



Quarterly Report

December 31, 2004

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Executive Summary of Investment Performance

Retirement Funds (CTF)

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CTF Bullet Point Highlights

Capital Markets

- The Dow Jones Wilshire 5000 index returned a positive 10.2 percent for the quarter, bringing the one year return to a positive 12.5 percent.
- Small cap, as measured by the Russell 2000, earned a 14.1 percent for the quarter, outperforming large cap (Russell 1000) by 429 basis points. Small cap also outperformed large cap for the year, earning 18.3 percent compared to large cap at 11.4 percent.
- Growth underperformed value by less than 100 basis points (9.7 versus 10.64 percent) using the Russell 3000 series. On a yearly basis, growth underperformed value by more than 500 basis points.
- The non-U.S. equity market, as measured by the MSCI ACWI ex U.S., outperformed the U.S. equity market, gaining 15.4 percent for the quarter. Only one of the 48 countries in the MSCI ACWI ex U.S. Index had negative returns for the quarter, in U.S. dollars. The lowest returning country, Russia, was at -5.4 percent, and the highest returning country, Czech Republic, was at 35.6 percent.
- In the Lehman indices, emerging markets had the highest return at 5.6 percent for the quarter and asset-backed securities had the lowest at 0.4 percent. For the quarter, the 2 to 5 year maturities earned a negative return and the longer maturity securities outperformed.
- For the fourth quarter, the best performers in the NCREIF were retail, at 7.8 percent, and the Eastern region, at 5.2 percent. Total return for the index was 4.7 percent.
- GDP growth grew at a rate of 3.1 percent (annualized) for the quarter. Inflation, as measured by the CPI, was up 0.7 percent for the quarter and grew 3.4 percent for the year.
- The Fed raised the federal funds rate 25 basis points two times during the quarter, increasing the rate from 1.75 percent to 2.25 percent.

Total Fund

- The CTF increased in size during the quarter by almost \$2.8 billion.

Asset Allocation

- The majority of the asset classes in the CTF finished the quarter within their long-term targets except for real estate and non-U.S. equity. There was a transfer of \$50 million from non-U.S. equity to fund participant withdrawals and private market capital calls.

Investment Return

- The CTF's lagged return for the third quarter of 2004 is 7.2 percent; bringing the one-year return to 13.2 percent.
- The fund underperformed all benchmarks for the quarter.

CTF Bullet Point Highlights

U.S. Equity

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

Non-U.S. Equity

- The WSIB non-U.S. equity portfolio outperformed the passive benchmark for the quarter by 1 basis point but underperformed for the one-year period by 15 basis points. The WSIB portfolio continued to have positive long-term performance outperforming the benchmarks annualized ten-year return by 11 basis points
- Only four of the ten developed managers outperformed for the quarter. The two managers retained after the restructuring have both outperformed for the one- and five-year periods. Mondrian (formerly called Delaware) outperformed by 509 basis points on an annualized basis for the five-year period.
- Two of the three emerging market managers outperformed for the quarter, and one, GMO, outperformed for the year. Of the two emerging market managers who have five years of performance history with the WSIB, one has outperformed the benchmark (see page 11).

Fixed Income

- The WSIB fixed income portfolio has outperformed the Lehman Universal in all time frames except FYTD and has outperformed the Lehman Aggregate for all periods.

Private Equity

- The WSIB private equity non-lagged return for the quarter ended September 30, 2004, was 4.6 percent. The one-year return was 22.2 percent, higher than the benchmark, S&P 500 plus 500 basis points, at 18.9 percent.
- The WSIB LP portfolio returned 2.0 percent, and the WSIB KKR portfolio returned 13.5 percent for the quarter.
- As of September 30, 2004, there was \$4.3 billion in open commitments.

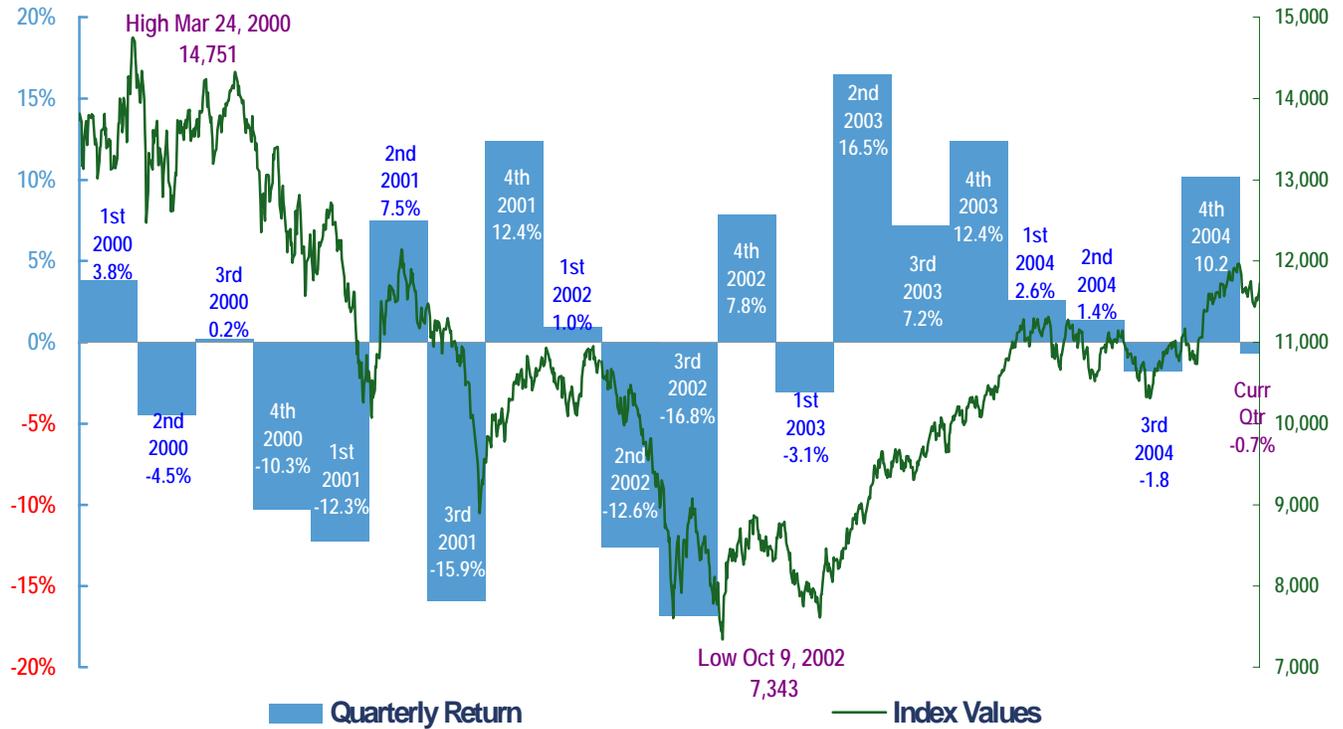
Real Estate

- The WSIB Real Estate non-lagged return for the quarter ended, September 30, 2004, was 3.1 percent, lower than the NCREIF+100 basis point index of 3.4 percent. For the one-year period, the return of 11.3 percent was 200 basis points below the NCREIF+100 basis point index of 13.4 percent.
- As of September 30, 2004, there was just over \$3.1 billion in open commitments.

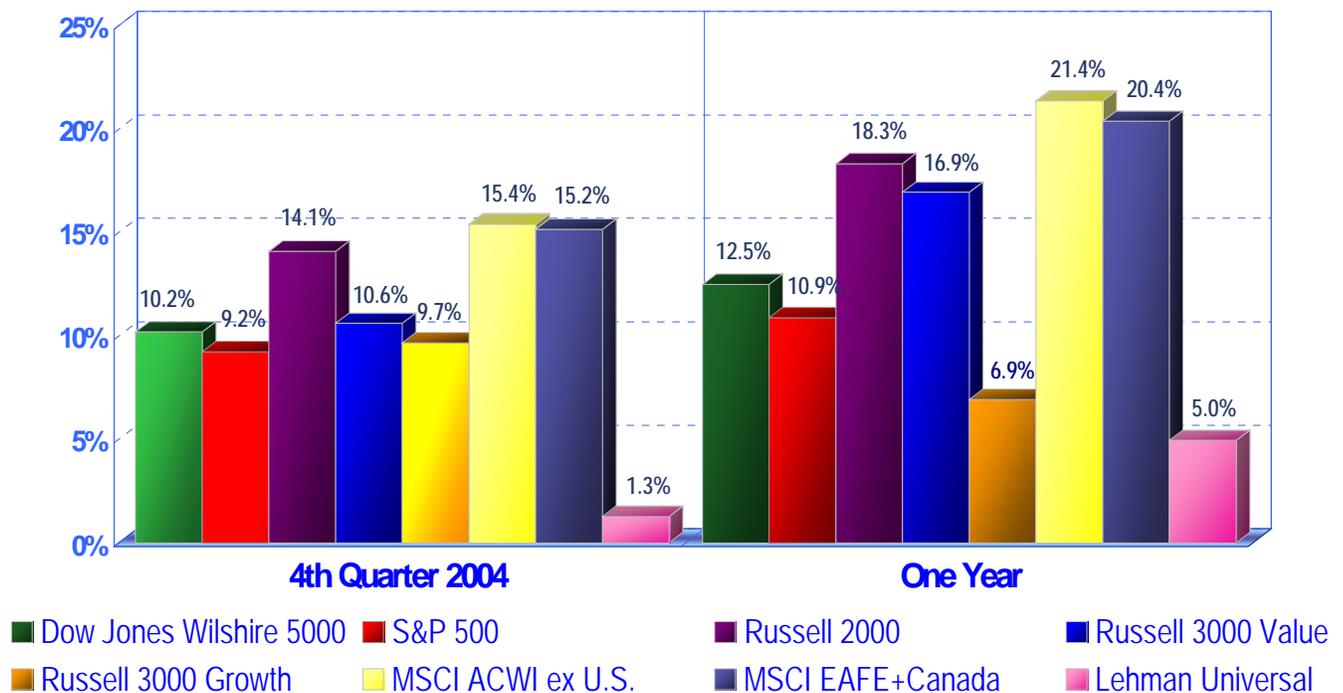
Capital Market Environment

Dow Jones Wilshire 5000

January 1, 2000 - February 4, 2005



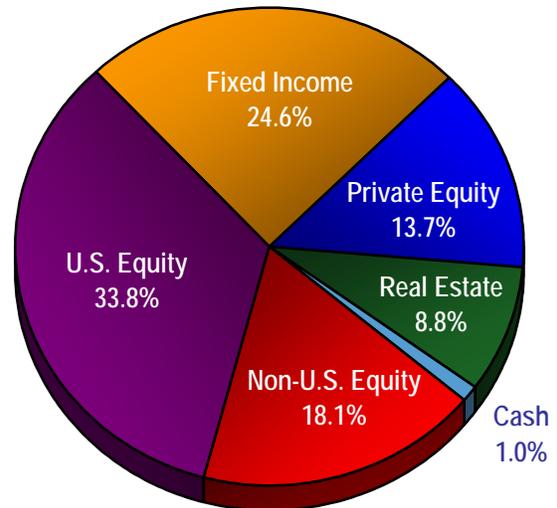
Capital Market Returns



CTF Asset Allocation

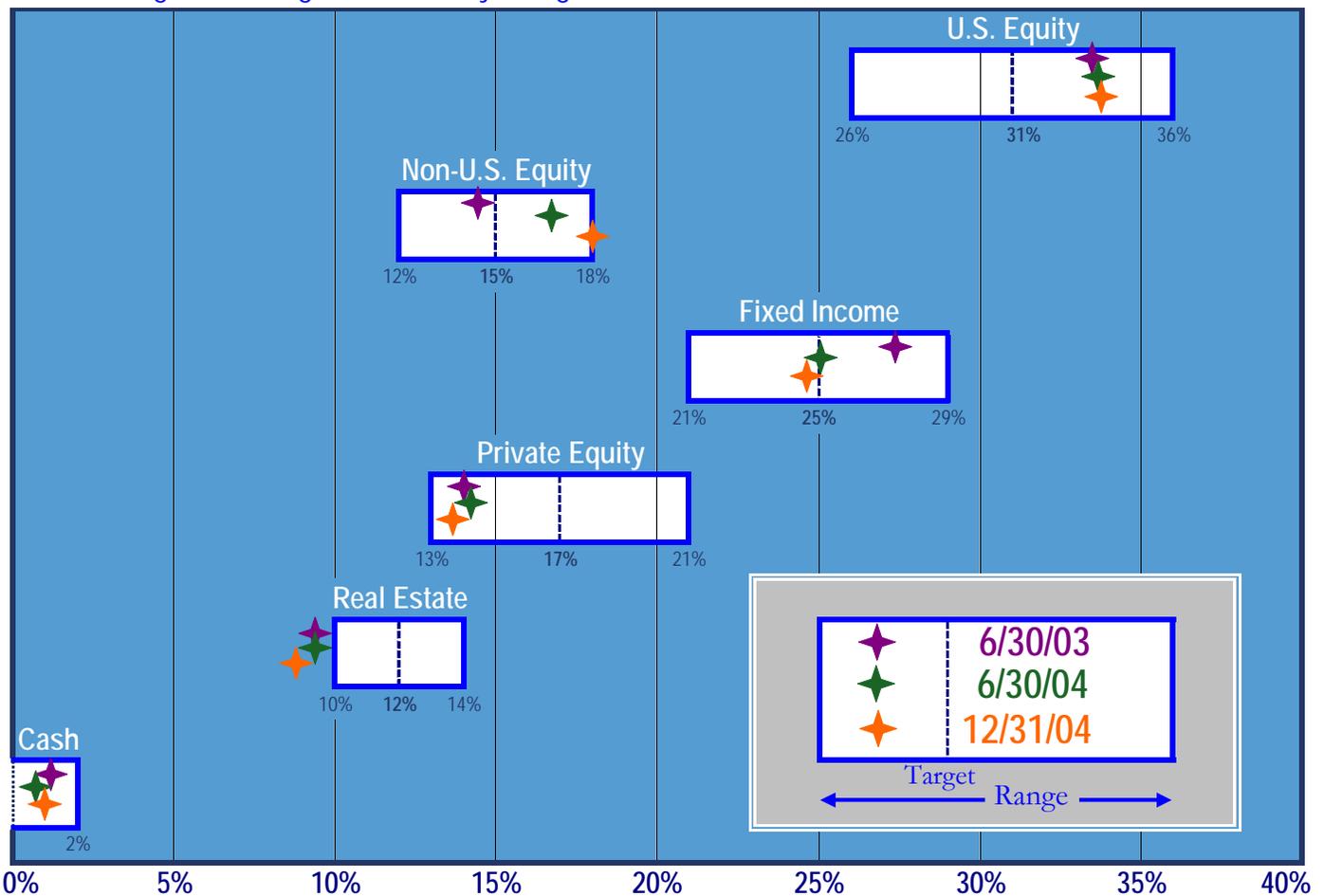
December 31, 2004

| Asset Class | Market Value (000s) |
|-------------------|----------------------|
| U.S. Equity | \$ 15,603,611 |
| Non-U.S. Equity | 8,338,681 |
| Fixed Income | 11,386,539 |
| Private Equity | 6,323,978 |
| Real Estate | 4,063,955 |
| Cash | 480,424 |
| Total Fund | \$ 46,197,188 |



Current Allocation

Versus Long-Term Targets and Policy Ranges



Market Values & Net Investment Performance - Lagged¹

Periods Ended December 31, 2004

Market Values in \$000s

| | | | <u>Quarter</u> | <u>FYTD</u> | <u>1 Year</u> | <u>3 Year</u> | <u>5 Year</u> | <u>10 Year</u> |
|---|----------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total Fund | \$ 46,197,188 | 100.0% | 7.23 % | 8.74 % | 13.19 % | 7.73 % | 3.63 % | 10.52 % |
| <i>MAP Benchmark²</i> | | | <i>8.69</i> | <i>8.60</i> | <i>11.91</i> | <i>7.30</i> | <i>1.49</i> | <i>9.80</i> |
| <i>Structural Benchmark³</i> | | | <i>7.24</i> | <i>1.54</i> | <i>5.62</i> | <i>4.96</i> | <i>1.60</i> | <i>9.37</i> |
| <i>TUCS Public Fund >\$1B Median⁴</i> | | | <i>8.03</i> | <i>8.28</i> | <i>11.72</i> | <i>7.40</i> | <i>3.59</i> | <i>10.26</i> |
| <i>TUCS Public/Corporate Fund >\$1B Median⁴</i> | | | <i>8.03</i> | <i>8.56</i> | <i>11.96</i> | <i>7.73</i> | <i>3.86</i> | <i>10.60</i> |
| U.S. Equity | \$ 15,603,611 | 33.8% | 10.14 % | 8.14 % | 12.46 % | 5.28 % | -1.13 % | 11.94 % |
| <i>Dow Jones Wilshire 5000</i> | | | <i>10.19</i> | <i>8.17</i> | <i>12.49</i> | <i>5.43</i> | <i>-1.44</i> | <i>11.91</i> |
| <i>S&P 500</i> | | | <i>9.23</i> | <i>7.19</i> | <i>10.88</i> | <i>3.59</i> | <i>-2.30</i> | <i>12.07</i> |
| Non-U.S. Equity | \$ 8,338,681 | 18.1% | 15.42 % | 17.15 % | 21.11 % | 13.10 % | 0.31 % | 6.13 % |
| <i>MSCI ACWI ex U.S.</i> | | | <i>15.41</i> | <i>16.58</i> | <i>21.36</i> | <i>13.56</i> | <i>0.02</i> | <i>6.02</i> |
| <i>MSCI EAFE</i> | | | <i>15.32</i> | <i>15.00</i> | <i>20.25</i> | <i>11.89</i> | <i>-1.13</i> | <i>5.62</i> |
| Fixed Income | \$ 11,386,539 | 24.6% | 1.30 % | 4.54 % | 5.15 % | 7.23 % | 8.34 % | 8.18 % |
| <i>Lehman Universal</i> | | | <i>1.28</i> | <i>4.78</i> | <i>4.95</i> | <i>6.85</i> | <i>7.89</i> | <i>7.88</i> |
| Cash | \$ 480,424 | 1.0% | 0.47 % | 0.75 % | 1.21 % | 1.41 % | 2.06 % | 3.85 % |
| <i>90 Day T-Bills</i> | | | <i>0.48</i> | <i>0.85</i> | <i>1.33</i> | <i>1.42</i> | <i>2.95</i> | <i>4.19</i> |
| Private Equity⁵ | \$ 6,323,978 | 13.7% | 4.61 % | 10.49 % | 22.19 % | 5.68 % | 6.46 % | 13.67 % |
| <i>S&P 500 + 500 bp lagged one quarter</i> | | | <i>-0.64</i> | <i>6.82</i> | <i>18.87</i> | <i>9.05</i> | <i>3.69</i> | <i>16.08</i> |
| Real Estate⁵ | \$ 4,063,955 | 8.8% | 3.10 % | 5.23 % | 11.32 % | 11.16 % | 11.66 % | 15.40 % |
| <i>NCREIF + 100 bp lagged one quarter</i> | | | <i>3.42</i> | <i>6.66</i> | <i>13.41</i> | <i>9.61</i> | <i>10.54</i> | <i>11.57</i> |
| <i>CPI</i> | | | <i>0.74 %</i> | <i>0.90 %</i> | <i>3.35 %</i> | <i>2.55 %</i> | <i>2.51 %</i> | <i>2.44 %</i> |

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 September 30, 2004, market values, plus cash flows for the fourth quarter of 2004. For compositing purposes the private equity return is calculated using geometrically linked quarterly IRRs. For true IRR return please see PCG's quarterly report.

