



News Bulletin

April 2006

Board of Deferred Compensation Administration Members:

Shelley Smith

Chairperson
City Employees Retirement System

Joya C. De Foor

Vice Chairperson
City Treasurer

Eugene Canzano

DWP Retirement

Don Keith

Fire/Police Pension

Richard Kraus

Organized Labor Representative

Bill Stein

Retired Participant Representative

Margaret M. Whelan

General Manager
Personnel Department

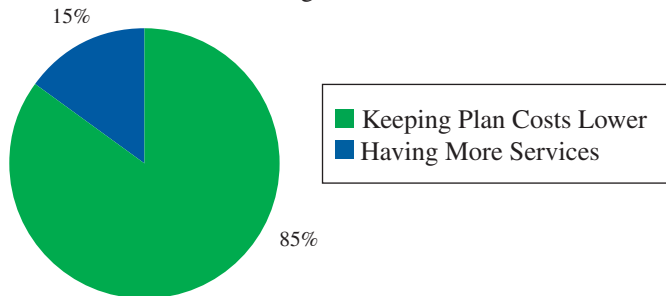
2005 Deferred Compensation Plan Survey Results

Satisfaction, preference for low cost emphasized

The Board of Deferred Compensation Administration's 2005 survey of Deferred Compensation Plan participants generated important information about participant preferences for the Plan. Survey topics included the use of existing services as well as potential new Plan features that would make it easier to enroll, invest and make changes.

The survey was developed by a special task force of Plan participants and issued/tabulated by an independent research firm. The Board was pleased with the strong response—almost 20%, or over 6,200 participants, returned their survey forms. The results suggested that participants are interested in learning more about potential new services, but are skeptical of any that might result in mandatory additional costs. On one of the most fundamental questions, when asked to indicate a preference for more services versus keeping Plan costs lower, participants resoundingly came down on the side of lower costs (Figure 1).

Fees vs. Services Preference
Figure 1



(continued on page 4)

**Have Questions?
Need Information?**

For information about the Plan and/or access to your account, contact Great-West Retirement Services® in any of the following ways:

Web site:¹ www.cityofla457.com
KeyTalk®:¹ (888) 457-9460

City Hall

200 N. Spring Street, Room 867
Office hours: 8:30 a.m. to 5:00 p.m.

DWP

JFB Main Office Building
111 N. Hope Street, Level A area
First and third Tuesday of each month,
usually from 8:30 a.m. to 2:00 p.m.

Van Nuys City Hall

Marvin Braude Constituent Center
Conference Room 1B
6262 Van Nuys Boulevard
Scheduled for June 8, 2006,
from 10:00 a.m. to 2:00 p.m.

LAX Airport

Third Wednesday of every month.
Call the local service center to confirm locations and times.

For information about the Board, decisions made by the Plan and investment selection, contact:

Steven Montagna, Program Manager
smontagna@per.lacity.org or
(213) 485-4846
The Board's Web site:
www.lacity.org/per/Deferred_Comp_Main%20Page.htm

¹ Access to KeyTalk and the Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons. Transfer requests made via the Web site or KeyTalk received on business days prior to close of the New York Stock Exchange (1:00 p.m. Pacific Time or earlier on some holidays or other special circumstances) will be initiated at the close of business the same day the request was received. The actual effective date of your transaction may vary depending on the investment option selected. If you don't have a PIN, press 0 during business hours and you will be directed to a representative in our National Service Center.

Investment Option Returns *as of March 31, 2006*

FDIC Insured Savings Accounts Options	Annualized Yield for Quarter				
	2nd Qtr '06	1st Qtr '06	4th Qtr '05	3rd Qtr '05	2nd Qtr '05
Washington Mutual Liquid Savings Account ²	4.84%	4.39%	3.75%	3.26%	2.85%
Washington Mutual Certificates of Deposit-1 Year ^{2,3,4}	5.01	4.64	3.98	3.66	3.49
Washington Mutual Certificates of Deposit-2 Year ^{2,3,4}	5.00	4.65	4.08	3.85	3.92
Washington Mutual Certificates of Deposit-3 Year ^{2,3,4}	4.99	4.66	4.13	3.96	4.15
Washington Mutual Certificates of Deposit-4 Year ^{2,3,4}	5.01	4.69	4.19	4.03	4.31
Washington Mutual Certificates of Deposit-5 Year ^{2,3,4}	5.03	4.72	4.24	4.10	4.42

