



P e n s i o n   C o n s u l t i n g   A l l i a n c e ,   I n c .

Los Angeles • Portland • New York • [www.pensionconsulting.com](http://www.pensionconsulting.com)

## **Water and Power Employees' Retirement Plan Investment Portfolio:**

### **Quarterly Report Executive Summary**

**June 30, 2008**

This report is solely for the use of client personnel. No part of it may be circulated, quoted, or reproduced for distribution outside the client organization without prior written approval from Pension Consulting Alliance, Inc.

Nothing herein is intended to serve as investment advice, a recommendation of any particular investment or type of investment, a suggestion of the merits of purchasing or selling securities, or an invitation or inducement to engage in investment activity.

## Table of Contents

<u>Section</u>	<u>Tab</u>
Retirement Portfolio Summary	A
Economic Overview	B
Retirement Portfolio Review	C
Health, Disability, and Death Portfolio Review	D
Manager Watch List	E
Individual Manager Performance	F
	Appendix

## RETIREMENT PORTFOLIO SUMMARY

As of June 30, 2008, the WPERP Total Retirement Portfolio had an aggregate value of \$6.9 billion. This represents a (\$94.4) million decline in value over the last quarter. During the previous one-year period, the WPERP total portfolio decreased by (\$503.1) million.

### Asset Allocation Trends

As of June 30, 2008, the portfolio has a 59% allocation in Equities, 36% in Fixed Income, 2% in Alternatives, and 2% in both Real Estate and Cash. The WPERP board approved new asset allocation targets earlier in the quarter, which are set to be implemented during the fourth quarter of 2008.

### Recent Investment Performance Trends

During the most recent quarter, the WPERP total portfolio outperformed its policy benchmark by 20 basis points, gross of fees. The portfolio has trailed its policy benchmark over all extended time periods. Underperformance during the longer-term periods can be attributed to poor relative performance from the Plan's International Equity portfolio as well as differences in asset allocation versus the median fund. On a positive note, for the latest fiscal year, the portfolio finished above-median versus a universe of other public fund peers. Over the latest five years, the portfolio just slightly underperformed its assumed actuarial interest rate.

#### Recent Investment Performance Total Retirement

	Quarter	1 Year	3 Year	5 Year	10 Year
Total Portfolio*	-0.7	-4.3	6.7	7.9	5.4
Policy Benchmark	-0.9	-2.8	7.2	9.0	5.7
<b>Excess Return</b>	<b>0.2</b>	<b>-1.5</b>	<b>-0.5</b>	<b>-1.1</b>	<b>-0.3</b>
Reference: Median Fund**	-0.7	-4.4	8.2	10.3	6.5
Reference: Net of Fees***	-0.8	-4.6	6.5	7.7	5.2

\*Gross of Fees

\*\*Mellon Total Funds Public Universe

\*\*\*Net of Fee returns are estimated based on existing WPERP manager fee schedule.

## Economic Review

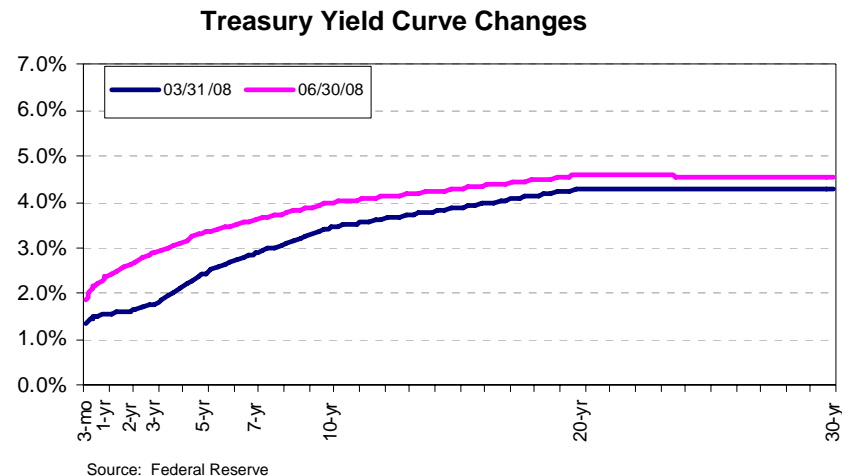
**Economic Growth** – The U.S. economy increased at an annual growth rate of 1.9% during the second quarter of 2008. The increase in real GDP reflects an increase in exports, as well as a smaller decrease in residential fixed investment, and an acceleration in Personal Consumer Expenditures that were partly offset by a larger decrease in inventory investment.

**Inflation** – On a seasonally adjusted basis, the Consumer Price Index (“CPI”) increased 1.1% in June, resulting in a compounded annual rate (using the latest 3-month data ending June 30, 2008) of 7.9%. In comparison, the compounded annual rate during the second quarter of 2007 was 5.2%.

**U.S. Dollar** – During the second quarter of 2008, the Yen depreciated 6.50% against the dollar, and the Euro depreciated 0.57% versus the dollar, while the Canadian Dollar appreciated 1.12% against the U.S. Dollar.<sup>1</sup>

**Unemployment** – The domestic unemployment rate was 5.5% in June, up from the previous quarter’s rate of 4.8%. Employment rose in health care, food services, and mining, while employment in manufacturing and construction, and employment services continued to decline.

**Domestic Interest Rates** – During the quarter, the U.S. Treasury curve slightly flattened as short-term yields increased. At the June 25, 2008 meeting, the Federal Reserve decided to keep its target for the federal funds rate at 2.00%, down from 2.25% in March, after a 25 basis point cut in April. According to the Federal Reserve, the substantial easing of monetary policy to date, combined with ongoing measures to foster market liquidity, should help to promote moderate growth over time.



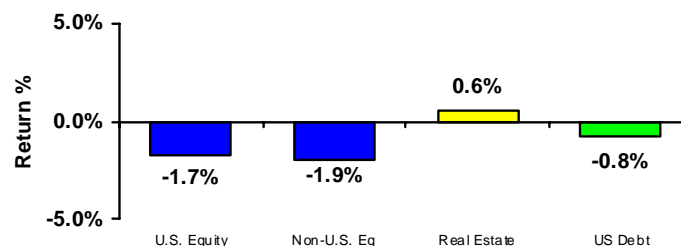
<sup>1</sup> Source: State Street Global Markets.

## Market Overview

### Capital Market Highlights<sup>1</sup> – Latest Quarter Ending June 30, 2008

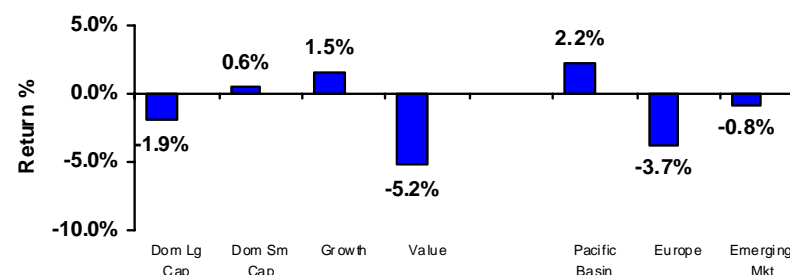
During the quarter, Equity Markets continued their decline...

- U.S. stocks fell as the S&P 500 lost ground.
- Bonds also declined sharply due to spread widening as concerns about inflation persist.
- The U.S. found some support against other currencies mid-quarter, but this reversed by quarter end with commodity prices hitting record highs.



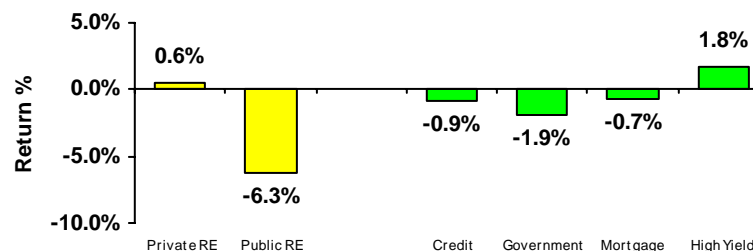
...with the European and Emerging Markets equity subcomponents declining...

- The Pacific Basin was the best performing region among the developed markets.
- The second quarter demonstrated a reversal of the previous dominance of value over growth.
- In Western Europe, inflation has hit a 15-year high.



...while High Yield Fixed Income and Private Real Estate provided some principal protection.

- Investment-grade spreads tightened for most of the quarter, but a sharp reversal occurred towards the end amid fears that high commodity prices would dampen economic recovery.
- Public real estate continued its decline as a result of the ailing mortgage market.

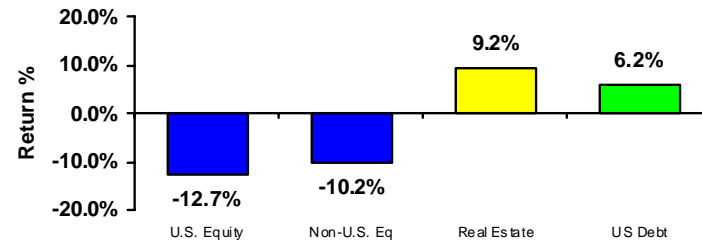


<sup>1</sup> See Appendix for benchmarks used in this section.

## Capital Market Highlights<sup>1</sup> – Latest Year Ending June 30, 2008

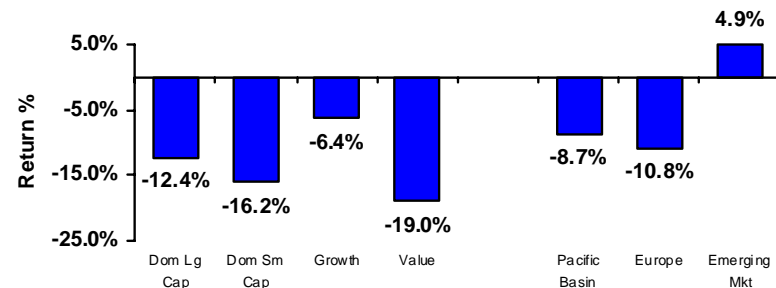
### Real Estate continued to provide positive returns...

- U.S. Debt remains nearly unchanged.
- Equities continued their decline as investors have sought protection.
- Non-U.S. Equity begins to be hit by the mortgage crisis in earnest.



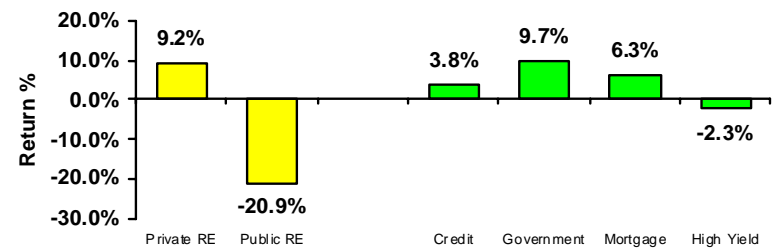
### ...with Emerging Markets surpassing the Developed Markets...

- European markets were hard-hit with inflation.
- Growth stocks greatly outperformed value partly due to the optimistic technology sector.
- Investors preferred established large cap companies over small cap companies, as depicted in returns.



### ...and private real estate provided strong returns.

- Investors preferred the safe-haven of government securities.
- Existing home sales dipped in June to an annual pace of 4.86 million, down 15.5% from the 5.75 million units sold in June 2007.
- Private real estate, which lags other markets, remained positive, while investors continued to flee public real estate.

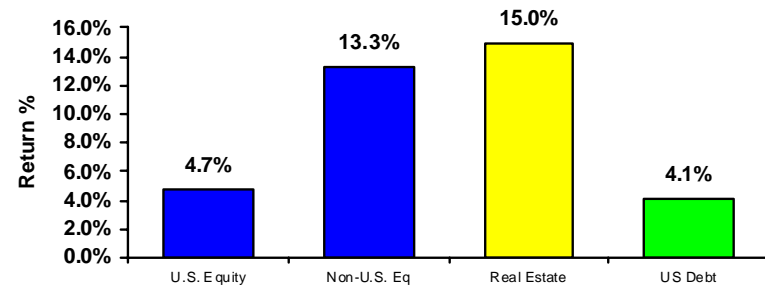


<sup>1</sup> See Appendix for benchmarks used in this section.

## Capital Market Highlights<sup>1</sup> – Latest 3 Years Ending June 30, 2008

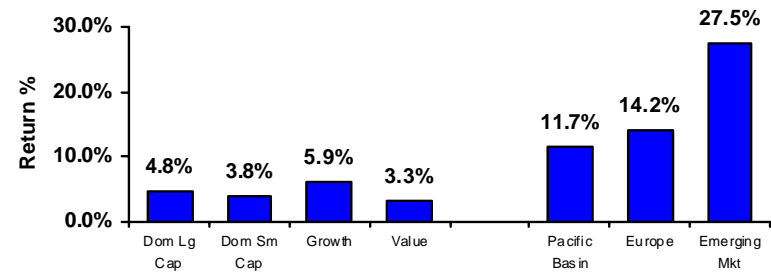
During the latest 3 years, Non-U.S. equity surpassed all other equity asset classes...

- Non-U.S. equity produced strong returns, benefiting from a declining U.S. dollar.
- Real Estate posted strong returns due to appreciation in value from prior periods.



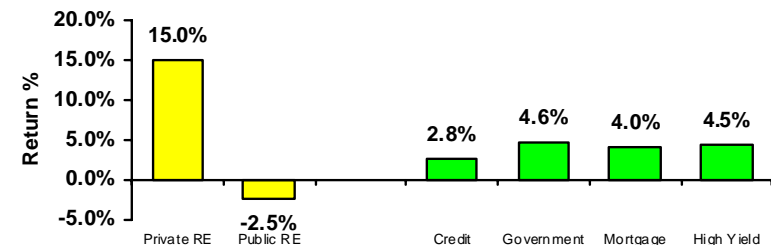
...as Emerging Markets was the highest performing equity subcomponent...

- All equity components generated modest, yet positive returns.
- U.S. large cap stocks slightly outperformed U.S. small cap.
- Growth stocks continued to outpace value.



...and private real estate produced strong returns.

- Private real estate outperformed public real estate.
- Government debt and high yield slightly outpaced all other U.S. fixed income segments.

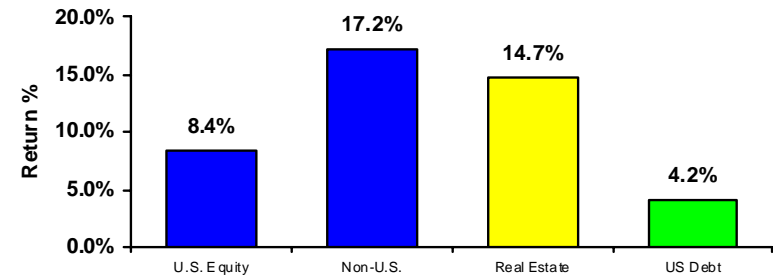


<sup>1</sup> See Appendix for benchmarks used in this section.

## Capital Market Highlights<sup>1</sup> – Latest 5 Years Ending June 30, 2008

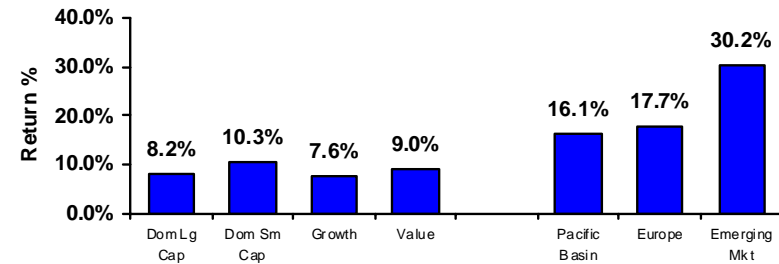
### During the latest 5 years, Non-U.S. equity generated the highest returns...

- Real Estate provided strong returns as the recent problems had not yet surfaced to affect the market.
- U.S. Equity securities produced strong long-term results, surpassing fixed income.



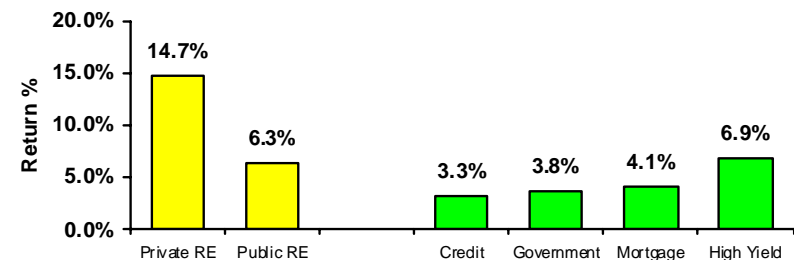
### ...with emerging markets outperforming all other equity sub-components...

- Europe and Pacific Basin Developed Markets provided strong performance, but lagged emerging markets.
- U.S. small cap and value stocks narrowly outpaced large cap and growth.



### ...and real estate produced strong results over the latest five years.

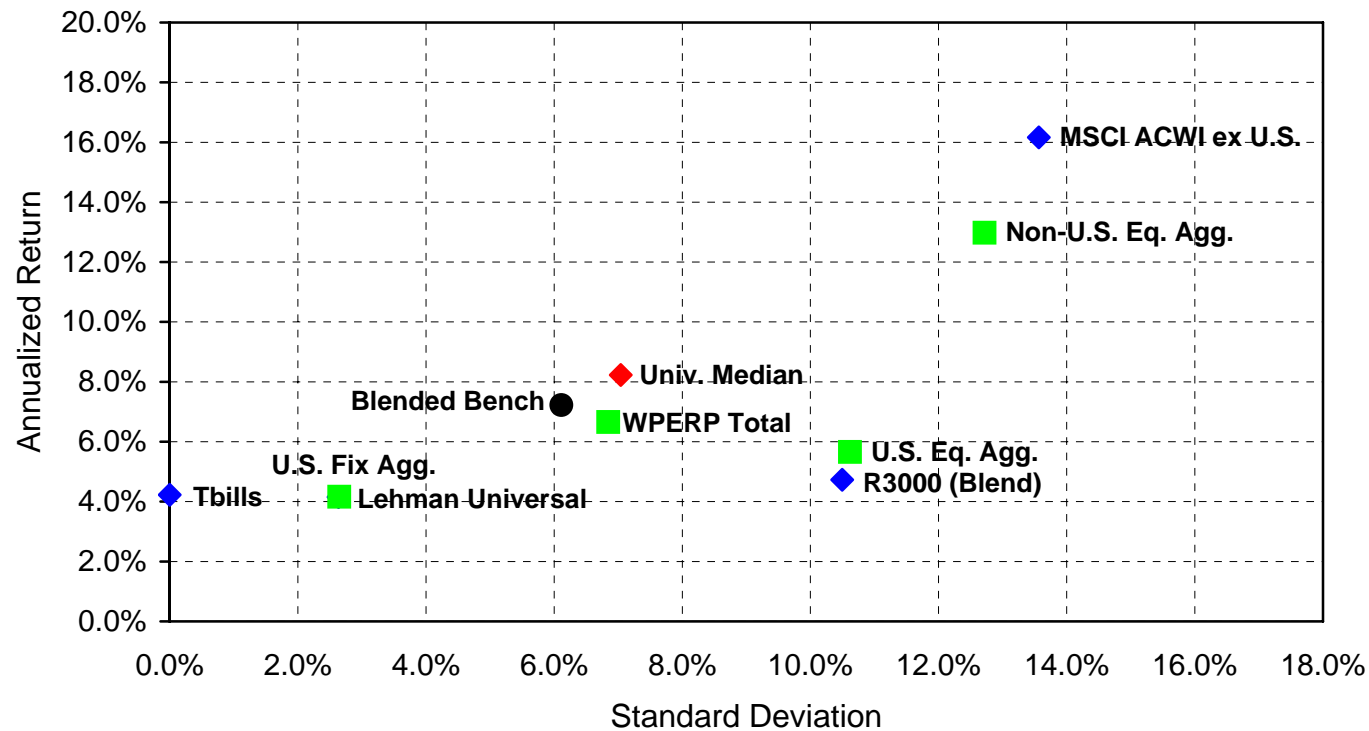
- Over this longer cycle, private real estate outpaced public.
- High yield outpaced all fixed income subcomponents over the latest 5-year period.



<sup>1</sup> See Appendix for benchmarks used in this section.

