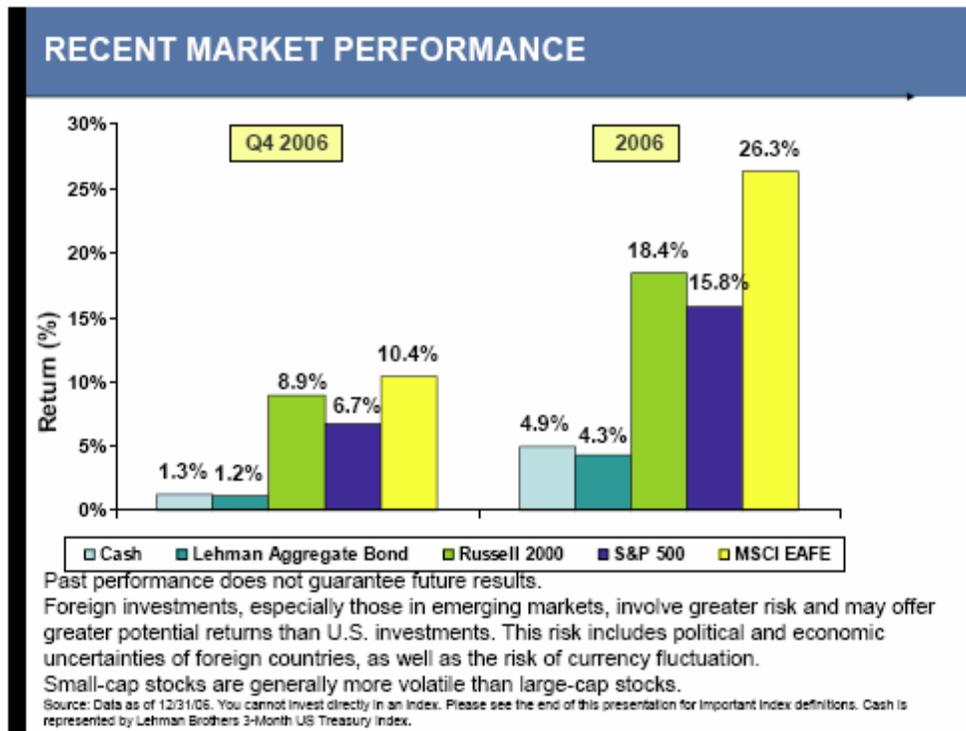


NDPERS  
401(a)  
Defined Contribution  
Quarterly Report  
4<sup>th</sup> Quarter  
9/30/2006 – 12/31/2006



North Dakota Public Employees Retirement System  
400 E Bdwy, Suite 505  
Box 1657  
Bismarck, ND 58502

## Market Summary:



It was a great year, across the board, for markets. The S&P was up nearly 16%. Small caps, represented by the Russell 2000 were up even more, at over 18%. Cash returned 4.9%, and that beat bonds, which suffered from rising rates in the first half of the year, but mostly recovered in the second half, returning 4.3% for the full year. International stocks were again, the standout performer, returning over 26% and beating U.S. stocks for the fifth straight consecutive year, reversing nearly a decade of underperformance that persisted into 2001.

All funds in the NDPERS plan were positive for the 4<sup>th</sup> quarter and for the year ended 2006.

## NDPERS 401(a) Defined Contribution Plan & 457 Companion Plan - Fidelity

### INITIAL OFFERING:

Fidelity Equity-Income	Fidelity Spartan US Equity Index Fidelity Dividend Growth	Fidelity Growth Company Fidelity Blue Chip Growth	LARGE
Mutual Shares A	Dreyfus Mid Cap Index Fidelity Spartan Ext Mkt Index	Fidelity Mid Cap Stock	MEDIUM
Allianz NFJ Small Cap Value	Dreyfus Small Cap Index	MSIF Small Co Growth B	SMALL
VALUE	BLEND	GROWTH	

### BALANCED FUND:

Fidelity Puritan Fund

### INCOME FUNDS:

Fidelity Managed Income Portfolio

### BOND FUNDS:

PIMCO Total Return Bond Fund

### INTERNATIONAL FUNDS:

Fidelity Diversified International (Blend Bias)

### LIFESTYLE FUNDS:

Fidelity Freedom Income

Fidelity Freedom 2015

Fidelity Freedom 2030

Fidelity Freedom 2000

Fidelity Freedom 2020

Fidelity Freedom 2035

Fidelity Freedom 2005

Fidelity Freedom 2025

Fidelity Freedom 2040, 2045 & 2050

Fidelity Freedom 2010

### FUND STYLE CHANGES:

Mutual Shares A ↑			LARGE
			MEDIUM
			SMALL
VALUE	BLEND	GROWTH	

### INCOME FUNDS:

### BOND FUNDS:

### INTERNATIONAL FUNDS:

Fidelity Diversified International (Growth Bias)

### BALANCED FUNDS:

### LIFESTYLE FUNDS:

### CURRENT LINEUP:

Fidelity Equity-Income	Fidelity Spartan US Equity Index Fidelity Dividend Growth	Fidelity Growth Company Fidelity Blue Chip Growth	LARGE
Mutual Shares A			
	Dreyfus Mid Cap Index Fidelity Spartan Ext Mkt Index	Fidelity Mid Cap Stock	MEDIUM
Allianz NFJ Small Cap Value	Dreyfus Small Cap Index	MSIF Small Co Growth B	SMALL
VALUE	BLEND	GROWTH	

### BALANCED FUND:

Fidelity Puritan Fund

### INCOME FUNDS:

Fidelity Managed Income Portfolio

### BOND FUNDS:

PIMCO Total Return Bond Fund

### INTERNATIONAL FUNDS:

Fidelity Diversified International (Growth Bias)

### LIFESTYLE FUNDS:

Fidelity Freedom Income

Fidelity Freedom 2015

Fidelity Freedom 2030

Fidelity Freedom 2000

Fidelity Freedom 2020

Fidelity Freedom 2035

Fidelity Freedom 2005

Fidelity Freedom 2025

Fidelity Freedom 2040, 2045 & 2050

Fidelity Freedom 2010

## NDPERS Investment Benchmarks - 4th Quarter 2006

	<u>Quarter</u>	<u>Y-T-D</u>	<u>1-Year</u>	<u>3-Year</u>	<u>5-Year</u>
<u>Stable Value Fund</u>					
<b>Fidelity Managed Income Portfolio</b>	<b>1.07%</b>	<b>4.08%</b>	<b>4.08%</b>	<b>3.97%</b>	<b>4.30%</b>
GIC 5 Year	2.52%	5.04%	5.04%	5.05%	5.15%
<u>Fixed Income Fund</u>					
<b>PIMCO Total Return Bond Fund - PTRAX</b>	<b>0.86%</b>	<b>3.74%</b>	<b>3.74%</b>	<b>3.75%</b>	<b>5.27%</b>
Lehman Aggregate Bond Index	1.24%	4.33%	4.33%	3.70%	5.06%
Taxable Bond Fund Universe	1.62%	4.92%	4.92%	4.59%	6.34%
<u>Balanced Fund</u>					
<b>Fidelity Puritan - FPURX</b>	<b>5.55%</b>	<b>14.78%</b>	<b>14.78%</b>	<b>9.50%</b>	<b>8.12%</b>
60% Large Cap Value Univ & 40% Taxable Bond Universe	4.94%	12.87%	12.87%	9.18%	7.54%
60% Russell 3000 Value & 40% Lehman Agg Bond Index	5.36%	15.14%	15.14%	10.60%	8.74%
<u>Large Cap Equities - Value</u>					
<b>Fidelity Equity-Income - FEQIX</b>	<b>7.43%</b>	<b>19.81%</b>	<b>19.81%</b>	<b>12.13%</b>	<b>8.70%</b>
Russell 1000 Value Index	8.00%	22.25%	22.25%	15.09%	10.86%
Large Cap Value Fund Universe	7.16%	18.17%	18.17%	12.24%	8.34%
<u>Large Cap Equities - Blend</u>					
<b>Fidelity Spartan US Equity Index - FUSEX</b>	<b>6.68%</b>	<b>15.75%</b>	<b>15.75%</b>	<b>10.35%</b>	<b>6.08%</b>
<b>Fidelity Dividend Growth - FDGFX</b>	<b>5.85%</b>	<b>14.67%</b>	<b>14.67%</b>	<b>7.90%</b>	<b>4.27%</b>
S&P 500 Index	6.70%	15.79%	15.79%	10.44%	6.19%
Large Cap Blend Fund Universe	6.69%	14.10%	14.10%	10.05%	5.94%
<u>Large Cap Equities - Growth</u>					
<b>Fidelity Growth Company - FDGRX</b>	<b>8.46%</b>	<b>9.56%</b>	<b>9.56%</b>	<b>11.72%</b>	<b>5.58%</b>
Russell 3000 Growth Index	6.16%	9.46%	9.46%	7.17%	3.02%
<b>Fidelity Blue Chip Growth - FBGRX</b>	<b>4.14%</b>	<b>5.54%</b>	<b>5.54%</b>	<b>5.27%</b>	<b>1.69%</b>
Russell 1000 Growth Index	5.93%	9.07%	9.07%	6.87%	2.69%
Large Cap Growth Fund Universe	5.56%	6.94%	6.94%	7.15%	2.86%
<u>Mid Cap Equities - Value</u>					
<b>Franklin Mutual Shares A - TESIX</b>	<b>7.87%</b>	<b>17.98%</b>	<b>17.98%</b>	<b>13.77%</b>	<b>10.54%</b>
Russell Mid Cap Value	8.50%	20.22%	20.22%	18.77%	15.88%
Mid Cap Value Fund Universe	8.05%	15.90%	15.90%	14.00%	11.61%
<u>Mid Cap Equities - Blend</u>					
<b>Dreyfus Mid Cap Index - PESPX</b>	<b>6.85%</b>	<b>9.87%</b>	<b>9.87%</b>	<b>12.59%</b>	<b>10.35%</b>
S&P Mid Cap 400	6.99%	10.32%	10.32%	13.09%	10.89%
<b>Fidelity Spartan Extended Mkt Index - FSEMXX</b>	<b>9.01%</b>	<b>15.38%</b>	<b>15.38%</b>	<b>14.38%</b>	<b>11.85%</b>
Wilshire 4500 Index	9.05%	15.28%	15.28%	14.42%	12.11%
Mid Cap Blend Fund Universe	7.70%	13.87%	13.87%	12.90%	10.54%
<u>Mid Cap Equities - Growth</u>					
<b>Fidelity Mid Cap Stock - FMCSX</b>	<b>8.72%</b>	<b>7.94%</b>	<b>7.94%</b>	<b>12.52%</b>	<b>6.84%</b>
Russell Mid Cap Growth	6.95%	10.66%	10.66%	12.73%	8.22%
Mid Cap Growth Fund Universe	6.89%	9.03%	9.03%	10.85%	6.37%

Fund Returns in RED do not meet both benchmarks.