CTF Historical Performance and Assets Under Management

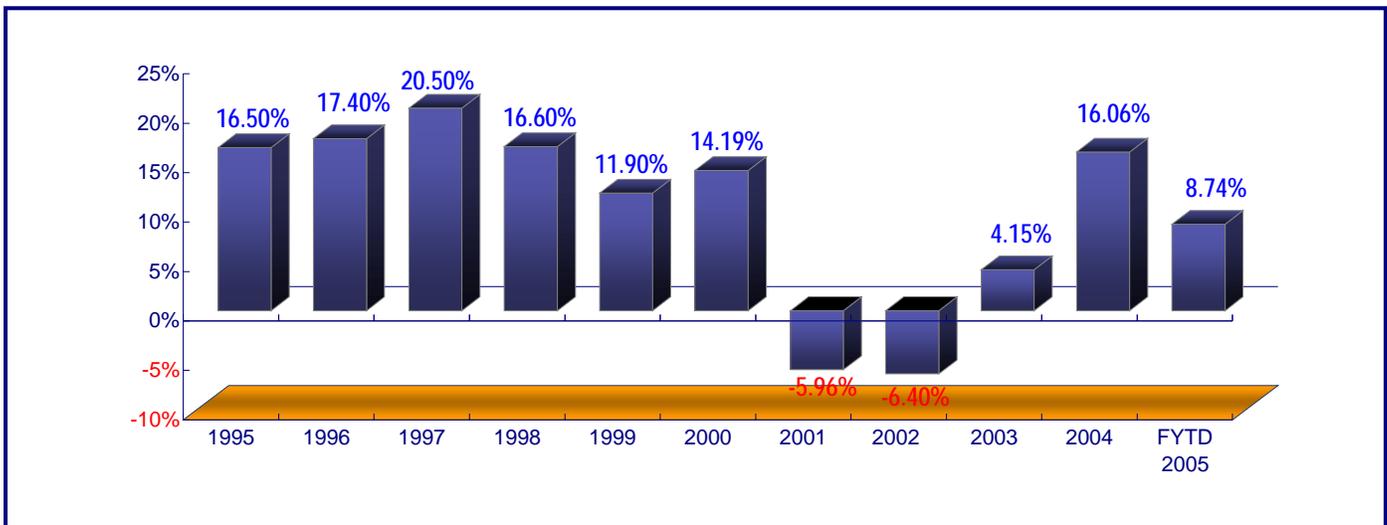
December 31, 2004

Market Values in \$000s

| | | |
|-----------------------------|----|------------|
| CTF Market Value: | \$ | 46,197,188 |
| Net Change this Quarter: | \$ | 2,784,732 |
| Net Change for Fiscal Year: | \$ | 2,807,657 |

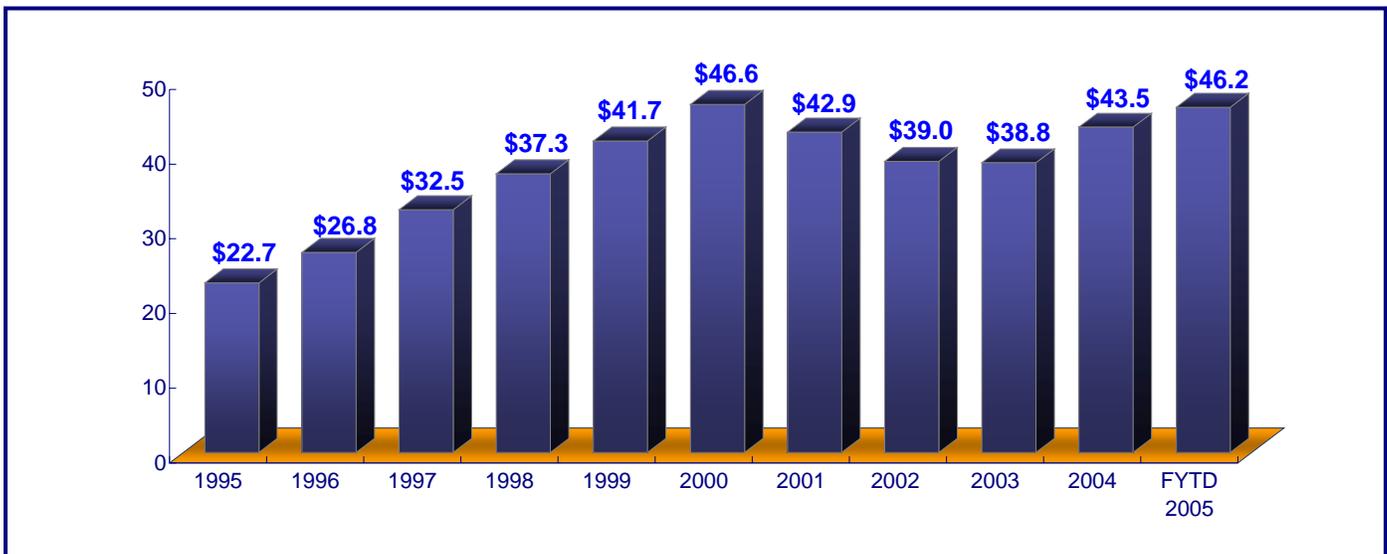
Annual Performance

Fiscal Years Ended June 30



Assets Under Management- (\$ Billions)

Fiscal Years Ended June 30



U.S. Equity

December 31, 2004

Market Values in \$000s

Market Value: \$ 15,603,611
100% passively managed by Barclays Global Investors

Ten Largest Holdings (4,129 total holdings versus 4,989 in the index)

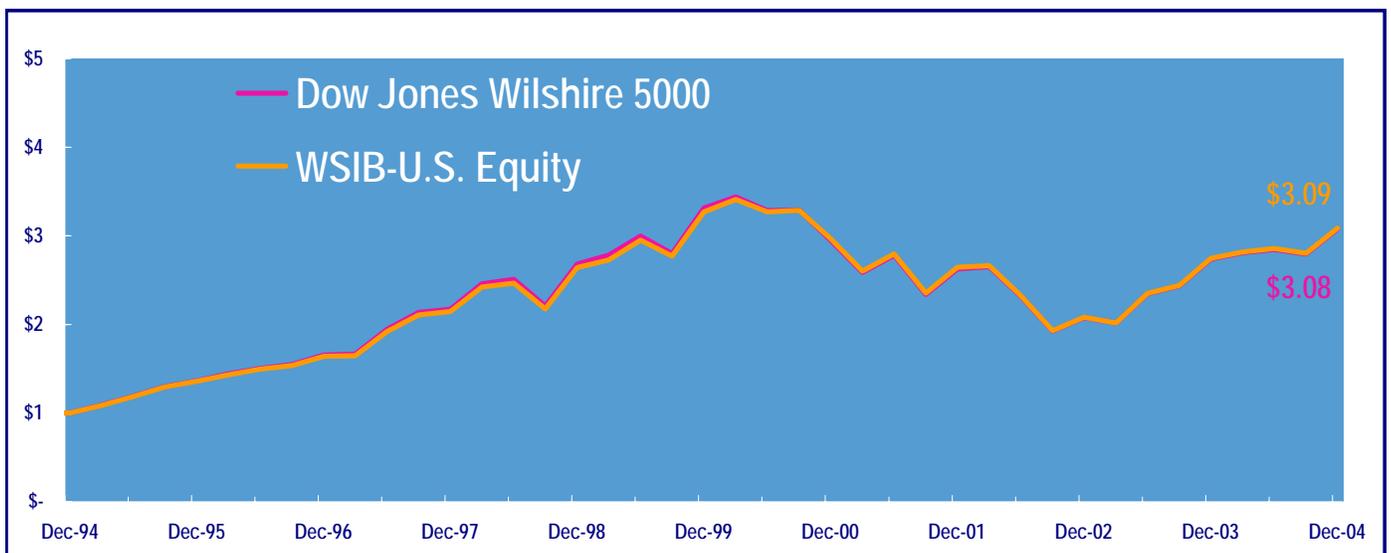
| | | | |
|----------------------|-------|-------------------------------|-------|
| General Electric Co. | 2.84% | Bank Of America Corp. | 1.40% |
| Exxon Mobil Corp. | 2.48% | Johnson & Johnson | 1.39% |
| Microsoft Corp. | 1.90% | Int'l Business Machines Corp. | 1.24% |
| Citigroup Inc. | 1.83% | Intel Corporation | 1.11% |
| Pfizer Inc. | 1.49% | American Int'l Group, Inc. | 1.11% |

(The top ten companies represent almost 16.7% of the portfolio, the top 100 approximately 52.7%)

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 | 10.14% | 8.14% | 12.46% | 5.28% | -1.13% | 11.94% |
| <i>Dow Jones Wilshire 5000</i> | <i>10.19</i> | <i>8.17</i> | <i>12.49</i> | <i>5.43</i> | <i>-1.44</i> | <i>11.91</i> |
| <i>S & P 500</i> | <i>9.23</i> | <i>7.19</i> | <i>10.88</i> | <i>3.59</i> | <i>-2.30</i> | <i>12.07</i> |
| <i>Russell 3000</i> | <i>10.16</i> | <i>8.06</i> | <i>11.95</i> | <i>4.80</i> | <i>-1.16</i> | <i>12.01</i> |

Growth of a Dollar



Non-U.S. Equity

December 31, 2004

Market Values in \$000s

Market Value: \$ 8,338,681

The portfolio has 2,327 holdings versus 1,892 in the index. The top ten holdings represent about 11.0 percent of the portfolio and the top 100 approximately 45.1 percent. The portfolio has exposure to 612 countries: 22 developed, 25 emerging, and 14 other (as defined by MSCI AWCI ex U.S.).

Ten Largest Exposures by Country

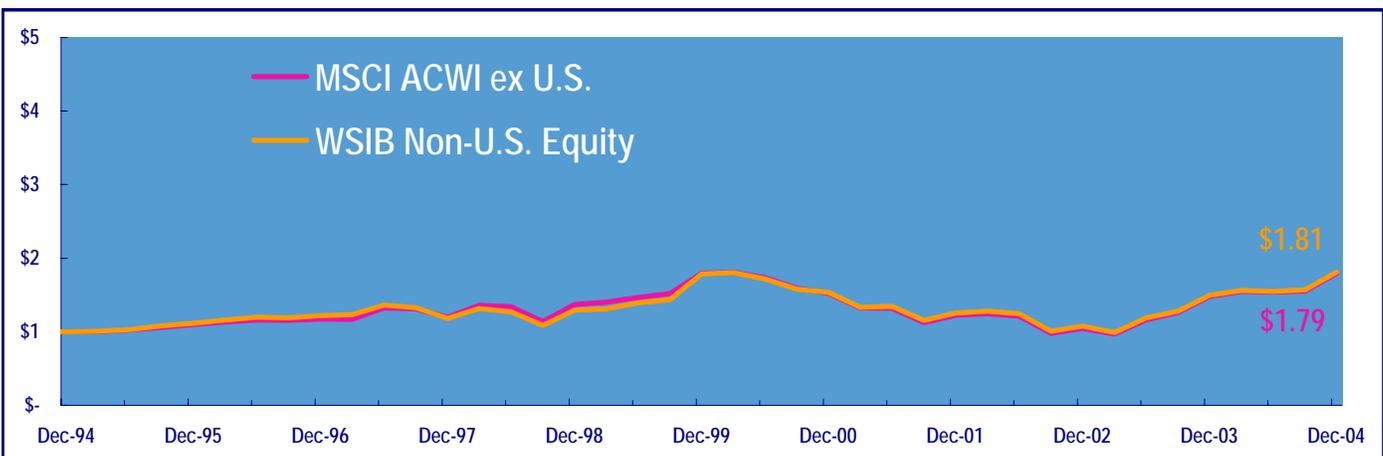
| | CTF <u>Weight</u> | Index <u>Weight</u> | | CTF <u>Weight</u> | Index <u>Weight</u> |
|----------------|----------------------|------------------------|-------------|----------------------|------------------------|
| United Kingdom | 19.1% | 21.0% | Canada | 4.5% | 5.6% |
| Japan | 17.7% | 18.4% | Netherlands | 4.1% | 4.0% |
| France | 8.2% | 7.9% | Australia | 4.0% | 4.3% |
| Germany | 6.1% | 5.9% | Italy | 3.9% | 3.6% |
| Switzerland | 4.6% | 5.7% | Spain | 3.6% | 3.4% |

The ten largest country exposures comprise 75.7% of the portfolio versus the index at 79.8%.