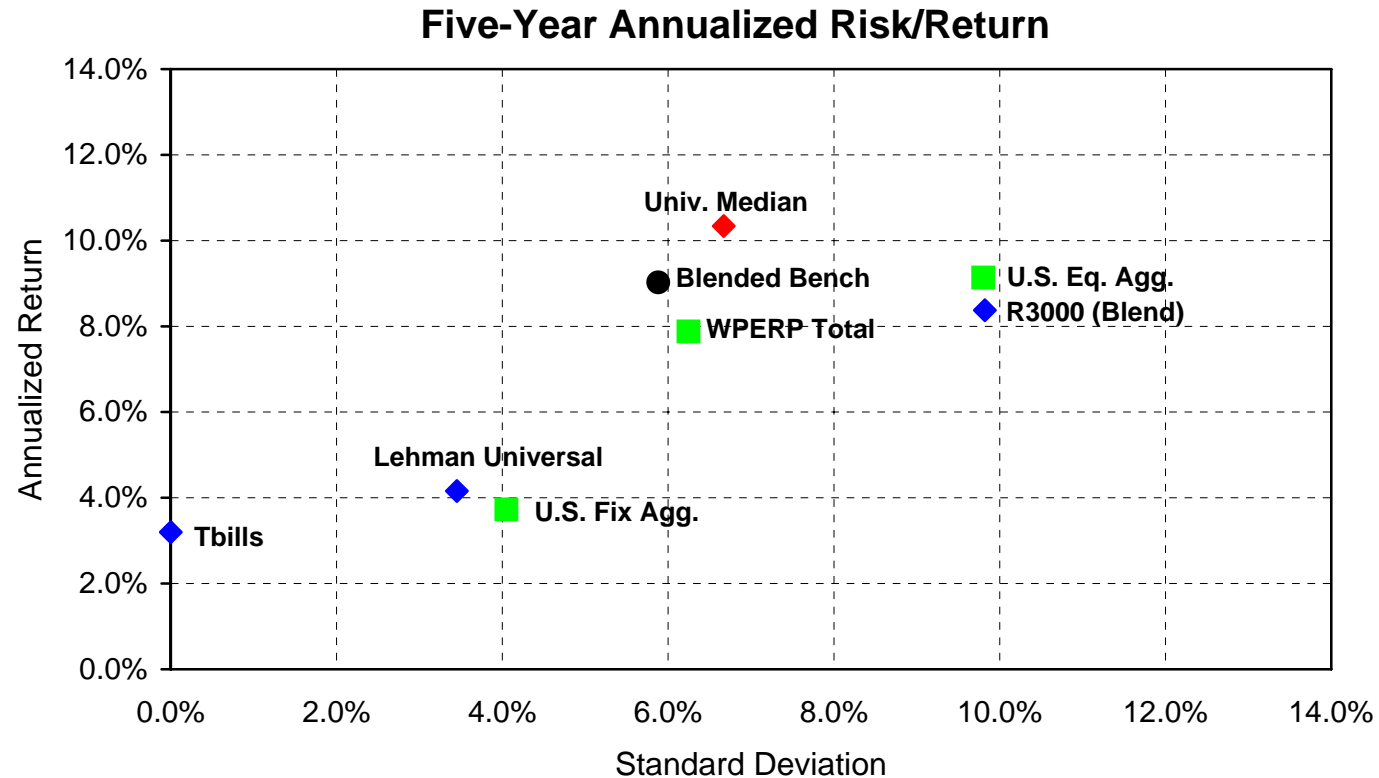
## WPERP Risk/Return Analysis Period ending June 30, 2008

### Three-Year Annualized Risk/Return



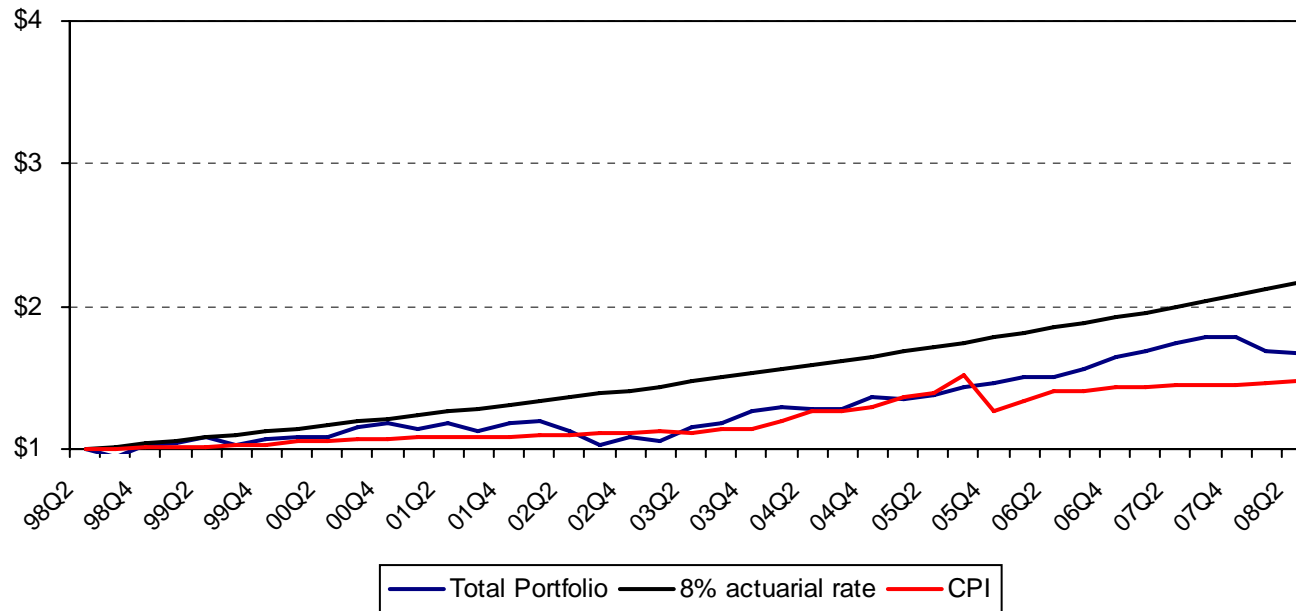
\*Median Fund in the Mellon Total Fund Public Universe.

**WPERP Risk/Return Analysis**  
**Period ending June 30, 2008**



\*Median Fund in the Mellon Total Fund Public Universe.

## Growth of a Dollar-Latest 10 Years Total Portfolio



## WPERP PORTFOLIO PERFORMANCE

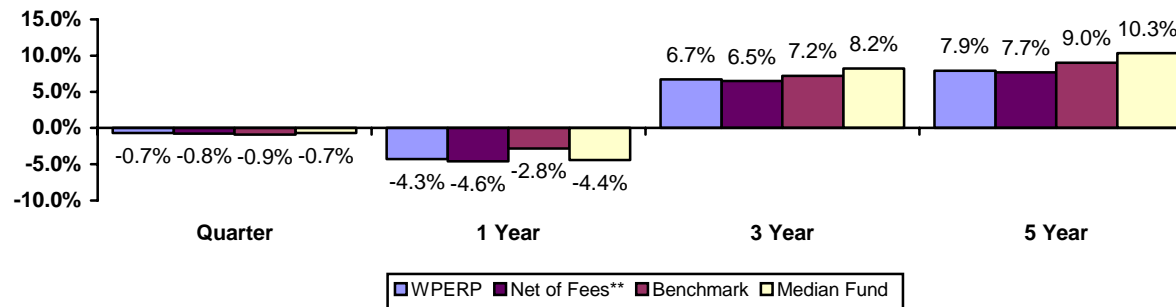
This section includes an overview of the performance of the WPERP investment portfolio and a detailed analysis of asset classes and specific mandates.

### Portfolio Performance Overview

During the latest quarter ending June 30, 2008, the WPERP total portfolio generated a return of minus (0.7%) gross of fees, outperforming the policy target benchmark<sup>1</sup> by 20 basis points and matching median fund<sup>2</sup>.

During the latest 1-year period, the WPERP portfolio trailed its policy benchmark by (1.5%) but outperformed the median fund by 10 basis points. Over the latest 3-year period, the fund underperformed its policy benchmark and the median fund by (0.5%) and (1.5%), respectively. Over the latest 5-year period, the WPERP portfolio trailed the policy benchmark average annual return by (1.1%) per year and trailed the median fund return by (2.4%) per year. Underperformance during the longer-term periods can be attributed to poor relative performance from the Plan's International Equity portfolio as well as differences in asset allocation versus the median fund.

### Periods Ending June 30, 2008 (annualized)\*



<sup>1</sup> The Portfolio Benchmark consists of 35% Lehman Universal, 40% Russell 3000, 15% MSCI ACWI ex U.S., 4% NCREIF Lag, 3.4% Cambridge U.S. Private Equity Lag, 0.60% Cambridge U.S. Venture Capital Lag, 1% T Bill, and 1% Tbills +3% Lag.

<sup>2</sup> Median Fund is the Mellon Total Public Funds Universe.

\* WPERP performance reported gross of fees.

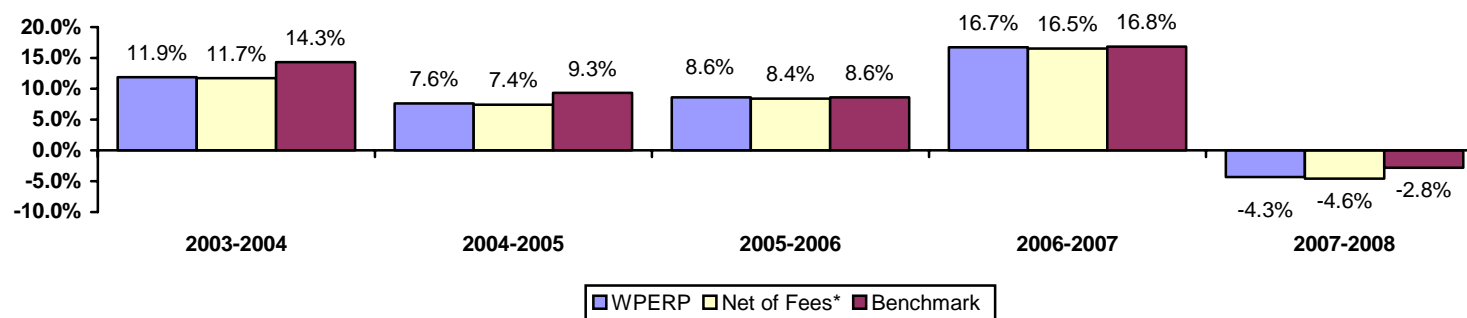
\*\*Net of Fees Performance estimated based on existing WPERP manager fee schedule.

# Quarterly Report

Q2-08

The Plan generated positive absolute performance results over four of the trailing five 12-month periods. However, the Plan underperformed its policy benchmark in four of five time periods.

## 12-month Performance – Period Ending June 30, 2008



\*Net of Fees estimated based on existing WPERP manager fee schedule

## Portfolio Valuation

As of June 30, 2008, the WPERP total portfolio had an aggregate value of \$6.9 billion. This represents a (\$94.4) million decline in value over last quarter including minus (\$49.7) million in net contributions. During the previous one-year period, the WPERP total portfolio decreased by (\$503.1) million.

## Portfolio Valuation as of June 30, 2008, Gross of Fees

	<u>2Q 2008</u>		<u>1-Year</u>		<u>3-Year</u>		<u>5-Year</u>
Beginning Market Value	\$6,996.3		\$7,405.0		\$6,180.7		\$5,563.7
Net Flow	-49.7		-184.7		-606.2		-1,235.3
<b>Investment Return in \$ (in%)</b>	<b>-44.7</b>	<b>-0.7%</b>	<b>-318.4</b>	<b>-4.3%</b>	<b>1,327.4</b>	<b>6.7%</b>	<b>2,573.4</b>
Ending Market Value	\$6,901.9		\$6,901.9		\$6,901.9		\$6,901.9

\*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

# Quarterly Report

Q2-08

## Actual vs. Target Allocations

With respect to policy targets, the portfolio ended the latest quarter **overweight International Equity, Fixed Income, and Cash**, while **underweight Domestic Equity, Alternatives, and Real Estate**. The public equity overweights directly offset the underweights in the difficult-to-fund Real Estate and Private Equity asset classes. Target allocations recently adopted by the Board will be reflected starting 10/1/2008.

### As of June 30, 2008

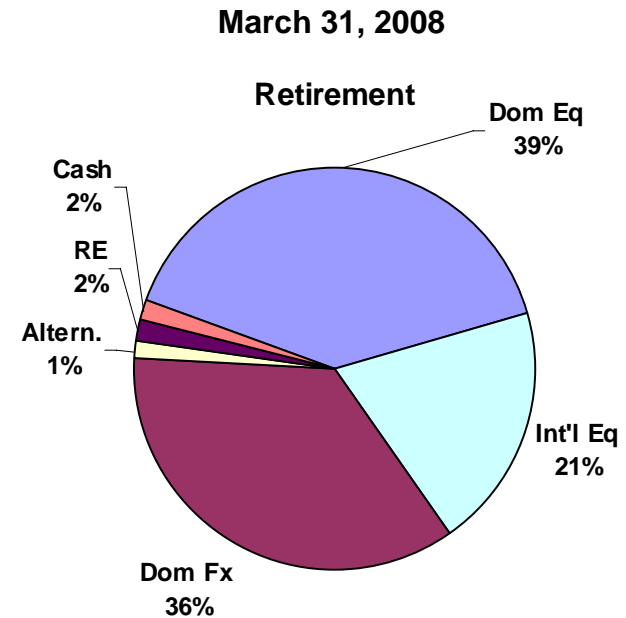
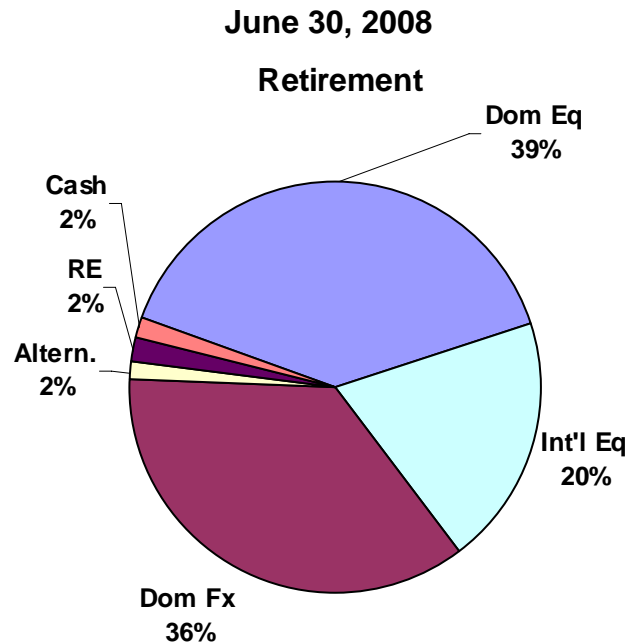
Segment	Actual (\$MM)	Actual %	Target* %	Variance
Total Portfolio	7,679	100	100	---
Total Retirement**	6,902	100	100	0
Domestic Equity	2,724	39	40	-1
International Equity	1,355	20	15	5
Fixed Income	2,463	36	35	1
Alternatives	112	2	5	-3
Hedge F of F	70	1	1	0
Private Equity	42	1	4	-3
Real Estate	120	2	4	-2
Cash	121	2	1	1
Health Plan	720	100	100	0
Domestic Equity	408	57	60	-3
Domestic Fixed	311	43	40	3
Cash/Short Term	0	0	0	0
Death Benefit	24	100	100	0
Domestic Fixed	22	93	96	-3
Cash/Short Term	2	7	4	3
Disability	33	100	100	0
Domestic Fixed	30	92	95	-3
Cash/Short Term	3	8	5	3

\*2008 asset allocation policy targets.

\*\* Including \$5.5 million in transition assets.

## Actual Asset Allocation Comparison – Retirement Portfolio

As of June 30, 2008, the portfolio has a 59% allocation in Equities, 36% in Fixed Income, 2% in Alternatives, and 2% in both Real Estate and Cash.

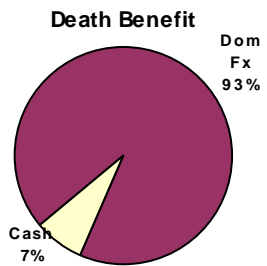


# Quarterly Report

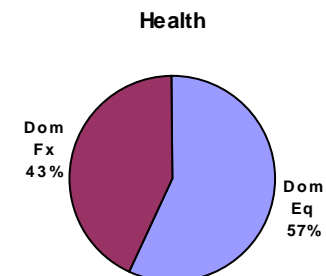
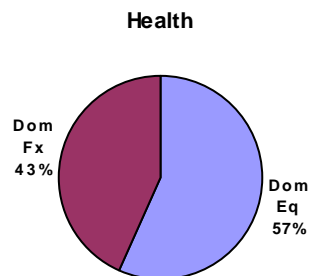
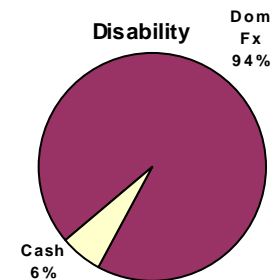
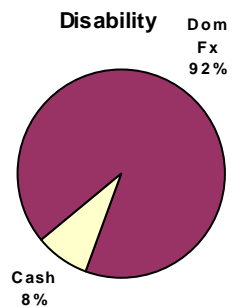
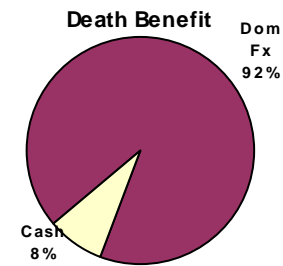
Q2-08

## Actual Asset Allocation Comparison – Death, Disability, Health Portfolios

June 30, 2008



March 31, 2007



## Asset Class Performance

The **Domestic Equity** asset class outperformed the policy benchmark's return during the quarter by 1.1%, with a minus (0.6%) return, as six of the Plan's eight domestic equity managers outperformed their respective benchmarks. Over the latest 1-year period, the Domestic Equity portfolio outperformed its policy benchmark by 2.3%, due primarily to relative outperformance in the Plan's large cap segment. Over the latest 3-year and 5-year periods, the portfolio surpassed its benchmark by 1.0% and 0.7%, respectively. All current managers except the small cap growth mandate outperformed their respective benchmarks during the 3-year period.

The **International Equity** portfolio underperformed its policy benchmark during the quarter by (40) basis points, returning minus (1.3%). Over the latest 1-year and 3-year periods, the International Equity portfolio trailed its policy benchmark by (3.4%) and (3.1%). Poor relative performance primarily from the Plan's developed market managers detracted from performance. The Plan is currently in the process of restructuring the International Equity portfolio, which will potentially result in a new slate of managers as well as an increased exposure to emerging markets.

During the latest quarter, the **Fixed Income** portfolio outperformed its policy benchmark by 20 basis points, with a minus (0.6%) return. Over the latest 1-year and 5-year periods, the Fixed Income portfolio trailed the policy benchmark by (70) and (50) basis points, respectively. The portfolio matched its policy benchmark during the latest 3-year period.

## Periods ending June 30, 2008

Asset Class	Quarter	1 Year	3 Year	5 Year
Total Retirement	-0.7	-4.3	6.7	7.9
<i>Policy Benchmark*</i>	-0.9	-2.8	7.2	9.0
Domestic Equity	-0.6	-10.4	5.7	9.1
<i>Russell 3000 (blend)</i>	-1.7	-12.7	4.7	8.4
International Equity	-1.3	-9.6	13.0	---
<i>MSCI ACWI ex U.S.</i>	-0.9	-6.2	16.1	---
Fixed Income	-0.6	5.5	4.2	3.7
<i>Lehman Universal</i>	-0.8	6.2	4.2	4.2
Alternatives**	-1.9	8.9	---	---
<i>Blended Benchmark**</i>	-0.6	11.5	---	---
Hedge F of F	-2.6	5.7	---	---
<i>Tbill + 3%</i>	1.5	7.3	---	---
Private Equity**	-0.5	19.4	---	---
<i>Cambridge USPE**</i>	-1.1	12.6	---	---
Real Estate**	0.8	14.1	---	---
<i>NCREIF**</i>	1.6	13.6	---	---
Cash	0.6	4.2	4.6	3.4
<i>Citigroup T-bills</i>	0.4	3.3	4.1	3.1

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

\*\*Returns are lagged one quarter.

# Quarterly Report

Q2-08

## Manager Performance

### Domestic Equity – Periods ending June 30, 2008

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception*	Inception Date**
BlackRock	1,197,156	Large Cap Core	-1.8	-12.4	4.8	---	7.7	8/2003
<i>Russell 1000 Index</i>	---	---	-1.9	-12.4	4.8	---	7.6	---
MFS	354,655	Large Cap Value	-1.0	-8.3	8.5	---	9.1	2/2004
<i>Russell 1000 Value Index</i>	---	---	-5.3	-18.8	3.5	---	5.6	---
T. Rowe Price	321,799	Large Cap Value	-3.0	-15.0	5.8	---	7.1	9/2004
<i>Russell 1000 Value Index</i>	---	---	-5.3	-18.8	3.5	---	6.0	---
Fred Alger	337,046	Large Cap Growth	2.7	-0.5	10.2	---	8.2	2/2004
Intech	305,172	Large Cap Growth	1.7	-6.7	4.8	---	5.6	2/2004
<i>Russell 1000 Growth Index</i>	---	---	1.3	-6.0	5.9	---	4.5	---
Earnest Partners	114,544	Small Cap Value	3.1	-9.1	2.9	---	5.2	11/2004
<i>Russell 2000 Value Index</i>	---	---	-3.6	-21.6	1.4	---	2.1	---
Northpointe	42,825	Small Cap Growth	2.8	-22.8	---	---	-5.9	9/2006
Paradigm	50,978	Small Cap Growth	3.8	-12.8	---	---	4.1	9/2006
<i>Russell 2000 Growth Index</i>	---	---	4.5	-10.8	---	---	3.4	---

\* Performance is calculated based on the first full month of performance since funding.

\*\* Inception date reflect the month when portfolio received initial funding.

## Latest Quarter

During the second quarter of 2008, six of WPERP's eight reporting domestic equity managers outperformed their respective benchmarks.

WPERP's passive large cap core manager, **BlackRock**, ended the quarter with a minus (1.8%) return outperforming the Russell 1000 Index by 10 basis points, which is in-line with expectations. **MFS**, one of the Plan's large cap value managers, generated a negative absolute quarterly return of minus (1.0%), but outperformed the Russell 1000 Value Index return by 4.3%. An underweight position in Financials and stock selection in Industrials and Financials were the main drivers behind excess performance. Large cap value manager **T. Rowe Price** outperformed the Russell 1000 Value Index by 2.3% with a minus (3.0%) return. Stock selection in Consumer Staples, Industrials, Business Services, and Health Care sectors contributed to relative outperformance. **Fred Alger**, one of the Plan's large cap growth managers, completed the quarter with a 2.7% return besting the Russell 1000 Growth Index return by 1.4%. Sector performance in Energy, Industrials, and Financials benefited performance. **Intech**, the Plan's other large cap growth manager, outperformed the Russell 1000 Growth Index by 40 basis points with a 1.7% quarterly return. **Earnest Partners**, WPERP's small cap

value manager ended the quarter with a 3.1% return, surpassing the Russell 2000 Value Index by 6.7%. Stock selection across the portfolio drove the outperformance, with Energy stock providing the strongest performance. **Northpointe**, one of the Plan's small cap growth managers, finished the quarter with a 2.8% return, underperforming the Russell 2000 Growth Index by (1.7%). The portfolio's underweight position in Energy was the main detractor from performance. **Paradigm** completed the quarter returning 3.8%, trailing the Russell 2000 Growth Index by (70) basis points.

## Latest Year

During the latest 12-month period, **BlackRock** matched its benchmark with a minus (12.4%) return. **MFS** finished the latest 12-month period with a minus (8.3%) return and outperformed the Russell 1000 Value Index's return by 10.5%. Stock selection in Financials, Industrials, Technology, and Energy benefited performance. **T. Rowe Price** posted a minus (15.0%) return and outperformed the Russell 1000 Value Index's return by 3.8%. An underweight position and stock selection within Financials added to performance. **Fred Alger** posted a minus (0.5%) return, outperforming the Russell 1000 Growth Index return by 5.5%. Stock selection in Energy, Consumer Discretionary, Health Care, and Financials benefited performance. **Intech** completed the latest 12-month period returning minus (6.7%) trailing the Russell 1000 Growth Index return by (70) basis points. **Earnest Partners** completed the latest 12-month period with a minus (9.1%) return and surpassed the Russell 2000 Value Index return by 12.5%. Strong stock selection in Energy helped to drive performance. **Northpointe** finished the latest 12-month period returning minus (22.8%), underperforming the Russell 2000 Growth Index by (12.0%) due primarily to poor stock selection. **Paradigm** underperformed the Russell 2000 Growth Index by (2.0%) with a minus (12.8%) return. The portfolio's stock selection in Consumer Staples, Industrials, and Health Care detracted from performance.

