

NDPERS BOARD MEETING

Agenda

Bismarck Location:
ND Association of Counties
1661 Capitol Way
Fargo Location:
BCBS, 4510 13th Ave SW

March 28, 2007

Time: 8:30 AM

I. MINUTES

- A. January 18, 2007
- B. February 15, 2007
- C. March 13, 2007

II. GROUP INSURANCE

- A. Health Dialog – BCBS (Information)
- B. EPO Update – BCBS (Information)
- C. Surplus/Affordability Update – Bryan (Information)
- D. 2006 EAP Utilization Rate – Bryan (Information)
- E. CIGNA Performance Guarantee Contracts – Kathy (Board Action)

III. RETIREMENT

- A. 4th Quarter 2006 Investment Report – Bryan (Board Action)
- B. Fidelity Recordkeeping Agreement Amendment – Kathy (Board Action)
- C. Investment Policies – Bryan (Board Action)

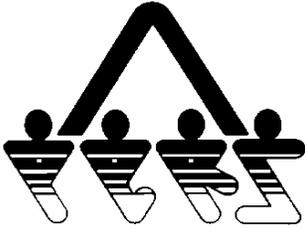
IV. LASR Update – Deb (Information)

- A. Project Consultant

V. MISCELLANEOUS

- A. Audit Committee Minutes, December 6, 2006 – Jamie (Information)
- B. Legislative Update – Sparb (Information)
- C. SIB Agenda – (Information)
- D. Member Request – Sparb (Information)

Any individual requiring an auxiliary aid or service must contact the NDPERS ADA Coordinator at 328-3900, at least 5 business days before the scheduled meeting.



**North Dakota
Public Employees Retirement System**
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Bismarck, North Dakota 58502-1657

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Executive Director
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1-800-803-7377

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Memorandum

TO: PERS Board
FROM: Sparb
DATE: March 20, 2007
SUBJECT: Health Dialog

Brad La Porte from BCBS will be available at the Board meeting to give the Board an update on Health Dialog. A PowerPoint presentation will be handed out at the meeting.



**BlueCross BlueShield
of North Dakota**

NDPERS MyHealthConnection Program Results for Year 1

March, 2007

Executive Summary

- Overall NDPERS program results for Year 1 (through September, 2006) are very strong and are above results for similar commercial clients.
- Financial outcomes for the Year 1 intervention period (October 1, 2005 – September 30, 2006):
 - Estimated medical cost savings from the chronic population segment exceeds \$1.4 million.
 - Estimated total PMPM cost savings equal \$2.43 PMPM.
- Eight of every ten members indicate they are satisfied with the program, while nine in ten would recommend it to a friend or family member.

Medical Cost Savings: Methodology

- Chronic condition savings are calculated using an adjusted historical control methodology (“pre-post”)
 - Baseline from 12 months preceding intervention
 - Trended from the non-chronic population
 - Analysis performed at member-month level
 - Savings calculated separately by service category

- Criteria:
 - Baseline period = October, 2004 – September, 2005
 - Intervention period = October, 2005 – September, 2006

Medical Cost Savings: Methodology

- Members are assigned to mutually exclusive categories each month
 - Those not eligible
 - High-cost members whose expenditures are not likely to be impacted by the program (organ transplants, HIV/AIDS, etc.)
 - Non-chronic
 - Chronic (defined as members with asthma, chronic obstructive pulmonary disease, congestive heart failure, coronary artery disease, or diabetes)
- Some claim types are excluded from measurement altogether:
 - Trauma and accident
 - Psych/substance abuse
 - Maternity and childbirth

Medical Cost Savings: Methodology

- Methodology is consistent with the principles of the recent Disease Management Association of America white paper and “Guidelines” publication on outcomes methodology
- Becoming the accepted methodology in the industry
- Addresses key shortcomings of other methodologies
- Client actuaries have validated methodology and results
 - Highmark Blue Cross Blue Shield
 - Independence Blue Cross
 - Excellus Blue Cross Blue Shield
 - Reden & Anders (3rd party actuarial consultant)

Total & PMPM Savings

Chronic-measured member months	41,489
Savings per chronic member month	\$34.65
Total savings*	\$1,437,594
Total member months	590,810
Savings PMPM	\$2.43

*Does not include savings for members with Preference Sensitive Conditions (PSCs).

Total Return on Fees: Members Included in Analysis

Period measured	Oct, 2005 – Sep, 2006
Total savings*	\$1,437,594
Invoiced fees	\$874,400
Net savings	\$563,194
Total return	1.6:1

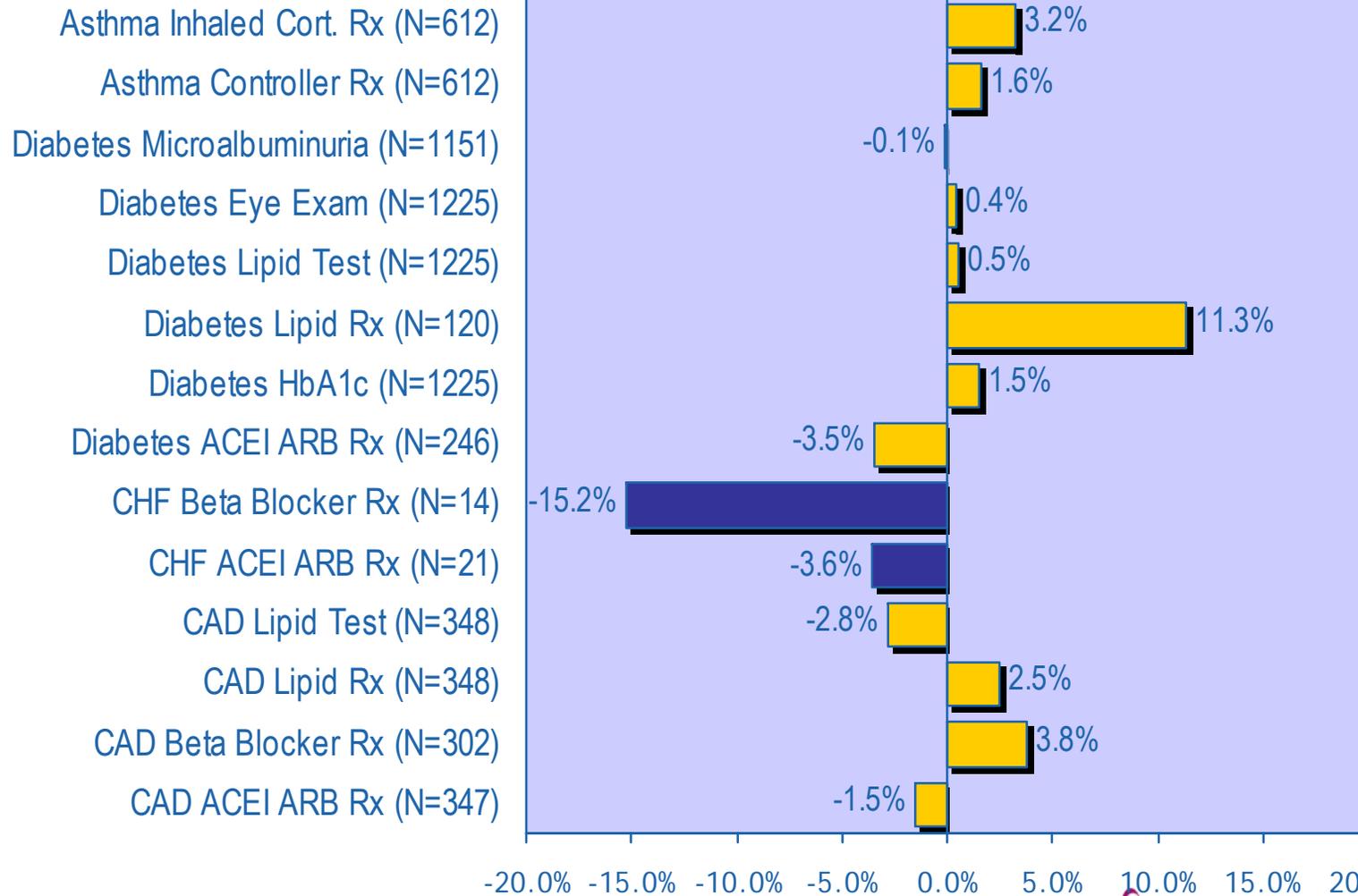
*Does not include savings for members with Preference Sensitive Conditions (PSCs).

Clinical Quality Indicators Overview

- Health Dialog tracks 14 clinical measures for 4 chronic conditions:
 - Asthma (2)
 - Coronary Artery Disease (4)
 - Congestive Heart Failure (2)
 - Diabetes (6)
- Measurement is based on the percent of compliant members (“adherence”)
- Baseline period: October, 2004 – September, 2005
- Measurement period: October 1, 2005 – September 30, 2006
- A member must have been identified with a chronic condition prior to the baseline period and have had one or more tests/treatments during the baseline and/or measurement periods.
- Chronic members must have been continuously eligible during the previous 12 months for inclusion in the measurement

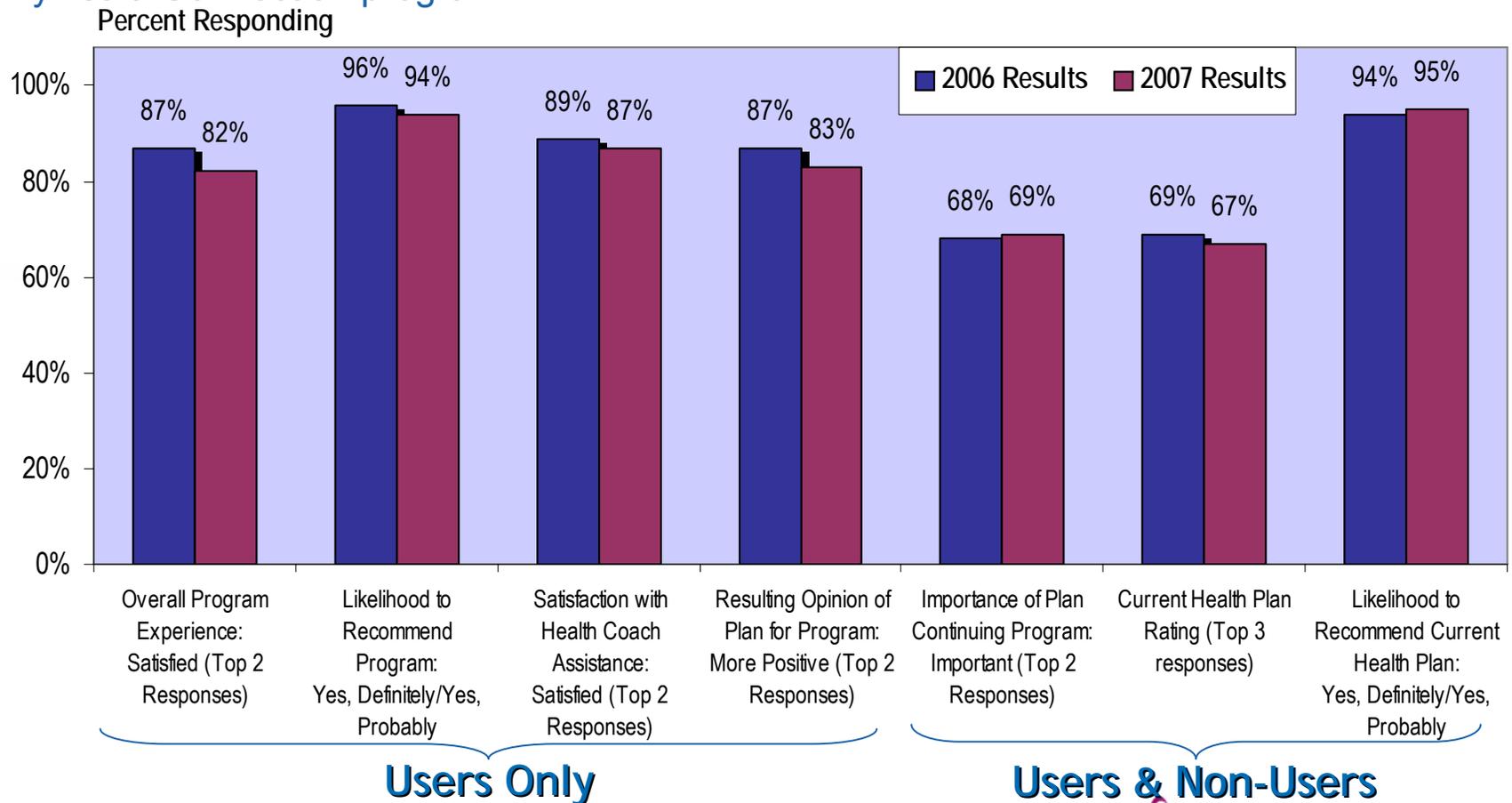
Change in CQI Adherence Rates

Percent Change in CQI Adherence Rates
Sept 30, 2005 vs. Sept 30, 2006



Key Satisfaction Indicators

Although it appears that Users hold a slightly less favorable impression of the program in 2007 compared to a year ago, members are still just as likely to recommend their current health plan and feel that it is important for BCBCND to continue to offer the MyHealthConnection program.

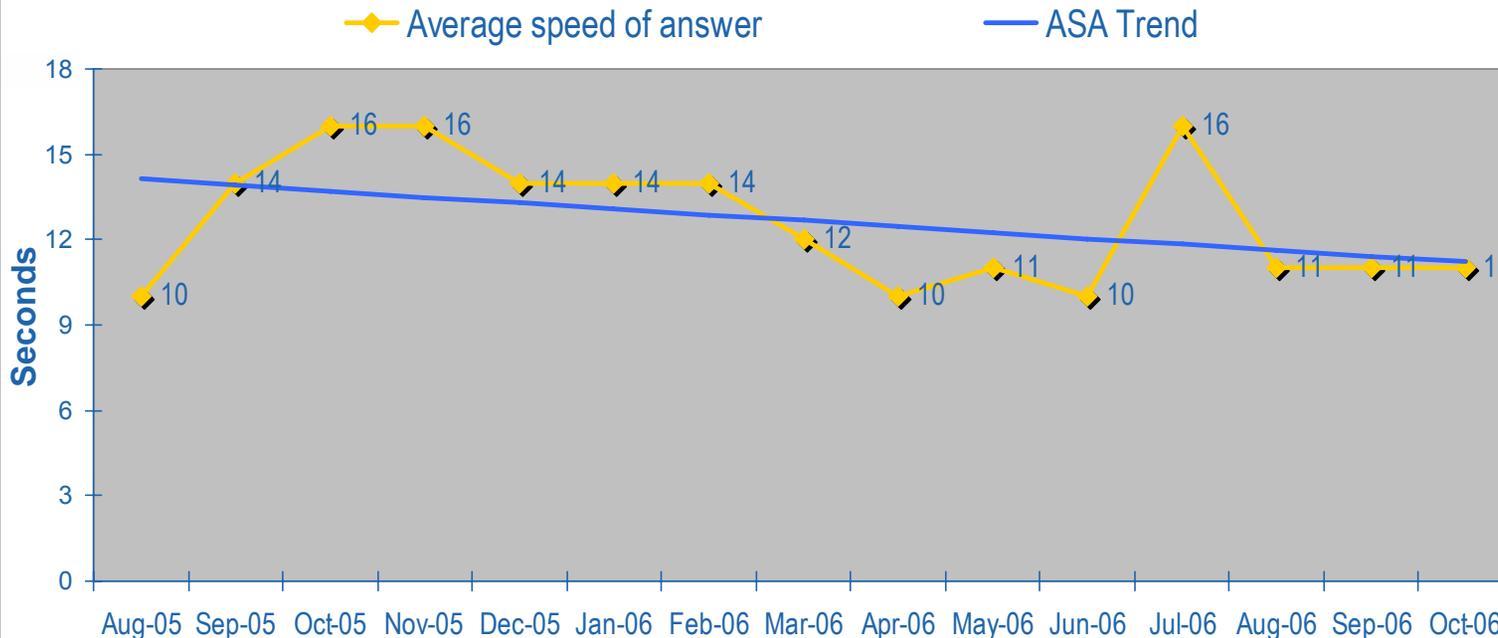


Operational Performance Metrics

All operational performance metrics are exceeding contractual standards program-to-date.

Measure	Contractual Standard	BCBSND Avg. Oct., 2005 - October, 2006*
Avg. Speed of Answer	≤ 40 sec.	13.0 sec.
Avg. Hold Time	≤ 30 sec.	0.0 sec.
Avg. Call Blockage Rate	≤ 3.0%	0.0%

**Operational Performance Metrics
Trend by Month - All BCBSND***



*Represents all BCBSND business currently participating. Since NDPERS uses the same telephone line as other groups, data specific to NDPERS are not available.



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Memorandum

TO: PERS Board

FROM: Sparb

DATE: March 20, 2007

SUBJECT: EPO Update

Mark Webster from BCBS will be available at the Board meeting to give the Board an update on the EPO provider status.



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M E M O R A N D U M

TO: NDPERS BOARD
SPARB COLLINS, NDPERS
KATHY ALLEN, NDPERS

FROM: *BTR*
BRYAN T. REINHARDT

DATE: March 21, 2006

SUBJECT: GROUP MEDICAL PLAN - SURPLUS/AFFORDABILITY UPDATE

Here is the February surplus projection and affordability analysis for the NDPERS group medical plan. The plan made it through the 2003-2005 biennium and is in the last half of the 2005-2007 period.

Net premium sent to BCBS in July 2005 was \$10,853,370. For comparison, net premium sent to BCBS in June 2005 was \$9,821,731. The NDPERS health plan ended up with 23,580 contracts in June, 2005. There were 22,947 contracts in June, 2003, and 21,792 in July 2001. There are now 24,315 contracts.

The projection for the 2003 - 2005 biennium shows an ending balance of \$15.67 million. The cash settlement back to NDPERS should be around \$1.4 million. The \$14.3 million deposit date for the 05-07 biennium was July 1, 2006. These amounts are at BCBS and receiving interest.

The projection for the 2005 - 2007 biennium shows a June 30, 2007 ending loss of \$325 million. The plan is fully insured against a loss, so the actual projection is zero. Since we share 50/50 in the first \$3.0 million surplus with BCBS, future growth in this surplus will be difficult.

If you have any questions or you should need anymore information, please contact me.

- FlexComp Program
- Employee Health & Life Insurance
- Dental
- Vision

• Retirement Programs

- Public Employees
- Highway Patrol
- National Guard/Law Enforcement
- Judges
- Prior Service
- Job Service

- Retiree Health Insurance Credit
- Deferred Compensation Program
- Long Term Care Program

NDPERS - ESTIMATED SURPLUS PROJECTION: 2005-2007 BIENNIUM

February, 2007

The following exhibit summarizes the estimated surplus for the NDPERS group medical plan at the end of the 2005-2007 biennium. The estimate has been updated to include account activity through February, 2007.

1) Preliminary Underwriting Gain for the 2005-2007 Biennium	(\$16,021,500)
2) Cash Balance Interest Accumulation	\$942,492
3) Estimated Underwriting Gain for the 2005-2007 Biennium	(\$15,079,008)
5) Refunds and Settlements	
07/01/05 Perform Rebate (Included as claim rebates)	\$424,842
10/04/05 Perform Rebate (Included as claim rebates)	\$430,343
12/01/05 Perform Rebate (Included as claim rebates)	\$8,716
01/01/06 Perform Rebate (Included as claim rebates)	\$332,766
02/24/06 Perform Rebate (Included as claim rebates)	\$387,919
03/01/06 Perform Rebate (Included as claim rebates)	\$15,236
05/26/06 Perform Rebate (Included as claim rebates)	\$280,399
08/31/06 Perform Rebate (Included as claim rebates)	\$288,072
11/30/06 Perform Rebate (Included as claim rebates)	\$266,417
12/30/06 Perform Rebate (Included as claim rebates)	\$23,228
02/28/07 Perform Rebate (Included as claim rebates)	\$272,137
05/31/07 Perform Rebate	\$275,000
EPO Settlement Payments 7/05 - 6/06 (Included as rebates & paid)	\$1,277,000
EPO Settlement Payments 7/06 - 6/07 (Included as rebates & paid)	\$0
6) Cash Reserve Account Balance	\$15,666,912
2003-2005 Settlement Cash Out:	(\$1,439,151)
Future Interest:	\$250,684
Total	\$14,478,445
7) Total Estimated Surplus Held by BCBS	(\$325,563)
8) BCBS Portion of Surplus (50% upto \$1,500,000)	\$0
9) PERS Portion of Surplus Held by BCBS	\$0
10) NDPERS Wellness Accounts	
My Health Connection	\$171,011
Employer Based Wellness	\$60,076
Wellness Benefit Program	\$31,871
SubTotal	\$262,958
Total Adjusted for Usage	\$0
11) Total Estimated Funds Available to PERS on June 30, 2007	\$0

NDPERS - Projected Underwritten Experience for the 2005-2007 Biennium

February, 2007

MONTH	NET PREMIUM COLLECTED	PREMIUM ADJUSTMENT	TOTAL PREMIUM INCOME	ADMIN EXPENSE \$26.98/CON	NET PREMIUM	CLAIMS INCURRED & PAID TO DATE	ESTIMATED IBNR CLAIMS	TOTAL INCURRED CLAIMS (1)	ESTIMATED GAIN / LOSS
Jul-05	\$11,491,070	(\$2,387)	\$11,488,683	\$637,699	\$10,850,984	\$10,936,097	\$0	\$10,936,097	(\$85,113)
Aug-05	\$11,486,984	\$0	\$11,486,984	\$635,676	\$10,851,308	\$10,784,705	\$0	\$10,784,705	\$66,603
Sep-05	\$11,592,130	\$0	\$11,592,130	\$641,396	\$10,950,735	\$9,692,836	\$0	\$9,692,836	\$1,257,899
Oct-05	\$11,564,639	(\$995)	\$11,563,644	\$640,748	\$10,922,896	\$10,050,315	\$0	\$10,050,315	\$872,581
Nov-05	\$11,565,139	\$1,417	\$11,566,556	\$640,478	\$10,926,078	\$11,393,813	\$0	\$11,393,813	(\$467,735)
Dec-05	\$11,575,731	\$7,675	\$11,583,406	\$640,829	\$10,942,577	\$11,768,037	\$0	\$11,768,037	(\$825,460)
Jan-06	\$11,053,969	\$332	\$11,054,300	\$644,606	\$10,409,694	\$10,005,403	\$0	\$10,005,403	\$404,291
Feb-06	\$11,053,628	\$0	\$11,053,628	\$645,308	\$10,408,320	\$9,704,411	\$0	\$9,704,411	\$703,909
Mar-06	\$11,049,994	(\$26,775)	\$11,023,218	\$645,146	\$10,378,073	\$12,109,126	\$0	\$12,109,126	(\$1,731,053)
Apr-06	\$11,066,004	(\$36,321)	\$11,029,683	\$645,820	\$10,383,862	\$10,969,408	\$0	\$10,969,408	(\$585,546)
May-06	\$11,064,390	\$3,501	\$11,067,891	\$646,198	\$10,421,693	\$11,045,004	\$0	\$11,045,004	(\$623,311)
Jun-06	\$11,076,821	\$0	\$11,076,821	\$647,385	\$10,429,436	\$12,034,408	\$0	\$12,034,408	(\$1,604,972)
Jul-06	\$11,056,557	\$0	\$11,056,557	\$646,495	\$10,410,063	\$10,326,802	\$104,000	\$10,430,802	(\$20,739)
Aug-06	\$11,052,995	\$0	\$11,052,995	\$646,414	\$10,406,581	\$11,226,919	\$159,000	\$11,385,919	(\$979,338)
Sep-06	\$11,153,014	\$0	\$11,153,014	\$650,785	\$10,502,229	\$9,985,416	\$258,000	\$10,243,416	\$258,813
Oct-06	\$11,116,487	\$6,351	\$11,122,838	\$650,515	\$10,472,323	\$11,141,044	\$564,000	\$11,705,044	(\$1,232,721)
Nov-06	\$11,146,017	(\$8,222)	\$11,137,795	\$652,916	\$10,484,879	\$10,732,057	\$785,000	\$11,517,057	(\$1,032,178)
Dec-06	\$11,130,343	(\$12,813)	\$11,117,530	\$651,972	\$10,465,558	\$10,827,286	\$1,749,000	\$12,576,286	(\$2,110,728)
Jan-07	\$11,173,395	(\$5,016)	\$11,168,379	\$654,643	\$10,513,737	\$9,296,165	\$3,680,000	\$12,976,165	(\$2,462,428)
Feb-07	\$11,192,661	\$0	\$11,192,661	\$658,177	\$10,534,484	\$2,712,791	\$8,201,000	\$10,913,791	(\$379,307)
Mar-07	\$11,192,661	\$0	\$11,192,661	\$658,177	\$10,534,484	\$0	\$0	\$11,780,612	(\$1,246,128)
Apr-07	\$11,192,661	\$0	\$11,192,661	\$658,177	\$10,534,484	\$0	\$0	\$11,857,354	(\$1,322,870)
May-07	\$11,192,661	\$0	\$11,192,661	\$658,177	\$10,534,484	\$0	\$0	\$11,934,095	(\$1,399,611)
Jun-07	\$11,192,661	\$0	\$11,192,661	\$658,177	\$10,534,484	\$0	\$0	\$12,010,837	(\$1,476,353)
BIENNIAL									
TOTAL	\$269,432,611	(\$73,254)	\$269,359,357	\$15,555,913	\$253,803,445	\$206,742,043	\$15,500,000	\$269,824,941	(\$16,021,497)

(1) Future Months are Estimated based on Projection from NDPERS.



Memo

To: NDPERS Board
 From: Bryan T. Reinhardt
 CC: Sparb, Kathy
 Date: 03/21/07
 Re: 2006 EAP Utilization

The following table shows the self-reported 2006 utilization from the NDPERS Employee Assistance Program (EAP) providers. The overall EAP utilization rate is about 8.9%. This is about the same rate as in prior years.

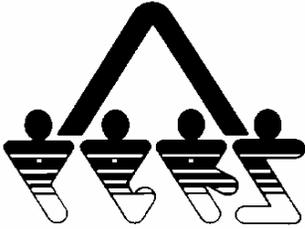
NDPERS Employee Assistance Program – 2006

	NDPERS TOTAL	Medcenter One	The Village	St. Alexius
Contracts	14064	792	3479	9793
Cases*	1253	32	396	825
%	8.9%	4.0%	11.4%	8.4%
Sessions**	1960	103	1032	825
%	13.9%	13.0%	29.7%	8.4%
Case Types:				
Psychiatric	429	10	96	323
Family/Personal	646	19	136	491
Work Problems	54	2	20	32
Financial/Legal	38	0	34	4
Drugs/Alcohol	41	0	10	31
Other/Unknown	103	1	100	2

* - Note that family members are also eligible for the EAP.

** - Per Session information was not available from St. Alexius.

If you have any questions or need anymore information, please contact me.



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Memorandum

TO: PERS Board

FROM: Kathy

DATE: March 20, 2007

SUBJECT: CIGNA Performance Guarantee Agreement

The CIGNA Service Performance Guarantee Agreement for the group dental plan is being revised and will be available at the Board meeting. The agreement has been reviewed for compliance by our legal counsel, Aaron Webb and by PERS staff. CIGNA made the requested revisions.

Board Action Requested

Approve the CIGNA Performance Guarantee Agreement.



Memo

To: NDPERS Board
From: *BTR*
Bryan T. Reinhardt
Date: 2/27/2007
Re: 457 Companion Plan & 401(a) plan 4th Quarter 2006 Reports

Here is the 4th quarter 2006 investment report for the 401(a) & 457 Companion Plan. The reports are available separately on the NDPERS web site. The NDPERS Investment Sub-committee reviewed the 4th quarter report and has recommended Board action.

Assets in the 401(a) plan increased to about \$16.2 million as of December 31, 2006. The number of participants is at 296, about the same as when the plan started. The largest fund is the Fidelity Managed Income Portfolio with 14% of the assets.

Assets in the 457 Companion Plan increased to \$20.9 million as of December 31, 2006. This is up from \$12.1 million on 12/31/03 (73% increase). The number of participants dropped from 1,319 after the transition to Fidelity, but is increasing and is now at 1,555. The largest fund is the Fidelity Freedom 2020 Fund with 12% of the assets. About 8% of the assets are in the Fidelity and VALIC cash accounts.

Benchmarks:

All of the fund returns for the quarter were positive. **Fidelity Managed Income Portfolio, Fidelity Blue Chip Growth, Dreyfus Mid Cap Index**, and most of the **Fidelity Freedom** funds performed lower than their benchmarks for all periods (QTR, Y-T-D, 1-year, 3-year, and 5-year). Note that index funds are expected to slightly underperform their benchmarks because of fund administration fees.

Fund News:

Mutual Shares A (TESIX) continues to display a drifted style from a mid cap value fund to a large cap value fund. Fidelity will study and report back to if the benchmark for this fund should be changed. **Fidelity Blue Chip Growth (FBGRX)** has a new manager. The Investment Sub-Committee marked **Dividend Growth (FDGFX), Blue Chip Growth (FBGRX), Mutual Shares A (TESIX)**, and the **Fidelity Freedom Funds** as underperforming for the quarter.

Representatives from Fidelity attended the Investment Sub-Committee meeting. Doug Davis will no longer be working with the NDPERS account. Shawn Crosgrove will be his replacement. Shawn and Doug Schwab will come in person to the May 16, 2007 quarterly meeting. Fidelity reviewed a 4th Quarter market overview and fund performance. They noted that the Blue Chip Growth and Dividend Growth funds need to be watched. Fidelity also presented a mid-cap value analysis with funds for consideration at the quarterly meeting to supplement the void in the mid-cap value area.

The Investment Subcommittee reviewed this analysis and recommends adding the **Goldman Sachs Mid Cap Value Fund (GCMAX)** to the core lineup. The Fidelity Mid Cap Value Fund analysis is attached.

The Investment Subcommittee recommends putting the **Fidelity Dividend Growth Fund (FDGFX)** and **Fidelity Blue Chip Growth Fund (FBGRX)** on formal watch. With this action NDPERS will mark these funds as, "Under Watch" on reports and notify the membership through an article in the next newsletter.

BOARD ACTION REQUESTED:

Approve adding the **Goldman Sachs Mid Cap Value Fund (GCMAX)** to the core lineup.

Approve putting the **Fidelity Dividend Growth Fund (FDGFX)** and **Fidelity Blue Chip Growth Fund (FBGRX)** on formal watch.

NDPERS
Quarterly Investment Report
4th Quarter
10/1/2006 – 12/31/2006



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

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	
Allianz NFJ Small Cap Value	Dreyfus Small Cap Index	MSIF Small Co Growth B	
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 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, 2045 & 2050

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	
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 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, 2045 & 2050

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>					
Fidelity Managed Income Portfolio	1.07%	4.08%	4.08%	3.97%	4.30%
GIC 5 Year	2.52%	5.04%	5.04%	5.05%	5.15%
<u>Fixed Income Fund</u>					
PIMCO Total Return Bond Fund - PTRAX	0.86%	3.74%	3.74%	3.75%	5.27%
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>					
Fidelity Puritan - FPURX	5.55%	14.78%	14.78%	9.50%	8.12%
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>					
Fidelity Equity-Income - FEQIX	7.43%	19.81%	19.81%	12.13%	8.70%
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>					
Fidelity Spartan US Equity Index - FUSEX	6.68%	15.75%	15.75%	10.35%	6.08%
Fidelity Dividend Growth - FDGFX	5.85%	14.67%	14.67%	7.90%	4.27%
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>					
Fidelity Growth Company - FDGRX	8.46%	9.56%	9.56%	11.72%	5.58%
Russell 3000 Growth Index	6.16%	9.46%	9.46%	7.17%	3.02%
Fidelity Blue Chip Growth - FBGRX	4.14%	5.54%	5.54%	5.27%	1.69%
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>					
Franklin Mutual Shares A - TESIX	7.87%	17.98%	17.98%	13.77%	10.54%
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>					
Dreyfus Mid Cap Index - PESPX	6.85%	9.87%	9.87%	12.59%	10.35%
S&P Mid Cap 400	6.99%	10.32%	10.32%	13.09%	10.89%
Fidelity Spartan Extended Mkt Index - FSEMXX	9.01%	15.38%	15.38%	14.38%	11.85%
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>					
Fidelity Mid Cap Stock - FMCSX	8.72%	7.94%	7.94%	12.52%	6.84%
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>
Small Cap Equities - Value					
Allianz NFJ Small Cap Value - PVADX	8.53%	18.73%	18.73%	17.37%	16.50%
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%
Small Cap Equities - Blend					
Dreyfus Small Cap Index - DISSX	7.77%	14.69%	14.69%	14.58%	12.05%
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%
Small Cap Equities - Growth					
MSI Small Co Growth B - MSSMX	11.23%	11.55%	11.55%	14.52%	10.87%
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%
International Equity Funds					
Fidelity Diversified International - FDIVX	9.80%	22.52%	22.52%	19.78%	17.27%
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%
Asset Allocation Funds:					
Fidelity Freedom Income - FFFAX	2.53%	6.37%	6.37%	4.67%	4.19%
Income Benchmark	2.45%	6.84%	6.84%	4.87%	4.91%
Fidelity Freedom 2000 - FFFBX	2.95%	6.76%	6.76%	5.08%	4.47%
2000 Benchmark	2.76%	7.43%	7.43%	5.35%	5.09%
Fidelity Freedom 2005 - FFFVX	4.44%	9.23%	9.23%	N/A	N/A
2005 Benchmark	4.46%	11.00%	11.00%	8.17%	6.86%
Fidelity Freedom 2010 - FFFCX	4.55%	9.46%	9.46%	7.53%	6.29%
2010 Benchmark	4.59%	11.24%	11.24%	8.37%	6.98%
Fidelity Freedom 2015 - FFFVX	5.00%	10.36%	10.36%	N/A	N/A
2015 Benchmark	5.27%	12.65%	12.65%	9.41%	7.57%
Fidelity Freedom 2020 - FFFDX	5.77%	11.61%	11.61%	9.63%	7.26%
2020 Benchmark	6.00%	14.14%	14.14%	10.50%	8.09%
Fidelity Freedom 2025 - FFTWX	5.94%	11.84%	11.84%	N/A	N/A
2025 Benchmark	6.24%	14.66%	14.66%	10.87%	8.29%
Fidelity Freedom 2030 - FFFEX	6.58%	12.90%	12.90%	10.71%	7.58%
2030 Benchmark	6.87%	15.95%	15.95%	11.77%	8.65%
Fidelity Freedom 2035 - FFTHX	6.57%	12.94%	12.94%	N/A	N/A
2035 Benchmark	6.90%	16.02%	16.02%	11.82%	8.70%
Fidelity Freedom 2040 - FFFFX	6.84%	13.49%	13.49%	11.27%	7.74%
2040 Benchmark	7.11%	16.51%	16.51%	12.15%	8.92%
Fidelity Freedom 2045 - FFFGX	7.07%	N/A	N/A	N/A	N/A
2040 Benchmark	7.11%	16.51%	16.51%	12.15%	8.92%
Fidelity Freedom 2050 - FFFHX	7.17%	N/A	N/A	N/A	N/A
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 Expense		Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio	
				Tenure	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	3	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 Expense		Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio	
				Tenure	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 Expense		Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio	
				Tenure	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 Expense		Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio	
				Tenure	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 Expense		Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio	
				Tenure	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	FSEMX	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 Expense		Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio	
				Tenure	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 Expense		Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio	
				Tenure	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 Expense		Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio	
				Tenure	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 Expense		Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank			Average Return				Standard=S&P 500 Index			Standard Deviation	Sharpe Ratio	
				Tenure	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

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM DEFINED CONTRIBUTION PLAN INVESTMENT OPTIONS

PERFORMANCE UPDATE

AS OF DECEMBER 31, 2006

UNDERSTANDING INVESTMENT PERFORMANCE

As you review this update, please remember that the performance data stated represents past performance, which does not guarantee future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your shares. Current performance may be higher or lower than the performance stated. To learn more or to obtain the most recent month-end performance, call Fidelity at 1-800-343-0860 or visit www.fidelity.com.

