Portfolio Highlights

Valuation

The LADWP portfolio, as of March 31 2003, had an aggregate value of $5.2 billion[1]. This represents a $156.3 million decrease in value over last quarter and a $909.9 million decrease in value over the last year.

During the quarter, LADWP's actual equity allocation decreased 1% to end the quarter with a 52% allocation. LADWP's fixed income allocation ended the quarter at 29% (down 2% from the previous quarter). Nineteen percent of the LADWP portfolio was allocated to cash/short-term investments. Cash levels continue to increase as managers are not allowed to reinvest liquidated securities during the portfolio transition.

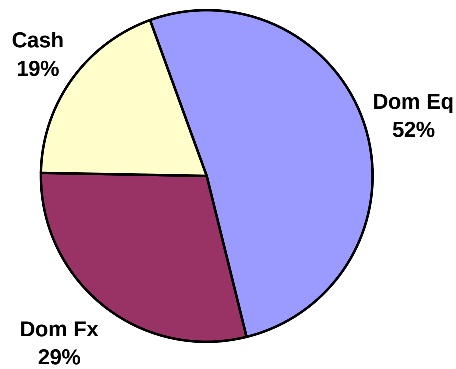
To date, four domestic equity managers have been selected as part of the portfolio transition. Merrill Lynch Investment Management and Northern Trust Global Investments were selected for passive core equity mandates. Fred Alger Management and INTECH were selected for large-cap growth mandates. Managers for the large-cap value mandates will be selected next.

LADWP Portfolio Valuation – March 31, 2003 (millions)

Segment	Actual $	Actual % *	Target %**
Total Portfolio	5,200.1	100%	100%
Domestic Equity	2,692.5	52%	40%
International Equity	---	---	15%
Domestic Fixed	1,516.0	29%	35%
Alternative Investments	---	---	5%
Real Estate	---	---	4%
Cash/short-term	991.6	19%	1%

* Differences in totals due to rounding.
** Adopted on September 18, 2002

LADWP Portfolio Valuation
As of 3/31/03



[1] Total portfolio value contains Retirement, Death and Disability accounts.

Performance--Periods ending March 31, 2003

Latest Quarter

For the latest quarter, LADWP's total investment portfolio declined (1.9%) while underperforming a market-based proxy (comprised of: 60% S&P 500, 30% Salomon Broad and 10% T-Bills) by 50 basis points. Relative underperformance by the domestic equity asset class contributed to this result. LADWP adopted a new "Statement of Investment Objectives, Goals, and Guidelines" on February 26, 2003. Future performance reports will reflect the new benchmark's adopted in the policy.

During the first quarter of 2003, LADWP's domestic equity asset class returned minus (4.6%) and underperformed the S&P 500 (a market proxy representative of the domestic equity market) by 1.4%. Two-of-three equity accounts underperformed this market proxy over the latest quarter. The domestic fixed income asset class exceeded the performance of the Salomon Broad, which is a representative proxy for domestic fixed income market results, by 10 basis points. Two-of-three managers exceeded the proxy over the latest quarter.

LADWP's total portfolio results placed them in the 61st percentile (below median) in the TUCS Total Trust Universe[2]. The median return for the quarter was minus (1.8%)

Comparative Performance--Quarter Return

Segment	Actual Return	Market-Based Proxy Return *
Total Portfolio	-1.9%	-1.4%
Domestic Equities	-4.6%	-3.2%
Domestic Fixed	1.5%	1.4%

* Market-based proxies are comprised of: 60% S&P 500, 30% Salomon Broad and 10% T-Bills for the Total Portfolio, the S&P 500 for Domestic Equities and the Salomon Broad Index for Domestic Fixed.

[2] The **T**rust **U**niverse **C**omparison **S**ervice (**TUCS**) is a cooperative effort among custodial organizations and Wilshire Associates. Custodians submit asset positions and performance data to be pooled into universes of managed tax-exempt portfolios. TUCS is the most widely accepted benchmark for the performance of institutional assets.

Latest Year

For the latest year, LADWP's total investment portfolio declined 11.8% and outperformed the representative market-proxy by 40 basis points. Strong relative results by the domestic fixed income asset class combined with a significant allocation to cash contributed to this result.

LADWP's domestic equity asset class decreased by (25.1%) over the past year underperforming the market proxy by 30 basis points. In addition, these results significantly trail the long-term expected return for equity investments. The domestic fixed income component exceeded the market proxy by 10 basis points with a return of 11.7%. This result exceeds the long-term expected return for fixed income investments.

Over the latest year, LADWP's total portfolio results placed in the 54th percentile (near median) in the TUCS Total Trust Universe (median: minus (11.5%)).

Comparative Performance—One-Year Return

Segment	Actual Return	Market-based Proxy Return *	Long-term Expected Return **
Total Portfolio	-11.8%	-12.2%	8.0% - 9.4% / year
Domestic Equities	-25.1%	-24.8%	10.0% / year
Domestic Fixed	11.7%	11.6%	8.0% / year

* Market-based proxies are comprised of: 60% S&P 500, 30% Salomon Broad and 10% T-Bills for the Total Portfolio, the S&P 500 for Domestic Equities and the Salomon Broad Index for Domestic Fixed.

** Expected returns per DWP Objectives and Policies adopted 2/17/2000. The expected Long-term (a ten-year horizon) Equity return is an average annual return of 10%, per Section IV.H.6. The expected Long-term Fixed return is an average return of 8%, per Section IV.G.3. The expected Long-term Total Portfolio return ranges between the fixed expected return and the equity expected return due to the constraints assigned to the major asset classes. Maximum exposure to fixed is 100%. Maximum exposure to equities is 70%.