## Latest Three Years

During the latest 36-month period, **BlackRock** performed within tracking expectations with a 4.8% return, matching its benchmark. **MFS** finished the latest 36-month period surpassing the Russell 1000 Value Index return by 5.0% with an 8.5% return. Stock selection in Financials, Industrials, Consumer Staples, and Technology benefited performance. **T. Rowe Price** posted a 5.8% return outperforming the Russell 1000 Value Index's return by 2.3%. Positive stock selection within Financials benefited performance. **Fred Alger** posted a 10.2% return outperforming the Russell 1000 Growth Index return by 4.3%. Stock selection in Information Technology, Financials, Industrials, and Energy benefited performance. **Intech** completed the most recent 36-month period with a 4.8% return, underperforming the Russell 1000 Growth Index by (1.1%). The portfolio's sector weightings trended negatively in comparison to its benchmark. **Earnest Partners'** latest 3-year return of 2.9% outperformed its benchmark target by 1.5%. Stock selection in Energy and Industrials added to performance.

# Quarterly Report

Q2-08

## International Equity – Periods ending June 30, 2008

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception*	Inception Date**
Invesco	422,013	Developed Markets	-2.3	-13.5	10.7	---	11.1	6/2004
<i>EAFE + Canada ND Index</i>	---	---	-1.2	-8.8	13.7	---	13.9	---
The Boston Company	328,131	Developed Markets	-1.9	-15.3	8.6	---	7.2	3/2005
<i>EAFE + Canada ND Index (blend)</i>	---	---	-1.2	-8.8	14.3	---	12.8	---
Pyramis	419,606	Developed Markets	0.5	-5.0	14.6	---	13.2	11/2004
<i>EAFE ND Index</i>	---	---	-2.3	-10.6	12.8	---	11.6	---
The Boston Company	89,490	Emerging Markets	-2.0	-0.7	22.2	---	22.1	3/2005
T. Rowe Price	96,059	Emerging Markets	-1.9	5.1	29.2	---	29.1	3/2005
<i>MSCI EMF Index</i>	---	---	-0.8	4.9	27.5	---	26.8	---

\* Performance is calculated based on the first full month of performance since funding.

\*\* Inception date reflect the month when portfolio received initial funding.

### Latest Quarter

During the second quarter of 2008, only one of WPERP's five reporting international equity managers outperformed their respective benchmark.

**Invesco**, WPERP's active core international manager, generated a negative absolute quarterly return of minus (2.3%), underperforming the MSCI EAFE + Canada ND return by (1.1%). Underweight positions in Materials and the Canadian Market, and stock selection in Consumer Discretionary detracted from performance. The Plan's active international value manager, **The Boston Company**, completed the quarter with a minus (1.9%) return, trailing the MSCI EAFE + Canada ND Index return by (70) basis points. **Pyramis**, the Plan's active international growth manager, completed the quarter with a 0.5% return besting the MSCI EAFE ND Index by 2.8%, driven primarily by stock selection in the European market. **The Boston Company**, one of WPERP's two emerging markets managers, finished the quarter with a minus (2.0%) return trailing the MSCI Emerging Markets Index by (1.2%). The lag in performance reflected the portfolio's limited exposure in mining and oil companies. **T. Rowe Price**, the Plan's other emerging markets manager, completed the quarter with a minus (1.9%) return, trailing its benchmark by (1.1%). Stock selection in India and Taiwan were the primary drivers of portfolio underperformance.

### Latest Year

**Invesco** finished its latest 12-month period with a minus (13.5%) return, trailing its benchmark by (4.7%). An underweight position in strong-performing Canada and stock selection in France contributed to performance lag with respect to the benchmark. **The Boston Company** completed the latest 12-month period trailing its benchmark by (6.5%), with a minus (15.3%) return. Stock selection within Europe was a contributing factor to the underperformance. **Pyramis** completed the latest 12-month period with a minus (5.0%) return, surpassing its benchmark by 5.6%. Stock selection benefited performance. During the latest 12-month period, **The Boston Company**

emerging markets portfolio produced a minus (0.7%) return trailing the MSCI Emerging Markets Index's return by (5.6%). The manager's value bias proved to be a detriment to portfolio returns over the most recent 1-year period. The **T. Rowe Price** portfolio generated a 5.1% return, outperforming its index return by 20 basis points.

## Latest Three Years

**Invesco** finished its latest 36-month period with a 10.7% return, trailing its benchmark by (3.7%). Stock selection in France detracted from performance. **The Boston Company** completed the latest 36-month period trailing its benchmark by (5.7%), with an 8.6% return, due primarily to poor stock selection. **Pyramis** returned 14.6%, outperforming its benchmark target by 1.8%. Stock selection benefited performance. **The Boston Company** emerging markets portfolio produced a 22.2% return but trailed the MSCI Emerging Markets Index's return by (5.3%). The manager's value bias versus its benchmark target detracted from performance. The **T. Rowe Price** portfolio generated a strong return of 29.2% and surpassed its index return by 1.7%. Strong stock selection added to portfolio performance.

# Quarterly Report

Q2-08

## Fixed Income – Periods ending June 30, 2008

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception*	Inception Date**
ING	1,086,684	Core	-1.6	4.7	3.5	---	4.3	7/2004
Wells	1,124,873	Core	-0.4	7.8	4.5	---	5.0	7/2004
<i>LB Aggregate Index</i>	---	---	-1.0	7.1	4.1	---	4.6	---
Loomis	130,586	High Yield	3.1	-2.0	5.9	---	6.4	3/2005
<i>LB High Yield Index</i>	---	---	1.8	-2.3	4.6	---	5.1	---
Wells	121,032	High Yield	2.4	-0.5	5.4	---	4.6	11/2004
<i>LB High Yield Index</i>	---	---	1.8	-2.3	4.6	---	4.5	---

\* Performance is calculated based on the first full month of performance since funding.

\*\* Inception date reflect the month when portfolio received initial funding.

### Latest Quarter

During the second quarter of 2008, three of WPERP's four fixed income managers outperformed their respective benchmarks.

**ING**, one of WPERP's two core fixed income managers, finished the quarter with a minus (1.6%) return underperforming the Lehman Aggregate Index by (60) basis points. **Wells**, the Plan's other core fixed income managers, posted a quarterly return of minus (0.4%) outperforming the Lehman Aggregate Index by 60 basis points. **Loomis Sayles**, one of the portfolio's two high yield managers, finished the quarter with a 3.1% return outperforming the Lehman High Yield Index by 1.3%. Security selection benefited performance. The other high yield manager **Wells** finished the quarter with a 2.4% return besting the Lehman High Yield Index by 60 basis points.

### Latest Year

**ING** underperformed its benchmark by (2.4%) with a 4.7% return over the latest 12-month period. The portfolio's overweight to credit and financials, as well as exposure to specific private mortgage issuers, detracted from performance. **Wells** outperformed the Lehman Aggregate Index by 70 basis points during the same period. **Loomis Sayles** generated a minus (2.0%) return over the most recent 12-month period surpassing its benchmark by 30 basis points. **Wells** High Yield finished the latest 12-month period exceeding the Lehman High Yield Index by 1.8%. Wells' outperformance during the latest one year can be attributed to positive security selection.

### Latest Three Years

**ING** trailed its benchmark target over the latest 3-year period by (60) basis points due largely to recent underperformance. **Wells** finished the latest 3-year period outperforming the Lehman Aggregate Index by 40 basis points. High Yield manager **Loomis Sayles** completed the latest 3-year period outperforming its benchmark by 1.3% due to good security selection. **Wells** High Yield posted a 5.4% return during the latest 3-year period outperforming the Lehman High Yield Index by 80 basis points.

# Quarterly Report

Q2-08

## Hedge Fund of Funds – Periods ending June 30, 2008

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception**	Inception Date***
Aetos Capital*	33,724	Hedge FoFs	-2.1	0.7	---	---	1.9	2/2007
PAAMCO*	36,853	Hedge FoFs	-3.0	10.0	---	---	10.6	2/2007
Tbills + 3 %*	---	---	1.5	7.3	---	---	7.4	---

\* Returns are lagged one quarter

\*\* Performance is calculated based on the first full month of performance since funding.

\*\*\* Inception date reflect the month when portfolio received initial funding.

### Latest Quarter

During the second quarter of 2007, WPERP's two hedge fund managers generated negative relative and absolute performance results versus their benchmark.

**Aetos**, one of WPERP's two hedge fund managers, completed the quarter with a minus (2.1%) return underperforming the Tbill+3% by (3.6%). **PAAMCO**, the Plan's other hedge fund manager, finished the quarter posting a minus (3.0%), underperforming the Tbill+3% by (4.5%).

### Latest Year

**Aetos** generated a 0.7% return underperforming its benchmark by (6.6%) over the latest 12-month period. **PAAMCO** completed the latest 12-month period outperforming its benchmark by 2.7%.

## Private Equity – Periods ending June 30, 2008

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception**	Inception Date***
Lexington Capital*	14,016	Private Equity	1.2	17.1	---	---	21.8	6/2006
Cambridge U.S. PE*	---	---	-1.1	12.6	---	---	20.1	---
Landmark Equity Partners*	17,662	Private Equity	-0.2	22.8	---	---	20.3	11/2006
Cambridge U.S. PE*	---	---	-1.1	12.6	---	---	18.6	---
HRJ Capital*	9,992	Private Equity	---	---	---	---	---	3/2008
Cambridge U.S. PE*	---	---	---	---	---	---	---	---
Fisher Lynch*	---	Private Equity	---	---	---	---	---	5/2008
Cambridge U.S. PE*	---	---	---	---	---	---	---	---

\* Returns are lagged one quarter

\*\* Performance is calculated based on the first full month of performance since funding.

\*\*\* Inception date reflect the month when portfolio received initial funding.

### Latest Quarter

During the second quarter of 2008, both of WPERP's reporting private equity managers outperformed their benchmark. WPERP also funded two new managers, **HRJ Capital** and **Fisher Lynch**, during the quarter. The managers will finish their first complete quarter by 3Q 2008. Returns for these managers are lagged one quarter and will be shown in 3Q 2008.

**Lexington Capital** generated a quarterly return of 1.2%, outperforming the Cambridge U.S. Private Equity Index return by 2.3%. **Landmark Equity Partners**, WPERP's other private equity manager, posted a minus (0.2%) return, surpassing the Cambridge U.S. Private Equity Index return by 90 basis points.

### Latest Year

Over the latest 1-year period, **Lexington Capital** generated a 17.1% return besting the Cambridge U.S. Private Equity Index by 4.5%. **Landmark Equity Partners** completed its trailing 12-month period with a strong 22.8% return outperforming its benchmark by 10.2%.

# Quarterly Report

Q2-08

## Real Estate – Periods ending June 30, 2008

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception**	Inception Date***
Prisa*	57,322	Real Estate	0.7	13.7	---	---	13.4	12/2006
NCREIF*	---	---	1.6	13.6	---	---	14.3	---
Prisa II*	11,157	Real Estate	0.2	---	---	---	5.3	6/2007
NCREIF*	---	---	1.6	---	---	---	10.2	---
JP Morgan Strategic*	51,648	Real Estate	1.0	---	---	---	3.8	10/2007
NCREIF*	---	---	1.6	---	---	---	4.9	---
CB Richard Ellis*	---	Real Estate	---	---	---	---	---	6/2008
NCREIF*	---	---	---	---	---	---	---	---

\* Returns are lagged one quarter

\*\* Performance is calculated based on the first full month of performance since funding.

\*\*\* Inception date reflect the month when portfolio received initial funding.

### Latest Quarter

During the second quarter of 2008, all three of WPERP's real estate managers generated positive absolute returns but underperformed the NCREIF Index. WPERP also funded one new manager, **CB Richard Ellis**, during the quarter. This manager will finish its first complete quarter by 3Q 2008. Returns for these managers are lagged one quarter and will be shown in 3Q 2008.

**Prisa** completed the second quarter of 2008 returning 0.7%, underperforming the NCREIF Index by (90) basis points. **Prisa II**, WPERP's other real estate manager, generated a quarterly return of 0.2% return, underperforming the NCREIF Index by (1.4%). **JP Morgan Strategic** generated a quarterly return of 1.0%, underperforming its benchmark by (60) basis points.

### Latest Year

Over the latest 1-year period, Prisa returned 13.7% besting the NCREIF index by 10 basis points.

## Health Plan Performance

The WPERP - Health portfolio ended the second quarter of 2008 with an aggregate value of approximately \$719.6 million.

### Health Plan - Periods ending June 30, 2008, Gross of Fees

Asset Class	Quarter	1 Year	3 Year	5 Year	Since Inception**	Inception Date***
Total Portfolio	-1.1	-4.4	---	---	0.0	12/2006
Policy Benchmark*	-1.4	-4.8	---	---	-0.2	---
BlackRock	-1.9	-12.4	---	---	-4.1	1/2007
R1000 Index	-1.9	-12.4	---	---	-4.1	---
Wells	-0.4	7.9	---	---	5.9	1/2007
LB Aggregate	-1.0	7.1	---	---	5.4	---

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

\*\* Performance is calculated based on the first full month of performance since funding.

\*\*\* Inception date reflect the month when portfolio received initial funding.

**Q2 2008** – During the second quarter of 2008, The Health Plan outperformed its policy benchmark return by 30 basis points. Both managers of the Health Plan either matched or beat their respective benchmarks. The benchmark portfolio consists of passively managed asset class portfolios held at the Health Plan's policy weightings. Over the latest 1-year period, the Health Plan outperformed its policy benchmark by 40 basis points.

### Health Plan – Asset Allocation as of 6/30/08

Segment	Actual \$(000)	Actual %	Target %	Variance
Total Portfolio	\$719,609	100	100	---
Domestic Equity	408,417	57	60	-3
BlackRock	408,417	57	60	-3
Fixed Income	310,726	43	40	3
Wells	310,726	43	40	3
Cash	465	0	0	0

**Asset Allocation** – The Health Plan target allocation consists of 60% domestic equity and 40% domestic fixed income. By the close of 2Q 2008, there were two managers, BlackRock and Wells. The total fund was 100% invested in these managers.

## Disability Plan Performance

The WPERP - Disability portfolio ended the second quarter of 2008 with an aggregate value of approximately \$33.1 million.

### Disability Plan - Periods ending June 30, 2008, Gross of Fees

Asset Class	Quarter	1 Year	3 Year	5 Year	Since Inception**	Inception Date***
Total Portfolio	-0.2	7.4	4.5	3.9	---	---
Policy Benchmark*	-0.9	6.9	4.0	3.8	---	---
Wells	-0.3	7.5	4.4	---	5.0	7/2004
LB Aggregate	-1.0	7.1	4.1	---	4.6	---

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

\*\* Performance is calculated based on the first full month of performance since funding.

\*\*\* Inception date reflect the month when portfolio received initial funding.

**Q2 2008** – During the second quarter of 2008, the Disability Plan posted a minus (0.2%), surpassing its policy benchmark by 70 basis points. The benchmark portfolio consists of passively managed asset class portfolios held at the Disability Plan's policy weightings.

**Longer Term** – The Disability Plan outperformed its policy benchmark over all extended time periods.

### Disability Plan – Asset Allocation as of 6/30/08

Segment	Actual \$(000)	Actual %	Target %	Variance
Total Portfolio	\$33,104	100.0	100	---
Fixed Income	30,324	92	95	-3
Wells	30,324	92	95	-3
Cash	2,780	8	5	3

**Asset Allocation** – The Disability Plan target allocation consists of 95% fixed income investments and 5% cash. By the close of 2Q 2008, there was one fixed income manager, Wells. The total fund was 92% invested in this manager.

## Death Plan Performance

The WPERP – Death portfolio ended the second quarter of 2008 with an aggregate value of approximately \$24.0 million.

### Death Plan - Periods ending June 30, 2008, Gross of Fees

Asset Class	Quarter	1 Year	3 Year	5 Year	Since Inception**	Inception Date***
Total Portfolio	-0.2	7.3	4.4	4.0	---	---
Policy Benchmark*	-1.0	7.0	4.1	3.8	---	---
Wells	-0.3	7.5	4.5	---	5.0	7/2004
LB Aggregate	-1.0	7.1	4.1	---	4.6	---

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

\*\* Performance is calculated based on the first full month of performance since funding.

\*\*\* Inception date reflect the month when portfolio received initial funding.

**Q2 2008** – During the second quarter of 2008, the Death Plan posted a minus (0.2%) return surpassing its policy benchmark by 80 basis points. The benchmark portfolio consists of passively managed asset class portfolios held at the Death Plan's policy weightings.

**Longer Terms** – The Death Plan outperformed its policy benchmark over all extended time periods.

### Death Plan – Asset Allocation as of 6/30/08

Segment	Actual \$(000)	Actual %	Target %	Variance
Total Portfolio	\$24,032	100	100	---
Fixed Income	22,256	93	96	-3
Wells	22,256	93	96	-3
Cash	1,775	7	4	3

**Asset Allocation** – The Death Benefit Plan target allocation consists of 96% fixed income investments and 4% cash. By the close of 2Q 2008, there was one fixed income manager, Wells. The total fund was 93% invested in this manager.

# Quarterly Report

Q2-08

Managers Placed on Watch Status  
Return vs. Benchmark Since Watch  
As of June 30, 2008

Portfolio	Style Group	Concern	Begin Watch Status	Performance Since Begin Watch Status					
				First Month	First 3 Months	First 6 Months	First 9 Months	First 12 Months	Since Placed on Watch*
The Boston Company	Emerging Markets	Performance	9/1/2006	1.8	13.4	16.0	30.8	36.6	17.9
MSCI Emerging Markets	Emerging Markets		---	0.8	13.5	16.7	33.4	44.0	23.2
<b>Boston Perf. Vs. Target</b>	<b>MSCI EMF</b>		---	<b>N/M</b>	<b>N/M</b>	<b>N/M</b>	<b>N/M</b>	<b>-7.4</b>	<b>-5.3</b>
Wells	Core	Organizational	4/1/2007	0.6	-0.6	2.4	5.3	7.6	5.7
LB Aggregate	Core			0.5	-0.5	2.3	5.4	7.7	5.2
<b>Wells Perf. Vs. Target</b>	<b>LB Aggregate</b>			<b>N/M</b>	<b>N/M</b>	<b>N/M</b>	<b>N/M</b>	<b>-0.1</b>	<b>0.5</b>
Wells	High Yield	Organizational	6/1/2007	-1.6	-3.2	-1.7	-4.4	-0.6	-2.0
LB High Yield	High Yield			-1.8	-4.0	-3.0	-5.3	-1.3	-3.7
<b>Wells Perf. Vs. Target</b>	<b>LB High Yield</b>			<b>N/M</b>	<b>N/M</b>	<b>N/M</b>	<b>N/M</b>	<b>0.7</b>	<b>1.7</b>
The Boston Company	Developed Markets	Organizational	9/1/2007	3.0	2.5	-8.2	-2.7	---	-11.4
EAFE + Canada ND	Developed Markets			5.7	6.0	-3.7	1.7	---	-6.2
<b>Boston Perf. Vs. Target</b>	<b>EAFE + Canada ND</b>			<b>N/M</b>	<b>N/M</b>	<b>N/M</b>	<b>N/M</b>	<b>---</b>	<b>N/M</b>
Intech	Large Growth	Performance	1/1/2008	-9.9	-12.7	-11.1	---	---	-11.1
Russell 1000 Growth	Large Growth			-7.8	-10.2	-9.1	---	---	-9.1
<b>Intech Perf. Vs. Target</b>	<b>Russell 1000 Growth</b>			<b>N/M</b>	<b>N/M</b>	<b>N/M</b>	<b>N/M</b>	<b>---</b>	<b>N/M</b>
Northpointe	Small Growth	Performance	2/1/2008	-7.0	-7.2	---	---	---	-9.7
Russell 2000 Growth	Small Growth			-3.5	0.9	---	---	---	0.3
<b>Northpointe Perf. Vs. Target</b>	<b>Russell 2000 Growth</b>			<b>N/M</b>	<b>N/M</b>	<b>N/M</b>	<b>N/M</b>	<b>---</b>	<b>N/M</b>
Invesco	Developed Markets	Performance	2/1/2008	0.0	4.8	---	---	---	-3.9
EAFE + Canada ND	Developed Markets			1.8	5.9	---	---	---	-0.8
<b>Invesco Perf. Vs. Target</b>	<b>EAFE + Canada ND</b>			<b>N/M</b>	<b>N/M</b>	<b>N/M</b>	<b>N/M</b>	<b>---</b>	<b>N/M</b>

\*Performance based on data provided by Mellon

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

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

(See next page)

**The Boston Company (Emerging Markets)** was placed on watch status on 8/2/2006 due to short-term performance. Watch status was extended on 9/19/2007.