Fixed/Stable Value Options	Annualized Yield for Quarter—New Contributions Only				
	2nd Qtr '06	1st Qtr '06	4th Qtr '05	3rd Qtr '05	2nd Qtr '05
Hartford Life General Account ^{2,5,8}	4.10%	4.10%	4.30%	4.30%	4.30%

Current performance not quoted represents past performance data current investment return and shares/units may be won on certain transfers, read fund's prospectus or other prospectus and/or disclosure. Please consider the investment and other important information in the annuity contract and talk to your registered representative at 567-8653. Read them

	YTD	1 Year	Average Annualized as of 03/31/2006 ⁶				2005	2004
			3 Years	5 Years	10 Years	Since Incep		
Galliard Stable Value Fund ²	1.09%	4.38%	4.34%	4.92%	5.58%	6.73%	4.29%	4.15%

Variable Investment Options	YTD	1 Year	Average Annualized as of 03/31/2006 ⁶				2005	2004
			3 Years	5 Years	10 Years	Since Incep		
Bond: Active								
MSIF Trust Core Plus Fixed Income: INST ^{2,7}	-0.52%	4.00%	4.36%	5.50%	6.54%	8.94%	4.81%	4.62%
Bond: Index								
Vanguard Total Bond Market Index Fund Inst. ^{2,7}	-0.70	2.26	2.96	4.73	6.14	6.07	2.53	4.36%
Balanced								
Hartford Advisers HLS ^{8,9}	2.23	11.70	11.40	3.40	7.99	n/a	7.34	3.85%
Large-Cap Stock: Active								
Capital Guardian U.S. Equity Fund	4.16	13.77	n/a	n/a	n/a	15.92	6.09	9.48%
Hartford Stock HLS ^{8,9}	4.04	17.11	16.27	2.45	8.73	n/a	9.73	4.27%
American Funds Investment Company of Amer A ⁷	4.15	12.30	17.32	5.97	10.69	12.83	6.87	9.78%
Fidelity Magellan [®] Fund ⁷	5.98	15.89	15.93	3.10	7.86	18.74	6.42	7.49%
American Funds Growth Fund of America A ⁷	4.37	21.44	22.07	7.15	13.44	9.65	14.23	11.95%
Large-Cap Stock: Index								
Vanguard Institutional Index Fund ⁷	4.21	11.72	17.21	3.97	9.01	10.90	4.90	10.87%
Mid-Cap Stock								
Hartford Capital Appreciation HLS ^{8,9}	6.18	26.11	29.72	10.34	14.72	n/a	15.66	19.48%
Small-Cap Stock: Active¹¹								
Lotsoff Small Capital Equity Fund ⁷	8.28	14.59	n/a	n/a	n/a	26.50	-0.65	38.07%
Small-Cap Stock: Index¹¹								
State Street Russell 2000 Index Trust Fund C	13.96	25.53	28.89	12.02	n/a	9.61	4.20	18.04%
International Stock: Active¹²								
Fidelity Diversified International Fund ⁷	9.65	28.36	32.46	14.37	13.40	12.31	17.23	19.66%
International Stock: Index¹²								
DWS EAFE Equity Index Fund ^{7,15}	9.28	24.84	30.18	8.88	6.10	6.38	13.57	19.42%
Profile Portfolios¹³								
Conservative	2.00	7.11	9.19	n/a	n/a	5.93	3.99	7.42%
Moderate	3.78	10.60	13.80	n/a	n/a	7.13	4.82	9.84%
Aggressive	5.41	13.78	17.86	n/a	n/a	8.17	5.64	11.92%
Benchmark Indices								
Lehman Brothers Aggregate Bond	-0.65	2.26	2.92	5.11	6.29	n/a	2.43	4.34%
MSCI EAFE	9.40	24.41	31.13	9.63	6.49	n/a	13.54	17.55%
Russell 2000	13.94	25.85	29.53	12.59	10.15	n/a	4.55	18.33%
Standard & Poor's 500 [®]	4.21	11.72	17.21	3.97	8.95	n/a	4.91	10.87%

