Portfolio Highlights

Valuation

The LADWP portfolio, as of December 31 2002, had an aggregate value of $5.4 billion[1]. This represents a $213.1 million increase in value over last quarter, but a $679.9 million decrease in value over the last year.

During the quarter, LADWP's actual equity allocation increased 3% to end the quarter with a 53% allocation. LADWP's fixed income allocation ended the quarter at 31% (down 2% from the previous quarter). Sixteen percent of the LADWP portfolio was allocated to cash/short-term investments.

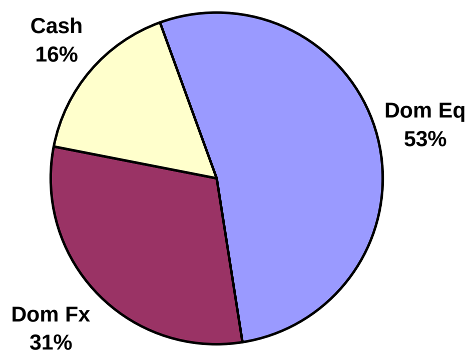
On September 18, 2002, LADWP adopted new asset allocation targets with plan assets to be reallocated across asset classes as new managers are selected. LADWP's new target asset allocations are: domestic equities (40.0%), international equities (15.0%), fixed income (35.0%), real estate (4.0%), alternative investments (5.0%) and cash (1.0%).

LADWP Portfolio Valuation – December 31, 2002 (millions)

Segment	Actual $	Actual % *
Total Portfolio	5,356.4	100%
Domestic Equity	2,838.6	53%
Domestic Fixed	1,641.8	31%
Cash/short-term	876.0	16%

* Differences in totals due to rounding.

LADWP Portfolio Valuation
As of 12/31/02



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

Performance--Periods ending December 31, 2002

Latest Quarter

For the latest quarter, LADWP's total investment portfolio gained 5.4% while underperforming a market-based proxy (comprised of: 60% S&P 500, 30% Salomon Broad and 10% T-Bills) by 30 basis points. Relative to the market-based proxy, an underweighting of the stronger performing domestic equity asset class and an overweighting of cash dampened performance.

During the fourth quarter of 2002, LADWP's domestic equity asset class returned 9.0% and outperformed the S&P 500 (a market proxy representative of the domestic equity market) by 60 basis points. All three equity accounts outperformed this market proxy over the latest quarter. The domestic fixed income asset class exceeded the performance of the Salomon Broad, which is a representative proxy for domestic fixed income market results, by 70 basis points. All three managers either matched or exceeded the proxy over the latest quarter.

LADWP's total portfolio results placed them in the 29th percentile (above median) in the TUCS Total Trust Universe[2]. The median return for the quarter was 4.8%

Comparative Performance--Quarter Return

Segment	Actual Return	Market-Based Proxy Return *
Total Portfolio	5.4%	5.7%
Domestic Equities	9.0%	8.4%
Domestic Fixed	2.3%	1.6%

* 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 8.1% and outperformed the representative market-proxy by 2.5%. Strong relative results by both the domestic equity and domestic fixed income asset classes contributed to this result.

LADWP's domestic equity asset class decreased by (18.8%) over the past year outperforming the market proxy by 3.3% (as both equity accounts with one-year of performance history outperformed). However, these results significantly trail the long-term expected return for equity investments. The domestic fixed income component exceeded the market proxy by 10 basis points with a return of 10.2%. This return exceeds the long-term expected return for fixed income investments.

Over the latest year, LADWP's total portfolio results placed in the 34th percentile (above median) in the TUCS Total Trust Universe (median: minus (9.5%)).

Comparative Performance—One-Year Return

Segment	Actual Return	Market-based Proxy Return *	Long-term Expected Return **
Total Portfolio	-8.1%	-10.6%	8.0% - 9.4% / year
Domestic Equities	-18.8%	-22.1%	10.0% / year
Domestic Fixed	10.2%	10.1%	8.0% / year

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

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

Latest Three Years

For the latest three-year period, LADWP's total investment portfolio gained 0.3% per year and outperformed the representative market-based proxy by 5.8% on an annual basis while also protecting principal during a historically challenging period. Strong relative results by both the domestic equity asset class and domestic fixed income asset class contributed to this result. However, these results are significantly below LADWP's long-term expectations as the equity asset class trailed its long-term target.

The domestic equity asset class posted a minus (5.7%) average annual return over the past three years outperforming the market proxy by 8.9% 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 led the market-based proxy by 20 basis points per year with an average annual return of 10.3%. In addition, 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 12th percentile (above median) in the TUCS Total Trust Universe (median: minus (4.3%)).

