



Investment Reports

Quarterly Report – June 30, 2005

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Dated: August 19, 2005



Commingled Trust Fund (CTF)

Quarterly Report - June 30, 2005

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Capital Markets

- ❖ The Dow Jones Wilshire 5000 index returned 2.3 percent for the quarter, bringing the fiscal year return to 8.2 percent.
- ❖ Small cap, as measured by the Russell 2000, earned 4.3 percent for the quarter, outperforming large cap (Russell 1000) by almost 230 basis points. Small cap also outperformed large cap for the year, earning 9.5 percent compared to large cap at 7.9 percent.
- ❖ Growth outperformed value by almost 60 basis points (2.6 versus 2.0 percent) using the Russell 3000 series. On a yearly basis, growth underperformed value by more than 1200 basis points.
- ❖ The non-U.S. equity market, as measured by the MSCI ACWI ex U.S., underperformed the U.S. equity market coming in almost flat for the quarter. Of the 48 countries in the MSCI ACWI ex U.S. Index, 17 had negative returns and 31 had positive returns for the quarter in U.S. dollars. Only five had negative returns in local currency. The lowest returning country, Portugal, was at -9.1 percent in U.S. dollars, and the highest returning country, Egypt, was at 31.3 percent.
- ❖ In the Lehman indices, emerging markets had the highest return at 5.4 percent for the quarter and 20.3 for the year. For the quarter, the long end of the curve outperformed the short with the 30 year bonds earning 9.4 percent and the 3 month T-Bill earning just 0.7 percent.
- ❖ For the second quarter of 2005, the best performers in the NCREIF were industrial, at 7.2 percent, and the Eastern region, at 5.8 percent. Total return for the index was 5.3 percent.
- ❖ GDP grew at a rate of 3.4 percent (annualized) for the quarter. Inflation, as measured by the CPI, was up .5 percent for the quarter and grew 2.5 percent for the year.
- ❖ The Fed raised the federal funds rate 25 basis points two times during the quarter, increasing the rate from 2.75 percent to 3.25 percent.

Total Fund

- ❖ The CTF increased slightly in size during the quarter growing almost \$1 billion to 47.5 billion.
- ❖ For the fiscal year the fund grew by over \$4 billion dollars.

Asset Allocation

- ❖ The majority of the asset classes in the CTF finished the quarter within their long-term targets with the exception of real estate. Participant withdrawals for the quarter were funded by disbursements from private equity, real estate, and a \$50 million dollar transfer from U.S. Equity.

Investment Return

- ❖ The CTF's return for the second quarter of 2005 was 2.6 percent, bringing the one-year return to 13.3 percent.
- ❖ The fund outperformed all the benchmarks for all time periods shown.

U.S. Equity

- ❖ The WSIB U.S. equity portfolio outperformed the Dow Jones Wilshire 5000 for the quarter, one-, three-, five- and ten-year periods.

Non-U.S. Equity

- ❖ The WSIB non-U.S. equity portfolio outperformed the passive benchmark for the quarter by 23 basis points and outperformed for the one-year period by almost 1 percent. The WSIB portfolio continued to have positive long-term performance for both the five-year and ten-year.
- ❖ Nine of the ten developed managers outperformed for the quarter. Seven of the ten managers are outperforming for one-year. Mondrian (formerly called Delaware) continues to outperform by almost 800 basis points on an annualized basis for the five-year period.
- ❖ Two of the three emerging market managers outperformed for the quarter; only one, GMO, outperformed for the year. Of the two emerging market managers who have five years of performance history with the WSIB, only one has outperformed the benchmark (see page 11).

Fixed Income

- ❖ For the quarter the WSIB underperformed both the Lehman Universal and the Lehman Aggregate. For the one-year the portfolio underperformed the Universal but outperformed the Aggregate. Over the longer time frames, three-, five-, and ten-year the WSIB portfolio has outperformed both.

Private Equity

- ❖ The WSIB private equity return for the quarter ended March 31, 2005, was 2.3 percent. The one-year return was 27.0 percent, higher than the benchmark, S&P 500 plus 500 basis points, at 11.7 percent.
- ❖ The WSIB LP portfolio returned 1.4 percent, and the WSIB KKR portfolio returned 5.4 percent for the quarter.
- ❖ As of March 31, 2005, there were \$4.1 billion in open commitments.

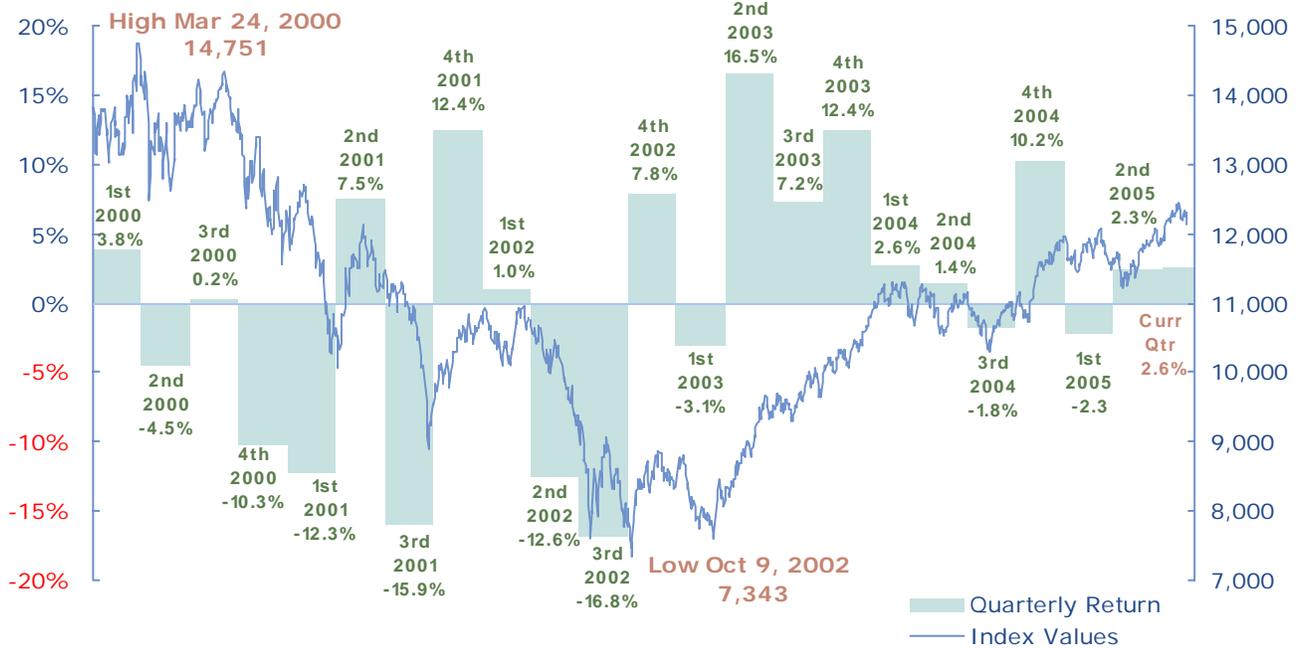
Real Estate

- ❖ The WSIB Real Estate return for the quarter ended, March 31, 2005, was 7.5 percent, higher than the NCREIF plus 100 basis point index of 3.8 percent. For the one-year period, the return of 22.2 percent was 550 basis points above the NCREIF plus 100 basis point index of 16.6 percent.
- ❖ As of March 31, 2005, there were \$4.5 billion in open commitments.

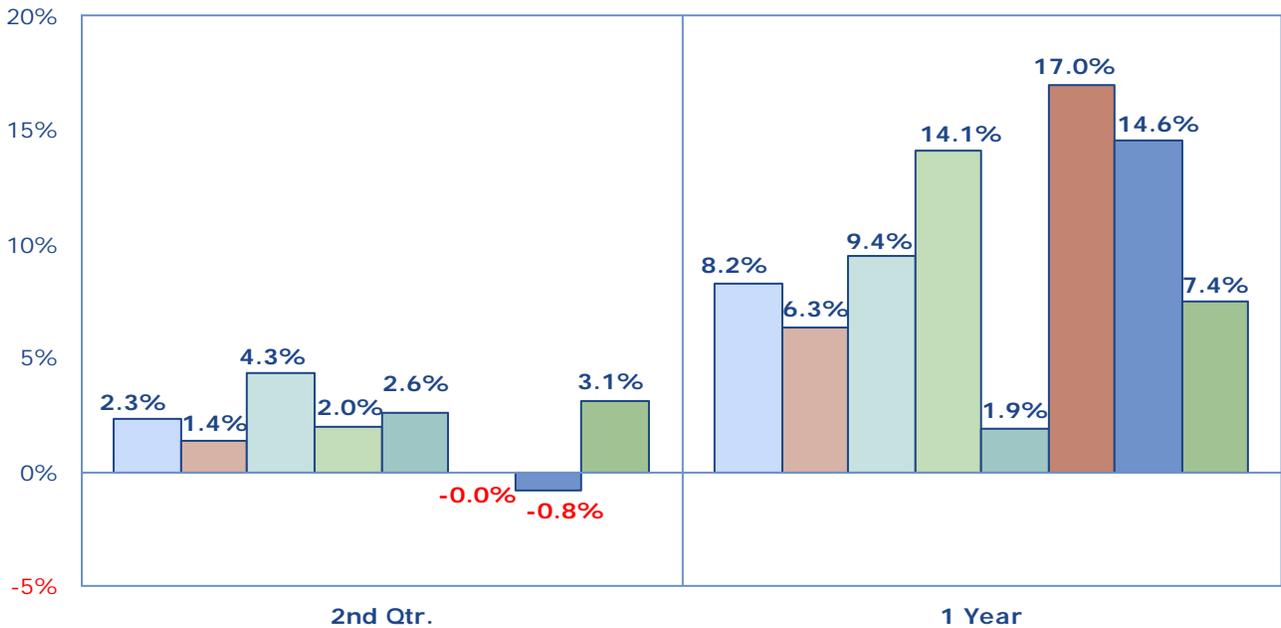


Dow Jones Wilshire 5000

January 1, 2000 - August 18, 2005



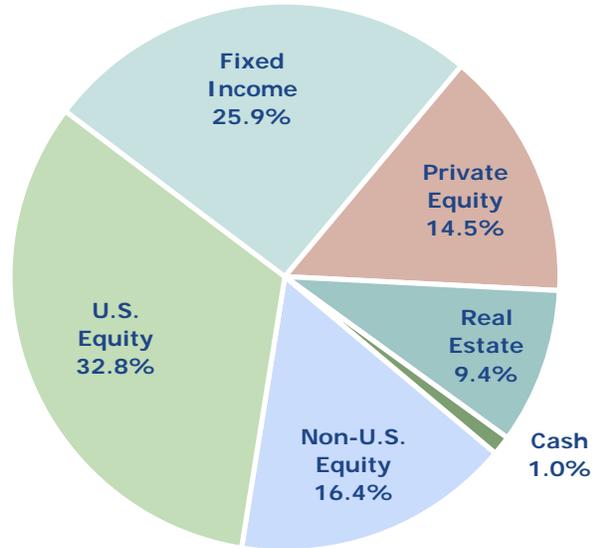
Capital Market Returns



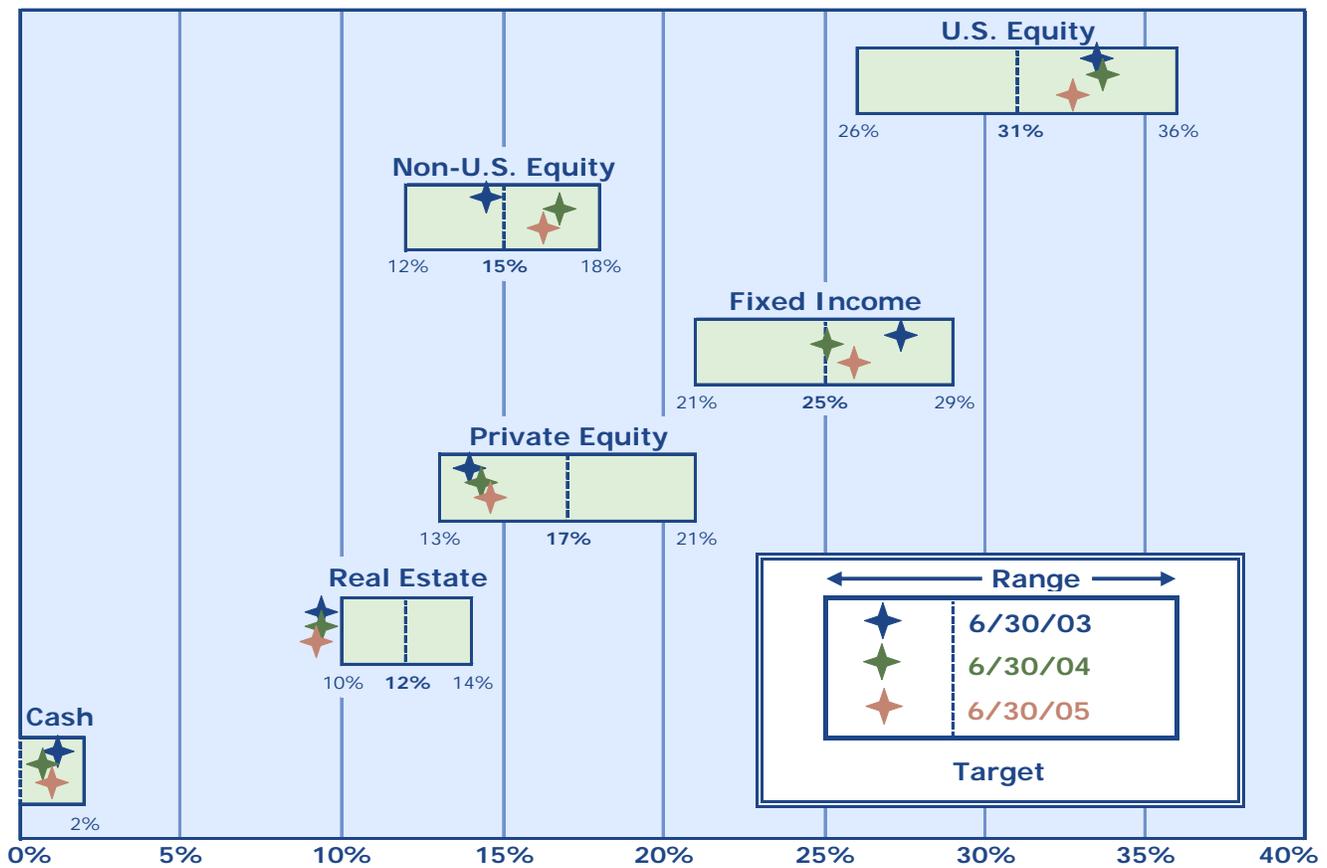
- Dow Jones Wilshire 5000
- S&P 500
- Russell 2000
- Russell 3000 Value
- Russell 3000 Growth
- MSCI ACWI ex U.S.
- MSCI EAFE+Canada
- Lehman Universal



Asset Class	Market Value (000s)
U.S. Equity	\$ 15,570,747
Non-U.S. Equity	7,752,808
Fixed Income	12,307,642
Private Equity	6,898,339
Real Estate	4,451,537
Cash	480,695
Total Fund	\$ 47,461,769



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	\$ 47,461,769	100.0%	2.57 %	13.34 %	13.34 %	10.71 %	3.63 %	9.66 %
MAP Benchmark ²			2.18	9.41	9.41	9.95	1.64	8.46
Structural Benchmark ³			2.25	12.75	12.75	10.15	3.05	9.24
TUCS Public Fund >\$1B Median ⁴			2.21	9.89	9.89	9.65	3.43	8.90
TUCS Public/Corporate Fund >\$1B Median ⁴			2.21	10.44	10.44	9.97	3.54	9.34
U.S. Equity	\$ 15,570,747	32.8%	2.34 %	8.27 %	8.27 %	9.98 %	-1.11 %	10.02 %
Dow Jones Wilshire 5000			2.32	8.22	8.22	9.95	-1.26	9.96
S&P 500			1.37	6.32	6.32	8.28	-2.37	9.94
Non-U.S. Equity	\$ 7,752,808	16.4%	0.22 %	17.91 %	17.91 %	13.52 %	1.21 %	5.91 %
MSCI ACWI ex U.S.			-0.01	16.95	16.95	14.08	0.76	5.81
MSCI EAFE			-1.01	13.65	13.65	12.06	-0.55	5.22
Fixed Income	\$ 12,307,642	25.9%	2.84 %	7.03 %	7.03 %	7.25 %	8.12 %	7.21 %
Lehman Universal			3.10	7.42	7.42	6.56	7.62	6.99
Cash	\$ 480,695	1.0%	0.75 %	2.11 %	2.11 %	1.54 %	1.73 %	3.68 %
90 Day T-Bills			0.72	2.15	2.15	1.55	2.62	4.01
Private Equity⁵	\$ 6,898,339	14.5%	2.30 %	27.01 %	27.01 %	11.54 %	2.55 %	14.86 %
S&P 500 + 500 bp lagged one quarter			-0.92	11.69	11.69	7.75	1.84	15.79
Real Estate⁵	\$ 4,451,537	9.4%	7.51 %	22.17 %	22.17 %	14.96 %	13.45 %	16.09 %
NCREIF + 100 bp lagged one quarter			3.76	16.55	16.55	11.74	11.15	12.02
CPI			0.47 %	2.54 %	2.54 %	2.62 %	2.42 %	2.45 %

¹ Performance figures are net of manager fees but before all other expenses.

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

³ Uses previous quarter's actual allocation in calculating performance.

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

⁵ Private equity and real estate use March 31, 2005, market values, plus cash flows for the second quarter of 2005. For compositing purposes the private equity return is calculated using geometrically linked quarterly IRRs. For true IRR return please see PCG's quarterly report.