Self-Directed Brokerage Option¹⁴

OptionsPlus Self-Directed Brokerage Option

Please consider the investment objectives, risks, fees and expenses carefully before investing. For mutual fund prospectuses, to enroll or to speak with a representative, call (866) 567-8653. Read them carefully before investing. To make changes to your existing OptionsPlus account, call the PlusLine at (888) 553-5311.

may be lower or higher than performance data shown. Performance data is not a guarantee or prediction of future results. For the most recent month end, please visit www.cityofla457.com. The principal value of an investment will fluctuate so that, when redeemed, it may be more or less than their original cost. Funds may impose redemption fees or exchanges if assets are held for less than the period stated in the prospectus documents. For more information, please refer to the fund's prospectus documents.

Investment objectives, risks, fees and expenses carefully before investing. For this information, you may obtain prospectuses for mutual funds, any applicable annuities underlying funds and/or disclosure documents from your broker. For prospectuses on Self-Directed Brokerage, contact First Trust at (866) 567-8653 before investing.

Calendar Year ⁶	Option Operating Expense	Inception Date of Option	Separate Account Inception ¹⁰
2003	0.15%	Sep-85	n/a
2002	0.15%	Sep-85	n/a
2001	0.15%	Sep-85	n/a
2000	0.15%	Sep-85	n/a
1999	0.15%	Sep-85	n/a
1998	0.15%	Sep-85	n/a
1997	0.15%	Sep-85	n/a
1996	0.15%	Sep-85	n/a
1995	0.15%	Sep-85	n/a
1994	0.15%	Sep-85	n/a
1993	0.15%	Sep-85	n/a
1992	0.15%	Sep-85	n/a
1991	0.15%	Sep-85	n/a
1990	0.15%	Sep-85	n/a
1989	0.15%	Sep-85	n/a
1988	0.15%	Sep-85	n/a
1987	0.15%	Sep-85	n/a
1986	0.15%	Sep-85	n/a
1985	0.15%	Sep-85	n/a
1984	0.15%	Sep-85	n/a
1983	0.15%	Sep-85	n/a
1982	0.15%	Sep-85	n/a
1981	0.15%	Sep-85	n/a
1980	0.15%	Sep-85	n/a
1979	0.15%	Sep-85	n/a
1978	0.15%	Sep-85	n/a
1977	0.15%	Sep-85	n/a
1976	0.15%	Sep-85	n/a
1975	0.15%	Sep-85	n/a
1974	0.15%	Sep-85	n/a
1973	0.15%	Sep-85	n/a
1972	0.15%	Sep-85	n/a
1971	0.15%	Sep-85	n/a
1970	0.15%	Sep-85	n/a
1969	0.15%	Sep-85	n/a
1968	0.15%	Sep-85	n/a
1967	0.15%	Sep-85	n/a
1966	0.15%	Sep-85	n/a
1965	0.15%	Sep-85	n/a
1964	0.15%	Sep-85	n/a
1963	0.15%	Sep-85	n/a
1962	0.15%	Sep-85	n/a
1961	0.15%	Sep-85	n/a
1960	0.15%	Sep-85	n/a
1959	0.15%	Sep-85	n/a
1958	0.15%	Sep-85	n/a
1957	0.15%	Sep-85	n/a
1956	0.15%	Sep-85	n/a
1955	0.15%	Sep-85	n/a
1954	0.15%	Sep-85	n/a
1953	0.15%	Sep-85	n/a
1952	0.15%	Sep-85	n/a
1951	0.15%	Sep-85	n/a
1950	0.15%	Sep-85	n/a
1949	0.15%	Sep-85	n/a
1948	0.15%	Sep-85	n/a
1947	0.15%	Sep-85	n/a
1946	0.15%	Sep-85	n/a
1945	0.15%	Sep-85	n/a
1944	0.15%	Sep-85	n/a
1943	0.15%	Sep-85	n/a
1942	0.15%	Sep-85	n/a
1941	0.15%	Sep-85	n/a
1940	0.15%	Sep-85	n/a
1939	0.15%	Sep-85	n/a
1938	0.15%	Sep-85	n/a
1937	0.15%	Sep-85	n/a
1936	0.15%	Sep-85	n/a
1935	0.15%	Sep-85	n/a
1934	0.15%	Sep-85	n/a
1933	0.15%	Sep-85	n/a
1932	0.15%	Sep-85	n/a
1931	0.15%	Sep-85	n/a
1930	0.15%	Sep-85	n/a
1929	0.15%	Sep-85	n/a
1928	0.15%	Sep-85	n/a
1927	0.15%	Sep-85	n/a
1926	0.15%	Sep-85	n/a
1925	0.15%	Sep-85	n/a
1924	0.15%	Sep-85	n/a
1923	0.15%	Sep-85	n/a
1922	0.15%	Sep-85	n/a
1921	0.15%	Sep-85	n/a
1920	0.15%	Sep-85	n/a
1919	0.15%	Sep-85	n/a
1918	0.15%	Sep-85	n/a
1917	0.15%	Sep-85	n/a
1916	0.15%	Sep-85	n/a
1915	0.15%	Sep-85	n/a
1914	0.15%	Sep-85	n/a
1913	0.15%	Sep-85	n/a
1912	0.15%	Sep-85	n/a
1911	0.15%	Sep-85	n/a
1910	0.15%	Sep-85	n/a
1909	0.15%	Sep-85	n/a
1908	0.15%	Sep-85	n/a
1907	0.15%	Sep-85	n/a
1906	0.15%	Sep-85	n/a
1905	0.15%	Sep-85	n/a
1904	0.15%	Sep-85	n/a
1903	0.15%	Sep-85	n/a
1902	0.15%	Sep-85	n/a
1901	0.15%	Sep-85	n/a
1900	0.15%	Sep-85	n/a