Fund Returns in BLACK meet both benchmarks.

## NDPERS Investment Benchmarks - 4th Quarter 2006

	<u>Quarter</u>	<u>Y-T-D</u>	<u>1-Year</u>	<u>3-Year</u>	<u>5-Year</u>
<u>Small Cap Equities - Value</u>					
<b>Allianz NFJ Small Cap Value - PVADX</b>	<b>8.53%</b>	<b>18.73%</b>	<b>18.73%</b>	<b>17.37%</b>	<b>16.50%</b>
Russell 2000 Value Index	9.03%	23.48%	23.48%	16.48%	15.37%
Small Value Fund Universe	8.38%	16.32%	16.32%	14.02%	13.80%
<u>Small Cap Equities - Blend</u>					
<b>Dreyfus Small Cap Index - DISSX</b>	<b>7.77%</b>	<b>14.69%</b>	<b>14.69%</b>	<b>14.58%</b>	<b>12.05%</b>
Russell 2000 Index	8.90%	18.37%	18.37%	13.56%	11.39%
S & P 600 Index	7.84%	15.12%	15.12%	14.99%	12.49%
Small Blend Fund Universe	8.66%	15.32%	15.32%	13.55%	11.74%
<u>Small Cap Equities - Growth</u>					
<b>MSI Small Co Growth B - MSSMX</b>	<b>11.23%</b>	<b>11.55%</b>	<b>11.55%</b>	<b>14.52%</b>	<b>10.87%</b>
Russell 2000 Growth Index	8.77%	13.35%	13.35%	10.51%	6.93%
Small Growth Fund Universe	7.91%	10.50%	10.50%	9.25%	6.15%
<u>International Equity Funds</u>					
<b>Fidelity Diversified International - FDIVX</b>	<b>9.80%</b>	<b>22.52%</b>	<b>22.52%</b>	<b>19.78%</b>	<b>17.27%</b>
MSCI EAFE	10.37%	26.53%	26.53%	20.11%	15.20%
International Stock Fund Universe	13.06%	27.07%	27.07%	22.69%	19.62%
<u>Asset Allocation Funds:</u>					
<b>Fidelity Freedom Income - FFFAX</b>	<b>2.53%</b>	<b>6.37%</b>	<b>6.37%</b>	<b>4.67%</b>	<b>4.19%</b>
Income Benchmark	2.45%	6.84%	6.84%	4.87%	4.91%
<b>Fidelity Freedom 2000 - FFFBX</b>	<b>2.95%</b>	<b>6.76%</b>	<b>6.76%</b>	<b>5.08%</b>	<b>4.47%</b>
2000 Benchmark	2.76%	7.43%	7.43%	5.35%	5.09%
<b>Fidelity Freedom 2005 - FFFVX</b>	<b>4.44%</b>	<b>9.23%</b>	<b>9.23%</b>	<b>N/A</b>	<b>N/A</b>
2005 Benchmark	4.46%	11.00%	11.00%	8.17%	6.86%
<b>Fidelity Freedom 2010 - FFFCX</b>	<b>4.55%</b>	<b>9.46%</b>	<b>9.46%</b>	<b>7.53%</b>	<b>6.29%</b>
2010 Benchmark	4.59%	11.24%	11.24%	8.37%	6.98%
<b>Fidelity Freedom 2015 - FFFVX</b>	<b>5.00%</b>	<b>10.36%</b>	<b>10.36%</b>	<b>N/A</b>	<b>N/A</b>
2015 Benchmark	5.27%	12.65%	12.65%	9.41%	7.57%
<b>Fidelity Freedom 2020 - FFFDX</b>	<b>5.77%</b>	<b>11.61%</b>	<b>11.61%</b>	<b>9.63%</b>	<b>7.26%</b>
2020 Benchmark	6.00%	14.14%	14.14%	10.50%	8.09%
<b>Fidelity Freedom 2025 - FFFWX</b>	<b>5.94%</b>	<b>11.84%</b>	<b>11.84%</b>	<b>N/A</b>	<b>N/A</b>
2025 Benchmark	6.24%	14.66%	14.66%	10.87%	8.29%
<b>Fidelity Freedom 2030 - FFFEX</b>	<b>6.58%</b>	<b>12.90%</b>	<b>12.90%</b>	<b>10.71%</b>	<b>7.58%</b>
2030 Benchmark	6.87%	15.95%	15.95%	11.77%	8.65%
<b>Fidelity Freedom 2035 - FFFHX</b>	<b>6.57%</b>	<b>12.94%</b>	<b>12.94%</b>	<b>N/A</b>	<b>N/A</b>
2035 Benchmark	6.90%	16.02%	16.02%	11.82%	8.70%
<b>Fidelity Freedom 2040 - FFFF</b>	<b>6.84%</b>	<b>13.49%</b>	<b>13.49%</b>	<b>11.27%</b>	<b>7.74%</b>
2040 Benchmark	7.11%	16.51%	16.51%	12.15%	8.92%
<b>Fidelity Freedom 2045 - FFFGX</b>	<b>7.07%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
2040 Benchmark	7.11%	16.51%	16.51%	12.15%	8.92%
<b>Fidelity Freedom 2050 - FFFHX</b>	<b>7.17%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
2040 Benchmark	7.11%	16.51%	16.51%	12.15%	8.92%
Income Benchmark is comprised of 20% Wilshire 5000, 35% LB Agg, 5% ML HY Bond, 40% 3 Month T-Bill					
2000 Benchmark is comprised of 25% Wilshire 5000, 1% MSCI EAFE, 36% LB Agg, 2% ML HY Bond, 36% 3 Month T-Bill					
2005 Benchmark is comprised of 40% Wilshire 5000, 8% MSCI EAFE, 35% LB Agg, 5% ML HY Bond, 12% 3 Month T-Bill					
2010 Benchmark is comprised of 42% Wilshire 5000, 8% MSCI EAFE, 36% LB Agg, 5% ML HY Bond, 9% 3 Month T-Bill					
2015 Benchmark is comprised of 49% Wilshire 5000, 10% MSCI EAFE, 30% LB Agg, 7% ML HY Bond, 4% 3 Month T-Bill					
2020 Benchmark is comprised of 58% Wilshire 5000, 12% MSCI EAFE, 23% LB Agg, 7% ML HY Bond					
2025 Benchmark is comprised of 60% Wilshire 5000, 13% MSCI EAFE, 19% LB Agg, 8% ML HY Bond					
2030 Benchmark is comprised of 68% Wilshire 5000, 15% MSCI EAFE, 10% LB Agg, 7% ML HY Bond					
2035 Benchmark is comprised of 68% Wilshire 5000, 15% MSCI EAFE, 9% LB Agg, 8% ML HY Bond					
2040 Benchmark is comprised of 69% Wilshire 5000, 16% MSCI EAFE, 5% LB Agg, 10% ML HY Bond					
2045 Benchmark is comprised of 69% Wilshire 5000, 16% MSCI EAFE, 5% LB Agg, 10% ML HY Bond					
2050 Benchmark is comprised of 69% Wilshire 5000, 16% MSCI EAFE, 5% LB Agg, 10% ML HY Bond					
Wilshire 5000 Index	7.20%	15.77%	15.77%	11.47%	7.61%
MSCI EAFE	10.37%	26.53%	26.53%	20.11%	15.20%
Lehman Aggregate Bond Index	1.24%	4.33%	4.33%	3.70%	5.06%
ML High Yield Bond Fund Index	4.17%	11.64%	11.64%	8.34%	9.85%
3 Month T-Bill Index	0.91%	3.96%	3.96%	2.17%	2.82%
Russell 3000 Value Index	8.10%	22.34%	22.34%	15.20%	11.20%

Fund Returns in RED do not meet both benchmarks.

Fund Returns in BLACK meet both benchmarks.

