



Investment Reports

Quarterly Report – March 31, 2007

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Dated: May 4, 2007



Commingled Trust Fund (CTF)

Quarterly Report – March 31, 2007

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Capital Markets

- ❖ The Dow Jones Wilshire 5000 index earned 1.4% for the quarter bringing the 1 year return to 11.3%.
- ❖ Small Cap return, as measured by the Russell 2000 is 1.9% for the quarter. It outperformed large cap (Russell 1000) by 74 basis points, which returned 1.2% for the quarter. Small cap continues its dominance over large cap for the longer time periods.
- ❖ This quarter growth and value were similar with growth outperforming value by only 3 basis points, using the Russell 3000 series.
- ❖ The international equity market, as measured by the MSCI ACWI ex U.S., outperformed the U.S. equity market, as measured by the Dow Jones Wilshire 5000, by 243 basis points. Of the 47 countries in the MSCI ACWI ex U.S. Index, 38 countries had positive returns for the quarter in U.S. dollars. The lowest and highest returning markets were both emerging countries (Colombia at -5.6% and Peru at 25.0%). The best performing developed country was Finland at 10.4% and the worst was Ireland at -0.9%.
- ❖ In the Lehman indices, emerging U.S. Corporate High Yield had the highest return for the quarter earning 2.6% as well as for the year earning 11.6%. For the quarter the middle of the curve outperformed the long and the short with the 5 year earning 1.8% versus 1.3% for the short 0.3% for the 30 year.
- ❖ For the 1st quarter of 2007, the best performers in the NCREIF were office, at 4.6%, and the Western region, at 4.2%. Total return for the index was 3.6%.
- ❖ GDP was 1.3% for the quarter. Inflation, as measured by the CPI grew 1.2% for the quarter.
- ❖ The federal reserve left the federal funds target rate at 5.25% for the quarter. It has stayed at that rate since June 30, 2006.

Total Fund

- ❖ The CTF increased in size during the quarter growing almost \$2.4 billion to over \$60.8 billion.
- ❖ Since the beginning of the fiscal year the fund has increased by over \$7.0 billion.

Asset Allocation

- ❖ All asset classes in the CTF are within their long-term target ranges. \$75 million from U.S. Equity and \$493 million from International Equity was transferred to fund participant withdrawals, Private Equity capital calls, and Real Estate capital calls.

Investment Return

- ❖ The CTF's return for the 1st quarter of 2007 was 4.5%. The fund outperformed all benchmarks for all time periods. All annualized returns shown (1, 3, 5, and 10 year) continue to exceed the actuarial assumption of 8%.

U.S. Equity

- ❖ The WSIB U.S. equity portfolio underperformed the Dow Jones Wilshire 5000 for all time periods except the 10 year where it outperformed its benchmark.
- ❖ The index fund underperformed the benchmark by 4 basis points and the BGI Asset Trust outperformed the benchmark by 3 basis points for the quarter.
- ❖ All 3 of the active managers underperformed for the quarter, but 2 of the 3 outperformed for the year.

International Equity

- ❖ The WSIB International equity portfolio outperformed the benchmark for the quarter by 40 basis points. For the annualized time periods, it outperformed for the 1 and 3 year but underperformed for the 5 and 10 year.
- ❖ 4 of the 10 developed managers outperformed for the quarter and 7 outperformed for the year. Both SsgA and Mondrian outperformed for the 3 and 5 year.
- ❖ 4 of the WSIB's 5 emerging markets managers outperformed the benchmark for the quarter. Capital and GMO outperformed the benchmark for the 3 year and GMO outperformed the benchmark for the 5 year.

Fixed Income

- ❖ Fixed income outperformed the Lehman Universal & Aggregate for the quarter and all annualized time periods.

Private Equity

- ❖ The WSIB private equity return for the 1st quarter was 10.2%. The 1 year return was 24.3% and outperformed the benchmark, S&P 500 plus 500 basis points (lagged one quarter) in all time periods.
- ❖ The WSIB LP portfolio returned 10.3%, and the WSIB KKR portfolio returned 10.2% for the quarter.
- ❖ As of December 31, 2006, there were \$7.8 billion in unfunded commitments.

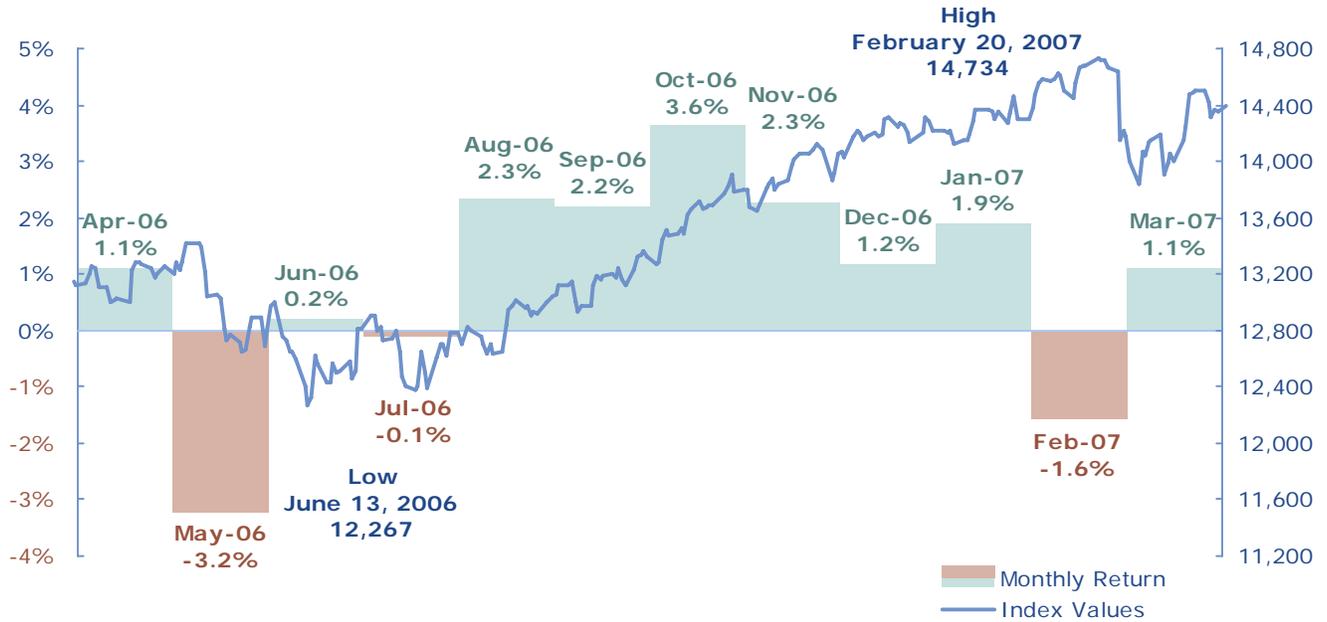
Real Estate

- ❖ The WSIB Real Estate return for the 1st quarter was 8.9%. It outperformed NCREIF (lagged one quarter) plus 100 basis points, which returned 4.8%. For the 1 year period, the return of 25.9% was over 830 basis points above the benchmark of 17.6%.
- ❖ As of December 31, 2006, there were \$5.5 billion in unfunded commitments.

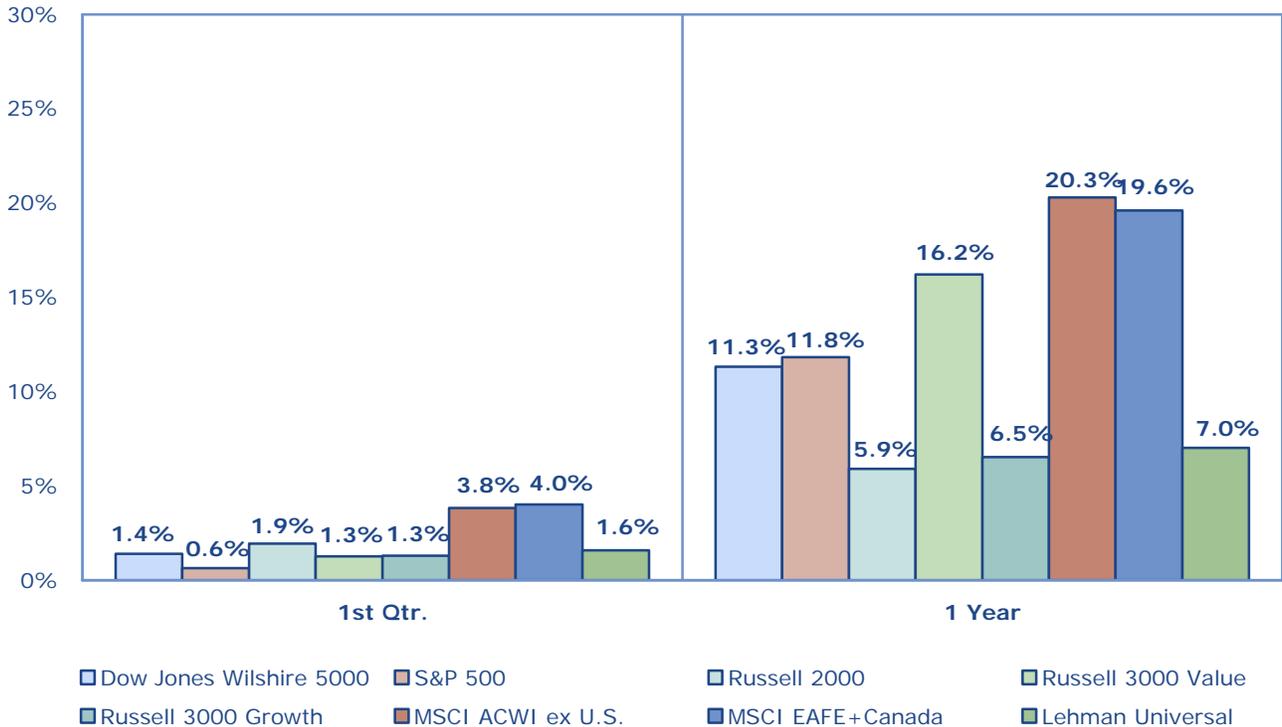


Dow Jones Wilshire 5000

March 31, 2006 - March 31, 2007



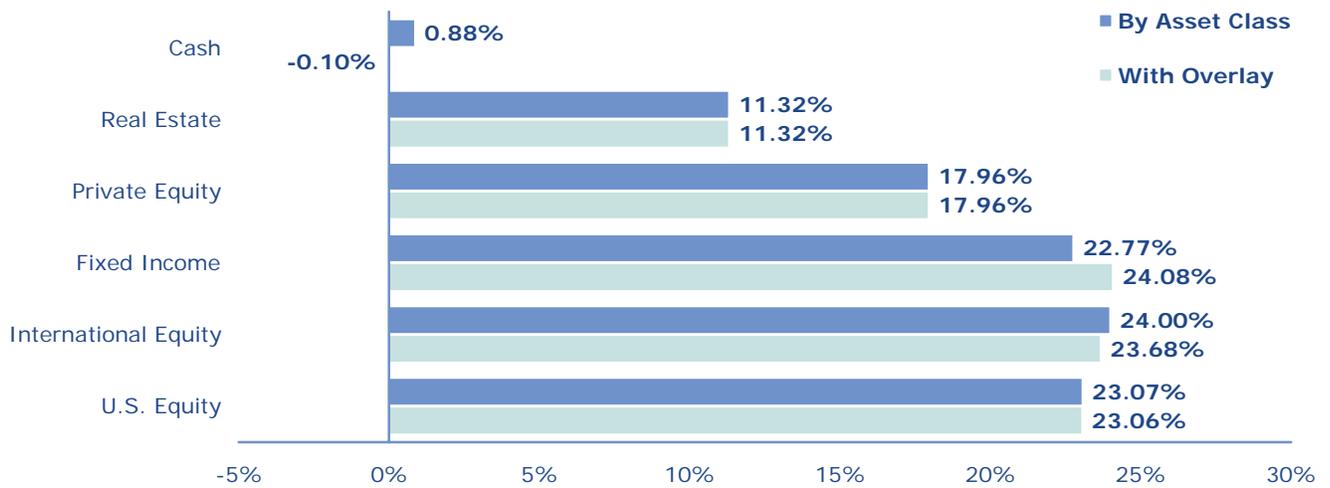
Capital Market Returns



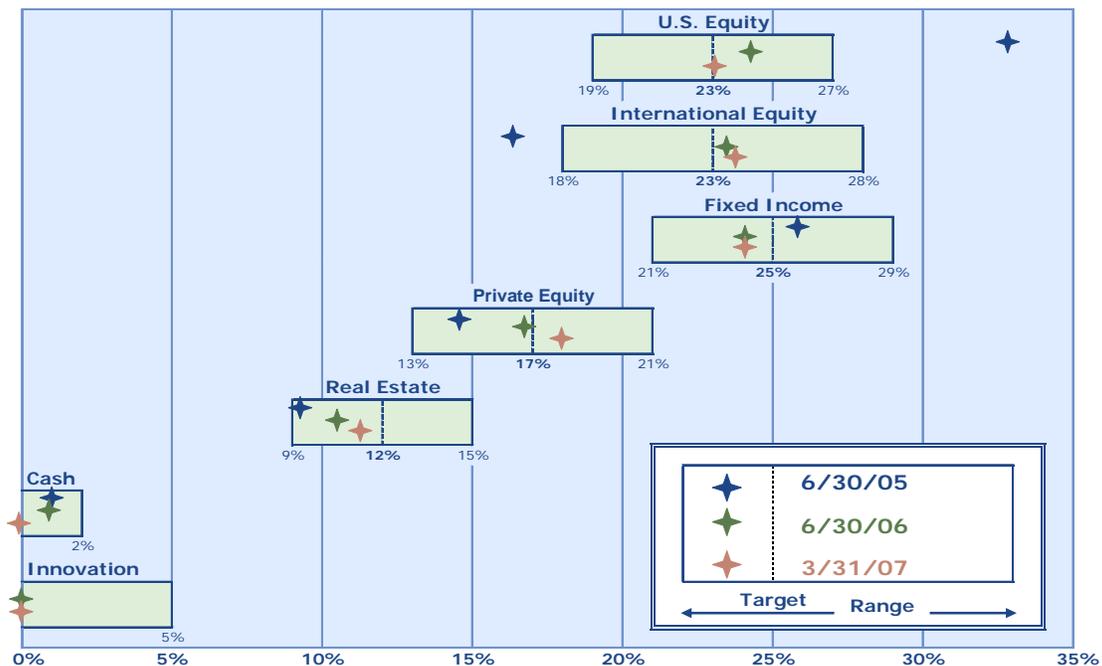


Asset Class	Market Value (000s)
U.S. Equity	\$ 14,037,540
International Equity	14,599,592
Fixed Income	13,855,506
Private Equity	10,929,965
Real Estate	6,886,442
Cash	534,928
Total Fund	\$ 60,843,973

Actual Asset Allocation



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	\$ 60,843,973	100.0%	4.47 %	15.02 %	16.16 %	15.22 %	11.82 %	10.16 %
Passive Benchmark ²			2.02	13.41	12.31	11.27	9.19	8.56
Implementation Value Added Benchmark ³			3.40	13.57	14.45	12.79	10.61	N/A
TUCS Public Fund >\$1B Median ⁴			2.18	12.72	11.65	11.15	9.35	8.70
TUCS Public/Corporate Fund >\$1B Median ⁴			2.18	12.46	11.51	11.13	9.36	9.00
U.S. Equity	\$ 14,037,540	23.1%	1.27 %	13.47 %	11.31 %	11.01 %	7.69 %	8.88 %
Dow Jones Wilshire 5000			1.40	13.56	11.34	11.04	7.71	8.73
S&P 500			0.64	13.46	11.83	10.06	6.27	8.20
Int'l. Equity	\$ 14,599,592	24.0%	4.23 %	20.80 %	20.51 %	21.49 %	16.97 %	8.58 %
MSCI ACWI ex U.S.			3.83	20.04	20.29	21.42	17.37	9.02
MSCI EAFE			4.08	19.36	20.20	19.83	15.78	8.31
Fixed Income	\$ 13,855,506	22.8%	1.80 %	7.00 %	7.07 %	3.94 %	6.24 %	6.95 %
Lehman Universal			1.59	7.14	7.02	3.85	5.91	6.61
Cash	\$ 452,652	0.9%	1.36 %	3.82 %	4.94 %	3.26 %	2.36 %	3.16 %
90 Day T-Bills			1.25	3.88	5.08	3.42	2.59	3.82
Private Equity⁵	\$ 10,929,965	18.0%	10.24 %	17.94 %	24.34 %	29.07 %	18.70 %	14.96 %
S&P 500 (Lagged One Quarter) + 500 bp			7.93	14.80	20.79	15.44	11.19	13.42
Real Estate⁵	\$ 6,886,442	11.3%	8.92 %	19.21 %	25.87 %	23.94 %	18.94 %	15.76 %
NCREIF (Lagged One Quarter) + 100 bp			4.76	13.26	17.59	18.02	14.27	13.72
Overlay⁶	\$ 82,276		-0.00 %	0.02 %	0.02 %	0.01 %	0.00 %	0.00 %

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 21 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.