For more information, please call First Trust at (866) 567-8653.

- Transfer restrictions may apply. See Fund Data Sheets for more information.
- Minimum investment of \$1,000 is required; early withdrawal penalty may apply.
- Certificates of deposit are insured and offer a fixed rate of return, whereas both the principal and yield of bonds and stocks will fluctuate with market conditions.
- Rate guaranteed for new deposits made during this quarter only.
- The average annual and calendar year returns for the funds reflect actual total returns for each fund, net of fund operating expenses. Any administrative fees or expenses charged will reduce the overall rate of return.
- Mutual fund investment option.
- The underlying securities in the portfolio and the composition of the respective securities are subject to change. Investment options are available under a fixed or variable contract issued by Hartford Life Insurance Company and principally underwritten by Hartford Securities Distribution Company, Inc., and sub-advised by Wellington Management Company, LLP.
- The Option Operating Expense includes an estimated 0.10% Mortality and Expense Risk Charge.
- Standardized returns date from the inception of the separate account in which the underlying assets are held. Separate account 457 was established by Hartford Financial Services Group, Inc. on May 4, 1999. All calendar year returns prior to the separate account inception date are computed using hypothetical unit values that are based on the underlying fund's performance less separate account charges and assume the investment option was available as of the inception date of the underlying fund for the periods indicated. The performance shown is calculated based upon an investment-only contract and does not reflect charges of any other service provider.
- Equity securities of companies with relatively small market capitalization may be more volatile than securities of larger, more established companies.
- Foreign investments involve special risks, including currency fluctuations and political developments.
- The asset allocation options made available to you through your plan include investment options made up of a mix of your plan's individual investment options. With each quarterly statement, you are able to determine the value of your account allocated to an individual investment option as of the rebalancing date of the asset allocation option by multiplying the value of your account allocated to the asset allocation option by the percent of the allocation option in the individual investment option. For example, if you have \$500 in Allocation Option 1 and 10% of Allocation Option 1 is represented by the ABC Fund, you would multiply \$500 x 10% to determine that \$5 of your account value in Allocation Option 1 is invested in ABC Fund as of that date. In order for you to determine the number of shares of the individual investment option, you may divide the portion of your account value represented by the ABC Fund (\$5.00 in the above example) by the daily share price for the ABC Fund. For more information about the Profile Portfolio options, including specific underlying funds used, please log on to the Web site or call a local service center representative at (888) 457-9460.
- Participants choosing the OptionsPlus Self-Directed Brokerage option will be charged an additional annual administrative fee of \$75 per year. There are no per-transaction fees. Available through First Trust Corporation; call (866) 567-8653 for more information about this option. OptionsPlus securities are not offered through GWFS Equities, Inc.
- Formerly Scudder EAFE Equity Index Fund.