## NDPERS Mutual Fund Research - 12/31/2006

### Large Value

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank	Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio		
											3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha		
Fidelity Puritan	FPURX	25.8 Billion	4/16/1947	6 Years	0.62%	1134	78%	13.5	38.0 Bil	4-Stars	24	13	5.55	14.78	9.50	8.12	8.74				4.88	1.25
Fidelity Equity-Income	FEQIX	30.6 Billion	5/16/1966	13 Years	0.67%	249	19%	13.4	52.4 Bil	3-Stars	49	42	7.43	19.81	12.13	8.70	9.38	93	0.99	1.63	7.10	1.21

### Large Blend

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank	Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio		
											3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha		
Fidelity Spartan US Equity Index	FUSEX	27.3 Billion	3/6/1990	Team	0.09%	503	6%	14.8	49.4 Bil	3-Stars	39	41	6.66	15.75	10.35	6.08	8.27	100	1.00	-0.08	6.90	1.01
Fidelity Dividend Growth	FDGFX	17.2 Billion	4/27/1993	9 Years	0.59%	98	30%	14.3	66.9 Bil	3-Stars	85	83	5.85	14.67	7.90	4.27	9.68	84	0.94	-1.88	7.06	0.67
Fidelity Diversified International	FDIVX	47.3 Billion	12/27/1991	5 Years	0.97%	357	41%	15.5	25.1 Bil	5-Stars	18	3	9.80	22.52	19.78	17.27	13.16				10.28	1.51

### Large Growth

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank	Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio		
											3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha		
Fidelity Growth Company	FDGRX	30.1 Billion	1/17/1983	9 Years	0.94%	282	50%	22.8	18.2 Bil	4-Stars	9	14	8.46	9.56	11.72	5.58	9.56	75	1.50	-1.87	11.86	0.73
Fidelity Blue Chip Growth	FBGRX	20.7 Billion	12/31/1987	0 Years	0.61%	167	48%	18.0	48.3 Bil	3-Stars	75	68	4.14	5.54	5.27	1.69	5.61	92	1.08	-5.32	7.77	0.29

### Medium Value

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank	Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio		
											3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha		
Franklin Mutual Shares A	TESIX	21.6 Billion	11/11/1996	3 Years	1.11%	279	22%	14.2	22.3 Bil	4-Stars	13	11	7.87	17.98	13.77	10.54	11.10	75	0.75	4.72	5.95	1.68

### Medium Blend

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank	Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio		
											3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha		
Dreyfus Mid Cap Index	PESPX	2.3 Billion	6/19/1991	Team	0.50%	403	16%	16.1	3.5 Bil	3-Stars	49	47	6.85	9.87	12.59	10.35	12.88	80	1.35	-0.20	10.32	0.89
Fidelity Spartan Extended Mkt Index	FSEMXX	2.7 Billion	11/5/1997	Team	0.10%	3652	13%	16.5	2.2 Bil	4-Stars	33	23	9.01	15.35	14.37	11.85	N/A	80	1.48	0.55	11.41	0.96

### Medium Growth

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank	Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio		
											3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha		
Fidelity Mid-Cap Stock	FMCSX	12.9 Billion	3/29/1994	1 Years	0.69%	170	74%	18.5	6.7 Bil	4-Stars	17	41	4.96	14.78	13.26	6.99	12.70	73	1.59	-1.01	12.84	0.79

### Small Value

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank	Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio		
											3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha		
Allianz NFJ Small Cap Value Admin	PVADX	4.3 Billion	11/1/1995	13 Years	1.11%	122	32%	13.5	1.9 Bil	4-Stars	3	9	8.53	18.73	17.37	16.50	13.43	61	1.24	4.79	10.91	1.23

### Small Blend

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank	Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio		
											3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha		
Dreyfus Small Cap Index	DISSX	922 Million	6/30/1997	Team	0.50%	599	14%	17.0	1.3 Bil	3-Stars	28	45	7.77	14.69	14.58	12.05	N/A	70	1.57	0.31	12.79	0.88

### Small Growth

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank	Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio		
											3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha		
Morgan Stanley Small Cap Growth B	MSSMX	1.9 Billion	1/2/1996	Team	1.29%	77	73%	25.3	1.3 Bil	4-Stars	7	11	11.23	11.55	14.52	10.87	14.22	66	1.67	-0.29	14.13	0.80

## Lifestyle / Others

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio	
											3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha			
Fidelity Managed Income Portfolio		8.1 Billion	9/7/1989	15 Years	0.55%								1.07	4.08	3.97	4.30	5.09						
PIMCO Total Return Bond Fund	PTRAX	99.7 Billion	9/8/1994	8 Years	0.68%		325%		70.7 Bil	5-Stars	30	24	0.86	3.74	3.75	5.27	6.57					3.18	0.16
Fidelity Freedom Income	FFFAX	2.3 Billion	10/17/1996	9 Years	0.51%	20	18%	15.8	42.7 Bil	3-Stars	73	76	2.53	6.37	4.67	4.19	5.83					2.21	0.64
Fidelity Freedom 2000	FFFBX	1.6 Billion	10/17/1996	9 Years	0.52%	25	20%	15.7	37.7 Bil	4-Stars	67	65	2.95	6.76	5.08	4.47	6.78					2.54	0.71
Fidelity Freedom 2005	FFVFX	0.7 Billion	11/6/2003	9 Years	0.62%	25	4%	15.6	35.1 Bil	4-Stars	27	N/A	4.44	9.23	7.28	N/A	N/A	N/A	N/A	N/A	N/A	4.24	0.93
Fidelity Freedom 2010	FFFCX	12.3 Billion	10/17/1996	9 Years	0.62%	25	8%	15.6	35.1 Bil	5-Stars	20	35	4.55	9.46	7.53	6.29	8.27					4.44	0.94
Fidelity Freedom 2015	FFVFX	4.3 Billion	11/6/2003	9 Years	0.67%	25	1%	15.6	35.1 Bil	3-Stars	48	N/A	5.00	10.36	8.61	N/A	N/A	N/A	N/A	N/A	N/A	5.36	0.98
Fidelity Freedom 2020	FFFDX	15.6 Billion	10/17/1996	9 Years	0.70%	25	4%	15.6	25.4 Bil	3-Stars	30	46	5.77	11.61	9.63	7.26	8.75					6.28	0.99
Fidelity Freedom 2025	FFTWX	3.5 Billion	11/6/2003	9 Years	0.72%	23	1%	15.6	35.1 Bil	4-Stars	21	N/A	5.94	11.84	9.97	N/A	N/A	N/A	N/A	N/A	N/A	6.70	0.98
Fidelity Freedom 2030	FFFEX	10.7 Billion	10/17/1996	9 Years	0.74%	23	5%	15.6	25.2 Bil	4-Stars	56	67	6.58	12.90	10.71	7.58	8.69					7.29	1.00
Fidelity Freedom 2035	FFTHX	2.0 Billion	11/6/2003	9 Years	0.75%	23	1%	15.6	35.1 Bil	3-Stars	51	N/A	6.57	12.94	10.95	N/A	N/A	N/A	N/A	N/A	N/A	7.45	1.01
Fidelity Freedom 2040	FFFFX	5.2 Billion	9/6/2000	3 Years	0.76%	23	4%	15.6	26.8 Bil	3-Stars	44	58	6.84	13.49	11.27	7.74	N/A					7.83	1.02
Fidelity Freedom 2045	FFFGX	0.1 Billion	9/6/2006	3 Years	0.76%	23	4%	17.4	26.8 Bil	N/A	N/A	N/A	7.07	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fidelity Freedom 2050	FFFHX	0.1 Billion	9/6/2006	3 Years	0.76%	23	4%	17.4	26.8 Bil	N/A	N/A	N/A	7.17	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**R-squared** - This compares a fund's performance to a given index. If R-squared is 100, the fund moves in lockstep with the index to which it is being compared. Generally, a higher R-squared will indicate a more useful beta figure. If the R-squared is lower, then the beta is less relevant to the fund's performance.

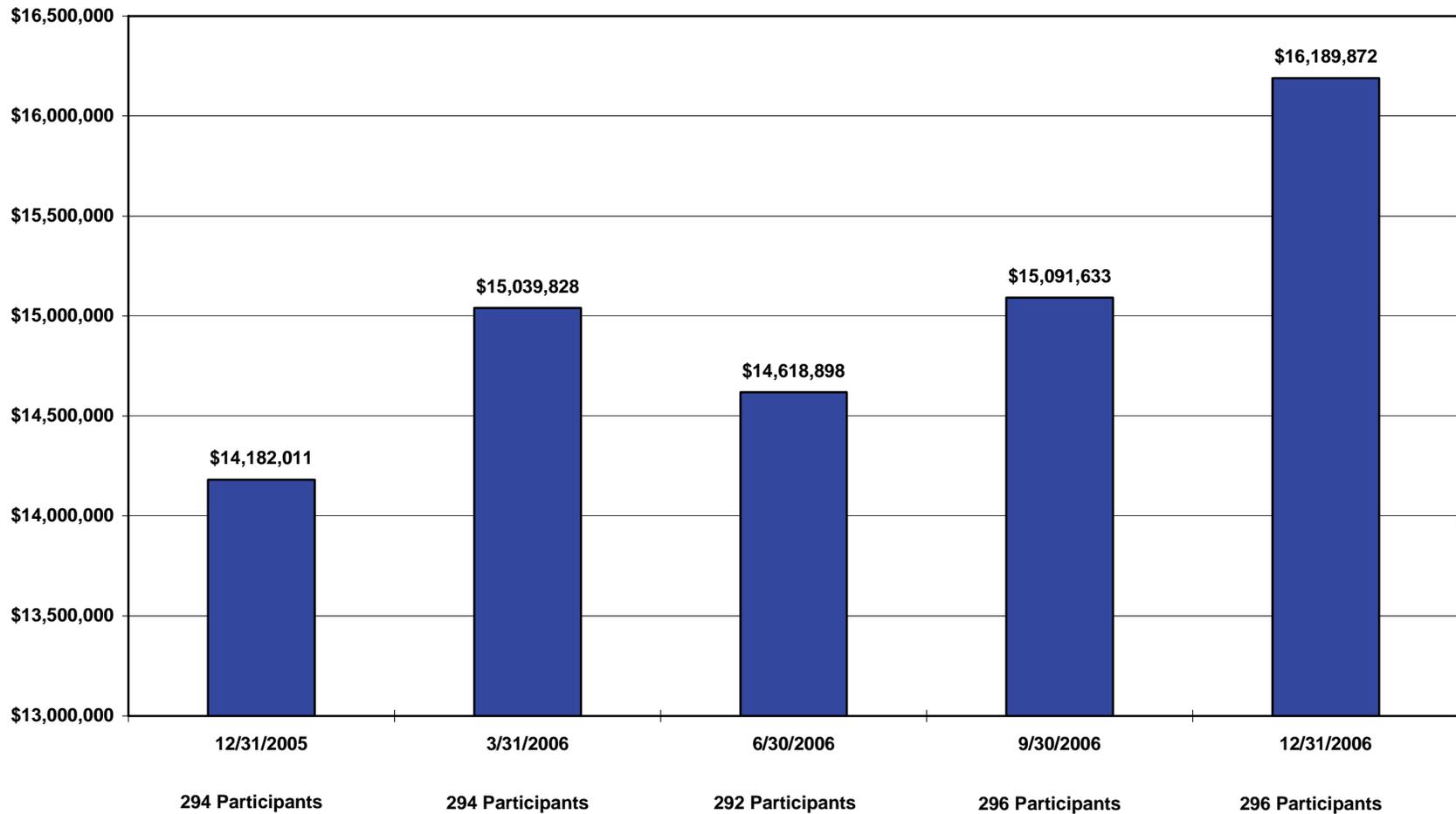
**Beta** - This compares a fund's volatility to a given index. If beta is greater than 1, the fund is more volatile than the index to which it is being compared. If beta is lower than 1, the fund is less volatile than the index. If a fund's R-squared is low, beta is less reliable as a predictor of volatility.