⁶To show the performance, cash and the cash held in the overlay are seperated out on this page.



Market Values in \$000s

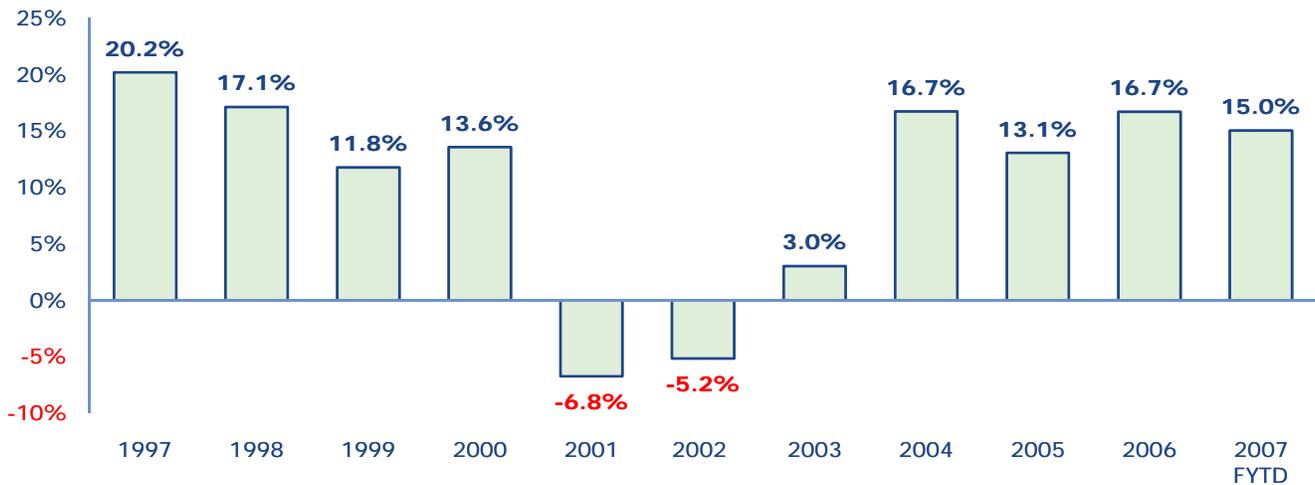
CTF Market Value: \$ 60,843,973

Net Change this Quarter: \$ 2,399,694

Net Change for Fiscal Year: \$ 7,031,802

Annual Performance

Fiscal Years Ended June 30



Assets Under Management (\$ Billions)

Fiscal Years Ended June 30



Market Values in \$000s

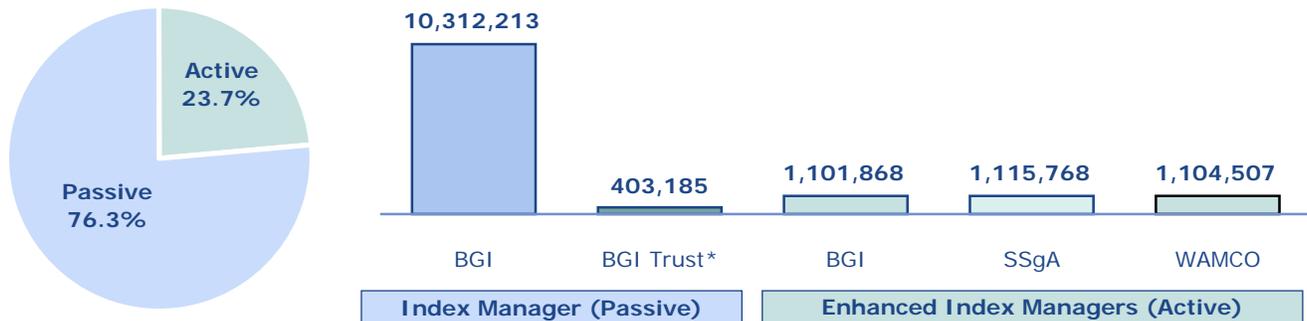
Market Value: \$14,037,540
Ten Largest Holdings (3,844 total holdings versus 4,943 in the index)

Exxon Mobil Corp.	2.78%	A T & T Inc.	1.47%
General Elec Co.	2.18%	Pfizer Inc.	1.20%
Citigroup Inc.	1.58%	Procter And Gamble Co.	1.18%
Microsoft Corp.	1.55%	Altria Group Inc.	1.13%
Bank Amer Corp.	1.50%	Johnson + Johnson	1.11%

The top ten companies represent 15.7% of the portfolio, the top 100 approximately 50.4%

Performance

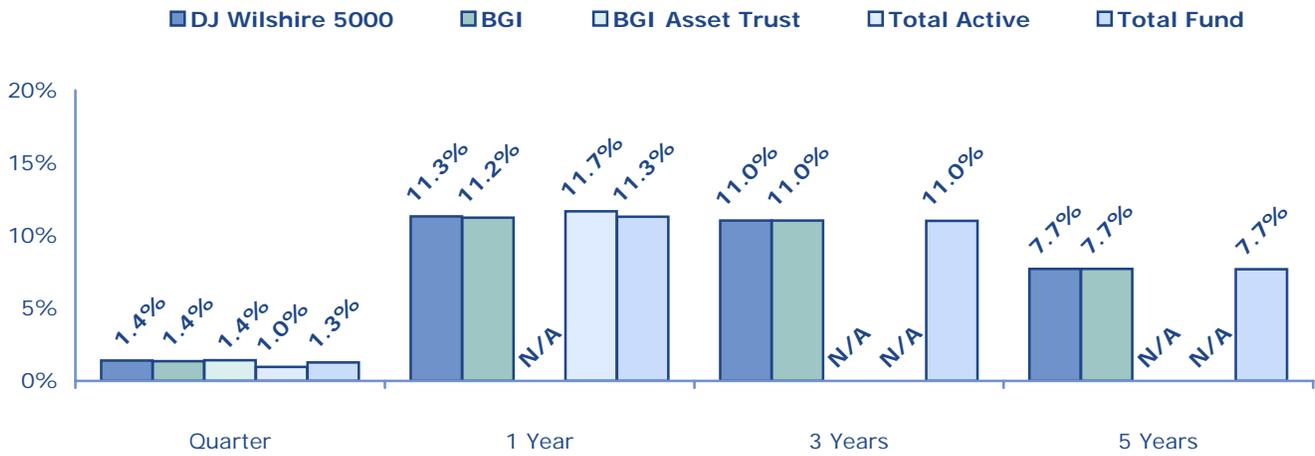
	Qtr.	FYTD	1 Year	3 Year	5 Year	10 Year
WSIB U.S. Equity	1.27 %	13.47 %	11.31 %	11.01 %	7.69 %	8.88 %
Dow Jones Wilshire 5000	1.40	13.56	11.34	11.04	7.71	8.73
S & P 500	0.64	13.46	11.83	10.06	6.27	8.20
Russell 3000	1.28	13.52	11.28	10.84	7.23	8.69

Manager Breakdown

Growth of a Dollar

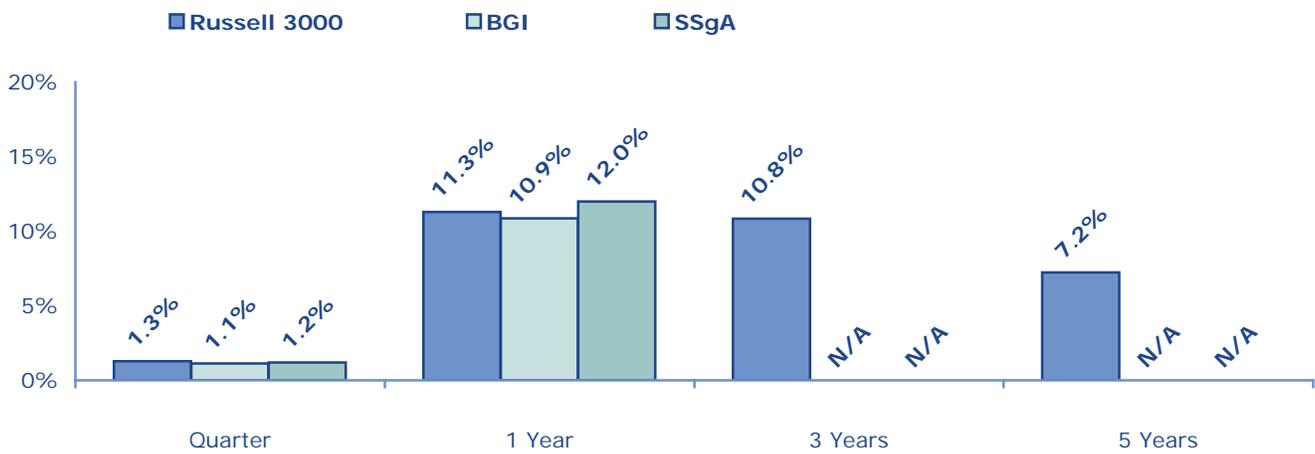

* A negative amount due to timing issues as funds were transferred over quarter end.



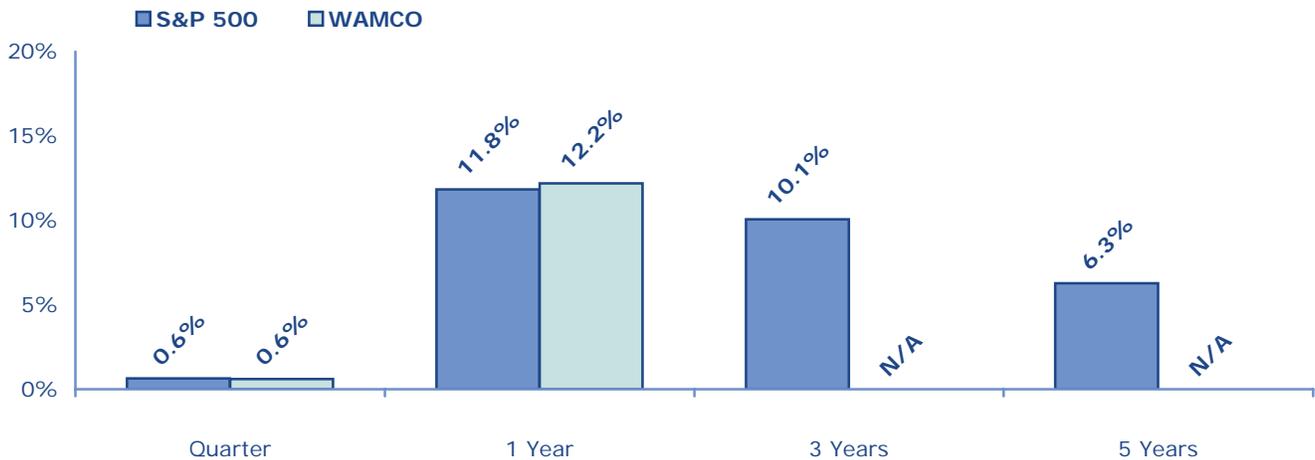
Managers and Composites Compared to DJ Wilshire 5000



Managers Compared to Russell 3000



Managers Compared to S&P 500





Market Values in \$000s

Market Value: \$14,599,592

The portfolio has 2,638 holdings versus 2,121 in the index. The top ten holdings represent about 8.1 percent of the portfolio and the top 100 approximately 39.9 percent. The portfolio has exposure to 62 countries: 22 developed, 24 emerging, and 16 other (as defined by MSCI AWCI ex U.S.).

Ten Largest Exposures by Country

	CTF Weight	Index Weight		CTF Weight	Index Weight
United Kingdom	17.02%	18.18%	Australia	4.42%	4.78%
Japan	16.70%	16.81%	Canada	3.97%	5.86%
France	8.87%	8.25%	Spain	3.39%	3.15%
Germany	6.78%	6.41%	Italy	3.30%	3.13%
Switzerland	5.11%	5.47%	Netherlands	3.26%	2.90%

The ten largest country exposures comprise 72.8% of the portfolio versus the index at 74.9%.

Performance

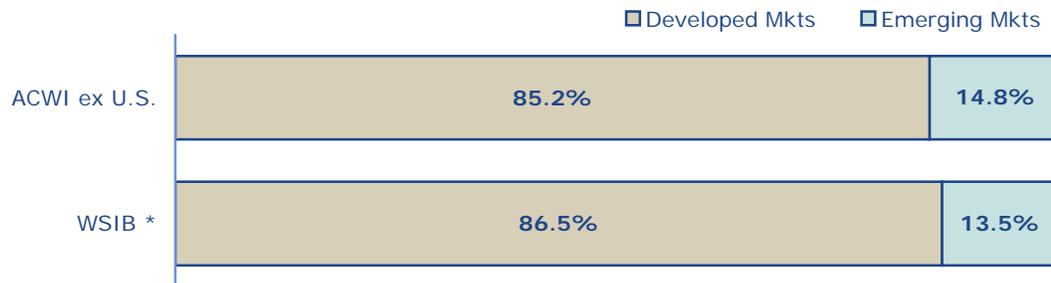
	Qtr.	FYTD	1 Year	3 Year	5 Year	10 Year
WSIB International Equity	4.23 %	20.80 %	20.51 %	21.49 %	16.97 %	8.58 %
MSCI ACWI ex U.S.	3.83	20.04	20.29	21.42	17.37	9.02
MSCI EAFE+Canada	4.01	18.80	19.60	20.01	16.03	8.48
Emerging Markets (MSCI after 6/02; IFC before)	2.26	26.13	20.66	27.54	24.61	9.11
MSCI Europe	3.86	22.28	25.38	22.11	15.77	10.36
MSCI Pacific Basin	4.56	13.32	9.95	14.94	16.04	4.75

