



Quarterly Report

September 30, 2003

Executive Summary of Investment Performance

Retirement Funds (CTF)

Defined Contribution Plans

Labor & Industries' Funds

Permanent Funds and Other Trusts

Executive Summary of Investment Performance

Retirement Funds (CTF)

Quarter Ended September 30, 2003

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CTF Bullet Point Highlights

Capital Markets

- The Wilshire 5000 index started off fiscal year 2004 on a positive note, returning 3.70 percent; this is only the second positive return in a third quarter during the last six years. The one-year return remains above average, returning 26.25 percent.
- Small cap, as measured by the Russell 2000, earned 9.08 percent for the quarter and 36.50 percent for the year. Small cap's one-year performance earned over 11 percent more than large cap, as measured by the Russell 1000, which returned only 25.14 percent for the year.
- Value and growth continued to flip flop with growth outperforming by 190 basis points for the quarter, earning 4.37 percent compared to value's 2.47 percent.
- For the second quarter in a row the non-U.S. equity market outperformed the U.S. equity market, gaining 8.68 percent as measured by the MSCI AWCI Free ex U.S. Index; the one-year return of 29.04 percent is higher than the U.S. equity market. The 48 countries in the MSCI AWCI Free ex U.S. Index all had positive returns for the year, in U.S. dollars, and only two had negative returns for the quarter.
- In the Lehman indices high yield and emerging markets bonds continued to have the best performances for the quarter and year. Longer maturity securities underperformed shorter maturities for the quarter and two- to five-year maturities outperformed for the year.
- The best performers in the NCREIF for the third quarter were retail property, at 3.04 percent, and the Eastern region, at 2.27 percent. Total return for the index was 1.97 percent.
- GDP growth grew at a rate of 7.2 percent (annualized) for the quarter. Inflation, as measured by the CPI, grew 0.8 percent for the quarter and 2.3 percent for the year.
- The Fed held the federal funds rate at 1.0 percent during the quarter.

Total Fund

- The CTF increased in size during the quarter by \$700 million and, using non-lagged numbers, is down \$190 million for the fiscal year.

Asset Allocation

- The CTF is within the 2003 ranges for all asset classes excluding cash. Real Estate continues to be below target for the long-term allocation. Transfers for the quarter included a reduction for fixed income of \$200 million and a reduction in U.S. equity of \$650 million.

Investment Return

- The non-lagged return for the quarter and fiscal year ended June 30, 2003, is 10.19 percent, higher than the lagged return of 8.86 percent.
- The CTF's lagged return for the third quarter of 2003 is 3.60 percent; bringing the one-year return to 14.67 percent.
- The fund underperformed the TUCS > \$1 Billion Public and Public/Corporate median return for the one- and three-year periods but outperformed the TUCS > \$1 Billion Public for the quarter, five- and ten-year periods. The CTF underperformed the Structural benchmark and outperformed the MAP benchmark for the quarter; the opposite is the case for the one-year.

CTF Bullet Point Highlights

U.S. Equity

- U.S. equity continues to have a positive tracking error against the Wilshire 5000 for the quarter, one-, three-, five-, and ten-year periods. The tracking error was nine basis points for the quarter and ten basis points for the year.

Non-U.S. Equity

- Non-U.S. equity underperformed the passive benchmark for the quarter by 103 basis points but outperformed for the three- and five-year time frames by 69 basis points and 128 basis points, respectively.
- Among the developed market managers, only the passive manager outperformed the benchmark for the quarter. Since inception of the current program five managers are outperforming, and three managers have positive returns versus the benchmark, which was down 4.1 percent.
- Three of the five emerging market managers outperformed for the quarter. Of the four emerging market managers who have five years of performance history with the WSIB, only two have outperformed the benchmark.

Fixed Income

- The WSIB fixed income portfolio continues to outperform both the Lehman Universal and Lehman Aggregate for all time periods listed.

Private Equity

- The non-lagged return for the quarter ended June 30, 2003, was 5.9 percent. The one-year return was negative 3.4 percent.
- The LP portfolio rose 5.7 percent, and KKR's portfolio returned 6.5 percent for the quarter.
- As of June 30, 2003, there were slightly less than \$5.2 billion in open commitments (including approved commitments that have not yet closed).

Real Estate

- The June 30, 2003, one-quarter return for real estate was 3.2 percent, higher than the NCREIF+100 basis point index of 2.3 percent. For the one-year period the return of 11.3 percent was over 2.6 percent above the NCREIF+100 basis point index of 8.6 percent.
- As of June 30, 2003, there were just over \$3.7 billion in open commitments.

Capital Market Environment

DIVERSIFICATION FOR THE LONG TERM

GDP for the second quarter 2003 grew at a 3.3 percent annual rate, which was 90 basis points higher than the previous estimate. This growth came not only from consumer spending, which is approximately two-thirds of the economy, but also from an increase in government spending due largely to the increase in defense spending. Recent corporate earning estimates have not only been at levels higher than expected but, more importantly, they have been stabilizing with earnings expectations that have been more accurate. While corporate earnings announcements are very encouraging, consumer confidence is decreasing and concerns about employment are increasing. For a solid economic recovery to emerge, there will need to be improvement in employment and confidence in the sustainability of the growth in corporate earnings.

The capital markets were generally positive for the quarter. This is the first time since 1999 that U.S. equity markets have had two positive quarters in a row. U.S. equity, as measured by the Wilshire 5000, the Russell 3000, and the S&P 500, was up 3.71 percent, 3.43 percent, and 2.64 percent, respectively. The Russell Growth and the Russell Value were up 4.37 percent and 2.47 percent, respectively. The International equity market, as measured by the MSCI EAFE, was up 8.62 percent for the quarter. U.S. Fixed Income, as measured by the Lehman Aggregate, was down slightly at -0.15 percent while Treasury Inflation Protection Securities were up 0.31 percent for the quarter.

One of the fundamental building blocks for modern portfolio theory is diversification or, as we all heard at a very early age—don't put all your eggs in one basket. The quarter ended September 30, 2003, was merely one more reminder of this principle. Within the S&P 500 Telecom, Healthcare, and Utility stocks were down ten, five and two percent, respectively, for the quarter. During this same quarter Technology, Consumer Discretionary, and Financial stocks were up 30, 19 and 15 percent, respectively. Advanced Micro Device and Novell Inc. were both up 73 percent, while Verizon Communications was down 18 percent for the quarter. For 2003 year-to-date small cap growth, as measured by the Russell 2000 Growth, has been the best performing index. However, it was the one of the worst performing indices for the calendar year 2002. In fact, it is not at all unusual for today's best investment performance sectors to be tomorrow's (or yesterday's) worst performing sectors. The goal to having a well diversified investment portfolio is not to have the portfolio with the most home runs since it may also be the one with the most strikeouts; rather, it is to have the investment portfolio with the best on-base percentage. In the long run slow but steady generally wins the race.

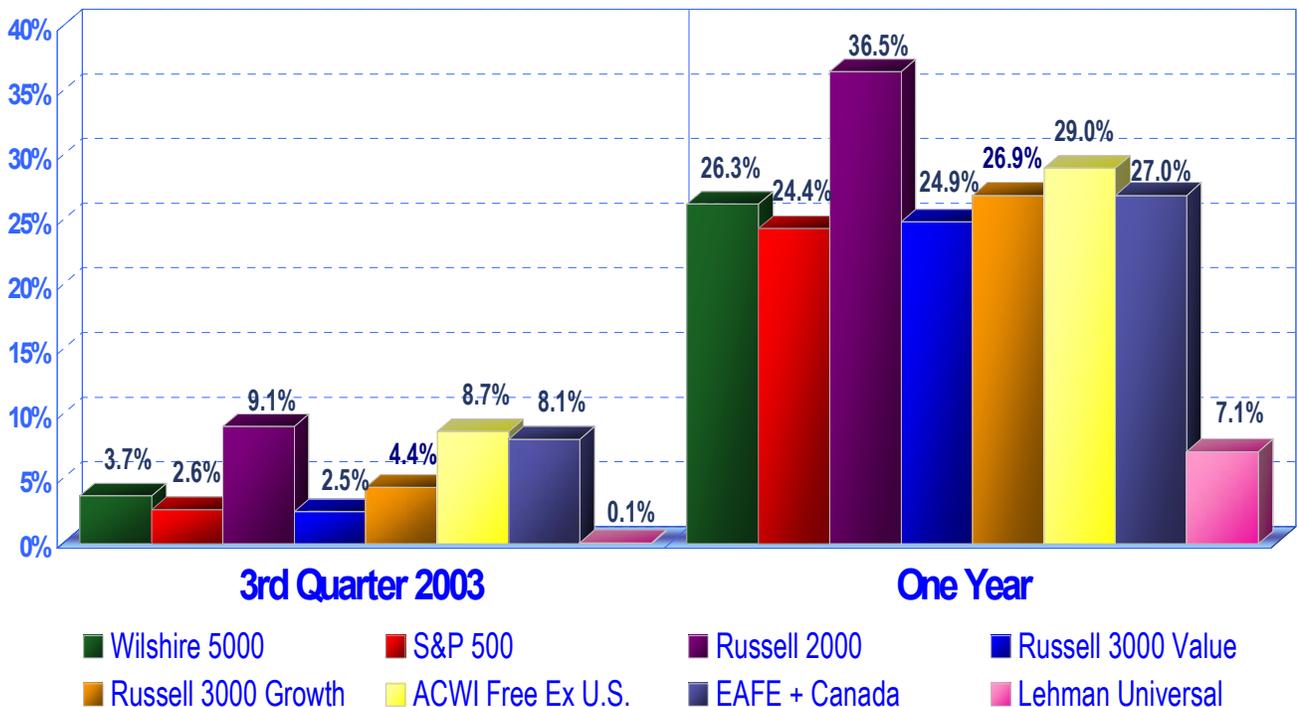
Capital Market Environment

Wilshire 5000

January 1, 2000 - October 31, 2003



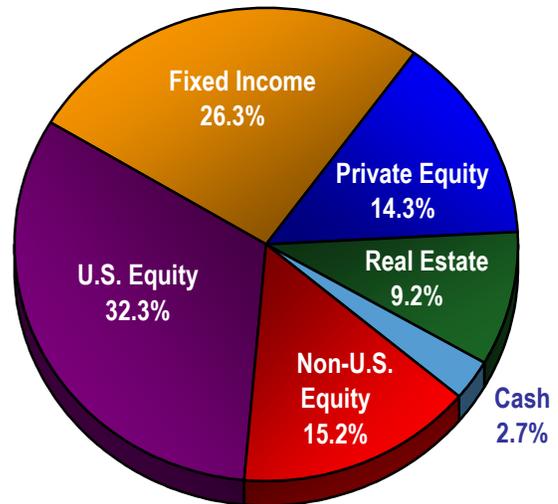
Capital Market Returns



CTF Asset Allocation

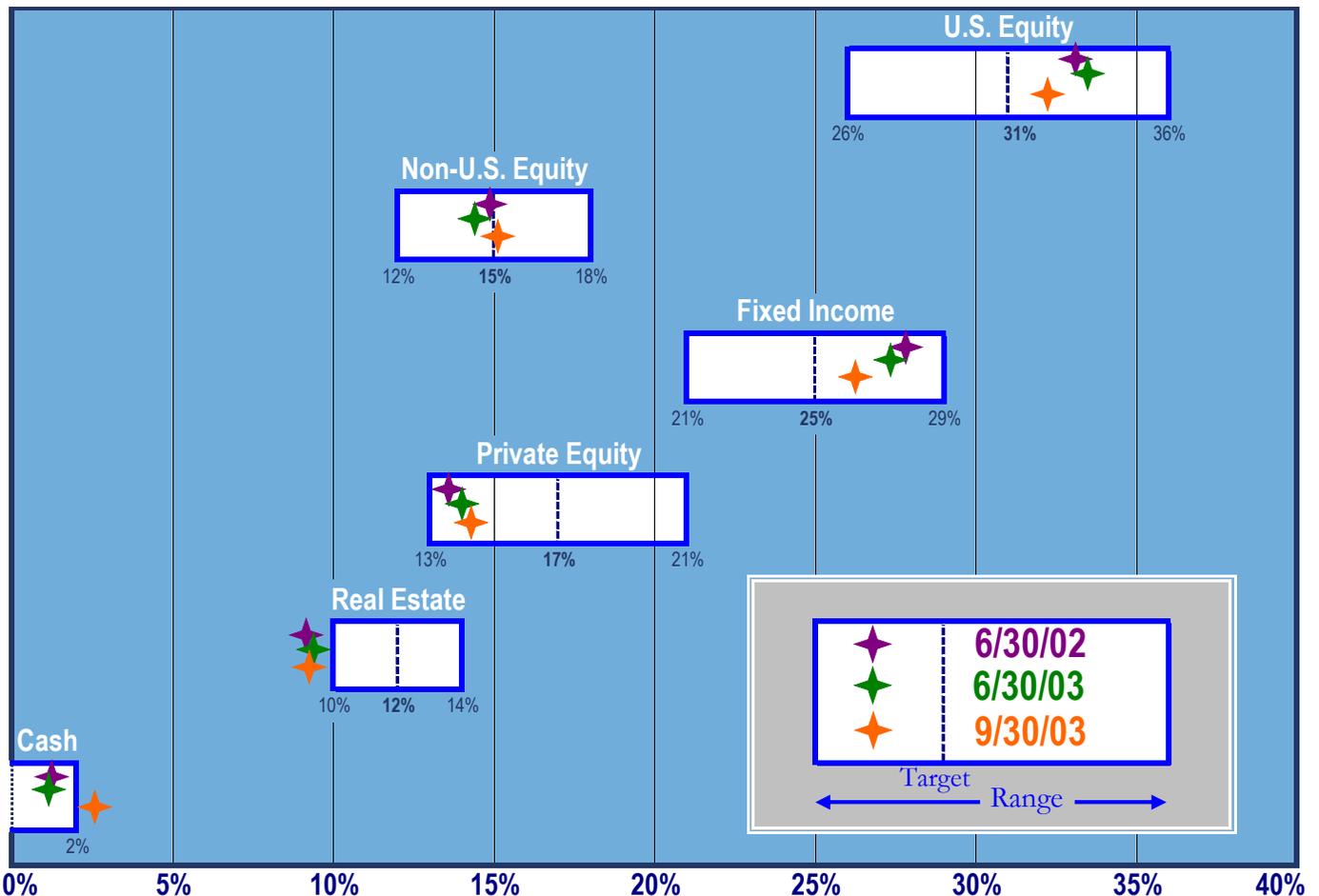
September 30, 2003

Asset Class	Market Value (000s)
U.S. Equity	\$ 12,759,040
Non-U.S. Equity	6,025,879
Fixed Income	10,393,029
Private Equity	5,645,393
Real Estate	3,639,093
Cash	1,050,795
Total Fund	\$ 39,513,229



Current Allocation

Versus Long-Term Targets and Policy Ranges



Market Values & Net Investment Performance - Lagged¹

Periods Ended September 30, 2003

Market Values in \$000s

			<u>Quarter</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Total Fund	\$ 39,513,229	100.0%	3.60 %	3.60 %	14.67 %	-1.93 %	4.98 %	8.59 %
MAP Benchmark ²			3.54	3.54	21.89	-4.02	3.47	7.73
Structural Benchmark ³			3.64	3.64	14.44	-2.54	4.11	8.28
TUCS Public Fund >\$1B Median ⁴			3.16	3.16	17.82	-1.49	4.55	8.08
TUCS Public/Corporate Fund >\$1B Median ⁴			3.27	3.27	18.02	-1.34	4.98	8.47
U.S. Equity	\$ 12,759,040	32.3%	3.79 %	3.79 %	26.35 %	-9.46 %	2.33 %	9.57 %
Wilshire 5000			3.70	3.70	26.25	-9.55	2.00	9.50
S&P 500			2.65	2.65	24.40	-10.13	1.00	10.05
Non-U.S. Equity	\$ 6,025,879	15.2%	7.65 %	7.65 %	26.93 %	-6.74 %	3.39 %	3.03 %
MSCI ACWI Free ex U.S.			8.68	8.68	29.04	-7.43	2.11	3.35
MSCI EAFE			8.13	8.13	26.01	-8.71	0.55	2.92
Fixed Income	\$ 10,393,029	26.3%	0.25 %	0.25 %	7.65 %	9.82 %	7.27 %	7.19 %
Lehman Universal			0.08	0.08	7.13	8.95	6.89	6.98
Cash	\$ 1,050,795	2.7%	0.28 %	0.28 %	1.47 %	2.03 %	3.14 %	4.22 %
90 Day T-Bills			0.25	0.25	1.32	2.91	3.84	4.54
Private Equity⁵	\$ 5,645,393	14.3%	5.87 %	5.87 %	-3.44 %	-7.92 %	2.74 %	14.06 %
S&P 500 + 400 bp lagged one quarter			16.38	16.38	4.26	-7.20	2.39	14.04
Real Estate⁵	\$ 3,639,093	9.2%	3.20 %	3.20 %	11.33 %	11.48 %	10.89 %	14.96 %
NCREIF + 100 bp lagged one quarter			2.34	2.34	8.64	9.21	10.79	9.63
CPI			0.76 %	0.76 %	2.27 %	2.14 %	2.50 %	2.46 %

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

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

³ Uses previous 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 June 30, 2003, market values, plus cash flows for the third quarter of 2003.

