



HAMILTON LANE

Los Angeles City Employees' Retirement System

4th Quarter 2008
Performance Update

June 23rd, 2009



Performance Update



Portfolio Summary			
\$ millions	12/31/2007	12/31/2008	Change
Active Partnerships	100	110	10
Active GP Relationships	53	55	2
Capital Committed	\$1,510.2	\$1,707.3	\$197.1
Unfunded Commitment	\$458.1	\$482.8	\$24.7
Paid-In Capital	\$1,070.6	\$1,248.1	\$177.5
Capital Distributed	\$785.6	\$868.6	\$83.0
Market Value	\$794.9	\$698.0	(\$96.9)
Total Value Multiple	1.5x	1.3x	(0.2)
Since-Inception IRR	14.70%	9.39%	(531 bps)
Avg Age of Commitments	4.55 years	4.91 years	(0.36) years

- During the past year, the Portfolio's market value decreased 24% (net of cash flow), resulting in a since-inception IRR of 9.39%.
- The Portfolio experienced a net cash outflow (paid-in minus distributions) of \$94.5 million for the year ended December 31, 2008.

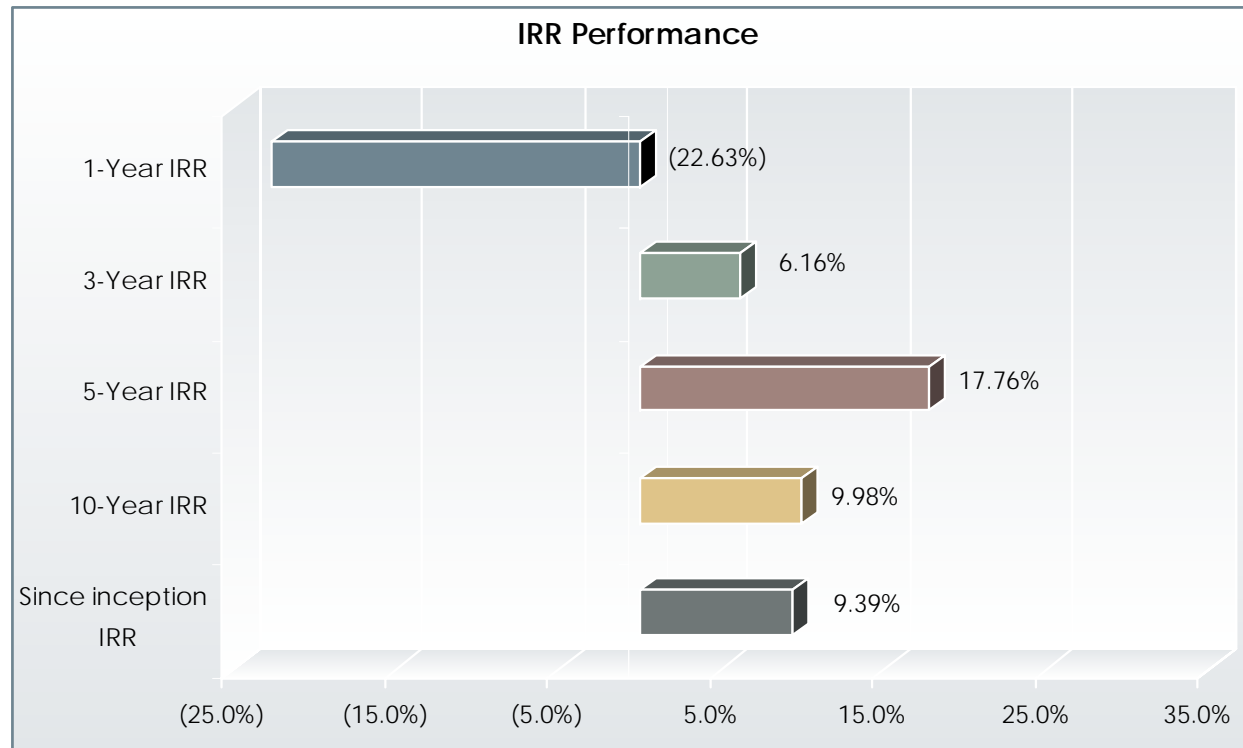


2008 Commitments			
Closing Date	Partnership	Investment Strategy	Commitment Amount
2/5/2008	Apollo Investment Fund VII, L.P.*	Buyout	\$20.0 million
2/19/2008	TPG Partners VI, L.P.*	Buyout	\$22.5 million
3/12/2008	Advent International GPE VI-A, L.P.†	Buyout	\$20.0 million
3/14/2008	Yucaipa American Alliance Fund II, L.P.*	Buyout	\$20.0 million
4/18/2008	CVC European Equity Partners V, L.P.*†	Buyout	\$19.6 million
5/2/2008	TCW/Crescent Mezzanine Partners V, L.P.*	Mezzanine	\$10.0 million
5/13/2008	Levine Leichtman Capital Partners IV, L.P.*	Buyout	\$20.0 million
5/21/2008	Lindsay Goldberg III, L.P.*	Buyout	\$20.0 million
7/14/2008	First Reserve Fund XII, L.P.*	Special Situation	\$25.0 million
10/9/2008	Charterhouse Capital Partners IX, L.P.*†	Buyout	\$19.5 million
TOTAL			\$196.6 million

*Represents an existing relationship for LACERS

† LACERS commitments are based in EURO.

- During 2008, LACERS closed on ten partnerships totaling \$196.6 million out of an original target of \$240 million. Nine of the partnerships were existing relationships for LACERS.
