Portfolio Highlights

Valuation

The LADWP portfolio, as of June 30 2003, had an aggregate value of $5.6 billion[1]. This represents a $447.3 million increase in value over last quarter and a $70.0 million decrease in value over the last year.

During the quarter, LADWP's actual equity allocation increased 3% to end the quarter with a 55% allocation. LADWP's fixed income allocation ended the quarter at 27% (down 2% from the previous quarter). Eighteen percent of the LADWP portfolio was allocated to cash/short-term investments. Cash levels continue to remain high as managers are not allowed to reinvest liquidated securities during the portfolio transition.

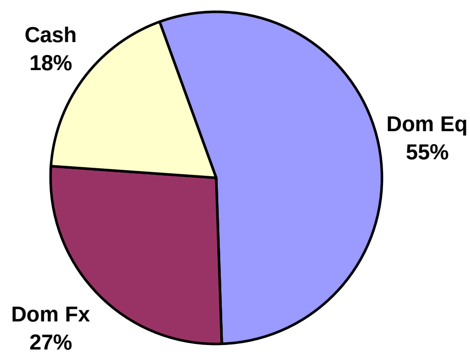
LADWP adopted a new "Statement of Investment Objectives, Goals, and Guidelines" on February 26, 2003. To date, five domestic equity managers have been selected as part of the portfolio transition. Merrill Lynch Investment Management and Northern Trust Global Investments were selected for passive core equity mandates. Fred Alger Management and INTECH were selected for large-cap growth mandates. MFS was selected for the large-cap value mandate. In August of 2003, the two passive core equity managers were funded.

LADWP Portfolio Valuation – June 30, 2003 (millions)

Segment	Actual $	Actual % *	Target %**
Total Portfolio	5,647.4	100%	100%
Domestic Equity	3,110.3	55%	40%
International Equity	---	---	15%
Domestic Fixed	1,505.8	27%	35%
Alternative Investments	---	---	5%
Real Estate	---	---	4%
Cash/short-term	1,031.3	18%	1%

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

**LADWP Portfolio Valuation
As of 6/30/03**



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

Performance--Periods ending June 30, 2003

Latest Quarter

For the latest quarter, LADWP's total investment portfolio increased 9.6% while underperforming its policy benchmark return by 1.9%. Strong absolute results by the unfunded International Equity and Alternative asset classes contributed to this relative underperformance. Manager selection and funding activities for the Domestic Equity and International asset classes continued during the 2nd quarter of 2003.

During the second quarter of 2003, LADWP's domestic equity asset class returned 16.2% performing near its policy benchmark, the Russell 3000 index, while outperforming the S&P 500 return of 15.4% by 80 basis points (previously the market proxy representative of the domestic equity market). Two-of-three equity accounts outperformed this market proxy over the latest quarter. The domestic fixed income asset class exceeded its policy benchmark, the Lehman Universal index, by 70 basis points. The Salomon Broad, formerly the representative proxy for domestic fixed income market results, had a quarterly return of 2.6%. Two-of-three managers exceeded the proxy over the latest quarter.

LADWP's total portfolio results placed them in the 76th percentile (below median) in the TUCS Total Trust Universe[2]. The median return for the quarter was 11.3%.

Comparative Performance--Quarter Return

Segment	Actual Return	Policy Return*	Market-based Proxy Return
Total Portfolio	9.6	11.5	9.9
Domestic Equities	16.2	16.3	15.4
Domestic Fixed	3.8	3.1	2.6
International Equities	N/A	19.9	---
Alternative[3]	N/A	17.0	---
Real Estate[3]	N/A	1.9	---
Cash[3]	N/A	0.3	---

*Policy return consists of passively managed asset class portfolios held at LADWP policy weightings.

[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.

[3] Benchmarks for Real Estate, Alternative and Cash asset classes not yet approved. These are currently represented by asset class benchmarks widely used by PCA's clients.
Alternative = Russell 3000 + 300 bps
Real Estate = NCREIF
Cash = Tbills

Latest Year

For the latest year, LADWP's total investment portfolio increased 2.3% but underperformed the representative market-proxy by 1.7%. Poor relative results by the domestic equity asset class contributed to this result.

LADWP's domestic equity asset class decreased by minus (2.7%) over the past year underperforming the market proxy by 3.0%. Underperformance by two of three domestic equity managers contributed to this result. In addition, these results significantly trail the long-term expected return for equity investments. The domestic fixed income component exceeded the market proxy by 2.2% with a return of 12.7%. This result exceeds the long-term expected return for fixed income investments.

Over the latest year, LADWP's total portfolio results placed in the 78th percentile (below median) in the TUCS Total Trust Universe (median: 3.9%).

Comparative Performance—One-Year Return

Segment	Actual Return	Market-based Proxy Return *	Long-term Expected Return **
Total Portfolio	2.3%	4.0%	8.0% - 9.4% / year
Domestic Equities	-2.7%	0.3%	10.0% / year
Domestic Fixed	12.7%	10.5%	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%.

