Portfolio Highlights

Valuation

The LADWP portfolio, as of September 30 2002, had an aggregate value of $5.1 billion[1]. This represents a $574.7 million decrease in value over last quarter and a $663.4 million decrease in value over the last year.

Due largely to market declines, LADWP's actual equity allocation decreased 7% to end the quarter with a 50% allocation. LADWP's Fixed income allocation ended the quarter at 33% (up 3% from the previous quarter). Seventeen percent of the LADWP portfolio was allocated to cash/short-term investments.

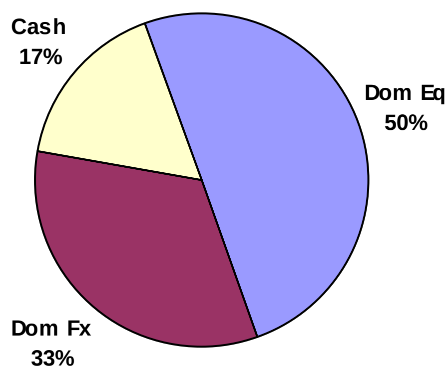
Relative to plan sponsors in the TUCS Master Trust Universe, LADWP's allocations to equities and bonds are in-line with the peer median (but are less diversified as many of the peers in the universe include exposure to international investments). LADWP's 17% allocation to cash/short-term investments is significantly above the peer median allocation of 3.8%. The overweight position in cash has protected assets during recent market difficulties, but is expected to dampen results over longer periods of sustained growth. Subsequent to 9/30/02, LADWP adopted new asset allocation targets and plan assets will be reallocated across asset classes as new managers are selected.

LADWP Portfolio Valuation – September 30, 2002 (millions)

Segment	Actual $	Actual % *
Total Portfolio	5,142.6	100%
Domestic Equity	2,573.9	50%
Domestic Fixed	1,719.7	33%
Cash/short-term	849.0	17%

* Differences in totals due to rounding.

LADWP Portfolio Valuation
As of 9/30/02



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

Performance--Periods ending September 30, 2002

Latest Quarter

For the latest quarter, LADWP's total investment portfolio declined 9.6% underperforming a market-based proxy (comprised of: 60% S&P 500, 30% Salomon Broad and 10% T-Bills) by 40 basis points. Relative underperformance by domestic equities contributed to this result.

At the end of the second quarter of 2002, discretionary authority was transferred to the investment managers and this report will reflects these changes. The third quarter of 2002 posted the worst quarterly returns for large-cap stocks over the latest decade. As a result, LADWP's domestic equity asset class returned minus (19.6%) over the past three months underperforming the S&P 500 (a market proxy representative of the domestic equity market) by 2.3%. Two-of-three equity accounts underperformed this proxy over the latest quarter. The domestic fixed income asset class matched the performance of the Salomon Broad, which is a representative proxy for domestic fixed income market results, posting a 4.6% return.

LADWP's total portfolio results placed them in the 55th percentile in the TUCS Master Trust Universe[2]. The median return for the quarter was minus (9.4%).

Comparative Performance--Quarter Return

Segment	Actual Return	Market-Based Proxy Return *
Total Portfolio	-9.6%	-9.2%
Domestic Equities	-19.6%	-17.3%
Domestic Fixed	4.6%	4.6%

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

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

Latest Year

For the latest year, LADWP's total investment portfolio declined 8.3% and outperformed the representative market-proxy by 1.7%. Strong relative results by both the equity and fixed income asset classes contributed to this result.

LADWP's domestic equity asset class decreased by 19.4% over the past year outperforming the market proxy by 1.1% (as one-of-two equity accounts with one-year of performance history outperformed). These results significantly trailed the long-term expected return for equity investments as the equity markets, in general, posted some of the worst 12-month returns in history. The domestic fixed income component exceeded the market proxy by 40 basis points with a return of 8.8%. LADWP's single debt account with one-year of performance history, TCW, posted a 9.2% return during the year driving this result. This return also exceeded the long-term expected return for fixed income investments.

Over the latest year, LADWP's total portfolio results placed in the 62nd percentile in the TUCS Master Trust Universe (median: minus (7.6%)).

Comparative Performance—One-Year Return

Segment	Actual Return	Market-based Proxy Return *	Long-term Expected Return **
Total Portfolio	-8.3%	-10.0%	8.0% - 9.4% / year
Domestic Equities	-19.4%	-20.5%	10.0% / year
Domestic Fixed	8.8%	8.4%	8.0% / year

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

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

Latest Three Years

For the latest three-year period, LADWP's total investment portfolio declined by 0.3% per year and outperformed the representative market-based proxy by 4.3% on an annual basis. Strong relative results by the equity asset class contributed significantly to this result. However, these results are significantly below LADWP's long-term expectations as the equity asset class trailed its long-term target.

The domestic equity asset class posted a minus (6.5%) average annual return over the past three years outperforming the market proxy by 6.4% per year (as both equity accounts with performance history spanning over three years significantly benefited from exposure value companies and outperformed the benchmark). The domestic fixed income component lagged the market-based proxy by 20 basis points per year with an average annual return of 9.2%. However, this result exceeds the long-term return expectation for fixed income investments.

Over the latest three-year period, LADWP's total portfolio results placed in the 21st percentile in the TUCS Master Trust Universe (median: minus (2.7%)).