Market Values in \$000s

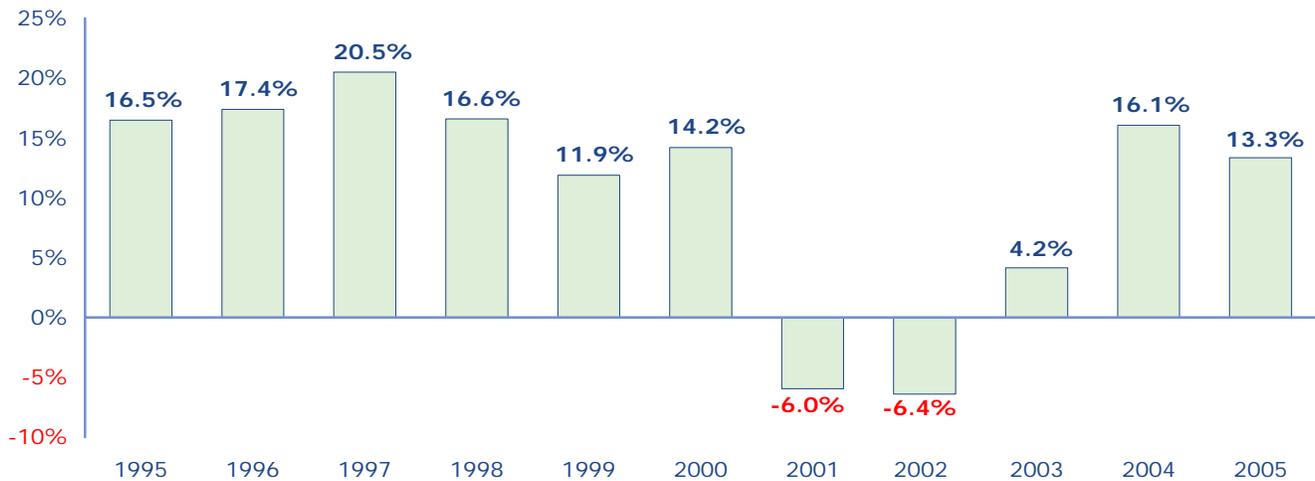
CTF Market Value: **\$ 47,461,769**

Net Change this Quarter: **\$ 901,323**

Net Change for Fiscal Year: **\$ 4,072,237**

Annual Performance

Fiscal Years Ended June 30



Assets Under Management (\$ Billions)

Fiscal Years Ended June 30



Market Values in \$000s

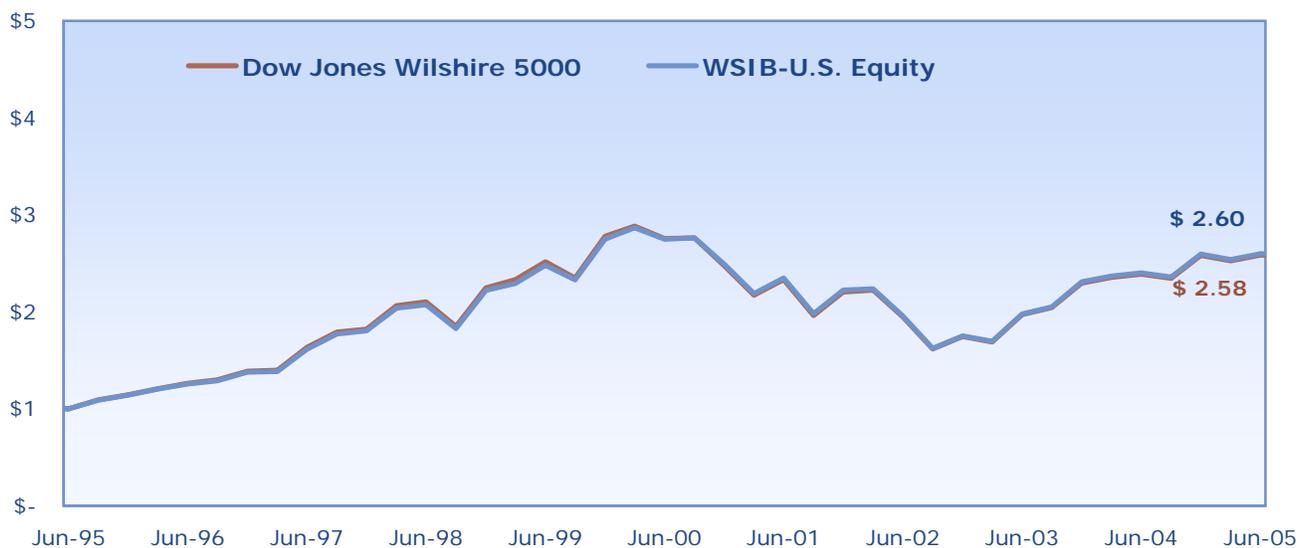
Market Value: \$15,570,747
Ten Largest Holdings (4,021 total holdings versus 4,937 in the index)

Exxon Mobil Corp.	2.75%	Johnson & Johnson	1.43%
General Electric Co.	2.72%	Bank Of America Corp.	1.36%
Microsoft Corp.	1.79%	Intel Corporation	1.23%
Citigroup Inc.	1.77%	American International Group, Inc.	0.99%
Pfizer Inc.	1.54%	Altria Group, Inc.	0.98%

The top ten companies represent almost 16.4% of the portfolio, the top 100 approximately 51.7%

Performance

	Qtr.	FYTD	1 Year	3 Year	5 Year	10 Year
WSIB U.S. Equity	2.34 %	8.27 %	8.27 %	9.98 %	-1.11 %	10.02 %
Dow Jones Wilshire 5000	2.32	8.22	8.22	9.95	-1.26	9.96
S & P 500	1.37	6.32	6.32	8.28	-2.37	9.94
Russell 3000	2.24	8.06	8.06	9.46	-1.35	10.05

Growth of a Dollar




Market Values in \$000s

Market Value: \$7,752,808

The portfolio has 2,439 holdings versus 2,062 in the index. The top ten holdings represent about 11.1 percent of the portfolio and the top 100 approximately 45.9 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

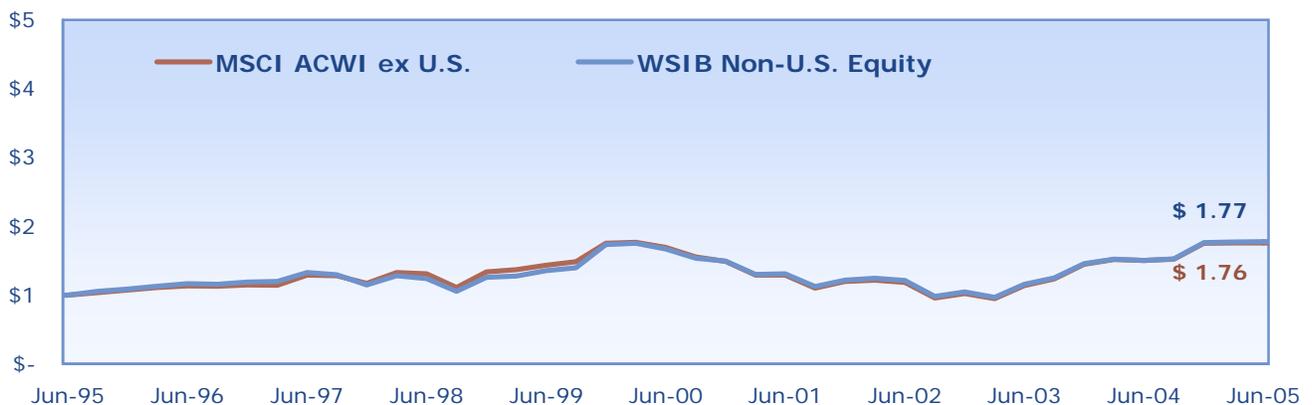
	CTF Weight	Index Weight		CTF Weight	Index Weight
United Kingdom	18.37%	20.55%	Australia	4.42%	4.49%
Japan	17.19%	17.91%	Netherlands	4.41%	4.03%
France	8.64%	7.86%	Canada	4.35%	5.99%
Germany	6.14%	5.61%	Spain	4.00%	3.24%
Switzerland	4.77%	5.55%	Italy	3.26%	3.25%

The ten largest country exposures comprise 75.5% of the portfolio versus the index at 78.5%.

Performance

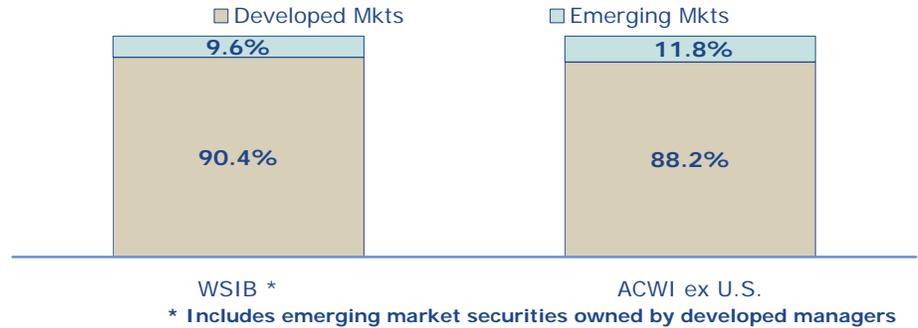
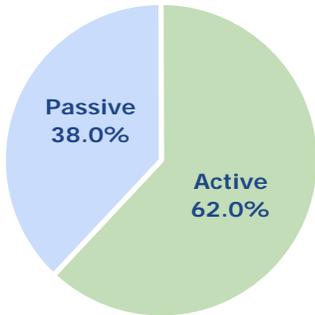
	Qtr.	FYTD	1 Year	3 Year	5 Year	10 Year
WSIB Non-U.S. Equity	0.22 %	17.91 %	17.91 %	13.52 %	1.21 %	5.91 %
MSCI ACWI ex U.S.	-0.01	16.95	16.95	14.08	0.76	5.81
MSCI EAFE+Canada	-0.78	14.55	14.55	12.59	-0.31	5.45
Emerging Markets (MSCI after 6/02; IFC before)	4.12	34.38	34.38	24.04	8.67	5.17
MSCI Europe	-0.84	16.87	16.87	12.59	0.61	9.17
MSCI Pacific Basin	-1.40	6.64	6.64	10.81	-3.11	-0.39

Growth of a Dollar

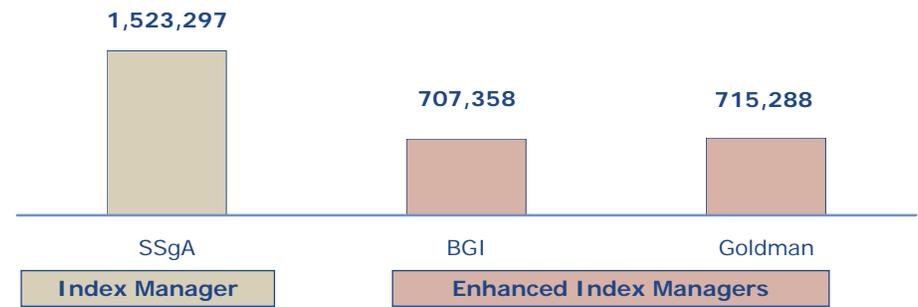
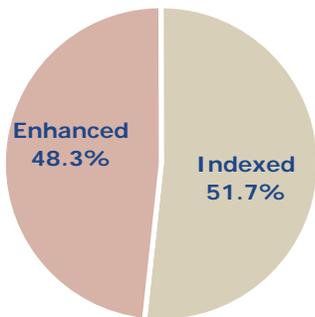


Market Values in \$000s

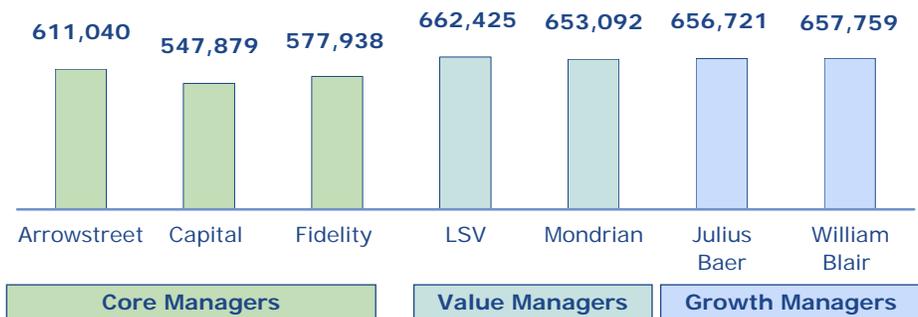
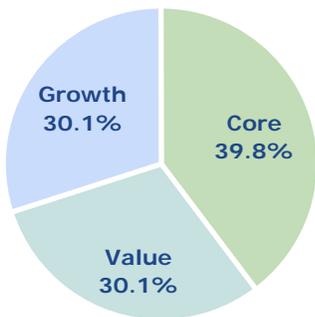
Total Non-U.S. Equity: \$ 7,752,808



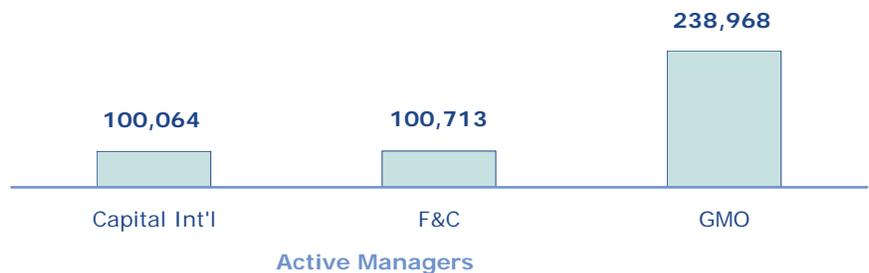
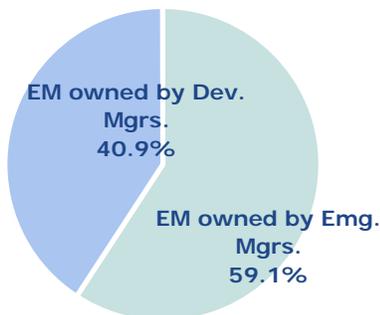
Passive Developed Managers: \$ 2,945,943