Latest Three Years

For the latest three-year period, LADWP's total investment portfolio increased 2.1% per year and outperformed the representative market-based proxy by 5.4% on an annual basis. Strong relative results by the domestic equity and domestic fixed asset classes contributed to this result. However, these results are significantly below LADWP's long-term expectations as the equity asset class trailed its long-term absolute target.

The domestic equity asset class posted a minus (2.4%) average annual return over the past three years outperforming the market proxy by 8.8% 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 outperformed the market-based proxy by 60 basis points per year with an average annual return of 10.7%. 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 8th percentile (top decile) in the TUCS Total Trust Universe (median: minus (2.3%)).

Comparative Performance—Three-Year Return

Segment	Actual Return	Market-based Proxy Return *	Long-term Expected Return **
Total Portfolio	2.1%	-3.3%	8.0% - 9.4% / year
Domestic Equities	-2.4%	-11.2%	10.0% / year
Domestic Fixed	10.7%	10.1%	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 3.0% 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 0.4% average annual return over the past five years outperforming the market proxy by 2.0% 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 matched the market-based proxy with an average annual return of 7.5%.

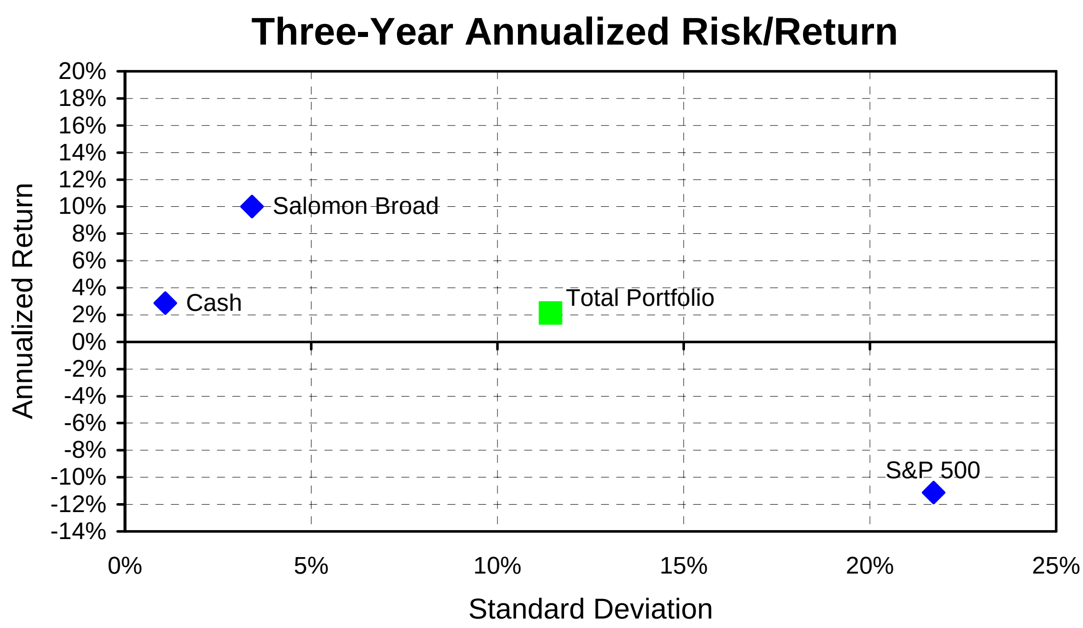
Over the latest five-year period, LADWP's total portfolio results placed them in the 49th percentile (above median) in the TUCS Total Trust Universe (median: 3.0%).

Comparative Performance—Five-Year Return

Segment	Actual Return	Market-based Proxy Return *	Long-term Expected Return **
Total Portfolio	3.0%	2.1%	8.0% - 9.4% / year
Domestic Equities	0.4%	-1.6%	10.0% / year
Domestic Fixed	7.5%	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
Annualized Return
20%
18%
16%
14%
12%
10%
8%
6%
4%
2%
0%
-2%
-4%
-6%
-8%
-10%
-12%
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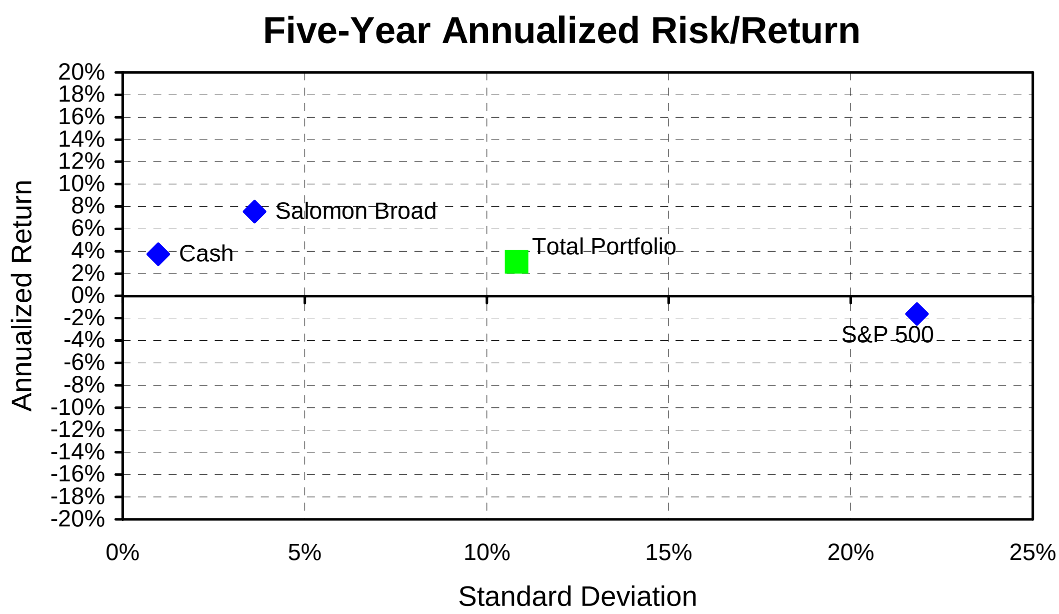
Salomon Broad
Cash
Total Portfolio
S&P 500
0%
5%
10%
15%
20%
25%
Standard Deviation


