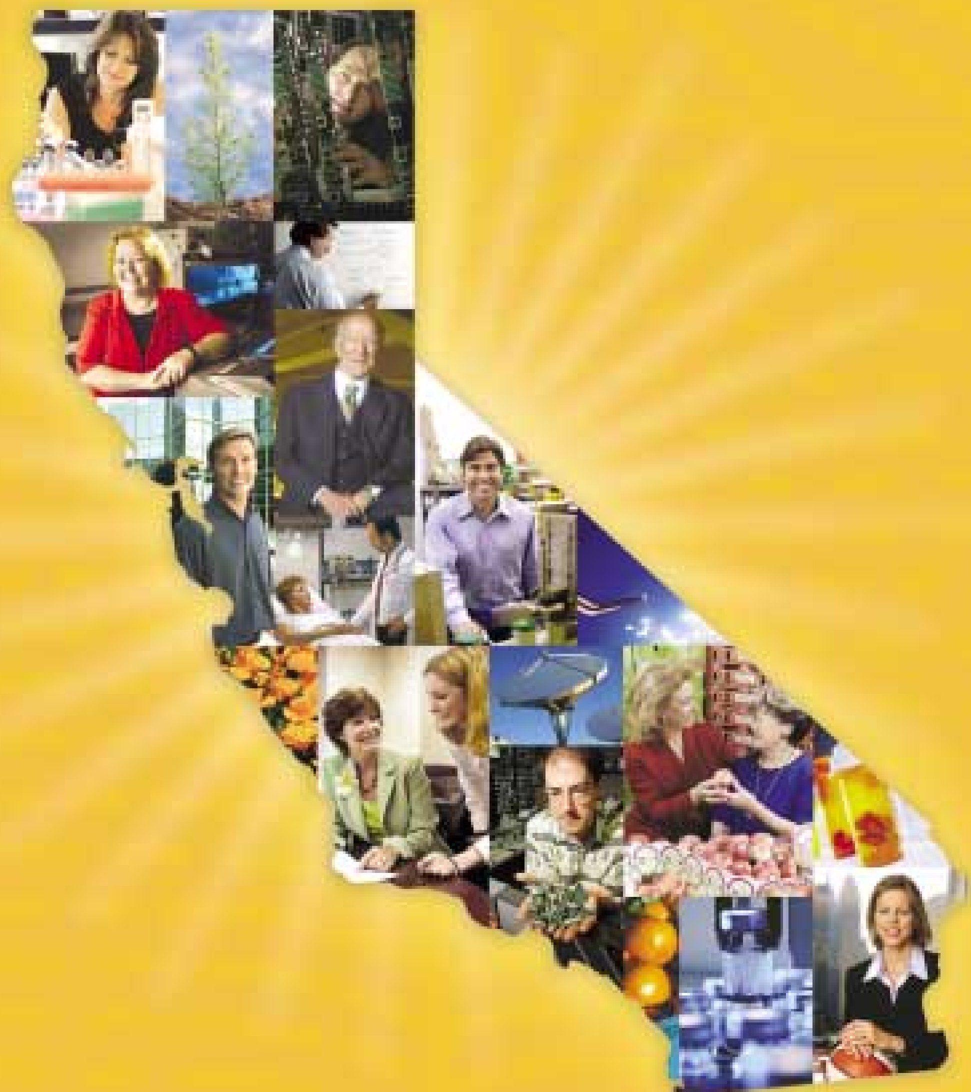


Keeping California Competitive

IT STARTS HERE

The University of California Retirement System
Defined Contribution Plan and Tax-Deferred 403(b) Plan
Year Ended June 30, 2004

The University of California Retirement System
Defined Contribution Plan and Tax-Deferred 403(b) Plan
Year Ended June 30, 2004

UCRS Plan Administration

Summary Statement

This report contains information about the University of California Defined Contribution Plan and Tax-Deferred 403(b) Plan for the fiscal year ended June 30, 2004, and includes audited financial statements. Significant statistics relating to both Plans and their participants as of the 2003–2004 fiscal year end are as follows:

Net assets	$10.1	billion
Total contributions	$835.9	million
Net investment income	$258.2	million
Plan administrative expenses	$11.2	million

Defined Contribution Plan

Active Plan Participation		
Pretax Account:		
Senate Faculty	18,075	participants
Management/Senior Professional	50,082	participants
Professional/Support Staff	40,504	participants
Hastings College of the Law	174	participants
Total	108,835	participants
• Average Pretax Account monthly contribution	$92	
• Average Pretax Account value	$7,667	
Safe Harbor:		
UC	25,890	participants
Hastings College of the Law	145	participants
California State University	851	participants
Total Safe Harbor	26,886	participants
• Average Safe Harbor monthly contribution	$134	
• Average Safe Harbor Pretax Account value	$3,005	
After-Tax Account:		
Senate Faculty	537	participants
Management/Senior Professional	1,294	participants
Professional/Support Staff	670	participants
Total After-Tax	2,501	participants
• Average After-Tax Account monthly contribution	$599	
• Average After-Tax Account value	$25,965	
Inactive Plan Participation	272,699	participants

Tax-Deferred 403(b) Plan

Active Plan Participation		
Senate Faculty	7,432	participants
Management/Senior Professional	26,873	participants
Professional/Support Staff	17,223	participants
Hastings College of the Law	99	participants
Total	51,627	participants
• Average percent of salary contributed	7%	
• Average monthly contribution	$537	
• Average Plan account value	$45,153	
• Outstanding Loan Program loans	9,909	
• Aggregate outstanding loan principal	$65.9	million
Inactive Plan Participation	48,734	participants

Plan Overview and Administration

The University established the Defined Contribution Plan (the DC Plan) and the Tax-Deferred 403(b) Plan (the 403(b) Plan) to complement employees' University of California Retirement Plan (UCRP) pension benefits. The Plans cover virtually all employees of the University of California and its affiliates, Hastings College of the Law and Associated Students of UCLA. The Plans are defined contribution plans described under §401(a) and §403(b) of the Internal Revenue Code (IRC).

Benefits from the DC and 403(b) Plans are based on participants' mandatory and voluntary contributions, plus earnings. While their savings accumulate, employees enjoy significant reductions in their personal income taxes due to the Plans' tax-deferred design.

A defined contribution plan was first made available to University employees through the Supplemental Retirement Program in 1967, in which employees could invest after-tax contributions in two University-managed annuity funds. Two years later, the 403(b) Plan was added for voluntary pretax savings. Over the years, Plan features have been expanded to include:

- six University-managed investment fund options for building retirement savings;
- externally managed mutual fund investment options;
- a Loan Program, through which participants can borrow their 403(b) Plan savings; and
- money management flexibility in line with ERISA §404(c) regulations.

Currently, all contributions are deducted from participants' wages; there are generally no matching employer contributions.

The President of the University of California is the Plan Administrator of the Plans and delegates the responsibility for the day-to-day management and operation of the Plans to the University of California Human Resources and Benefits department. This department conducts policy research, implements regulations to preserve the Plans' qualification and/or tax-deferred status with the Internal Revenue Service, and provides participant recordkeeping, accounting, reporting, and receipt and disbursement of Plan assets to eligible participants.

Plan Progression

1967	Supplemental Retirement Program established with Fixed (Savings) and Variable (Equity) annuity investment options.
1969	Tax-Deferred Annuity Plan (the 403(b) Plan) established for investment of pretax contributions in Fixed and Variable annuities.
1978	Variable Bond Fund added to annuity investment options.
1985	Money Market and Insurance Company Contract funds added as University-managed investment fund options.
1986–87	Mutual fund investment options offered through Fidelity Investments and Calvert Social Investment Fund to 403(b) Plan participants. 403(b) Plan Loan Program established under IRC §72(p).
1990	Multi-Asset Fund added as sixth University-managed investment fund option. DC Plan expanded to accept mandatory pretax contributions from UCRP members.
1991	Part-time employees at UC and at California State University (CSU) not otherwise covered by a retirement system contribute to the DC Plan in lieu of paying Social Security taxes.
1994–95	DC Plan investment options expanded to include Fidelity Investments mutual funds. Plan participation extended to non-exempt student employees in lieu of paying Social Security taxes.
2001-02	Rollover options expanded under the Economic Growth and Tax Relief Reconciliation Act; Calvert Group mutual fund investment options expanded.

For services rendered in connection with the Plans, an administrative fee equal to .0125 percent of the net assets is charged to the UC-managed investment funds each month, based on the previous month's net assets. The fee is deducted before calculating the unit values and interest factors. Included in the administrative fee are charges for investment management.

To help participants better understand the Plans' benefits and effectively manage their accounts, UC maintains two electronic sources for participants to use to obtain direct information about the Plans.

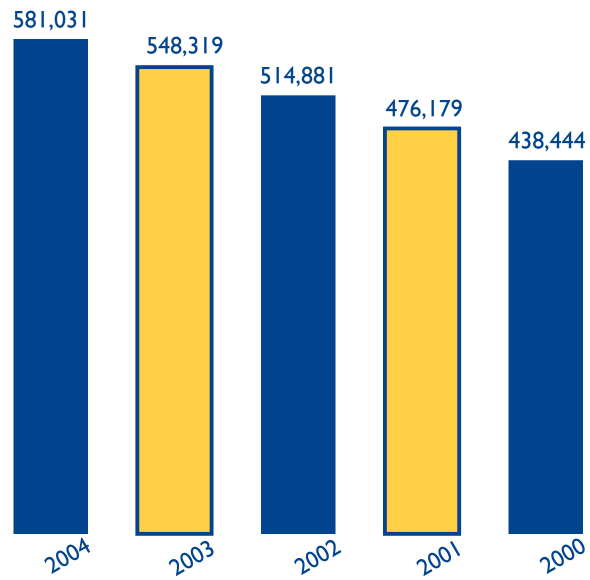
- Participants who have access to the Internet can find current, comprehensive information about the Plans on the UC HR/Benefits website (At Your Service) at http://atyourservice.ucop.edu. Certain Plan transactions may also be made online on At Your Service.

