Short-Horizon Fund	\$ 14,568,155	\$ 1,042,415
Mid-Horizon Fund	35,174,210	3,634,240
Long-Horizon Fund	32,598,759	4,389,932
Social Balanced Fund	43,046,806	883,910
U.S. Stock Market Index	121,587,175	6,766,235
Active Value Fund	412,854,456	19,117,755
Active Core Fund	330,565,178	9,621,794
Growth Company Fund	282,457,675	23,468,313
International Stock Fund	86,141,009	16,995,443
U.S. Small Stock Fund	67,141,561	9,516,768
Bond Market Fund	74,491,547	(2,375,049)
Savings Pool	681,973,469	3,378,155
Total Fund	\$ 2,182,599,999	\$ 96,439,910

Historical Distributions

In Millions



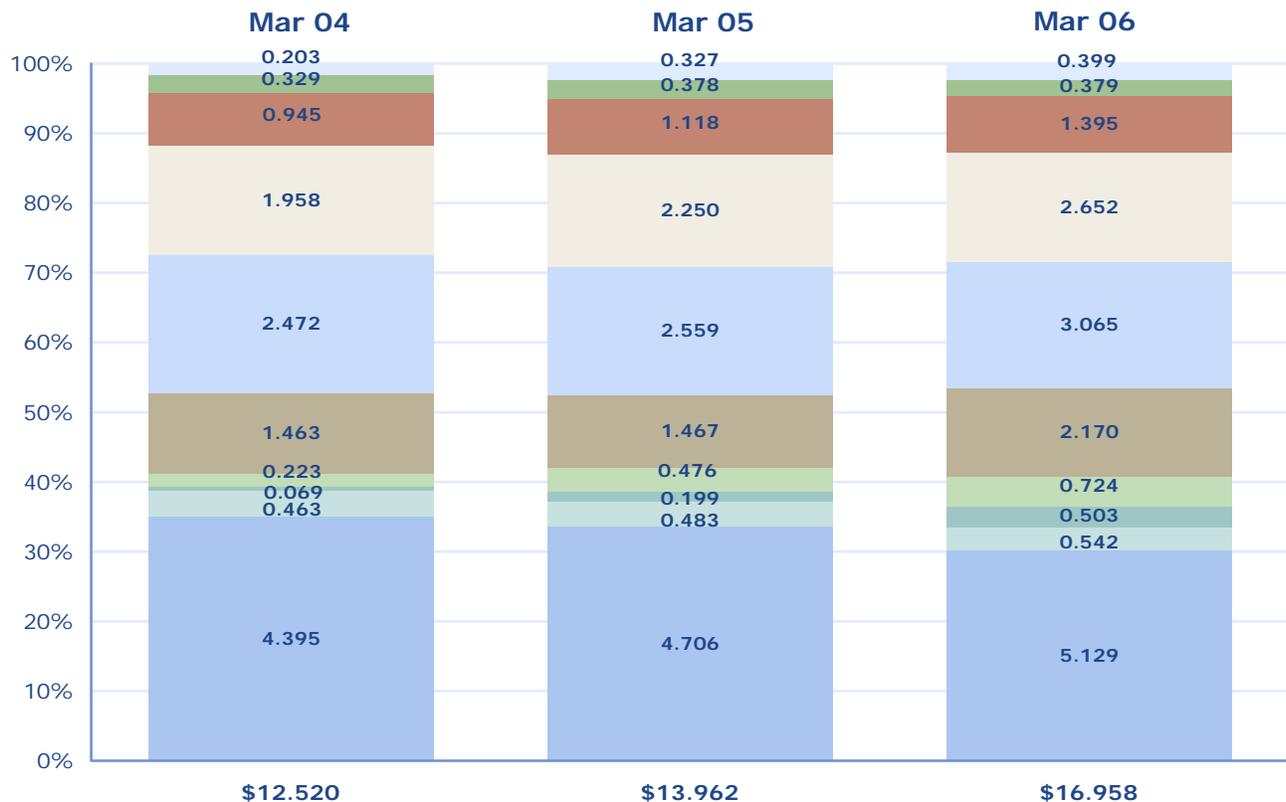
Market Values and Distributions



Option	Market Value	Quarterly Change
Short-Horizon Fund	\$ 64,256	\$ (10,117)
Mid-Horizon Fund	236,120	(1,211)
Long-Horizon Fund	98,590	(1,208)
Social Balanced Fund	378,854	13,518
U.S. Stock Market Index	1,395,340	57,278
Equity-Income/Active Value	2,651,974	185,381
Independence/Active Core	3,065,101	177,867
Growth Company Fund	2,170,137	263,943
International Stock Fund	724,189	128,279
U.S. Small Stock Fund	502,992	84,737
Bond Market Fund	542,205	8,532
Savings Pool	5,128,672	(59,592)
Total Fund	\$ 16,958,429	\$ 847,406