Comparative Performance—Three-Year Return

Segment	Actual Return	Market-based Proxy Return *	Long-term Expected Return **
Total Portfolio	-0.3%	-4.6%	8.0% - 9.4% / year
Domestic Equities	-6.5%	-12.9%	10.0% / year
Domestic Fixed	9.2%	9.4%	8.0% / year

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

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

Latest Five Years

For the latest five-year period, LADWP's total investment portfolio increased by 3.1% per year and outperformed the market-based proxy by 90 basis points annually. Strong relative results by the equity asset class contributed to this result. However, total portfolio performance significantly lagged LADWP's long-term return expectations as both the equity and fixed income asset classes lagged long-term expectations.

The domestic equities segment of the LADWP portfolio posted a minus (0.1%) average annual return over the past five years outperforming the market proxy by 1.5% per year. Over this period, both of LADWP's equity accounts with five years of performance history outperformed the proxy. The domestic fixed income component trailed the market-based proxy by 10 basis points with an average annual return of 7.7%.

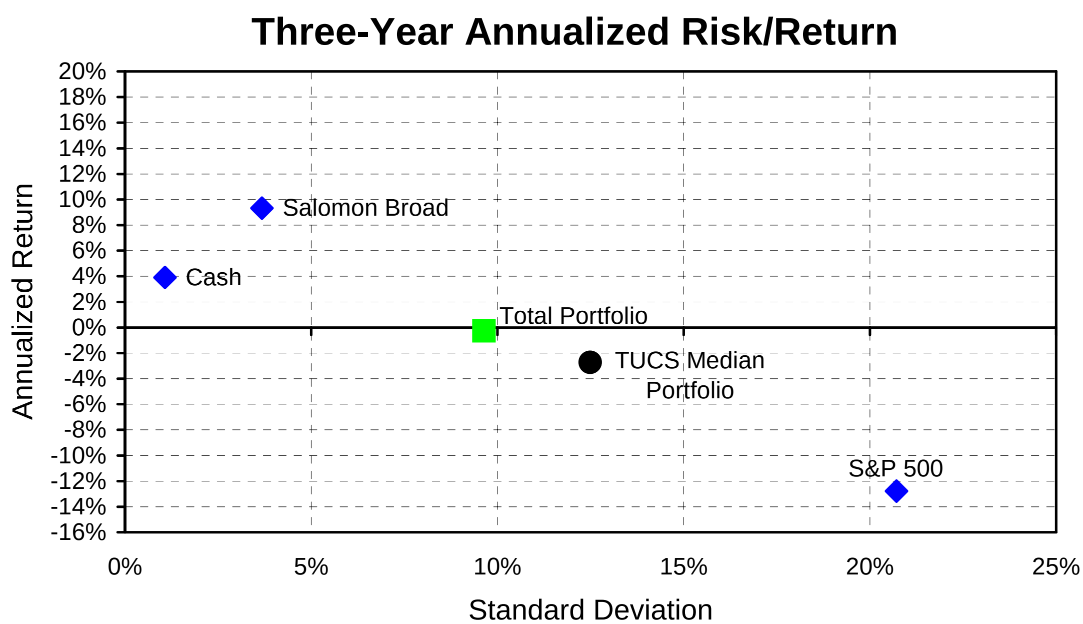
Over the latest five-year period, LADWP's total portfolio results placed them in the 30th percentile in the TUCS Master Trust Universe (median: 2.1%).

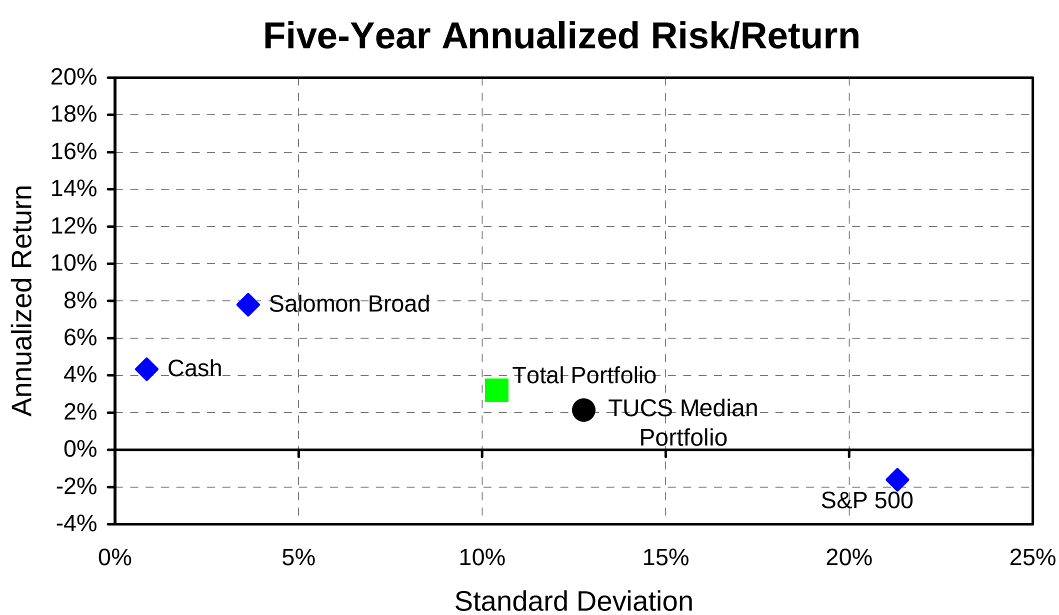
Comparative Performance—Five-Year Return

