

Los Angeles Department of Water and Power Pension Investment Portfolio:

Quarterly Report Executive Summary

June 30, 2007

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RETIREMENT PORTFOLIO SUMMARY

The WPERP Total Retirement Portfolio, as of June 30, 2007, had an aggregate value of \$7.4 billion. This represents a \$248.8 million increase in value over last quarter including minus (\$46.2) million in net contributions. During the previous one-year period, the WPERP total portfolio increased by \$898.4 million.

Asset Allocation Trends

The asset allocation targets (see table on page 14) reflect those as adopted by the Board in early 2003.

WPERP's actual equity allocation increased from the previous quarter to end June 30, 2007 with a 67% allocation. WPERP's fixed income allocation ended the quarter at 32%. One percent of the WPERP portfolio was allocated to cash/short-term investments.

Recent Investment Performance Trends

During the most recent quarter, the portfolio outperformed its policy benchmark by 30 basis points. Over longer periods, the portfolio has lagged its policy benchmark.

Recent Investment Performance Total Retirement

	Quarter	1 Year	3 Year	5 Year	10 Year
Total Portfolio*	4.1	16.7	10.9	9.3	7.9
Policy Benchmark	3.8	16.8	11.5	10.8	8.1
Excess Return	0.3	-0.1	-0.6	-1.5	-0.2
Reference: Median Fund**	4.5	17.7	13.1	12.1	8.6

*Gross of Fees

**Mellon Total Funds Public Universe

Economic Review

Economic Growth – The U.S. economy increased at an annual growth rate of 3.4% during the second quarter of 2007, up from 0.6% (revised) annualized growth in the previous quarter. The acceleration during the second quarter reflected contributions from personal consumption expenditures for services, exports, non-residential structures, federal government spending, and state and local government spending, as well as a decrease in imports. In contrast, these gains were partly offset by a downturn in residential fixed investment.

Inflation – On a seasonally adjusted basis, the Consumer Price Index (“CPI”) increased 0.2% in June, resulting in a compounded annual rate (using the latest 3-month data ending June 30, 2007) of 5.2%. In comparison, the compounded annual rate during the second quarter of 2006 was 5.1%.

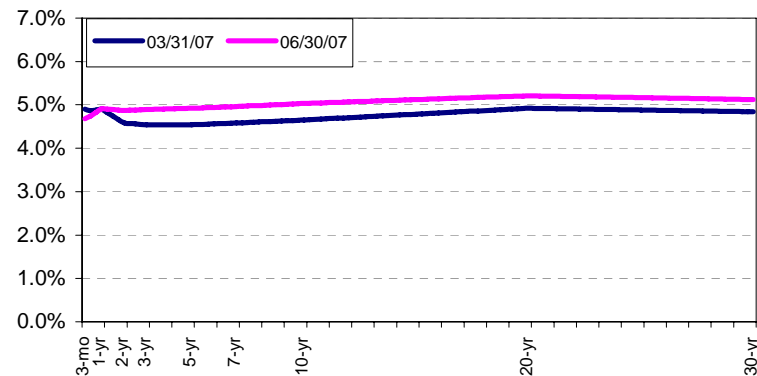
U.S. Dollar – During the second quarter of 2007, the Yen depreciated 4.1% against the dollar, while the Euro appreciated 1.7% versus the dollar.¹

Unemployment – The domestic unemployment rate was essentially unchanged from the previous quarter at 4.5%. Employment rose in several service-providing industries, while manufacturing employment continued to decline.

Domestic Interest Rates – During the quarter, the U.S. Treasury yield curve flattened as yields increased. Yields on intermediate- and longer-term securities were higher than most short-term issues.

At both the May and June 2007 meetings, the Federal Reserve kept the federal funds rate unchanged at 5.25%. The Federal Reserve noted that despite ongoing adjustments in the housing sector, economic growth has been moderate during the first half of the year. The Committee also noted that the economy seemed likely to expand at a moderate pace over the coming quarters. The main policy concern remained the risk that inflation would fail to moderate as expected.

Treasury Yield Curve Changes



Source: Federal Reserve

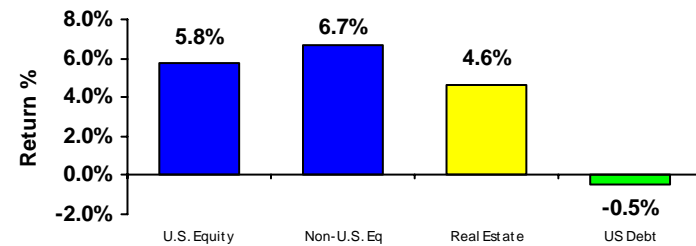
¹ Source: Barings (Bloomberg/FT)

Market Overview

Capital Market Highlights¹ – Latest Quarter Ending June 30, 2007

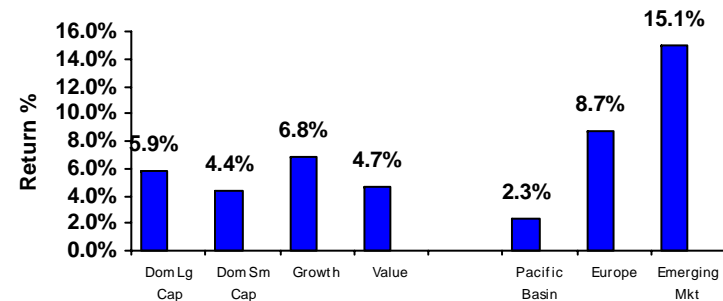
During the quarter, non-U.S. equity markets outpaced U.S. Equity ...

- U.S. Equity returns were positive but slightly lagged those of Non-U.S.
- Non-U.S. equity benefited from abundant liquidity, merger/acquisition, and share buy-back activity.
- U.S. debt trailed.



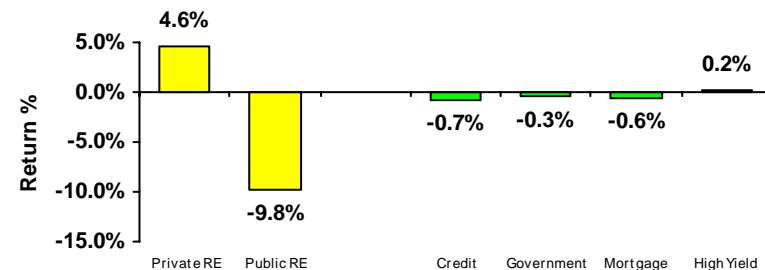
...with Emerging Markets outperforming...

- Europe outpaced the Pacific Basin.
- U.S. large cap stocks outperformed small cap stocks.
- Growth-oriented stocks outpaced value.



...while private real estate gained.

- Public real estate fell.
- The drop in sub-prime mortgages detracted from real estate returns.

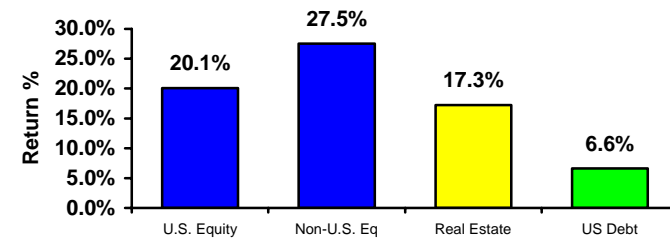


¹ See Appendix for benchmarks used in this section.

Capital Market Highlights¹ – Latest Year Ending June 30, 2007

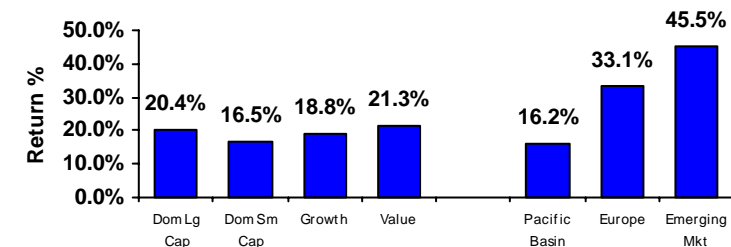
Domestic and Non-U.S. Equity enjoyed strong returns...

- Non-U.S. equity continued to provide the strongest returns.
- Both real estate and U.S. equity generated positive returns.
- Treasury yields dropped slightly, but remained positive over the latest year.



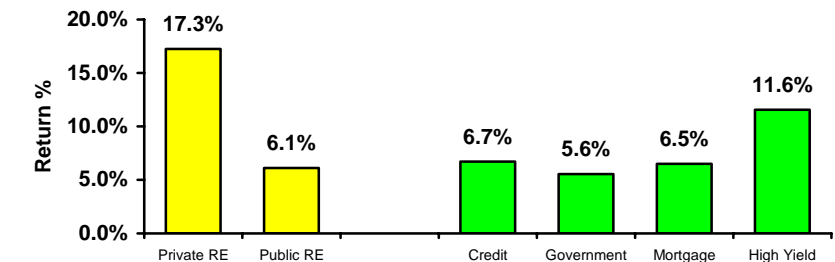
...with Emerging Markets outpacing the Pacific Basin and Europe...

- Europe gained, despite recent market volatility.
- U.S. large cap stocks outperformed small cap stocks.
- U.S. value stocks outperformed growth stocks.



...and private real estate, as well as the high yield fixed income subcomponent, generated strong returns.

- Private real estate outperformed Public real estate.
- The high yield sub-component performed well.

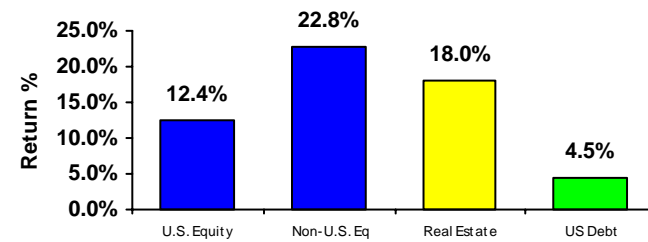


¹ See Appendix for benchmarks used in this section.

Capital Market Highlights¹ – Latest 3 Years Ending June 30, 2007

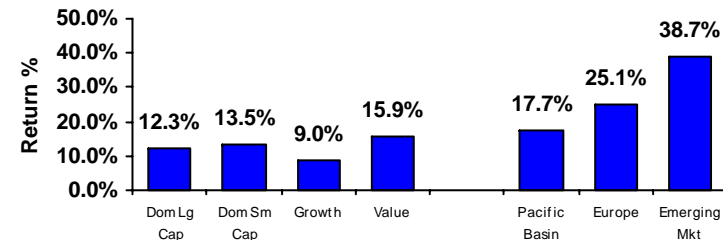
During the latest 3 years, Non-U.S. equity outpaced all other asset classes...

- Real estate and non-U.S. equity performed well.
- Over the longer-term, U.S. debt returns were positive.



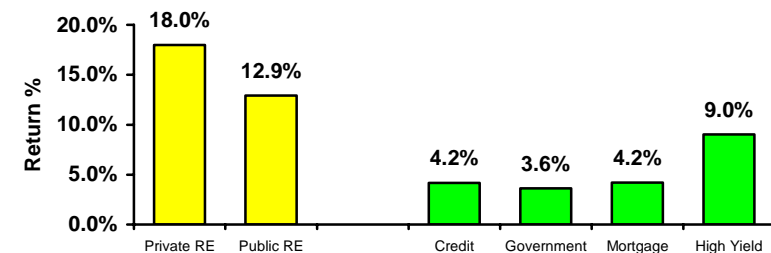
...as emerging markets continued to provide solid returns...

- All equity components continued to generate strong returns.
- Non-U.S. equity subcomponents continued to outperform domestic.
- U.S. value stocks outpace all other U.S. equity subcomponents.



...and both public and private real estate demonstrated strong returns.

- Private real estate outperformed public.
- High yield surpassed all other U.S. fixed income segments.

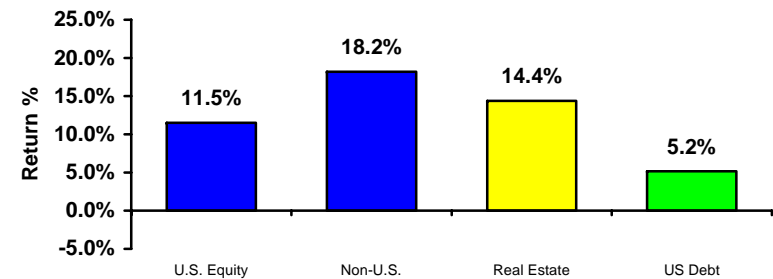


¹ See Appendix for benchmarks used in this section.

Capital Market Highlights¹ – Latest 5 Years Ending June 30, 2007

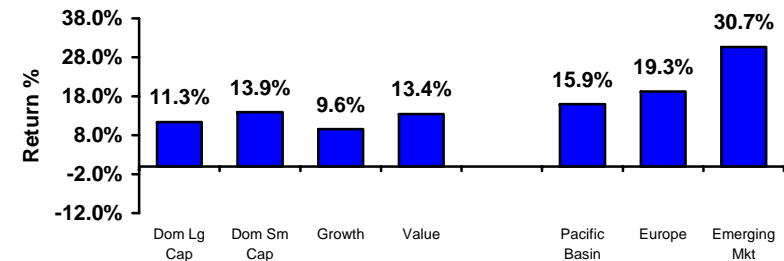
During the latest 5 years, Non-U.S. equity generated the strongest returns...

- Real Estate generated strong returns.
- U.S. Equity provided solid long-term results.



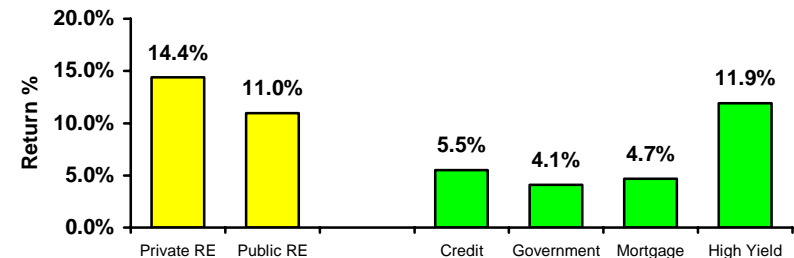
...with emerging markets outperforming all other equity sub-components...

- Europe and Pacific Basin provided strong performance.
- U.S. small cap and value stocks outpaced large cap and growth.



...and real estate provided strong results over the latest five years.

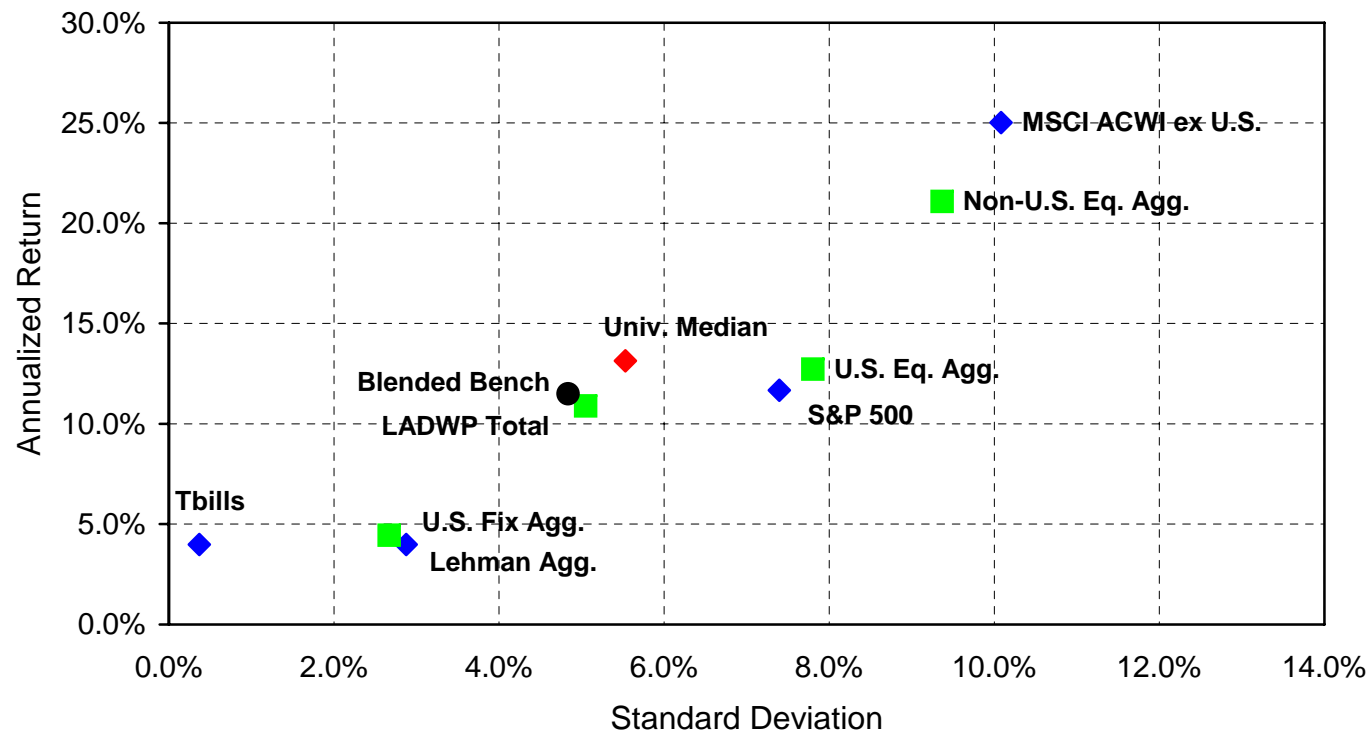
- Over the longer cycle, private real estate outperformed public.
- High yield led all fixed income subcomponents over the latest 5-year period.



¹ See Appendix for benchmarks used in this section.

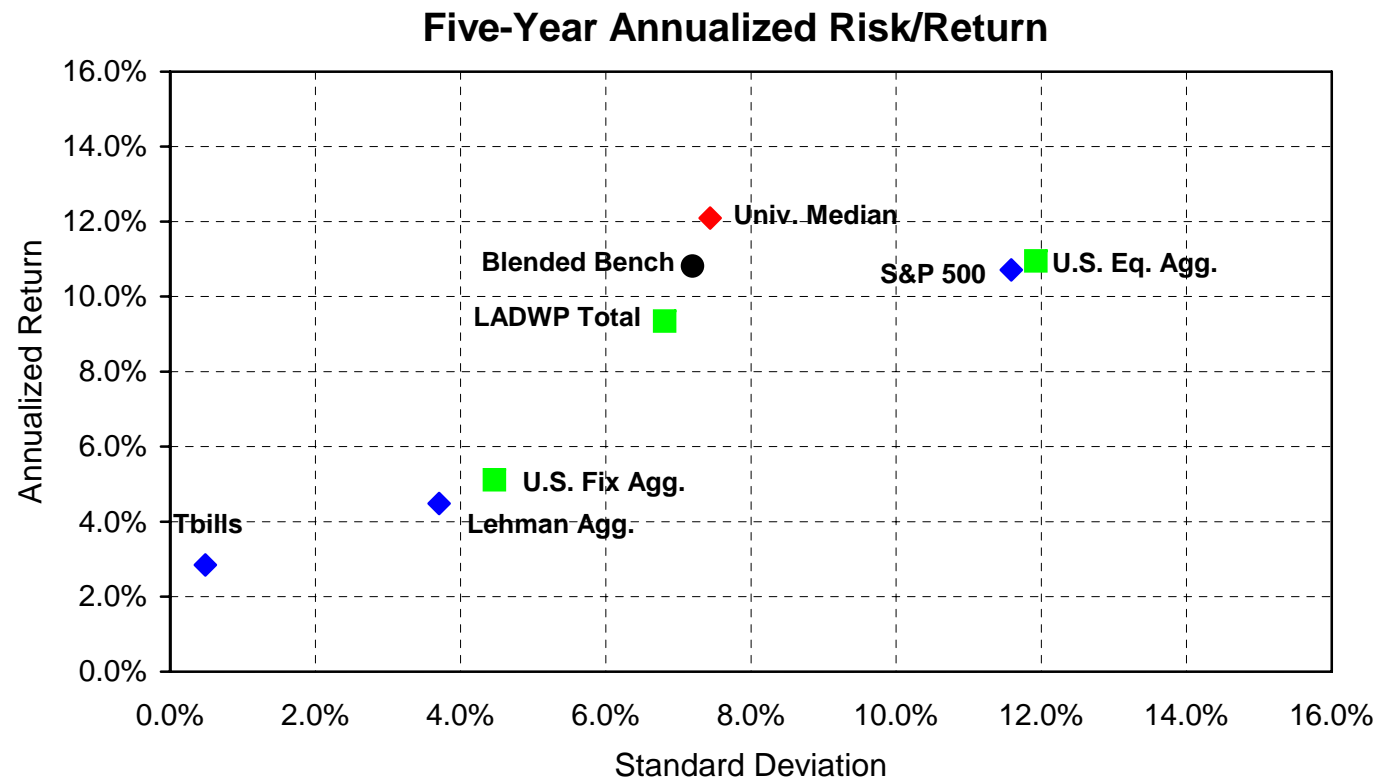
LADWP Risk/Return Analysis Period ending June 30, 2007

Three-Year Annualized Risk/Return



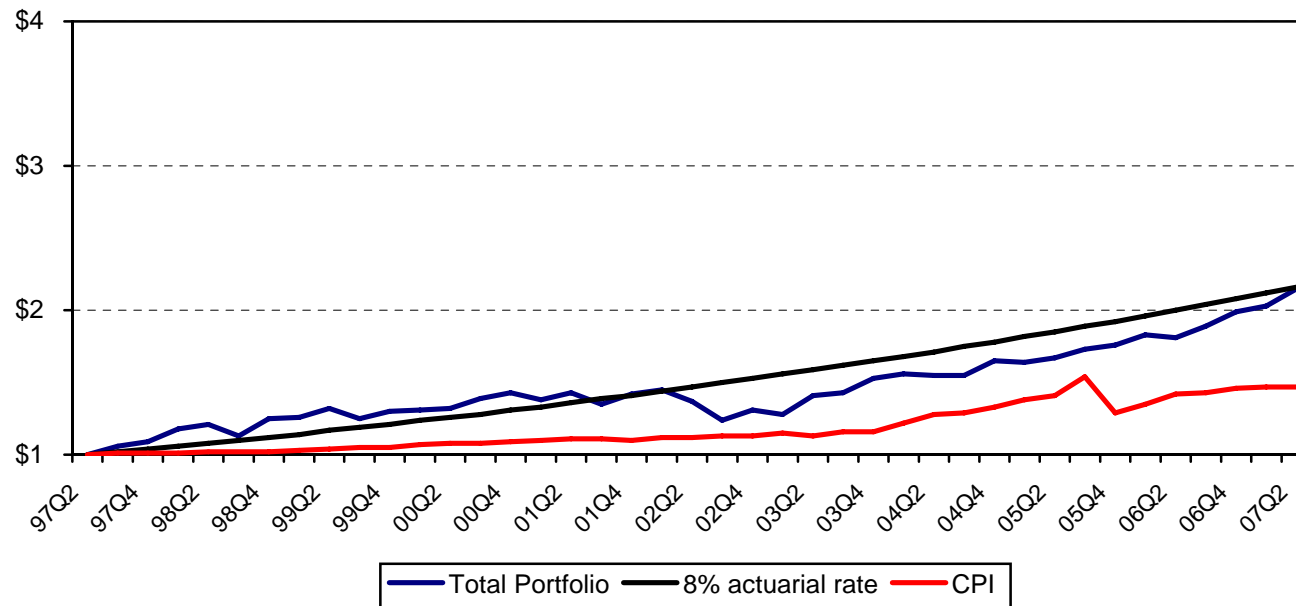
*Median Fund in the Mellon Total Fund Public Universe.