- bencom.fone is an interactive, toll-free telephone service that is available 24 hours a day, 7 days a week, through which participants can retrieve personal financial information about their accounts. Brochures with complete information about bencom.fone are available from the UC HR/Benefits Customer Service Center and local Benefits Offices.

Summary plan descriptions are updated periodically to reflect legislative, Plan and administrative changes. These booklets are available online on At Your Service, through local Benefits Offices and are mailed directly to active participants once every five years, in line with ERISA disclosure requirements

Plan Administration Services

Number of Accounts (Plan Balances)



Changes in the Plans

The following Plan changes occurred during fiscal year 2003–2004. These changes were mandated by legislation or recommended by the President of the University and approved by The Regents.

All currently effective Plan provisions are contained in the Defined Contribution Plan and Tax-Deferred 403(b) Plan documents.

Date	Change
January 2004	Revised the Multi-Asset Fund's asset allocation and rebalancing policy and renamed the fund the Balanced Growth Fund. Created the Treasury Inflation-Protected Securities (TIPS) Fund. Merged the Money Market Fund into the Savings Fund.

Nearly all employees (except student employees who satisfy certain courseload requirements) participate in the DC Plan as a condition of employment. Mandatory and voluntary contributions are held in two separate accounts—the Pretax Account and the After-Tax Account. Mandatory contributions to the Pretax Account are based on covered compensation at rates specified by The Regents, and vary depending on whether the employee is a member of UCRP and, if so, the membership classification (see chart). Pretax Account contributions, which are deducted from gross salary and thereby reduce taxable income, may be invested in and transferred among any of the six University-managed investment funds, as well as among Fidelity Investments mutual funds.

PRETAX ACCOUNT CONTRIBUTION RATES

UCRP Membership Classification	Contribution Rate
With Social Security	2% to 4% less $19 a month*
Without Social Security	3% less $19 a month
Safety	3% less $19 a month
Tier Two	0%
Safe Harbor (Non-UCRP members; i.e., part-time employees and non-exempt students)	7.5%

** The contribution rate is 2 percent of annual earnings up to the Social Security wage base ($87,900 in 2004, $87,000 in 2003), then 4 percent on any earnings over the wage base.*

Effective July 1, 2001, The Regents approved DC Plan retirement contributions on the summer salaries of eligible academic employees who teach, conduct research or provide administrative service during the summer session. The eligible employees must hold academic year appointments and be active members of UCRP or a defined benefit plan to which UC contributes. The contribution rate is 7 percent of eligible summer salary, of which 3.5 percent is employer paid and 3.5 percent is employee paid, both on a pretax basis.

Voluntary DC Plan contributions, which employees make on an after-tax basis, are held in the Plan's After-Tax Account. Effective January 1, 2002, the maximum amount employees may contribute annually to the After-Tax Account is determined by the IRC §415(c) limit. Generally, this amount is the least of 100 percent of the participant's adjusted gross University salary or $40,000. This limit applies to all annual additions as defined in IRC §415(c). These contributions are deducted from net income and also may be invested in and transferred among any of the University-managed funds and the Fidelity funds. Also in the After-Tax/Rollover Account are direct and 60-day rollovers of UCRP accumulations from members who have left University employment, as well as pretax rollovers from other employer-sponsored plans.

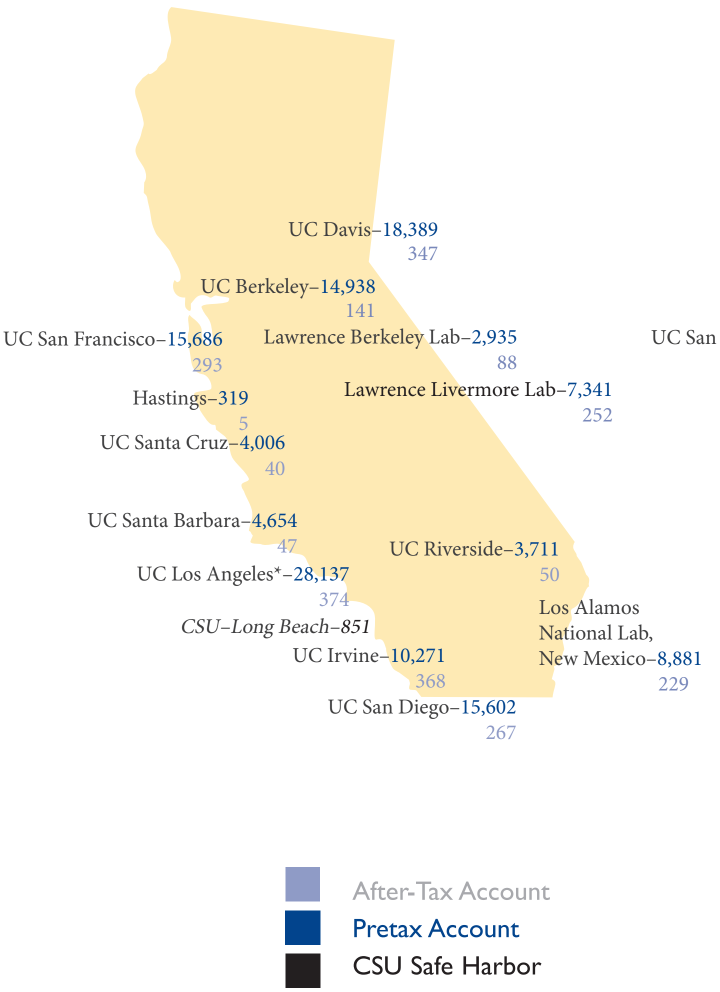
The 403(b) Plan houses voluntary contributions that are made on a pretax basis only. Within IRC limits, 403(b) Plan participants may make voluntary contributions as a percentage of their salary or in flat dollar amounts. 403(b) Plan contributions may be invested in and transferred among any of the University-managed funds, as well as among Fidelity Investments mutual funds and the Calvert Group socially responsible investment funds.

The 403(b) Plan also accepts pretax rollovers from other employer-sponsored plans.

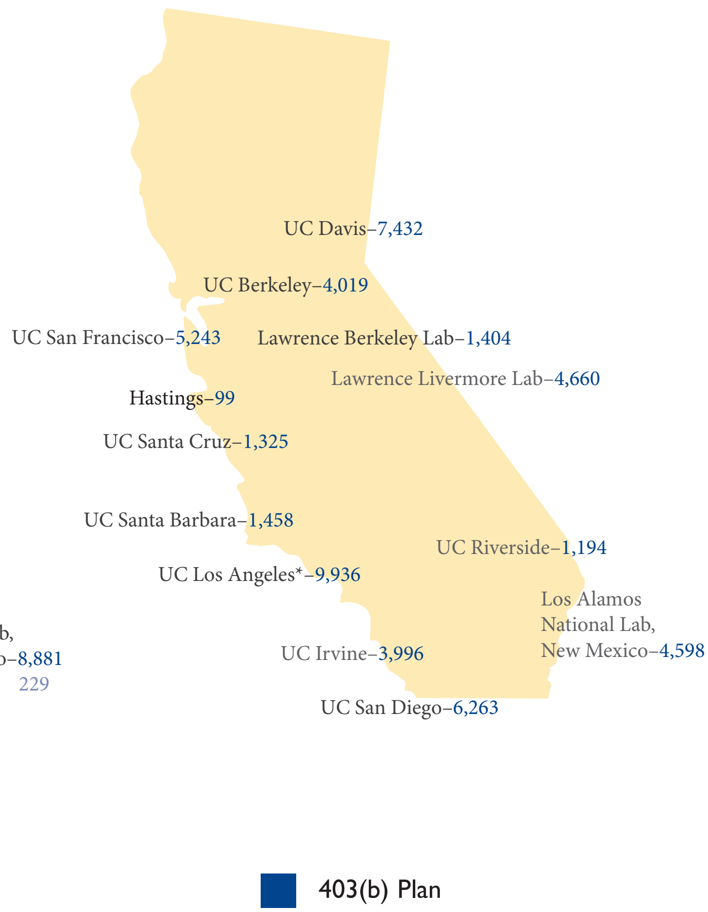
Participants' contributions to the UC-managed investment funds during the fiscal years ended June 30, 1995, through June 30, 2004, are listed in Revenues By Source, beginning on page 27.

At June 30, 2004, 135,721 active employees (including 851 CSU employees) were making mandatory contributions to the DC Plan Pretax Account and 2,501 employees were also contributing voluntarily to the Plan's After-Tax Account. Participants contributing to the 403(b) Plan numbered 51,627 at fiscal year end.

DC PLAN ACTIVE PARTICIPATION JUNE 30, 2004



403(b) PLAN ACTIVE PARTICIPATION JUNE 30, 2004



*Includes employees at UC Office of the President, UC Merced and ASUCLA

The following table shows the number of participant accounts in each UC-managed investment fund as of June 30 of the fiscal years shown. The numbers reflect participants who may have Plan accumulations in more than one investment fund.