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 | 15.42% | 17.15% | 21.11% | 13.10% | 0.31% | 6.13% |
| <i>MSCI ACWI ex U.S.</i> | <i>15.41</i> | <i>16.58</i> | <i>21.36</i> | <i>13.56</i> | <i>0.02</i> | <i>6.02</i> |
| <i>MSCI EAFE+Canada</i> | <i>15.15</i> | <i>15.37</i> | <i>20.38</i> | <i>12.22</i> | <i>-0.77</i> | <i>5.82</i> |
| <i>Emerging Markets</i> <i>(MSCI after 6/02; IFC before)</i> | <i>17.24</i> | <i>26.78</i> | <i>25.55</i> | <i>23.27</i> | <i>5.40</i> | <i>3.77</i> |
| <i>MSCI Europe</i> | <i>15.92</i> | <i>17.32</i> | <i>20.88</i> | <i>10.98</i> | <i>0.06</i> | <i>10.54</i> |
| <i>MSCI Pacific Basin</i> | <i>13.96</i> | <i>9.97</i> | <i>18.98</i> | <i>14.33</i> | <i>-3.72</i> | <i>-0.67</i> |

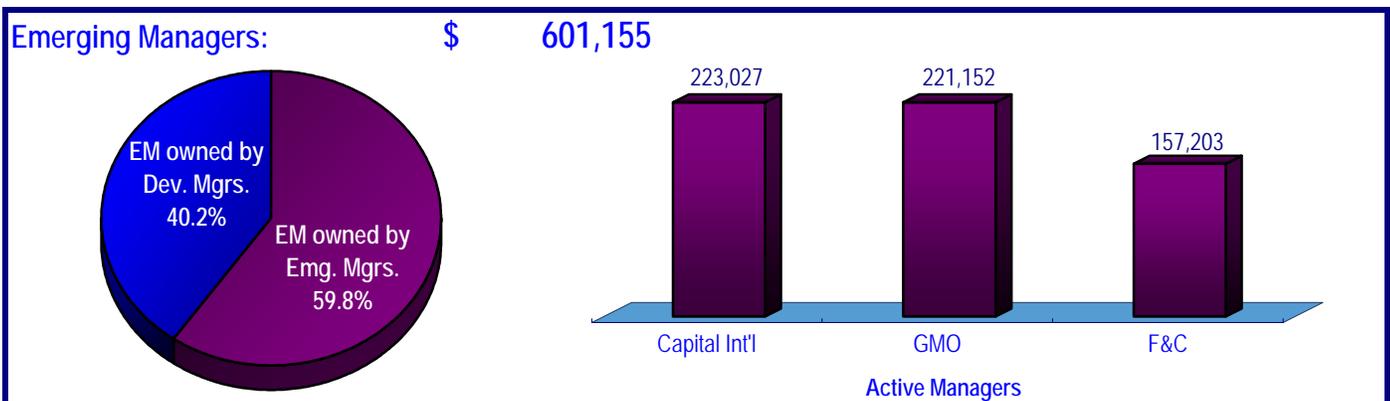
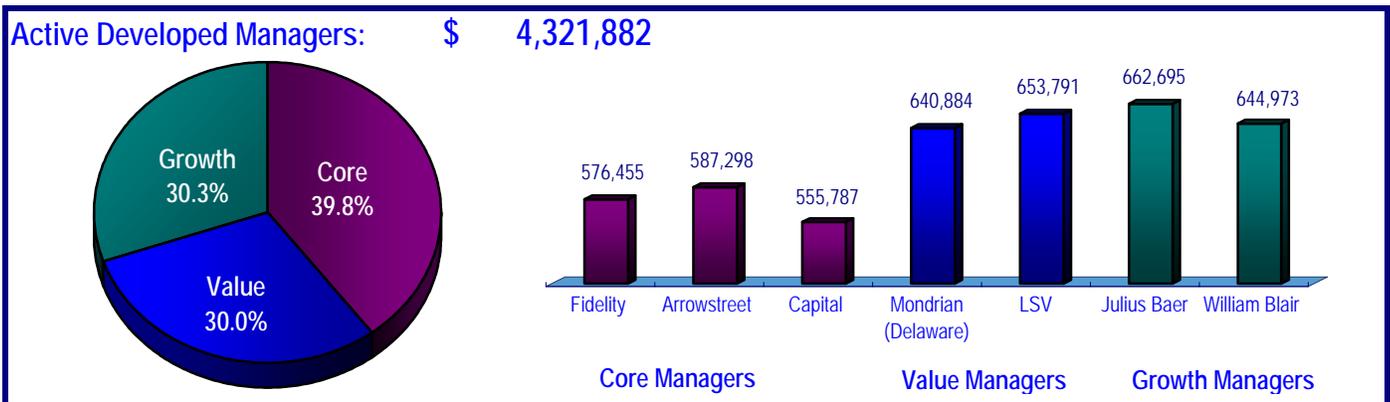
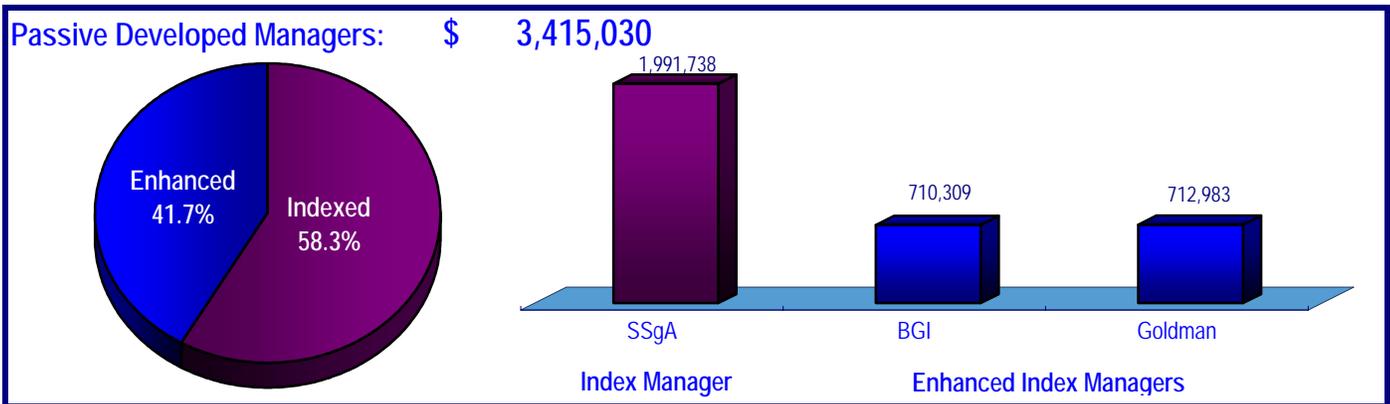
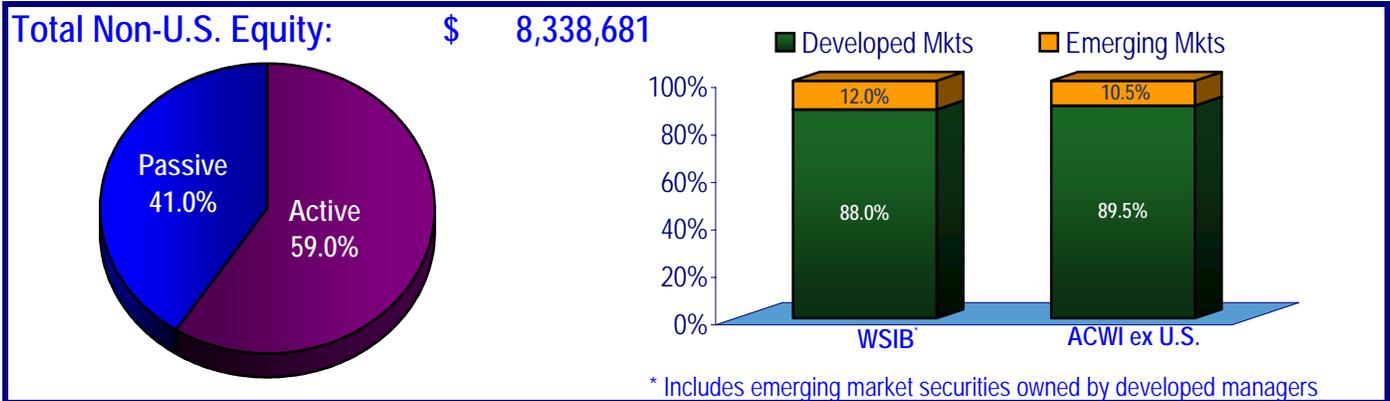
Growth of a Dollar



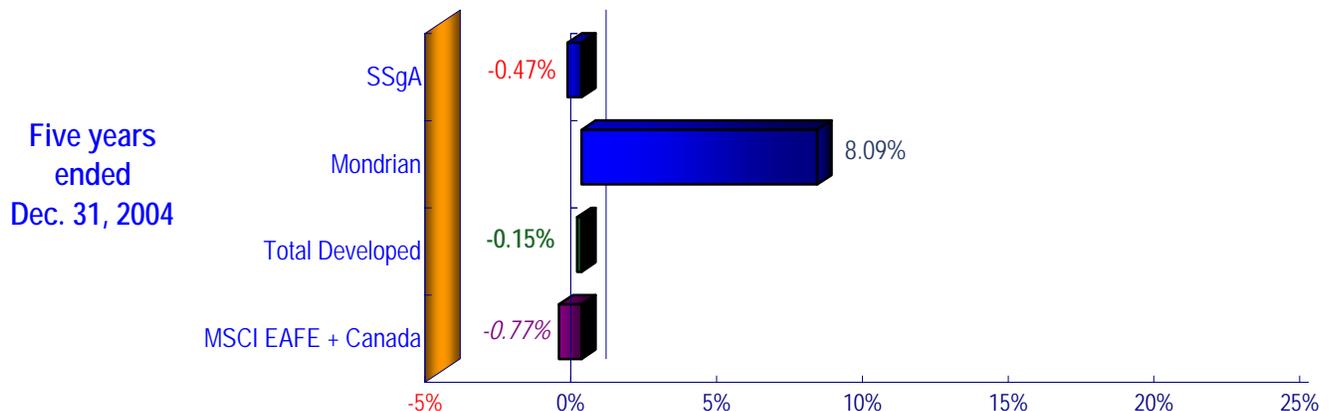
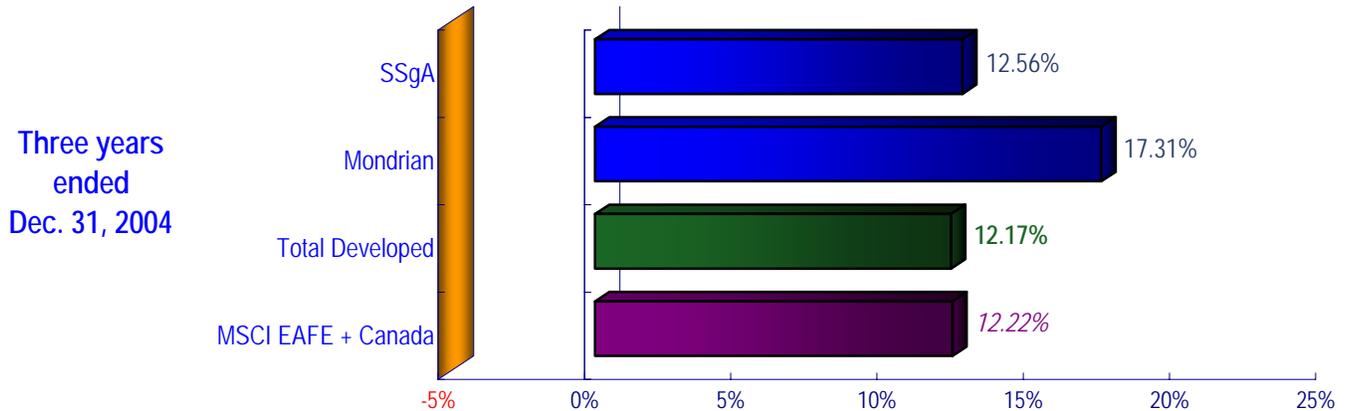
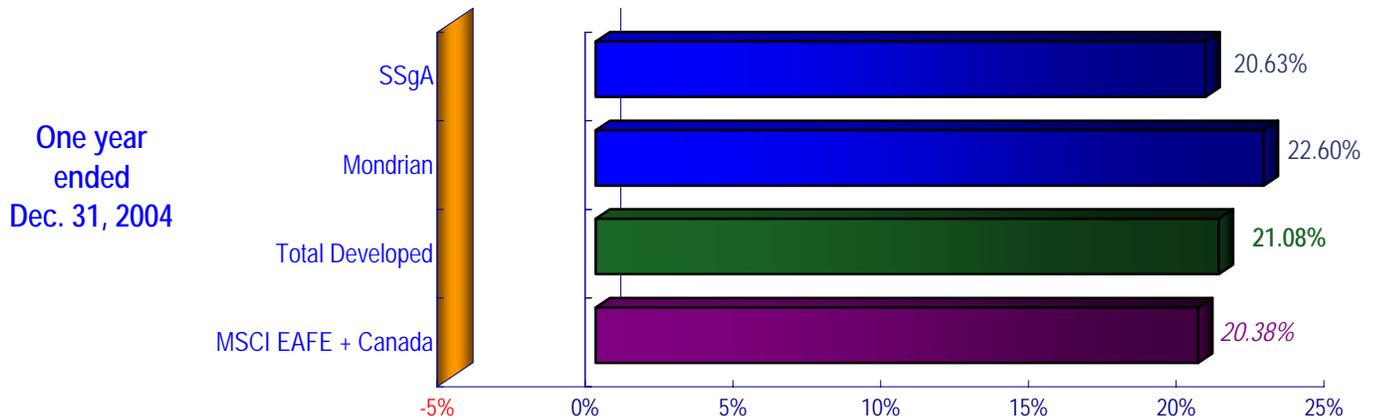
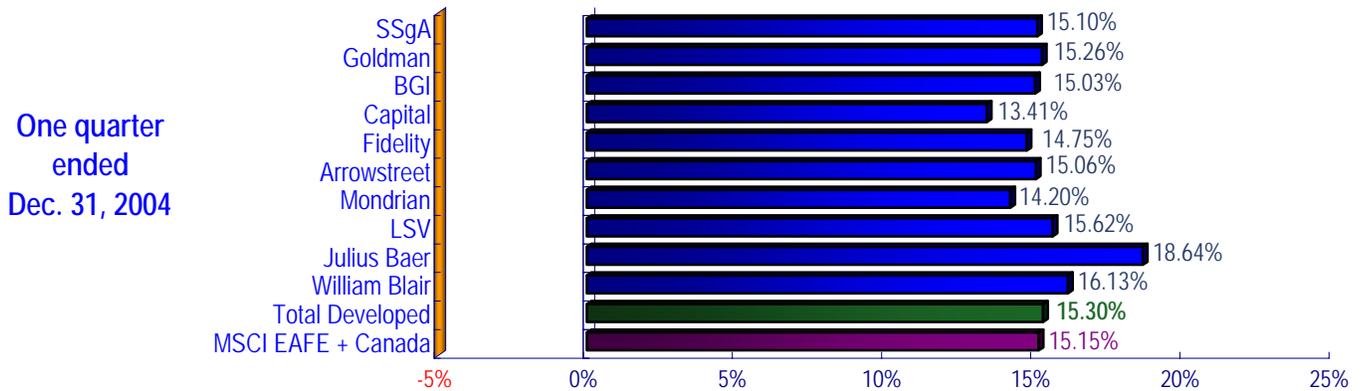
Non-U.S. Equity

December 31, 2004

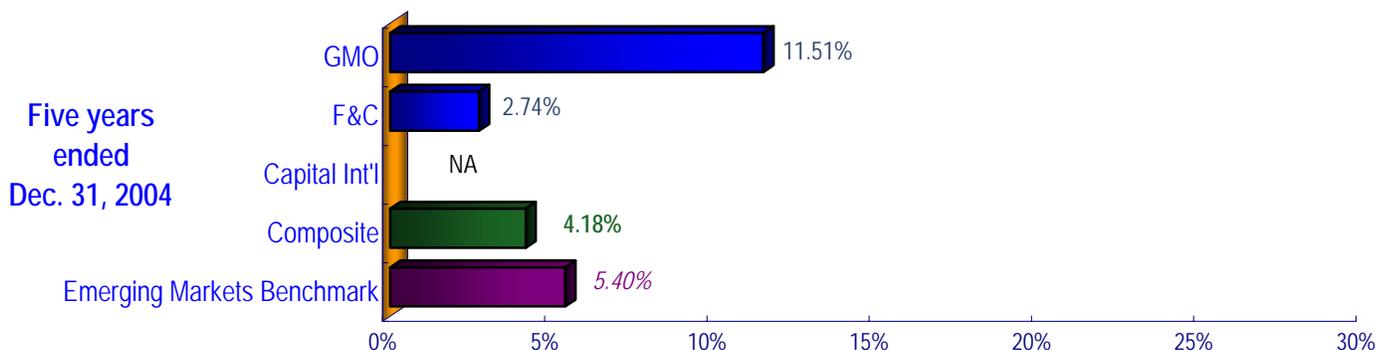
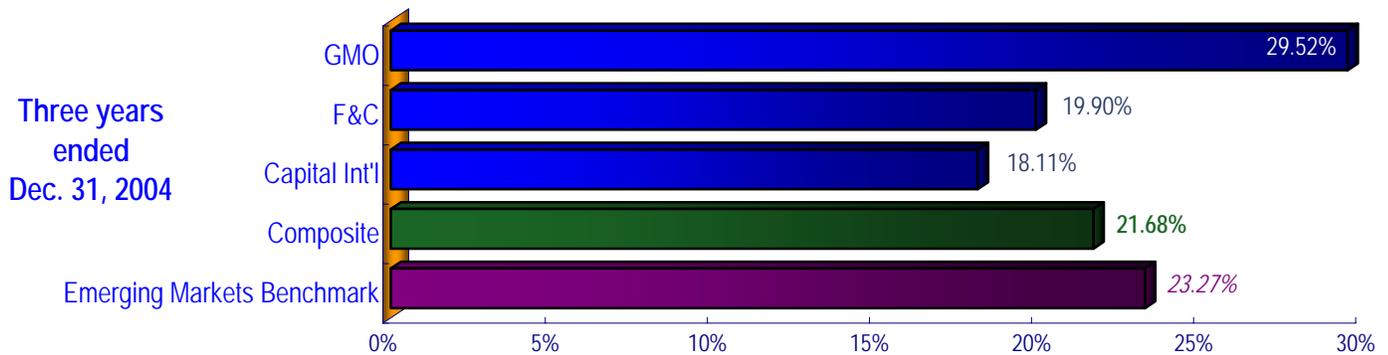
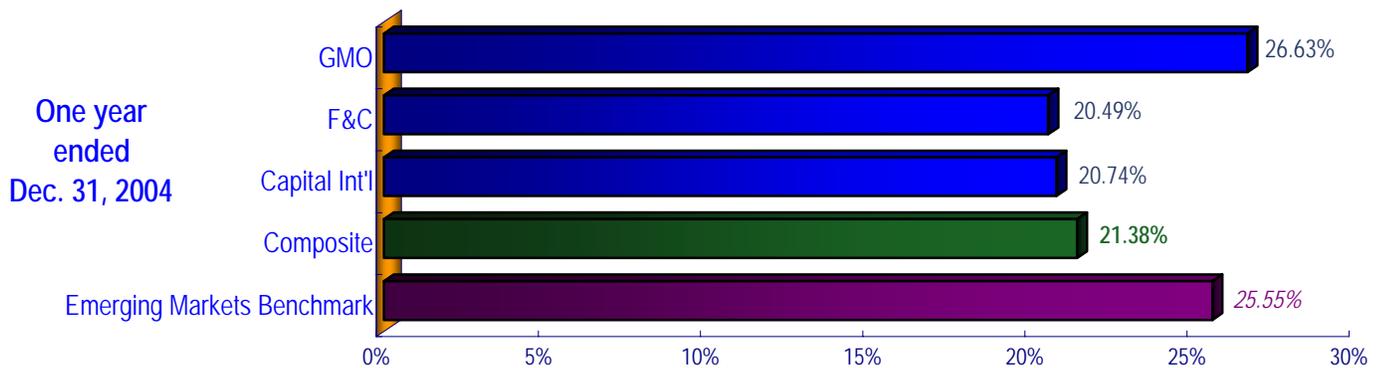
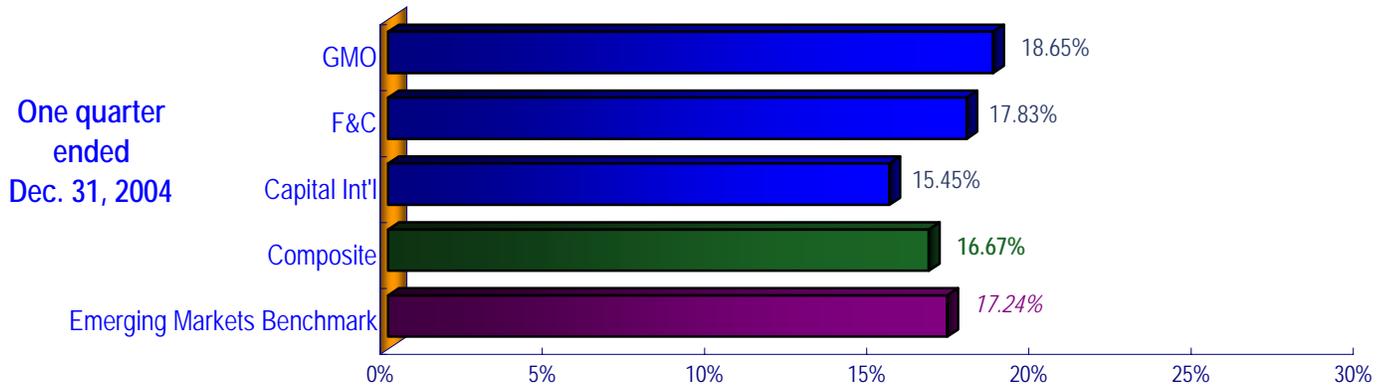
Market Values in \$000s