- LACERS completed one new commitment during the fourth quarter of 2008; a €14 million investment in Charterhouse Capital Partners IX, a European Buyout fund.
- Subsequent to year-end, LACERS has completed one additional investment, a \$20 million commitment to TA XI in May of 2009.



- The Portfolio continues to maintain positive IRRs across the 3-, 5-, 10-year and since-inception time periods, which are more representative of private equity as a long-term asset class.
- Negative performance over the one-year period is consistent with the broader asset class and the market downturn of the past year. In addition, changes in valuation methodology mandated by FAS 157 have increase volatility in the private markets.



Portfolio Summary					
	Quarter Ended				Year Ended
in \$ millions	3/31/2008	6/30/2008	9/30/2008	12/31/2008	12/31/2008
Beginning Market Value	\$794.9	\$807.7	\$828.1	\$800.3	\$794.9
Paid-in Capital	54.6	39.8	48.8	34.3	177.5
Distributions	(31.5)	(20.1)	(14.3)	(17.2)	(83.0)
Net Value Change	<u>(10.3)</u>	<u>0.7</u>	<u>(62.3)</u>	<u>(119.4)</u>	<u>(191.4)</u>
Ending Market Value	\$807.7	\$828.1	\$800.3	\$698.0	\$698.0
Unfunded Commitments	<u>\$488.8</u>	<u>\$523.8</u>	<u>\$497.4</u>	<u>\$482.8</u>	<u>\$482.8</u>
Total Exposure	\$1,296.5	\$1,351.9	\$1,297.7	\$1,180.8	\$1,180.8
Point-to-Point IRR	(1.28%)	0.07%	(7.38%)	(14.70%)	(22.63%)
Since-Inception IRR	14.04%	13.59%	12.07%	9.39%	9.39%

- The Portfolio had unrealized gains of \$11.1 million and unrealized losses of \$202.5 million for a net loss of \$191.4 million during the year ended December 31, 2008.
- 91 partnerships reported a net value loss for the year; 18 reported a net value gain.
- In comparison to the one-year performance of the Portfolio, the S&P 500 was down over 39%.
- \$482.8 million or 28% of committed capital is unfunded and available for investment.