Market Values & Net Investment Performance - Non-Lagged¹

Periods Ended June 30, 2003

Market Value

			<u>Quarter</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
Total Fund	\$ 38,777,202	100.0%	10.19 %	4.15 %	4.15 %	-2.85 %	3.17 %
<i>MAP Benchmark²</i>			13.66	3.67	3.67	-5.24	1.16
U.S. Equity	\$ 12,923,040	33.3%	16.62 %	1.18 %	1.18 %	-10.40 %	-0.94 %
<i>Wilshire 5000</i>			16.51	1.29	1.29	-10.57	-1.30
			15.40	0.26	0.26	-11.20	-1.61
Non-U.S. Equity	\$ 5,594,881	14.4%	19.94 %	-4.56 %	-4.56 %	-11.51 %	-1.33 %
<i>MSCI ACWI Free ex U.S.</i>			19.85	-4.19	-4.19	-12.48	-2.81
			19.27	-6.46	-6.46	-13.52	-4.00
Fixed Income	\$ 10,568,967	27.3%	3.72 %	13.53 %	13.53 %	10.79 %	7.85 %
<i>Lehman Universal</i>			3.09	11.51	11.51	9.99	7.43
Cash	\$ 471,173	1.2%	0.34 %	1.48 %	1.48 %	1.84 %	3.37 %
<i>90 Day T-Bills</i>			0.34	1.53	1.53	3.34	4.02
Private Equity	\$ 5,584,324	14.4%	5.91 %	-3.39 %	-3.39 %	-7.91 %	2.75 %
<i>S&P 500 + 400 bp</i>			16.38	4.26	4.26	-7.20	2.39
Real Estate	\$ 3,634,817	9.4%	3.20 %	11.33 %	11.33 %	11.48 %	10.89 %
<i>NCREIF + 100 bp</i>			2.34	8.64	8.64	9.21	10.79
<i>CPI</i>			-0.16 %	2.11 %	2.11 %	2.14 %	2.43 %

¹ Performance figures are given net of fees.

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

CTF Historical Performance and Assets Under Management

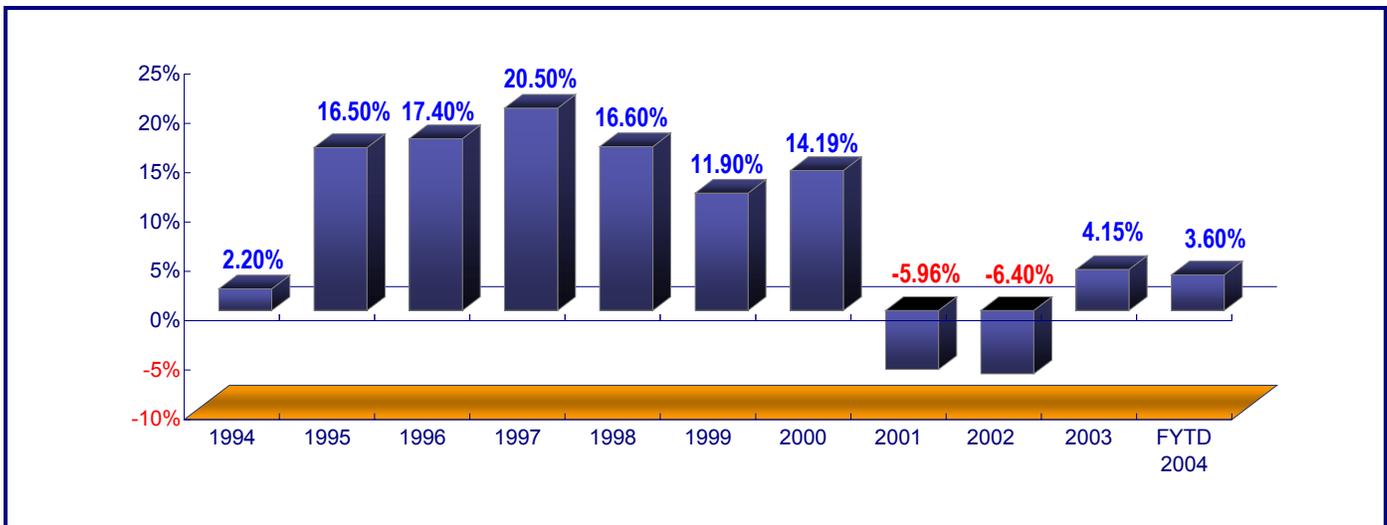
September 30, 2003

Market Values in \$000s

CTF Market Value:	\$	39,513,229
Net Change this Quarter:	\$	736,027
Net Change for Fiscal Year:	\$	736,027

Annual Performance

Fiscal Years Ended June 30



Assets Under Management- (\$ Billions)

Fiscal Years Ended June 30



U.S. Equity

September 30, 2003

Market Values in \$000s

Market Value: \$ **12,759,040**
100% passively managed by Barclays Global Investors

Ten Largest Holdings (3,796 total holdings versus 5,314 in the index)

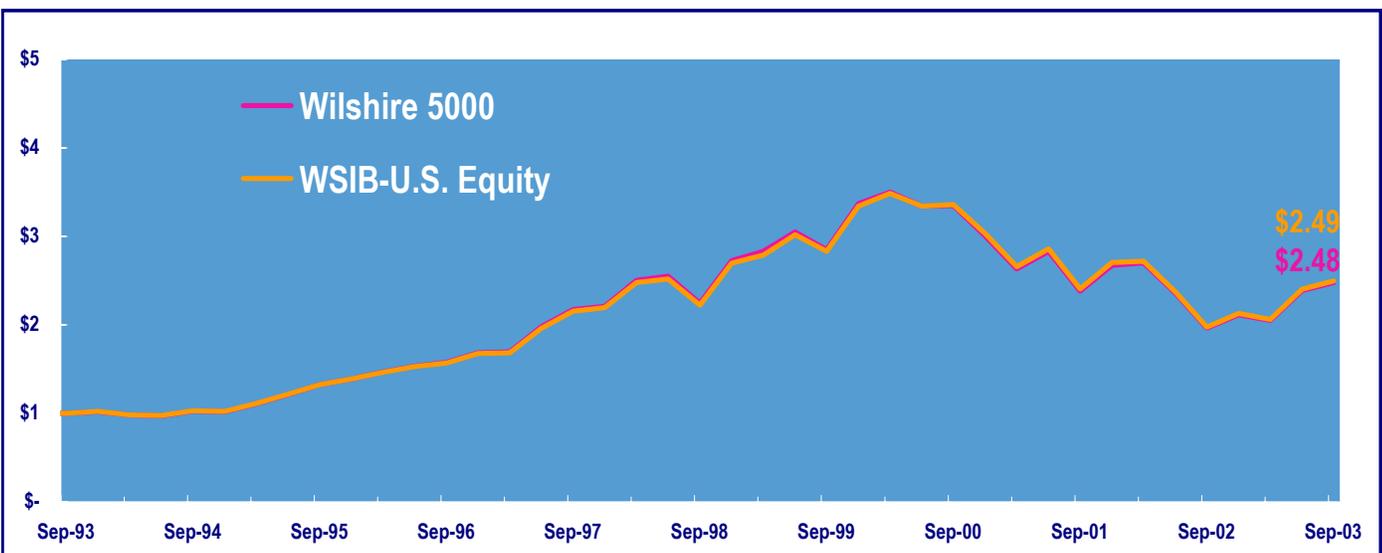
Microsoft Corp.	2.55%	Citigroup Inc.	1.99%
General Electric Co.	2.53%	Intel Corp.	1.52%
Wal-Mart Store Inc.	2.07%	Int'l Business Machines Corp.	1.29%
Exxon Mobil Corp.	2.06%	American Int'l Group	1.27%
Pfizer Inc.	2.00%	Johnson & Johnson	1.24%

(The top ten companies represent over 18.5% of the portfolio, the top 100 approximately 54.1%.)

Performance

	<u>Qtr.</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
WSIB U.S. Equity	3.79%	3.79%	26.35%	-9.46%	2.33%	9.57%
<i>Wilshire 5000</i>	3.70	3.70	26.25	-9.55	2.00	9.50
<i>S & P 500</i>	2.65	2.65	24.40	-10.13	1.00	10.05
<i>Russell 3000</i>	3.43	3.43	25.92	-9.68	1.93	9.68

Growth of a Dollar



Non-U.S. Equity

September 30, 2003

Market Values in \$000s

Market Value: \$ **6,025,879**

The portfolio has 2,670 holdings versus 1,745 in the index. The top ten holdings represent about 13.6 percent of the portfolio and the top 100 approximately 50.4 percent. The portfolio has exposure to 67 countries: 22 developed, 24 emerging, and 21 other (as defined by MSCI AWCI Free ex U.S.).

Ten Largest Exposures by Country

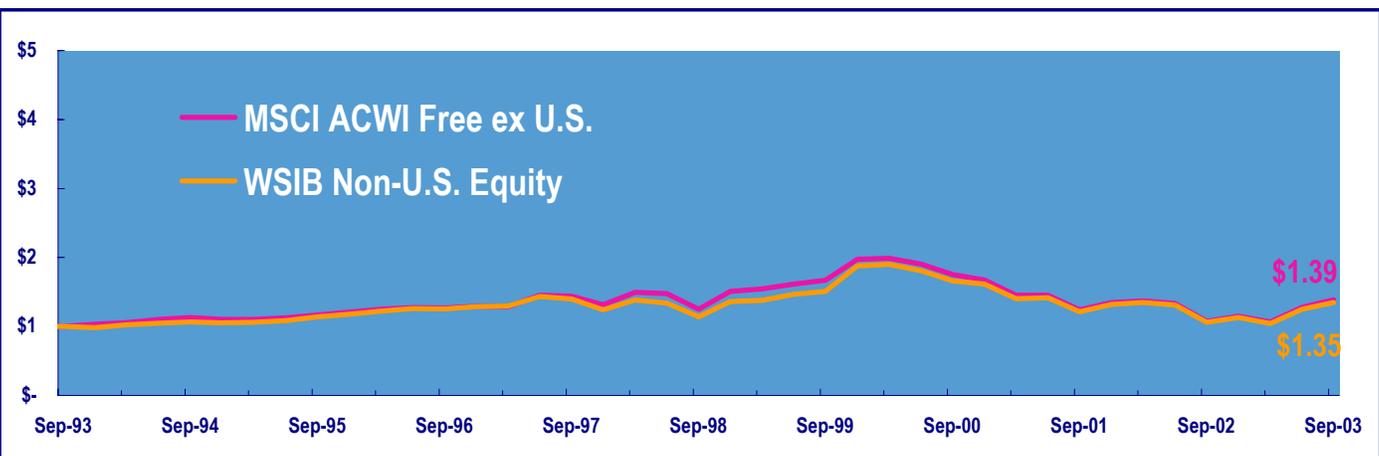
	CTF <u>Weight</u>	Index <u>Weight</u>		CTF <u>Weight</u>	Index <u>Weight</u>
United Kingdom	20.6%	22.0%	Australia	4.9%	4.3%
Japan	17.2%	19.7%	Netherlands	4.0%	4.2%
France	7.5%	8.0%	Canada	4.0%	5.4%
Switzerland	6.7%	6.3%	Spain	3.6%	2.9%
Germany	5.2%	5.3%	Korea	2.8%	1.8%

The ten largest country exposures comprise 76.6% of the portfolio versus the index at 79.9%.

Performance

	<u>Qtr.</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
WSIB Non-U.S. Equity	7.65%	7.65%	26.93%	-6.74%	3.39%	3.03%
MSCI ACWI Free ex U.S.	8.68	8.68	29.04	-7.43	2.11	3.35
MSCI EAFE+Canada	8.08	8.08	26.95	-8.66	1.03	3.11
Emerging Markets <i>(MSCI after 6/02; IFC before)</i>	14.15	14.15	45.58	3.59	11.66	1.52
MSCI Europe	3.91	3.91	27.62	-8.45	-1.05	7.69
MSCI Pacific Basin	18.83	18.83	22.11	-9.30	4.72	-2.72