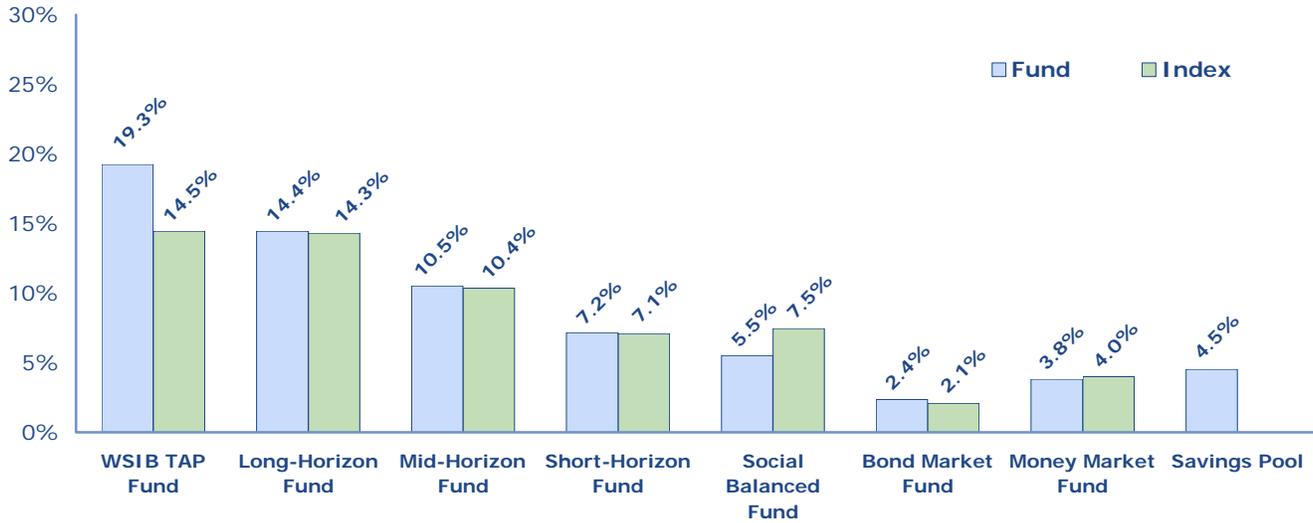
Historical Distributions

In Millions





One Year Returns



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

Balanced Funds

	Qtr.	1 Year	3 Year	5 Year	10 Year
WSIB TAP Fund	6.03%	19.26%	18.51%	8.72%	9.80%
Custom Benchmark	4.96%	14.46%	17.82%	7.17%	8.31%
Long-Horizon Fund	5.11%	14.44%	18.66%	6.79%	N/A
Custom Benchmark	5.11%	14.32%	18.81%	7.12%	8.39%
Mid-Horizon Fund	3.30%	10.52%	13.54%	6.48%	N/A
Custom Benchmark	3.31%	10.36%	13.70%	6.82%	7.87%
Short-Horizon Fund	1.96%	7.16%	8.48%	5.25%	N/A
Custom Benchmark	2.00%	7.10%	8.67%	5.54%	6.65%
Social Balanced Fund	1.83%	5.52%	N/A	N/A	N/A
Custom Benchmark	2.01%	7.45%	10.70%	4.80%	8.10%

Bond Funds

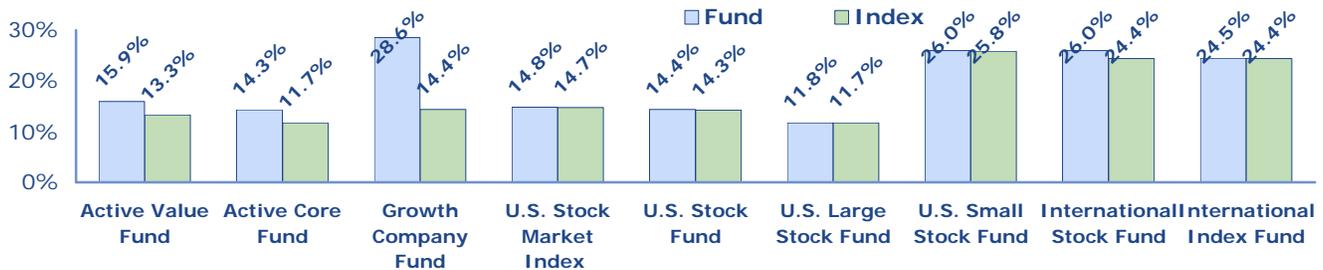
	Qtr.	1 Year	3 Year	5 Year	10 Year
Bond Market Fund	-0.57%	2.35%	3.06%	5.18%	N/A
Lehman Intermediate Credit	-0.53%	2.08%	3.16%	5.47%	6.29%

Cash Funds

	Qtr.	1 Year	3 Year	5 Year	10 Year
Money Market Fund	1.12%	3.81%	2.22%	2.34%	4.05%
One Month LIBOR	1.16%	4.00%	2.36%	2.36%	4.12%
Savings Pool	1.10%	4.52%	4.91%	5.40%	6.03%



One Year Returns



*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.

Active U.S. Equity

	Qtr.	1 Year	3 Year	5 Year	10 Year
Active Value Fund	5.93%	15.94%	25.80%	11.98%	N/A
Russell 1000 Value Index	5.93%	13.31%	21.77%	7.79%	10.97%
Active Core Fund	4.48%	14.33%	N/A	N/A	N/A
S&P 500	4.21%	11.73%	17.22%	3.97%	8.95%
Growth Company Fund	6.85%	28.57%	24.47%	5.39%	10.39%
Russell 3000 Growth	4.07%	14.40%	15.78%	2.21%	6.35%

Passive U.S. Equity

	Qtr.	1 Year	3 Year	5 Year	10 Year
U.S. Stock Market Index	5.49%	14.79%	19.78%	5.91%	9.35%
Dow Jones Wilshire 5000	5.44%	14.72%	19.67%	5.95%	9.13%
U.S. Stock Fund	5.37%	14.37%	19.16%	5.35%	N/A
Russell 3000	5.31%	14.28%	19.14%	5.33%	9.19%
U.S. Large Stock Fund	4.19%	11.76%	17.25%	4.01%	N/A
S&P 500	4.21%	11.73%	17.22%	3.97%	8.95%
U.S. Small Stock Fund	14.00%	25.98%	29.44%	12.67%	N/A
Russell 2000	13.94%	25.85%	29.53%	12.59%	10.15%

Active International

	Qtr.	1 Year	3 Year	5 Year	10 Year
International Stock Fund	9.98%	25.98%	N/A	N/A	N/A
MSCI EAFE	9.40%	24.41%	31.13%	9.63%	6.49%

Passive International

	Qtr.	1 Year	3 Year	5 Year	10 Year
International Index Fund	9.33%	24.45%	30.35%	8.55%	N/A
MSCI EAFE	9.40%	24.41%	31.13%	9.63%	6.49%



Daily Priced Investment Options

Quarterly Report - March 31, 2006

Savings Pool	1
Bond Fund.....	2
Horizon Funds.....	3

Size \$ 686,609,530

Characteristics
Average Maturity

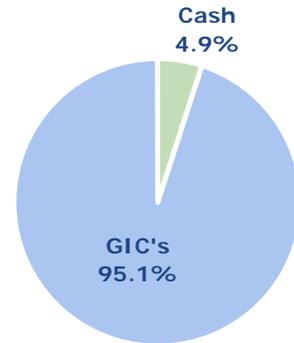
2.1 Years

Average Yield

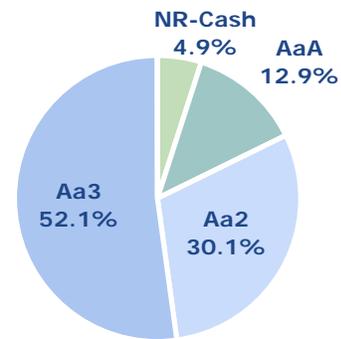
4.63%

Number of Holdings

33

Composition Distribution

Top Ten GIC Issuers

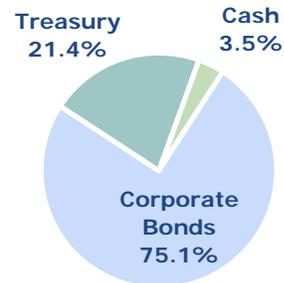
Metropolitan Life Insurance Co.	19.44%
New York Life Insurance Corp.	12.95%
John Hancock Life Insurance Co.	11.97%
ING USA Annuity & Life Insurance Co.	11.41%
Monumental Life Insurance Co.	10.17%
Hartford Life Insurance Co.	9.66%
Pacific Life Insurance Co.	7.55%
Principal Life Insurance Co.	7.00%
Genworth Life and Annuity Assurance	3.30%
Allstate Life Insurance Co.	1.67%