Active Developed Managers: \$ 4,366,854

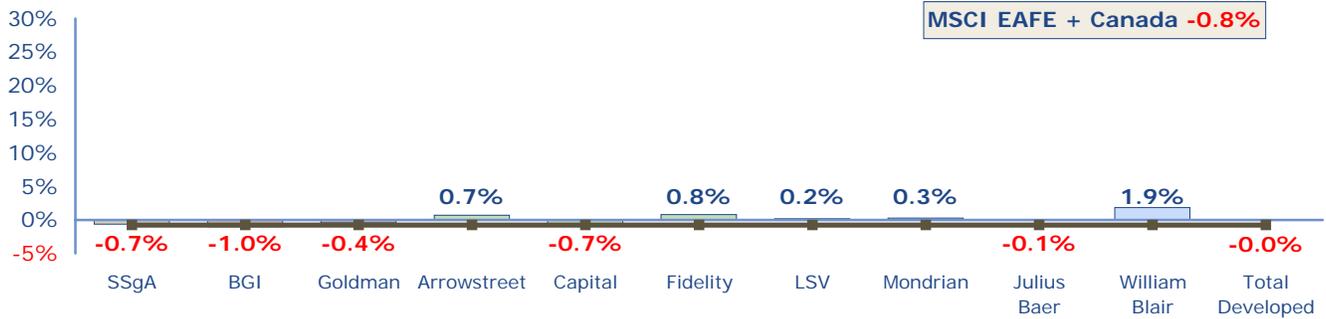


Emerging Managers: \$ 439,745

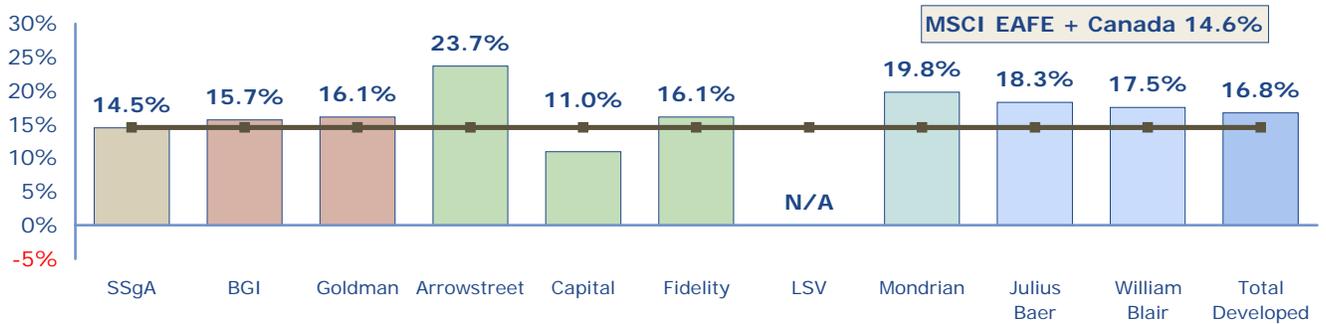




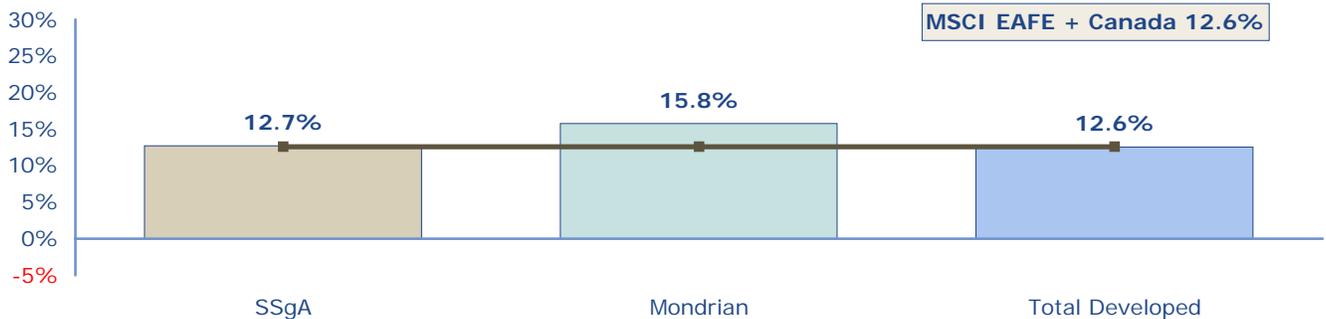
One Quarter Ended June 30, 2005



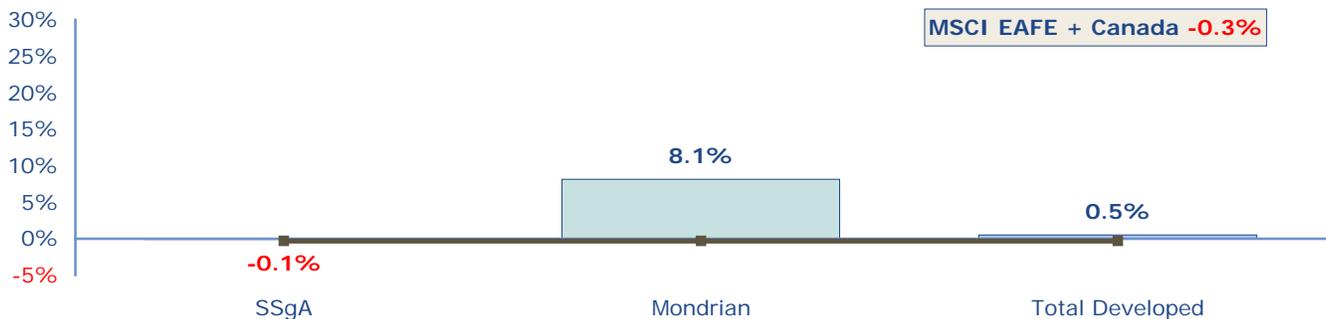
One Year Ended June 30, 2005



Three Years Ended June 30, 2005

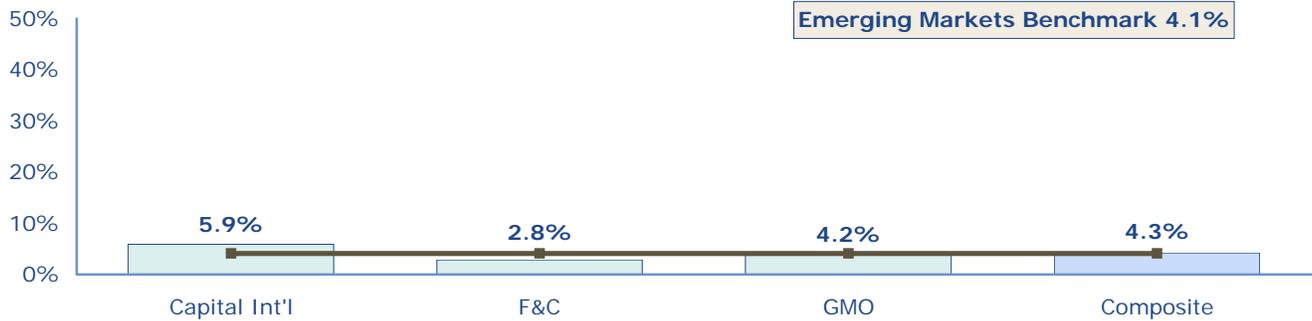


Five Years Ended June 30, 2005

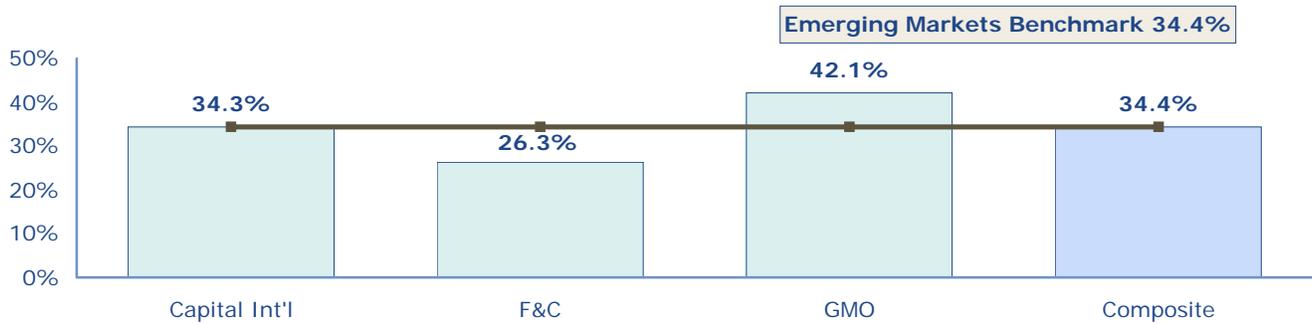




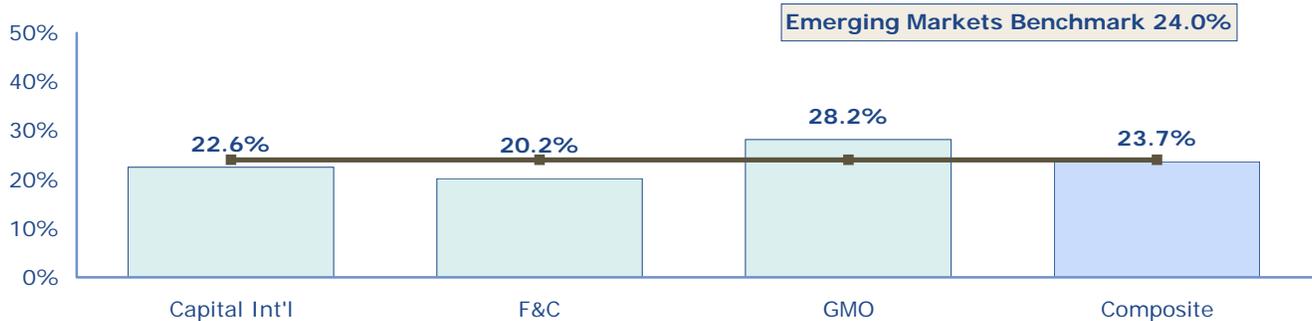
One Quarter Ended June 30, 2005



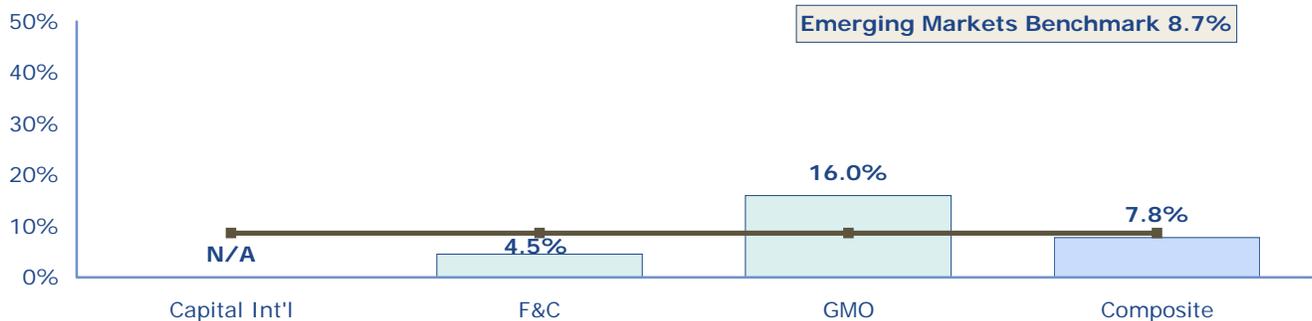
One Year Ended June 30, 2005



Three Years Ended June 30, 2005



Five Years Ended June 30, 2005



Market Values in \$000s

Market Value: \$ 12,307,642

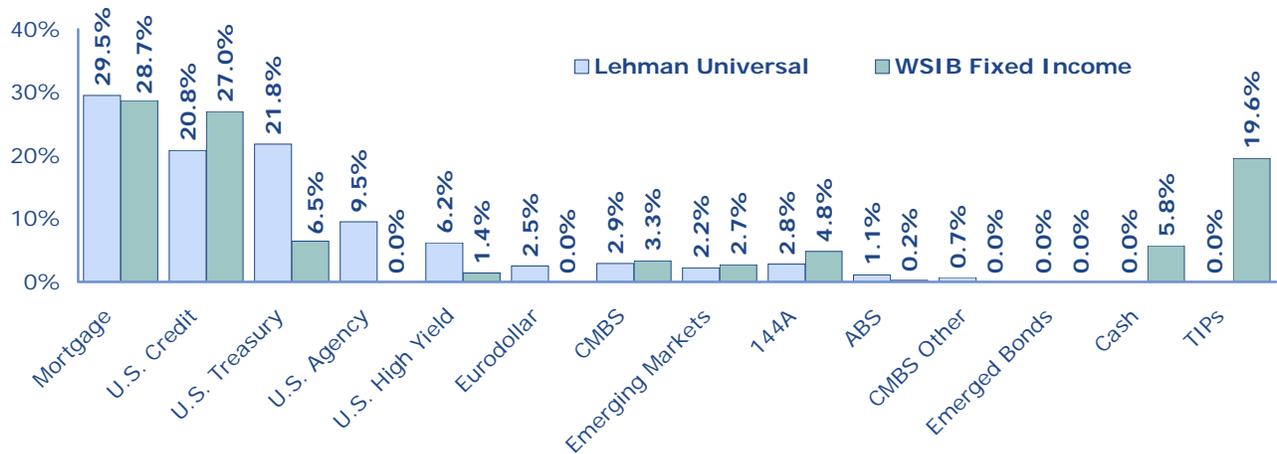
Duration

	Mar-05	Jun-05
WSIB Portfolio	3.93	3.94
Lehman Universal	4.55	4.26
Difference	-13.63%	-7.46%

Performance

	Qtr.	FYTD	1 Year	3 Year	5 Year	10 Year
WSIB Fixed Income	2.84 %	7.03 %	7.03 %	7.25 %	8.12 %	7.21 %
Lehman Universal	3.10	7.42	7.42	6.56	7.62	6.99
Lehman Aggregate	3.01	6.80	6.80	5.76	7.40	6.83

Sector Weighting



Growth of a Dollar

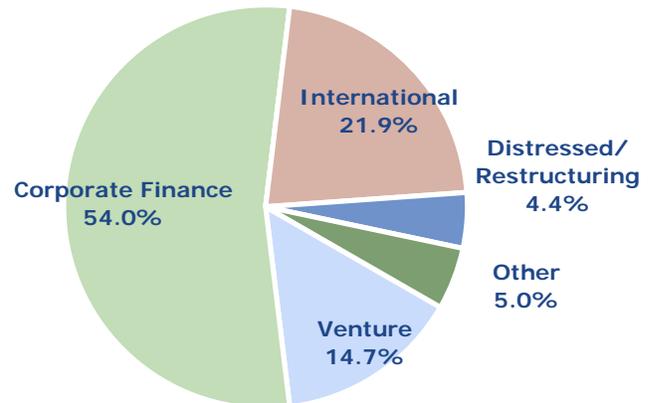
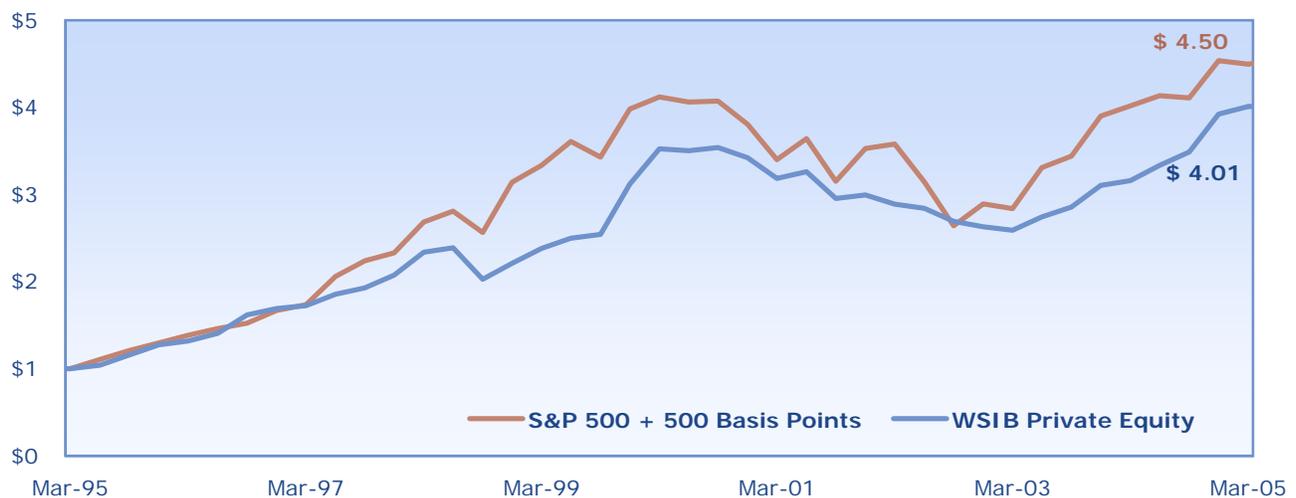


Market Values in \$000s

Market Value: \$6,898,339
Unfunded Commitments: \$4.1 billion
Net Performance as of March 31, 2005

	Qtr.	FYTD	1 Year	3 Year	5 Year	10 Year
WSIB Private Equity	2.30%	27.01%	27.01%	11.54%	2.55%	14.86%
KKR	5.40%	43.90%	43.90%	16.29%	4.76%	13.38%
LP Portfolio	1.40%	22.20%	22.20%	10.18%	2.38%	16.43%
S&P 500+500 bp (12/31/04)	-0.92%	11.69%	11.69%	7.75%	1.84%	15.79%

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

Partnerships
189 Partnerships
88 Private Equity General Partners
Sector Distribution

Growth of a Dollar


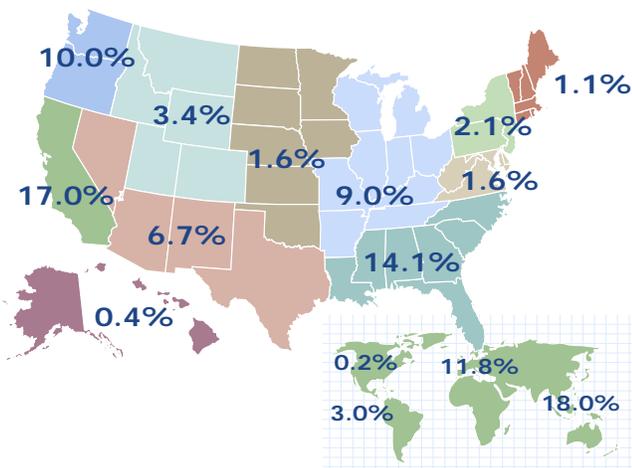
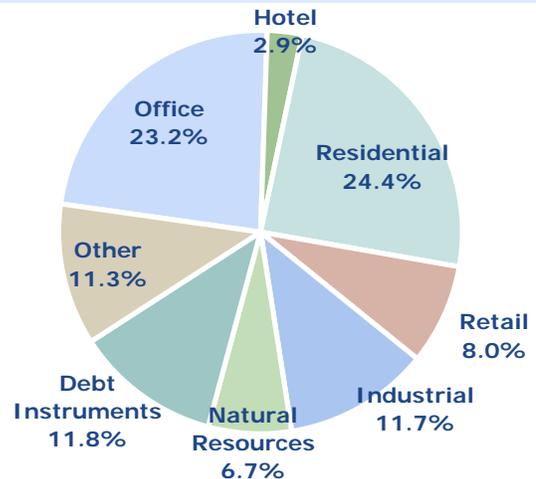
Market Values in \$000s

Market Value: \$4,451,537
Unfunded Commitments \$4.5 billion
Net Performance as of March 31, 2005

	Qtr.	FYTD	1 Year	3 Year	5 Year
CTF Real Estate	7.51%	22.17%	22.17%	14.96%	13.45%
NCREIF + 100 basis points	3.76%	16.55%	16.55%	11.74%	11.15%

Largest Managers

Hometown America	16.3%
Hudson Advisors (LoneStar)	16.2%
Principal Enterprise Capital (PEC)	16.2%
Morgan Stanley	9.2%
Pacific Realty Associates, L.P. (PacSIB, PacTrust)	8.4%
Representation in the Real Estate portfolio	66.3%

Geographical Distribution

Property Type Distribution

Growth of a Dollar




Numbers in %

	Qtr.	FYTD	1 Year	3 Year	5 Year	10 Year
S&P 500 Index	1.37	6.32	6.32	8.28	-2.37	9.94

U.S. Equity

Barclays Global Investors	2.34	8.27	8.27	9.98	-1.11	
U.S. Equity Composite	2.34	8.27	8.27	9.98	-1.11	10.02

Non-U.S. Equity

Developed Markets

State Street Global Advisors	-0.66	14.51	14.51	12.73	-0.09	
Barclays Global Investors	-1.00	15.71	15.71			
Goldman Sachs Asset Mgt.	-0.44	16.10	16.10			
Arrowstreet Capital, L.P	0.69	23.72	23.72			
Fidelity Management Trust Co.	0.79	16.12	16.12			
Capital Guardian Trust Co.	-0.65	10.97	10.97			
Mondrian Investment Partners	0.25	19.84	19.84	15.75	8.14	
LSV Asset Management	0.18					
William Blair & Company	1.85	17.53	17.53			
Julius Baer Investment Mgt.	-0.06	18.29	18.29			