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



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



Fixed Income

December 31, 2004

Market Values in \$000s

Market Value: \$ 11,386,539

100% actively managed by WSIB staff

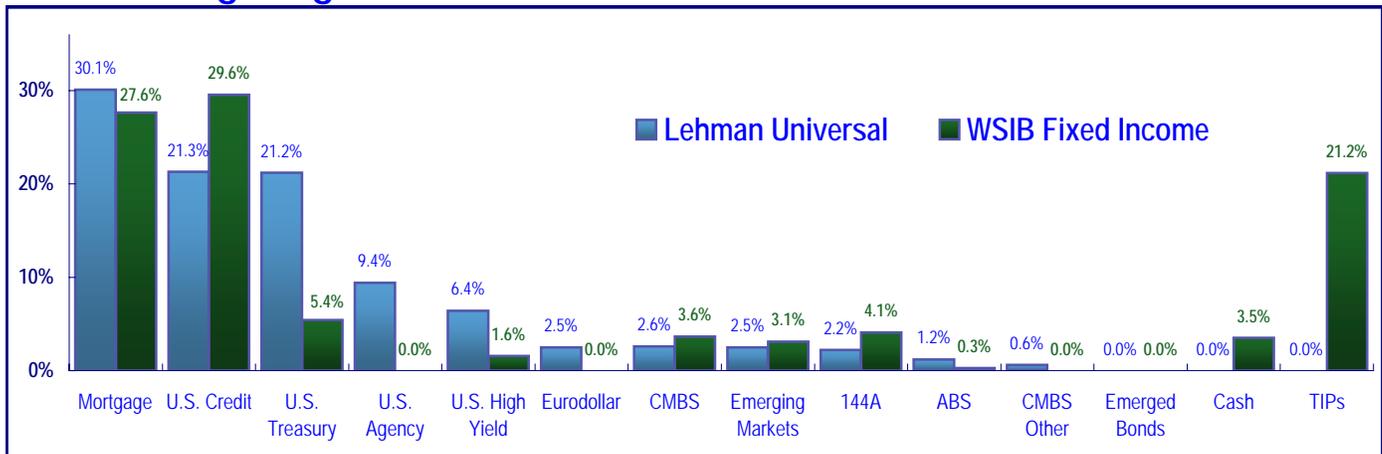
Duration

| | Sep-04 | Dec-04 |
|------------------|--------|--------|
| WSIB Portfolio | 3.75 | 3.70 |
| Lehman Universal | 4.51 | 4.41 |
| Difference | -16.9% | -16.1% |

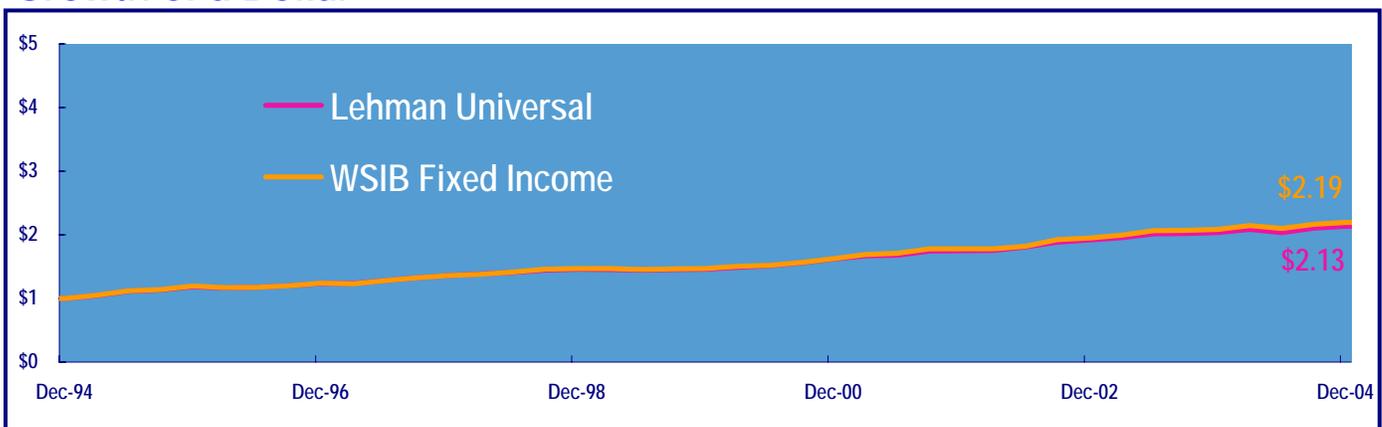
Performance

| | Qtr. | FYTD | 1 Year | 3 Year | 5 Year | 10 Year |
|-------------------|-------|-------|--------|--------|--------|---------|
| WSIB Fixed Income | 1.30% | 4.54% | 5.15% | 7.23% | 8.34% | 8.18% |
| Lehman Universal | 1.28 | 4.78 | 4.95 | 6.85 | 7.89 | 7.88 |
| Lehman Aggregate | 0.95 | 4.18 | 4.34 | 6.20 | 7.71 | 7.72 |

Sector Weighting



Growth of a Dollar



Private Equity

Market Values in \$000s

Market Value: **\$6,323,978**

Unfunded Commitments **\$ 4.3 billion**

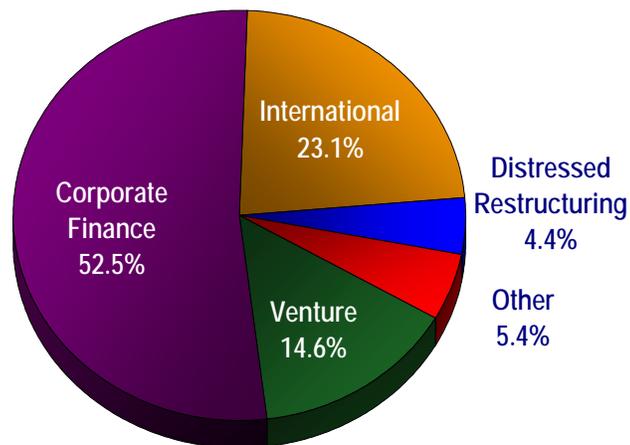
Net Performance as of September 30, 2004

| | <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 | 4.6% | 10.5% | 22.2% | 5.7% | 6.5% | 13.7% |
| KKR | 13.5% | 17.8% | 28.6% | 10.5% | 4.3% | 11.4% |
| LP Portfolio | 2.0% | 8.3% | 20.3% | 4.2% | 9.0% | 16.3% |
| <i>S&P 500+500 bp (6/30/04)</i> | <i>-0.6%</i> | <i>6.8%</i> | <i>18.9%</i> | <i>9.1%</i> | <i>3.7%</i> | <i>16.1%</i> |

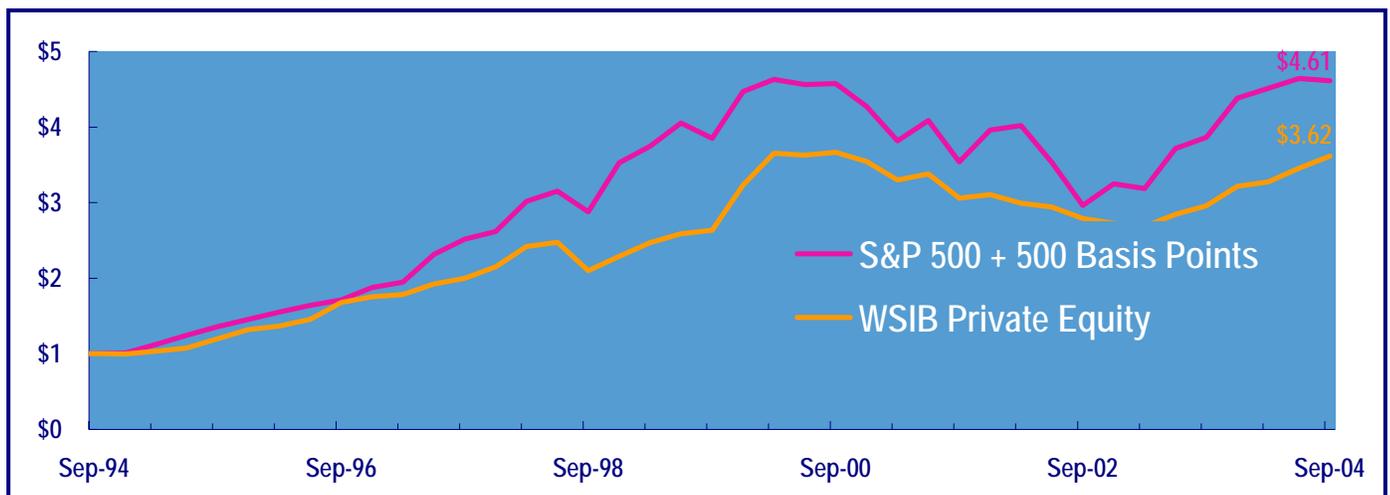
Return is calculated using geometrically linked quarterly IRRs. For true IRR return please see PCG's quarterly report.

185 Partnerships

87 Private Equity General Partners



Growth of a Dollar



Real Estate

Market Values in \$000s

Market Value: **\$4,063,955**

Unfunded Commitments **\$3.1 billion**

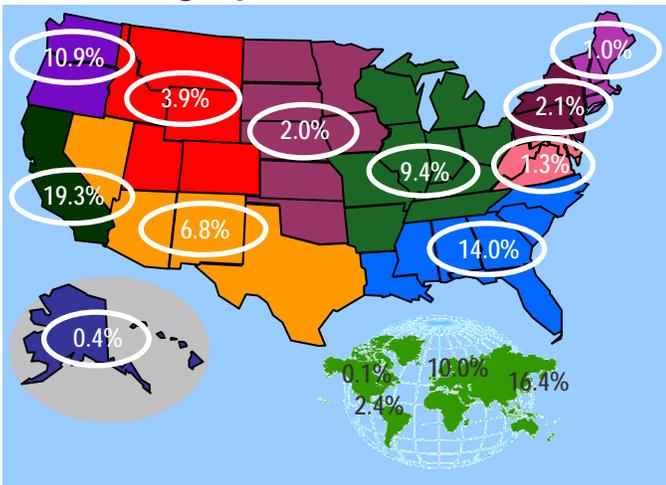
Net Performance as of September 30, 2004

| | <u>Qtr.</u> | <u>FYTD</u> | <u>1 Year</u> | <u>3 Year</u> | <u>5 Year</u> |
|----------------------------------|-------------|-------------|---------------|---------------|---------------|
| CTF Real Estate | 3.1% | 5.2% | 11.3% | 11.2% | 11.7% |
| <i>NCREIF + 100 basis points</i> | <i>3.4%</i> | <i>6.7%</i> | <i>13.4%</i> | <i>9.6%</i> | <i>10.5%</i> |

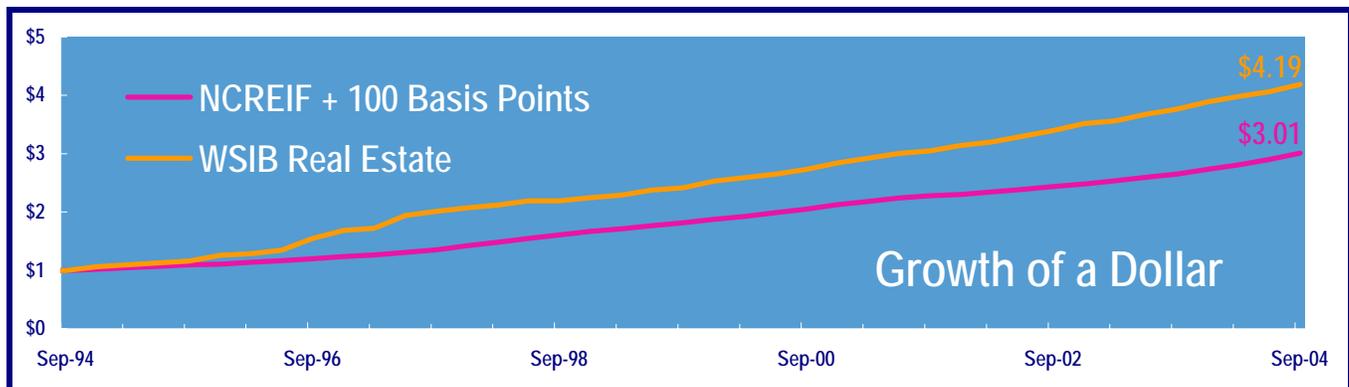
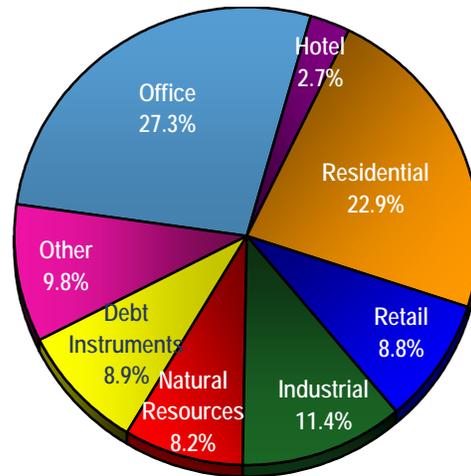
Largest Managers

| | |
|--|--------------|
| Hometown America | 16.5% |
| Principal Enterprise Capital (PEC) | 15.6% |
| Hudson Advisors (LoneStar) | 15.5% |
| Pacific Realty Associates, L.P. (PacSIB, PacTrust) | 8.6% |
| Campbell Group (Hawthorne Timber) | 7.2% |
| <i>Representation in the Real Estate portfolio</i> | <i>63.4%</i> |

Geographical Distribution



Property Type Distribution



Manager Performance versus S&P 500

December 31, 2004

Numbers in Percent

| | Quarter | FYTD | 1 Year | 3 Year | 5 Year | 10 Year |
|---------------|---------|------|--------|--------|--------|---------|
| S&P 500 Index | 9.23 | 7.19 | 10.88 | 3.59 | -2.30 | 12.07 |

U.S. Equity

Barclays Global Investors

| | | | | |
|-------|------|-------|------|-------|
| 10.14 | 8.14 | 12.46 | 5.28 | -1.13 |
|-------|------|-------|------|-------|

U.S. Equity Composite

| | | | | | |
|-------|------|-------|------|-------|-------|
| 10.14 | 8.14 | 12.46 | 5.28 | -1.13 | 11.94 |
|-------|------|-------|------|-------|-------|