**Alpha** - This is a measure of risk-adjusted performance. The higher a fund's alpha, the better it has done. A fund's alpha is only reliable when its R-squared is relatively high.

**Standard Deviation** - The higher this number is, the more volatile the fund's returns have been. It indicates how much the fund has deviated from its mean total return over the past three years.

**Sharpe Ratio** - This measure combines standard deviation and mean total return to show a risk-adjusted measure of the fund's performance. The higher this number is, the better. As a rule of thumb, a Sharpe ratio of more than 1.00 is very good.

# Plan Assets Under Management at Fidelity



# Investment Options

More Conservative Potentially less investment risk and more inflation risk				More Aggressive Potentially more investment risk and less inflation risk			
Money Market	Stable Value	Fixed Income	Balanced	Domestic Equity	International	Specialty	Company Stock
	Fid Mgd Inc Port	Pimco Tot Return Adm	Fid Puritan	Fid Growth Company Spartan® U.S. Equity Index Fid Equity Income Msi Sm Co Growth B Fidelity Low Pr Stk Fid Mid Cap Stock Allnz Nj Smcpval Ad Dreyus Mid Cap Index Fid Blue Chip Growth Fid Dividend Growth Dreyus Small Cap Index	Fid Diversified Intl		

## Other Investment Options:

Fid Freedom Income®   Fidelity Freedom 2000®   Fidelity Freedom 2005®   Fidelity Freedom 2010®   Fidelity Freedom 2015®   Fidelity Freedom 2020®   Fidelity Freedom 2025®   Fidelity Freedom 2030®  
 Fidelity Freedom 2035®   Fidelity Freedom 2040®

This spectrum, with the exception of the Domestic Equity category, is based on Fidelity's analysis of the characteristics of the general investment categories and not on the actual investment options and their holdings, which can change frequently. Investment options in the Domestic Equity category are based the options' Morningstar categories (Large Value, Mid-Cap Value, Small Value, Large Blend, Mid-Cap Blend, Small Blend, Large Growth, Mid-Cap Growth, Small Growth) as of 12/31/01. Morningstar categories are based on a fund's style as measured by its underlying portfolio holdings over the past three years and may change at any time. These style calculations do not represent the investment options' objectives and do not predict the investment options' future styles. For more information on the investment options in the Domestic Equity category, visit [www.Morningstar.com](http://www.Morningstar.com). Investment options are listed in alphabetical order within each investment category. Risk associated with the investment options can vary significantly within each particular investment category, and the relative risk of categories may change under certain economic conditions.

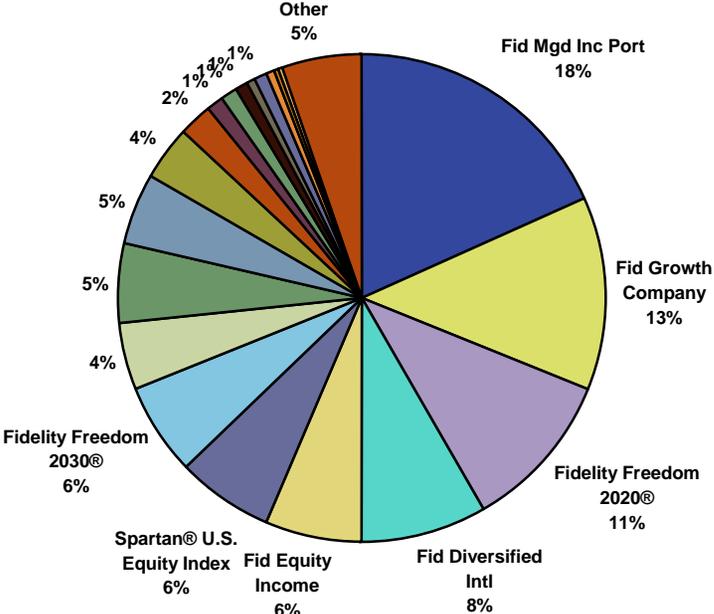
If your plan offers Asset Manager funds please note, the portfolio manager of each of the Asset Manager funds has the flexibility to periodically shift investments between the three asset classes, depending on the current outlook for the various markets. The risk level of the Asset Manager fund(s) cannot be portrayed as a single point on the objective spectrum along with the other investment options because it can change periodically according to how the assets are invested.

If your plan offers Fidelity Freedom Funds® please note, the Fidelity Freedom Funds are not represented on the above spectrum because each fund (except Fidelity Freedom Income) will gradually adjust the asset allocation to be more conservative as the funds approach their target dates. The risk level of the Fidelity Freedom Funds cannot be portrayed as a single point on the objective spectrum along with the other investment options because they can change periodically according to how the assets are invested.

For a more complete discussion of risk associated with the mutual fund options, please read the prospectus before making your investment decision. The spectrum does not represent actual or implied performance.