Fund No.	Fund Name	Cumulative Total Returns % Period Ending December 31, 2006		Average Annual Total Returns % Period Ending December 31, 2006			Life of Fund	Short-Term Trading Fee (%/Days)	Fund Inception	Expense Ratio↔
		3 Month	YTD	1 Year	5 Year	10 Year				
LIFE-CYCLE										
00370	Fidelity Freedom 2000++	2.95	6.76	6.76	4.47	6.78	6.88	n/a	10/17/96	0.52
01312	Fidelity Freedom 2005++	4.44	9.23	9.23	n/a	n/a	7.92	n/a	11/06/03	0.62
00371	Fidelity Freedom 2010++	4.55	9.46	9.46	6.29	8.27	8.41	n/a	10/17/96	0.62
01313	Fidelity Freedom 2015++	5.00	10.36	10.36	n/a	n/a	9.43	n/a	11/06/03	0.67
00372	Fidelity Freedom 2020++	5.77	11.61	11.61	7.26	8.75	8.91	n/a	10/17/96	0.70
01314	Fidelity Freedom 2025++	5.94	11.84	11.84	n/a	n/a	10.97	n/a	11/06/03	0.72
00373	Fidelity Freedom 2030++	6.58	12.90	12.90	7.58	8.69	8.85	n/a	10/17/96	0.74
01315	Fidelity Freedom 2035++	6.57	12.94	12.94	n/a	n/a	12.05	n/a	11/06/03	0.75
00718	Fidelity Freedom 2040++	6.84	13.49	13.49	7.74	n/a	1.61	n/a	9/06/00	0.76
00369	Fidelity Freedom Income++	2.53	6.37	6.37	4.19	5.83	5.89	n/a	10/17/96	0.51
STABLE VALUE OPTIONS										
00632	Managed Income Portfolio⇒	1.07	4.08	4.08	4.30	5.09	5.73	n/a	9/07/89	n/a
BOND										
99474	PIMCO Total Return - Administrative Class	0.86	3.74	3.74	5.27	6.57	7.11	2.00/7	9/08/94	0.68
BALANCED/HYBRID										
00004	Fidelity Puritan®	5.55	14.78	14.78	8.12	8.74	11.74	n/a	4/16/47	0.63
DOMESTIC EQUITY - LARGE VALUE										
00023	Fidelity Equity-Income	7.43	19.81	19.81	8.70	9.38	13.16	n/a	5/16/66	0.68
93202	Mutual Shares - A Class	7.87	17.98	17.98	10.54	11.10	11.62	2.00/7	11/01/96	1.11

Please see important disclosures on the last page(s).

continued

AS OF DECEMBER 31, 2006

Fund No.	Name	Cumulative Total Returns % Period Ending December 31, 2006		Average Annual Total Returns % Period Ending December 31, 2006			Short-Term Trading Fee (%/Days)	Fund Inception	Expense Ratio↔
		3 Month	YTD	1 Year	5 Year	10 Year			
DOMESTIC EQUITY - SMALL VALUE**									
46224	Allianz NFJ Small Cap Value - Administrative Class	8.53	18.73	18.73	16.50	13.43	14.82	n/a	11/01/95 1.11
DOMESTIC EQUITY - LARGE BLEND									
00330	Fidelity Dividend Growth	5.85	14.67	14.67	4.27	9.68	13.59	n/a	4/27/93 0.60
00650	Spartan® U.S. Equity Index - Investor Class	6.66	15.72	15.72	6.07	8.26	11.68	n/a	2/17/88 0.10
DOMESTIC EQUITY - MID BLENDⓈ									
45668	Dreyfus Mid Cap Index	6.85	9.87	9.87	10.35	12.88	13.83	n/a	6/19/91 0.50
00316	Fidelity Low-Priced Stock†	9.78	17.76	17.76	15.63	15.34	17.47	1.50/90	12/27/89 0.88
DOMESTIC EQUITY - SMALL BLEND**									
93982	Dreyfus Small Cap Stock Index Fund	7.77	14.69	14.69	12.05	n/a	10.51	n/a	6/30/97 0.50
DOMESTIC EQUITY - LARGE GROWTH									
00312	Fidelity Blue Chip Growth	4.14	5.54	5.54	1.69	5.61	11.98	n/a	12/31/87 0.63
00025	Fidelity Growth Company	8.46	9.56	9.56	5.58	9.56	14.23	n/a	1/17/83 0.97
DOMESTIC EQUITY - MID GROWTHⓈ									
00337	Fidelity Mid-Cap Stock	4.96	14.78	14.78	6.99	12.70	14.56	0.75/30	3/29/94 0.81
DOMESTIC EQUITY - SMALL GROWTH**									
93098	MSIF Small Company Growth - B Class	11.23	11.55	11.55	10.87	14.22	13.38	2.00/30	1/02/96 1.29
INTERNATIONAL/GLOBAL††									
00325	Fidelity Diversified International	9.80	22.52	22.52	17.27	13.16	12.46	1.00/30	12/27/91 1.01
MARKET INDICES^^									
For comparison only. These are not Fidelity funds.									
	Dow Jones Industrial Average	7.39	19.05	19.05	6.81	8.91			
	Lehman Brothers Intermediate Gov't/Credit Bond Index	1.03	4.08	4.08	4.53	5.81			
	MSCI EAFE® Index	10.37	26.53	26.53	15.20	7.92			
	Standard & Poor's 500 SM Index	6.70	15.79	15.79	6.19	8.42			

Total returns are historical and include change in share value and reinvestment of dividends and capital gains, if any. Cumulative total returns are reported as of the period indicated. Life of fund figures are reported as of the inception date to the period indicated. The figures do not include the effects of sales charges, if any, as these charges are waived for contributions made through your company's employee benefit plan. If sales charges were included, returns would have been lower.

With the exception of domestic equity mutual funds, investment options have been assigned to investment categories based on Fidelity's analysis. Fidelity has verified the accuracy of the placement of certain third party non-mutual funds with either the plan sponsor or the plan sponsor's consultant. Within Domestic Equities, mutual funds are listed according to their actual Morningstar categories as of the date indicated. Morningstar categories are based on a fund's style as measured by its underlying portfolio holdings over the past 3 years and may change at any time. These style calculations do not represent the funds' objectives and do not predict the funds' future styles.

SPECIFIC FUNDS

Morningstar, Inc., provided data on the non-Fidelity mutual funds. Although the data is gathered from reliable sources, accuracy and completeness cannot be guaranteed by Morningstar.

- ↔ Mutual funds report expense ratios semi-annually in their shareholder reports. The expense ratios quoted here are from the most current fund shareholder reports that were available as of 6/30/06. The non-mutual fund expense ratios quoted here are from the most current investment option fact sheets that were available as of 6/30/06.
- ↔ Fidelity is temporarily reimbursing a portion of the fund's expenses. Absent such reimbursement, returns and yield would have been lower and the expense ratio would have been higher. A fund's expense limitation may be terminated at any time, unless otherwise stated.
- ⇒ Managed Income Portfolio is not a mutual fund but is a commingled pool of the Fidelity Group Trust for Employee Benefit plans. It is managed by Fidelity Management Trust Company.
- † Effective July 30, 2004, the Fidelity Low-Priced Stock Fund was closed to new accounts. Participants who have a balance in Low-Priced Stock in their retirement plan account on or after that date will be able to continue making and changing contributions, and they will also be able to make exchanges into the Fund. Participants who do not have a balance in Low-Priced Stock in their retirement plan account on or after July 30, 2004, will not be able to make contributions or exchanges into the fund.

AS OF DECEMBER 31, 2006

INDICES

- ^^ Performance of an index is not illustrative of any particular investment and an investment cannot be made directly in an index.
- Dow Jones Industrial Average (DJIA)**, published by Dow Jones and Company, is an unmanaged average of 30 actively traded stocks (primarily industrial) and assumes reinvestment of dividends. It is not offered as a comparison for any investment option but rather as a general stock market indicator.
- Lehman Brothers Intermediate Government/Credit Bond Index** is an unmanaged, market-value weighted index of government and investment-grade corporate fixed-rate debt issues with maturities between one and ten years.
- MSCI EAFE® Index (Morgan Stanley Capital International Europe, Australasia, Far East Index)** is an unmanaged index of over 1,000 foreign common stock prices and includes the reinvestment of dividends. The EAFE® Index is a registered service mark of Morgan Stanley and has been licensed for use by FMR Corp. The investment options offered through the plan are neither sponsored by nor affiliated with Morgan Stanley.
- The Standard & Poor's 500™ Index (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 an unmanaged index of the common stock prices of 500 widely held U.S. stocks.

INVESTMENT RISK

- ➔ These funds are subject to the volatility of the financial markets in the U.S. and abroad and may be subject to the additional risks associated with investing in high yield, small cap and foreign securities.
- ** Investments in smaller companies may involve greater risks than those of larger, more well-known companies.
- ⊕ Investments in mid-sized companies may involve greater risks than those of larger, more well-known companies, but may be less volatile than investments in smaller companies.
- †† Foreign investments, especially those in emerging markets, involve greater risk and may offer greater potential returns than U.S. investments. This risk includes political and economic uncertainties of foreign countries, as well as the risk of currency fluctuation.

Before investing in any investment option, please carefully consider the investment objectives, risks, charges and expenses. For this and other information, call Fidelity at 1-800-343-0860 or visit www.fidelity.com for a free mutual fund prospectus or variable annuity prospectus. For information on fixed annuities, contact Fidelity to request a fact sheet. Read them carefully before you invest.

NOTES:

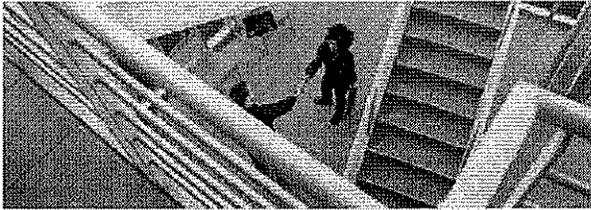
FIDELITY® PERFORMANCE UPDATE



Understanding investment performance: As you review this update, please remember that the performance data stated represents past performance, which does not guarantee future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your shares. Current performance may be higher or lower than the performance stated. To learn more or to obtain the most recent month-end performance, call Fidelity or visit www.401k.com.

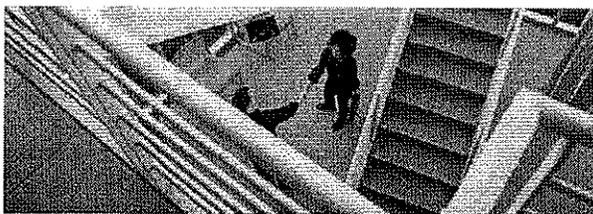
Fund No.	Fund Name	Cumulative Total Returns % periods ending December 31, 2006								Average Annual Total Returns % periods ending December 31, 2006					Date of Inception	Short-term Trading Fee (% / days)
		7-day yield	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	1 Year	3 Year	5 Year	10 Year	LOF		
LIFECYCLE FUNDS +																
369	Fidelity Freedom Income Fund®	0.00	2.53	6.37	6.37	14.68	22.77	76.16	6.37	4.67	4.19	5.83	5.89	10/17/1996	N/A	
370	Fidelity Freedom 2000 Fund®	0.07	2.95	6.76	6.76	16.04	24.41	92.65	6.76	5.08	4.47	6.78	6.88	10/17/1996	N/A	
1312	Fidelity Freedom 2005 Fund®	0.33	4.44	9.23	9.23	23.45	N/A	N/A	9.23	7.28	N/A	N/A	7.92	11/06/2003	N/A	
371	Fidelity Freedom 2010 Fund®	0.39	4.55	9.46	9.46	24.32	35.65	121.44	9.46	7.53	6.29	8.27	8.41	10/17/1996	N/A	
1313	Fidelity Freedom 2015 Fund®	0.47	5.00	10.36	10.36	28.13	N/A	N/A	10.36	8.61	N/A	N/A	9.43	11/06/2003	N/A	
372	Fidelity Freedom 2020 Fund®	0.68	5.77	11.61	11.61	31.75	41.99	131.44	11.61	9.63	7.26	8.75	8.91	10/17/1996	N/A	
1314	Fidelity Freedom 2025 Fund®	0.68	5.94	11.84	11.84	33.00	N/A	N/A	11.84	9.97	N/A	N/A	10.97	11/06/2003	N/A	
373	Fidelity Freedom 2030 Fund®	0.90	6.58	12.90	12.90	35.70	44.11	130.12	12.90	10.71	7.58	8.69	8.85	10/17/1996	N/A	
1315	Fidelity Freedom 2035 Fund®	0.88	6.57	12.94	12.94	36.57	N/A	N/A	12.94	10.95	N/A	N/A	12.05	11/06/2003	N/A	
718	Fidelity Freedom 2040 Fund®	1.02	6.84	13.49	13.49	37.78	45.18	N/A	13.49	11.27	7.74	N/A	1.61	09/06/2000	N/A	
1617	Fidelity Freedom 2045 Fund SM	1.11	7.07	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	06/01/2006	N/A	
1618	Fidelity Freedom 2050 Fund SM	1.11	7.17	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	06/01/2006	N/A	
ASSET ALLOCATION FUNDS																
328	Fidelity Asset Manager® 20% ^A	0.07	2.40	7.32	7.32	21.28	38.07	90.01	7.32	6.64	6.66	6.63	7.44	10/01/1992	N/A	
314	Fidelity Asset Manager® 50% ^{AA}	0.31	4.08	9.19	9.19	19.71	28.98	104.56	9.19	6.18	5.22	7.42	9.73	12/28/1988	N/A	
321	Fidelity Asset Manager® 70% ^{AAA}	0.71	5.17	10.33	10.33	21.42	27.24	93.79	10.33	6.68	4.94	6.84	9.37	12/30/1991	N/A	
347	Fidelity Asset Manager® 85% ^{AAAA}	0.95	6.16	12.40	12.40	33.97	29.54	N/A	12.40	10.24	5.31	N/A	5.86	09/24/1999	N/A	
MONEY MARKET FUNDS																
55	Fidelity Cash Reserves	4.99	0.42	1.26	4.75	4.75	8.96	11.72	43.80	4.75	2.90	2.24	3.70	6.41	05/10/1979	N/A
631	Fidelity Retirement Government Money Market Portfolio	4.98	0.42	1.26	4.74	4.74	8.86	11.45	43.33	4.74	2.87	2.19	3.67	4.50	12/16/1988	N/A
630	Fidelity Retirement Money Market Portfolio	5.10	0.43	1.28	4.82	4.82	9.07	11.78	44.23	4.82	2.94	2.25	3.73	4.58	12/02/1988	N/A
50	Fidelity U.S. Government Reserves	4.99	0.42	1.26	4.77	4.77	9.03	11.80	43.53	4.77	2.92	2.26	3.68	5.47	11/03/1981	N/A
<p>∞ The current 7-day yield reflects the current earnings of the fund, while the total return refers to a specific past holding period. 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 \$1.00 per share, it is possible to lose money by investing in these funds.</p>																
MANAGED INCOME PORTFOLIOS																
632	Managed Income Portfolio	4.23	0.36	1.07	4.08	4.08	12.40	23.46	64.24	4.08	3.97	4.30	5.09	5.73	09/07/1989	N/A
633	Managed Income Portfolio II - Class 1	4.31	0.37	1.07	4.08	4.08	12.04	22.79	64.24	4.08	3.86	4.19	5.09	5.32	04/20/1993	N/A
768	Managed Income Portfolio II - Class 2	4.42	0.38	1.10	4.18	4.18	12.37	23.39	65.84	4.18	3.96	4.29	5.19	5.42	04/20/1993	N/A
769	Managed Income Portfolio II - Class 3	4.56	0.39	1.13	4.33	4.33	12.87	24.30	67.91	4.33	4.12	4.45	5.32	5.54	04/20/1993	N/A
<p>30-day yield as of 12/31/06 for Managed Income Portfolio is 4.27%. 30-day yield as of 12/31/06 for Managed Income Portfolio II Class 1, Class 2 and Class 3 are 4.31%, 4.42% and 4.56% respectively.</p>																
BOND FUNDS																
15	Fidelity Ginnie Mae Fund	-0.24	1.52	4.13	4.13	11.40	23.72	72.03	4.13	3.66	4.35	5.57	7.17	11/08/1985	N/A	
54	Fidelity Government Income Fund	-0.63	0.86	3.53	3.53	9.85	24.57	73.12	3.53	3.18	4.49	5.64	8.30	04/04/1979	N/A	
662	Fidelity Institutional Short-Intermediate Government Fund	-0.18	0.78	3.65	3.65	6.54	17.12	61.20	3.65	2.13	3.21	4.89	6.07	11/10/1986	N/A	
32	Fidelity Intermediate Bond Fund	-0.37	1.06	4.26	4.26	9.48	25.45	74.64	4.26	3.07	4.64	5.73	8.38	05/23/1975	N/A	
452	Fidelity Intermediate Government Income Fund	-0.42	0.86	3.64	3.64	7.67	20.96	67.76	3.64	2.49	3.88	5.31	6.24	05/02/1988	N/A	
26	Fidelity Investment Grade Bond Fund	-0.60	1.30	4.82	4.82	12.57	28.88	80.43	4.82	4.03	5.20	6.08	7.80	08/06/1971	N/A	
40	Fidelity Mortgage Securities Fund ^A	-0.30	1.43	4.84	4.84	12.22	26.81	78.63	4.84	3.92	4.86	5.97	7.83	12/31/1984	N/A	
450	Fidelity Short-Term Bond Fund	0.09	1.19	4.58	4.58	8.82	20.26	62.56	4.58	2.86	3.76	4.98	5.78	09/15/1986	N/A	
368	Fidelity Strategic Income Fund	0.10	2.69	8.15	8.15	22.06	58.37	N/A	8.15	6.87	9.63	N/A	7.48	05/01/1998	N/A	
368	Fidelity Strategic Real Return Fund	-1.68	2.35	4.89	4.89	N/A	N/A	N/A	4.89	N/A	N/A	N/A	4.72	09/07/2005	0.75 / 60	
820	Fidelity Total Bond Fund	-0.39	1.44	5.12	5.12	13.60	N/A	N/A	5.12	4.34	N/A	N/A	5.32	10/15/2002	N/A	
651	Fidelity U.S. Bond Index Fund	-0.70	1.09	4.33	4.33	11.34	28.75	83.15	4.33	3.65	5.18	6.24	7.38	03/08/1990	N/A	
812	Fidelity Ultra-Short Bond Fund	0.27	1.23	4.90	4.90	9.44	N/A	N/A	4.90	3.05	N/A	N/A	2.76	08/29/2002	0.25 / 60	
1664	Spartan® Intermediate Treasury Bond Index Fund - Adv	-1.13	0.58	2.72	2.72	N/A	N/A	N/A	2.72	N/A	N/A	N/A	3.16	12/20/2005	N/A	

FIDELITY® PERFORMANCE UPDATE

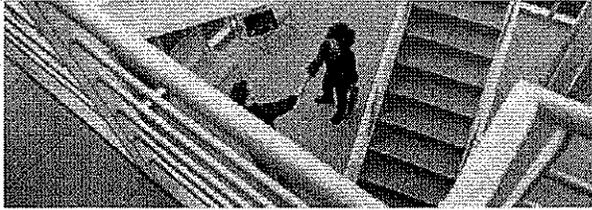


Fund No.	Name	Cumulative Total Returns % periods ending December 31, 2006							Average Annual Total Returns % periods ending December 31, 2006					Date of Inception	Short-term Trading Fee (% / days)
		7-day yield	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	1 Year	3 Year	5 Year	10 Year		
BOND FUNDS cont.															
1561	Spartan® Intermediate Treasury Bond Index Fund - Inv	-1.14	0.55	2.62	2.62	N/A	N/A	N/A	2.62	N/A	N/A	N/A	3.06	12/20/2005	N/A
1565	Spartan® Long Term Treasury Bond Index Fund - Adv	-2.19	0.48	1.78	1.78	N/A	N/A	N/A	1.78	N/A	N/A	N/A	2.94	12/20/2005	N/A
1562	Spartan® Long Term Treasury Bond Index Fund - Inv	-2.20	0.45	1.67	1.67	N/A	N/A	N/A	1.67	N/A	N/A	N/A	2.84	12/20/2005	N/A
1563	Spartan® Short-Term Treasury Bond Index Fund - Adv	-0.18	0.82	3.64	3.64	N/A	N/A	N/A	3.64	N/A	N/A	N/A	3.74	12/20/2005	N/A
1560	Spartan® Short-Term Treasury Bond Index Fund - Inv	-0.19	0.80	3.54	3.54	N/A	N/A	N/A	3.54	N/A	N/A	N/A	3.64	12/20/2005	N/A
HIGH YIELD †															
38	Fidelity Capital & Income Fund	1.27	5.35	13.04	13.04	33.66	85.21	117.73	13.04	10.16	13.12	8.09	10.65	11/01/1977	1.00 / 90
814	Fidelity Floating Rate High Income Fund	0.75	1.94	6.37	6.37	15.82	25.65	N/A	6.37	5.02	4.67	N/A	4.70	08/16/2000	1.00 / 60
1366	Fidelity Focused High Income Fund	0.90	3.63	8.50	8.50	N/A	N/A	N/A	8.50	N/A	N/A	N/A	6.60	09/08/2004	1.00 / 90
455	Fidelity High Income Fund	1.28	4.16	10.74	10.74	25.66	62.57	73.12	10.74	7.91	10.21	5.64	10.04	08/29/1990	1.00 / 90
INFLATION-PROTECTED ○															
794	Fidelity Inflation-Protected Bond Fund	-2.31	-1.31	0.23	0.23	10.83	N/A	N/A	0.23	3.49	N/A	N/A	5.78	06/26/2002	N/A
INTERNATIONAL/GLOBAL ◊															
331	Fidelity New Markets Income Fund	0.90	3.89	11.89	11.89	39.85	106.52	214.12	11.89	11.83	15.61	12.13	13.37	05/04/1993	1.00 / 90
BALANCED/HYBRID FUNDS															
304	Fidelity Balanced Fund†	0.04	5.21	11.65	11.65	37.09	60.88	179.89	11.65	11.09	9.98	10.84	10.70	11/06/1986	N/A
4	Fidelity Puritan® Fund†	1.36	5.55	14.78	14.78	31.28	47.73	131.15	14.78	9.50	8.12	8.74	11.74	04/16/1947	N/A
1329	Fidelity Strategic Dividend & Income® Fund	-0.15	5.87	13.96	13.96	43.54	N/A	N/A	13.96	12.81	N/A	N/A	13.06	12/23/2003	N/A
CONVERTIBLES															
308	Fidelity Convertible Securities Fund	1.03	8.10	15.13	15.13	34.44	48.55	206.92	15.13	10.37	8.24	11.87	12.82	01/05/1987	N/A
INTERNATIONAL/GLOBAL ◊															
334	Fidelity Global Balanced Fund	0.86	6.28	13.70	13.70	40.87	71.75	141.80	13.70	12.10	11.42	9.23	9.49	02/01/1993	1.00 / 30
DOMESTIC EQUITY FUNDS															
LARGE VALUE															
23	Fidelity Equity-Income Fund	2.12	7.43	19.81	19.81	40.98	51.77	145.23	19.81	12.13	8.70	9.38	13.16	05/16/1966	N/A
319	Fidelity Equity-Income II Fund	1.63	6.45	13.73	13.73	30.74	46.61	138.75	13.73	9.35	7.95	9.09	13.55	08/21/1990	N/A
708	Fidelity Large Cap Value Fund	1.69	7.01	17.11	17.11	53.33	59.98	N/A	17.11	15.31	9.85	N/A	10.19	11/15/2001	N/A
LARGE BLEND															
1271	Fidelity Blue Chip Value Fund	1.08	7.54	15.34	15.34	45.18	N/A	N/A	15.34	13.23	N/A	N/A	14.69	06/17/2003	N/A
315	Fidelity Disciplined Equity Fund	1.73	6.98	14.58	14.58	41.54	46.61	141.32	14.58	12.28	7.95	9.21	12.87	12/28/1988	N/A
339	Fidelity Discovery Fund	1.65	4.96	13.94	13.94	28.74	29.72	N/A	13.94	8.78	5.34	N/A	6.30	03/31/1998	N/A
330	Fidelity Dividend Growth Fund	1.85	5.85	14.67	14.67	25.61	23.27	151.83	14.67	7.90	4.27	9.68	13.59	04/27/1993	N/A
333	Fidelity Focused Stock Fund	0.97	4.16	5.13	5.13	43.56	7.31	63.38	5.13	12.81	1.42	5.03	5.30	11/12/1996	N/A
355	Fidelity Four-in-One Index Fund	1.20	6.77	15.43	15.43	38.07	48.79	N/A	15.43	11.35	8.27	N/A	4.39	08/29/1999	N/A
3	Fidelity Fund	0.78	5.86	13.67	13.67	31.81	30.41	121.50	13.67	9.64	5.45	8.28	10.45	04/30/1930	N/A
27	Fidelity Growth & Income Portfolio	0.24	6.80	10.71	10.71	24.90	21.78	99.55	10.71	7.69	4.02	7.15	13.10	12/30/1985	N/A
361	Fidelity Growth & Income II Portfolio	0.63	5.75	12.84	12.84	28.25	31.00	N/A	12.84	8.65	5.55	N/A	2.81	12/28/1998	N/A
320	Fidelity Stock Selector	0.58	5.71	13.14	13.14	35.48	35.87	101.75	13.14	10.65	6.32	7.27	12.68	09/28/1990	N/A
5	Fidelity Trend Fund	0.86	5.97	13.12	13.12	34.47	35.79	73.59	13.12	10.38	6.31	5.67	12.21	06/16/1958	N/A
1519	Spartan® 500 Index Fund - Adv	1.39	6.68	15.75	15.75	34.40	34.40	121.48	15.75	10.36	6.09	8.28	11.03	03/06/1990	N/A
317	Spartan® 500 Index Fund - Inv	1.39	6.67	15.71	15.71	34.36	34.35	121.40	15.71	10.34	6.08	8.27	11.03	03/06/1990	N/A
1520	Spartan® Total Market Index Fund - Adv	1.17	7.21	15.77	15.77	38.12	43.23	N/A	15.77	11.37	7.45	N/A	6.59	11/05/1997	0.50 / 90
397	Spartan® Total Market Index Fund - Inv	1.17	7.19	15.73	15.73	38.07	43.18	N/A	15.73	11.35	7.44	N/A	6.59	11/05/1997	0.50 / 90
1523	Spartan® U.S. Equity Index Fund - Adv	1.40	6.68	15.75	15.75	34.39	34.34	121.32	15.75	10.35	6.08	8.27	11.69	02/17/1988	N/A
650	Spartan® U.S. Equity Index Fund - Inv	1.39	6.66	15.72	15.72	34.34	34.29	121.24	15.72	10.34	6.07	8.26	11.68	02/17/1988	N/A
782	U.S. Equity Index Commingled Pool	1.41	6.70	15.72	15.72	34.47	34.55	123.69	15.72	10.38	6.11	8.38	10.61	12/31/1991	N/A
LARGE GROWTH															
312	Fidelity Blue Chip Growth Fund	0.11	4.14	5.54	5.54	16.67	8.73	72.65	5.54	5.27	1.69	5.61	11.98	12/31/1987	N/A
307	Fidelity Capital Appreciation Fund	1.29	7.22	13.80	13.80	33.96	59.98	161.36	13.80	10.24	9.85	10.08	12.39	11/26/1986	N/A
22	Fidelity Contrafund®	0.07	6.45	11.52	11.52	49.15	72.47	184.27	11.52	14.26	11.52	11.01	13.32	05/17/1967	N/A

FIDELITY® PERFORMANCE UPDATE



Fund No.	Fund Name	Cumulative Total Returns % periods ending December 31, 2006							Average Annual Total Returns % periods ending December 31, 2006					Date of Inception	Short-term Trading Fee (% / days)	
		7-day yield	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	1 Year	3 Year	5 Year	10 Year			LOF
LARGE GROWTH cont																
332	Fidelity Export and Multinational Fund	-1.20	5.74	8.43	8.43	41.99	53.16	236.12	8.43	12.40	8.90	12.89	16.24	10/04/1994	0.75 / 30	
500	Fidelity Fifty®	1.31	8.02	11.13	11.13	32.50	60.05	177.52	11.13	9.83	9.86	10.75	12.31	09/17/1993	N/A	
25	Fidelity Growth Company FundⓄ	0.07	8.46	9.56	9.56	39.43	31.17	149.21	9.56	11.72	5.58	9.56	14.23	01/17/1983	N/A	
73	Fidelity Independence Fund	0.13	6.72	12.26	12.26	38.57	44.25	152.88	12.26	11.49	7.60	9.72	13.16	03/25/1983	N/A	
763	Fidelity Large Cap Growth Fund*	0.59	7.85	5.67	5.67	35.86	22.06	N/A	5.67	10.76	4.07	N/A	4.04	11/15/2001	N/A	
338	Fidelity Large Cap Stock Fund	0.52	6.93	12.96	12.96	29.14	24.39	93.78	12.96	8.90	4.46	6.84	8.67	06/22/1995	N/A	
21	Fidelity Magellan® Fund	-0.52	5.04	7.22	7.22	22.65	16.87	96.52	7.22	7.04	3.17	6.99	18.41	05/02/1963	N/A	
1282	Fidelity Nasdaq Composite® Index Fund*	-0.68	7.05	10.03	10.03	21.76	N/A	N/A	10.03	6.78	N/A	N/A	9.40	09/25/2003	0.75 / 90	
93	Fidelity OTC Portfolio◆	-1.38	7.96	9.45	9.45	28.91	34.29	98.68	9.45	8.83	6.07	7.11	14.01	12/31/1984	N/A	
MID VALUE◆																
762	Fidelity Mid Cap Value Fund	1.07	6.72	14.50	14.50	58.64	83.14	N/A	14.50	16.63	12.86	N/A	13.81	11/15/2001	0.75 / 30	
39	Fidelity Value Fund	1.07	7.14	15.09	15.09	59.40	94.46	210.72	15.09	16.81	14.23	12.00	14.45	12/01/1978	N/A	
MID BLEND◆																
122	Fidelity Leveraged Company Stock Fund	-0.26	8.36	17.57	17.57	71.90	231.49	N/A	17.57	19.79	27.08	N/A	22.75	12/19/2000	1.50 / 90	
316	Fidelity Low-Priced Stock FundⓄ	1.83	9.78	17.76	17.76	56.41	106.68	316.60	17.76	16.08	15.63	15.34	17.47	12/27/1989	1.50 / 90	
832	Fidelity Value Discovery Fund	0.11	6.30	15.60	15.60	57.21	N/A	N/A	15.60	16.28	N/A	N/A	18.80	12/10/2002	N/A	
14	Fidelity Value Strategies Fund	0.56	9.07	16.08	16.08	36.99	63.67	216.37	16.08	11.06	10.36	12.21	13.93	12/31/1983	N/A	
1521	Spartan® Extended Market Index Fund - Adv	0.22	9.01	15.38	15.38	49.64	75.09	N/A	15.38	14.38	11.85	N/A	7.71	11/05/1997	0.75 / 90	
398	Spartan® Extended Market Index Fund - Inv	0.22	9.01	15.35	15.35	49.59	75.03	N/A	15.35	14.37	11.85	N/A	7.70	11/05/1997	0.75 / 90	
MID GROWTH◆																
324	Fidelity Aggressive Growth Fund	-1.47	9.86	8.93	8.93	29.87	1.95	36.09	8.93	9.10	0.39	3.13	10.10	12/28/1990	1.50 / 90	
793	Fidelity Mid Cap Growth Fund*	-0.36	8.72	7.94	7.94	42.47	39.24	N/A	7.94	12.52	6.84	N/A	7.81	11/15/2001	0.75 / 30	
337	Fidelity Mid-Cap Stock FundⓄ	-0.24	4.96	14.78	14.78	45.28	40.18	230.43	14.78	13.26	6.99	12.70	14.56	03/29/1994	0.75 / 30	
300	Fidelity New Millennium FundⓄ	0.25	8.08	13.53	13.53	30.34	43.41	266.49	13.53	9.23	7.48	13.87	16.69	12/28/1992	N/A	
SMALL BLEND◆																
384	Fidelity Small Cap Retirement Fund*	-1.66	6.44	9.45	9.45	37.40	45.88	N/A	9.45	11.17	7.84	N/A	11.24	09/26/2000	1.50 / 90	
340	Fidelity Small Cap Stock Fund	0.32	6.83	12.37	12.37	39.16	70.08	N/A	12.37	11.64	11.21	N/A	11.36	03/12/1998	2.00 / 90	
1389	Fidelity Small Cap Value Fund	-0.21	8.94	15.65	15.65	N/A	N/A	N/A	15.65	N/A	N/A	N/A	21.35	11/03/2004	1.50 / 90	
SMALL GROWTH◆																
1388	Fidelity Small Cap Growth Fund*	-0.55	8.55	13.20	13.20	N/A	N/A	N/A	13.20	N/A	N/A	N/A	19.77	11/03/2004	1.50 / 90	
336	Fidelity Small Cap Independence Fund	0.85	11.80	14.59	14.59	46.24	56.17	136.05	14.59	13.51	9.32	8.97	9.88	06/28/1993	1.50 / 90	
INTERNATIONAL/GLOBAL FUNDS◆																
335	Fidelity Aggressive International Fund	2.42	10.38	15.44	15.44	44.97	84.12	121.76	15.44	13.18	12.98	8.29	8.53	11/01/1994	1.00 / 30	
309	Fidelity Canada Fund	-1.24	4.74	15.04	15.04	82.32	165.13	241.47	15.04	22.16	21.53	13.07	12.31	11/17/1987	1.50 / 90	
352	Fidelity China Region Fund	3.29	11.87	29.67	29.67	65.56	104.56	105.89	29.67	18.30	15.39	7.49	10.25	11/01/1995	1.50 / 90	
325	Fidelity Diversified International FundⓄ	2.62	9.80	22.52	22.52	71.85	121.74	244.26	22.52	19.78	17.27	13.16	12.46	12/27/1991	1.00 / 30	
341	Fidelity Europe Capital Appreciation Fund	3.49	12.01	35.45	35.45	83.23	113.15	228.30	35.45	22.37	16.34	12.62	13.28	12/21/1993	1.00 / 30	
301	Fidelity Europe Fund	3.23	10.42	25.18	25.18	90.75	108.88	180.73	25.18	24.02	15.87	10.87	11.78	10/01/1986	1.00 / 30	
305	Fidelity International Discovery Fund	3.66	11.22	24.22	24.22	75.33	126.52	191.07	24.22	20.58	17.77	11.28	10.24	12/31/1986	1.00 / 30	
818	Fidelity International Small Cap FundⓄ◆	3.23	9.20	14.22	14.22	91.39	N/A	N/A	14.22	24.16	N/A	N/A	35.22	09/18/2002	2.00 / 90	
1504	Fidelity International Small Cap Opportunities Fund◆	4.85	15.34	25.72	25.72	N/A	N/A	N/A	25.72	N/A	N/A	N/A	38.16	08/02/2005	2.00 / 90	
1597	Fidelity International Value Fund*	2.99	10.06	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	05/18/2006	1.00 / 30	
350	Fidelity Japan Fund	1.91	3.56	-5.02	-5.02	50.32	90.80	99.24	-5.02	14.55	13.79	7.14	6.37	09/15/1992	1.50 / 90	
360	Fidelity Japan Smaller Companies FundⓄ◆	0.05	-1.07	-21.54	-21.54	35.63	120.27	170.17	-21.54	10.69	17.11	10.45	7.12	11/01/1995	1.50 / 90	
349	Fidelity Latin America Fund	6.50	19.85	44.33	44.33	216.01	314.64	308.09	44.33	46.75	32.90	15.10	13.31	04/19/1993	1.50 / 90	
342	Fidelity Nordic Fund	6.15	18.60	36.67	36.67	114.95	143.87	272.80	36.67	29.06	19.52	14.06	15.91	11/01/1995	1.50 / 90	
94	Fidelity Overseas Fund	2.78	10.65	20.49	20.49	63.19	89.68	121.02	20.49	17.73	13.66	8.25	13.44	12/04/1984	1.00 / 30	
302	Fidelity Pacific Basin Fund	3.39	11.89	16.16	16.16	75.61	124.38	134.68	16.16	20.65	17.54	8.90	7.52	10/01/1986	1.50 / 90	
351	Fidelity Southeast Asia Fund	5.16	17.85	37.19	37.19	108.14	181.11	107.72	37.19	27.68	22.96	7.58	9.13	04/19/1993	1.50 / 90	
318	Fidelity Worldwide Fund	2.27	9.27	17.42	17.42	49.68	68.17	127.98	17.42	14.39	10.96	8.59	8.96	05/30/1990	1.00 / 30	