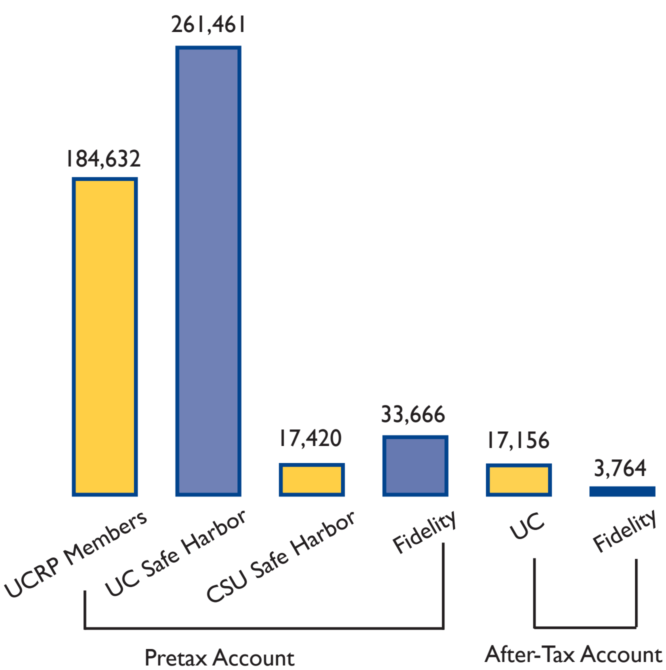
Participant Accounts by UC Fund

Year Ended June 30	Equity	Bond	Multi-Asset(1)	Savings	Balanced Growth(2)	TIPS(2)	Insurance Company Contract	Money Market(1)
2004	114,323	47,264	n/a	490,764	46,873	1,707	23,152	n/a
2003	103,611	47,400	40,376	457,595	n/a	n/a	20,950	15,276
2002	107,138	36,617	38,844	424,940	n/a	n/a	15,443	12,927
2001	105,028	28,557	35,859	389,907	n/a	n/a	12,176	10,217
2000	94,228	23,717	32,220	361,478	n/a	n/a	11,137	7,796
1999	81,030	25,184	30,385	332,709	n/a	n/a	10,831	6,923
1998	72,180	22,544	28,183	313,341	n/a	n/a	10,363	6,546
1997	59,455	19,611	24,693	301,222	n/a	n/a	10,455	6,400
1996	49,172	18,469	21,331	274,224	n/a	n/a	10,040	6,030
1995	37,982	16,484	17,900	233,203	n/a	n/a	9,831	5,892

(1) Ceased operations April 1, 2004.
(2) Commenced operations April 1, 2004.

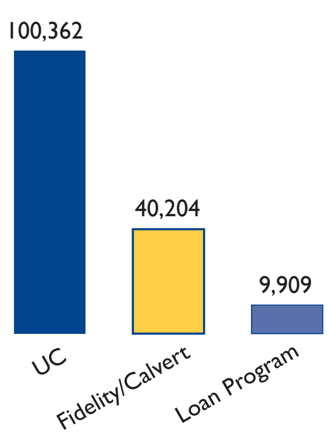
DC Plan – $2.6 Billion in net assets

- Six University investment funds
- Fidelity Investments mutual funds



403(b) Plan – $7.5 Billion in net assets

- Six University investment funds
- Fidelity Investments mutual funds
- Calvert socially responsible investment funds



Investment Management

The Plans' assets are held in commingled investment funds under a master trust arrangement. As Plan Trustees, The Regents are responsible for the investment management of the six University-managed investment funds, consistent with fiduciary laws of the State of California. The Treasurer of The Regents is the investment manager and custodian for all of the trust's assets, exclusive of assets held in accounts through custodial agreements with mutual fund companies. The Treasurer's function is executed under the policies established by The Regents' Committee on Investments to protect the interests of all participants and their beneficiaries.

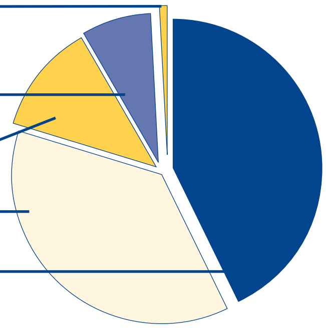
Trust assets are held separately under a custodial agreement with State Street Bank & Trust Co. The bank carries insurance against loss of property caused by employee dishonesty, theft, misplacement, damage, distribution or mysterious disappearance.

Proxy Voting Policy

The Treasurer's Office has instructed The Regents' custodian bank to vote all proxies on behalf of The Regents according to guidelines established by The Regents.

INVESTMENTS BY UC FUND

Of the six University-managed funds, the Equity and Savings funds comprise the bulk of the $7.8 billion investment base (including short-term investments). The chart below illustrates the percentages of investments held and the market value of the investments in each investment fund as of June 30, 2004. The Balanced Growth Fund is not represented separately in the chart because it consists exclusively of assets held in the Equity, Bond and TIPS funds. At June 30, 2004, the net assets of the Balanced Growth Fund totaled $734.3 million and investments accumulated among the three funds were as follows: 65.0 percent Equity, 30.0 percent Bond, and 5.0 percent TIPS.



INVESTMENT PERFORMANCE

The Equity, Bond, Balanced Growth, and TIPS funds generate returns (gain or loss) through increases or decreases in the unit values. Similar to mutual fund net asset value (NAV) prices, unit values change each month based on the current fair value of the investment portfolio and are determined by dividing the net assets of the funds by the number of units outstanding. Earnings, as well as market fluctuations, are reflected in the unit values. The Savings and Insurance Company Contract (ICC) funds generate returns primarily through interest earnings, and interest factors represent the percentage earned for each dollar invested. Interest is calculated monthly on the net earnings of the respective fund and then allocated to participants' accounts on a pro rata basis.

UNIT VALUES AND INTEREST FACTORS – JUNE 30, 2003–JUNE 30, 2004

	Unit Values					Income Factors		
Effective Date	**Equity**	**Bond**	**Multi-Asset(1)**	**Balanced Growth(2)**	**TIPS(2)**	**Savings**	**Insurance Company Contract**	**Money Market(1)**
06/30/04	$276.294	$155.067	n/a	$9.9883	$9.735	.3202%	.4201%	n/a
05/31/04	$270.810	$154.145	n/a	9.8409	9.731	.3272%	.4314%	n/a
04/30/04	$267.177	$154.849	n/a	9.7596	9.566	.3262%	.4178%	n/a
03/31/04	$273.169	$158.882	$32.29193	10.0000	10.000	.3649%	.4351%	.0834%
02/28/04	$275.507	$157.683	$32.27162	n/a	n/a	.3228%	.4073%	.0717%
01/31/04	$275.507	$156.009	$32.02224	n/a	n/a	.3405%	.4547%	.0885%
12/31/03	$271.704	$154.835	$31.74585	n/a	n/a	.3385%	.4852%	.0785%
11/30/03	$266.572	$153.339	$31.20489	n/a	n/a	.3405%	.4747%	.0827%
10/31/03	$254.252	$152.945	$31.01972	n/a	n/a	.3378%	.4871%	.0839%
09/30/03	$250.742	$154.389	$30.56121	n/a	n/a	.3330%	.4700%	.0904%
08/31/03	$237.044	$150.238	$30.35639	n/a	n/a	.3463%	.4787%	.1028%
07/31/03	$237.732	$149.208	$30.08161	n/a	n/a	.3530%	.4934%	.0893%
06/30/03	$232.469	$154,913	$30,10274	n/a	n/a	.3516%	.4788%	.0959%

(1) Ceased operations April 1, 2004.
(2) Commenced operations April 1, 2004.

Annualized Rates of Return at June 30, 2004

	1-Year	5-Year	10-Year
Total Return Funds			
Equity Fund	**21.7%**	**(0.5%)**	**11.0%**
Policy Benchmark[1]	22.9%	(1.5%)	12.2%
Bond Fund	**0.1%**	**7.3%**	**10.5%**
Policy Benchmark[2]	0.3%	7.0%	8.3%
Income Funds			
Savings Fund	**4.1%**	**5.3%**	**5.8%**
2-year Treasury Notes	1.7%	3.7%	4.8%
Insurance Company Contract Fund	**5.6%**	**6.5%**	**7.1%**
5-year Treasury Notes	3.2%	4.5%	5.3%

Policy Benchmarks

[1]The Equity Fund Policy Benchmark consists of 85% (less the actual Private Equity weight from the prior month end) of the Russell 3000 Tobacco Free Index, 15% Morgan Stanley Capital International All Country World Index (MSCI ACWI) ex-U.S. Index and actual Private Equity weight of the previous month end times the Russell 3000 TF Index +3% (lagged by 3 months), effective 7/2000. Benchmark used for prior periods (i.e., 5- and 10- year results) is S&P 500 Index.

[2]The Bond Fund Policy Benchmark consists of the Lehman Brothers Aggregate Bond Index linked to the Lehman Brothers Long-Term Gov't/Corp Bond Index.

Fund Objectives

UC-Managed Investment Funds

Equity Fund

A total return fund that seeks to maximize long-term capital appreciation with moderate risk. Historical focus on large-capitalization stocks; currently the U.S. equity allocation (approximately 80 percent) is held in a Russell 3000 Tobacco Free (TF) Index Fund. The Fund also has a small representation (approximately 5 percent) in private equities and an allocation (approximately 15 percent) to an MSCI EAFE TF Index Fund (non-U.S.).

Bond Fund

A total return fund that seeks to maximize long-term total return through a combination of interest and price appreciation. Invests in high-quality government and corporate bonds (U.S. and foreign).

Savings Fund

An interest income fund that seeks to maximize interest while protecting principal. Invests in government, government-guaranteed and government agency securities with maturities of five years or less that are backed by the full faith and credit of the U.S. government; however, the return is not guaranteed by the U.S. government.

Insurance Company Contract (ICC) Fund

An interest income fund that seeks to maximize interest income while protecting principal. Invests in pooled insurance contracts issued by select, highly rated insurance companies. Insurance contract guarantees are backed by the general account assets of the issuing insurance companies and are neither insured nor guaranteed by any third party.