**Wells (Core)** was placed on watch status on 3/7/2007 due to organizational changes.

**Wells (High Yield)** was placed on watch status on 5/2/2007 due to organizational changes.

**The Boston Company (International Developed)** was placed on watch status on 8/1/2007 due to organization changes.

**Intech (Large Growth)** was placed on watch status on 12/31/2007 due to short-term performance.

**Northpointe (Small Growth)** was placed on watch status on 2/1/2008 due to short-term performance.

**Invesco (International Developed)** was placed on watch status on 2/1/2008 due to short-term performance.

# Quarterly Report

Q2-08

## WPERP Estimated Performance Results Net and Gross of Fees Comparison For Quarter Ending 6/30/2008

Asset Class	Manager	Market Value \$(M)	Performance, %**		Difference	
			Net	Gross	Percentage	Market Value
Domestic Equity						
Russell 1000 Index Passive	BlackRock	1,197,155,580	-1.84%	-1.83%	-0.01%	-119,728
Large Value	MFS	354,655,457	-1.10%	-1.02%	-0.08%	-283,952
Large Value	T. Rowe Price	321,798,635	-3.10%	-3.02%	-0.08%	-257,645
Large Growth	Fred Alger	337,045,519	2.61%	2.69%	-0.08%	-269,852
Large Growth	Intech	305,171,834	1.64%	1.74%	-0.10%	-305,477
Small Value	Earnest Partners	114,544,058	2.95%	3.10%	-0.15%	-172,074
Small Growth	NorthPointe	42,825,477	2.61%	2.80%	-0.19%	-81,523
Small Growth	Paradigm	50,977,836	3.58%	3.76%	-0.18%	-91,926
		\$2,724,174,396				
International Equity						
Active Equities	Invesco	422,013,231	-2.39%	-2.28%	-0.11%	-464,726
Active Equities	The Boston Co.	328,131,195	-2.00%	-1.91%	-0.09%	-295,584
Active Equities	Pyramis	419,606,413	0.45%	0.53%	-0.08%	-335,954
Emerging Markets	T. Rowe Price	89,490,214	-2.10%	-1.86%	-0.24%	-215,293
Emerging Markets	The Boston Company	96,058,760	-2.21%	-1.98%	-0.23%	-221,444
		\$1,355,299,813				
Domestic Fixed Income						
Core	ING	1,086,684,206	-1.65%	-1.62%	-0.03%	-326,103
Core	Wells	1,124,872,825	-0.34%	-0.37%	0.03%	-337,563
High Yield	Loomis Sayles	130,586,118	2.96%	3.09%	-0.13%	-169,583
High Yield	Wells	121,032,063	2.30%	2.42%	-0.12%	-145,413
		\$2,463,175,212				
Hedge Fund of Funds						
Aetos		33,723,793	-2.10%	---	-0.19%	---
PAAMCO		36,852,764	-3.00%	---	-0.25%	---
		\$70,576,557				
Real Estate						
JP Morgan		51,647,633	1.00%	---	-0.12%	---
Prisa		57,321,544	0.70%	---	-0.21%	---
Prisa II		11,156,598	0.20%	---	-0.22%	---
		\$120,125,775				
Private Equity						
Lexington		14,016,497	1.20%	---	---	---
Landmark		17,661,867	-0.20%	---	---	---
		\$31,678,364				
Cash						
		\$113,718,834	---	0.57%	---	---
TOTAL PORTFOLIO**						
		6,890,886,089	-0.75%	-0.69%	-0.06%	-\$4,093,840
Total Fund Policy						
			---	-0.93%	---	---

\*Total portfolio fees do not include Private Equity.

\*\*Returns and market values calculated using data from Mellon and LDZ

# WPERP

## Performance Summary and Total Fund Universe Rankings as of June 30, 2008

<b>Mellon Total Funds - Public Universe</b>				
	<u>Quarter</u>	<u>1- Year</u>	<u>3-Year</u>	<u>5-Year</u>
Maximum	3.4	10.8	21.8	27.5
Percentile 25	-0.3	-2.3	10.4	12.6
Median	-0.7	-4.4	8.2	10.3
Percentile 75	-1.1	-5.6	6.6	9.0
Minimum	-2.5	-12.2	4.0	4.4
Number of Portfolios	75	71	69	62
<b>LADWP Total Fund</b>				
Return	-0.7	-4.3	6.7	7.9
Quartile Rank	2nd	2nd	3rd	4th

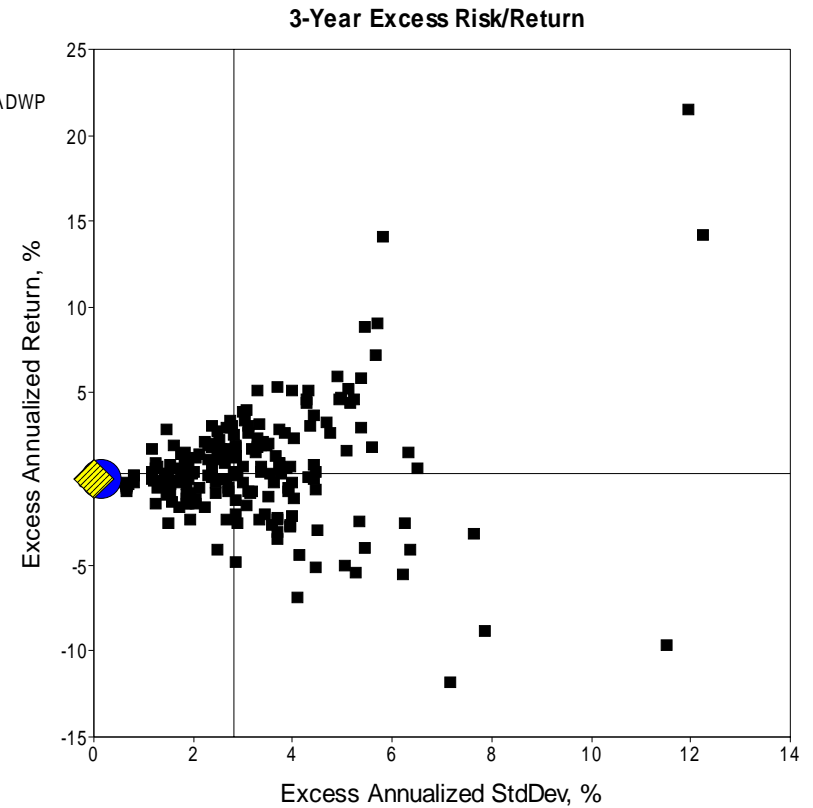
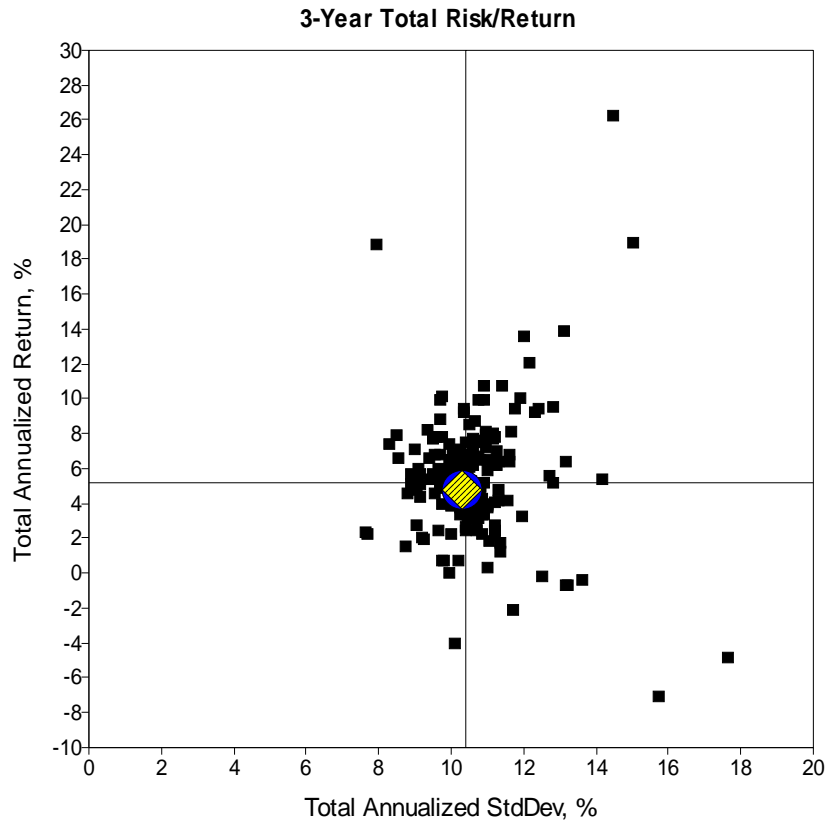
**Notes:**

Sources: Universe Information; Mellon Total Public Funds

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



# WPERP Large Cap Core Manager Comparisons as of June 30, 2008



	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
BlackRock - LADWP	4.82	10.32	0.47
Russell 1000	4.80	10.31	0.47
Large Cap Manager Universe Median	5.16	10.42	0.50

	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
BlackRock - LADWP	0.02	0.13	0.18
Russell 1000	0.00	0.00	NA
Large Cap Manager Universe Median	0.35	2.82	0.18

## Notes:

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

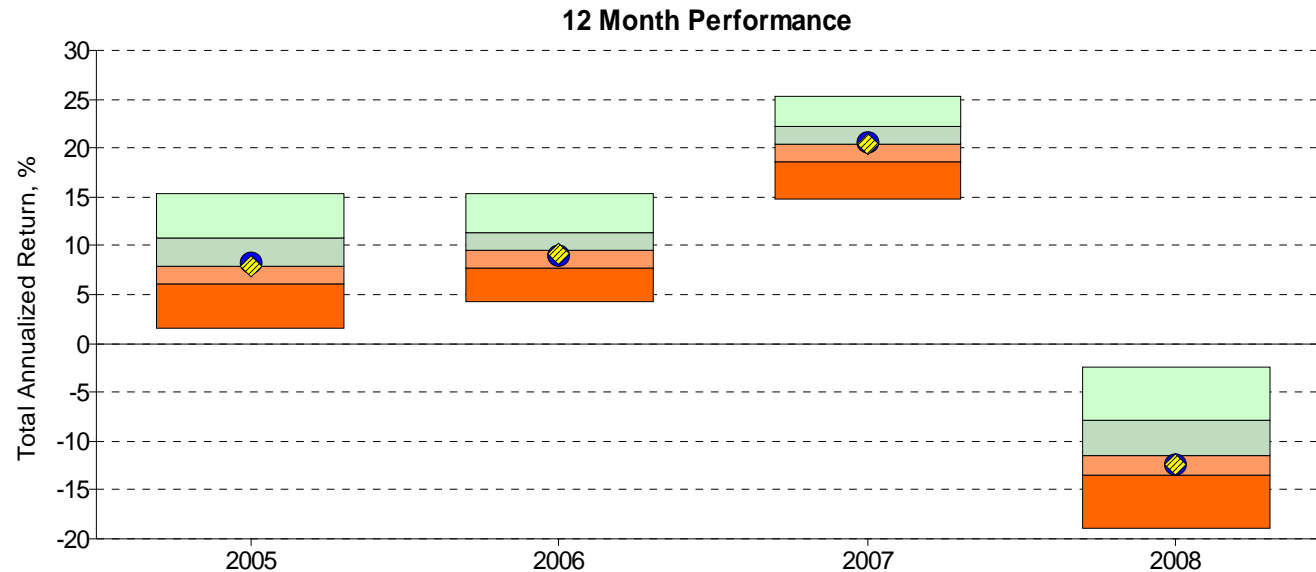
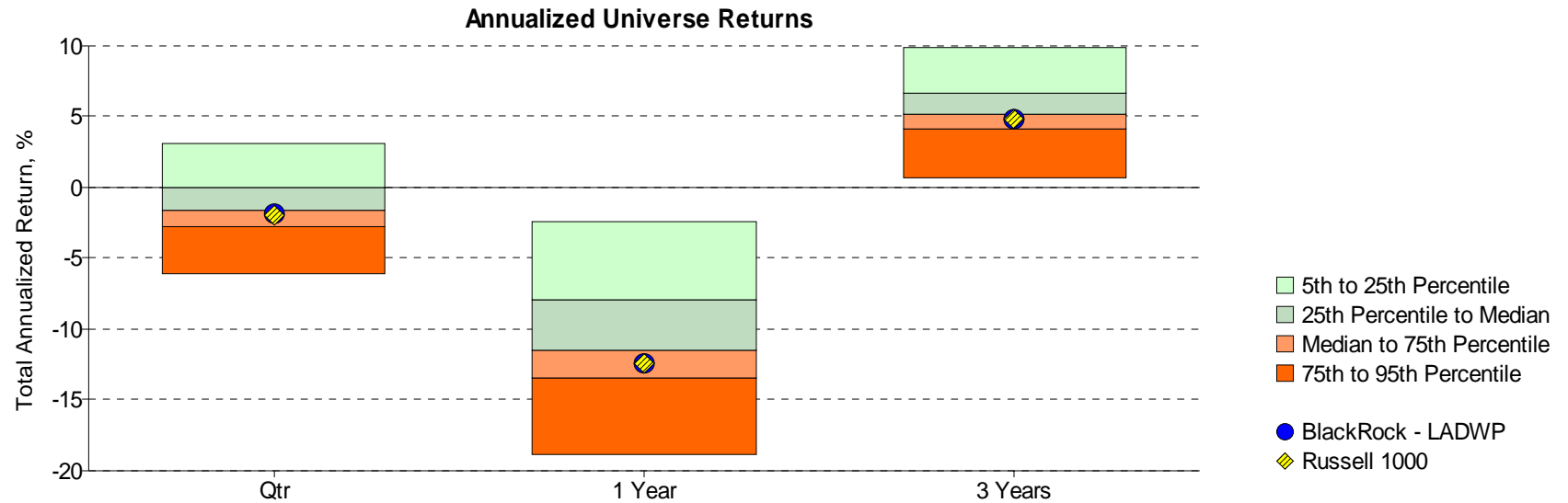
All performance is shown **gross of fees**.

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

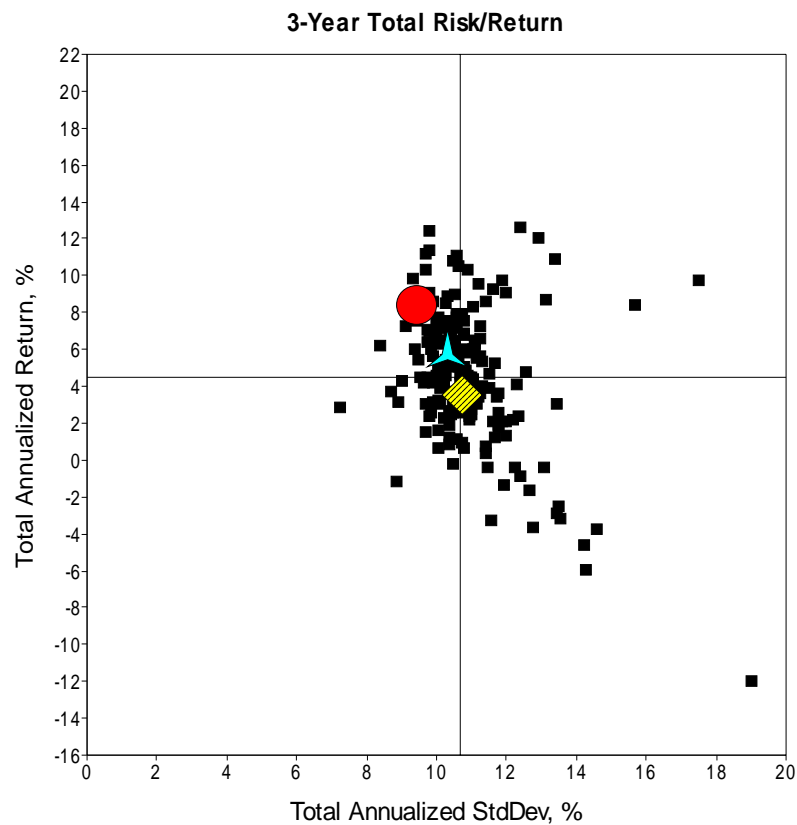
Differences due to rounding.



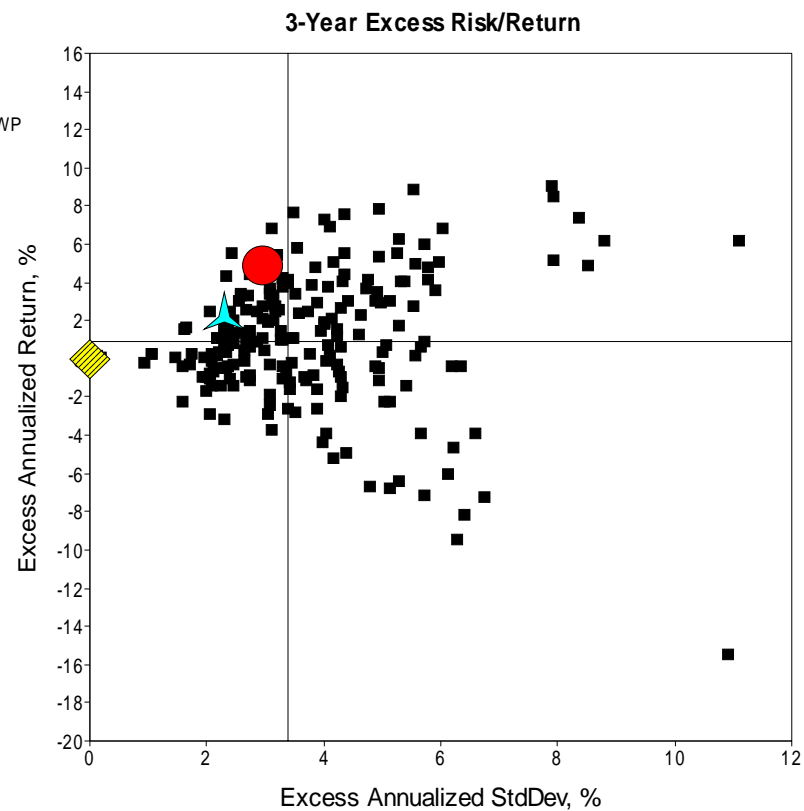
# WPERP Large Cap Core Manager Comparisons as of June 30, 2008



# WPERP Large Cap Value Manager Comparisons as of June 30, 2008



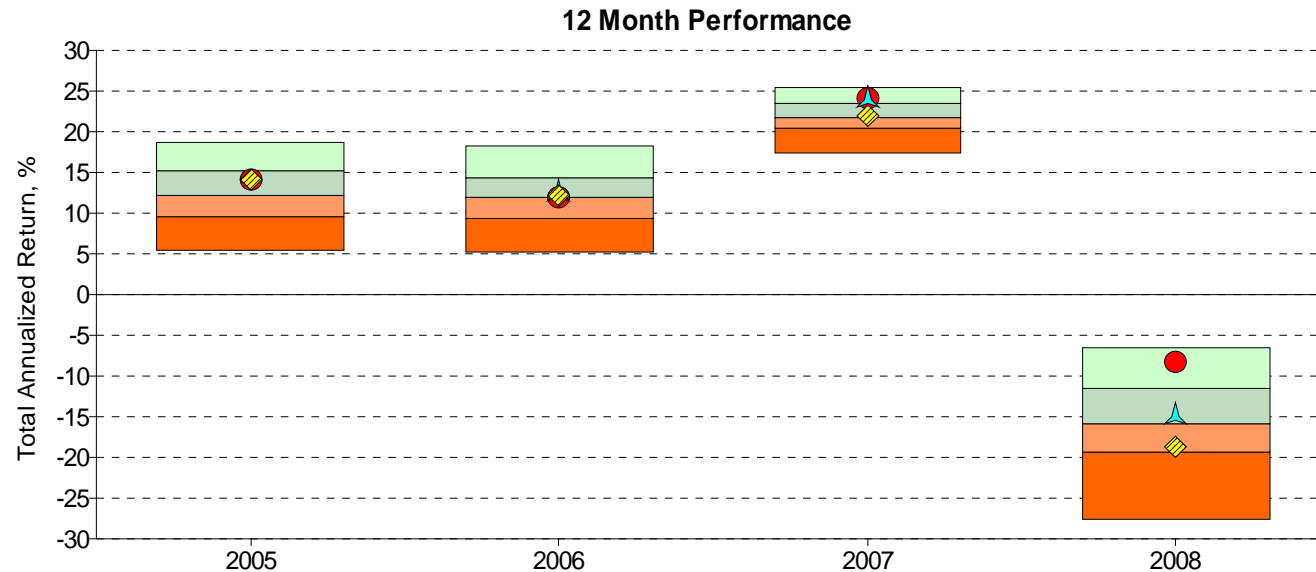
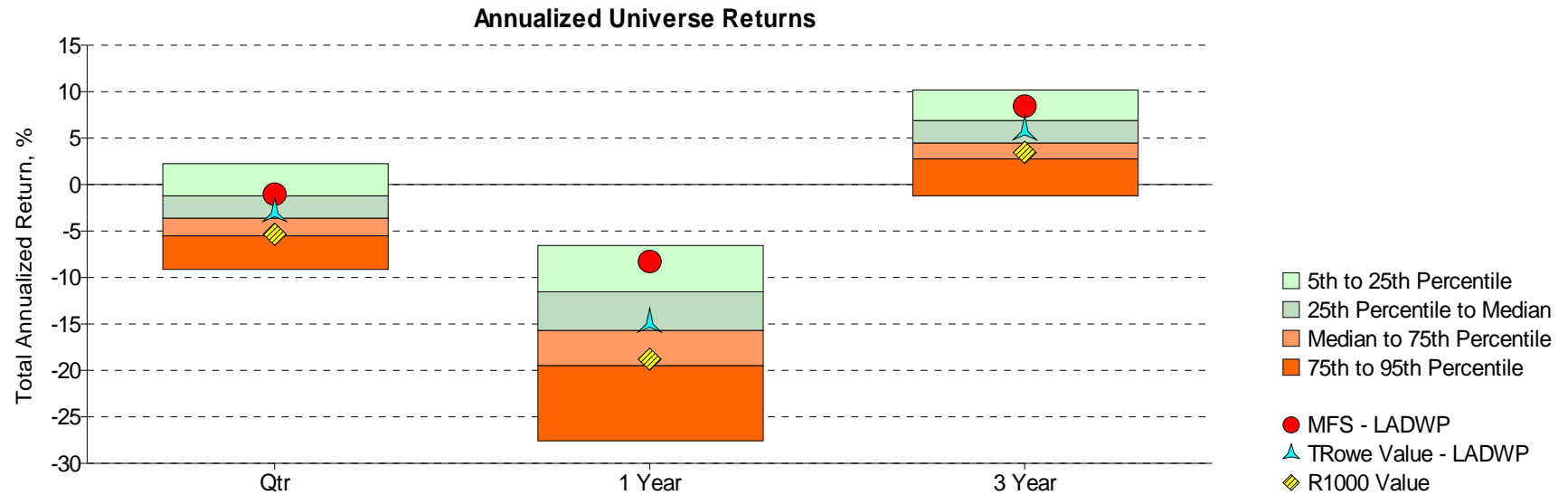
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
MFS - LADWP	8.45	9.40	0.90
TRowe Value - LADWP	5.75	10.30	0.56
R1000 Value	3.51	10.72	0.33
Large Value Manager Universe Median	4.46	10.70	0.43