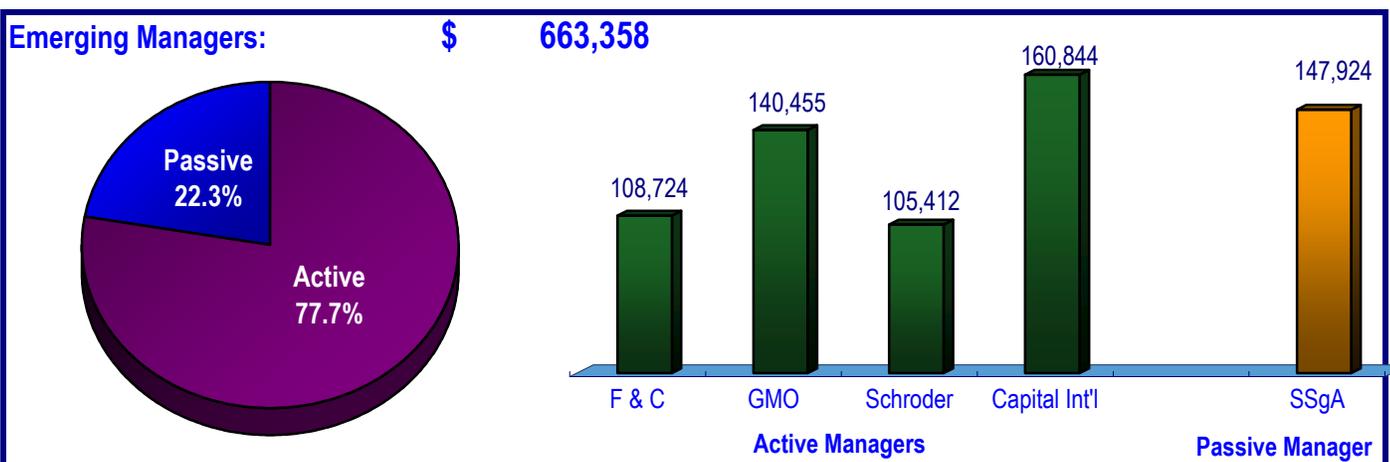
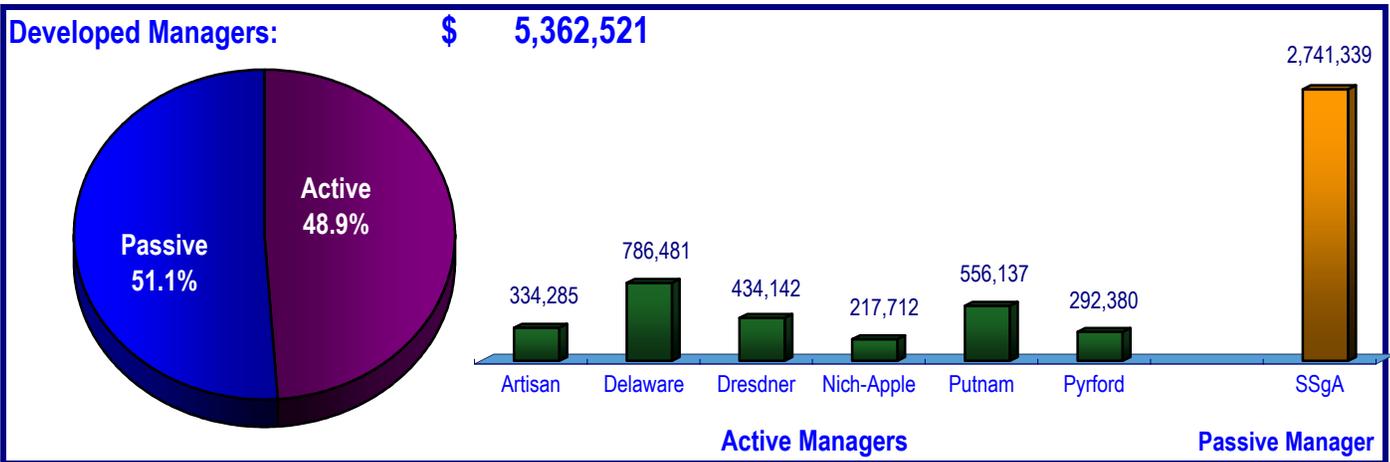
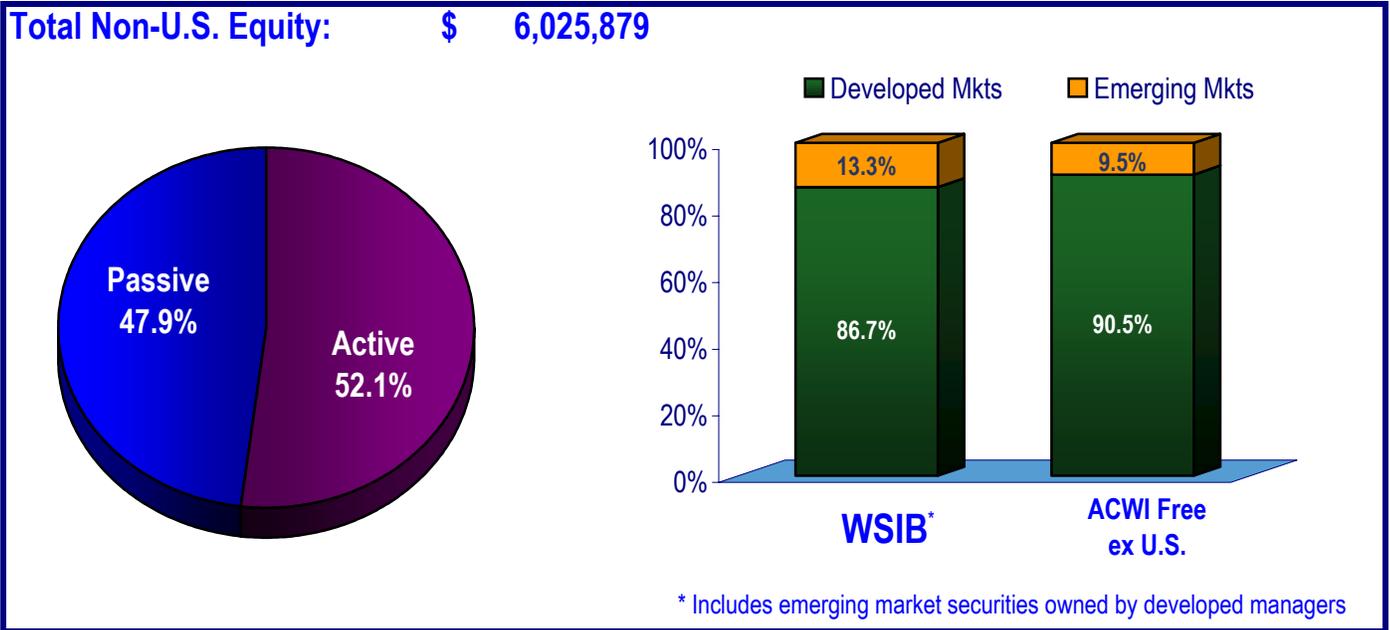
Growth of a Dollar



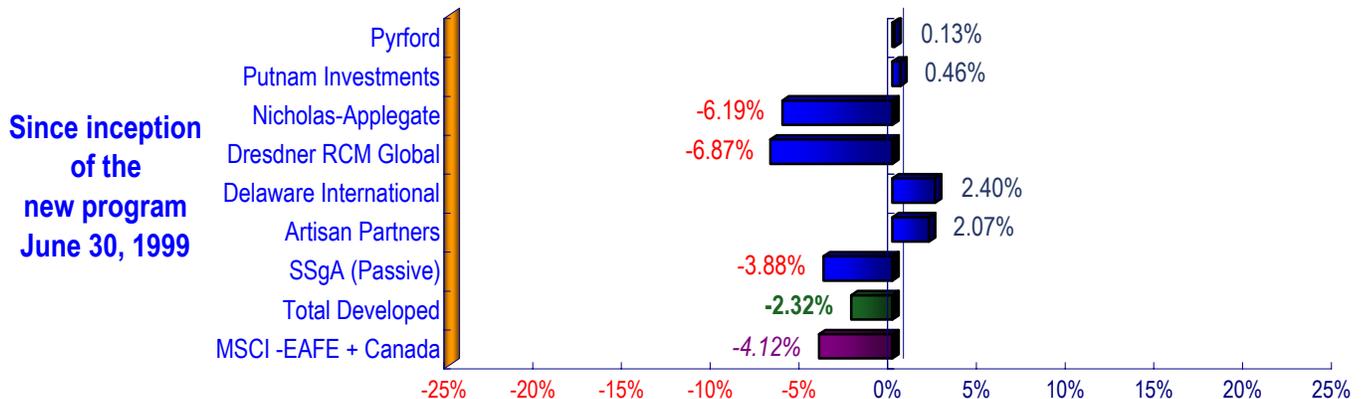
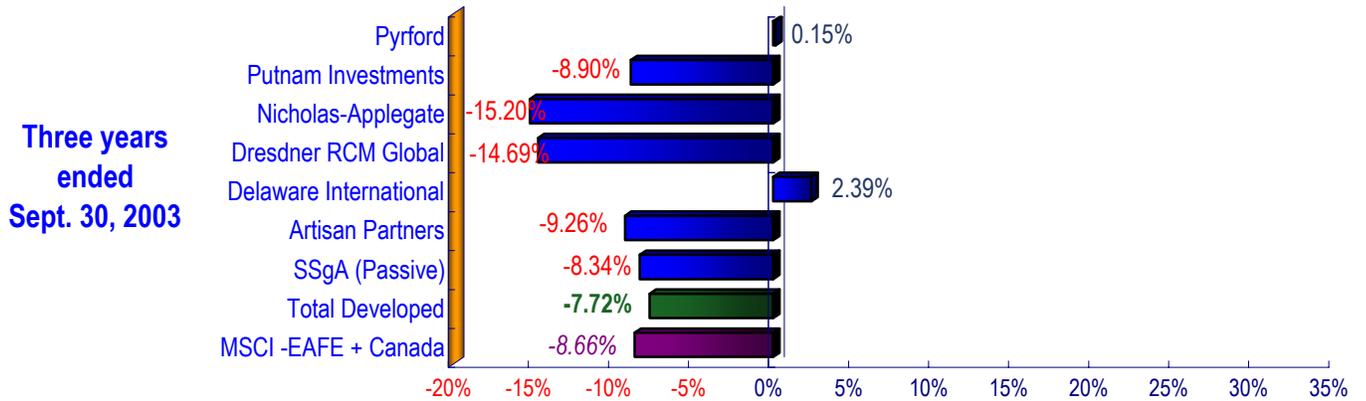
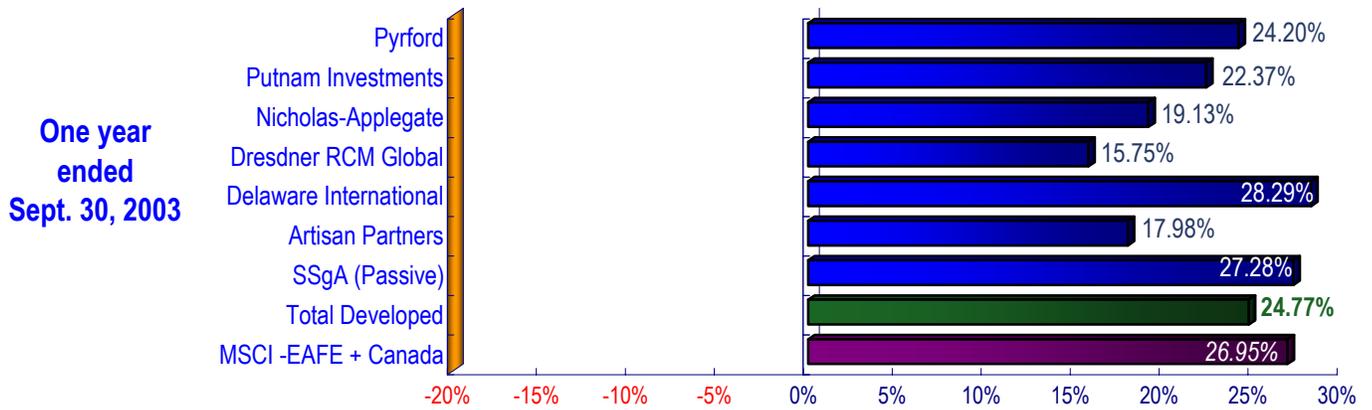
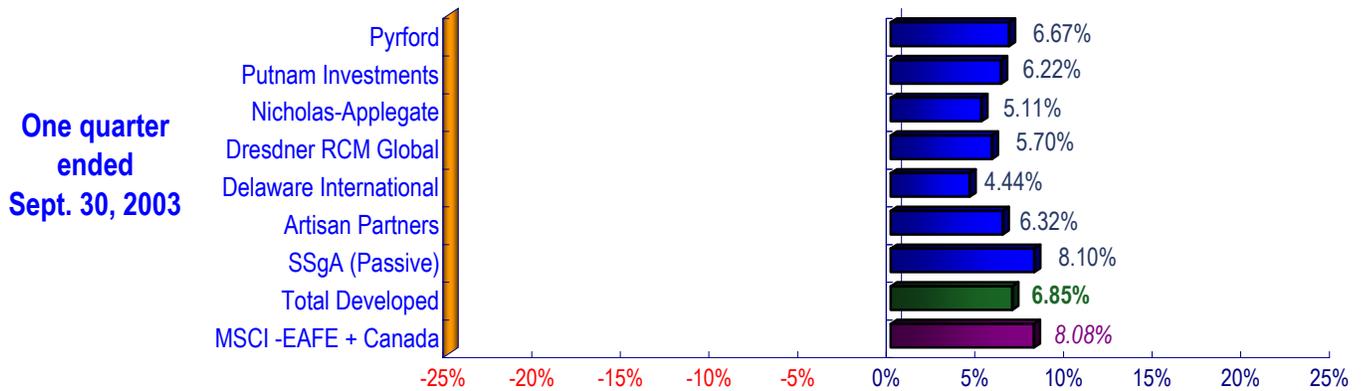
Non-U.S. Equity

September 30, 2003

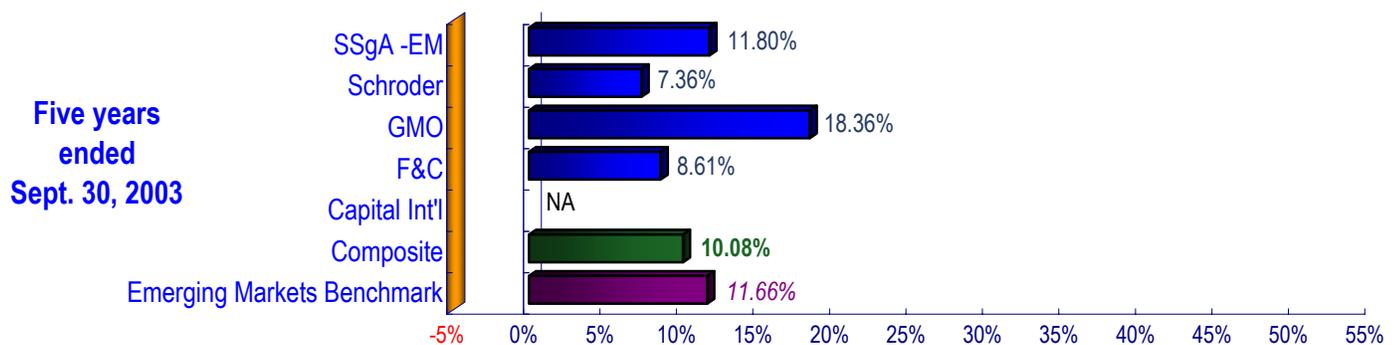
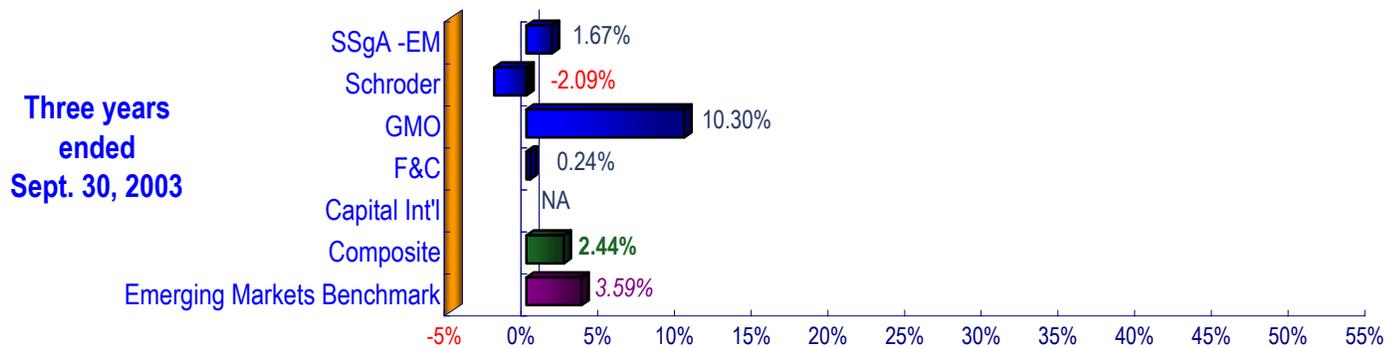
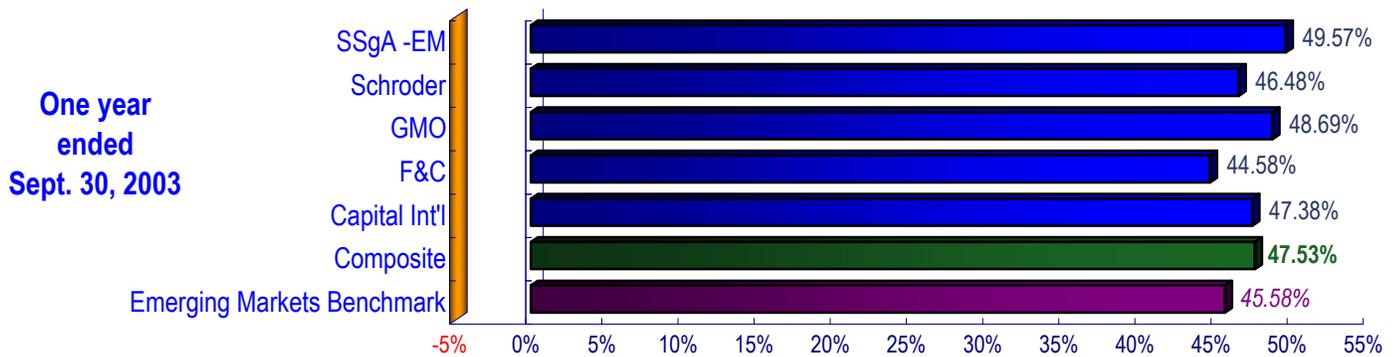
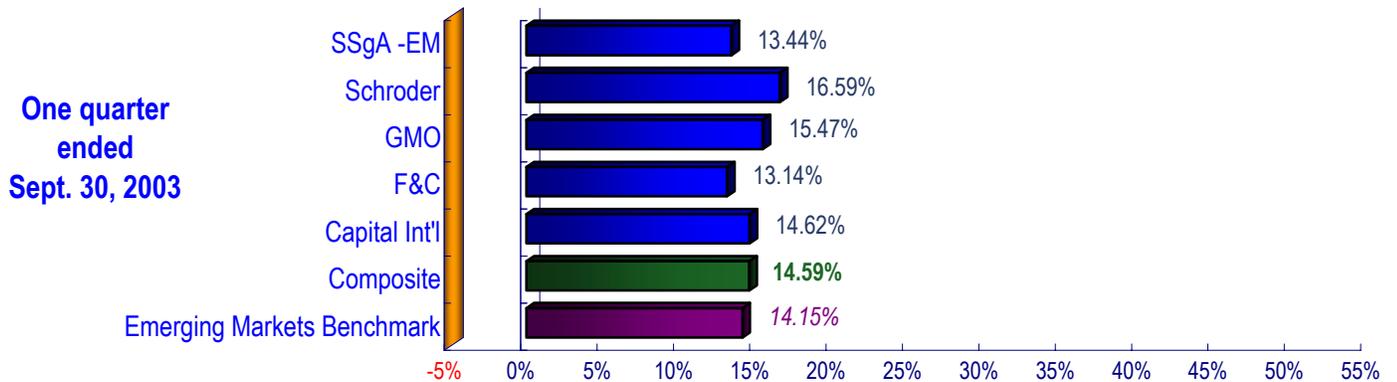
Market Values in \$000s



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



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



Fixed Income

September 30, 2003

Market Values in \$000s

Market Value: **\$ 10,393,029**

100% actively managed by WSIB staff.