Balanced Growth Fund

A total return fund that seeks to provide long-term growth and income through a balanced portfolio of equity and fixed income securities held within UC-managed funds. Contributions are invested according to a fixed ratio: 65 percent Equity Fund, 30 percent Bond Fund and 5 percent TIPS (Treasury Inflation-Protected Securities) Fund. The Fund is rebalanced monthly to prevent the three component funds from growing outside their allocation percentage.

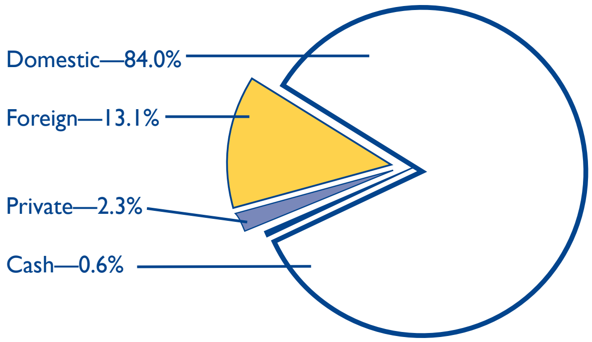
Treasury Inflation-Protected Securities (TIPS) Fund

A total return fund that seeks to provide long-term return and inflation protection consistent with an investment in U.S. Government inflation-indexed securities. The fund invests in inflation-protected securities issued by the U.S. government. Inflation-indexed securities are designed to protect future purchasing power.

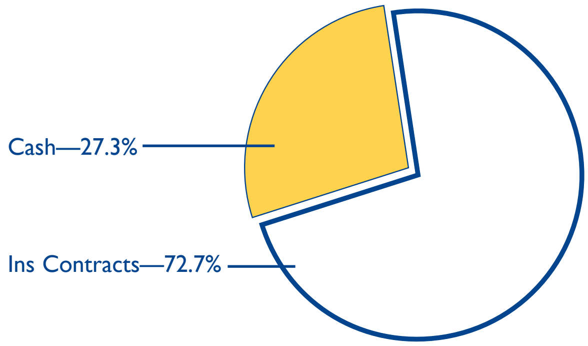
All of the funds are diversified among strategic asset classes or economic sectors, appropriate to the funds' individual investment objectives.

The charts below illustrate the diversity of the holdings within each Fund (excluding investments of cash collateral) at June 30, 2004.

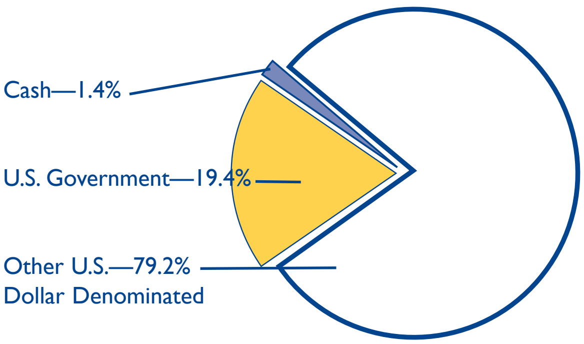
Equity Fund



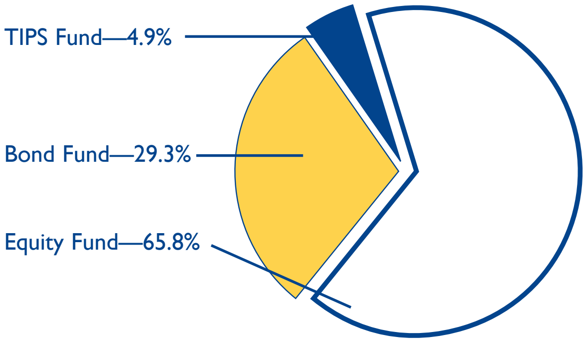
Insurance Company Contract Fund



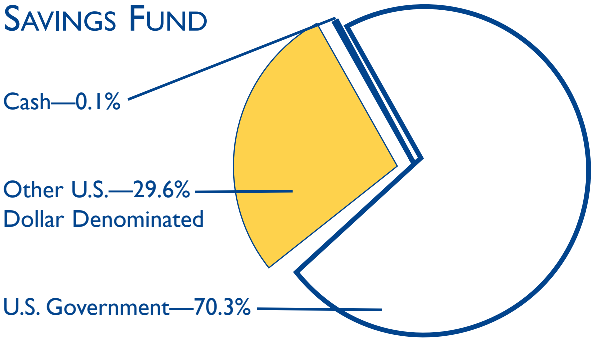
Bond Fund



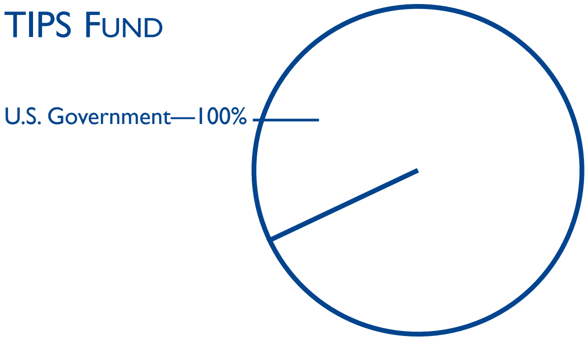
Balanced Growth Fund



Savings Fund



TIPS Fund



Externally Managed Mutual Funds

In addition to the UC-managed investment funds, Plan participants may invest DC and 403(b) Plan contributions in externally managed mutual funds through Fidelity Investments. Participants in the 403(b) Plan may also invest in the Calvert Group socially responsible investment funds.

Participant accounts at the 2004 fiscal year end and contributions and transfers to these externally managed funds during fiscal 2003–2004 were as follows:

DC Plan Mutual Fund Participation

($ in thousands)

	DC Plan – Pretax	**DC Plan – After Tax**
	Fidelity	**Fidelity**
Participant accounts at 6/30/04	33,666	3,764
Assets at 6/30/04	$241,398	$65,202
Contributions in fiscal 2003–2004	$20,990	$7,397
Net transfers between UC and Fidelity in fiscal 2003–2004	$10,536	$5,447

403(b) Plan Mutual Fund Participation

($ in thousands)

	403(b)(7) Custodial Arrangements	
	Fidelity	**Calvert**
Participant accounts at 6/30/04	37,567	2,637
Assets at 6/30/04	$1,749,924	$26,492
Contributions in fiscal 2003–2004	$192,420	$3,933
Net transfers between UC and Fidelity and Calvert in fiscal 2003–2004	$46,925	$471

As permitted by IRC §72(p), active 403(b) Plan participants with at least $1,000 in the University-managed investment funds can borrow their money in the Plan without incurring taxes or penalties. The Loan Program offers short-term loans with terms of five years or less, and long-term loans, available only for the purchase of a principal residence, with terms of up to 15 years. Monthly repayments of principal and interest, minus a servicing fee, are credited proportionately to the investment fund(s) from which the participant borrowed the money. The interest rate is fixed at the time the loan is granted and equals the most recent four-quarter average rate of return of the University's Short-Term Investment Pool. During fiscal 2003–2004, short-term interest rates ranged from 4.05 percent to 4.80 percent; interest rates on long-term loans ranged from 3.95 percent to 4.70 percent. The loan processing fee is $50 per loan request; the servicing fee is 0.60 percent for short-term loans and 0.50 percent for long-term loans.

The table below reflects Loan Program activity during the past 10 fiscal years.

LOANS FUNDED

Year Ended June 30	Number	*($ in thousands)*
2004	4,157	$36,479
2003	3,703	$31,425
2002	3,029	$27,300
2001	3,356	$33,337
2000	3,403	$32,873
1999	3,534	$32,552
1998	3,971	$33,348
1997	3,567	$32,561
1996	3,471	$28,569
1995	3,136	$24,687

At June 30, 2004, the aggregate outstanding balance of 9,909 active loans was $65.9 million.

The objective of Management's Discussion and Analysis is to help readers of the University of California Defined Contribution Plan and the Tax-Deferred 403(b) Plan (the Plans) financial statements better understand the Plans' financial position and operating activities for the fiscal year ended June 30, 2004, with selected comparative information for the years ended June 30, 2003 and 2002. This discussion should be read in conjunction with the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The net assets held in trust for pension benefits at June 30, 2004 are $10.1 billion, compared to $8.8 billion at June 30, 2003, and $7.9 billion at June 30, 2002.
- The net assets of the Plans increased by $1.3 billion in 2004 compared to an increase of $820.7 million in 2003, and a decrease of $206.5 million in 2002.
- The Plans had investment income of $861.1 million in 2004 compared to $368.1 million in 2003, and an invest ment loss of $565.1 million in 2002.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Plans' financial statements, which are comprised of the following:

- Statements of Fiduciary Net Assets
- Statements of Changes in Fiduciary Net Assets
- Notes to Financial Statements

The Statements of Fiduciary Net Assets presents information on the Plans' assets and liabilities and the resulting net assets held in trust for pension benefits. This statement reflects the Plans' investments at fair value, along with cash and short-term investments, receivables and other assets and liabilities.

The Statements of Changes in Fiduciary Net Assets presents information showing how the Plans' net assets held in trust for pension benefits changed during the years ended June 30, 2004 and 2003. It reflects contributions by participants along with investment income (or losses) during the period from investing and securities lending activities. Deductions for participant withdrawals, benefit payments and administrative expenses are also presented.

The Notes to Financial Statements provides additional information that is essential to a full understanding of the data provided in the financial statements.

The supplemental information on pages 27 through 33 consists of two schedules for each of the six University of California-managed investment funds detailing revenues by source and expenses by type for the past 10 years. On page 33, the number of units held and the unit values for the UC-managed Equity, Bond and Multi-Asset funds are given for the past 10 years. This information is presented for the purposes of additional analysis and is not a required part of the financial statements.

FINANCIAL ANALYSIS

The Plans provide savings incentives and the opportunity for additional retirement security for all eligible University of California employees. Participants' interests in the Plans from contributions and investment income are fully and immediately vested.