LADWP Risk/Return Analysis Period ending June 30, 2007



*Median Fund in the Mellon Total Fund Public Universe.

Growth of a Dollar-Latest 10 Years Total Portfolio



LADWP PORTFOLIO PERFORMANCE

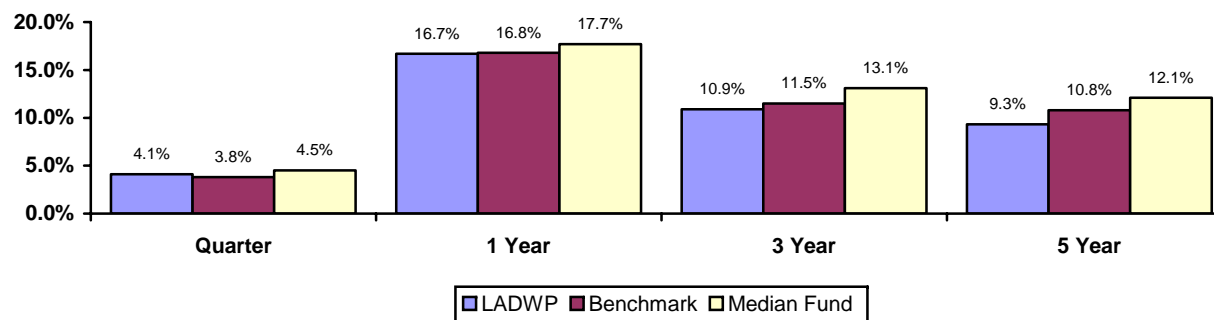
This section includes an overview of the performance of the LADWP investment portfolio and a detailed analysis of asset classes and specific mandates.

Portfolio Performance Overview

During the latest quarter ending June 30, 2007, the LADWP total portfolio generated a return of 4.1%, surpassing the policy target benchmark return of 3.8% but underperforming the median fund¹ return of 4.5%.

During the latest 1-year period, the LADWP portfolio trailed both its policy benchmark and the median fund by 10 and 100 basis points, respectively. The median fund benefited from a larger exposure to real estate and alternatives than the LADWP portfolio. Over the longer 3-year period, the fund underperformed its policy benchmark by (0.6%) and the median fund by (2.2%). Over the latest 5-year period, the LADWP portfolio trailed the policy benchmark average annual return of 10.8% by (1.5%) and trailed the median fund return of 12.1% by (2.4%). As seen during the latest year, the longer term underperformance relative to the median fund stems from LADWP's non-exposure to real estate and private equity, both of which produced strong absolute results during the longer-term periods. LADWP has developed a paced and deliberate funding process to enter into the two private classes.

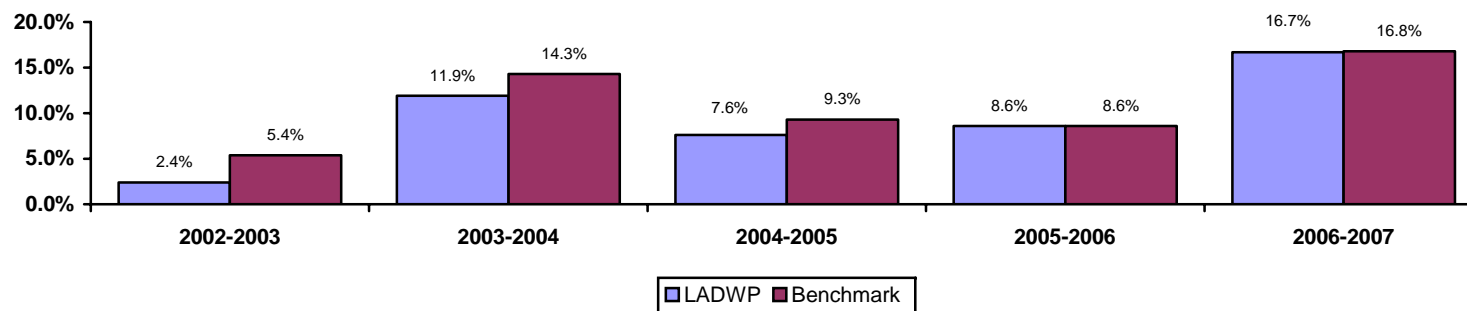
Periods Ending June 30, 2007 (annualized)*



* LADWP performance reported gross of fees.

Trailing twelve month absolute performance results have been generally positive over the last five 12-month periods, as the Plan underperformed its policy benchmark in four of the five most recent 12-month time periods.

12-month Performance – Period Ending June 30, 2007



Portfolio Valuation

The WPERP total portfolio, as of June 30, 2007, had an aggregate value of \$7.4 billion. This represents a \$248.8 million increase in value over last quarter including minus (\$46.2) million in net contributions. During the previous one-year period, the WPERP total portfolio increased by \$898.4 million.

Portfolio Valuation as of June 30, 2007, Gross of Fees

	<u>2Q 2007</u>		<u>1-Year</u>		<u>3-Year</u>		<u>5-Year</u>	
Beginning Market Value	\$7,155.9		\$6,506.6		\$5,681.6		\$5,356.4	
Net Flow	-46.2		-188.2		-344.4		-950.5	
Investment Return in \$ (in%)	295.3	4.1%	1,086.6	16.7%	2,067.8	10.9%	2,999.1	9.3%
Ending Market Value	\$7,405.0		\$7,405.0		\$7,405.0		\$7,405.0	

*Dollar figures in millions (\$), differences due to rounding

**Recent Quarter net flow per Mellon. 1-year, 3-year, 5-year net flows estimated per PCA

Actual vs. Target Allocations

With respect to policy targets, the portfolio ended the latest quarter overweight domestic and international equity, while underweight fixed income, real estate, and alternatives. Target allocations represent those as adopted by the Board earlier in 2003.

As of June 30, 2007

Segment	Actual (\$MM)	Actual %	Target* %	Variance
Total Portfolio	8,111.1	100	100	---
Total Retirement**	7,405.0	100	100	0
Domestic Equity	3,337.2	45	40	5
International Equity	1,498.5	20	15	5
Fixed Income	2,335.6	32	35	-3
Alternatives	83.7	1	5	-4
Hedge F of F	67.1	1	1	0
Private Equity	16.5	0	4	-4
Real Estate	50.4	1	4	-3
Cash	93.7	1	1	0
Health Plan	649.1	100	100	0
Domestic Equity	397.7	61	60	1
Domestic Fixed	251.0	39	40	-1
Cash/Short Term	0.4	0	0	0
Death Benefit	26.6	100	100	0
Domestic Fixed	25.3	95	100	-5
Cash/Short Term	1.3	5	0	5
Disability	30.4	100	100	0
Domestic Fixed	28.8	95	93	2
Cash/Short Term	1.6	5	7	-2

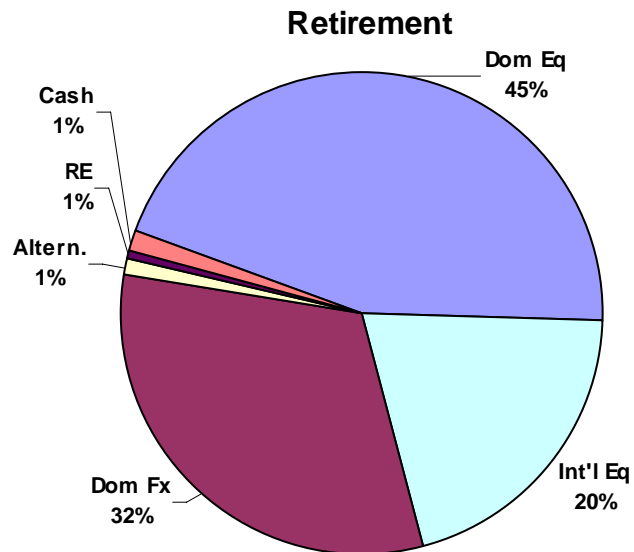
*2003 asset allocation policy targets.

** Including \$6.0 million in transition assets.

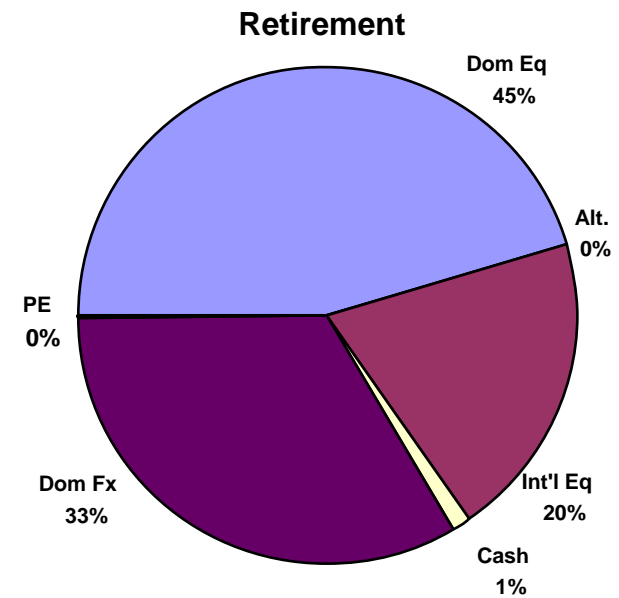
WPERP's actual equity allocation remained the same from the previous quarter (see next page) to end June 30, 2007 with a 65% allocation. WPERP's fixed income allocation ended the quarter at 32%. One percent of the WPERP portfolio was allocated to cash/short-term investments.

Actual Asset Allocation Comparison – Retirement Portfolio

June 30, 2007

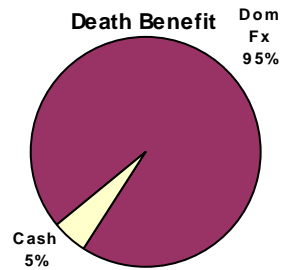


March 31, 2007

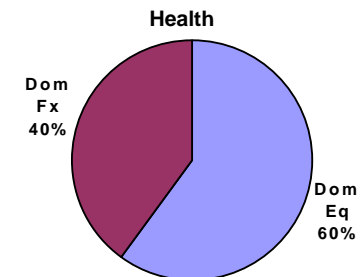
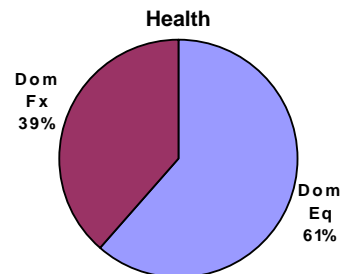
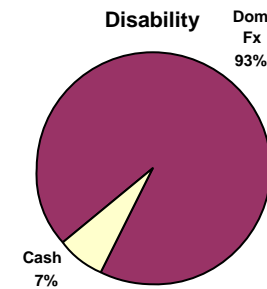
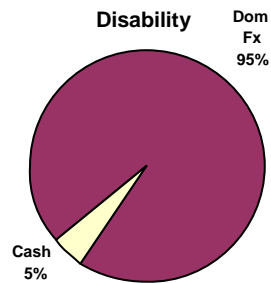
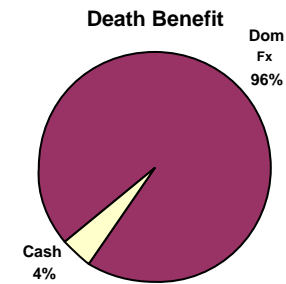


Actual Asset Allocation Comparison – Death, Disability, Health Portfolios

June 30, 2007



March 31, 2007



Asset Class Performance

The **Domestic Equity** asset class outperformed the policy benchmark's return of 5.8% during the quarter by 50 basis points. Over the latest one and three year periods, domestic equity surpassed its benchmark by 50 and 30 basis points, respectively. During the most recent 5-year period, the asset class trailed its benchmark return by 70 basis points.

The **International Equity** portfolio underperformed its policy benchmark during the quarter, returning 7.2% versus 8.4% by policy benchmark. Underperformance from four of the plan's five developed and emerging market managers detracted from performance. Over the latest 1-year period, the International Equity portfolio trailed its policy benchmark by 4.0% with a 26.1% return. Poor relative performance from the plan's developed value and emerging markets managers detracted from performance. Over the latest 3-year period, the portfolio returned 21.1% trailing its policy benchmark's return of 25.0%.

During the latest quarter, the **Fixed Income** portfolio posted a minus (0.4%) return but slightly outperformed the policy benchmark by 10 basis points. Over the latest 1-year period, the Fixed Income portfolio surpassed its policy benchmark by 30 basis points returning 6.9%. Over the latest 3-year and 5-year periods, the portfolio slightly underperformed its policy benchmark by 10 basis points each time.

Periods ending June 30, 2007

Asset Class	Quarter	1 Year	3 Year	5 Year
Total Retirement	4.1	16.7	10.9	9.3
<i>Policy Benchmark*</i>	3.8	16.8	11.5	10.8
Domestic Equity	6.3	20.6	12.7	10.9
<i>Russell 3000 (blend)</i>	5.8	20.1	12.4	11.6
International Equity	7.2	26.1	21.1	---
<i>MSCI ACWI ex U.S.</i>	8.4	30.1	25.0	---
Fixed Income	-0.4	6.9	4.4	5.1
<i>Lehman Universal</i>	-0.5	6.6	4.5	5.2
Alternatives**	3.2	---	---	---
<i>Blended Benchmark**</i>	5.5	---	---	---
Hedge F of F***	---	---	---	---
<i>Tbill + 3%***</i>	---	---	---	---
Private Equity**	4.2	---	---	---
<i>Cambridge USPE**</i>	5.8	---	---	---
Real Estate**	4.0	---	---	---
<i>NCREIF**</i>	3.6	---	---	---
Cash	1.3	5.4	4.0	2.9
<i>Citigroup T-bills</i>	1.2	5.1	3.7	2.7

*See Appendix for list of benchmarks used in this section.

**Returns are lagged one quarter.

***Hedge Fund managers will finish their first complete quarter by 3Q 2007. Returns will be reported in 3Q 2007 and are lagged one quarter.

Manager Performance

Domestic Equity – Periods ending June 30, 2007

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR
BlackRock	1,665,921	Large Cap Core	5.9	20.5	12.5	---
<i>Russell 1000 Index</i>	---	---	5.9	20.4	12.3	---
MFS	386,873	Large Cap Value	5.9	24.2	16.7	---
<i>Russell 1000 Value Index</i>	---	---	4.9	21.9	15.9	---
T. Rowe Price	378,610	Large Cap Value	7.2	23.8	---	---
<i>Russell 1000 Value Index</i>	---	---	4.9	21.9	---	---
Fred Alger	338,865	Large Cap Growth	9.2	24.3	9.7	---
<i>Russell 1000 Growth Index</i>	---	---	6.9	19.1	8.7	---
Intech	326,974	Large Cap Growth	4.4	15.1	9.8	---
<i>Russell 1000 Growth Index</i>	---	---	6.9	19.1	8.7	---
Earnest Partners	126,017	Small Cap Value	5.2	9.6	---	---
<i>Russell 2000 Value Index</i>	---	---	2.3	16.1	---	---
Northpointe	55,496	Small Cap Growth	7.8	---	---	---
<i>Russell 2000 Growth Index</i>	---	---	6.7	---	---	---
Paradigm	58,474	Small Cap Growth	8.3	---	---	---
<i>Russell 2000 Growth Index</i>	---	---	6.7	---	---	---

Latest Quarter

During the second quarter of 2007, seven of WPERP's eight reporting domestic equity managers outperformed or matched their respective benchmarks.

WPERP's passive large cap core manager, **BlackRock**, ended the quarter with a 5.9% return matching the Russell 1000 Index, which is in-line with expectations. **MFS** produced a quarterly return of 5.9% outperforming the Russell 1000 Value Index return by 1.0%. Stock selection within financials and telecomm benefited portfolio performance. **T. Rowe Price** outperformed the Russell 1000 Value Index by 2.3% with a 7.2% return. Stock selection within financials and health care benefited performance. **Fred Alger** completed the quarter with a 9.2% return surpassing the Russell 1000 Growth Index return by 2.3%. Strong stock selection within industrials and materials benefited portfolio performance. **Intech** underperformed the Russell 1000 Growth Index by 2.5% with a 4.4% quarterly return. **Earnest Partners**, WPERP's small cap value manager ended the quarter with a 5.2% return, besting the Russell 2000 Value Index's 2.3%

return. Stock selection within financials and technology benefited performance. **Northpointe** finished the quarter returning 7.8% outperforming the Russell 2000 Growth Index by 1.1%. **Paradigm** completed the quarter and returned 8.3% versus 6.7% for the Russell 2000 Growth Index.

Latest Year

During the latest 12-month period, WPERP's passive core manager **BlackRock** performed within tracking expectations with a 20.5% return, slightly outperforming its benchmark by 10 basis points. **MFS**, one of the plan's large cap value managers, finished the latest 12-month period with a 24.2% return and outperformed the Russell 1000 Value Index's return of 21.9%. Positive stock selection within financials contributed to 12-month excess performance. **T. Rowe Price** posted a 23.8% return and outperformed the Russell 1000 Value Index's return by 1.9%. Stock selection within financials was the primary driver of portfolio performance. **Fred Alger** posted a 24.3% return and outperformed the Russell 1000 Growth Index return of 19.1%. Stock selection within technology helped add value relative to the benchmark. **Intech** completed the latest 12-month period returning 15.1%, trailing the Russell 1000 Growth Index return of 19.1%. Stock selection with technology and financials contributed to lagging performance.

Earnest Partners, WPERP's small cap value manager, completed the latest 12-month period with a 9.6% return and trailed the Russell 2000 Value Index return of 16.1%. Poor stock selection within the financials, consumer discretionary, technology, and materials reduced performance.

Latest Three Years

During the latest 36-month period, WPERP's passive core manager **BlackRock** performed within tracking expectations with a 12.5% return, surpassing its benchmark by 20 basis points. This performance is within expectations.