Latest Three Years

For the latest three-year period, LADWP's total investment portfolio declined 0.6% per year and outperformed the representative market-based proxy by 6.0% on an annual basis. Strong relative results by the domestic equity asset class contributed to this result. However, these results are significantly below LADWP's long-term expectations as the equity asset class trailed its long-term target.

The domestic equity asset class posted a minus (6.9%) average annual return over the past three years outperforming the market proxy by 9.2% per year (as both equity accounts with performance history spanning over three years benefited from exposure to value companies and outperformed the benchmark). The domestic fixed income component trailed the market-based proxy by 10 basis points per year with an average annual return of 9.7%. However, this result exceeds the long-term return expectation for fixed income investments.

Over the latest three-year period, LADWP's total portfolio results placed in the 9th percentile (top decile) in the TUCS Total Trust Universe (median: minus (5.7%)).

Comparative Performance—Three-Year Return

Segment	Actual Return	Market-based Proxy Return *	Long-term Expected Return **
Total Portfolio	-0.6%	-6.6%	8.0% - 9.4% / year
Domestic Equities	-6.9%	-16.1%	10.0% / year
Domestic Fixed	9.7%	9.8%	8.0% / year

* Market-based proxies are comprised of: 60% S&P 500, 30% Salomon Broad and 10% T-Bills for the Total Portfolio, the S&P 500 for Domestic Equities and the Salomon Broad Index for Domestic Fixed.

** Expected returns per DWP Objectives and Policies adopted 2/17/2000. The expected Long-term (a ten-year horizon) Equity return is an average annual return of 10%, per Section IV.H.6. The expected Long-term Fixed return is an average return of 8%, per Section IV.G.3. The expected Long-term Total Portfolio return ranges between the fixed expected return and the equity expected return due to the constraints assigned to the major asset classes. Maximum exposure to fixed is 100%. Maximum exposure to equities is 70%.

Latest Five Years

For the latest five-year period, LADWP's total investment portfolio increased by 1.7% per year and outperformed the market-based proxy by 90 basis points annually. Strong relative results by the domestic equity asset class contributed to this result. However, total portfolio performance significantly lagged LADWP's long-term return expectations as both the equity and fixed income asset classes lagged long-term expectations.

The domestic equities segment of the LADWP portfolio posted a minus (2.1%) average annual return over the past five years outperforming the market proxy by 1.7% per year. Over this period, both of LADWP's equity accounts with five years of performance history outperformed the proxy. The domestic fixed income component trailed the market-based proxy by 10 basis points with an average annual return of 7.4%.

Over the latest five-year period, LADWP's total portfolio results placed them in the 39th percentile (above median) in the TUCS Total Trust Universe (median: 1.1%).

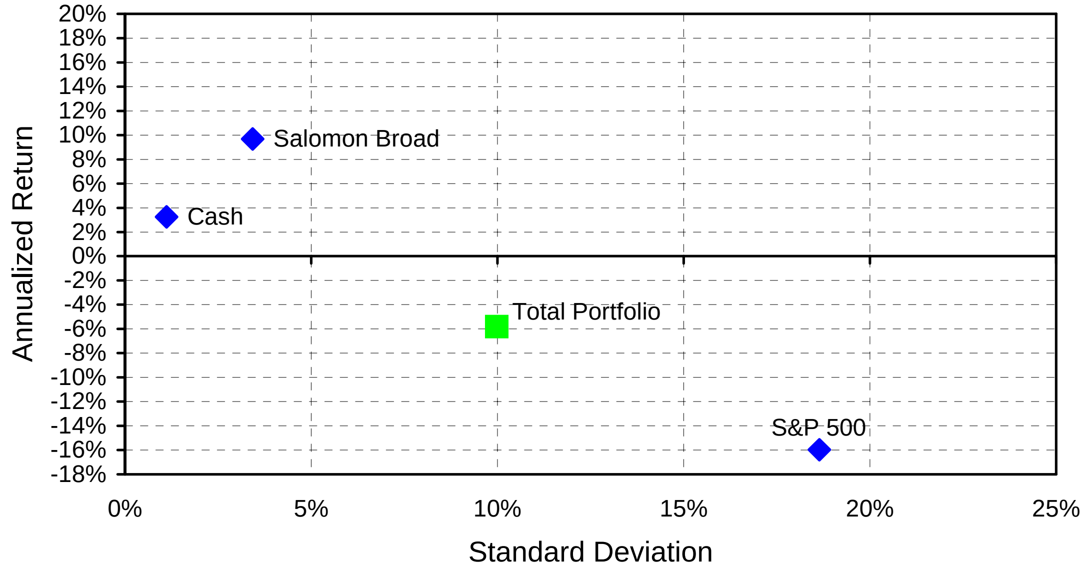
Comparative Performance—Five-Year Return

Segment	Actual Return	Market-based Proxy Return *	Long-term Expected Return **
Total Portfolio	1.7%	0.8%	8.0% - 9.4% / year
Domestic Equities	-2.1%	-3.8%	10.0% / year
Domestic Fixed	7.4%	7.5%	8.0% / year