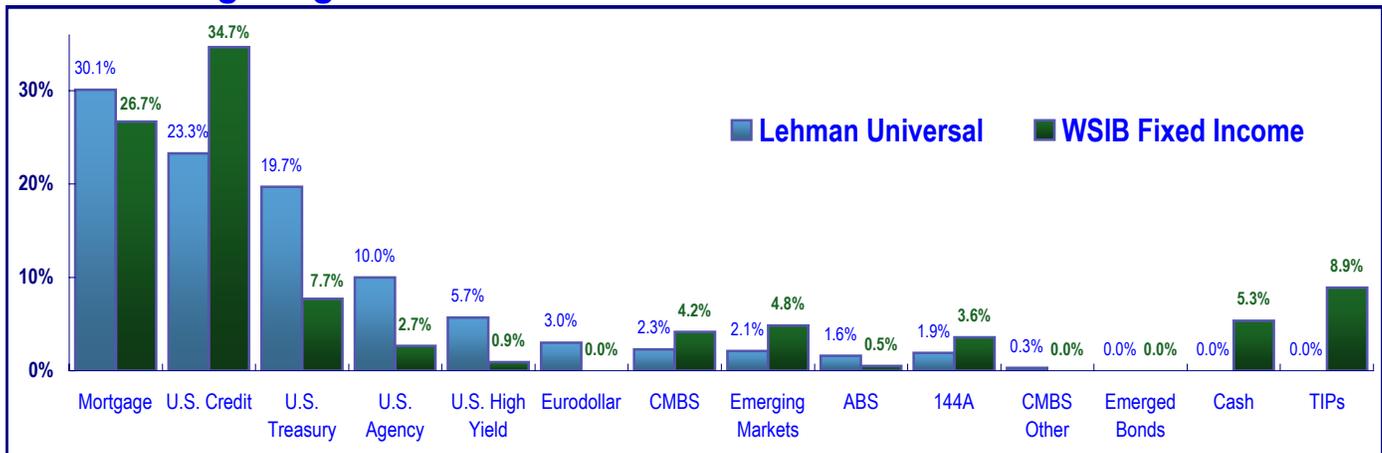
Duration

	<u>Jun-03</u>	<u>Sep-03</u>
WSIB Portfolio	3.91	4.42
<i>Lehman Universal</i>	4.06	4.47
Difference	-3.7%	-1.1%

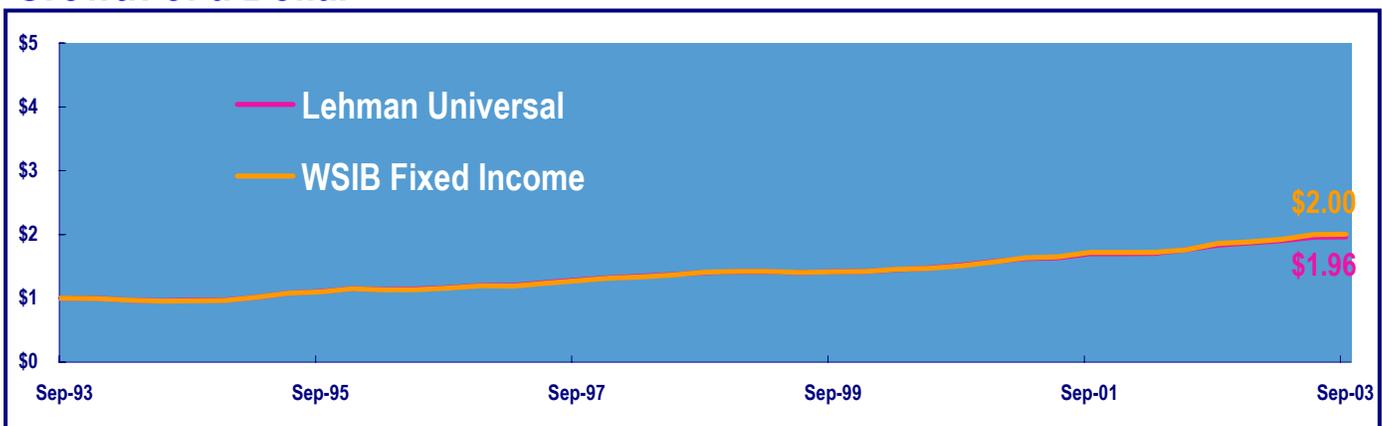
Performance

	<u>Qtr.</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
WSIB Fixed Income	0.25%	0.25%	7.65%	9.82%	7.27%	7.19%
<i>Lehman Universal</i>	0.08	0.08	7.13	8.95	6.89	6.98
<i>Lehman Aggregate</i>	-0.15	-0.15	5.41	8.95	6.63	6.92

Sector Weighting



Growth of a Dollar



Private Equity

Market Values in \$000s

Market Value: **\$5,584,324**

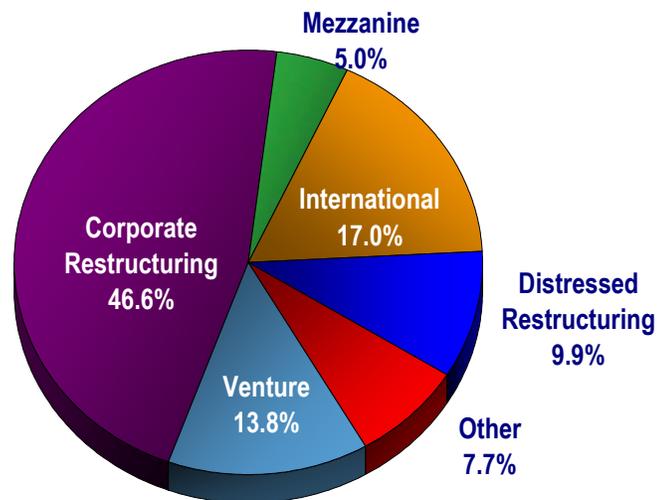
Unfunded Commitments **\$ 5.17 billion**
(includes approved commitments that have not closed)

Net Performance as of June 30, 2003

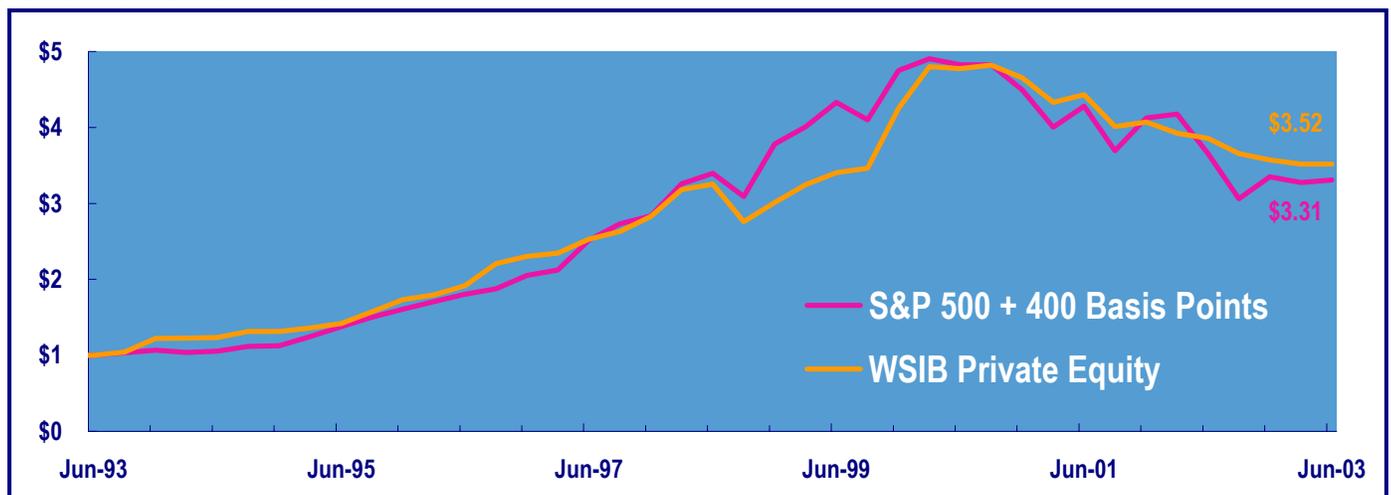
	<u>Qtr.</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
WSIB Private Equity	5.9%	-3.4%	-3.4%	-7.9%	2.8%	14.1%
KKR	6.5%	-8.5%	-8.5%	-7.4%	-2.9%	11.3%
LP Portfolio	5.7%	-1.6%	-1.6%	-7.8%	8.6%	14.7%
S&P 500+400 bp (6/30/03)	16.4%	4.3%	4.3%	-7.2%	2.4%	14.0%

172 Partnerships

87 Private Equity General Partners



Growth of a Dollar



Real Estate

Market Values in \$000s

Market Value: **\$3,634,817**

Unfunded Commitments **\$3.7 billion**

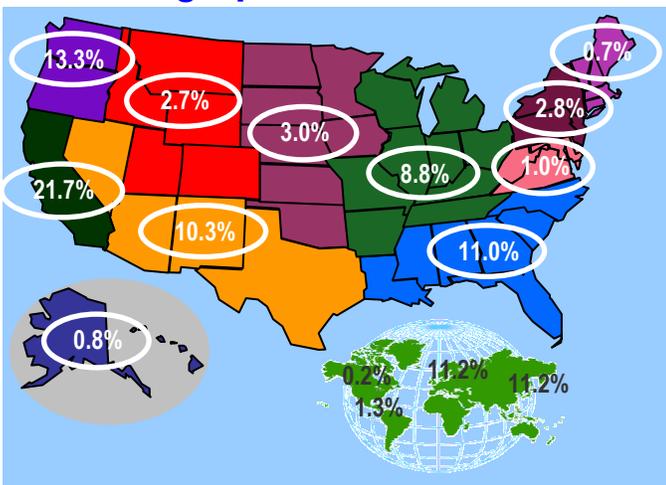
Net Performance as of June 30, 2003

	<u>Qtr.</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
CTF Real Estate	3.2%	3.2%	11.3%	11.5%	10.9%
<i>NCREIF + 100</i>	<i>2.3%</i>	<i>8.6%</i>	<i>8.6%</i>	<i>9.2%</i>	<i>10.8%</i>

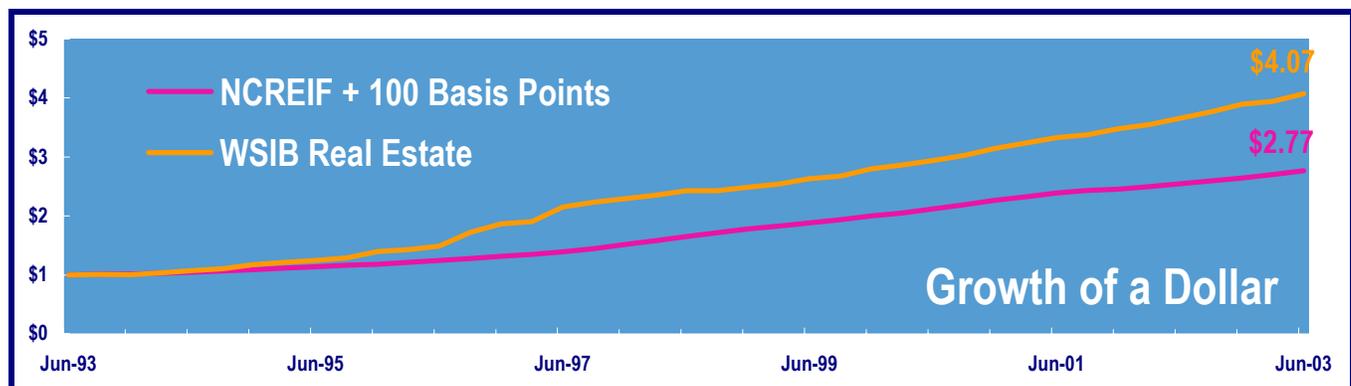
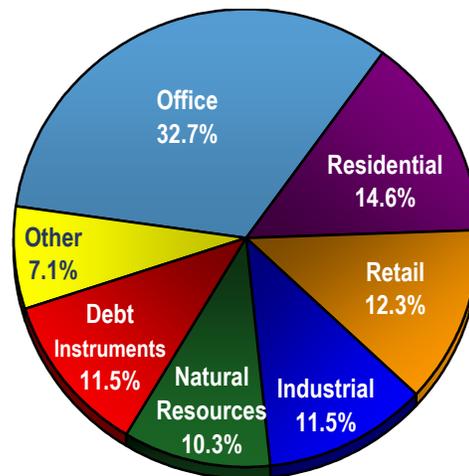
Largest Managers

Principal Enterprise Capital (PEC)	14.8%
Hudson Advisors (LoneStar)	12.7%
Pacific Realty Associates, L.P. (PacSIB, PacTrust)	11.5%
TA Associates Realty (Olympia)	9.9%
Cambell Group (Hawthorne)	<u>8.3%</u>
<i>Representation in the Real Estate portfolio</i>	57.2%

Geographical Distribution



Property Type Distribution



Manager Performance versus S&P 500

September 30, 2003

	Quarter	FYTD	1 Year	3 Year	5 Year	10 Year
S&P 500 Index	2.65	2.65	24.40	-10.13	1.00	10.05

U.S. Equity

Barclays Global Investors

3.79	3.79	26.35	-9.46	2.33
------	------	-------	-------	------

U.S. Equity Composite

3.79	3.79	26.35	-9.46	2.33	9.57
-------------	-------------	--------------	--------------	-------------	-------------

Non-U.S. Equity

Developed Markets

SSgA (passive)

8.10	8.10	27.28	-8.34
------	------	-------	-------

Artisan Partners

6.32	6.32	17.98	-9.26
------	------	-------	-------

Delaware International

4.44	4.44	28.29	2.39
------	------	-------	------

Dresdner RCM Global Investors

5.70	5.70	15.75	-14.69
------	------	-------	--------

Nicholas-Applegate

5.11	5.11	19.13	-15.20
------	------	-------	--------

Putnam Investments

6.22	6.22	22.37	-8.90
------	------	-------	-------

Pyrford International

6.67	6.67	24.20	0.15
------	------	-------	------

Emerging Markets

SSgA (passive)

13.44	13.44	49.57	1.67	11.80
-------	-------	-------	------	-------

Capital International

14.62	14.62	47.38
-------	-------	-------

F&C

13.14	13.14	44.58	0.24	8.61
-------	-------	-------	------	------

Grantham, Mayo, Van Otterloo

15.47	15.47	48.69	10.30	18.36
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Schroder

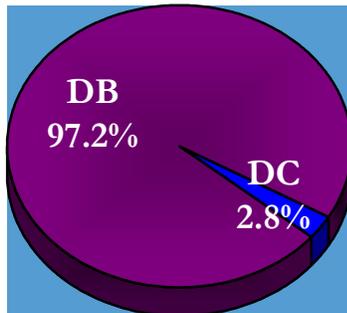
16.59	16.59	46.48	-2.09	7.36
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Non-U.S. Equity Composite

