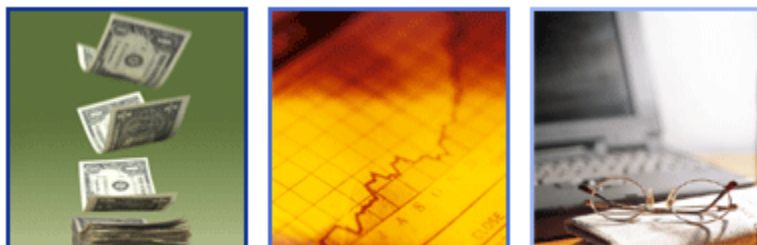




LEOFF 2 Board



Gary Bruebaker, CFA, CPA
Chief Investment Officer

December 9, 2004



Our Mission



We invest with integrity, prudence, and skill to meet or exceed the financial objectives of those we serve.

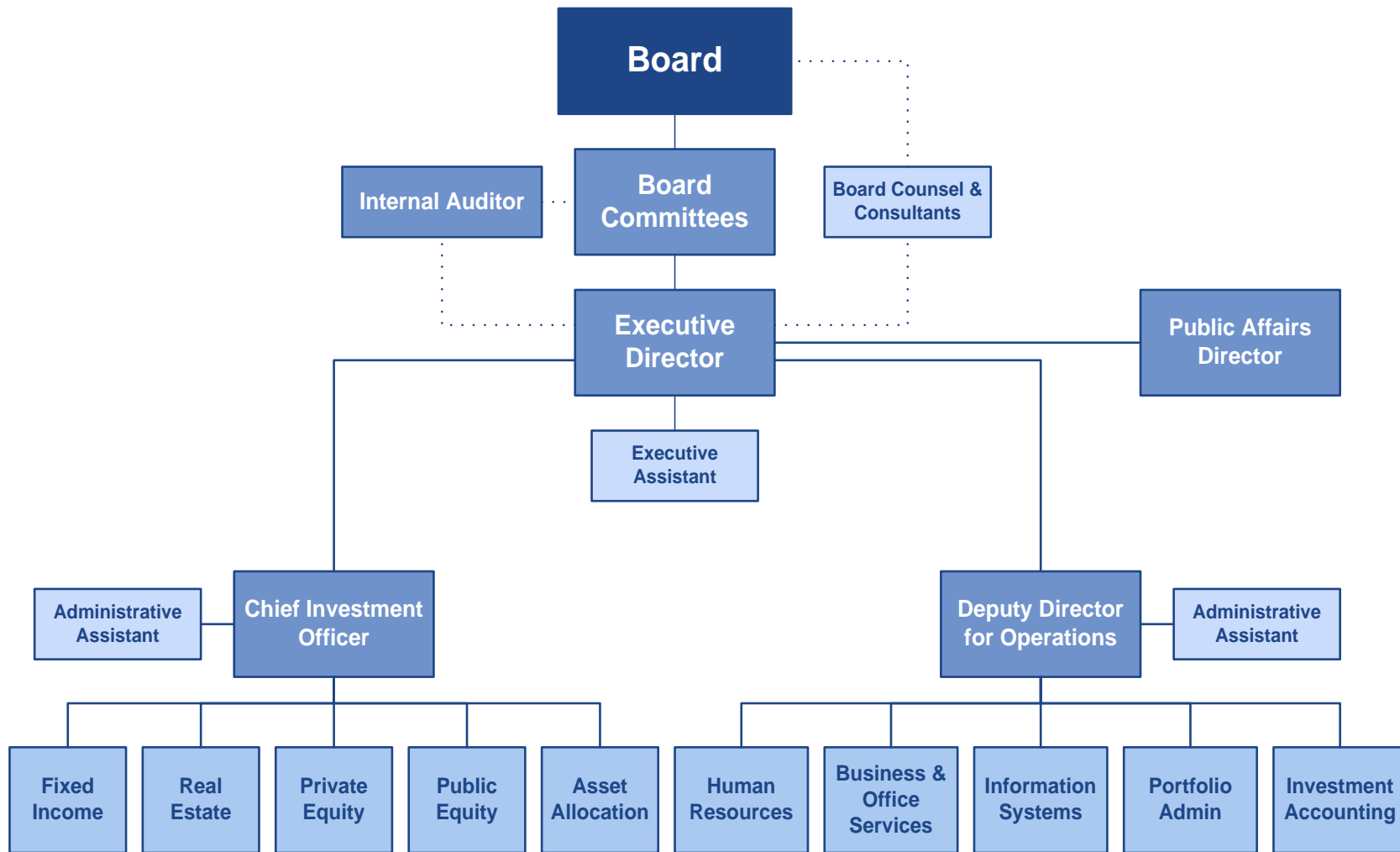


Board Members

Name	Position	Appointment Authority
10 Voting Members		
Michael J. Murphy	State Treasurer	Ex-Officio
John F. Charles	Director, DRS	Ex-Officio
Paul Trause	Director, Labor & Industries	Ex-Officio
Debbie Brookman	Active Member, PERS	Governor
George Masten, Chair	Retired Member, PERS	Governor
Patrick McElligott, Vice Chair	Active Member, LEOFF	Governor
David Scott	Active Member, TRS	Superintendent of Public Instruction (SPI)
Glenn Gorton	Active Member, SERS	SPI
Helen Sommers	State Representative	House Speaker
Joseph Zarelli	State Senator	Senate President
5 Non-voting Members		
Jeffrey Hanna	All investment professionals are appointed by voting members.	
Charles Kaminski		
John Magnuson		
Robert S. Nakahara		
Jeff Seely		



Functional Organizational Chart





Fund Overview

The WSIB manages investments for 34 separate state retirement and public funds including:

- ◆ **14 retirement funds (defined benefit and defined contribution) for public employees, teachers, school employees, law enforcement officers, and firefighters that are commingled for investment purposes.**
- ◆ **The Deferred Compensation Program and Judicial Retirement Account to supplement other retirement benefits.**
- ◆ **4 Industrial Insurance Funds for injured workers and their employers.**
- ◆ **6 Permanent Funds to benefit schools, colleges, and universities.**
- ◆ **8 Other Trust Funds including GET College Tuition Program, Developmental Disabilities Endowment Fund, and Game & Special Wildlife Fund.**