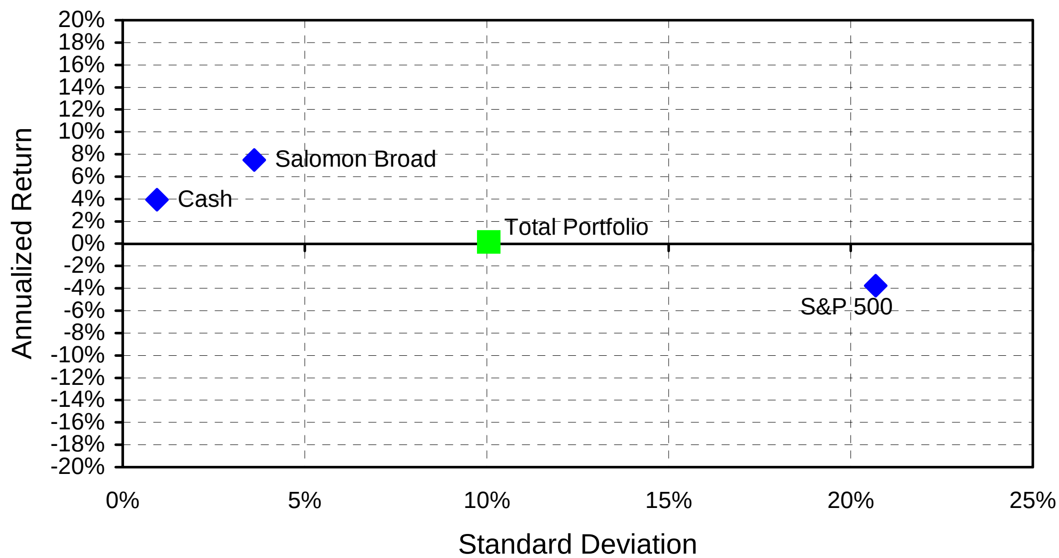
* Market-based proxies are comprised of: 60% S&P 500, 30% Salomon Broad and 10% T-Bills for the Total Portfolio, the S&P 500 for Domestic Equities and the Salomon Broad Index for Domestic Fixed.

** Expected returns per DWP Objectives and Policies adopted 2/17/2000. The expected Long-term (a ten-year horizon) Equity return is an average annual return of 10%, per Section IV.H.6. The expected Long-term Fixed return is an average return of 8%, per Section IV.G.3. The expected Long-term Total Portfolio return ranges between the fixed expected return and the equity expected return due to the constraints assigned to the major asset classes. Maximum exposure to fixed is 100%. Maximum exposure to equities is 70%.