Rating Distribution

Return


Size \$ 376,997,052

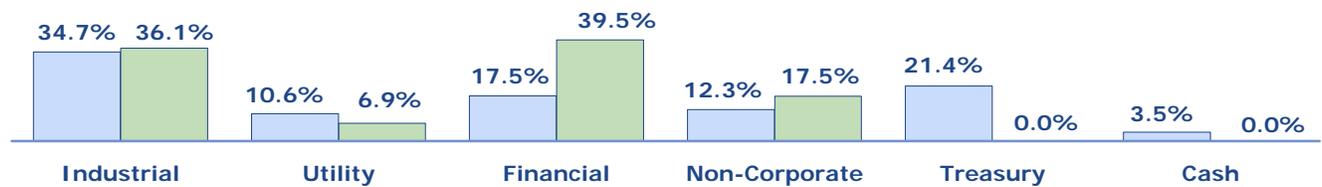
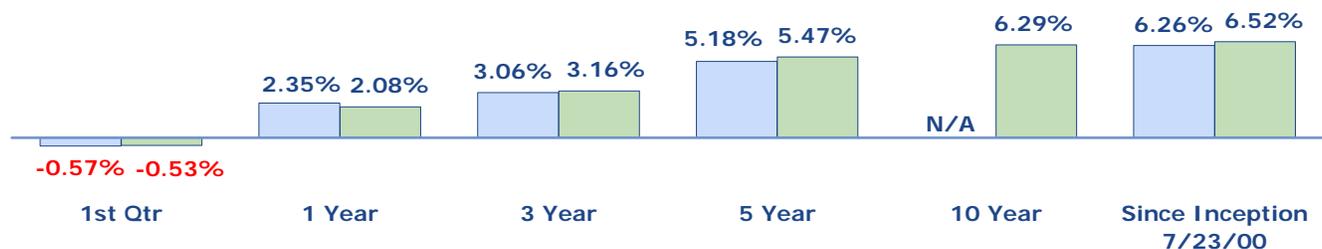
Characteristics

	Fund	Index
Average Maturity	4.9 years	5.1 years
Yield to Maturity	4.88%	5.57%
Modified Duration	3.94	4.20
Average Coupon	4.64%	5.55%
Number of Holdings	128	2168

Asset Class Distribution

Top Ten Credit Issuers

Norfolk Southern Corporation	0.91%	Northern Trust Company	0.83%
Raytheon Company	0.88%	Union Pacific Corporation	0.82%
British Sky Broadcasting Group Plc.	0.87%	John Deere	0.82%
Burlington Northern Santa Fe Corporation	0.87%	Baker Hughes Inc.	0.82%
Santander Central Hispano Issuances	0.87%	Wells Fargo & Company	0.81%

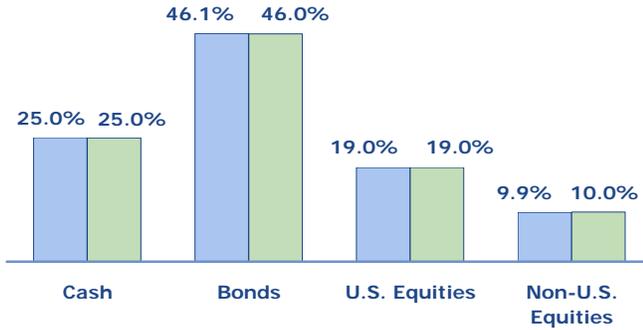
Rating Distribution

Industry Distribution

Return


■ Horizon Fund
 ■ Target
 ■ Horizon Fund
 ■ Benchmark

Short-Horizon \$ 41,135,501

Asset Allocation

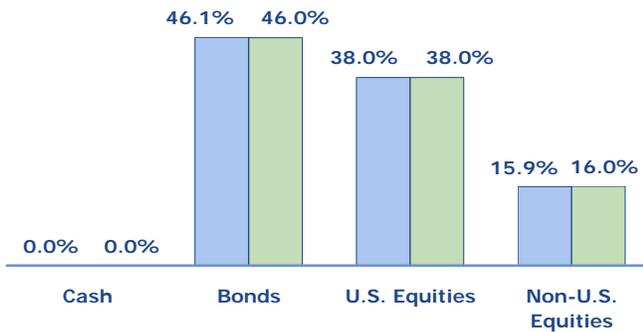


Return



Mid-Horizon \$ 136,179,265

Asset Allocation

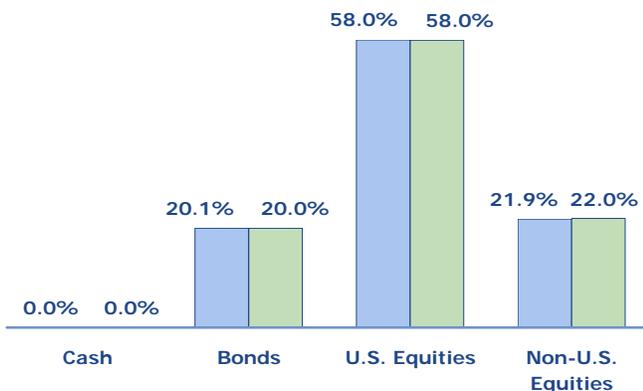


Return



Long-Horizon \$ 135,834,426

Asset Allocation



Return





Labor and Industries' Funds

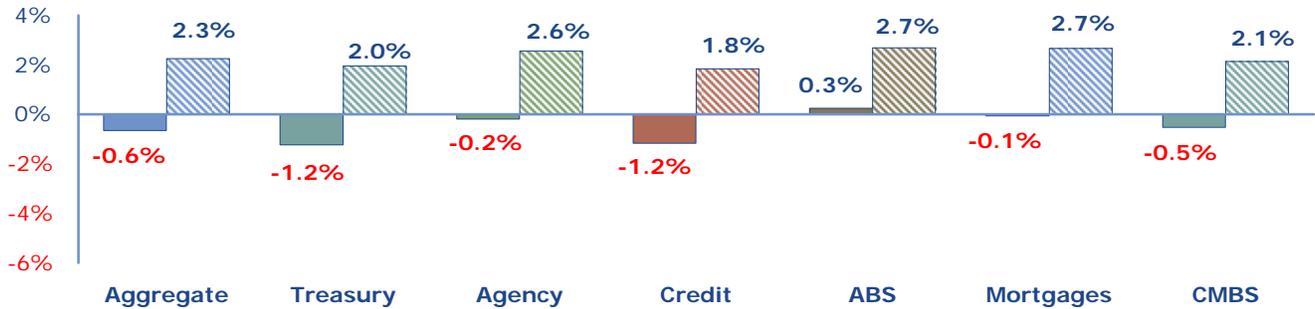
Quarterly Report - March 31, 2006

Capital Markets	1
Market Values and Asset Allocation	2
Performance and Durations Versus CMI	3