Comparative Performance—Three-Year Return

Segment	Actual Return	Market-based Proxy Return *	Long-term Expected Return **
Total Portfolio	0.3%	-5.5%	8.0% - 9.4% / year
Domestic Equities	-5.7%	-14.6%	10.0% / year
Domestic Fixed	10.3%	10.1%	8.0% / year

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

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

Latest Five Years

For the latest five-year period, LADWP's total investment portfolio increased by 3.7% per year and outperformed the market-based proxy by 90 basis points annually. Strong relative results by the domestic equity asset class contributed to this result. However, total portfolio performance significantly lagged LADWP's long-term return expectations as both the equity and fixed income asset classes lagged long-term expectations.

The domestic equities segment of the LADWP portfolio posted a 1.2% average annual return over the past five years outperforming the market proxy by 1.8% per year. Over this period, both of LADWP's equity accounts with five years of performance history outperformed the proxy. The domestic fixed income component trailed the market-based proxy by 10 basis points with an average annual return of 7.4%.

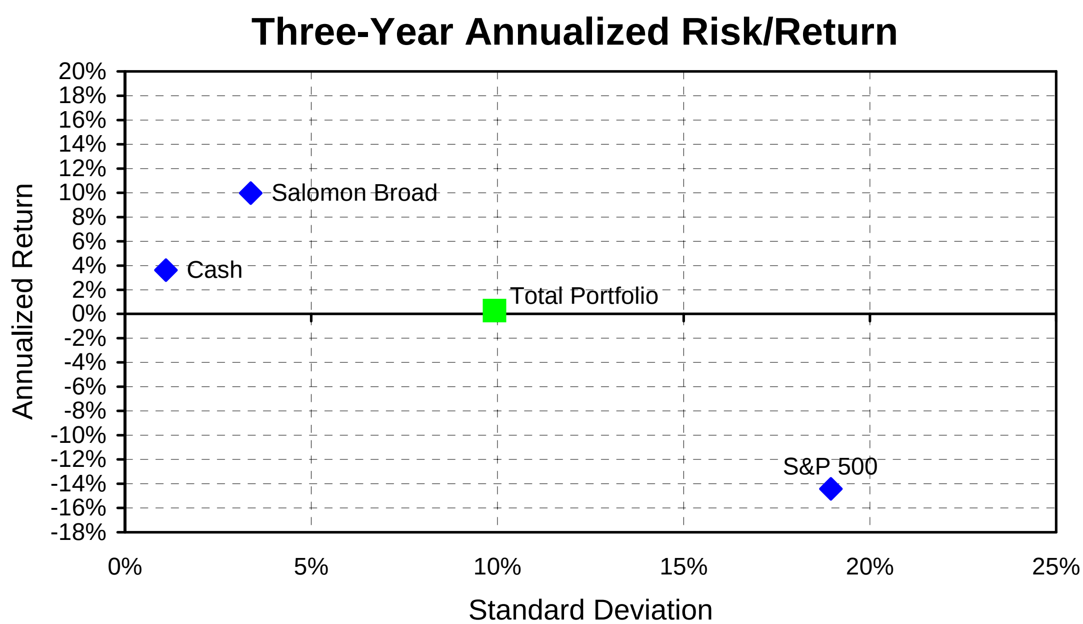
Over the latest five-year period, LADWP's total portfolio results placed them in the 41st percentile (above median) in the TUCS Total Trust Universe (median: 3.3%).

Comparative Performance—Five-Year Return

Segment	Actual Return	Market-based Proxy Return *	Long-term Expected Return **
Total Portfolio	3.7%	2.8%	8.0% - 9.4% / year
Domestic Equities	1.2%	-0.6%	10.0% / year
Domestic Fixed	7.4%	7.5%	8.0% / year