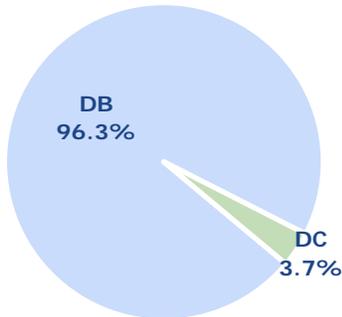
Emerging Markets

Capital International, Inc.	5.91	34.34	34.34	22.55		
F&C Emerging Markets Limited	2.83	26.28	26.28	20.18	4.52	
Grantham, Mayo, Van Otterloo	4.16	42.14	42.14	28.17	15.99	

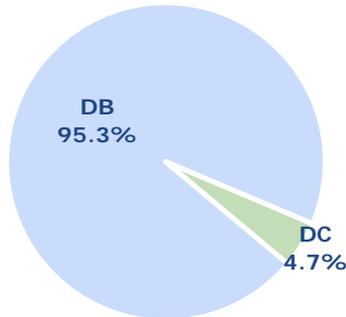
Non-U.S. Equity Composite	0.22	17.91	17.91	13.52	1.21	5.91
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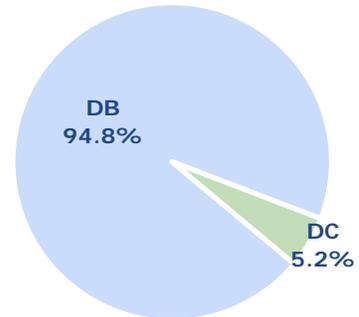
Defined Benefit and Defined Contribution Breakdown in the CTF



June 30, 2003

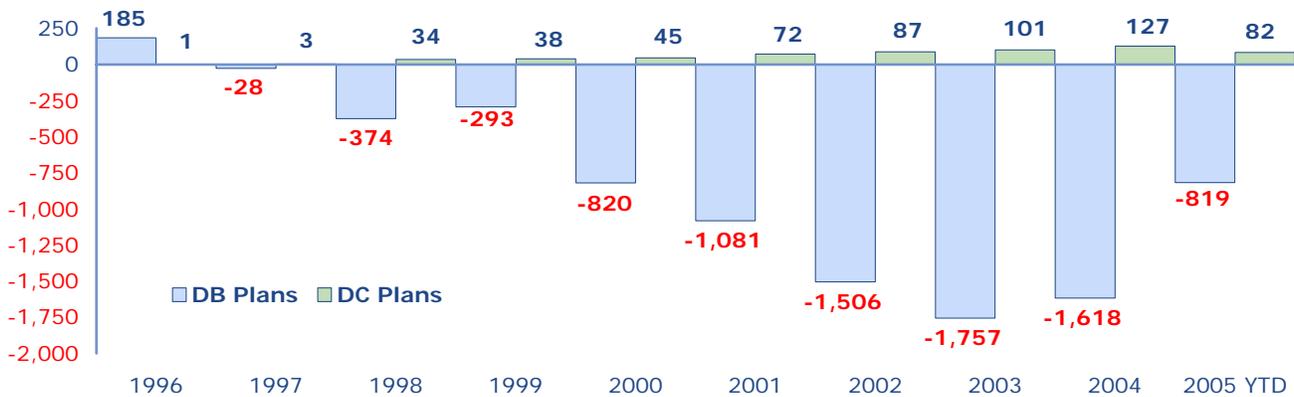


June 30, 2004

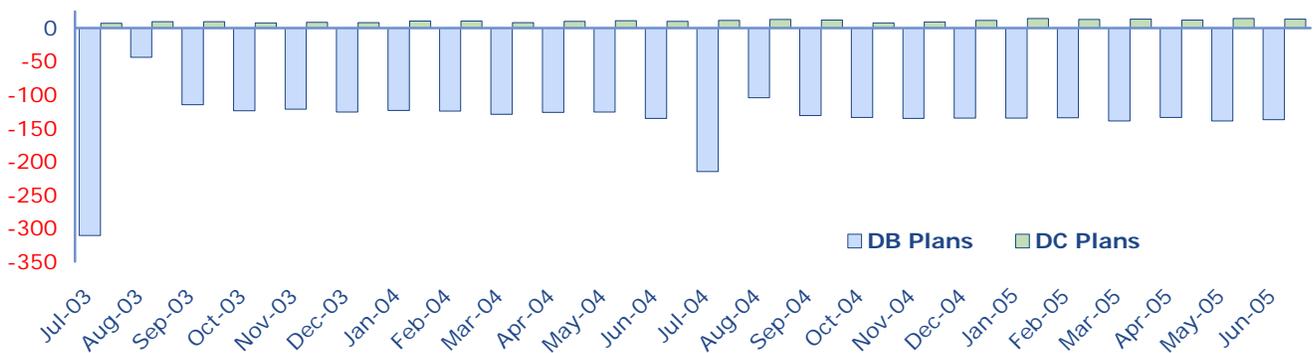


June 30, 2005

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.

U.S. Equity

Barclays Global Investors (BGI)

It is the WSIB's current policy to manage 100 percent of the U.S. equity portfolio in a low-cost broad-based index fund. BGI manages the entire U.S. equity portfolio in a commingled fund designed to track the Dow Jones Wilshire 5000 Index, although it does not specifically replicate the index. The WSIB has been using the Dow Jones Wilshire 5000 Index fund since June 1998. However, BGI has been managing money in other funds for the WSIB since 1982.

Non-U.S. Equity

State Street Global Advisors (SSgA)

SSgA manages an optimized commingled index fund that is designed to passively track the MSCI EAFE plus Canada (developed markets). The WSIB has been using SSgA's MSCI EAFE plus Canada fund since 1994. In 2001, the WSIB switched to the new Provisional EAFE plus Canada fund as a result of pending changes to the MSCI indices. MSCI has since finished their restructuring and the WSIB has transferred back to the EAFE plus Canada fund.

Barclays Global Investors (BGI)

BGI provides the WSIB with an international developed markets enhanced index equity commingled fund, the World ex-U.S. Alpha Tilts Strategy. This strategy is a bottom-up, style-neutral quantitative strategy designed to outperform the MSCI World ex-U.S. Index by 50 to 100 basis points net of fees on a rolling three year average, while incurring a low level of risk of 2 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 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 for the WSIB. GSAM believes that the markets are not entirely efficient, and that the combination of traditional fundamental analysis and quantitative modeling can 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.



Arrowstreet Capital, L.P

Arrowstreet actively manages an international developed markets equity “core” portfolio for the WSIB. Arrowstreet believes it can profit by employing a disciplined quantitative process that exploits behavioral and informational opportunities. Behavioral opportunities are created by the systematic “mistakes” made by investors, including the tendency for investors to overreact, herd, and avoid regret. Informational opportunities are derived from investors not fully exploiting, on a timely basis, information that is relevant to prices. Criteria used to exploit these opportunities include measures of value, momentum, and earnings revisions. The investment team continually monitors the contribution from each of these factors and adapts the process to incorporate new investment insights 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 for the WSIB. Capital uses a bottom-up, value driven approach to investing in international developed markets equity. The firm conducts extensive fundamental research and uses a system of multiple managers to manage individual segments of the portfolios. Each manager is free to make their decisions as to individual security, country and industry selection, timing, and percentage to be invested for their portion of the assets. The 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 for the WSIB. FMTC uses a bottom-up approach to investing. The firm’s process is rooted in its in-house fundamental research that 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 for the WSIB. The fundamental premise on which their investment philosophy is based is that superior long-term results can be achieved by systematically exploiting the judgmental biases and behavioral weaknesses that influence the decisions of many investors. The strategy’s primary emphasis is the use of quantitative techniques to select individual securities in what would be considered a bottom-up approach. 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 for the WSIB. They identify value investments using a dividend discount-valuation model of future income streams. The investment analysis is applied consistently to individual securities across all markets and industries. Tied to the security selection is a top-down country allocation overlay that helps structure the portfolio. The WSIB portfolio has been managed by Mondrian since June 1999.

Julius Baer Investment Management (JBIM)

JBIM actively manages an international developed markets equity “growth” portfolio for the WSIB. JBIM believes that an approach driven by dynamic, fundamentally driven competitive analysis is the key to delivering consistent risk-adjusted long-term performance. 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 for the WSIB. WB focuses on companies with above-average growth prospects, where growth 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.



Capital International, Inc.

Capital manages an active emerging markets equity portfolio for the WSIB. Capital utilizes a Multiple Portfolio Manager System that enables several key decision makers to work on each account by dividing the portfolio into smaller segments. Each manager is free to make their decisions as to individual security, country and industry selection, timing, and percentage to be invested for their portion of the assets. The aggregate portfolio does not have a formal policy regarding asset and country diversification and tends to have a value bias. The WSIB has been invested in Capital's Emerging Markets Growth Fund since the middle of the second quarter of 2001.

F&C Emerging Markets Limited

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

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.

Asset Allocation Policy

The targets will adjust annually toward the long-term asset allocation policy, which is 31 percent U.S. equity, 15 percent non-U.S. equity, 25 percent fixed income, 17 percent private equity, and 12 percent real estate. The interim target for 2004 is 31 percent U.S. equity, 15 percent non-U.S. equity, 26 percent fixed income, 17 percent private equity, and 11 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.

MAP (Multi-Asset Portfolio)

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

Structural Asset Allocation Policy

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

TUCS Public Fund > \$1 Billion Median

Trust Universe Comparison Services median return of other public funds. There are currently 57 funds in the universe with a median asset size of slightly under \$12.7 billion.

TUCS Public/Corporate Fund > \$1 Billion Median

Trust Universe Comparison Services median return of corporate and public funds. There are currently 143 funds in the universe with a median asset size of approximately \$4.5 billion.



Defined Contribution Plans

Quarterly Report - June 30, 2005

Market Values and Distributions

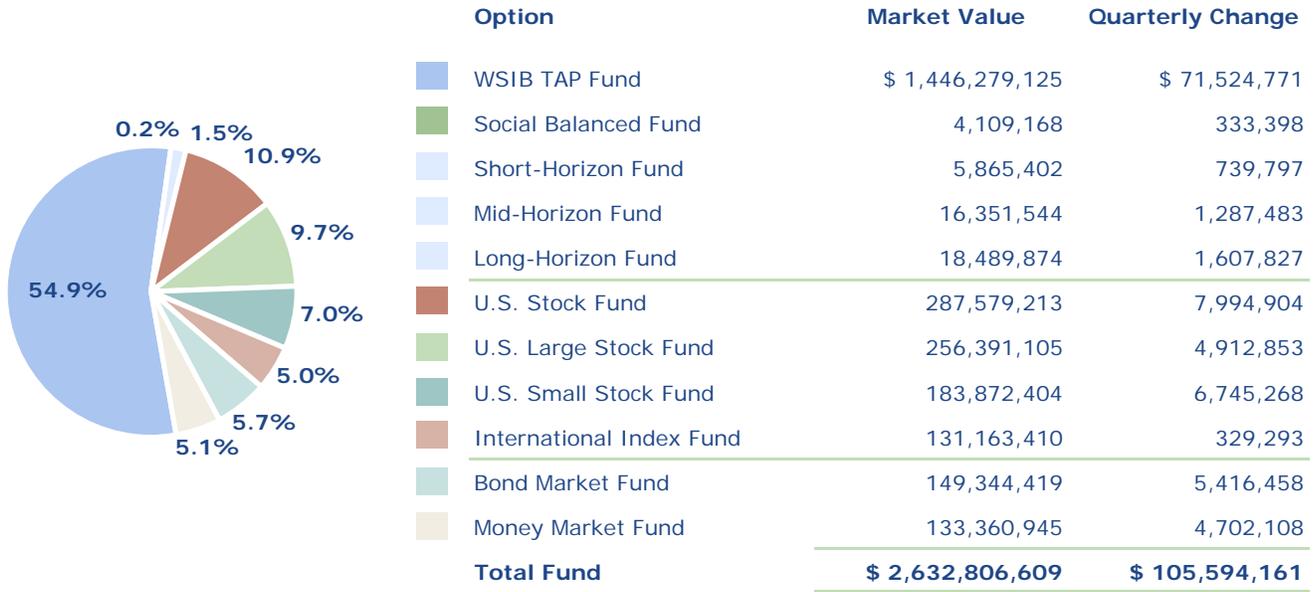
TRS Plan 3	1
SERS Plan 3	2
PERS Plan 3.....	3
DCP.....	4
JRA	5