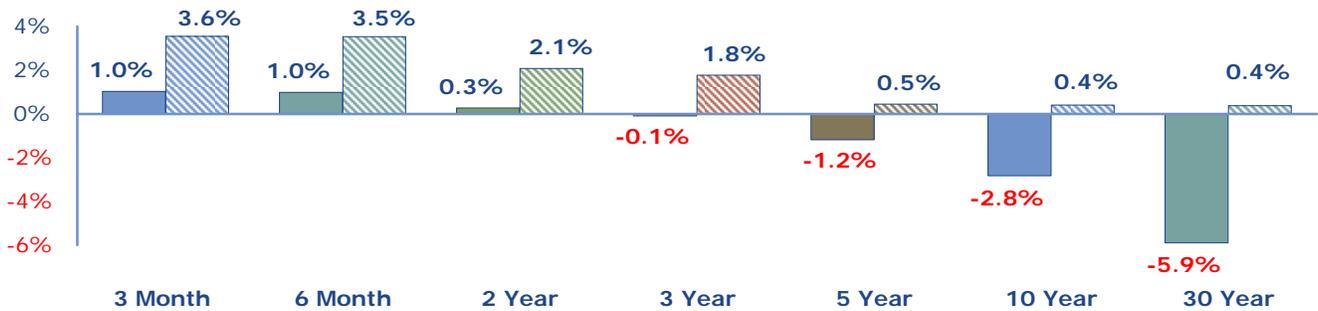


One Quarter Performance - solid bars
One Year Performance - patterned bars

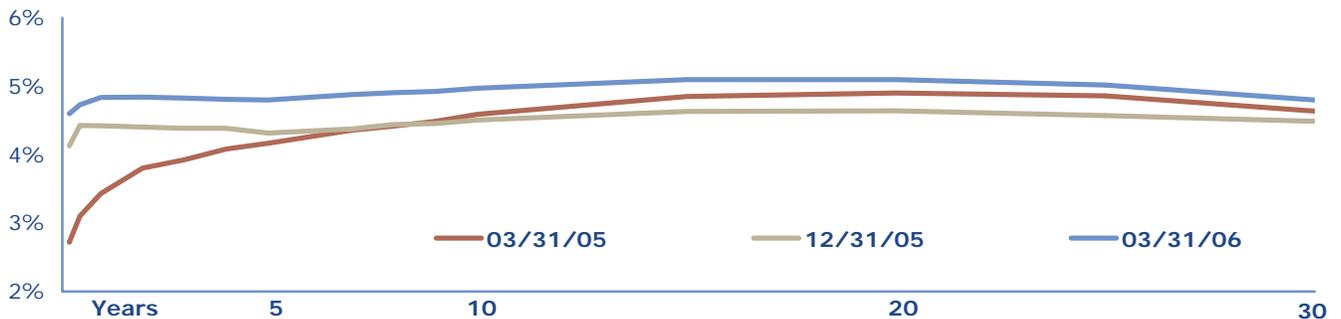
Asset Class Returns (using Lehman Brothers indices)



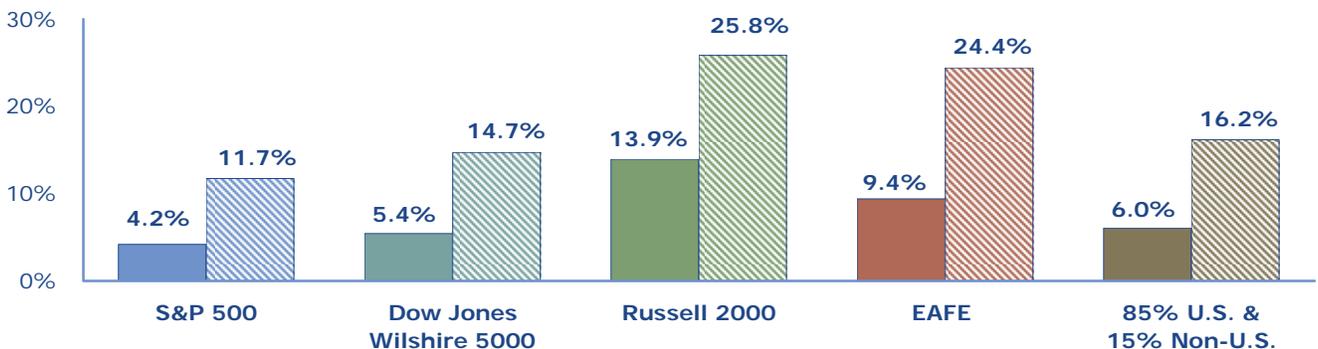
Treasury Return by Maturity



Yield Curve Using Treasury Strips

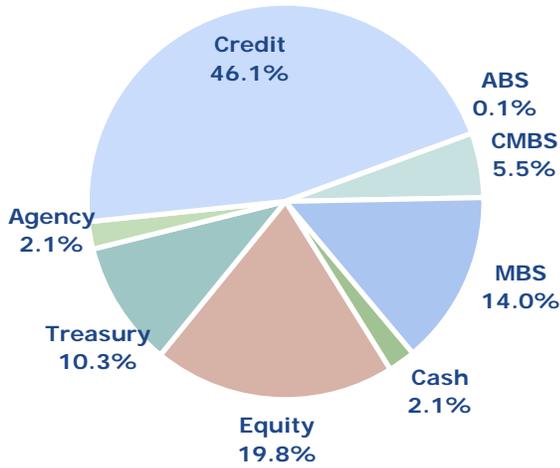


Equity Returns





Total Labor and Industries' Funds
\$ 10,452,579,329



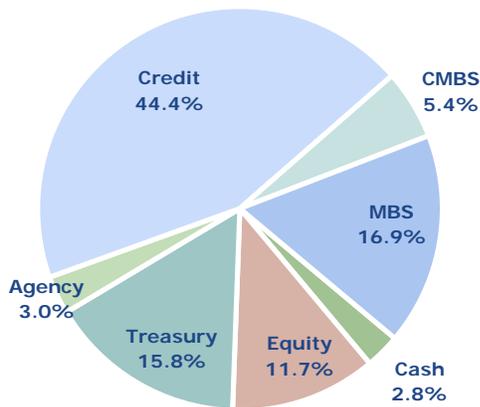
WSIB Policy Ranges for Equity

	Target	Range
Accident Fund	10%	8-12%
Medical Aid Fund	30%	24- 36%
Pension Reserve	10%	8-12%