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

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


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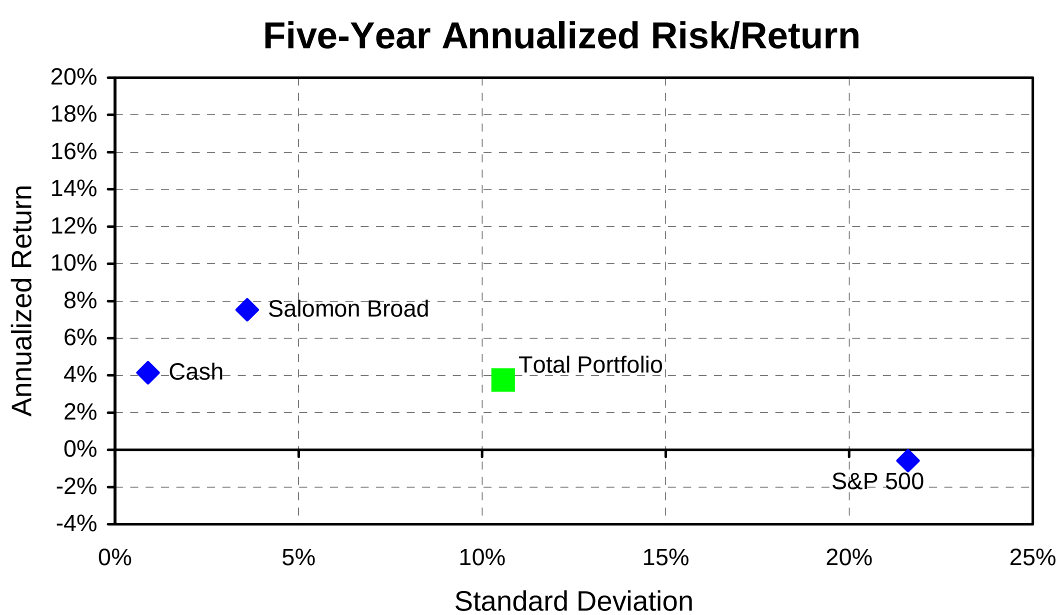
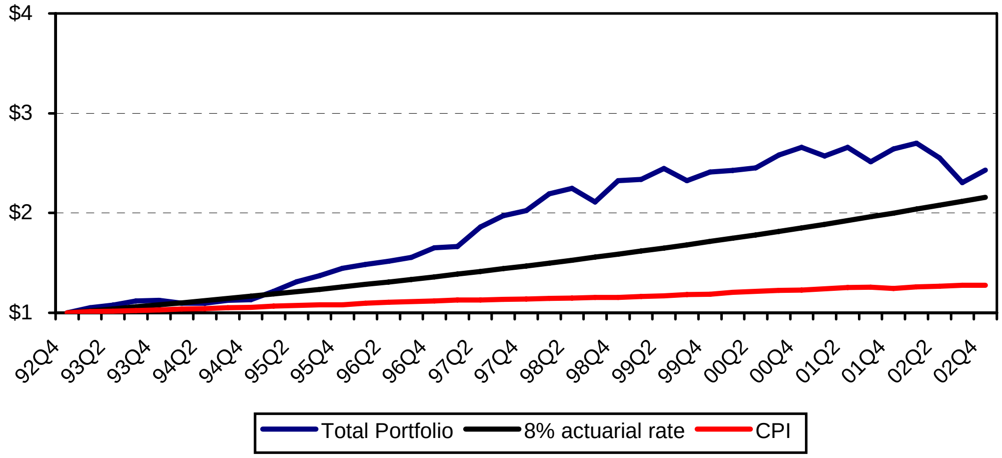
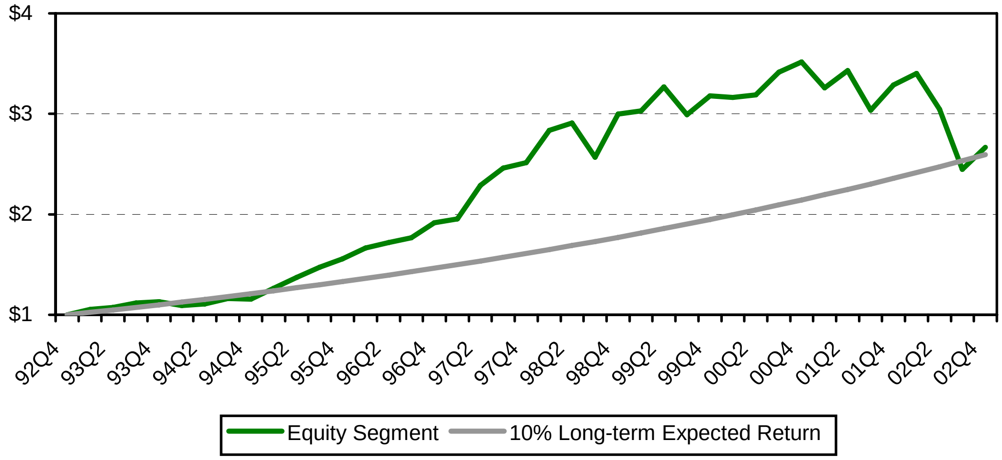
20%
25%
Salomon Broad
Cash
Total Portfolio
S&P 500


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

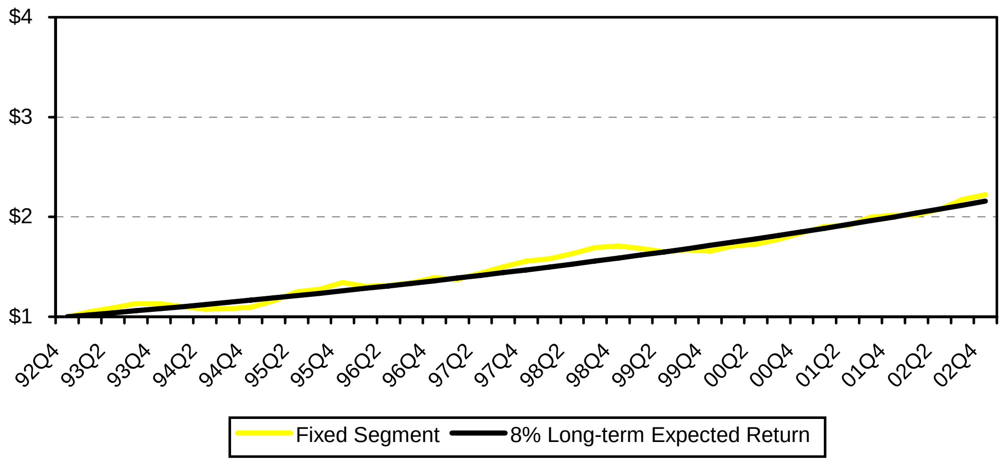
Growth of a Dollar- Latest 10 Years
Total Portfolio