FIDELITY® PERFORMANCE UPDATE



Fund No.	Name	Cumulative Total Returns % periods ending December 31, 2006							Average Annual Total Returns % periods ending December 31, 2006					Date of Inception	Short-term Trading Fee (% / days)	
		7-day yield	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	1 Year	3 Year	5 Year	10 Year			LOF
		INTERNATIONAL/GLOBAL cont.														
1522	Spartan® International Index Fund - Adv ✕	3.26	10.38	26.19	26.19	72.03	99.94	N/A	26.19	19.82	14.86	N/A	8.29	11/05/1997	1.00 / 90	
399	Spartan® International Index Fund - Inv ✕	3.26	10.39	26.15	26.15	71.97	99.87	N/A	26.15	19.81	14.85	N/A	8.28	11/05/1997	1.00 / 90	
EMERGING MARKETS																
322	Fidelity Emerging Markets Fund	4.27	17.74	33.39	33.39	136.64	227.73	58.92	33.39	33.26	26.80	4.74	6.75	11/01/1990	1.50 / 90	
SPECIALTY FUNDS																
1368	Fidelity International Real Estate Fund	7.52	18.93	42.87	42.87	N/A	N/A	N/A	42.87	N/A	N/A	N/A	33.42	09/08/2004	1.50 / 90	
833	Fidelity Real Estate Income Fund	0.25	3.92	11.72	11.72	31.12	N/A	N/A	11.72	9.45	N/A	N/A	11.79	02/04/2003	0.75 / 90	
303	Fidelity Real Estate Investment Portfolio	-2.18	9.36	32.84	32.84	104.70	189.63	307.73	32.84	26.97	23.70	15.09	13.31	11/17/1986	0.75 / 90	
34	Fidelity Select Air Transportation Portfolio	-1.06	12.27	22.46	22.46	70.29	70.90	280.53	22.46	19.42	11.31	14.30	11.83	12/16/1985	0.75 / 30	
502	Fidelity Select Automotive Portfolio ✕	1.66	10.39	13.33	13.33	19.26	60.08	93.38	13.33	6.05	9.87	6.82	9.95	06/30/1986	0.75 / 30	
507	Fidelity Select Banking Portfolio	3.43	3.97	13.15	13.15	26.19	54.02	167.89	13.15	8.06	9.02	10.36	14.24	06/30/1986	0.75 / 30	
42	Fidelity Select Biotechnology Portfolio	-3.28	6.88	3.60	3.60	26.18	-0.25	164.09	3.60	8.06	-0.05	10.20	13.05	12/16/1985	0.75 / 30	
68	Fidelity Select Brokerage & Investment Management Portfolio	3.21	6.81	21.27	21.27	77.89	100.93	424.32	21.27	21.17	14.98	18.02	14.62	07/29/1985	0.75 / 30	
69	Fidelity Select Chemicals Portfolio	2.62	9.34	16.84	16.84	56.88	91.56	158.67	16.84	16.20	13.88	9.97	14.53	07/29/1985	0.75 / 30	
518	Fidelity Select Communications Equipment Portfolio@*	-0.68	1.04	2.25	2.25	23.33	8.25	94.83	2.25	7.24	1.60	6.90	12.31	06/29/1990	0.75 / 30	
7	Fidelity Select Computers Portfolio	-0.25	8.52	9.45	9.45	10.12	3.84	87.02	9.45	3.27	0.76	6.46	12.61	07/29/1985	0.75 / 30	
511	Fidelity Select Construction and Housing Portfolio	1.73	12.07	7.12	7.12	50.56	98.50	262.12	7.12	14.61	14.70	13.73	13.39	09/29/1986	0.75 / 30	
517	Fidelity Select Consumer Discretionary Portfolio@**	0.32	5.23	13.06	13.06	26.98	30.47	122.14	13.06	8.29	5.46	8.31	10.95	06/29/1990	0.75 / 30	
9	Fidelity Select Consumer Staples Portfolio@***	2.89	4.99	20.18	20.18	47.32	56.90	143.17	20.18	13.79	9.43	9.29	14.44	07/29/1985	0.75 / 30	
67	Fidelity Select Defense and Aerospace Portfolio	1.51	9.92	20.66	20.66	70.05	118.82	279.59	20.66	19.36	16.95	14.27	12.57	05/08/1984	0.75 / 30	
8	Fidelity Select Electronics Portfolio	-2.47	3.69	0.30	0.30	4.70	-10.98	122.32	0.30	1.54	-2.30	8.32	12.13	07/29/1985	0.75 / 30	
60	Fidelity Select Energy Portfolio	-3.46	9.44	14.21	14.21	128.58	148.61	263.99	14.21	31.73	19.98	13.79	10.65	07/14/1981	0.75 / 30	
43	Fidelity Select Energy Service Portfolio	-4.34	8.50	8.64	8.64	125.94	141.44	276.91	8.64	31.22	19.28	14.19	11.17	12/16/1985	0.75 / 30	
516	Fidelity Select Environmental Portfolio	0.88	5.11	10.49	10.49	29.83	40.03	23.91	10.49	9.09	6.97	2.17	3.95	06/29/1989	0.75 / 30	
66	Fidelity Select Financial Services Portfolio	2.34	6.05	16.12	16.12	38.78	60.55	208.57	16.12	11.54	9.93	11.93	16.22	12/10/1981	0.75 / 30	
41	Fidelity Select Gold Portfolio	-2.89	12.39	25.38	25.38	59.01	245.04	112.06	25.38	16.72	28.11	7.81	8.63	12/16/1985	0.75 / 30	
63	Fidelity Select Health Care Portfolio	0.93	1.91	4.98	4.98	33.33	26.65	164.70	4.98	10.06	4.84	10.22	16.95	07/14/1981	0.75 / 30	
98	Fidelity Select Home Finance Portfolio	2.85	5.28	12.17	12.17	17.99	60.42	153.92	12.17	5.67	9.91	9.77	16.21	12/16/1985	0.75 / 30	
510	Fidelity Select Industrial Equipment Portfolio	1.57	7.41	17.04	17.04	41.82	54.64	129.92	17.04	12.35	9.11	8.68	10.69	09/29/1986	0.75 / 30	
515	Fidelity Select Industrials Portfolio@****	1.07	6.62	14.80	14.80	59.23	75.42	N/A	14.80	16.77	11.90	N/A	10.94	03/03/1997	0.75 / 30	
45	Fidelity Select Insurance Portfolio	2.48	6.53	11.35	11.35	42.87	71.84	303.78	11.35	12.63	11.44	14.98	14.43	12/16/1985	0.75 / 30	
353	Fidelity Select IT Services Portfolio@J	1.73	10.94	14.65	14.65	39.40	28.55	N/A	14.65	11.71	5.15	N/A	10.61	02/04/1998	0.75 / 30	
62	Fidelity Select Leisure Portfolio	2.11	12.00	16.28	16.28	42.10	58.96	220.97	16.28	12.42	9.71	12.37	15.45	05/08/1984	0.75 / 30	
509	Fidelity Select Materials Portfolio@JJ	1.14	11.52	19.47	19.47	54.39	134.48	152.04	19.47	15.58	18.58	9.69	10.65	09/29/1986	0.75 / 30	
505	Fidelity Select Medical Delivery Portfolio	4.24	2.76	-1.63	-1.63	84.62	111.13	174.72	-1.63	22.68	16.12	10.63	12.91	06/30/1986	0.75 / 30	
354	Fidelity Select Medical Equipment and Systems Portfolio	0.15	4.37	4.03	4.03	31.33	64.21	N/A	4.03	9.51	10.43	N/A	14.98	04/28/1998	0.75 / 30	
503	Fidelity Select Multimedia Portfolio	3.74	12.63	13.97	13.97	26.14	58.19	208.45	13.97	8.05	9.61	11.92	13.96	06/30/1986	0.75 / 30	
513	Fidelity Select Natural Gas Portfolio	-6.70	8.19	5.24	5.24	115.09	150.34	236.69	5.24	29.08	20.15	12.91	12.81	04/21/1993	0.75 / 30	
514	Fidelity Select Natural Resources Portfolio	-2.83	11.72	19.07	19.07	114.79	145.46	N/A	19.07	29.02	19.67	N/A	13.58	03/03/1997	0.75 / 30	
912	Fidelity Select Networking and Infrastructure Portfolio	-1.59	6.01	5.11	5.11	5.56	-16.27	N/A	5.11	1.82	-3.49	N/A	-19.96	09/21/2000	0.75 / 30	
506	Fidelity Select Paper and Forest Products Portfolio ✕	3.78	11.07	11.66	11.66	10.59	28.65	82.12	11.66	3.41	5.17	6.18	8.88	06/30/1986	0.75 / 30	
580	Fidelity Select Pharmaceuticals Portfolio	-0.09	1.21	12.45	12.45	27.54	17.61	N/A	12.45	8.45	3.30	N/A	2.02	06/18/2001	0.75 / 30	
46	Fidelity Select Retailing Portfolio	-0.11	4.84	15.12	15.12	43.18	52.15	186.38	15.12	12.71	8.76	11.10	13.76	12/16/1985	0.75 / 30	
28	Fidelity Select Software and Computer Services Portfolio	-1.24	8.78	24.92	24.92	34.50	39.14	234.41	24.92	10.39	6.83	12.83	16.57	07/29/1985	0.75 / 30	
64	Fidelity Select Technology Portfolio	-2.03	7.35	7.51	7.51	13.28	12.32	131.30	7.51	4.24	2.35	8.75	12.98	07/14/1981	0.75 / 30	
96	Fidelity Select Telecommunications Portfolio	4.36	7.14	26.78	26.78	56.70	39.00	85.28	26.78	16.15	6.81	6.36	12.57	07/29/1985	0.75 / 30	
512	Fidelity Select Transportation Portfolio	-2.21	6.05	9.50	9.50	55.64	79.64	262.57	9.50	15.89	12.43	13.75	13.89	09/29/1986	0.75 / 30	
65	Fidelity Select Utilities Growth Portfolio@	0.83	9.02	30.08	30.08	76.71	55.50	146.73	30.08	20.90	9.23	9.45	13.10	12/10/1981	0.75 / 30	
963	Fidelity Select Wireless Portfolio	2.19	6.87	8.67	8.67	81.74	36.89	N/A	8.67	22.03	6.48	N/A	-4.60	09/21/2000	0.75 / 30	
311	Fidelity Utilities Fund	2.50	9.29	30.52	30.52	73.76	54.09	122.85	30.52	20.22	9.03	8.34	10.78	11/27/1987	N/A	

FIDELITY® PERFORMANCE UPDATE



Fund No.	Name	Cumulative Total Returns % periods ending December 31, 2006							Average Annual Total Returns % periods ending December 31, 2006				Date of Inception	Short-term Trading Fee (% / days)	
		7-day yield	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	1 Year	3 Year	5 Year			10 Year
		LOF													
EQUITY BENCHMARKS															
	Dow Jones Industrial Average	2.11	7.39	19.05	19.05	27.53	39.04	134.80	19.05	8.44	6.81	8.91			
	Dow Jones Wilshire 4500 Completion	0.25	9.05	15.28	15.28	49.80	77.12	150.25	15.28	14.42	12.11	9.61			
	Dow Jones Wilshire 5000 Composite	1.17	7.20	15.77	15.77	38.52	44.32	129.23	15.77	11.47	7.61	8.65			
	NASDAQ Composite®	-0.62	7.15	10.39	10.39	23.05	27.52	95.82	10.39	7.16	4.98	6.95			
	Russell 1000®	1.28	6.95	15.46	15.46	36.69	39.10	129.14	15.46	10.98	6.82	8.64			
	Russell 1000® Growth	0.34	5.93	9.07	9.07	22.05	14.20	69.91	9.07	6.87	2.69	5.44			
	Russell 1000® Value	2.24	8.00	22.25	22.25	52.45	67.46	183.90	22.25	15.09	10.86	11.00			
	Russell 2000®	0.33	8.90	18.37	18.37	46.44	71.47	146.43	18.37	13.56	11.39	9.44			
	Russell 2000® Growth	-0.24	8.77	13.35	13.35	34.94	39.79	61.03	13.35	10.51	6.93	4.88			
	Russell 2000® Value	0.87	9.03	23.48	23.48	58.05	104.43	247.72	23.48	16.48	15.37	13.27			
	Russell 3000®	1.20	7.12	15.72	15.72	37.47	41.35	129.08	15.72	11.19	7.17	8.64			
	Russell 3000® Growth	0.29	6.16	9.46	9.46	23.09	16.02	68.29	9.46	7.17	3.02	5.34			
	Russell 3000® Value	2.12	8.10	22.34	22.34	52.87	70.04	186.83	22.34	15.20	11.20	11.11			
	Russell MidCap™	-0.01	7.67	15.26	15.26	56.10	83.24	214.36	15.26	16.00	12.88	12.14			
	Russell Midcap™ Growth	-0.90	6.95	10.66	10.66	43.25	48.40	128.52	10.66	12.73	8.22	8.62			
	Russell Midcap™ Value	1.02	8.50	20.22	20.22	67.52	108.99	259.47	20.22	18.77	15.88	13.65			
	S&P 500®	1.40	6.70	15.79	15.79	34.70	35.03	124.47	15.79	10.44	6.19	8.42			
	S&P MidCap® 400	-0.49	6.99	10.32	10.32	44.64	67.69	253.95	10.32	13.09	10.89	13.47			
BLENDED BENCHMARKS															
	Fidelity Asset Manager 20% Composite	0.07	2.42	6.59	6.59	15.20	25.32	81.67	6.59	4.83	4.62	6.15			
	Fidelity Asset Manager 50% Composite	0.49	4.35	9.79	9.79	22.34	31.07	104.27	9.79	6.95	5.56	7.40			
	Fidelity Asset Manager 70% Composite	0.89	5.70	12.05	12.05	27.11	33.06	114.07	12.05	8.32	5.88	7.91			
	Fidelity Asset Manager 85% Composite	1.20	6.76	13.80	13.80	30.82	34.52	120.97	13.80	9.37	6.11	8.25			
	Fidelity Balanced Hybrid Composite	0.76	5.03	12.96	12.96	30.84	45.31	131.32	12.96	9.37	7.76	8.75			
	Fidelity Four-in-One Composite	1.19	6.77	15.54	15.54	38.54	49.67	126.86	15.54	11.48	8.40	8.54			
	Fidelity Freedom Income Composite	0.23	2.53	6.98	6.98	16.00	25.75	78.99	6.98	5.07	4.69	5.99			
	Fidelity Freedom 2000 Composite	0.32	2.94	7.64	7.64	17.60	26.93	92.68	7.64	5.55	4.88	6.78			
	Fidelity Freedom 2005 Composite	0.64	4.50	10.66	10.66	25.70	N/A	N/A	10.66	7.92	N/A	N/A			
	Fidelity Freedom 2010 Composite	0.65	4.62	10.92	10.92	26.38	39.27	118.41	10.92	8.12	6.85	8.13			
	Fidelity Freedom 2015 Composite	0.82	5.25	12.38	12.38	30.63	N/A	N/A	12.38	9.31	N/A	N/A			
	Fidelity Freedom 2020 Composite	1.02	5.99	13.95	13.95	34.69	47.67	125.95	13.95	10.44	8.11	8.49			
	Fidelity Freedom 2025 Composite	1.09	6.21	14.41	14.41	36.28	N/A	N/A	14.41	10.87	N/A	N/A			
	Fidelity Freedom 2030 Composite	1.30	6.86	15.73	15.73	39.12	50.92	123.15	15.73	11.63	8.58	8.36			
	Fidelity Freedom 2035 Composite	1.33	6.93	15.90	15.90	40.07	N/A	N/A	15.90	11.89	N/A	N/A			
	Fidelity Freedom 2040 Composite	1.40	7.11	16.38	16.38	41.32	52.90	N/A	16.38	12.22	8.86	N/A			
	Fidelity Freedom 2045 Composite	1.51	7.39	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
	Fidelity Freedom 2050 Composite	1.55	7.51	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
	Fidelity Global Balanced Composite	0.49	5.77	14.63	14.63	33.09	58.63	97.07	14.63	10.00	9.67	7.02			
INTERNATIONAL/GLOBAL BENCHMARKS															
	MSCI AC World xU.S. (Net MA)	3.11	11.18	26.83	26.83	79.73	115.95	125.70	26.83	21.58	16.65	8.48			
	MSCI EAFE® (Net MA Tax)	3.14	10.37	26.53	26.53	73.27	102.88	114.37	26.53	20.11	15.20	7.92			
	MSCI Emerging Markets (N)	4.50	17.60	32.17	32.17	122.37	225.10	N/A	32.17	30.52	26.59	N/A			
	MSCI Europe (Net MA Tax)	3.21	11.48	33.97	33.97	77.83	102.24	177.19	33.97	21.15	15.13	10.73			
	MSCI World® (Net MA Tax)	2.06	8.46	20.50	20.50	52.57	63.90	112.94	20.50	15.12	10.39	7.85			
FIXED INCOME BENCHMARKS															
	CitiGroup 3-Month Treasury Bill	0.42	1.25	4.76	4.76	9.24	12.29	43.44	4.76	2.99	2.35	3.67			
	Fidelity Strategic Income Composite	0.03	2.75	8.10	8.10	21.24	55.19	99.90	8.10	6.63	9.19	7.17			
	LB 1-3 Year Government/Credit Bond	0.05	1.02	4.25	4.25	7.48	17.44	62.52	4.25	2.43	3.27	4.98			
	LB Aggregate Bond	-0.58	1.24	4.33	4.33	11.50	27.98	83.12	4.33	3.70	5.06	6.24			
	LB GNMA	-0.12	1.53	4.61	4.61	12.66	25.94	80.77	4.61	4.05	4.72	6.10			



FIDELITY® PERFORMANCE UPDATE



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	7-day yield	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	1 Year	3 Year	5 Year	10 Year		
FIXED INCOME BENCHMARKS cont.														
LB Government/Credit Bond	-0.76	1.04	3.78	3.78	10.69	28.65	83.56	3.78	3.44	5.17	6.26			
LB Int Government/Credit Bond	-0.41	1.03	4.08	4.08	8.94	24.81	75.85	4.08	2.90	4.53	5.81			
LB U.S. Treasury 1-5 Year	-0.17	0.85	3.75	3.75	6.55	17.04	62.66	3.75	2.14	3.20	4.98			
LB U.S. Treasury 5-10 Year	-1.15	0.60	2.83	2.83	9.27	27.03	82.60	2.83	3.00	4.90	6.21			
ML U.S. High Yield Master II	1.10	4.21	11.77	11.77	27.31	60.05	89.66	11.77	8.38	9.86	6.61			

Total returns are historical and include change in share value and reinvestment of dividends and capital gains, if any. Cumulative total returns are reported as of the period indicated. Life of Fund figures are reported as of the inception date to the period indicated. These figures do not include the effect of sales charges, if any, as these charges are waived for contributions made through your company's employee benefit plans. If sales charges were included, returns would have been lower.

Although the information contained in this report has been carefully verified, its accuracy cannot be guaranteed. All numbers are unaudited.

The funds are arranged according to Morningstar categories. Categories for some equity funds may change over time. For details, please consult the fund's prospectus at fidelity.com.

Specific Funds

@ Prior to 10/1/06, the fund operated under certain different investment policies, and compared its performance to a different benchmark. The fund's historical performance may not represent its current investment policies.

● On 10/1/06, most Fidelity Select Portfolios began comparing their performance to different benchmarks and adjusted their investments. Please see the prospectus for details.

^A Formerly known as Fidelity Asset Manager: Income®.

^{**} Formerly known as Select Consumer Industries Portfolio.

^{AA} Formerly known as Fidelity Asset ManagerSM.

^{***} Formerly known as Select Food & Agriculture Portfolio.

^{AAA} Formerly known as Fidelity Asset Manager: Growth®.

^{****} Formerly known as Select Cyclical Industries Portfolio.

^{AAAA} Formerly known as Fidelity Asset Manager: Aggressive®.

[♫] Formerly known as Select Business Services and Outsourcing Portfolio.

^{*} Formerly known as Select Developing Communications Portfolio.

^{♫♫} Formerly known as Select Industrial Materials Portfolio.

* The fund's investment adviser voluntarily reimbursed a portion of the fund's expenses for the period ending 11/30/2006. Please consult the fund's current prospectus for complete details. Absent reimbursement, the returns for these funds would have been lower.

⊙ Closed to most new plans/accounts. Please consult the prospectuses for more details.

✕ Spartan® 500 Index Fund is not offered to new plans; Spartan® U.S. Equity Index Fund is offered to new plans.

€ U.S. Equity Index Commingled Pool is not a mutual fund, it is a commingled pool managed by Fidelity Management Trust Company. Minimum plan assets apply

▼ Managed Income Portfolio and Managed Income Portfolio II are not mutual funds. They are commingled pools managed by Fidelity Management Trust Company.

Investment Risk

† The Fidelity Freedom Funds are subject to the volatility of the financial markets in the U.S. and abroad and may be subject to the additional risks associated with investing in high yield, small cap and foreign securities.

□ In general bond prices rise when interest rates fall, and vice versa. The effect is usually more pronounced for larger-term securities.

△ Investments in mortgage securities are subject to prepayment risk, which can limit the potential for gain during a declining interest rate environment and increase the potential for loss in a rising interest rate environment.

† Lower-quality debt securities involve greater risk of default and/or price changes due to changes in the credit quality of the issuer.

Ω The value of inflation-protected debt securities tends to change less due to changes in inflation than other types of bonds but may decrease with decreases in inflation or, as other debt securities, with increases in interest rates.

◆ Investments in smaller companies may involve greater risks than those of larger, more well-known companies.

❖ Foreign investments, especially those in emerging markets involve greater risks and may offer greater potential returns than U.S. investments. These risks include political and economic uncertainties of foreign countries, as well as the risk of currency fluctuations.

■ Because of their narrow focus, sector funds may be more volatile than funds that diversify across many sectors.

For Plan Sponsor Use Only.

Before investing in any mutual fund, please carefully consider the investment objectives, risks, charges and expenses. For this and other information, call or write Fidelity for a free prospectus. Read it carefully before you invest.



FUNDNETSM PERFORMANCE UPDATE



Understanding investment performance: As you review this update, please remember that the performance data stated represents past performance, which does not guarantee future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your shares. Current performance may be higher or lower than the performance stated. To learn more or to obtain the most recent month-end performance, call Fidelity or visit www.401k.com.

Ticker	Name	Cumulative Total Returns % periods ending December 31, 2006							Average Annual Total Returns % periods ending December 31, 2006					Date of Inception	Short-term Trading Fee (% / days)
		1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	1 Year	3 Year	5 Year	10 Year	LOF		
BOND FUNDS															
CSIBX	Calvert Social Investment Fund Bond Portfolio - A	-0.46	1.17	4.28	4.28	15.46	32.58	86.98	4.28	4.91	5.80	6.46	7.51	08/24/1987	N/A
NBCNX	Lehman Brothers Core Bond Fund - Inv	-0.23	1.55	4.64	4.64	11.31	26.19	N/A	4.64	3.64	4.76	N/A	5.52	02/01/1997	N/A
MGFIX	Managers Bond Fund	-1.07	1.90	8.01	8.01	16.16	42.80	102.59	8.01	5.12	7.39	7.32	9.69	06/01/1984	N/A
MFAXX	MSIF Trust Core Plus Fixed Income Portfolio - Adv	-0.29	1.00	3.82	3.82	13.30	26.97	78.55	3.82	4.25	4.89	5.97	5.95	11/07/1996	2.00 / 7
PLGBX	PIMCO Long-Term U.S. Government Fund - Adm	-2.54	0.11	0.92	0.92	12.97	38.59	N/A	0.92	4.15	6.74	N/A	7.33	09/23/1997	2.00 / 30
PLDAX	PIMCO Low Duration Fund - Adm	-0.39	0.75	3.50	3.50	7.07	18.11	62.07	3.50	2.30	3.38	4.95	5.57	01/03/1995	2.00 / 7
PTRAX	PIMCO Total Return Fund - Adm	-0.85	0.86	3.74	3.74	11.67	29.25	88.91	3.74	3.75	5.27	6.57	7.11	09/08/1994	2.00 / 7
WAPIX	Western Asset Core Bond Portfolio - FI	-0.75	1.67	5.60	5.60	12.72	31.25	N/A	5.60	4.07	5.59	N/A	6.60	07/21/1999	N/A
WACIX	Western Asset Core Plus Bond Portfolio - FI	-0.88	1.61	6.16	6.16	16.03	N/A	N/A	6.16	5.08	N/A	N/A	6.45	01/07/2002	N/A
HIGH YIELD															
CMHYX	Columbia Conservative High Yield Fund - Z	0.77	3.01	6.17	6.17	17.10	32.10	80.64	6.17	5.40	5.73	6.09	6.69	10/01/1993	N/A
MAHYX	MSIF Trust High Yield Portfolio - Adv	1.38	3.83	9.17	9.17	21.22	37.19	N/A	9.17	6.62	6.53	N/A	3.77	01/31/1997	2.00 / 30
NBHIX	Neuberger Berman High Income Bond Fund - Inv	1.24	3.83	8.00	8.00	18.26	40.82	93.43	8.00	5.75	7.09	6.82	7.21	02/01/1992	N/A
PHYAX	PIMCO High Yield Fund - Adm	0.95	3.66	9.17	9.17	24.38	51.83	93.45	9.17	7.54	8.71	6.82	8.26	01/16/1995	2.00 / 30
INFLATION PROTECTED															
PARRX	PIMCO Real Return Fund - Adm	-2.60	-1.59	0.03	0.03	11.55	40.95	N/A	0.03	3.71	7.11	N/A	7.66	01/29/1997	2.00 / 7
INTERNATIONAL/GLOBAL															
PADMX	PIMCO Global Bond Fund (Unhedged) - Adm	-1.91	1.44	5.59	5.59	9.77	54.57	67.86	5.59	3.16	9.10	5.32	5.86	07/31/1996	2.00 / 30
TPINX	Templeton Global Bond Fund - A†	0.68	5.01	13.51	13.51	26.10	83.58	100.82	13.51	8.04	12.92	7.22	7.99	09/18/1986	2.00 / 7
BALANCED/HYBRID FUNDS															
AABPX	American Beacon Balanced Fund - PlanAhead	1.37	5.47	13.57	13.57	35.97	55.58	124.13	13.57	10.79	9.24	8.41	9.86	07/17/1987	N/A
CSIFX	Calvert Social Investment Fund Balanced Portfolio - A	0.24	3.88	8.43	8.43	22.99	26.50	74.37	8.43	7.14	4.81	5.72	8.85	10/21/1982	N/A
OAKBX	The Oakmark Equity and Income Fund - I	0.96	4.50	10.82	10.82	32.82	60.14	247.72	10.82	9.92	9.88	13.27	13.48	11/01/1995	N/A
ACEIX	Van Kampen Equity and Income Fund - A	1.65	4.80	12.53	12.53	35.61	51.87	184.98	12.53	10.69	8.72	11.04	11.14	08/03/1960	2.00 / 7
DOMESTIC EQUITY FUNDS															
LARGE VALUE															
AAGPX	American Beacon Large Cap Value Fund - PlanAhead	2.61	7.43	19.18	19.18	55.70	76.63	153.87	19.18	15.90	12.05	9.76	11.86	07/17/1987	N/A
ALVIX	American Century Large Company Value Fund - Inv	2.60	7.33	19.81	19.81	42.62	59.16	N/A	19.81	12.56	9.74	N/A	7.95	07/30/1999	N/A
WFGIX	Credit Suisse Large Cap Value Fund - A	2.02	7.44	19.13	19.13	43.96	51.09	165.66	19.13	12.91	8.60	10.26	N/A	07/09/1992	N/A
KDHAX	DWS-Dreman High Return Equity Fund - A	1.72	6.83	17.40	17.40	43.51	53.58	181.55	17.40	12.80	8.96	10.91	14.37	03/18/1988	2.00 / 15
LAFFX	Lord Abbett Affiliated Fund - A	2.17	5.44	17.61	17.61	36.83	45.44	158.25	17.61	11.02	7.78	9.95	N/A	05/14/1934	N/A
MGIEX	Managers Value Fund	3.44	8.85	19.01	19.01	43.02	38.84	132.04	19.01	12.67	6.78	8.78	12.05	10/31/1984	N/A
MPVAX	MSIF Trust Value Portfolio - Adv	2.92	6.29	16.77	16.77	43.67	49.01	122.74	16.77	12.84	8.30	8.34	10.19	07/17/1996	2.00 / 7
TESIX	Mutual Shares Fund - A	2.52	7.87	17.98	17.98	47.27	65.01	186.43	17.98	13.77	10.54	11.10	11.62	07/01/1949	2.00 / 7
ACGIX	Van Kampen Growth and Income Fund - A	2.60	6.41	16.01	16.01	45.23	58.02	193.58	16.01	13.25	9.58	11.37	10.11	08/01/1946	2.00 / 7
LARGE BLEND															
GTVLX	AIM Basic Value Fund - A	2.80	7.81	13.17	13.17	32.44	36.17	194.75	13.17	9.82	6.37	11.42	12.62	10/18/1995	N/A
DSEFX	Domini Social Equity Fund - Inv	1.61	6.41	12.58	12.58	25.50	26.54	108.01	12.58	7.87	4.82	7.60	10.01	06/03/1991	2.00 / 60
LMVFX	Legg Mason Value Trust - FI	1.32	9.95	6.57	6.57	27.32	50.27	N/A	6.57	8.38	8.49	N/A	6.82	03/23/2001	N/A
NBFCX	Neuberger Berman Focus Fund - Trust	0.77	4.23	12.19	12.19	17.36	22.69	126.58	12.19	5.48	4.17	8.52	10.72	08/30/1993	N/A
NBGTx	Neuberger Berman Guardian Fund - Trust	1.93	7.07	13.32	13.32	42.22	42.27	78.78	13.32	12.46	7.31	5.98	8.56	08/03/1993	N/A
NBPTX	Neuberger Berman Partners Fund - Trust	0.30	11.34	13.04	13.04	58.50	61.47	131.67	13.04	16.59	10.06	8.76	10.89	08/30/1993	N/A
NBSTX	Neuberger Berman Socially Responsive Fund - Trust	1.97	7.20	14.21	14.21	39.10	59.25	N/A	14.21	11.63	9.75	N/A	8.64	03/03/1997	N/A
OAKMX	The Oakmark Fund - I	2.34	8.30	18.26	18.26	30.40	39.86	127.72	18.26	9.25	6.94	8.58	15.57	08/05/1991	N/A
OAKLX	The Oakmark Select Fund - I	0.66	8.39	13.60	13.60	30.69	47.56	382.68	13.60	9.33	8.09	17.05	18.29	11/01/1996	N/A
LARGE GROWTH															
CSTGX	AIM Constellation Fund - A	0.23	4.75	5.85	5.85	21.90	18.64	57.45	5.85	6.82	3.48	4.64	14.09	04/30/1976	N/A
PICAX	Allianz CCM Capital Appreciation Fund - Adm	-0.08	4.57	6.84	6.84	30.95	27.35	124.57	6.84	9.40	4.95	8.43	9.96	07/31/1996	N/A
TWCUX	American Century Ultra Fund - Inv	0.49	4.05	-3.28	-3.28	9.33	5.72	69.46	-3.28	3.02	1.12	5.42	12.53	11/02/1981	N/A