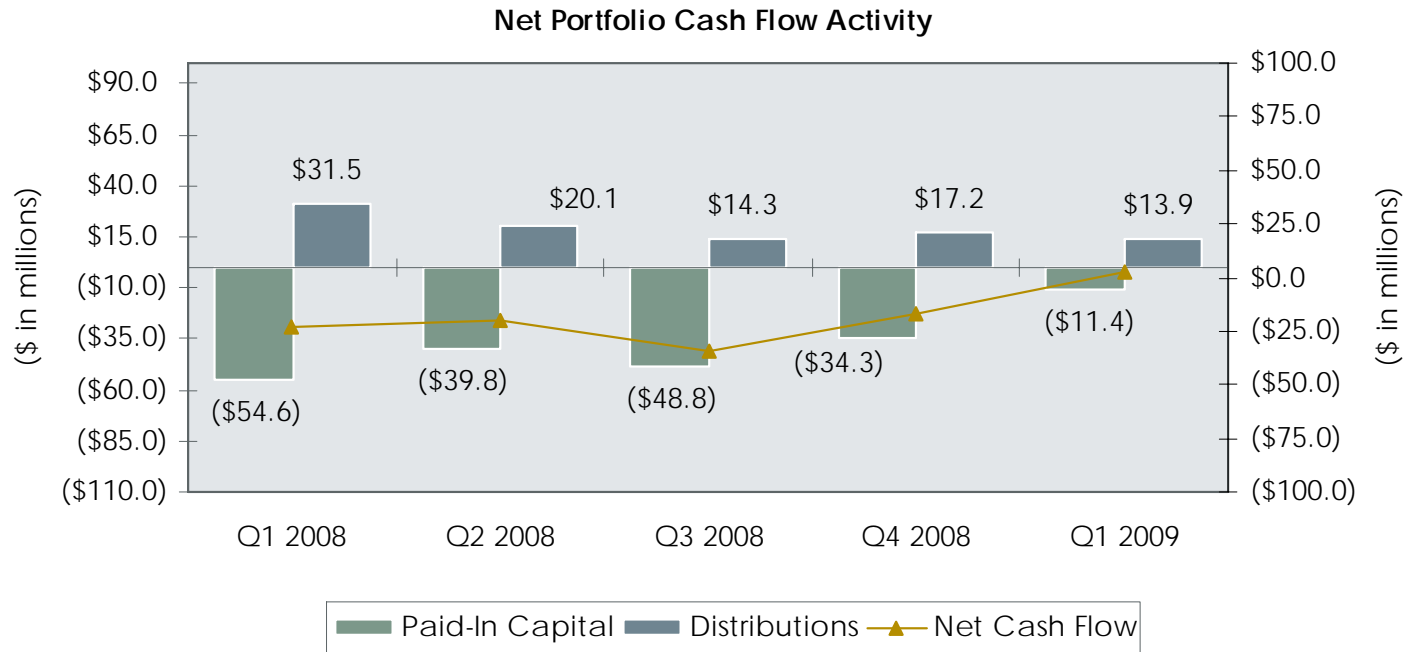
Top Five Driver Partnerships For the Year Ending December 31, 2008				
Investment Name	Vintage Year	Net Value Change (\$ Millions)	Point-to-Point IRR	Since Inception IRR
Levine Leichtman Capital Partners III, L.P.	2003	\$2.7	18.1%	16.9%
Halifax Capital Partners II, L.P.	2006	\$1.4	50.3%	26.4%
Vista Equity Partners Fund III, L.P.	2007	\$1.3	15.4%	9.9%
Yucaipa American Alliance Fund II, L.P.	2008	\$1.3	30.0%	30.0%
Pharos Capital Partners II-A, L.P.	2005	\$1.3	54.1%	16.6%

- In aggregate, the five partnerships above accounted for \$8.0 million or 72% of the Portfolio's total value appreciation over the past quarter.
- These partnerships made distributions of \$4.9 million to LACERS on paid-in capital of \$15.0 million over the past year and generated a one-year pooled IRR of 25.04%



Bottom Five Driver Partnerships For the Year Ending December 31, 2008				
Investment Name	Vintage Year	Net Value Change (\$ Millions)	Point-to-Point IRR	Since Inception IRR
Madison Dearborn Capital Partners IV, L.P.	2000	(\$12.8)	(39.9%)	14.7%
Kelso Investment Associates VII, L.P.	2004	(\$9.9)	(41.4%)	13.0%
TPG Partners IV, L.P.	2003	(\$9.7)	(35.7%)	10.5%
TPG Partners V, L.P.	2006	(\$7.8)	(33.6%)	(25.4%)
Charterhouse Capital Partners VIII, L.P.	2006	(\$7.6)	(46.4%)	(31.3%)

- The partnerships listed above combined for aggregate net losses of \$47.8 million or 25% of the Portfolio's total net loss over the past year.
- Despite the performance during the third quarter of 2008, three of the five partnerships listed above maintain positive since-inception IRRs, with all three partnerships showing returns in the double-digits.
- TPG V and Charterhouse VIII are both Vintage Year 2006 funds and as such have large, unrealized portfolios that are more impacted by write-downs.