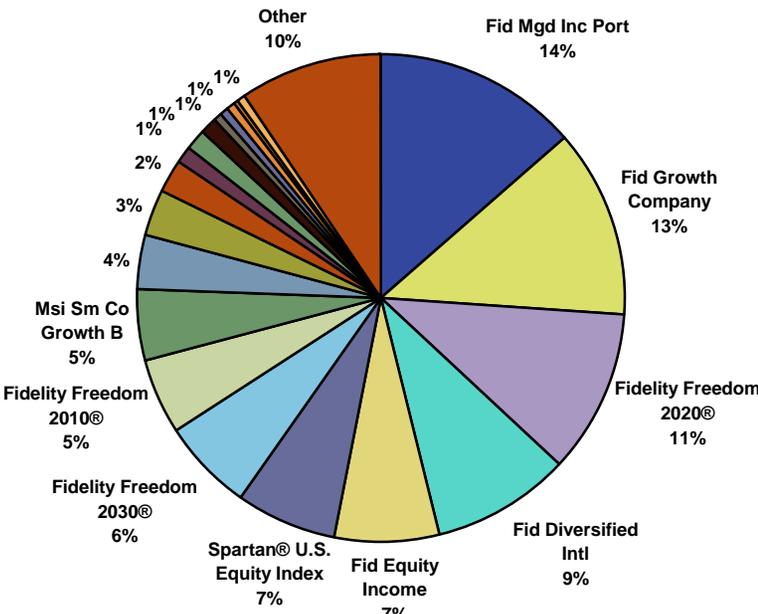
# Asset Allocation by Fund

as of 1/1/2006



Total Market Value: \$14,182,011

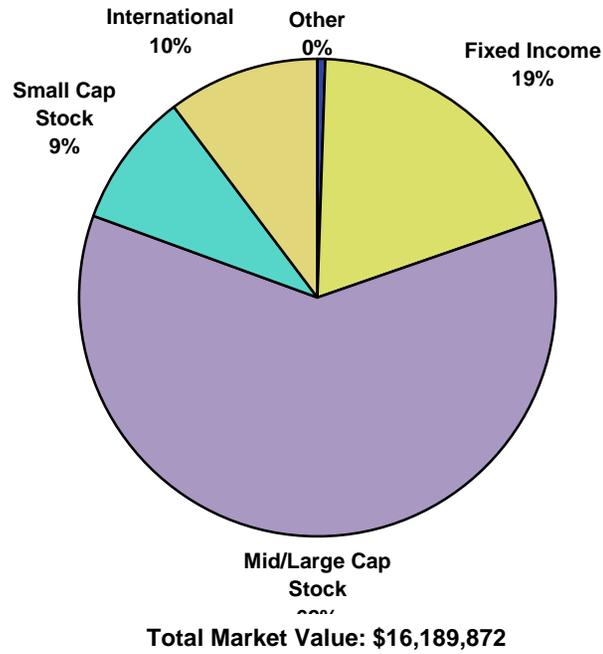
as of 12/31/2006



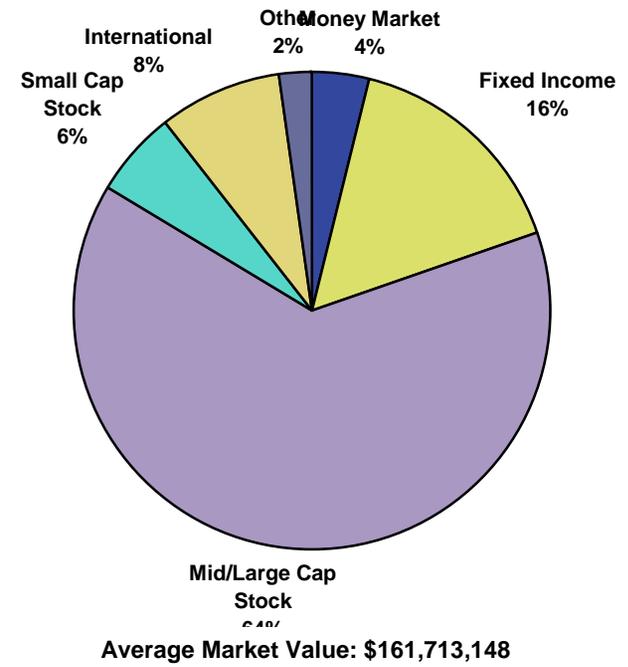
Total Market Value: \$16,189,872

Fid Mgd Inc Port	Fid Growth Company	Fidelity Freedom 2020®	Fid Diversified Intl	Fid Equity Income
Spartan® U.S. Equity Index	Fidelity Freedom 2030®	Fidelity Freedom 2010®	Msi Sm Co Growth B	Pimco Tot Return Adm
Fid Puritan	Fidelity Low Pr Stk	Allnz Nfj Smcpval Ad	Fidelity Freedom 2040®	Fid Mid Cap Stock
Fid Blue Chip Growth	Drey Mid Cap Index	Fidelity Freedom 2025®	Fid Dividend Growth	Fidelity Freedom Income®
Other				

**DEFINED CONTRIBUTION PLAN  
RETIREMENT BD OF PUBLIC EE**



**AVG. FITSCO PUBLIC SECTOR\***

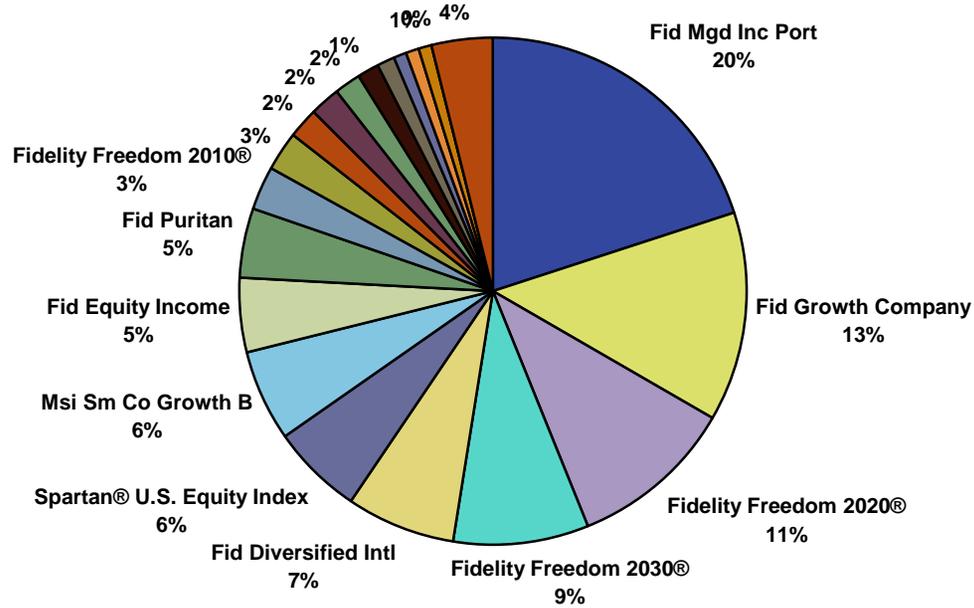


Money Market
  Fixed Income
  Mid/Large Cap Stock
  Small Cap Stock
  International
  Other

\* The values in this chart represent the sum of the balances in each fund class for a representative sample of retirement plans serviced by Fidelity Investments.