FUNDNET™ PERFORMANCE UPDATE

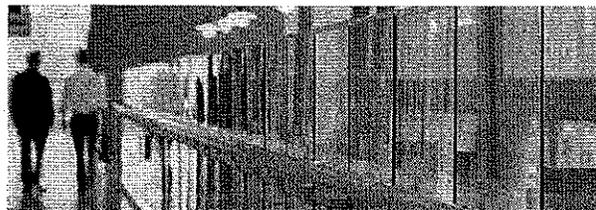


Cumulative Total Returns %
periods ending December 31, 2006

Average Annual Total Returns %
periods ending December 31, 2006

Ticker	Name	Cumulative Total Returns %				Average Annual Total Returns %				Date of Inception	Short-term Trading Fee (% / days)				
		1 Month	3 Month	YTD	LOF	1 Year	3 Year	5 Year	10 Year						
LARGE GROWTH cont.															
CSIEX	Calvert Social Investment Fund Equity Portfolio - A	0.56	4.71	10.16	10.16	22.42	27.39	133.31	10.16	6.98	4.96	8.84	8.49	08/24/1987	N/A
CUCAX	Credit Suisse Large Cap Growth Fund - Common [▲]	0.51	3.80	2.72	2.72	16.11	-0.63	74.50	2.72	5.11	-0.13	5.73	9.03	08/17/1987	N/A
HGWYX	Hartford Growth Fund - Y	0.06	5.25	4.74	4.74	23.17	N/A	N/A	4.74	7.19	N/A	N/A	6.13	04/19/2002	N/A
SHRAX	Legg Mason Partners Aggressive Growth Fund - A ◆	-0.35	3.98	7.98	7.98	34.43	23.46	296.91	7.98	10.36	4.31	14.78	13.96	10/24/1993	N/A
SBLGX	Legg Mason Partners Large Cap Growth Fund - A	0.21	5.41	4.26	4.26	9.85	19.97	N/A	4.26	3.18	3.71	N/A	8.02	08/29/1997	N/A
LGRRX	Loomis Sayles Growth Fund - A	-0.33	4.11	-3.49	-3.49	23.33	25.36	N/A	-3.49	7.24	4.62	N/A	4.72	05/16/1991	N/A
MGCAX	Managers AMG Essex Large Cap Growth Fund**	-0.27	7.34	5.79	5.79	15.51	0.41	92.56	5.79	4.93	0.08	6.77	11.66	06/01/1984	N/A
MSEGX	MSIF U.S. Large Cap Growth Portfolio - B	-0.89	6.91	3.85	3.85	28.79	17.36	89.68	3.85	8.80	3.25	6.61	8.61	01/02/1996	2.00 / 7
TGCNX	TCW Select Equities Fund - N	-0.53	4.10	-5.33	-5.33	10.14	14.50	N/A	-5.33	3.27	2.74	N/A	2.09	03/01/1999	N/A
PTSGX	Touchstone Sands Capital Select Growth Fund - Z ^{▲▲}	-1.27	2.64	-6.50	-6.50	21.98	20.09	N/A	-6.50	6.85	3.73	N/A	-3.87	08/11/2000	N/A
MID VALUE ◆															
ABASX	AllianceBernstein Small/Mid-Cap Value Fund - A	0.75	8.19	13.64	13.64	45.80	89.97	N/A	13.64	13.39	13.69	N/A	15.41	03/29/2001	N/A
ARTQX	Artisan Mid Cap Value Fund - Inv	-0.59	7.76	14.20	14.20	66.41	118.89	N/A	14.20	18.50	16.96	N/A	15.91	03/28/2001	N/A
LAVLX	Lord Abbett Mid-Cap Value Fund - A ⊙	1.10	8.92	12.34	12.34	50.79	70.02	284.22	12.34	14.67	11.20	14.41	13.31	06/28/1983	N/A
NBREX	Neuberger Berman Regency Fund - Trust	-0.44	11.78	11.39	11.39	52.92	83.54	N/A	11.39	15.21	12.91	N/A	13.38	06/10/1999	N/A
FMIVX	Phoenix Mid-Cap Value Fund - A	1.72	10.23	26.30	26.30	63.79	103.03	N/A	26.30	17.88	15.22	N/A	11.70	12/20/1997	N/A
SMCDX	Wells Fargo Advantage Mid Cap Disciplined Fund - Inv	0.99	6.44	18.27	18.27	54.67	91.94	N/A	18.27	15.65	13.93	N/A	17.29	12/31/1998	N/A
MID BLEND ◆															
GTAGX	AIM Mid Cap Core Equity Fund - A	1.12	6.20	11.10	11.10	35.85	53.52	173.24	11.10	10.75	8.95	10.57	12.75	06/09/1987	N/A
CAAPX	Ariel Appreciation Fund	2.09	6.96	10.94	10.94	29.15	51.63	232.27	10.94	8.90	8.68	12.76	12.55	12/01/1989	N/A
ARGFX	Ariel Fund	1.95	6.25	10.35	10.35	35.84	64.90	242.67	10.35	10.75	10.52	13.11	13.55	11/06/1986	N/A
CRMMX	CRM Mid Cap Value Fund - Inv ⊙	0.27	8.01	16.95	16.95	57.02	84.78	N/A	16.95	16.23	13.07	N/A	16.01	09/20/2000	N/A
RSVAX	RS Value Fund	1.56	8.59	16.37	16.37	68.05	182.79	87.79	16.37	18.89	23.11	6.50	8.89	06/30/1993	N/A
CBMDX	Wells Fargo Advantage C&B Mid Cap Value Fund - D	1.45	9.45	25.69	25.69	48.09	86.29	N/A	25.69	13.98	13.25	N/A	14.43	02/18/1998	N/A
MID GROWTH ◆															
PMCGX	Allianz CCM Mid-Cap Fund - Adm	-0.68	3.85	4.04	4.04	39.14	44.76	142.79	4.04	11.64	7.68	9.28	12.58	11/30/1994	N/A
TWCVX	American Century Vista Fund - Inv	0.53	8.92	9.05	9.05	37.49	55.33	91.08	9.05	11.20	9.21	6.69	10.58	11/25/1983	N/A
ARTMX	Artisan Mid Cap Fund - Inv	-0.49	6.71	9.65	9.65	37.17	37.12	N/A	9.65	11.11	6.52	N/A	17.30	06/27/1997	N/A
BARAX	Baron Asset Fund	0.67	7.40	14.64	14.64	63.90	66.99	144.54	14.64	17.90	10.80	9.35	13.31	06/12/1987	N/A
CCAFX	Calvert Capital Accumulation Fund - A	-1.44	5.12	6.14	6.14	14.72	6.72	71.54	6.14	4.68	1.31	5.54	8.25	10/31/1994	N/A
ACTWX	Columbia Acorn Select Fund - Z	3.54	10.51	19.68	19.68	57.64	89.81	N/A	19.68	16.38	13.67	N/A	15.30	11/22/1998	N/A
CUEGX	Credit Suisse Mid-Cap Core Fund - Common ^{▲▲▲}	-0.82	3.14	1.71	1.71	23.50	25.38	50.92	1.71	7.29	4.63	4.20	10.24	01/21/1998	N/A
FRSGX	Franklin Small-Mid Cap Growth Fund - A	-0.94	6.23	7.52	7.52	34.36	30.26	113.03	7.52	10.34	5.43	7.86	12.40	02/14/1992	2.00 / 7
MACGX	MSIF Trust Mid Cap Growth Portfolio - Adv	0.23	8.57	9.87	9.87	57.87	54.93	N/A	9.87	16.44	9.15	N/A	11.68	01/31/1997	2.00 / 7
PKSFX	Phoenix Small-Mid Cap Fund - I ^{▲▲▲▲}	0.21	4.93	12.05	12.05	31.41	34.90	157.58	12.05	9.53	6.17	9.92	10.14	10/18/1996	N/A
RIMSX	Rainier Small/Mid Cap Equity Portfolio - Inv ⊙	-0.51	8.24	14.67	14.67	58.17	85.01	204.80	14.67	16.51	13.09	11.79	14.98	05/10/1994	N/A
SMALL VALUE ◆															
PVADX	Allianz NFJ Small-Cap Value Fund - Adm ⊙	-0.12	8.53	18.73	18.73	61.67	114.62	252.63	18.73	17.37	16.50	13.43	14.82	11/01/1995	N/A
AVPAX	American Beacon Small Cap Value Fund - PlanAhead ⊙	1.52	9.46	15.36	15.36	49.95	111.15	N/A	15.36	14.46	16.12	N/A	16.58	03/01/1999	N/A
RYOFX	Royce Opportunity Fund - Svc	1.09	8.25	18.51	18.51	45.39	107.83	N/A	18.51	13.29	15.76	N/A	15.39	05/22/2000	N/A
RYTFX	Royce Total Return Fund - Svc	0.53	7.16	14.32	14.32	45.02	N/A	N/A	14.32	13.19	N/A	N/A	12.89	01/03/2002	N/A
SCVIX	Wells Fargo Advantage Small Company Value Fund - Adm ⊙	0.98	8.12	13.25	13.25	53.43	N/A	N/A	13.25	15.34	N/A	N/A	15.59	01/31/2002	N/A
SMALL BLEND ◆															
ASQIX	American Century Small Company Fund - Inv ⊙	1.11	8.28	6.15	6.15	45.87	115.04	N/A	6.15	13.41	16.55	N/A	12.44	07/31/1998	N/A
CNVAX	Calvert New Vision Small Cap Fund - A	-0.30	3.64	0.00	0.00	-0.62	7.52	N/A	0.00	-0.21	1.46	N/A	3.61	01/31/1997	N/A
FMACX	FMA Small Company Portfolio - Inst	0.31	7.00	20.74	20.74	51.49	77.31	197.18	20.74	14.85	12.14	11.51	13.14	07/31/1991	N/A
LSCRX	Loomis Sayles Small Cap Value Fund - Retail	0.81	7.53	17.97	17.97	52.00	76.53	205.67	17.97	14.98	12.04	11.82	11.82	05/13/1991	N/A
LSBAX	Lord Abbett Small-Cap Blend Fund - A	0.18	5.26	5.95	5.95	44.55	87.13	N/A	5.95	13.07	13.35	N/A	13.71	06/26/2001	N/A
MGSEX	Managers Special Equity Fund	1.11	8.59	12.12	12.12	34.32	49.33	157.05	12.12	10.33	8.35	9.90	13.65	06/01/1984	N/A
NBSEX	Neuberger Berman Genesis Fund - Trust ⊙	-0.95	6.34	7.26	7.26	48.04	89.06	266.34	7.26	13.97	13.58	13.86	14.77	08/26/1993	N/A
RYLPX	Royce Low-Priced Stock Fund - Svc ⊙	0.85	9.52	18.97	18.97	48.26	78.76	339.86	18.97	14.03	12.32	15.97	15.87	12/15/1993	N/A
RSPFX	RS Partners Fund	0.26	7.92	11.22	11.22	64.10	175.16	276.22	11.22	17.95	22.44	14.17	16.20	07/12/1995	N/A

FUNDNET™ PERFORMANCE UPDATE



Ticker Name	Cumulative Total Returns % periods ending December 31, 2006							Average Annual Total Returns % periods ending December 31, 2006				Date of Inception	Short-term Trading Fee (% / days)	
	1	3	YTD	1	3	5	10	1	3	5	10			LOF
	Month	Month		Year	Year	Year	Year	Year	Year	Year	Year			
SMALL BLEND cont.														
SSMVX Wells Fargo Advantage Small Cap Value Fund - Z	-0.88	6.83	12.99	12.99	56.07	117.84	N/A	12.99	16.00	16.85	N/A	17.94	12/31/1997	N/A
SMALL GROWTH														
ARTSX Artisan Small Cap Fund - Inv	-1.33	6.00	6.92	6.92	39.65	42.96	100.09	6.92	11.78	7.41	7.18	9.71	03/28/1995	N/A
BGRFX Baron Growth Fund	0.89	11.02	15.50	15.50	54.57	78.61	264.55	15.50	15.62	12.30	13.81	17.74	01/03/1995	N/A
BSCFX Baron Small Cap Fund	0.93	9.83	11.83	11.83	47.99	85.60	N/A	11.83	13.96	13.17	N/A	12.19	09/30/1997	N/A
HSLYX Hartford SmallCap Growth Fund - Y	-0.40	8.30	5.85	5.85	34.93	N/A	N/A	5.85	10.50	N/A	N/A	10.17	04/19/2002	N/A
MSSMX MSIF Small Company Growth Portfolio - B	0.35	11.23	11.55	11.55	50.20	67.53	277.89	11.55	14.52	10.87	14.22	13.38	01/02/1996	2.00 / 30
NBFSX Neuberger Berman Fasciano Fund - Inv	-0.27	5.96	4.86	4.86	21.09	43.46	110.74	4.86	6.59	7.48	7.74	11.31	11/10/1998	N/A
RYVPX Royce Value Plus Fund - Svc	0.40	10.44	19.35	19.35	73.18	165.61	N/A	19.35	20.09	21.58	N/A	23.51	06/14/2001	N/A
RSEGX RS Emerging Growth Fund	1.25	8.06	9.45	9.45	26.90	11.44	180.40	9.45	8.27	2.19	10.04	15.45	11/30/1987	N/A
RSSGX RS Smaller Company Growth Fund	1.41	7.53	4.62	4.62	28.85	26.33	190.24	4.62	8.82	4.79	11.24	11.84	08/15/1996	N/A
INTERNATIONAL/GLOBAL FUNDS														
AGAAIX AIM Global Aggressive Growth Fund - A	3.14	12.60	26.17	26.17	84.21	114.01	129.13	26.17	22.59	16.44	8.64	11.39	09/15/1994	N/A
AAIPX American Beacon International Equity Fund - PlanAhead	3.43	9.68	26.15	26.15	72.79	110.52	161.52	26.15	20.00	16.05	10.09	10.82	08/01/1994	2.00 / 90
ARTIX Artisan International Fund - Inv	3.72	10.54	25.56	25.56	71.92	80.05	235.85	25.56	19.80	12.48	12.88	14.67	12/28/1995	2.00 / 90
SGSCX DWS Global Opportunities Fund - S	2.66	11.66	22.01	22.01	78.21	113.96	220.94	22.01	21.24	16.43	12.37	12.49	09/10/1991	2.00 / 30
SCINX DWS International Fund - S	3.64	11.57	26.15	26.15	71.42	83.36	118.98	26.15	19.68	12.89	8.15	N/A	06/18/1953	2.00 / 30
HNCYX Hartford International Capital Appreciation Fund - Y	2.82	11.69	23.40	23.40	62.05	97.84	N/A	23.40	17.46	14.62	N/A	9.65	04/30/2001	N/A
MIGEX MSIF Global Value Equity Portfolio - B	2.95	9.16	21.05	21.05	45.46	54.69	130.12	21.05	13.30	9.12	8.69	9.79	01/02/1996	2.00 / 30
MIQBX MSIF International Equity Portfolio - B	2.21	7.89	22.21	22.21	55.32	97.12	202.93	22.21	15.81	14.54	11.72	12.33	01/02/1996	2.00 / 30
TEDIX Mutual Discovery Fund - A	3.17	8.85	23.02	23.02	68.75	100.51	243.11	23.02	19.05	14.93	13.12	13.43	12/31/1992	2.00 / 7
NBITX Neuberger Berman International Fund - Trust	3.57	12.43	25.08	25.08	101.39	155.50	N/A	25.08	26.28	20.64	N/A	10.33	06/29/1998	N/A
TEMFY Templeton Foreign Fund - A	3.03	9.64	19.93	19.93	56.75	86.90	134.10	19.93	16.16	13.32	8.88	13.62	10/05/1982	2.00 / 7
FINEX Templeton Foreign Smaller Companies Fund - A	4.45	11.88	23.86	23.86	65.06	133.43	153.82	23.86	18.18	18.48	9.76	10.88	09/20/1991	2.00 / 7
TEPLX Templeton Growth Fund, Inc. - A	2.26	8.31	21.81	21.81	54.12	85.36	180.19	21.81	15.51	13.14	10.85	14.06	11/29/1954	2.00 / 7
TEMWX Templeton World Fund - A	2.09	8.53	20.89	20.89	56.10	82.91	161.35	20.89	16.00	12.84	10.08	14.15	01/17/1978	2.00 / 7
EMERGING MARKETS														
MMKBX MSIF Emerging Markets Portfolio - B	6.48	19.73	37.65	37.65	128.72	230.60	185.16	37.65	31.76	27.02	11.05	11.08	01/02/1996	2.00 / 30
TEDMX Templeton Developing Markets Trust - A	4.91	16.08	28.29	28.29	106.32	221.27	130.25	28.29	27.31	26.29	8.70	9.70	10/16/1991	2.00 / 7
DOMESTIC EQUITY BENCHMARKS														
Dow Jones Industrial Average	2.11	7.39	19.05	19.05	27.53	39.04	134.80	19.05	8.44	6.81	8.91			
Domini 400 Social Index	1.35	6.29	13.24	13.24	28.65	32.06	130.24	13.24	8.76	5.72	8.70			
NASDAQ Composite	-0.62	7.15	10.39	10.39	23.05	27.52	95.82	10.39	7.16	4.98	6.95			
Russell 1000	1.28	6.95	15.46	15.46	36.69	39.10	129.14	15.46	10.98	6.82	8.64			
Russell 1000 Growth	0.34	5.93	9.07	9.07	22.05	14.20	69.91	9.07	6.87	2.69	5.44			
Russell 1000 Value	2.24	8.00	22.25	22.25	52.45	67.46	183.90	22.25	15.09	10.86	11.00			
Russell 2000	0.33	8.90	18.37	18.37	46.44	71.47	146.43	18.37	13.56	11.39	9.44			
Russell 2000 Growth	-0.24	8.77	13.35	13.35	34.94	39.79	61.03	13.35	10.51	6.93	4.88			
Russell 2000 Value	0.87	9.03	23.48	23.48	58.05	104.43	247.72	23.48	16.48	15.37	13.27			
Russell 2500	0.44	8.70	16.17	16.17	48.56	77.70	190.65	16.17	14.10	12.19	11.26			
Russell 2500 Growth	-0.23	8.24	12.26	12.26	39.16	44.37	98.70	12.26	11.64	7.62	7.11			
Russell 2500 Value	1.10	9.14	20.18	20.18	57.42	105.62	261.08	20.18	16.33	15.51	13.70			
Russell MidCap	-0.01	7.67	15.26	15.26	56.10	83.24	214.36	15.26	16.00	12.88	12.14			
Russell Midcap Growth	-0.90	6.95	10.66	10.66	43.25	48.40	128.52	10.66	12.73	8.22	8.62			
Russell Midcap Value	1.02	8.50	20.22	20.22	67.52	108.99	259.47	20.22	18.77	15.88	13.65			
S&P 500	1.40	6.70	15.79	15.79	34.70	35.03	124.47	15.79	10.44	6.19	8.42			
S&P MidCap 400	-0.49	6.99	10.32	10.32	44.64	67.69	253.95	10.32	13.09	10.89	13.47			
BLENDED BENCHMARKS														
60 S&P 500/40 LB Aggregate Bond	0.61	4.49	11.12	11.12	25.16	33.72	113.53	11.12	7.77	5.98	7.88			

FUNDSNETSM PERFORMANCE UPDATE



Cumulative Total Returns % periods ending December 31, 2006

Average Annual Total Returns % periods ending December 31, 2006

Ticker Name	Cumulative Total Returns % periods ending December 31, 2006							Average Annual Total Returns % periods ending December 31, 2006				Date of Inception	Short-term Trading Fee (% / days)
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	1 Year	3 Year	5 Year	10 Year		
INTERNATIONAL/GLOBAL BENCHMARKS													
MSCI EAFE® (G)	3.15	10.40	26.86	26.86	74.57	104.91	117.18	26.86	20.41	15.43	8.06		
MSCI EAFE® (Net MA Tax)	3.14	10.37	26.53	26.53	73.27	102.88	114.37	26.53	20.11	15.20	7.92		
MSCI EMF (G)	4.51	17.64	32.59	32.59	124.68	230.06	145.61	32.59	30.97	26.97	9.40		
MSCI World® (Net MA Tax)	2.06	8.46	20.50	20.50	52.57	63.90	112.94	20.50	15.12	10.39	7.85		
FIXED INCOME BENCHMARKS													
CitiGroup Broad Investment Grade Bond	-0.60	1.25	4.33	4.33	11.80	28.25	83.58	4.33	3.79	5.10	6.26		
CitiGroup World Government Bond	-1.86	1.80	6.12	6.12	9.05	49.74	66.64	6.12	2.93	8.41	5.24		
C/SFB High Yield	1.19	4.45	11.92	11.92	28.13	69.01	98.31	11.92	8.61	11.07	7.09		
LB Aggregate Bond	-0.58	1.24	4.33	4.33	11.50	27.98	83.12	4.33	3.70	5.06	6.24		
LB Government/Credit Bond	-0.76	1.04	3.78	3.78	10.69	28.65	83.56	3.78	3.44	5.17	6.26		
LB Intermediate Government/Credit Bond	-0.41	1.03	4.08	4.08	8.94	24.81	75.85	4.08	2.90	4.53	5.81		
LB Treasury Long Term	-2.17	0.49	1.85	1.85	16.83	39.83	108.95	1.85	5.32	6.94	7.65		
ML 1-3 Year Treasury Bill	0.02	0.91	3.96	3.96	6.65	14.93	58.10	3.96	2.17	2.82	4.69		
ML High Yield Master Cash Pay	1.09	4.17	11.64	11.64	27.16	59.93	94.13	11.64	8.34	9.85	6.86		
ML High Yield U.S. Corporate- BB-B Rated	0.93	3.86	10.70	10.70	25.77	52.63	85.78	10.70	7.94	8.83	6.39		

Total returns are historical and include change in share value and reinvestment of dividends and capital gains, if any. Cumulative total returns are reported as of the period indicated. Life of Fund figures are reported as of the inception date to the period indicated. These figures do not include the effect of sales charges, if any, as these charges are waived for contributions made through your company's employee benefit plans. If sales charges were included, returns would have been lower.

Although the information contained in this report has been carefully verified, its accuracy cannot be guaranteed. All numbers are unaudited.

Non-Fidelity mutual funds are managed by non-Fidelity entities. Please consult the prospectus for more information. If applicable, class of shares will vary. Please consult your plan documents for the specific class of shares available through your plan. Morningstar, Inc., provided data on the non-Fidelity mutual funds. Although the data is gathered from reliable sources, accuracy and completeness cannot be guaranteed by Morningstar.

The funds are arranged according to Morningstar categories. Categories for some equity funds may change over time. For details, please consult the fund's prospectus at fidelity.com.

Specific Funds

⊙ Closed to most new plans/accounts. Please consult the prospectuses for more details.

** Formerly known as Managers Capital Appreciation Fund.

^A Formerly known as Credit Suisse Capital Appreciation Fund.

^{AA} Formerly known as Constellation Sands Capital Select Growth Fund Class II.

^{AAA} Formerly known as Credit Suisse Mid-Cap Growth Fund.

^{AAAA} Formerly known as Class X.

Investment Risk

□ In general bond prices rise when interest rates fall, and vice versa. The effect is usually more pronounced for larger-term securities.

† Lower-quality debt securities involve greater risk of default and/or price changes due to changes in the credit quality of the issuer.

Ω The value of inflation-protected debt securities tends to change less due to changes in inflation than other types of bonds but may decrease with decreases in inflation or, as other debt securities, with increases in interest rates.

◆ Investments in smaller companies may involve greater risks than those of larger, more well-known companies.

❖ Foreign investments, especially those in emerging markets involve greater risks and may offer greater potential returns than U.S. investments. These risks include political and economic uncertainties of foreign countries, as well as the risk of currency fluctuations.

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Before investing in any mutual fund, please carefully consider the investment objectives, risks, charges and expenses. For this and other information, call or write Fidelity for a free prospectus. Read it carefully before you invest.



Mid Cap Value Funds

Screening Criteria as of 12/31/06:	Number of funds meeting criteria
1. Morningstar Fund Universe	21,556
2. Funds categorized by Morningstar as Mid Cap Value	387
3. Funds with 12b-1 fees below Category Average of 0.46%	275
4. Funds with performance ranked within top 50 th percentile of category over past 3 years ¹	101
5. Funds with performance ranked within top 50 th percentile of category over past 5 years ¹	58
6. Funds with Expense Ratio below category average of 1.42%	56
7. Manager Tenure at least 3 years	40
8. Total Fund Assets at least \$250 million	35
9. Funds that are open to new investment	20
10. Funds that meet all criteria and are included in product offering?	8
11. Funds for Discussion:	5
1. <i>Artisan Mid Cap Value Fund</i>	
2. <i>Fidelity Value Fund</i>	
3. <i>Goldman Sachs Mid Cap Value Fund – Class A*</i>	
4. <i>Janus Mid Cap Value Fund – Investor Class</i>	
5. <i>Phoenix Mid-Cap Value Fund – Class A</i>	

* Goldman Sachs will not accept mappings above \$10 Million. Another fund class with a lower expense ratio may be available, provided certain requirements are met.

¹Rank in category is based on total returns which include reinvested dividends and capital gains, if any, and exclude sales charges. Past performance is no guarantee of future results.

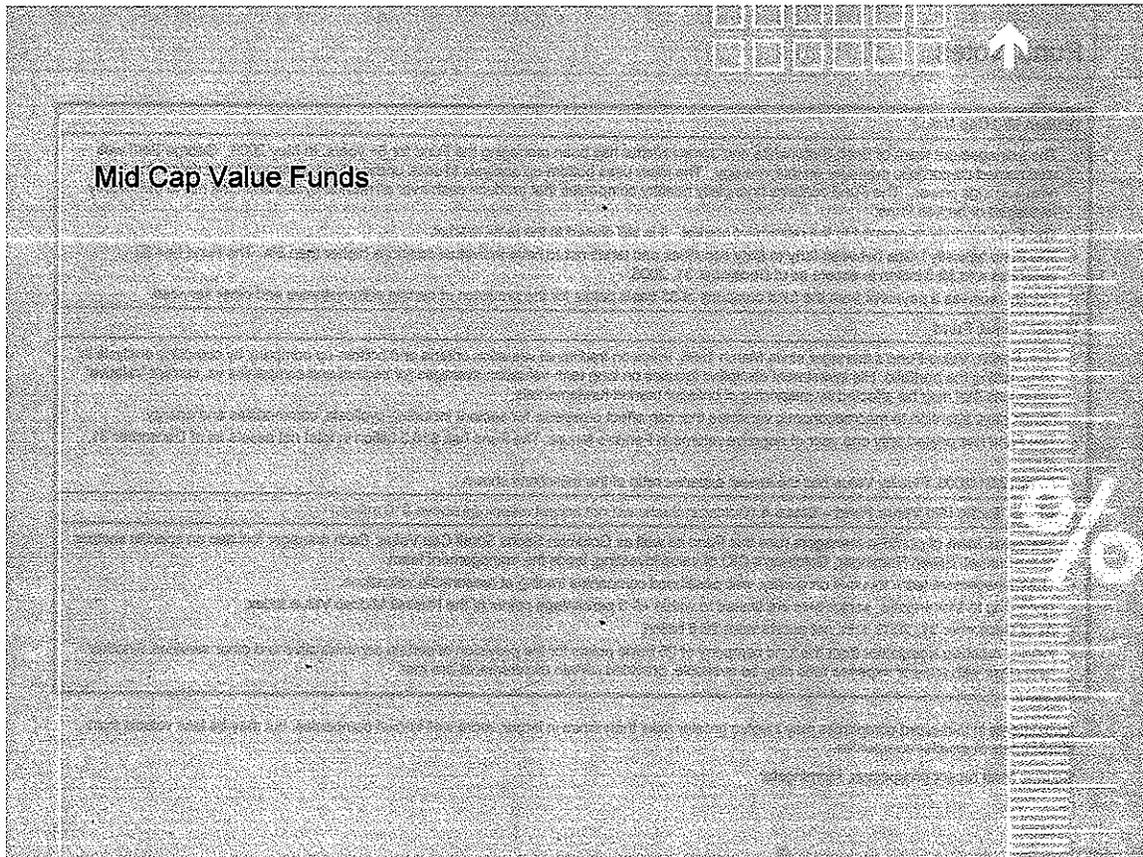
²To reduce the number to a manageable number, Investment Services research analysts have narrowed the list of funds for discussion as shown above. Further information and discussion about these or any of the other funds is available.

Qualitative factors that were used in narrowing the list of funds for discussion include, but are not limited to, the following: high industry, sector, or holding concentration, high levels of non-core holdings (i.e. cash, foreign, etc), above (below) average market cap relative to other funds in the category, high net assets or capacity constraints, regulatory concerns, record-keeping offsets, and/or operational considerations including timeliness of material fund and firm level communications from the fund company.

The complete list of funds that meet all screening criteria as of 12/31/06 and are included in product offering is displayed on the last page of this section.

Data for the criteria is obtained from Morningstar.

2



Fund Notes

Janus Mid-Cap Value Fund – Investor Class
<ul style="list-style-type: none"> • The Fund is sub-advised by Perkins, Wolf, McDonnell & Co and is co-managed by Tom Perkins and Jeff Kautz. Tom Perkins has managed the Fund since its inception. • As of April 21, 2003, all of the assets of the Berger Mid Cap Value – Investor Class were transferred into the Janus Mid-Cap Value Investor Class. Historical performance is related to Berger Mid Cap Value – Investor Class. • The managers seek companies that are out of market favor and are low priced relative to assets, earnings, cash flow or business franchise. They look for companies with strong managements and quality balance sheets. • The Fund has the highest cash position (7.2%) of all the investment options. Total net assets as of December 31, 2006 were \$6.5 billion. • Fidelity receives a payment from the fund company of 29 basis points for the provision of certain administrative and other services.
Phoenix Mid-Cap Value Fund – Class A
<ul style="list-style-type: none"> • The Fund is sub-advised by Sasco Capital. Co-Managers Dan Leary, Bruce Bottomley, and Mark Helderman take a contrarian value stance to approaching the market. Their philosophy revolves around finding undervalued investment ideas, doing independent research and adopting a long term (3 year) investment view. • Using fundamental analysis, the managers value companies by evaluating assets for restructuring opportunities and business segments. They also gauge the management's ability to fix, rebuild or grow the business. • This Fund is the most concentrated of the listed options with 44 holdings and 40% of total assets in the top 10 holdings. As of December 31, 2006, total net assets were \$541 million. • Fidelity receives a payment from the fund company of 35 basis points for the provision of certain administrative and other services.

Investments in mid-sized companies may involve greater risks than those in larger, more well known companies, but may be less volatile than investments in smaller companies.

Source: Most recent prospectus, Morningstar

4

Fund Notes

Artisan Mid Cap Value
<ul style="list-style-type: none"> • The management team of Scott Satterwhite and James Kieffer has been managing the Fund for 6+ years. In May 2006, George Sertl was also named co-portfolio manager on this strategy. The team uses bottom-up analysis to seek undervalued companies and determine long-term earnings power. The Fund contains financially healthy companies that produce cash over all market cycles and tend not to own highly leveraged or broken firms. • The Fund recently re-opened to the retirement market. It is still closed to the retail market. • The Fund typically holds between forty to sixty securities and tends not to have individual positions higher than 5%. The Fund has 52 securities and \$2.8 billion in assets as of December 31, 2006. • Fidelity receives a payment from the fund company of 35 basis points for the provision of certain administrative and other services.
Fidelity Value Fund
<ul style="list-style-type: none"> • Rich Fentin, Value Fund's manager since March 1996, relies on traditional valuation criteria and bottom-up company by company analysis in constructing the portfolio. His investment discipline focuses on long term valuation averages for sectors and companies vs. current "relative" valuations that may be affected by mispricing of broader market fundamentals. • Fentin pays attention to macroeconomic variables that can affect prospects for sectors including cyclicals, commodities and energy. • The Fund has posted only one year of negative returns in Fentin's tenure. The Fund has \$18.3 billion in total net assets as of December 31, 2006. • As of 12/31/2006, Fidelity Value has the lowest expense ratio of the selections shown.
Goldman Sachs Mid Value Fund – Class A (Goldman Sachs will not accept mappings above \$10 million)
<ul style="list-style-type: none"> • The same team of portfolio managers runs this Fund as well as Goldman Sachs Small Cap Value. Each manager focuses on specific sectors of the market. Eileen Rominger, Goldman's CIO of value investing, leads the management team. • The management team focuses on quality, well positioned companies trading at reasonable valuations. • According to Morningstar, sector bets are limited to within +/- 3 percentage points of the Russell Midcap Value Index. • As of December 31, 2006, total net assets were \$6.8 billion. • Fidelity receives a payment from the fund company of 25 basis points for the provision of certain administrative and other services. Another fund class with a lower expense ratio may be available, provided certain requirements are met.

Investments in mid-sized companies may involve greater risks than those in larger, more well known companies, but may be less volatile than investments in smaller companies.

Source: Most recent prospectus, Morningstar

3

Current Performance

Understanding investment performance: As you review this update, please remember that the performance data stated represents past performance, which does not guarantee future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your shares. Current performance may be higher or lower than the performance stated. Periods of market strength may not be repeated. To learn more or to obtain the most recent month-end performance, call Fidelity or visit www.401k.com.

% Rank in Category is the fund's total-return percentile rank relative to all funds that have the same Morningstar Category. The highest (or most favorable) percentile rank is one and the lowest (or least favorable) percentile rank is 100. The top-performing fund in a category will always receive a rank of one. % Rank in Category is based on total returns, which include reinvested dividends and capital gains, if any, and exclude sales charges.

HISTORICAL PERFORMANCE Average Annual Total Return for Period Ending December 31, 2006

Fund Name:	4Q 2006	1 YR	MStar Count Rank	3 YR Rank	MStar Count Rank	5 YR Rank	MStar Count Rank	10 YR Rank	LOF	Inception Date	Short-term Trading Fee (% / days)	Expense Ratio	Expense Ratio Date
Janus Mid Cap Value Fund - Investor Class	7.90	15.25	14.81	12.76	N/A	17.59	08/12/1998	N/A	0.82	10/31/2005			
Russell Midcap Value	8.50	20.22	18.77	15.88	13.65								
Morningstar Mid-Cap Value Funds (Count)	8.04	15.89	377	14.01	268	11.55	186	10.86	N/A			1.42	
Morningstar Mid-Cap Value % rank in Category			56%	48%	37%	N/A							
Phoenix Mid-Cap Value Fund - Class A	10.23	28.30	17.88	15.22	N/A	11.70	12/20/1997	N/A	1.25	06/30/2006			
Russell Midcap Value	8.50	20.22	18.77	15.88	13.65								
Morningstar Mid-Cap Value Funds (Count)	8.04	15.89	377	14.01	268	11.55	186	10.86	N/A			1.42	
Morningstar Mid-Cap Value % rank in Category			1%	7%	6%	N/A							

6

Current Performance

Understanding investment performance: As you review this update, please remember that the performance data stated represents past performance, which does not guarantee future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your shares. Current performance may be higher or lower than the performance stated. Periods of market strength may not be repeated. To learn more or to obtain the most recent month-end performance, call Fidelity or visit www.401k.com.

% Rank in Category is the fund's total-return percentile rank relative to all funds that have the same Morningstar Category. The highest (or most favorable) percentile rank is one and the lowest (or least favorable) percentile rank is 100. The top-performing fund in a category will always receive a rank of one. % Rank in Category is based on total returns, which include reinvested dividends and capital gains, if any, and exclude sales charges.