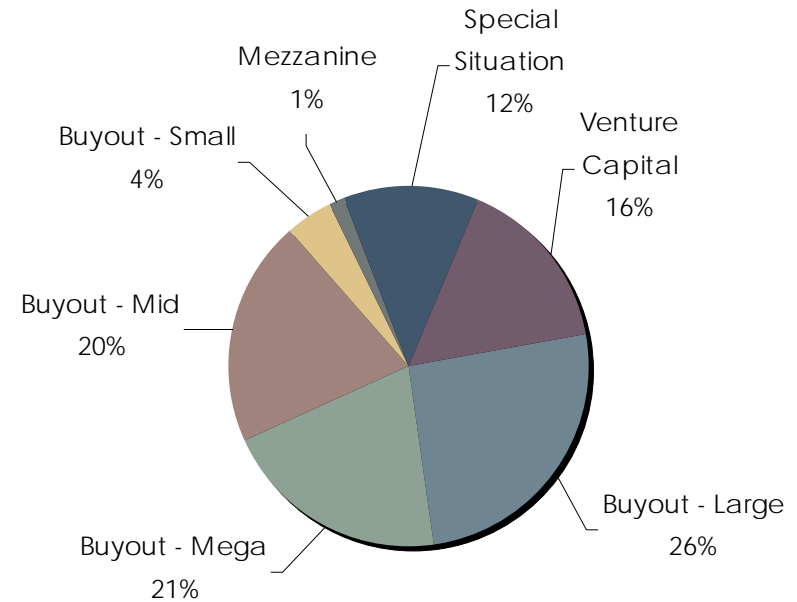
- While both paid-in capital and distributions have decreased over the last five quarters, paid-in capital has decreased more, resulting in a reduction in net cash outflow from LACERS.
- During the first quarter of 2009, the Portfolio was cash flow positive by \$2.5 million. Although a modest amount, it represents the first time since the second quarter of 2007 that the Portfolio has been cash flow positive.



Strategic Diversification by Total Exposure

As of December 31, 2008

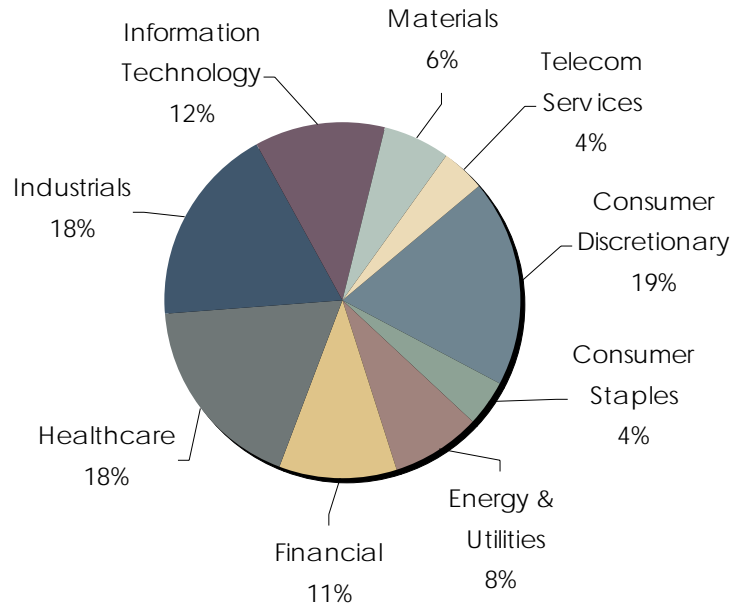
Diversification by Strategy			
	12/31/2007	12/31/2008	Net Δ
Buyout - Large	30%	26%	(4%)
Buyout - Mega	18%	21%	3%
Buyout - Mid	17%	20%	3%
Venture Capital	17%	16%	(1%)
Special Situation	13%	12%	(1%)
Buyout - Small	4%	4%	0%
Mezzanine	1%	1%	0%
Total	100%	100%	N/A



- The Portfolio is currently well-balanced across strategies, with Buyout having the largest exposure at 71%, followed by Venture Capital at 16% and Special Situation (including Mezzanine) at 13%.
- The Portfolio has had relatively little change in strategic diversification over the past year. This is expected given a Portfolio of this size and maturity.