# Contribution Allocation

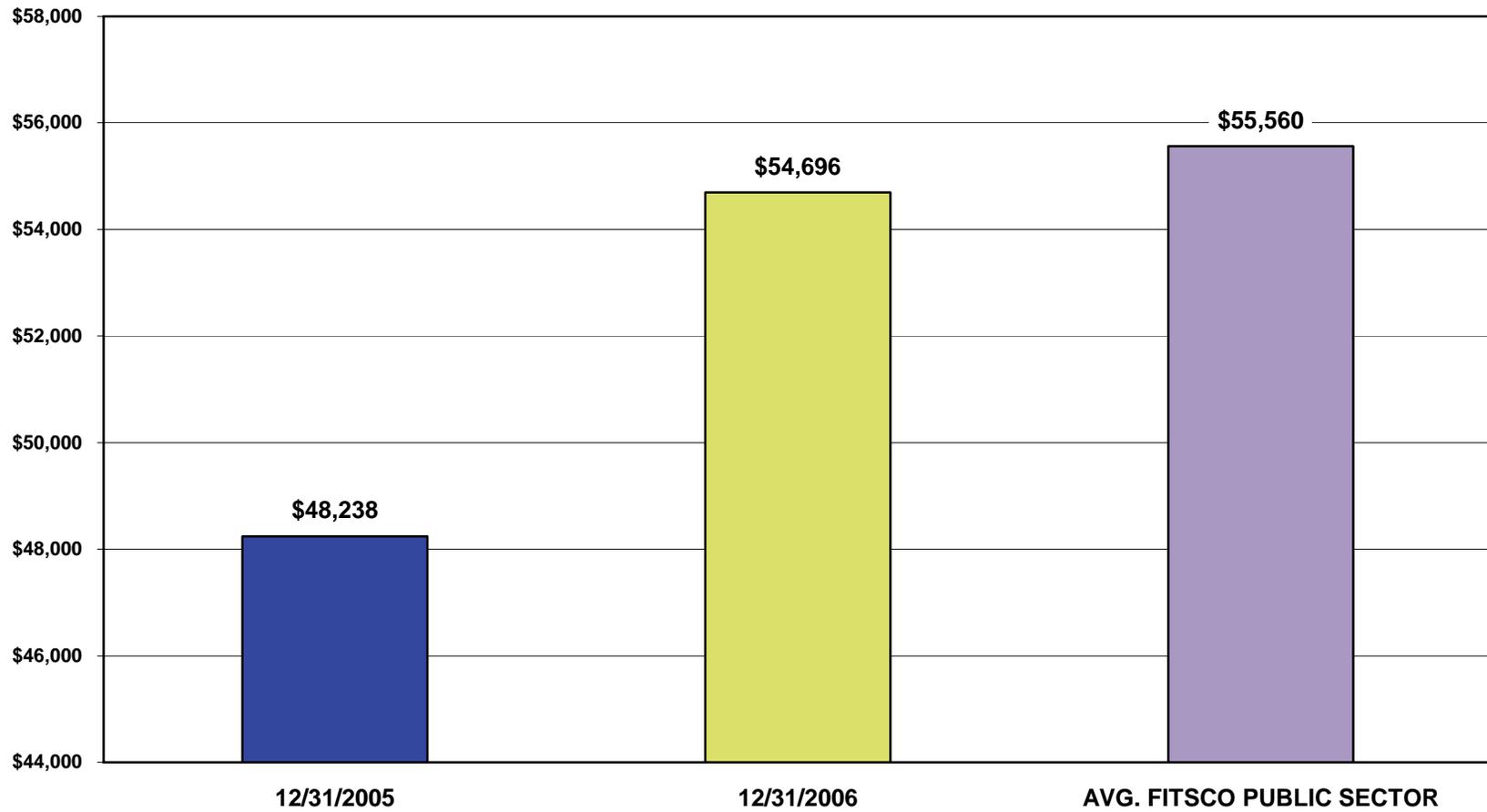
1/1/2006 - 12/31/2006



Total Contributions: \$1,045,003

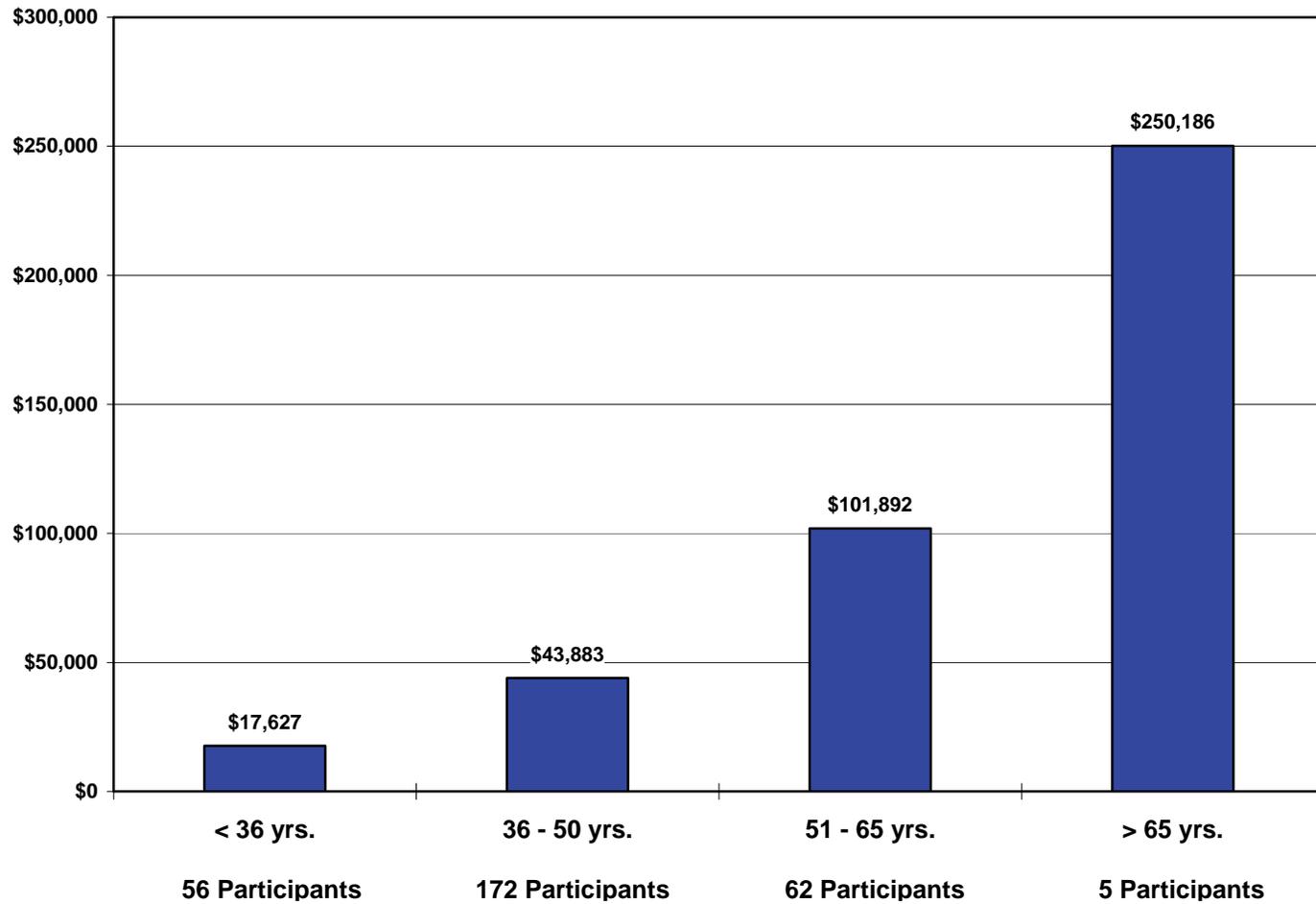
Fid Mgd Inc Port	Fid Growth Company	Fidelity Freedom 2020®	Fidelity Freedom 2030®	Fid Diversified Intl
Spartan® U.S. Equity Index	Msi Sm Co Growth B	Fid Equity Income	Fid Puritan	Fidelity Freedom 2010®
Fidelity Freedom 2040®	Fidelity Low Pr Stk	Pimco Tot Return Adm	Fid Mid Cap Stock	Fid Blue Chip Growth
Fid Dividend Growth	Allnz Nfj Smcpval Ad	Fidelity Freedom 2025®	Drey Mid Cap Index	Fidelity Freedom Income®
Other				

# Average Participant Balance



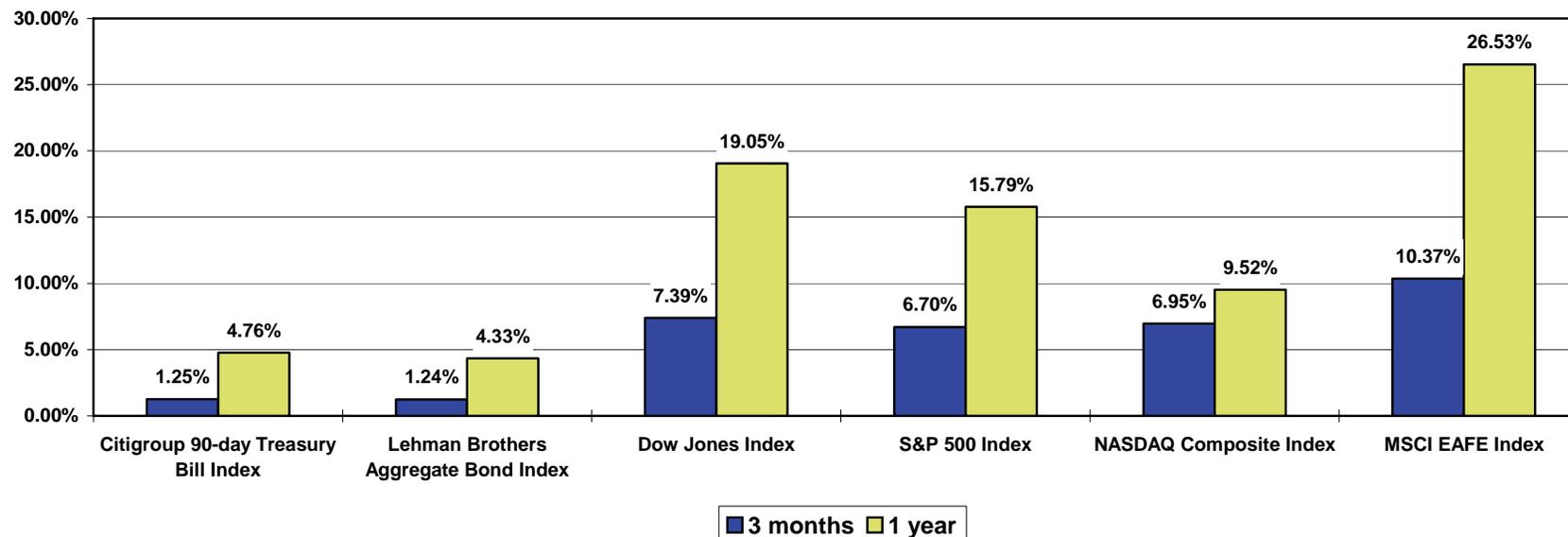
# Average Balance by Age

as of 12/31/2006



# Major Market Indices

Cumulative Total Return %  
Period Ending 12/31/2006



Past performance is no guarantee of future results.

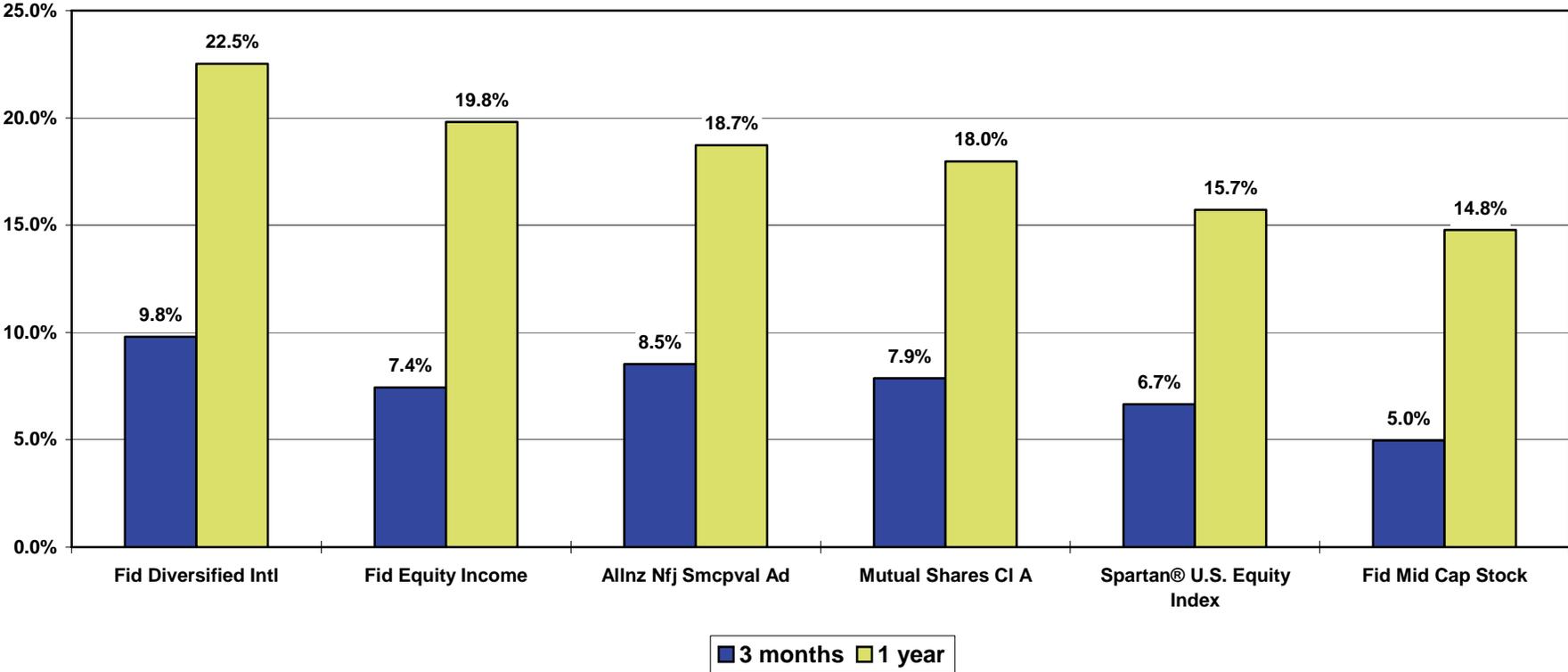
\*The Citigroup 90-day Treasury Bill Index represents the average of T-Bill rates for each of the prior three months, adjusted to bond equivalent yield basis.