Segment	Actual Return	Market-based Proxy Return *	Long-term Expected Return **
Total Portfolio	3.1%	2.2%	8.0% - 9.4% / year
Domestic Equities	-0.1%	-1.6%	10.0% / year
Domestic Fixed	7.7%	7.8%	8.0% / year

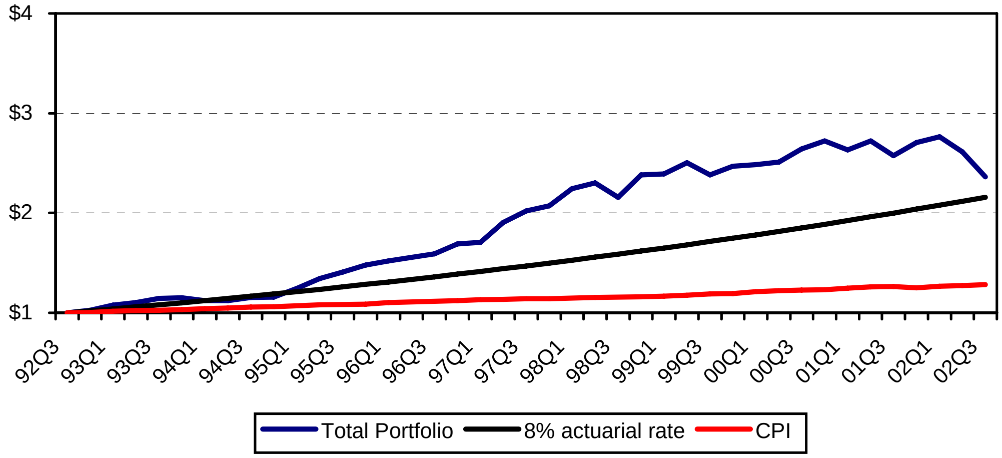
* Market-based proxies are comprised of: 60% S&P 500, 30% Salomon Broad and 10% T-Bills for the Total Portfolio, the S&P 500 for Domestic Equities and the Salomon Broad Index for Domestic Fixed.

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

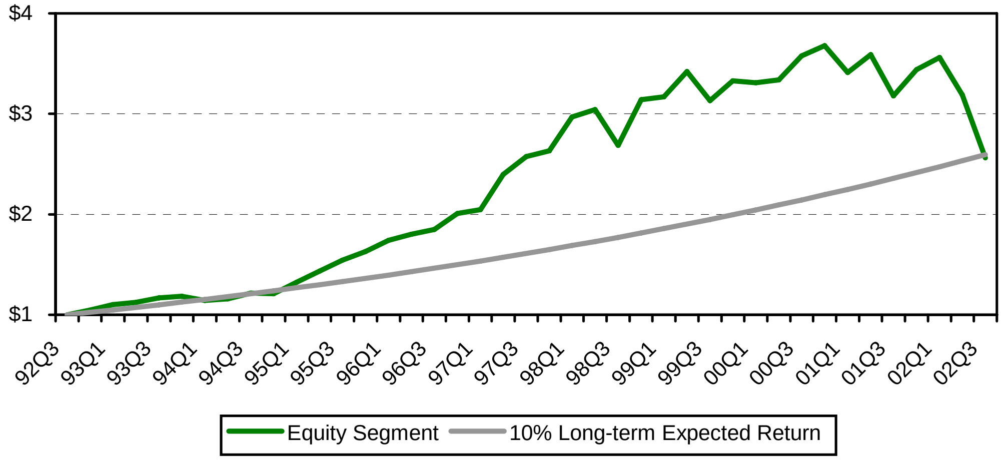

Three-Year Annualized Risk/Return
Annualized Return
20%
18%
16%
14%
12%
10%
8%
6%
4%
2%
0%
-2%
-4%
-6%
-8%
-10%
-12%
-14%
-16%
Salomon Broad
Cash
Total Portfolio
TUCS Median Portfolio
S&P 500
0%
5%
10%
15%
20%
25%
Standard Deviation


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

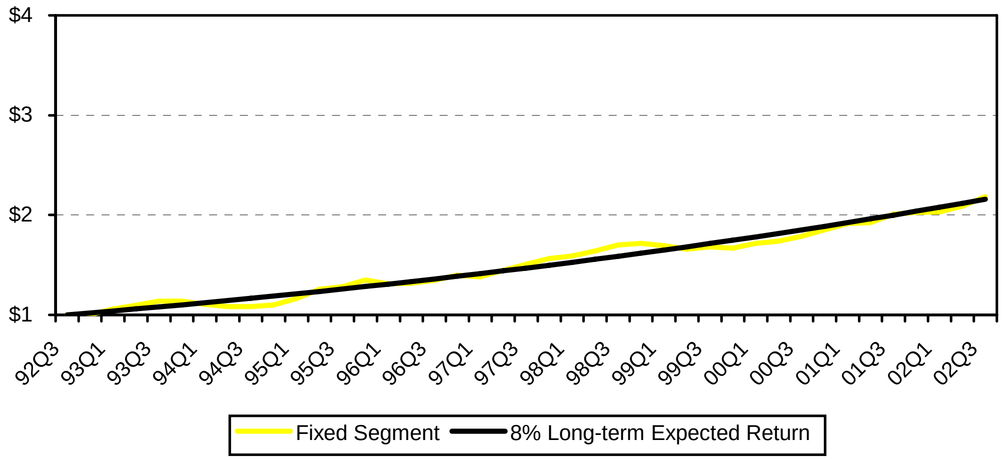
Growth of a Dollar- Latest 10 Years
Total Portfolio