MFS finished the latest 36-month period surpassing the Russell 1000 Value Index return of 15.9% with a 16.7% return. **Fred Alger** completed the latest 36-month period with a 9.7% return, outperforming the Russell 1000 Growth Index by 1.0%. **Intech**, WPERP's other large cap growth manager, completed the most recent 36-month period with a 9.8% return, outperforming its target benchmark, the Russell 1000 Growth, by 1.1%. Positive stock selection within technology contributed to positive relative performance.

International Equity – Periods ending June 30, 2007

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR
Invesco	487,776	Developed Markets	6.2	25.3	20.7	---
<i>EAFE + Canada ND Index</i>	---	---	7.0	27.1	22.7	---
The Boston Company	387,403	Developed Markets	6.2	21.2	---	---
<i>EAFE + Canada Value ND Index</i>	---	---	6.7	28.5	---	---
Pyramis	441,827	Developed Markets	6.1	24.2	---	---
<i>EAFE + Canada Growth ND Index</i>	---	---	7.3	25.6	---	---
The Boston Company	90,081	Emerging Markets	14.6	40.5	---	---
T. Rowe Price	91,386	Emerging Markets	16.7	53.7	---	---
<i>MSCI EMF Index</i>	---	---	15.0	45.4	---	---

Latest Quarter

WPERP's active core international manager, **Invesco**, underperformed the MSCI EAFE + Canada ND return of 7.0%, ending the quarter with a 6.2% return. The plan's active international value manager, **The Boston Company**, completed the quarter with a 6.2% return, trailing the MSCI EAFE + Canada Value ND Index return of 6.7%. **Pyramis**, the plan's active international growth manager, completed the quarter with a 6.1% return, trailing the MSCI EAFE + Canada Growth ND Index return of 7.3%. Poor stock selection reduced performance.

The Boston Company, one of WPERP's two emerging markets managers, finished the quarter trailing its benchmark's return of 15.0%, with a 14.6% return. **T. Rowe Price**, the plan's other emerging markets manager, completed the quarter with a 16.7% return, surpassing the MSCI Emerging Markets index by 1.7%. Stock selection added the most value versus the managers benchmark.

Latest Year

Invesco finished its latest 12-month period with a 25.3% return, trailing its benchmark return of 27.1%. **The Boston Company** completed the latest 12-month period trailing its benchmark by 7.3%, with a 21.2% return. Stock selection within Canada reduced relative performance. **Pyramis** completed the latest 12-month period with a 24.2% return, trailing the MSCI EAFE + Canada Growth ND Index return of 25.6%.

During the latest 12-month period, **The Boston Company** emerging markets portfolio produced a strong 40.5% return, but trailed the MSCI Emerging Markets Index's return of 45.4%. Stock selection continued to reduce relative performance. The **T. Rowe Price** account generated a strong return of 53.7% and surpassed its index return by 8.3%.

Fixed Income – Periods ending June 30, 2007

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR
ING	1,037,554	Core	-0.4	6.1	---	---
Wells	1,043,052	Core	-0.6	6.3	---	---
<i>LB Aggregate Index</i>	---	---	-0.5	6.1	---	---
Loomis	133,314	High Yield	0.8	13.8	---	---
Wells	121,670	High Yield	0.3	10.9	---	---
<i>LB High Yield Index</i>	---	---	0.2	11.6	---	---

Latest Quarter

ING, one of WPERP's core fixed income managers, finished the quarter with a minus (0.4%) return, slightly outperforming the Lehman Aggregate Index return by 10 basis points. **Wells**, WPERP's other core fixed income manager, returned minus (0.6%) for the quarter trailing its benchmark by 10 basis points.

Loomis Sayles, one of the portfolio's two high yield managers, finished the quarter with a 0.8% return, outperforming its benchmark by 60 basis points. The other high yield manager **Wells** finished the quarter with a 0.3% return, slightly outperforming the Lehman High Yield Index by 10 basis points.

Latest Year

ING and **Wells**, WPERP's core fixed income managers, finished the latest 12-month period with a 6.1% and 6.3% return, respectively, versus their benchmark's return of 6.1%. The **Loomis Sayles** high yield portfolio finished the latest 12-month period with a 13.8% return, surpassing its benchmark by 2.2%. The **Wells** high yield portfolio completed its latest 12-month period with a 10.9% return trailing the Lehman High Yield Index's return by 70 basis points.

Quarterly Report

Q2-07

Hedge Fund of Funds – Periods ending June 30, 2007

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR
Aetos Capital*	33,476	Hedge FoF's	---	---	---	---
Tbills + 3%*	---	---	---	---	---	---
PAAMCO*	33,665	Hedge FoF's	---	---	---	---
Tbills + 3 %*	---	---	---	---	---	---

*Returns are lagged one quarter

During the first quarter of 2007, WPERP funded two hedge-fund-of-fund managers, **Aetos** and **PAAMCO**. The managers will finish their first complete quarter by 3Q 2007. Returns for these managers are lagged one quarter and will be shown in 3Q 2007.

Private Equity – Periods ending June 30, 2007

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR
Lexington Capital*	5,933	Private Equity	0.8	---	---	---
Cambridge U.S. PE*	---	---	5.8	---	---	---
Landmark Equity Partners*	10,604	Private Equity	6.6	---	---	---
Cambridge U.S. PE*	---	---	5.8	---	---	---

* Returns are lagged one quarter

Lexington Capital completed the second quarter of 2007 and returned 0.8%, underperforming its policy benchmark the Cambridge U.S. Private Equity Index return of 5.8%.

WPERP's other private equity manager, **Landmark Equity Partners**, turned in its first quarterly result posting a 6.6% return, outperforming the Cambridge U.S. Private Equity Index return by 80 basis points.

Health Plan Performance

The LADWP - Health portfolio ended the second quarter of 2007 with an aggregate value of approximately \$649.1 million.

Health Plan - Periods ending June 30, 2007, Gross of Fees

Asset Class	Quarter	1 Year	3 Year	5 Year
Total Portfolio	3.3	---	---	---
<i>Policy Benchmark*</i>	3.3	---	---	---
BlackRock	5.9	---	---	---
<i>R1000 Index</i>	5.9	---	---	---
Wells	-0.5	---	---	---
<i>LB Aggregate</i>	-0.5	--	---	---

*Policy benchmark consists of 60% Russell 1000 Index and 40%LB Aggregate Bond Index.

Q2 2007 – During the second quarter of 2007, The Health Plan matched its policy benchmark return of 3.3%. Both managers of the Health Plan matched their respective benchmarks. The benchmark portfolio consists of passively managed asset class portfolios held at the Health Plan's policy weightings.

Health Plan – Asset Allocation as of 6/30/07

Segment	Actual \$(000)	Actual %	Target %	Variance
Total Portfolio	\$649,104	100	100	---
Domestic Equity	397,704	61	60	1
BlackRock	397,704	61	60	1
Fixed Income	250,999	39	40	-1
Wells	250,999	39	40	-1
Cash	401	0	0	0

Asset Allocation – The Health Plan target allocation is 60% domestic equity and 40% domestic fixed income. By the close of 2Q 2007, there were two managers, BlackRock and Wells. The total fund was 100% invested in these managers.

Disability Plan Performance

The LADWP - Disability portfolio ended the second quarter of 2007 with an aggregate value of approximately \$30.4 million.

Disability Plan - Periods ending June 30, 2007, Gross of Fees

Asset Class	Quarter	1 Year	3 Year	5 Year
Total Portfolio	-0.3	6.5	4.1	4.7
<i>Policy Benchmark*</i>	-0.4	6.2	4.0	4.5
Wells	-0.4	6.5	---	---
<i>LB Aggregate</i>	-0.5	6.1	---	---

*Policy benchmark consists of 95% LB Aggregate Bond Index and 5% Citigroup T-Bill.

Q1 2007 – During the second quarter of 2007, the Disability Plan returned minus (0.3%), which slightly surpassed its benchmark policy return by 10 basis points. The benchmark portfolio consists of passively managed asset class portfolios held at the Disability Plan's policy weightings.

One Year – Over the previous 12-month period, the Disability Plan returned 6.5% outperforming its policy benchmark performance of 6.2%.

Disability Plan – Asset Allocation as of 6/30/07

Segment	Actual \$(000)	Actual %	Target %	Variance
Total Portfolio	\$30,390	100.0	100	---
Fixed Income	28,781	95	100	-5
Wells	28,781	95	100	-5
Cash	1,609	5	0	5

Asset Allocation – The Disability Plan target allocation is 100% domestic fixed income. By the close of 2Q 2007, there was one fixed income manager, Wells. The total fund was 95% invested in this manager.

Death Plan Performance

The LADWP – Death portfolio ended the second quarter of 2007 with an aggregate value of approximately \$26.6 million.

Death Plan - Periods ending June 30, 2007, Gross of Fees

Asset Class	Quarter	1 Year	3 Year	5 Year
Total Portfolio	-0.3	6.4	4.0	4.4
<i>Policy Benchmark*</i>	-0.5	6.2	4.0	4.5
Wells	-0.4	6.5	---	---
<i>LB Aggregate</i>	-0.5	6.1	---	---

*Policy benchmark consists of 96% LB Aggregate Bond Index and 4% Citigroup T-bill.

Q1 2007 – During the second quarter of 2007, the Death Plan returned minus (0.3%) and outperformed its benchmark policy return by 20 basis points. The benchmark portfolio consists of passively managed asset class portfolios held at the Death Plan's policy weightings.

One Year – Over the previous 12-month period, the Death Plan returned 6.4% surpassing its policy benchmark performance of 6.2%.

Death Plan – Asset Allocation as of 6/30/07

Segment	Actual \$(000)	Actual %	Target %	Variance
Total Portfolio	\$26,561	100	100	---
Fixed Income	25,268	95	100	-5
Wells	25,268	95	100	-5
Cash	1,292	5	0	5

Asset Allocation – The Death Benefit Plan target allocation is 100% domestic fixed income. By the close of 2Q 2007, there was one fixed income manager, Wells. The total fund was 95% invested in this manager.

Quarterly Report

Q2-07

Managers Placed on Probationary Status As of June 30, 2007 Return vs. Benchmark Since Probation

Portfolio	Style Group	Concern	1 Month	1 Quarter	2 Quarters	3 Quarters	1st Year	Since Placed on Notice*	Date of Notice
Fred Alger	Large Growth	Performance	4.0	6.4	16.2	---	---	16.2	12/31/2006
Russell 1000 Growth	Large Growth		2.6	1.2	8.5	---	---	8.5	---
Fred Alger Perf. Target	Russell 1000 Growth		N/M	N/M	N/M	N/M	---	N/M	---
Earnest Partners	Small Value	Performance	-3.3	-2.7	5.5	4.1	9.6	9.6	7/1/2006
Russell 2000 Value	Small Value		-1.4	2.6	11.8	13.4	16.1	16.1	---
Earnest Partners Perf. Vs. Target	Russell 2000 Value		N/M	N/M	N/M	N/M	-6.5	-6.5	---
Pyramis	Developed Markets	Organizational	3.7	4.7	21.3	29.8	22.9	25.3	8/1/2005
MSCI EAFE + Canada Growth ND	Developed Markets		3.3	4.3	19.4	28.0	22.2	25.2	---
Pyramis Perf. Vs. Target	MSCI EAFE + Canada Growth ND		N/M	N/M	N/M	N/M	0.7	0.1	---
The Boston Company	Emerging Markets	Performance	2.8	9.3	20.3	27.7	---	39.9	8/1/2006
MSCI Emerging Markets	Emerging Markets		2.6	8.4	20.4	30.3	---	43.3	---
Boston Company Perf. Vs. Target	MSCI EMF		N/M	N/M	N/M	---	---	N/M	---

*Performance based on data provided by Mellon

(See next page)

***Fred Alger** was placed on probationary status on December 31, 2006 due to performance related reasons.

***Earnest Partners** was placed on probationary status on June 30, 2006 due to performance related reasons.

***Pyramis** was placed on probationary status on August 1, 2005 due to organizational concerns.

***The Boston Company** was placed on probationary status on July 1, 2006 due to performance related reasons.

Periods marked as ‘---’ do not indicate that returns are not available for these periods only that the manager in question has not been on probationary status for these periods.

Periods marked as “N/M” indicate returns are not meaningful enough to fairly judge investment performance.

LADWP Total Fund Universe Rankings as of June 30, 2007

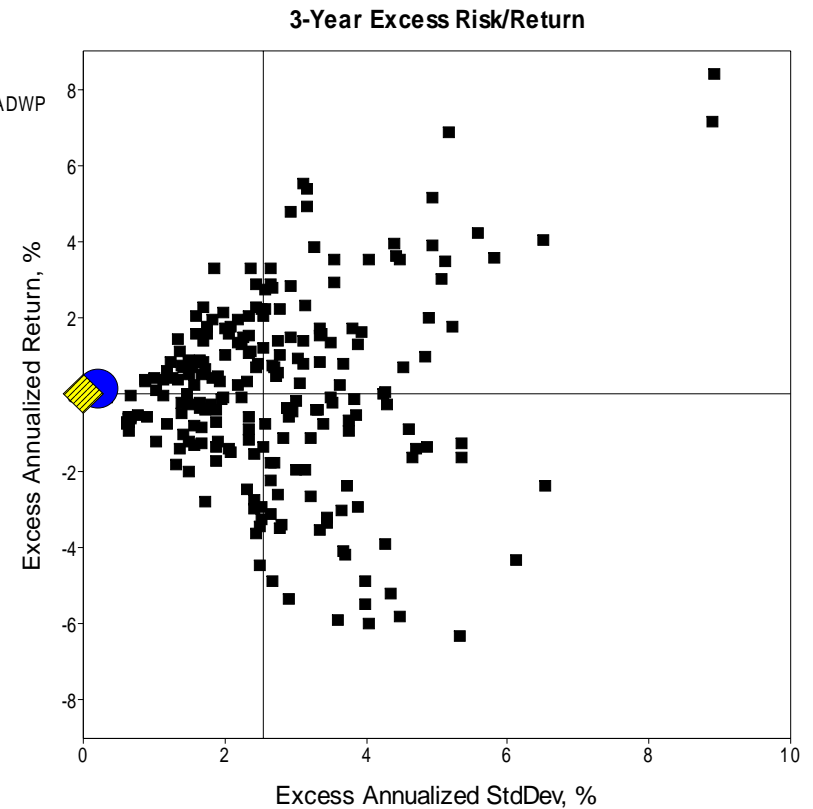
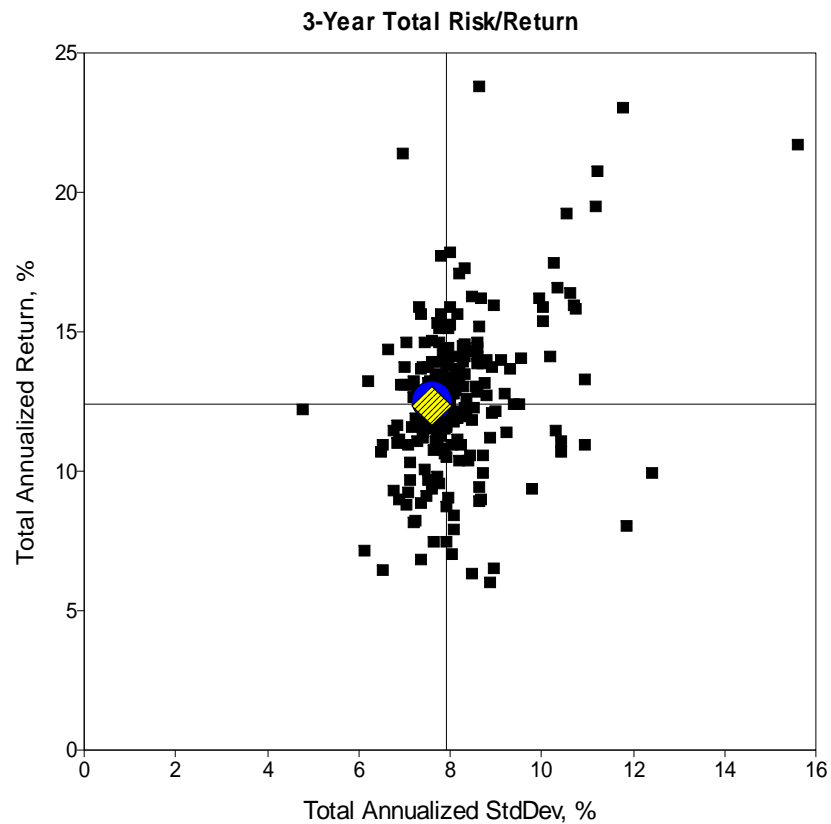
LADWP Performance Summary and Universe Rankings Period Ending June 30, 2007				
Mellon Total Funds - Public Universe				
	<u>Quarter</u>	<u>1- Year</u>	<u>3-Year</u>	<u>5-Year</u>
Maximum	6.5	21.6	17.1	15.0
Percentile 25	5.1	19.0	14.2	12.8
Median	4.5	17.7	13.1	12.1
Percentile 75	4.0	16.4	12.1	11.3
Minimum	1.7	12.0	7.6	7.2
Number of Portfolios	50	49	46	45
LADWP Total Fund				
Return	4.1	16.7	10.9	9.3
Quartile Rank	3rd	3rd	4th	4th

Notes:

Sources: Universe Information; Mellon Total Public Funds

All performance is shown **gross of fees**.

LADWP Large Cap Core Manager Comparisons as of June 30, 2007



	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
BlackRock - LADWP	12.51	7.62	1.64
Russell 1000	12.34	7.59	1.63
Large Cap Manager Universe Median	12.38	7.92	1.58

	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
BlackRock - LADWP	0.17	0.22	0.78
Russell 1000	0.00	0.00	NA
Large Cap Manager Universe Median	0.05	2.55	0.02

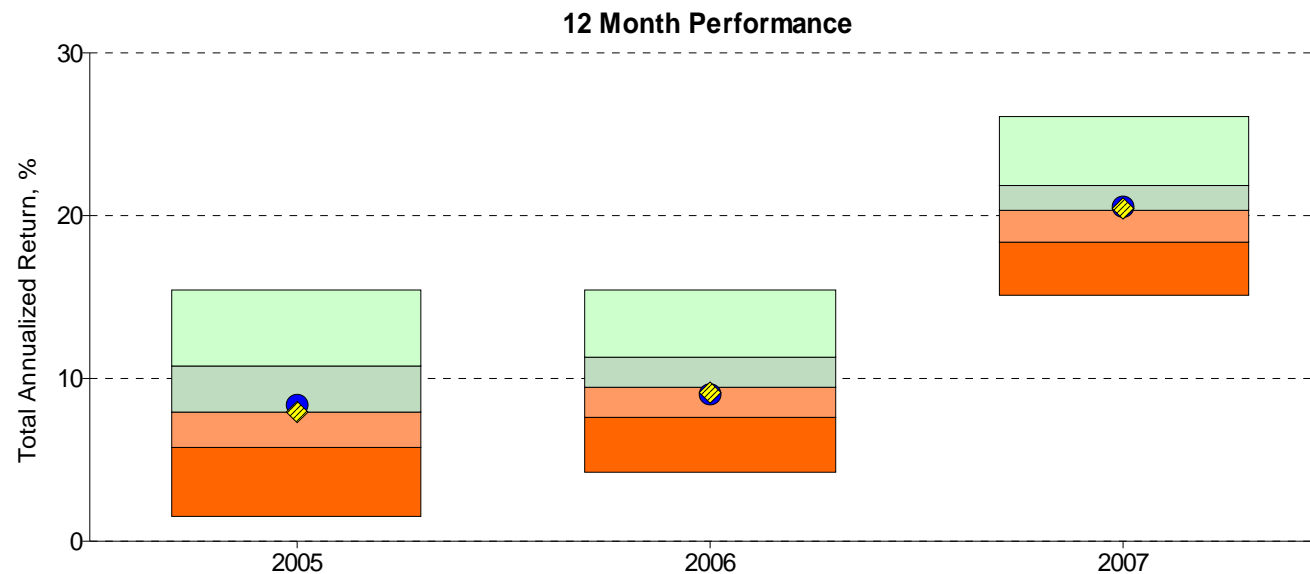
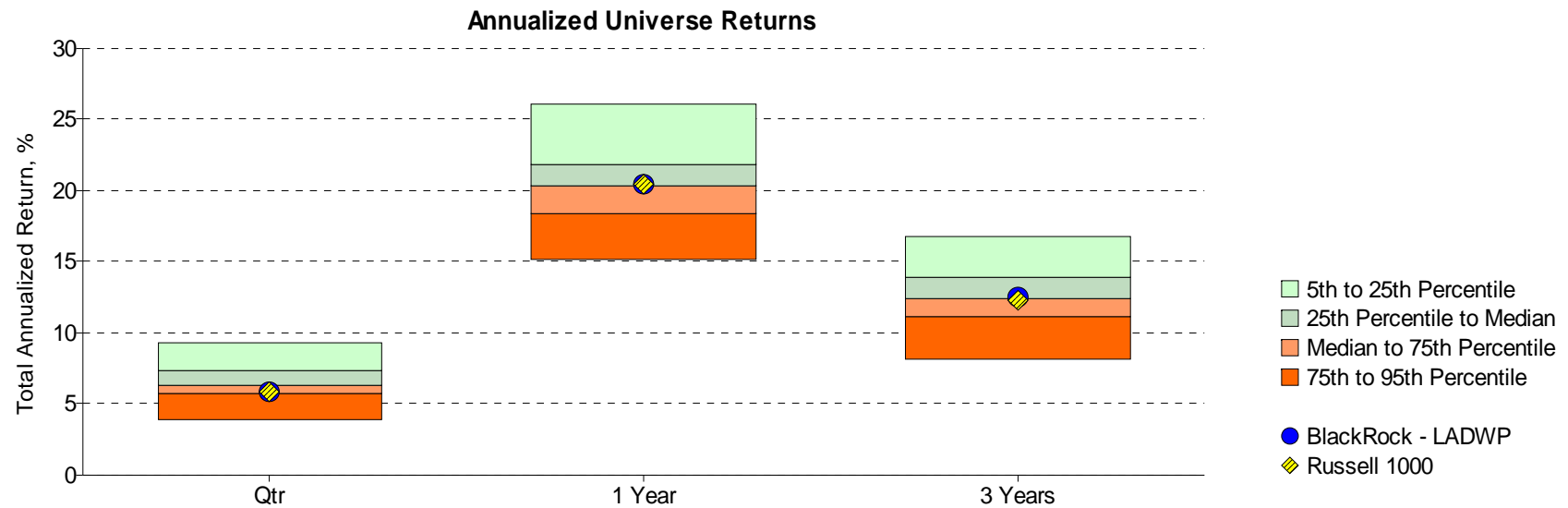
Notes:

Sources: Data MPI/eVestment Alliance (index information).