Investment Performance

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

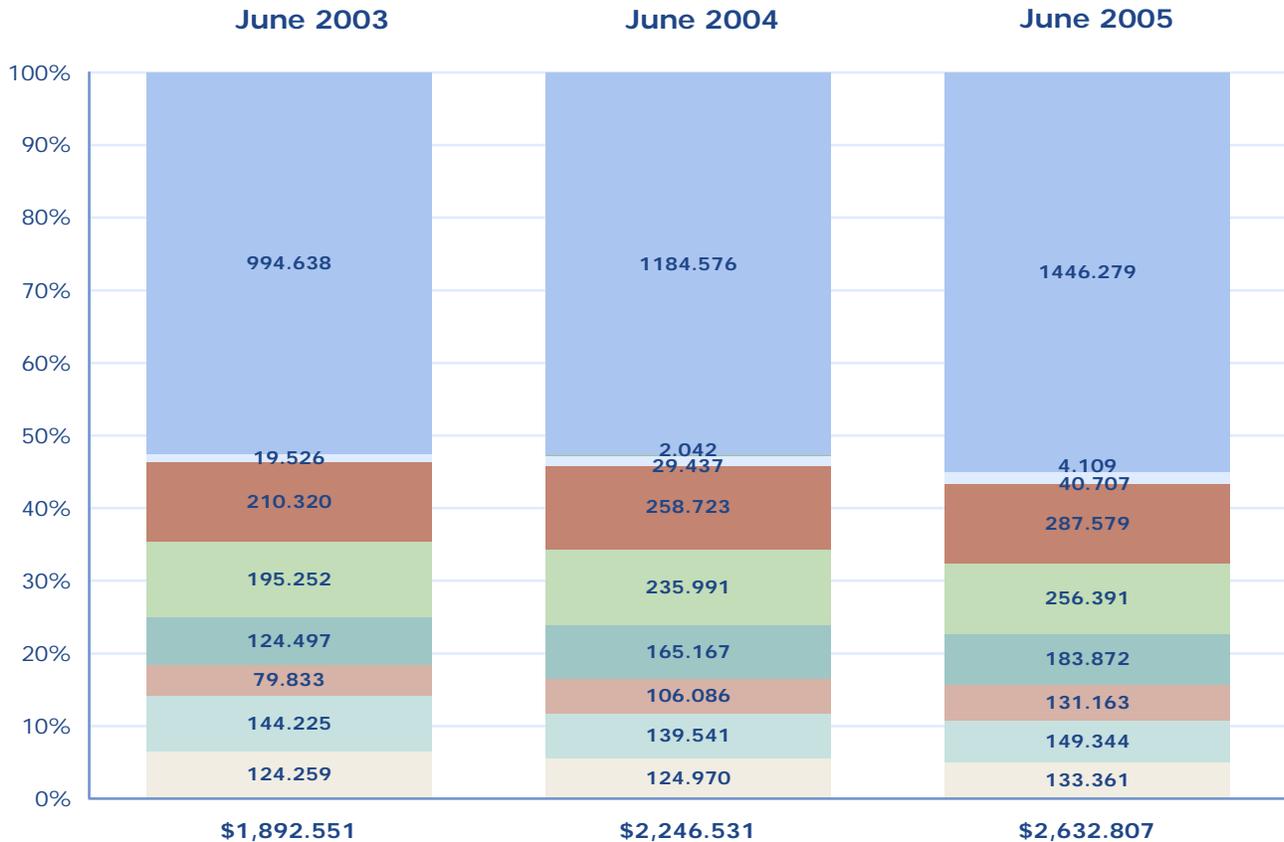


Market Values and Distributions

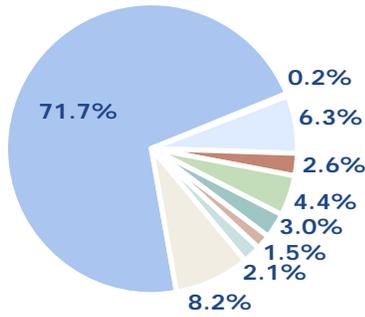


Historical Distributions

In Millions



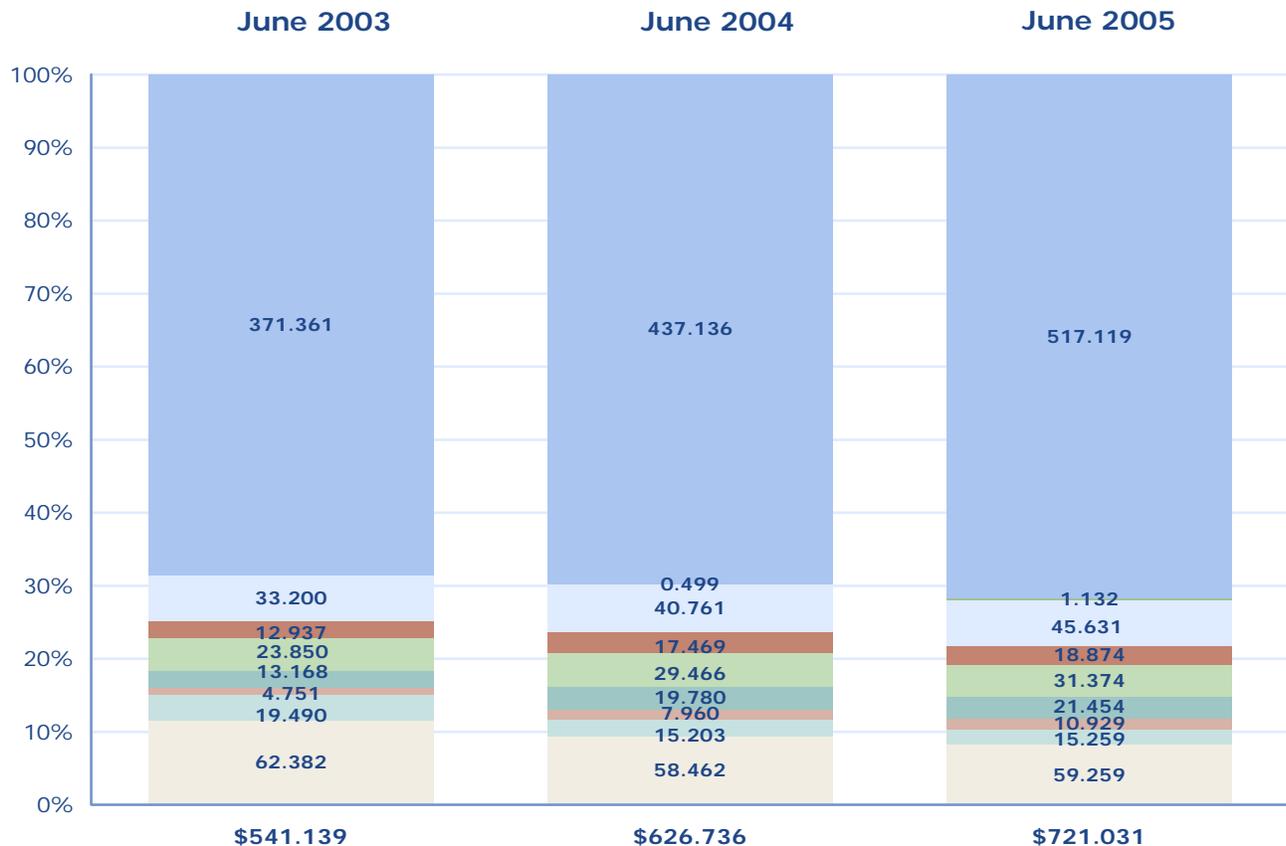
Market Values and Distributions



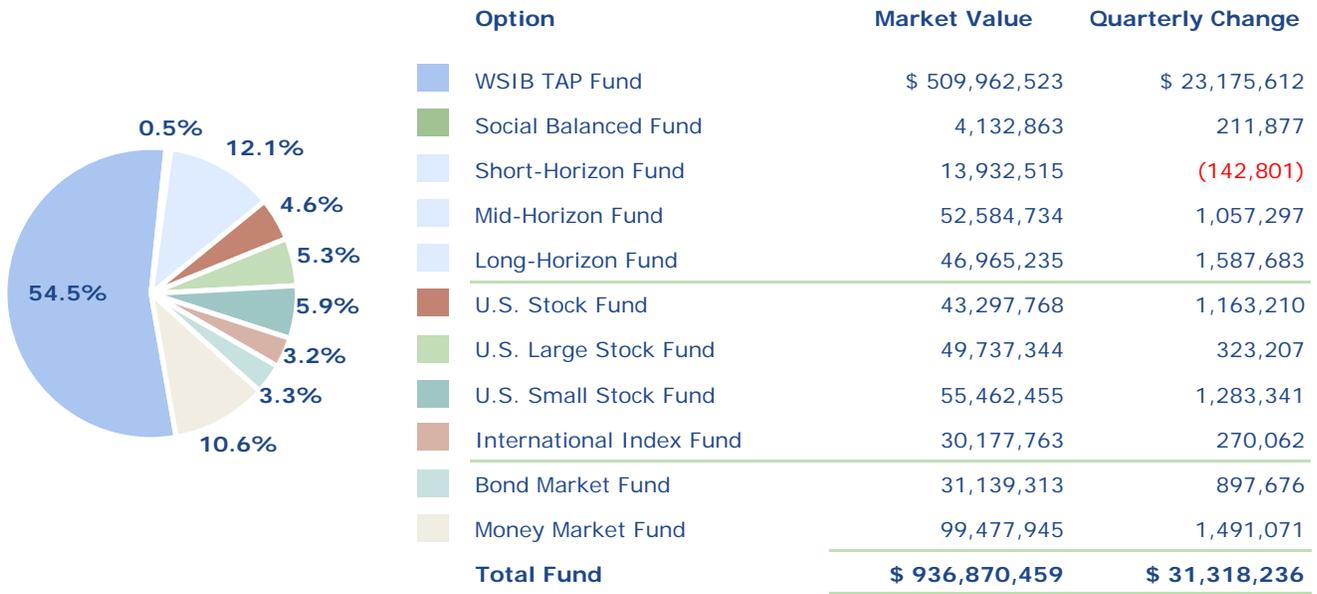
Option	Market Value	Quarterly Change
WSIB TAP Fund	\$ 517,118,926	\$ 23,288,083
Social Balanced Fund	1,131,736	9,308
Short-Horizon Fund	5,875,207	463,043
Mid-Horizon Fund	21,669,834	284,834
Long-Horizon Fund	18,085,963	575,184
U.S. Stock Fund	18,874,346	303,815
U.S. Large Stock Fund	31,374,385	259,163
U.S. Small Stock Fund	21,453,828	14,519
International Index Fund	10,929,361	115,724
Bond Market Fund	15,258,816	633,304
Money Market Fund	59,258,694	984,839
Total Fund	\$ 721,031,095	\$ 26,931,817

Historical Distributions

In Millions

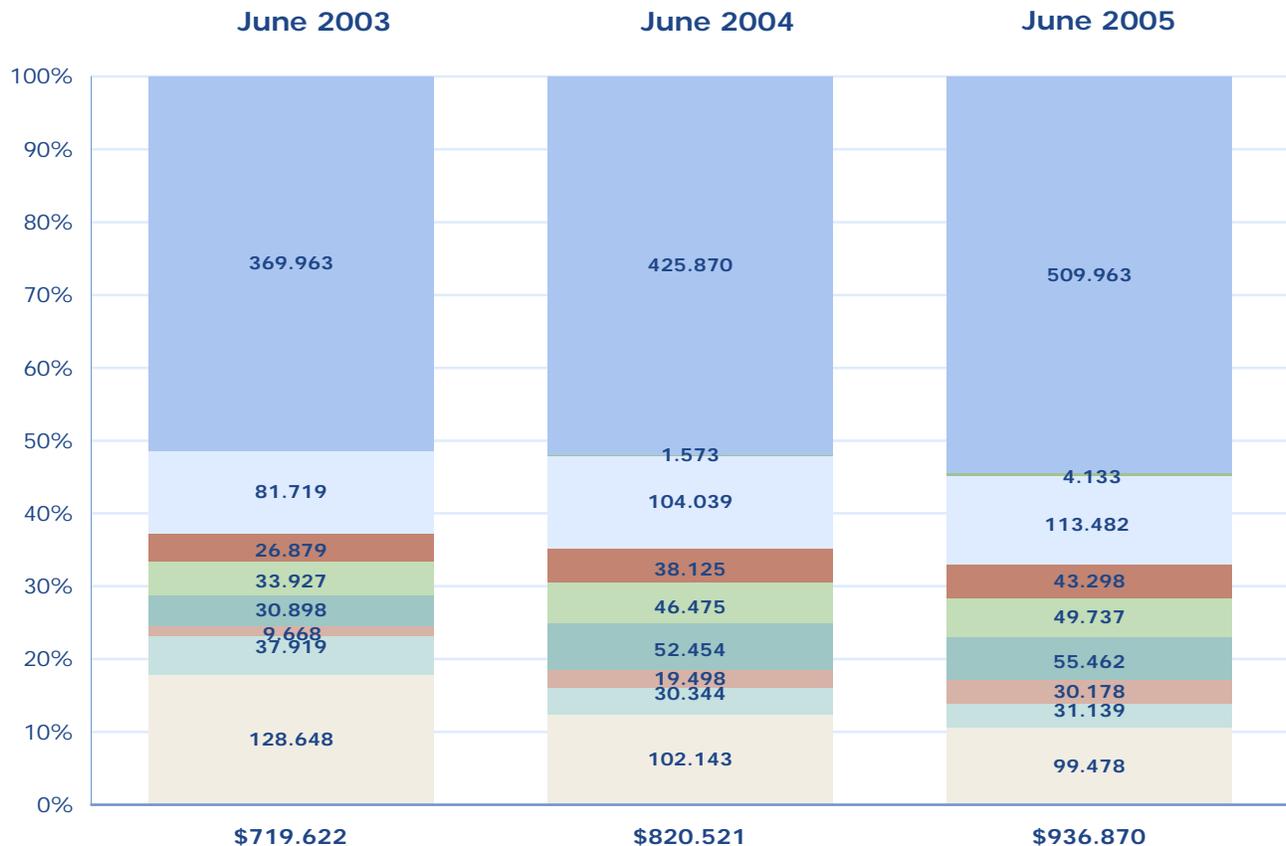


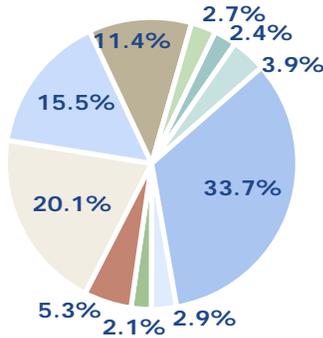
Market Values and Distributions



Historical Distributions

In Millions

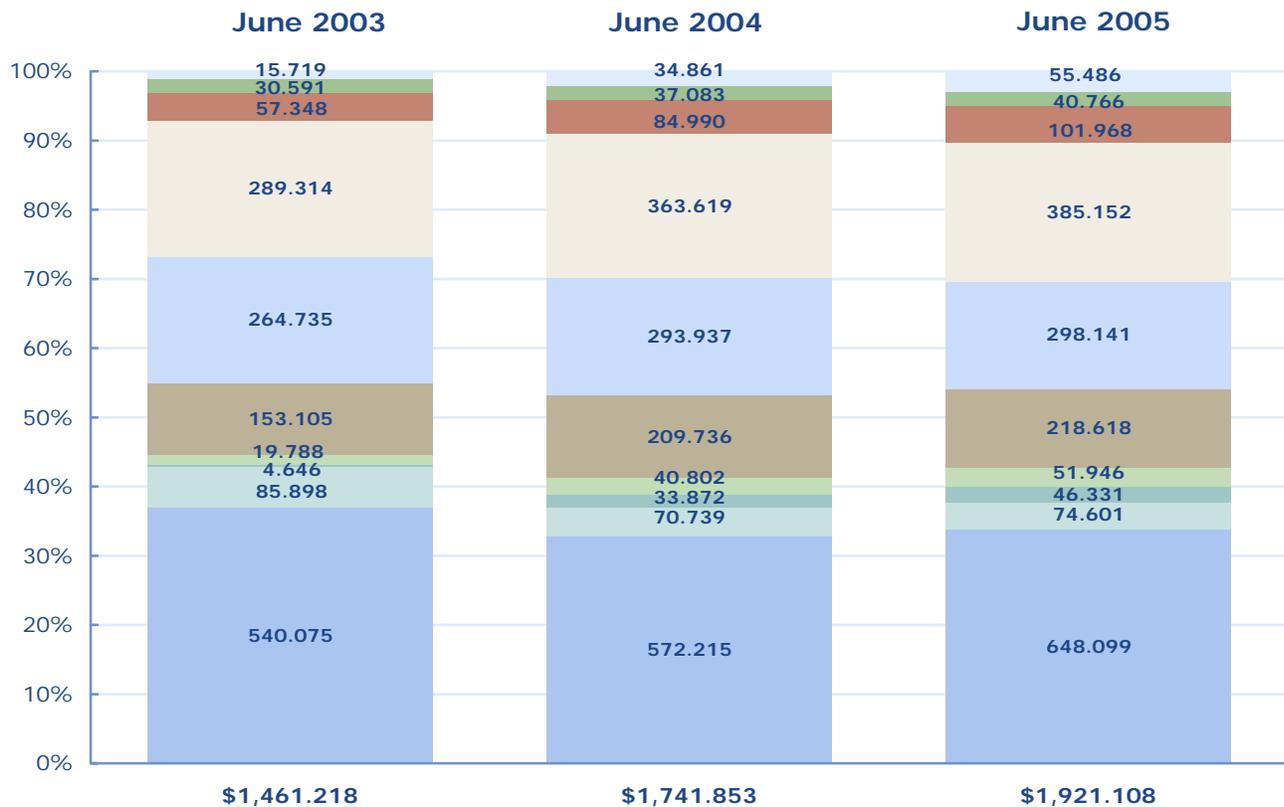


Market Values and Distributions


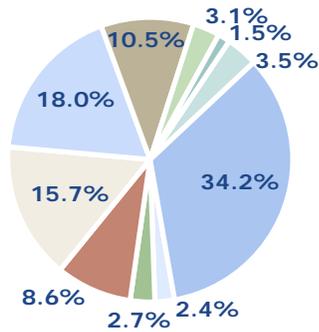
Option	Market Value	Quarterly Change
Short-Horizon Fund	\$ 11,040,372	\$ 852,279
Mid-Horizon Fund	23,584,234	2,429,640
Long-Horizon Fund	20,861,660	541,314
Social Balanced Fund	40,765,727	381,420
U.S. Stock Market Index	101,968,205	4,869,181
Equity-Income Fund	385,151,659	1,668,572
Independence Fund	298,141,371	1,144,302
Growth Company Fund	218,617,719	9,531,523
International Stock Fund	51,946,042	1,949,757
U.S. Small Stock Fund	46,331,285	1,394,503
Bond Market Fund	74,600,850	2,619,691
Savings Pool	648,098,564	25,453,671
Total Fund	\$ 1,921,107,688	\$ 52,835,852

Historical Distributions

In Millions



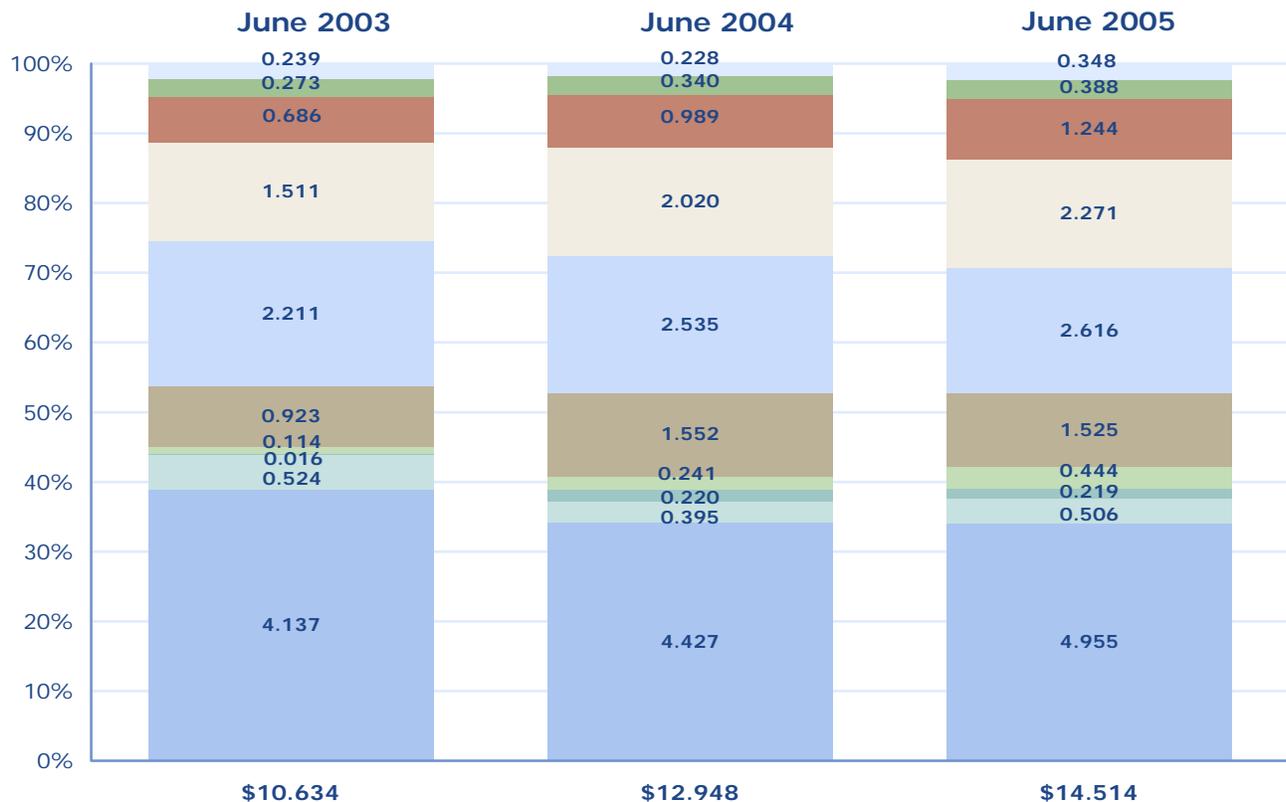
Market Values and Distributions



Option	Market Value	Quarterly Change
Short-Horizon Fund	\$ 66,147	\$ 4,025
Mid-Horizon Fund	207,020	10,912
Long-Horizon Fund	74,491	5,356
Social Balanced Fund	387,865	9,670
U.S. Stock Market Index	1,243,691	125,669
Equity-Income Fund	2,270,924	20,853
Independence Fund	2,615,888	56,988
Growth Company Fund	1,524,693	58,167
International Stock Fund	444,073	(31,873)
U.S. Small Stock Fund	218,760	20,251
Bond Market Fund	505,639	23,061
Savings Pool	4,955,052	248,953
Total Fund	\$ 14,514,241	\$ 552,033