Growth of a Dollar- Latest 10 Years
Equity Segment



Growth of a Dollar- Latest 10 Years
Fixed Segment



Economic Review

As measured by the real gross domestic product (GDP)[3], the US economy increased at an annual growth rate of 3.1% during the third quarter of 2002, up from 1.3% annualized growth in the previous quarter. The major contributors to the increase in real GDP were personal consumption expenditures, equipment and software, exports, and government spending. The positive contributions of these components were partially offset by a decrease in the growth of nonresidential structures. Imports, which are a subtraction in the calculation of GDP, increased.

Fixed income markets experienced the strongest performance among the major asset classes over the latest quarter as equities fell dramatically across the board. A proxy for the domestic fixed income market, the Lehman Aggregate Index, gained 4.6% during the quarter while its international counterpart, as measured by the SBWGB Index, managed a 3.9% quarterly return. Equities struggled across the market capitalization spectrum, producing their worst returns in several years; though large cap stocks modestly outperformed small-cap stocks. The Russell 2000 Index, a measure of small capitalization stock performance, posted a minus (21.4%) return for the quarter compared to a minus (17.3%) return for the S&P 500 Index, which represents the large domestic equity market. In terms of style, growth was favored during the quarter as the Russell 3000 Growth Index posted a minus (15.5%) return outperforming the Russell 3000 Value Index’s minus (19.0%) return. During the third quarter, the MSCI EAFE returned a minus (19.7%), as the MSCI Europe sub-component struggled, posting a minus (23.4%) quarterly return. These quarterly returns are some of the worst returns in modern history.

- **Inflation** – The Consumer Price Index (CPI) rose by 0.2% in September, on a seasonally-adjusted basis, resulting in a compounded annual rate (three-months ended September 30, 2002) of 2.5%. This matched the annualized increase of 2.5% during the second quarter of 2002.
- **Domestic Interest Rates** – During the third quarter of 2002 yields decreased across the entire maturity spectrum. The yield on one-year Treasury Bonds decreased by 34 basis points to 1.7% for the quarter while the yield on thirty-year Treasury Bonds decreased by 85 basis points to 4.8%. The spread between the one-year Treasury and the 30-year Treasury ended the quarter at 311 basis points compared to a 362 basis point spread at the end of last quarter. As a result, the yield curve steepened, benefiting short- and intermediate-term bonds.
- **US Dollar** – The US dollar strengthened over the latest quarter against most major currencies including the Yen, by 1.8%, and the Euro, by 0.3%.
- **Unemployment** – The domestic unemployment rate declined during the third quarter, decreasing to 5.6% in September from 5.9% at the end of last quarter.

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

Capital Market Highlights

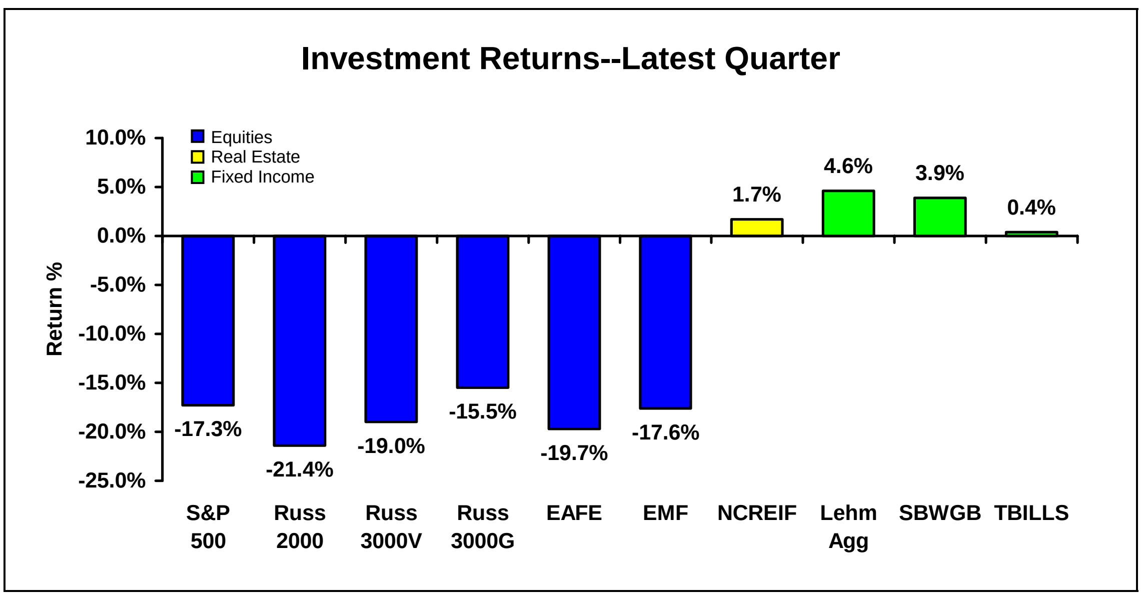
Latest Quarter

Bonds proved to be the safest place for investors during the latest three-month period. Both domestic and international bond markets produced positive absolute results during the third quarter of 2002. The domestic bond market, as measured by the LB Aggregate, provided investors with positive absolute performance, returning 4.6% during the quarter, which was the highest quarterly return among major asset classes. International bonds, measured by the SBWGB Index, produced a return of 3.9%.

