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METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Ethics Office

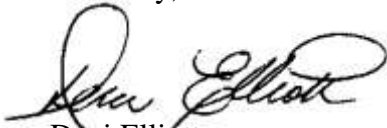
June 30, 2010

Dear Friends,

The best decisions are made when a number of different people are involved in making them. This is the wisdom from a recent Harvard Business Review article and is a good description of how Metropolitan's Ethics Office works to support the organization as a whole. Our internal committees for review of serious concerns include members of the Board of Directors (for issues that relate to directors or that are brought by them), are representatives from the General Manager's office, General Counsel's office, General Auditor's office, and Human Resources (for issues that relate to employees). The Ethics Office will re-establish the Ethics Outreach Committee in the 2010-11 fiscal year. That committee, which includes employees from a variety of workgroups, advises the Ethics Office on potential programs and educational materials. Ethics is every employee's and every director's responsibility; thus, everyone is a partner in Metropolitan's Ethics Office.

Twelve matters came before the Ethics Office from April 1 through June 30. Fifty-eight percent were queries, and 42% were concerns. Seven of the concerns came from employees and five were anonymous. Matters were categorized as follows: conflict of interest, employee relations, gifts, and policy issues – two each; outside employment, theft of goods, theft of time, and safety issues – one each.

Sincerely,



Deni Elliott
Ethics Officer