Non-U.S. Equity

Developed Markets

State Street Global Advisors

| | | | | |
|-------|-------|-------|-------|-------|
| 15.10 | 15.42 | 20.63 | 12.56 | -0.47 |
|-------|-------|-------|-------|-------|

Barclays Global Investors

| | |
|-------|-------|
| 15.03 | 16.34 |
|-------|-------|

Goldman Sachs Asset Mgt.

| | |
|-------|-------|
| 15.26 | 15.82 |
|-------|-------|

Arrowstreet Capital, L.P

| | |
|-------|-------|
| 15.06 | 19.11 |
|-------|-------|

Fidelity Management Trust Co.

| | |
|-------|-------|
| 14.75 | 15.90 |
|-------|-------|

Capital Guardian Trust Co.

| | |
|-------|-------|
| 13.41 | 12.78 |
|-------|-------|

Mondrian Investment Partners

| | | | | |
|-------|-------|-------|-------|------|
| 14.20 | 17.77 | 22.60 | 17.31 | 8.09 |
|-------|-------|-------|-------|------|

LSV Asset Management

| |
|-------|
| 15.62 |
|-------|

William Blair & Company

| | |
|-------|-------|
| 16.13 | 15.46 |
|-------|-------|

Julius Baer Investment Mgt.

| | |
|-------|-------|
| 18.64 | 19.47 |
|-------|-------|

Emerging Markets

Capital International, Inc.

| | | | |
|-------|-------|-------|-------|
| 15.45 | 24.28 | 20.74 | 18.11 |
|-------|-------|-------|-------|

F&C Emerging Markets Limited

| | | | | |
|-------|-------|-------|-------|------|
| 17.83 | 23.71 | 20.49 | 19.90 | 2.74 |
|-------|-------|-------|-------|------|

Grantham, Mayo, Van Otterloo

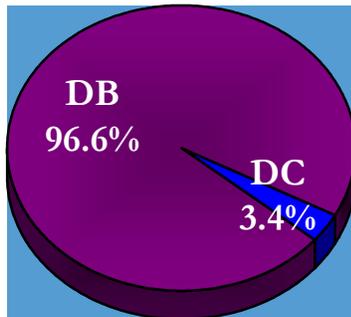
| | | | | |
|-------|-------|-------|-------|-------|
| 18.65 | 31.54 | 26.63 | 29.52 | 11.51 |
|-------|-------|-------|-------|-------|

Non-U.S. Equity Composite

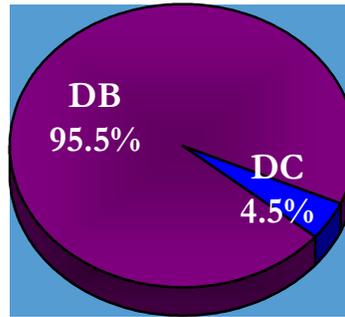
| | | | | | |
|-------|-------|-------|-------|------|------|
| 15.42 | 17.15 | 21.11 | 13.10 | 0.31 | 6.13 |
|-------|-------|-------|-------|------|------|

CTF Stakeholder Characteristics and Cash Flows

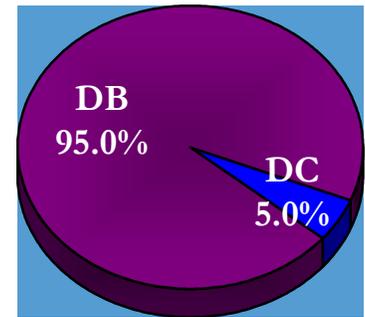
Defined Benefit and Defined Contribution Breakdown in the CTF



December 31, 2002



December 31, 2003

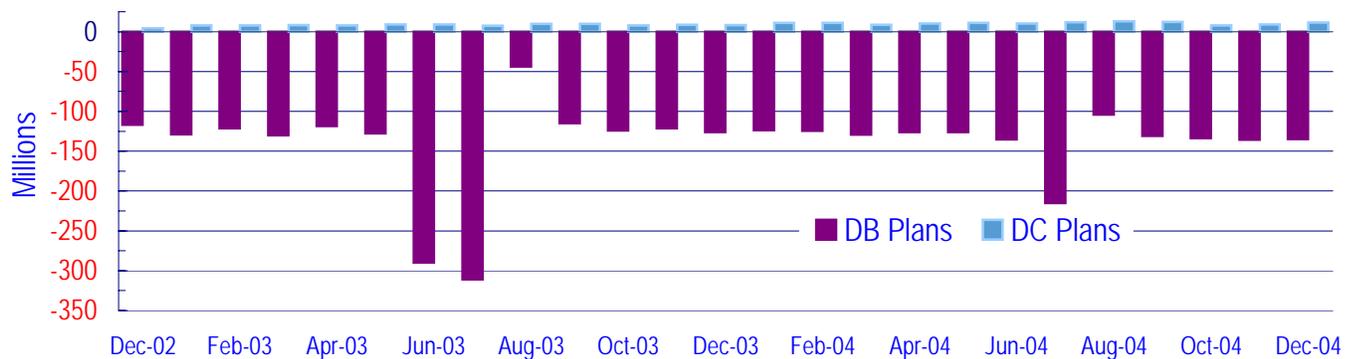


December 31, 2004

Yearly Cash Flow History*



Monthly Cash Flow History*



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

Manager Descriptions - Passive Equity

U. S. EQUITY

Barclays Global Investors (BGI) It is the WSIB's policy to manage 100 percent of the U.S. equity portfolio in a low-cost broad-based index fund. BGI manages the entire 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) 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) 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

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

Arrowstreet Capital, L.P. 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 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.

Mondrian Investment Partners Limited (formerly Delaware) 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 has been managed by Mondrian since June 1999.

Fidelity Management Trust Company (FMTC) 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.

Julius Baer Investment Management (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.

LSV Asset Management 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.

William Blair & Company (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.

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 has been invested in Capital's Emerging Markets Growth Fund since the middle of the second quarter of 2001.

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 has been invested in F&C's Emerging Market Commingled Trust since the fourth quarter of 1996.

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

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. 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 58 funds in the universe with a median asset size of slightly under \$12.8 billion.

TUCS Public/Corporate Fund > \$1 Billion Median

Trust Universe Comparison Services median return of corporate and public funds. There are currently 144 funds in the universe with a median asset size of approximately \$4.3 billion.

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. 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; JRS; 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 fund.

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 \$12.2 billion.

TUCS Public/Corporate Fund > \$1 Billion Median

Trust Universe Comparison Services median return of corporate and public funds. There are currently 142 funds in the universe with a median asset size of approximately \$4.1 billion.



Defined Contribution Plans

December 31, 2004

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Market Values and Distributions

Plan 3's Market Values and Distributions

Plan 3's Historical Distribution

DCP & JRA Market Values and Distributions

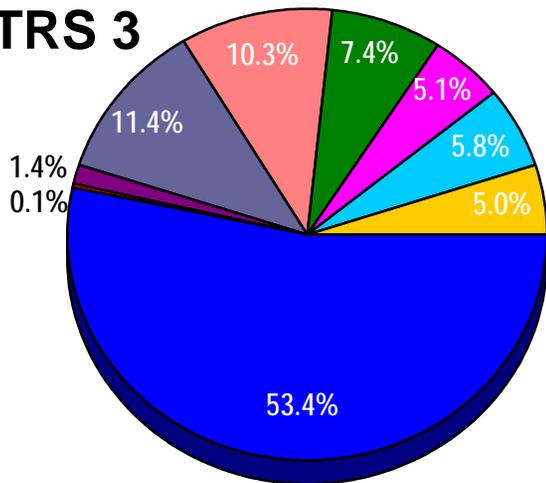
DCP & JRA Historical Distribution

Balanced, Bond, and Cash Options

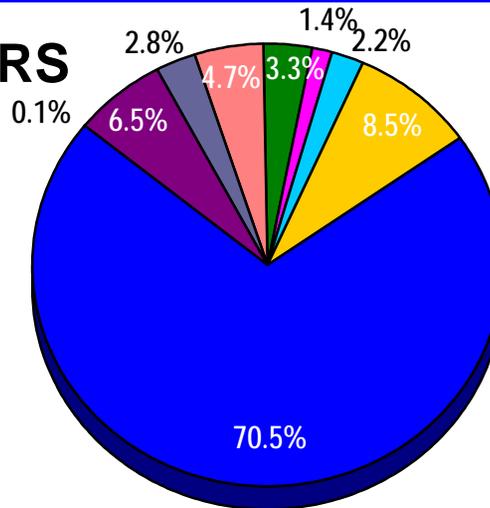
Equity Options

| Option | TRS Plan 3 | | SERS Plan 3 | | PERS Plan 3 | |
|--------------------------|-------------------------|-----------------------|-----------------------|----------------------|-----------------------|----------------------|
| | Market Value | Quarterly Change | Market Value | Quarterly Change | Market Value | Quarterly Change |
| WSIB TAP Fund | \$ 1,332,980,815 | \$ 111,173,746 | \$ 482,840,732 | \$ 35,871,479 | \$ 472,898,652 | \$ 37,194,673 |
| Social Balanced Fund | 3,265,512 | 440,916 | 922,391 | 110,048 | 3,287,595 | 863,693 |
| Short-Horizon Fund | 5,300,250 | 866,927 | 5,407,392 | 77,739 | 15,108,259 | 798,026 |
| Mid-Horizon Fund | 14,584,743 | 1,450,146 | 21,339,146 | 1,556,350 | 52,709,781 | 3,268,690 |
| Long-Horizon Fund | 15,861,949 | 2,011,041 | 17,653,127 | 1,704,364 | 44,858,881 | 4,779,203 |
| U.S. Stock Fund | 284,695,717 | 28,391,840 | 19,082,266 | 1,546,229 | 43,037,411 | 4,731,277 |
| U.S. Large Stock Fund | 256,549,260 | 22,663,889 | 32,245,139 | 3,021,186 | 50,813,352 | 4,850,319 |
| U.S. Small Stock Fund | 185,964,451 | 23,909,935 | 22,378,634 | 3,041,706 | 58,617,427 | 8,029,807 |
| International Stock Fund | 126,769,305 | 19,509,523 | 9,652,751 | 1,482,487 | 24,860,593 | 5,302,432 |
| Bond Market Fund | 144,545,040 | 3,437,137 | 15,237,841 | 373,649 | 30,602,343 | (847,395) |
| Money Market Fund | 126,011,606 | 185,265 | 58,558,538 | (602,152) | 100,210,279 | (2,406,166) |
| Total Fund | \$ 2,496,528,648 | \$ 214,040,365 | \$ 685,317,956 | \$ 48,183,085 | \$ 897,004,574 | \$ 66,564,559 |

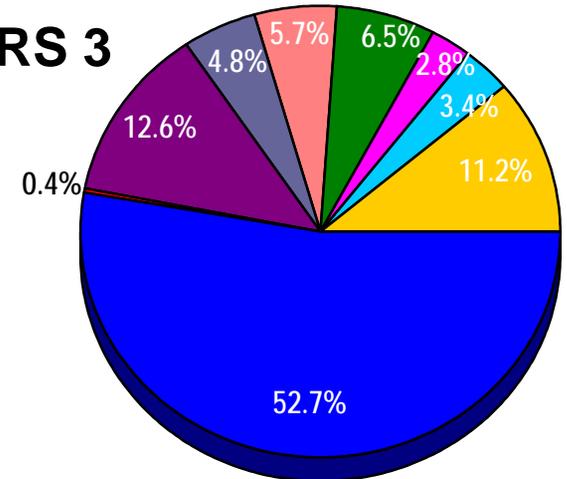
TRS 3



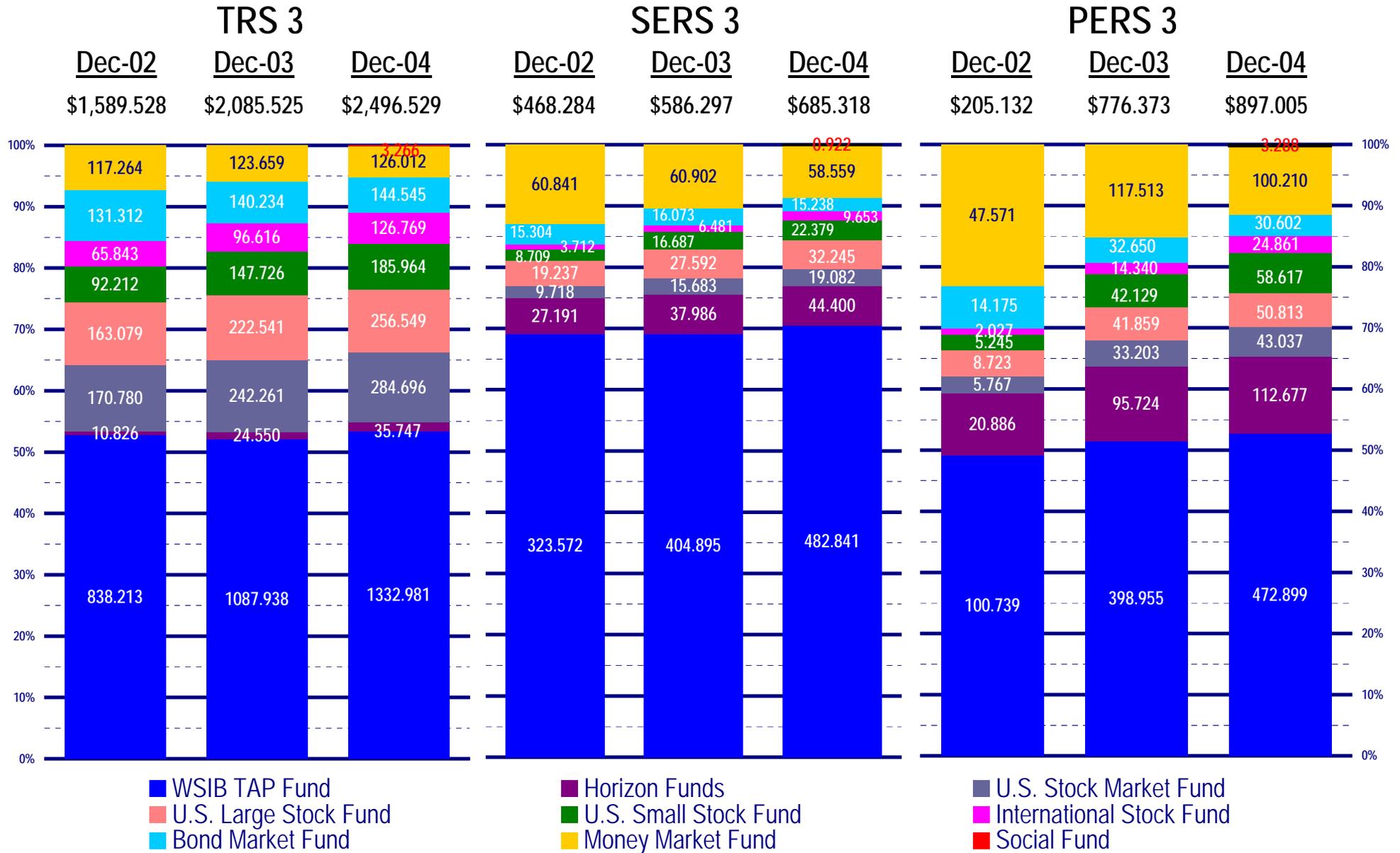
SERS



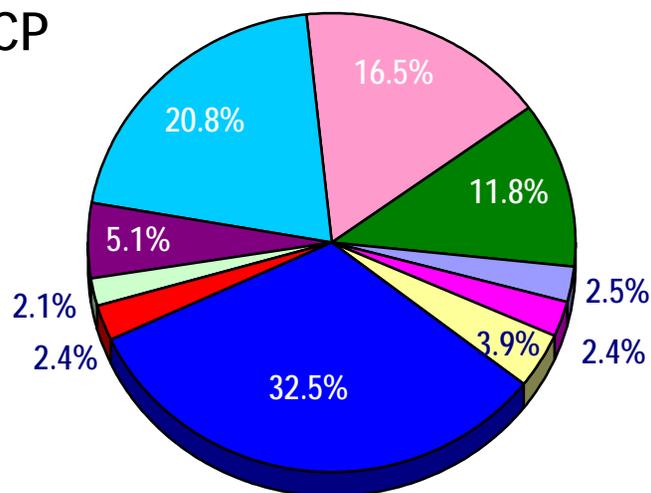
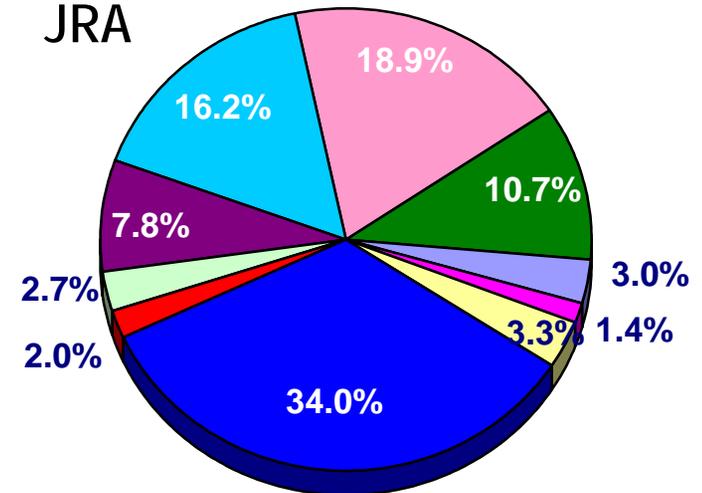
PERS 3