For the quarter, equities produced some of the worst returns in history. The US stock market continued its historic slide due to a slower than expected economic recovery and growing tensions with Iraq. In general, large-cap stocks experienced the worst quarterly decline in over a decade, but faired better than small-cap stocks during the quarter with style being an important factor in terms of performance. Large-cap stocks struggled during the quarter posting a minus (17.3%) return, as measured by the S&P 500 Index, but outperformed small-cap stocks that returned minus (21.4%), as measured by the Russell 2000 index. Growth-oriented stocks, measured by the Russell 3000 Growth Index, outperformed value stocks (Russell 3000 Value) by a significant margin of 3.5% with respective quarterly returns of minus (15.5%) and minus (19.0%).

International stocks, as measured by the MSCI EAFE Index, performed similar to domestic stocks declining by (19.7%). The Pacific Basin sub-component of the MSCI-EAFE (including Japan) was the best performing region and decreased by (16.0%) during the quarter.

Over the quarter, real estate (as measured by the NCREIF Index) generated a total return of 1.7% while T-bills posted a 0.4% gain.



NCREIF Property Index information is as of June 30, 2002.

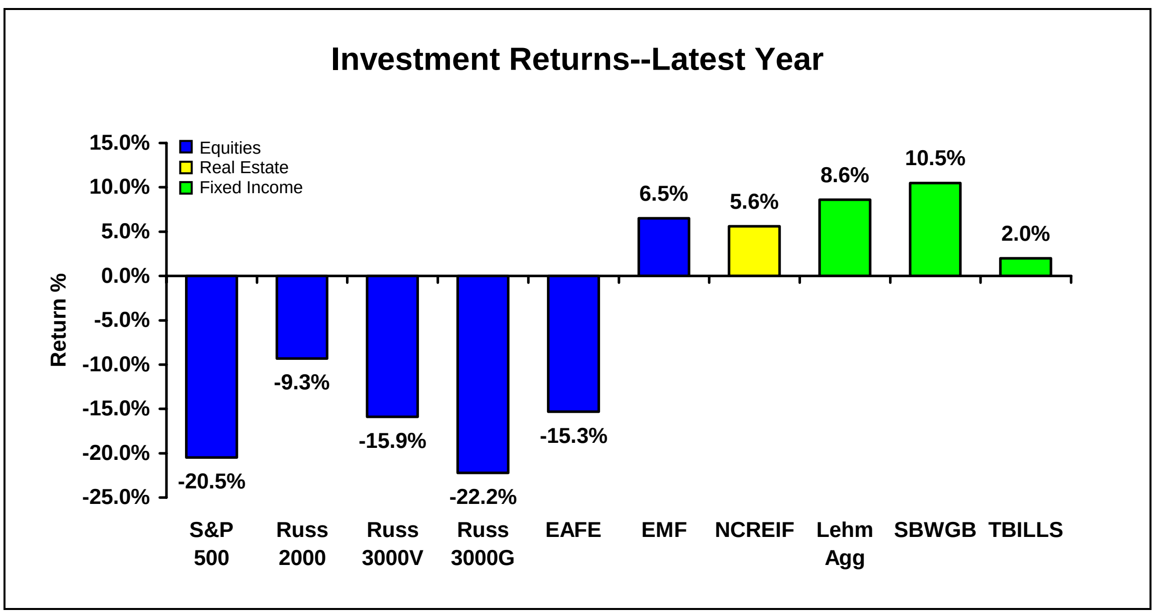
Latest Year

As seen in the chart below, bonds clearly outperformed equities over the latest 12-month period, as equities produced some of their worst 12-month returns in history. The broad domestic bond market, as measured by the Lehman Aggregate Index, managed a 1-year return of 8.6%. In general, this positive result was a function of the government bond sector as negative headlines weighed heavily on corporate (credit) issues. The Lehman Government (bond) Index gained 10.0% versus a gain of 8.2% for the Lehman Corporate (bond) Index. International bonds surpassed domestic issues during the latest year due to, in large part, a strong second quarter of 2002. A weakening US dollar earlier in the period and higher interest rates abroad made foreign markets more attractive to investors.

Over the latest year, equity markets continued to struggle. The domestic equity market experienced significant negative absolute returns across the board as investors became more sensitive to market risk (or volatility). Value stocks significantly outperformed growth stocks over the latest 12-month period in both small and larger capitalization issues. For example, the Russell 3000 Value Index declined by (15.9%) while the Russell 3000 Growth Index fell by (22.2%). In general, small cap stocks, as measured by the Russell 2000 Index, performed better than large cap stocks (S&P 500 Index), with respective returns of minus (9.3%) and minus (20.5%).

Over the latest year, the MSCI-EAFE posted a minus (15.3%) return. Underperformance of countries in the MSCI European subcomponent contributed significantly to this result.

The real estate market continued its steady performance as the NCREIF Index produced a 5.6% total return for the year and T-Bills posted a 2.0% return.