All performance is shown **gross of fees**.

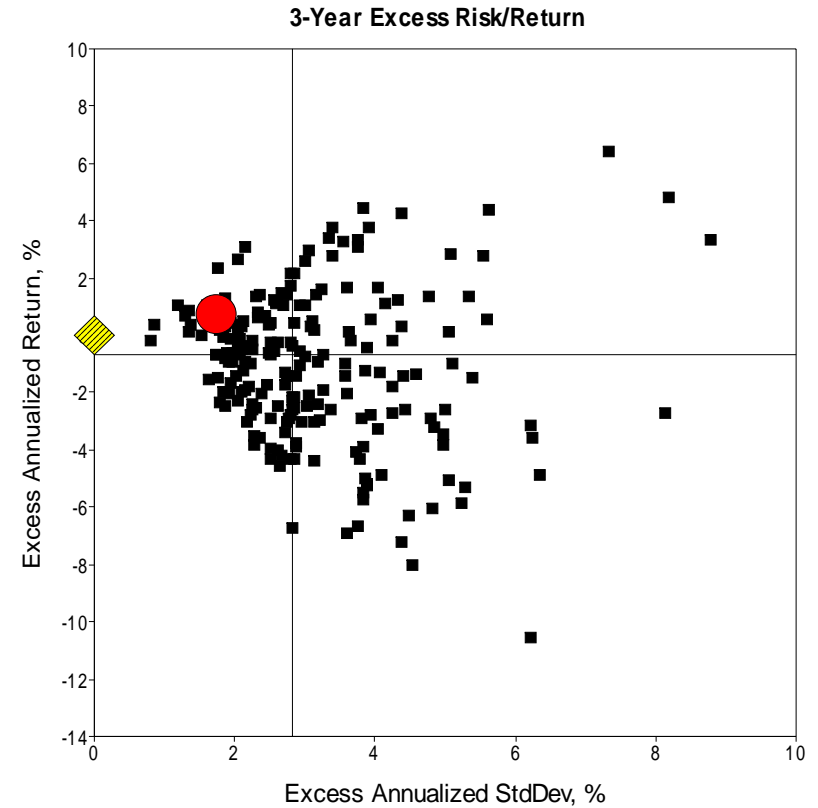
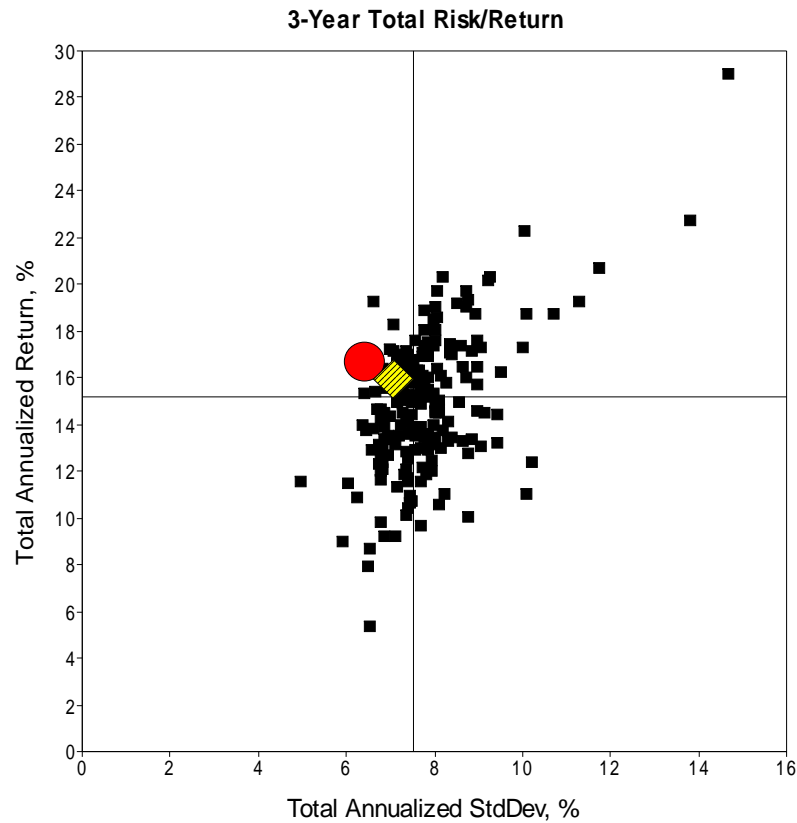
Performance and related statistics calculated using MPI software that geometrically linked and compounded returns.

LADWP Large Cap Core Manager Comparisons as of June 30, 2007



BA

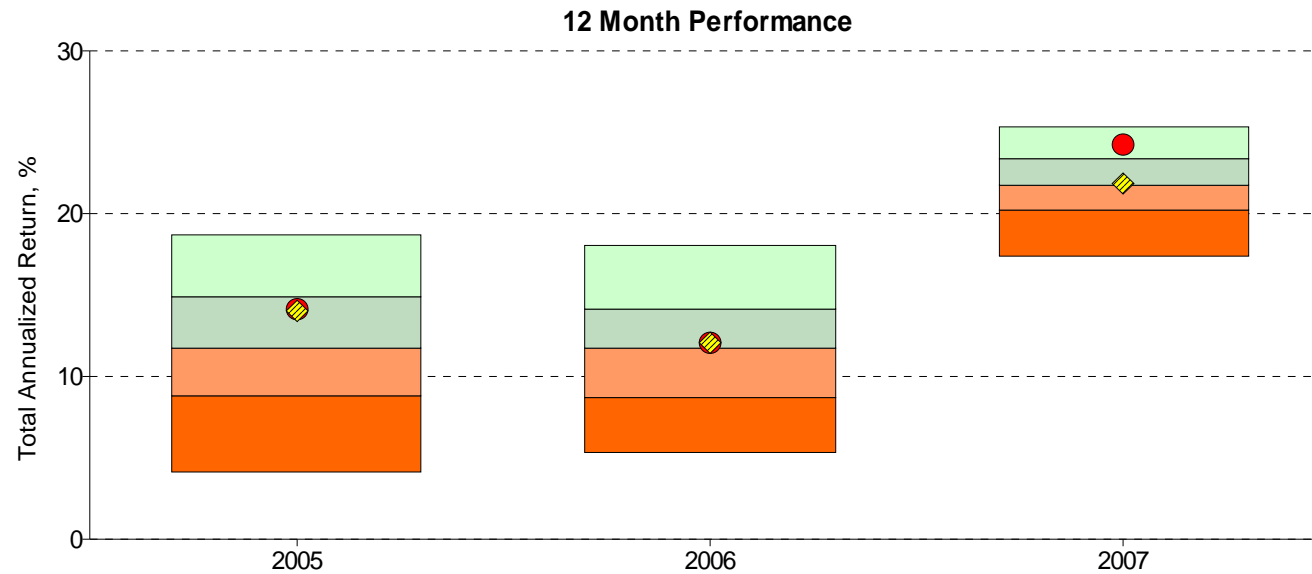
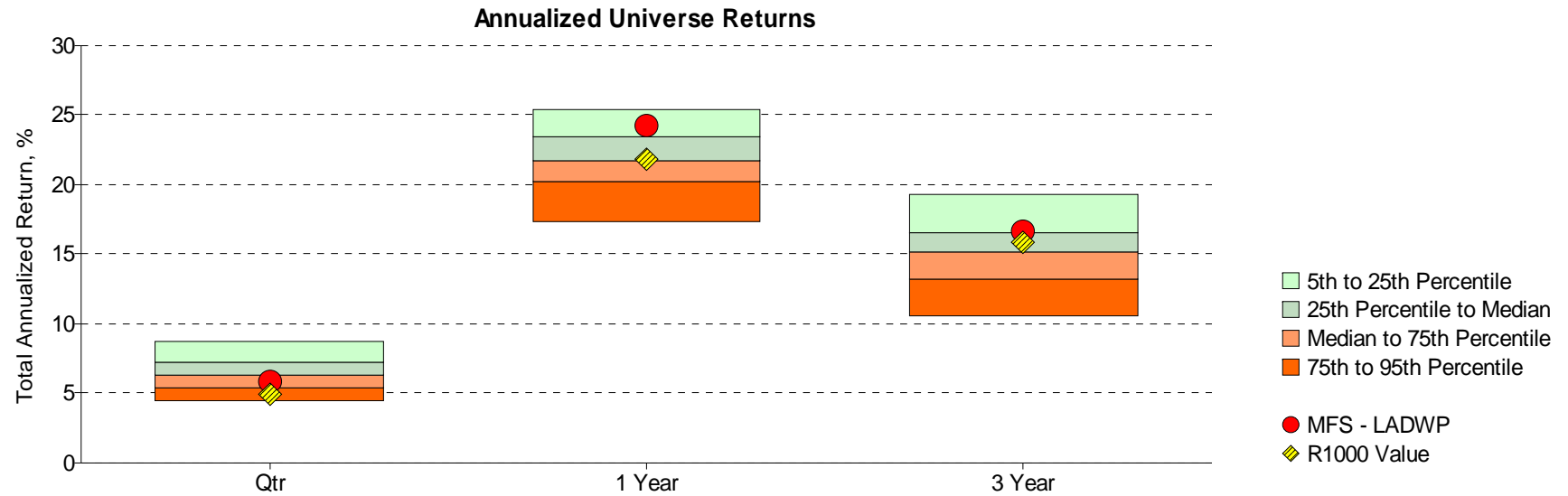
LADWP Large Cap Value Manager Comparisons as of June 30, 2007



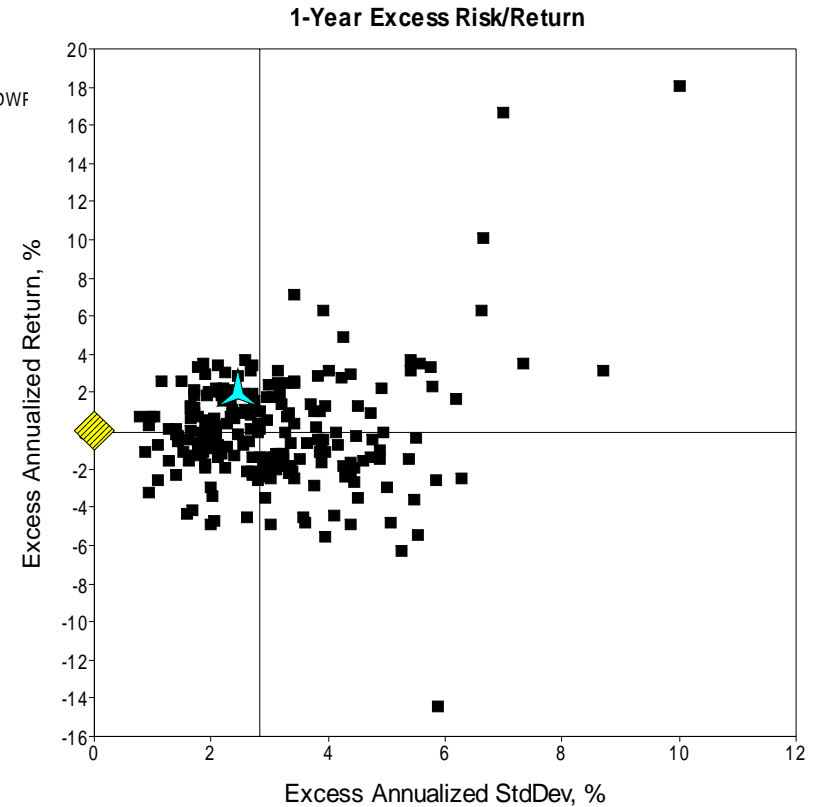
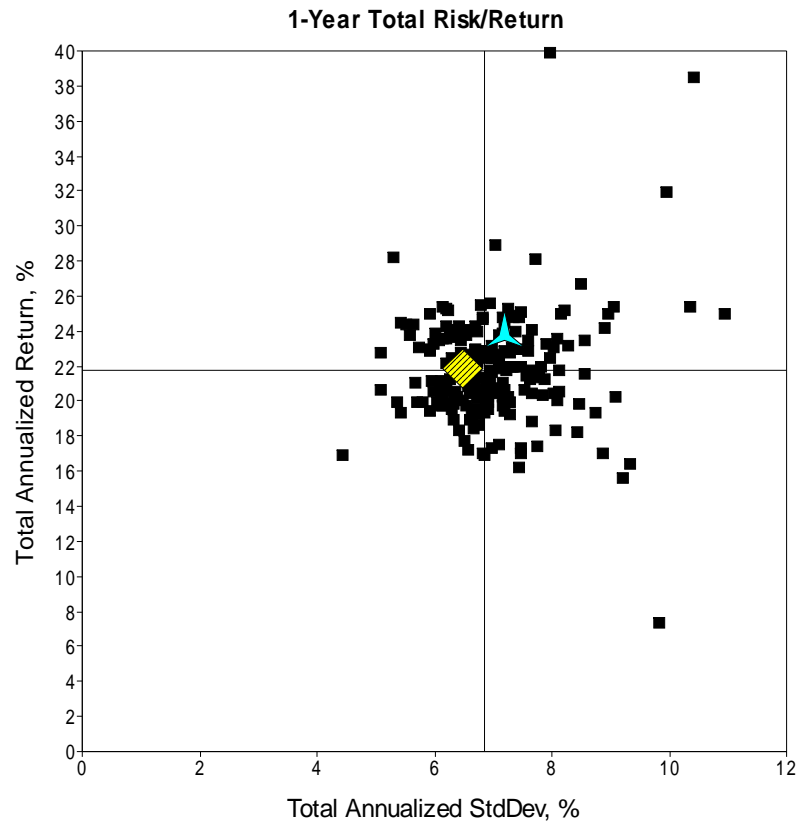
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
MFS - LADWP	16.68	6.39	2.61
R1000 Value	15.92	7.07	2.25
Large Value Manager Universe Median	15.21	7.51	1.97

	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
MFS - LADWP	0.76	1.72	0.44
R1000 Value	0.00	0.00	NA
Large Value Manager Universe Median	-0.70	2.82	-0.29

LADWP Large Cap Value Manager Comparisons as of June 30, 2007



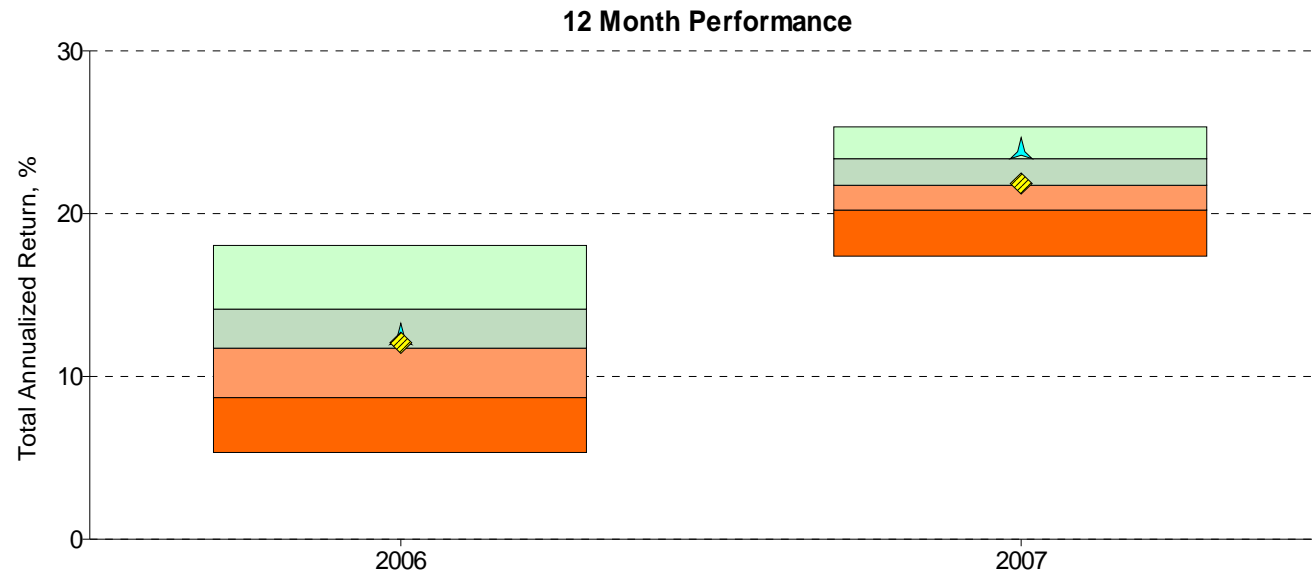
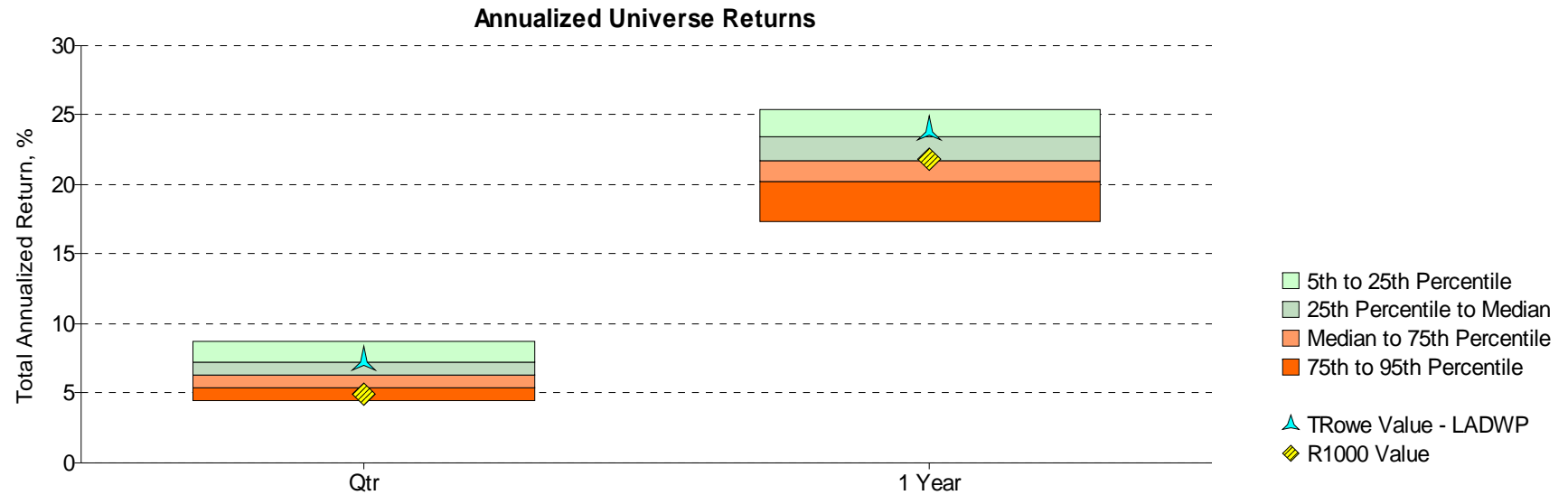
LADWP Large Cap Value Manager Comparisons as of June 30, 2007



