



I FUND

International Stock Index Investment Fund

Fund Information

Net Assets

as of December 31, 2003
\$2.3 billion

2003 Administrative Expense Ratio

.10% (10 basis points)
\$1.00 per \$1,000
account balance

Benchmark Index

Morgan Stanley Capital
International EAFE
stock index
www.msci.com

Asset Manager

Barclays Global Investors

Returns

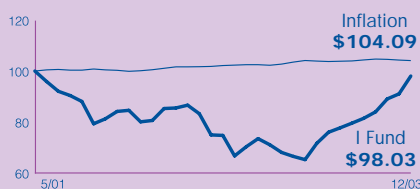
as of December 31, 2003

	I Fund ¹	EAFE Index ²
1 Year	37.9	38.6
5 Year	N/A	- 0.1
10 Year	N/A	4.4
Since Inception May 1, 2001	- 0.7	- 0.3

(See footnotes on back.)

Growth of \$100

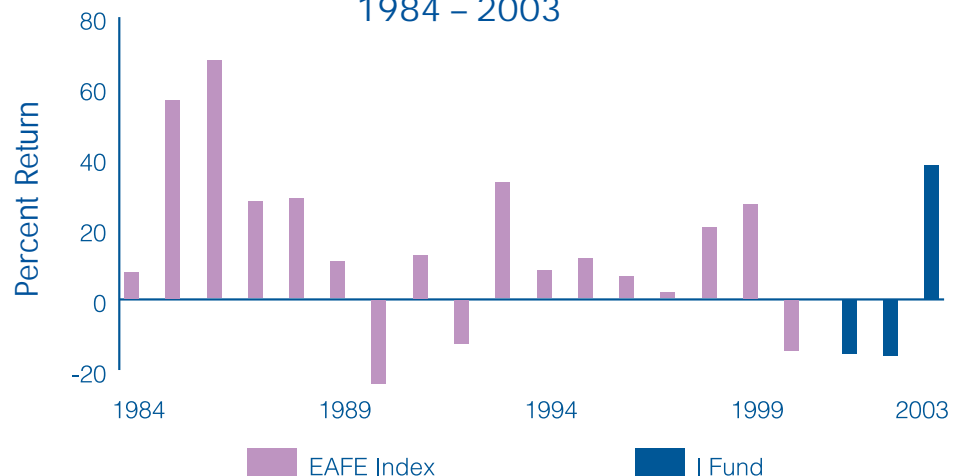
Since Inception



Key Features

- The I Fund offers the opportunity to earn a potentially high investment return over the long term by investing in the stocks of companies in developed countries outside the U.S.
- The objective of the I Fund is to match the performance of the Morgan Stanley Capital International EAFE (Europe, Australasia, Far East) index, a broad international market index, made up of stocks of companies in 21 developed countries.
- There is a risk of loss if the EAFE index declines in response to changes in overall economic conditions (market risk) or in response to increases in the value of the U.S. dollar (currency risk).
- Earnings consist of gains and losses in the prices of stocks, currency changes relative to the U.S. dollar, and dividend income.

I Fund Returns* 1984 - 2003



* For periods before the inception of the I Fund, the rate shown is the return of the EAFE index (without deduction for management fees, trading costs, and administrative expenses).

EAFE Top Ten

Company	Percent of Index
BP Amoco (British Petroleum)	2.43
HSBC Holdings (GB)	2.31
Vodafone Group	2.29
GlaxoSmithKline	1.85
Total Fina Elf	1.62
Royal Dutch Petroleum Co.	1.49
Novartis	1.46
Nestlé	1.37
Toyota Motor Corp.	1.24
Nokia Corp.	1.12

I FUND FACTS

By law, the I Fund must be invested in a portfolio designed to track the performance of an index of common stocks, representing international stock markets outside of the United States. The Board has chosen as its benchmark the Morgan Stanley Capital International EAFE (Europe, Australasia, Far East) index, which tracks the overall performance of the major companies and industries in the European, Australian, and Asian stock markets.

A significant component of the returns on the EAFE index (and the I Fund) results from changes in the value of the U.S. dollar relative to the currencies of the countries represented in the index. For example, the EAFE index earned 38.6% in 2003, but almost half of that return reflected a decline in the value of the U.S. dollar (which increased the return). If the value of the dollar had been unchanged during 2003, the return would have been 20.3%.

The **EAFE index**, designed by Morgan Stanley Capital International (MSCI), is an index of the equity markets of the developed world outside of the United States and Canada. It is the most widely used international stock index. The EAFE index is “free-float” adjusted to include only stocks that are freely traded. It excludes “strategic holdings” that are not publicly available, such as the holdings of governments, controlling shareholders (and their families), company management, and other companies. Also excluded are shares subject to foreign ownership limitations imposed by governments or companies.

As of December 31, 2003, the index covered the equity markets of 21 countries, as shown in the table. For each country, MSCI selects a group of companies that represent 85% of the national stock market’s free-floating market value. The companies are weighted according to their own free-floating market value (share price times the number of free-floating shares outstanding) as a percentage of the combined free-floating market value of all companies included for that country. Similarly, a country’s weighting in the EAFE index is the free-floating market value of its stock market as a percentage of the combined free-floating market value of all stock markets included in the index.

Barclays EAFE Index Fund — The Barclays fund holds common stocks of all the companies represented in the EAFE index in virtually the same weights that they have in the index. The performance of the EAFE index fund is evaluated on the basis of how closely its returns match those of the EAFE index. A portion of EAFE Index Fund assets is reserved to meet the needs of daily client activity. This liquidity reserve is invested in futures contracts on the local stock indexes of the countries in the EAFE index. These include the United Kingdom’s FTSE 100, Germany’s DAX, France’s CAC 40, Australia’s ALL ORDS, Japan’s Nikkei 300, and Hong Kong’s Hang Seng.

The I Fund invests in the Barclays EAFE Index Fund by purchasing shares of the Barclays EAFE Index Fund “E,” which in turn holds primarily shares of the Barclays EAFE Index Master Fund. As of December 31, 2003, I Fund holdings constituted \$2.2 billion of the EAFE Index Master Fund, which itself held \$32.2 billion of securities.

EAFE Index Country Composition December 31, 2003

Country	Percent of Total Value of Index	Number of Companies
Europe		
Austria	0.2	13
Belgium	1.1	19
Denmark	0.8	22
Finland	1.7	19
France	9.9	59
Germany	7.2	47
Greece	0.5	19
Ireland	0.7	13
Italy	3.9	39
Netherlands	5.2	25
Norway	0.5	13
Portugal	0.4	10
Spain	3.7	28
Sweden	2.3	41
Switzerland	7.4	31
United Kingdom	25.8	141
Europe	70.9%	539
Australasia/Far East		
Australia	5.1	70
Hong Kong	1.6	34
Japan	21.4	314
New Zealand	0.2	15
Singapore	0.8	33
Australasia/Far East	29.1%	466
EAFE Index	100%	1,005

Source: Morgan Stanley Capital International

Notes from front:

¹ Rate of return after deduction of management fees, trading costs, and TSP administrative expenses.

² Rate of return calculated by Morgan Stanley Capital International, without any deduction for management fees, trading costs, and administrative expenses.