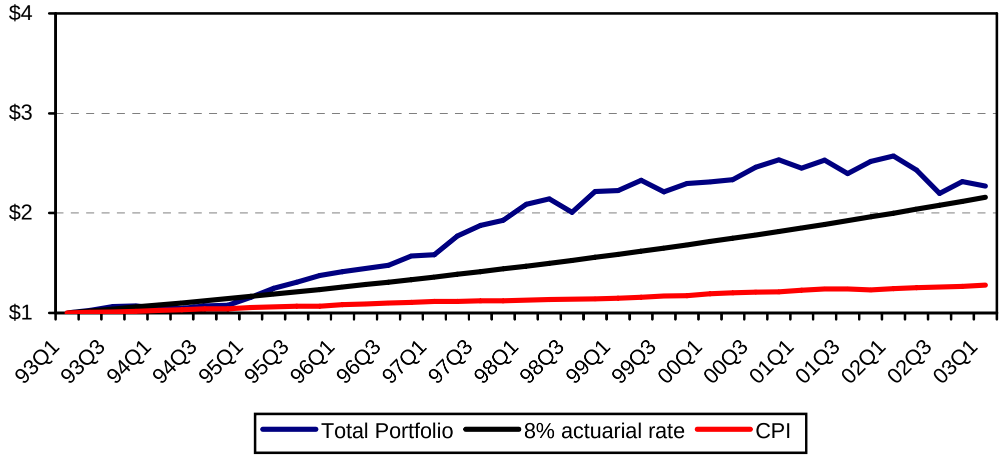
Three-Year Annualized Risk/Return



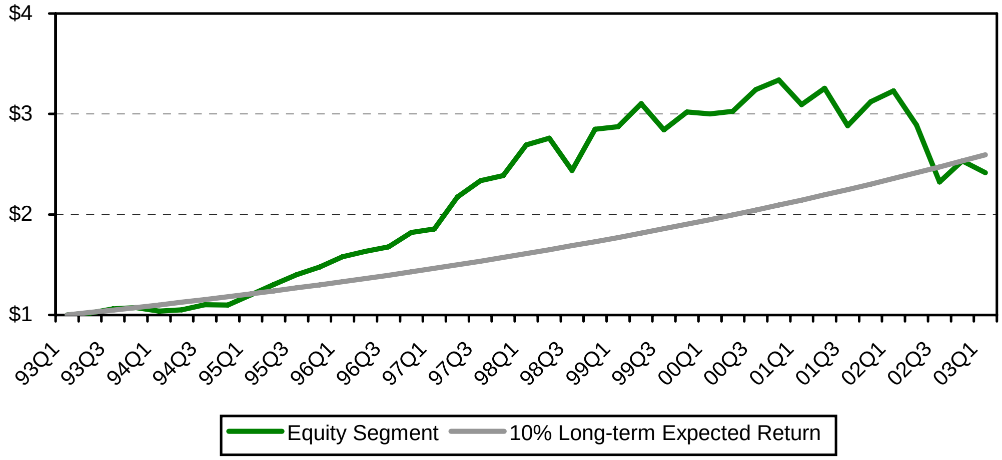
Five-Year Annualized Risk/Return



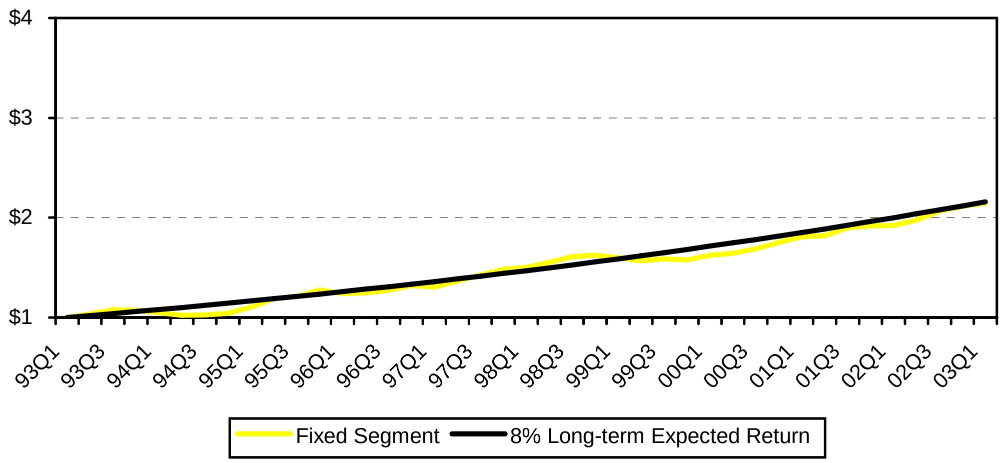
Growth of a Dollar- Latest 10 Years
Total Portfolio



Growth of a Dollar- Latest 10 Years
Equity Segment



Growth of a Dollar- Latest 10 Years
Fixed Segment



Economic Review

As measured by the real gross domestic product (GDP)[3], the US economy increased at an annual growth rate of 1.6% during the first quarter of 2003, up from 0.7% annualized growth in the previous quarter. The major contributors to the increase in real GDP were personal consumption expenditures, residential fixed investment, and government spending. The positive contributions of these components were partially offset by a decrease in private inventory investment, equipment and software, and exports. Imports, which are a subtraction in the calculation of GDP, increased.

Fixed income markets experienced the strongest performance among the major asset classes over the latest quarter as equities fell across the board. A proxy for the international fixed income market, the SBWGB Index, gained 3.1% during the quarter while its domestic counterpart, as measured by the Lehman Aggregate Index, posted a 1.4% quarterly return. The S&P 500 Index, which represents the large domestic equity market, posted a minus (3.2%) return for the quarter compared to a minus (4.5%) return for the Russell 2000 Index, a measure of small capitalization stock performance. In terms of style, growth was favored during the quarter as the Russell 3000 Growth Index posted a minus (1.3%) return outperforming the Russell 3000 Value Index's minus (4.9%) return. During the first quarter, the MSCI EAFE returned a minus (8.1%), as the MSCI Europe sub-component struggled posting a minus (9.2%) quarterly return.

- **Inflation** – The Consumer Price Index (CPI) increased by 0.6% in March, on a seasonally adjusted basis, resulting in a compounded annual rate (three-months ended March 31, 2003) of 5.2%. In comparison, the CPI increased 3.0% (on an annualized basis) during the first quarter of 2002.

- **Domestic Interest Rates** – During the first quarter of 2003 short and mid-term yields decreased while long-term rates increased slightly. The annual yield on one-year Treasury Bonds decreased by 21 basis points to 1.2% as of March 31, 2003, while the yield on thirty-year Treasury Bonds increased slightly by 3 basis points to 5.0%. The spread between the one-year Treasury and the 30-year Treasury ended the quarter at 374 basis points compared to a 350 basis point spread at the end of last quarter. As a result, the yield curve steepened slightly, benefiting short-term bonds.

- **US Dollar** – During the first quarter of 2003, the US dollar depreciated against the Euro by 4.0%, the Canadian dollar by 7.0%, but only slightly against the Yen.

- **Unemployment** – The domestic unemployment rate decreased to 5.8% in March from 6.0% at the end of last quarter.

[3] An "advance" estimate based on source data subject to further revision as reported by the Bureau of Economic Analysis (BEA).