	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
TRowe Value - LADWP	23.81	7.19	3.31
R1000 Value	21.85	6.48	3.37
Large Value Manager Universe Median	21.74	6.85	3.17

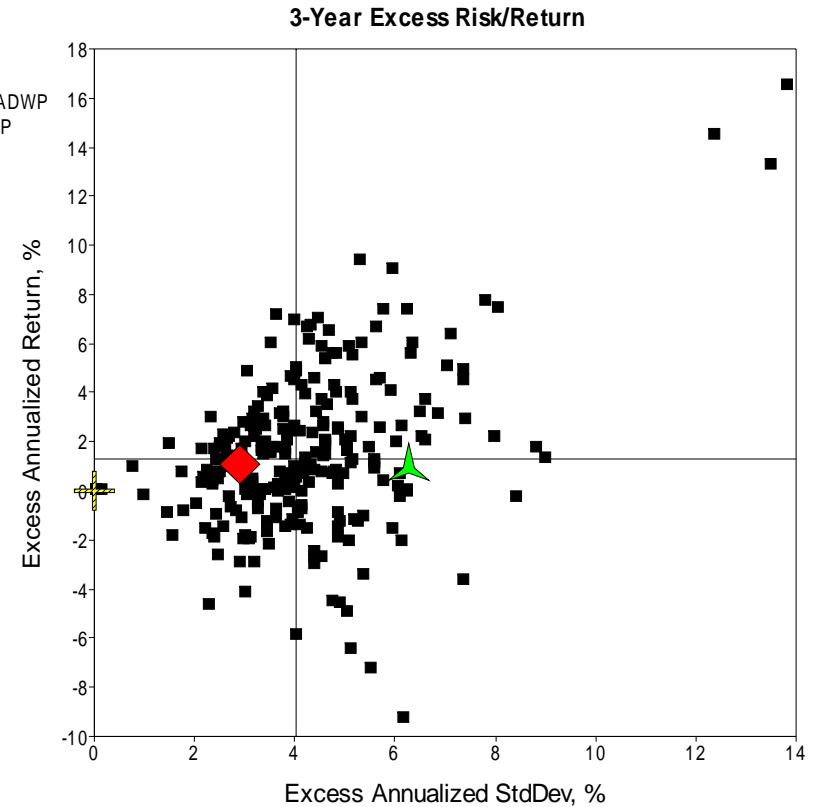
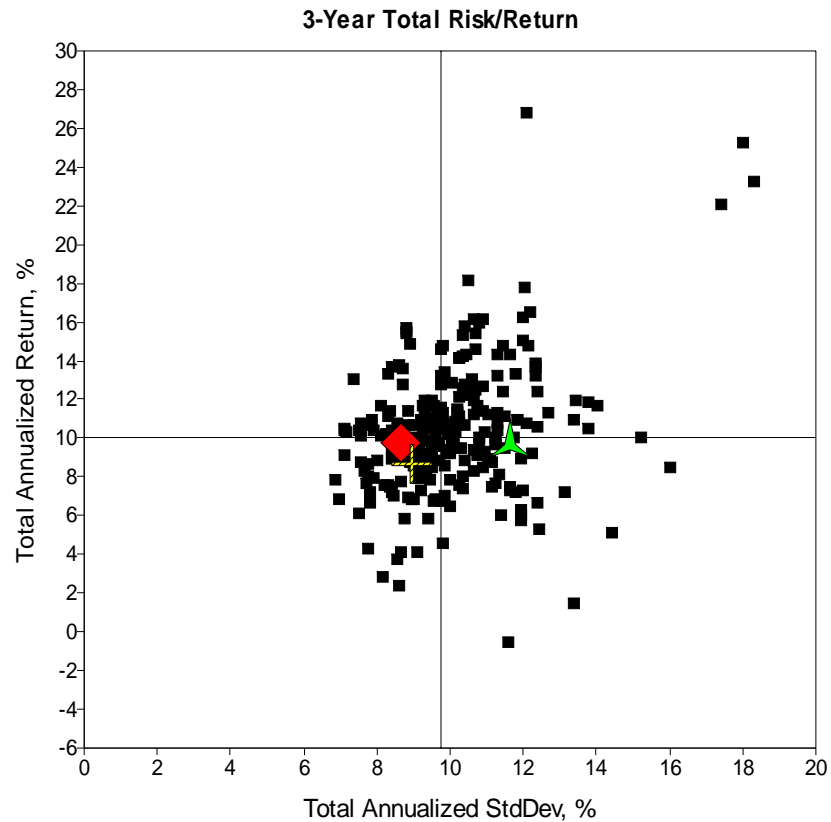
	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
TRowe Value - LADWP	1.96	2.46	0.80
R1000 Value	0.00	0.00	NA
Large Value Manager Universe Median	-0.11	2.83	-0.05

LADWP Large Cap Value Manager Comparisons as of June 30, 2007



BA

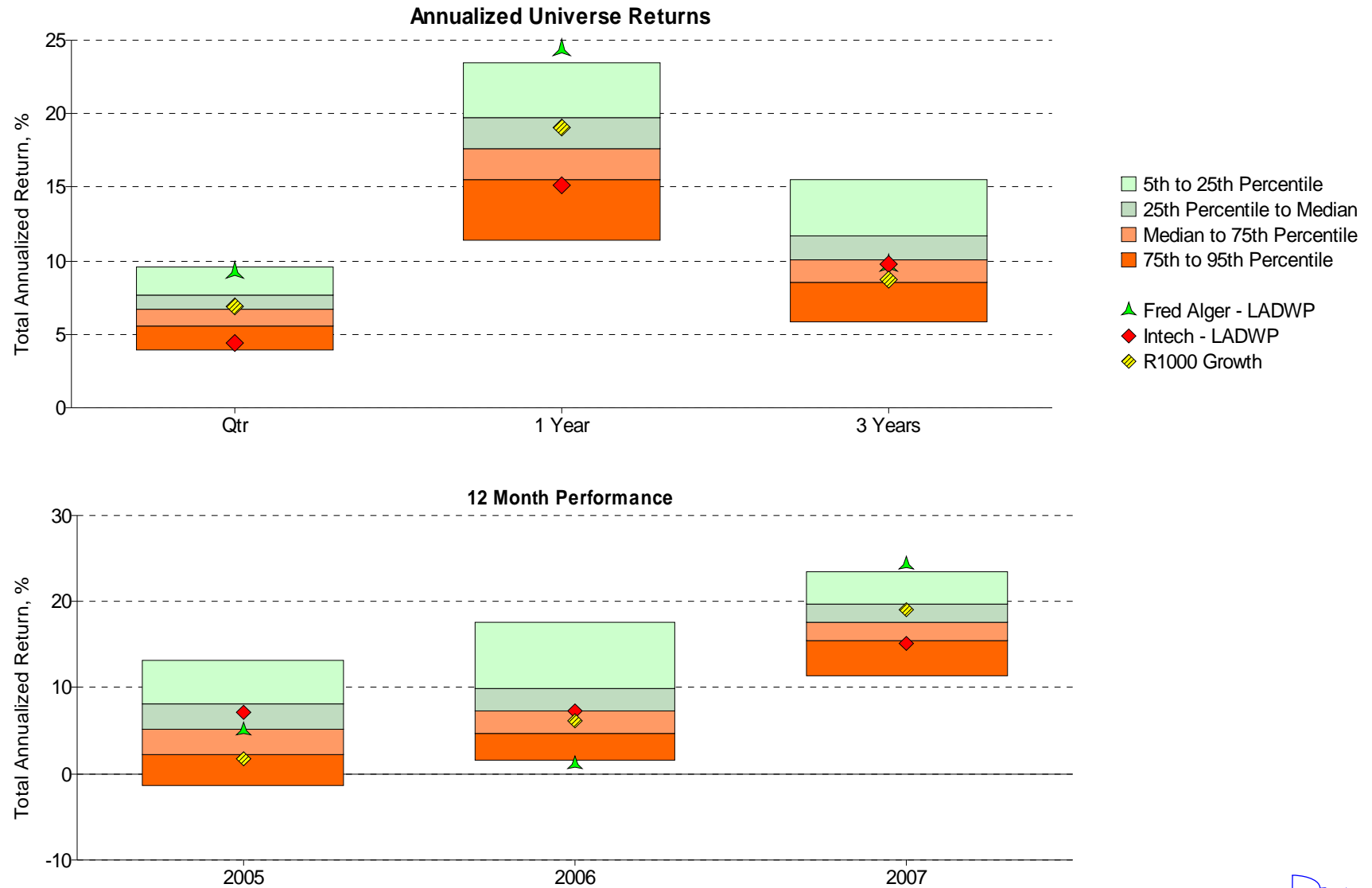
LADWP Large Cap Growth Manager Comparisons as of June 30, 2007



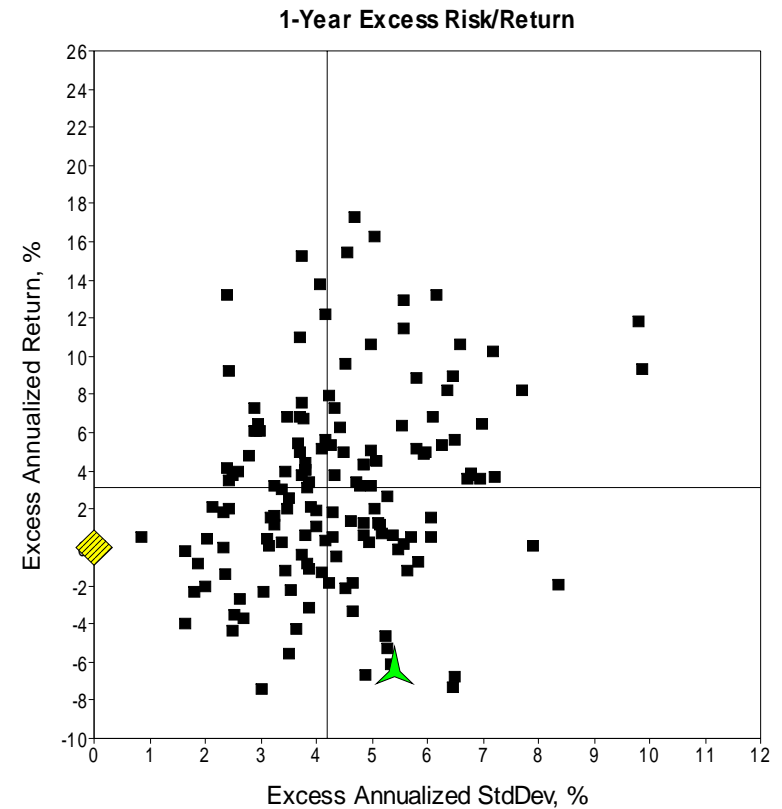
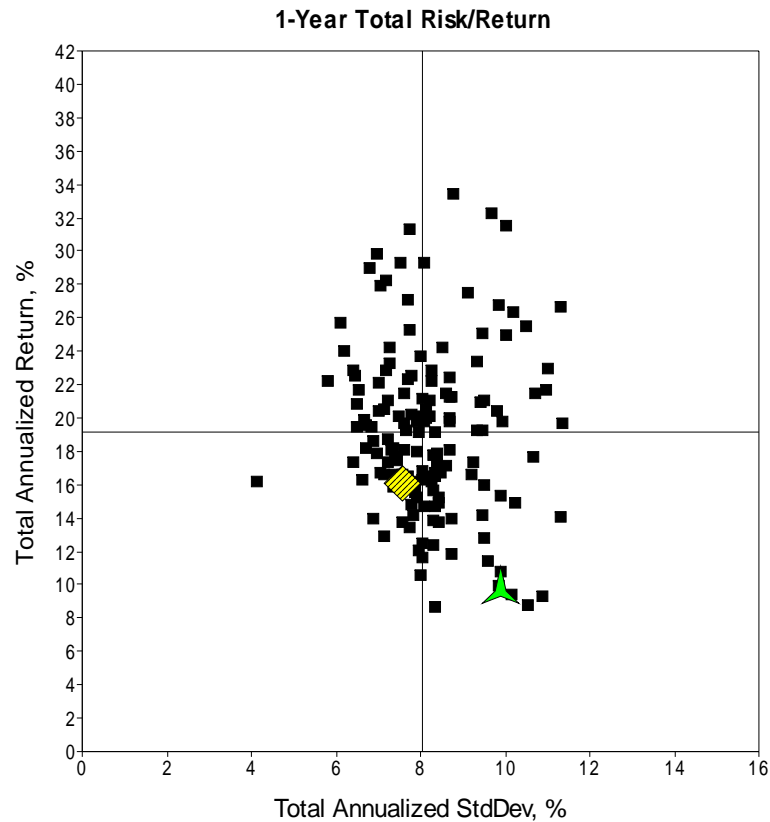
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Fred Alger - LADWP	9.67	11.64	0.83
Intech - LADWP	9.79	8.64	1.13
R1000 Growth	8.72	8.95	0.97
Large Growth Manager Universe Median	10.04	9.77	1.03

	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
Fred Alger - LADWP	0.95	6.28	0.15
Intech - LADWP	1.08	2.90	0.37
R1000 Growth	0.00	0.00	NA
Large Growth Manager Universe Median	1.33	4.03	0.34

LADWP Large Cap Growth Manager Comparisons as of June 30, 2007



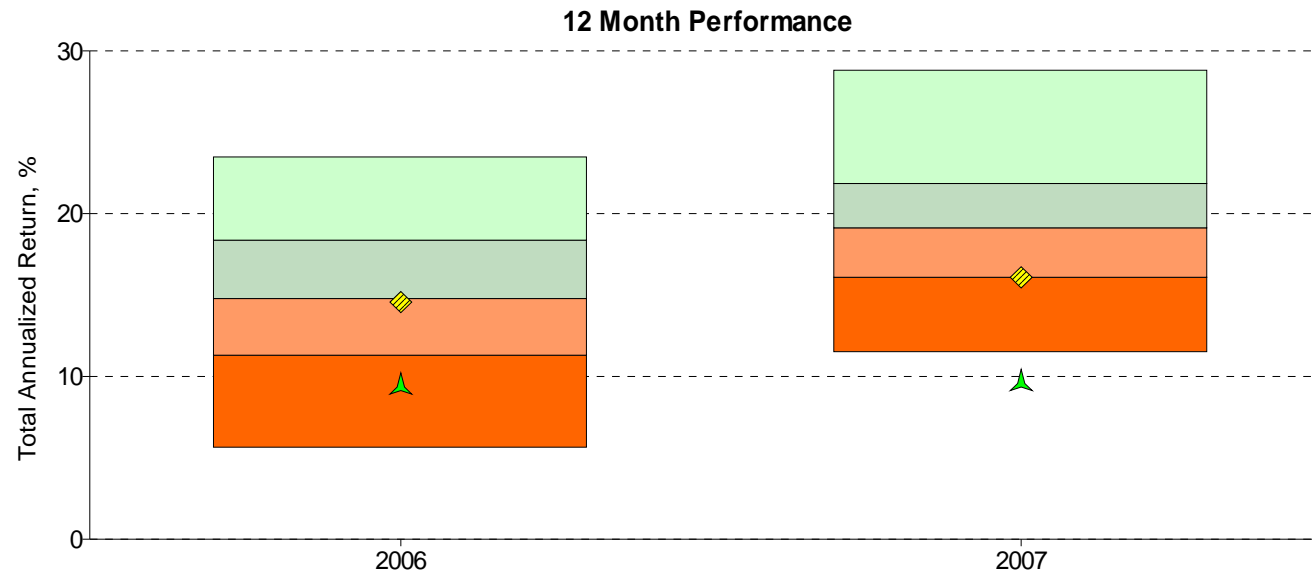
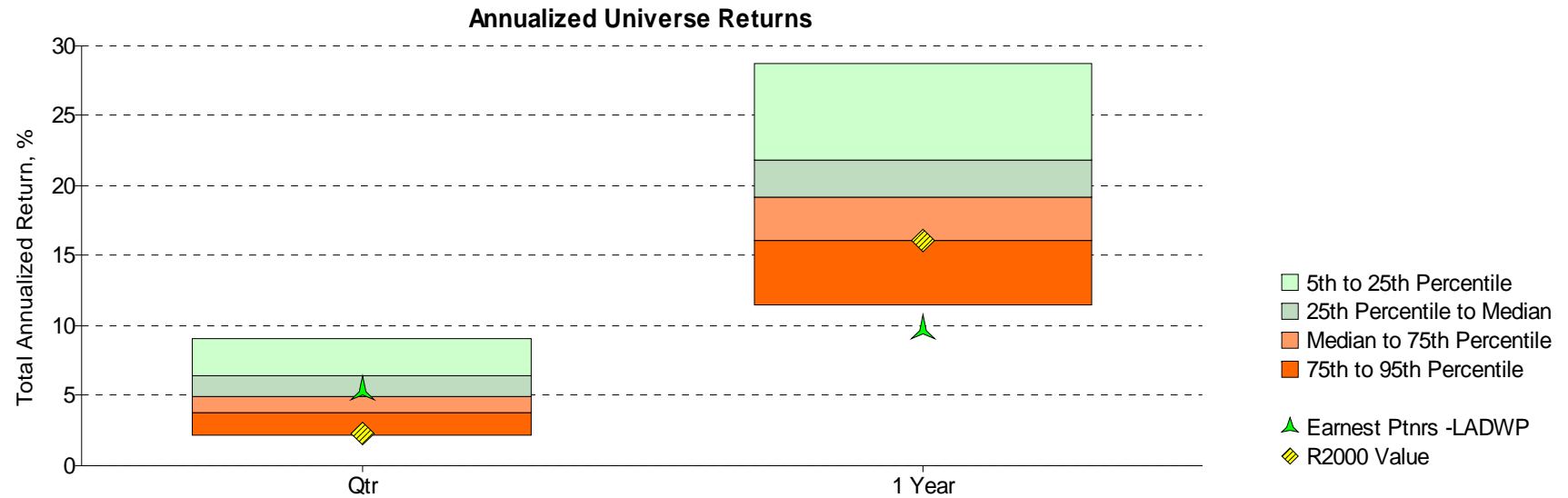
LADWP Small Cap Value Manager Comparisons as of June 30, 2007



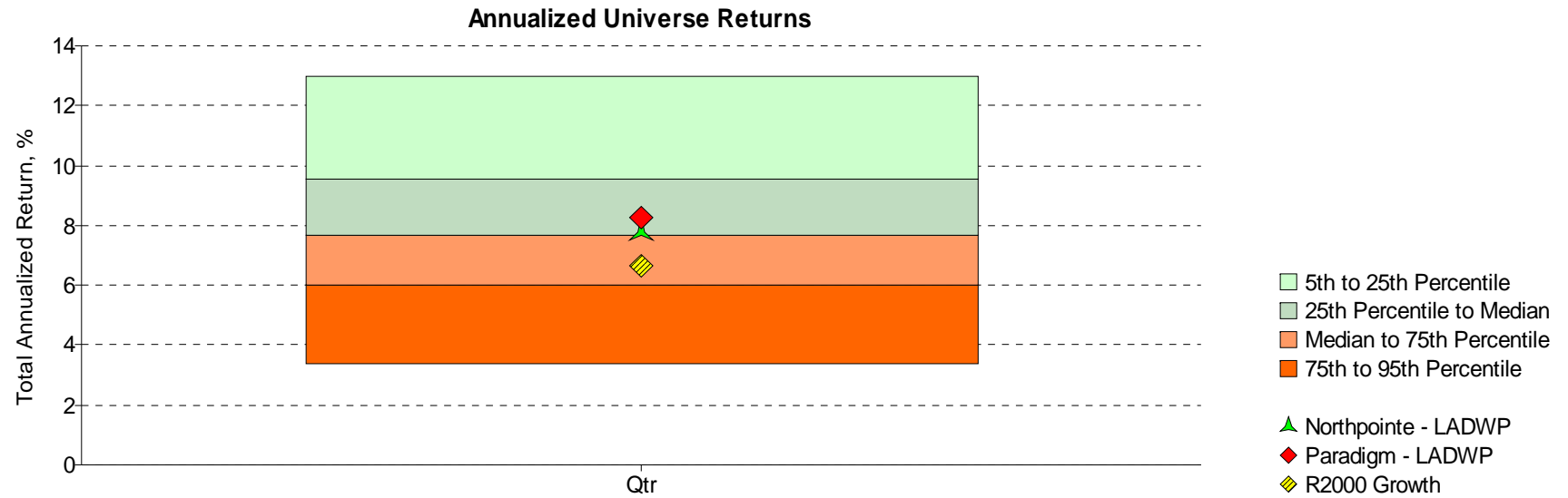
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Earnest Ptnrs -LADWP	9.60	9.91	0.97
R2000 Value	16.06	7.56	2.12
Small Cap Value Universe Median	19.18	8.06	2.37