Capital Markets Environment

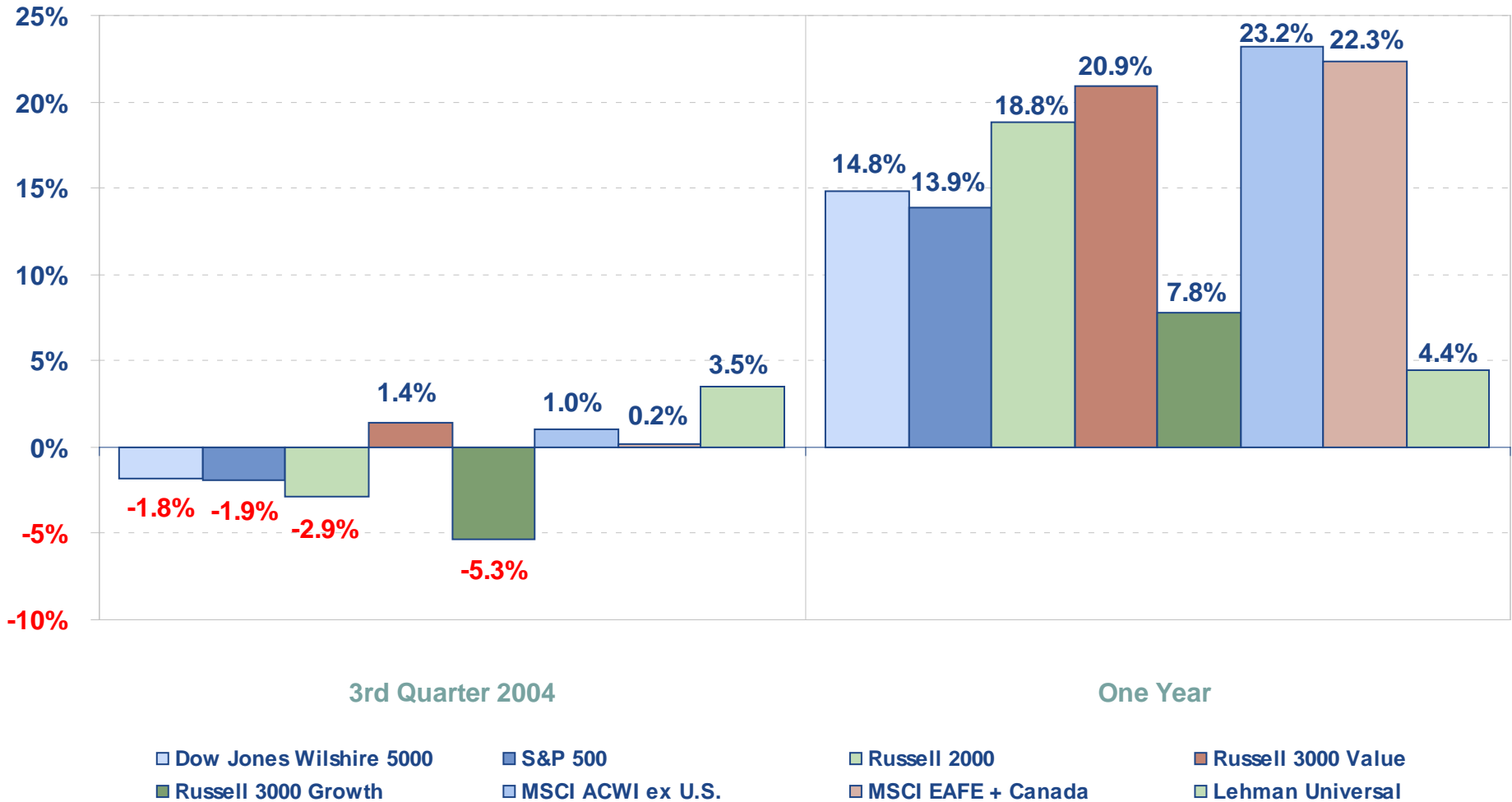
Dow Jones Wilshire 5000

January 1, 2000 – November 5, 2004





Capital Markets Returns

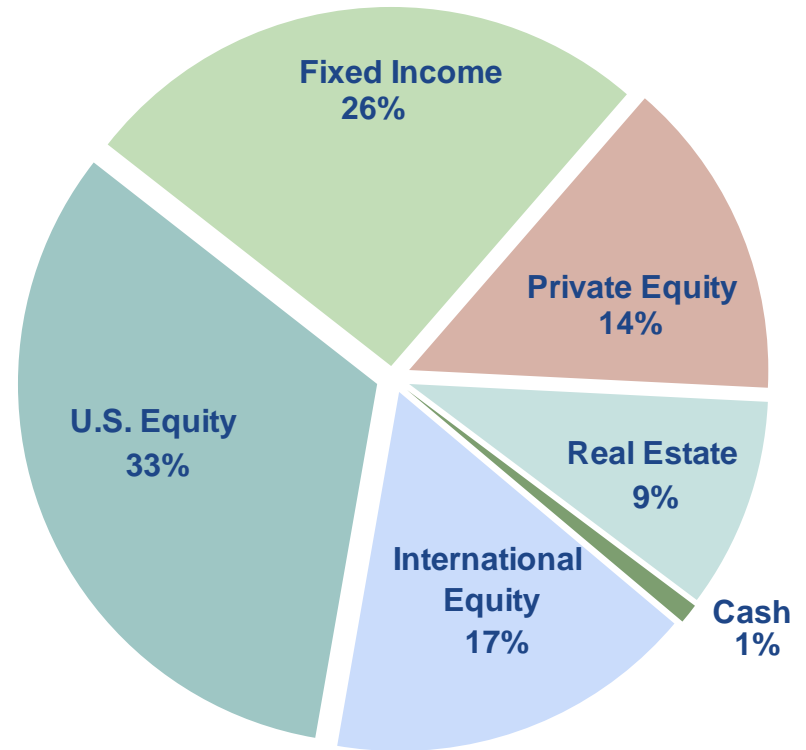




CTF Asset Allocation

September 30, 2004

Asset Class	Market Value (000s)
U.S. Equity	\$14,166,689
Int'l Equity	7,269,100
Fixed Income	11,240,015
Private Equity	6,263,103
Real Estate	4,068,924
Cash	404,625
Total Fund	<u>\$43,412,457</u>





Market Values & Net Performance – Lagged

Periods Ended
September 30, 2004

		<u>Qtr.</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Total Fund \$43.4 billion	100.0%	1.42 %	13.73 %	6.83 %	4.52 %	9.81 %
MAP Benchmark		-0.08 %	13.39 %	7.31 %	2.23 %	8.91 %
TUCS Public Fund >\$1B Median		0.53 %	12.54 %	6.84 %	4.05 %	9.42 %



U.S. Equity

Performance

September 30, 2004

Market Value \$14.2 billion

1 fund manager: Barclays Global Investors (BGI)

2004 target allocation: 31.0%

As of October 2004: 32.8%

(4,080 total holdings versus 5,025 in the index)