Capital Market Highlights

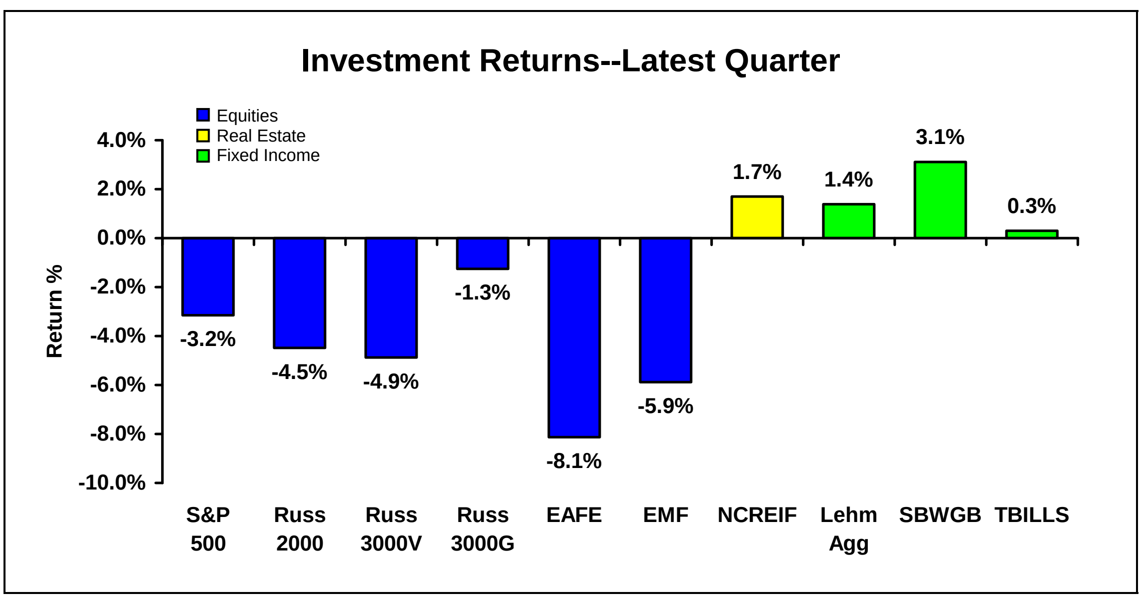
Latest Quarter

Both international and domestic bond markets provided positive absolute results during the first quarter of 2003. International bonds, measured by the SBWGB Index, produced a positive return of 3.1%. The domestic bond market, as measured by the LB Aggregate returned 1.4% during the quarter. This strong relative performance was due in part to uncertainty in geopolitical risks, and uneven economic growth that sent investors looking for safer investments.

Anticipation over military action in the Middle East early in the quarter, followed by the reality of war later in the quarter, was the primary cause for volatility in US equity markets. In general, large-cap stocks faired slightly better than small-cap stocks. Large-cap stocks, as measured by the S&P 500 Index, posted a minus (3.2%) return, while small-cap stocks returned minus (4.5%), as measured by the Russell 2000 Index. Style was an important factor as growth-oriented stocks, as measured by the Russell 3000 Growth Index, outperformed value stocks (Russell 3000 Value) by a margin of 3.6% with respective quarterly returns of minus (1.3%) and minus (4.9%).

International stocks were hit hardest by global tensions providing the lowest quarterly returns. As measured by the MSCI EAFE Index, International stocks finished the quarter with a minus (8.1%) return. The Pacific Basin sub-component (including Japan) ended the quarter with a minus (5.5%) return. Emerging Markets, as measured by the MSCI EMF, posted a minus (5.9%) return.

Over the quarter, real estate (as measured by the NCREIF Index) generated a total return of 1.7% while T-bills posted a 0.3% gain.



NCREIF Property Index information is as of December 31, 2002.

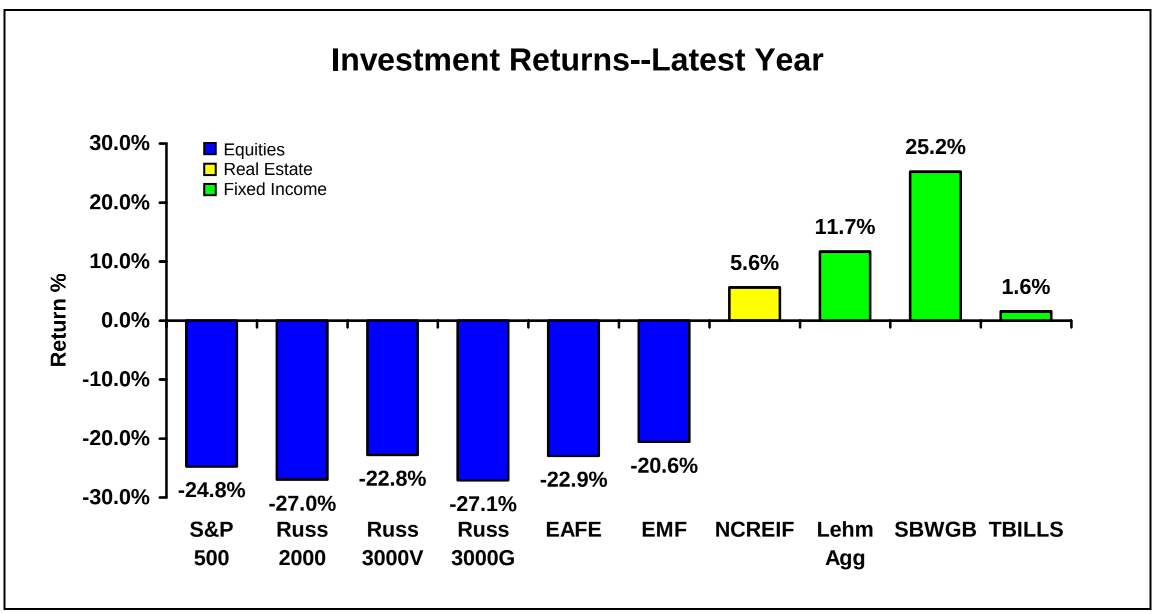
Latest Year

As seen in the chart below, bonds clearly outperformed equities over the latest 12-month period. International bonds provided the highest absolute performance with a strong 25.2% return surpassing domestic issues during the latest year. This was due in part to a strong second quarter in 2002. A weakening US dollar earlier in the period and over the most recent quarter combined with higher interest rates abroad made foreign markets more attractive to investors. The broad domestic bond market, as measured by the Lehman Aggregate Index, posted a 1-year return of 11.7%.

The domestic equity market struggled, experiencing negative absolute returns across the board during the period as investors became more sensitive to market risk. Value stocks, as represented by the Russell 3000 Value Index declined by (22.8%), significantly outperforming growth stocks (Russell 3000 Growth Index) which fell by (27.1%). In general, large cap stocks, as measured by the S&P 500 Index, performed better than small cap stocks (Russell 2000 Index), with respective returns of minus (24.8%) and minus (27.0%).

Over the latest year, the MSCI-EAFE posted a minus (22.9%) return. Underperformance of countries in the MSCI European subcomponent contributed significantly to this result with a minus (25.5%) return, while the Pacific Basin sub-component (including Japan) ended the quarter with a minus (16.0%) return.