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



| Option | Deferred Compensation Program | | Judicial Retirement Account | |
|------------------------------|-------------------------------|-----------------------|-----------------------------|-------------------|
| | Program | Quarterly Change | Account | Quarterly Change |
| Short-Horizon Fund | \$ 9,093,238 | \$ 1,177,648 | \$ 59,510 | \$ 5,097 |
| Mid-Horizon Fund | 18,683,175 | 3,300,252 | 167,413 | 26,638 |
| Long-Horizon Fund | 16,736,600 | 3,501,822 | 55,429 | 8,018 |
| Social Balanced Fund | 40,656,021 | 2,983,775 | 377,562 | 30,860 |
| U.S. Stock Market Index Fund | 95,470,598 | 10,120,383 | 1,082,031 | 89,567 |
| Equity-Income Fund | 390,943,259 | 30,785,374 | 2,252,497 | 215,504 |
| Independence Fund | 310,307,810 | 27,172,544 | 2,641,974 | 169,034 |
| Growth Company Fund | 222,970,683 | 25,398,364 | 1,487,657 | (3,909) |
| Overseas Fund | 47,146,179 | 8,752,656 | 420,704 | 177,165 |
| U.S. Small Cap Stock Fund | 44,806,137 | 10,976,671 | 199,698 | (21,126) |
| Bond Market Fund | 73,740,228 | 2,659,997 | 461,063 | 54,179 |
| Savings Pool | 611,601,452 | 16,366,524 | 4,742,739 | 148,905 |
| Total Fund | \$ 1,882,155,380 | \$ 143,196,010 | \$ 13,948,278 | \$ 899,932 |

DCP

JRA


DCP

JRA

Dec-02
\$1,320.523

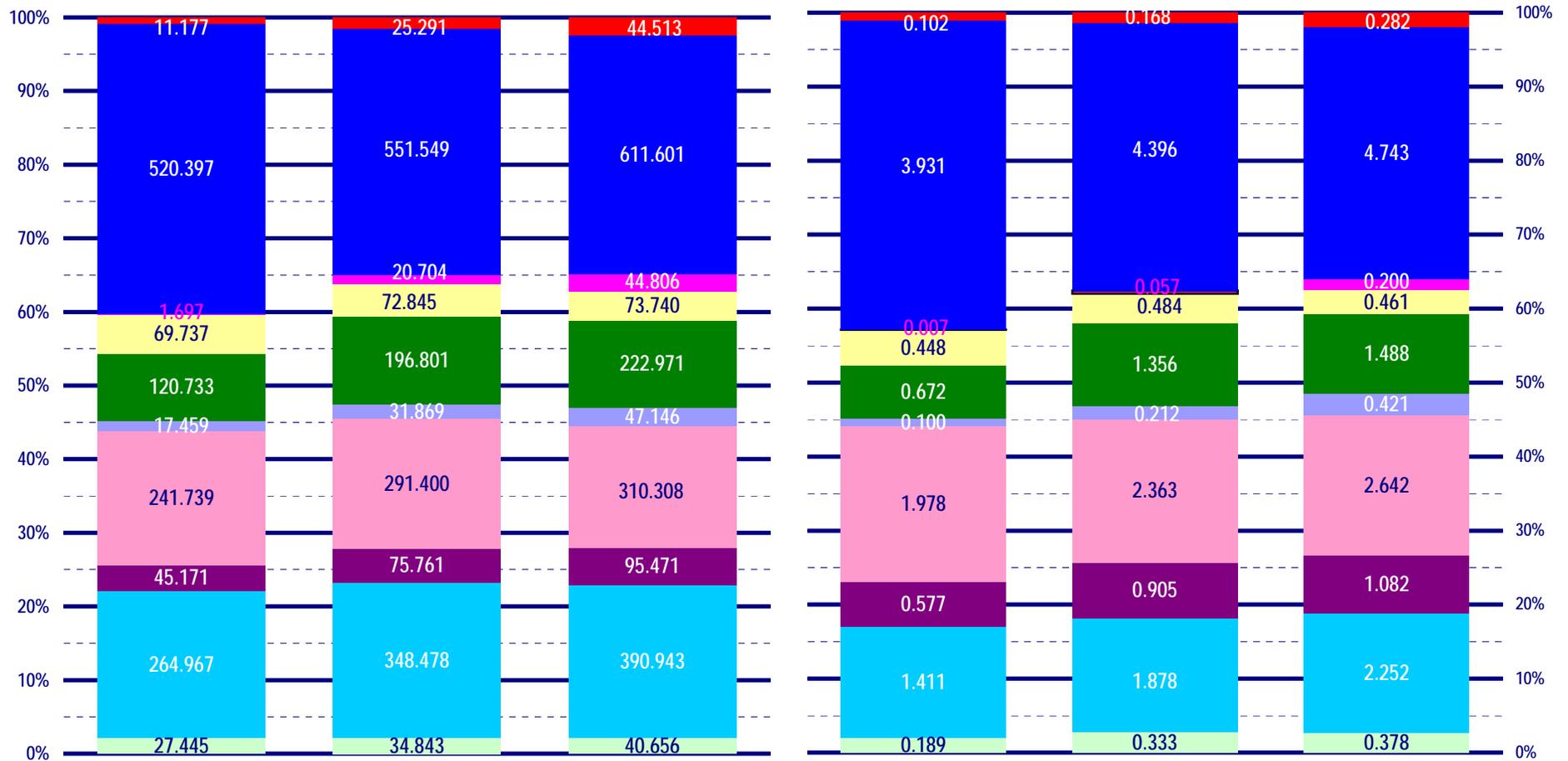
Dec-03
\$1,649.539

Dec-04
\$1,882.155

Dec-02
\$9.416

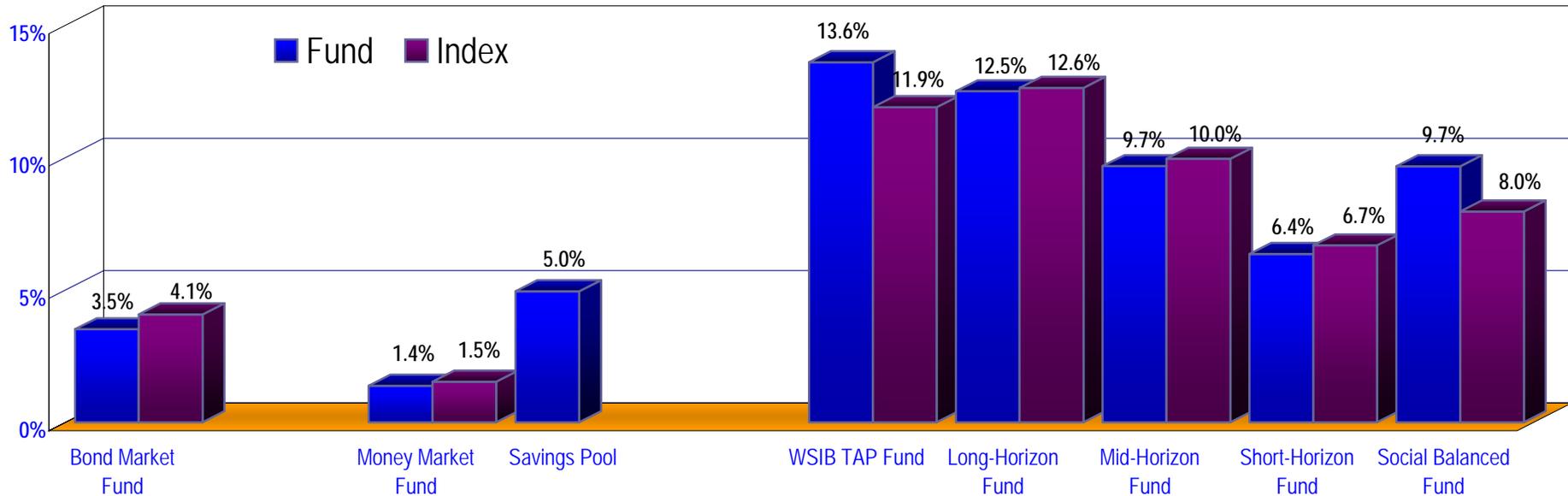
Dec-03
\$12.151

Dec-04
\$13.948



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

One Year Returns (ended December 31, 2004)



| Bond Funds | Qtr. | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|----------------------------|------|-------|-------|-------|--------|
| Bond Market Fund | 0.7% | 3.5% | 6.0% | N/A | N/A |
| Lehman Intermediate Credit | 0.8% | 4.1% | 7.0% | 8.0% | 7.9% |
| Cash Funds | Qtr. | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
| Money Market Fund | 0.5% | 1.4% | 1.5% | 3.1% | 4.4% |
| One Month LIBOR | 0.5% | 1.5% | 1.5% | 3.0% | 4.4% |
| Savings Pool | 1.2% | 5.0% | 5.5% | 5.9% | 6.3% |

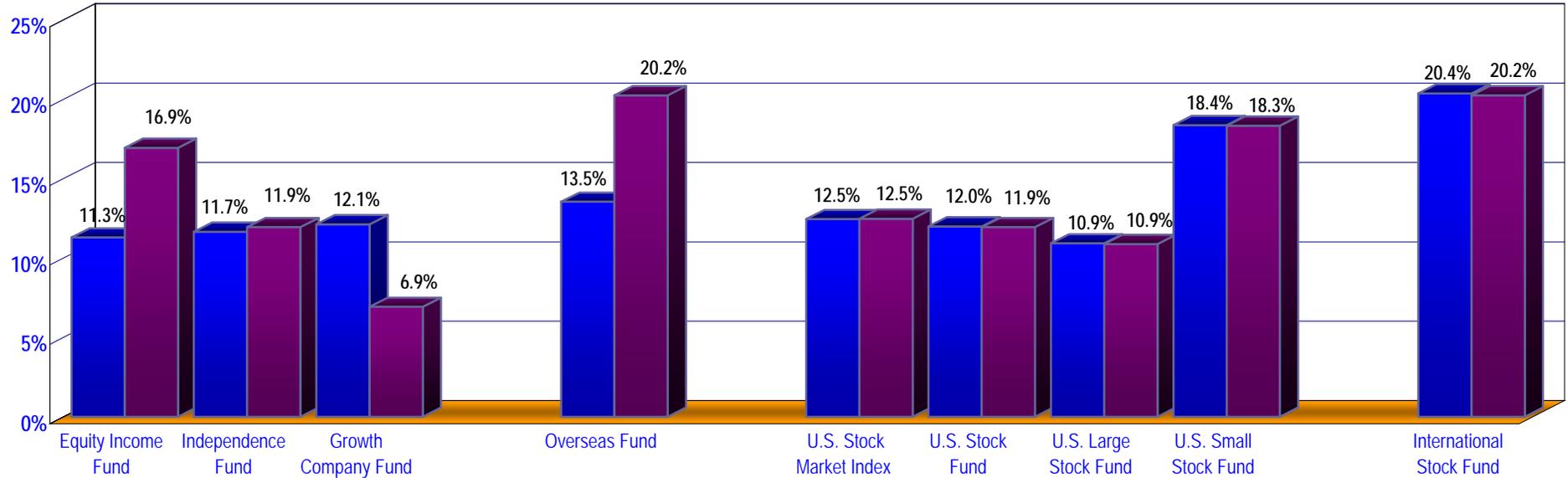
| Balanced Funds | Qtr. | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|----------------------|------|-------|-------|-------|--------|
| WSIB TAP Fund | 7.4% | 13.6% | 7.9% | 3.6% | 10.5% |
| Custom Benchmark | 8.7% | 11.9% | 7.3% | 1.5% | 9.8% |
| Long-Horizon Fund | 9.3% | 12.5% | 7.0% | N/A | N/A |
| Custom Benchmark | 9.4% | 12.6% | 7.7% | 1.0% | 10.1% |
| Mid-Horizon Fund | 6.5% | 9.7% | 6.9% | N/A | N/A |
| Custom Benchmark | 6.6% | 10.0% | 7.8% | 3.5% | 9.5% |
| Short-Horizon Fund | 3.8% | 6.4% | 5.5% | N/A | N/A |
| Custom Benchmark | 3.9% | 6.7% | 6.2% | 4.4% | 7.9% |
| Social Balanced Fund | 6.6% | 9.7% | NA | NA | NA |
| Custom Benchmark | 5.5% | 8.0% | 5.1% | 2.5% | 10.5% |

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



One Year Returns (ended December 31, 2004)

Fund Index



| Active U.S. Equity | Qtr. | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|----------------------------|-------|-------|-------|-------|--------|
| Equity Income Fund | 9.2% | 11.3% | 6.2% | 4.3% | 11.9% |
| <i>Russell 3000 Value</i> | 10.6% | 16.9% | 9.2% | 6.1% | 13.8% |
| Independence Fund | 11.2% | 11.7% | 5.1% | -3.0% | 10.6% |
| <i>Russell 3000</i> | 10.2% | 11.9% | 4.8% | -1.2% | 12.0% |
| Growth Company Fund | 13.6% | 12.1% | 1.8% | -5.9% | 12.6% |
| <i>Russell 3000 Growth</i> | 9.7% | 6.9% | 0.3% | -8.9% | 9.3% |
| Active International | Qtr. | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
| Overseas Fund | 14.2% | 13.5% | 9.7% | -3.0% | 6.6% |
| <i>MSCI EAFE</i> | 15.3% | 20.2% | 11.9% | -1.1% | 5.6% |

| Passive U.S. Equity | Qtr. | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
|--------------------------------|-------|-------|-------|-------|--------|
| U.S. Stock Market Index | 10.1% | 12.5% | 5.3% | -1.1% | 12.1% |
| <i>Dow Jones Wilshire 5000</i> | 10.2% | 12.5% | 5.4% | -1.4% | 11.9% |
| U.S. Stock Fund | 10.2% | 12.0% | 4.8% | N/A | N/A |
| <i>Russell 3000</i> | 10.2% | 11.9% | 4.8% | -1.2% | 12.0% |
| U.S. Large Stock Fund | 9.2% | 10.9% | 3.6% | -2.3% | N/A |
| <i>S&P 500</i> | 9.2% | 10.9% | 3.6% | -2.3% | 12.1% |
| U.S. Small Stock Fund | 14.0% | 18.4% | 11.5% | 6.6% | N/A |
| <i>Russell 2000</i> | 14.1% | 18.3% | 11.5% | 6.6% | 11.5% |
| Passive International | Qtr. | 1 yr. | 3 yr. | 5 yr. | 10 yr. |
| International Stock Fund | 15.2% | 20.4% | 10.1% | -2.4% | N/A |
| <i>MSCI EAFE</i> | 15.3% | 20.2% | 11.9% | -1.1% | 5.6% |