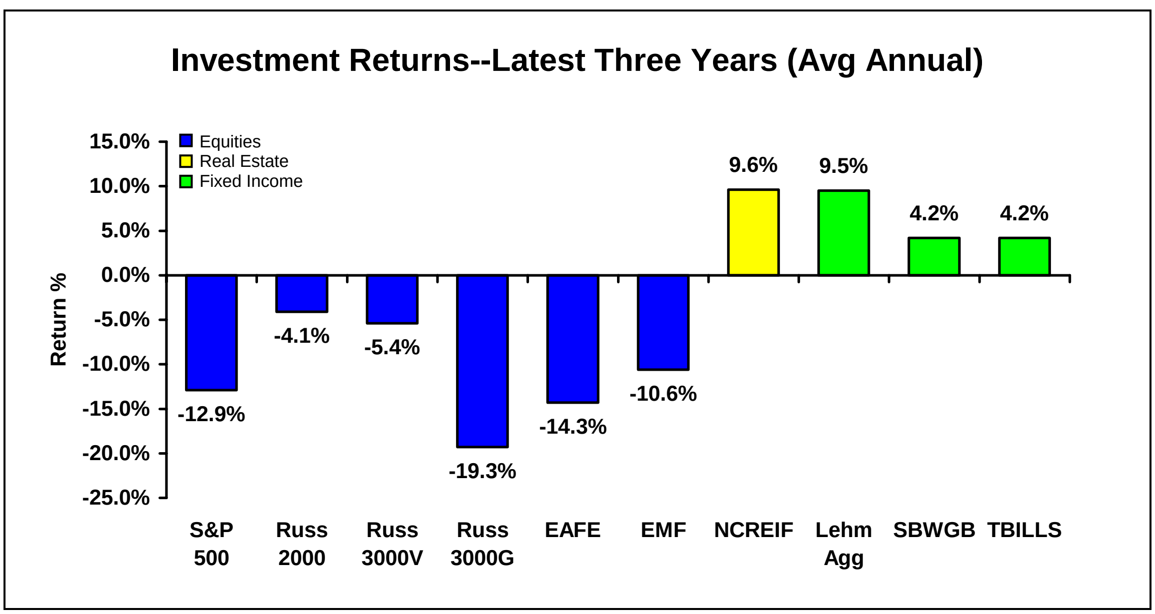
NCREIF Property Index information is as of June 30, 2002.

Latest Three Years

Since the introduction of benchmarks to gauge the performance of equity markets, there has never been a worse three-year period for the broad equity market. During this time, equity markets were down across the globe (though results did vary significantly by market capitalization and style). Both the S&P 500 Index and the MSCI EAFE Index posted negative absolute annualized results of minus (12.9%) and minus (14.3%), respectfully. However, certain segments of the equity market were able to provide some protection such as value-oriented stocks and smaller company stocks. Small-cap stocks, represented by the Russell 2000 Index, posted a minus (4.1%) return per annum. In terms of style, value stocks significantly outperformed growth stocks. The Russell 3000 Value Index posted a minus (5.4%) average annual return compared to a minus (19.3%) annualized return for Russell 3000 Growth Index during this period.

The domestic bond market, as measured by the Lehman Aggregate Index, averaged an annual return of 9.5% over the past three years, surpassing long-term expectations. This return was, on average, 5.3% higher than that of international bonds (measured by the SBWGB Index), which gained an annualized 4.2%. Declining yields and a focus on quality contributed significantly to these strong results. Money-market yields (T-Bills) averaged 4.2% per year.

Real estate markets produced very strong results posting a 9.6% average annual return over the latest three-year period.



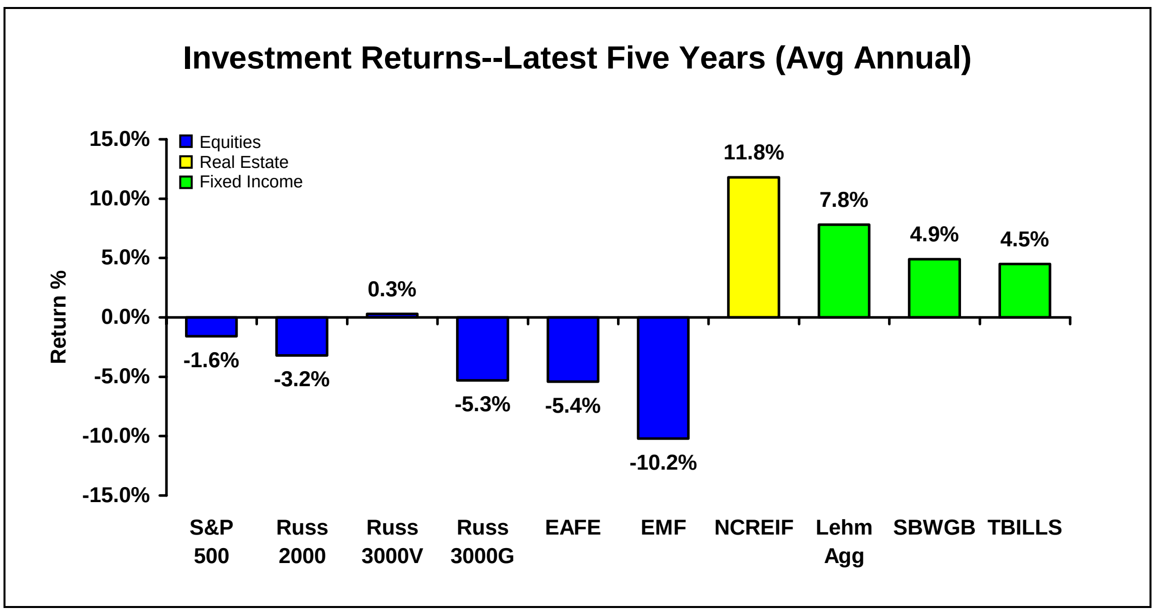
NCREIF Property Index information is as of June 30, 2002.