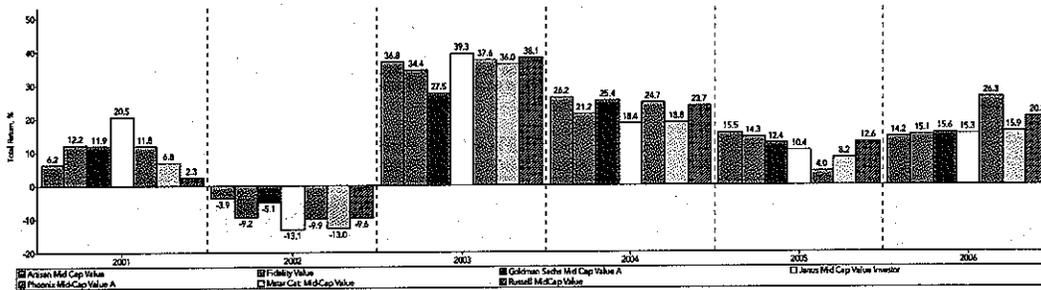
HISTORICAL PERFORMANCE Average Annual Total Return for Period Ending December 31, 2006

Fund Name:	4Q 2006	1 YR	MStar Count Rank	3 YR Rank	MStar Count Rank	5 YR Rank	MStar Count Rank	10 YR Rank	LOF	Inception Date	Short-term Trading Fee (% / days)	Expense Ratio	Expense Ratio Date
Artisan Mid Cap Value Fund - Investor Class	7.78	14.20	18.50	16.96	N/A	15.91	03/28/2001	N/A	1.20	09/30/2006			
Russell Midcap Value	8.50	20.22	18.77	15.88	13.65								
Morningstar Mid-Cap Value Funds (Count)	8.04	15.89	377	14.01	268	11.55	186	10.86	N/A			1.42	
Morningstar Mid-Cap Value % rank in Category			68%	4%	2%	N/A							
Fidelity Value Fund	7.14	15.09	16.81	14.23	12.00	14.45	12/01/1978	N/A	0.66	10/31/2006			
Russell Midcap Value	8.50	20.22	18.77	15.88	13.65								
Morningstar Mid-Cap Value Funds (Count)	8.04	15.89	377	14.01	268	11.55	186	10.86	N/A			1.42	
Morningstar Mid-Cap Value % rank in Category			58%	16%	12%	41%							
Goldman Sachs Mid Cap Value Fund - Class A	8.43	15.61	17.68	14.55	N/A	11.57	09/15/1997	N/A	1.17	08/31/2006			
Russell Midcap Value	8.50	20.22	18.77	15.88	13.65								
Morningstar Mid-Cap Value Funds (Count)	8.04	15.89	377	14.01	268	11.55	186	10.86	N/A			1.42	
Morningstar Mid-Cap Value % rank in Category			50%	9%	11%	N/A							

5

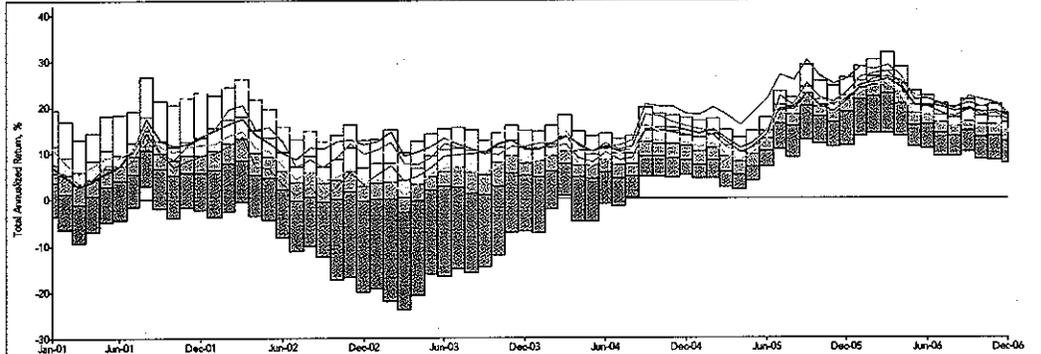
Historical Performance as of December 29, 2006

Calendar Year Returns



Rolling 36 Month Performance

Gray bars indicate the performance ranking quartile within Morningstar Midcap Value Universe.



Created by MPI Stylus. Data Source: Morningstar as of December 2006. The Russell MidCap Value is shown as a market proxy, and is not necessarily the benchmark for all of the funds. Refer to the Fund Overviews for fund benchmark information.

8

Current Performance Notes

Total returns are historical and include change in share value and reinvestment of dividends and capital gains, if any. Cumulative total returns are reported as of the period indicated. Life of Fund figures are reported as of the inception date to the period indicated. These figures do not include the effect of sales charges, if any, as these charges are waived for contributions made through your company's employee benefit plans. If sales charges were included, returns would have been lower.

Morningstar, Inc., provided data on the non-Fidelity mutual funds. Although the data is gathered from reliable sources, accuracy and completeness cannot be guaranteed by Morningstar.

Performance of an index is not illustrative of any particular investment and an investment cannot be made directly in an index.

With the exception of domestic equity mutual funds, investment options have been assigned to investment categories based on Fidelity's analysis. Fidelity has verified the accuracy of the placement of certain third party non-mutual funds with either the plan sponsor or the plan sponsor's consultant. Within Domestic Equities, mutual funds are listed according to their actual Morningstar categories as of the date indicated. Morningstar categories are based on a fund's style as measured by its underlying portfolio holdings over the past 3 years and may change at any time. These style calculations do not represent the funds' objectives and do not predict the funds' future styles.

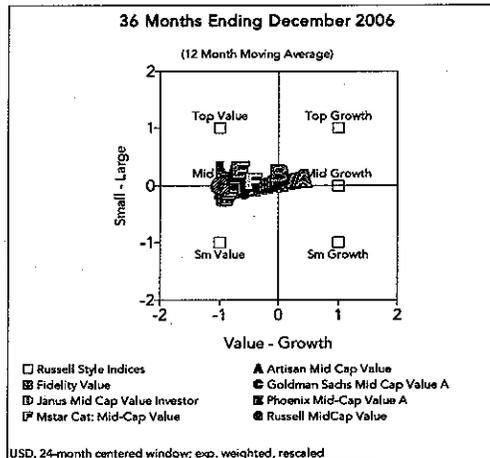
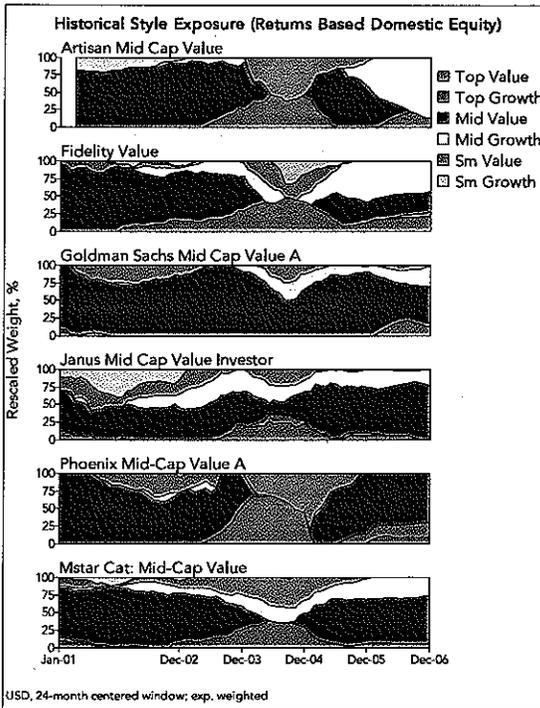
The Morningstar Category Average is the average return for the peer group based on the returns of each individual fund within the group, for the period shown. This average assumes reinvestment of dividends and capital gains, if any, and excludes sales charges.

Investment Risk

Investments in mid-sized companies may involve greater risk than those of larger, more well known companies, but may be less volatile than investments in smaller companies.

7

Style Analysis as of December 29, 2006 (Returns-Based Domestic Equity)



Correlation to Russell Mid-Cap Value

Artisan Mid Cap Value	0.86
Fidelity Value	0.94
Goldman Sachs Mid Cap Value A	0.94
Janus Mid Cap Value Investor	0.96
Phoenix Mid-Cap Value A	0.81
Mstar Cat: Mid-Cap Value	0.97

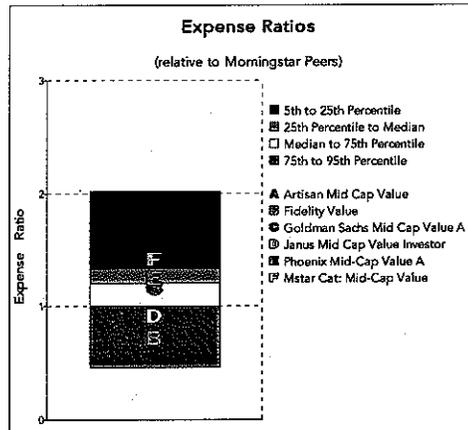
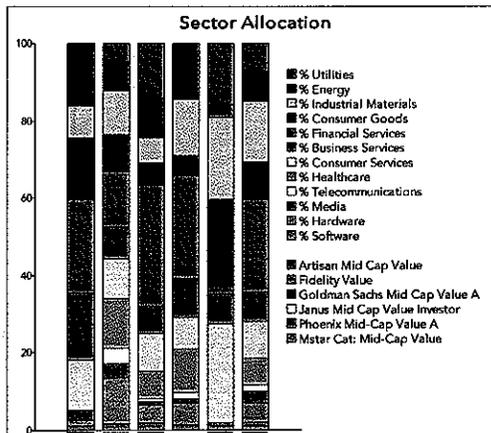
Created by MPI Stylus. Data Source: Morningstar as of December 2006. The Russell Mid-Cap Value is shown as a market proxy, and is not necessarily the benchmark for all of the funds. Refer to the Fund Overviews for fund benchmark information. Please refer to the Glossary for definitions and methodology.

10

Fund Characteristics as of December 29, 2006

Source: Morningstar, as of last reported date.

	Morningstar Category	Net Assets \$MM	Turnover Ratio	% Cash	% Assets in Top 10 Holdings	Total Number of Holdings	P/E Ratio	Geo Avg Mkt Cap \$MM	Manager Tenure
Artisan Mid Cap Value	Mid-Cap Value	2847.5	48.0	3.7	29.1	54.0	13.8	3644.8	5.0
Fidelity Value	Mid-Cap Value	18254.2	36.0	2.8	12.1	299.0	18.9	8414.0	11.0
Goldman Sachs Mid Cap Value A	Mid-Cap Value	3879.6	49.0	4.4	22.7	93.0	16.4	6884.9	7.0
Janus Mid Cap Value Investor	Mid-Cap Value	5373.4	95.0	7.2	14.2	147.0	17.8	6962.4	8.0
Phoenix Mid-Cap Value A	Mid-Cap Value	395.2	16.0	6.1	40.1	44.0	19.9	6045.0	9.0
Mstar Cat: Mid-Cap Value	Mid-Cap Value	329.1	75.0	4.9	23.1	131.0	14.8	7037.3	NA



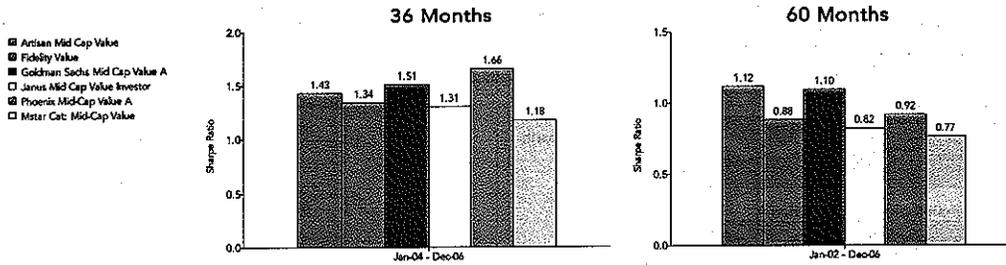
Past performance is no guarantee of future results.

Created by MPI Stylus. Data Source: Morningstar as of December 2006. The Russell Mid-Cap Value is shown as a market proxy, and is not necessarily the benchmark for all of the funds. Refer to the Fund Overviews for fund benchmark information.

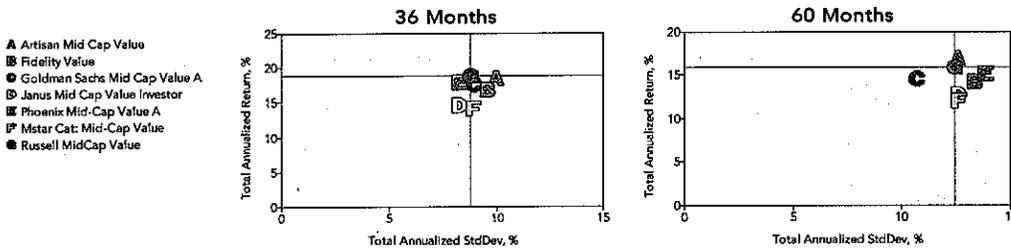
9

Risk/Return Analysis as of December 29, 2006

Sharpe Ratio



Performance vs. Risk

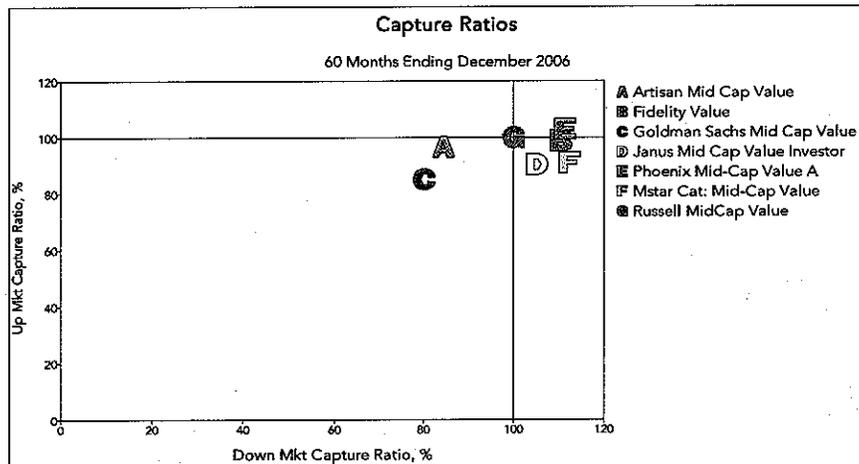


Created by MPI Stylus. Data Source: Morningstar as of December 2006. The Russell MidCap Value is shown as a market proxy, and is not necessarily the benchmark for all of the funds. Refer to the Fund Overviews for fund benchmark information.

Please refer to the Glossary for definitions and methodology.

12

Up Market/Down Market Capture as of December 29, 2006



Fund	Up Mkt Capture Ratio, %	Down Mkt Capture Ratio, %
Artisan Mid Cap Value	96.51	84.41
Fidelity Value	98.80	110.56
Goldman Sachs Mid Cap Value A	85.35	80.26
Janus Mid Cap Value Investor	90.40	105.15
Phoenix Mid-Cap Value A	103.13	111.46
Mstar Cat: Mid-Cap Value	90.95	112.37

Created by MPI Stylus. Data Source: Morningstar as of December 2006. The Russell MidCap Value is shown as a market proxy, and is not necessarily the benchmark for all of the funds. Refer to the Fund Overviews for fund benchmark information.

Please refer to the Glossary for definitions and methodology.

11

Funds that meet all screening criteria as of 12/31/06 and are included in product offering:

1. Artisan Mid Cap Value	ARTQX
2. Fidelity Value	FDVLX
3. Goldman Sachs Mid Value A*	GCMAX
4. Goldman Sachs Mid Value Inst*	GSMCX
5. Janus Mid Cap Value Investor	JMCVX
6. Phoenix Mid-Cap Value A	FMIVX
7. Vanguard Selected Value	VASVX
8. Wells Fargo Adv Mid Cap Discipline Inv	SMCDX

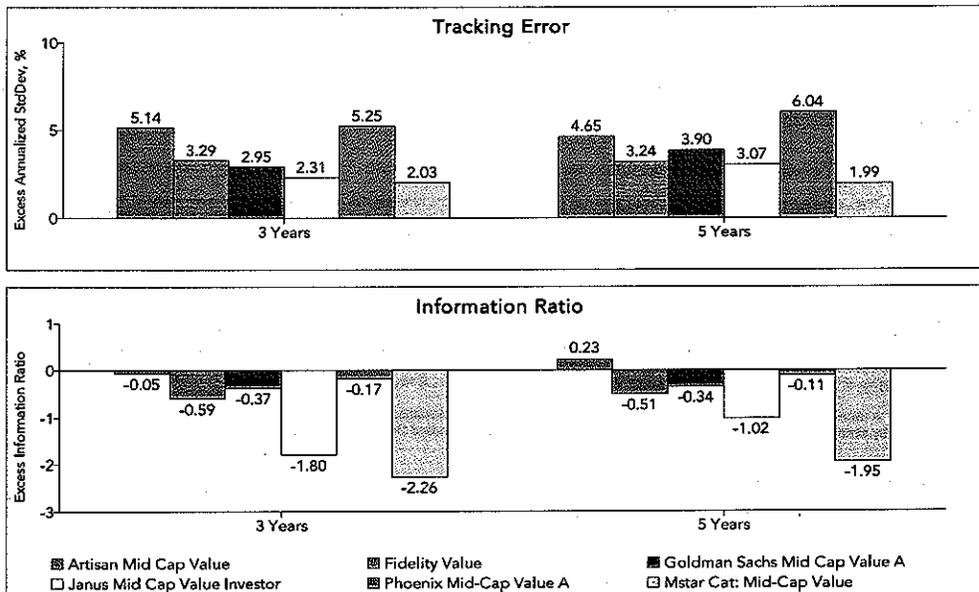
*Goldman Sachs will not accept mappings above \$10 Million.

Qualitative factors determined by Investment Services research analysts were used in narrowing the list of funds for discussion. These factors include, but are not limited to, the following: significantly high industry, sector, or holding concentration, significantly high levels of non-core holdings (i.e. cash, foreign, etc), above (below) average market cap relative to other funds in the category, high net assets or capacity constraints, regulatory concerns, recordkeeping offsets, and/or operational considerations including timeliness of material fund and firm level communications from the fund company.

Please note that the non-Fidelity funds displayed above currently have recordkeeping arrangements with Fidelity. Investment minimums and/or other restrictions may apply. Funds must be pre-cleared with mutual fund companies via Fidelity before plan implementation.

14

Modern Portfolio Theory (MPT) Statistics as of December 29, 2006



Tracking Error represents the standard deviation of excess returns.
Information Ratio represents the excess return (fund return - benchmark return) per unit of Tracking Error.

Created by MPI Stylus. Data Source: Morningstar as of December 2006. The Russell MidCap Value is shown as a market proxy, and is not necessarily the benchmark for all of the funds. Refer to the Fund Overviews for fund benchmark information.

Please refer to the Glossary for definitions and methodology.

13

Glossary of Analytical Terms

Capture Ratios: These are Stylus-generated statistics. The DownMarket Capture Ratio is a downside statistic which represents in percentage terms the average degree of a benchmark return that has been experienced by the Portfolio in negative returning periods. A DownMarket capture of 40%, for example, indicates that over the historical period in question a fund has experienced only 40% of the benchmark's negative returns. Conversely, the UpMarket Capture Ratio represents in percentage terms the average degree of a benchmark return that has been experienced by the Portfolio in positive returning periods. An UpMarket capture of 40%, for example, indicates that over the historical period in question a fund has experienced only 40% of the benchmark's positive returns.

Correlation: A standardized measure of Co-movement between two variables, with a correlation of 1.0 indicating perfect positive correlation and -1.0 indicating perfect negative correlation. It is also the square root of the R-Squared measure, and can therefore be calculated from a regression. An algebraic method of calculation is $Cov_{a,b} / (SD_a)(SD_b)$ where $Cov_{a,b}$ =Covariance between variables a & b; SD_a =Standard Deviation of variable a; and SD_b =Standard Deviation of variable b.

Excess (Performance): Portfolio Return - Benchmark Return. Note that Excess in this case refers to negative as well as positive returns.

Sharpe Ratio: A Risk-adjusted return measure that uses total risk (Std Deviation) as the relevant risk proxy. It generates a measure of return per unit of total risk. Note that this measure does not consider investment style and is assuming normality of return distributions. The calculation is $R_p - R_f / SD_e$ where R_p =Portfolio Return; R_f =Risk-free rate; and SD_e =Standard Deviation of $R_p - R_f$ returns.

Standard Deviation: A volatility measure used as a risk proxy. Standard Deviation is a statistical measurement of dispersion about an average, which depicts how widely a stock or portfolio's returns varied over a certain period of time. The Stylus calculation is the square root of: $(E(R_p - R_m)^2) / (N - 1)$ where E =Sum; R_p =Portfolio Return; R_m =Portfolio Mean; and N =Number of observations.

Style Exposure: Estimates a fund's historical behavior based on performance. Return's based style analysis compares a fund's returns to those of a set of benchmark indices to determine which combination of indices best explains fund performance. This asset mix is calculated from the Quadratic Programming methodology employed by Stylus to estimate a Portfolio's style exposures. In order to generate the appropriate style mix, Stylus solves a form of following equation: $MinVar[R_p - E(wRsb)]$ where $MinVar$ =Minimize Variance; R_p =Portfolio Return; E =Sum; w =Weight; Rsb =Return of a Style Benchmark.

Tracking Error: A measure of 'active management risk' represented by the standard deviation of Excess Returns. This is risk that could theoretically be diversified away by simply holding the relevant index. Note that tracking error, like Standard Deviation, considers upside volatility as well as downside volatility in its calculation.

Tracking Information Ratio: This represents the Excess return (Fund Return - Benchmark Return) per unit of Tracking Error. This helps to determine whether investors in the fund have been rewarded for assuming the fund's level of Active Management Risk. (Note: This is the closest Stylus comes to an actual Information Ratio. An Information Ratio is Alpha divided by Tracking Error rather than Excess Return divided by Tracking Error. The differences will generally be negligible, but since Alpha is adjusted by a fund's Beta, different results could be generated for very High-Beta or very Low-Beta funds.)

Before investing in any mutual fund, please carefully consider the investment objectives, risks, charges and expenses. For this and other information, call or write Fidelity for a free prospectus. Read it carefully before you invest.

**NORTH DAKOTA PUBLIC EMPLOYEES'
DEFINED CONTRIBUTION PLAN
RETIREMENT BD OF PUBLIC EE**

Service Review for the Year Ended 12/31/2006

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***Fidelity Investments®
Tax-Exempt Services Company***

A division of Fidelity Investments Institutional Services Company, Inc.

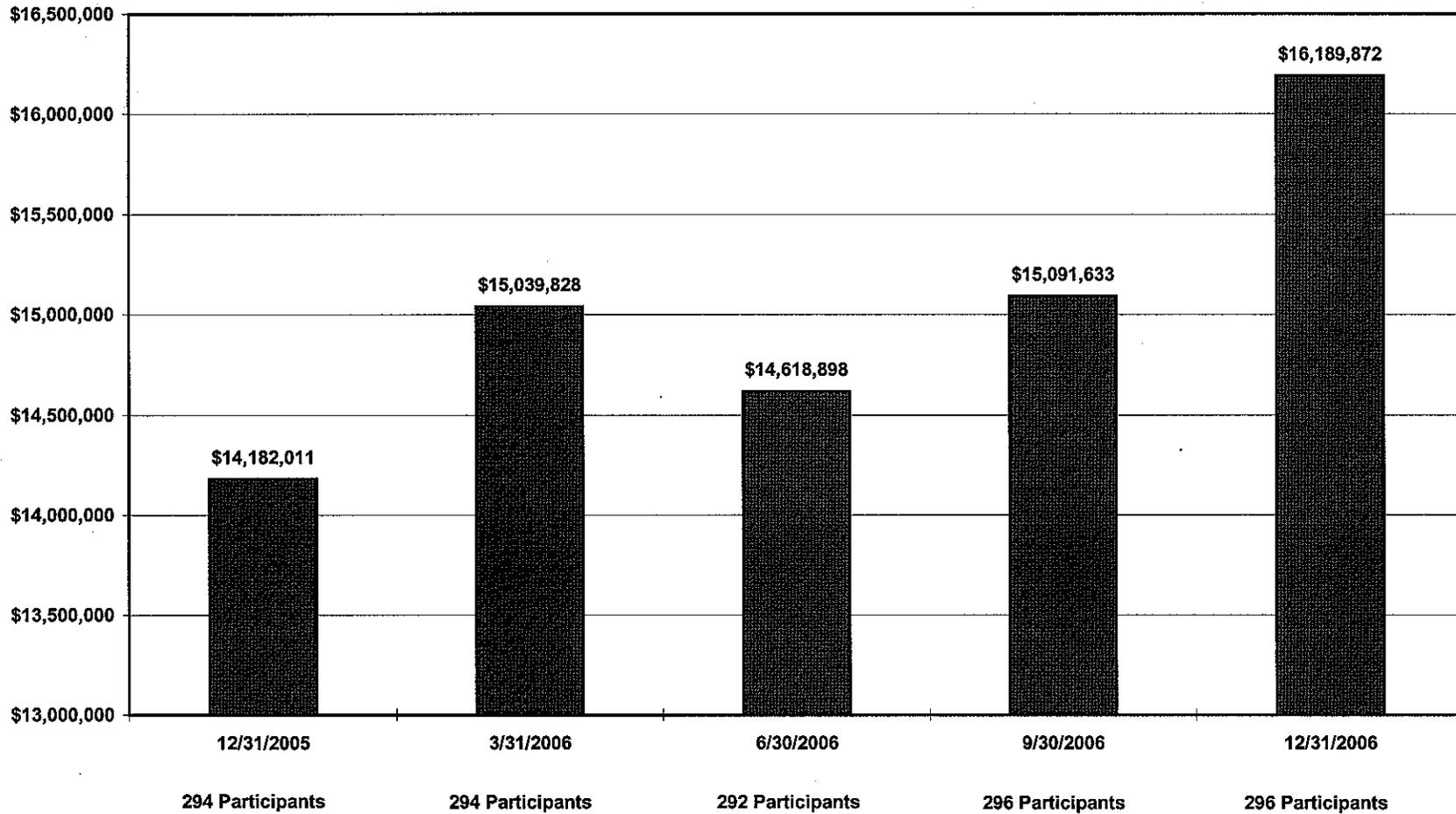
82 Devonshire Street, Boston, MA 02109



Table of Contents

Plan Assets Under Management at Fidelity.....	1
Investment Options.....	2
Asset Allocation by Fund.....	3
Comparative Asset Allocation.....	4
Contribution Allocation.....	5
Contributions by Source.....	6
Distribution Activity.....	7
Cash Flow Summary.....	8
Participant Overview.....	9
Average Participant Balance.....	10
Average Balance by Age.....	11
Participants with a Balance by Fund.....	12-14
Number of Funds per Participant.....	15
Single Fund Balances.....	16
Single Fund Balances by Age.....	17
Participant Account Activity by Type.....	18
Account Access Comparison.....	19
Participant Access Volumes.....	20
Major Market Indices.....	21
Individual Fund Performance.....	22-25
Comparative Historical Performance.....	26-28

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	Fid Mgd Retm Adv	Fid Puritan	Fid Growth Company Spartan U.S. Equity Index Fid Equity Income Mid-Sized Growth Fidelity Low P. Str. Fid Mid Cap Stock Allz Nij Smcoval Ad Dreyfus Mid Cap Index Fid Blue Chip Growth Fid Dividend Growth Dreyfus 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 on 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. 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.

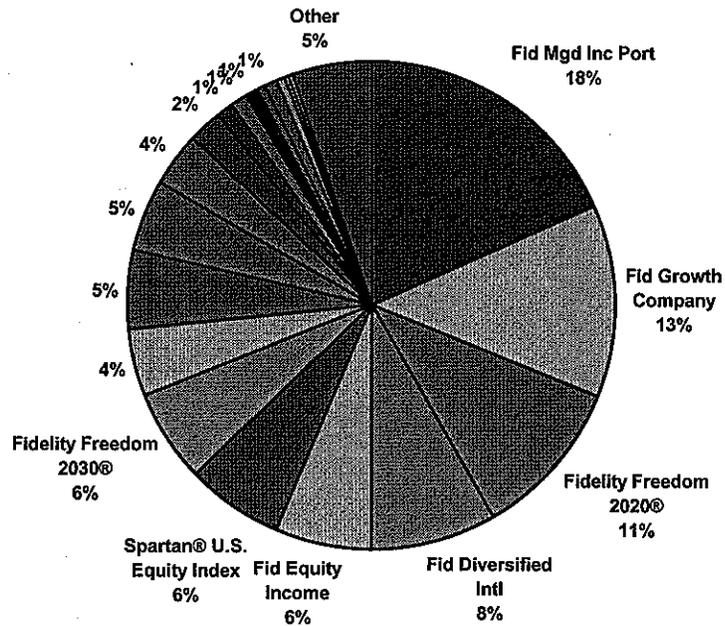
If your plan offers Asset Manager funds please note, the portfolio manager of each of the Asset Manager funds has the flexibility to periodically shift investments between the three asset classes, depending on the current outlook for the various markets. The risk level of the Asset Manager fund(s) cannot 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.

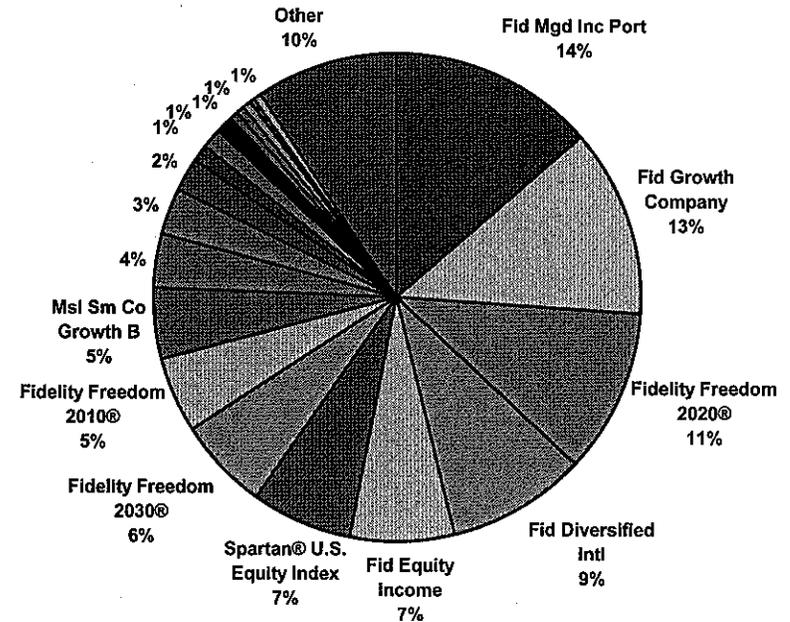
Asset Allocation by Fund

as of 1/1/2006



Total Market Value: \$14,182,011

as of 12/31/2006



Total Market Value: \$16,189,872

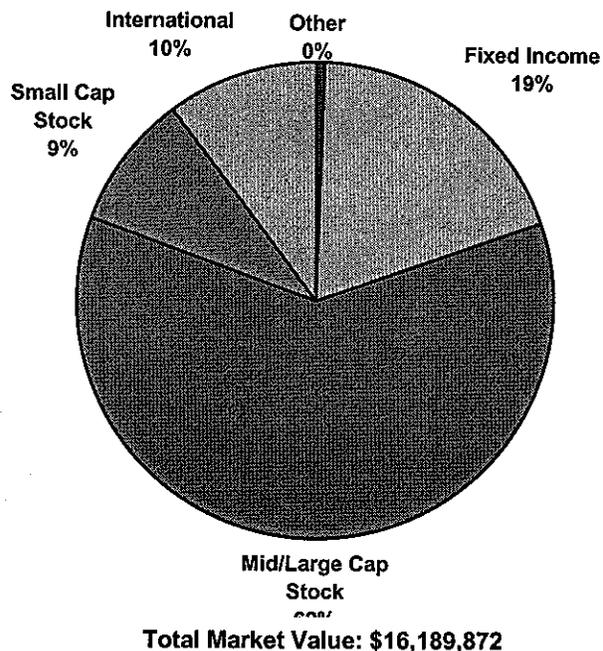
■ Fid Mgd Inc Port	■ Fid Growth Company	■ Fidelity Freedom 2020®	■ Fid Diversified Intl	■ Fid Equity Income
■ Spartan® U.S. Equity Index	■ Fidelity Freedom 2030®	■ Fidelity Freedom 2010®	■ Msi Sm Co Growth B	■ Pimco Tot Return Adm
■ Fid Puritan	■ Fidelity Low Pr Stk	■ Allinz Nfj Smcprval Ad	■ Fidelity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

The information on this page is updated monthly on PSW.

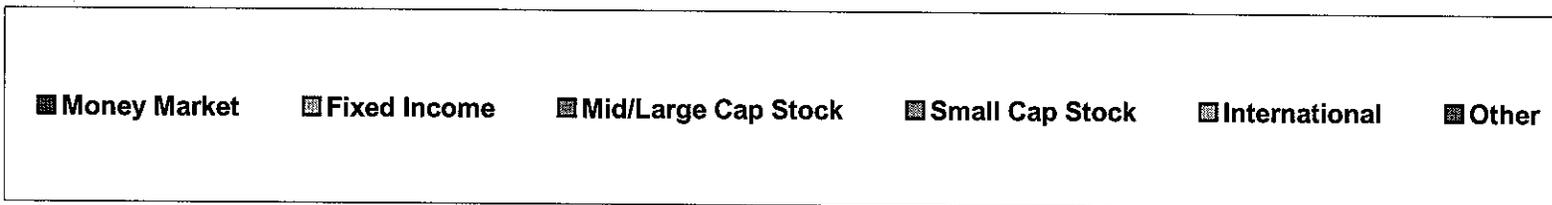
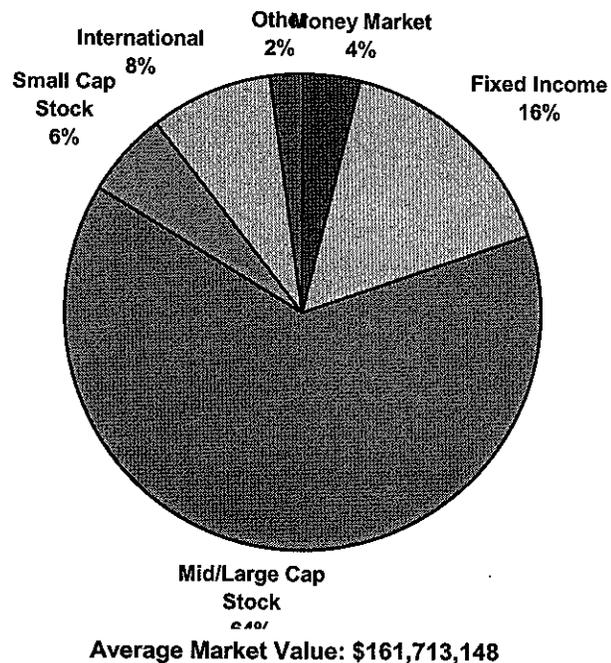
Comparative Asset Allocation

as of 12/31/2006

NORTH DAKOTA PUBLIC EMPLOYEES' DEFINED CONTRIBUTION PLAN RETIREMENT BD OF PUBLIC EE



AVG. FITSCO PUBLIC SECTOR*



* 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.