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



Labor and Industries' Funds
Quarterly Report
December 31, 2004

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Capital Markets

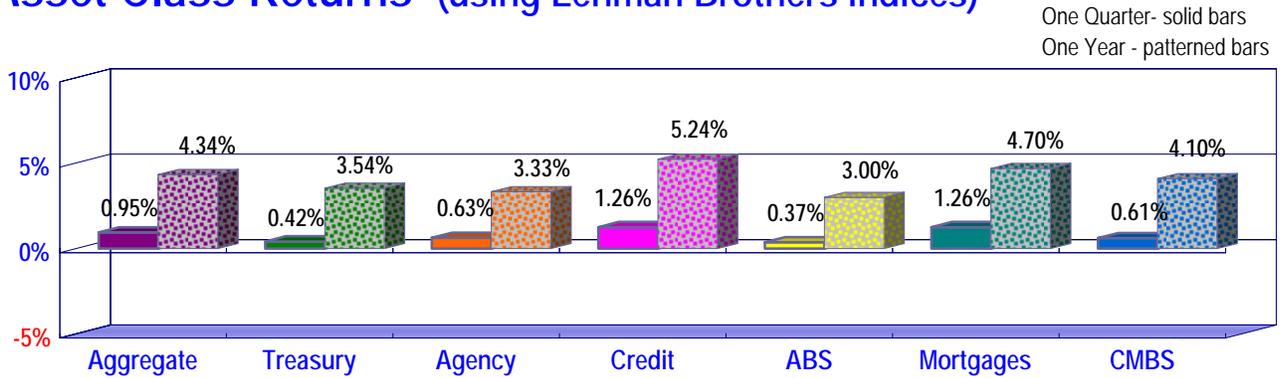
Market Values and Asset Allocation

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

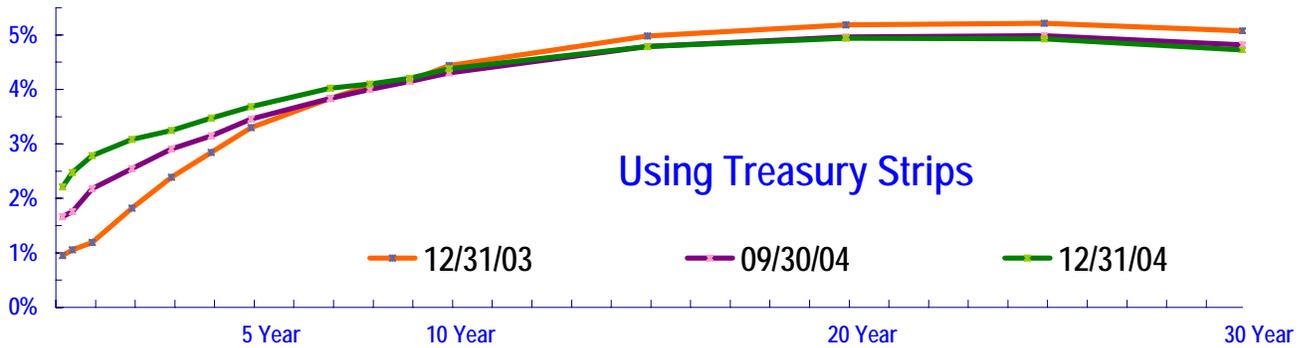
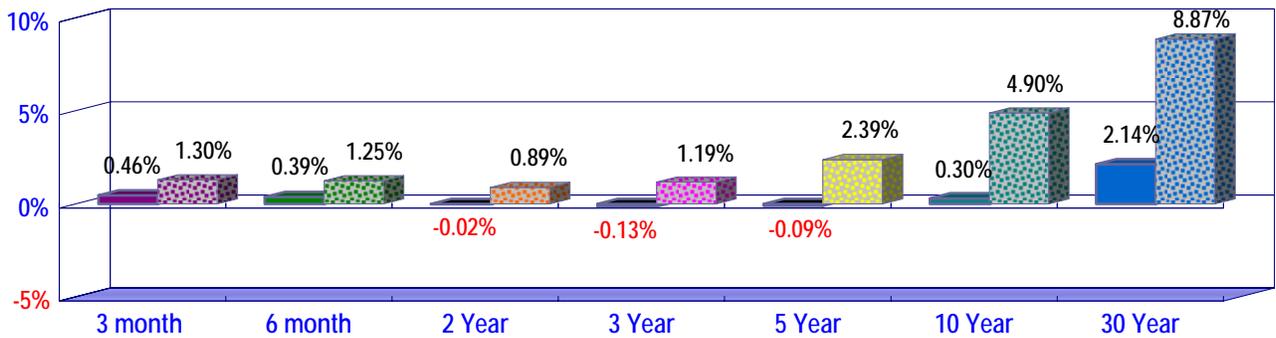
Capital Markets One Quarter and One Year Performance

Quarter Ended December 31, 2004

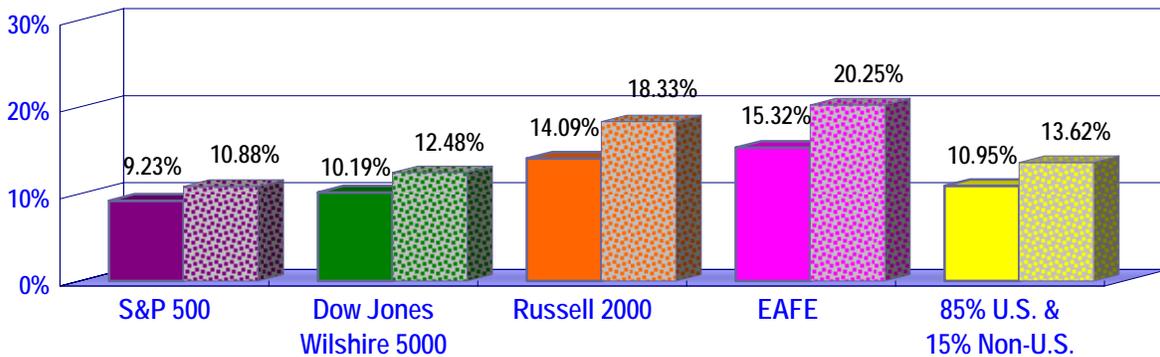
Asset Class Returns (using Lehman Brothers indices)



Treasury Return and Yield Curve



Equity Indices



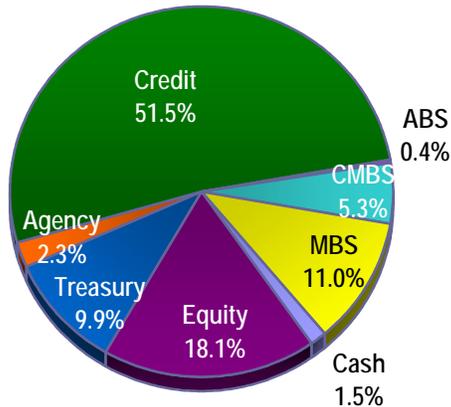
LABOR & INDUSTRIES' FUNDS

Quarter Ended December 31, 2004

Market Values and Asset Allocation

Total L&I Funds

\$ 10,010,654,478



WSIB Policy for Equity

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

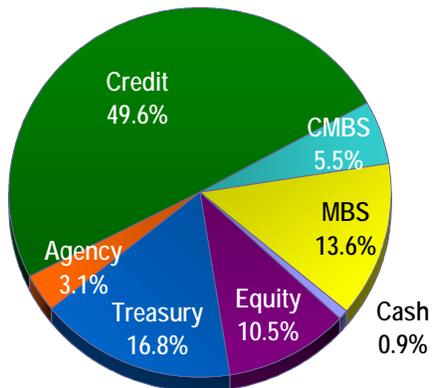
WSIB Policy Ranges for Fixed Income

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

Accident Fund

\$ 3,910,727,725

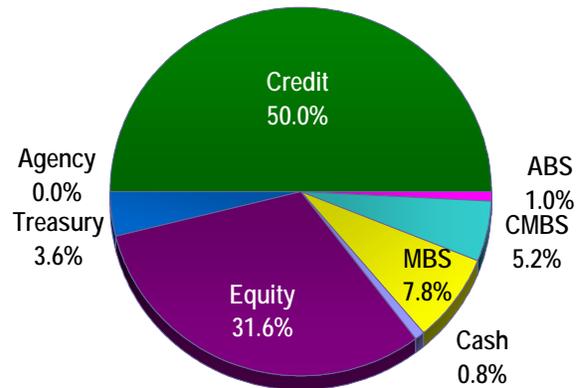
Fund 608



Medical Aid Fund

\$ 3,639,388,076

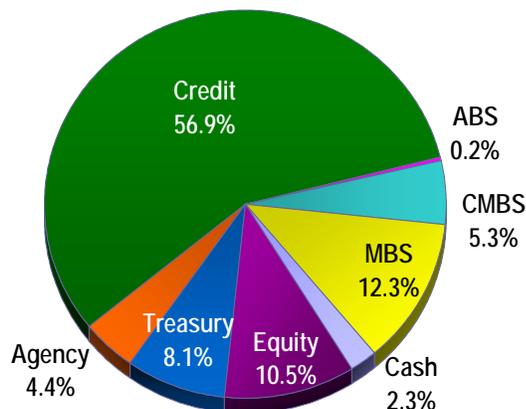
Fund 609



Pension Reserve

\$ 2,379,588,588

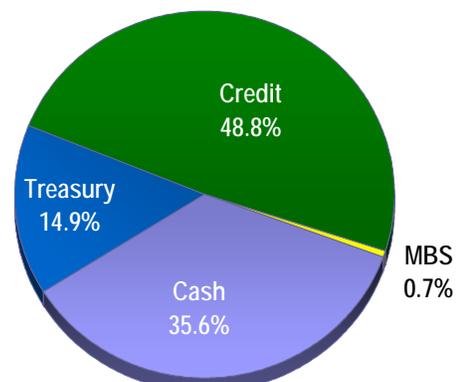
Fund 610



Supplemental Pension

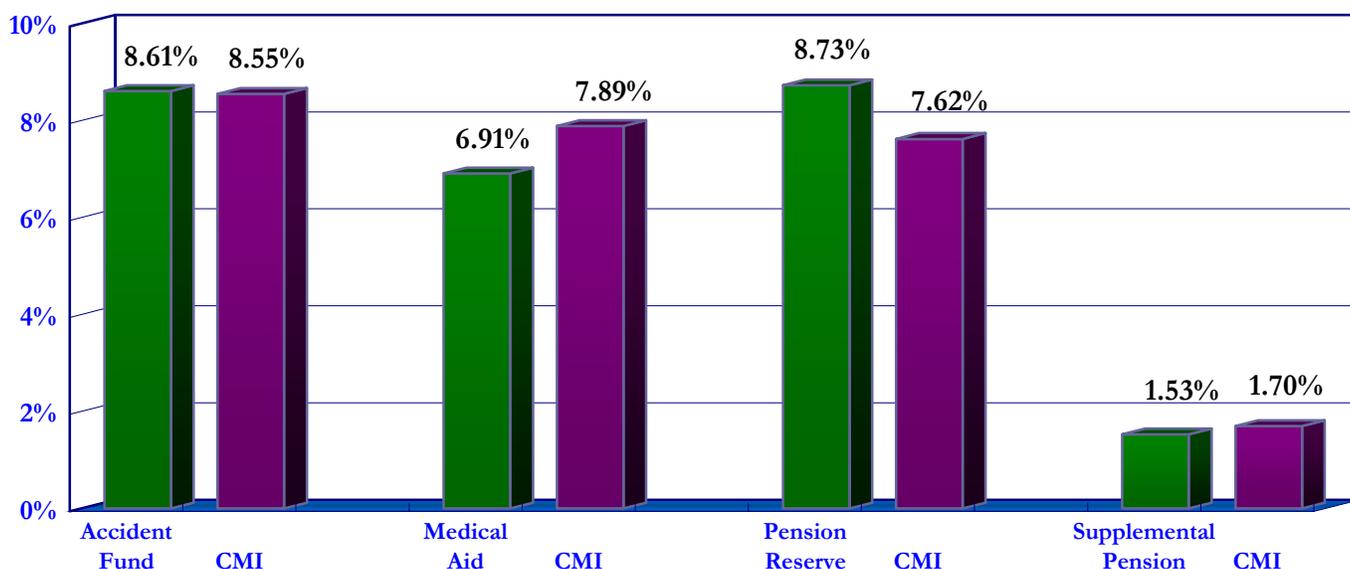
\$ 80,950,090

Fund 881



Performance and Durations versus CMI

One Year Performance



| Accident Fund | CMI | Medical Aid | CMI | Pension Reserve | CMI | Supplemental Pension | CMI |
|---------------|-----|-------------|-----|-----------------|-----|----------------------|-----|
|---------------|-----|-------------|-----|-----------------|-----|----------------------|-----|

Duration

| | | | | |
|--------------|-------|--------|------|-----------|
| Target | 9.0 | 6.0 | 9.0 | 1.75-2.25 |
| Actual | 8.72 | 4.70 | 9.01 | 1.51 |
| % Difference | -3.1% | -21.6% | 0.1% | N/A |

Total Return

| | Fund | CMI | Fund | CMI | Fund | CMI | Fund | Ex-Cash | CMI |
|------------|-------|-------|-------|-------|--------|--------|-------|---------|-------|
| Quarter | 3.00% | 2.86% | 3.95% | 4.07% | 3.06% | 2.86% | 0.41% | 0.24% | 0.19% |
| One Year | 8.61% | 8.55% | 6.91% | 7.89% | 8.73% | 7.62% | 1.53% | 1.95% | 1.70% |
| Three Year | 8.27% | 8.89% | 6.27% | 7.20% | 9.35% | 9.47% | 1.83% | 3.13% | 4.77% |
| Five Year | 8.16% | 8.31% | 5.78% | 6.11% | 10.13% | 10.06% | 4.44% | 5.57% | 6.33% |
| Ten Year | 8.83% | 8.68% | 8.63% | 8.74% | 10.17% | 9.85% | 5.85% | 6.52% | 6.63% |

L&I Statutory Accounting Return*

| | Fund | Fund | Fund | Fund |
|------------|-------|-------|-------|-------|
| Quarter | 2.75% | 4.31% | 2.81% | 0.79% |
| One Year | 7.73% | 8.54% | 9.96% | 2.96% |
| Three Year | 6.94% | 6.32% | 7.44% | 2.56% |
| Five Year | 6.24% | 4.96% | 7.75% | 4.27% |

* Uses net income, realized and unrealized gains and losses on equity securities, and realized gains and losses on fixed income in the numerator. The denominator uses book value for fixed income securities and market value for equities. Below investment grade fixed income securities are carried at the lower of book or market value.



Permanent Funds and Other Trusts Quarterly Report December 31, 2004

Table of Contents

Permanent Funds

Market Values and Asset Allocation

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

Other Trusts

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

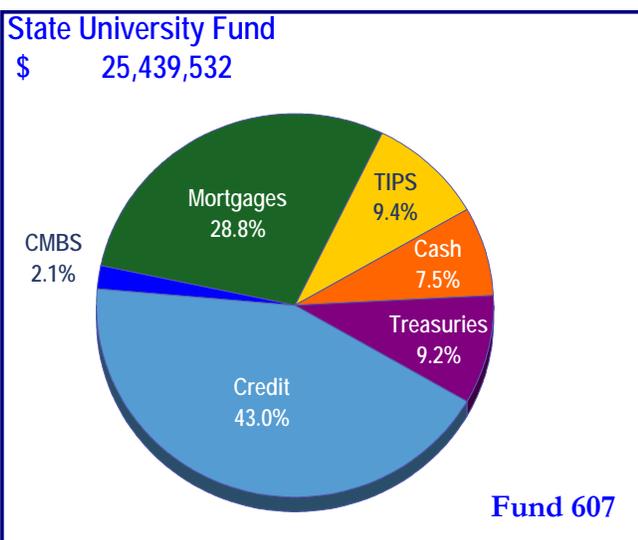
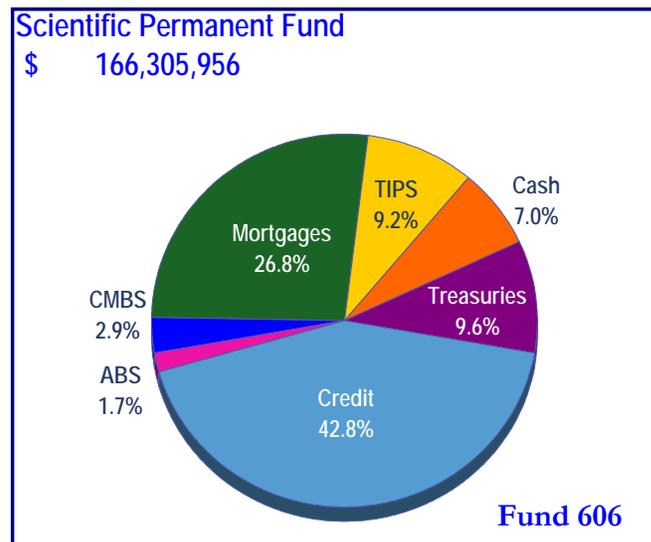
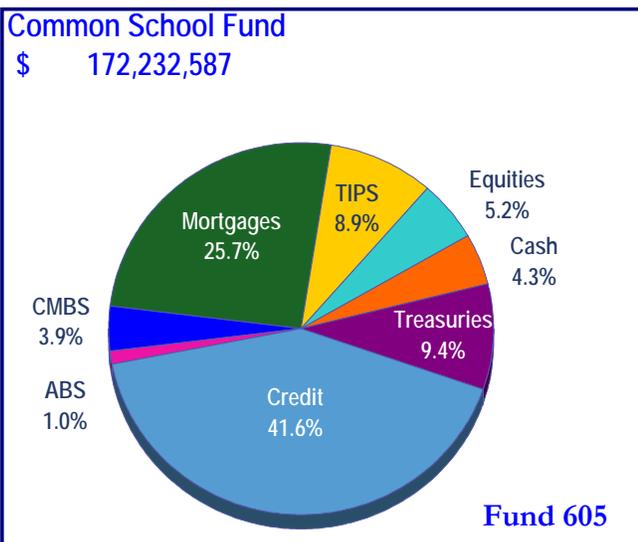
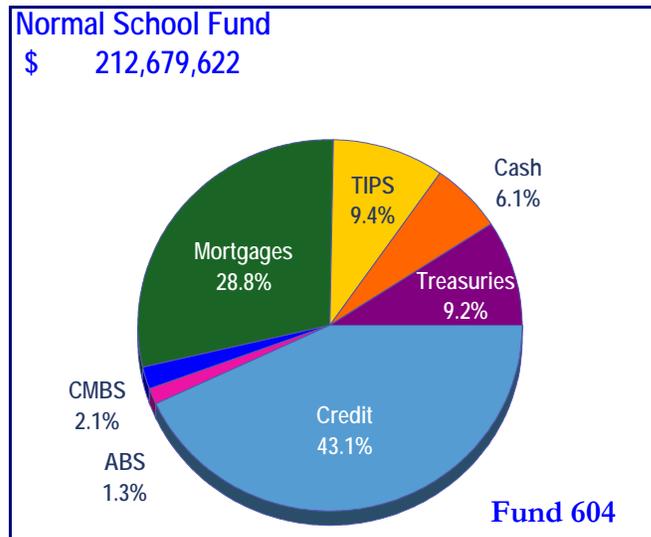
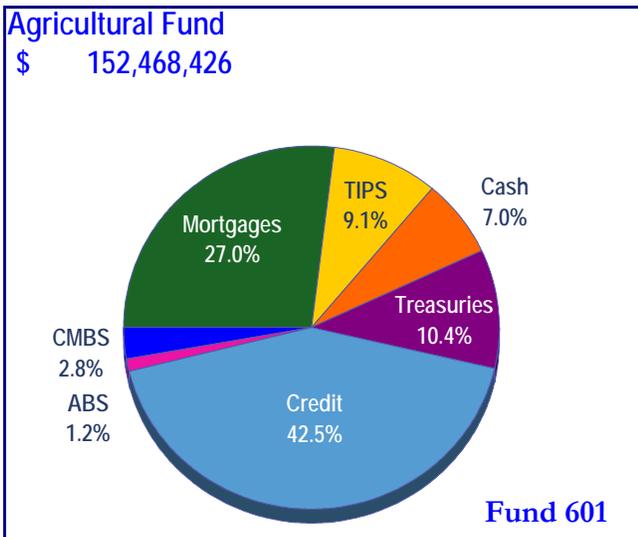
GET—Advanced College Tuition Payment Program
Quarter, One Year, Three Year, Five Year, Ten Year