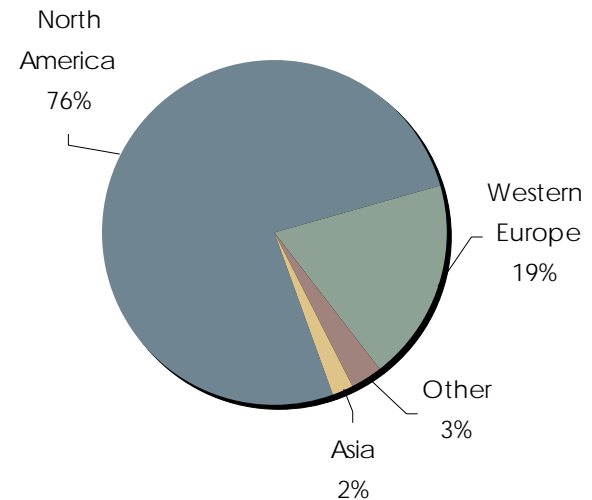


Underlying Portfolio Company Diversification (As of December 31, 2008)



Diversification by Industry			
	12/31/2007	12/31/2008	Net Δ
Consumer Discretionary	24%	19%	(5%)
Industrials	16%	18%	2%
Healthcare	15%	18%	3%
Information Technology	13%	12%	(1%)
Financial	9%	11%	2%
Energy & Utilities	5%	8%	3%
Materials	8%	6%	(2%)
Telecomm Services	6%	4%	(2%)
Consumer Staples	4%	4%	0%
Total	100%	100%	N/A

Diversification by Geography			
	12/31/2007	12/31/2008	Net Δ
North America	72%	76%	4%
Europe	22%	19%	(3%)
Other	4%	3%	(1%)
Asia	2%	2%	0%
Total	100.0%	100.0%	N/A





Appendix



PE Portfolio Summary (As of December 31, 2008)

(In \$ millions)

INVESTMENT NAME	VINTAGE YEAR	INVESTMENT STRATEGY	CAPITAL COMMITTED	PAID-IN CAPITAL	CAPITAL DISTRIBUTED	MARKET VALUE	NET IRR
Acon-Bastion Partners II	2006	Corporate Finance/Buyout - Small	5.00	2.17	0.02	1.46	(25.34%)
Advent International GPE VI-A	2008	Corporate Finance/Buyout - Large	20.00	2.50	-	1.88	(30.38%)
Alchemy Investment Plan	1999	Special Situation - Distressed/Turnaround	42.17	39.83	33.54	17.84	8.68%
Apollo Investment Fund IV	1998	Corporate Finance/Buyout - Large	5.00	5.06	6.39	0.86	6.66%
Apollo Investment Fund VI	2006	Corporate Finance/Buyout - Mega	15.00	14.63	2.21	7.57	(34.46%)
Apollo Investment Fund VII	2008	Corporate Finance/Buyout - Mega	20.00	4.32	0.00	2.73	(65.42%)
Austin Ventures VII	1999	Venture Capital - Early Stage	17.00	16.69	6.17	4.62	(8.82%)
Austin Ventures VIII	2001	Venture Capital - Early Stage	8.30	8.45	2.70	6.73	3.17%
Avenue Special Situations Fund IV	2006	Special Situation - Distressed/Turnaround	10.00	10.55	2.59	5.32	(13.11%)
Avenue Special Situations Fund V	2007	Special Situation - Distressed/Turnaround	10.00	6.77	0.05	3.98	(46.41%)
Blackstone Capital Partners V	2006	Corporate Finance/Buyout - Mega	20.00	15.58	1.04	10.59	(20.46%)
Carlyle Partners IV	2005	Corporate Finance/Buyout - Mega	20.00	19.80	2.83	16.58	(0.95%)
Carlyle Partners V	2007	Corporate Finance/Buyout - Mega	30.00	8.66	0.01	6.84	(20.98%)
CGW Southeast Partners III	1996	Corporate Finance/Buyout - Small	9.00	8.65	14.07	0.69	9.32%
CGW Southeast Partners IV	1999	Corporate Finance/Buyout - Small	10.00	8.54	10.31	2.96	8.77%