Historical Distributions

In Millions





Balanced Funds

	Qtr.	1 Year	3 Year	5 Year	10 Year
WSIB TAP Fund	3.21%	13.05%	10.77%	3.76%	9.60%
Custom Benchmark	2.18%	9.41%	9.95%	1.64%	8.46%
Long-Horizon Fund	1.75%	9.12%	9.71%	N/A	N/A
Custom Benchmark	1.72%	9.11%	10.21%	1.15%	8.69%
Mid-Horizon Fund	1.96%	8.03%	8.70%	N/A	N/A
Custom Benchmark	2.04%	8.15%	9.24%	3.51%	8.24%
Short-Horizon Fund	1.74%	6.07%	6.36%	N/A	N/A
Custom Benchmark	1.84%	6.30%	6.85%	4.32%	6.97%
Social Balanced Fund	0.47%	4.62%	N/A	N/A	N/A
Custom Benchmark	2.12%	6.65%	7.46%	2.30%	8.89%

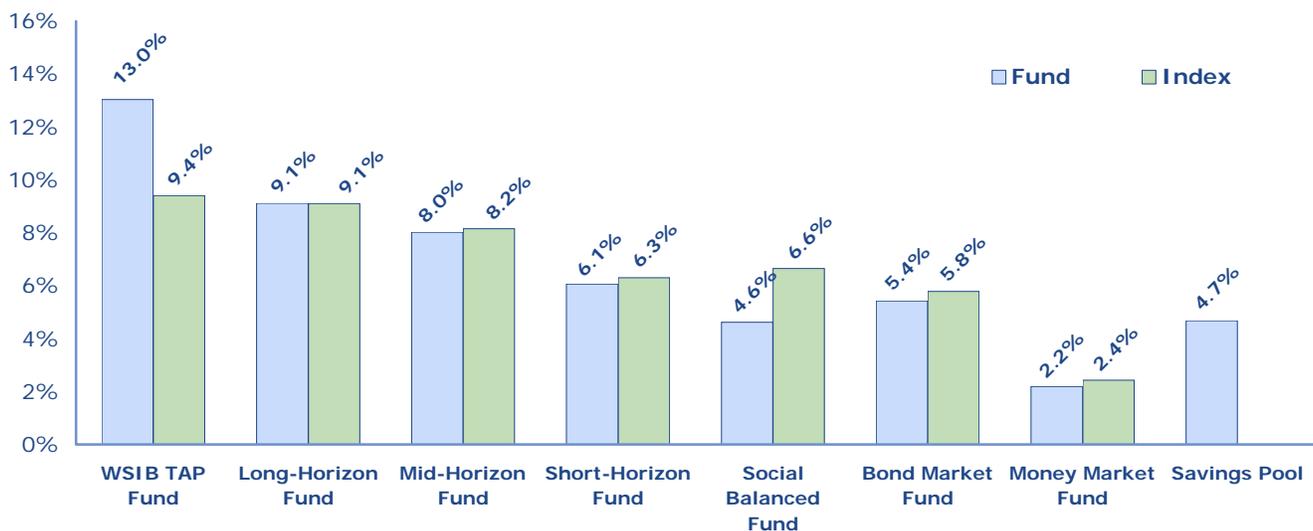
Bond Funds

	Qtr.	1 Year	3 Year	5 Year	10 Year
Bond Market Fund	2.53%	5.43%	5.98%	N/A	N/A
Lehman Intermediate Credit	2.76%	5.79%	6.51%	7.81%	6.87%

Cash Funds

	Qtr.	1 Year	3 Year	5 Year	10 Year
Money Market Fund	0.74%	2.19%	1.62%	2.71%	4.18%
One Month LIBOR	0.79%	2.43%	1.70%	2.70%	4.25%
Savings Pool	1.11%	4.68%	5.24%	5.72%	6.21%

One Year Returns



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

Active U.S. Equity

	Qtr.	1 Year	3 Year	5 Year	10 Year
Equity Income Fund	0.53%	6.18%	8.10%	4.55%	10.15%
Russell 3000 Value	1.96%	14.09%	11.24%	7.23%	12.10%
Independence Fund	1.85%	5.93%	8.24%	-5.82%	9.30%
Russell 3000	2.24%	8.05%	9.46%	-1.35%	10.05%
Growth Company Fund	5.60%	5.87%	11.94%	-7.58%	10.11%
Russell 3000 Growth	2.55%	1.90%	7.56%	-9.93%	7.13%

Passive U.S. Equity

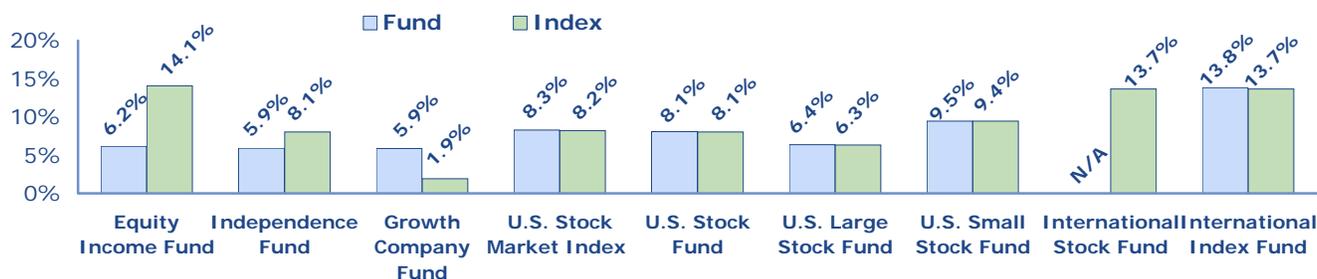
	Qtr.	1 Year	3 Year	5 Year	10 Year
U.S. Stock Market Index	2.34%	8.28%	9.93%	-1.11%	10.12%
Dow Jones Wilshire 5000	2.32%	8.21%	9.94%	-1.27%	9.96%
U.S. Stock Fund	2.22%	8.07%	9.49%	N/A	N/A
Russell 3000	2.24%	8.05%	9.46%	-1.35%	10.05%
U.S. Large Stock Fund	1.38%	6.36%	8.33%	-2.33%	N/A
S&P 500	1.37%	6.32%	8.28%	-2.37%	9.94%
U.S. Small Stock Fund	4.31%	9.45%	12.75%	5.72%	N/A
Russell 2000	4.32%	9.45%	12.81%	5.71%	9.90%

Active International

	Qtr.	1 Year	3 Year	5 Year	10 Year
International Stock Fund	-0.72%	N/A	N/A	N/A	N/A
MSCI EAFE	-1.01%	13.65%	12.06%	-0.55%	5.22%

Passive International

	Qtr.	1 Year	3 Year	5 Year	10 Year
International Index Fund	-0.87%	13.83%	10.36%	-1.75%	N/A
MSCI EAFE	-1.01%	13.65%	12.06%	-0.55%	5.22%

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.



Daily Priced Investment Options

Quarterly Report - June 30, 2005

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

Size \$ 653,048,929

Characteristics

Average Maturity

2.3 Years

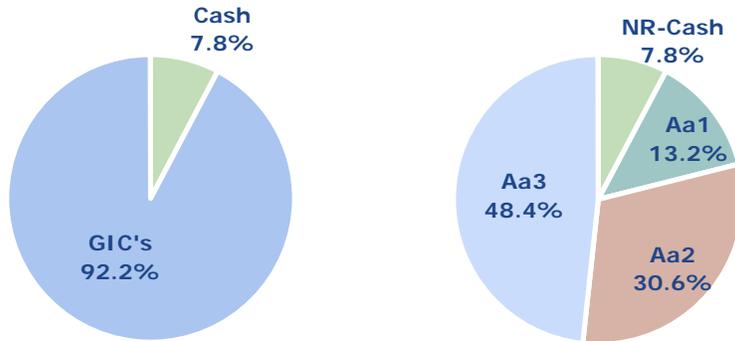
Average Yield

4.51%

Number of Holdings

32

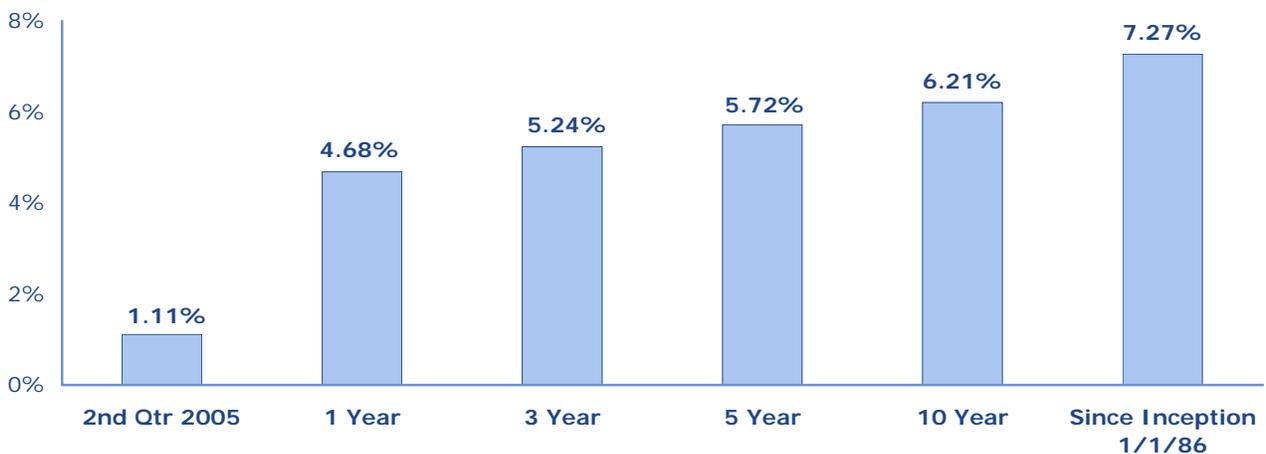
Composition and Rating Distribution



Top Ten GIC Issuers

New York Life Insurance Corp.	13.19%	Metropolitan Life Insurance Co	9.91%
Hartford Life Insurance Co.	12.93%	Principal Life Insurance Co.	7.09%
John Hancock Life Insurance Co	12.14%	ING USA Annuity & Life Insurance Co.	5.44%
Travelers Life & Annuity Co.	11.88%	Pacific Life Insurance Co.	4.68%
Monumental Life Insurance Co.	10.30%	GE Life and Annuity Assurance	2.94%

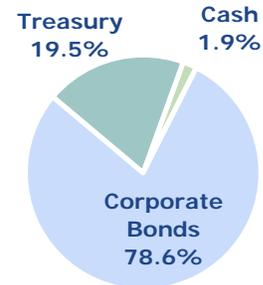
Return



Size \$ 363,032,006

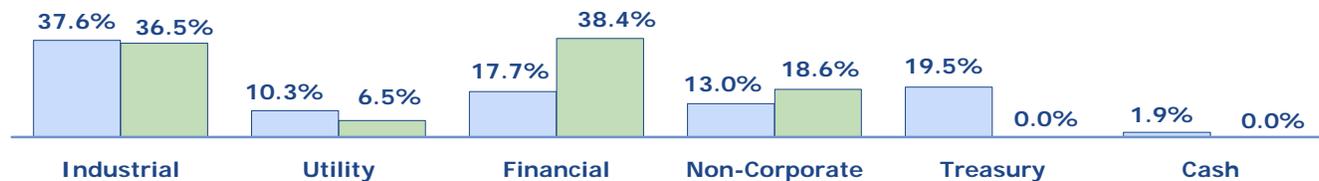
Characteristics

	Fund	Index
Average Maturity	4.7 years	5.0 years
Yield to Maturity	4.40%	4.51%
Modified Duration	3.94	4.20
Average Coupon	4.58%	5.62%
Number of Holdings	129	2073

Asset Class Distribution

Top Ten Credit Issuers

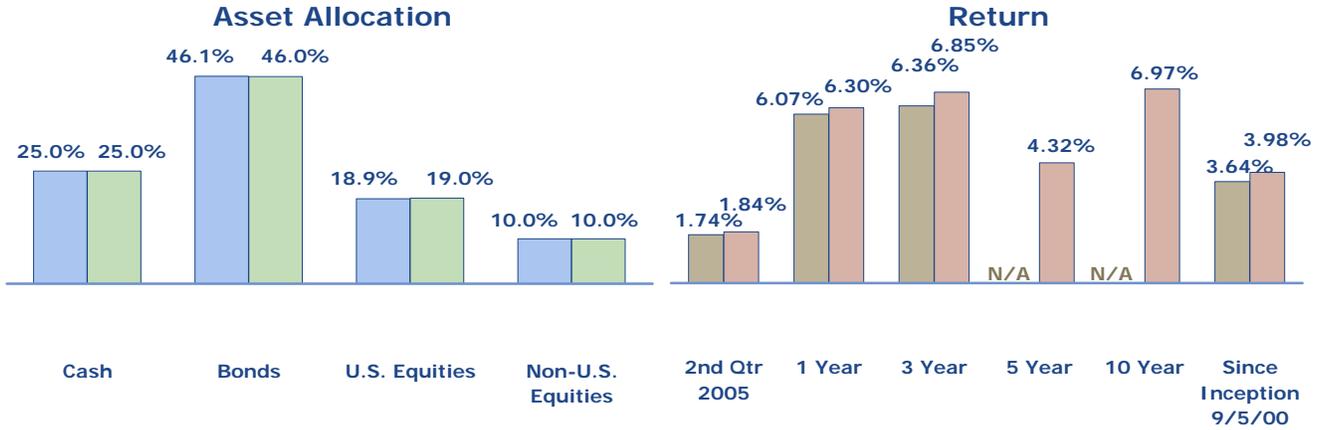
Quebec, Province of	1.70%	Burlington Northern Santa Fe Corporation	0.93%
Manitoba, Province of	1.12%	Northern Trust Company	0.93%
Norfolk Southern Corporation	0.98%	Ontario, Province of	0.90%
Santander Central Hispano Issuances	0.97%	Rio Tinto Finance (USA) Limited	0.87%
British Sky Broadcasting Group plc	0.97%	Union Pacific Corporation	0.86%