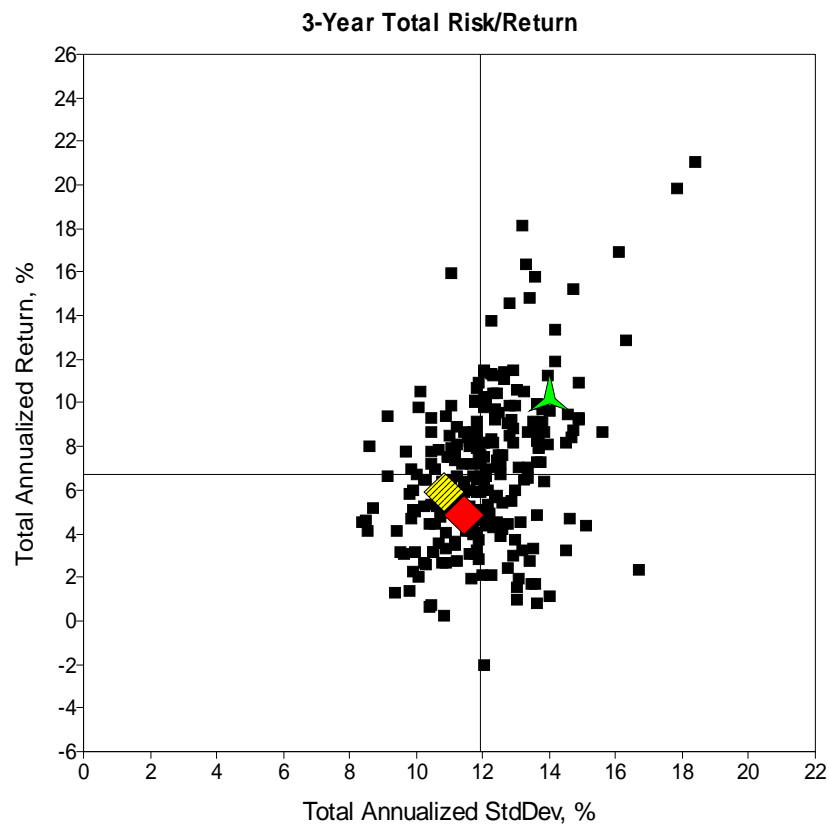
	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
MFS - LADWP	4.94	2.95	1.68
TRowe Value - LADWP	2.24	2.29	0.98
R1000 Value	0.00	0.00	NA
Large Value Manager Universe Median	0.95	3.40	0.32



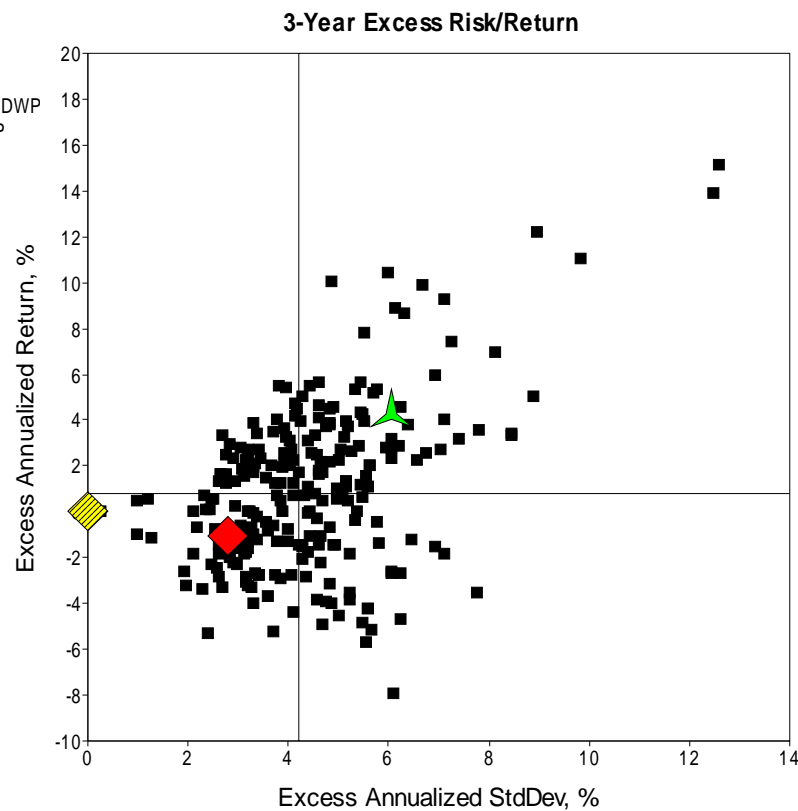
# WPERP Large Cap Value Manager Comparisons as of June 30, 2008



# WPERP Large Cap Growth Manager Comparisons as of June 30, 2008



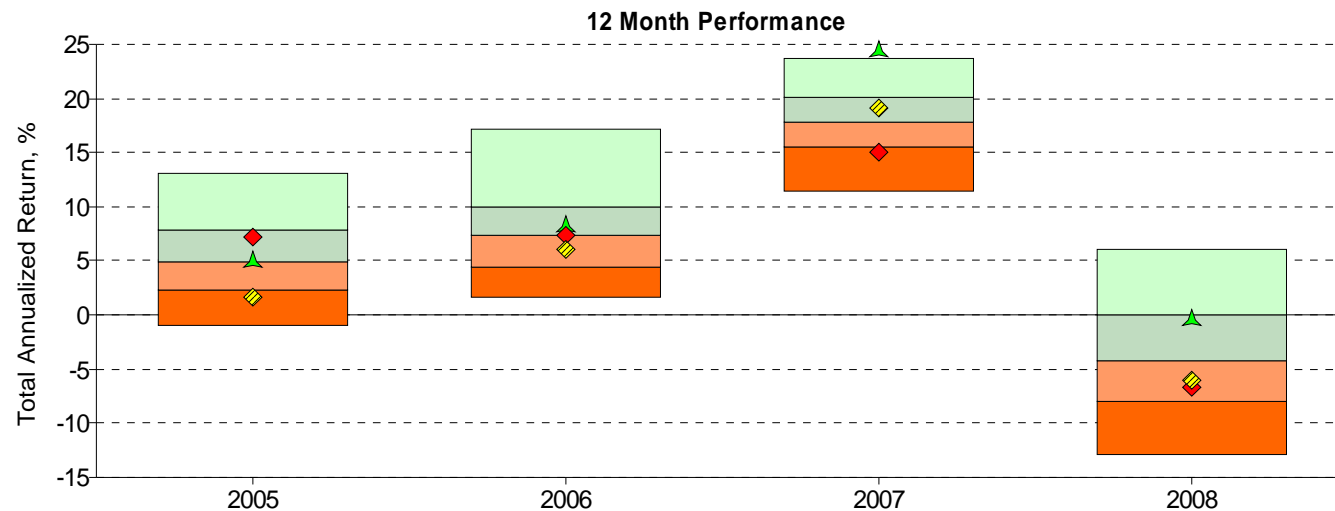
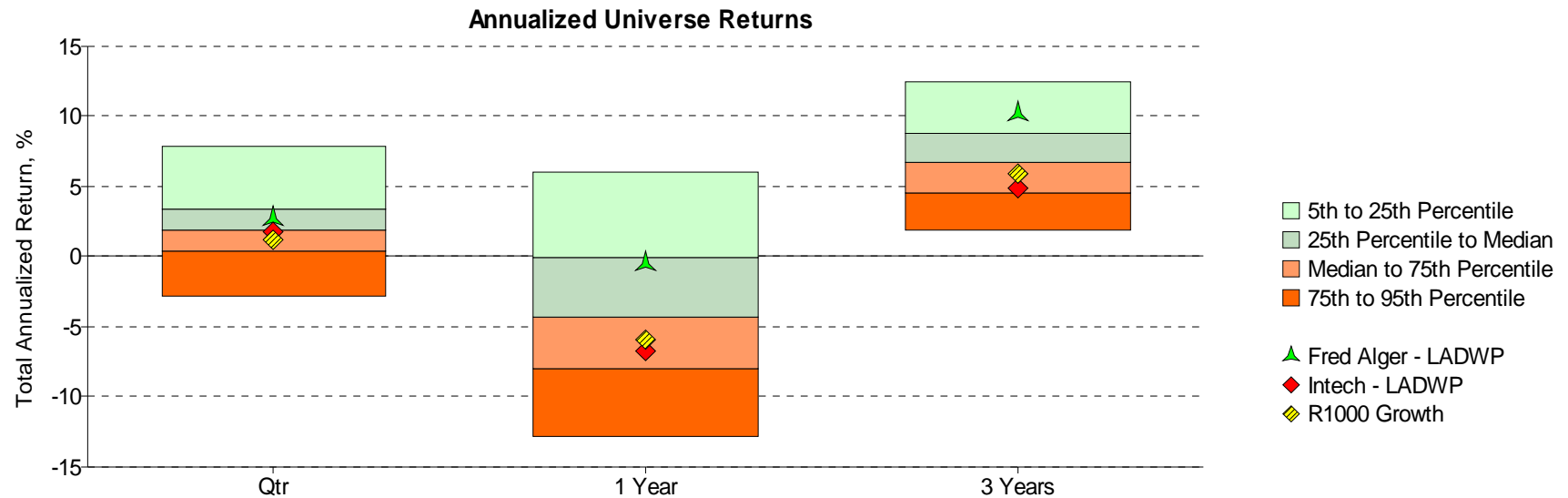
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Fred Alger - LADWP	10.20	14.01	0.73
Intech - LADWP	4.85	11.42	0.42
R1000 Growth	5.92	10.85	0.55
Large Growth Manager Universe Median	6.70	11.93	0.58



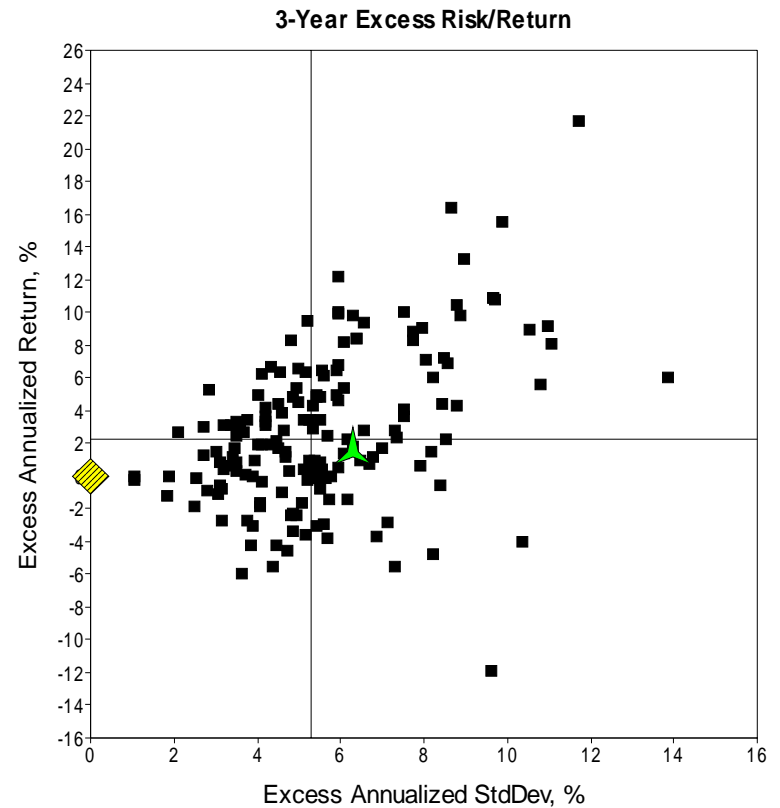
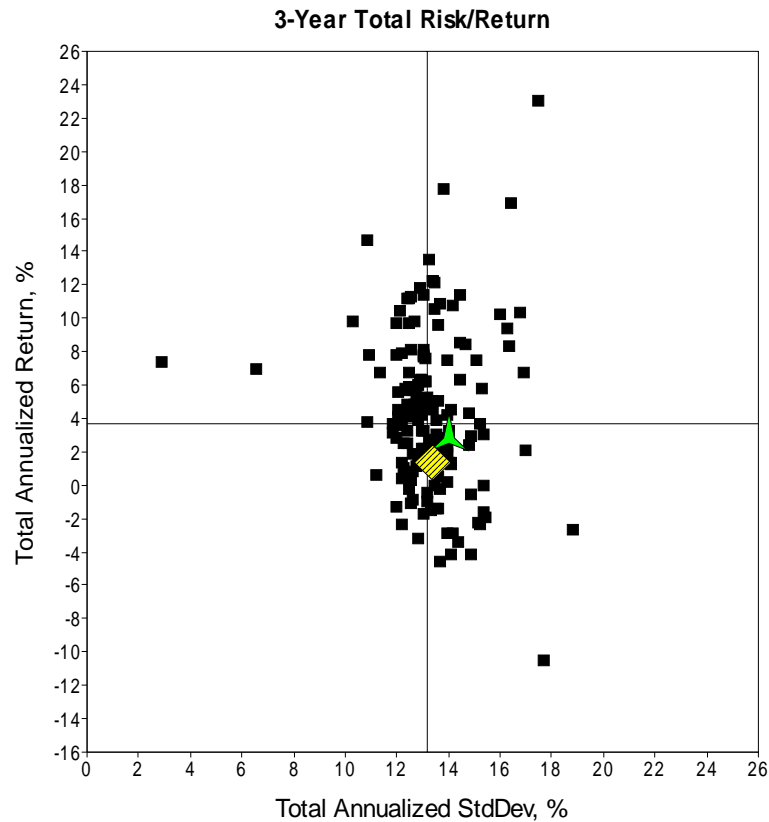
	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
Fred Alger - LADWP	4.28	6.05	0.71
Intech - LADWP	-1.07	2.78	-0.39
R1000 Growth	0.00	0.00	NA
Large Growth Manager Universe Median	0.78	4.22	0.24



# WPERP Large Cap Growth Manager Comparisons as of June 30, 2008



# WPERP Small Cap Value Manager Comparisons as of June 30, 2008

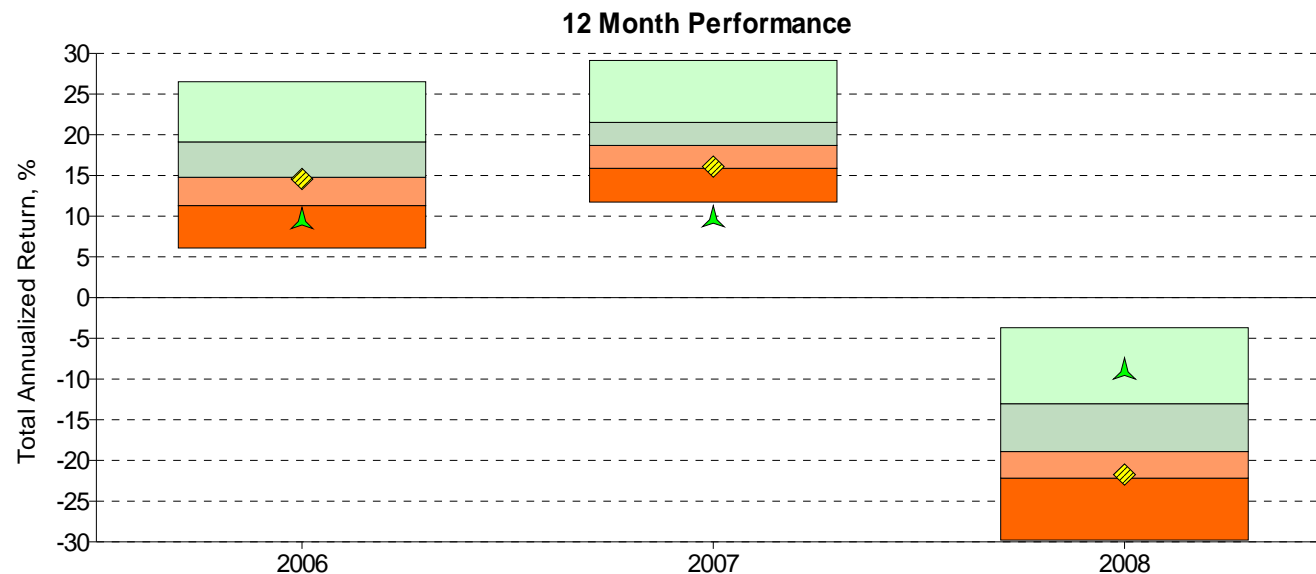
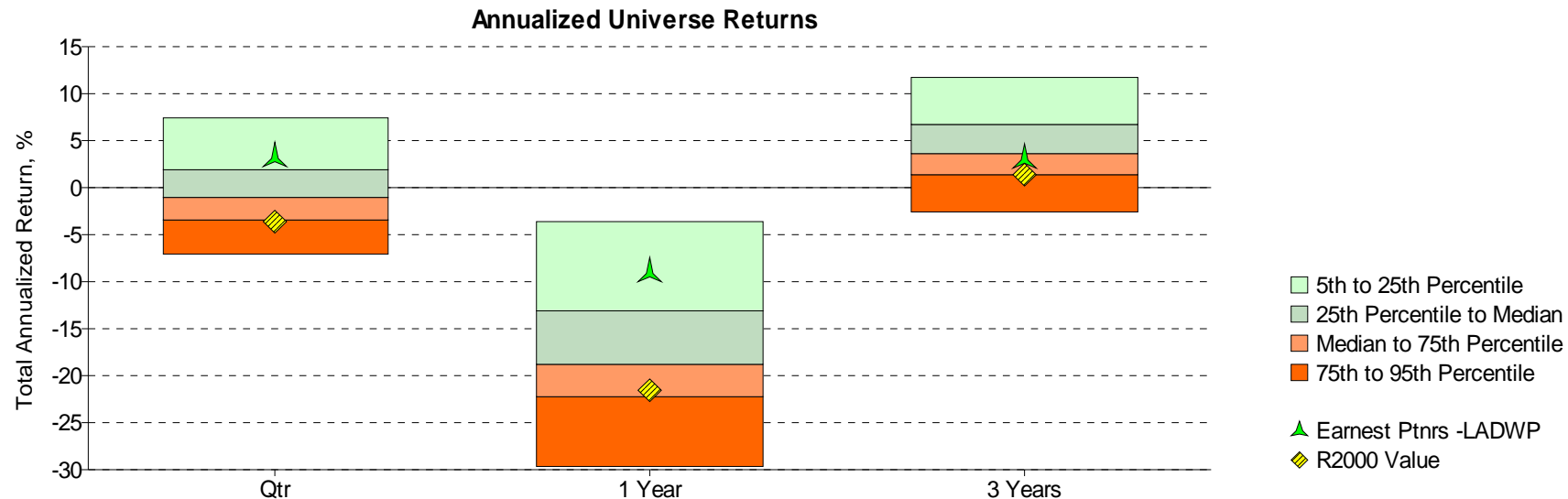


	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Earnest Ptnrs -LADWP	2.88	14.05	0.21
R2000 Value	1.39	13.42	0.10
Small Cap Value Universe Median	3.67	13.18	0.29

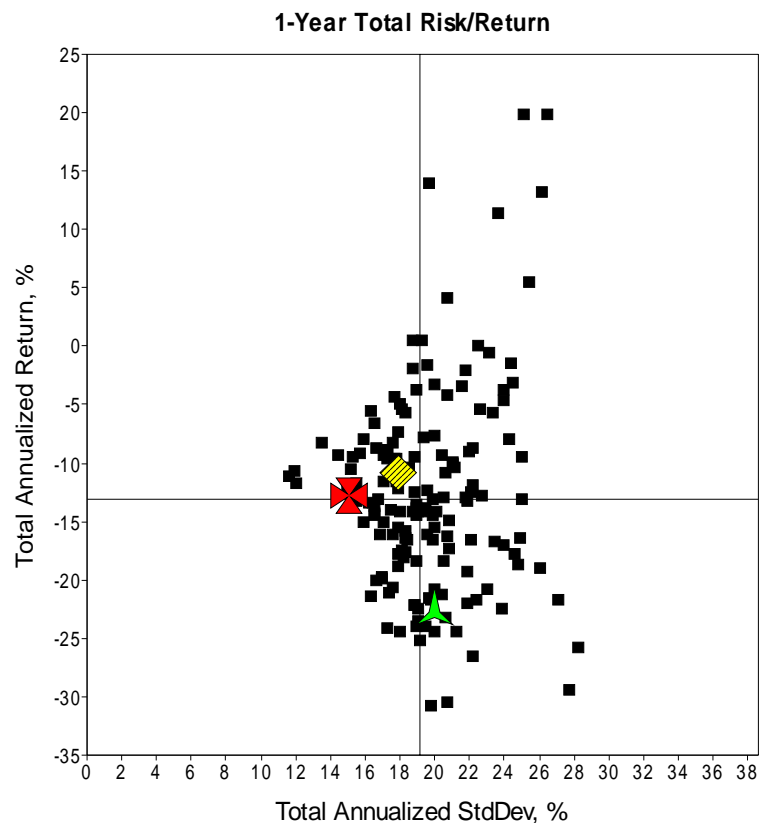
	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
Earnest Ptnrs -LADWP	1.49	6.28	0.24
R2000 Value	0.00	0.00	NA
Small Cap Value Universe Median	2.28	5.30	0.46



