

TRS PLAN 3 REPORT

May
2004

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If you haven't taken advantage of eDelivery, the service that provides your TRS Plan 3 quarterly statement on-line, then perhaps now is the time to discover how using this service can help you better manage your retirement account.

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So, log on to Account Access at www.icmarc.org/trs and enroll in eDelivery. When next quarter's statements are ready, you will know sooner about the progress your investments are making toward reaching your retirement goals.

TRS PLAN 3 WSIB TOTAL ALLOCATION PORTFOLIO (TAP)

AS OF 3/31/2004

	AVERAGE ANNUAL RETURNS			
	1str 2004	1-Year	3-Year	5-Year
TOTAL ALLOCATION PORTFOLIO	3.98%	26.39%	4.88%	4.76%

The Washington State Investment Board (WSIB) periodically reviews and adjusts the TAP Fund's asset allocation. Over the last five years, the TAP Fund has shifted to a more aggressive asset mix. These returns reflect the actual asset mixes during the time periods shown.

TRS PLAN 3 SELF-DIRECTED FUNDS

AS OF 3/31/2004

	1st Qtr 2004	1-Year	3-Year	5-Year
MONEY MARKET FUND	0.15%	0.92%	2.00%	3.54%
WASHINGTON STATE BOND FUND*	2.55%	6.45%	7.66%	N/A
U.S. LARGE STOCK INDEX FUND	1.64%	34.81%	0.50%	-1.36%
U.S. STOCK MARKET INDEX FUND	2.21%	37.88%	1.77%	0.14%
U.S. SMALL STOCK INDEX FUND	6.18%	62.83%	10.74%	9.34%
INTERNATIONAL STOCK INDEX FUND	4.27%	54.24%	1.50%	-0.92%
SHORT-HORIZON FUND	2.19%	14.96%	5.01%	N/A
MID-HORIZON FUND	2.94%	25.48%	5.36%	N/A
LONG-HORIZON FUND	3.02%	35.29%	3.87%	N/A

* The Bond Market Index Fund closed on August 31, 2000. Investments were transferred to the Washington State Bond Fund. Performance shown is from its September 1, 2000 inception date.

The Horizon Funds were created for Washington State TRS Plan 3 participants in September 2000. Please refer to the *Plan 3 Investment Guide* or the Web site <http://www.icmarc.org/trs/investing> for additional fund information and estimated long-term performance.

All returns are net of fees. Self-Directed funds are valued daily; your account balance and rate of return will vary accordingly. Past performance is no guarantee of future results. For more information about the funds, please see the *Plan 3 Investment Guide* or the Web site at <http://www.icmarc.org/trs/investing>.

Returns cover the period ending March 31, 2004.

N/A - Not Applicable

Market Commentary as of February 29, 2004

Markets continued to rally during the three-month period ending February 29, 2004, on the tide of enthusiasm that drove stock performance to their best year since 1999. Recent economic evidence provides support that the long-awaited recovery of the U.S. economy is well under way; for example, the Gross Domestic Product (GDP) was growing at a solid 4 percent annual rate at the close of 2003. Even with this healthy GDP growth, many investors were disappointed, as estimates had indicated growth in the neighborhood of 5 percent. Markets slowed down in mid-

January as Federal Reserve Chairman Alan Greenspan cautioned investors that a rise in interest rates is inevitable and hinted that rates may need to rise sooner than many had originally expected. Although the economy is growing, the weak pace of job growth remains the notable exception, having improved only slightly in the first two months of 2004.

Bonds

Domestic bonds finished the three-month period with strong gains as the Lehman Brothers Aggregate Index rose 2.9 percent and the Lehman Brother High Yield Index posted a solid 3.9 percent gain (commonly used measurements of the overall U.S. bond market and high yield bond market,

respectively). Lower quality bonds outpaced their higher quality counterparts as investors continued to clamor for higher yielding instruments as long as interest rates remain at historical lows.

Stocks

U.S. stocks continued to produce positive returns based on strong fourth quarter corporate earnings announcements. With large company stocks leading the pack in December, the S&P 500 Index finished the three-month period with a robust gain of 8.4 percent. Smaller capitalization companies, and technology stocks in particular, started off the new year with a growth spurt, but cooled at the close of January as companies painted a less rosy scenario for the second half of 2004 than what many observers expected. Growth-oriented companies outpaced value stocks in January, but their positions switched in February as investors became more defensive following the Federal Reserve's suggestion of upcoming interest rate increases.

Similar to domestic stocks, non-U.S. markets raged ahead in December, January, and February. Overseas investors remain wary of the sustainability of U.S. economic growth, fearing that a slowdown could potentially cause a negative domino effect in foreign economies that are dependant on U.S.-based companies. Emerging markets continued to excel, closing February with a streak of eleven consecutive months of positive performance. On the currency front, the U.S. dollar remained weak versus most major foreign currencies.

***By Arnerich Massena & Associates
Due to printing requirements, this article
includes market activity as of February 2004.***

DRS distributes annual statements in March

DRS distributed members' 2003 annual statements to employers in March. Annual statements provide Plan 3 members with an update on their service credit earned in 2003, as well as their total service credit.

If you find that there are discrepancies on your annual statement, if you have questions, or if you have not received an annual statement, please contact your payroll office.

PRIVACY POLICY NOTICE

The ICMA Retirement Corporation (ICMA-RC) recognizes the sensitive nature of your personal financial information, and takes every precaution to protect your privacy. In order to provide services to you, the Department of Retirement Systems (DRS) collects certain nonpublic personal information about you from your employer (address, date of birth, etc.). DRS then provides that information to ICMA-RC, to allow us to service your account. Our policy is to keep this information strictly safeguarded and confidential. We will use this information only as necessary to provide services to you or as otherwise required by law. Our contract with DRS requires us to maintain the privacy of your personal information. You can be certain your financial information will only be used within our strict guidelines. Our privacy policy and practices apply equally to nonpublic personal information about former clients and individuals who have inquired about our services.

Information We Collect

"Nonpublic personal information" is personally identifiable financial information about you as an individual or your family. Nonpublic personal information we have about you includes information provided by DRS and information you provide to us in telephone calls, forms, and correspondence.

Information We Disclose

We use this information to process your requests and transactions, for example, to provide you with additional information about the investments available in your plan or to process a transaction. In order to service your account and carry out your instructions, we may also provide your personal information to firms that assist us in servicing your account. For example, we will provide your address to the vendor that mails your quarterly financial statements. We do not provide customer names and addresses to outside firms, organizations or individuals except as provided to conduct official business on your behalf, or otherwise required by law. In addition to our own policies, our contract with DRS requires us to maintain all information regarding plan members

confidential. We are prohibited from disclosing, using, selling or sharing your personal information except to conduct business on your behalf or as directed by DRS.

How We Safeguard Your Information

We restrict access to nonpublic personal information about you to those persons with ICMA-RC who need the information to provide services to you or who are permitted by law to receive it. We maintain internal policies and procedures to safeguard your personal information.

If you have any questions regarding our Privacy Policy, please contact us at 1-888-711-8773.