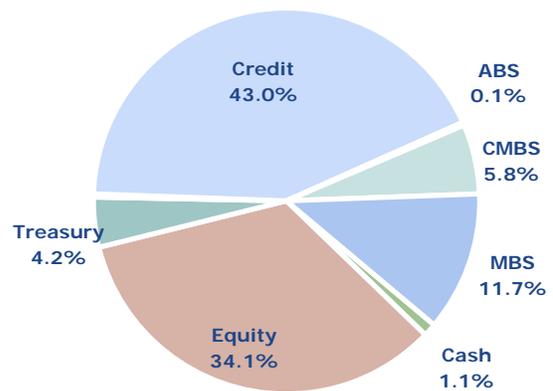
WSIB Policy Ranges for Fixed Income

	Range
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%

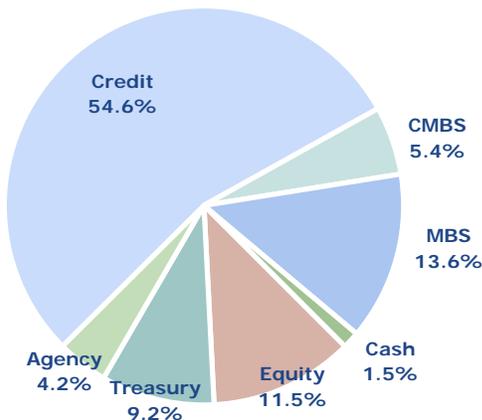
Accident Fund **\$ 4,000,552,958**



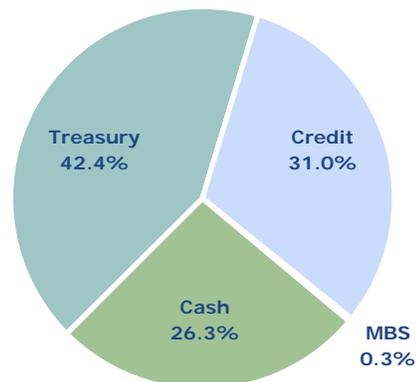
Medical Aid Fund **\$ 3,855,560,387**



Pension Reserve **\$ 2,468,121,230**

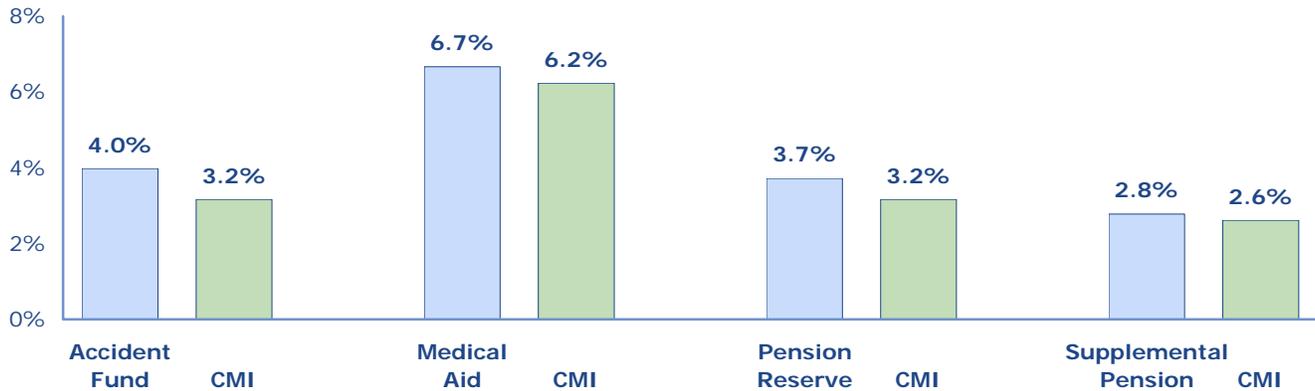


Supplemental Pension **\$ 128,344,754**





One Year Performance



Total Return

	Qtr.	1 Year	3 Year	5 Year	10 Year
Accident Fund	-1.31%	3.98%	6.51%	6.71%	7.29%
CMI	-1.71%	3.17%	6.70%	6.83%	7.12%
Medical Aid	1.22%	6.67%	7.64%	5.85%	7.20%
CMI	0.93%	6.24%	8.07%	6.31%	7.25%
Pension Reserve	-1.48%	3.72%	5.23%	7.37%	8.02%
CMI	-1.71%	3.17%	5.13%	7.27%	7.72%
Supplemental Pension	0.62%	3.14%	1.96%	2.79%	4.85%
Supplemental Ex-Cash	0.38%	2.78%	2.19%	3.48%	5.36%
CMI	0.42%	2.62%	2.37%	4.35%	5.52%

Labor and Industries' Statutory Accounting Return *

	Qtr.	1 Year	3 Year	5 Year
Accident Fund	2.22%	8.15%	9.55%	7.10%
Medical Aid	2.93%	9.05%	10.23%	6.63%
Pension Reserve	2.21%	8.10%	8.56%	7.52%
Supplemental Pension	1.01%	4.03%	3.61%	3.54%

Duration

	CMI	Target	Actual	% Difference
Accident Fund	8.96	9.00	8.27	-8.12%
Medical Aid	5.89	6.00	5.67	-5.51%
Pension Reserve	8.96	9.00	8.59	-4.60%
Supplemental Pension	1.89	1.75-2.25	1.88	N/A