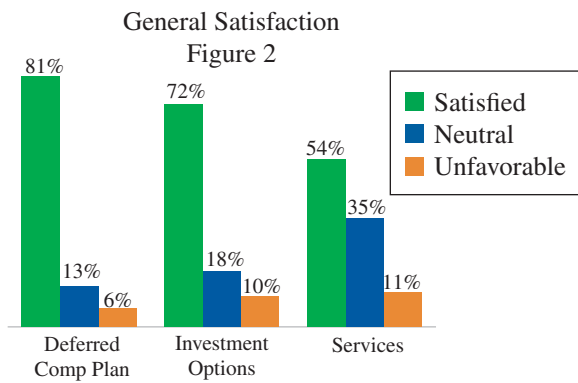
Transfer Restrictions

Transfers out of the Galliard Stable Value Fund must be invested in a variable investment option for a minimum of 90 days prior to investing any funds in the Hartford Life General Account or the Washington Mutual Liquid Savings Account. Transfers may not be made directly from the Galliard Stable Value Fund to the Hartford Life General Account or the Washington Mutual Liquid Savings Account.

Transfers out of the Hartford Life General Account must be invested in a non-competing variable investment option for a minimum of 90 days prior to investing any funds in the Galliard Stable Value Fund, Washington Mutual Liquid Savings Account, Washington Mutual CDs, Vanguard Total Bond Market Index Fund and MSIF Trust Fixed Income Portfolio. Transfers may not be made directly from the Hartford Life General Account to the Galliard Stable Value Fund, Washington Mutual Liquid Savings Account, Washington Mutual CDs, Vanguard Total Bond Market Index Fund or MSIF Trust Fixed Income Portfolio.

Great-West Retirement Services refers to products and services provided by Great-West Life & Annuity Insurance Company and its subsidiaries and affiliates. Core securities (except OptionsPlus), when offered, are offered through GWFS Equities, Inc., a wholly owned subsidiary of Great-West Life & Annuity Insurance Company, 8525 East Orchard Road, Greenwood Village, CO 80111, (888) 457-9460. Core investment options are through collective trusts, mutual funds and a group fixed and variable deferred annuity underwritten by Hartford Securities Distribution Company, Inc. and sub-advised by Wellington Management Company, LLP. Great-West Retirement Services®, KeyTalk® and Invest in Your DreamsSM are service marks of Great-West Life & Annuity Insurance Company. All rights reserved. Not intended for use in New York. Form# CB1003N (04/15/06)

Survey Results (continued from page 1)

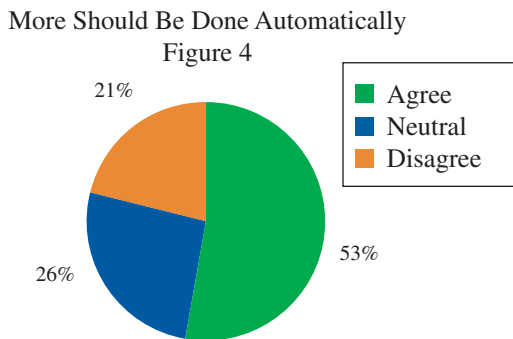
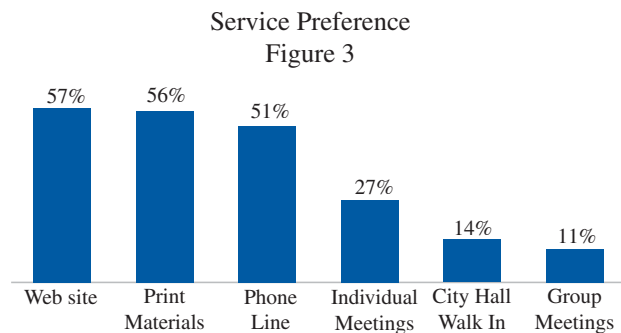


Satisfaction

In general, participants displayed broad satisfaction with the program, its investment options and its services (Figure 2). Higher neutral ratings on Plan services suggested some participants are unfamiliar with all the resources available to them under the Plan, particularly in-person counseling and group education.