Contributions by Source

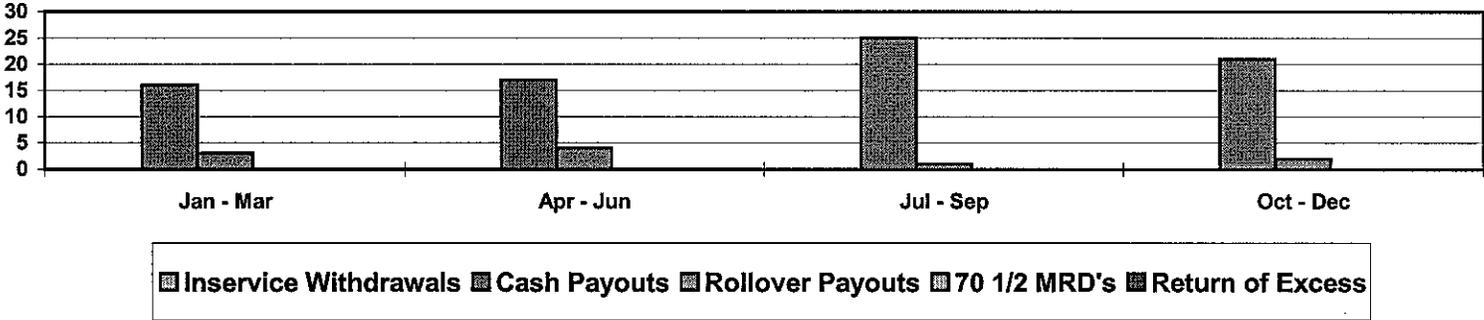
1/1/2006 - 12/31/2006

Sources of Contributions	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Total
Employer	\$ 123,688	\$ 122,705	\$ 128,333	\$ 129,494	\$ 504,219
Employee	\$ 119,865	\$ 118,870	\$ 124,334	\$ 125,149	\$ 488,218
After Tax	\$ 221	\$ 261	\$ 261	\$ 573	\$ 1,316
Mutual Fund Window	\$ 5,923	\$ 6,656	\$ 6,838	\$ 6,586	\$ 26,004
Mf Window Before Tax	\$ 5,751	\$ 6,462	\$ 6,639	\$ 6,394	\$ 25,246
Total Contributions	\$ 255,448	\$ 254,954	\$ 266,404	\$ 268,197	\$ 1,045,003

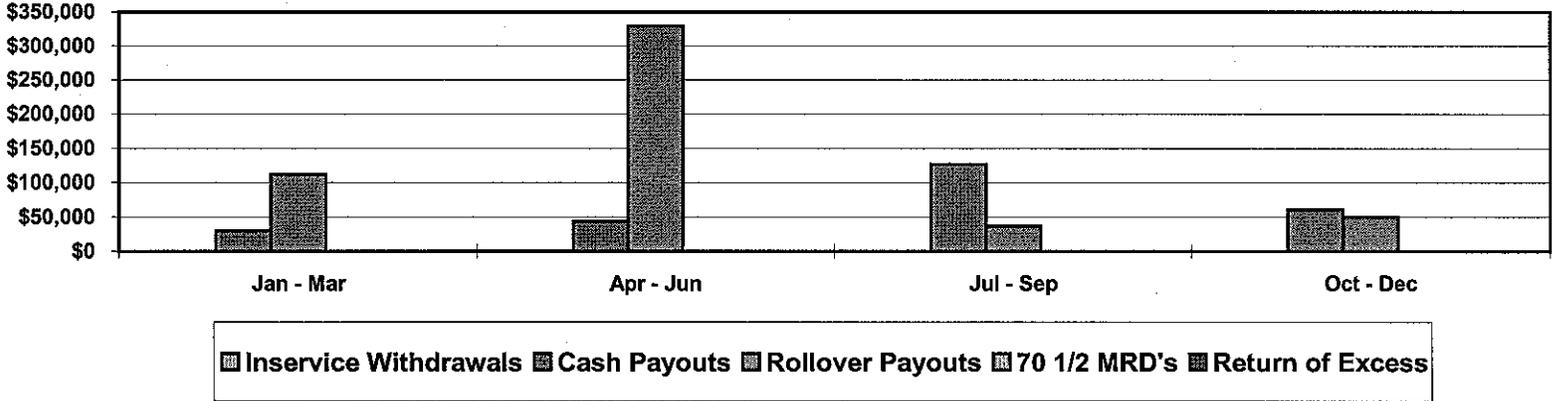
Distribution Activity

1/1/2006 - 12/31/2006
Volumes

of Distributions



Dollars



Cash Flow Summary

<i>Cash Inflow:</i>	Year Ending 12/31/2005	Year Ending 12/31/2006
Balance Forward(1)	\$19,546	\$50,933
Contributions	\$1,105,211	\$1,045,003
Total Cash Inflow:	\$1,124,757	\$1,095,936

<i>Cash Outflow:</i>	Year Ending 12/31/2005	Year Ending 12/31/2006
Withdrawals	(\$563,151)	(\$788,945)
Fees	(\$10,080)	(\$11,291)
Total Cash Outflow:	(\$573,231)	(\$800,236)

NET CASH FLOW:	\$551,526	\$295,700
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Definitions of Cash Flow Items:

(1) Balance Forward - Conversion/Outside assets updated to participant accounts
 The information on this page is updated monthly on PSW.

Participant Overview

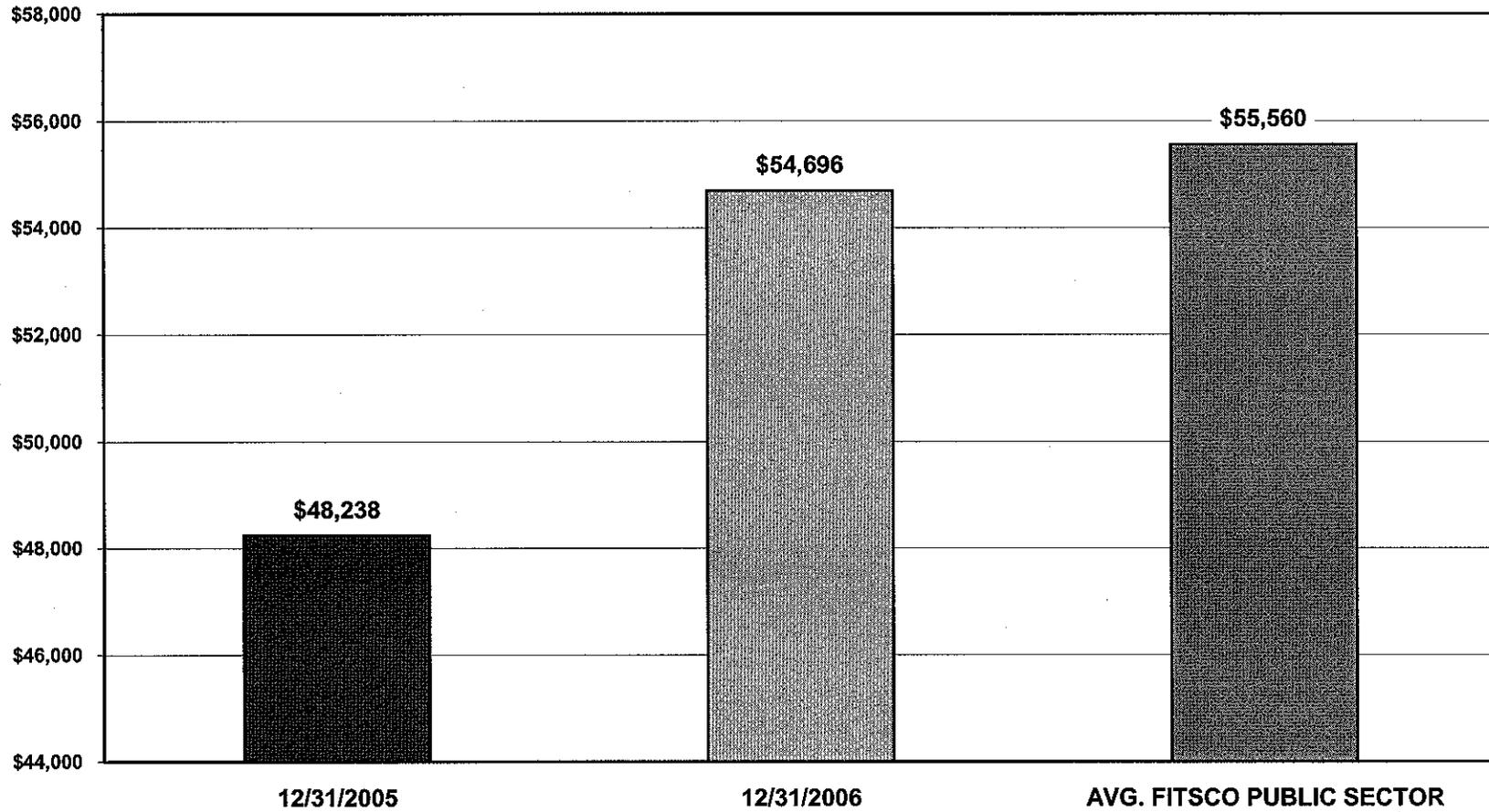
Total #	1/1/2006	12/31/2006
Participants (1)	294	296
Inactive Participants (2)	0	0
Suspended w/Balances (3)	0	0
Terminated w/ Balances (4)		
< \$5,000	3	5
> \$5,000	47	48
Active Participants (5)	244	243

Definitions of Participant Totals

- (1) Participants: Number of Participants with Account Balances.
- (2) Inactive Participants: Number of Participants with Status Codes of 'I' or 'Q' with Balances (Example: Participants who have revoked their contribution deferral percent; however, are still employees).
- (3) Suspended w/Balances: Number of Participants with Status Code of 'S' with Balances (Example: Participants who have taken financial hardship withdrawals and are suspended for a period of time per the plan document).
- (4) Terminated w / Balances: Number of Participants with Status Codes of 'T', 'R', or 'D' with Balances.
- (5) Active Participants: Number of Participants with a Status Code of 'A' with Balances.

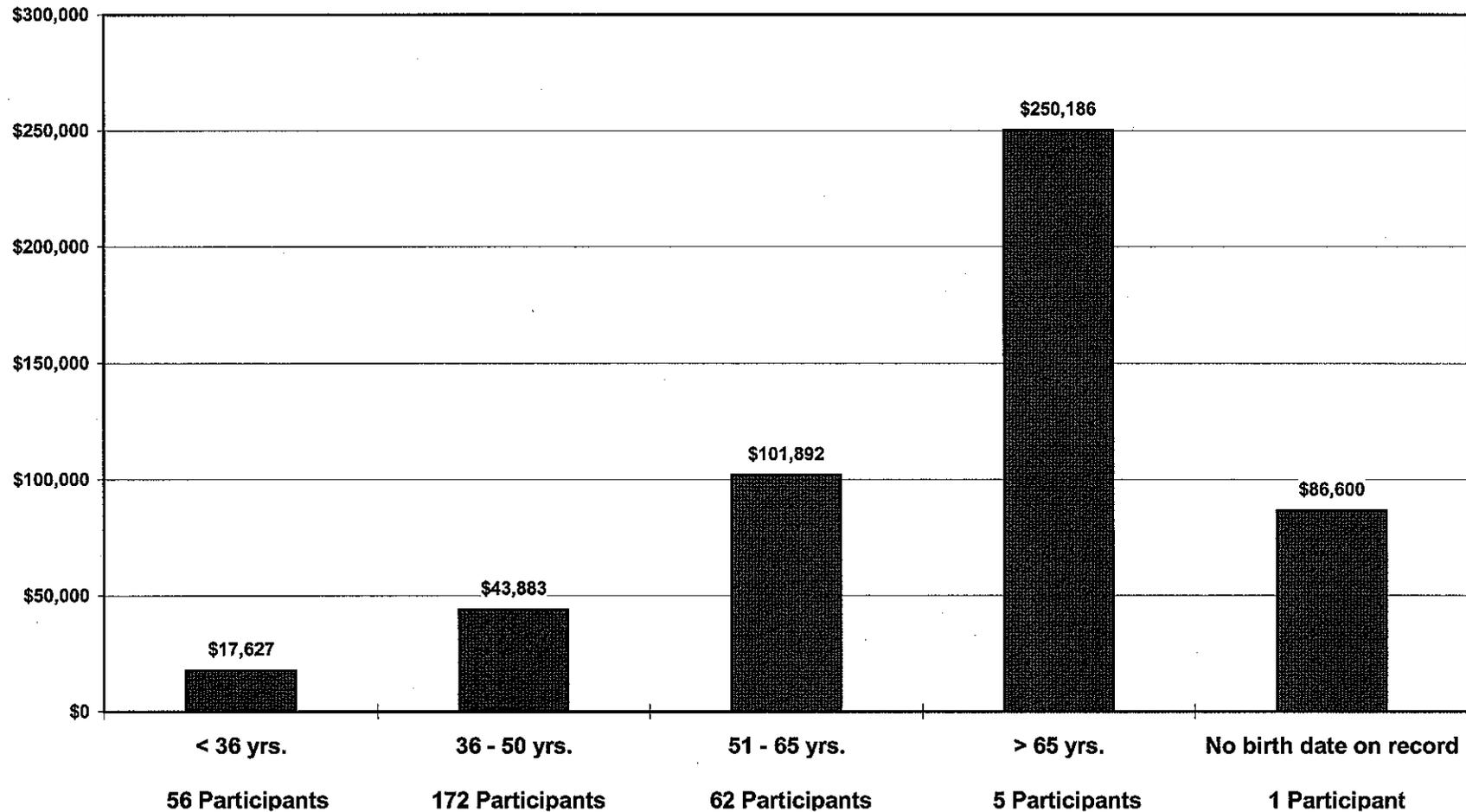
This data is not intended for IRS Form 5500 filing purposes.

Average Participant Balance



Average Balance by Age

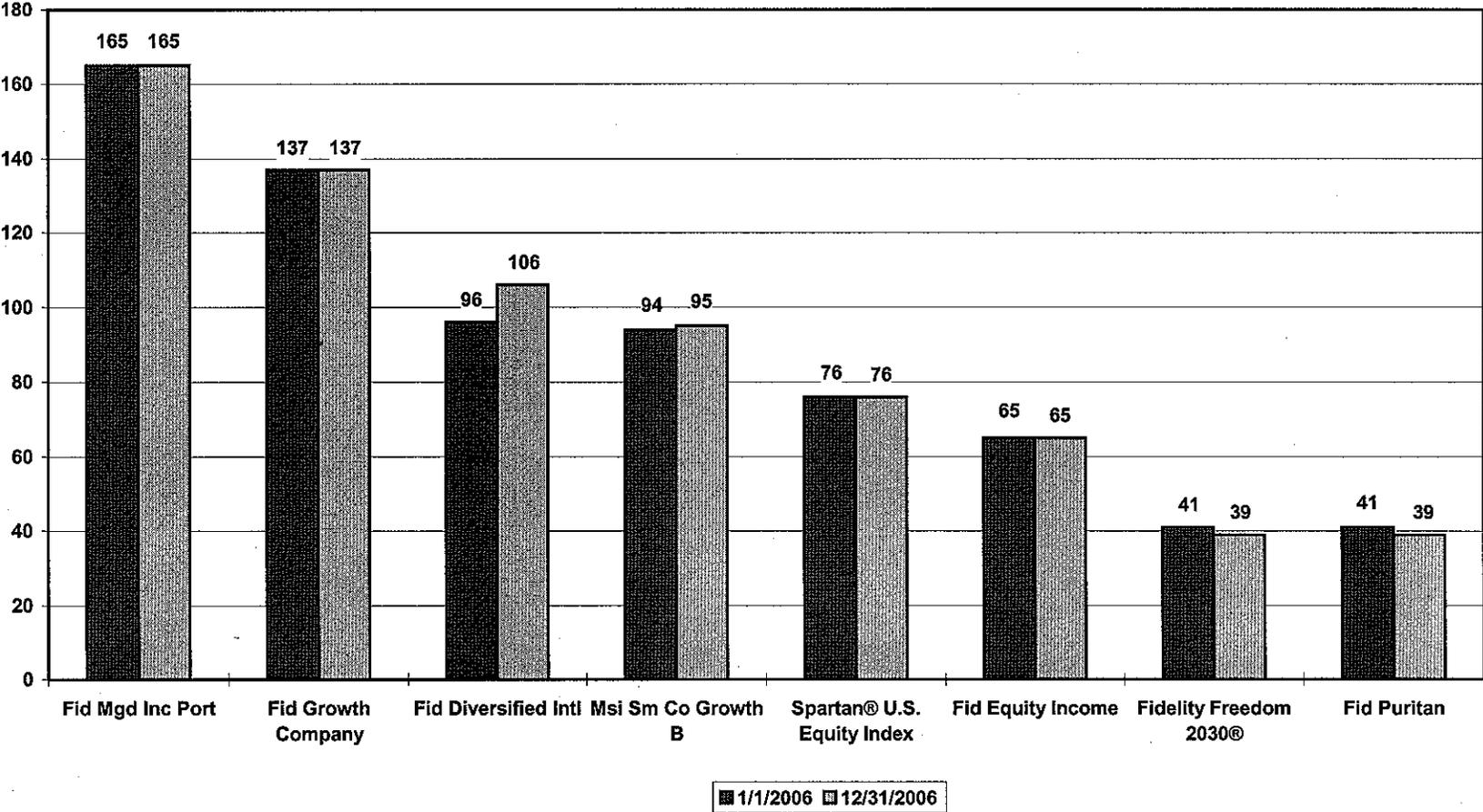
as of 12/31/2006



NOTE: The 'No birth date on record' category includes participants with unknown birth dates and any plan level accounts, such as the forfeiture account.

Participants with a Balance by Fund

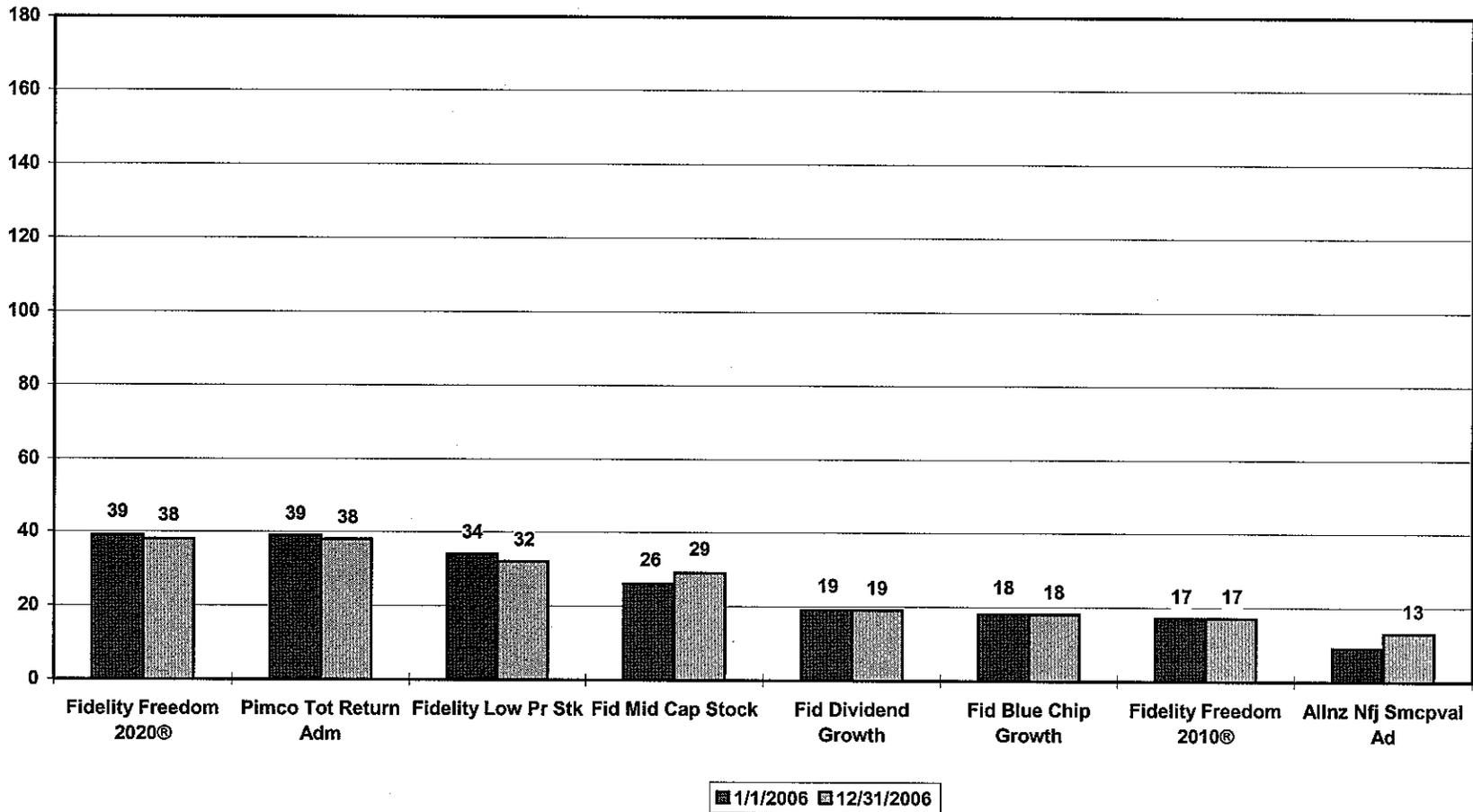
of Participants



Participants with a Balance by Fund

(Continued)

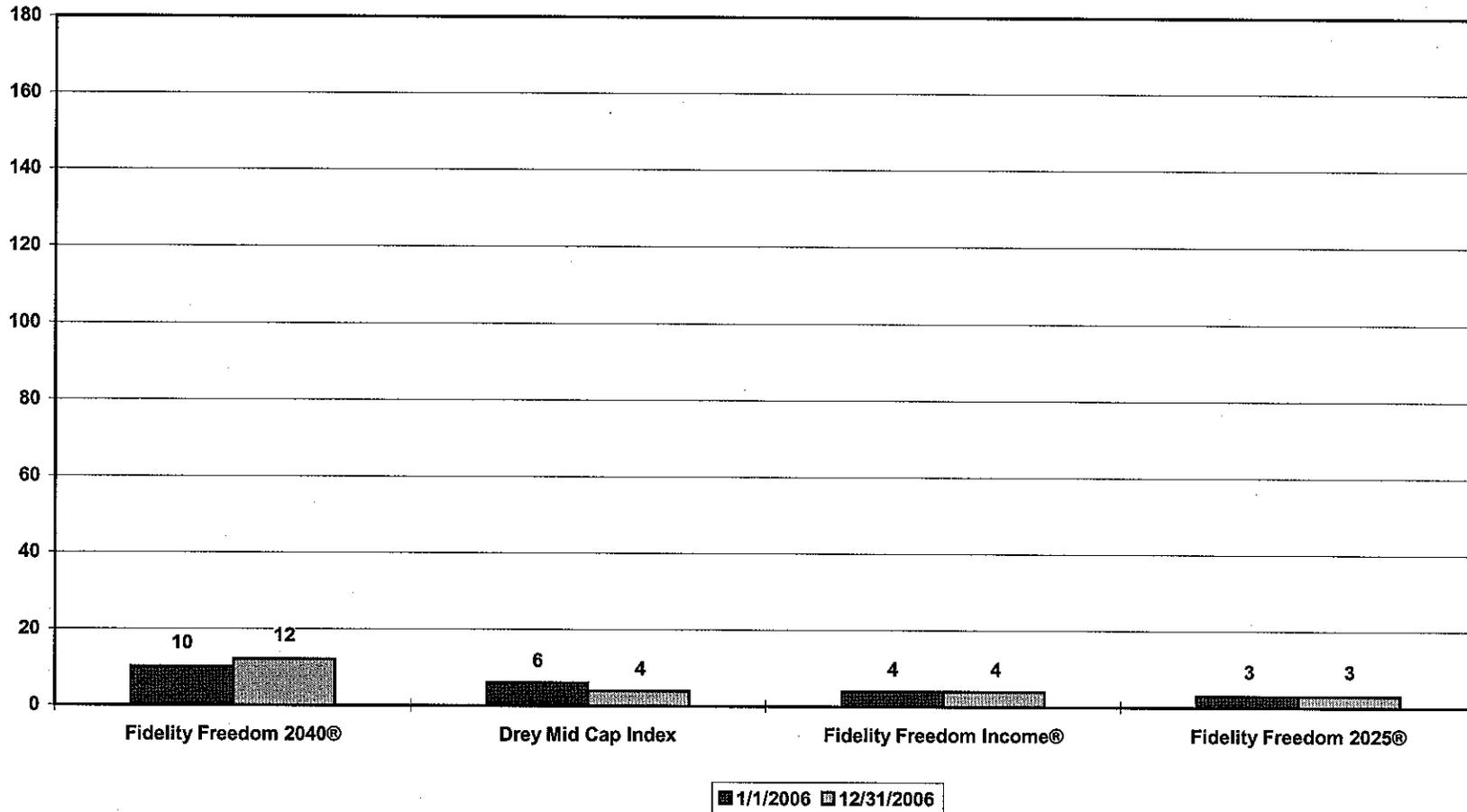
of Participants



Participants with a Balance by Fund

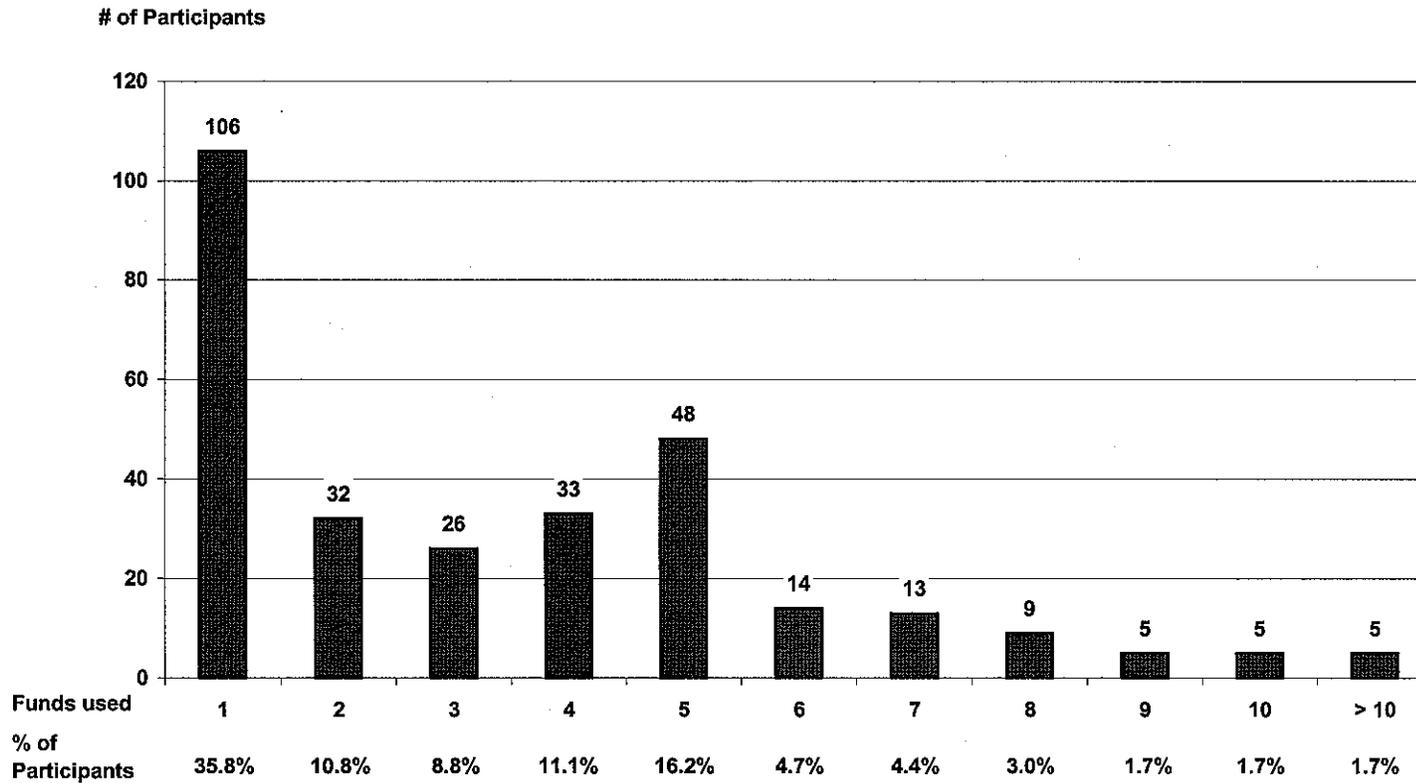
(Continued)

of Participants



Number of Funds per Participant

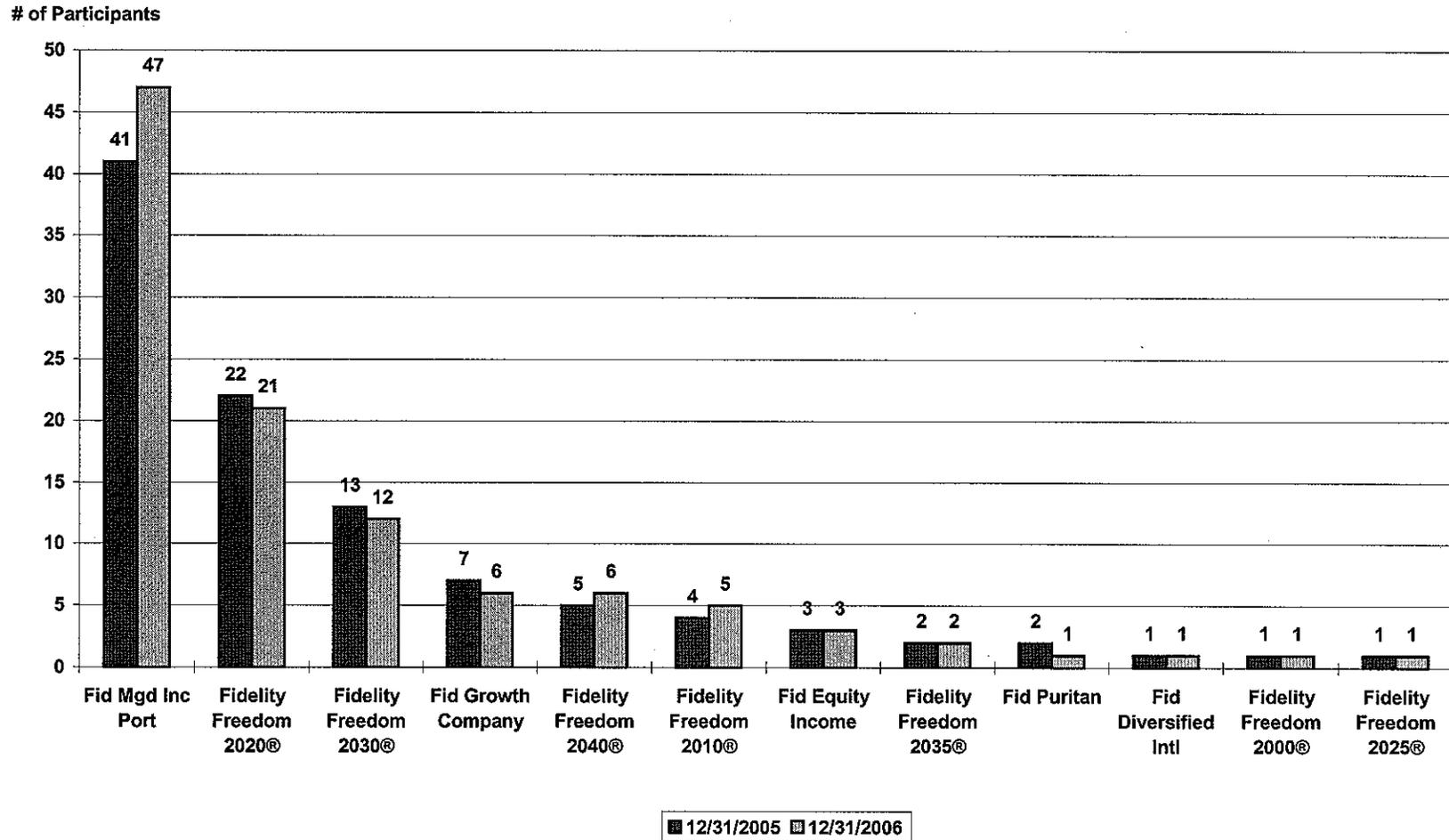
as of 12/31/2006



Average Investment
options used in this plan:
3.4

- **AVG. FITSCO PUBLIC SECTOR offers 61.3 funds.**
- **An AVG. FITSCO PUBLIC SECTOR participant uses 3.1 funds.**

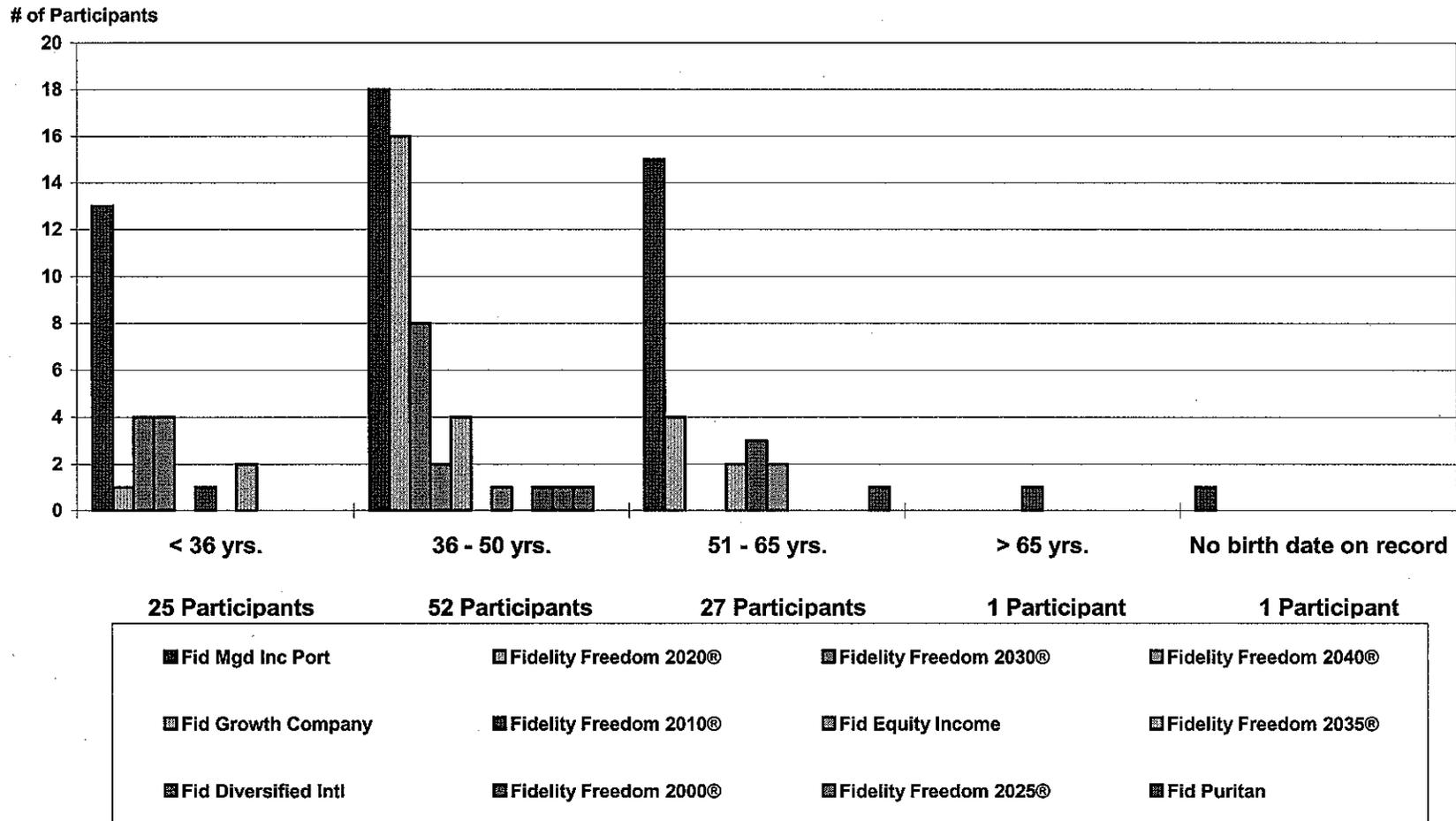
Single Fund Balances



The values in this chart represent the number of participants whose balances are invested 100% in the indicated fund.