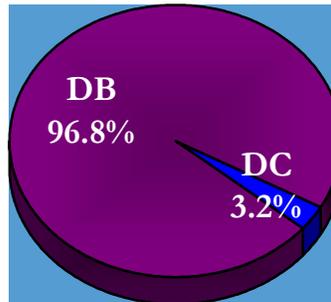
7.65	7.65	26.93	-6.74	3.39	3.03
-------------	-------------	--------------	--------------	-------------	-------------

CTF Stakeholder Characteristics and Cash Flows

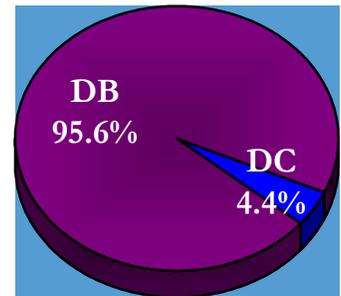
Defined Benefit and Defined Contribution Breakdown in the CTF



September 30, 2001

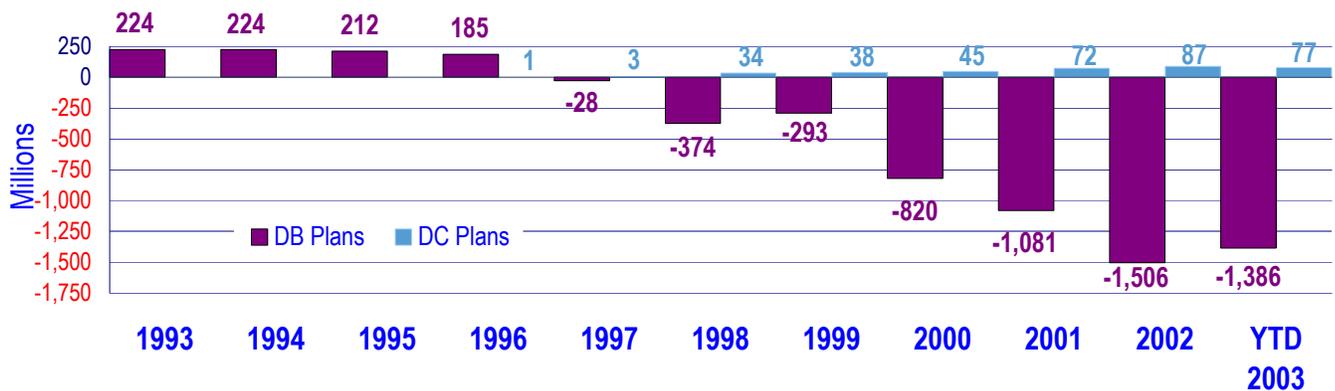


September 30, 2002



September 30, 2003

Yearly Cash Flow History*



Monthly Cash Flow History*



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

Manager Descriptions - Passive Equity

U. S. EQUITY

Barclays Global Investors (BGI)

It is the WSIB's policy to manage 100 percent of the U.S. equity portfolio in a low-cost broad-based index fund. BGI manages the entire \$12.76 billion U.S. equity portfolio in a fund designed to track the Wilshire 5000 Index, although it does not specifically replicate it. The BGI portfolio is comprised of the S&P 500 Index holdings and an optimized portfolio representing the remaining U.S. market targeted to the Wilshire 4500 Index. The differences in index construction between the Wilshire 5000 Index and the BGI fund will produce a minor tracking error. The WSIB has been using the Wilshire 5000 Index fund since June 1998. However, BGI has been managing money in other funds for the WSIB since 1982.

Non-U.S. EQUITY

State Street Global Advisors (SSgA)

SSgA manages two international portfolios for the WSIB. One is an optimized index fund that is designed to passively track the MSCI EAFE plus Canada (developed markets); the other is a semi-passive emerging markets portfolio. It is the WSIB's current policy to have 25 percent of the assets targeted for emerging markets and 50 percent of the assets targeted for developed markets managed passively.

The WSIB has been using SSgA's MSCI EAFE plus Canada fund since 1994. In 2001 the WSIB switched to the new Provisional EAFE plus Canada fund as a result of pending changes to the MSCI indices. Since then MSCI has finished their restructuring and the WSIB has transferred back to the EAFE plus Canada fund. The assets in this portfolio are currently valued at \$2.74 billion.

The WSIB has been using the emerging markets vehicle since December 1995. The portfolio uses a liquidity-tier approach. SSgA, using their passive country index funds, divides the countries in the S&P/IFC emerging markets universe into three 'tiers' according to liquidity. As the markets shift SSgA rebalances when appropriate but seeks to limit turnover and transaction costs (see the glossary for further information on the liquidity-tier index). The passive emerging markets portfolio is currently valued at \$148 million.

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

Artisan Partners uses an investment strategy that is growth oriented with a bottom-up investment process. Artisan concentrates on industries or themes that present accelerating growth prospects and companies well positioned to capitalize on growth. The portfolio has a primary emphasis on being fully invested in the developed markets and is constructed without regard to index weightings and mandate. Risk control is achieved mainly through country, industry, and company diversification. The WSIB portfolio, managed by Artisan since June 1999, is currently valued at \$334 million.

Delaware International Advisers identifies value investments using a dividend discount-valuation model of future income streams. The investment analysis is applied consistently to individual securities across all markets and industries. Tied to the security selection is a top-down country allocation overlay that helps structure the portfolio. The WSIB portfolio, managed by Delaware since June 1999, is currently valued at \$786 million.

Dresdner RCM Global Investors identifies high-quality growth companies through a combination of rigorous fundamental research and a disciplined valuation methodology. The investment process stresses bottom-up fundamental stock research and uses top-down macroeconomic and liquidity analysis as a risk control feature. The WSIB portfolio, managed by Dresdner RCM since June 1999, is currently valued at \$434 million.

Nicholas-Applegate Capital Management identifies growth stock opportunities through an integration of qualitative and quantitative analysis used to identify inefficiencies within the international markets. Sector and industry weightings are a result of individual stock selection. The manager's country analysis includes a country ranking based on an assessment of political, monetary, economic, and technical conditions. The WSIB portfolio, managed by Nicholas-Applegate since June 1999, is currently valued at \$218 million.

Putnam Investments relies on top-down macroeconomic, sector, and market analysis as well as bottom-up fundamental company research. Putnam believes that added value will result equally from top-down (country and sector allocation) and stock selection decisions over longer time periods. The manager relies on broad diversification across countries and sectors to reduce risk. The WSIB portfolio, managed by Putnam since June 1999, is currently valued at \$556 million.

Pyrford International bases its investment strategy on a value-driven approach with top-down country allocation followed by bottom-up stock selection. The manager utilizes fundamental analysis of world economies to identify markets where value exists. This philosophy leads to participation only in those markets with value opportunities and, as a result, the portfolio can at times be absent from a major market. The WSIB portfolio, managed by Pyrford since June 1999, is currently valued at \$292 million.

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

Capital International, Inc. manages an active emerging markets equity portfolio for the WSIB. Capital utilizes a Multiple Portfolio Manager System that enables several key decision makers to work on each account by dividing the portfolio into smaller segments. Each manager is free to make their decisions as to individual security, country and industry selection, timing, and percentage to be invested for their portion of the assets. The aggregate portfolio does not have a formal policy regarding asset and country diversification and tends to have a value bias. The WSIB portfolio, managed by Capital since the middle of the second quarter of 2001, is currently valued at \$161 million.

F&C Emerging Markets Limited manages an active emerging markets equity portfolio for the WSIB. The country selection process analyzes market valuation, as well as economic, fiscal, and monetary factors to create 12-month market return forecasts for each country. The return forecasts are used in conjunction with political stability analysis to set country allocations, which are divided between the ten largest core markets (85 percent) and satellite markets (15 percent). Bottom-up fundamental analysis is used to identify companies possessing the following characteristics: strategic position in their respective industry, management quality and integrity, and a sound financial position. The WSIB portfolio, managed by F&C since the fourth quarter of 1996, is currently valued at \$109 million.

Grantham, Mayo, Van Otterloo (GMO) manages an active emerging markets portfolio for the WSIB. GMO uses a quantitative investment process. Top-down country allocation is based on market valuations, macroeconomic fundamentals, relative performance, stock valuation, and subjective judgment. The stock selection process utilizes a model that is customized for each country and incorporates three factors: value, neglect, and momentum. GMO seeks to invest in cheap countries, sectors, and stocks so its portfolios generally exhibit P/E ratios below those of the index benchmarks. The WSIB portfolio, managed by GMO since the fourth quarter of 1996, is currently valued at \$140 million.

Schroder Capital Management manages an active emerging markets equity portfolio for the WSIB. Country allocations are determined on the basis of macroeconomic factors and market return forecasts. Stock selection is relegated to individual regions and is based on fundamental research. The portfolio is divided between a core holding of more established markets and a smaller opportunistic allocation to early-stage markets. The portfolio tends to have a growth bias. The WSIB portfolio, managed by Schroder since the fourth quarter of 1995, is currently valued at \$105 million.

Glossary

Asset Allocation Policy

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

Commingled Trust Fund

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

Emerging Markets Liquidity-Tier Index

This index divides the countries found in the S&P/IFC emerging markets universe into three 'tiers' according to their market capitalization and liquidity. The top tier represents 55 percent of the total index with five countries at an 11 percent weight each. The middle tier represents 33 percent of the total with nine countries at 3.7 percent each. The bottom tier represents 12 percent of the total with 12 countries at 1.0 percent each.

MAP (Multi-Asset Portfolio)

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

Structural Asset Allocation Policy

The Structural Asset Allocation Policy is the previous quarter's ending asset class percentages times the following indices: Wilshire 5000 Index, Lehman Universal Index, MSCI ACWI Free 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 56 funds in the universe with a median asset size of about \$11.3 billion.

TUCS Public/Corporate Fund > \$1 Billion Median

Trust Universe Comparison Services median return of corporate and public funds. There are currently 131 funds in the universe with a median asset size of around \$4.4 billion.

Defined Contribution Plans September 30, 2003

Market Values and Distributions

Plan 3's Market Values and Distributions

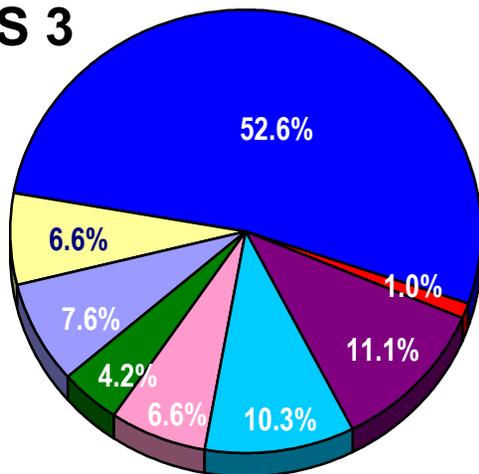
Plan 3's Historical Distribution

DCP & JRA Market Values and Distributions

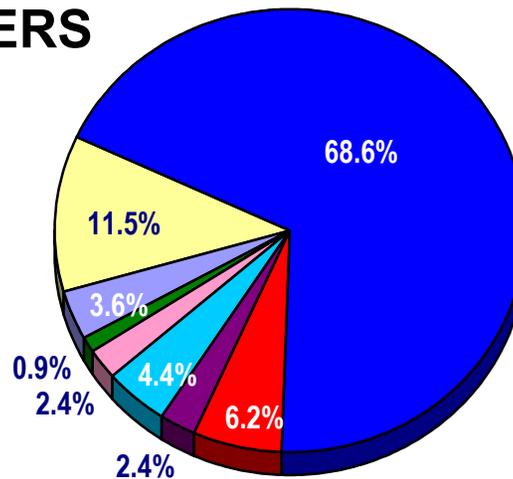
DCP & JRA Historical Distribution

Option	TRS Plan 3		SERS Plan 3		PERS Plan 3	
	Market Value	Quarterly Change	Market Value	Quarterly Change	Market Value	Quarterly Change
WSIB TAP Option	\$ 994,638,290	\$ 56,040,683	\$ 371,360,982	\$ 18,383,280	\$ 369,963,377	\$ 233,331,480
Short-Horizon Fund	2,839,269	66,688	4,453,989	55,204	13,180,523	2,778,141
Mid-Horizon Fund	7,807,736	1,474,199	16,159,540	1,213,920	40,284,665	9,890,153
Long-Horizon Fund	8,879,015	1,452,652	12,586,568	814,997	28,254,019	6,382,565
U.S. Stock Fund	210,319,915	10,447,368	12,936,679	1,373,798	26,879,438	6,878,672
U.S. Large Stock Fund	195,252,088	7,442,998	23,850,452	1,488,927	33,926,684	5,787,422
U.S. Small Stock Fund	124,497,426	13,822,290	13,167,701	2,480,106	30,898,150	12,397,776
International Stock Fund	79,832,542	7,181,949	4,750,903	569,864	9,668,131	2,848,310
Bond Market	144,224,832	(3,259,527)	19,489,984	(2,268,197)	37,919,182	(3,240,130)
Money Market	124,259,432	644,806	62,381,926	(74,138)	128,648,006	1,059,466
Total Fund	\$ 1,892,550,544	\$ 95,314,106	\$ 541,138,725	\$ 24,037,762	\$ 719,622,175	\$ 278,113,857