The Plans' net assets held in trust for benefits as of June 30, 2004, amounted to $10.1 billion compared to $8.8 billion at June 30, 2003, and $7.9 billion at June 30, 2002.

Additions to the Plans' net assets held in trust for benefits include contributions, rollovers, and any investment income. Participant contributions and rollovers for the 2004 fiscal year amounted to $835.9 million compared to $722.7 million in 2003 and $672.3 million in 2002. The Plans recognized net investment income of $861.1 million compared to $368.1 million in 2003 and a net investment loss of $565.1 million in 2002. The investment gains in 2004 and 2003 were due primarily to a recovery in the domestic and foreign equity markets and decrease in interest rates. The investment loss in 2002 was due primarily to the continued downturn in the domestic and foreign equity markets during that year. Deductions from the Plans' net assets held in trust for benefits include benefit payments to participants, participant withdrawals, and administrative expenses. For 2004, deductions amounted to $378.4 million compared to $270.1 million in 2003 and $313.6 million in 2002. The increase in deductions in 2004 compared to 2003 was primarily due to an increase in withdrawals, while the decrease in deductions in 2003 compared to 2002 was primarily due to a decrease in withdrawals.

Fiduciary Net Assets

(in thousands)

June 30	2004	2003	2002
Assets			
Investments	$ 7,863,856	$ 7,041,718	$ 6,403,527
Investment of securities lending collateral	3,059,829	2,604,941	2,423,305
Participants' interests in externally managed mutual funds	2,083,016	1,589,280	1,402,917
Participant 403(b) Plan loans	65,904	63,555	63,829
Other assets	68,431	75,859	121,059
Total Assets	**13,141,036**	**11,375,353**	**10,414,637**
Liabilities			
Collateral held for securities lending	3,060,220	2,604,891	2,422,184
Other liabilities	4,202	12,531	55,210
Total Liabilities	**3,064,422**	**2,617,422**	**2,477,394**
Net Assets Held in Trust for Pension Benefits	**$10,076,614**	**$ 8,757,931**	**$ 7,937,243**

Changes in Fiduciary Net Assets

(in thousands)

Year Ended June 30	2004	2003	2002
Additions (Reductions)			
Participant and employer contributions and rollovers	$ 835,909	$ 722,733	$ 672,296
Investment income (loss)	861,134	368,071	(565,116)
Total Additions	**1,697,043**	**1,090,804**	**107,180**
Deductions			
Plan(s) benefits payments and participant withdrawals	367,195	260,451	303,861
Administrative and other expenses	11,165	9,665	9,773
Total Deductions	**378,360**	**270,116**	**313,634**
Increase (Decrease) in Net Assets Held in Trust for Pension Benefits	**$ 1,318,683**	**$ 820,688**	**$ (206,454)**

INVESTMENTS

The Plans' investments are held under six University of California-managed investment funds and in externally managed mutual funds. The investment returns for the six University of California-managed investment funds were as follows for the 2004, 2003 and 2002 fiscal years:

	Equity Fund	Bond Fund	Multi-Asset Fund(1)	Balanced Growth Fund(2)	TIPS Fund(2)	Savings Fund	ICC Fund	Money Market Fund(1)
2004	21.7%	0.1%	7.3%	(0.1)%	(2.6)%	4.1%	5.6%	0.8%
2003	(1.2)%	12.5%	4.5%	n/a	n/a	4.7%	6.3%	1.5%
2002	(19.9)%	9.8%	(2.4)%	n/a	n/a	5.5%	6.9%	2.7%

(1) Fund discontinued operations effective April 1, 2004. Represents total rate of return for period July 1, 2003 – March 31, 2004.

(2) Fund commenced operations effective April 1, 2004. Represents total rate of return for period April 1, 2004 – June 30, 2004.

The Equity Fund seeks to maximize long-term capital appreciation and has target allocations to a domestic index fund and to a foreign index fund to further increase diversification and return opportunities. The investment return of 21.7 percent for 2004, compared to (1.2) percent in 2003 and (19.9) percent in 2002, reflects a significant recovery over a period of prolonged equity weakness.

The Bond Fund seeks to maximize real, long-term total return through a combination of interest income and price appreciation. The investment return of 0.1 percent in 2004 compares to 12.5 percent in 2003 and 9.8 percent in 2002. The nearly flat return in 2004 reflects rising interest yields whereas the stronger positive returns in 2003 and 2002 represented appreciation in longer-term, fixed-income investments caused by yields falling to historical lows.

The Multi-Asset Fund is a conservative balanced fund in which contributions are invested according to a fixed ratio: Savings Fund (40 percent), Equity Fund (30 percent), Bond Fund (20 percent) and Money Market Fund (10 percent). The Multi-Asset Fund is not rebalanced and is therefore subject to asset allocation drift. The 7.3 percent return in 2004 (for the period July 1, 2003, through March 31, 2004) compares to the 4.5 percent return in 2003 and (2.4) percent return in 2002. The returns in 2004 and 2002 were due primarily to the Fund's equity weighting whereas the return in 2003 was due primarily to the Fund's fixed income weighting. The Multi-Asset Fund ceased operations on April 1, 2004, and was replaced by the Balanced Growth Fund.

The Balanced Growth Fund commenced operations on April 1, 2004. The Balanced Growth Fund seeks to provide long-term growth and income through a balanced portfolio of equity and fixed income securities in which contributions are invested according to a fixed ratio: Equity Fund (65 percent), Bond Fund (30 percent) and Treasury Inflation Protected Securities (TIPS) Fund (5 percent) (see Fund description in next paragraph). The Treasurer's Office manages the three component funds according to the investment objectives and strategies of those funds. The Balanced Growth Fund is rebalanced monthly and is not subject to asset allocation drift. For the period April 1, 2004, through June 30, 2004, the Balanced Growth Fund return was (0.1) percent reflecting negative returns during that period in the Bond Fund.

The TIPS Fund commenced operations on April 1, 2004. The TIPS Fund seeks to provide long-term total return and inflation protection consistent with an investment in U.S. Government inflation-indexed securities. Inflation-indexed securities are designed to protect future purchasing power. The principal is adjusted for changes in inflation and interest is paid on the inflation-adjusted principal. For the period April 1, 2004, through June 30, 2004, the TIPS Fund return was (2.6) percent reflecting a rise in interest rates (after adjustment for inflation) during the period.

The Savings Fund seeks to maximize interest income while protecting principal by investing 100 percent in government, government-guaranteed, and government agency securities of up to five years in maturity. The investment return was 4.1 percent in 2004 compared to 4.7 percent in 2003 and 5.5 percent in 2002, representing a downward trend in fixed income yields during those years.

The Insurance Company Contract Fund seeks to maximize interest income while protecting principal through investments in contracts offered by select, highly rated, financially sound insurance companies. The investment return of 5.6 percent in 2004 compared to 6.3 percent in 2003 and 6.9 percent in 2002. The declining investment return was primarily due to lower yields received on new contracts purchased during the period of declining fixed income yields.

The Money Market Fund seeks to maximize interest income while protecting principal through diversified investments in high-quality, short-term securities with maturities of 13 months or less. The investment return of 0.8 percent in 2004 (for the period July 1, 2003 through March 31, 2004) compared to 1.5 percent in 2003 and 2.8 percent in 2002 reflecting declining short-term interest rates in each of those years. The Money Market Fund ceased operations on April 1, 2004.

The externally managed mutual funds, in which certain of the Plan participants' interests are held, are too numerous to report within the scope of this discussion. Each mutual fund is required to issue a separate annual financial report including investment rates of return and other financial disclosures.

Securities Lending

The Plans' investment of cash collateral totaled $3.1 billion at June 30, 2004, compared to $2.6 billion at June 30, 2003, and $2.4 billion at June 30, 2002. The increases in each year were primarily due to increased securities lending activity.

Fiduciary Responsibilities

The Board of Regents of the University of California (The Regents) is fiduciary of the Plans. Under law, the assets of the Plans can only be used for the exclusive benefit of the Plans' participants, retirees and beneficiaries.

Requests For Information

This financial report is designed to provide The Regents, the UCRS Advisory Board, participants and others with a general overview of the Plans' financial posture and to account for the money the Plans receive. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

University of California
Office of the President
HR/Benefits Dept.
Financial Services and Plan Disbursements
300 Lakeside Drive, Suite 400
Oakland, CA 94612
website address: http://atyourservice.ucop.edu

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Suite 600
400 Capitol Mall
Sacramento CA 95814-4602
Telephone (916) 930 8100
Facsimile (916) 930 8450

Report of Independent Auditors

To The Regents of the University of California:

In our opinion, the accompanying statements of fiduciary net assets and the related statements of changes in fiduciary net assets (presented on pages 20 through 26) present fairly, in all material respects, the financial position of the University of California Defined Contribution Plan and Tax Deferred 403(b) Plan at June 30, 2004 and 2003, and the changes in fiduciary net assets for the years ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Plan are intended to present the fiduciary net assets and the changes in fiduciary net assets of only that portion of activities that are attributable to the Plan. They do not purport to, and do not, present fairly the financial position of the University of California as of June 30, 2004 and 2003, and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

September 17, 2004

Statements of Fiduciary Net Assets

(in thousands)

June 30	2004	2003
Assets		
Investments, at fair value:		
Equity securities:		
Domestic	$2,776,855	$1,914,562
Foreign	433,780	278,611
Private	75,883	91,325
Fixed income securities:		
U.S. government	2,281,674	2,255,033
Other U.S. dollar denominated	1,604,490	1,916,862
Insurance company contracts (at contract value)	431,685	479,014
Commingled funds	196,628	41,538
Short-Term Investment Pool	62,861	64,773
Participants' interests in externally managed mutual funds	2,083,016	1,589,280
Participant 403(b) Plan loans	65,904	63,555
Total Investments	10,012,776	8,694,553
Investment of cash collateral	3,059,829	2,604,941
Receivables:		
Contributions	28,209	30,532
Interest and dividends	36,087	36,901
Securities sales and other	4,135	8,426
Total Receivables	68,431	75,859
Total Assets	**13,141,036**	**11,375,353**
Liabilities		
Payable for securities purchased and other	4,202	12,531
Collateral held for securities lending	3,060,220	2,604,891
Total Liabilities	**3,064,422**	**2,617,422**
Net Assets Held in Trust for Pension Benefits	**$10,076,614**	**$8,757,931**

See accompanying Notes to Financial Statements.