	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
Earnest Ptnrs -LADWP	-6.46	5.40	-1.20
R2000 Value	0.00	0.00	NA
Small Cap Value Universe Median	3.11	4.20	0.68

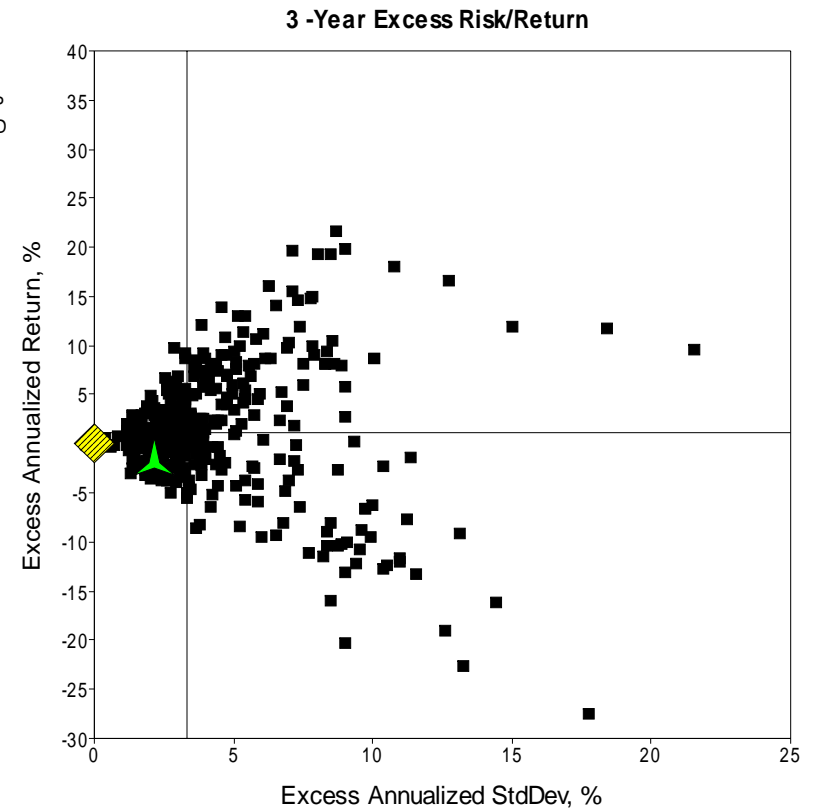
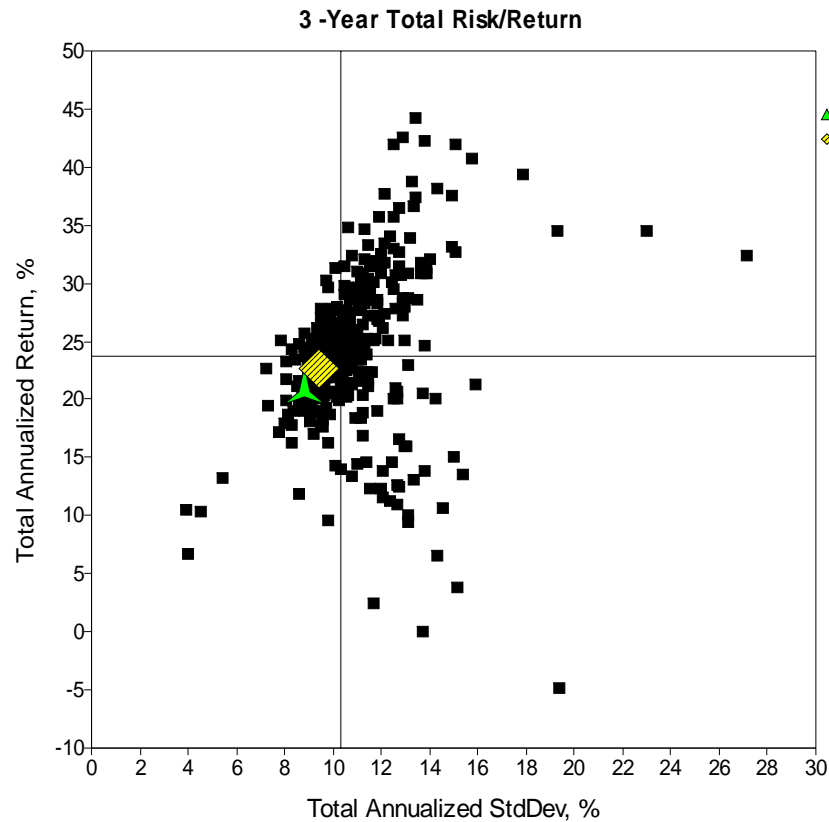
LADWP Small Cap Value Manager Comparisons as of June 30, 2007



LADWP Small Cap Growth Manager Comparisons as of June 30, 2007



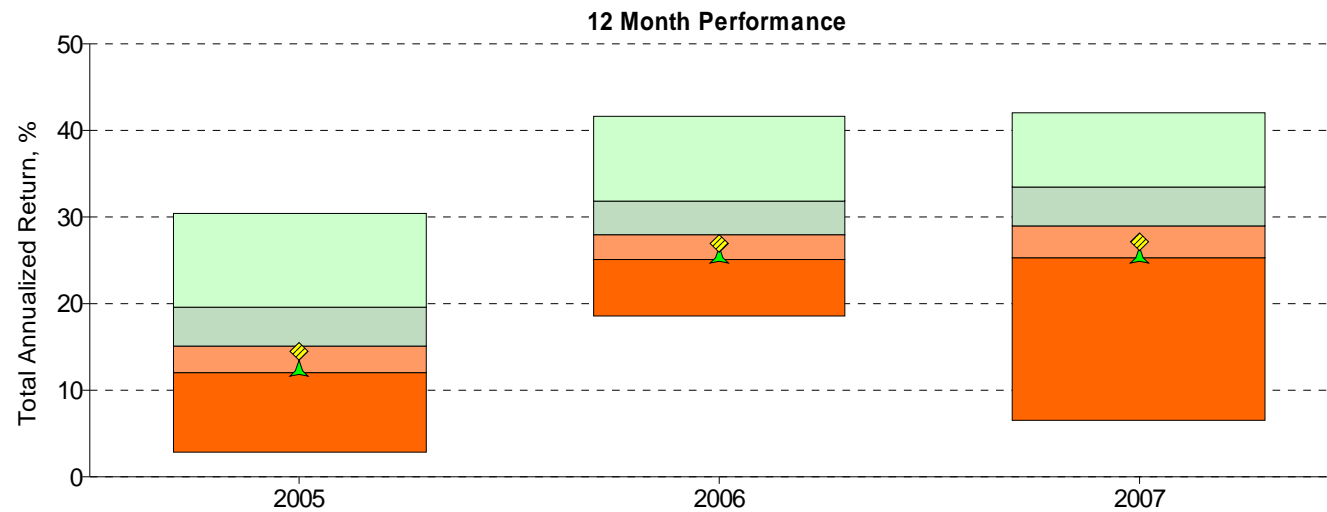
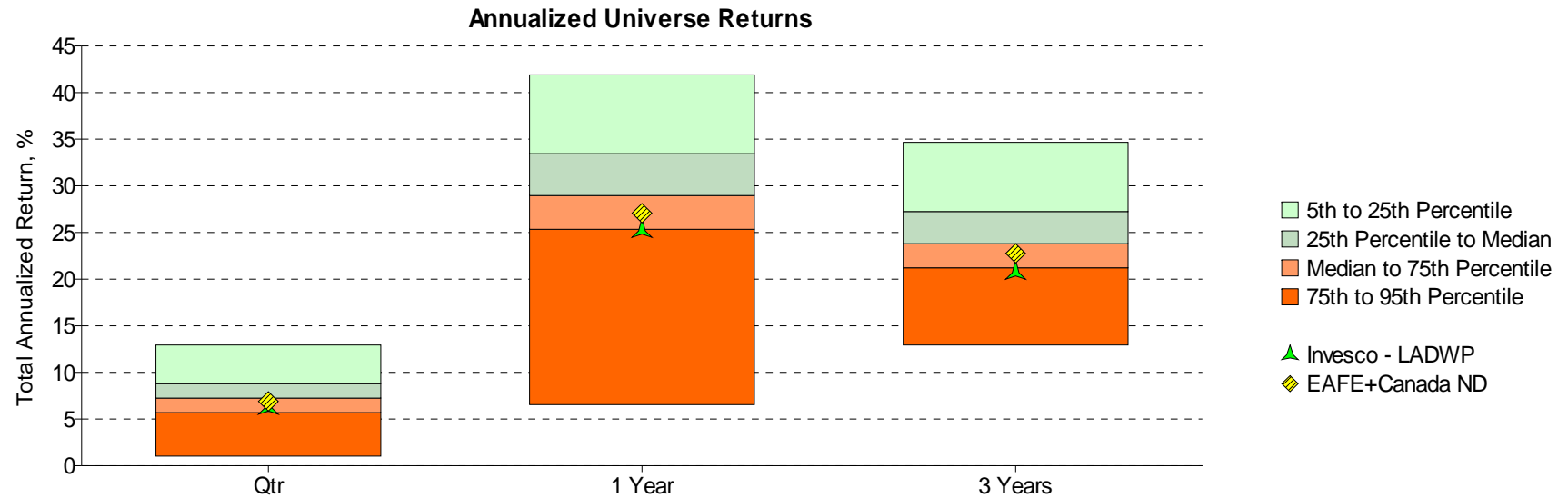
LADWP International Equity Manager Comparisons as of June 30, 2007



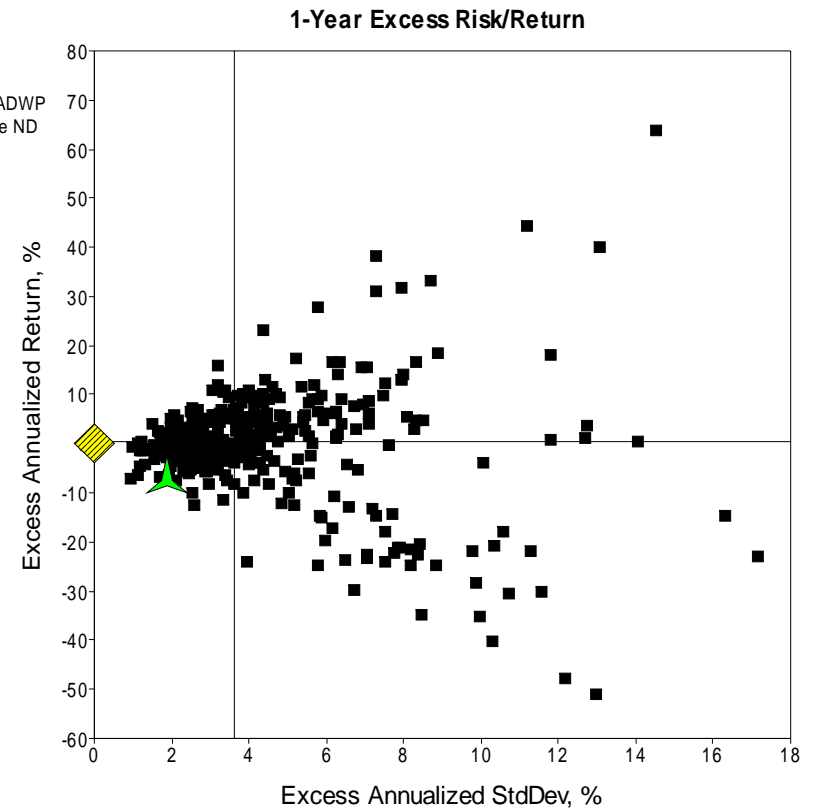
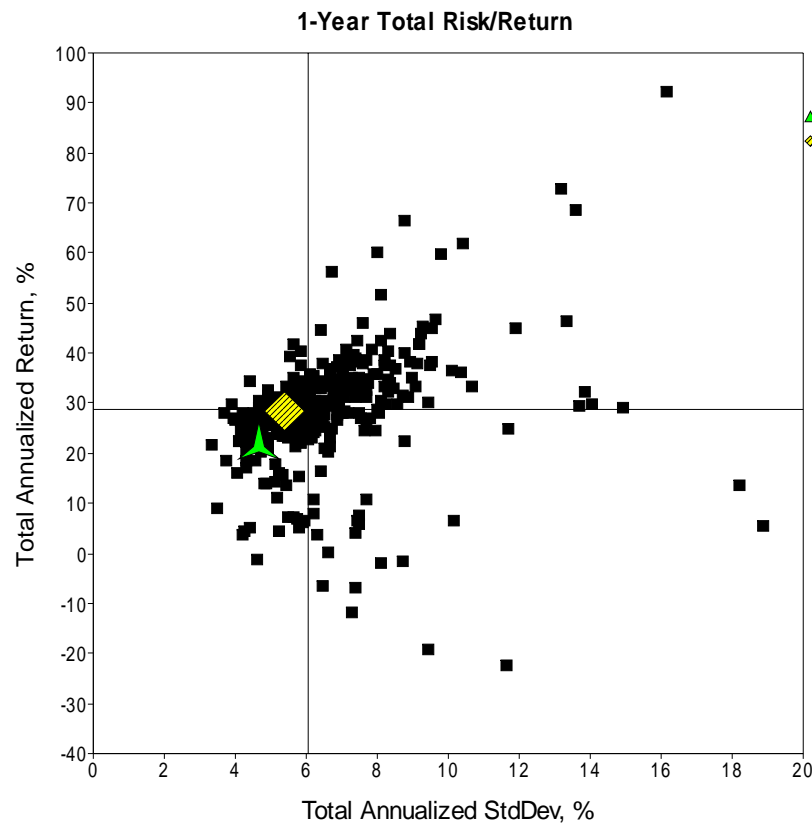
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Invesco - LADWP	20.73	8.83	2.35
EAFE+Canada ND	22.69	9.45	2.40
International Equity Universe Median	23.75	10.30	2.36

	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
Invesco - LADWP	-1.96	2.17	-0.90
EAFE+Canada ND	0.00	0.00	NA
International Equity Universe Median	1.06	3.32	0.36

LADWP International Equity Manager Comparisons as of June 30, 2007



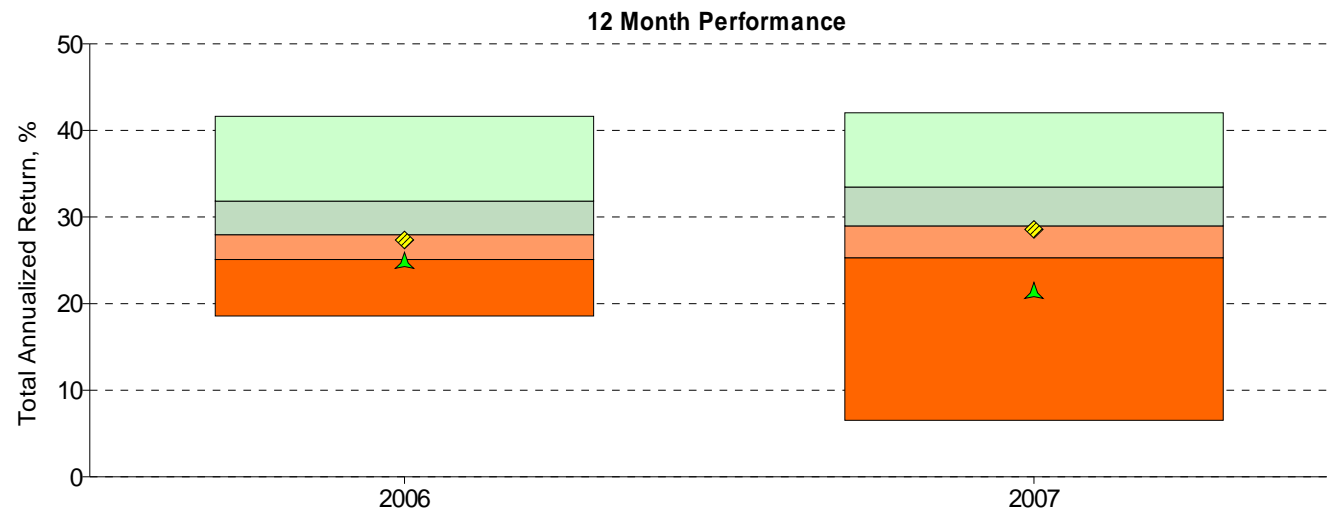
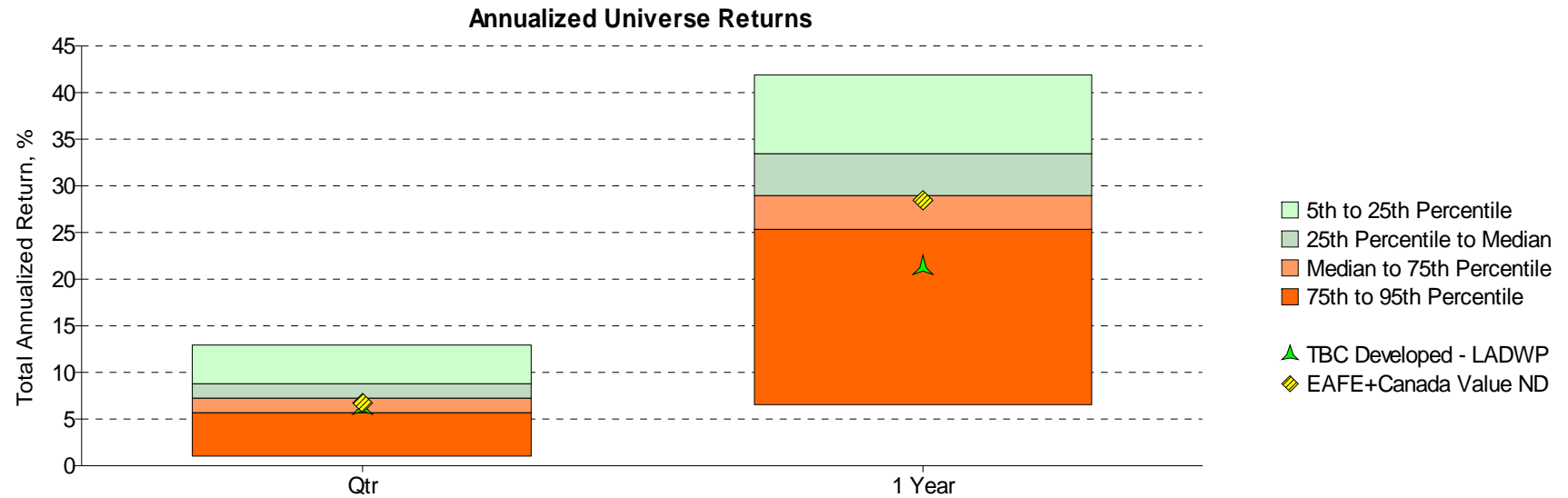
LADWP International Equity Manager Comparisons as of June 30, 2007