Single Fund Balances by Age

as of 12/31/2006

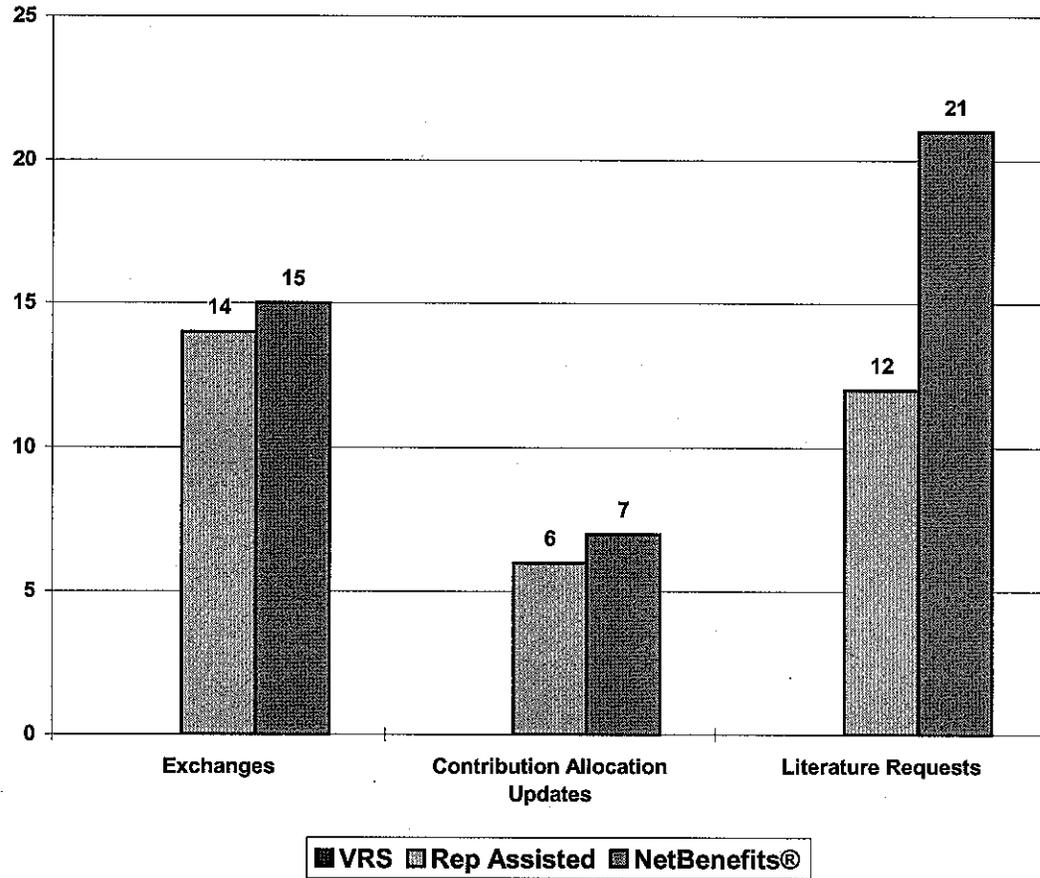


NOTE: The values in this chart represent the number of participants whose balances are invested 100% in the indicated fund. The 'No birth date on record' category includes participants with unknown birth dates and any plan level accounts, such as the forfeiture account.

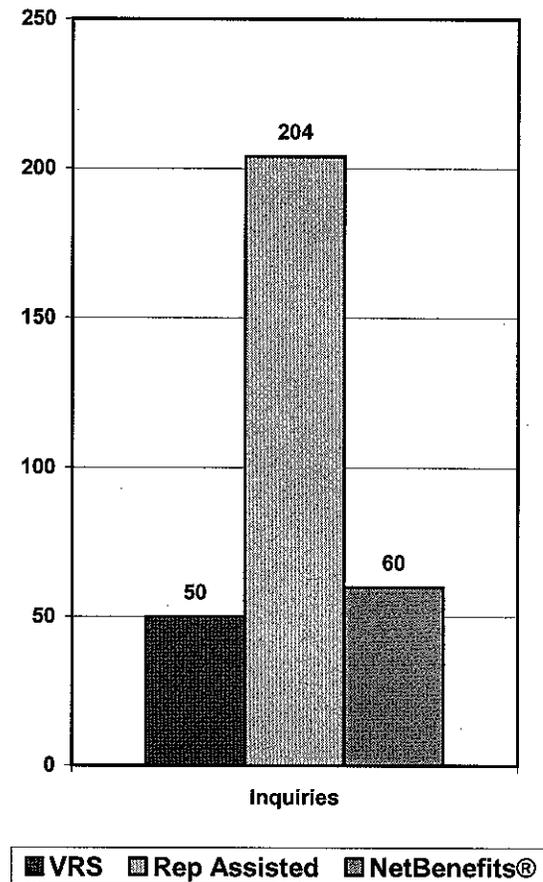
Participant Account Activity by Type

1/1/2006 - 12/31/2006

Update Transactions



Inquiry Only

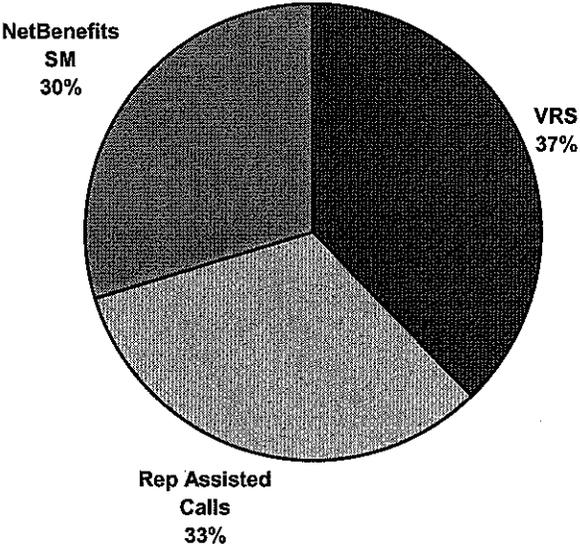
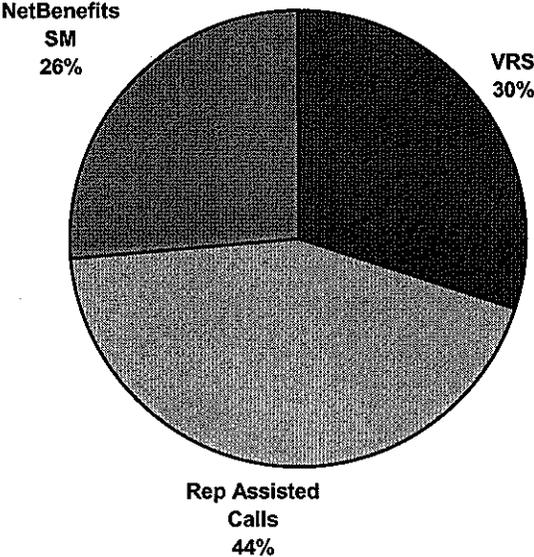


Account Access Comparison

1/1/2006 - 12/31/2006

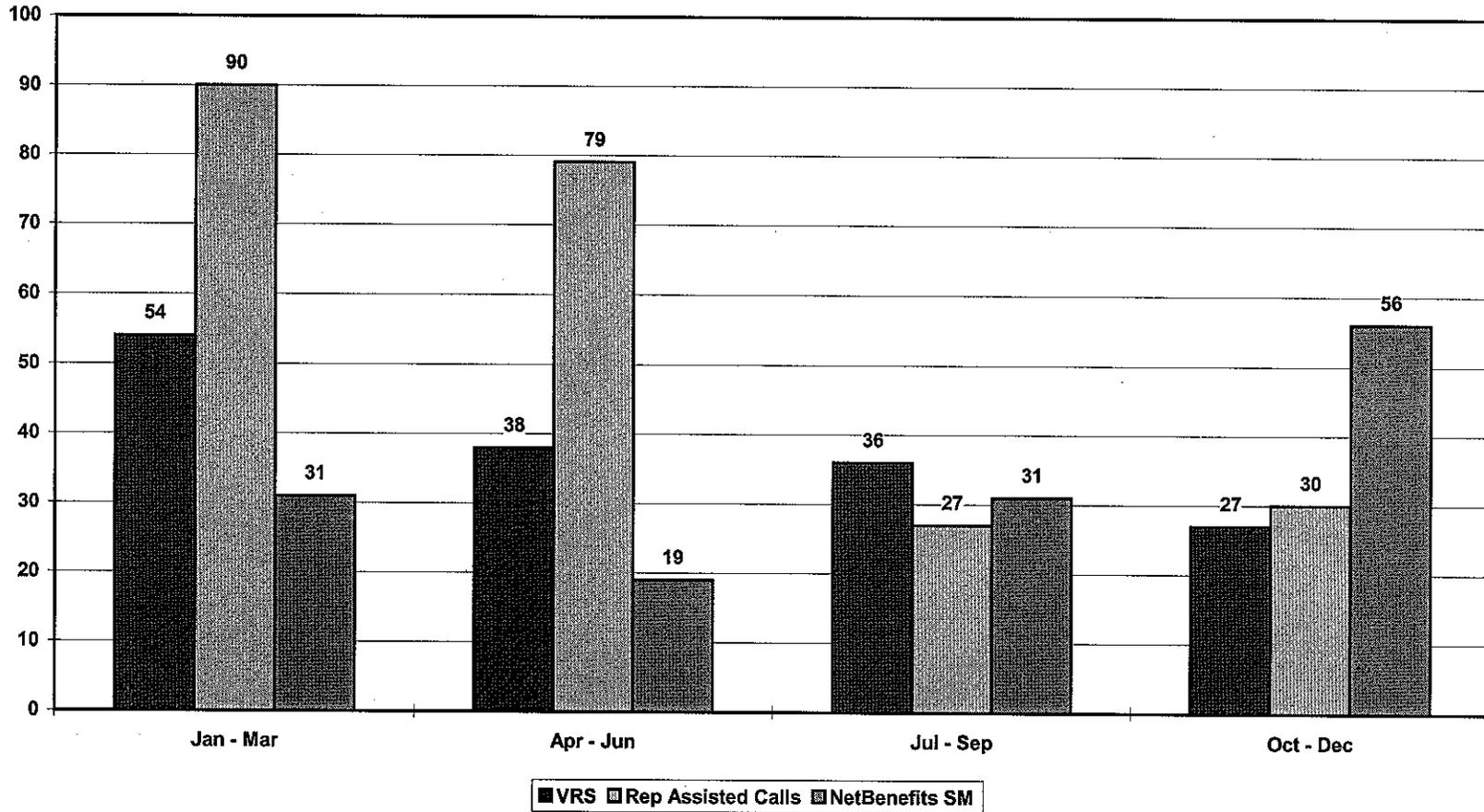
**NORTH DAKOTA PUBLIC EMPLOYEES'
DEFINED CONTRIBUTION PLAN
RETIREMENT BD OF PUBLIC EE**

AVG. FITSCO PUBLIC SECTOR



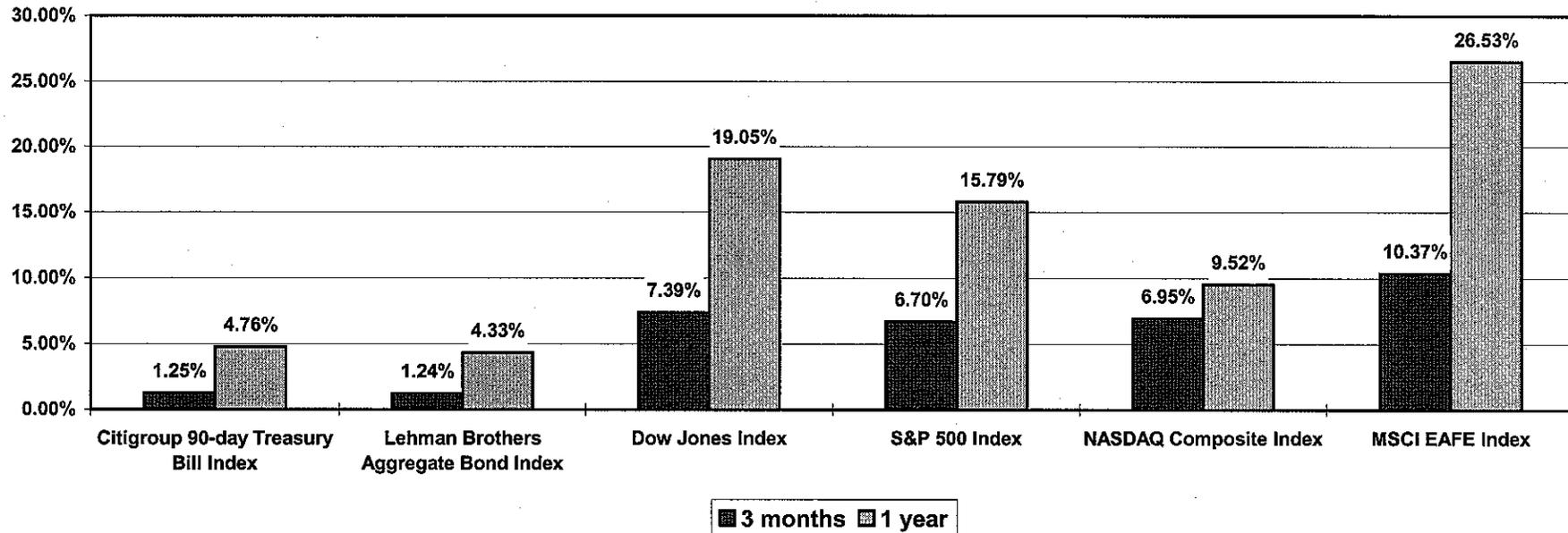
Participant Access Volumes

1/1/2006 - 12/31/2006



Major Market Indices

Cumulative Total Return %
Period Ending 12/31/2006



Past performance is no guarantee of future results.

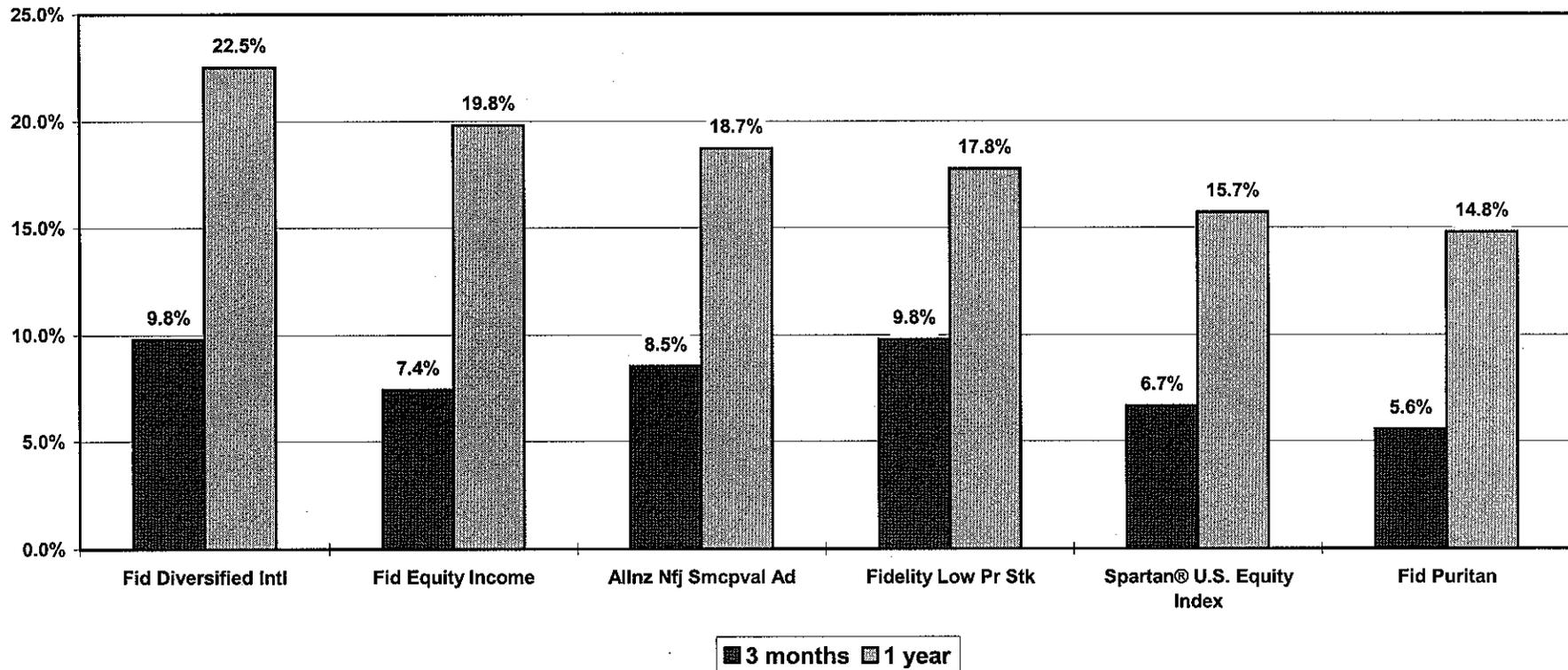
*The Citigroup 90-day Treasury Bill Index represents the average of T-Bill rates for each of the prior three months, adjusted to bond equivalent yield basis.

*The Lehman Brothers Aggregate Bond Index is an unmanaged market value-weighted index for investment-grade fixed-rate debt issues, including government, corporate, 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

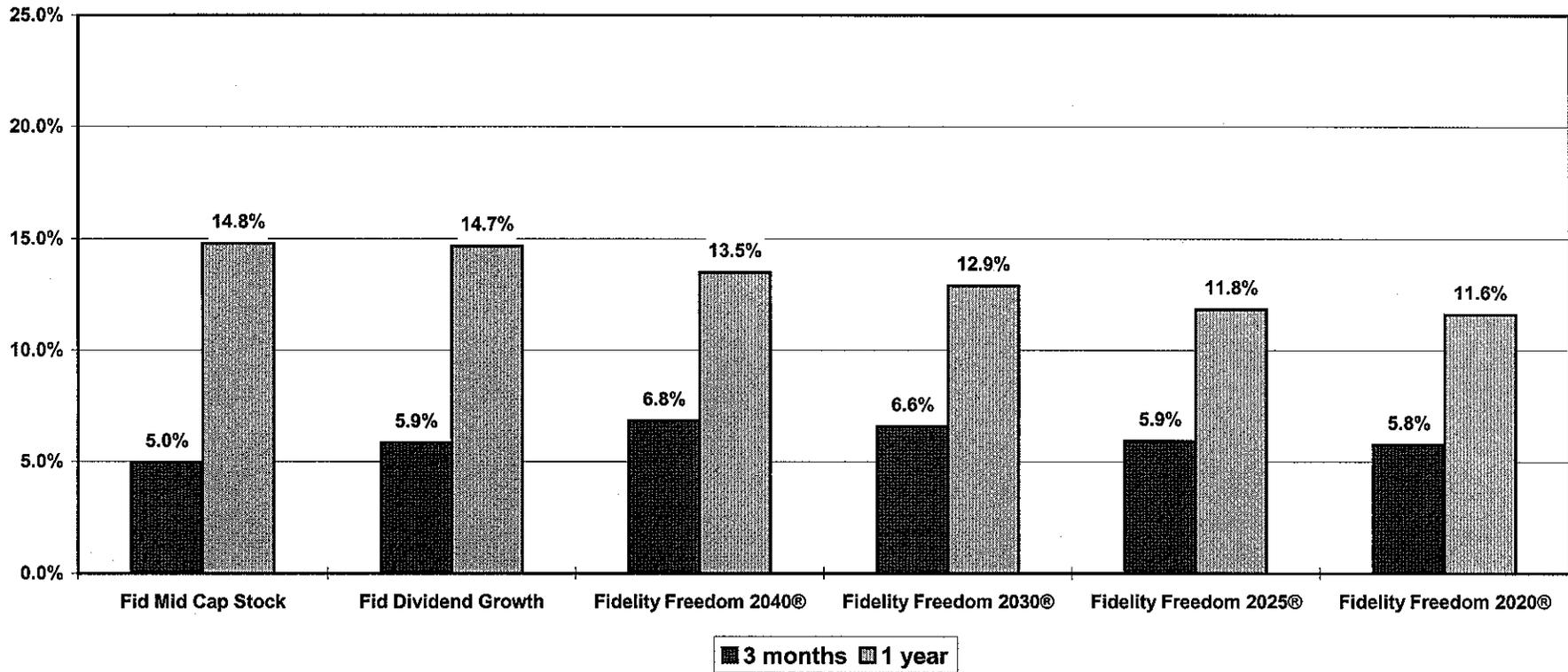


Past performance is no guarantee of future results.

Individual Fund Performance

(Continued)

Cumulative Total Return %
Period Ending 12/31/2006

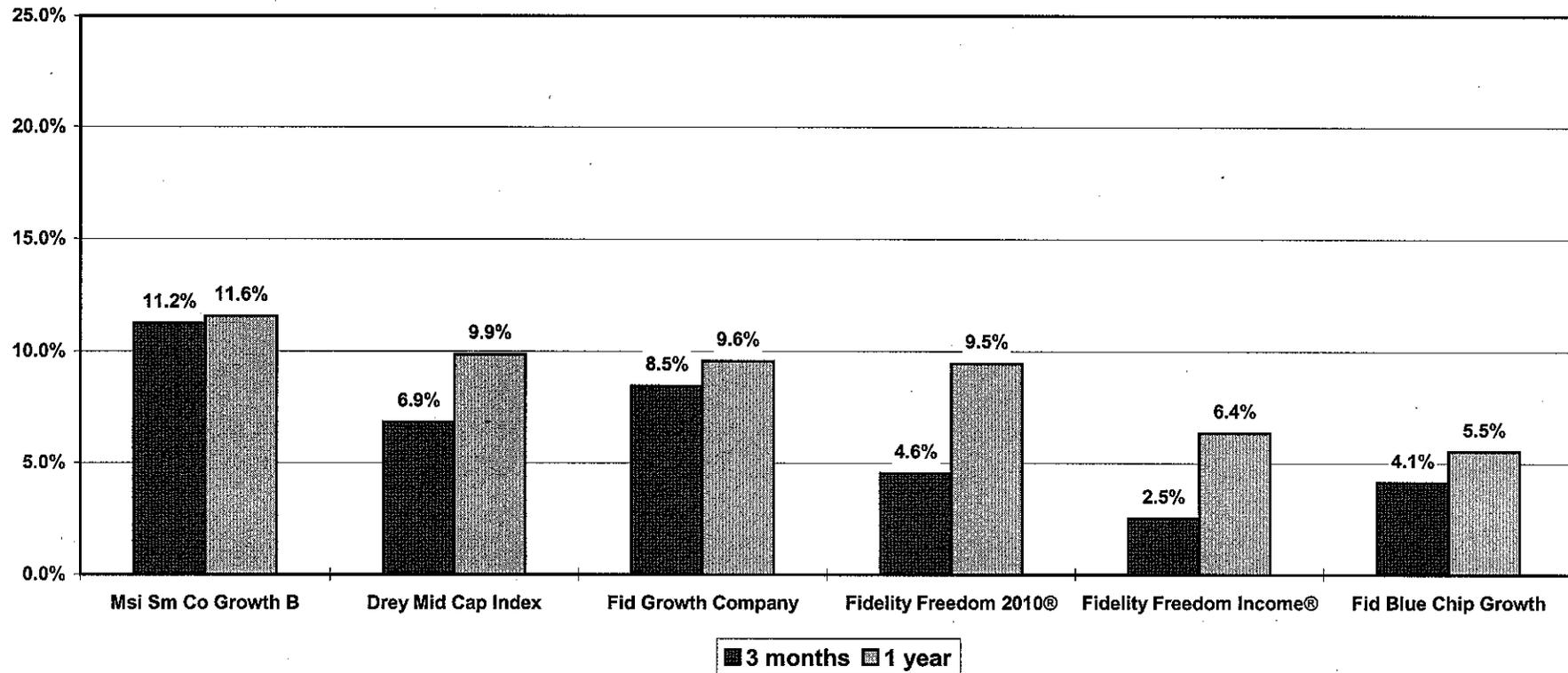


Past performance is no guarantee of future results.

Individual Fund Performance

(Continued)

Cumulative Total Return %
Period Ending 12/31/2006

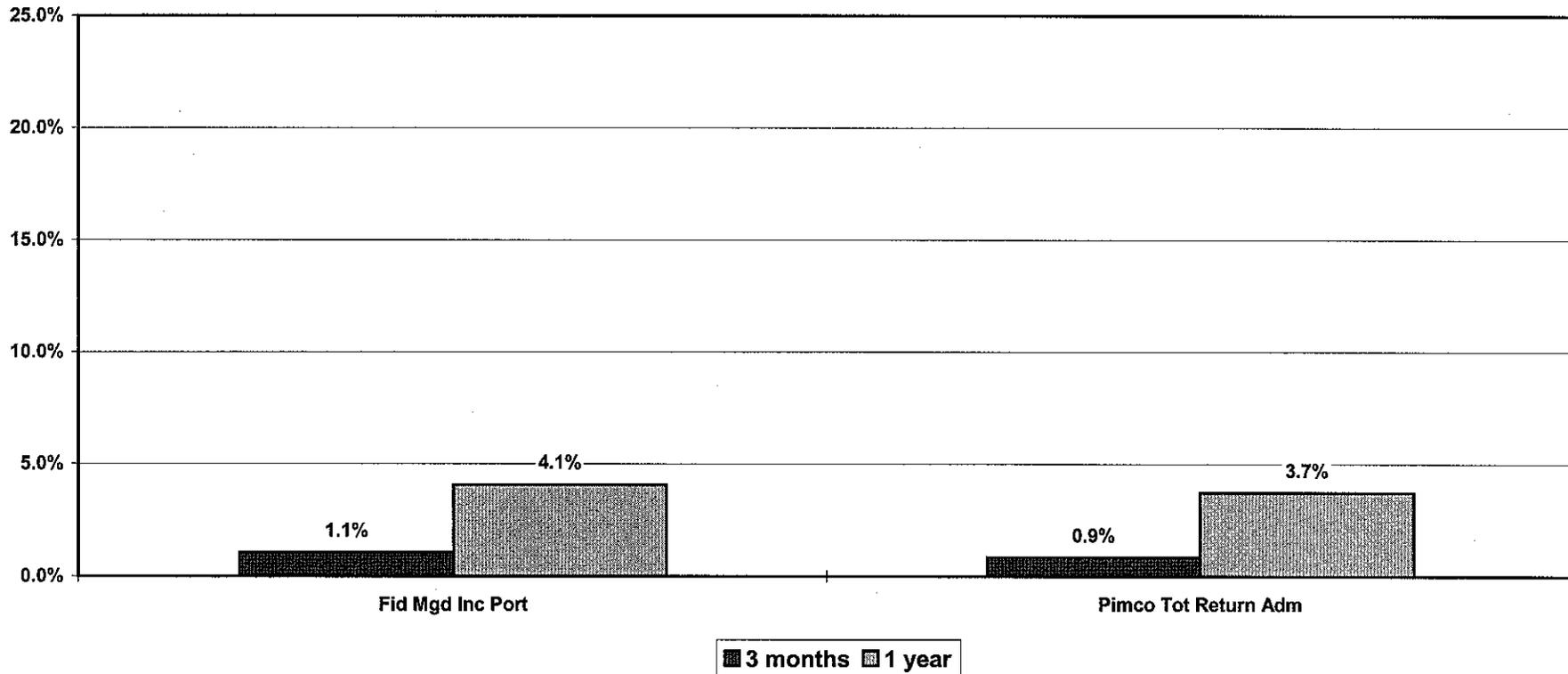


Past performance is no guarantee of future results.

Individual Fund Performance

(Continued)

Cumulative Total Return %
Period Ending 12/31/2006



Past performance is no guarantee of future results.

Comparative Historical Performance

Fund Benchmark(s)	Average Annual Total Return % Period Ending 12/31/2006			Inception Date*	Short Term Trading Fee	Expense Ratio
	1 Year	5 Years	10 Years			
Fid Mgd Inc Port	4.1%	4.3%	5.1%			
Fid Growth Company	9.6%	5.6%	9.6%			0.97
Lipper Multi- Cap Growth Funds Average	8.2%	4.8%	7.5%			
Russell 3000 Growth Index	9.5%	3.0%	5.3%			
Fidelity Freedom 2020®	11.6%	7.3%	8.8%			0.7
Lipper Multi- Cap Core Funds Average	13.3%	6.6%	8.7%			
S&P 500 Index	15.8%	6.2%	8.4%			
Fid Diversified Intl	22.5%	17.3%	13.2%		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%			
Fid Equity Income	19.8%	8.7%	9.4%			0.68
Lipper Equity Income Funds Average	18.5%	8.6%	8.8%			
Russell 3000 Value Index	22.3%	11.2%	11.1%			
Spartan® U.S. Equity Index	15.7%	6.1%	8.3%			0.1
Lipper S&P 500 Funds Average	15.2%	5.6%	8.0%			
S&P 500 Index	15.8%	6.2%	8.4%			
Fidelity Freedom 2030®	12.9%	7.6%	8.7%			0.74
Lipper Multi- Cap Core Funds Average	13.3%	6.6%	8.7%			
S&P 500 Index	15.8%	6.2%	8.4%			

Mutual fund performance changes over time and currently may be significantly lower than stated. Most recent average annual return data is published online each month end. Please visit PSWSM 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.

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
Fidelity Freedom 2010®	9.5%	6.3%	8.3%			0.62
Lipper Balanced Funds Average	10.6%	5.7%	6.8%			
S&P 500 Index	15.8%	6.2%	8.4%			
Msi Sm Co Growth B	11.6%	10.9%	14.2%		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%			
Pimco Tot Return Adm	3.7%	5.3%	6.6%		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%			
Fid Puritan	14.8%	8.1%	8.7%			0.63
Fidelity Low Pr Stk	17.8%	15.6%	15.3%		89 Days / 1.5%	0.88
Lipper Small- Cap Value Funds Average	16.6%	13.7%	12.1%			
Russell 2000 Index	18.4%	11.4%	9.4%			
Fidelity Freedom 2040®	13.5%	7.7%	1.6%	* 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%			
Fid Mid Cap Stock	14.8%	7.0%	12.7%		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%			

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
Fid Dividend Growth	14.7%	4.3%	9.7%			0.6
Lipper Large- Cap Core Funds Average	13.5%	4.8%	6.9%			
S&P 500 Index	15.8%	6.2%	8.4%			
Fidelity Freedom Income®	6.4%	4.2%	5.8%			0.51
Lipper Income Funds Avg	9.6%	6.4%	6.4%			
Lehman Brothers Aggregate Bond Index	4.3%	5.1%	6.2%			
Fid Blue Chip Growth	5.5%	1.7%	5.6%			0.63
Lipper Large Cap Growth Fund Avg	5.6%	2.2%	5.5%			
S&P 500 Index	15.8%	6.2%	8.4%			
Drey Mid Cap Index	9.9%	10.4%	12.9%			0.5
Fidelity Freedom 2025®	11.8%	N/A	11.0%	* 11/6/2003		0.72
Allnz Nfj Smcpval Ad	18.7%	16.5%	13.4%			1.11

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.

**NORTH DAKOTA STATE DEFERRED
COMPENSATION COMPANION PLAN
NORTH DAKOTA PERS**

Service Review for the Year Ended 12/31/2006

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***Fidelity Investments®
Tax-Exempt Services Company***

A division of Fidelity Investments Institutional Services Company, Inc.

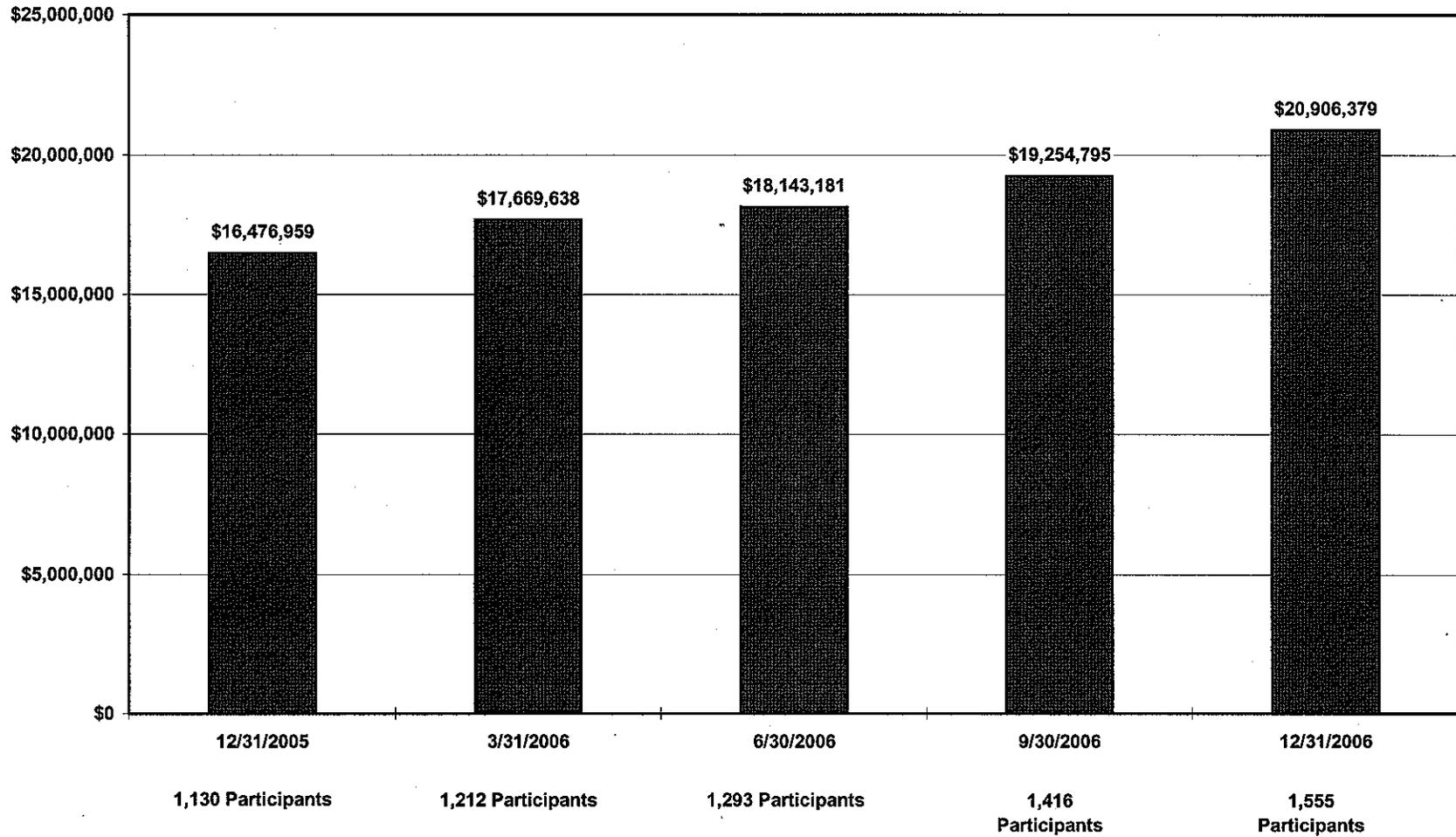
82 Devonshire Street, Boston, MA 02109



Table of Contents

Plan Assets Under Management at Fidelity.....	1
Investment Options.....	2
Asset Allocation by Fund.....	3
Comparative Asset Allocation.....	4
Contribution Allocation.....	5
Contributions by Source.....	6
Distribution Activity.....	7
Cash Flow Summary.....	8
Participant Overview.....	9
Average Participant Balance.....	10
Average Balance by Age.....	11
Participants with a Balance by Fund.....	12-14
Number of Funds per Participant.....	15
Single Fund Balances.....	16-17
Single Fund Balances by Age.....	18
Participant Account Activity by Type.....	19
Account Access Comparison.....	20
Participant Access Volumes.....	21
Major Market Indices.....	22
Individual Fund Performance.....	23-26
Comparative Historical Performance.....	27-29

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	Pfizer to Return Adv	Fid Puritan	Fid Growth Company Spartan US Equity Index Fid Equity Income Mid Small Growth B Fidelity Lower Stk Fid Mid Cap Stock Allz NJ Special Ad Dreyfus Mid Cap Index Fid Blue Chip Growth Fid Dividend Growth Dreyfus 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. 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.