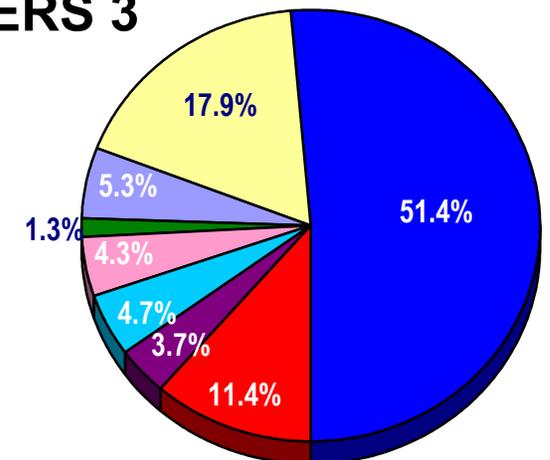
TRS 3



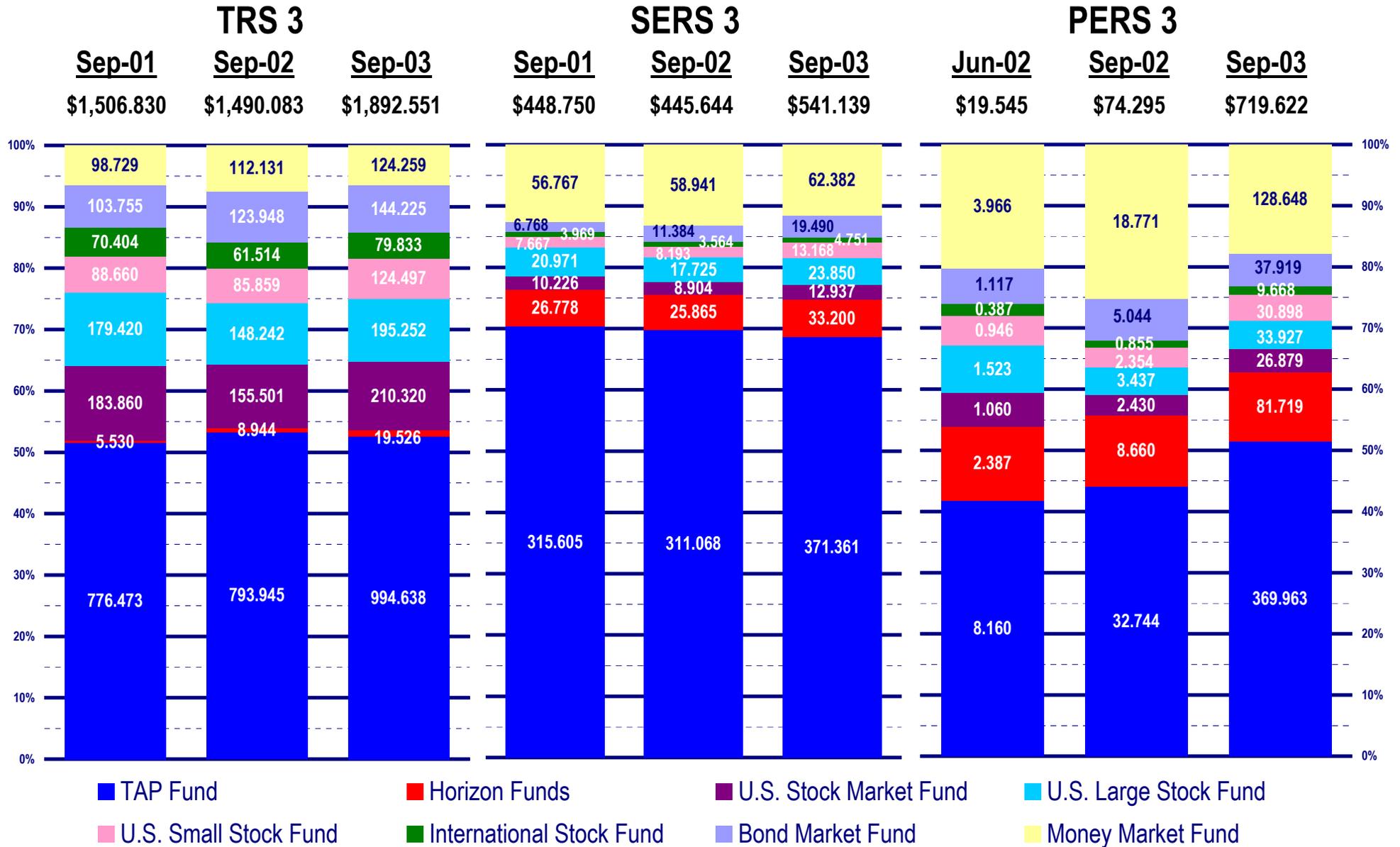
SERS



PERS 3



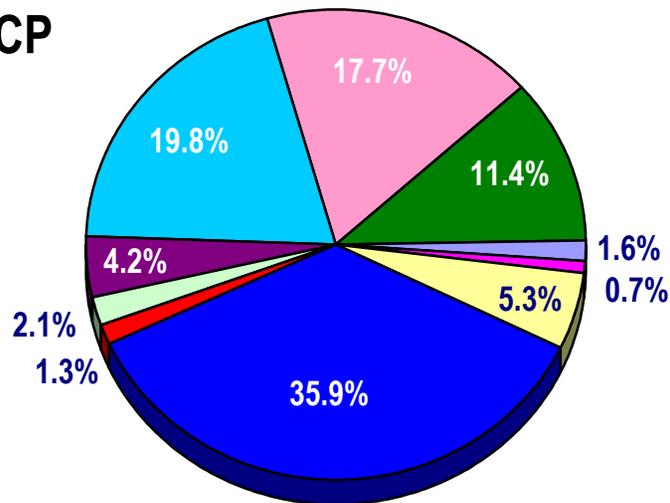
■ WSIB TAP
 ■ Horizon Funds
 ■ Stock Market
 ■ Large Stocks
 ■ Small Stocks
 ■ International Stocks
 ■ Bond Market
 ■ Money Market



Option	Deferred Compensation Program	Quarterly Change
Short-Horizon Fund	\$ 5,492,843	\$ 960,133
Mid-Horizon Fund	8,050,475	1,652,560
Long-Horizon Fund	6,646,326	1,857,508
Social Balanced Fund	32,118,491	1,527,067
U.S. Stock Market Index Fund	63,119,013	5,771,195
Equity-Income Fund	301,213,058	11,899,518
Independence Fund	269,666,658	4,931,783
Growth Company Fund	173,062,785	19,957,520
Overseas Fund	23,739,479	3,951,537
U.S. Small Cap Stock Fund	10,073,272	5,427,437
Bond Market Fund	80,127,029	(5,770,550)
Savings Pool	546,207,970	6,133,265
Total Fund	\$ 1,519,517,397	\$ 58,298,973

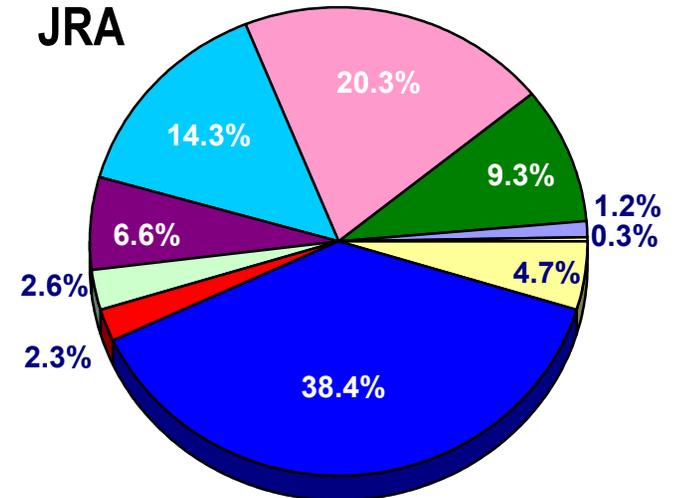
Account	Quarterly Change
\$ 136,116	\$ 3,427
88,115	11,754
32,305	2,711
288,748	15,850
732,741	46,839
1,584,127	73,392
2,259,220	47,746
1,032,035	109,134
131,639	17,675
32,208	16,500
524,879	380
4,258,707	121,375
\$ 11,100,840	\$ 466,782

DCP

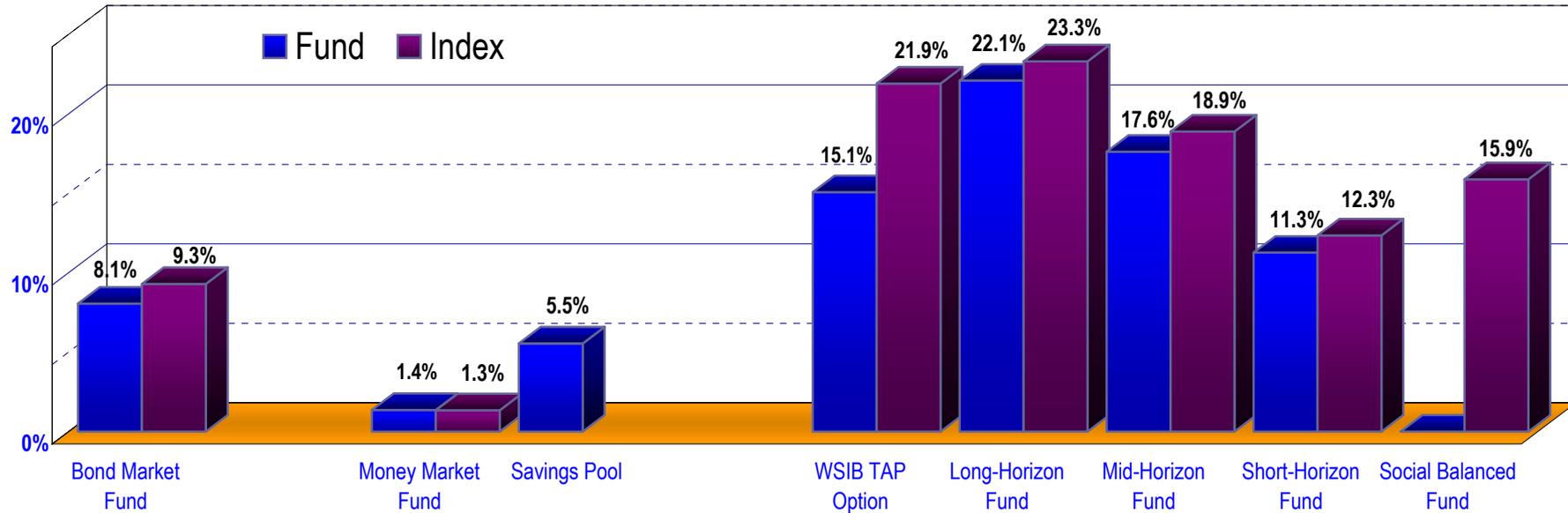


- Horizon Fund
- Social Balanced Fund
- U.S. Stock Market Index
- Equity-Income Fund
- Independence Fund
- Growth Co. Fund
- Overseas Fund
- U.S. Small Cap Stock Fund
- Bond Market Fund
- Savings Pool

JRA



One-Year Returns (ending September 30, 2003)

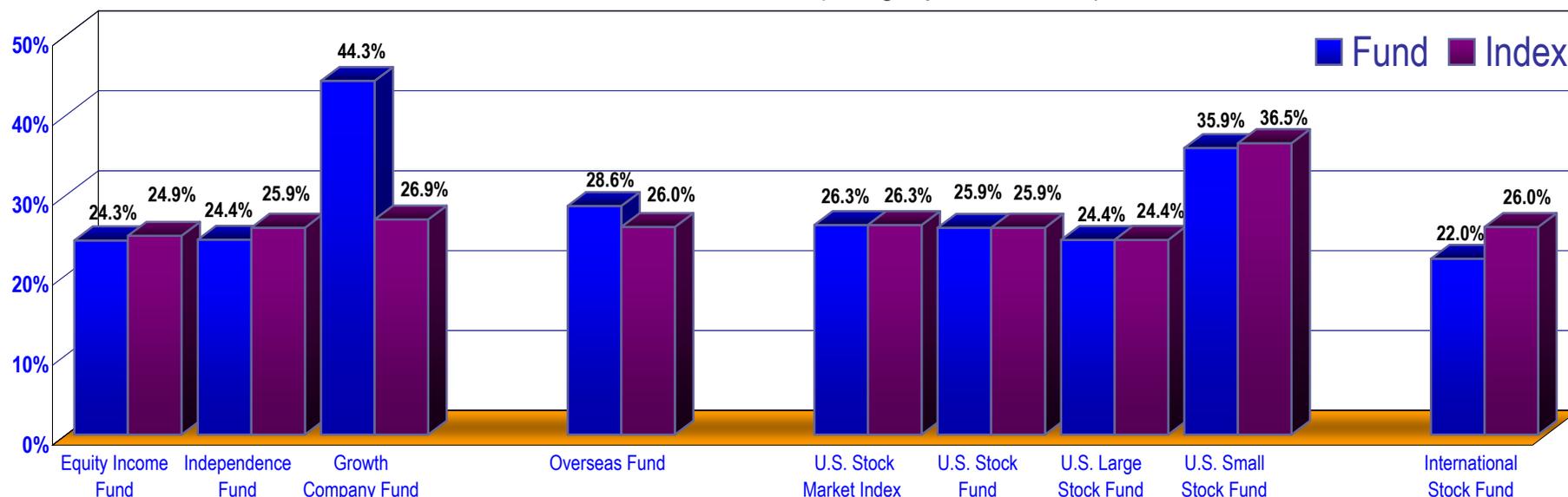


Bond Funds	Qtr.	1 yr.	3 yr.	5 yr.	10 yr.
Bond Market Fund	-0.3%	8.1%	9.4%	N/A	N/A
Lehman Intermediate Cre	0.1%	9.3%	10.0%	7.2%	7.2%
Cash Funds	Qtr.	1 yr.	3 yr.	5 yr.	10 yr.
Money Market Fund	0.3%	1.4%	2.9%	4.0%	4.7%
One Month LIBOR	0.3%	1.3%	2.8%	4.1%	4.8%
Savings Pool	1.4%	5.5%	6.1%	6.3%	6.6%

Balanced Funds	Qtr.	1 yr.	3 yr.	5 yr.	10 yr.
WSIB TAP Option	3.6%	15.1%	-1.8%	5.0%	8.5%
Custom Benchmark	3.6%	21.9%	-4.4%	2.7%	8.5%
Long-Horizon Fund	3.8%	22.1%	-5.6%	N/A	N/A
Custom Benchmark	4.0%	23.3%	-5.1%	3.2%	7.9%
Mid-Horizon Fund	2.5%	17.6%	-0.6%	N/A	N/A
Custom Benchmark	2.8%	18.9%	-0.1%	4.8%	7.8%
Short-Horizon Fund	1.4%	11.3%	2.4%	N/A	N/A
Custom Benchmark	1.7%	12.3%	2.8%	5.2%	6.9%
Social Balanced Fund	2.5%	N/A	N/A	N/A	N/A
Custom Benchmark	1.4%	15.9%	-1.5%	3.9%	9.0%

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

One-Year Returns (ending September 30, 2003)



Active U.S. Equity	Qtr.	1 yr.	3 yr.	5 yr.	10 yr.
Equity Income Fund	2.9%	24.3%	-2.4%	3.9%	9.7%
<i>Russell 3000 Value</i>	2.5%	24.9%	-1.1%	4.5%	10.4%
Independence Fund	1.9%	24.4%	-15.3%	4.7%	9.0%
<i>Russell 3000</i>	3.4%	25.9%	-9.7%	1.9%	9.7%
Growth Company Fund	8.5%	44.3%	-18.7%	5.5%	10.3%
<i>Russell 3000 Growth</i>	4.4%	26.9%	-18.6%	-2.1%	8.1%
Active International	Qtr.	1 yr.	3 yr.	5 yr.	10 yr.
Overseas Fund	11.9%	28.6%	-9.7%	1.9%	4.5%
<i>MSCI EAFE</i>	8.1%	26.0%	-8.7%	0.5%	2.9%

Passive U.S. Equity	Qtr.	1 yr.	3 yr.	5 yr.	10 yr.
U.S. Stock Market Index	3.7%	26.3%	-9.5%	2.3%	9.7%
<i>Wilshire 5000</i>	3.7%	26.3%	-9.5%	2.0%	9.5%
U.S. Stock Fund	3.4%	25.9%	-9.7%	N/A	N/A
<i>Russell 3000</i>	3.4%	25.9%	-9.7%	1.9%	9.7%
U.S. Large Stock Fund	2.6%	24.4%	-10.1%	1.0%	N/A
<i>S&P 500</i>	2.6%	24.4%	-10.1%	1.0%	10.1%
U.S. Small Stock Fund	9.1%	35.9%	-0.8%	7.3%	N/A
<i>Russell 2000</i>	9.1%	36.5%	-0.8%	7.5%	7.5%
Passive International	Qtr.	1 yr.	3 yr.	5 yr.	10 yr.
International Stock Fund	7.5%	22.0%	-10.4%	-0.6%	N/A
<i>MSCI EAFE</i>	8.1%	26.0%	-8.7%	0.5%	2.9%