* 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 and Other Trust Funds

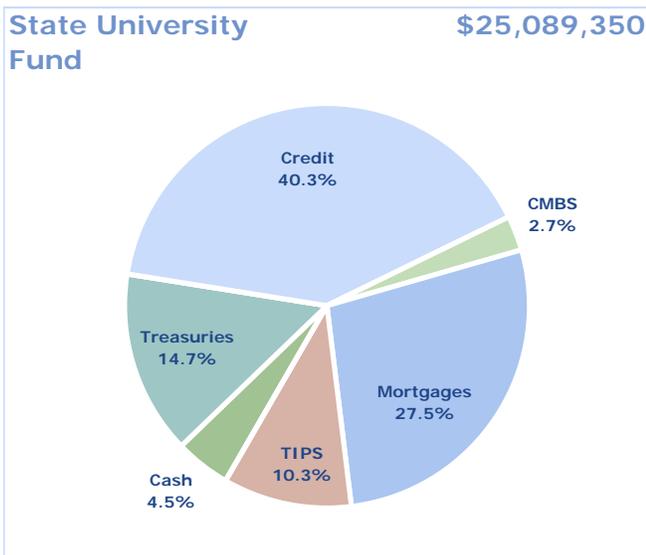
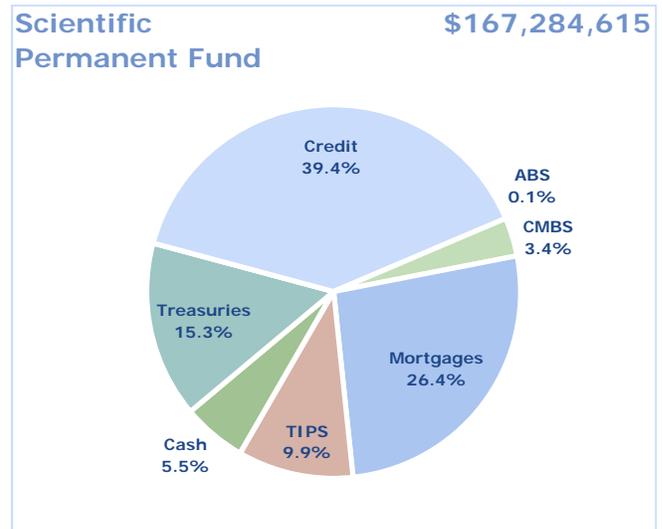
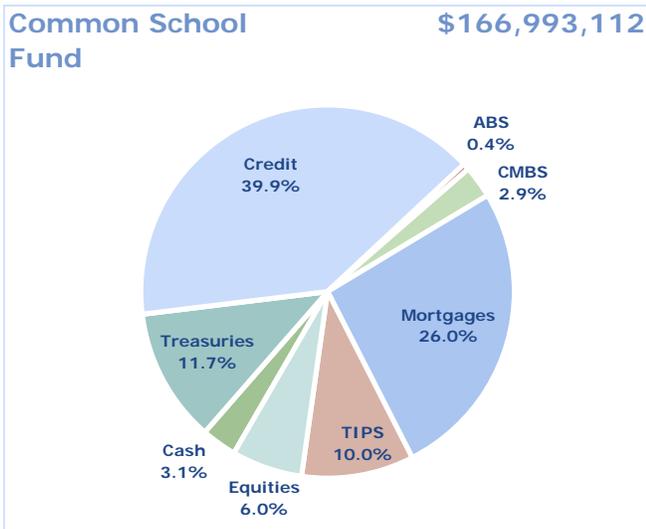
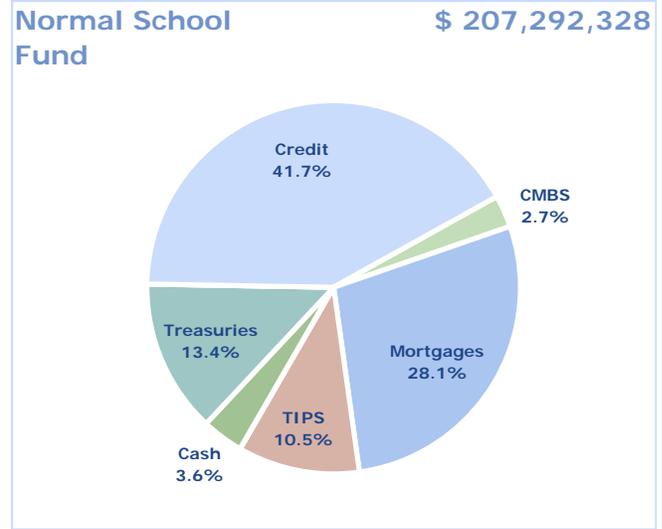
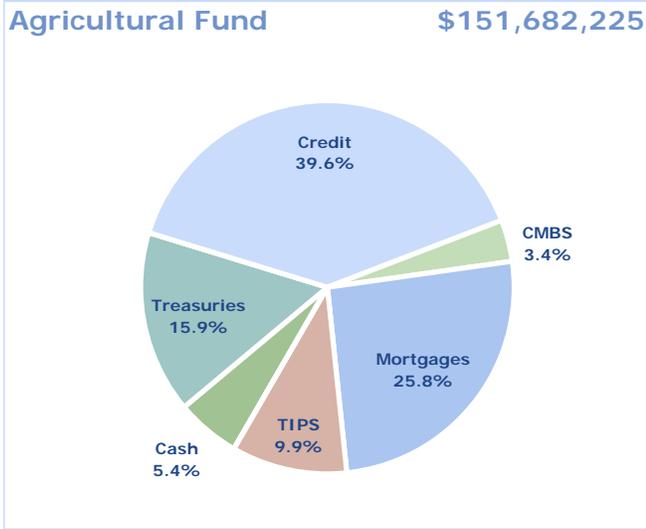
Quarterly Report - March 31, 2006

Permanent Funds

Market Values and Asset Allocation	1
Interest Income, Performance, and Duration	2

Other Trust Funds

Market Values, Performance, and Asset Allocation	3
GET – Advanced College Tuition Payment Program	4
DDEF – Developmental Disability Endowment Fund	5



Millersylvania State Park Fund **\$ 5,171**

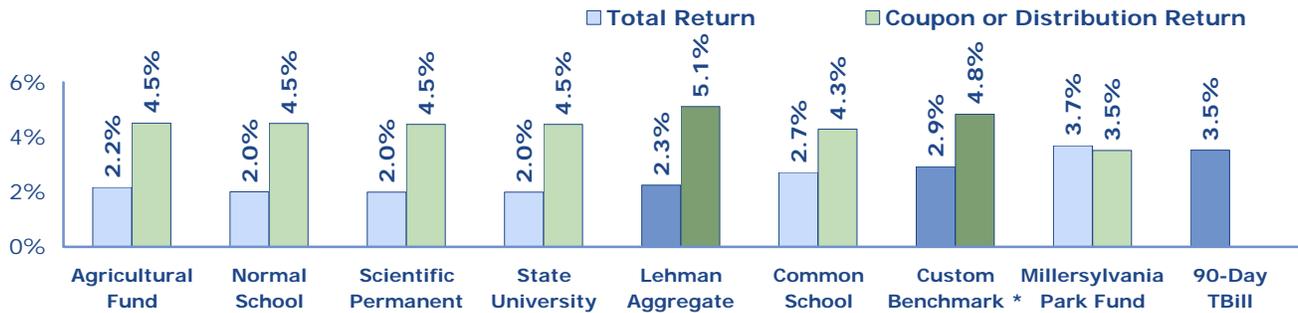
Assets of this fund are invested in a short-term investment fund (STIF).

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%



One Year



Balance

	Mar 06	Mar 05	Mar 01
Agricultural Fund	\$ 151,682,225	\$ 150,584,455	\$ 123,619,810
Normal School	\$ 207,292,328	\$ 210,425,685	\$ 194,336,413
Scientific Permanent	\$ 167,284,615	\$ 165,636,416	\$ 147,859,826
State University	\$ 25,089,350	\$ 25,202,360	\$ 22,749,407
Common School	\$ 166,993,112	\$ 169,552,602	\$ 162,293,854
Millersylvania Park Fund	\$ 5,171	\$ 5,162	\$ 5,170

Returns

	Total Return					Distribution Return **			
	Qtr.	1 Year	3 Year	5 Year	10 Year	Qtr.	1 Year	3 Year	5 Year
Agricultural Fund	-1.00%	2.17%	2.59%	4.88%	6.17%	1.11%	4.51%	4.69%	5.38%
Normal School	-1.00%	2.00%	2.55%	4.96%	6.21%	1.11%	4.50%	4.66%	5.31%
Scientific Permanent	-1.01%	2.00%	2.58%	5.14%	6.18%	1.12%	4.47%	4.72%	5.43%
State University	-1.00%	2.00%	2.52%	5.10%	6.29%	1.11%	4.46%	4.62%	5.28%
Lehman Aggregate	-0.65%	2.26%	2.92%	5.11%	6.29%				
Common School	-0.62%	2.71%	3.27%	5.15%	6.19%	1.05%	4.30%	4.44%	5.14%
Custom Benchmark *	-0.30%	2.92%	3.63%	5.26%	6.31%				
Millersylvania Park Fund	1.09%	3.69%	2.11%	2.21%	3.91%	1.06%	3.52%	2.02%	2.21%
90 Day TBill	1.02%	3.53%	2.09%	2.25%	3.86%				