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

PERMANENT FUNDS

December 31, 2004

Markets Values and Asset Allocation



Millersylvania State Park Fund
\$ 5,160

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

Fund 603

WSIB Fixed Income Policy Ranges per Fund:

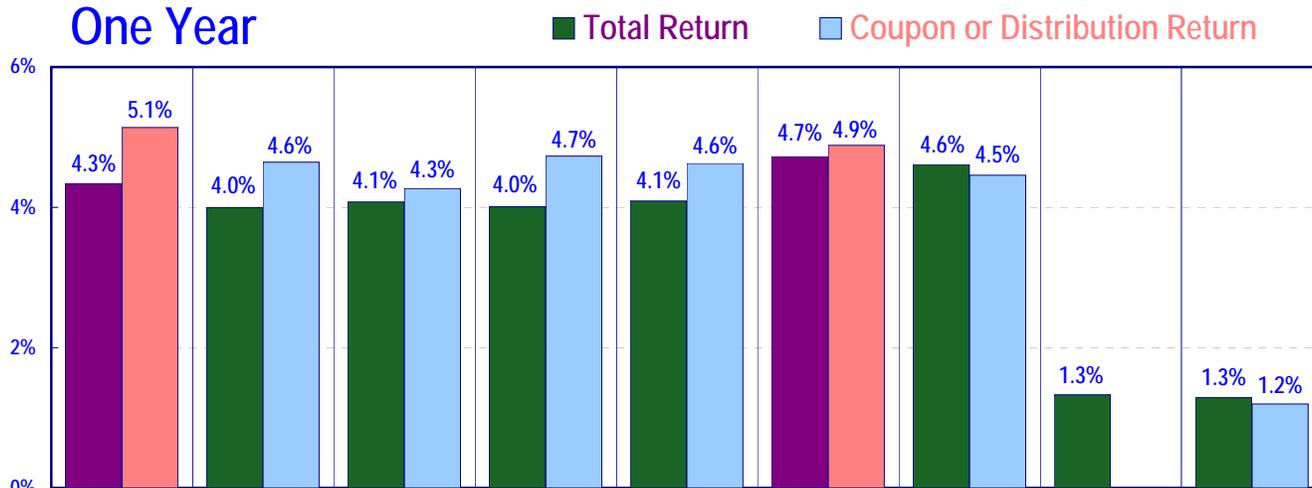
| | |
|--|--------|
| U.S. Treasuries and Agencies | 10-50% |
| Investment Grade Credits | 10-50% |
| Mortgage-Backed Securities | 5-40% |
| Asset-Backed Securities (ABS) | 0-10% |
| Commercial Mortgage-Backed Securities (CMBS) | 0-10% |

PERMANENT FUNDS

December 31, 2004

Interest Income, Performance, and Duration

One Year



| | 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 - 12/31/99 | \$114,727,870 | \$179,381,819 | \$134,711,494 | \$21,197,573 | | | \$152,913,150 | | \$5,176 |
| Balance - 12/31/03 | 148,823,112 | 210,833,186 | 163,904,561 | 25,011,304 | | | 170,944,301 | | 5,155 |
| Balance - 12/31/04 | 152,468,426 | 212,679,622 | 166,305,956 | 25,439,532 | | | 172,232,587 | | 5,160 |

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

| | | | | | | | | |
|------------|-------|-------|-------|-------|--|-------|--|-------|
| Quarter | 1.10% | 0.74% | 1.12% | 1.09% | | 1.07% | | 0.40% |
| One Year | 4.64% | 4.27% | 4.73% | 4.63% | | 4.46% | | 1.20% |
| Three Year | 5.36% | 5.16% | 5.44% | 5.22% | | 5.13% | | 1.37% |
| Five Year | 6.04% | 5.84% | 6.02% | 5.96% | | 5.71% | | 2.98% |

Total Return

| | | | | | | | | | |
|------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Quarter | 0.95% | 0.68% | 0.69% | 0.68% | 0.67% | 1.39% | 1.14% | 0.48% | 0.46% |
| One Year | 4.34% | 3.99% | 4.08% | 4.01% | 4.09% | 4.72% | 4.61% | 1.33% | 1.29% |
| Three Year | 6.20% | 6.09% | 5.94% | 6.07% | 6.13% | 6.18% | 5.97% | 1.42% | 1.37% |
| Five Year | 7.71% | 7.56% | 7.66% | 7.65% | 7.73% | 7.55% | 7.49% | 2.95% | 2.90% |
| Ten Year | 7.72% | 7.77% | 7.82% | 7.76% | 7.86% | 7.64% | 7.72% | 4.19% | 4.21% |

Fixed Income Duration

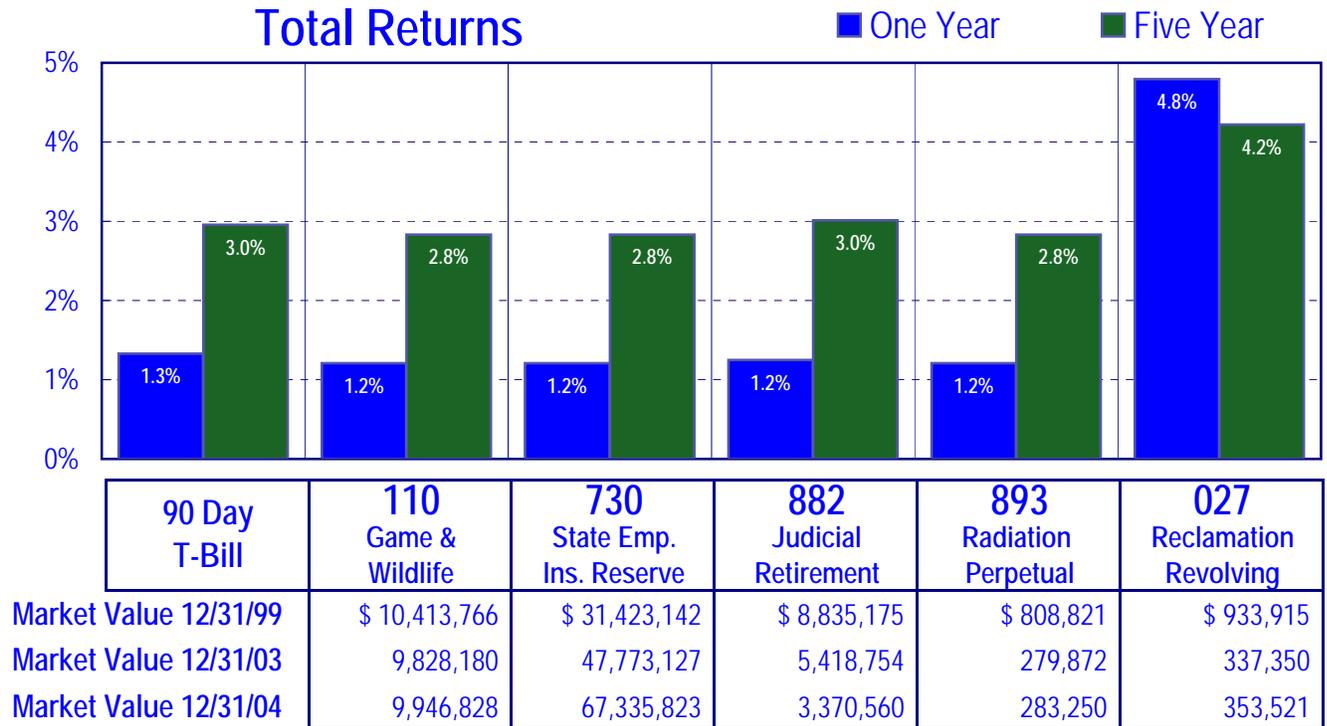
| | | | | | | | | | |
|--------------------|------|--------|--------|--------|--------|------|-------|------|------|
| Duration | 4.34 | 3.90 | 3.88 | 3.77 | 3.85 | 4.34 | 3.97 | 0.25 | 0.10 |
| Difference | | -0.44 | -0.46 | -0.57 | -0.49 | | -0.37 | | N/A |
| Percent Difference | | -10.1% | -10.6% | -13.1% | -11.3% | | -8.6% | | 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 December 2004, the breakdown was 5.2% Dow Jones Wilshire 5000 and 94.8% Lehman Aggregate.

OTHER TRUST FUNDS

December 31, 2004

Market Values, Performance, and Asset Allocation

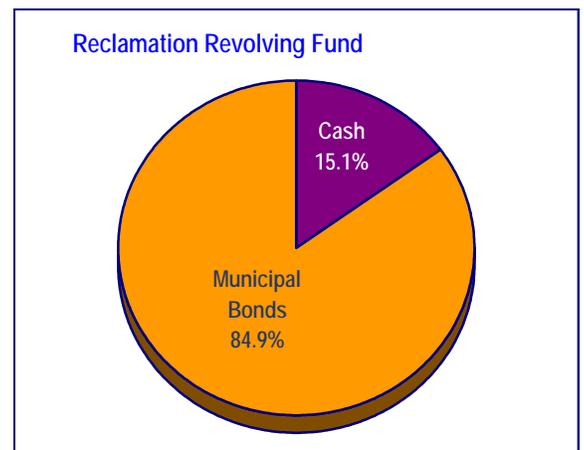


Total Return

| | | | | | | |
|------------|-------|-------|-------|-------|-------|-------|
| Quarter | 0.48% | 0.44% | 0.44% | 0.46% | 0.44% | 1.09% |
| One Year | 1.33% | 1.21% | 1.21% | 1.25% | 1.21% | 4.80% |
| Three Year | 1.42% | 1.29% | 1.29% | 1.42% | 1.29% | 3.18% |
| Five Year | 2.95% | 2.83% | 2.83% | 3.01% | 2.83% | 4.22% |
| Ten Year | 4.19% | 4.45% | 4.19% | 4.30% | 4.17% | 5.27% |

Portfolio Allocations

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

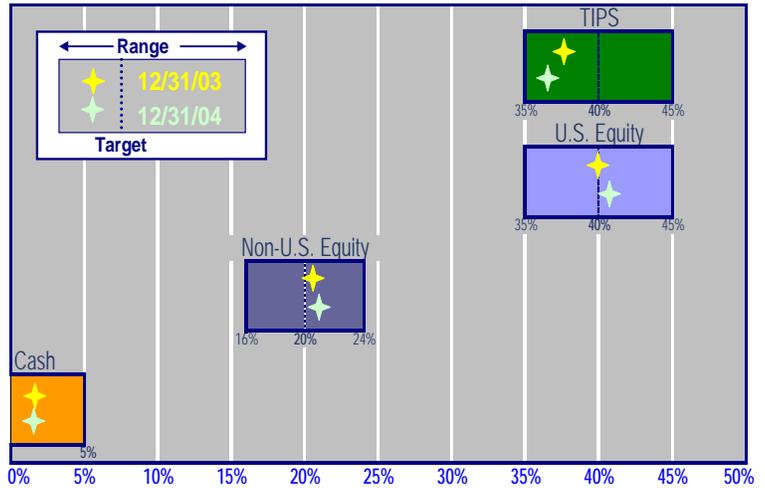


GET Portfolio Breakdown and Performance

Portfolio Size

Total **\$458,658,073**

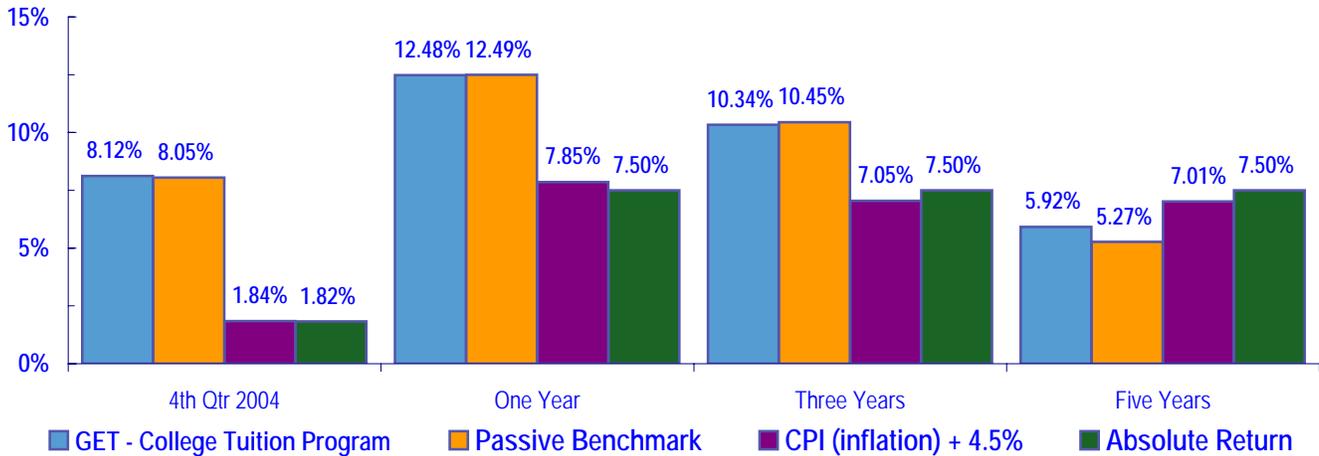
| | |
|-------------------------------------|-------------|
| Cash | 7,570,076 |
| Treasury Inflation Index Note (TIP) | 167,526,794 |
| U.S. Equity | 187,120,845 |
| Non-U.S. Equity | 96,440,358 |



Assets Under Management



Total Return

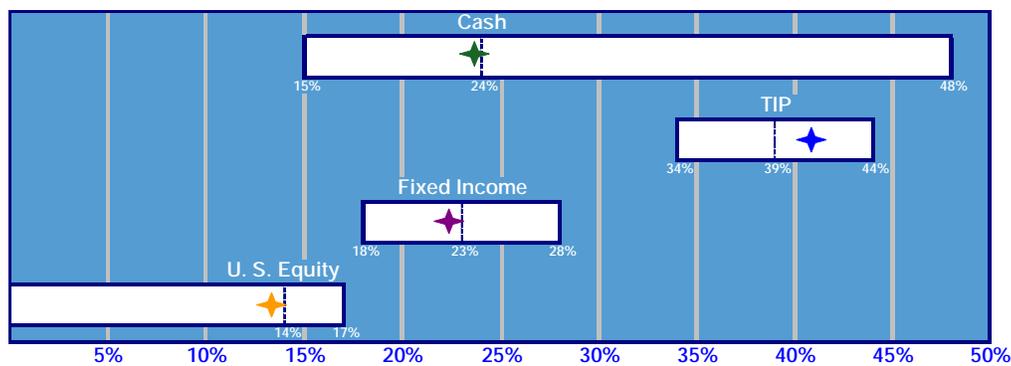
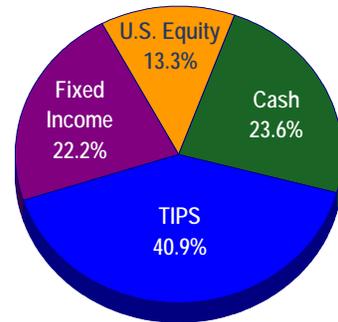


DDEF Portfolio Breakdown and Performance

Allocation

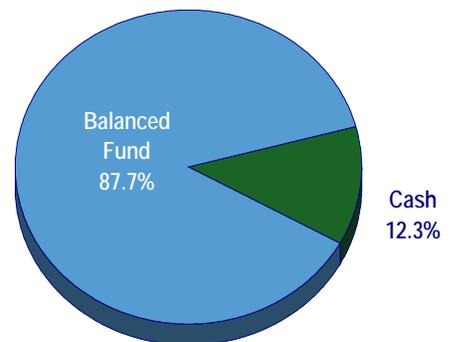
DDEF - State Funds

| | |
|--------------------------------------|--------------------|
| Total | \$6,785,519 |
| Cash | 1,602,129 |
| Treasury Inflation Index Note (TIPS) | 2,777,460 |
| Fixed Income | 1,502,757 |
| U.S. Equity | 903,173 |



DDEF - Private Funds

| | |
|---------------|--------------------|
| Total | \$1,596,133 |
| Cash | 196,403 |
| Balanced Fund | 1,399,730 |



Total Return

