

2045 Retirement Strategy

Portfolio Objective and Strategy

Retirement Strategy Funds are diversified asset allocation portfolios designed for people who want to leave ongoing investment decisions to an experienced portfolio management team. All you have to do is pick the Retirement Strategy Fund with the date closest to your expected target date for retirement (2050, 2045, 2040, 2035, etc). The management team adjusts the asset mix of your Retirement Strategy Fund over time to the allocation it deems appropriate for your age.

When you are far from your target date for retirement, most of the assets are invested in globally diversified equity portfolios. As you get closer to the target date for retirement, and continuing for 15 years beyond your target date for retirement, the management team gradually adjusts your Retirement Strategy Fund to a more conservative asset mix. That means fewer stocks and more bonds and short-term investments that can help generate income and protect your savings in retirement. The objective for each Retirement Strategy Fund is to achieve the highest total return over time consistent with its asset mix.

Manager Summary

The Retirement Strategy Funds are provided by the Washington State Investment Board (WSIB) and managed by AllianceBernstein L.P. under contract to the WSIB. AllianceBernstein designs and implements the asset allocation and manages the majority of the investment components of the strategy.

The WSIB also provides two components not managed by AllianceBernstein for the Retirement Strategy Funds. The U.S. Large Cap Stock component is managed by Barclays Global Investors (BGI) and the Intermediate-Term Bond component is managed by the WSIB's internal fixed income staff.

Portfolio Construction as of 12/31/08*

Asset Class	Actual % of Portfolio
Stocks	
U.S. Large Cap Stocks	34.27%
U.S. Small/Mid Cap Growth Stocks	5.42
U.S. Small/Mid Cap Value Stocks	5.47
International Growth Stocks	22.46
International Value Stocks	22.57
Global Real Estate Investment Trusts (REITs)	4.99
Bonds	
Intermediate-Term Bonds	4.81
Total	100.00%

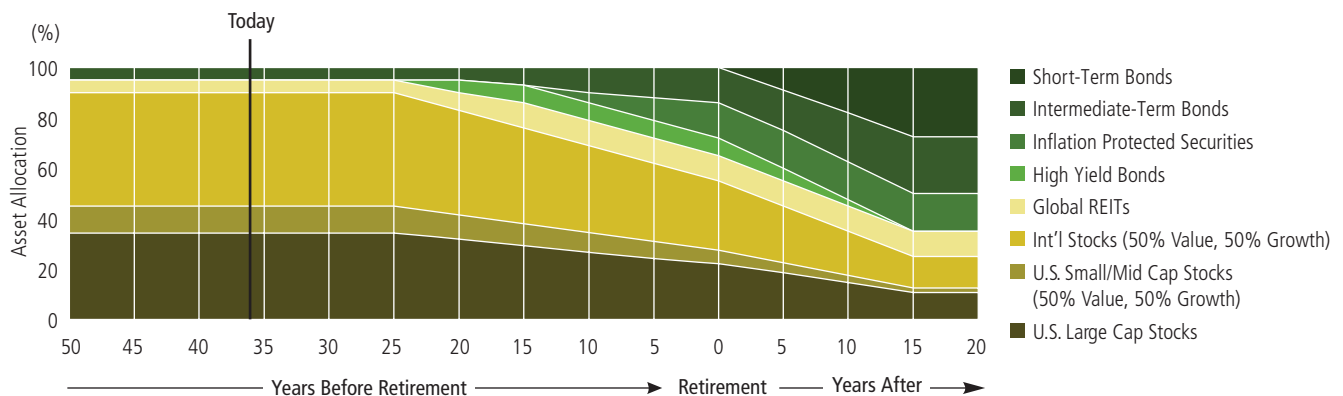
* Actual allocations will change over time. Columns may not sum due to rounding.

General Fund Information

Inception Date	10/3/2008
Fund Management Fee [†] :	0.42%

[†] The Fund Management Fee includes the most current expenses for the funds and may change. The Fund Management Fee does not include the Plan 3 Record-Keeping fee of 0.1100% and the WSIB Expenses of 0.0154%, or the DCP Administrative fee of 0.1300% (as of July 1, 2008). Additional fee data is available online and in your Investment Guide.

Investments Become More Conservative Over Time



Annualized Performance as of 12/31/08*

	Quarter	1 Year	3 Years	5 Years	Since Inception
2045 Retirement Strategy Fund	—	—	—	—	-15.00%
2045 Composite Benchmark	—	—	—	—	-17.94%

*Please note the portfolio's inception date is 10/3/2008. The returns are presented net of fees. Periods less than one year represent cumulative returns.

Benchmark Return Notes

The benchmark for a Retirement Strategy Fund is a customized benchmark that has the same target asset allocation as the Fund and uses index returns to represent performance of the asset classes. The benchmark returns were calculated by weighting the monthly index returns of each asset class by the Fund's monthly target allocation for each asset class. Target allocations adjust quarterly in accordance with the Retirement Strategy Fund's standard glide path. The S&P 500 Index was used to represent the allocation to U.S. Large Cap Stocks, Russell 2500 Value to represent the allocation to U.S. Small/Mid Cap Value Stocks, Russell 2500 Growth to represent the allocation to U.S. Small/Mid Cap Growth Stocks, MSCI EAFE to represent International Stocks, FTSE EPRA/NAREIT to represent Global REITs, Barclays Capital U.S. Intermediate Credit to represent Intermediate-Term Bonds, Barclays Capital High Yield (2% Constrained) to represent High Yield Bonds, Barclays Capital TIPS to represent Inflation Protected Securities, and Merrill 1-3 Year Treasury to represent Short-Term Bonds.

Source: Russell Investment Group, FTSE, Barclays Capital, MSCI, NAREIT, Standard & Poor's, Merrill, AllianceBernstein

A Word About Risk

Before investing for retirement, there are many factors to consider, including your time horizon, retirement needs, goals and assets (income and investments outside of those in your employer-sponsored retirement plan). You should view the Retirement Strategy Funds as one part of your entire plan for retirement income.

The Retirement Strategy Funds' underlying investments include international companies, which involve such risks as currency fluctuations, economic instability and political developments. The portfolios also invest some of their assets in small and midsize companies. Such investments increase the risk of greater price fluctuations. In addition, the portfolios have a portion of their assets in bonds. Investments in bonds are subject to interest-rate risk, credit risk and inflation risk. As with all investments, there is a risk of not meeting your retirement income needs. Because the Retirement Strategy Funds are managed to specific retirement dates, you may be taking on greater risk if your actual year of retirement differs dramatically from what you estimated.

Past performance does not guarantee future results. You should consider the investment objectives, risks, charges and expenses of the Retirement Strategy Funds carefully before investing. The Retirement Strategy Funds are a customized product, not a registered investment company, and interests in the funds have not been registered with the Securities Exchange Commission. Therefore, there is no prospectus for these funds. The funds are only available in the Deferred Compensation Program and Plan 3. For more information see your Investment Guide.