Fixed Income Duration

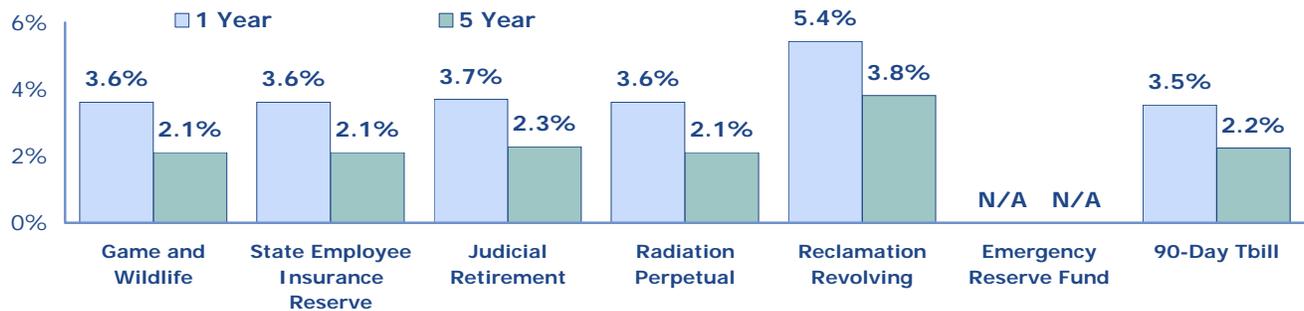
	Duration of Fund	Duration of Benchmark	Difference	% Difference
Agricultural Fund	4.80	4.68	0.12	2.55%
Normal School	4.73	4.68	0.05	1.14%
Scientific Permanent	4.74	4.68	0.06	1.32%
State University	4.76	4.68	0.08	1.81%
Common School	4.71	4.68	0.03	0.72%
Millersylvania Park Fund	0.10	0.25	N/A	N/A

* The custom benchmark for the Common School Fund is a combination of the Lehman Aggregate and Dow Jones Wilshire 5000 using the previous month-end weights adjusted for new purchases during the current month. For March 2006, the breakdown was 6.0% Dow Jones Wilshire 5000 and 94.0% Lehman Aggregate.

** Includes coupon income and amortization minus expenses and deferred losses based on book value.



One Year and Five Year Return



Total Return

	Qtr.	1 Year	3 Year	5 Year	10 Year
Game and Wildlife	1.07%	3.61%	2.03%	2.11%	4.00%
State Employee Insurance Reserve	1.07%	3.61%	2.03%	2.11%	3.86%
Judicial Retirement	1.09%	3.70%	2.11%	2.28%	4.00%
Radiation Perpetual	1.07%	3.61%	2.03%	2.11%	3.86%
Reclamation Revolving	1.61%	5.44%	4.41%	3.81%	4.87%
Emergency Reserve Fund	1.07%	N/A	N/A	N/A	N/A
90-Day Tbill	1.02%	3.53%	2.09%	2.25%	3.86%

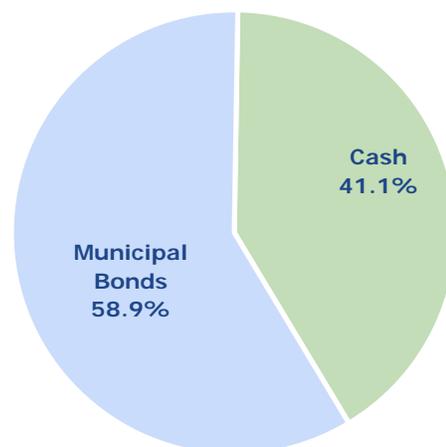
Market Value

	Mar 06	Mar 05	Mar 01
Game and Wildlife	\$ 9,333,305	\$ 10,002,424	\$ 11,240,755
State Employee Insurance Reserve	\$ 78,720,777	\$ 75,976,170	\$ 37,060,980
Judicial Retirement	\$ 20,592	\$ 2,788,595	\$ 9,542,558
Radiation Perpetual	\$ 295,123	\$ 284,833	\$ 269,900
Reclamation Revolving	\$ 376,197	\$ 356,800	\$ 1,013,319
Emergency Reserve Fund	\$ 67,277,025	\$ 0	\$ 544,529,942

Portfolio Allocations

The Game and Wildlife Fund, State Employee Insurance Reserve Fund, Judicial Retirement Fund, Radiation Perpetual Fund, and Emergency Reserve Fund are fully invested in short-term investment funds (STIF).

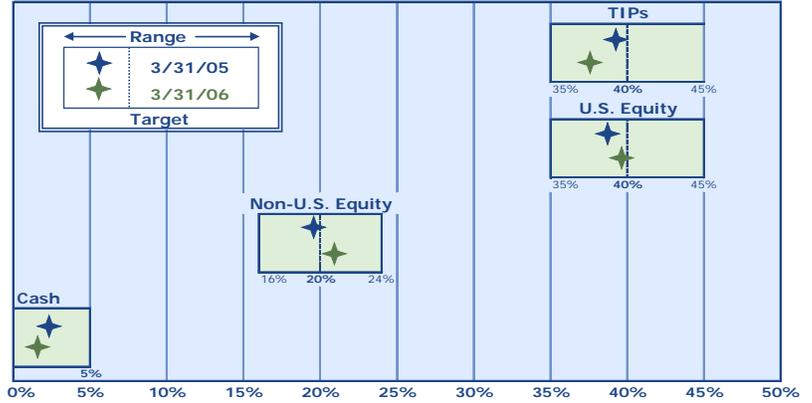
The Reclamation Revolving Fund (shown to the right) is invested in municipal bonds and STIF.