Growth of a Dollar



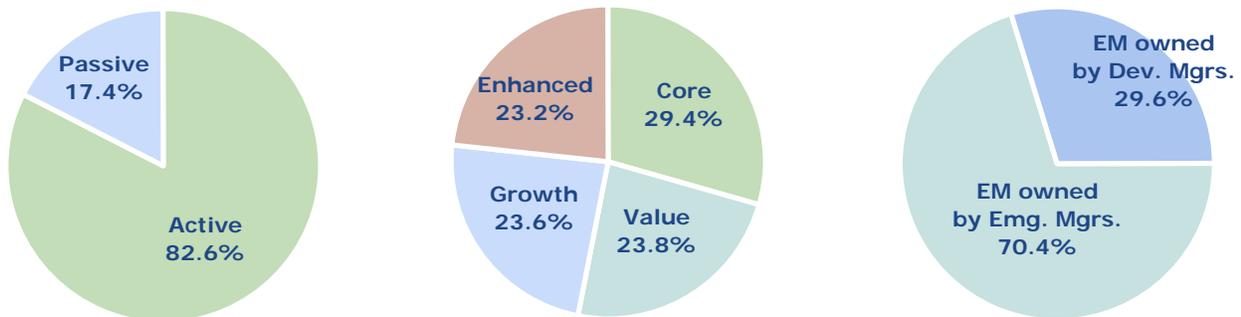
Market Values in \$000s

Developed Versus Emerging Markets

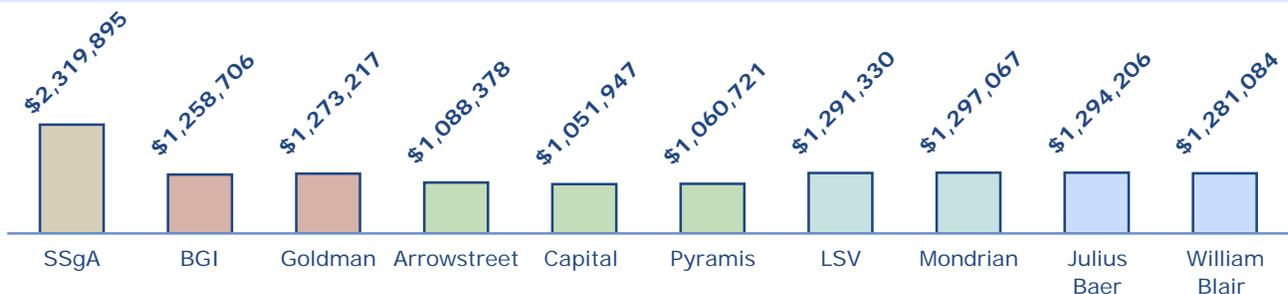


* Includes emerging market securities owned by developed managers

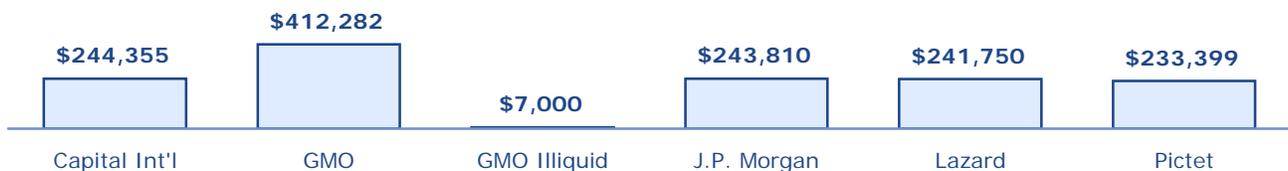
Style Breakdown



Developed Managers: \$ 13,216,552

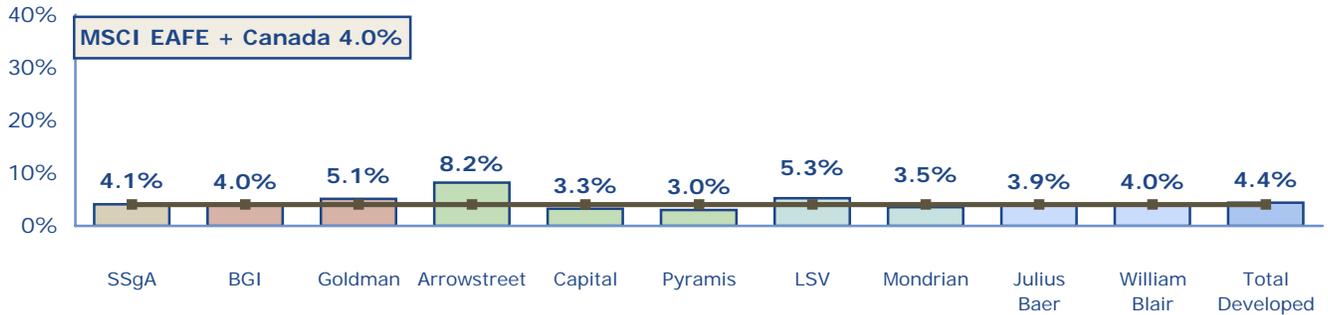


Emerging Managers: \$ 1,382,597

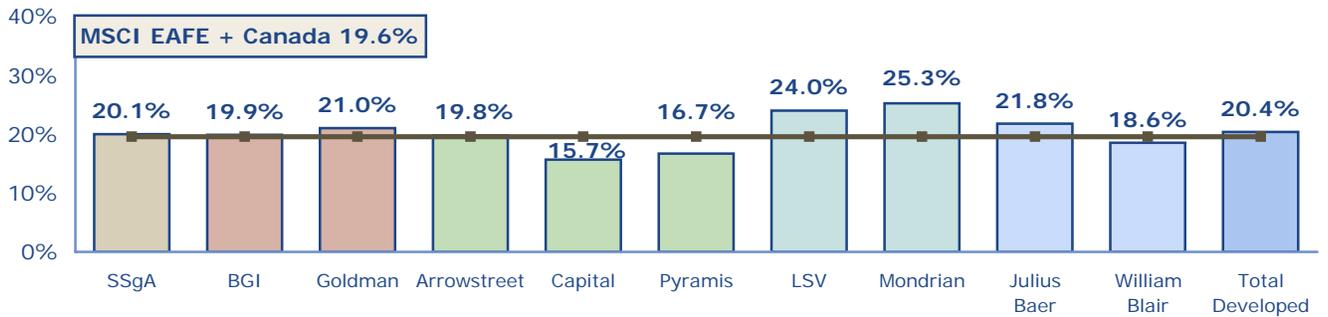




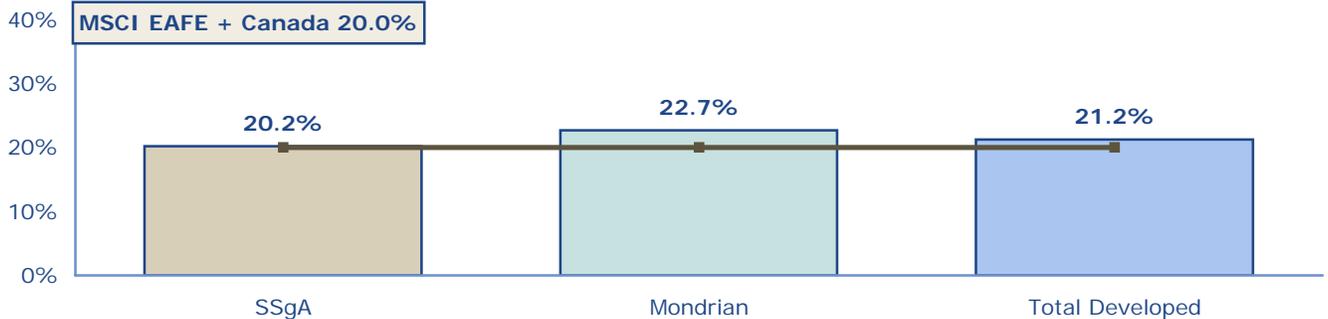
One Quarter



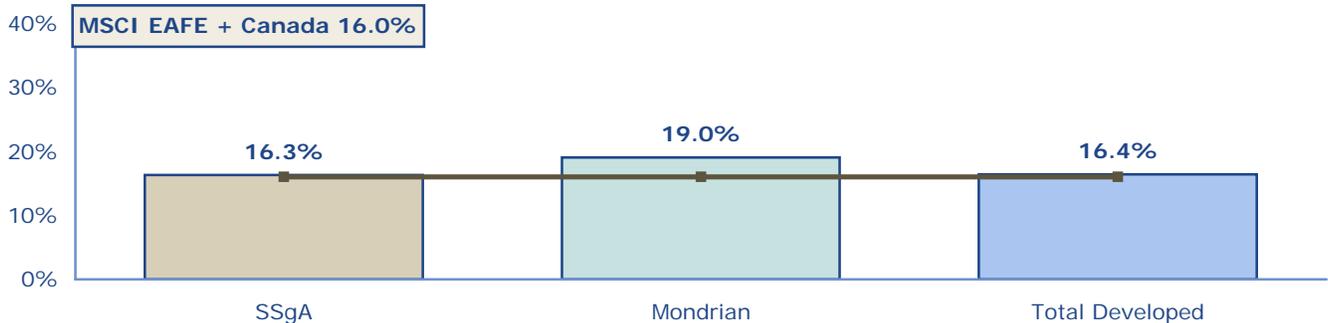
One Year



Three Years

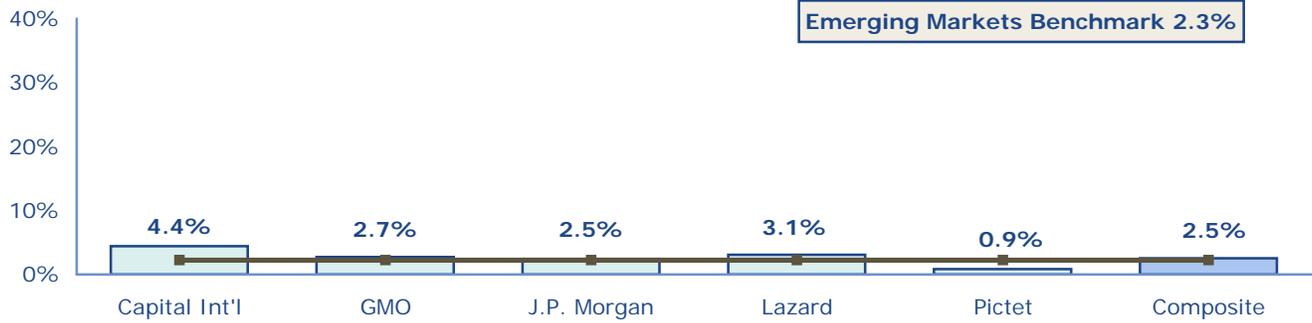


Five Years

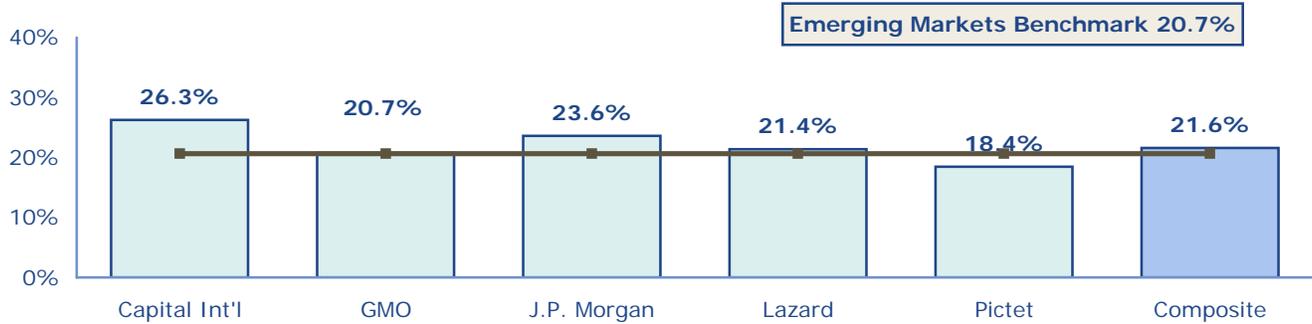




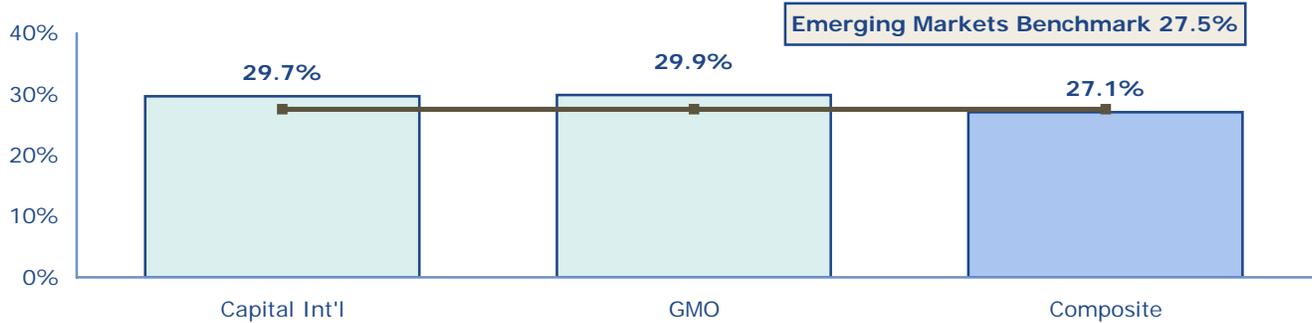
One Quarter



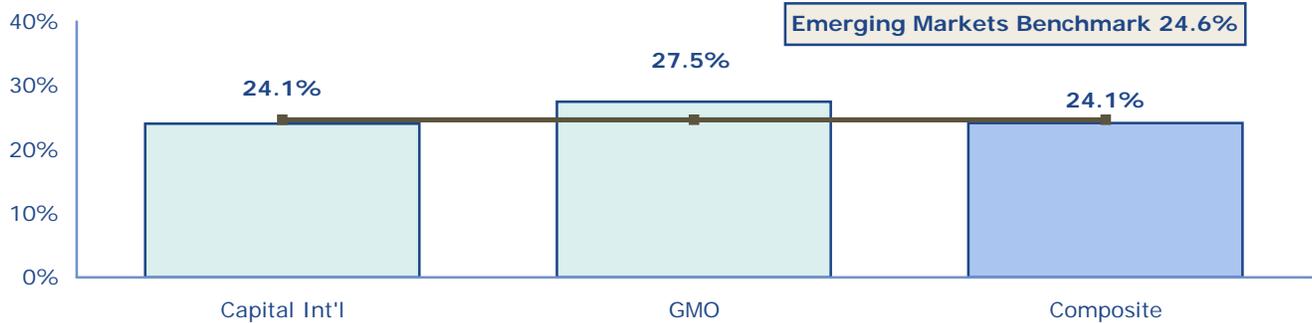
One Year



Three Years



Five Years



Market Values in \$000s

Market Value: \$ 13,855,506

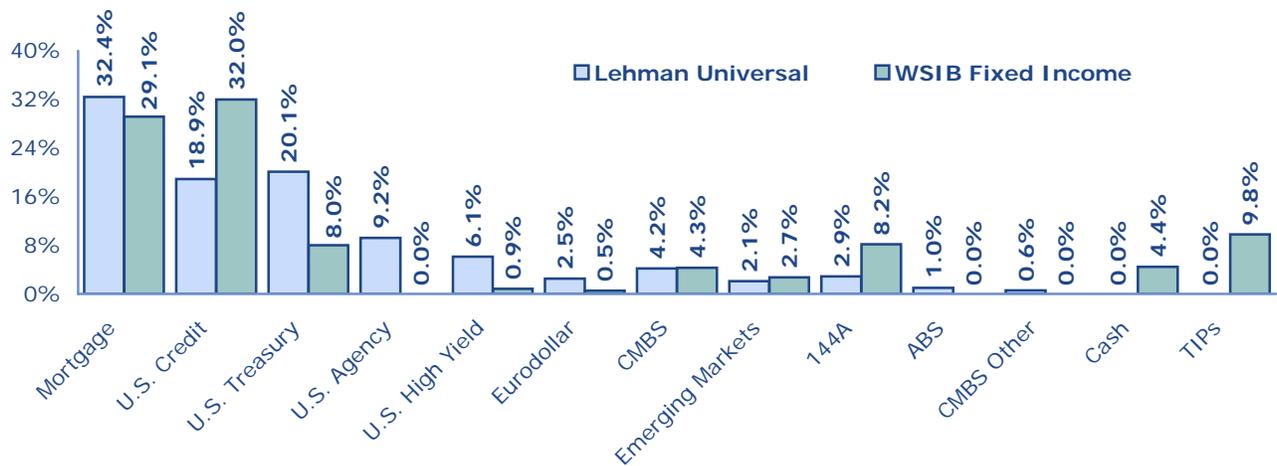
Duration

	Dec-06	Mar-07
WSIB Portfolio	5.24	4.93
Lehman Universal	4.52	4.55
Difference	15.74%	8.19%

Performance

	Qtr.	FYTD	1 Year	3 Year	5 Year	10 Year
WSIB Fixed Income	1.80 %	7.00 %	7.07 %	3.94 %	6.24 %	6.95 %
Lehman Universal	1.59	7.14	7.02	3.85	5.91	6.61
Lehman Aggregate	1.50	6.67	6.59	3.31	5.35	6.46