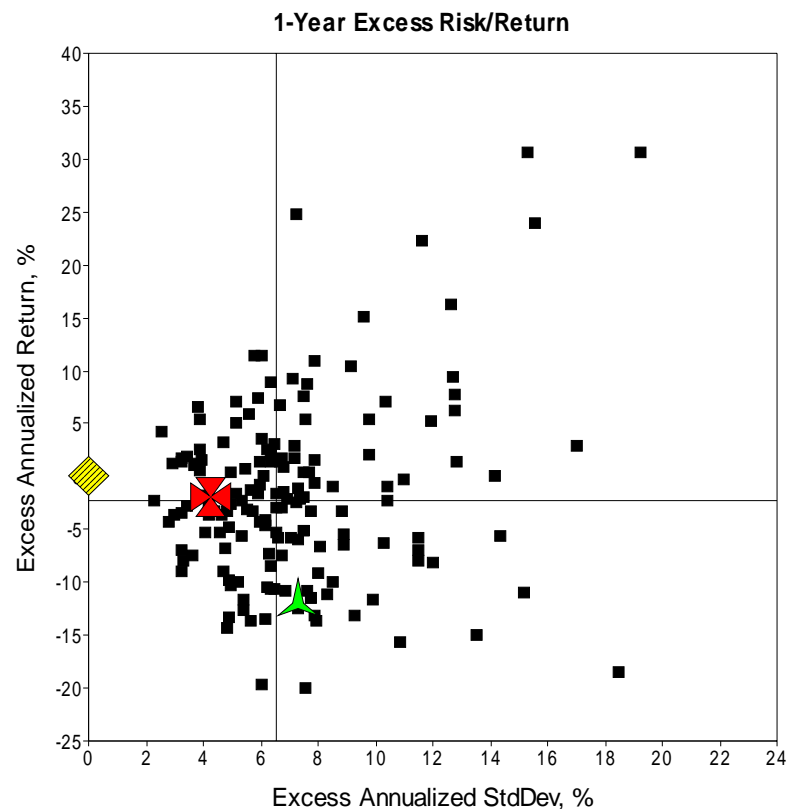
# WPERP Small Cap Value Manager Comparisons as of June 30, 2008



# WPERP Small Cap Growth Manager Comparisons as of June 30, 2008



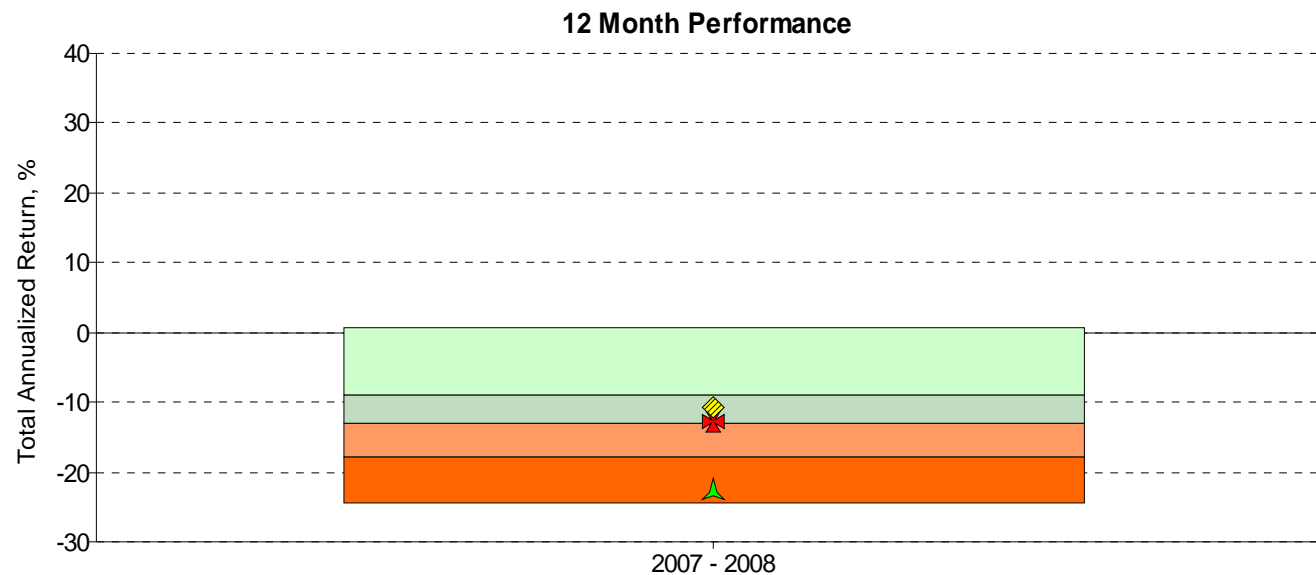
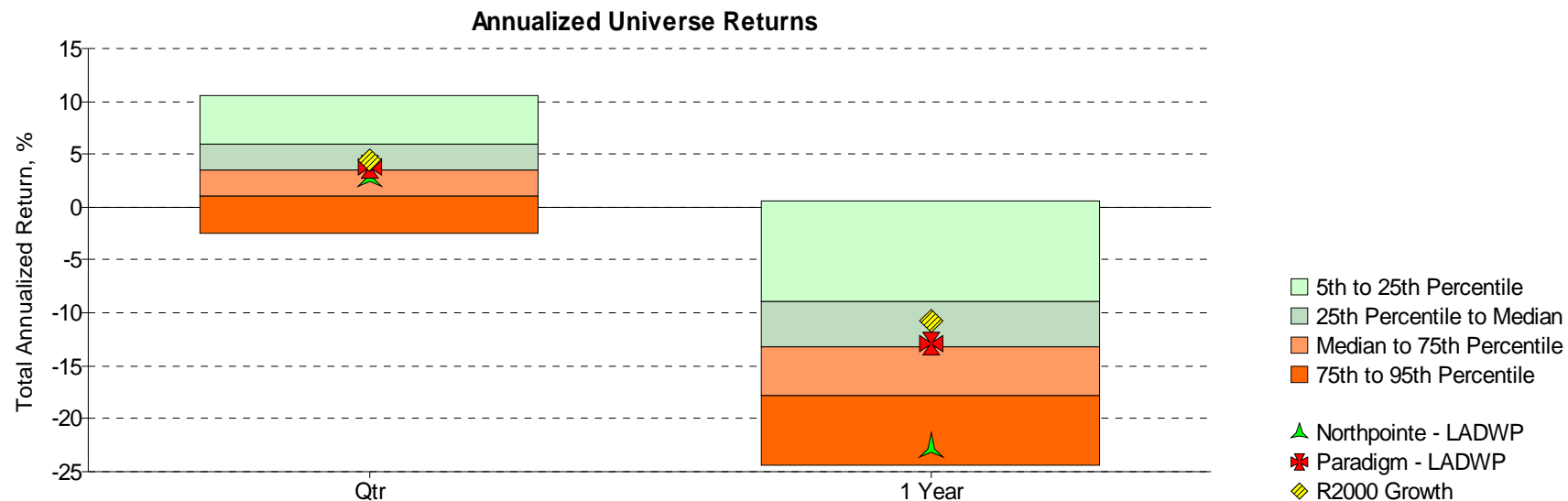
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Northpointe - LADWP	-22.83	20.02	-1.14
Paradigm - LADWP	-12.82	15.04	-0.85
R2000 Growth	-10.82	17.86	-0.61
Small Cap Growth Universe Median	-13.13	19.09	-0.72



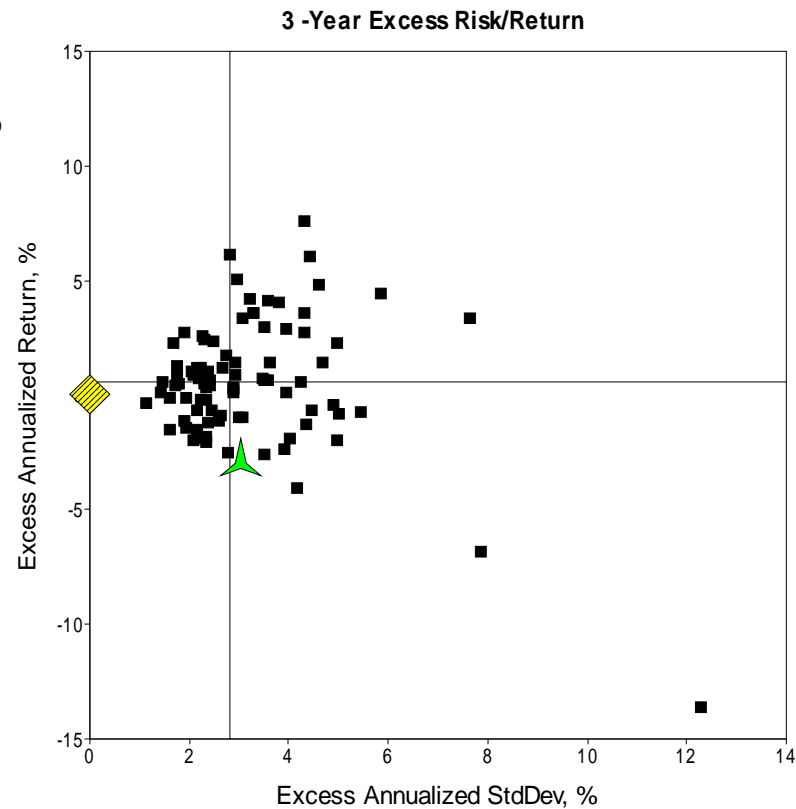
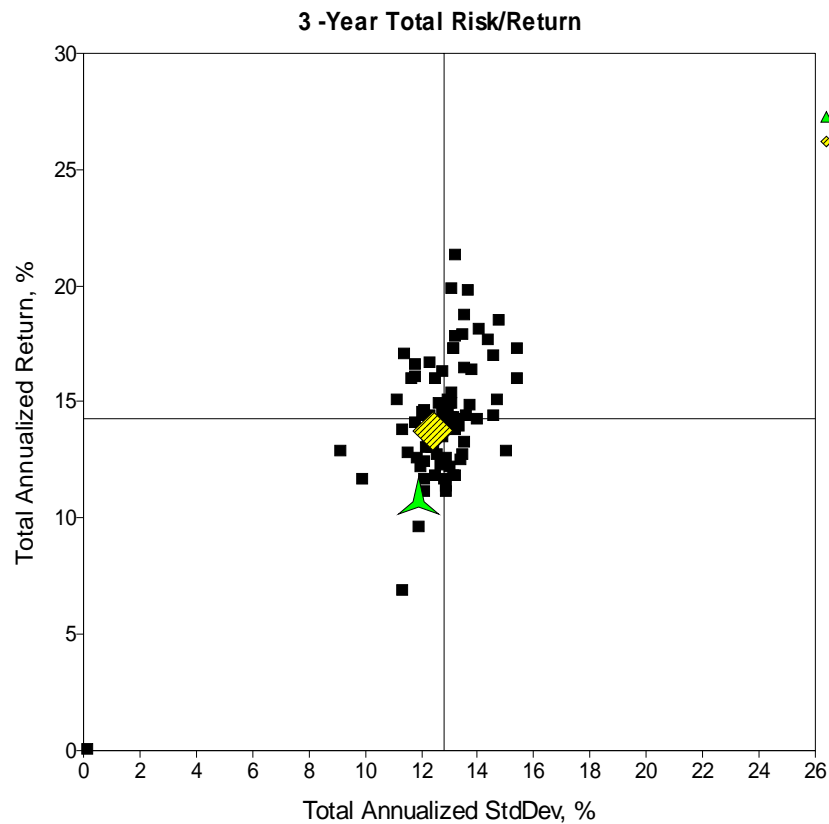
	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
Northpointe - LADWP	-12.01	7.32	-1.64
Paradigm - LADWP	-2.00	4.26	-0.47
R2000 Growth	0.00	0.00	NA
Small Cap Growth Universe Median	-2.31	6.53	-0.38



# WPERP Small Cap Growth Manager Comparisons as of June 30, 2008



# WPERP International Equity Manager Comparisons as of June 30, 2008

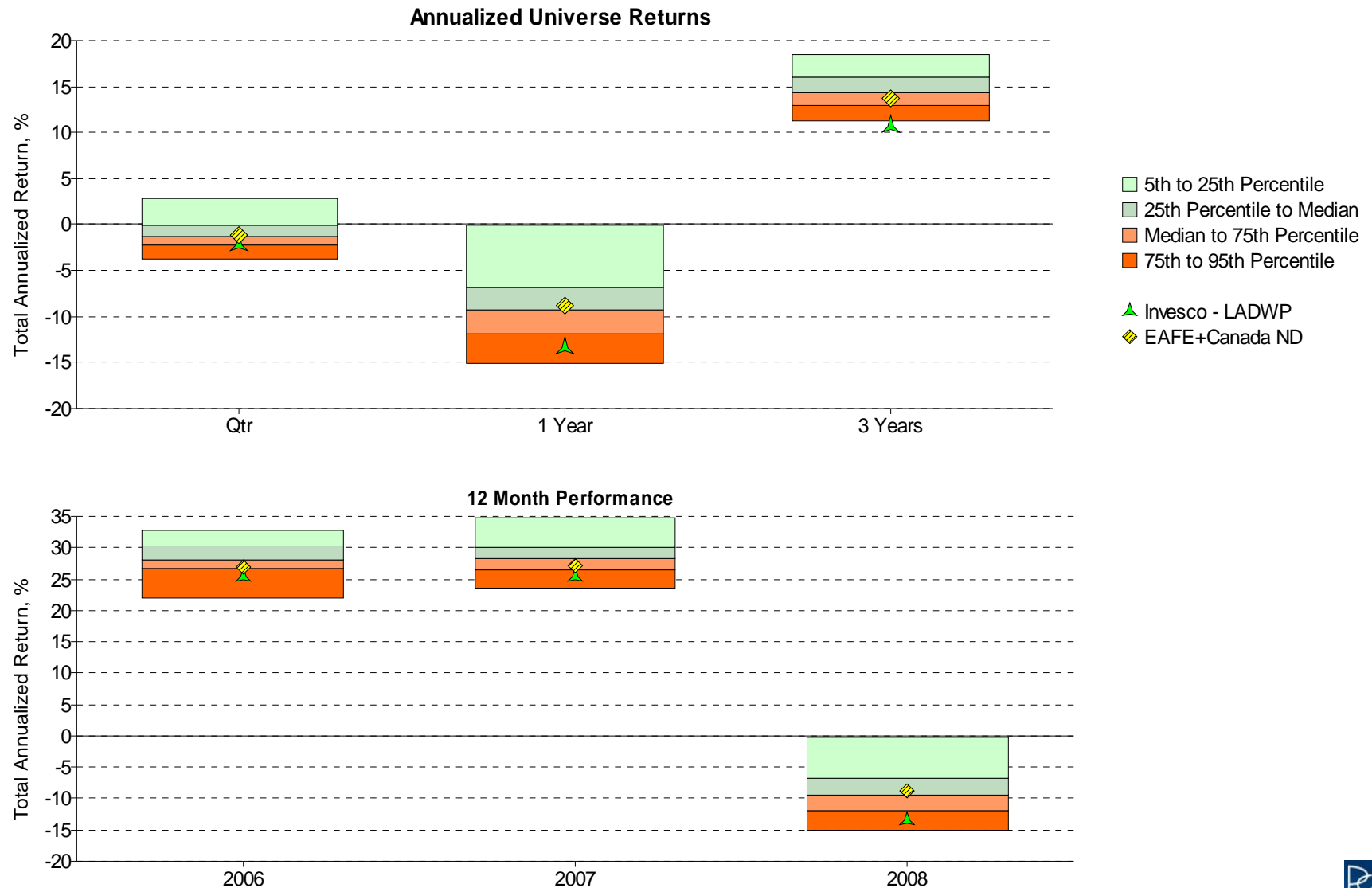


	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Invesco - LADWP	10.72	11.88	0.90
EAFE+Canada ND	13.71	12.39	1.11
International Equity Universe Median	14.26	12.81	1.11

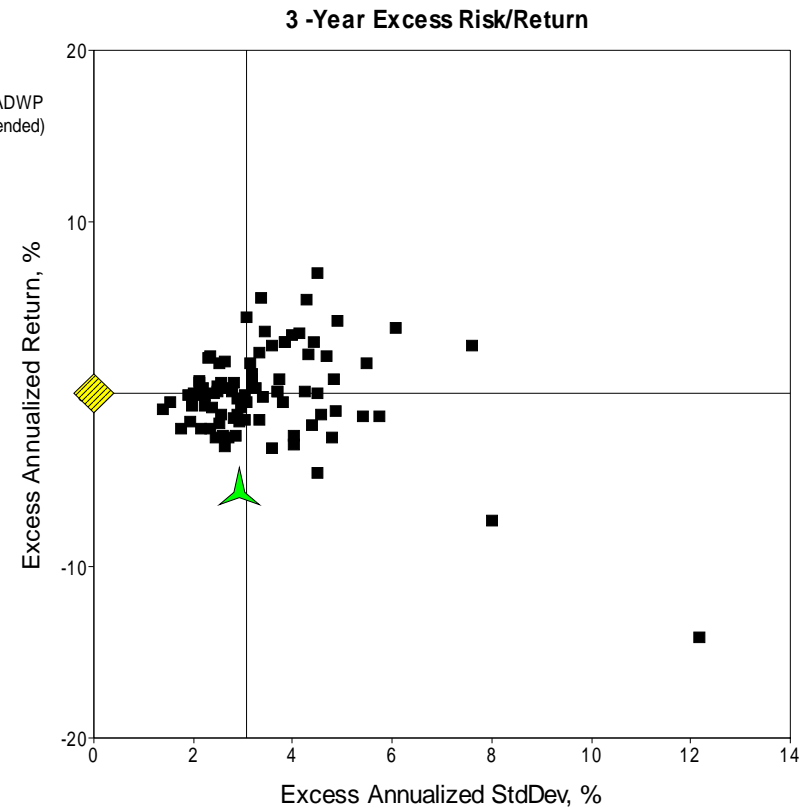
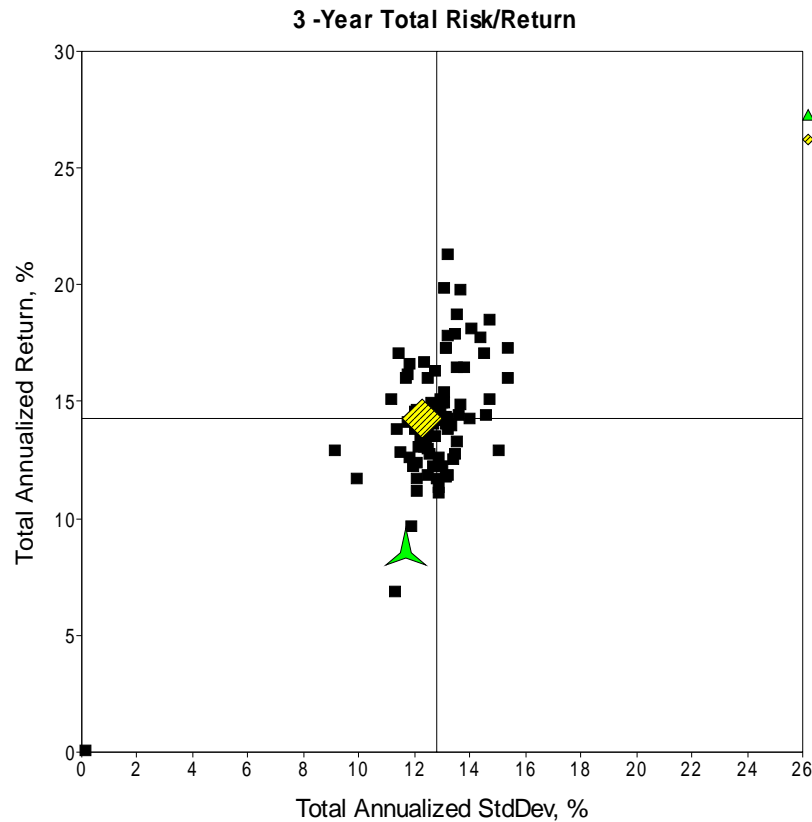
	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
Invesco - LADWP	-3.00	3.03	-0.99
EAFE+Canada ND	0.00	0.00	NA
International Equity Universe Median	0.55	2.80	0.20



# WPERP International Equity Manager Comparisons as of June 30, 2008



# WPERP International Equity Manager Comparisons as of June 30, 2008

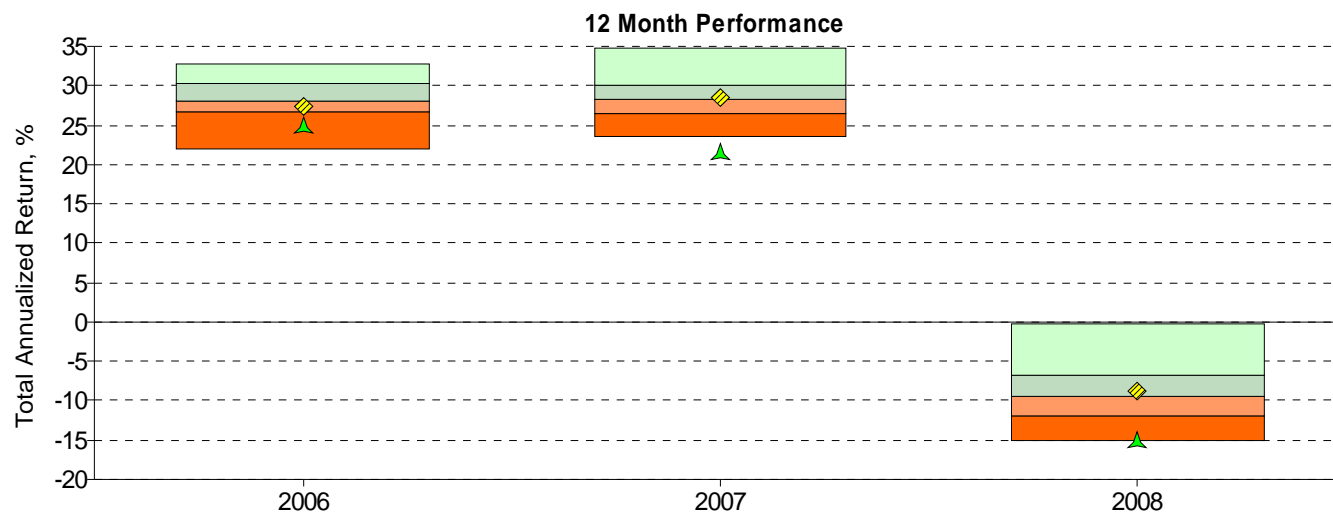
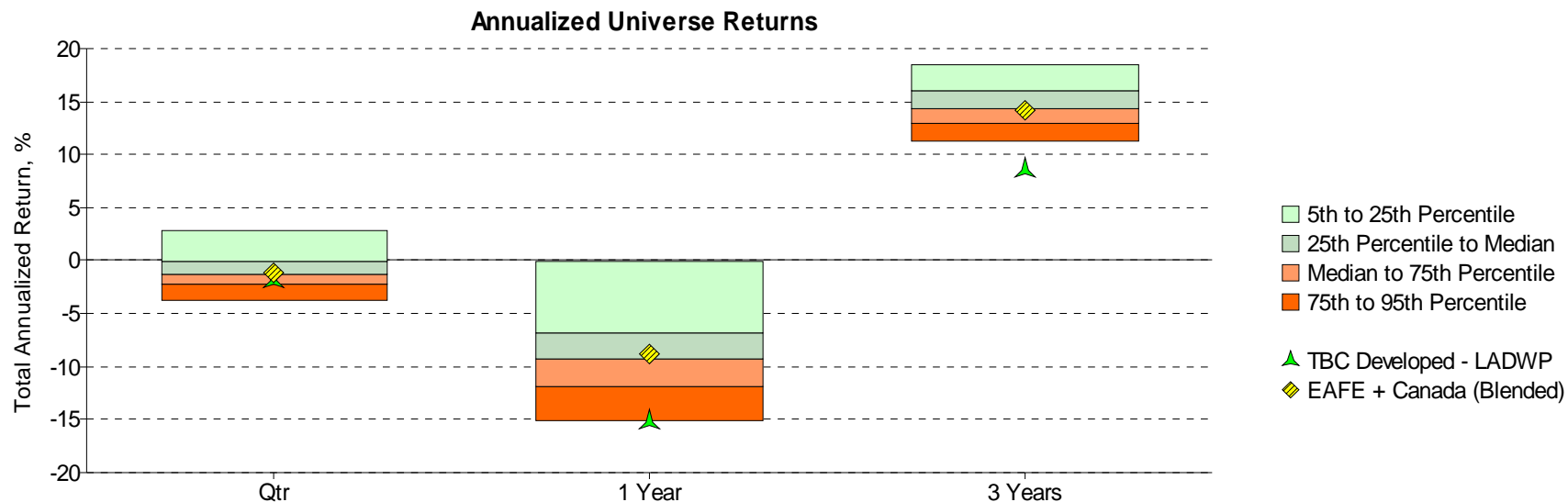