Rating Distribution

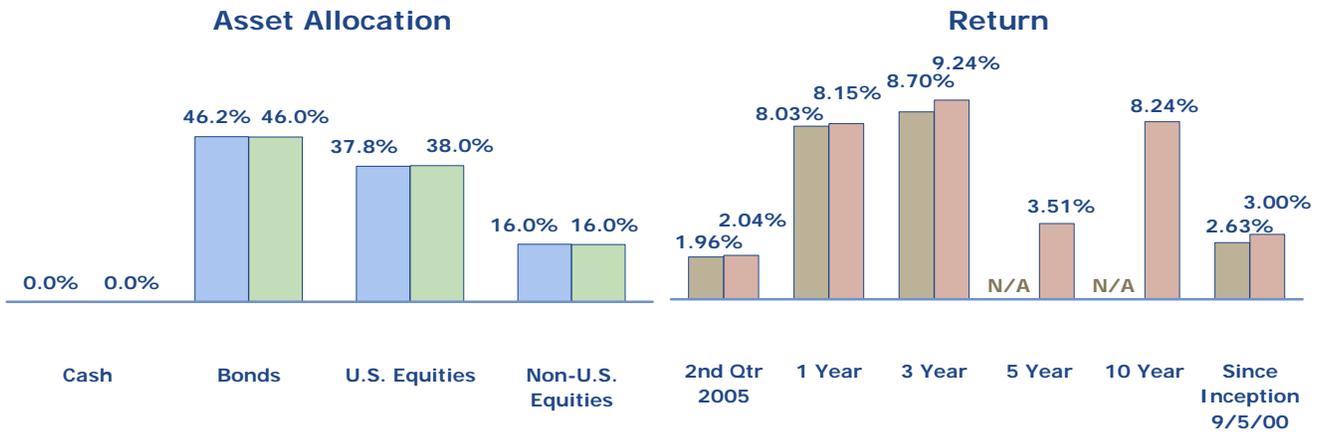
Industry Distribution

Return


■ Horizon Fund
 ■ Target
 ■ Horizon Fund
 ■ Benchmark

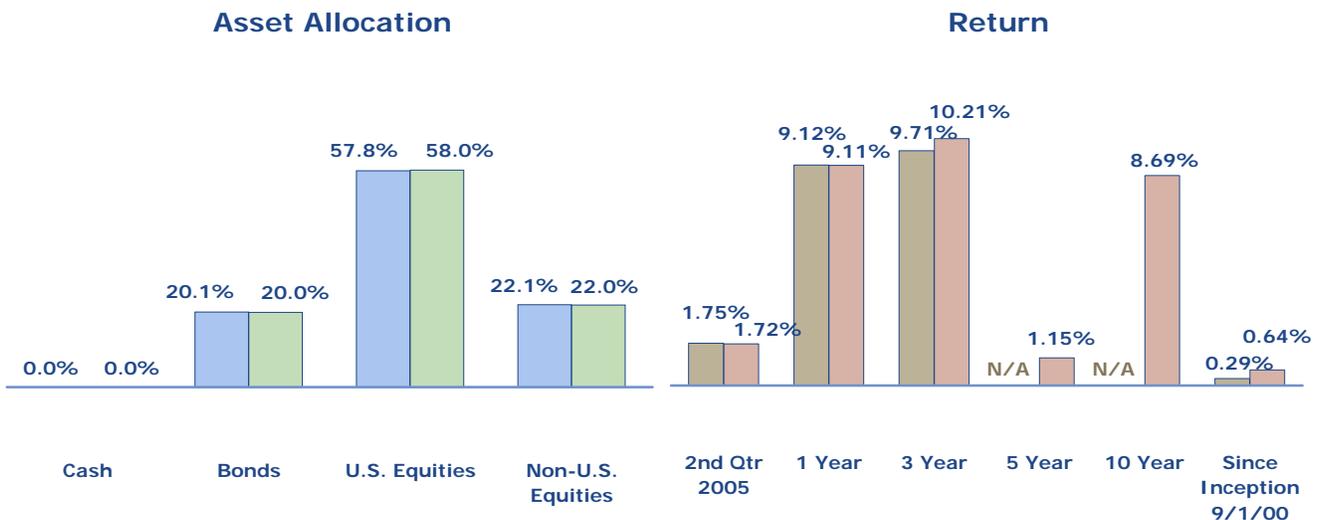
Short-Horizon \$ 36,782,479



Mid-Horizon \$ 114,392,417



Long-Horizon \$ 104,534,881





Labor and Industries' Funds

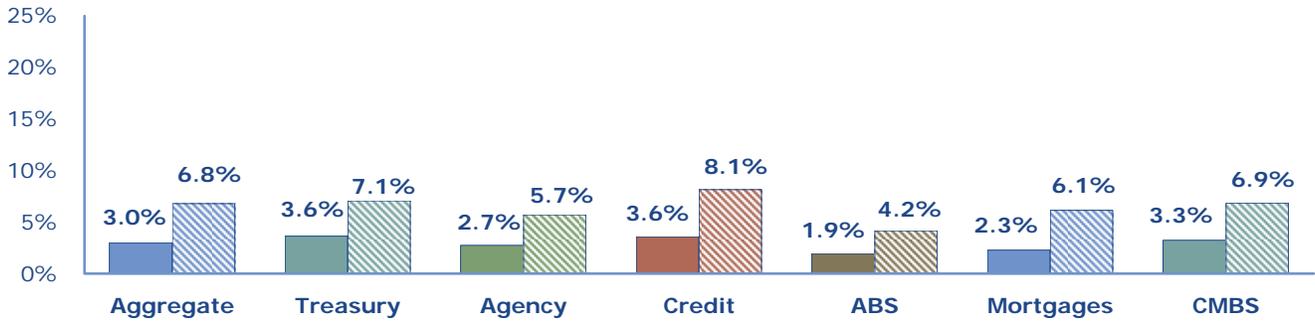
Quarterly Report - June 30, 2005

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

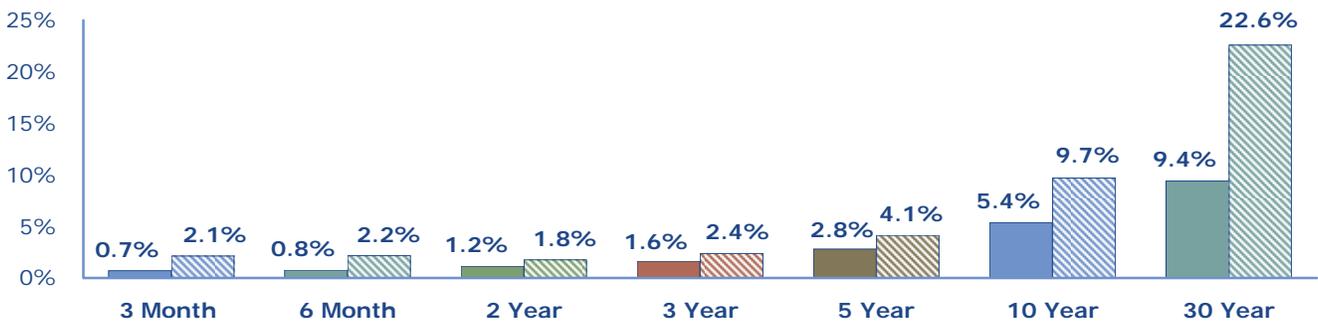


One Quarter Performance - solid bars
One Year Performance - patterned bars

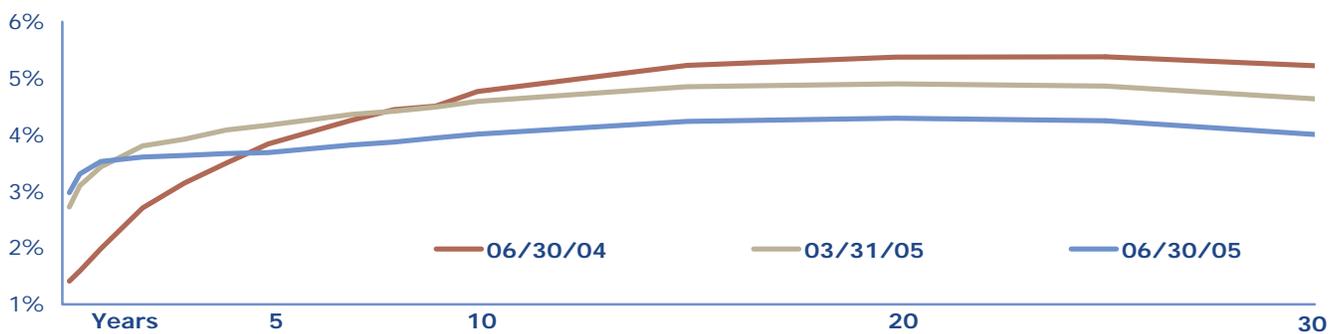
Asset Class Returns (using Lehman Brothers indices)



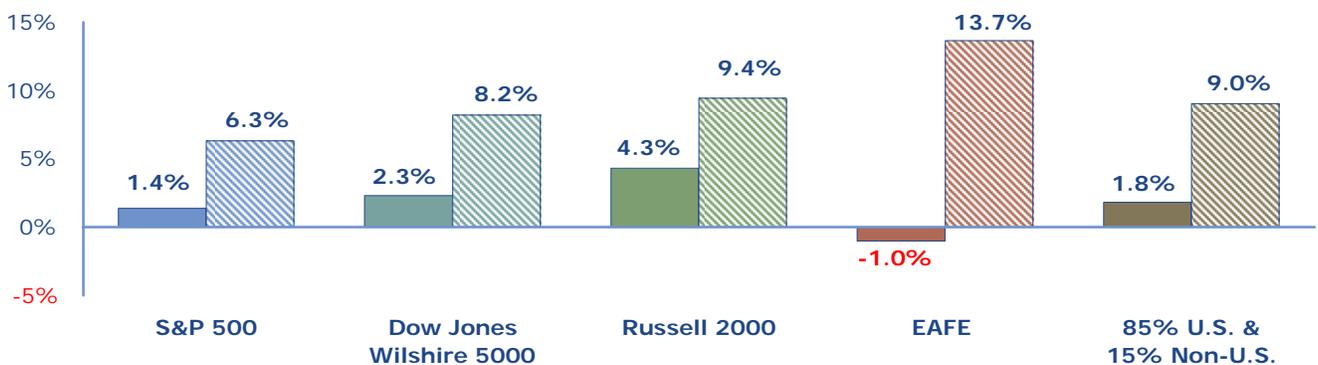
Treasury Return by Maturity



Yield Curve Using Treasury Strips

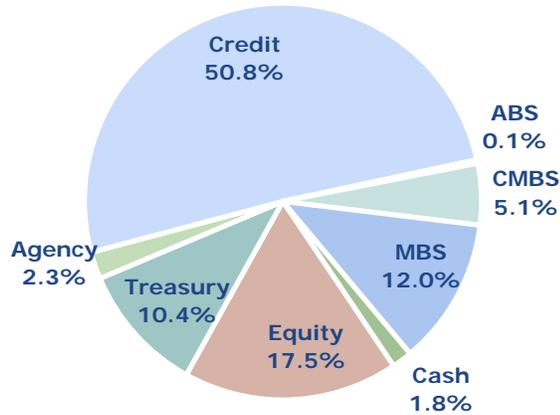


Equity Returns





Total Labor and Industries' Funds
\$ 10,312,928,412



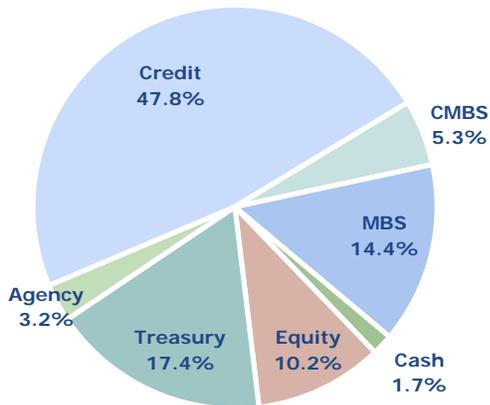
WSIB Policy Ranges for Equity

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

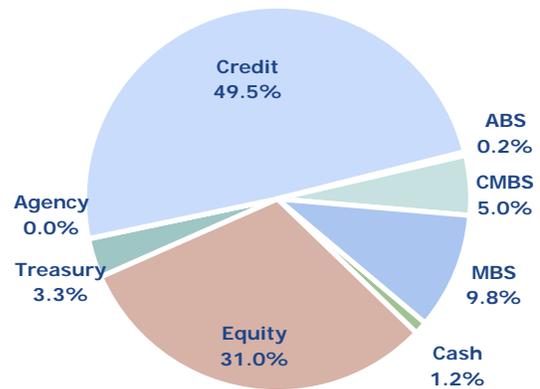
WSIB Policy Ranges for Fixed Income

	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%

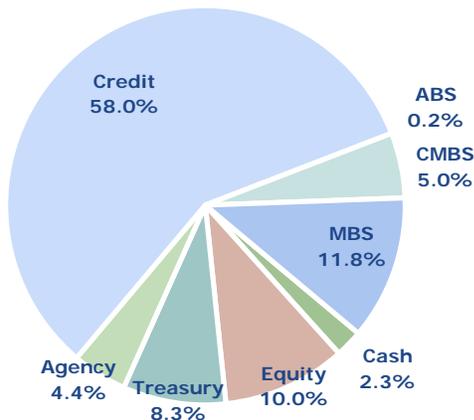
Accident Fund \$ 4,012,838,039



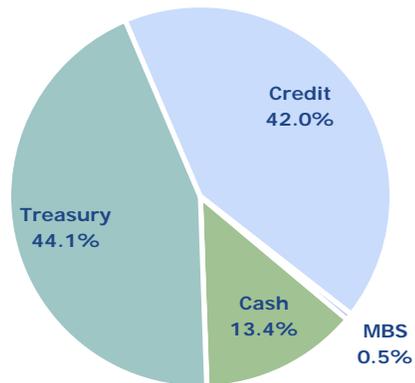
Medical Aid Fund \$ 3,702,058,099



Pension Reserve \$ 2,502,239,824

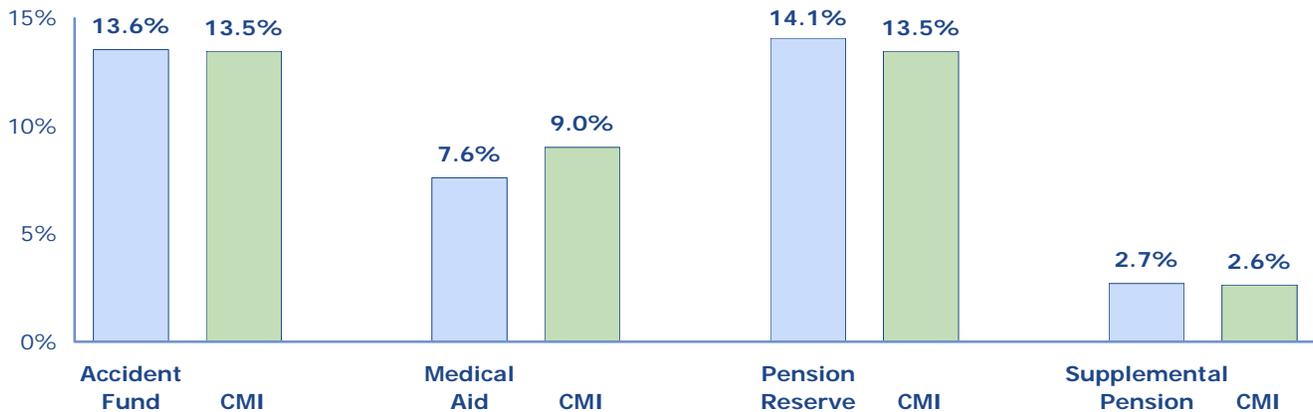


Supplemental Pension \$ 95,792,451





One Year Performance



Total Return

	Qtr.	1 Year	3 Year	5 Year	10 Year
Accident Fund	5.21%	13.55%	9.72%	8.51%	7.91%
CMI	5.45%	13.47%	10.35%	8.73%	7.83%
Medical Aid	3.03%	7.60%	6.96%	5.72%	7.62%
CMI	3.36%	9.02%	8.15%	6.20%	7.72%
Pension Reserve	5.17%	14.08%	9.93%	10.25%	8.96%
CMI	5.45%	13.47%	10.32%	10.19%	8.69%
Supplemental Pension	1.26%	2.70%	2.26%	4.22%	5.15%
Supplemental Ex-Cash	1.55%	2.91%	3.60%	5.33%	5.72%
CMI	1.40%	2.63%	4.16%	5.90%	5.85%

Labor and Industries' Statutory Accounting Return *

	Qtr.	1 Year	3 Year	5 Year
Accident Fund	1.89%	7.33%	8.30%	6.30%
Medical Aid	1.56%	6.89%	7.48%	4.86%
Pension Reserve	1.94%	7.59%	7.96%	7.64%
Supplemental Pension	0.83%	3.11%	2.84%	4.01%

Duration

	CMI	Target	Actual	% Difference
Accident Fund	9.33	9.00	8.86	-1.50%
Medical Aid	6.08	6.00	5.88	-2.05%
Pension Reserve	9.33	9.00	9.03	0.38%
Supplemental Pension	1.95	1.75-2.25	1.91	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

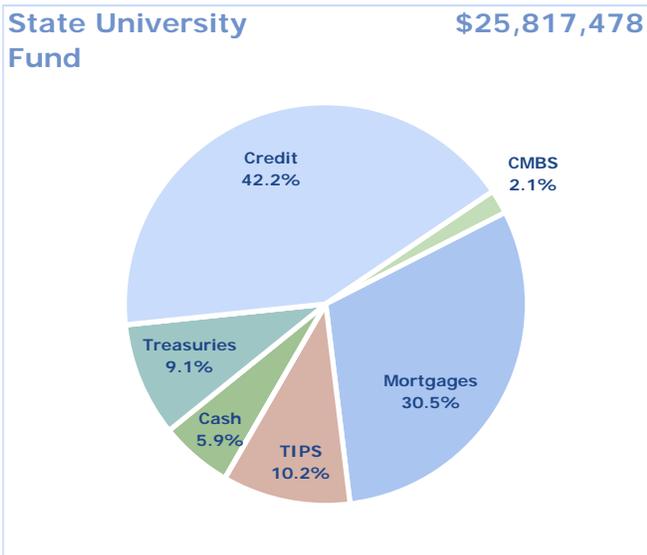
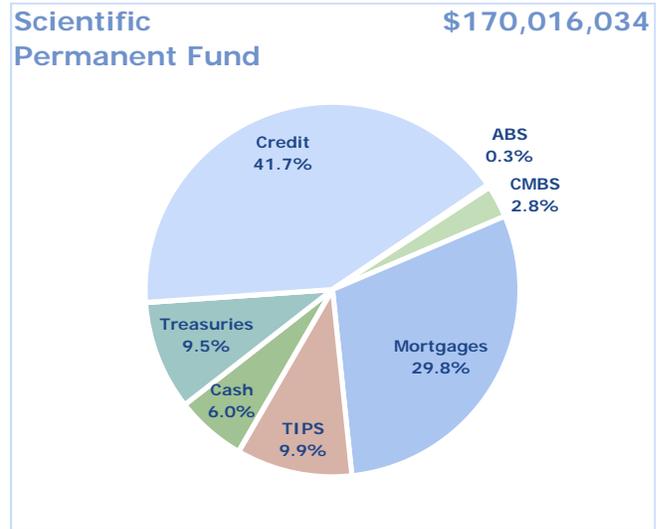
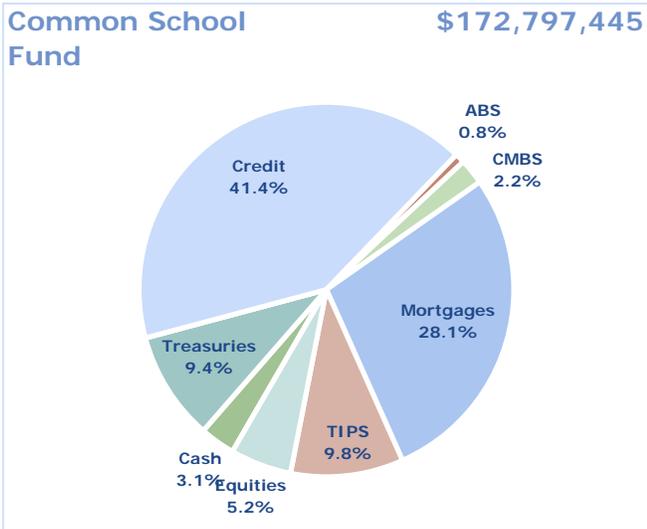
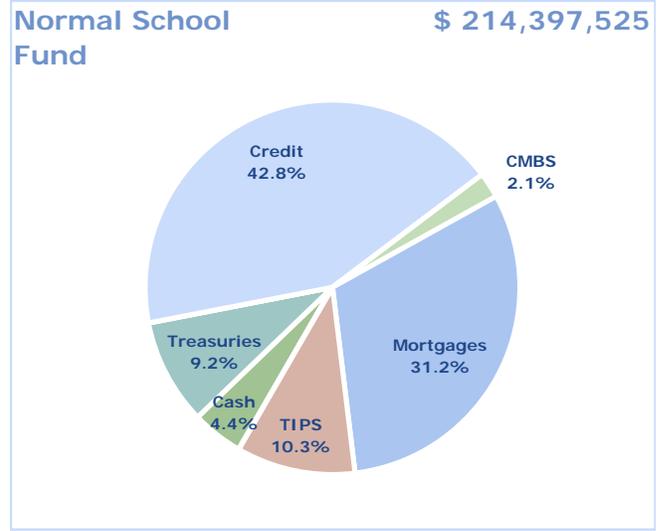
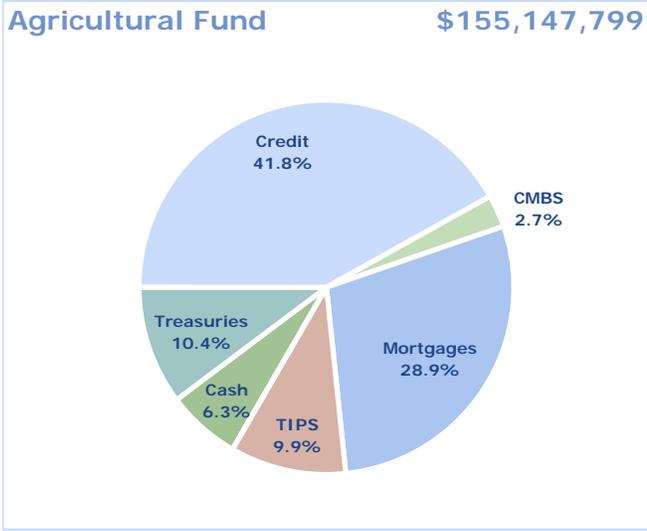
Quarterly Report - June 30, 2005