Five-Year Annualized Risk/Return
Annualized Return
20%
18%
16%
14%
12%
10%
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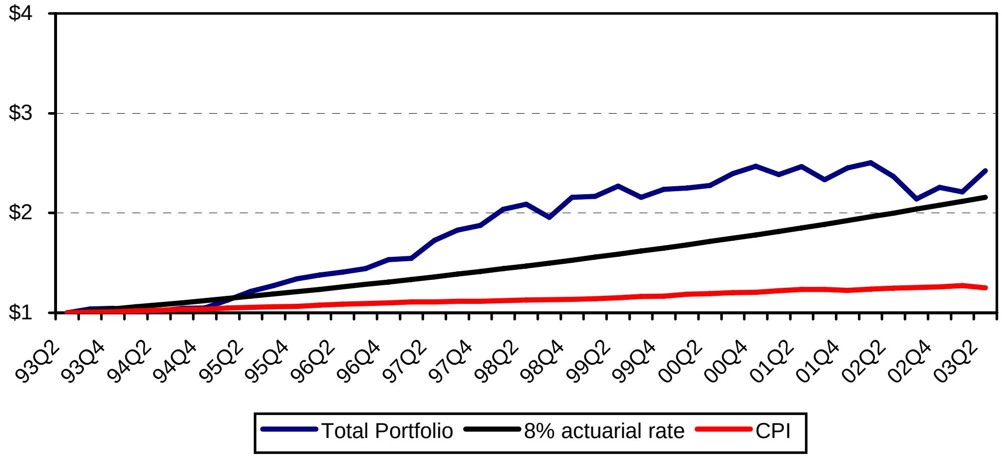
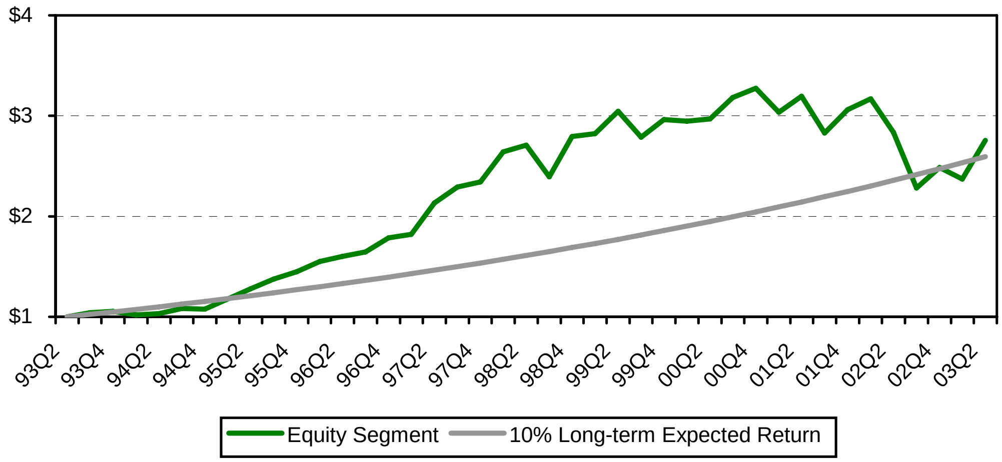
6%
4%
2%
0%
-2%
-4%
-6%
-8%
-10%
-12%
-14%
-16%
-18%
-20%
Salomon Broad
Cash
Total Portfolio
S&P 500
0%
5%
10%
15%
20%
25%
Standard Deviation