Sector Weighting



Growth of a Dollar



Market Values in \$000s

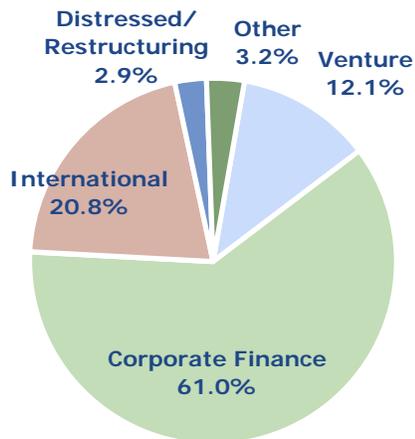
Market Value: \$10,929,965
Unfunded Commitments: \$7.8 billion

Net Performance

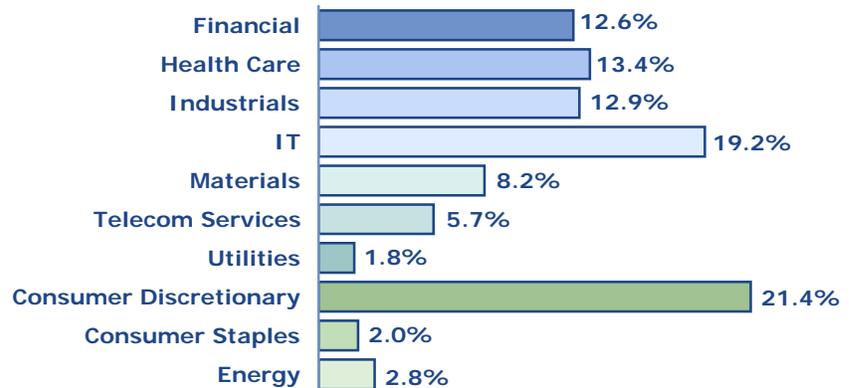
	Qtr.	FYTD	1 Year	3 Year	5 Year	10 Year
WSIB Private Equity	10.24%	17.94%	24.34%	29.07%	18.70%	14.96%
KKR	10.20%	15.21%	19.07%	33.84%	24.80%	14.53%
LP Portfolio	10.27%	19.04%	26.45%	27.82%	16.69%	16.11%
S&P 500 (Lagged One Quarter) + 500 bp	7.93%	14.80%	20.79%	15.44%	11.19%	13.42%

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

Sector Distribution



Industry Distribution



Growth of a Dollar



Performance numbers and Growth of a dollar are as of March 31, 2007. All other data is as of December 31, 2006.

Market Values in \$000s

Market Value: \$6,886,442
Unfunded Commitments \$5.5 billion

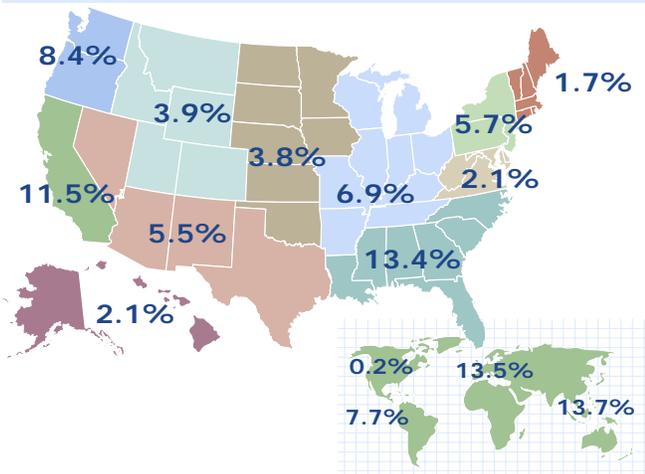
Net Performance

	Qtr.	FYTD	1 Year	3 Year	5 Year	10 Year
CTF Real Estate	8.92%	19.21%	25.87%	23.94%	18.94%	15.76%
NCREIF (Lagged One Quarter) + 100 bp	4.76%	13.26%	17.59%	18.02%	14.27%	13.72%

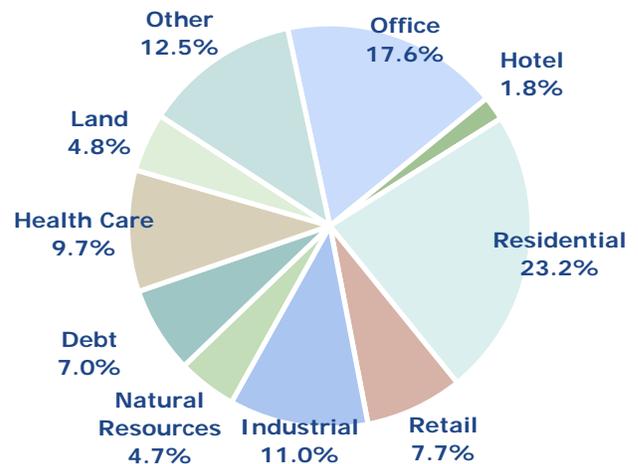
Largest Managers

Principal Enterprise Capital (PEC)	15.3%
Hometown	14.2%
Fillmore Capital Partners	10.9%
Hudson Advisors (LoneStar)	9.9%
Morgan Stanley	9.5%
Representation in the Real Estate portfolio	59.8%

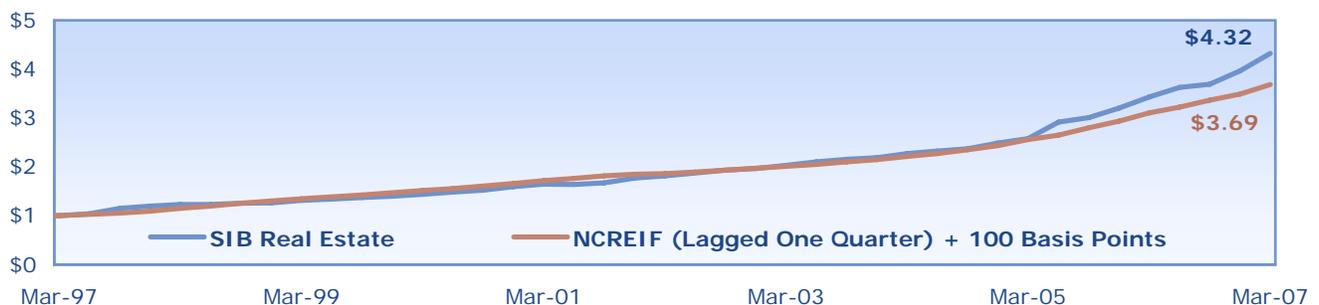
Geographical Distribution



Property Type Distribution



Growth of a Dollar



Performance numbers are as of March 31, 2007. All other data is as of December 31, 2006.



Numbers in %

	Qtr.	FYTD	1 Year	3 Year	5 Year	10 Year
S&P 500 Index	0.64%	13.46%	11.83%	10.06%	6.27%	8.20%

U.S. Equity

Barclays Global Investors (Passive)	1.36%	13.47%	11.23%	11.03%	7.70%	
Barclays Global Investors Asset Trust	1.43%					
Barclays Global Investors (Enhanced)	1.12%	13.12%	10.86%			
State Street Global Advisors	1.19%	13.73%	11.99%			
Western Asset Management Co.	0.60%	13.80%	12.20%			
U.S. Equity Composite	1.27%	13.47%	11.31%	11.01%	7.69%	8.88%

International Equity

Developed Markets

State Street Global Advisors	4.09%	19.02%	20.05%	20.22%	16.31%	
Barclays Global Investors	3.97%	18.52%	19.93%			
Goldman Sachs Asset Mgt.	5.10%	19.91%	21.04%			
Arrowstreet Capital, L.P	8.18%	22.60%	19.79%			
Pyramis Global Advisors Trust Co.	3.03%	16.77%	16.72%			
Capital Guardian Trust Co.	3.28%	16.51%	15.67%			
Mondrian Investment Partners	3.53%	21.49%	25.26%	22.67%	19.03%	
LSV Asset Management	5.27%	23.32%	24.03%			
William Blair & Company	3.99%	21.77%	18.59%			
Julius Baer Investment Mgt.	3.91%	23.24%	21.80%			

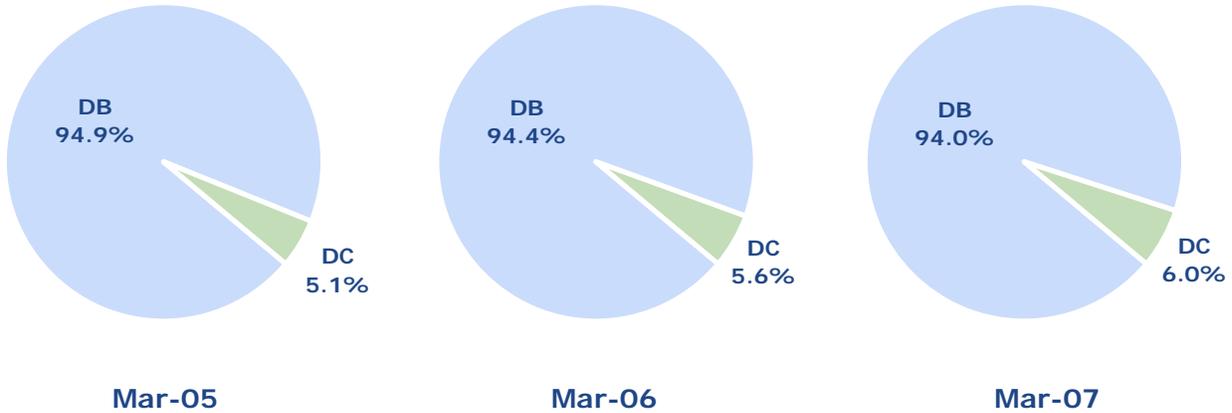
Emerging Markets

Capital International, Inc.	4.41%	32.33%	26.27%	29.70%	24.05%	
Grantham, Mayo, Van Otterloo Illiquid						
Grantham, Mayo, Van Otterloo	2.73%	25.20%	20.72%	29.86%	27.48%	13.80%
J.P. Morgan	2.46%	29.75%	23.60%			
Lazard	3.08%	25.69%	21.38%			
Pictet	0.85%	25.51%	18.44%			

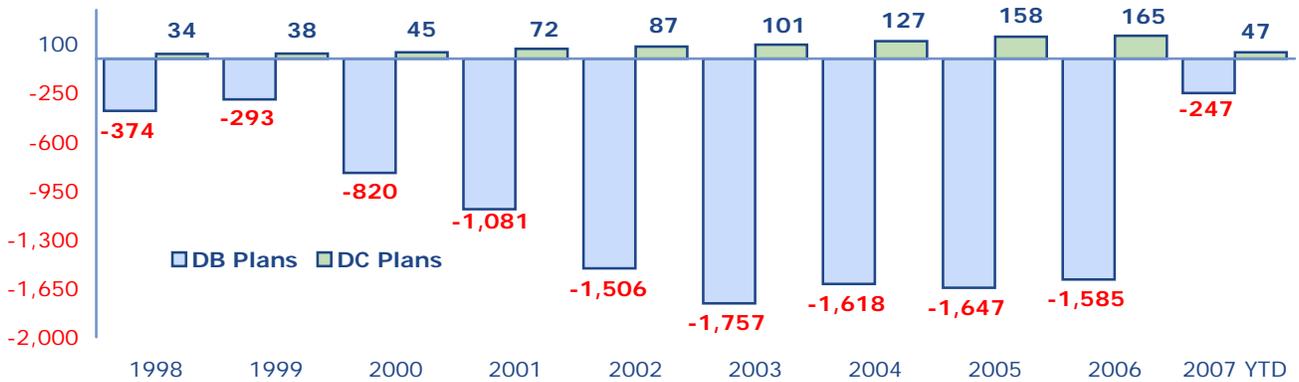
International Equity Composite	4.23%	20.80%	20.51%	21.49%	16.97%	8.58%
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Defined Benefit and Defined Contribution Breakdown in the CTF



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.

Overlay

Russell Investment Group

Russell Investment Group manages an overlay program, buying or selling futures on a daily basis in the asset class(es) most underweight their target. The futures notional value is equal to the amount of frictional cash held in the various portfolios in the CTF. They have been managing the overlay program since July 2006

Indexed (Passive)

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.

Barclays Global Investors Asset Trust (BGI-SSAT)

BGI also manages a Structured Solutions Asset Trust designed to facilitate opportunities for investors to participate in an investment strategy that earns a premium above a negotiated index.

Enhanced Indexed (Active)

Barclays Global Investors (BGI)

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)

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 (WAMCO)

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 (Passive)

State Street Global Advisors (SSgA)

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.

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.

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.

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.

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.

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

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.

Pyramis Global Advisors Trust Company (formerly Fidelity Management Trust Company) (PGATC)

Pyramis 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 PGATC since June 2004.

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.

GMO Emerging Illiquid Fund, L.P. (EIF)

GMO Emerging Illiquid Fund is an active illiquid emerging markets portfolio with an objective of long-term capital appreciation. The fund will invest primarily in equity and equity-related instruments of listed and unlisted companies with an emphasis on the country/sector combination. GMO began managing the emerging illiquid fund in March 2007.

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 2007 is 24.0 percent U.S. equity, 23 percent non-U.S. equity, 27.0 percent fixed income, 16.0 percent private equity, and 10.0 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; PSERS 2; and Volunteer Firefighters.

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.

TUCS Public/Corporate Fund > \$1 Billion Median

Trust Universe Comparison Services median return of corporate and public funds.



Defined Contribution Plans

Quarterly Report - March 31, 2007

Market Values and Distributions

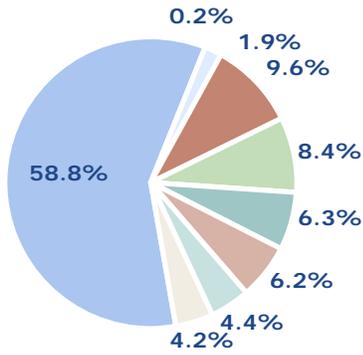
TRS Plan 3	1
SERS Plan 3	2
PERS Plan 3.....	3
DCP.....	4
JRA	5