\*The Lehman Brothers Aggregate Bond Index is an unmanaged market value-weighted index for investment-grade fixed-rate debt issues, including government, corpo rate, asset-backed, and mortgage-backed securities with maturities of at least one year. \* The Dow Jones Industrial Average (Dow Jones) is an unmanaged index of common stocks of the 30 major industrial companies and assumes reinvestment of dividends.

\*The S&P 500 is a registered service mark of the McGraw-Hill Companies, Inc., and has been licensed for use by Fidelity Distributors Corporation and its affiliates. It is a widely recognized, unmanaged index of 500 U.S. common stocks. \* The NASDAQ Composite Index (NASDAQ), is an unmanaged index of over-the counter stock prices, does not assume reinvestment of dividends. \* The MSCI EAFE Index (Morgan Stanley Capital International Europe, Australasia, and Far East, Index) is an unmanaged index and includes the reinvestment of dividends. It is designed to represent the performance of developed stock markets outside the United States and Canada. The MSCI EAFE Index is a registered service mark of Morgan Stanley and has been licensed for use by FMR Corp.

# Individual Fund Performance

Cumulative Total Return %  
Period Ending 12/31/2006



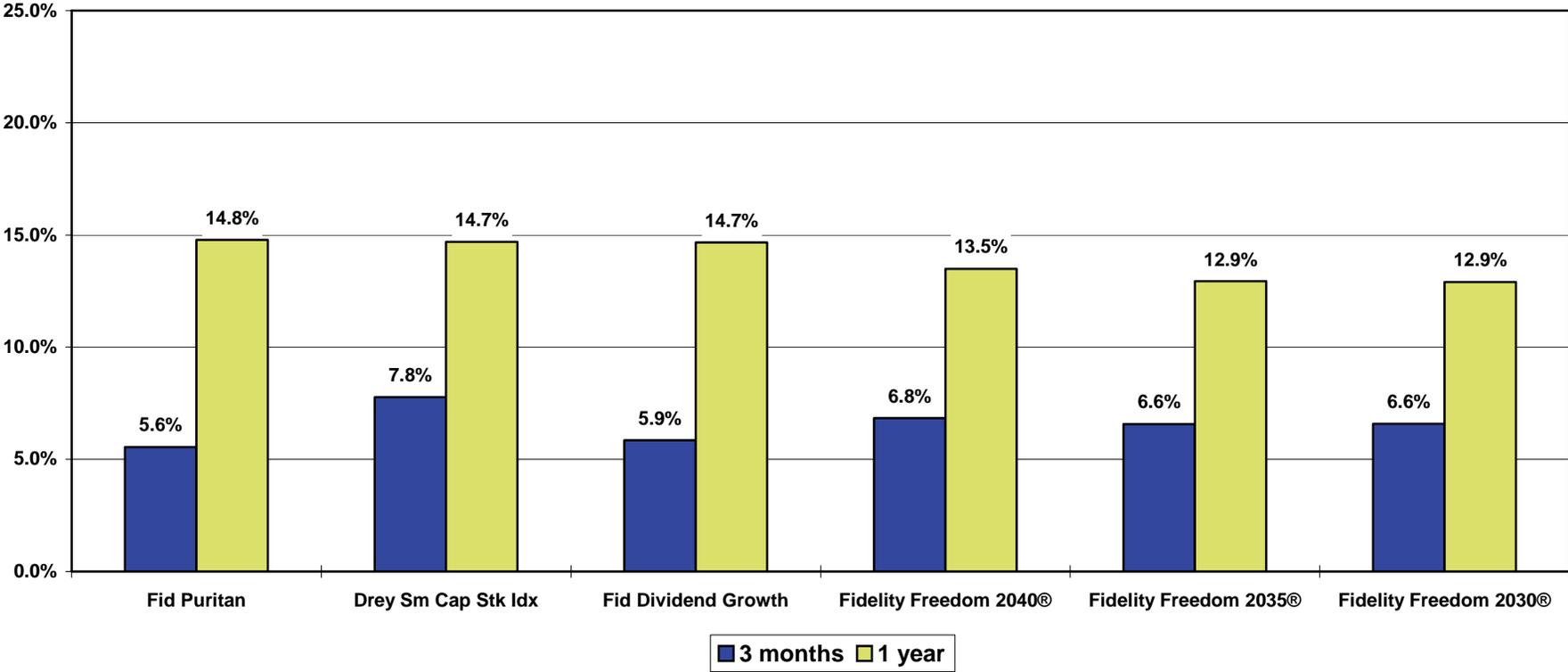
Past performance is no guarantee of future results.

# Individual Fund Performance

(Continued)

Cumulative Total Return %

Period Ending 12/31/2006



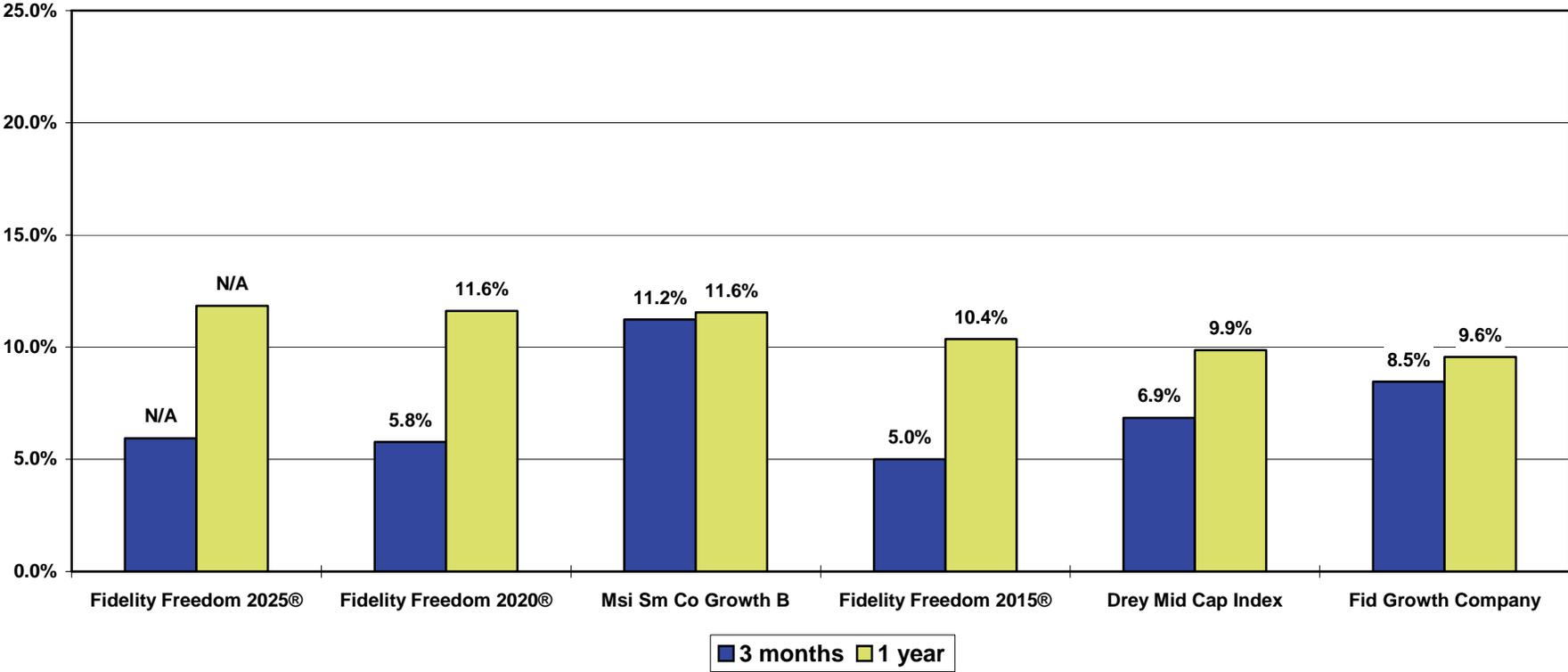
Past performance is no guarantee of future results.