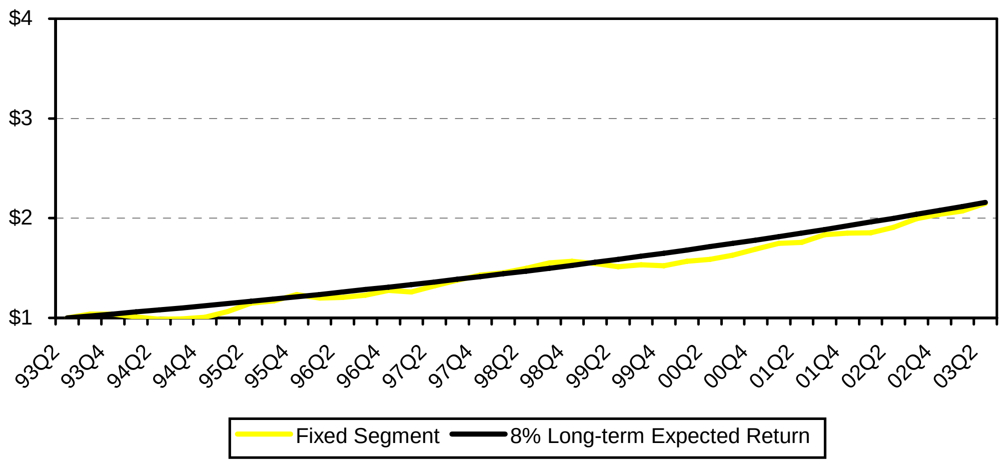
Growth of a Dollar- Latest 10 Years
Total Portfolio



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 2.4% during the second quarter of 2003, up from 1.4% annualized growth in the previous quarter. The major contributors to the increase in real GDP were personal consumption expenditures, federal defense spending, nonresidential fixed investment, and residential fixed investment. The positive contributions of these components were partially offset by a decrease in private inventory investment and from exports. Imports, which are a subtraction in the calculation of GDP, increased.

Following one of the worst three-year periods in history, equity markets provided the strongest performance among the major asset classes. The Russell 2000 Index, a measure of small capitalization stock performance, posted a 23.4% return for the quarter compared to a 15.4% return for the S&P 500 Index, which represents the large domestic equity market. In terms of style, both value and growth showed strong quarterly performance as the Russell 3000 Value Index posted a 17.7% return and the Russell 3000 Growth Index posted a 14.9% return. During the second quarter, the MSCI EAFE returned a 19.6%, as the MSCI Europe sub-component provided a strong 22.4% quarterly return. A proxy for the international fixed income market, the SBWGB Index, gained 3.9% during the quarter while its domestic counterpart, as measured by the Lehman Aggregate Index, posted a 2.5% quarterly return.

- **Inflation** – The Consumer Price Index (CPI) increased by 0.1% in June, on a seasonally adjusted basis, resulting in a compounded annual rate (three-months ended June 30, 2003) of minus (0.7%). In comparison, the CPI increased 0.1% (on an annualized basis) during the second quarter of 2002.
- **Domestic Interest Rates** – During the second 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 23 basis points to 1.0% as of June 30, 2003, while the yield on thirty-year Treasury Bonds increased slightly by 5 basis points to 5.0%. The spread between the one-year Treasury and the 30-year Treasury ended the quarter at 402 basis points compared to a 374 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 second quarter of 2003, the US dollar depreciated against the Euro by 5.2%, and the British pound by 4.4%, while strengthening against the Yen by 1.25%.
- **Unemployment** – The domestic unemployment rate increased to 6.4% in June from 5.8% 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