Current Services

The survey asked about certain key services made available by the Plan (Figure 3). For each of these, participants appear to prefer the Web site, printed materials and toll-free phone line as sources of information.

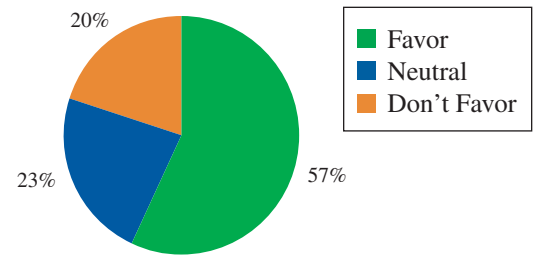


Automated Services

Participants indicated general support for certain automated services to assist in management of their accounts (Figure 4). One of those enjoying the widest support was the capability allowing participants to sign up for automatic increases in their contribution amounts (Figure 5).

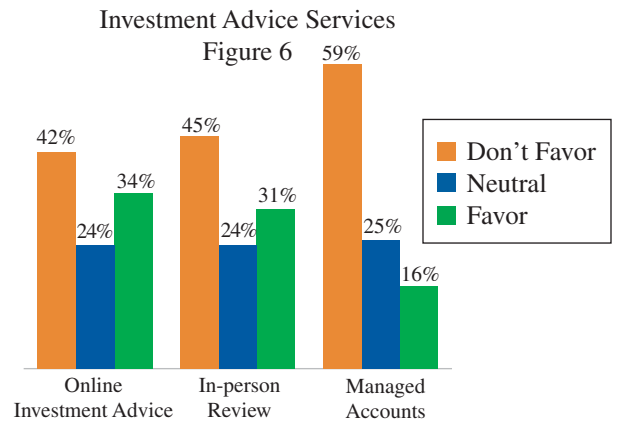
Automatic Contribution Increases

Figure 5



Advice Services

Participants were more skeptical of investment advice services. None of the various ways that investment advice services can be delivered attracted majority support (Figure 6).



Next Steps

The Board will continue studying the survey results for the purpose of making future decisions regarding Plan services and designing education and outreach strategies. The Board will also be issuing future surveys on investment choices and other features of the Plan. As always, participants are encouraged to provide their ideas and suggestions to the Board and its staff at any time. Comments should be directed to program manager Steven Montagna at the Employee Benefits Division, Mail Stop #624, 200 N. Spring Street, Room 867, Los Angeles, CA 90012; or via e-mail at smontagna@per.lacity.org.

Additional survey results are available on the City of Los Angeles Deferred Compensation Plan Web site at http://www.lacity.org/per/DeferredComp/Deferred_Comp_Main%20Page.htm. ■

Fund Focus

Each quarter we highlight two funds that are available in the Plan. Additional information is available through the Web site. If you don't have Web access, you may request the information via mail or by calling KeyTalk and speaking with a local representative.¹

Growth Fund of America

Inception: December 1973

Objective

The Growth Fund of America seeks long-term capital growth by investing primarily in common stocks and convertible securities. The fund invests in a wide range of companies which the Fund Manager believes have good prospects for growth, including growing and profitable companies, turnaround situations and unseasoned companies.

Who Might Choose This Investment?

This investment may be most appropriate for someone willing to accept market fluctuations in return for long-term capital growth. Stock investments tend to be more volatile than bond or money market investments.

Portfolio Information as of December 31, 2005

This information is unaudited. Current or future holdings may change.

Total Net Assets	Operating Expenses
\$114.7 billion	0.66%

Asset Allocation

US Equities	71.3%
Non-US Equities	17.9%
US Bonds	0.2%
Cash & Equivalents	10.6%

Diversification

Oil, Gas & Consumable Fuels	9.4%
Semiconductors & Semiconductor Equipment	7.7%
Energy Equipment & Services	5.7%
Pharmaceuticals	5.6%
Internet Software & Services	4.3%

Top Ten Holdings

Google	2.7%
Microsoft	2.1%
Lowe's Companies	1.7%
Schlumberger	1.7%
Target	1.6%
Altria Group	1.6%
Roche Holding	1.5%
American International Group	1.3%
Burlington Resources	1.2%
Taiwan Semiconductor	1.1%

Investment Company of America®

Inception: January 1934

Objective

The Investment Company of America seeks long-term capital growth and income by investing in companies with long records of increased earnings and dividends. The fund invests primarily in common stocks, but may also invest in high quality convertible and debt securities. When choosing securities, the potential for capital appreciation and increased dividends are given more weight than current yield.