The real estate market continued its steady performance as the NCREIF Index produced a 5.6% total return for the year and T-Bills posted a 1.6% return.



NCREIF Property Index information is as of December 31, 2002.

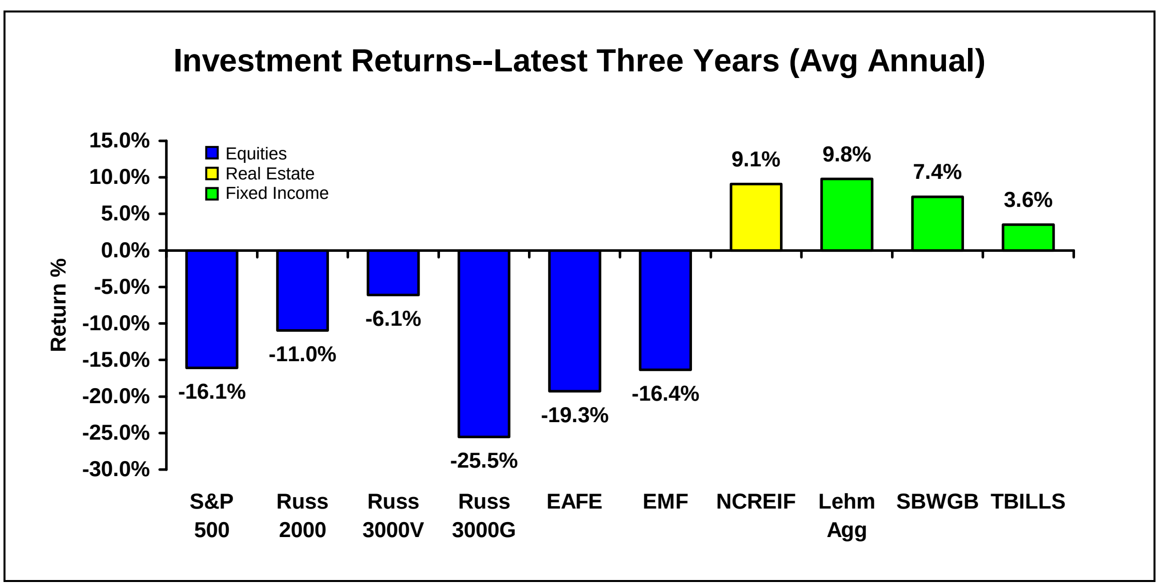
Latest Three Years

During the previous three-year period, bonds outperformed equities and provided positive absolute returns. The domestic bond market, as measured by the Lehman Aggregate Index, averaged an annual return of 9.8% over the past three years, surpassing long-term expectations. This return was, on average, 2.4% higher than that of international bonds (measured by the SBWGB Index), which gained an annualized 7.4%. Declining yields and investors' focus on protection of capital contributed significantly to these strong bond market results.

Domestic equity markets continued to decline across the board, as the latest three-year period was one of the worst periods since the 1930's. Certain segments of the equity market, however, were able to minimize declines such as value-oriented stocks and smaller company stocks. Small-cap stocks in general (Russell 2000 Index), performed better than large cap stocks (S&P 500 Index) with returns of minus (11.0%) and minus (16.1%) per annum. In terms of style, value stocks significantly outperformed growth stocks. The Russell 3000 Value Index posted a minus (6.1%) average annual return compared to a minus (25.5%) annualized return for Russell 3000 Growth Index during this period.

International equity markets also struggled during the latest three-year period. The MSCI EAFE Index posted negative absolute annualized results of minus (19.3%) per year. Underperformance by both the MSCI Pacific (including Japan) and Europe sub-indexes contributed significantly to this result with a minus (21.7%) and minus (18.1%) return per year, respectively. The MSCI EMF Index had a minus (16.4%) annualized return.

Real estate markets produced strong results posting a 9.1% average annual return over the latest three-year period. Money-market yields (T-Bills) averaged 3.6% per year.



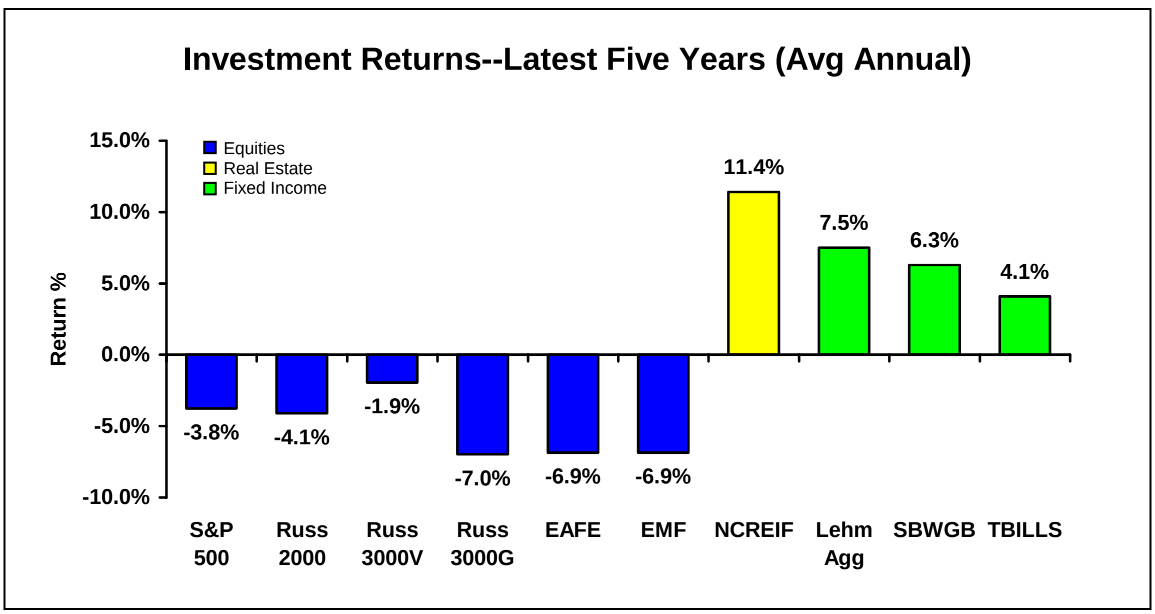
NCREIF Property Index information is as of December 31, 2002.