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 0.7% during the fourth quarter of 2002, down from 3.1% annualized growth in the previous quarter. The major contributors to the increase in real GDP were personal consumption expenditures, equipment and software, residential fixed investment, and government spending. The positive contributions of these components were partially offset by a decrease in private inventory investment, nonresidential structures, and from exports. Imports, which are a subtraction in the calculation of GDP, increased.

Equity markets experienced the strongest performance among the major asset classes over the latest quarter. However, domestic equity markets declined for the third consecutive year for the first time since the 1930's. Fixed income also provided positive returns. The S&P 500 Index, which represents the large domestic equity market, posted an 8.4% return for the quarter compared to a 6.2% return for the Russell 2000 Index, a measure of small capitalization stock performance. In terms of style, results varied by capitalization. For large-cap stocks, value issues outperformed growth issues, while growth issues outperformed value issues for small-cap stocks. During the fourth quarter, the MSCI EAFE returned a positive 6.5%, as the MSCI Europe sub-component provided a strong 10.9% quarterly return. A proxy for the domestic fixed income market, the Lehman Aggregate Index, gained 1.6% during the quarter while its international counterpart, as measured by the SBWGB Index, posted a 4.7% quarterly return.

- **Inflation** – The Consumer Price Index (CPI) declined by 0.2% in December, on a seasonally adjusted basis, resulting in a compounded annual rate (three-months ended December 31, 2002) of 1.8%. In comparison, the CPI decreased 2.0% (on an annualized basis) during the fourth quarter of 2001.
- **Domestic Interest Rates** – During the fourth quarter of 2002, short-terms yields decreased while long-term yields increased. The annual yield on one-year Treasury Bonds decreased by 27 basis points to 1.5% for the quarter while the yield on thirty-year Treasury Bonds increased by 12 basis points to 4.9%. The spread between the one-year Treasury and the 30-year Treasury ended the quarter at 350 basis points compared to a 311 basis point spread at the end of last quarter. As a result, the yield curve steepened, benefiting short-term bonds.
- **US Dollar** – The US dollar weakened over the latest quarter against most major currencies including the Yen, by 1.9%, and the Euro, by 6.0%.
- **Unemployment** – The domestic unemployment rate remained at 6.0% in December unchanged from 6.0% at the end of last quarter.