Investment Performance

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



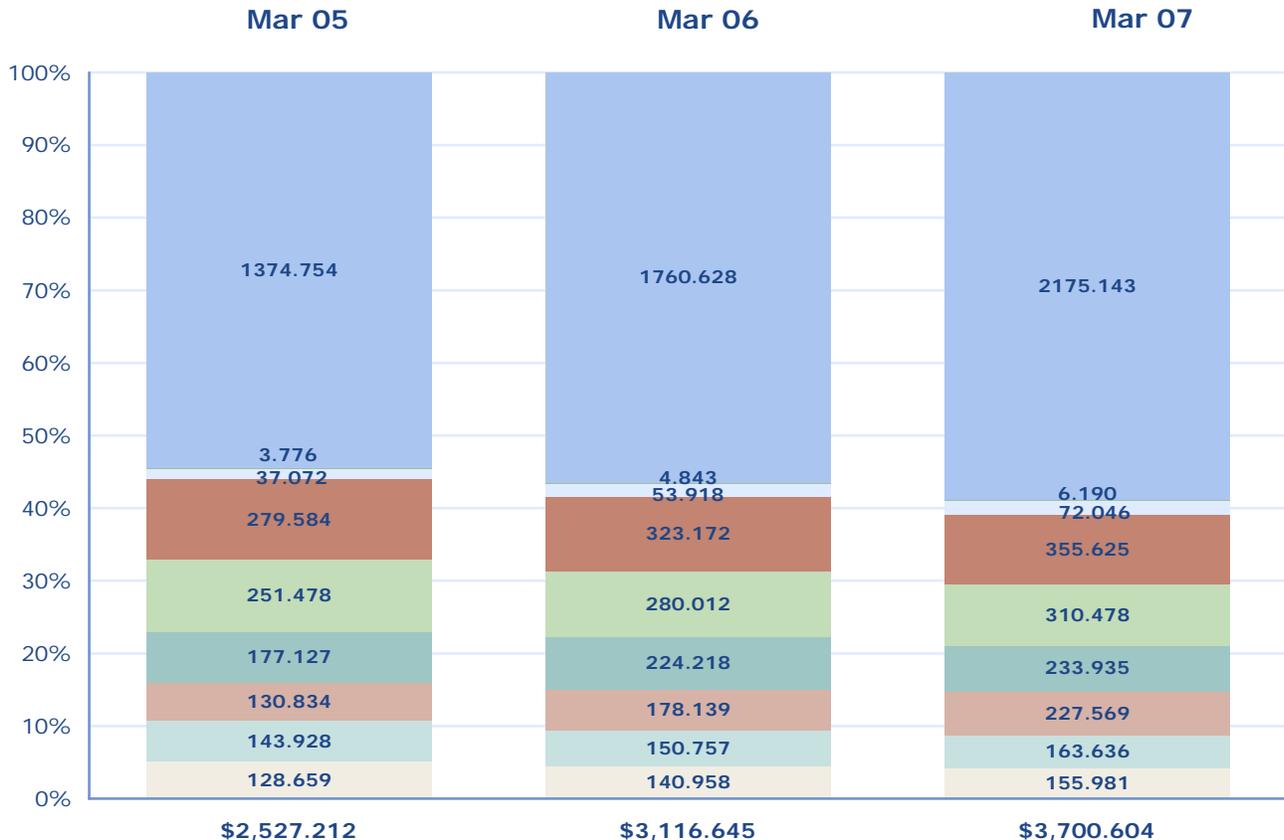
Market Values and Distributions



Option	Market Value	Quarterly Change
WSIB TAP Fund	\$ 2,175,142,865	\$ 126,306,818
Social Balanced Fund	6,190,133	646,216
Short-Horizon Fund	9,492,389	869,613
Mid-Horizon Fund	28,128,361	2,003,541
Long-Horizon Fund	34,425,192	2,930,861
U.S. Stock Fund	355,624,894	3,192,654
U.S. Large Stock Fund	310,478,453	583,067
U.S. Small Stock Fund	233,935,498	3,665,341
International Index Fund	227,569,437	11,012,906
Bond Market Fund	163,635,749	4,691,439
Money Market Fund	155,981,318	1,818,276
Total Fund	\$ 3,700,604,288	\$ 157,720,732

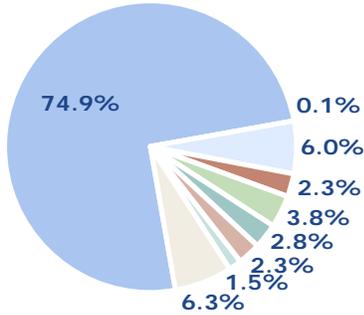
Historical Distributions

In Millions





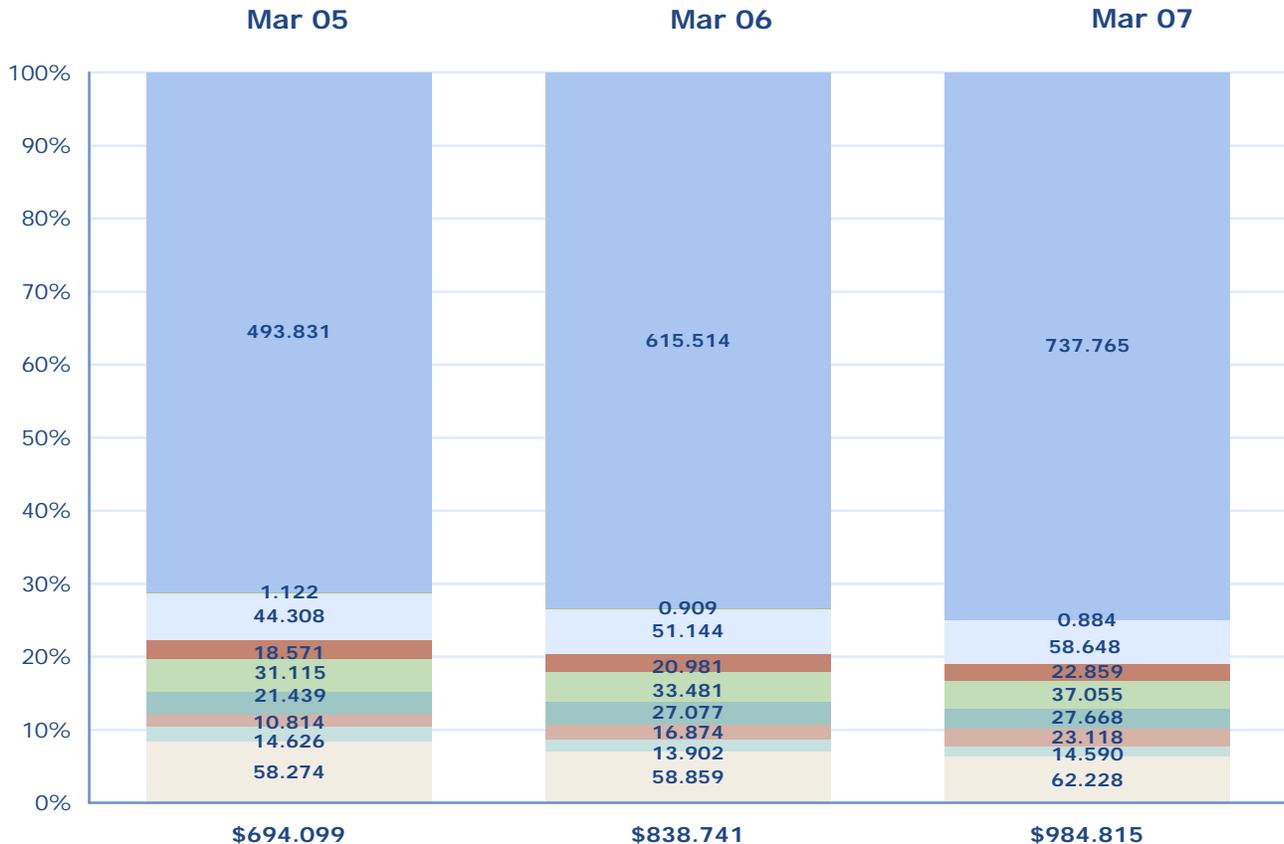
Market Values and Distributions



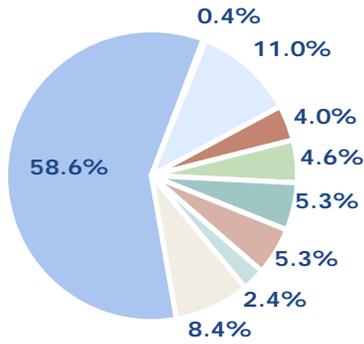
Option	Market Value	Quarterly Change
WSIB TAP Fund	\$ 737,764,862	\$ 37,525,080
Social Balanced Fund	883,904	6,714
Short-Horizon Fund	6,762,350	445,255
Mid-Horizon Fund	25,937,148	311,377
Long-Horizon Fund	25,948,701	1,218,705
U.S. Stock Fund	22,858,959	(15,786)
U.S. Large Stock Fund	37,055,436	(236,106)
U.S. Small Stock Fund	27,667,669	(17,012)
International Index Fund	23,117,917	1,758,285
Bond Market Fund	14,590,470	253,987
Money Market Fund	62,227,816	750,169
Total Fund	\$ 984,815,231	\$ 42,000,667

Historical Distributions

In Millions



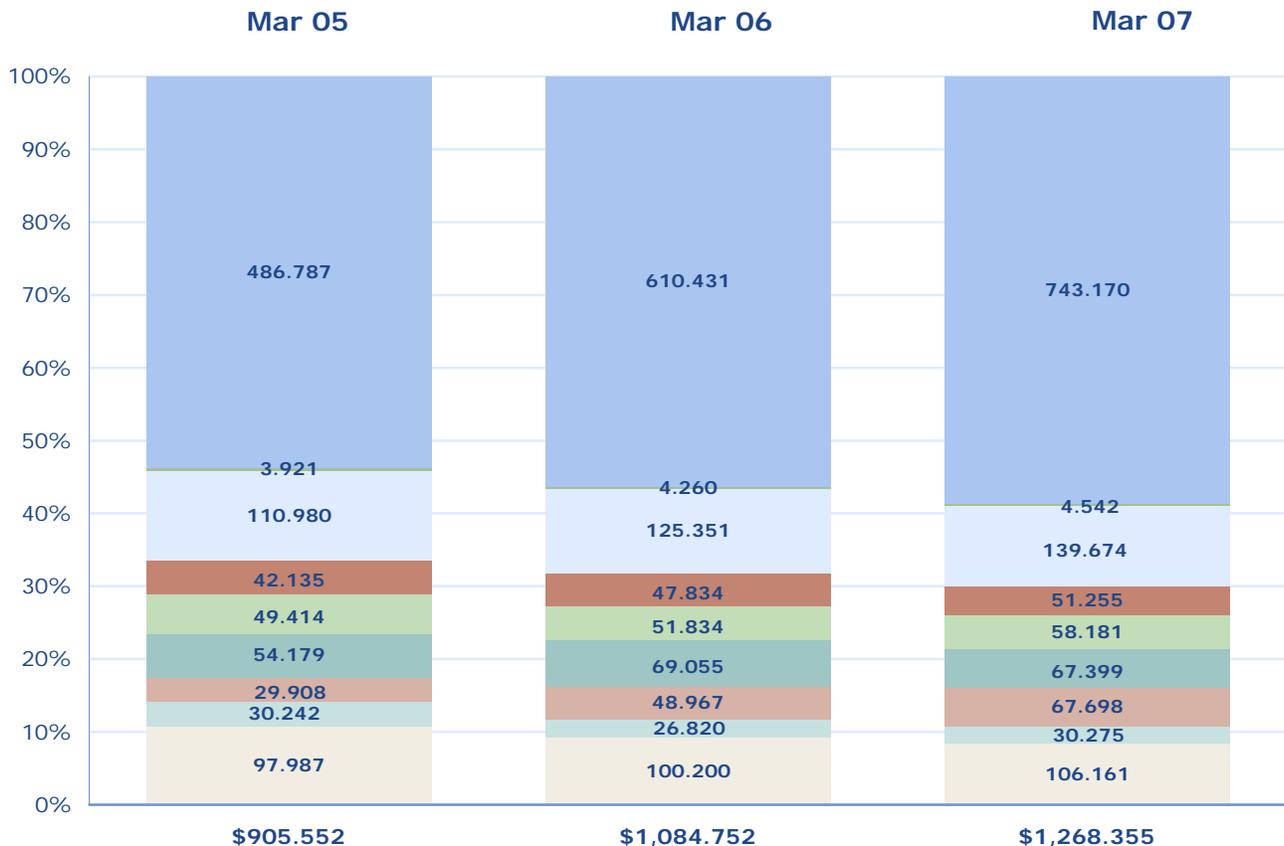
Market Values and Distributions

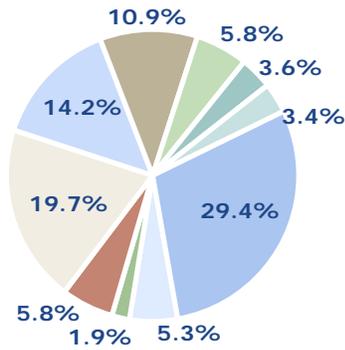


Option	Market Value	Quarterly Change
WSIB TAP Fund	\$ 743,169,944	\$ 39,346,000
Social Balanced Fund	4,542,083	43,752
Short-Horizon Fund	13,771,676	258,599
Mid-Horizon Fund	59,985,773	1,414,732
Long-Horizon Fund	65,916,159	1,988,669
U.S. Stock Fund	51,254,955	1,558
U.S. Large Stock Fund	58,181,351	93,466
U.S. Small Stock Fund	67,399,082	203,089
International Index Fund	67,698,082	3,349,943
Bond Market Fund	30,275,085	2,265,405
Money Market Fund	106,160,878	615,751
Total Fund	\$ 1,268,355,067	\$ 49,580,965

Historical Distributions

In Millions

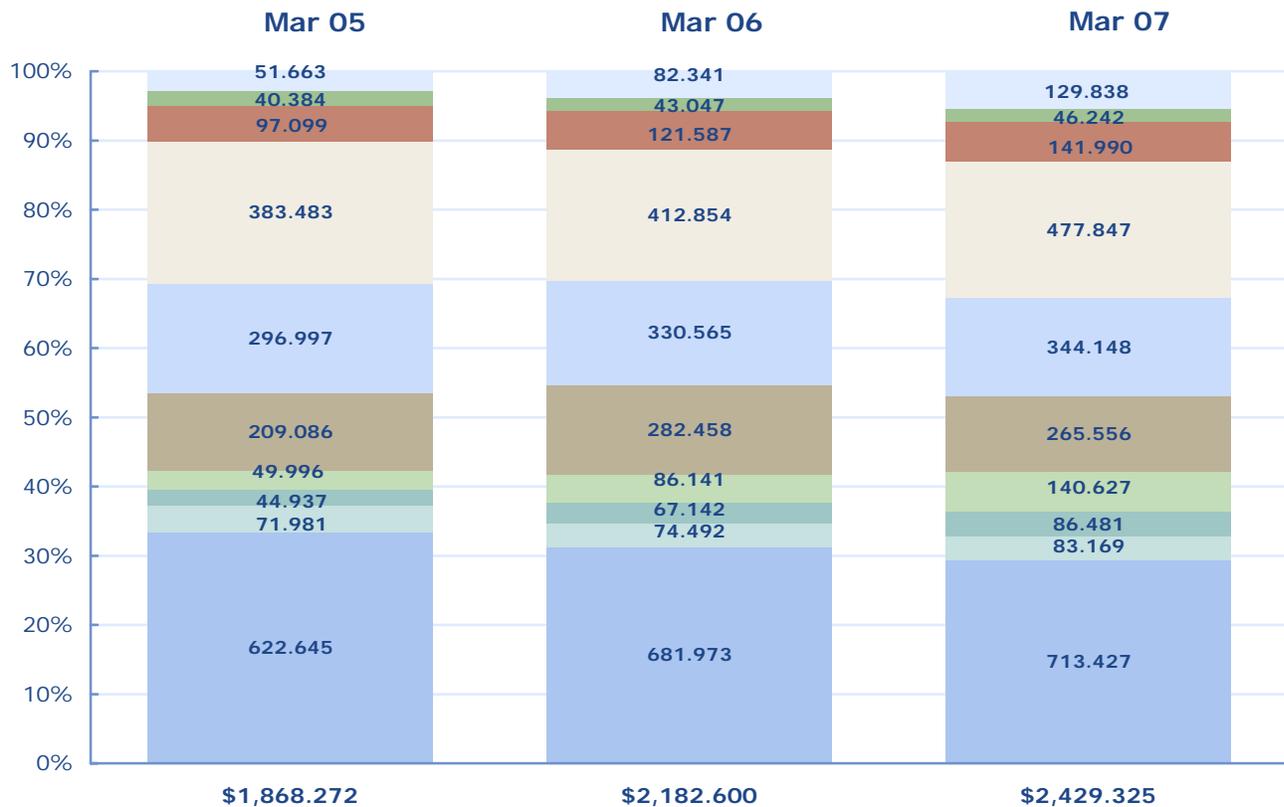


Market Values and Distributions


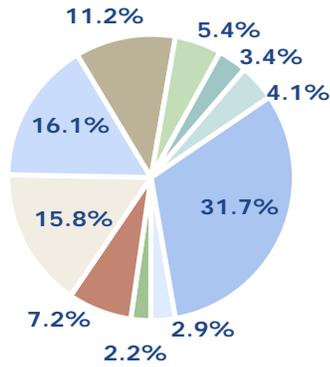
Option	Market Value	Quarterly Change
Short-Horizon Fund	\$ 22,633,744	\$ 3,450,497
Mid-Horizon Fund	54,157,996	5,550,337
Long-Horizon Fund	53,046,334	5,752,323
Social Balanced Fund	46,242,027	500,527
U.S. Stock Market Index Fund	141,990,194	4,321,804
Active Value Fund	477,847,044	9,257,148
Active Core Fund	344,147,833	(6,134,814)
Growth Company Fund	265,556,184	(6,815,841)
International Stock Fund	140,627,218	16,180,501
U.S. Small Stock Fund	86,481,013	4,564,120
Bond Market Fund	83,168,710	3,088,311
Savings Pool	713,426,553	(2,566,487)
Total Fund	\$ 2,429,324,851	\$ 37,148,425