	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
TBC Developed - LADWP	8.58	11.70	0.73
EAFE + Canada (Blended)	14.25	12.30	1.16
International Equity Universe Median	14.26	12.81	1.11

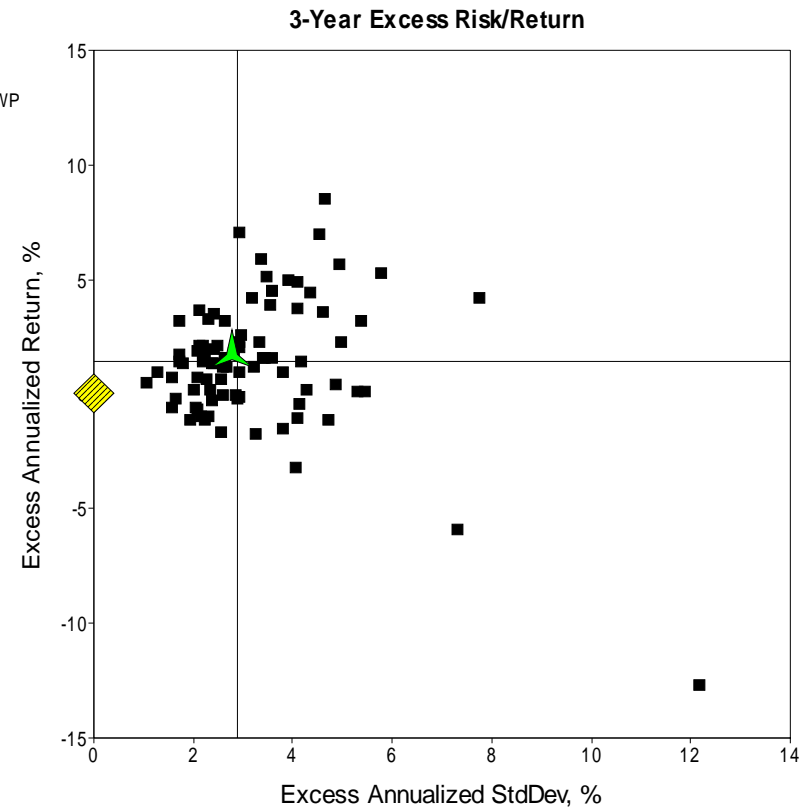
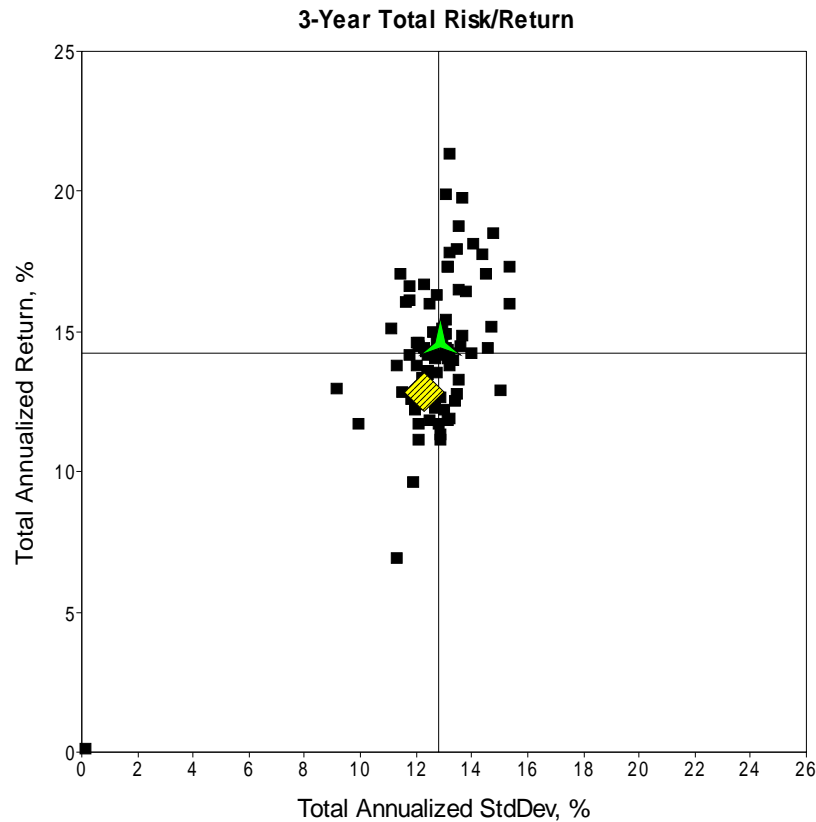
	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
TBC Developed - LADWP	-5.68	2.91	-1.95
EAFE + Canada (Blended)	0.00	0.00	NA
International Equity Universe Median	0.01	3.08	0.00



# WPERP International Equity Manager Comparisons as of June 30, 2008



# WPERP International Equity Manager Comparisons as of June 30, 2008

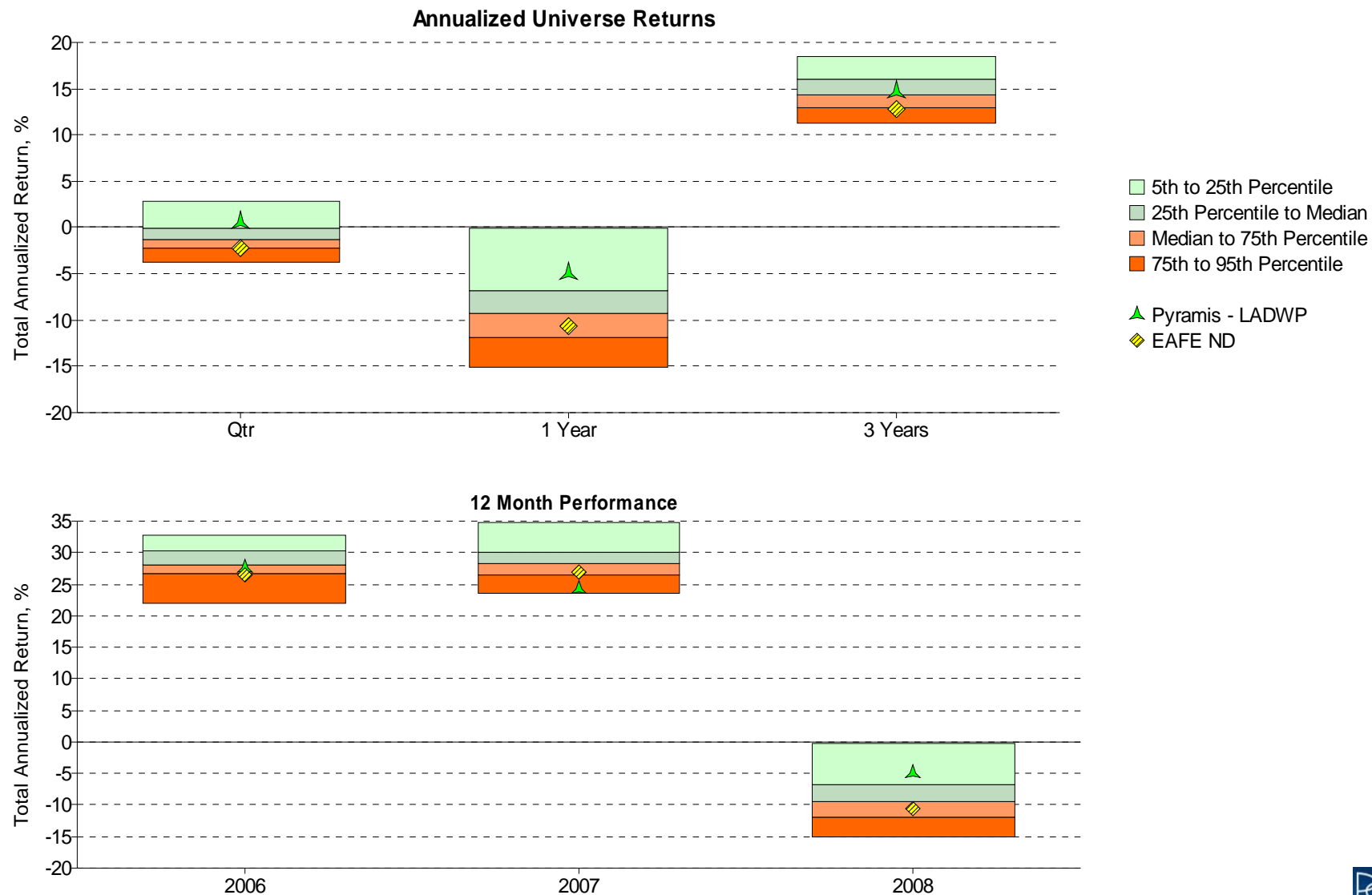


	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Pyramis - LADWP	14.58	12.84	1.14
EAFE ND	12.84	12.28	1.05
International Equity Universe Median	14.26	12.81	1.11

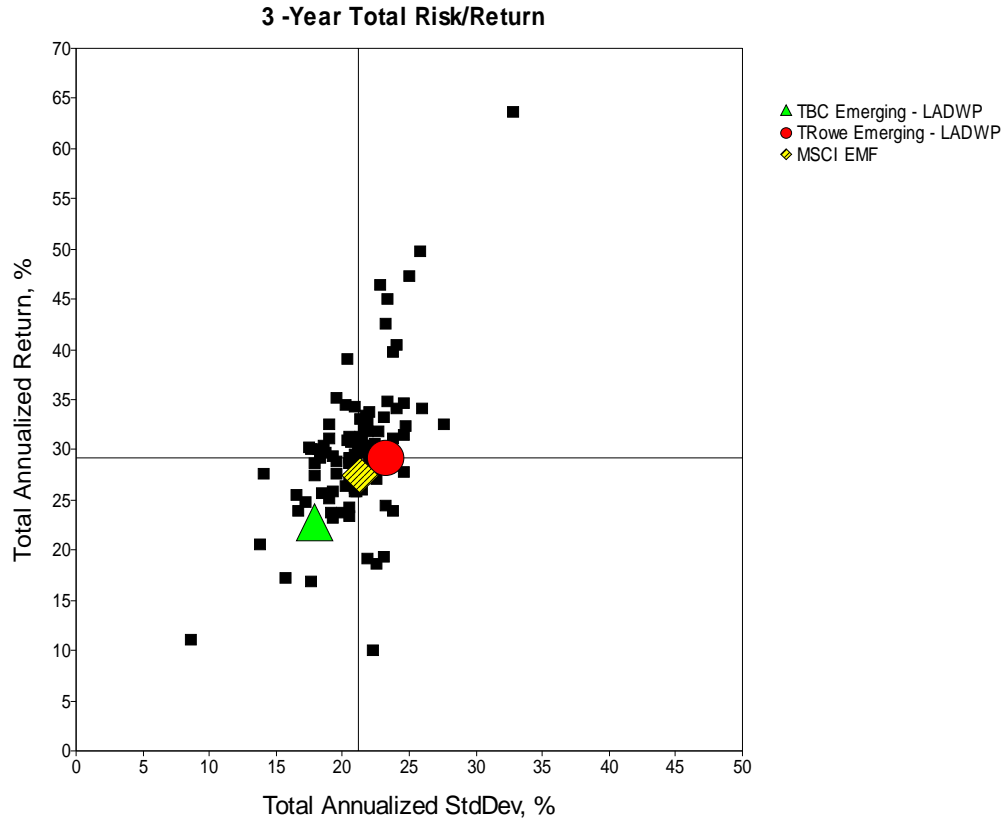
	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
Pyramis - LADWP	1.75	2.77	0.63
EAFE ND	0.00	0.00	NA
International Equity Universe Median	1.42	2.88	0.54



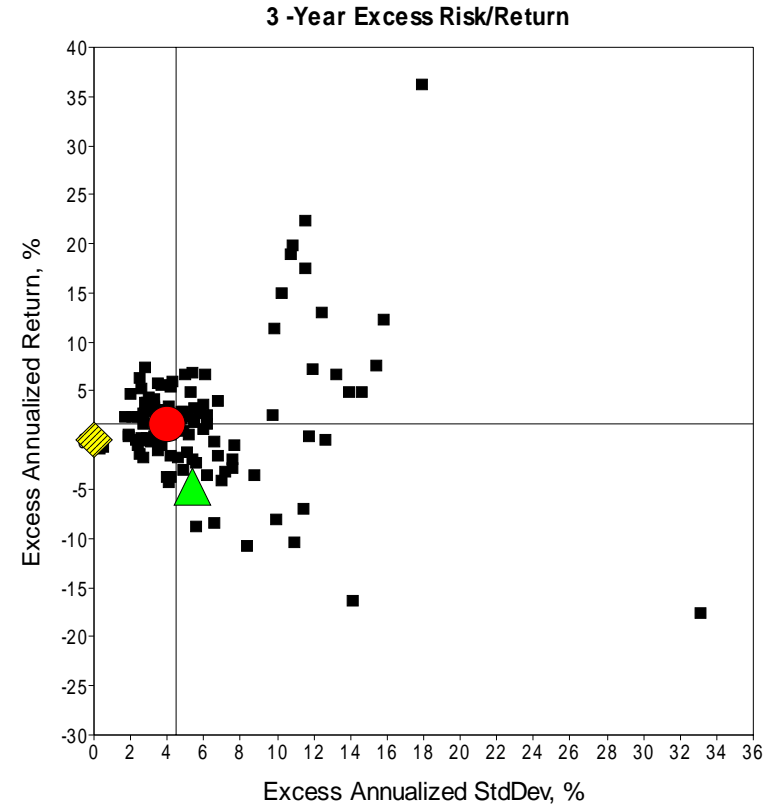
# WPERP International Equity Manager Comparisons as of June 30, 2008



# WPERP Emerging Equity Manager Comparisons as of June 30, 2008



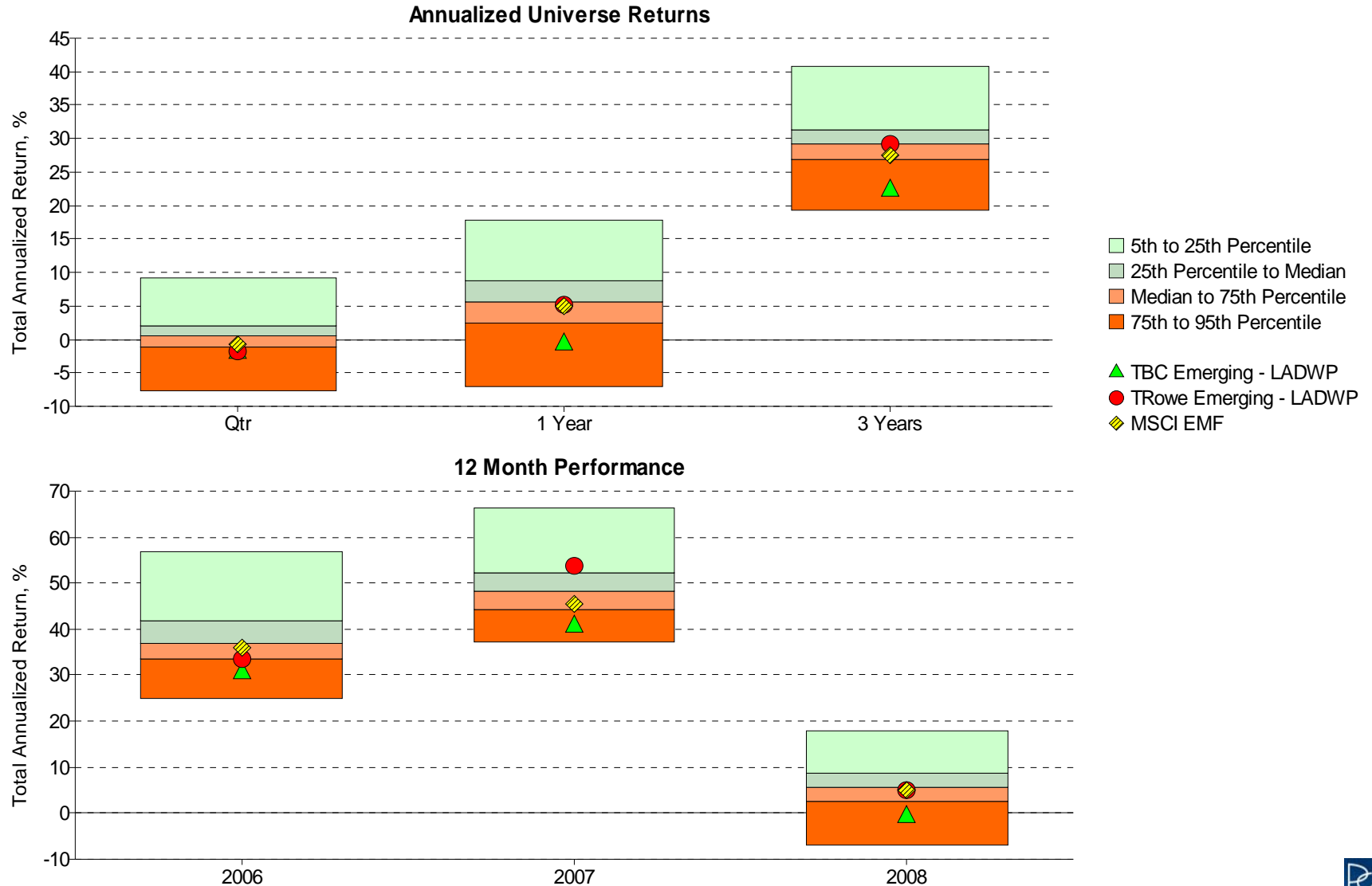
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
TBC Emerging - LADWP	22.15	17.85	1.24
TRowe Emerging - LADWP	29.21	23.16	1.26
MSCI EMF	27.52	21.30	1.29
Emerging Equity Universe Median	29.15	21.21	1.39



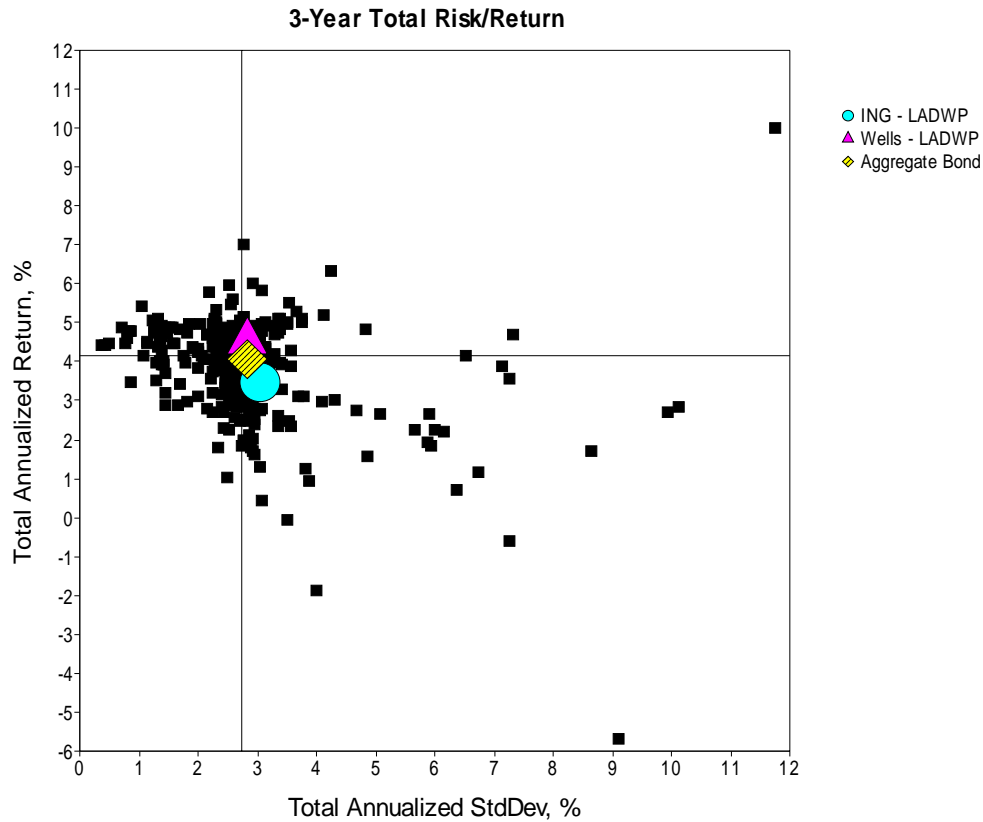
	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
TBC Emerging - LADWP	-5.37	5.35	-1.00
TRowe Emerging - LADWP	1.69	4.00	0.42
MSCI EMF	0.00	0.00	NA
Emerging Equity Universe Median	1.63	4.45	0.35