Statements of Changes in Fiduciary Net Assets

Years Ended June 30 (in thousands)	2004	2003
Additions		
Participant contributions	$ 832,147	$ 719,038
Employer contributions	3,762	3,695
Total Contributions	835,909	722,733
Investment Income:		
Net appreciation in fair value of investments	596,617	125,408
Interest, dividends, and other investment income	258,221	236,358
Securities lending income	36,942	46,588
Less investment expenses	(30,646)	(40,283)
Total Investment Income (Loss)	861,134	368,071
Total Additions	**1,697,043**	**1,090,804**
Deductions		
Benefit Payments:		
Plan benefit payments	499	485
Participant withdrawals	366,696	259,966
Total Benefit Payments	367,195	260,451
Administrative Expenses	11,165	9,665
Total Deductions	**378,360**	**270,116**
Increase in Net Assets Held in Trust for Pension Benefits	1,318,683	820,688
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	8,757,931	7,937,243
End of Year	**$10,076,614**	**$8,757,931**

See accompanying Notes to Financial Statements.

Note I — Description of the Plans and Significant Accounting Policies

General Introduction—

The Plans consist of two defined contribution plans structured under §401(a) and §403(b) of the Internal Revenue Code (IRC) of 1986, as amended. The Plans were created to provide savings incentives and additional retirement security for all eligible University of California employees. The Defined Contribution Plan (the DC Plan) was established by resolution of The Regents of the University of California (The Regents) to accept after-tax contributions, effective July 1, 1967, and pretax contributions, effective November 1, 1990. The Tax-Deferred 403(b) Plan (the 403(b) Plan), also established by Regental resolution, became effective July 1, 1969. The Office of the Treasurer of The Regents of the University of California (the Treasurer) manages six investment funds to which participants may direct the investment of their contributions and transfer Plan accumulations as follows: the Savings Fund, Insurance Company Contract (ICC) Fund, Equity Fund, Bond Fund, Treasury Inflation Protected Securities (TIPS) Fund, and Balanced Growth Fund. The Money Market Fund and the Multi-Asset Fund ceased operations effective April 1, 2004.

Participants in the 403(b) Plan may also invest contributions in and transfer Plan accumulations to external mutual funds offered through Fidelity Investments and the Calvert Group on a custodial-plan basis. DC Plan investment options include contributions and transfers of Plan accumulations to Fidelity Investments mutual funds. Transfers and investment changes must be made in accordance with Plan provisions, and all contributions made to the Plans are paid to and invested by the trustee in one or more of the available investment options.

Fidelity Investments and the Calvert Group provide recordkeeping and investment management for participants' investments in the mutual funds under their management.

Participants' interests in the Plans are fully and immediately vested and are distributable at death, retirement, or termination of employment. Participants may also elect to defer distribution of the account until age 70 1/2 or separation from service after age 70 1/2, whichever is later, in accordance with IRC minimum distribution requirements. In-service withdrawals are permitted in conformance with applicable IRC regulations. The Plans also accept pretax rollover contributions from other 401(a), 401(k), 403(b) and governmental 457(b) Plans.

Basis of Accounting—

The financial statements have been prepared in accordance with generally accepted accounting principles, including all applicable effective statements of the Governmental Accounting Standards Board (GASB) and the accrual basis of accounting.

Defined Contribution Plan—

Defined Contribution Plan Pretax Account contributions are required for all employees who are members of the University's defined benefit plan, the University of California Retirement Plan (UCRP). As a condition of employment, UCRP members are required to contribute a percentage of their gross monthly compensation on a pretax basis, dependent upon their UCRP membership status, as follows:

i) For the approximately 117,100 members with Social Security benefits: 2 percent of covered compensation up to the Social Security wage base, plus 4 percent of covered compensation in excess of the wage base, if any, less $19 per month;

ii) For the approximately 6,165 members without Social Security benefits: 3 percent of covered compensation less $19 per month;

iii) For the approximately 399 members with Safety benefits: 3 percent of covered compensation less $19 per month.

There are currently 53 UCRP members who elected Tier Two membership status, in which they do not contribute to UCRP and, therefore, are not required to contribute to the Defined Contribution Plan Pretax Account.

Effective July 1, 2001, The Regents approved DC Plan retirement contributions on the summer salaries of eligible academic employees who teach, conduct research or provide administrative service during the summer session. The eligible employees must hold academic year appointments and be active members of UCRP or a defined benefit plan to which UC contributes. The contribution rate is 7 percent of eligible summer salary, of which 3.5 percent is employer paid and 3.5 percent is employee paid, both on a pretax basis.

The DC Plan Pretax Account also includes mandatory contributions from part-time, seasonal or temporary employees at UC and the California State University who do not currently contribute to a retirement system (Safe Harbor participants).

Effective April 1, 1995, Safe Harbor participation was expanded to include certain UC student employees and resident aliens with F-1 and J-1 visa status. Safe Harbor participants contribute 7.5 percent of gross salary (up to the Social Security wage base) to the Plan in lieu of deductions for Social Security taxes.

All University employees, except students who normally work fewer than 20 hours per week, are eligible to make voluntary contributions to the Defined Contribution Plan After-Tax Account and defer taxation on the earnings until the accumulations are withdrawn. The maximum amount participants may contribute annually to the After-Tax Account is determined by the IRC §415(c) limit.

Tax-Deferred 403(b) Plan—

The Tax-Deferred 403(b) Plan is available to all University employees except students who normally work fewer than 20 hours per week. Taxes on contributions and earnings thereon are deferred until the accumulations are withdrawn. Annual pretax contribution limits for the 403(b) Plan changed during fiscal 2003–2004, as follows: Effective January 1, 2004, the maximum annual contribution limit for participants under age 50 is $13,000 (or 100 percent of adjusted gross salary, if less). For participants age 50 or older, the annual contribution limit is $16,000 (or 100 percent of adjusted gross salary, if less). Participants with 15 or more years of service may be able to increase their limit under a special catch-up provision.

Valuation of Investments—

Investments are primarily stated at fair value. Generally, securities are valued at the last sale price on the last business day of the fiscal year, as quoted on a recognized exchange or an industry standard pricing service. Securities for which no sale was reported as of the close of the last business day of the fiscal year are valued at the bid market price of a dealer who regularly trades in the security being valued. The fair value of interests in venture capital partnerships is estimated based upon valuations provided by the general partners of the respective partnerships as of March 31, adjusted for cash receipts and cash and securities disbursements through June 30. Because the the venture capital partnerships are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would have been used had a ready market for such investments existed. Investments in mutual funds are valued based upon the net asset value of those companies. Insurance contracts are valued at contract value, plus reinvested interest, which approximates fair value.

Accounting for Investments—

Investment transactions are recorded on the date the securities are purchased or sold (trade date). Realized gains or losses are recorded as the difference between the proceeds from the sale and the average cost of the investment sold. Dividend income is recorded on the ex-dividend date, and interest income is accrued as earned.

Contributions to the Equity, Bond, Balanced Growth, and TIPS funds are credited to participant accounts as units. The value of a unit changes each month based on the current fair value of the investment portfolio. Earnings of each fund, as well as market fluctuations, are reflected in the unit values.

Investments denominated in foreign currencies are translated into U.S. dollar equivalents using year-end spot foreign currency exchange rates. Purchases and sales of investments and their related income are translated at the rate of exchange on the respective transaction dates. Realized and unrealized gains and losses resulting from foreign currency changes are included in the Plans' Statement of Changes in Fiduciary Net Assets.

Administrative Expenses—

An administrative fee equal to .0125 percent of the net asset balance is charged to the University-managed investment funds each month, based upon the previous month's net assets, and is paid to the University. Administrative fees for the University-managed investment funds for the fiscal years ended June 30, 2004, and 2003, totaled $11.2 million and $9.7 million respectively.

Income Tax Status—

The Internal Revenue Service has determined and informed the University by letter dated January 9, 1997, that the DC Plan and related trust are designed in accordance with sections of the IRC of 1986, as amended, applicable to defined contribution plans. The DC Plan has been amended since receiving the determination letter. The Plans' tax counsel believes that the form of the Plans as currently designed are in material compliance with the applicable requirements of IRC §401(a), IRC §403(b) and the related trust tax exemption under IRC §501(a).

DC Plan Pretax Account contributions and 403(b) Plan salary reduction contributions (and earnings thereon), as well as earnings on After-Tax Account contributions, are not subject to federal income taxes until the participant withdraws money from the Plan(s). In certain circumstances, Plan withdrawals may qualify for special tax treatment. Pursuant to the Unemployment Compensation Amendments of 1992, all "eligible rollover distributions" that are not paid in the form of a direct rollover are subject to a mandatory 20 percent federal income tax withholding. Loans taken by 403(b) Plan participants against their Plan accumulations are not subject to federal income taxes as long as they are repaid within the term of the loan—up to five years for short-term loans and up to fifteen years for long-term loans taken for the purchase of a principal residence.

Use of Estimates in the Preparation of Financial Statements—

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of net assets held in trust for pension benefits at the date of the financial statements and the reported amounts of changes in net assets held in trust for pension benefits during the reporting period. Actual results could differ from those estimates.