Historical Distributions

In Millions



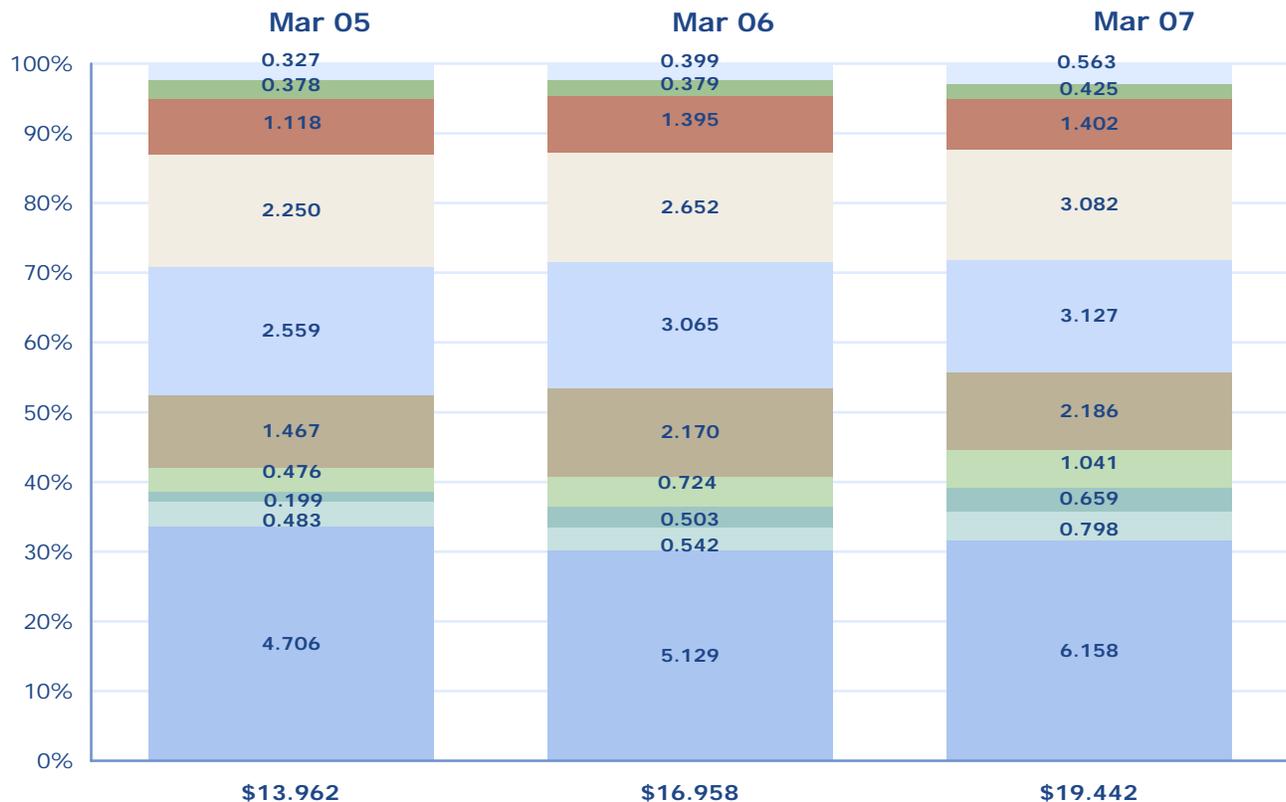
Market Values and Distributions



Option	Market Value	Quarterly Change
Short-Horizon Fund	\$ 83,205	\$ 6,261
Mid-Horizon Fund	319,711	9,730
Long-Horizon Fund	160,104	5,885
Social Balanced Fund	425,482	7,112
U.S. Stock Market Index Fund	1,402,135	39,288
Active Value Fund	3,081,698	12,005
Active Core Fund	3,127,443	(46,075)
Growth Company Fund	2,185,748	(128,856)
International Stock Fund	1,040,806	180,099
U.S. Small Stock Fund	659,418	7,638
Bond Market Fund	798,024	56,357
Savings Pool	6,158,413	96,783
Total Fund	\$ 19,442,187	\$ 246,227

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	4.47%	16.16%	15.22%	11.82%	10.16%
Custom Benchmark	2.02%	12.31%	11.27%	9.19%	8.56%
Long-Horizon Fund	2.11%	12.46%	11.50%	9.10%	N/A
Custom Benchmark	2.11%	12.57%	11.46%	9.45%	8.60%
Mid-Horizon Fund	2.07%	10.66%	8.83%	8.07%	N/A
Custom Benchmark	2.03%	10.86%	8.79%	8.50%	8.11%
Short-Horizon Fund	1.87%	8.54%	6.37%	6.24%	N/A
Custom Benchmark	1.83%	8.80%	6.42%	6.66%	6.84%
Social Balanced Fund	0.75%	5.59%	5.43%	N/A	N/A
Custom Benchmark	1.05%	9.50%	7.05%	6.10%	7.76%

Bond Funds

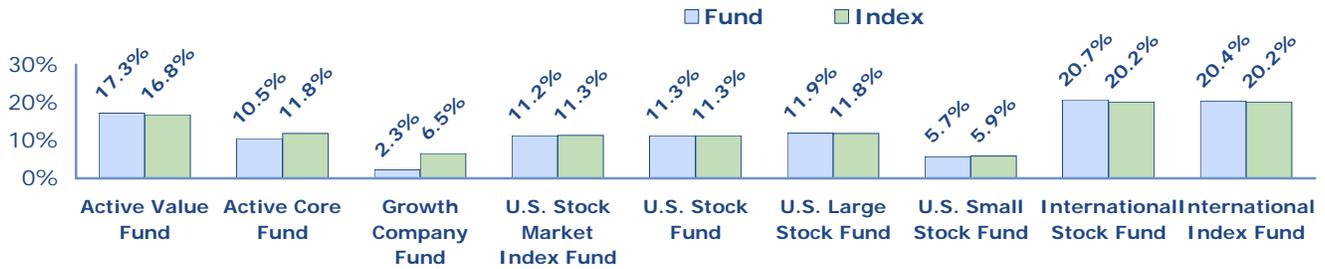
	Qtr.	1 Year	3 Year	5 Year	10 Year
Bond Market Fund	1.80%	6.42%	2.98%	5.23%	N/A
Lehman Intermediate Credit	1.69%	6.82%	2.94%	5.76%	6.48%

Cash Funds

	Qtr.	1 Year	3 Year	5 Year	10 Year
Money Market Fund	1.33%	5.39%	3.63%	2.75%	4.04%
One Month LIBOR	1.34%	5.49%	3.79%	2.84%	4.10%
Savings Pool	1.15%	4.67%	4.67%	5.06%	5.83%



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	1.88%	17.26%	15.61%	12.36%	N/A
Russell 1000 Value Index	1.24%	16.83%	14.42%	10.25%	10.85%
Active Core Fund	-0.07%	10.54%	N/A	N/A	N/A
S&P 500	0.64%	11.83%	10.06%	6.27%	8.20%
Growth Company Fund	-0.27%	2.25%	10.50%	7.01%	9.83%
Russell 3000 Growth	1.29%	6.53%	7.22%	3.81%	5.53%

Passive U.S. Equity

	Qtr.	1 Year	3 Year	5 Year	10 Year
U.S. Stock Market Index Fund	1.36%	11.24%	11.04%	7.68%	8.91%
Dow Jones Wilshire 5000	1.40%	11.33%	11.04%	7.71%	8.73%
U.S. Stock Fund	1.29%	11.25%	10.89%	7.25%	N/A
Russell 3000	1.28%	11.28%	10.84%	7.23%	8.69%
U.S. Large Stock Fund	0.63%	11.92%	10.11%	6.32%	8.24%
S&P 500	0.64%	11.83%	10.06%	6.27%	8.20%
U.S. Small Stock Fund	1.95%	5.70%	12.03%	10.94%	N/A
Russell 2000	1.95%	5.91%	12.00%	10.95%	10.23%

Active Enhanced International

	Qtr.	1 Year	3 Year	5 Year	10 Year
International Stock Fund	4.04%	20.71%	N/A	N/A	N/A
MSCI EAFE	4.08%	20.20%	19.83%	15.78%	8.31%

Passive International

	Qtr.	1 Year	3 Year	5 Year	10 Year
International Index Fund	4.12%	20.38%	19.98%	14.76%	N/A
MSCI EAFE	4.08%	20.20%	19.83%	15.78%	8.31%



Daily Priced Investment Options

Quarterly Report - March 31, 2007

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

Size \$ 719,879,571

Characteristics
Average Maturity

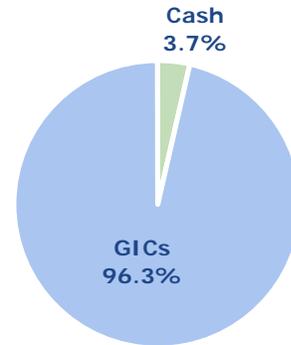
2.2 Years

Average Yield

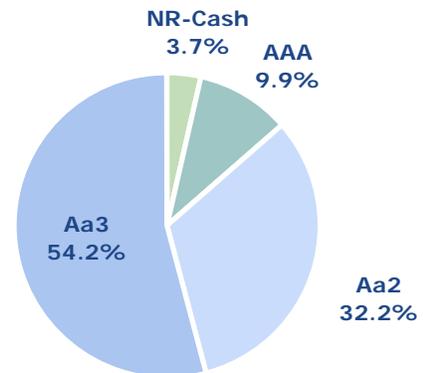
4.90%

Number of Holdings

33

Composition Distribution

Top Ten GIC Issuers

Hartford Life Insurance Co.	14.30%
Metropolitan Life Insurance Co.	13.36%
ING USA Annuity & Life Insurance Co.	11.36%
John Hancock Life Insurance Co.	10.15%
New York Life Insurance Corp.	9.85%
Prudential Insurance Co. of America	7.85%
Pacific Life Insurance Co.	7.53%
Monumental Life Insurance Co.	7.06%
Principal Life Insurance Co.	7.01%
Genworth Life and Annuity Assurance	3.31%

Rating Distribution

Return


Size \$ 431,517,858

Characteristics

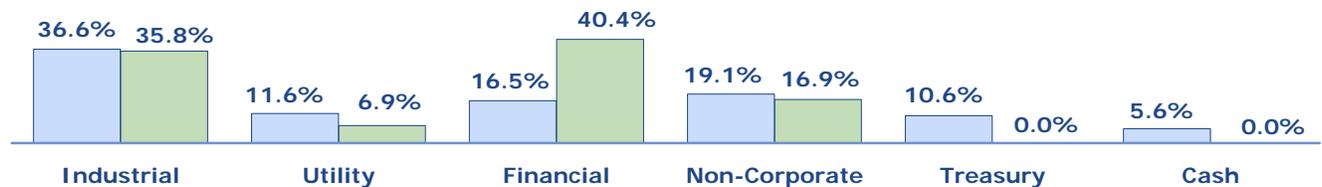
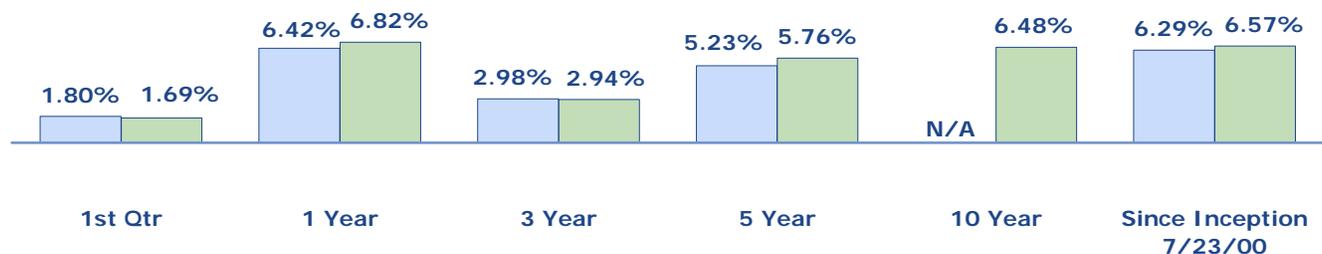
	Fund	Index
Average Maturity	5.4 years	5.2 years
Yield to Maturity	4.95%	5.33%
Modified Duration	4.33	4.27
Average Coupon	4.85%	5.64%
Number of Holdings	149	2,210

Asset Class Distribution

Top Ten Credit Issuers

Praxair Incorporated	0.98%	Manitoba, Province of	0.93%
Intl. Finance Facility for Immunisation Company	0.94%	Citigroup Incorporated	0.93%
Ontario, Province of	0.94%	Bank of England Euro Note	0.93%
Consolidated Edison Company of New York	0.94%	Republic of Korea	0.93%
Bank of New York Company Incorporated	0.94%	Export Development Canada	0.93%

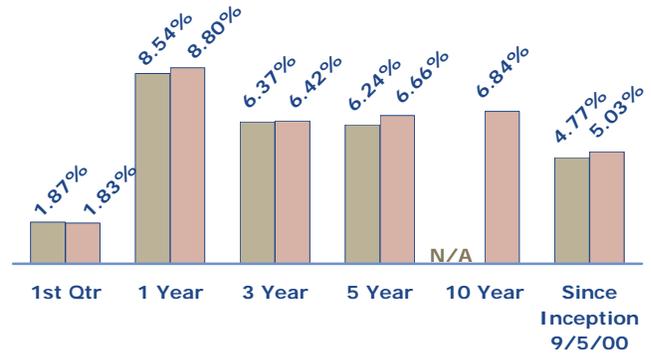
Rating Distribution

Industry Distribution

Return


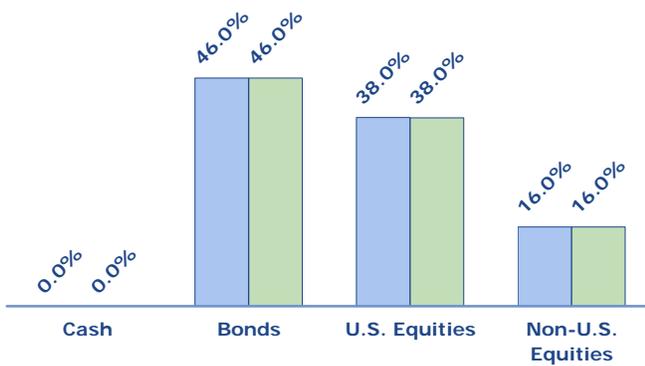
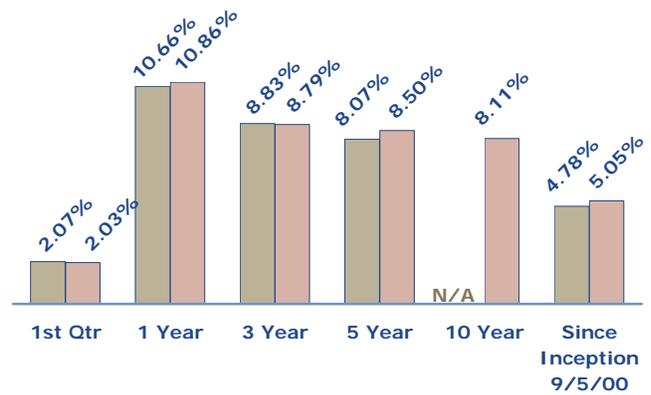
■ Horizon Fund
 ■ Target
 ■ Horizon Fund
 ■ Benchmark