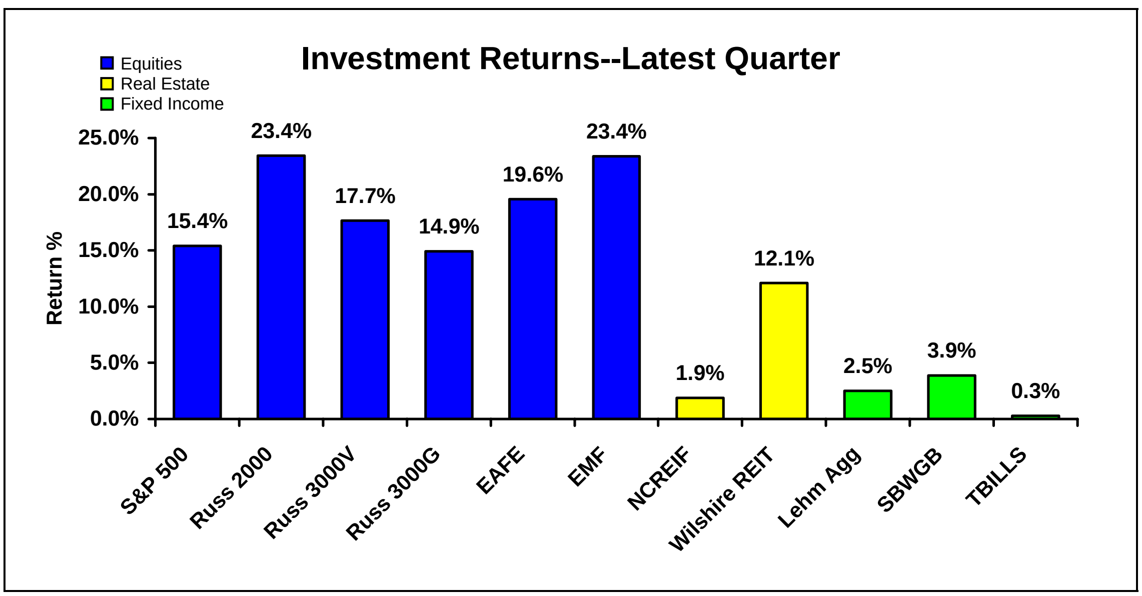
Latest Quarter

US equity markets rebounded during the latest quarter fueled by several factors, the largest of which was the end of the major combat portion of the war in Iraq. In addition, lower interest rates and positive corporate earnings helped to boost consumer confidence. In general, small-cap stocks faired better than large-cap stocks. Small-cap stocks, as measured by the Russell 2000 Index, returned 23.4% while large-cap stocks posted a 15.4% return, as measured by the S&P 500 Index. Style was an less of a factor as value-oriented stocks, measured by the Russell 3000 Value Index, outperformed growth stocks (Russell 3000 Growth) by a margin of 2.7% with respective quarterly returns of 17.7% and 14.9%.

International stocks also performed well during the quarter, due in part to a stabilizing geopolitical environment and a weakened US dollar, providing positive quarterly returns. As measured by the MSCI EAFE Index, international stocks finished the quarter with a 19.6% return. The Europe sub-component ended the quarter with a 22.4% return. Emerging Markets, as measured by the MSCI EMF, posted a strong 23.4% return.

Both international and domestic bond markets provided positive absolute results during the second quarter of 2003. International bonds, measured by the SBWGB Index, produced a positive return of 3.9%. The domestic bond market, as measured by the LB Aggregate returned 2.5% during the quarter.

Over the quarter, private real estate (as measured by the NCREIF Index) generated a total return of 1.9% while the Wilshire REIT index, a measure of the public real estate investment market, posted a 12.1% return benefiting from broad market increases. T-bills finished the quarter with a 0.3% gain.



NCREIF Property Index information is as of March 31, 2003.

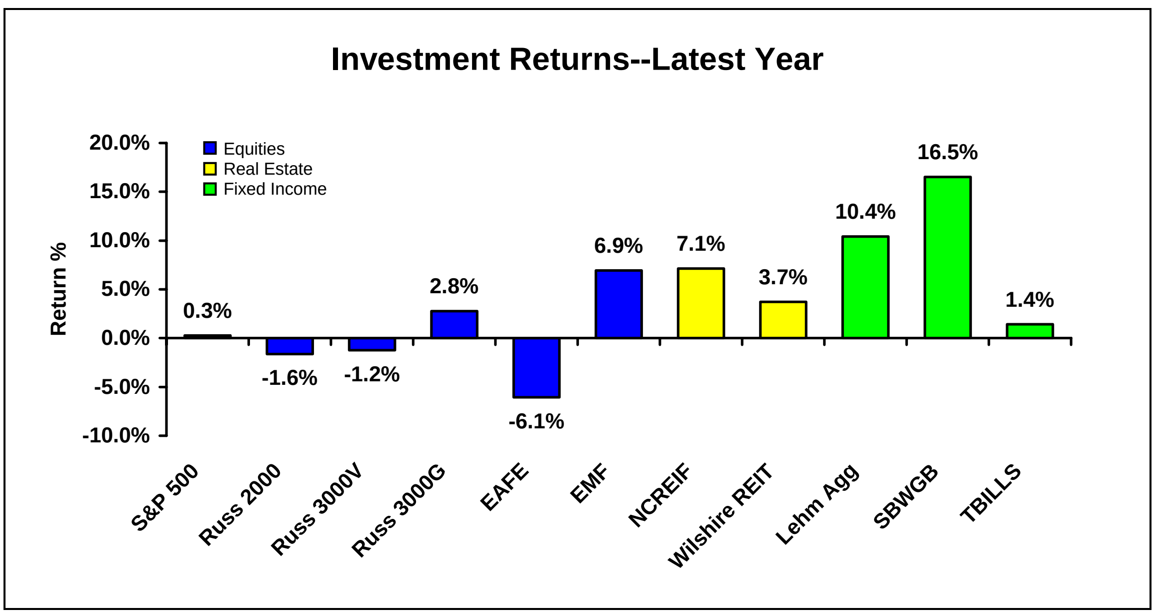
Latest Year

As seen in the chart below, bonds continued to outperformed equities over the latest 12-month period. International bonds provided the highest absolute performance with a strong 16.5% return surpassing domestic issues during the latest year. A weakening US dollar 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 10.4%. This was due in part to strong performance earlier in the period.

The domestic equity market experienced some recovery from earlier periods, while providing mixed results. Growth stocks, measured by the Russell 3000 Growth Index, increased by 2.8%, outperforming value stocks (Russell 3000 Value Index) which declined by (1.2%). 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 0.3% and minus (1.6%).