Comparative Information—

Certain reclassifications have been made to the 2003 information in order to conform to the 2004 presentation.

Note 2–Investments

The Regents, as the governing Board, are responsible for the management of The Plans' investments and establish investment policy, which is carried out by the Treasurer. Investments authorized by The Regents for the Plans include equity securities, fixed income securities and a domestic and foreign index fund. The equity portion of the investment portfolio may include both domestic and foreign common stocks and preferred stocks, actively managed and passive (index) strategies, along with a modest exposure to private equities. Private equities include venture capital partnerships, buy-out and international funds. The fixed income portion of the investment portfolio may include both domestic and foreign securities, along with certain securitized investments, including mortgage-backed securities. These mortgage-backed and asset-backed securities are used to diversify the portfolio and reduce market risk exposure.

The Plans' investment portfolio also includes certain foreign denominated securities. To reduce the exposure to foreign currency fluctuations inherent in such investments, the Treasurer may enter into foreign currency forward contracts and options. Under the investment policies, such instruments are not permitted for speculative use or to create leverage.

The Plans participate in the University's Short Term Investment Pool (STIP). Investments authorized by The Regents for the STIP include fixed income securities with a maximum maturity of five years. Current funds for benefits and administrative expenses are invested in the STIP until expended.

The total investment return on a units-of-participation basis, representing investment income minus administrative fees and appreciation on investments, where applicable, for the years ended June 30, 2004 and 2003, was as follows:

	Equity Fund	Bond Fund	Multi-Asset Fund(1)	Balanced Growth Fund(2)	TIPS Fund(2)	Savings Fund	ICC Fund	Money Market Fund(1)
2004	21.7%	0.1%	7.3%	(0.1)%	(2.6)%	4.1%	5.6%	0.8%
2003	(1.2)%	12.5%	4.5%	n/a	n/a	4.7%	6.3%	1.5%

(1) Fund discontinued operations effective April 1, 2004. Represents total rate of return for period July 1, 2003 – March 31, 2004.
(2) Fund commenced operations effective April 1, 2004. Represents total rate of return for period April 1, 2004 – June 30, 2004.

Net appreciation in the fair value of investments during the year ended June 30, 2004, was $596.6 million. This amount includes all changes in fair value, including both realized and unrealized gains and losses on investments that occurred during the year. The calculation of realized gains and losses is independent of the net unrealized appreciation or depreciation in the fair value of investments held at year end.

During the year ended June 30, 2004, the Plans realized a net gain of $53.5 million (on an average cost basis) from the sale of investments. The unrealized appreciation during the year on investments held by the Plans at year end was $543.1 million.

The components of the net appreciation (depreciation) of investments are as follows:

Net Appreciation (Depreciation) in Fair Value of Investments *($ in thousands)*

	2004	2003
Unrealized Appreciation (Depreciation)		
Equity and private equity securities*	$406,789	$ 8,916
Fixed income securities	(52,834)	10,206
U.S. Treasury and Federal Agency obligations	(126,625)	90,296
Multi-Asset Fund	37,261	13,738
Balanced Growth Fund	(496)	
Commingled funds	8,942	
Short-Term Investment Pool	(51)	40
Investment of cash collateral	(441)	(1,060)
Participants' interests in externally managed mutual funds	270,520	24,396
Net Unrealized Appreciation	$543,065	$146,532
Realized Gains (Losses) on sales of securities	$ 53,552	$ (21,124)
Net Appreciation	$596,617	$125,408

**Included in equity and private equity securities is net depreciation of $6.1 million for the year ended June 30, 2004, and net depreciation of $103.0 thousand for the year ended June 30, 2003.*

Note 3 — Securities Lending

University-Managed Investment Funds—

The Plans participate in a securities lending program as a means to augment income. Securities are lent to select brokerage firms for which collateral is received in excess of the fair value of such investments during the period of the loan. Securities loans immediately terminate upon notice by either the Plans or the borrower. Collateral may be cash or securities issued by the U.S. government or its agencies, or the sovereign or provincial debt of foreign countries. Any collateral securities cannot be pledged or sold by the Plans unless the borrower defaults.

Loans of domestic equities and all fixed income securities are initially collateralized at 102 percent of the fair value of securities lent. Loans of foreign equities are initially collateralized at 105 percent. All borrowers are required to provide additional collateral by the next business day if the value of the collateral falls to less than 100 percent of the fair value of securities lent.

Cash collateral received from the borrower, shown as "Collateral held for securities lending" in the financial statements, is invested by the lending agent, as an agent for the Plans, in a short-term investment fund in the name of the Plans, with guidelines approved by the University. These short-term investments are shown as "Investment of cash collateral," in the statement of fiduciary net assets and are not considered to be categorized. Securities collateral received from the borrower is held in an investment pool by the Plans' custodian bank.

At June 30, 2004, and 2003, the securities in this pool had weighted average expected maturity of 149 and 248 days, respectively. The Plans record a liability for the return of the cash collateral shown as "Collateral held for securities lending," in the statement of fiduciary net assets.

Securities lending transactions at June 30, 2004, and 2003 are as follows:

($ in thousands)

Securities Lent	**2004**	**2003**
For cash collateral:		
Equity securities:		
Domestic	$ 151,417	
International	100,510	$ 53,436
Fixed income securities:		
U.S. government	2,715,469	2,409,876
Domestic	35,819	11,679
Lent for Cash Collateral	**3,003,215**	**2,474,991**
For securities collateral:		
Equity securities:		
Domestic	5,857	835
International	1,273	
Fixed income securities:		
U.S. government	174,236	294,150
Lent for Securities Collateral	181,366	294,985
Total Securities Lent	**3,184,581**	**2,769,976**
Collateral Received		
Total collateral received	3,245,307	2,910,125
Investment of Cash Collateral		
Total investment of cash collateral	$3,059,829	$2,604,941

Securities on loan for cash collateral are not required to be categorized. At June 30, 2004, the Plans had no credit risk exposure to the borrowers because the amounts the Plans owe the borrowers exceed the amounts the borrowers owe the Plans. The Plans are fully indemnified by their custodial bank against any losses incurred as a result of borrower default.

The Plans receive interest and dividends during the loan period, as well as a fee from the brokerage firm, and are obligated to provide a fee and rebate to the borrower.

Note 4 — Plan Termination

The Regents intend and expect to continue the Plans indefinitely, but reserve the right to amend or discontinue the Plans at any time by Regental action. In the event of a full or partial termination, or upon complete discontinuance of contributions under the Plans, the rights of all affected participants to the value of their accounts will be nonforfeitable.

UC-Revenues by Source and Expenses by Type for the Past Ten Years

Revenues by Source

Fiscal Year	Employer and Participant Contributions	Investment & Other Income*	Total
2004	$203,057,588	$ 81,745,609	$284,803,198
2003	173,989,938	(36,372,956)	137,616,982
2002	198,076,689	59,637,979	257,714,668
2001	215,094,570	578,951,825	794,046,395
2000	193,579,053	429,303,704	622,882,757
1999	156,793,013	211,915,936	368,708,949
1998	134,238,811	135,454,568	269,693,379
1997	104,870,494	96,593,943	201,464,437
1996	82,239,563	53,653,830	135,893,393
1995	65,878,260	29,535,145	95,413,405

Expenses by Type

Fiscal Year	Benefits**	Administrative Expenses	Refunds, Transfers & Other Activity	Total
2004	$428,698	$4,271,576	($17,190,678)	($12,490,404)
2003	402,080	3,254,460	236,325,135	239,981,675
2002	514,722	4,167,244	302,139,298	306,821,264
2001	642,487	5,165,886	133,636,695	139,445,068
2000	655,462	4,702,460	85,347,821	90,705,743
1999	617,024	3,616,682	106,087,558	110,321,264
1998	665,021	3,047,331	34,098,053	37,810,405
1997	725,690	2,206,222	4,414,738	7,346,650
1996	706,096	1,717,907	(27,120,817)	(24,636,814)
1995	677,524	1,242,542	24,915,180	26,835,246

** This includes investment income, realized gains or losses from the sales of investments, and miscellaneous income. It does not include unrealized gains or losses in the fair value of investments.*

***Includes variable annuity payments.*

UC-REVENUES BY SOURCE AND EXPENSES BY TYPE FOR THE PAST TEN YEARS

REVENUES BY SOURCE

Fiscal Year	Employer and Participant Contributions	Investment & Other Income*	Total
2004	$65,567,712	$54,358,411	$119,926,123
2003	71,751,970	77,787,763	149,539,733
2002	48,929,764	60,016,186	108,945,950
2001	29,262,479	81,560,680	110,823,159
2000	23,981,693	56,611,095	80,592,788
1999	28,129,393	48,591,754	76,721,147
1998	23,212,163	30,834,267	54,046,430
1997	18,240,547	28,971,252	47,211,799
1996	17,769,554	24,349,821	42,119,375
1995	18,100,906	21,513,815	39,614,721

EXPENSES BY TYPE

Fiscal Year	Benefits**	Administrative Expenses	Refunds, Transfers & Other Activity	Total
2004	$67,544	$1,407,285	$177,035,697	$178,510,526
2003	81,215	1,329,452	(41,873,897)	(40,463,230)
2002	89,653	1,085,308	44,122,758	45,297,719
2001	81,299	874,813	(11,634,786)	(10,678,674)
2000	142,067	805,781	(4,788,723)	(3,840,875)
1999	75,515	845,701	1,845,543	2,766,759
1998	136,802	713,874	(11,917,024)	(11,066,348)
1997	159,744	550,757	7,846,249	8,556,750
1996	155,970	469,110	4,850,286	5,475,366
1995	130,777	382,872	28,350,611	28,864,260