Short-Horizon \$ 52,648,126

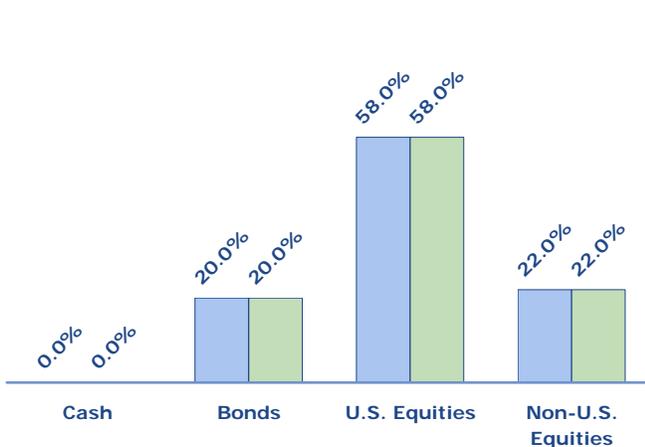
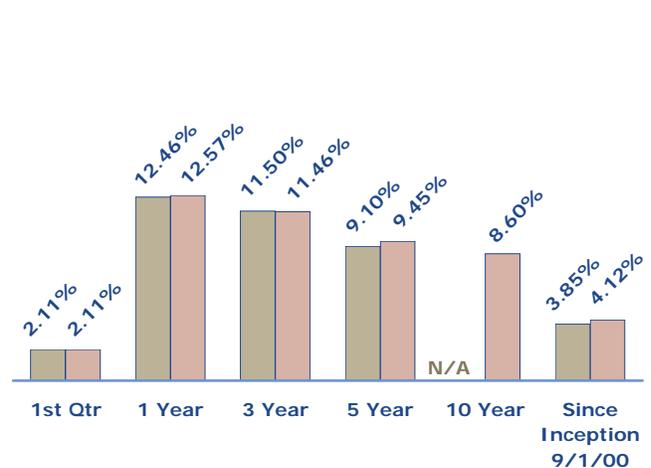
Asset Allocation

Return


Mid-Horizon \$ 168,491,074

Asset Allocation

Return


Long-Horizon \$ 179,549,773

Asset Allocation

Return




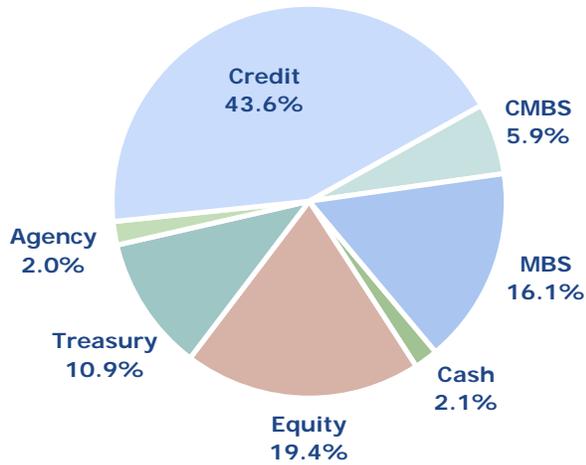
Labor and Industries' Funds

Quarterly Report - March 31, 2007

Market Values and Asset Allocation	1
Performance and Durations Versus CMI	2



Total Labor and Industries' Funds
\$ 11,245,302,342

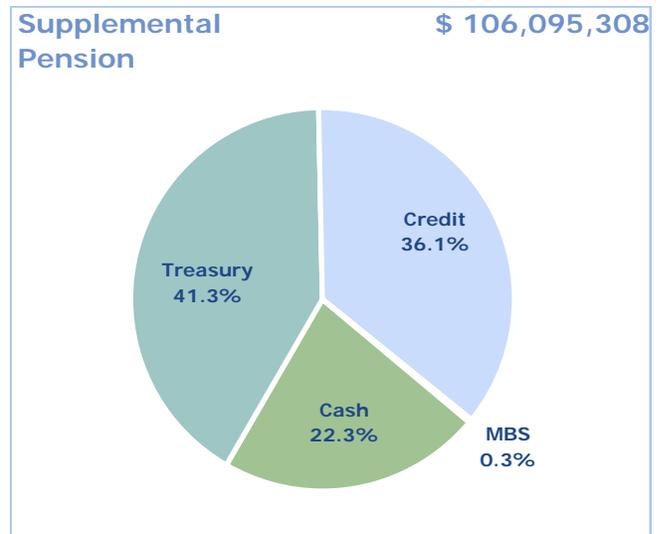
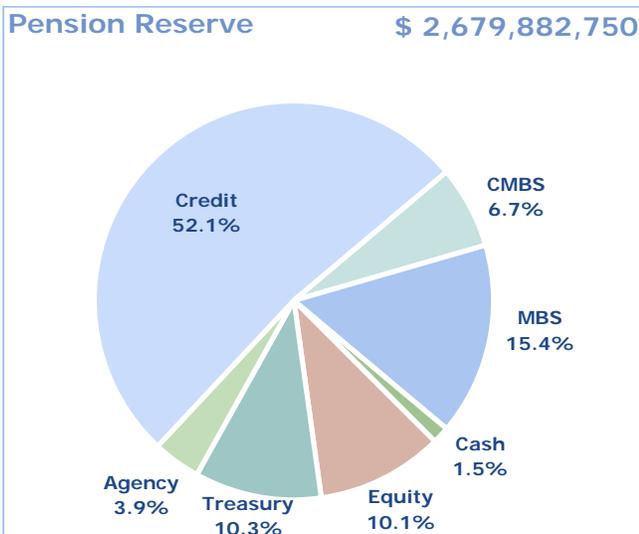
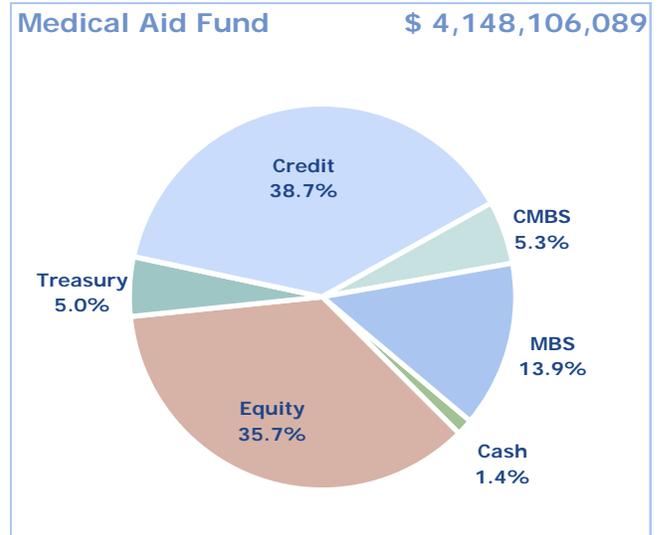
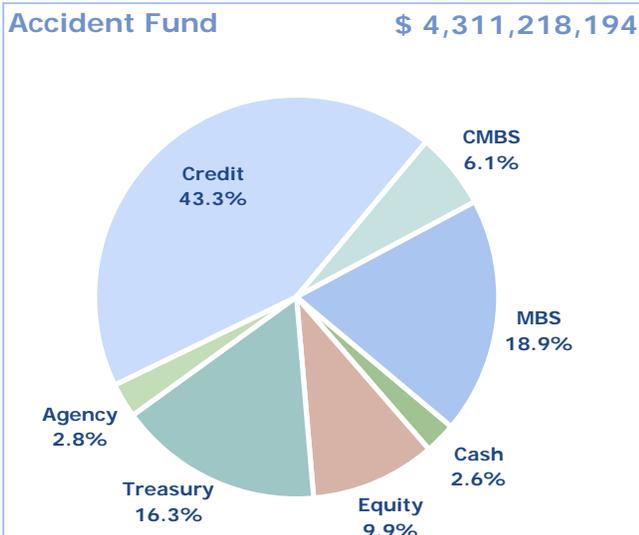


WSIB Policy Ranges for Equity

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

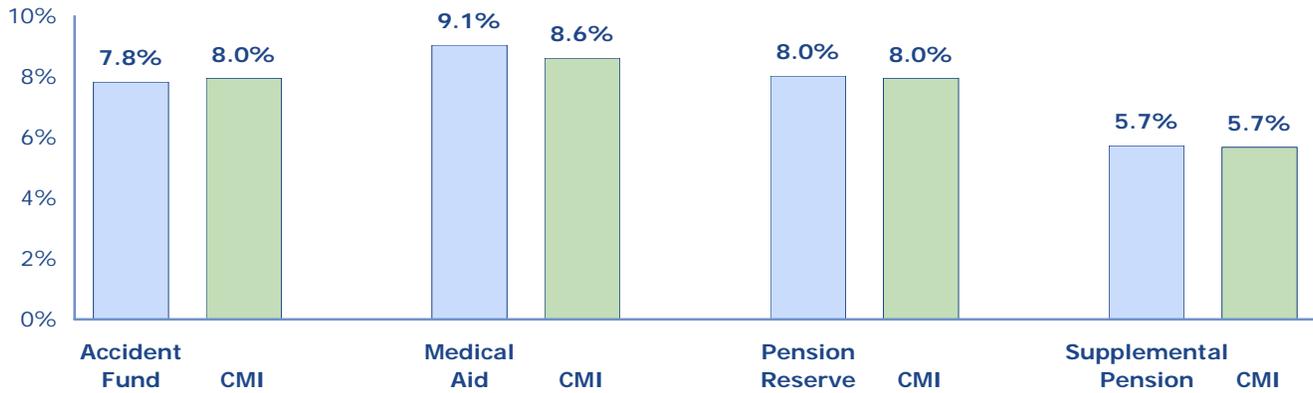
WSIB Policy Ranges for Fixed Income

	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%





One Year Performance



Total Return

	Qtr.	1 Year	3 Year	5 Year	10 Year
Accident Fund	1.35%	7.83%	5.18%	7.38%	7.59%
CMI	1.32%	7.96%	4.81%	7.48%	7.43%
Medical Aid	1.63%	9.05%	6.16%	6.60%	7.39%
CMI	1.61%	8.62%	6.20%	7.00%	7.42%
Pension Reserve	1.35%	8.03%	5.12%	8.06%	8.12%
CMI	1.32%	7.96%	4.37%	7.92%	7.89%
Supplemental Pension	1.36%	5.54%	2.98%	2.94%	4.82%
Supplemental Ex-Cash	1.56%	5.73%	2.71%	3.68%	5.34%
CMI	1.52%	5.68%	2.59%	4.42%	5.58%

Labor and Industries' Statutory Accounting Return *

	Qtr.	1 Year	3 Year	5 Year
Accident Fund	1.76%	8.97%	8.00%	7.61%
Medical Aid	1.54%	7.94%	7.91%	6.99%
Pension Reserve	1.54%	8.01%	8.26%	7.62%
Supplemental Pension	1.23%	4.60%	3.86%	3.24%

Duration

	CMI	Target	Actual	% Difference
Accident Fund	9.01	9.00	9.01	0.13%
Medical Aid	5.99	6.00	6.52	8.67%
Pension Reserve	9.01	9.00	9.00	0.00%
Supplemental Pension	1.93	1.75-2.25	2.02	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 Funds

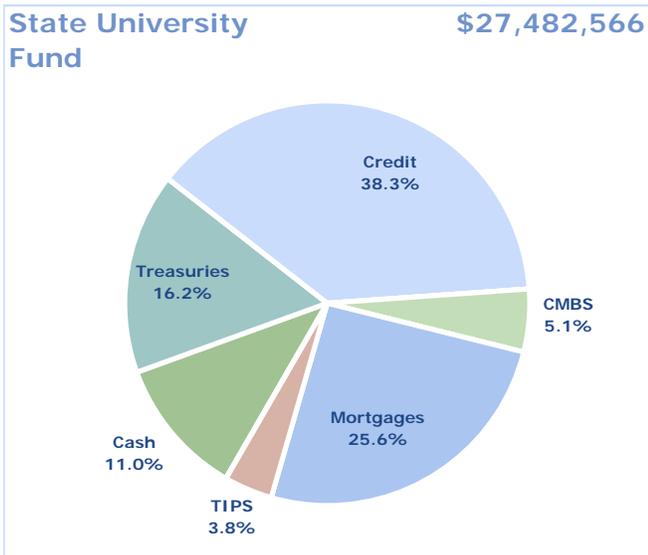
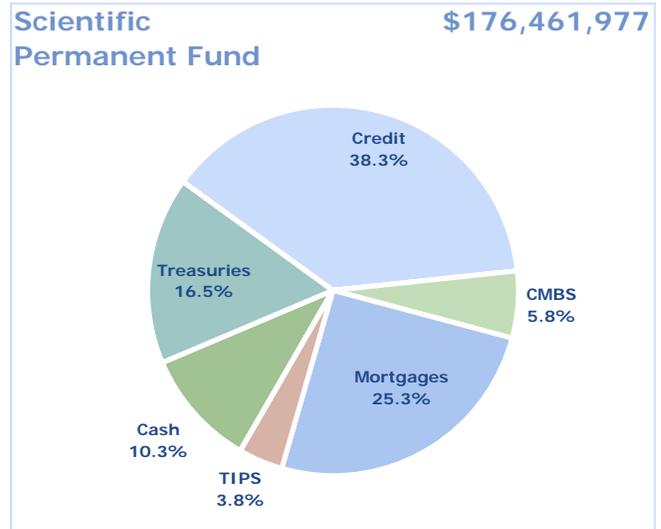
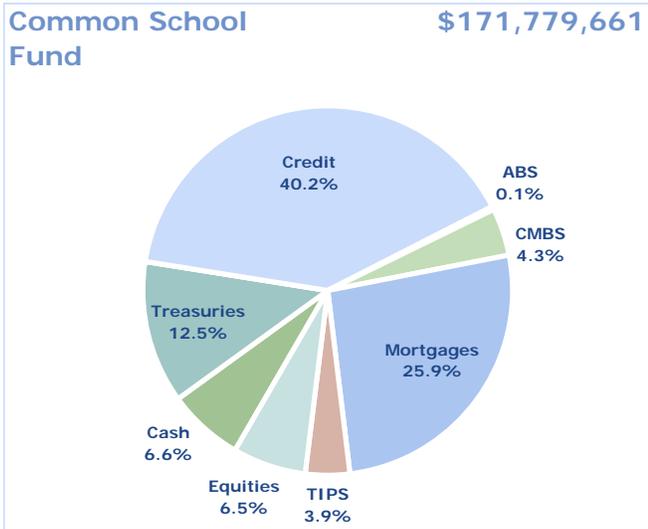
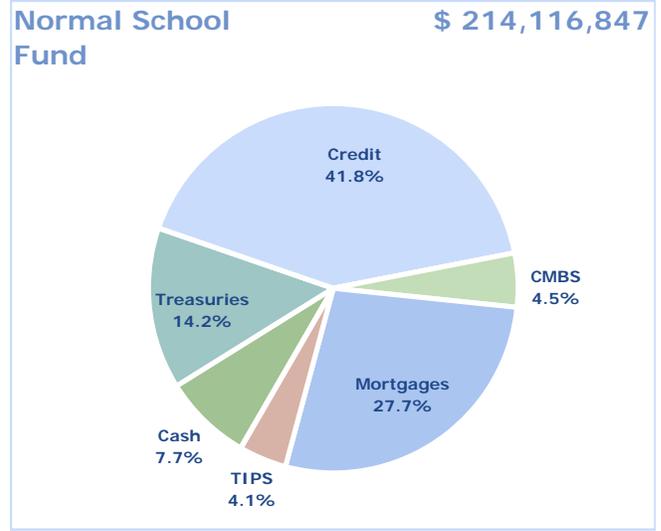
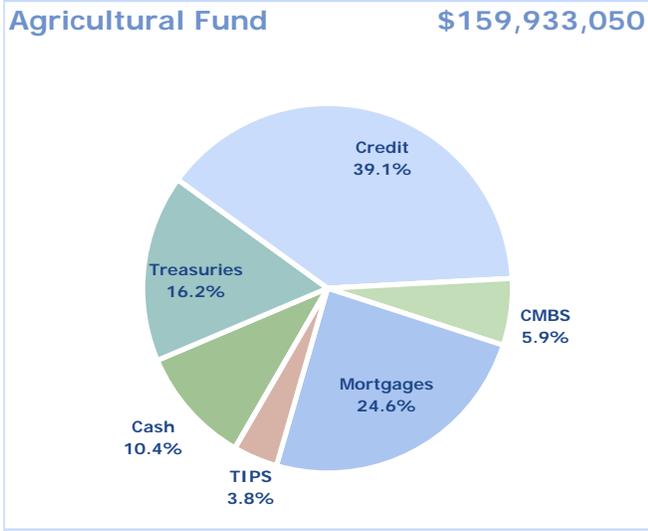
Quarterly Report - March 31, 2007

Permanent Funds

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

Other 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 \$ 5,174

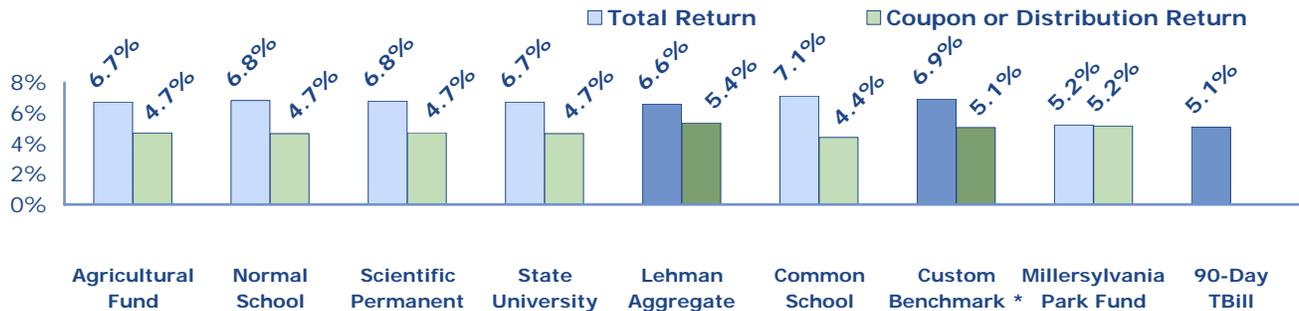
Assets of this fund are invested in a short-term investment fund (STIF).