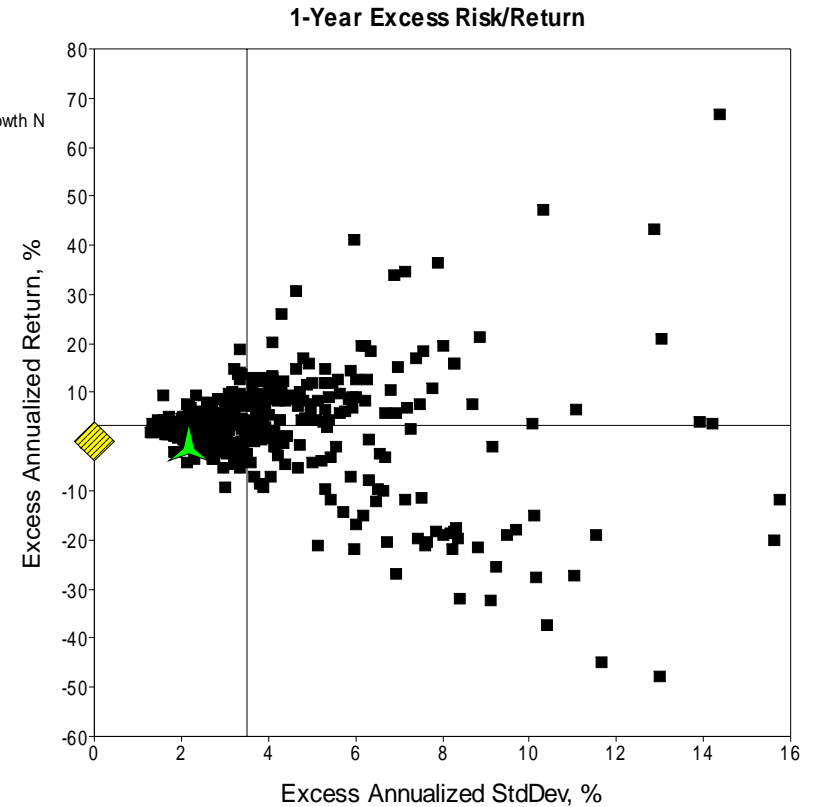
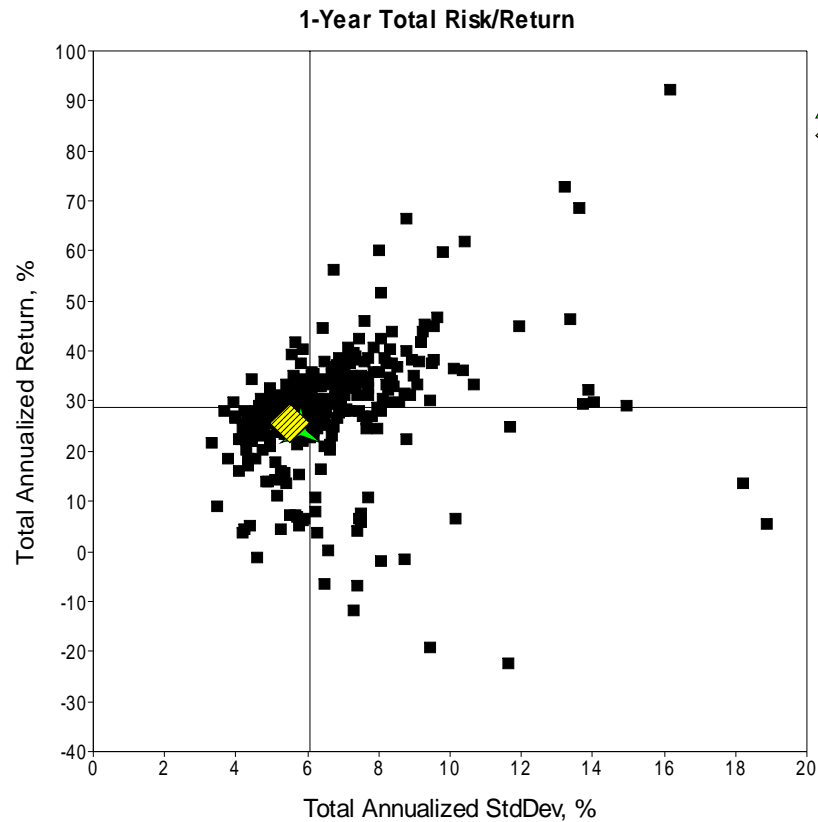
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
TBC Developed - LADWP	21.20	4.65	4.56
EAFE+Canada Value ND	28.53	5.37	5.31
International Equity Universe Median	28.94	6.07	4.83

	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
TBC Developed - LADWP	-7.32	1.86	-3.94
EAFE+Canada Value ND	0.00	0.00	NA
International Equity Universe Median	0.42	3.60	0.13

LADWP International Equity Manager Comparisons as of June 30, 2007



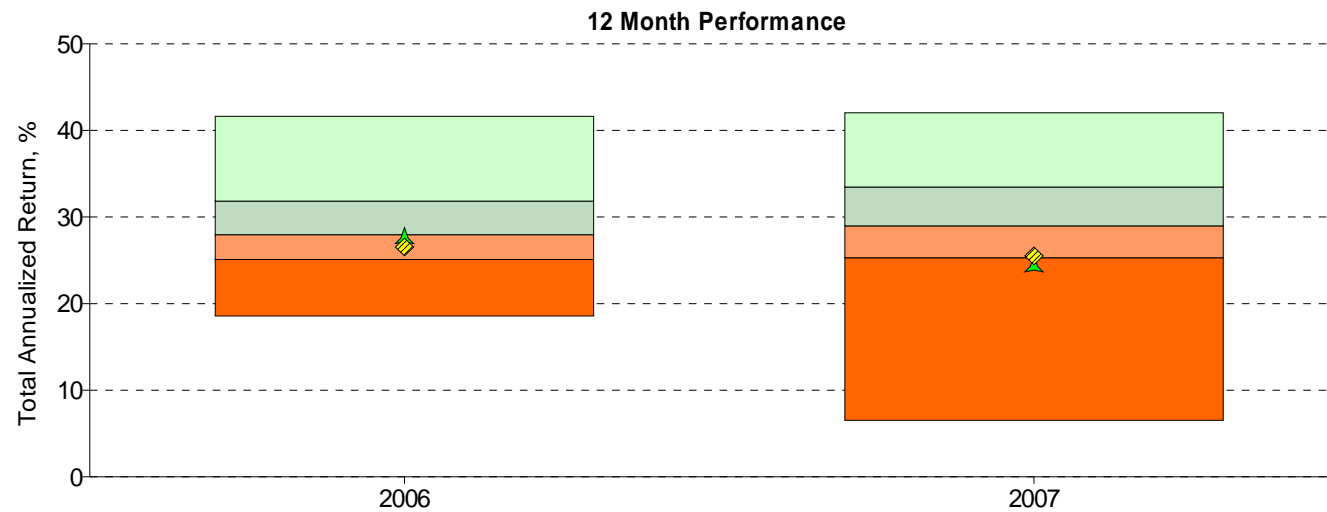
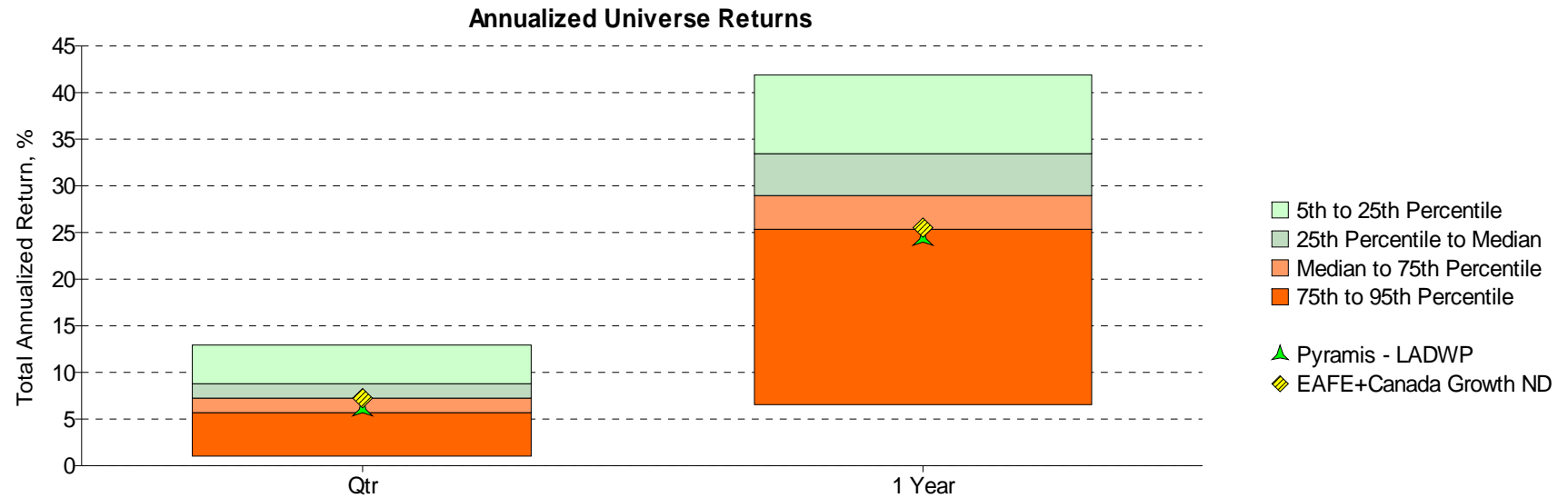
LADWP International Equity Manager Comparisons as of June 30, 2007



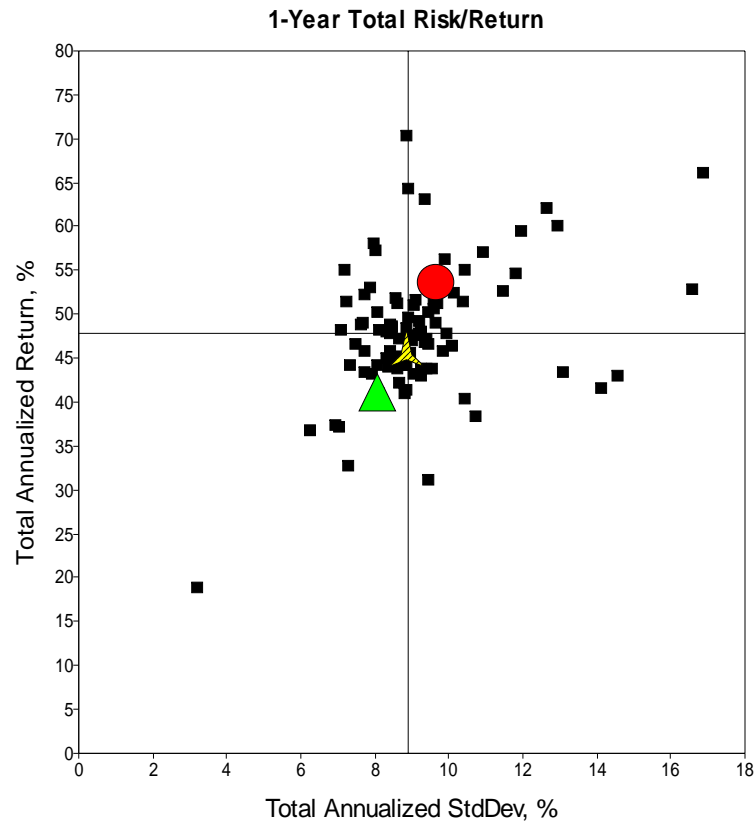
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Pyramis - LADWP	24.23	5.79	4.18
EAFE+Canada Growth ND	25.58	5.51	4.64
International Equity Universe Median	28.94	6.07	4.83

	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
Pyramis - LADWP	-1.35	2.19	-0.62
EAFE+Canada Growth ND	0.00	0.00	NA
International Equity Universe Median	3.36	3.51	1.03

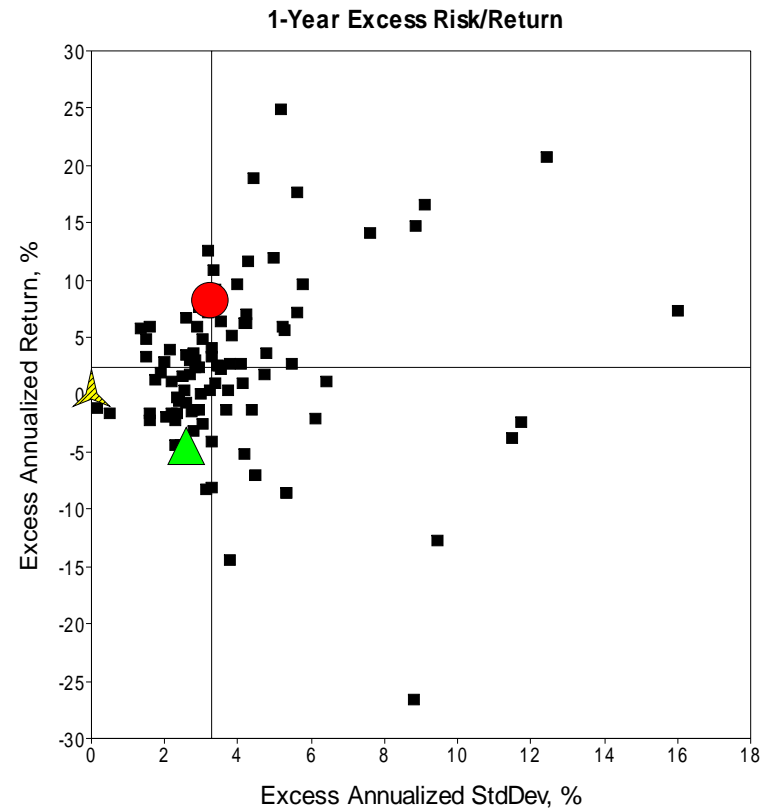
LADWP International Equity Manager Comparisons as of June 30, 2007



LADWP Emerging Equity Manager Comparisons as of June 30, 2007

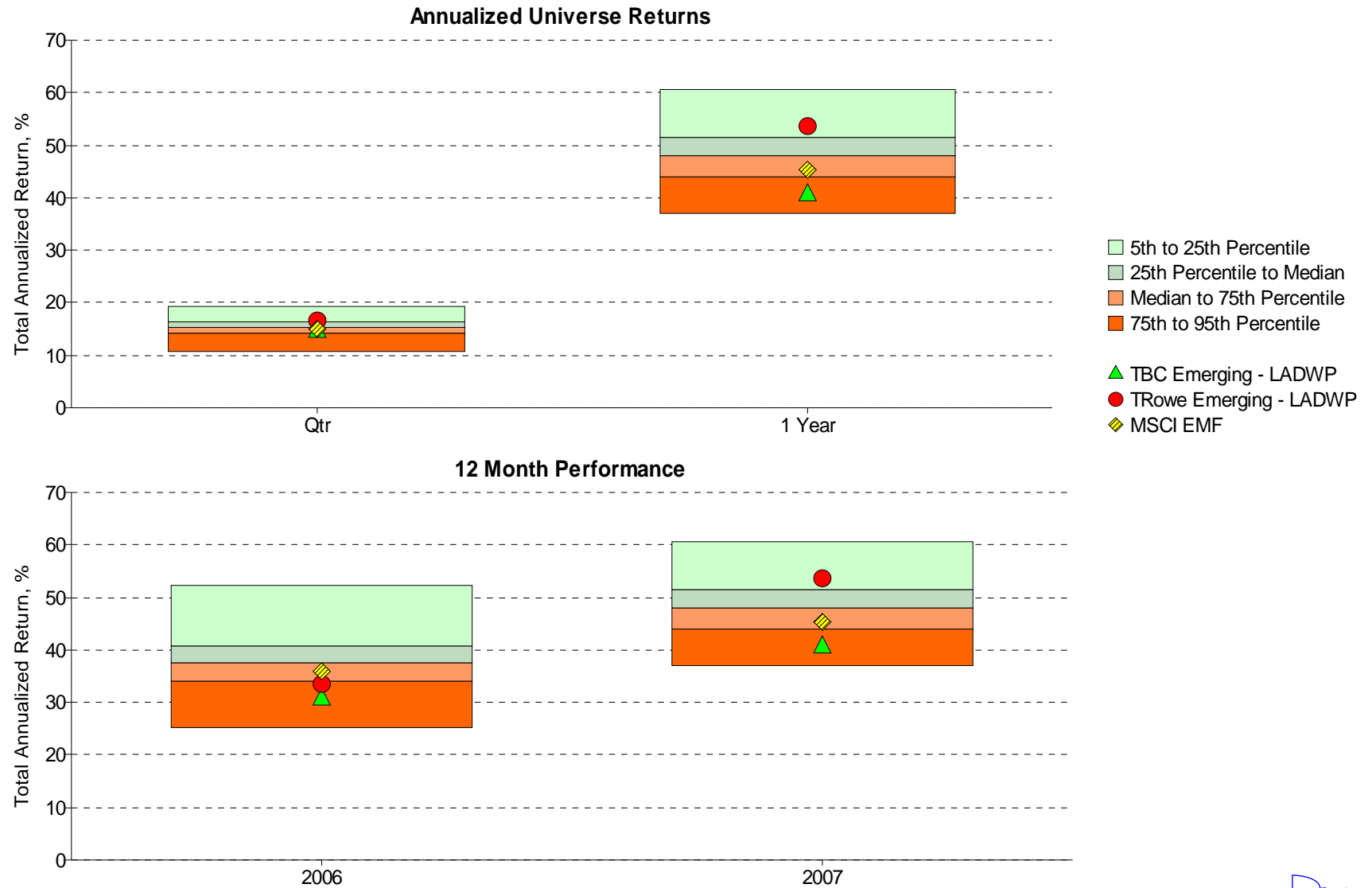


	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
TBC Emerging - LADWP	40.49	8.07	5.02
TRowe Emerging - LADWP	53.65	9.64	5.57
MSCI EMF	45.44	8.83	5.14
Emerging Equity Universe Median	47.87	8.88	5.28

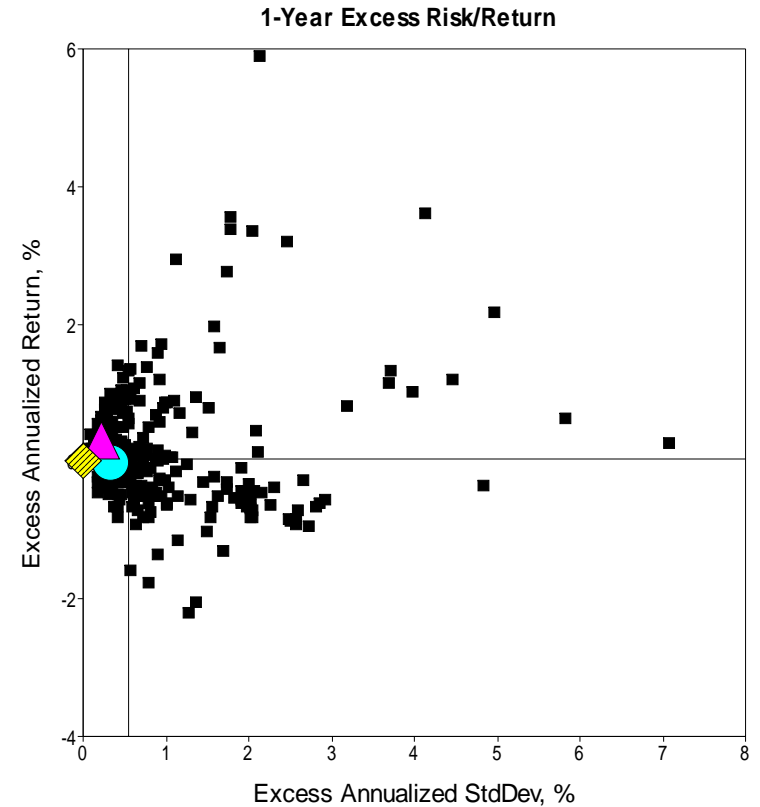
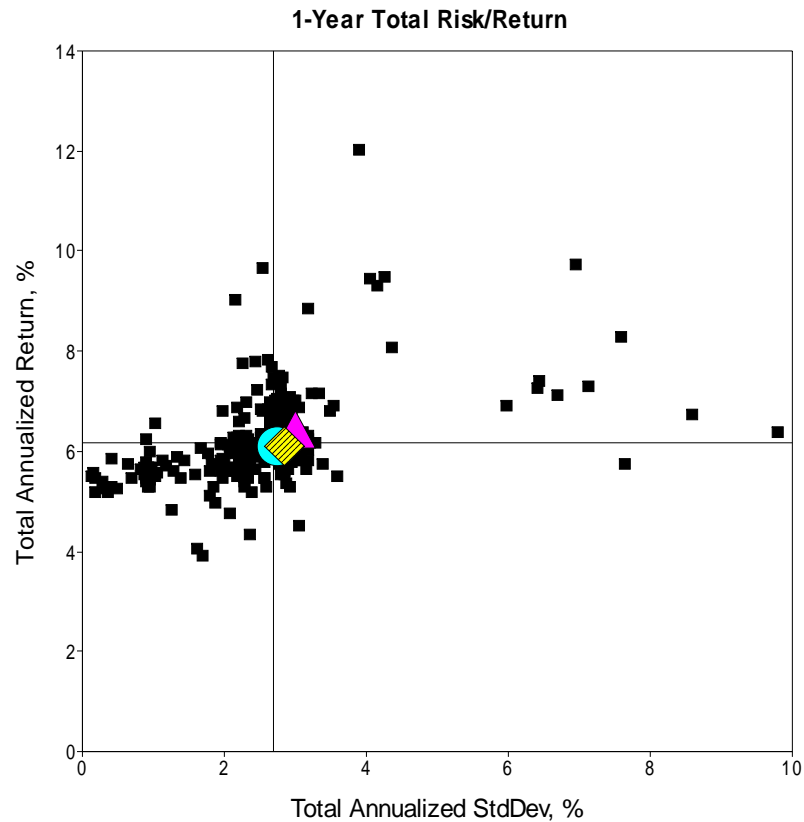


	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
TBC Emerging - LADWP	-4.96	2.58	-1.92
TRowe Emerging - LADWP	8.21	3.22	2.55
MSCI EMF	0.00	0.00	NA
Emerging Equity Universe Median	2.43	3.29	0.67