	<u>Qtr.</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
WSIB U.S. Equity	-1.82 %	14.88 %	5.98 %	0.24 %	10.79 %
Dow Jones Wilshire 5000	-1.84 %	14.77 %	6.12 %	-0.04 %	10.74 %
S & P 500	-1.87 %	13.87 %	4.05 %	-1.31 %	11.08 %



International Equity

Performance

September 30, 2004

Market Value \$7.3 billion

14 fund managers invested in both developed & emerging markets

Restructured by Board July 2003 with more emphasis on active management

2004 target allocation: **15.0%**

As of October 2004: **17.1%**

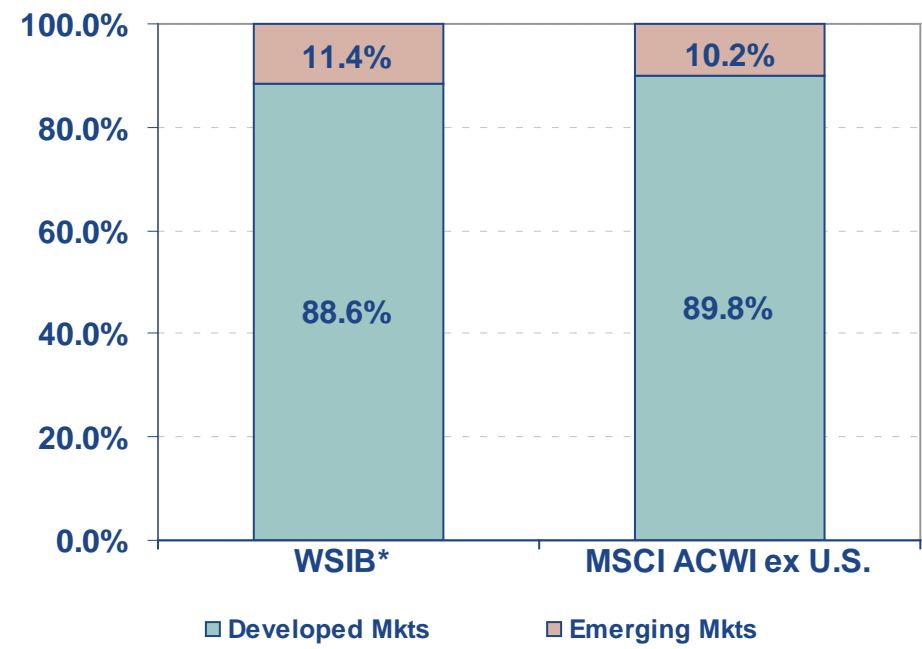
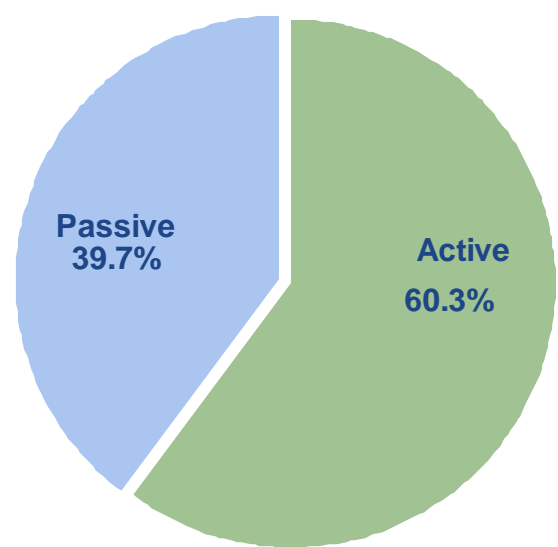
	<u>Qtr.</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
WSIB Int'l Equity	1.50 %	22.56 %	10.85 %	1.83 %	4.49 %
MSCI ACWI ex U.S.	1.01 %	23.15 %	11.38 %	0.49 %	4.25 %
MSCI EAFE + Canada	0.19 %	22.32 %	9.56 %	-0.38 %	4.21 %