Charterhouse Capital Partners IX	2009	Corporate Finance/Buyout - Large	19.46	-	-	-	N/A
Charterhouse Capital Partners VIII	2006	Corporate Finance/Buyout - Large	22.10	16.45	-	9.38	(31.26%)
Chisholm Partners IV	1999	Special Situation - Multi-Stage	9.00	8.65	2.74	3.54	(4.83%)
CHP III	2007	Venture Capital - Early Stage	15.00	3.30	-	2.69	(15.75%)
CHS Private Equity V	2005	Corporate Finance/Buyout - Mid	20.00	16.54	0.75	12.83	(12.49%)
CVC European Equity Partners II	1998	Corporate Finance/Buyout - Large	10.00	9.16	19.59	1.28	19.05%
CVC European Equity Partners III	2001	Corporate Finance/Buyout - Large	15.00	13.97	32.17	6.69	43.16%
CVC European Equity Partners IV	2005	Corporate Finance/Buyout - Mega	26.47	24.09	10.29	17.29	11.53%
CVC European Equity Partners V	2008	Corporate Finance/Buyout - Mega	19.63	2.60	0.00	2.01	(26.23%)
CVC European Equity Partners	1996	Corporate Finance/Buyout - Mid	10.00	9.75	24.33	1.14	23.42%
Enhanced Equity Fund	2006	Corporate Finance/Buyout - Small	10.00	6.72	0.08	6.69	0.51%
Essex Woodlands Health Ventures Fund IV	1998	Venture Capital - Early Stage	4.00	4.00	4.36	1.04	8.21%
Essex Woodlands Health Ventures Fund V	2000	Venture Capital - Multi-Stage (VC)	10.00	10.00	8.60	7.89	13.77%
Essex Woodlands Health Ventures Fund VI	2004	Venture Capital - Multi-Stage (VC)	15.00	13.69	0.19	11.71	(5.42%)
First Reserve Fund X	2004	Special Situation - Industry Focused	20.00	20.00	22.32	12.07	43.89%
First Reserve Fund XI	2006	Special Situation - Industry Focused	30.00	20.96	0.07	17.76	(16.18%)
First Reserve Fund XII	2008	Special Situation - Industry Focused	25.00	7.14	0.02	5.86	(22.40%)
Golder, Thoma, Cressey & Rauner Fund IX	2006	Corporate Finance/Buyout - Mid	15.00	4.50	0.95	3.54	(0.32%)
Golder, Thoma, Cressey & Rauner Fund V	1997	Corporate Finance/Buyout - Mid	10.00	10.00	17.99	0.23	11.04%
Golder, Thoma, Cressey & Rauner Fund VI	1998	Corporate Finance/Buyout - Mid	10.00	10.00	8.34	0.81	(3.14%)
Golder, Thoma, Cressey & Rauner Fund VII	2000	Corporate Finance/Buyout - Mid	18.75	18.61	38.03	3.54	21.16%
Golder, Thoma, Cressey & Rauner Fund VII-A	2001	Corporate Finance/Buyout - Mid	6.25	4.14	10.88	0.70	83.20%