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

Capital Market Highlights

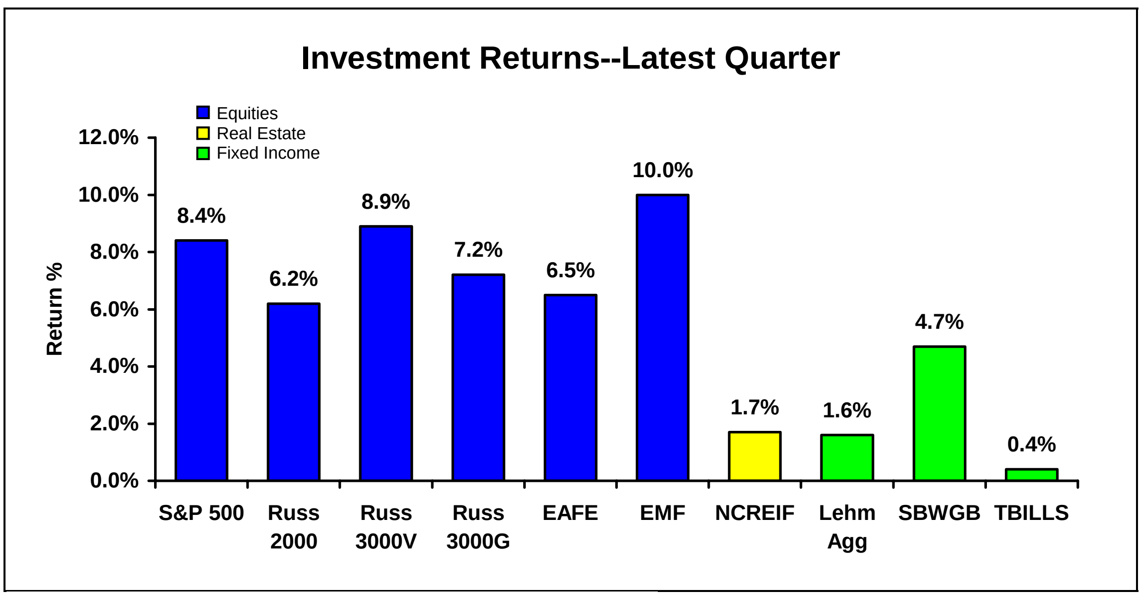
Latest Quarter

The US stock market provided strong positive returns despite continued geopolitical tensions, concerns about corporate profits, and mixed economic news. In general, large-cap stocks faired better than small-cap stocks during the quarter with style being an important factor in terms of performance. Large-cap stocks staged a comeback during the quarter posting an 8.4% return, as measured by the S&P 500 Index, while outperforming small-cap stocks which returned 6.2%, as measured by the Russell 2000 Index. As mentioned earlier, style results varied by capitalization. Value-oriented stocks, measured by the Russell 3000 Value Index, outperformed growth stocks (Russell 3000 Growth) by a margin of 1.7% with respective quarterly returns of 8.9% and 7.2%. Among small cap stocks, however, growth was favored over value as the Russell 2000 Growth index posted a 7.5% return during the quarter, and the Russell 2000 Value posted a 4.9% return.

International stocks, as measured by the MSCI EAFE Index, performed similar to domestic stocks with a positive 6.5% return. The Europe sub-component of the MSCI-EAFE was the best performing region and increased by 10.9% during the quarter. The Pacific Basin sub-component (including Japan) ended the quarter with a positive 4.9% return. Emerging Markets, as measured by the MSCI EMF, posted a 10.0% return.

Both domestic and international bond markets produced positive absolute results during the fourth quarter of 2002. The domestic bond market, as measured by the LB Aggregate returned 1.6% during the quarter. International bonds, measured by the SBWGB Index, also produced a positive return of 4.7%. This strong relative performance was due in part to depreciation in the value of the US dollar versus most major currencies.

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 September 30, 2002.

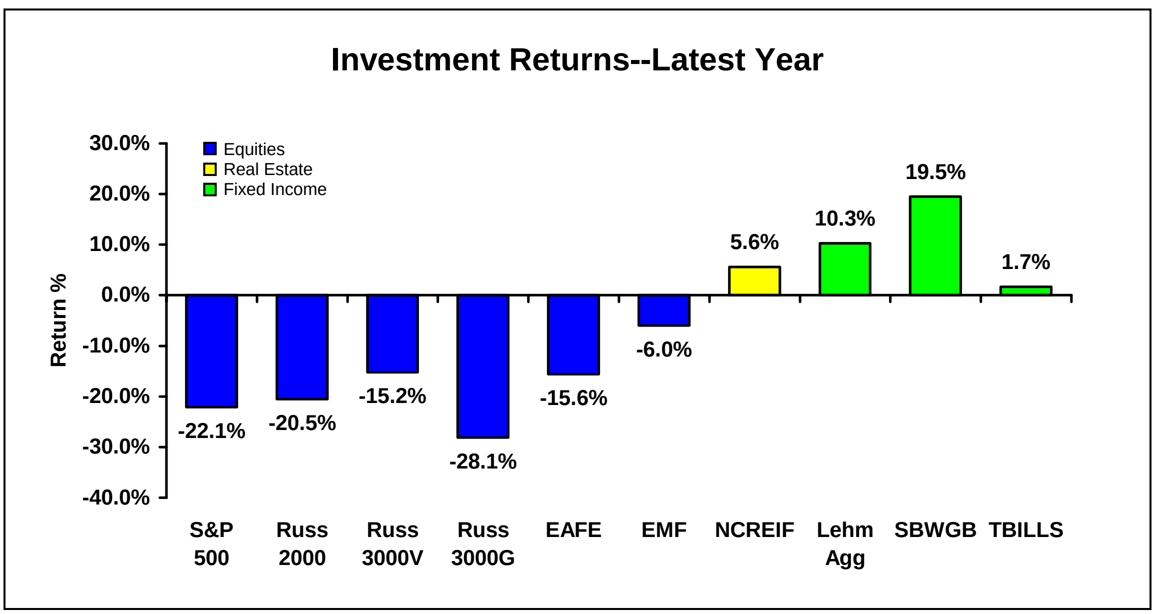
Latest Year

As seen in the chart below, bonds clearly outperformed equities over the latest 12-month period. The broad domestic bond market, as measured by the Lehman Aggregate Index, posted a 1-year return of 10.3%. 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 over the most recent quarter combined with higher interest rates abroad made foreign markets more attractive to investors.

Domestic equity markets continued to struggle during the period marking the first time since the 1930's that equities declined in three consecutive years. The domestic equity market experienced negative absolute returns across the board as investors became highly sensitive to market risk. 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 (15.2%) while the Russell 3000 Growth Index fell by (28.1%). In general, small cap stocks, as measured by the Russell 2000 Index, performed slightly better than large cap stocks (S&P 500 Index), with respective returns of minus (20.5%) and minus (22.1%).

