



The SWIB Report

The State of Wisconsin Investment Board

December 2003

After 14 years as Executive Director Pat Lipton Retires

After 21 years at SWIB (the last 14 as Executive Director) Patricia Lipton has announced plans to retire effective January 2, 2004.



Pat Lipton

Pat is highly regarded by both WRS participants and peers around the world for her work at SWIB.

“Patricia Lipton’s tenure with the Investment Board has been

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The SWIB Report

The SWIB Report is published quarterly by the State of Wisconsin Investment Board (SWIB), the state agency responsible for investing the Wisconsin Retirement System (WRS) assets. Each May the newsletter is distributed with the Trust Fund News, published by the Department of Employee Trust Funds, to all WRS participants

Contact SWIB

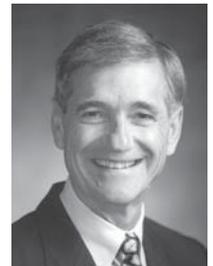
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SWIB Welcomes Dave Mills

David C. Mills has been named Executive Director effective December 10. Dave will serve until the Board names a permanent successor to Patricia Lipton, outgoing SWIB Executive Director.

Board Chairman James Senty said “Dave Mills is uniquely qualified to lead the Investment Board during this transition period. As Deputy Secretary of the Wisconsin Department of Employee Trust Funds for the last eleven years, Dave is extremely

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Dave Mills

Preliminary Performance Ending 11/30/03

<u>Retirement Funds</u>	<u>Year-to-date Return*</u>	<u>1-Year Return</u>
Fixed Fund	19.4%	16.8%
Benchmark	18.2	16.1
Variable Fund	26.6%	19.5%
Benchmark	25.7	19.3
S&P 500	22.3	15.1

*Performance from Jan. - Nov. 2003

The above chart shows preliminary investment performance as of November 30, 2003. These are common industry performance evaluations.

Market Continues Growth into December

The stock market continues to move upward as the end of 2003 approaches helping to regain some of the loss felt in the past three years. If the current rates of return for the Fixed and Variable Trust Funds hold through the end of December, they will be among the highest over the past 20 years. The **Fixed (balanced) Trust Fund year-to-date preliminary return as of November 31, 2003, was 19.4%** versus the benchmark at 18.2%. The **Variable Trust Fund returns were 26.6%** against the benchmark of 25.7%.

Under the current law, the Fixed Trust Fund return must be at least 24.2% on December 31, 2003, to generate a dividend to retirees. However, pending legislation may give the Employee Trust Funds

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knowledgeable about the Wisconsin Retirement System and SWIB's investment responsibilities. We are fortunate to have a proven leader and someone whose abilities have been recognized at both state and national levels available to step in as Executive Director." The Board of Trustees will be conducting a national search for a permanent successor.

Dave brings with him a wealth of knowledge about the retirement system as well as strong leadership qualities. He comes to SWIB after serving as Deputy Secretary and chief operating officer of the Wisconsin Department of Employee Trust Funds since 1992. In that role, Dave provided executive leadership for all programs, staff and operating divisions. He has worked closely with SWIB in that role. He also served as Executive Assistant from 1988 to 1991 and Administrator, Division of Program Development and Evaluation from 1986 to 1988.

He recently completed his term as President of the National Council on Teacher Retirement, a position elected by trustees and executive directors of 77 retirement systems for the nation's 16 million educators.

"I look forward to providing SWIB with the leadership necessary to serve the WRS participants in the best way possible and meet the growing demands of retirement system in the future."

Top Five Rate of Returns 1983 - 2003

<u>Year</u>	<u>Fixed Fund</u>	<u>Year</u>	<u>Variable Fund</u>
1985	27.5%	1985	32.7%
1995	23.1%	1999	27.8%
1991	20.4%	1991	27.1%
2003*	19.4%	2003*	26.6%
1989	19.2%	1955	25.6%

* Performance through Nov. 31.

Performance *Continued from page 1*

Board the ability to lower that threshold. To avoid a negative dividend to retirees, the return will need to be at least 8.3%. The highest year-end return during the past 20 years was in 1985 when the Fixed returned 27.5% and the Variable return was 32.7%. Among the strongest performers this year has been small and midsize company stocks. International stocks were also slightly above domestic stock performance through November.

Performance numbers are posted on the SWIB website at www.swib.state.wi.us about three or four weeks after the end of the month, once performance information is available from all asset classes.

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characterized by extremely hard work, dedication and a commitment to make SWIB a world-class investment organization," said Board Chair James Senty. "On behalf of the members of the Wisconsin Retirement System, state and local governments for whom SWIB invests funds, and the citizens of Wisconsin, we extend our deep appreciation and wish Pat and her family the very best."

Pat is among the longest serving executive directors of state investment organizations. She is a past recipient of the Chief Investment Officer of the Year award from the Robert Toigo Foundation. Pat served as a member of the Board of Directors of the Council of Institutional Investors and as a member of the New York Stock Exchange Pension Managers Advisory Committee.

Under Pat's leadership, SWIB established a disciplined asset allocation and risk management process. Investment performance is measured against rigorous performance benchmarks. Since 1990, the Fixed Retirement Fund has outperformed its five-year benchmark 85% of the time at the end of the fiscal and calendar years. Currently both the Fixed and Variable Funds are ahead of their one, five and ten-year investment benchmarks.

Originally from Oxford, England, Pat came to the U.S. to do her undergraduate work in economics at the University of California-Berkeley, where she graduated with honors with distinction. She earned a Master's degree in 1974 in economics at the University of Wisconsin-Madison.

She will remain available to assist in the transition until her resignation takes effect. While Pat has no immediate plans except to spend more time with her family, she is considering a number of opportunities in the private sector.

Pat wished SWIB every best success going forward. "SWIB has a wonderful history and the people who work there are talented, ethical and dedicated to doing the best for the members of the Retirement System. I will miss them all. SWIB has been a very important part of my life for 21 years."

2004 Board Schedule Announced

Board meetings are set to be held at Monona Terrace until April when they will generally be held at SWIB, 121 E. Wilson.

Wednesday, Jan. 14
Wednesday, Feb. 11
Wednesday, March 10
Wednesday, April 14
Wednesday, May 12
Wednesday, June 9

No meeting in July
Wednesday, Aug. 11
Wednesday, Sept. 8
Wednesday, Oct. 13
Wednesday, Nov. 10
Wednesday, Dec. 8