Over the latest year, Emerging Markets provided the highest absolute return among equities with a positive 6.9% return. The MSCI-EAFE posted a minus (6.1%) return. Underperformance of countries in the MSCI European subcomponent contributed significantly to this result with a minus (4.8%) return, while the Pacific Basin sub-component (including Japan) ended the quarter with a minus (9.3%) return.

The private real estate market continued its steady performance as the NCREIF Index produced a 7.1%, while the Wilshire REIT index had a 3.7% total return for the year. T-Bills posted a 1.4% return.



NCREIF Property Index information is as of March 31, 2003.

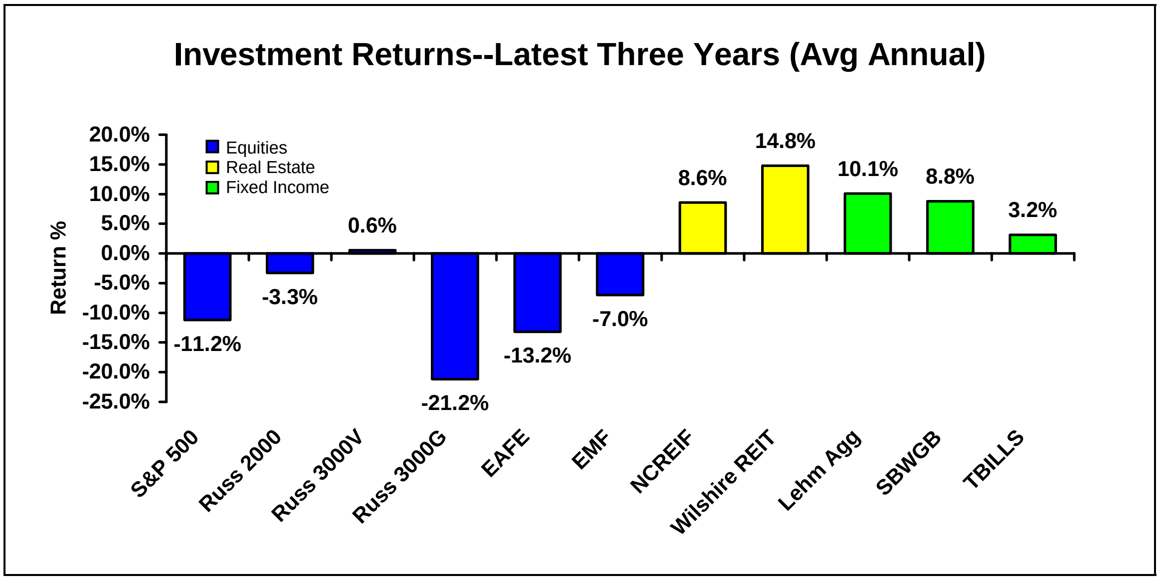
Latest Three Years

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 10.1% over the past three years, surpassing long-term expectations. This return was, on average, 1.3% higher than that of international bonds (measured by the SBWGB Index), which gained an annualized 8.8%. Declining yields and investors' focus on protection of capital in earlier periods contributed significantly to these strong bond market results.

Domestic equity markets continued to decline across the board. Certain segments of the equity market, however, were able to provide some protection 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 (3.3%) and minus (11.2%) per annum. In terms of style, over an extended period of time value stocks significantly outperformed growth stocks. The Russell 3000 Value Index posted a 0.6% average annual return compared to a minus (21.2%) 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 (13.2%) per year. Underperformance by both the MSCI Pacific (including Japan) and Europe sub-indexes contributed significantly to this result with a minus (17.0%) and minus (11.5%) return per year, respectively. The MSCI EMF Index had an annualized minus (7.0%) return.

The NCREIF index produced strong results posting an 8.6% average annual return while the Wilshire REIT had a strong 14.8% return over the latest three-year period. Money-market yields (T-Bills) averaged 3.2% per year.