Latest Five Years

During the latest five-year period, of most obvious concern is the underperformance of the domestic equity market relative to long-term expectations. As measured by the S&P 500, the domestic equity market declined at an average annual return of minus (3.8%). Small-cap stocks performed slightly lower with an annualized return of minus (4.1%) as measured by the Russell 2000 Index. During the period, investors experienced a loss of principal primarily in growth stocks, as represented by the Russell 3000 Growth Index, which finished the period with a minus (7.0%) return per year. Value stocks, however, provided some protection as the Russell 3000 Value Index ended the period with a minus (1.9%) return per year. International equities also resided in negative territory with a return of minus (6.9%) per annum. Underperformance by the MSCI Europe sub-index at minus (7.3%) per year significantly contributed to this result.

Despite a recent surge in international bonds, the US fixed income markets continued to outperform their international counterparts over the latest 5-year period. The Lehman Aggregate returned 7.5% per year versus that of the SBWGB, which returned 6.3% per year on average, reflecting the influence of a strong U.S. dollar earlier in the period. Money-market returns (T-Bills) returned 4.1% per year over the latest five-year period.

Real estate markets have produced strong results, generating an 11.4% average annual return. These results surpass long-term expectations.



NCREIF Property Index information is as of December 31, 2002.

Manager Performance- Summary

Manager Performance Comparison- as of 3/31/03

Manager	Segment	Current Value $ (000)	Performance Qtr.	1 Year	3 Year	5 Year
Debt						
Standish I (previously Boston)	**Fixed Income**	**492,974**	**0.9%**	**N/A**	**N/A**	**N/A**
Standish II (previously Highmark)	**Fixed Income**	**261,171**	**1.7%**	**N/A**	**N/A**	**N/A**
TCW	**Fixed Income**	**761,851**	**1.8%**	**13.0%**	**9.9%**	**7.7%**
Equity						
Boston (previously Highmark)	**Equity**	**339,983**	**-2.9%**	**N/A**	**N/A**	**N/A**
Boston Company	**Equity**	**926,599**	**-5.9%**	**-25.0%**	**-4.4%**	**-2.7%**
TCW	**Equity**	**1,425,914**	**-4.1%**	**-26.8%**	**-9.2%**	**-2.1%**
Benchmarks						
Market-based Total Portfolio Proxy	*Balanced*	---	*-1.4%*	*-12.2%*	*-6.6%*	*0.8%*
Long-term Expected Equity Return	*Equity*	---	*N/A*	*10.0%*	*10.0%*	*10.0%*
S&P 500	Large Core	---	-3.2%	-24.8%	-16.1%	-3.8%
Russell 1000 Value	Large Value	---	-4.9%	-22.8%	-6.9%	-2.0%
Long-term Expected Fixed Return	*Fixed Income*	---	*N/A*	*8.0%*	*8.0%*	*8.0%*
Salomon Broad	Fixed Income	---	1.4%	11.6%	9.8%	7.5%

Manager Performance - Latest Quarter

Among domestic equity accounts in LADWP's portfolio, one-of-three managers exceeded the S&P 500 (a market-based proxy for large-cap core domestic equity mandates). The temporary Boston Company account, previously managed by Highmark, posted the highest absolute return of minus (2.9%). This result exceeded the S&P 500 by 30 basis points and the Russell 1000 Value Index (a market-based proxy for large-cap value domestic equity mandates) by 2.0%. TCW posted a minus (4.1%) return and trailed the S&P 500 Index by 90 basis points. Boston Company posted a return of minus (5.9%) trailing the Russell 1000 Value by 1.0% and the S&P 500 by 2.7%.

Among fixed income components within LADWP's portfolio, two-of-three managers outperformed the Salomon Broad proxy (a market-based proxy for core domestic fixed income mandates). TCW posted the strongest results over the latest quarter with a 1.8% return and exceeded the Salomon Broad by 40 basis points. Standish II (previously managed by Highmark) exceeded the Salomon Broad by 30 basis points while Standish I (previously managed by Boston Company) trailed the Salomon Broad's 1.4% return by 50 basis points.

Manager Comparison--Latest Quarter

Portfolio	Style Group	Account Ranking**	Segment Return
Domestic Equity			
Boston (previously Highmark)	Large Value	35	-2.9
S&P 500 Index *	Large Core	43	-3.2
TCW	Large Core	60	-4.1
Russell 1000 Value *	Large Value	---	-4.9
Boston Company	Large Value	84	-5.9
Domestic Fixed Income			
TCW	Fixed	40	1.8
Standish II (previously Highmark)	Fixed	46	1.7
Salomon Broad *	Fixed	66	1.4
Standish I (previously Boston)	Fixed	86	0.9

* Market-based performance proxies

** Equity components are ranked in the TUCS Equity Sector Universe and the fixed income components are ranked in the TUCS Fixed Sector Universe.