PE Portfolio Summary (As of December 31, 2008)

(In \$ millions)

INVESTMENT NAME	VINTAGE YEAR	INVESTMENT STRATEGY	CAPITAL COMMITTED	PAID-IN CAPITAL	CAPITAL DISTRIBUTED	MARKET VALUE	NET IRR
Golder, Thoma, Cressey & Rauner Fund VIII	2003	Corporate Finance/Buyout - Mid	20.00	18.50	20.13	12.47	32.84%
Green Equity Investors V	2007	Corporate Finance/Buyout - Large	20.00	5.79	0.39	4.52	(20.63%)
Halifax Capital Partners II	2006	Corporate Finance/Buyout - Small	10.00	4.63	1.15	5.02	26.38%
Hellman & Friedman Capital Partners V	2004	Corporate Finance/Buyout - Large	11.00	9.61	8.68	8.65	30.41%
Hellman & Friedman Capital Partners VI	2007	Corporate Finance/Buyout - Large	20.00	12.45	0.31	10.78	(10.49%)
InterWest Partners VI	1997	Venture Capital - Early Stage	5.00	5.00	14.13	0.39	48.91%
J.H. Whitney IV	1999	Venture Capital - Late Stage	25.00	22.45	7.76	1.46	(13.30%)
J.H. Whitney VI	2005	Corporate Finance/Buyout - Mid	15.00	12.11	2.63	10.25	4.54%
Kelso Investment Associates VI	1998	Corporate Finance/Buyout - Mid	5.00	4.30	5.43	0.31	8.68%
Kelso Investment Associates VII	2004	Corporate Finance/Buyout - Mid	18.00	17.97	7.71	14.65	12.96%
Kelso Investment Associates VIII	2007	Corporate Finance/Buyout - Mid	20.00	0.90	0.00	0.66	(33.33%)
KKR 1996 Fund	1997	Corporate Finance/Buyout - Large	25.00	26.28	42.26	2.31	12.78%
KKR 2006 Fund	2006	Corporate Finance/Buyout - Mega	30.00	21.91	0.22	15.84	(19.84%)
KKR European Fund II	2005	Corporate Finance/Buyout - Large	15.00	15.68	1.86	7.35	(27.18%)
Levine Leichtman Capital Partners III	2003	Corporate Finance/Buyout - Small	20.00	19.90	11.87	14.43	16.87%
Levine Leichtman Capital Partners IV	2008	Corporate Finance/Buyout - Mid	20.00	2.74	0.21	2.40	(8.82%)
Lindsay Goldberg & Bessemer II	2006	Corporate Finance/Buyout - Large	20.00	14.70	0.28	14.51	0.53%
Lindsay Goldberg III	2008	Corporate Finance/Buyout - Large	20.00	0.17	0.00	0.00	(99.09%)
Madison Dearborn Capital Partners III	1999	Corporate Finance/Buyout - Large	16.00	16.03	22.18	1.39	8.23%
Madison Dearborn Capital Partners IV	2000	Corporate Finance/Buyout - Large	25.00	24.70	17.51	19.73	14.67%
Menlo Ventures IX	2001	Venture Capital - Early Stage	20.00	19.00	8.11	10.27	(0.87%)
Menlo Ventures VII	1997	Venture Capital - Early Stage	5.00	5.00	22.99	0.37	135.81%
Menlo Ventures VIII	1999	Venture Capital - Early Stage	18.00	18.00	5.74	2.54	(17.26%)
Nautic Partners V	2000	Corporate Finance/Buyout - Mid	15.00	13.95	13.72	8.60	15.53%
New Mountain Partners III	2007	Corporate Finance/Buyout - Large	20.00	4.01	0.29	3.34	(12.68%)
Newbridge Asia IV	2005	Corporate Finance/Buyout - Large	10.00	9.99	1.83	8.37	1.18%
Nordic Capital V	2003	Corporate Finance/Buyout - Mid	15.19	15.30	6.79	14.67	13.55%
Oak Investment Partners XII	2006	Venture Capital - Multi-Stage (VC)	15.00	8.64	0.59	8.17	1.04%
OCM Opportunities Fund II	1997	Special Situation - Distressed/Turnaround	11.00	11.00	16.48	0.05	8.37%
OCM Opportunities Fund III	1999	Special Situation - Distressed/Turnaround	10.00	10.50	15.20	0.18	11.87%
OCM Opportunities Fund IV	2001	Special Situation - Distressed/Turnaround	10.00	10.00	16.42	0.06	28.38%
OCM Opportunities Fund V	2004	Special Situation - Distressed/Turnaround	7.10	7.10	9.04	1.79	14.41%
OCM Opportunities Fund VII	2007	Special Situation - Distressed/Turnaround	10.00	10.00	0.07	6.92	(30.58%)
OCM Opportunities Fund VII-B	2008	Special Situation - Distressed/Turnaround	10.00	7.00	-	6.37	(20.42%)
OCM Opportunities Fund	1995	Special Situation - Distressed/Turnaround	11.00	11.00	17.85	0.03	10.22%
Olympus Growth Fund IV	2003	Corporate Finance/Buyout - Mid	7.00	7.21	1.92	6.85	8.47%
Onex Partners	2003	Corporate Finance/Buyout - Mid	20.00	18.59	21.83	19.40	45.87%



PE Portfolio Summary (As of December 31, 2008)

(In \$ millions)