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 \$ 5,164

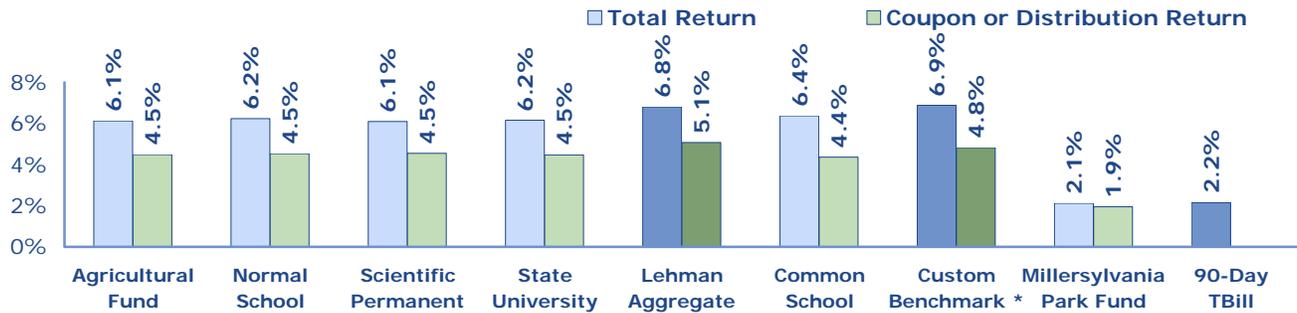
Assets of this fund are invested in a short-term investment fund (STIF).

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

	Jun 05	Jun 04	Jun 00
Agricultural Fund	\$ 155,147,799	\$ 148,118,568	\$ 115,381,451
Normal School	\$ 214,397,525	\$ 208,245,901	\$ 183,203,267
Scientific Permanent	\$ 170,016,034	\$ 162,296,246	\$ 137,017,881
State University	\$ 25,817,478	\$ 24,685,245	\$ 21,281,870
Common School	\$ 172,797,445	\$ 168,499,296	\$ 151,460,825
Millersylvania Park Fund	\$ 5,164	\$ 5,155	\$ 5,178

Returns

	Total Return					Distribution Return			
	Qtr.	1 Year	3 Year	5 Year	10 Year	Qtr.	1 Year	3 Year	5 Year
Agricultural Fund	2.94%	6.13%	5.60%	7.31%	6.74%	1.10%	4.49%	5.01%	5.77%
Normal School	2.92%	6.24%	5.44%	7.38%	6.80%	1.10%	4.53%	4.96%	5.67%
Scientific Permanent	2.89%	6.10%	5.46%	7.44%	6.76%	1.10%	4.55%	5.06%	5.81%
State University	2.89%	6.15%	5.40%	7.50%	6.85%	1.09%	4.47%	4.89%	5.68%
Lehman Aggregate	3.01%	6.80%	5.76%	7.40%	6.83%				
Common School	2.94%	6.37%	5.68%	7.24%	6.69%	1.06%	4.36%	4.76%	5.47%
Custom Benchmark *	2.98%	6.88%	5.95%	7.25%	6.75%				
Millersylvania Park Fund	0.72%	2.11%	1.50%	2.56%	4.04%	0.68%	1.95%	1.47%	2.62%
90 Day TBill	0.72%	2.15%	1.56%	2.62%	4.01%				

Fixed Income Duration

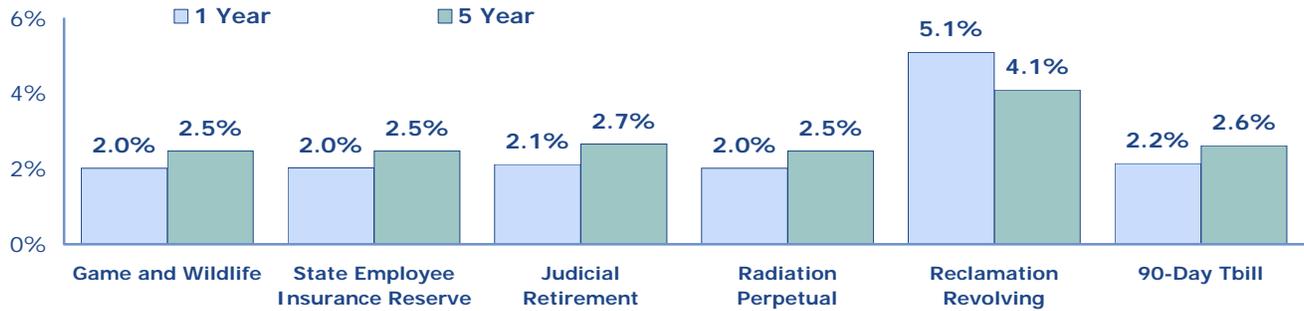
	Duration of Fund	Duration of Benchmark	Difference	% Difference
Agricultural Fund	3.96	4.34	-0.38	-8.68%
Normal School	3.94	4.34	-0.40	-9.25%
Scientific Permanent	3.84	4.34	-0.50	-11.57%
State University	3.90	4.34	-0.44	-10.12%
Common School	4.03	4.34	-0.31	-7.12%
Millersylvania Park Fund	0.10	0.25	N/A	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 June 2005, the breakdown was 5.2% Dow Jones Wilshire 5000 and 94.8% 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	0.70%	2.03%	1.41%	2.48%	4.15%
State Employee Insurance Reserve	0.70%	2.03%	1.41%	2.48%	4.00%
Judicial Retirement	0.73%	2.13%	1.54%	2.67%	4.13%
Radiation Perpetual	0.70%	2.03%	1.41%	2.48%	4.00%
Reclamation Revolving	1.38%	5.10%	3.37%	4.11%	5.03%
90-Day Tbill	0.72%	2.15%	1.56%	2.62%	4.01%

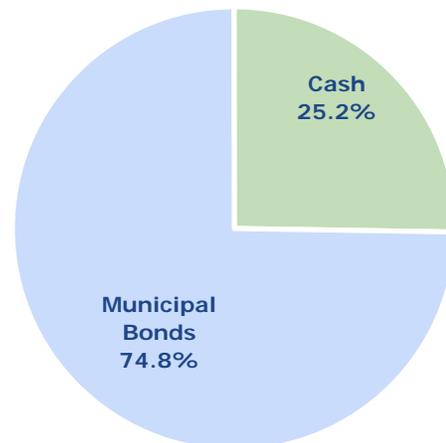
Market Value

	Jun 05	Jun 04	Jun 00
Game and Wildlife	\$ 9,070,577	\$ 9,872,079	\$ 10,727,817
State Employee Insurance Reserve	\$ 76,504,820	\$ 47,986,515	\$ 32,370,778
Judicial Retirement	\$ 2,006,395	\$ 4,340,717	\$ 9,199,463
Radiation Perpetual	\$ 286,815	\$ 281,122	\$ 833,212
Reclamation Revolving	\$ 361,732	\$ 344,174	\$ 960,832

Portfolio Allocations

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

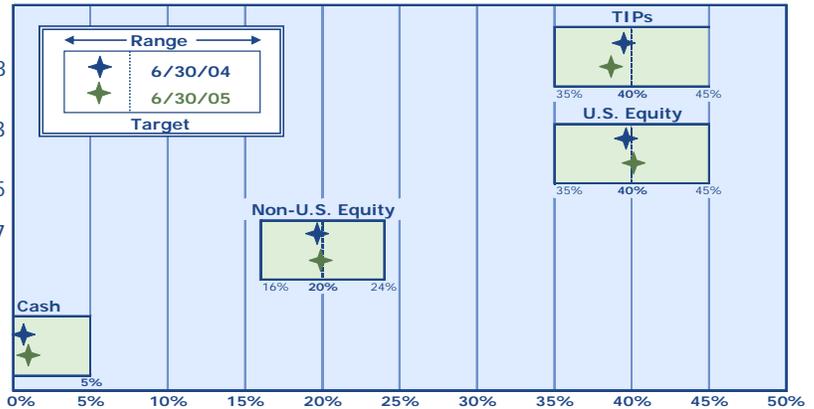
The Reclamation Revolving Fund (shown to the right) is invested in municipal bonds and STIF.



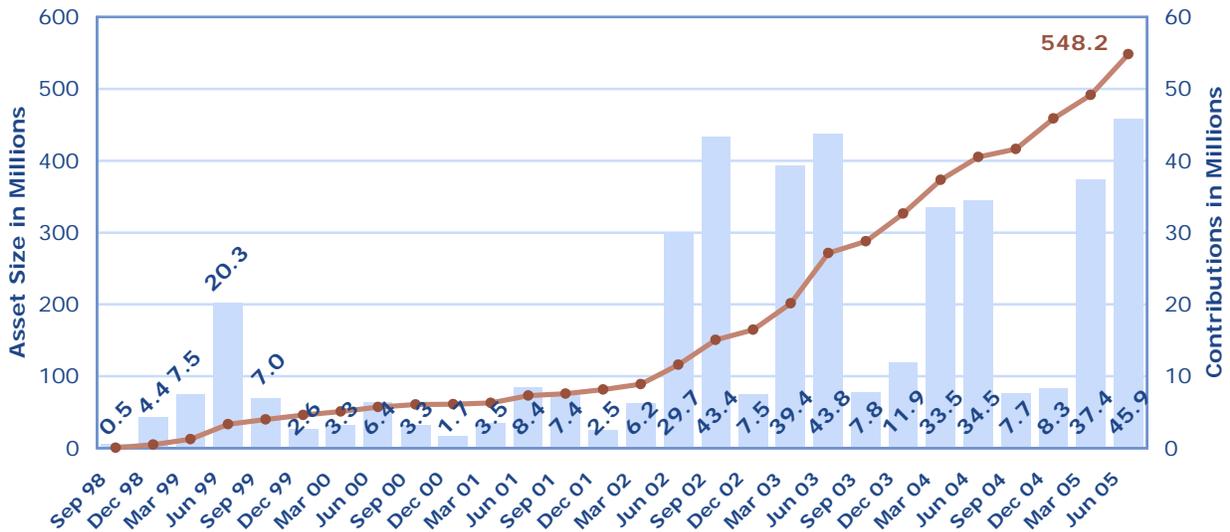


Portfolio Size and Allocation

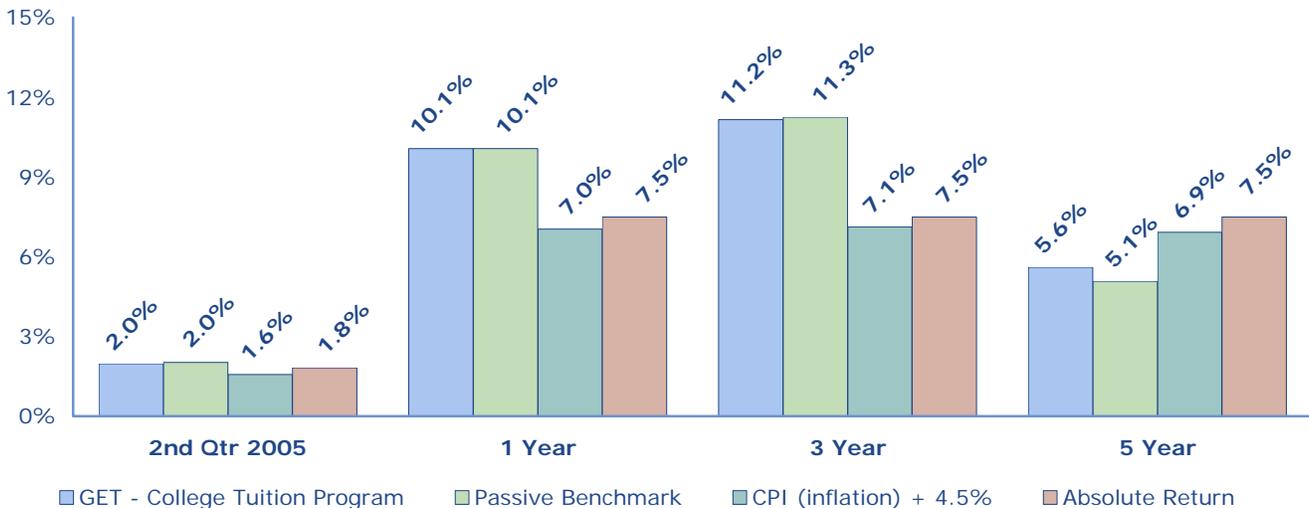
Total	\$548,236,811
Cash	6,090,428
Treasury Inflation Index Note (TIPs)	212,722,023
U.S. Equity	220,002,895
Non-U.S. Equity	109,421,467



Assets Under Management



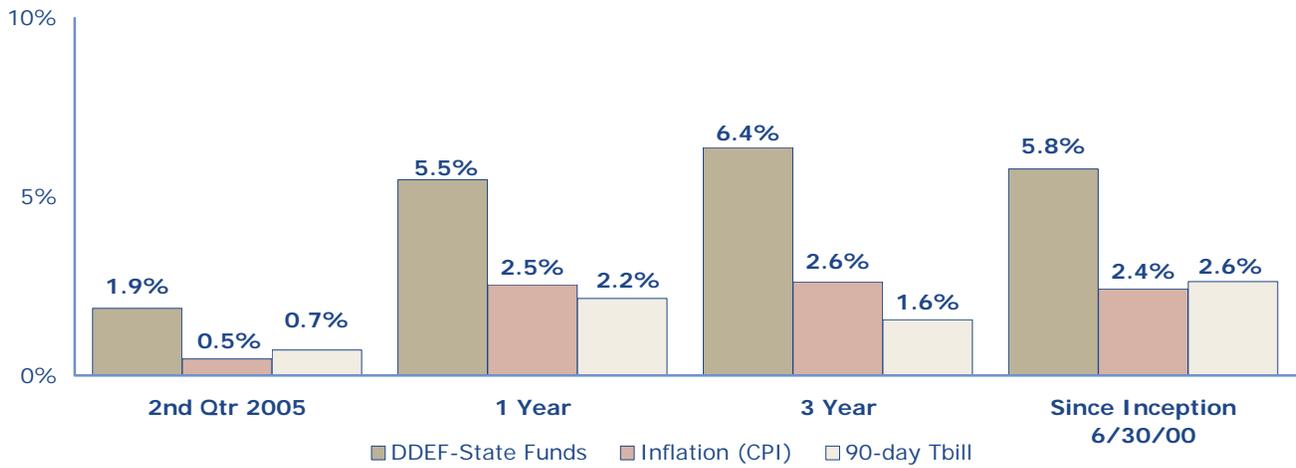
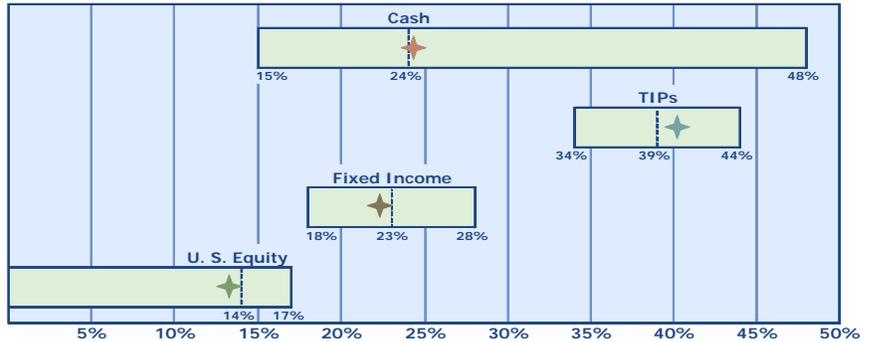
Total Return





DDEF - State Funds

Total	\$6,867,211
Cash	1,666,360
Treasury Inflation Index Note (TIPs)	2,765,036
Fixed Income	1,531,415
U.S. Equity	904,400



DDEF - Private Funds

Total	\$3,270,979
Cash	159,101
Balanced Fund	3,111,878