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



Labor & Industries' Funds

Quarterly Report

September 30, 2003

Labor & Industries

Capital Markets

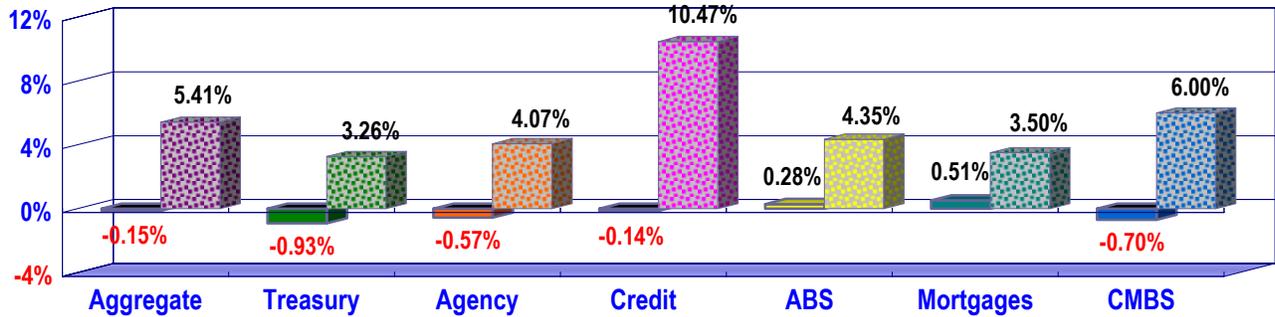
Market Values and Asset Allocation

Performance and Durations

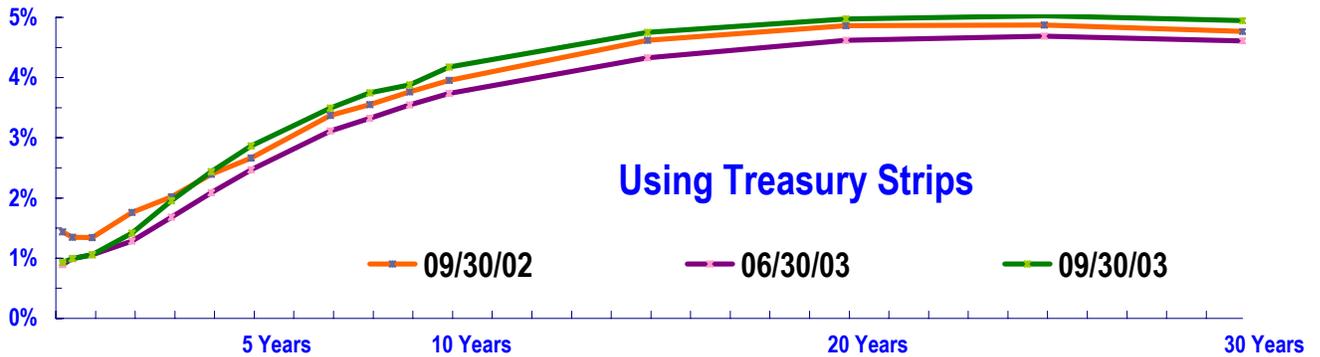
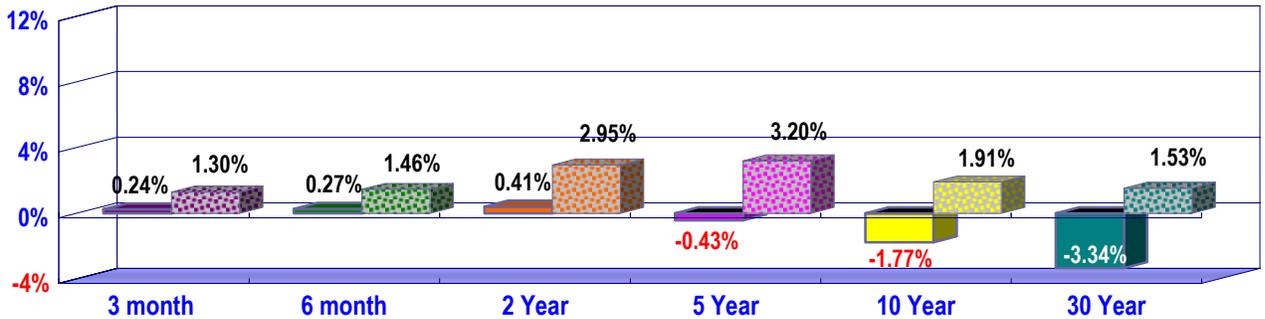
Capital Markets One Quarter and One Year Performance

Quarter Ended September 30, 2003

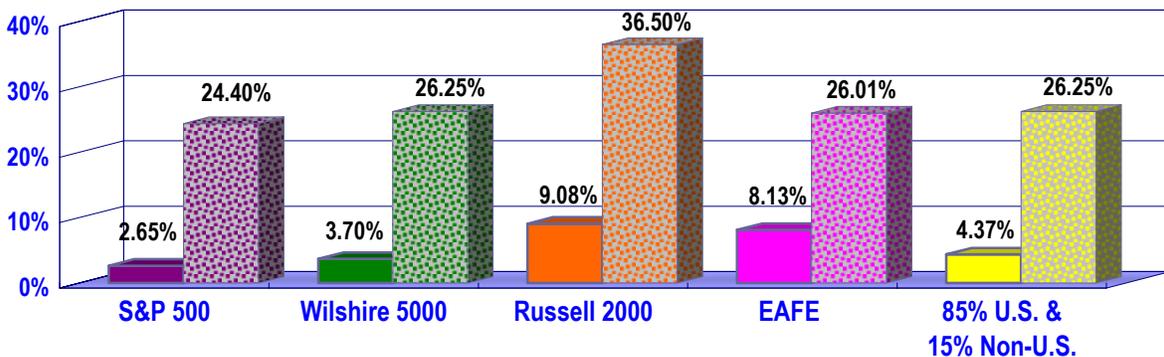
Asset Class Returns (using Lehman Brothers indices)



Treasury Return and Yield Curve



Equity Indices



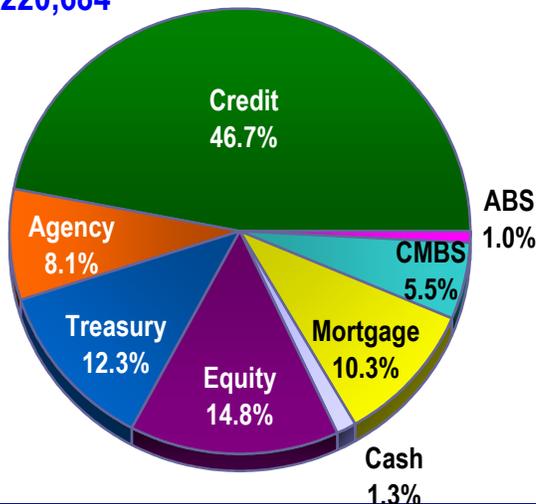
LABOR & INDUSTRIES' FUNDS

Quarter Ended September 30, 2003

Market Values and Asset Allocation

Total L&I Funds

\$ 9,214,220,684



WSIB Policy Ranges for Total L & I:

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

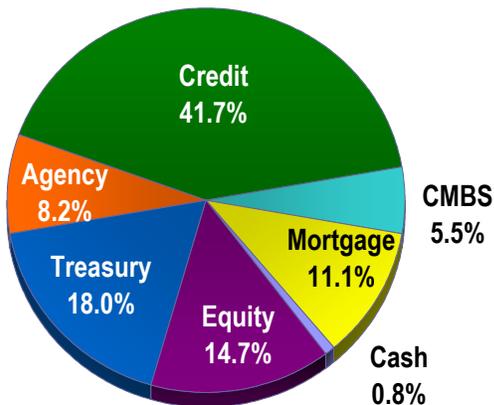
WSIB Policy Ranges within Fixed Income:

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

Accident Fund

\$ 3,636,311,770

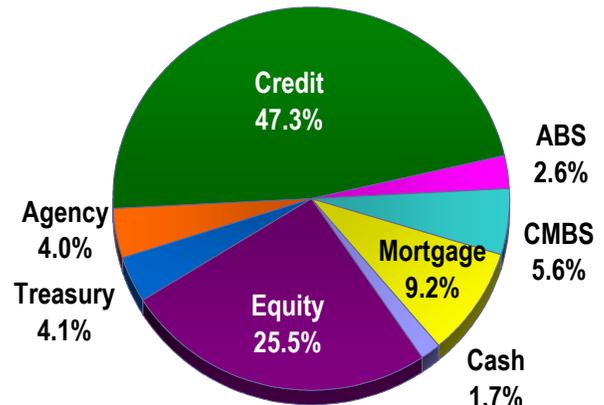
Fund 608



Medical Aid Fund

\$ 3,288,520,099

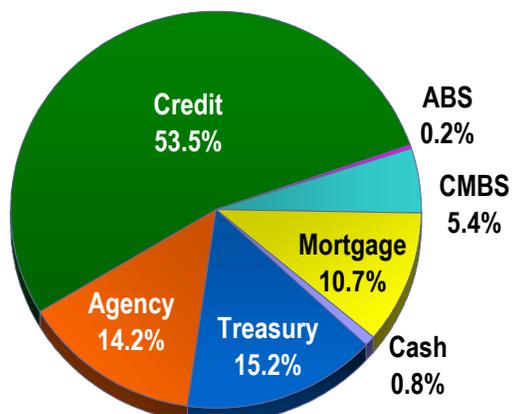
Fund 609



Pension Reserve

\$ 2,218,097,371

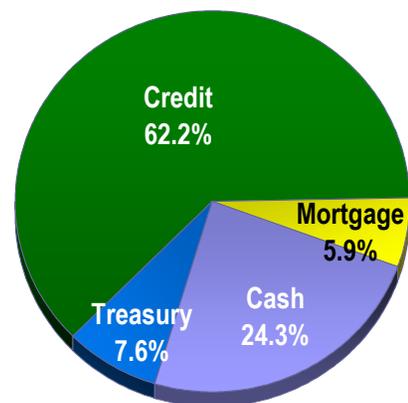
Fund 610



Supplemental Pension

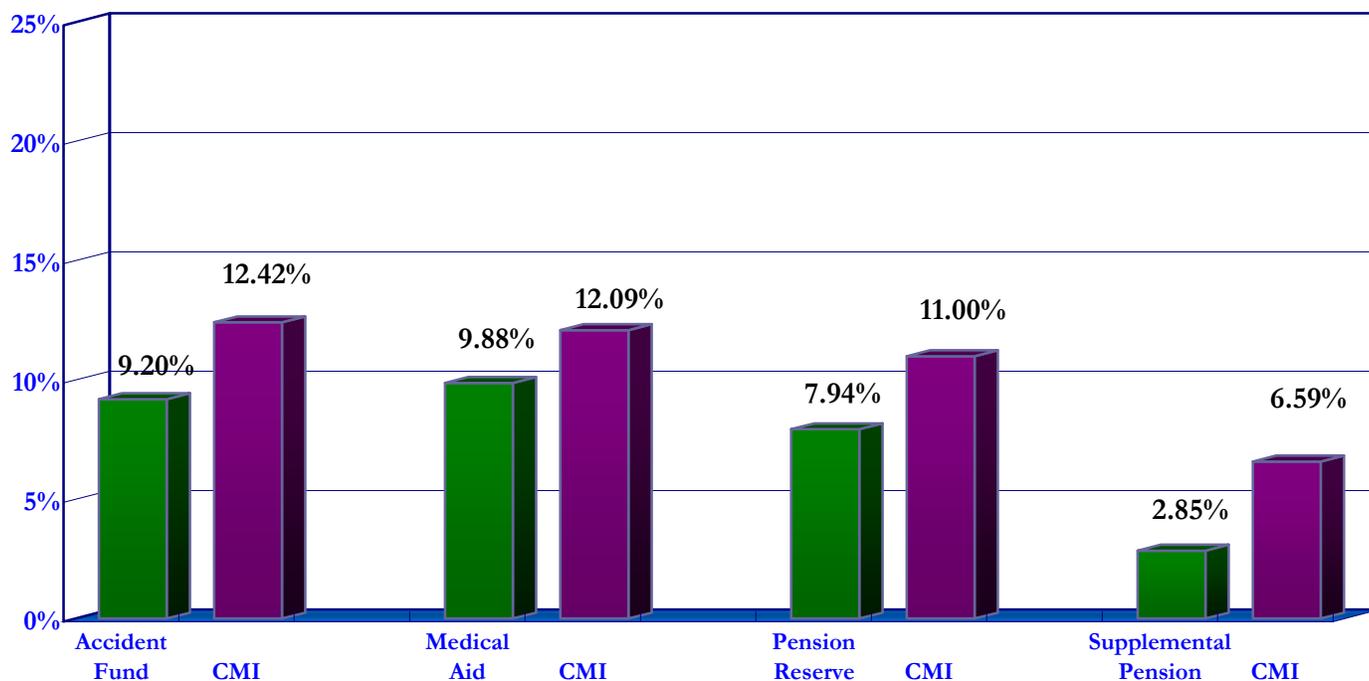
\$ 71,291,444

Fund 881



Performance and Durations versus CMI

One Year Performance



	Accident Fund	CMI	Medical Aid	CMI	Pension Reserve	CMI	Supplemental Pension	CMI
Duration:	10.33	9.99	3.89	3.83	10.23	10.72	2.09	2.37

Total Return

	Total	CMI	Total	CMI	Total	CMI	Total	Ex-Cash	CMI
Quarter	-1.35%	-0.54%	0.96%	1.17%	-1.94%	-1.41%	-0.22%	0.17%	0.50%
One Year	9.20%	12.42%	9.88%	12.09%	7.94%	11.00%	2.85%	4.99%	6.59%
Three Year	8.33%	8.51%	4.85%	5.07%	11.63%	11.78%	5.74%	7.51%	8.04%
Five Year	6.50%	6.51%	5.89%	5.97%	7.71%	7.23%	4.87%	5.80%	6.44%
Ten Year	7.27%	7.04%	7.47%	7.41%	8.60%	8.38%	5.85%	6.33%	6.43%

L&I Statutory Accounting Return**

Quarter	2.08%	2.34%	1.65%	0.81%
One Year	10.62%	11.08%	6.84%	3.61%
Three Year	5.01%	2.68%	6.85%	4.17%
Five Year	6.96%	5.75%	7.32%	5.20%

**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.



Permanent Funds and Other Trusts

Quarterly Report

September 30, 2003

Permanent Funds

Market Values and Asset Allocation

Interest Income, Performance and Duration

Quarter, One Year, Three Year, Five Year, Ten Year

Other Trusts

Market Values and Asset Allocation

Quarter, One Year, Three Year, Five Year, Ten Year

GET—Advanced College Tuition Payment Program

Quarter, One Year, Three Year, Five Year, Ten Year

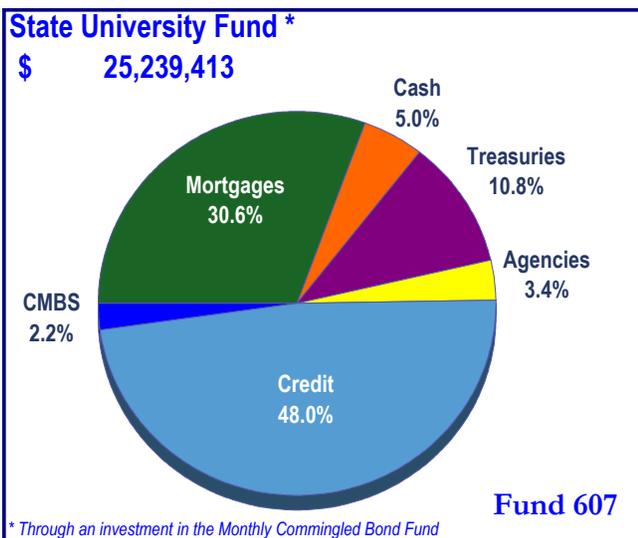
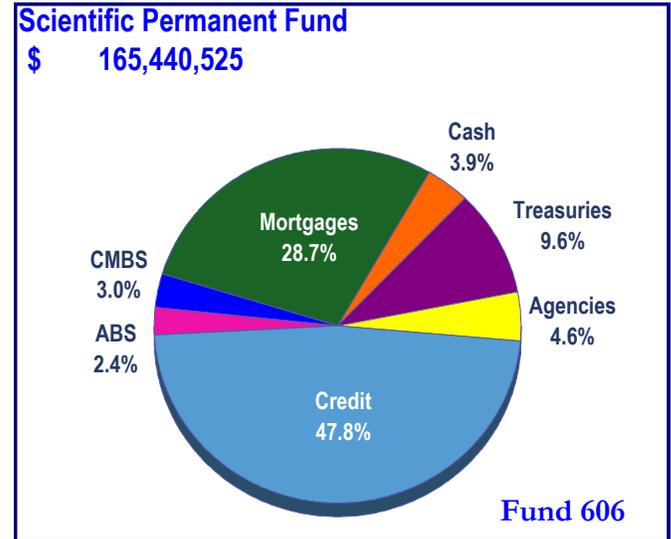
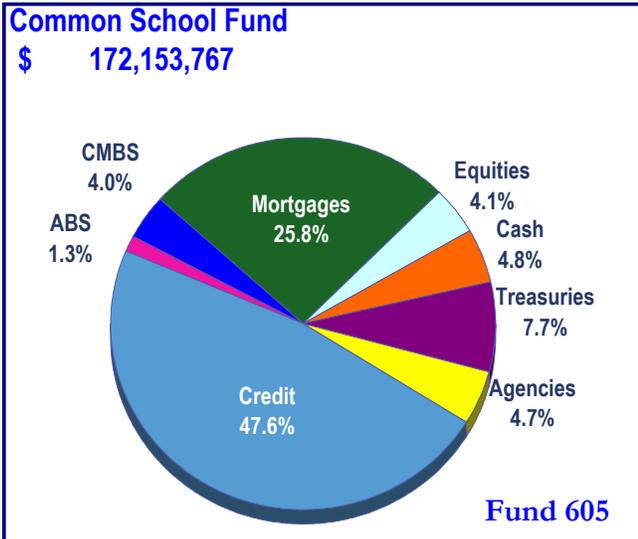
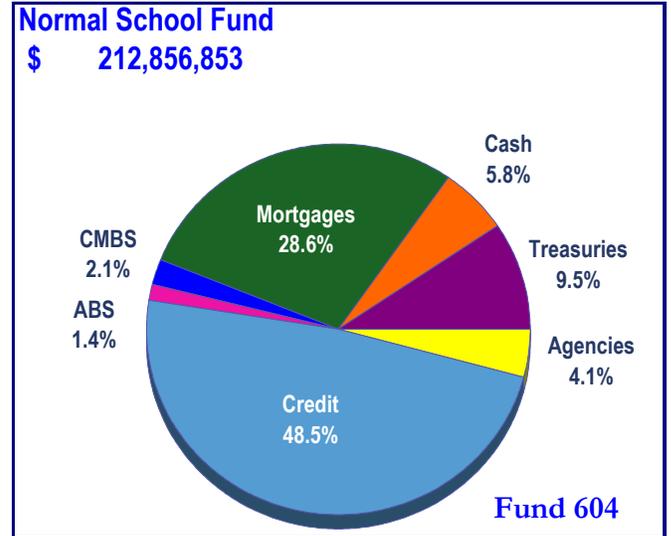
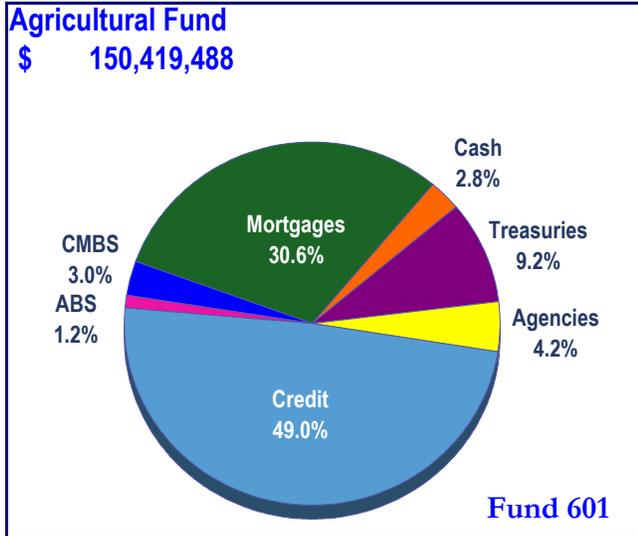
DDEF—Developmental Disability Endowment Fund