INVESTMENT NAME	VINTAGE YEAR	INVESTMENT STRATEGY	CAPITAL COMMITTED	PAID-IN CAPITAL	CAPITAL DISTRIBUTED	MARKET VALUE	NET IRR
Permira Europe III	2003	Corporate Finance/Buyout - Large	23.10	23.10	29.05	6.87	32.84%
Permira Europe IV	2006	Corporate Finance/Buyout - Mega	15.32	7.92	-	3.04	(60.48%)
Pharos Capital Partners II-A	2005	Special Situation - Multi-Stage	5.00	3.20	0.57	3.74	16.57%
Polaris Venture Partners V	2006	Venture Capital - Multi-Stage (VC)	15.00	6.60	-	6.45	(2.27%)
Providence Equity Partners V	2005	Corporate Finance/Buyout - Large	18.00	17.27	1.02	16.48	0.52%
Providence Equity Partners VI	2007	Corporate Finance/Buyout - Mega	30.00	15.03	0.12	11.85	(19.18%)
Resolute Fund	2002	Corporate Finance/Buyout - Mid	20.00	18.02	5.85	17.75	9.99%
Richland Ventures III	1999	Venture Capital - Late Stage	18.00	18.00	13.28	1.89	(3.32%)
Spark Capital II	2008	Venture Capital - Multi-Stage (VC)	9.75	2.01	-	1.72	(24.73%)
Spark Capital	2005	Venture Capital - Multi-Stage (VC)	9.00	6.68	1.77	4.49	(4.85%)
TA X	2006	Corporate Finance/Buyout - Large	6.00	4.59	0.63	3.01	(17.53%)
TCV V	2004	Venture Capital - Multi-Stage (VC)	19.50	17.19	9.22	13.84	10.31%
TCV VII	2008	Venture Capital - Late Stage	20.00	1.05	-	0.93	(11.14%)
TCW/Crescent Mezzanine Partners IV	2006	Mezzanine	10.00	10.09	2.33	6.91	(5.93%)
TCW/Crescent Mezzanine Partners V	2008	Mezzanine	10.00	2.19	-	1.90	(13.00%)
Thoma Cressey Fund VI	1998	Corporate Finance/Buyout - Small	5.00	4.85	2.20	1.43	(4.25%)
Thomas H. Lee Equity Fund IV	1998	Corporate Finance/Buyout - Large	7.00	6.31	5.46	0.03	(2.61%)
Thomas H. Lee Equity Fund V	2001	Corporate Finance/Buyout - Mega	15.00	14.65	13.30	7.06	12.49%
TPG Partners III	2000	Corporate Finance/Buyout - Large	25.00	22.87	45.22	7.55	24.85%
TPG Partners IV	2003	Corporate Finance/Buyout - Large	25.00	26.62	15.38	17.19	10.47%
TPG Partners V	2006	Corporate Finance/Buyout - Mega	30.00	24.59	0.43	16.17	(25.38%)
TPG Partners VI	2008	Corporate Finance/Buyout - Mega	22.50	1.27	0.01	0.28	(80.18%)
TPG STAR	2007	Special Situation - Multi-Stage	20.00	4.95	0.03	3.87	(18.92%)
Trident Capital Fund V	2000	Venture Capital - Multi-Stage (VC)	10.59	9.41	5.72	5.47	4.70%
Trident Capital Fund V - Secondary	1999	Venture Capital - Multi-Stage (VC)	3.78	2.96	2.02	1.95	10.63%
Trident Capital Fund VI	2004	Venture Capital - Multi-Stage (VC)	8.50	7.06	0.49	5.96	(4.53%)
VantagePoint Venture Partners IV	2000	Venture Capital - Multi-Stage (VC)	15.00	15.00	3.81	11.58	0.71%
Vestar Capital Partners IV	2000	Corporate Finance/Buyout - Large	17.00	16.30	16.93	9.11	14.42%
Vista Equity Partners Fund III	2007	Corporate Finance/Buyout - Mid	25.00	12.16	0.17	12.95	9.94%
Welsh, Carson, Anderson & Stowe IX	2000	Corporate Finance/Buyout - Large	15.00	14.25	15.21	8.56	13.89%
Welsh, Carson, Anderson & Stowe VII	1995	Corporate Finance/Buyout - Large	15.00	15.00	32.08	0.51	17.73%
Welsh, Carson, Anderson & Stowe VIII	1998	Corporate Finance/Buyout - Large	15.00	15.00	12.35	4.58	1.66%
Weston Presidio Capital IV	2000	Venture Capital - Multi-Stage (VC)	15.00	14.45	7.18	6.41	(1.78%)
Weston Presidio Capital IV - Secondary	1999	Venture Capital - Multi-Stage (VC)	2.83	2.71	1.46	1.30	0.66%
Whitney V	2001	Corporate Finance/Buyout - Large	10.00	11.00	17.99	4.34	25.58%
Yucaipa American Alliance Fund II	2008	Corporate Finance/Buyout - Mid	20.00	5.15	0.04	6.42	29.96%
TOTAL PORTFOLIO:			\$ 1,707.28	\$ 1,248.08	\$ 868.57	\$ 698.00	9.39%