Latest Five Years

During the latest five-year period, of most obvious concern is the underperformance of the equity market. It is truly extraordinary that over a span of time of this length that performance of equity markets across the globe could reside in negative territory. For example, the domestic equity market, as measured by the S&P 500, declined at an average annual return of minus (1.6%). Small-cap stocks preformed slightly lower with an annualized return of minus (3.2%) as measured by the Russell 2000 Index. International equities also experienced negative absolute performance with a return of minus (5.4%) per annum. Underperformance by the MSCI Pacific sub-index at minus (8.5%) per year significantly contributed to this result.

Despite a recent surge in international bonds, the US fixed income markets continued to outperform their international counterparts over a 5-year period. The Lehman Aggregate returned 7.8% per year versus that of the SBWGB, which returned 4.9% per year on average, reflecting the influence of a strong U.S. dollar earlier in the period. Money-market returns (T-Bills) returned 4.5% per year over the latest five-year period.

Real estate markets have produced strong results, generating an 11.8% average annual return.



NCREIF Property Index information is as of June 30, 2002.

Manager Performance- Summary

Manager Performance Comparison- as of 9/30/02

Manager	Segment	Current Value $ (000)	Performance Qtr.	1 Year	3 Year	5 Year
Debt						
Standish I	**Total**	**680,088**	**3.6%**	**N/A**	**N/A**	**N/A**
(previously Boston)	Fixed Income	560,199	4.1%	N/A	N/A	N/A
	Cash/short-term	119,889	0.4%	N/A	N/A	N/A
Standish II	**Total**	**314,183**	**2.8%**	**N/A**	**N/A**	**N/A**
(previously Highmark)	Fixed Income	260,390	3.2%	N/A	N/A	N/A
	Cash/short-term	53,793	0.4%	N/A	N/A	N/A
TCW	**Total**	**1,129,220**	**4.3%**	**N/A**	**N/A**	**N/A**
	Fixed Income	899,109	5.3%	9.2%	9.3%	7.9%
	Cash/short-term	230,111	0.4%	N/A	N/A	N/A
Equity						
Boston	**Total**	**359,132**	**-15.0%**	**N/A**	**N/A**	**N/A**
(previously Highmark)	Equity	315,946	-16.8%	N/A	N/A	N/A
	Cash/short-term	43,186	0.4%	N/A	N/A	N/A
Boston Company	**Total**	**989,292**	**-18.9%**	**N/A**	**N/A**	**N/A**
	Equity	914,757	-20.2%	-18.0%	-4.8%	-0.6%
	Cash/short-term	74,535	0.4%	N/A	N/A	N/A
TCW	**Total**	**1,586,441**	**-17.5%**	**N/A**	**N/A**	**N/A**
	Equity	1,343,174	-19.7%	-20.7%	-7.8%	-0.1%
	Cash/short-term	243,267	0.4%	N/A	N/A	N/A
Benchmarks						
Market-based Total Portfolio Proxy	*Balanced*	---	*-9.2%*	*-10.0%*	*-4.6%*	*2.2%*
Long-term Expected Equity Return	*Equity*	---	*N/A*	*10.0%*	*10.0%*	*10.0%*
S&P 500	Large Core	---	-17.3%	-20.5%	-12.9%	-1.6%
Russell 1000 Value	Large Value	---	-18.8%	-17.0%	-6.3%	0.3%
Long-term Expected Fixed Return	*Fixed Income*	---	*N/A*	*8.0%*	*8.0%*	*8.0%*
Salomon Broad	Fixed Income	---	4.6%	8.4%	9.4%	7.8%

Manager Performance - Latest Quarter

Among equity accounts in LADWP's portfolio, one-of-three managers exceeded the S&P 500. The temporary Boston Company account previously managed by Highmark, posted the highest absolute return of minus (16.8%). This result exceeded the S&P 500 by 50 basis points and the Russell 1000 Value Index (a market-based proxy for large-cap value domestic equity mandates) by 2.0%. TCW posted a minus (19.7%) return and trailed the S&P 500 Index (a market-based proxy for large-cap core domestic equity mandates) by 2.4% as exposures to value issues and security selection dampened results. Boston Company posted a return of minus (20.2%) trailing the Russell 1000 Value by 1.4% and the S&P 500 by 2.9%. As with TCW's results, security selection in combination with exposure to value stocks over the quarter dampened Boston Company's relative results.

Among fixed income components within LADWP's portfolio, one-of-three managers outperformed the Salomon Broad proxy. TCW posted the strongest results over the latest quarter with a 5.3% return and exceeded the Salomon Broad, a market-based core fixed income proxy, by 70 basis points. Standish I and Standish II (previously managed by Boston Company and Highmark, respectively) trailed the Salomon Broad by 50 basis points and 1.4%, respectively with returns of 4.1% and 3.2%.