LADWP Emerging Equity Manager Comparisons as of June 30, 2007



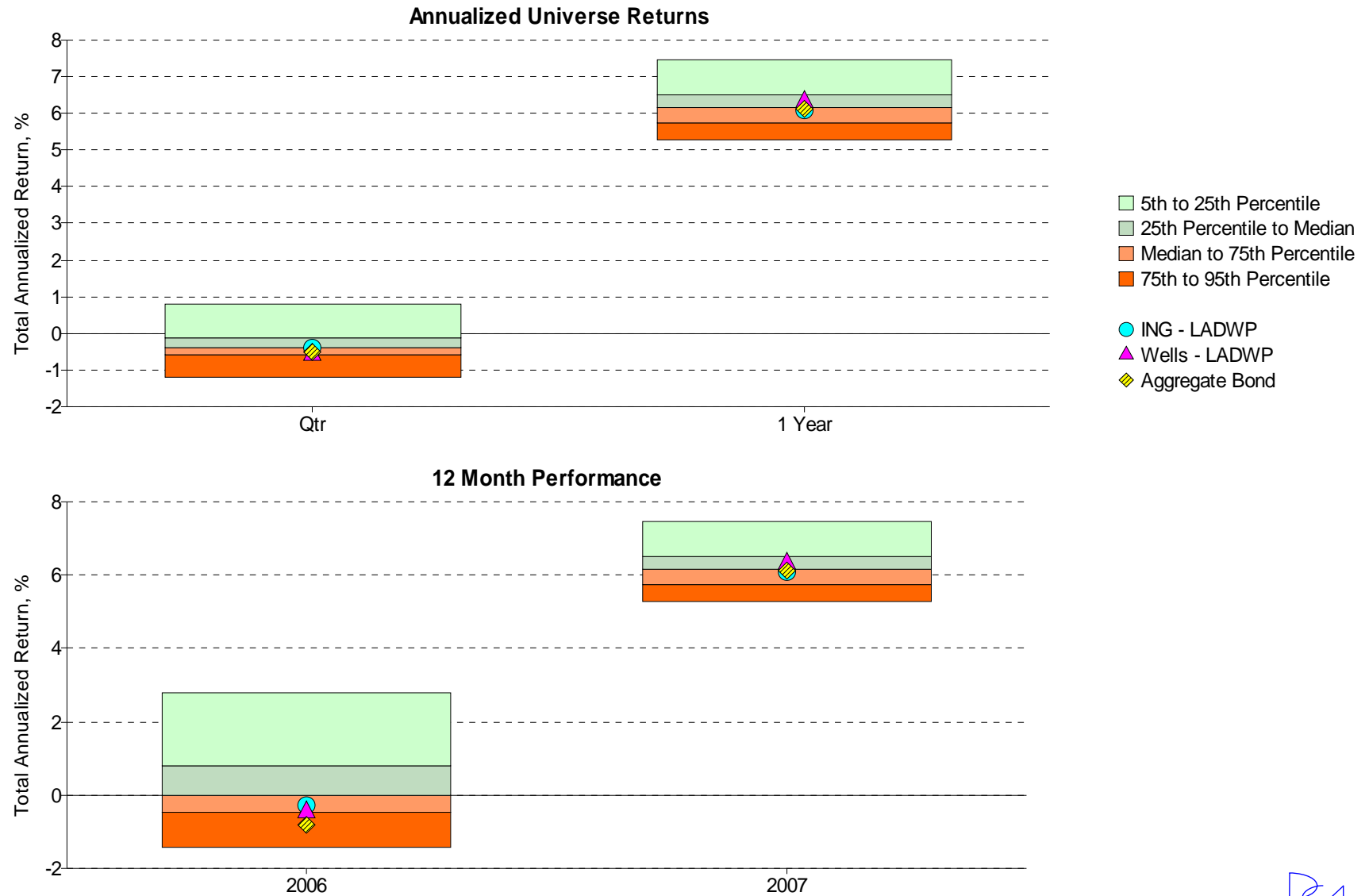
LADWP Fixed Income Manager Comparisons as of June 30, 2007



	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
ING - LADWP	6.10	2.75	2.22
Wells - LADWP	6.32	3.01	2.10
Aggregate Bond	6.11	2.84	2.15
U.S. Fixed Income Universe Median	6.15	2.70	2.36

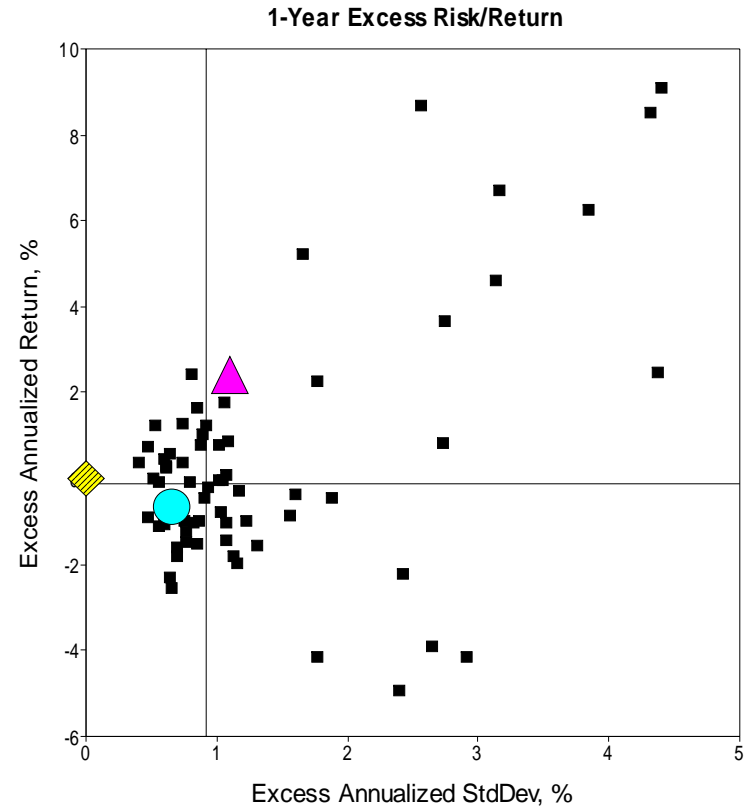
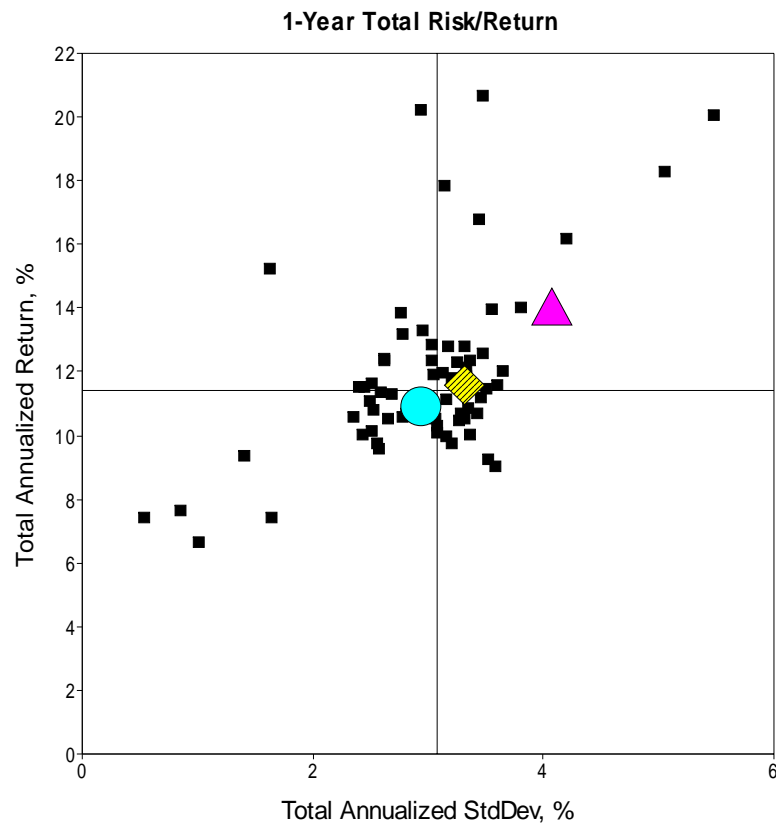
	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
ING - LADWP	0.00	0.34	-0.01
Wells - LADWP	0.22	0.21	1.03
Aggregate Bond	0.00	0.00	NA
U.S. Fixed Income Universe Median	0.05	0.55	0.07

LADWP Fixed Income Manager Comparisons as of June 30, 2007



BA

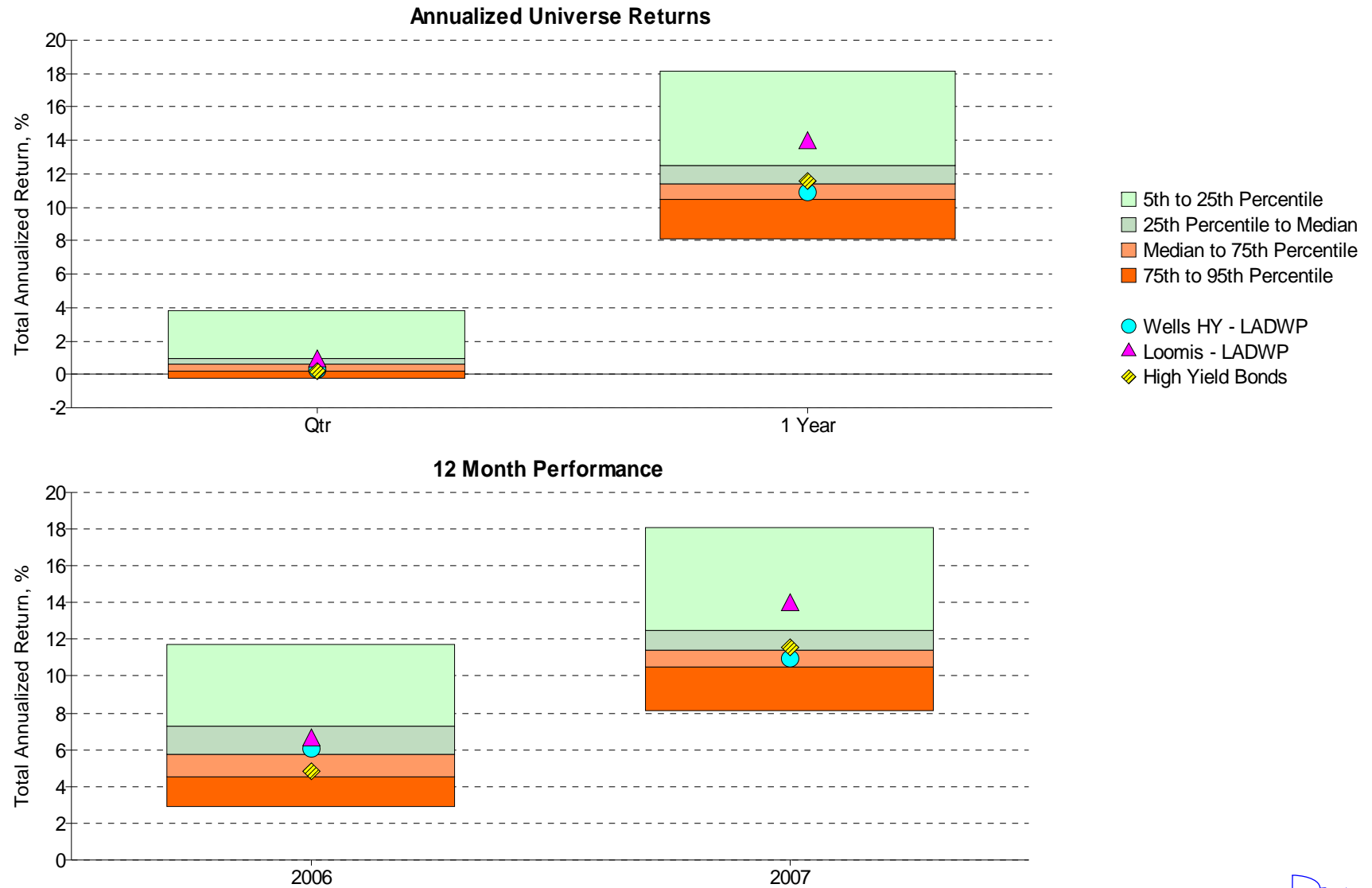
LADWP High Yield Manager Comparisons as of June 30, 2007



	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Wells HY - LADWP	10.93	2.93	3.72
Loomis - LADWP	13.84	4.07	3.40
High Yield Bonds	11.56	3.31	3.49
U.S. High Yield Universe Median	11.42	3.08	3.82

	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
Wells HY - LADWP	-0.63	0.65	-0.97
Loomis - LADWP	2.28	1.10	2.06
High Yield Bonds	0.00	0.00	NA
U.S. High Yield Universe Median	-0.14	0.92	-0.17

LADWP High Yield Manager Comparisons as of June 30, 2007



Appendix

Quarterly Report

Managers Probationary Criteria As of June 30, 2007

Asset Class	Short-term (Rolling 12 mth periods)	Medium-term (Rolling 36 mth periods)	Long-term
Active Domestic Equity	Portfolio Return < Benchmark Return – 3.0% ¹ in any quarter	Portfolio Annlzd. Return ² < Benchmark Annlzd. Return – 1.5% for 2 consecutive qtrs.	VRR ³ < 0.98 for 2 consecutive quarters
Passive Domestic Equity	Tracking Error ⁴ > 0.35% in any quarter	Tracking Error > 0.20% for 2 consecutive qtrs.	Portfolio Annlzd. Return < Benchmark Annlzd. Return – 0.10% for 2 consecutive qtrs.
Active International Equity	Portfolio Return < Benchmark Return – 4.5% in any quarter	Portfolio Annlzd. Return < Benchmark Annlzd. Return – 2.5% for 2 consecutive qtrs.	VRR < 0.98 for 2 consecutive qtrs.
Active Fixed Income	Portfolio Return < Benchmark Return – 1.0% in any quarter	Portfolio Annlzd. Return < Benchmark Annlzd. Return – 0.6% for 2 consecutive qtrs.	VRR < 0.99 for 2 consecutive qtrs.

*Two (2) consecutive quarters is defined as six (6) months in a row; does not necessarily correspond to calendar quarter-end dates

**See Addendum in Statement of Investment Policy for specific benchmark information

¹ Return discounts from a benchmark return based on 2/3 of the typical tracking error estimates of the specified type of portfolio.

² Annualized Return is the average annual return of either the portfolio or its benchmark.

³ VRR – Value Relative Ratio – is calculated as: Portfolio Cumulative Return Relative / Benchmark Cumulative Return Relative.

⁴ Tracking error is a measure of the volatility of the average annual difference between the portfolio's return and the benchmark's return.

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Summary of Portfolio Transitions

Manager	Mandate	Funded	Terminated
2003			
Merrill Lynch	Passive Core	3Q 2003	
Northern Trust	Passive Core	3Q 2003	1Q 2005
2004			
Fred Alger	Large Cap Growth	1Q 2004	---
Intech	Large Cap Growth	1Q 2004	---
MFS	Large Cap Value	1Q 2004	---
T. Rowe Price	Large Cap Value	3Q 2004	---
Invesco	International	2Q 2004	---
ING/Aeltus	Core Fixed Income	3Q 2004	---
Wells Capital	Core Fixed Income	3Q 2004	---
Bank of New York	Small Cap Growth	4Q 2004	---
Earnest Partners	Small Cap Value	4Q 2004	---
Fidelity	International	4Q 2004	---
Wells Capital	High Yield	4Q 2004	---
2005			
Boston Company	International	1Q 2005	---
Loomis Sayles	High Yield	1Q 2005	---
Boston Company	Emerging Markets	1Q 2005	---
T. Rowe Price	Emerging Markets	1Q 2005	---
Boston Company	Large cap Active	---	1Q 2005
2006			
Bank of New York	Small Cap Growth	---	1Q 2006
Lexington	Private Equity	3Q2006	---
Northpointe	Small Cap Growth	3Q2006	---
Paradigm	Small Cap Growth	2Q2006	---
Landmark	Private Equity	4Q2006	---
2007			
Aetos	Small Cap Growth	1Q2007	---
PAAMCO	Private Equity	1Q2007	---

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Glossary

Definitions of Indices

Lehman Brothers Universal: includes market coverage by the Aggregate Bond Index fixed rate debt issues, which are rated investment grade or higher by Moody's Investor Services, Standard and Poor's Corporation, or Fitch Investor's Service, in that order with all issues having at least one year to maturity and an outstanding par value of at least \$100 million) and includes exposures to high yield CMBS securities. All returns are market value weighted inclusive of accrued interest.

Lehman Brothers Aggregate: an index comprised of approximately 6,000 publicly traded investment-grade bonds including U.S. Government, mortgage-backed, corporate, and yankee bonds with an approximate average maturity of 10 years.

Lehman Brothers High-Yield: an index consisting of non-investment grade domestic and yankee bonds with a minimum outstanding amount of \$100 million and maturing over one year.

MSCI ACWI xUS: MSCI ACWI (All Country World Index) Free excluding US (gross dividends): is a free-floating adjusted market capitalization index designed to measure equity performance in the global developed and emerging markets. As of April 2002, the index consisted of 49 developed and emerging market country indices.

MSCI EAFE (Europe, Australasia, Far East): is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada. As of April 2002 the index consisted of 21 developed market country indices.

MSCI EAFE plus Canada: is a free float-adjusted market capitalization index that is designed to measure developed market equity performance similar to the MSCI EAFE. This index excludes the US, but includes Canada.

MSCI EMF (Emerging Markets Free): is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. As of April 2002 the index consisted of 26 emerging market country indices.

NAREIT Index: consists of all tax-qualified REITs listed on the New York Stock Exchange, American Stock Exchange, and the NASDAQ National Market System. The data is market weighted.

NCREIF Property Index: the NPI contains investment-grade, non-agricultural, income-producing properties which may be financed in excess of 5% gross market value; were acquired on behalf of tax exempt institutions; and are held in a fiduciary

Quarterly Report

environment. Returns are gross of fees; including income, realized gains/losses, and appreciation/depreciation; and are market value weighted. Index is lagged one quarter.

Russell 1000: measures the performance of the 1,000 largest securities in the Russell 3000 Index. Russell 1000 is highly correlated with the S&P 500 Index and capitalization-weighted.

Russell 1000 Growth: measures the performance of those Russell 1000 securities with a greater-than-average growth orientation. Securities in this index tend to exhibit higher price-to-book and price-earnings ratios, lower dividend yields and higher forecasted growth values than the Value universe.

Russell 1000 Value: measures the performance of those Russell 1000 securities with a less-than-average growth orientation. Securities in this index tend to exhibit lower price-to-book and price-earnings ratios, higher dividend yields and lower forecasted growth values than the Growth universe.

Russell 2000: measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.

Russell 3000: represents the largest 3,000 US companies based on total market capitalization, representing approximately 98% of the investable US equity market.

Salomon 3-Month Treasury Bills (T-bills): an average of the last three 3-month treasury bill issues monthly return equivalents of yield averages, which are not marked to market.

Salomon Brothers World Government Bond Index (SBWGB): a market-capitalization weighted benchmark that tracks the performance of the 14 Government bonds markets of Australia, Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, the Netherlands, Spain, Sweden, the United Kingdom, and the United States.

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LADWP Asset Class Benchmarks

Retirement Total Plan = 35% Lehman Universal, 40% Russell 3000, 15% MSCI ACWI ex U.S., 4% NCREIF, 3.4% Cambridge U.S. Private Equity Lag, 0.6% Cambridge U.S. Venture Capital, 1% T Bill, 1% Tbills +3% as of 3/1/07

US Equity = Russell 3000 Index as of 4/1/03, S & P 500 thru 3/31/03

Non-US Equity = MSCI ACWI ex U.S.

Total Fixed Income = Lehman Brothers Universal Index

Alternatives = 3.4% Cambridge U.S. Private Equity; 0.6% Cambridge U.S. Venture; 1% Tbills + 3% as of 3/1/07
4.25% Cambridge U.S. Private Equity, 0.75% Cambridge U.S. Venture 1/1/07 – 2/28/07

Real Estate = NCREIF

Cash = Citigroup 3-Month Tbills

Benchmarks used in Market Overview

US Equity = Russell 3000 Index

Non-US Equity = MSCI EAFE

Real Estate = NCREIF

Public Real Estate = Wilshire REIT

US Debt = Lehman Brothers Universal Index

Domestic Large Cap = Russell 1000

Domestic Small Cap = Russell 2000

Growth = Russell 3000 Growth Index

Value = Russell 3000 Value Index

Pacific = MSCI Pacific

Europe = MSCI Europe

Emerging = MSCI Emerging Markets Free

Private Real Estate = NCREIF Index

Credit = Lehman Brother U.S. Credit Index

Government = Lehman Brothers Government Index

Mortgage = Lehman Brothers Mortgage Index

High Yield = Lehman Brothers High Yield Index