Over the latest year, the MSCI-EAFE posted a minus (15.6%) return. Underperformance of countries in the MSCI European subcomponent contributed significantly to this result with a minus (18.10%) return, while the Pacific Basin sub-component (including Japan) ended the quarter with a minus (5.78%) return.

The real estate market continued its steady performance as the NCREIF Index produced a 5.6% total return for the year and T-Bills posted a 1.7% return.



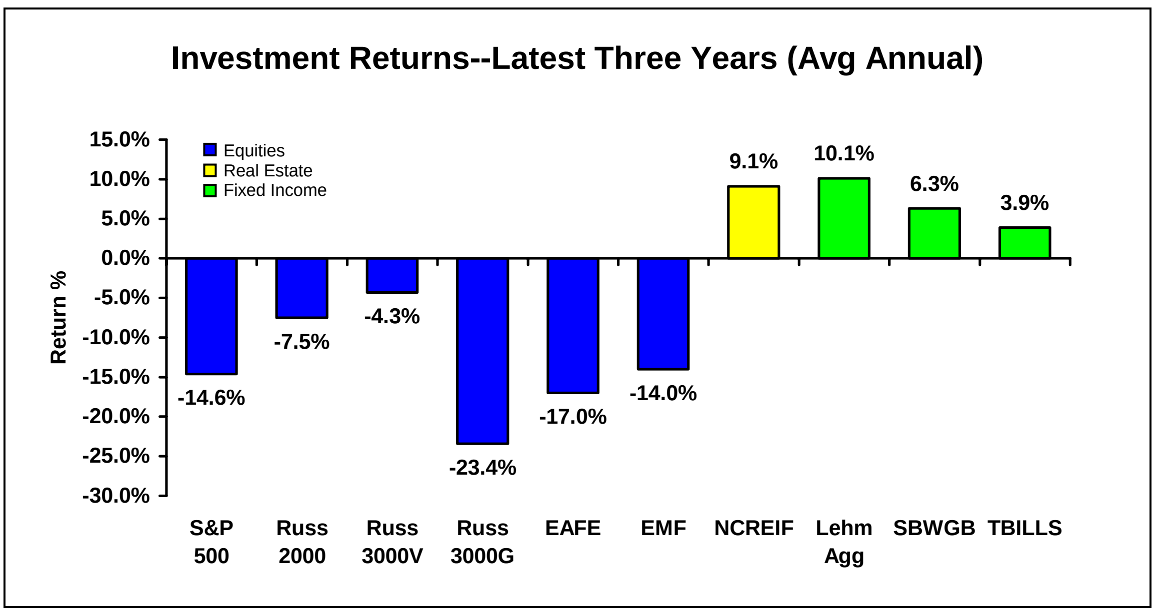
NCREIF Property Index information is as of September 30, 2002.

Latest Three Years

The latest three-year period is one of the worst periods in history and marks the first time since the 1930's that domestic equity markets were down for three consecutive years. Equity markets declined across the globe but results varied significantly by market capitalization (size) and style. Both the S&P 500 Index and the MSCI EAFE Index posted negative absolute annualized results of minus (14.6%) per year and minus (17.0%) per year, respectfully. However, certain segments of the equity market were able to provide some protection such as value-oriented stocks and smaller company stocks (i.e., the Russell 2000 Value Index) posted a 7.5% average annual return. Small-cap stocks, represented by the Russell 2000 Index, posted a minus (7.5%) per annum. In terms of style, value stocks significantly outperformed growth stocks. The Russell 3000 Value Index posted a minus (4.3%) average annual return compared to a minus (23.4%) annualized return for Russell 3000 Growth Index during this period. This latter result implies that over the last three years, investors in growth stocks have lost over 50% of their wealth, while investors in value stocks lost only 12% of their wealth.

The domestic bond market, as measured by the Lehman Aggregate Index, averaged an annual return of 10.1% over the past three years, surpassing long-term expectations. This return was, on average, 3.8% higher than that of international bonds (measured by the SBWGB Index), which gained an annualized 6.3%. Declining yields and investors' focus on protection of capital contributed significantly to these strong bond market results. Money-market yields (T-Bills) averaged 3.9% per year.

Real estate markets produced strong results posting a 9.1% average annual return over the latest three-year period.