International Equity

*Total International Equity
September 30, 2004*

Market Value \$7.3 billion



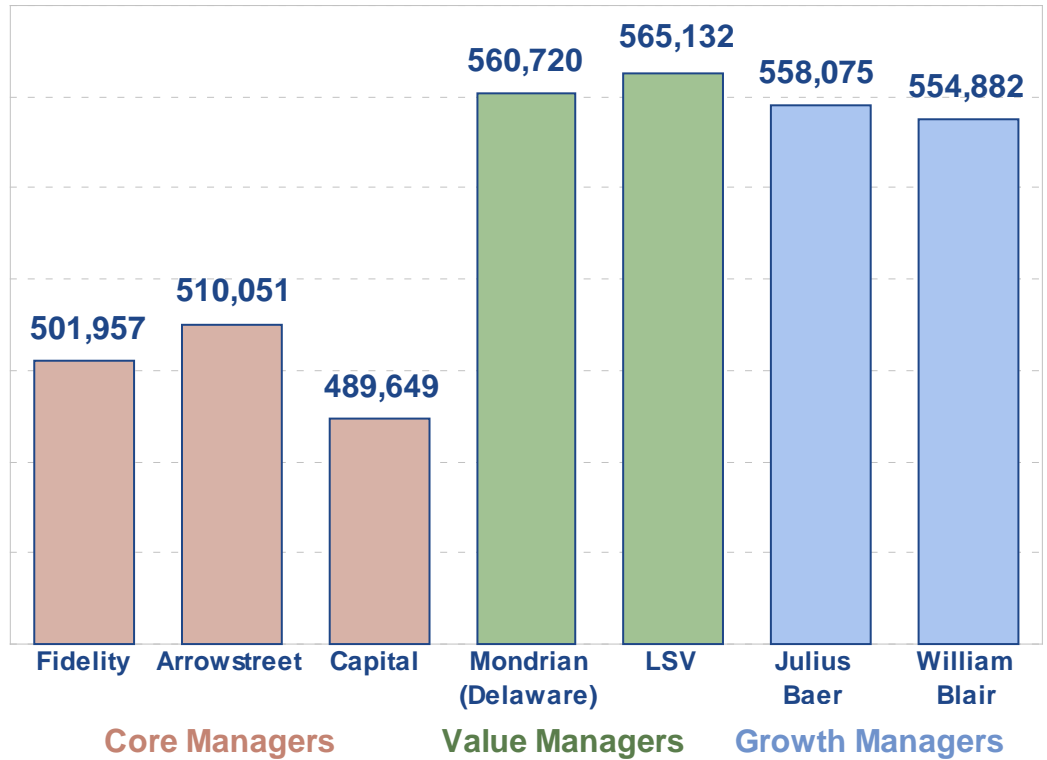
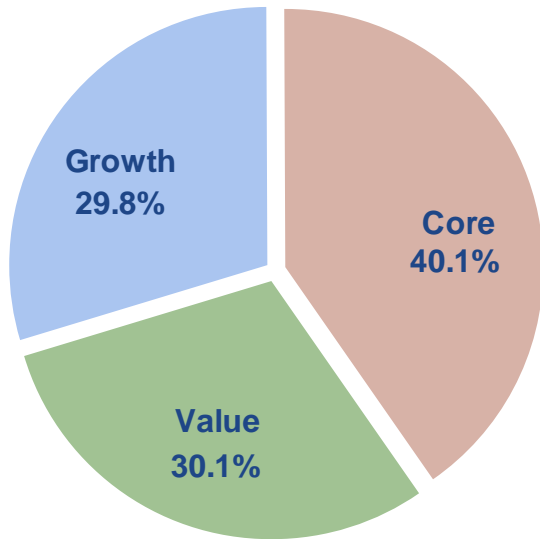
* Includes emerging market securities owned by developed managers



International Equity

Active Developed Markets Managers
September 30, 2004

Market Value \$3.7 billion





Fixed Income

September 30, 2004

Market Value \$11.2 billion

Managed internally

2004 target allocation: **26.0%**

As of October 2004: **25.8%**

Duration	<u>Jun-04</u>	<u>Sep-04</u>
WSIB Portfolio	3.89	3.75
Lehman Universal	4.78	4.51
Difference	-18.6 %	-16.9 %

Performance	<u>Qtr.</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
WSIB Fixed Income	3.20 %	4.53 %	6.75 %	8.13 %	8.08 %
Lehman Universal	3.46 %	4.42 %	6.48 %	7.70 %	7.75 %
Lehman Aggregate	3.20 %	3.68 %	5.88 %	7.48 %	7.66 %



Private Equity

Performance

September 30, 2004

Market Value \$6.2 billion

87 general partners invested in 178 funds

2004 target allocation: 17.0%

As of October 2004: 14.4%

	<u>Qtr.</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
WSIB Private Equity	5.62 %	21.53 %	0.72 %	5.87 %	13.88 %
S&P 500 + 500 bp	2.95 %	24.11 %	4.31 %	2.79 %	16.83 %