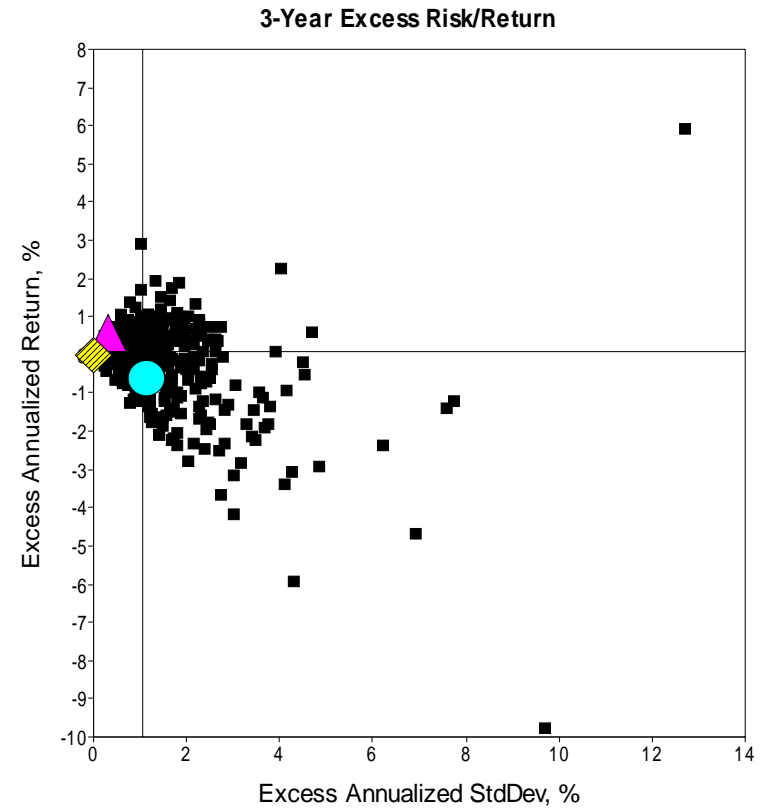
# WPERP Emerging Equity Manager Comparisons as of June 30, 2008



# WPERP Fixed Income Manager Comparisons as of June 30, 2008



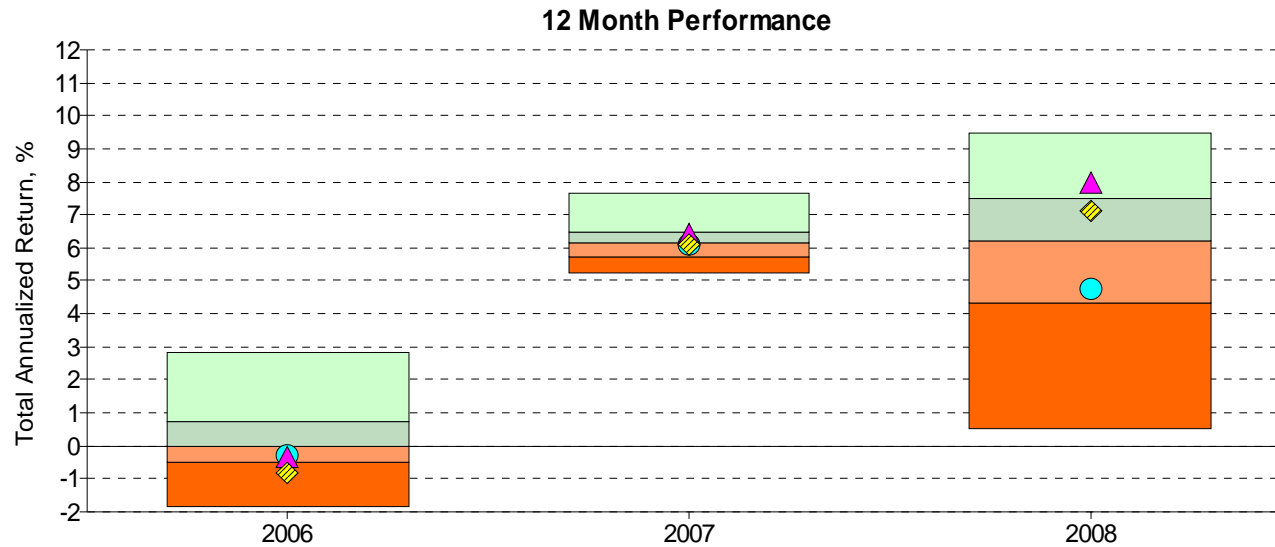
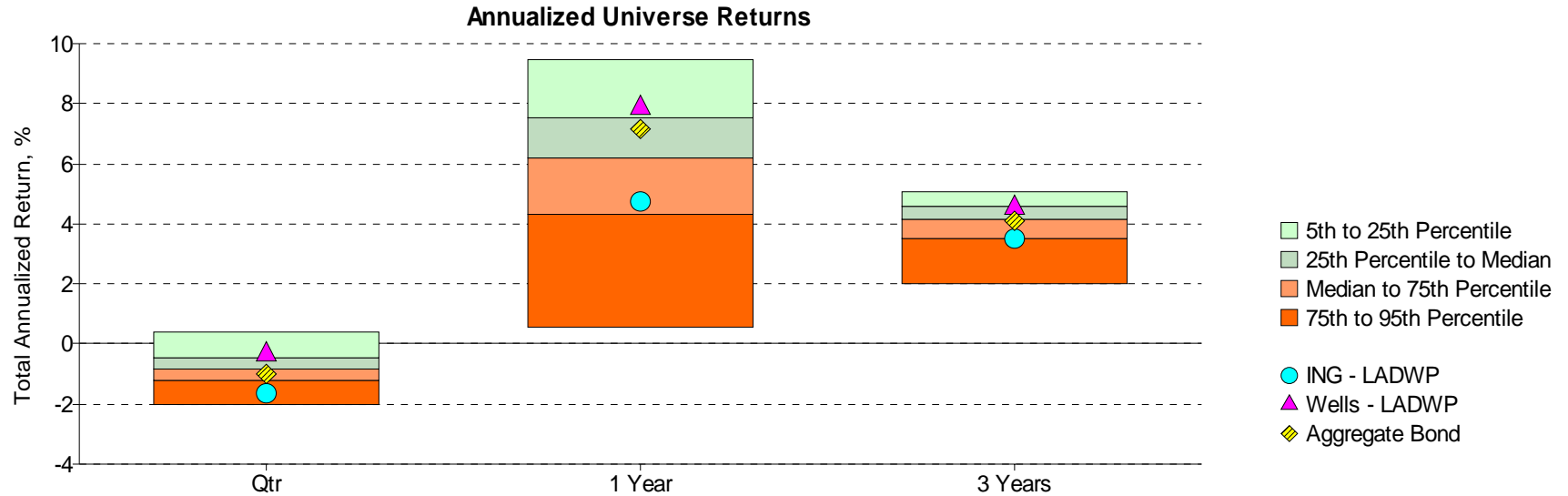
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
ING - LADWP	3.48	3.05	1.14
Wells - LADWP	4.50	2.83	1.59
Aggregate Bond	4.08	2.82	1.45
U.S. Fixed Income Universe Median	4.15	2.73	1.52



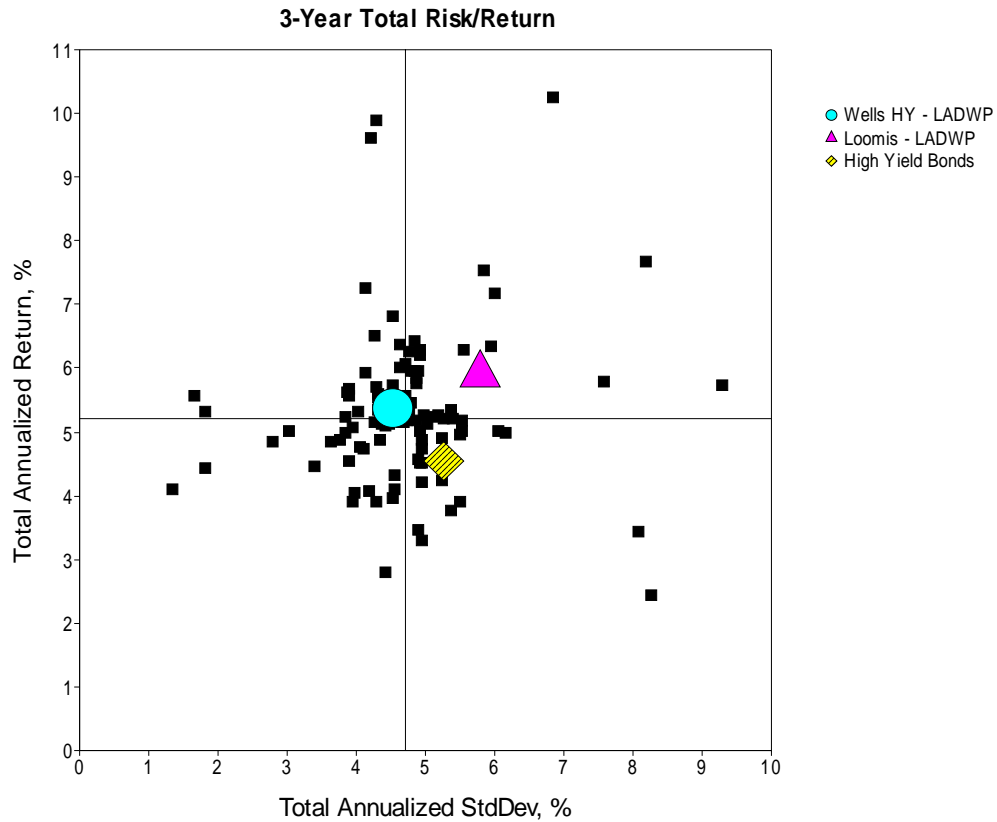
	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
ING - LADWP	-0.60	1.13	-0.53
Wells - LADWP	0.42	0.33	1.27
Aggregate Bond	0.00	0.00	NA
U.S. Fixed Income Universe Median	0.07	1.06	0.09



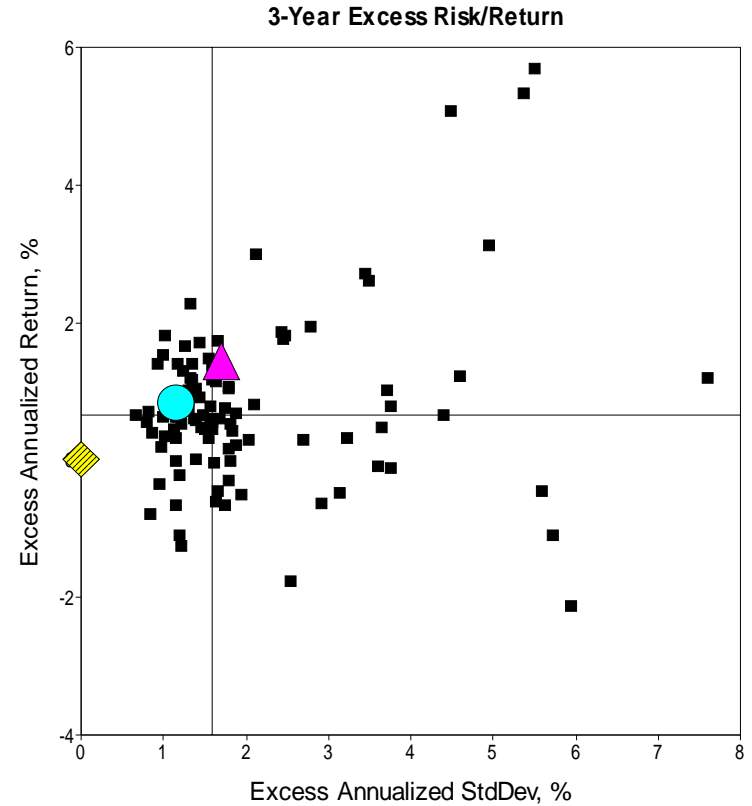
# WPERP Fixed Income Manager Comparisons as of June 30, 2008



# WPERP High Yield Manager Comparisons as of June 30, 2008



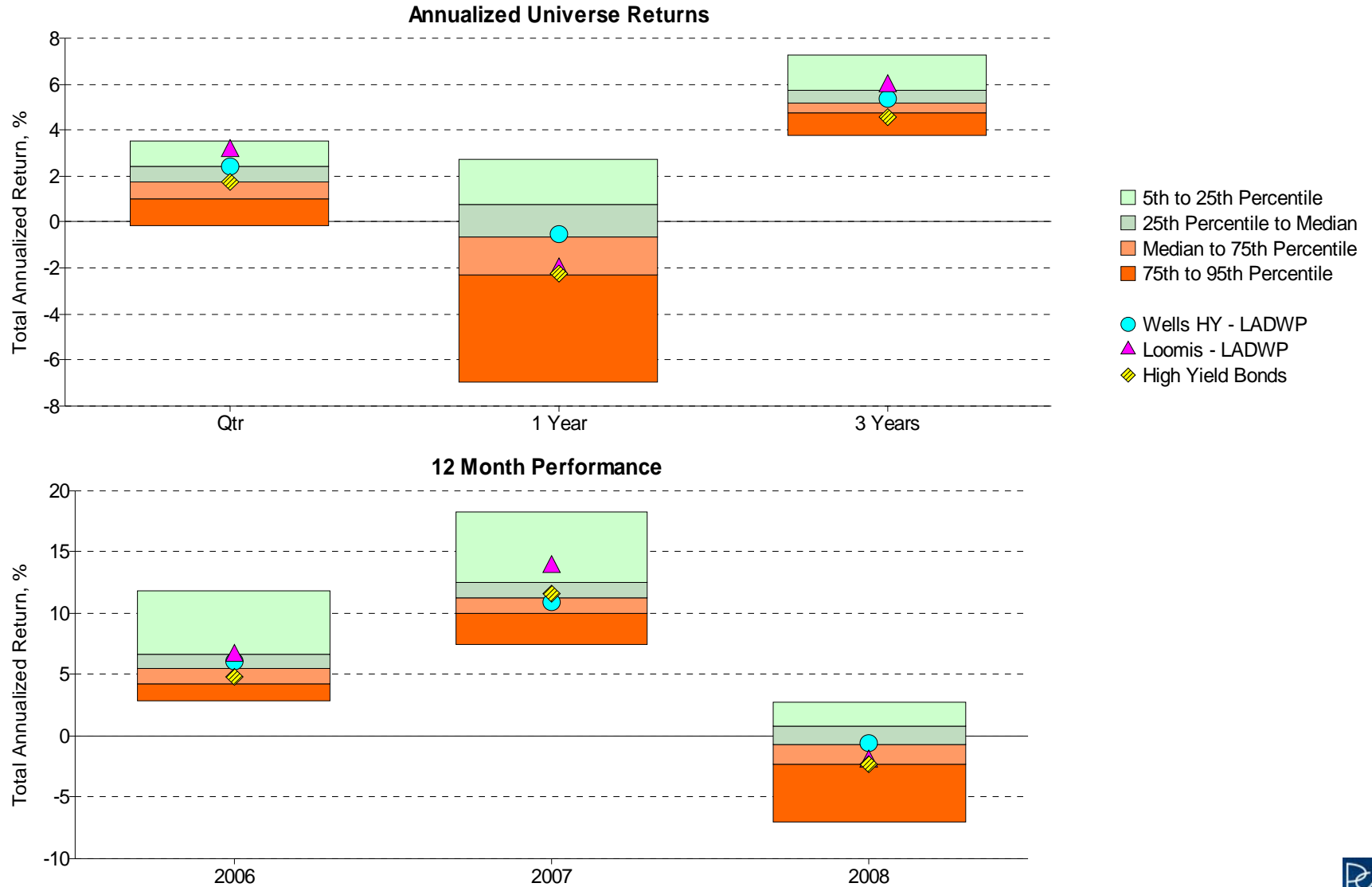
	Annualized Return, %	Annualized StdDev, %	Sharpe Ratio
Wells HY - LADWP	5.39	4.53	1.19
Loomis - LADWP	5.89	5.79	1.02
High Yield Bonds	4.55	5.27	0.86
U.S. High Yield Universe Median	5.20	4.70	1.14



	Annualized Excess Return, %	Annualized Excess StdDev, %	Sharpe Ratio, Excess
Wells HY - LADWP	0.83	1.14	0.73
Loomis - LADWP	1.34	1.71	0.78
High Yield Bonds	0.00	0.00	NA
U.S. High Yield Universe Median	0.64	1.58	0.44



# WPERP High Yield Manager Comparisons as of June 30, 2008





P e n s i o n   C o n s u l t i n g   A l l i a n c e ,   I n c .

## **Appendix**

# Quarterly Report

## Managers Watch Criteria As of June 30, 2008

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% <sup>1</sup> in any quarter	Portfolio Annlzd. Return <sup>2</sup> < Benchmark Annlzd. Return – 1.5% for 2 consecutive qtrs.	VRR <sup>3</sup> < 0.98 for 2 consecutive quarters
Passive Domestic Equity	Tracking Error <sup>4</sup> > 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

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

<sup>2</sup> Annualized Return is the average annual return of either the portfolio or its benchmark.

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

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

# Quarterly Report

## Summary of Portfolio Transitions

Manager	Mandate	Funded	Terminated
<b>2003</b>			
Merrill Lynch	Passive Core	3Q 2003	
Northern Trust	Passive Core	3Q 2003	1Q 2005
<b>2004</b>			
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	---
<b>2005</b>			
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
<b>2006</b>			
Bank of New York	Small Cap Growth	---	1Q 2006
Lexington	Private Equity	3Q2006	---
Northpointe	Small Cap Growth	3Q2006	---
Paradigm	Small Cap Growth	3Q2006	---
Landmark	Private Equity	4Q2006	---
Prisa	Real Estate	4Q2006	---
<b>2007</b>			
Aetos	Hedge Fund	1Q2007	---
PAAMCO	Hedge Fund	1Q2007	---
Prisa II	Real Estate	2Q2007	---
JPM Strategic	Real Estate	3Q2007	---
<b>2008</b>			
HRJ	Private Equity	1Q2008	---
Fisher Lynch	Private Equity	2Q2008	---
CB Richard Ellis	Real Estate	2Q2008	---

# Quarterly Report

---

## Glossary

**Alpha** - The premium an investment earns above a set standard. This is usually measured in terms of a common index (i.e., how the stock performs independent of the market). An Alpha is usually generated by regressing a security's excess return on the S&P 500 excess return.

**Annualized Performance** - The annual rate of return that when compounded  $t$  times generates the same  $t$ -period holding return as actually occurred from period 1 to period  $t$ .

**Batting Average** - Percentage of periods a portfolio outperforms a given index.

**Beta** - The measure of an asset's risk in relation to the Market (for example, the S&P 500) or to an alternative benchmark or factors. Roughly speaking, a security with a Beta of 1.5, will have moved, on average, 1.5 times the market return.

**Bottom-up** - A management style that de-emphasizes the significance of economic and market cycles, focusing instead on the analysis of individual stocks.

**Dividend Discount Model** - A method to value the common stock of a company that is based on the present value of the expected future dividends.

**Growth Stocks** - Common stock of a company that has an opportunity to invest money and earn more than the opportunity cost of capital.

**Information Ratio** - The ratio of annualized expected residual return to residual risk. A central measurement for active management, value added is proportional to the square of the information ratio.

**R-Squared** - Square of the correlation coefficient. The proportion of the variability in one series that can be explained by the variability of one or more other series a regression model. A measure of the quality of fit. 100% R-square means perfect predictability.

# Quarterly Report

---

**Standard Deviation** - The square root of the variance. A measure of dispersion of a set of data from its mean.

**Sharpe Ratio** - A measure of a portfolio's excess return relative to the total variability of the portfolio.

**Style Analysis** - A returns-based analysis using a multi-factor attribution model. The model calculates a product's average exposure to particular investment styles over time (i.e., the product's normal style benchmark).

**Top-down** - Investment style that begins with an assessment of the overall economic environment and makes a general asset allocation decision regarding various sectors of the financial markets and various industries.

**Tracking Error** - The standard deviation of the difference between the performance of a portfolio and an appropriate benchmark.

**Turnover** - For mutual funds, a measure of trading activity during the previous year, expressed as a percentage of the average total assets of the fund. A turnover rate of 25% means that the value of trades represented one-fourth of the assets of the fund.

**Value Stocks** - Stocks with low price/book ratios or price/earnings ratios. Historically, value stocks have enjoyed higher average returns than growth stocks (stocks with high price/book or P/E ratios) in a variety of countries.

# Quarterly Report

---

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

# Quarterly Report

---

**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.

# Quarterly Report

---

## LADWP Asset Class Benchmarks

**Retirement Total Plan** = 30% Lehman Universal, 40% Russell 3000, 24% MSCI ACWI ex U.S., 2% NCREIF Lag, 0.85% Cambridge U.S. Private Equity Lag, 0.15% Cambridge U.S. Venture Capital Lag, 1% T Bill, 2% Tbills +3% Lag as of 10/1/08

35% Lehman Universal, 40% Russell 3000, 15% MSCI ACWI ex U.S., 4% NCREIF Lag, 3.4% Cambridge U.S. Private Equity Lag, 0.60% Cambridge U.S. Venture Capital Lag, 1% T Bill, 1% Tbills +3% Lag 3/1/07-9/30/08

35% Lehman Universal, 40% Russell 3000, 15% MSCI ACWI ex U.S., 4% NCREIF Lag, 4.25% Cambridge U.S. Private Equity Lag, 0.75% Cambridge U.S. Venture Capital Lag, 1% T Bill 1/1/07-2/28/07

35% Lehman Universal, 40% Russell 3000, 15% MSCI ACWI ex U.S., 1% T Bill (alternative and re not included) 4/1/03-12/31/06

30% Citigroup BIG, 60% S&P 500, 10% Citigroup T Bill thru 3/31/03

**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 as of 4/1/03  
Citigroup BIG thru 3/31/03

**Alternatives** = 3.4% Cambridge U.S. Private Equity; 0.6% Cambridge U.S. Venture; 1% Tbills + 3% Lag as of 3/1/07-12/31/07  
4.25% Cambridge U.S. Private Equity, 0.75% Cambridge U.S. Venture Lag 1/1/07 – 2/28/07  
Russell 3000 + 3% Lag thru 12/31/06

**Real Estate** = NCREIF Lag

**Cash** = Citigroup 3-Month Tbills

# Quarterly Report

---

## 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