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 07	Mar 06	Mar 02
Agricultural Fund	\$ 159,933,050	\$ 151,682,225	\$ 137,891,705
Normal School	\$ 214,116,847	\$ 207,292,328	\$ 197,428,731
Scientific Permanent	\$ 176,461,977	\$ 167,284,615	\$ 151,509,123
State University	\$ 27,482,566	\$ 25,089,350	\$ 23,237,288
Common School	\$ 171,779,661	\$ 166,993,112	\$ 161,812,319
Millersylvania Park Fund	\$ 5,174	\$ 5,171	\$ 5,159

Returns

	Total Return					Distribution Return **			
	Qtr.	1 Year	3 Year	5 Year	10 Year	Qtr.	1 Year	3 Year	5 Year
Agricultural Fund	1.66%	6.73%	3.05%	5.32%	6.30%	1.18%	4.69%	4.58%	4.95%
Normal School	1.71%	6.82%	3.03%	5.19%	6.36%	1.17%	4.66%	4.58%	4.90%
Scientific Permanent	1.67%	6.79%	3.00%	5.27%	6.34%	1.18%	4.72%	4.60%	4.98%
State University	1.67%	6.72%	2.98%	5.24%	6.42%	1.18%	4.67%	4.55%	4.85%
Lehman Aggregate	1.50%	6.59%	3.31%	5.35%	6.46%				
Common School	1.69%	7.12%	3.47%	5.38%	6.38%	1.11%	4.41%	4.36%	4.70%
Custom Benchmark *	1.50%	6.94%	3.76%	5.60%	6.54%				
Millersylvania Park Fund	1.29%	5.22%	3.51%	2.62%	3.89%	1.29%	5.16%	3.38%	2.56%
90 Day TBill	1.25%	5.09%	3.42%	2.59%	3.82%				

Fixed Income Duration

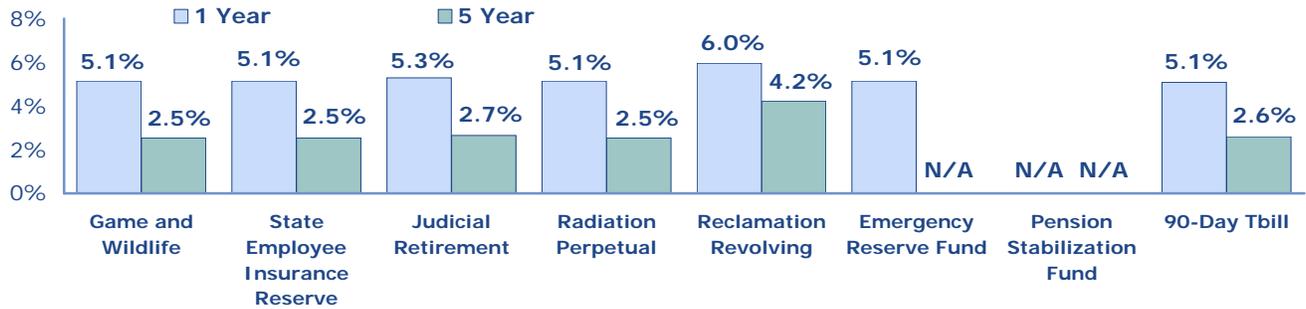
	Duration of Fund	Duration of Benchmark	Difference	% Difference
Agricultural Fund	4.90	4.58	0.32	6.98%
Normal School	4.94	4.58	0.36	7.87%
Scientific Permanent	4.94	4.58	0.36	7.78%
State University	4.97	4.58	0.39	8.48%
Common School	4.96	4.58	0.38	8.21%
Millersylvania Park Fund	0.10	0.25	N/A	N/A

* 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 2007, the breakdown was 6.5% Dow Jones Wilshire 5000 and 93.5% 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	1.27%	5.14%	3.42%	2.53%	3.95%
State Employee Insurance Reserve	1.27%	5.14%	3.42%	2.53%	3.83%
Judicial Retirement	1.30%	5.29%	3.53%	2.66%	3.98%
Radiation Perpetual	1.27%	5.14%	3.42%	2.53%	3.83%
Reclamation Revolving	1.60%	5.96%	5.24%	4.23%	4.95%
Emergency Reserve Fund	1.27%	5.14%	N/A	N/A	N/A
Pension Stabilization Fund	1.29%	N/A	N/A	N/A	N/A
90-Day Tbill	1.25%	5.09%	3.42%	2.59%	3.82%

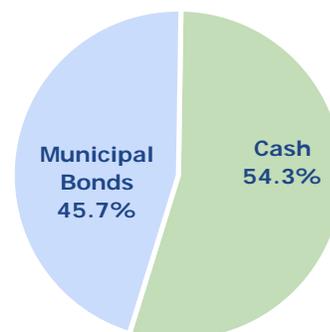
Market Value

	Mar 07	Mar 06	Mar 02
Game and Wildlife	\$ 9,812,732	\$ 9,333,305	\$ 11,574,067
State Employee Insurance Reserve	\$ 82,764,451	\$ 78,720,777	\$ 38,159,918
Judicial Retirement	\$ 1,036,694	\$ 20,592	\$ 7,041,176
Radiation Perpetual	\$ 310,283	\$ 295,123	\$ 273,802
Reclamation Revolving	\$ 398,621	\$ 376,197	\$ 1,052,465
Emergency Reserve Fund	\$ 41,218,959	\$ 67,277,025	\$ 442,076,436
Pension Stabilization Fund	\$ 330,059,448	N/A	N/A

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).

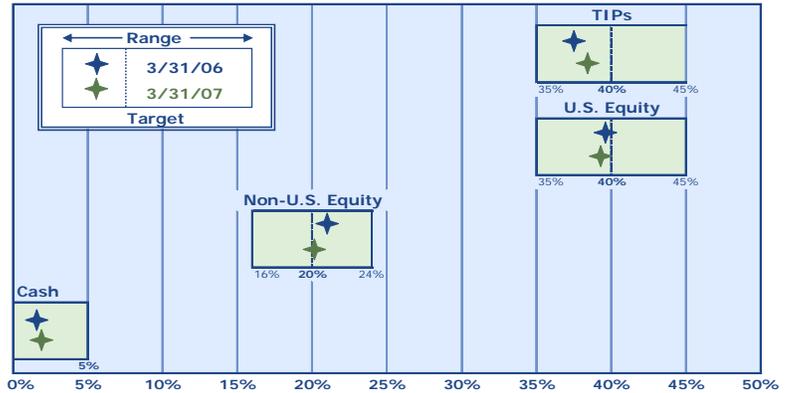
The Reclamation Revolving Fund (shown to the right) is invested in municipal bonds and STIF.



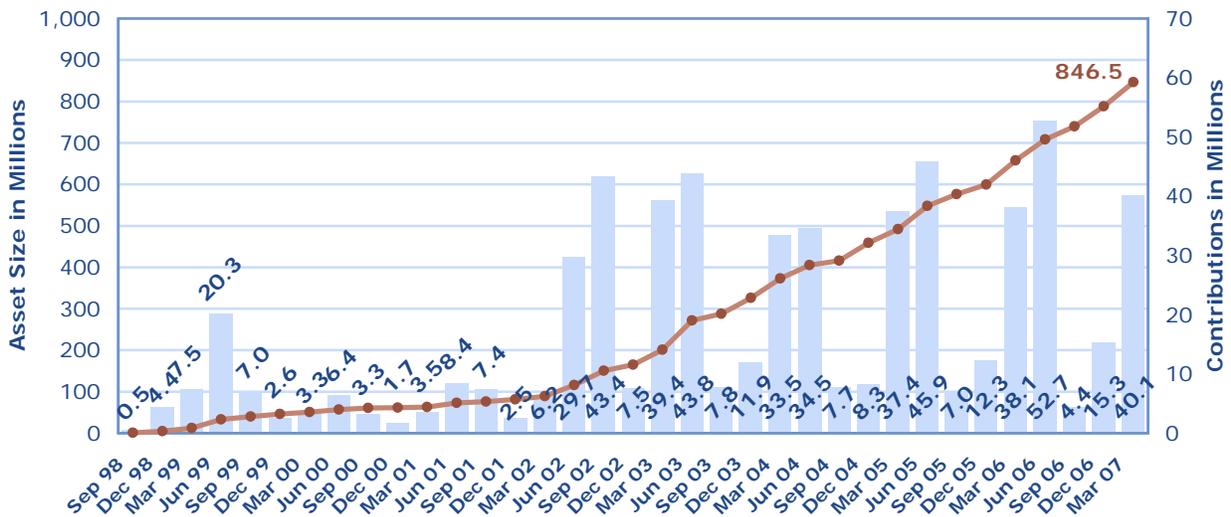


Portfolio Size and Allocation

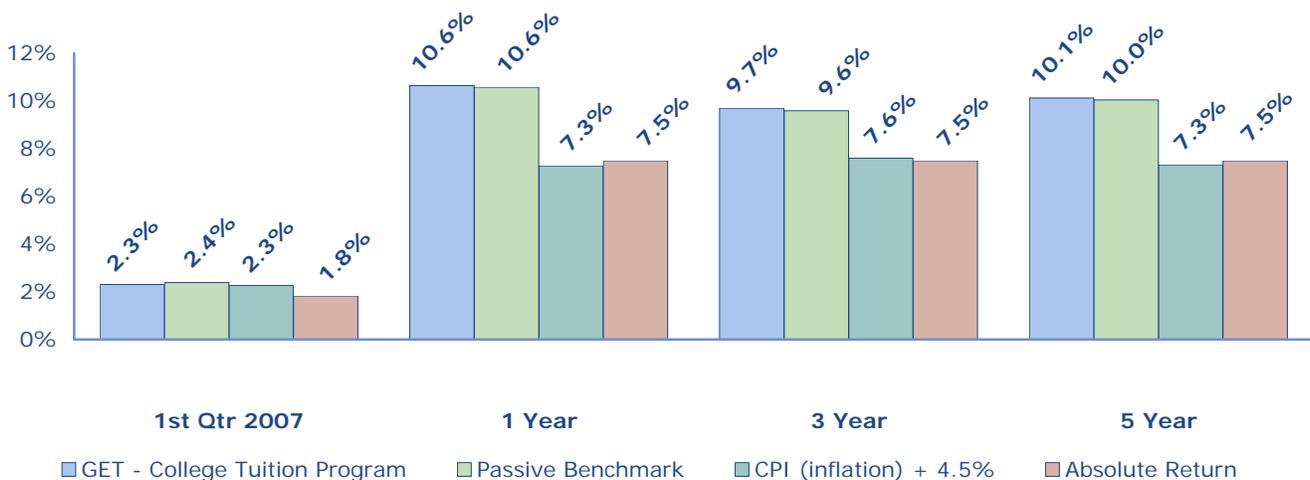
Total	\$846,458,975
Cash	17,090,247
Treasury Inflation Index Note (TIPs)	325,197,445
U.S. Equity	332,853,545
Non-U.S. Equity	171,317,738



Assets Under Management



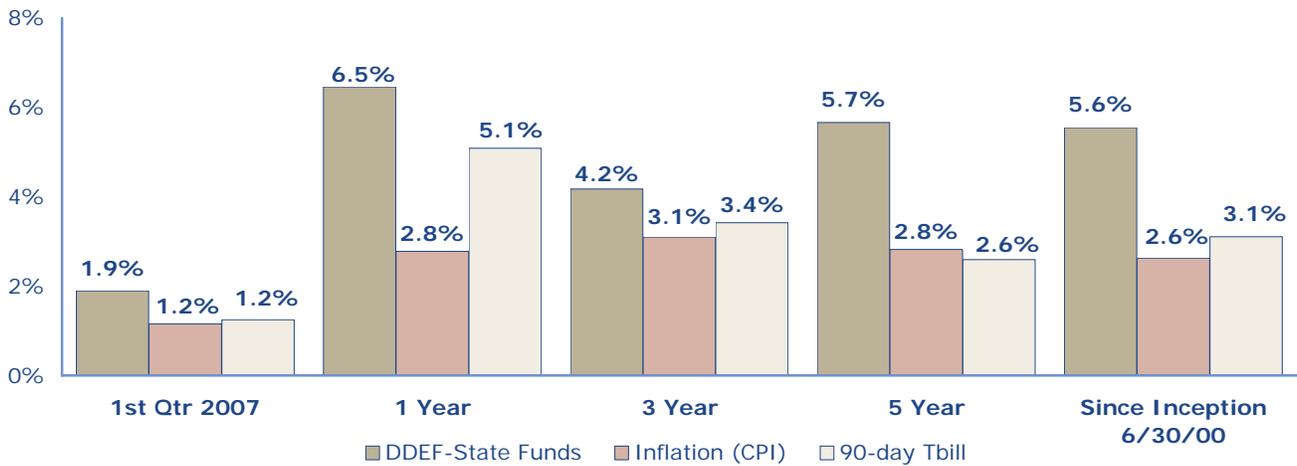
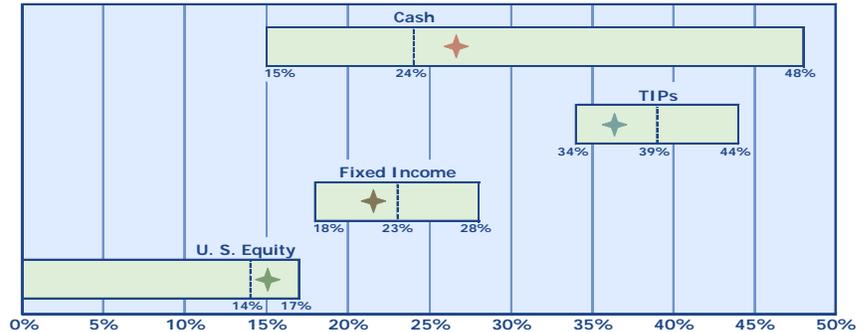
Total Return





DDEF - State Funds

Total	\$7,466,976
Cash	1,991,628
Treasury Inflation Index Note (TIPs)	2,719,445
Fixed Income	1,626,906
U.S. Equity	1,128,998



DDEF - Private Funds

Total	\$7,963,416
Cash	268,313
Balanced Fund	7,695,103