Manager Comparison--Latest Quarter

Portfolio	Style Group	Account Ranking**	Segment Return
Domestic Equity			
Boston (previously Highmark)	Large Value	33	-16.8
S&P 500 Index *	Large Core	46	-17.3
Russell 1000 Value *	Large Value	---	-18.8
TCW	Large Core	76	-19.7
Boston Company	Large Value	80	-20.2
Domestic Fixed Income			
TCW	Fixed	21	5.3
Salomon Broad *	Fixed	37	4.6
Standish I (previously Boston)	Fixed	51	4.1
Standish II (previously Highmark)	Fixed	67	3.2

* Market-based performance proxies

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

Manager Performance - Latest Year

Among equity accounts with one-year of performance history, one-of-two managers outpaced the S&P 500 and placed above-median among their peers. Boston Company posted the highest absolute return of minus (18.0%) over the latest 12-month period. Boston Company benefited from exposure to stronger performing value stocks relative to the broad market benchmark, however trailed the Russell 1000 Value proxy by 1.0%. TCW posted a minus (20.7%) return and outperformed the S&P 500 proxy by 20 basis points. However, both managers significantly underperformed the 10.0% expected long-term average annual return objective for equities.

Due to recent manager transitions, TCW is LADWP's only fixed income account with one-year of performance history. Over the latest year, TCW posted a 9.2% return outperforming the Salomon Broad proxy by 80 basis points and exceeding the long-term expected return objective for fixed income. TCW's results placed them in the 28th percentile among their peers.

Manager Comparison--Latest Year

Portfolio	Style Group	Account Ranking	Segment Return
Domestic Equity			
Long-term Expected Equity Return *	Equity	---	10.0
Russell 1000 Value **	Large Value	---	-17.0
Boston Company	Large Value	47	-18.0
S&P 500 Index **	Large Core	69	-20.5
TCW	Large Core	72	-20.7
Domestic Fixed Income			
TCW	Fixed	28	9.2
Salomon Broad **	Fixed	38	8.4
Long-term Expected Fixed Return *	Fixed	---	8.0

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

** Market-based performance proxies

Manager Performance - Latest Three Years

Among equity accounts with three-years of performance history, both managers outpaced the S&P 500 and placed above-median among their peers. Boston Company posted the highest absolute average annual return of minus (4.8%) over the latest three-year period. Boston Company benefited from exposure to stronger performing value stocks relative to the broad market benchmark and also outperformed the Russell 1000 Value proxy by 1.5% per year. Boston Company's exposure to smaller value-oriented issues contributed to this result. TCW posted a minus (7.8%) average annual return and outperformed the S&P 500 proxy by 5.1% per year. This significant outperformance is due, in large part, to exposure to smaller capitalized companies relative to the S&P 500 over the latest three-year period as small-cap stocks outperformed large-cap stocks. TCW's exposure to value issues relative to the S&P 500 also contributed to performance. However, both managers significantly underperformed the 10.0% expected long-term average annual return objective for equities.

TCW is LADWP's only fixed income account with three-years of performance history. Over the latest three-years, TCW posted a 9.4% average annual return trailing the Salomon Broad proxy by only 10 basis points and placed in the 42nd percentile among their peers. TCW's results exceeded the long-term expected return objective for fixed income.

Manager Comparison--Latest Three Years

Portfolio	Style Group	Account Ranking	Segment Return
Domestic Equity			
Long-term Expected Equity Return *	Equity	---	10.0
Boston Company	Large Value	31	-4.8
Russell 1000 Value **	Large Value	---	-6.3
TCW	Large Core	47	-7.8
S&P 500 Index **	Large Core	73	-12.9
Domestic Fixed Income			
Salomon Broad **	Fixed	39	9.4
TCW	Fixed	42	9.3
Long-term Expected Fixed Return *	Fixed	---	8.0

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

** Market-based performance proxies

Manager Performance - Latest Five Years

Among equity accounts with five-years of performance history, both managers outpaced the S&P 500. TCW posted the highest absolute return of minus (0.1%) over the latest five-year period and exceeded the S&P 500 proxy by 1.5% per year. As with the three-year period, exposure to smaller capitalized companies and value issues relative to the S&P 500 contributed to TCW's relative results. Boston Company posted a minus (0.6%) average annual return and outperformed the S&P 500 proxy by 1.0% per year. Boston Company benefited from exposure to stronger performing value stocks relative to the broad market benchmark. However, as with shorter time periods, both managers significantly underperformed the 10.0% expected long-term average annual return objective for equities.

TCW is LADWP's only fixed income account with five-years of performance history. Over the latest five-years, TCW posted a 7.9% average annual return exceeding the Salomon Broad proxy by 10 basis points and placed in the 37^{th} percentile among their peers. TCW's results only slightly trailed the long-term expected return objective for fixed income.

Manager Comparison--Latest Five Years

Portfolio	Style Group	Ranking	Return
Domestic Equity			
Long-term Expected Equity Return *	Equity	---	10.0
Russell 1000 Value **	Large Value	---	0.3
TCW	Large Core	51	-0.1
Boston Company	Large Value	54	-0.6
S&P 500 Index **	Large Core	65	-1.6
Domestic Fixed Income			
Long-term Expected Fixed Return *	Fixed	---	8.0
TCW	Fixed	37	7.9
Salomon Broad **	Fixed	40	7.8

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