** This includes investment income, realized gains or losses from the sales of investments, and miscellaneous income. It does not include unrealized gains or losses in the fair value of investments.*

***Includes variable annuity payments.*

REVENUES BY SOURCE AND EXPENSES BY TYPE FOR THE PAST TEN YEARS

REVENUES BY SOURCE

Fiscal Year	Employer and Participant Contributions	Investment & Other Income**	Total
2004*	$49,778,619	$8,576,751	$58,355,370
2003	57,784,130	12,093,768	69,877,898
2002	61,225,208	13,696,800	74,922,008
2001	61,069,949	14,470,854	75,540,803
2000	52,729,963	12,802,522	65,532,485
1999	50,275,697	11,201,766	61,477,463
1998	47,538,858	9,630,994	57,169,852
1997	39,221,625	7,858,276	47,079,901
1996	34,669,080	6,474,289	41,143,369
1995	32,646,210	5,449,843	38,096,053

EXPENSES BY TYPE

Fiscal Year	Benefits***	Administrative Expenses****	Refunds, Transfers & Other Activity	Total
2004*	$0	$0	$ 701,953,958	$ 701,953,958
2003	0	0	65,584,353	65,584,353
2002	0	0	(129,750,689)	(129,750,689)
2001	0	0	23,963,326	23,963,326
2000	0	0	49,016,109	49,016,109
1999	0	0	25,554,324	25,554,324
1998	0	0	1,444,408	1,444,408
1997	0	0	4,352,010	4,352,010
1996	0	0	(3,710,316)	(3,710,316)
1995	0	0	20,056,321	20,056,321

** Fund ceased operations on April 1, 2004.*

*** This includes investment income, realized gains or losses from the sales of investments, and miscellaneous income. It does not include unrealized gains or losses in the fair value of investments.*

**** Includes variable annuity.*

***** There are no adminstrative expenses charged to this Fund because such expenses are charged to the underlying Savings, Equity, Bond and Money Market Funds.*

Revenues by Source and Expenses by Type for the Past Ten Years

Revenues by Source

Fiscal Year	Employer and Participant Contributions	Investment & Other Income*	Total
2004	$223,973,431	$117,105,161	$341,078,592
2003	181,178,130	120,785,405	301,963,715
2002	188,887,243	130,581,109	319,468,352
2001	162,494,870	205,041,088	367,535,958
2000	160,770,102	122,490,524	283,260,626
1999	158,442,065	122,354,910	280,796,975
1998	157,246,876	111,340,342	268,587,218
1997	160,097,381	110,703,577	270,800,958
1996	163,422,838	107,847,818	271,270,656
1995	176,870,167	103,431,402	280,301,569

Expenses by Type

Fiscal Year	Benefits**	Administrative Expenses	Refunds, Transfers & Other Activity	Total
2004*	$1,833	$4,484,510	$ 117,773,001	$ 122,259,344
2003	1,838	4,208,366	51,947,406	56,157,610
2002	1,852	3,816,421	94,753,908	98,572,181
2001	1,853	3,486,054	250,829,562	254,317,469
2000	1,451	3,356,903	207,045,681	210,404,035
1999	1,951	3,175,724	171,083,195	174,260,870
1998	2,869	3,042,937	221,839,448	224,885,254
1997	3,528	2,862,006	129,308,968	132,174,502
1996	3,607	2,712,778	186,200,935	188,917,320
1995	3,718	2,473,890	83,284,597	85,762,205

** This includes investment income, realized gains or losses from the sales of investments, and miscellaneous income. It does not include unrealized gains or losses in the fair value of investments.*

*** Fixed annuity payments.*

REVENUES BY SOURCE AND EXPENSES BY TYPE FOR THE PAST TEN YEARS

REVENUES BY SOURCE

Fiscal Year	Employer and Participant Contributions	Investment & Other Income*	Total
2004	$61,608,483	$30,309,924	$91,918,407
2003	61,722,755	27,477,103	89,199,858
2002	33,940,547	30,113,710	64,054,257
2001	24,800,834	18,870,479	43,671,313
2000	19,116,839	17,319,792	36,436,631
1999	18,614,732	15,587,083	34,201,815
1998	13,998,957	14,324,978	28,323,935
1997	14,959,615	12,872,440	27,832,055
1996	16,215,596	11,571,231	27,786,827
1995	13,980,946	9,331,955	23,312,901

EXPENSES BY TYPE

Fiscal Year	Benefits**	Administrative Expenses	Refunds, Transfers & Other Activity	Total
2004	$0	$810,810	$1,319,831	$2,130,641
2003	0	650,152	(38,667,518)	(38,017,366)
2002	0	495,622	(14,548,943)	(14,053,321)
2001	0	410,477	4,954,699	5,365,176
2000	0	377,423	13,947,119	14,324,542
1999	0	329,988	474,390	804,378
1998	0	291,702	8,655,166	8,946,868
1997	0	257,158	(4,234,047)	(3,976,889)
1996	0	224,613	8,608,033	8,832,646
1995	0	178,709	(12,569,383)	(12,390,674)

* *This includes investment and miscellaneous income. Insurance Company Contract Fund investments are valued at contract value; consequently, there are no realized gains or losses from investment activity.*

** *No benefits or fixed annuity payments have been paid from this Fund.*

Revenues by Source and Expenses by Type for the Past Ten Years

Revenues by Source

Fiscal Year	Employer and Participant Contributions	Investment & Other Income**	Total
2004*	$11,698,830	$ 802,360	$12,501,190
2003	16,530,896	1,602,576	18,133,472
2002	16,437,269	2,497,780	18,935,049
2001	12,948,624	2,038,365	14,986,989
2000	8,389,064	5,412,180	13,801,244
1999	7,924,089	3,634,788	11,558,877
1998	6,895,437	1,758,857	8,654,294
1997	6,315,743	2,462,705	8,778,448
1996	5,759,976	2,311,922	8,071,898
1995	5,786,838	2,051,300	7,838,138

Expenses by Type

Fiscal Year	Benefits***	Administrative Expenses	Refunds, Transfers & Other Activity	Total
2004*	$0	$175,167	$ 107,274,808	$107,449,975
2003	0	222,802	7,363,547	7,586,349
2002	0	208,354	13,277,894	13,486,248
2001	0	173,611	(2,482,511)	(2,308,900)
2000	0	148,398	3,940,469	4,088,867
1999	0	132,303	6,838,549	6,970,852
1998	0	118,246	6,937,598	7,055,844
1997	0	104,278	1,892,786	1,997,064
1996	0	91,185	5,284,875	5,376,060
1995	0	81,056	4,759,453	4,840,509

**Fund ceased operations on April 1, 2004*

***This includes investment and miscellaneous income. Money Market Fund investments are carried at fair value; consequently, there are no realized gains or losses from investment activity.*

****No benefits or fixed annuity payments have been made from this Fund.*

Units and Unit Values for the Past Ten Years

As of	Equity		Bond		Multi-Asset*	
June 30	Total Units	Unit Value	Total Units	Unit Value	Total Units	Unit Value
2004	10,502,818	$276.294	4,722,190	$155,067	n/a	n/a
2003	9,634,851	227.082	5,456,252	154.913	20,142,267	$30.103
2002	9,934,545	229.794	4,684,541	137.754	20,427,131	28.796
2001	9,850,911	286.804	4,254,769	125.552	19,934,312	29.494
2000	9,570,979	342.784	3,855,197	112.519	18,701,930	30.090
1999	9,224,750	283.207	4,288,083	109.266	18,565,937	27.067
1998	9,045,834	226.597	4,050,164	110.476	17,657,440	24.347
1997	8,582,150	193.444	3,712,522	90.607	15,687,097	21.506
1996	8,084,111	151.944	3,653,348	75.645	14,283,878	18.552
1995	7,310,298	123.293	3,487,598	69.627	12,130,314	16.534

**Ceased operations on April 1, 2004*

Units and Unit Values for the Past Ten Years

As of	Balanced Growth Fund*		TIPS Fund*	
June 30	Total Units	Unit Value	Total Units	Unit Value
2004	72,958,724	$9,988	1,942,180	$9,735

**Commenced operations on April 1, 2004*

UCRS Advisory Board

Member	Location	Term
Robert M. Anderson	UC Berkeley	July 2002 – June 2006
Stephen Barclay	UC San Francisco	July 2000 – June 2004
Patrick G. Clelland (Chair)	Lawrence Livermore National Lab	October 2001 – June 2005
Jacqueline Edwards	UC San Diego	June 2002 – June 2006
Anne C. Paden	UC Irvine	April 2001 – June 2004
Daniel J.B. Mitchell	UC Los Angeles	July 2000 – June 2004
Joseph P. Mullinix	Office of the President	Permanent
David H. Russ	Office of the Treasurer	Permanent
Lori C. Stein	UC Los Angeles	July 1999 – June 2004

None of the UCRS Board members received any compensation from the Plans for services rendered during fiscal year 2003–2004.

UCRS Investment Management

Treasurer	David H. Russ

Plan Administration

Plan Administrator—University President	Robert C. Dynes
Senior Vice President	Joseph P. Mullinix
UCRS Internal Counsel	Barbara A. Clark
Plan Policy and Administrative Operations	Human Resources and Benefits Department
Associate Vice President	Judith W. Boyette
Deputy and Executive Director	Judy F. Ackerhalt
Executive Director—Policy and Program Design	Michele E. French
Executive Director—Client Relations	Kay Miller
Director—Financial Services and Plan Disbursements	David L. Olson
Director—Information Systems Support	Michael C. Baptista
Associate Director—Communications	Carl S. Klompus
Plan Actuary	
June 30, 2004 Valuation	The Segal Company
June 30, 2003 Valuation	Towers Perrin
Independent Plan Auditor	PricewaterhouseCoopers LLP

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