Real Estate

Performance

September 30, 2004

Market Value \$4.0 billion

17 general partners invested in 26 funds

2004 target allocation: **11.0%**

As of October 2004: **9.2%**

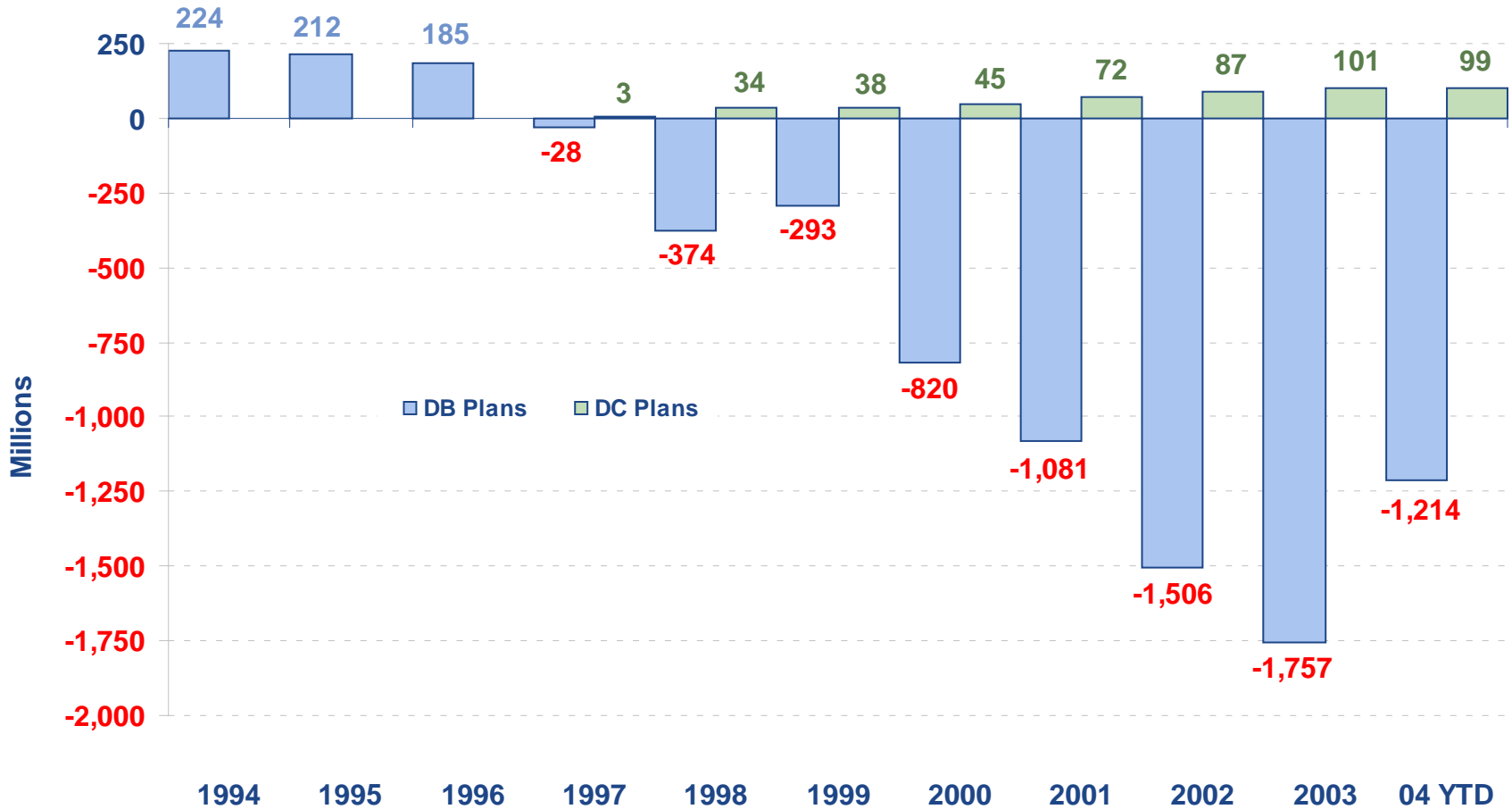
	<u>Qtr.</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
WSIB Real Estate	8.20 %	10.58 %	10.58 %	11.31 %	15.42 %
NCREIF + 100 bp	3.38 %	11.83 %	8.97 %	10.41 %	11.06 %



CTF Stakeholder Characteristics

CTF Yearly Cash Flow History

September 30, 2004



Numbers are historical and are not indicative of future transfers.



Scorecard Initiatives

Achieving Our Mission





Thank you