Manager Performance - Latest Year

Among domestic equity accounts with one-year of performance history, neither manager outpaced the S&P 500. Boston Company posted a return of minus (25.0%) over the latest 12-month period trailing the S&P 500 by 20 basis points and the Russell 1000 Value by 2.2%. TCW posted a minus (26.8%) return and trailed the S&P 500 proxy by 2.0%. Both managers significantly underperformed the 10.0% expected long-term average annual return objective for domestic equities.

Due to recent manager transitions, TCW is LADWP's only fixed income account with one-year of performance history. Over the latest year, TCW posted a 13.0% return outperforming the Salomon Broad proxy by 1.4% and exceeding the long-term expected return objective for fixed income. Strong issue selection within the corporate bond sector contributed to performance over the latest year. TCW's results placed them in the 26th percentile among their peers.

Manager Comparison--Latest Year

Portfolio	Style Group	Account Ranking	Segment Return
Domestic Equity			
Long-term Expected Equity Return *	Equity	---	10.0
Russell 1000 Value **	Large Value	---	-22.8
S&P 500 Index **	Large Core	50	-24.8
Boston Company	Large Value	53	-25.0
TCW	Large Core	69	-26.8
Domestic Fixed Income			
TCW	Fixed	26	13.0
Salomon Broad **	Fixed	45	11.6
Long-term Expected Fixed Return *	Fixed	---	8.0

* Expected returns per DWP Objectives and Policies adopted 2/17/2000. The expected Long-term (a ten-year horizon) Equity return is an average annual return of 10%, per Section IV.H.6. The expected Long-term Fixed return is an average return of 8%, per Section IV.G.3.

** Market-based performance proxies

Manager Performance - Latest Three Years

Among domestic equity accounts with three-years of performance history, both managers outpaced the S&P 500 and placed above-median among their peers. Boston Company posted the highest absolute average annual return of minus (4.4%) over the latest three-year period. Boston Company benefited from exposure to stronger performing value stocks relative to the broad market benchmark and also outperformed the Russell 1000 Value proxy by 2.5% per year. Boston Company's exposure to smaller capitalized issues also contributed to this result as small-cap issues outperformed over the latest three-year period. TCW posted a minus (9.2%) average annual return and outperformed the S&P 500 proxy by 6.9% per year. This significant outperformance is due, in large part, to TCW's exposure to smaller capitalized value companies which outperformed over this period. However, both managers significantly underperformed the 10.0% expected long-term average annual return objective for domestic equities.

TCW is LADWP's only fixed income account with three-years of performance history. Over the latest three-years, TCW posted a 9.9% average annual return exceeding the Salomon Broad proxy by 10 basis points and placed in the 31st percentile among their peers. TCW's results exceeded the long-term expected return objective for fixed income.

Manager Comparison--Latest Three Years

Portfolio	Style Group	Account Ranking	Segment Return
Domestic Equity			
Long-term Expected Equity Return *	Equity	---	10.0
Boston Company	Large Value	23	-4.4
Russell 1000 Value **	Large Value	---	-6.9
TCW	Large Core	34	-9.2
S&P 500 Index **	Large Core	66	-16.1
Domestic Fixed Income			
TCW	Fixed	31	9.9
Salomon Broad **	Fixed	38	9.8
Long-term Expected Fixed Return *	Fixed	---	8.0

* Expected returns per DWP Objectives and Policies adopted 2/17/2000. The expected Long-term (a ten-year horizon) Equity return is an average annual return of 10%, per Section IV.H.6. The expected Long-term Fixed return is an average return of 8%, per Section IV.G.3.

** Market-based performance proxies

Manager Performance - Latest Five Years

Among domestic equity accounts with five-years of performance history, both managers outpaced the S&P 500. TCW posted the highest absolute return of minus (2.1%) over the latest five-year period and exceeded the S&P 500 proxy by 1.7% per year. As with the three-year period, exposure to smaller, value-oriented issues relative to the S&P 500 contributed to TCW's results as value stocks outperformed growth stocks and small-cap stocks outperformed large-cap stocks. Boston Company posted a minus (2.7%) average annual return and outperformed the S&P 500 proxy by 1.1% per year. Boston Company benefited from exposure to stronger performing value stocks relative to the broad market benchmark. However, as with shorter time periods, both managers significantly underperformed the 10.0% expected long-term average annual return objective for domestic equities.

TCW is LADWP's only fixed income account with five-years of performance history. Over the latest five-years, TCW posted a 7.7% average annual return exceeding the Salomon Broad proxy by 20 basis points and placed in the 25th percentile among their peers. TCW's results only slightly trailed the long-term expected return objective for fixed income.

Manager Comparison--Latest Five Years

Portfolio	Style Group	Ranking	Return
Domestic Equity			
Long-term Expected Equity Return *	Equity	---	10.0
Russell 1000 Value **	Large Value	---	-2.0
TCW	Large Core	55	-2.1
Boston Company	Large Value	61	-2.7
S&P 500 Index **	Large Core	72	-3.8
Domestic Fixed Income			
Long-term Expected Fixed Return *	Fixed	---	8.0
TCW	Fixed	25	7.7
Salomon Broad **	Fixed	33	7.5

* Expected returns per DWP Objectives and Policies adopted 2/17/2000. The expected Long-term (a ten-year horizon) Equity return is an average annual return of 10%, per Section IV.H.6. The expected Long-term Fixed return is an average return of 8%, per Section IV.G.3.

** Market-based performance proxies