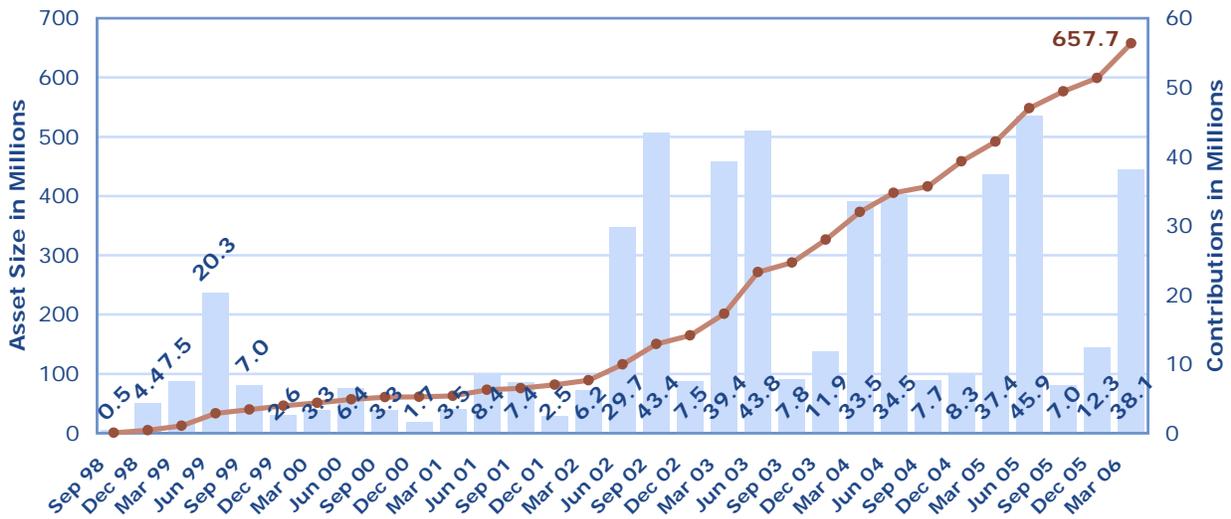


Portfolio Size and Allocation

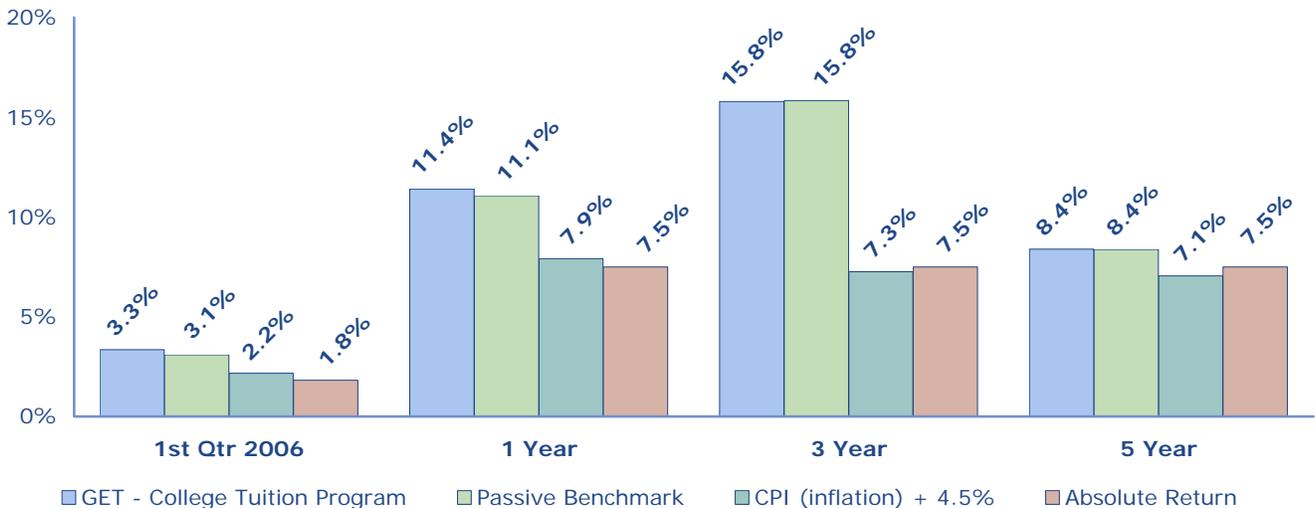
Total	\$657,662,019
Cash	11,214,937
Treasury Inflation Index Note (TIPs)	247,622,089
U.S. Equity	260,838,206
Non-U.S. Equity	137,986,788



Assets Under Management



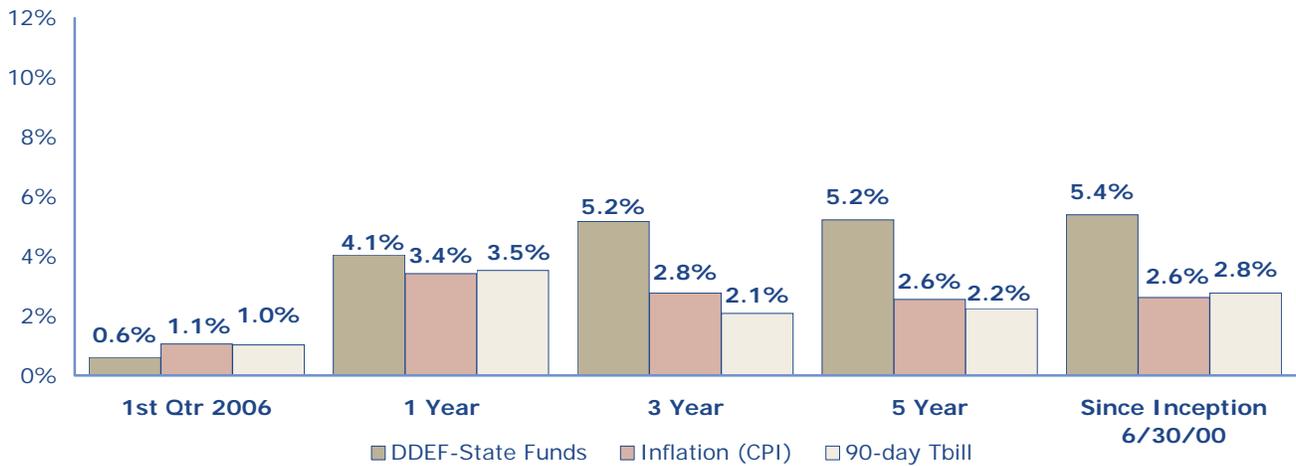
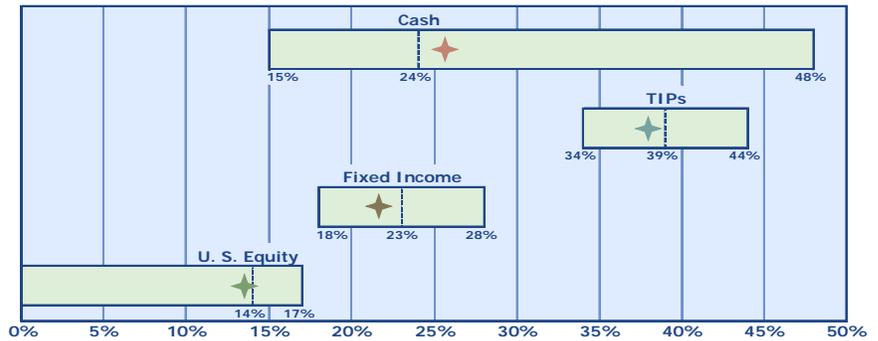
Total Return





DDEF - State Funds

Total	\$7,013,691
Cash	1,805,007
Treasury Inflation Index Note (TIPs)	2,665,511
Fixed Income	1,528,712
U.S. Equity	1,014,462



DDEF - Private Funds

Total	\$5,378,715
Cash	109,510
Balanced Fund	5,269,204