# Individual Fund Performance

(Continued)

Cumulative Total Return %

Period Ending 12/31/2006



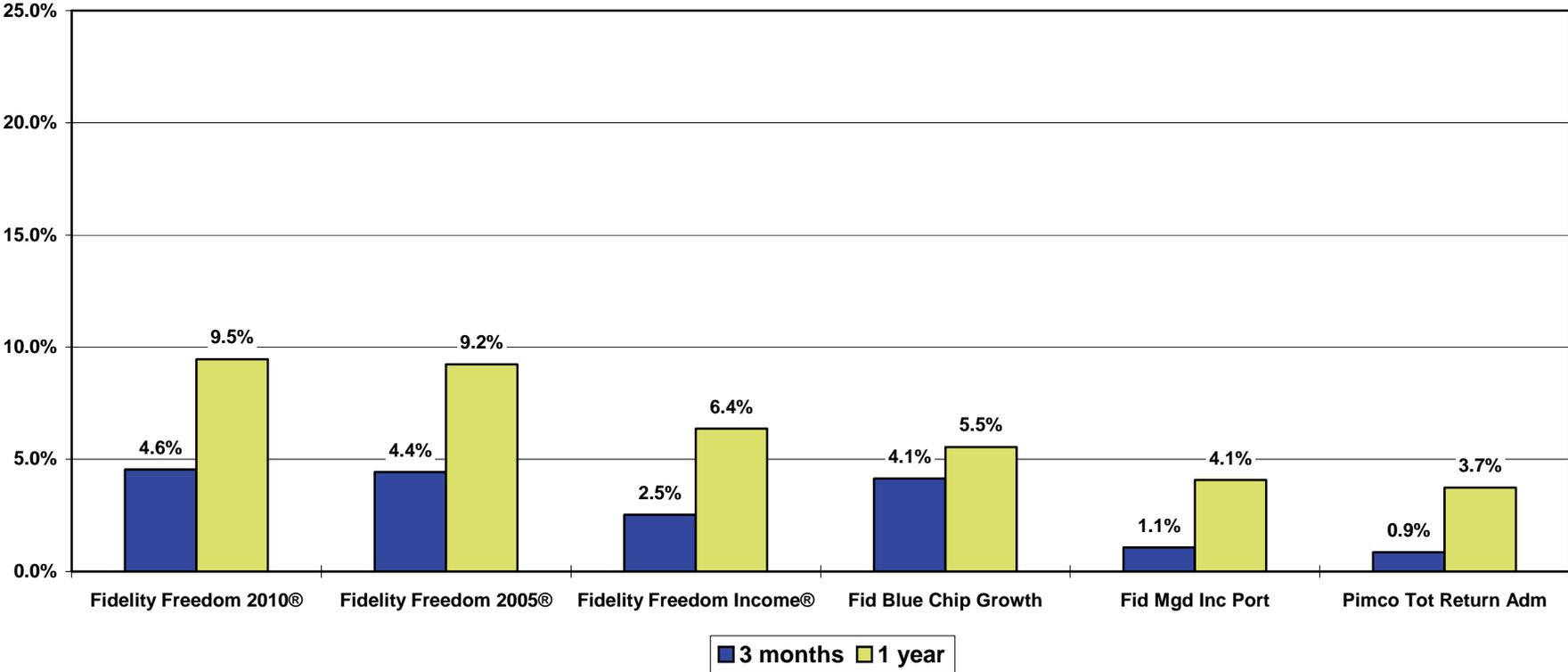
Past performance is no guarantee of future results.

# Individual Fund Performance

(Continued)

Cumulative Total Return %

Period Ending 12/31/2006



Past performance is no guarantee of future results.

# Comparative Historical Performance

Average Annual Total Return %  
Period Ending 12/31/2006

Fund Benchmark(s)

	1 Year	5 Years	10 Years	Inception Date*	Short Term Trading Fee	Expense Ratio
<b>Fidelity Freedom 2020®</b>	<b>11.6%</b>	<b>7.3%</b>	<b>8.8%</b>			0.7
Lipper Multi- Cap Core Funds Average	13.3%	6.6%	8.7%			
S&P 500 Index	15.8%	6.2%	8.4%			
<b>Fid Diversified Intl</b>	<b>22.5%</b>	<b>17.3%</b>	<b>13.2%</b>		29 Days / 1.0%	1.06
Lipper International Funds Average	24.8%	13.9%	8.1%			
MSCI EAFE Index	26.5%	15.2%	7.9%			
<b>Spartan® U.S. Equity Index</b>	<b>15.7%</b>	<b>6.1%</b>	<b>8.3%</b>			0.1
Lipper S&P 500 Funds Average	15.2%	5.6%	8.0%			
S&P 500 Index	15.8%	6.2%	8.4%			
<b>Allnz Nfj Smcpval Ad</b>	<b>18.7%</b>	<b>16.5%</b>	<b>13.4%</b>			1.11
<b>Fid Puritan</b>	<b>14.8%</b>	<b>8.1%</b>	<b>8.7%</b>			0.63
<b>Fidelity Freedom 2040®</b>	<b>13.5%</b>	<b>7.7%</b>	<b>1.6%</b>	* 9/6/2000		0.76
Lipper Multi- Cap Core Funds Average	13.3%	6.6%	8.7%			
S&P 500 Index	15.8%	6.2%	8.4%			
<b>Fid Blue Chip Growth</b>	<b>5.5%</b>	<b>1.7%</b>	<b>5.6%</b>			0.63
Lipper Large Cap Growth Fund Avg	5.6%	2.2%	5.5%			
S&P 500 Index	15.8%	6.2%	8.4%			
<b>Fid Mgd Inc Port</b>	<b>4.1%</b>	<b>4.3%</b>	<b>5.1%</b>			
<b>Im First Tier Money Market</b>	4.8%	2.2%	3.7%			

*recent average annual return data is published online each month end. Please visit PSW<sup>SM</sup> or call Fidelity for these most recent performance figures. Periods of market strength may not be repeated.*

*The performance data quoted represents past performance, which is no guarantee of future results. Share price, yield and return will vary and you may have a gain or loss when you sell your shares.*

*An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although money market funds seek to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in these funds.*

The current yield reflects the current earnings of the fund, while the total return refers to a specific past holding period.

Please see Footnote pages for important legal information.

\*Return reflects life of fund from inception date shown.

# Comparative Historical Performance

(Continued)

Average Annual Total Return %

Period Ending 12/31/2006

Fund Benchmark(s)

	1 Year	5 Years	10 Years	Inception Date*	Short Term Trading Fee	Expense Ratio
<b>Fidelity Freedom 2010®</b>	<b>9.5%</b>	<b>6.3%</b>	<b>8.3%</b>			0.62
Lipper Balanced Funds Average	10.6%	5.7%	6.8%			
S&P 500 Index	15.8%	6.2%	8.4%			
<b>Mutual Shares CI A</b>	<b>18.0%</b>	<b>10.5%</b>	<b>11.1%</b>		8 Days / 2.0%	1.11
Lipper Multi Cap Value Funds Avg	17.4%	9.1%	9.3%			
Russell 3000 Index	15.7%	7.2%	8.6%			
<b>Drey Mid Cap Index</b>	<b>9.9%</b>	<b>10.4%</b>	<b>12.9%</b>			0.5
<b>Pimco Tot Return Adm</b>	<b>3.7%</b>	<b>5.3%</b>	<b>6.6%</b>		7 Days / 2.0%	0.68
Lipper Intermediate Investment Grade Debt Avg	4.1%	4.5%	5.5%			
Lehman Brothers Aggregate Bond Index	4.3%	5.1%	6.2%			
<b>Valic Unall Fix Inc</b>						
<b>Fidelity Freedom 2025®</b>	<b>11.8%</b>	<b>N/A</b>	<b>11.0%</b>	* 11/6/2003		0.72
<b>Fid Mid Cap Stock</b>	<b>14.8%</b>	<b>7.0%</b>	<b>12.7%</b>		29 Days / 0.75%	0.72
Lipper Multi- Cap Core Funds Average	13.3%	6.6%	8.7%			
S&P Midcap 400 Index	10.3%	10.9%	13.5%			
<b>Fidelity Freedom Income®</b>	<b>6.4%</b>	<b>4.2%</b>	<b>5.8%</b>			0.51
Lipper Income Funds Avg	9.6%	6.4%	6.4%			
Lehman Brothers Aggregate Bond Index	4.3%	5.1%	6.2%			
<b>Fid Dividend Growth</b>	<b>14.7%</b>	<b>4.3%</b>	<b>9.7%</b>			0.6
Lipper Large- Cap Core Funds Average	13.5%	4.8%	6.9%			
S&P 500 Index	15.8%	6.2%	8.4%			
<b>Fidelity Freedom 2015®</b>	<b>10.4%</b>	<b>N/A</b>	<b>9.4%</b>	* 11/6/2003		0.67

The current yield reflects the current earnings of the fund, while the total return refers to a specific past holding period.

\*Return reflects life of fund from inception date shown.

# Comparative Historical Performance

(Continued)

Average Annual Total Return %

Period Ending 12/31/2006

Fund Benchmark(s)

	1 Year	5 Years	10 Years	Inception Date*	Short Term Trading Fee	Expense Ratio
<b>Fid Equity Income</b>	<b>19.8%</b>	<b>8.7%</b>	<b>9.4%</b>			0.68
Lipper Equity Income Funds Average	18.5%	8.6%	8.8%			
Russell 3000 Value Index	22.3%	11.2%	11.1%			
<b>Fidelity Freedom 2030®</b>	<b>12.9%</b>	<b>7.6%</b>	<b>8.7%</b>			0.74
Lipper Multi- Cap Core Funds Average	13.3%	6.6%	8.7%			
S&P 500 Index	15.8%	6.2%	8.4%			
<b>Msi Sm Co Growth B</b>	<b>11.6%</b>	<b>10.9%</b>	<b>14.2%</b>		30 Days / 2.0%	1.29
Lipper Mid-Cap Growth Funds Average	8.5%	5.9%	7.5%			
Russell 2000 Growth Index	13.4%	6.9%	4.9%			
<b>Fidelity Freedom 2005®</b>	<b>9.2%</b>	<b>N/A</b>	<b>7.9%</b>	* 11/6/2003		0.62
<b>Fid Growth Company</b>	<b>9.6%</b>	<b>5.6%</b>	<b>9.6%</b>			0.97
Lipper Multi- Cap Growth Funds Average	8.2%	4.8%	7.5%			
Russell 3000 Growth Index	9.5%	3.0%	5.3%			
<b>Fidelity Freedom 2035®</b>	<b>12.9%</b>	<b>N/A</b>	<b>12.1%</b>	* 11/6/2003		0.75
<b>Drey Sm Cap Stk Idx</b>	<b>14.7%</b>	<b>12.1%</b>	<b>10.5%</b>	* 6/30/1997		0.5

The current yield reflects the current earnings of the fund, while the total return refers to a specific past holding period.

\*Return reflects life of fund from inception date shown.