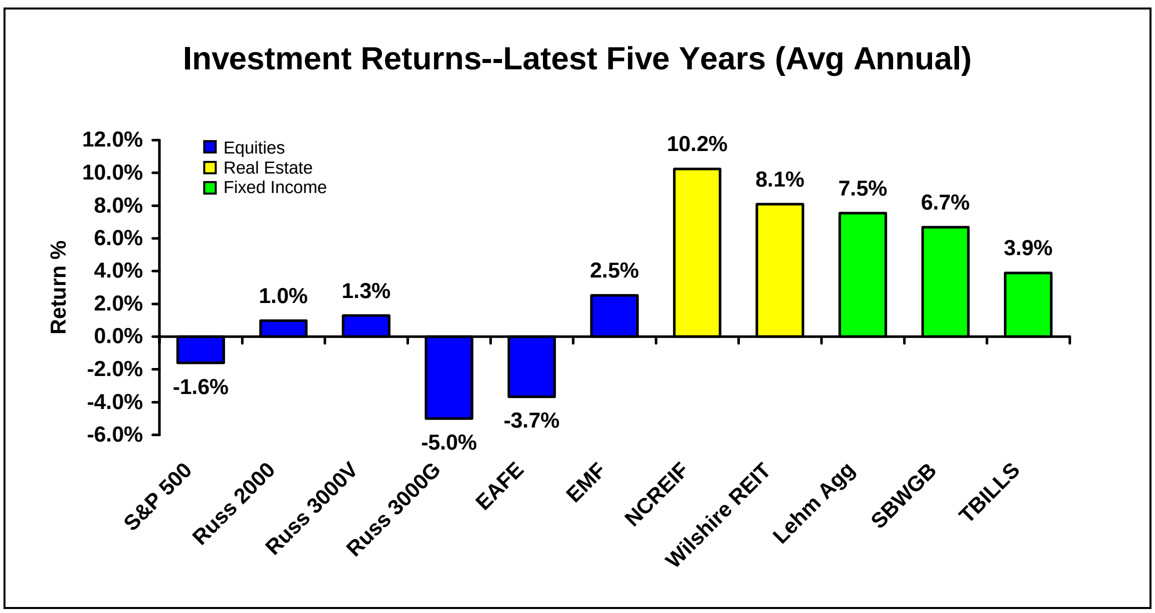
NCREIF Property Index information is as of March 31, 2003.

Latest Five Years

During the latest five-year period, equity markets provided mixed results. As measured by the S&P 500, the domestic equity market declined at an average annual return of minus (1.6%). Small-cap stocks faired slightly better with an annualized return of 1.0% 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 (5.0%) return per year. Value stocks, however, provided some protection as the Russell 3000 Value Index ended the period with a 1.3% return per year. International equities also resided in negative territory with a return of minus (3.7%) per annum. Underperformance by the MSCI Europe sub-index at minus (4.5%) per year significantly contributed to this result.

Despite a surge in international bonds in recent periods, the US fixed income markets continued to modestly 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 6.7% per year on average, reflecting the influence of a strong U.S. dollar earlier in the period. Money-market returns (T-Bills) returned 3.9% per year over the latest five-year period.

Real estate markets have produced strong results, generating a 10.2% average annual return for the NCREIF index and an 8.1% return for the Wilshire REIT index. These results surpass long-term expectations.



NCREIF Property Index information is as of March 31, 2003.

Manager Performance- Summary

Manager Performance Comparison- as of 6/30/03

Manager	Segment	Current Value $ (000)	Performance Qtr.	1 Year	3 Year	5 Year
Debt						
Standish I (previously Boston)	**Fixed Income**	**478,496**	**2.5%**	**9.5%**	**N/A**	**N/A**
Standish II (previously Highmark)	**Fixed Income**	**260,686**	**2.6%**	**9.7%**	**N/A**	**N/A**
TCW	**Fixed Income**	**766,621**	**5.1%**	**15.6%**	**11.4%**	**8.1%**
Equity[4]						
Boston (previously Highmark)	**Equity**	**384,767**	**13.9%**	**2.0%**	**N/A**	**N/A**
Boston Company	**Equity**	**1,067,963**	**16.0%**	**-5.1%**	**-0.6%**	**0.2%**
TCW	**Equity**	**1,657,601**	**16.9%**	**-2.3%**	**-4.3%**	**0.3%**
Benchmarks						
Total Portfolio Policy Benchmark	*Diversified*	---	*11.5%*	---	---	---
Market-based Total Portfolio Proxy	*Balanced*	---	*9.9%*	*4.0%*	*-3.3%*	*2.1%*
Russell 3000	*Domestic Equity*		*16.3%*	---	---	---
Long-term Expected Equity Return	*Equity*	---	*N/A*	*10.0%*	*10.0%*	*10.0%*
S&P 500	Large Core	---	15.4%	0.3%	-11.2%	-1.6%
Russell 1000 Value	Large Value	---	17.3%	-1.0%	-0.2%	1.1%
Lehman Universal	*Fixed Income*	---	*3.1%*	---	---	---
Long-term Expected Fixed Return	*Fixed Income*	---	*N/A*	*8.0%*	*8.0%*	*8.0%*
Salomon Broad	Fixed Income	---	2.6%	10.5%	10.1%	7.5%
MSCI ACWI xUS	*Intl Equity*	---	19.9%	---	---	---
*Russell 3000 + 300bps**	*Alternative*	---	17.0%	---	---	---
*NCRIEF**	*Real Estate*	---	1.9%	---	---	---
*Cash**	*T-Bills*	---	0.3%	---	---	---

*Benchmarks for Real Estate, Alternative, and Cash asset classes not yet approved. These are currently represented by asset class benchmarks widely used by PCA's clients.

[4] LADWP's two passive core equity managers, Merrill Lynch Investment Management and Northern Trust Global Investments, were funded in August of 2003. Manager valuations will be presented on this page in the third quarter report with the first full quarter of performance to be presented in the fourth quarter report.