Quarter, One Year, Three Year, Five Year, Ten Year

PERMANENT FUNDS

September 30, 2003

Market Values and Asset Allocation



Millersylvania State Park Fund
\$ 5,155

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

Fund 603

WSIB Fixed Income Policy Ranges per Fund:

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

* Through an investment in the Monthly Commingled Bond Fund

PERMANENT FUNDS

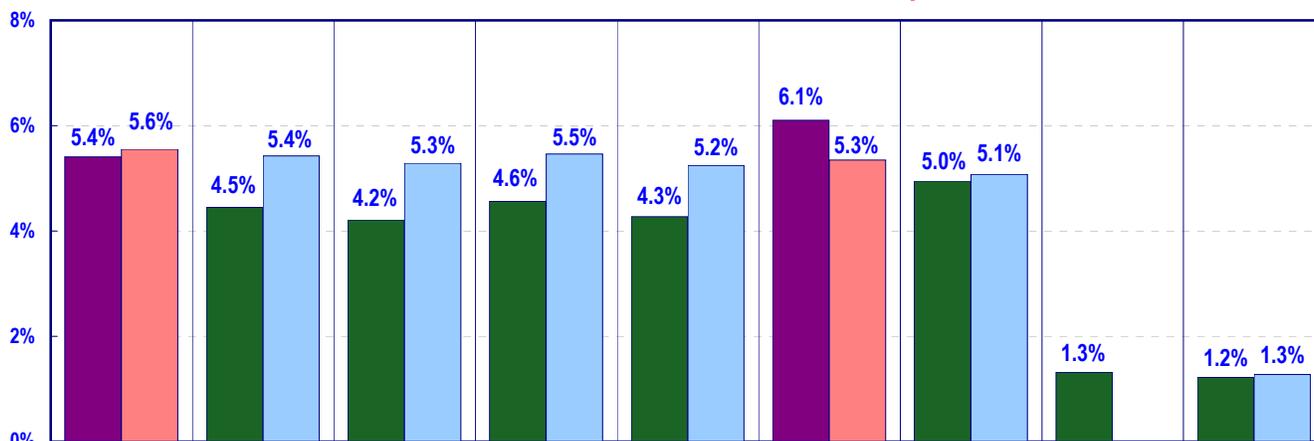
September 30, 2003

Interest Income, Performance and Duration

One Year

■ Total Return

■ Coupon or Distribution Return



	Lehman Aggregate Index	601 Agricultural Fund	604 Normal School	606 Scientific Permanent	607 State University	Custom Benchmark*	605 Common School	90-Day TBill	603 Millersylvania Park Fund
Balance - 9/30/98		\$ 98,416,153	\$187,476,591	\$138,022,725	\$20,632,813		\$163,299,702		\$5,170
Balance - 9/30/02		148,741,912	211,982,759	162,422,127	25,071,059		170,150,050		5,158
Balance - 9/30/03		150,419,488	212,856,853	165,440,525	25,239,413		172,153,767		5,155

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

Quarter	1.25%	1.22%	1.26%	1.22%		1.16%		0.26%
One Year	5.42%	5.29%	5.46%	5.24%		5.08%		1.27%
Three Year	6.34%	6.19%	6.39%	6.22%		6.00%		2.92%
Five Year	6.54%	6.40%	6.41%	6.54%		6.20%		3.97%

Total Return

Quarter	-0.15%	-0.29%	-0.23%	-0.26%	-0.27%	0.00%	-0.23%	0.25%	0.25%
One Year	5.41%	4.45%	4.21%	4.56%	4.27%	6.10%	4.95%	1.32%	1.22%
Three Year	8.95%	9.07%	9.28%	9.43%	9.51%	8.37%	8.86%	2.91%	2.76%
Five Year	6.63%	6.74%	6.78%	6.78%	7.06%	6.28%	6.44%	3.84%	3.89%
Ten Year	6.92%	7.06%	7.08%	7.02%	7.13%	6.74%	6.87%	4.54%	4.55%

Fixed Income Duration

Duration	4.41	4.48	4.53	4.48	4.45	4.41	4.69	0.24	0.10
Difference		0.07	0.11	0.06	0.04		0.27		N/A
Percent Difference		1.5%	2.6%	1.5%	0.8%		6.2%		N/A

* The custom benchmark for the Common School Fund is a combination of the Lehman Aggregate and Wilshire 5000 using the previous month-end weights adjusted for new purchases during the current month. For September 2003, the breakdown was 4.1% Wilshire 5000 and 95.9% Lehman Aggregate.

OTHER TRUST FUNDS

September 30, 2003

Market Values, Performance and Asset Allocation

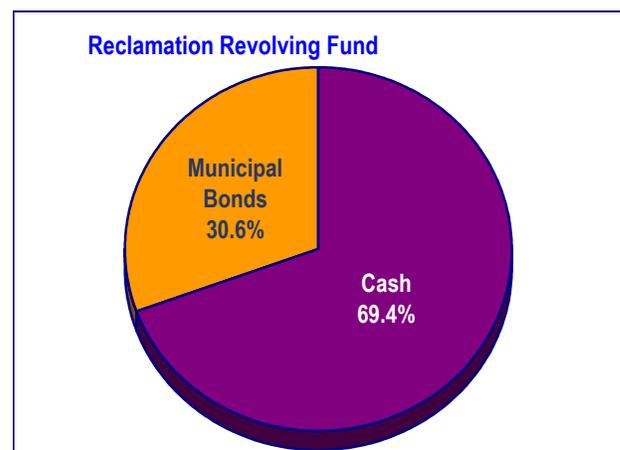


Total Return

Quarter	0.25%	0.23%	0.23%	0.25%	0.23%	0.49%	0.23%
One Year	1.32%	1.13%	1.13%	1.30%	1.13%	1.41%	1.13%
Three Year	2.91%	2.68%	2.68%	2.93%	2.68%	3.51%	2.86%
Five Year	3.84%	3.84%	3.84%	4.04%	3.84%	4.22%	N/A
Ten Year	4.54%	4.60%	4.54%	4.66%	4.50%	N/A	N/A

Portfolio Allocations

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

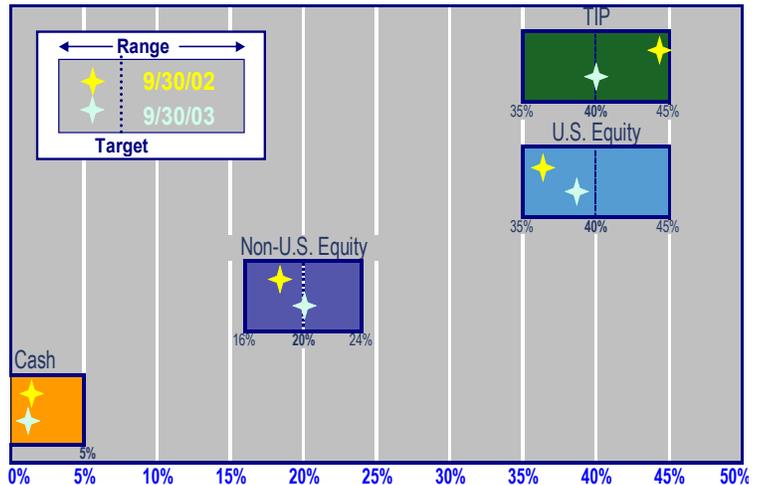


GET Portfolio Breakdown and Performance

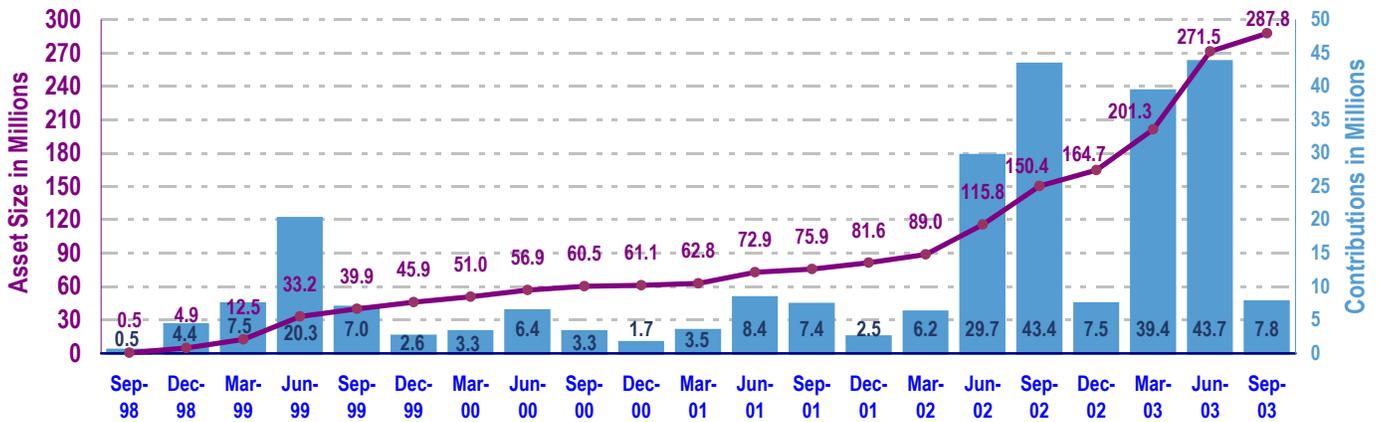
Portfolio Size

Total **\$287,796,160**

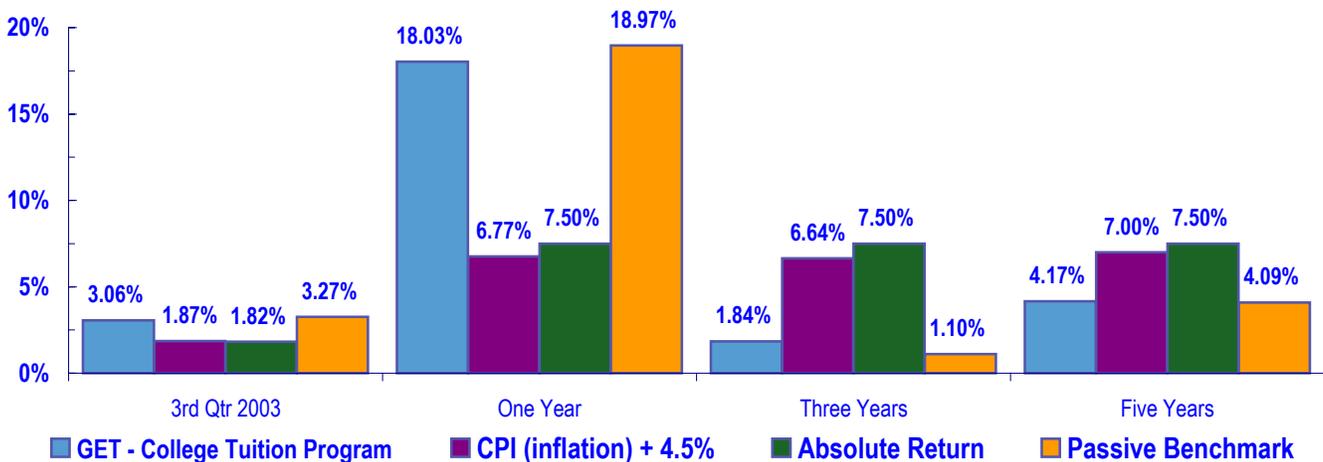
Cash	3,297,545
Treasury Inflation Index Note (TIP)	114,986,333
U.S. Equity	111,741,031
Non-U.S. Equity	57,771,251



Assets Under Management



Total Return

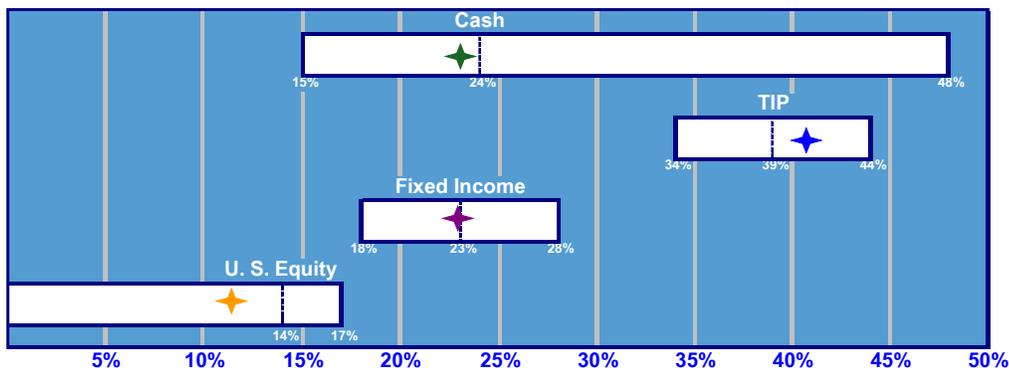
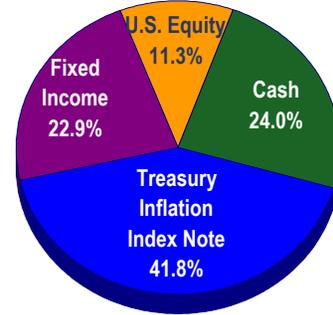


DDEF Portfolio Breakdown and Performance

Allocation

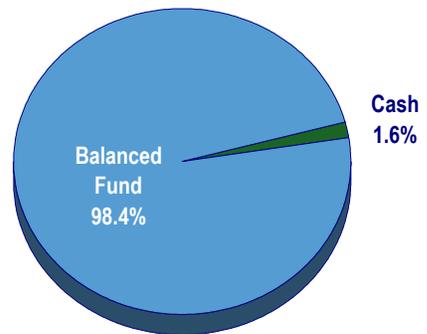
DDEF - State Funds

Total	\$6,317,007
Cash	1,513,298
Treasury Inflation Index Note	2,643,029
Fixed Income	1,447,064
U.S. Equity	713,616



DDEF - Private Funds

Total	\$309,312
Cash	-5,260
Balanced Fund	314,572



Total Return