Who Might Choose This Investment?

This investment may be most appropriate for someone willing to accept market fluctuations in return for long-term capital growth. Stock investments tend to be more volatile than bond or money market investments.

Portfolio Information as of December 31, 2005

This information is unaudited. Current or future holdings may change.

Total Net Assets	Operating Expenses
\$79.4 billion	0.57%

Asset Allocation

US Equities	72.9%
Non-US Equities	11.8%
US Bonds	0.7%
Cash & Equivalents	14.6%

Diversification

Oil, Gas & Consumable Fuels	8.6%
Beverages and Tobacco	7.1%
Pharmaceuticals	4.9%
Diversified Telecommunication Services	3.9%
Specialty Retail	3.8%

Top Ten Holdings

Altria Group	5.2%
AT&T Inc.	2.2%
Lowe's Companies	1.9%
Burlington Resources	1.8%
Fannie Mae	1.7%
Tyco	1.7%
General Electric	1.7%
Royal Dutch Shell	1.6%
Microsoft	1.5%
Target	1.5%

FUNDS ARE NOT FDIC INSURED - MAY LOSE VALUE - NO BANK GUARANTEE.

Although data is gathered from reliable sources, we cannot guarantee completeness or accuracy of the data shown.

Please consider the investment objectives, risks, fees and expenses carefully before investing. For this and other important information, you may obtain prospectuses for mutual funds, any applicable annuity contract, and the annuity's underlying funds and/or disclosure documents from your registered representative. Read them carefully before investing.

Redemption Fees

As a participant in the City’s Deferred Compensation Plan, you may have some of your account balance in one or more of the variable (i.e., stock and/or bond) investment options available in the Plan. As you may be aware from recent reports in the financial press, many investment fund companies are implementing redemption fees. A redemption fee is a fee assessed to a participant for “frequent trading” within a variable investment option. This fee is designed to discourage participants from trading activities that the fund company believes are excessive and detrimental to other fund shareholders. The circumstances under which a redemption fee applies vary depending on the fund, so it’s important to be aware of the specific rules for any funds that have such fees.

In the City’s Deferred Compensation Plan, there are now two funds that have redemption fee policies.

DWS EAFE Equity Index Fund

Effective January 1, 2006, the EAFE Equity Index Fund applies a redemption fee of *2% of the amount of the trade for shares not held for a period of 30 calendar days*. These fees are applied on a first-in, first-out (FIFO) basis. The redemption fees apply to participant-initiated transfers and one-time rebalances.

Fidelity Diversified International Fund

Fidelity implemented a redemption fee on the Fidelity Diversified International Fund at the beginning of 2005. The fee is *1% of the amount of the trade for shares not held for a period of 30 calendar days*. These fees are applied on a FIFO basis. The redemption fees apply to participant initiated transfers, one-time rebalances, contributions and distributions whereby the funds have not been held for a period of 30 calendar days.

Additional information on these funds may be found in the funds’ prospectuses, available on the Plan’s Web site at www.cityofla457.com. ■

Seminar: Your Plan’s Distribution Options

“Your Plan’s Distribution Options” seminar describes the different methods of receiving payments from your Deferred Compensation Plan account when you sever employment or retire. ■

Location	Day	Time
City Hall	May 10	10:00 a.m. and 1:00 p.m.
Dept. of Water & Power (DWP)	May 9	10:00 a.m.
Marvin Braude Constituent Center	May 24	10:00 a.m.

City Hall

200 N. Spring St.
Los Angeles, CA 90012
10th Floor, Room 1050

Department of Water & Power (DWP)

John Ferraro Building (JFB)
111 N. Hope St.
Los Angeles, CA 90012
San Francisco Room

Marvin Braude Constituent Center

(Van Nuys City Hall)
6262 Van Nuys Blvd.
Van Nuys, CA 91401
Conference Room 1B,
First Floor