Manager Performance - Latest Quarter

Among domestic equity accounts in LADWP's portfolio, two-of-three managers exceeded the S&P 500 (a market-based proxy for large-cap core domestic equity mandates). TCW posted the highest absolute return of 16.9% and exceeded the S&P 500 Index by 1.5%. Boston Company posted a return of 16.0% trailing the Russell 1000 Value (a market-based proxy for large-cap value domestic equity mandates) by 1.3% but outperforming the S&P 500 by 60 basis points. The temporary Boston Company account, previously managed by Highmark, posted a quarterly return of 13.9%. This result trailed the S&P 500 by 1.5% and the Russell 1000 Value Index by 3.4%.

Among fixed income components within LADWP's portfolio, two-of-three managers exceeded or matched 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 5.1% return and exceeded the Salomon Broad by 2.5%. Standish II (previously managed by Highmark) matched the Salomon Broad while Standish I (previously managed by Boston Company) trailed the Salomon Broad's 2.6% return by 10 basis points.

LADWP began funding of its new investment managers in August of 2003 with the funding of the two passive core equity managers (Merrill Lynch and Northern Trust). Given the timing of these fundings, the first full quarter of performance results for these managers will be presented in the fourth quarter report.

Manager Comparison--Latest Quarter

Portfolio	Style Group	Account Ranking**	Segment Return
Domestic Equity			
Russell 1000 Value *	Large Value	---	17.3
TCW	Large Core	48	16.9
Boston Company	Large Value	58	16.0
S&P 500 Index *	Large Core	69	15.4
Boston (previously Highmark)	Large Value	83	13.9
Domestic Fixed Income			
TCW	Fixed	16	5.1
Standish II (previously Highmark)	Fixed	60	2.6
Salomon Broad *	Fixed	65	2.6
Standish I (previously Boston)	Fixed	70	2.5

* 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, only one of three managers outpaced the S&P 500. The temporary Boston Company account, previously managed by Highmark, posted a return of 2.0% over the latest year outperforming the S&P 500 by 1.7%, and exceeding the Russell 1000 Value's return of minus (1.0%) by 3.0%. This strong performance placed them in the 22nd percentile among their peers. TCW posted a minus (2.3%) return and trailed the S&P 500 proxy by 2.6%. Boston Company posted a return of minus (5.1%) over the latest 12-month period trailing the S&P 500 by 5.4% and the Russell 1000 Value by 4.1%. All three managers significantly underperformed the 10.0% expected long-term average annual return objective for domestic equities.

Over the latest 12-month period, only one of three fixed income managers outperformed the Solomon Broad index. TCW posted a 15.6% return outperforming the Salomon Broad proxy by 5.1%. Strong issue selection within the corporate bond sector contributed to performance over the latest year. TCW's results placed them in the 18th percentile among their peers. Standish II, previously managed by Highmark, posted a 9.7% return, trailing the Salomon Broad proxy by 80 basis points. Standish I, previously managed by Boston Company, posted a 9.5% return during the previous 12-month period, underperforming the Salomon Broad proxy by 1.0%. All three managers significantly outperformed the 8.0% expected long-term average annual return objective for domestic fixed income.

Manager Comparison--Latest Year

Portfolio	Style Group	Account Ranking	Segment Return
Domestic Equity			
Long-term Expected Equity Return *	Equity	---	10.0
Boston (previously Highmark)	Large Value	22	2.0
S&P 500 Index **	Large Core	40	0.3
Russell 1000 Value **	Large Value	---	-1.0
TCW	Large Core	66	-2.3
Boston Company	Large Value	86	-5.1
Domestic Fixed Income			
TCW	Fixed	18	15.6
Salomon Broad **	Fixed	61	10.5
Standish II (previously Highmark)	Fixed	76	9.7
Standish I (previously Boston)	Fixed	75	9.5
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 (0.6%) over the latest three-year period. Boston Company benefited from exposure to stronger performing value stocks relative to the broad market benchmark. However, Boston Company underperformed the Russell 1000 Value proxy by 40 basis points per year. TCW posted a minus (4.3%) 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 an 11.4% average annual return exceeding the Salomon Broad proxy by 1.3% per year, and placed in the 15th 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
Russell 1000 Value **	Large Value	---	-0.2
Boston Company	Large Value	28	-0.6
TCW	Large Core	36	-4.3
S&P 500 Index **	Large Core	69	-11.2
Domestic Fixed Income			
TCW	Fixed	15	11.4
Salomon Broad **	Fixed	48	10.1
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 0.3% over the latest five-year period and exceeded the S&P 500 proxy by 1.9% 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 (0.2%) average annual return and outperformed the S&P 500 proxy by 1.4% 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 an 8.1% average annual return exceeding the Salomon Broad proxy by 60 basis points and placed in the 16th percentile among their peers. TCW's results slightly exceeded 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	---	1.1
TCW	Large Core	57	0.3
Boston Company	Large Value	61	-0.2
S&P 500 Index **	Large Core	76	-1.6
Domestic Fixed Income			
TCW	Fixed	16	8.1
Long-term Expected Fixed Return *	Fixed	---	8.0
Salomon Broad **	Fixed	40	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