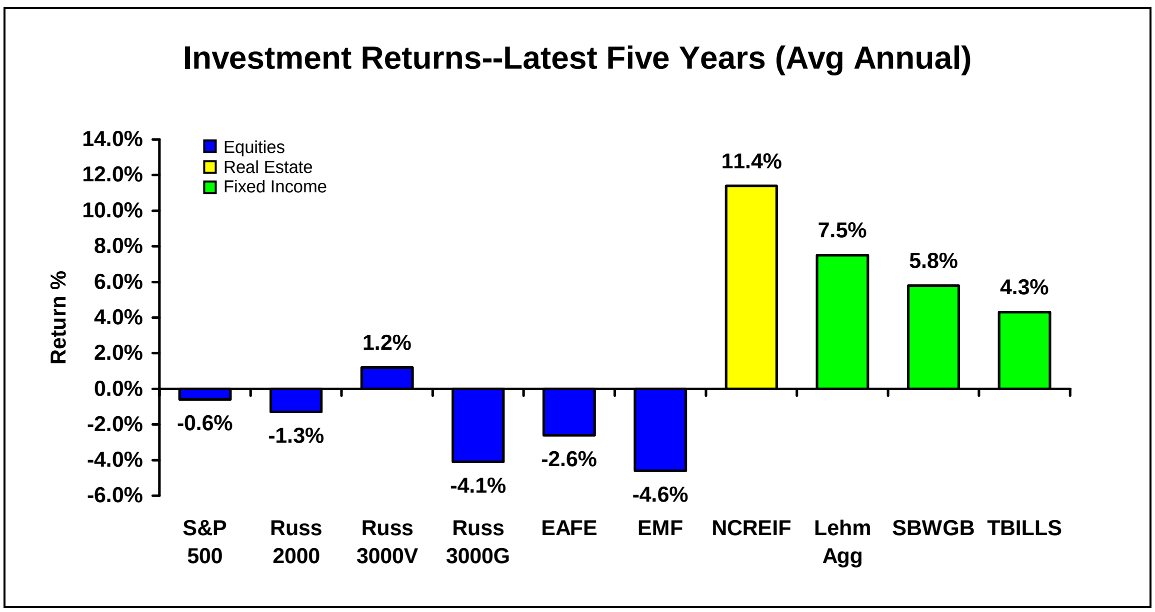
NCREIF Property Index information is as of September 30, 2002.

Latest Five Years

During the latest five-year period, of most obvious concern is the underperformance of the domestic equity market relative to long-term expectations. As measured by the S&P 500, the domestic equity market declined at an average annual return of minus (0.6%). Small-cap stocks preformed slightly lower with an annualized return of minus (1.3%) as measured by the Russell 2000 Index. During the period, investors experienced a loss of principal primarily in growth stocks, as represented by the Russell 3000 Growth Index, which finished the period with a minus (4.1%) return per year. Value stocks, however, provided some protection as the Russell 3000 Value Index ended the period with a 1.2% return per year. International equities also resided in negative territory with a return of minus (2.6%) per annum. Underperformance by the MSCI Pacific sub-index at minus (3.9%) per year significantly contributed to this result.

Despite a recent surge in international bonds, the US fixed income markets continued to outperform their international counterparts over the latest 5-year period. The Lehman Aggregate returned 7.5% per year versus that of the SBWGB, which returned 5.8% per year on average, reflecting the influence of a strong U.S. dollar earlier in the period. Money-market returns (T-Bills) returned 4.3% per year over the latest five-year period.

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



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

Manager Performance- Summary

Manager Performance Comparison- as of 12/31/02

Manager	Segment	Current Value $ (000)	Performance Qtr.	1 Year	3 Year	5 Year
Debt						
Standish I (previously Boston)	**Fixed Income**	**535,628**	**1.6%**	**N/A**	**N/A**	**N/A**
Standish II (previously Highmark)	**Fixed Income**	**266,111**	**1.9%**	**N/A**	**N/A**	**N/A**
TCW	**Fixed Income**	**840,061**	**2.7%**	**11.3%**	**10.6%**	**7.7%**
Equity						
Boston (previously Highmark)	**Equity**	**352,396**	**10.6%**	**N/A**	**N/A**	**N/A**
Boston Company	**Equity**	**991,277**	**9.0%**	**-16.1%**	**-3.0%**	**0.8%**
TCW	**Equity**	**1,494,914**	**8.6%**	**-21.6%**	**-7.9%**	**1.1%**
Benchmarks						
Market-based Total Portfolio Proxy	*Balanced*	---	*5.7%*	*-10.6%*	*-5.5%*	*2.8%*
Long-term Expected Equity Return	*Equity*	---	*N/A*	*10.0%*	*10.0%*	*10.0%*
S&P 500	Large Core	---	8.4%	-22.1%	-14.6%	-0.6%
Russell 1000 Value	Large Value	---	9.2%	-15.5%	-5.2%	1.2%
Long-term Expected Fixed Return	*Fixed Income*	---	*N/A*	*8.0%*	*8.0%*	*8.0%*
Salomon Broad	Fixed Income	---	1.6%	10.1%	10.1%	7.5%

Manager Performance - Latest Quarter

Among domestic equity accounts in LADWP's portfolio, all three managers exceeded the S&P 500 (a market-based proxy for large-cap core domestic equity mandates). The temporary Boston Company account, previously managed by Highmark, posted the highest absolute return of 10.6%. This result exceeded the S&P 500 by 2.2% and the Russell 1000 Value Index (a market-based proxy for large-cap value domestic equity mandates) by 1.4%. Boston Company posted a return of 9.0% trailing the Russell 1000 Value by 20 basis points and exceeding the S&P 500 by 60 basis points. TCW posted an 8.6% return and led the S&P 500 Index by 20 basis points.

Among fixed income components within LADWP's portfolio, all three managers either matched or outperformed the Salomon Broad proxy (a market-based proxy for core domestic fixed income mandates). TCW posted the strongest results over the latest quarter with a 2.7% return and exceeded the Salomon Broad by 1.1%. Standish II (previously managed by Highmark) exceeded the Salomon Broad by 30 basis points while Standish I (previously managed by Boston Company) matched the Salomon Broad's 1.6% return.

Manager Comparison--Latest Quarter

Portfolio	Style Group	Account Ranking**	Segment Return
Domestic Equity			
Boston (previously Highmark)	Large Value	12	10.6
Russell 1000 Value *	Large Value	---	9.2
Boston Company	Large Value	23	9.0
TCW	Large Core	27	8.6
S&P 500 Index *	Large Core	32	8.4
Domestic Fixed Income			
TCW	Fixed	27	2.7
Standish II (previously Highmark)	Fixed	43	1.9
Standish I (previously Boston)	Fixed	55	1.6
Salomon Broad *	Fixed	55	1.6

* Market-based performance proxies

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

Manager Performance - Latest Year

Among domestic equity accounts with one-year of performance history, both managers outpaced the S&P 500. Boston Company posted the highest absolute return of minus (16.1%) 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 60 basis points. TCW posted a minus (21.6%) return and outperformed the S&P 500 proxy by 50 basis points. However, both managers significantly underperformed the 10.0% expected long-term average annual return objective for domestic equities.

Due to recent manager transitions, TCW is LADWP's only fixed income account with one-year of performance history. Over the latest year, TCW posted an 11.3% return outperforming the Salomon Broad proxy by 1.2% and exceeding the long-term expected return objective for fixed income. Strong issue selection within the corporate bond sector contributed to performance over the latest year. TCW's results placed them in the 21st 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	---	-15.5
Boston Company	Large Value	24	-16.1
TCW	Large Core	51	-21.6
S&P 500 Index **	Large Core	56	-22.1
Domestic Fixed Income			
TCW	Fixed	21	11.3
Salomon Broad **	Fixed	39	10.1
Long-term Expected Fixed Return *	Fixed	---	8.0

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

** Market-based performance proxies

Manager Performance - Latest Three Years

Among domestic equity accounts with three-years of performance history, both managers outpaced the S&P 500 and placed above-median among their peers. Boston Company posted the highest absolute average annual return of minus (3.0%) over the latest three-year period. As with the shorter one-year period, Boston Company benefited from exposure to stronger performing value stocks relative to the broad market benchmark and also outperformed the Russell 1000 Value proxy by 2.2% per year. Boston Company's exposure to smaller capitalized issues contributed to this result as small-cap issues outperformed over the latest three-year period. TCW posted a minus (7.9%) average annual return and outperformed the S&P 500 proxy by 6.7% per year. This significant outperformance is due, in large part, to TCW's exposure to smaller capitalized companies and 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 domestic equities.

TCW is LADWP's only fixed income account with three-years of performance history. Over the latest three-years, TCW posted a 10.6% average annual return exceeding the Salomon Broad proxy by 50 basis points and placed in the 24th 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	24	-3.0
Russell 1000 Value **	Large Value	---	-5.2
TCW	Large Core	40	-7.9
S&P 500 Index **	Large Core	68	-14.6
Domestic Fixed Income			
TCW	Fixed	24	10.6
Salomon Broad **	Fixed	36	10.1
Long-term Expected Fixed Return *	Fixed	---	8.0

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

** Market-based performance proxies

Manager Performance - Latest Five Years

Among domestic equity accounts with five-years of performance history, both managers outpaced the S&P 500 and protected principal in a very difficult environment. TCW posted the highest absolute return of 1.1% over the latest five-year period and exceeded the S&P 500 proxy by 1.7% per year. As with the three-year period, exposure to smaller, value-oriented issues relative to the S&P 500 contributed to TCW's results as value stocks outperformed growth stocks and small-cap stocks outperformed large-cap stocks. Boston Company posted a 0.8% average annual return and outperformed the S&P 500 proxy by 1.4% per year. Boston Company benefited from exposure to stronger performing value stocks relative to the broad market benchmark. However, as with shorter time periods, both managers significantly underperformed the 10.0% expected long-term average annual return objective for domestic equities.

TCW is LADWP's only fixed income account with five-years of performance history. Over the latest five-years, TCW posted a 7.7% average annual return exceeding the Salomon Broad proxy by 20 basis points and placed in the 32nd 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	---	1.2
TCW	Large Core	53	1.1
Boston Company	Large Value	57	0.8
S&P 500 Index **	Large Core	72	-0.6
Domestic Fixed Income			
Long-term Expected Fixed Return *	Fixed	---	8.0
TCW	Fixed	32	7.7
Salomon Broad **	Fixed	37	7.5

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