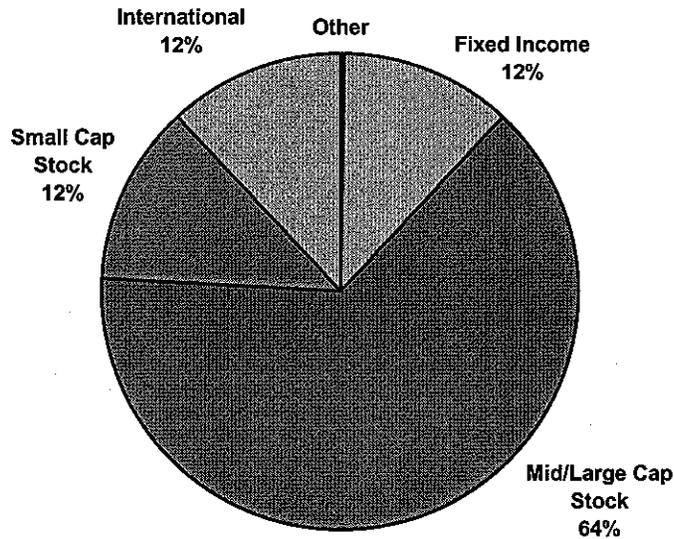
If your plan offers Fidelity Freedom Funds® please note, the Fidelity Freedom Funds are not represented on the above spectrum because each fund (except Fidelity Freedom Income) will gradually adjust the asset allocation to be more conservative as the funds approach their target dates. The risk level 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.

Comparative Asset Allocation

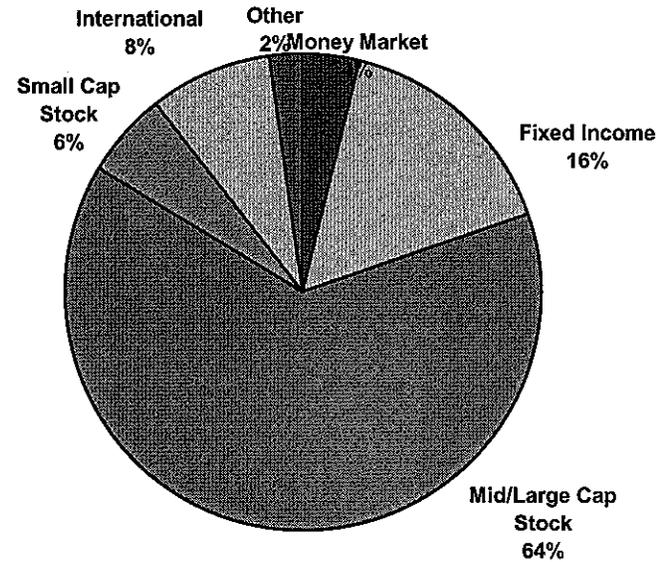
as of 12/31/2006

**NORTH DAKOTA STATE DEFERRED
COMPENSATION COMPANION PLAN
NORTH DAKOTA PERS**

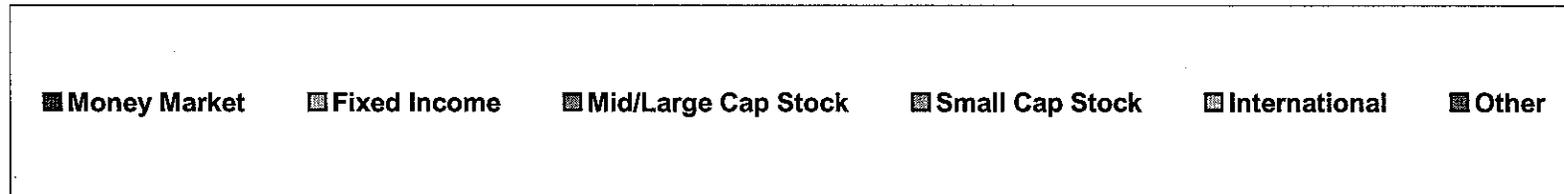


Total Market Value: \$20,906,379

AVG. FITSCO PUBLIC SECTOR*



Average Market Value: \$161,713,148



* 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.

Contributions by Source

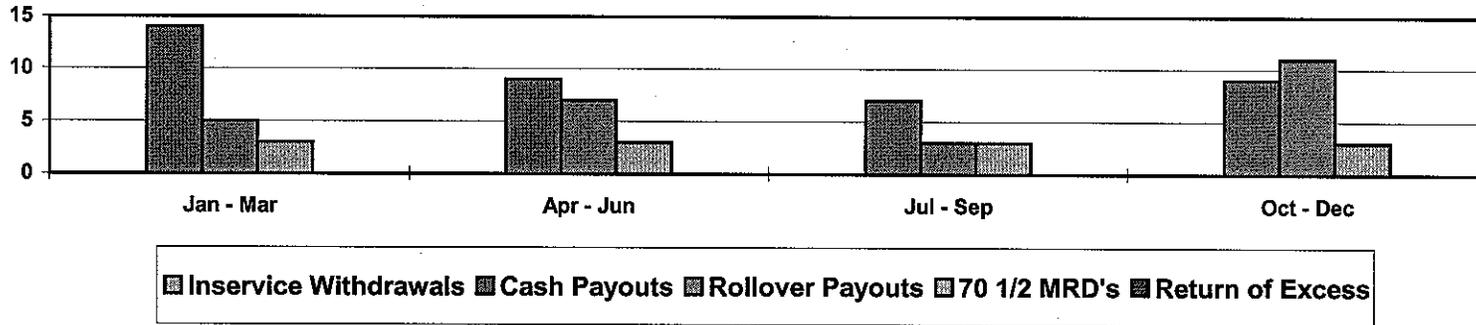
1/1/2006 - 12/31/2006

Sources of Contributions	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Total
Employee Contribution	\$ 548,625	\$ 569,422	\$ 562,146	\$ 596,410	\$ 2,276,603
Mutual Funds Window	\$ 43,611	\$ 56,828	\$ 58,558	\$ 61,623	\$ 220,620
Rollover-457(B)	\$ 0	\$ 30,558	\$ 19,453	\$ 0	\$ 50,010
Rollover-401(A)	\$ 0	\$ 242,565	\$ 43,364	\$ 25,826	\$ 311,755
Rollover-403(B)	\$ 0	\$ 5,037	\$ 0	\$ 27,264	\$ 32,301
Rollover Ira	\$ 13,488	\$ 111,955	\$ 0	\$ 0	\$ 125,443
Total Contributions	\$ 605,723	\$ 1,016,365	\$ 683,521	\$ 711,123	\$ 3,016,732

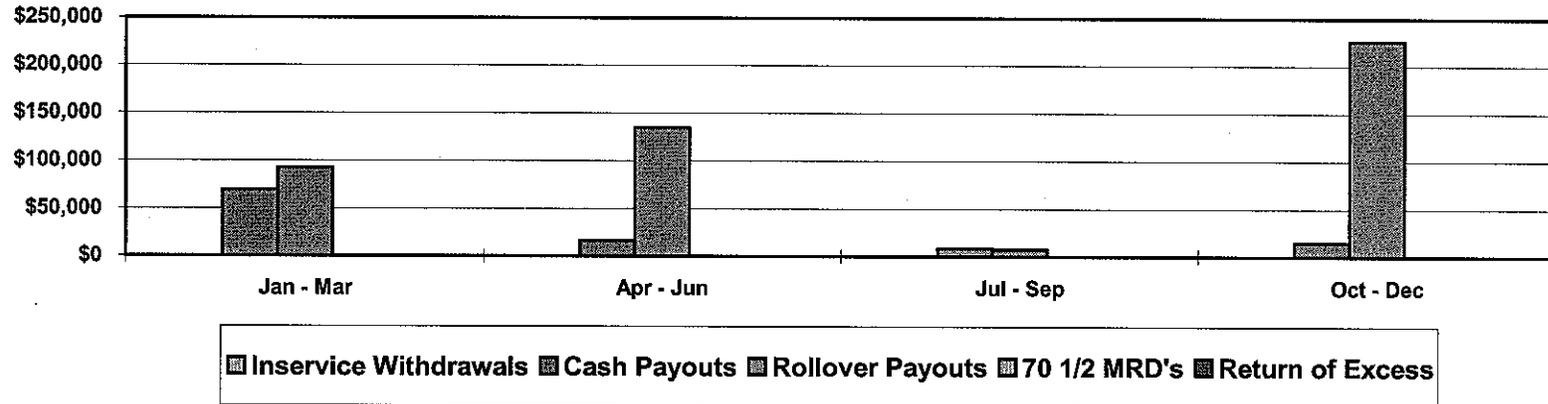
Distribution Activity

1/1/2006 - 12/31/2006
Volumes

of Distributions



Dollars



Cash Flow Summary

<i>Cash Inflow:</i>	Year Ending 12/31/2005	Year Ending 12/31/2006
Balance Forward(1)	\$665,305	\$288,534
Contributions	\$2,301,075	\$3,016,732
Total Cash Inflow:	\$2,966,380	\$3,305,266

<i>Cash Outflow:</i>	Year Ending 12/31/2005	Year Ending 12/31/2006
Withdrawals	(\$1,090,646)	(\$1,135,251)
Fees	(\$41,779)	(\$46,648)
Total Cash Outflow:	(\$1,132,425)	(\$1,181,899)

NET CASH FLOW:	\$1,833,955	\$2,123,367
-----------------------	--------------------	--------------------

Definitions of Cash Flow Items:

(1) Balance Forward - Conversion/Outside assets updated to participant accounts
 The information on this page is updated monthly on PSW.

Participant Overview

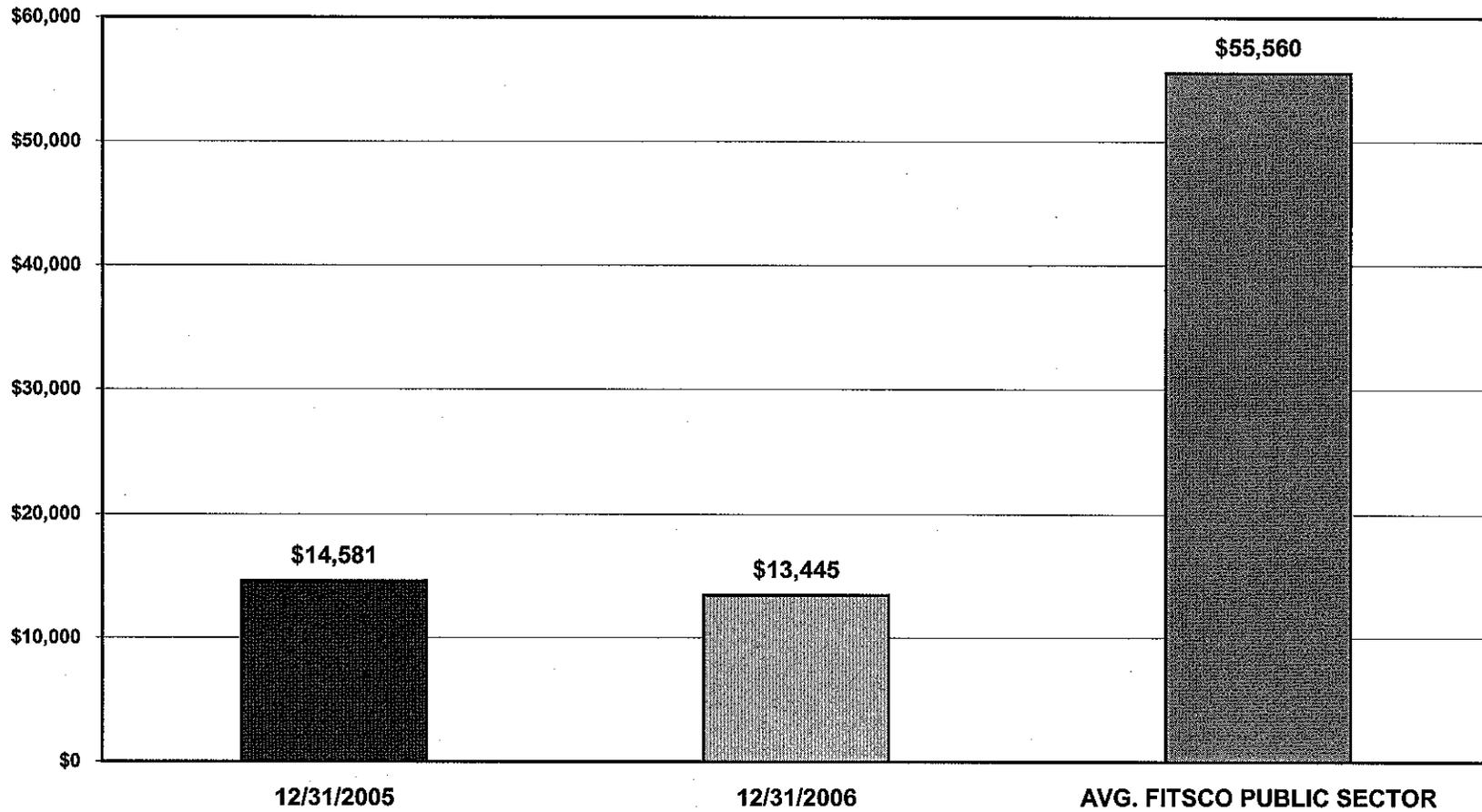
Total #	1/1/2006	12/31/2006
Participants (1)	1130	1555
Inactive Participants (2)	0	0
Suspended w/Balances (3)	0	0
Terminated w/ Balances (4)		
< \$5,000	58	89
> \$5,000	69	89
Active Participants (5)	1002	1375

Definitions of Participant Totals

- (1) Participants: Number of Participants with Account Balances.
- (2) Inactive Participants: Number of Participants with Status Codes of 'I' or 'Q' with Balances (Example: Participants who have revoked their contribution deferral percent; however, are still employees).
- (3) Suspended w/Balances: Number of Participants with Status Code of 'S' with Balances (Example: Participants who have taken financial hardship withdrawals and are suspended for a period of time per the plan document).
- (4) Terminated w / Balances: Number of Participants with Status Codes of 'T', 'R', or 'D' with Balances.
- (5) Active Participants: Number of Participants with a Status Code of 'A' with Balances.

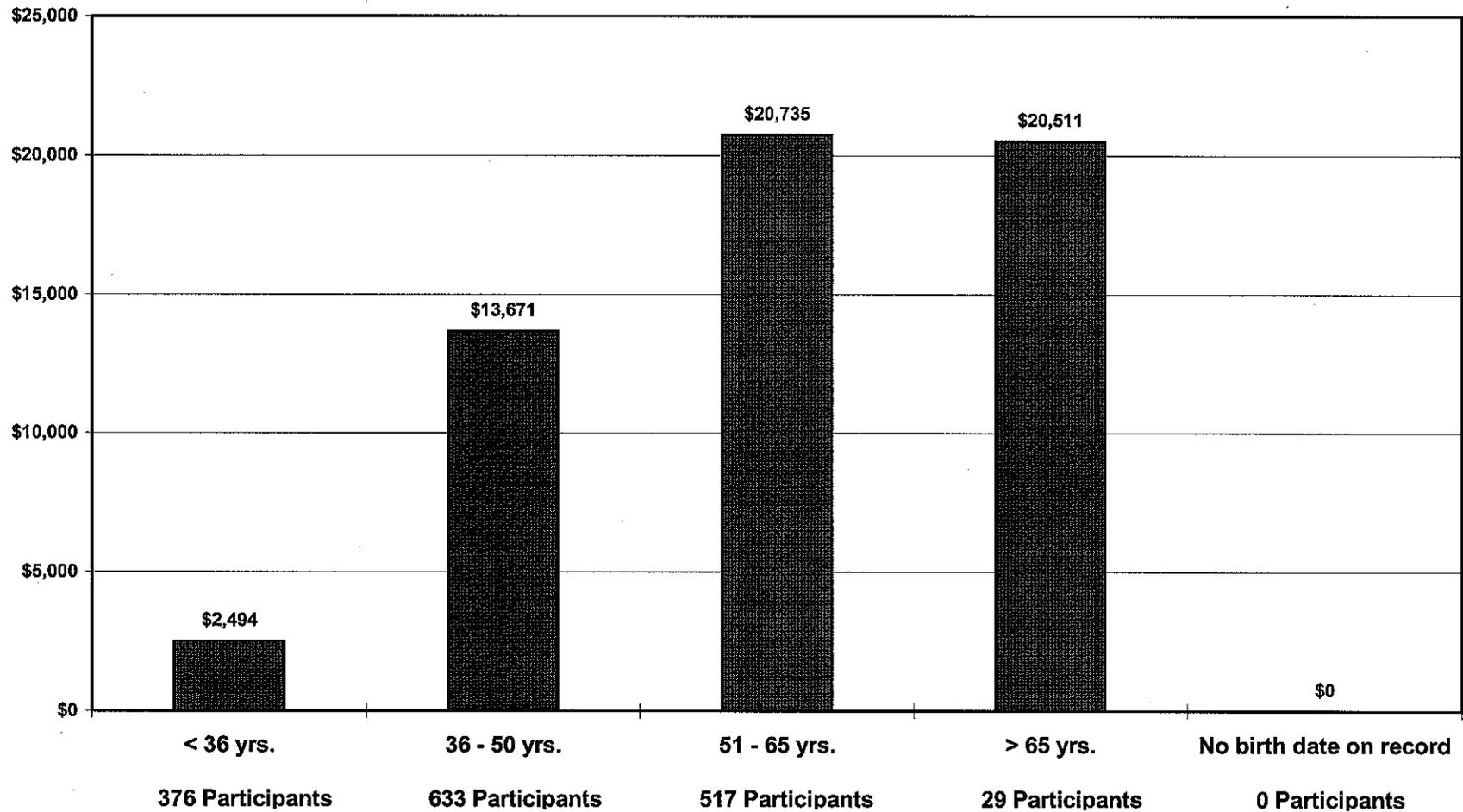
This data is not intended for IRS Form 5500 filing purposes.

Average Participant Balance



Average Balance by Age

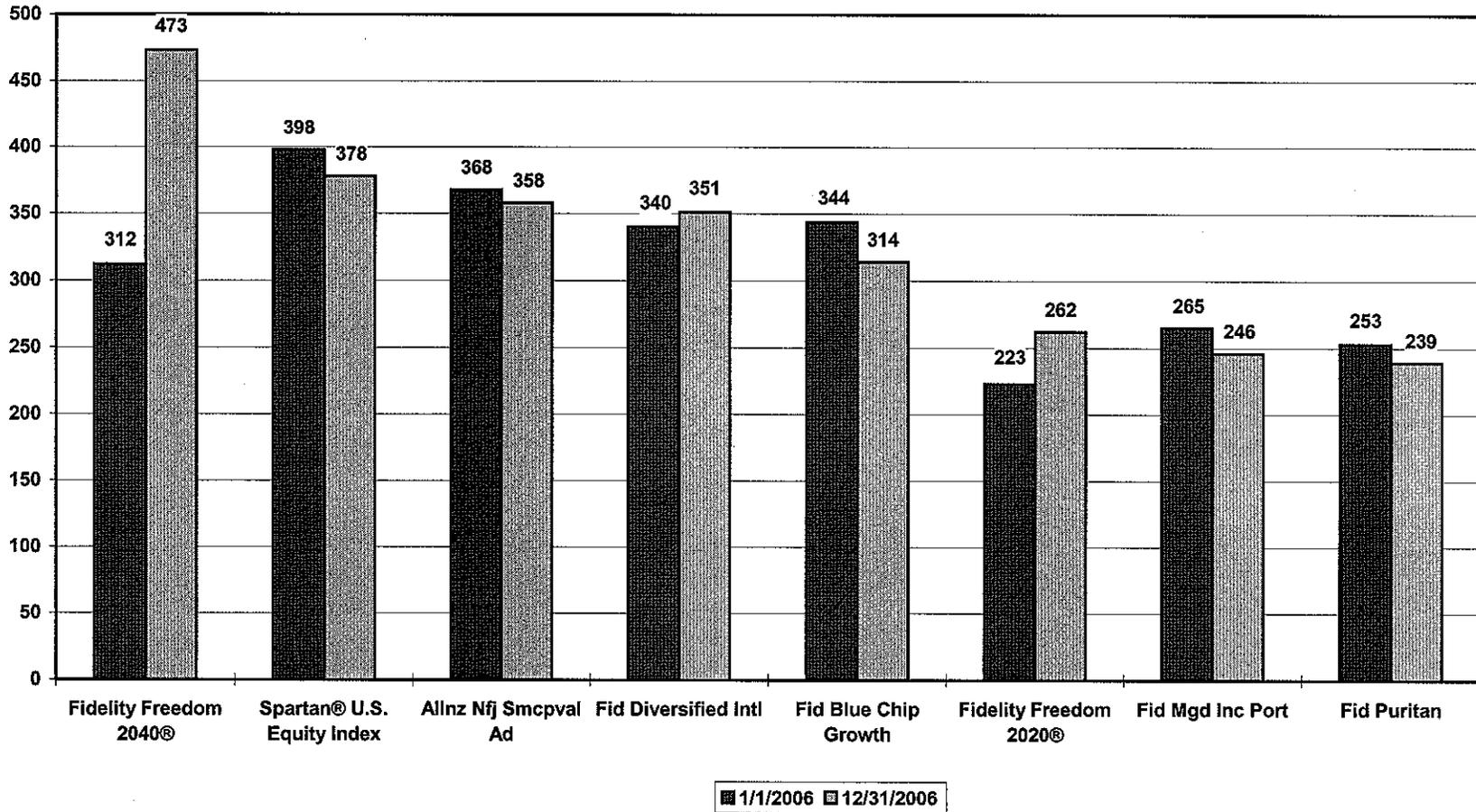
as of 12/31/2006



NOTE: The 'No birth date on record' category includes participants with unknown birth dates and any plan level accounts, such as the forfeiture account.

Participants with a Balance by Fund

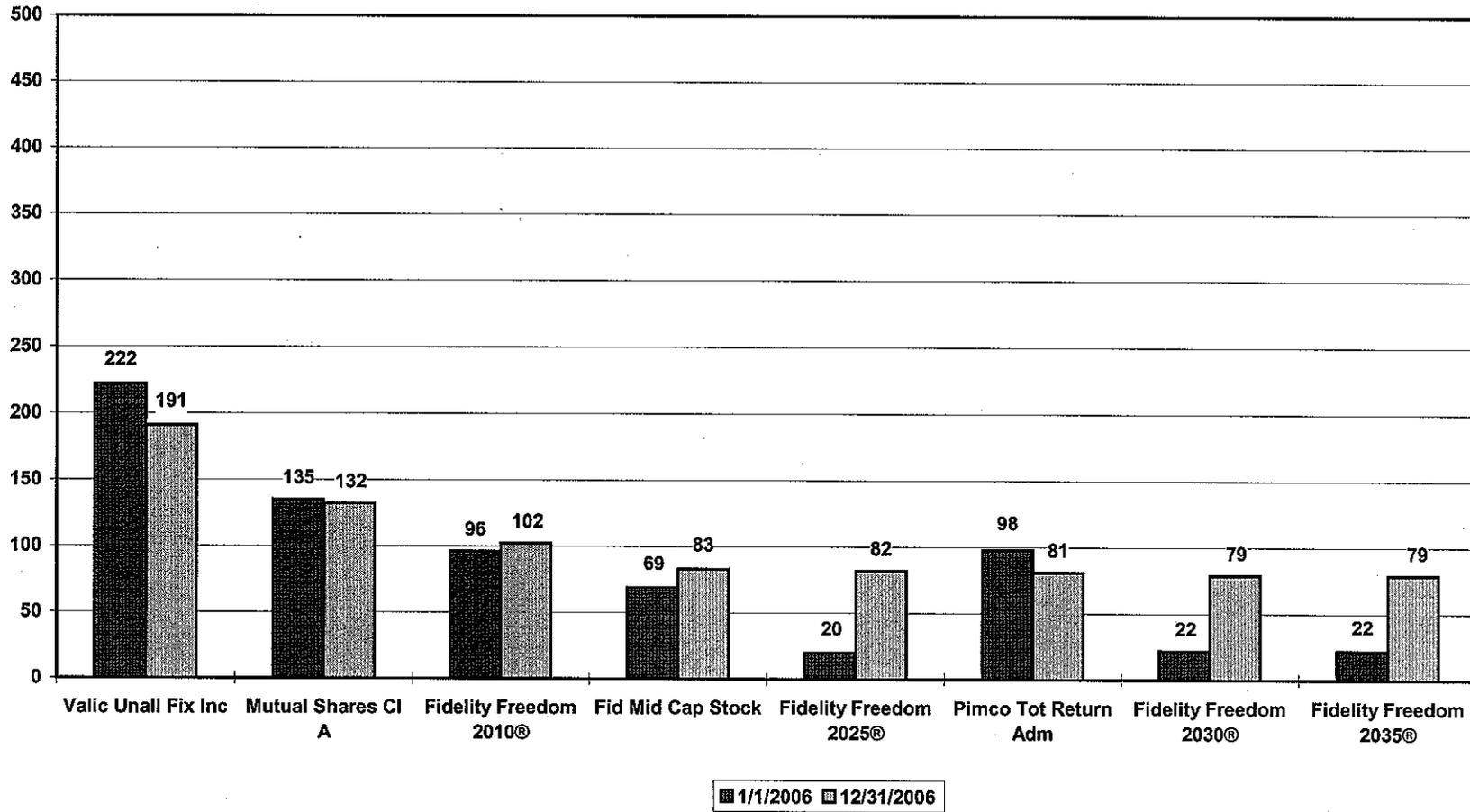
of Participants



Participants with a Balance by Fund

(Continued)

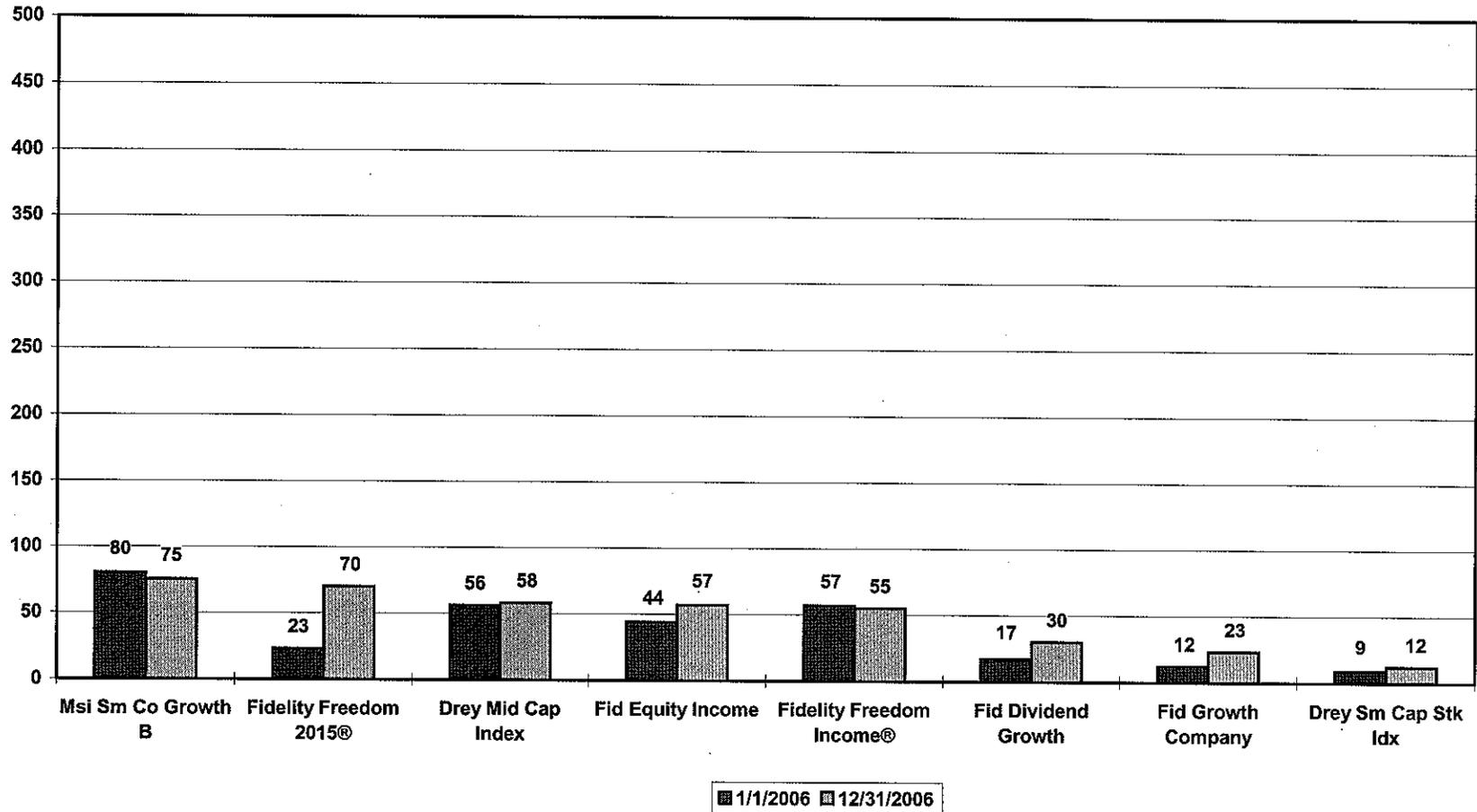
of Participants



Participants with a Balance by Fund

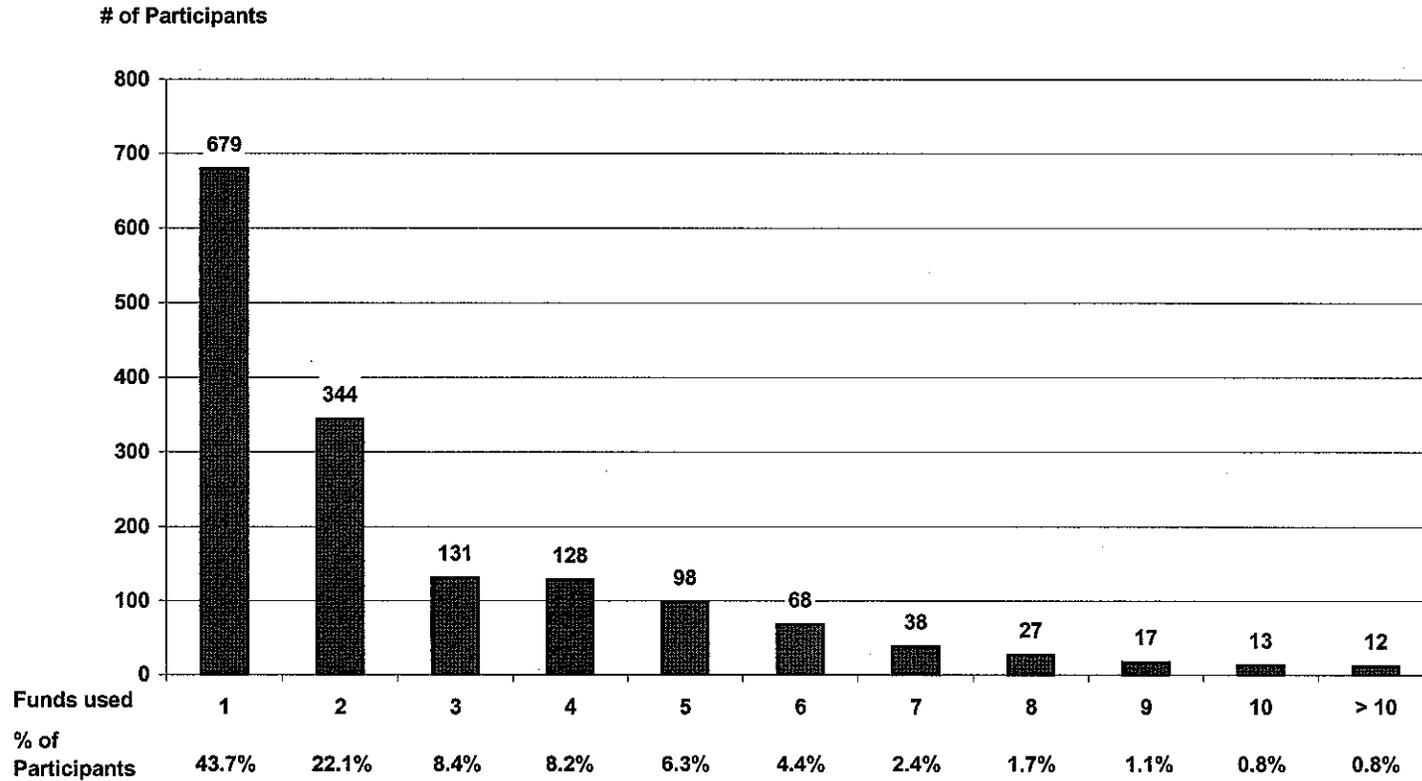
(Continued)

of Participants



Number of Funds per Participant

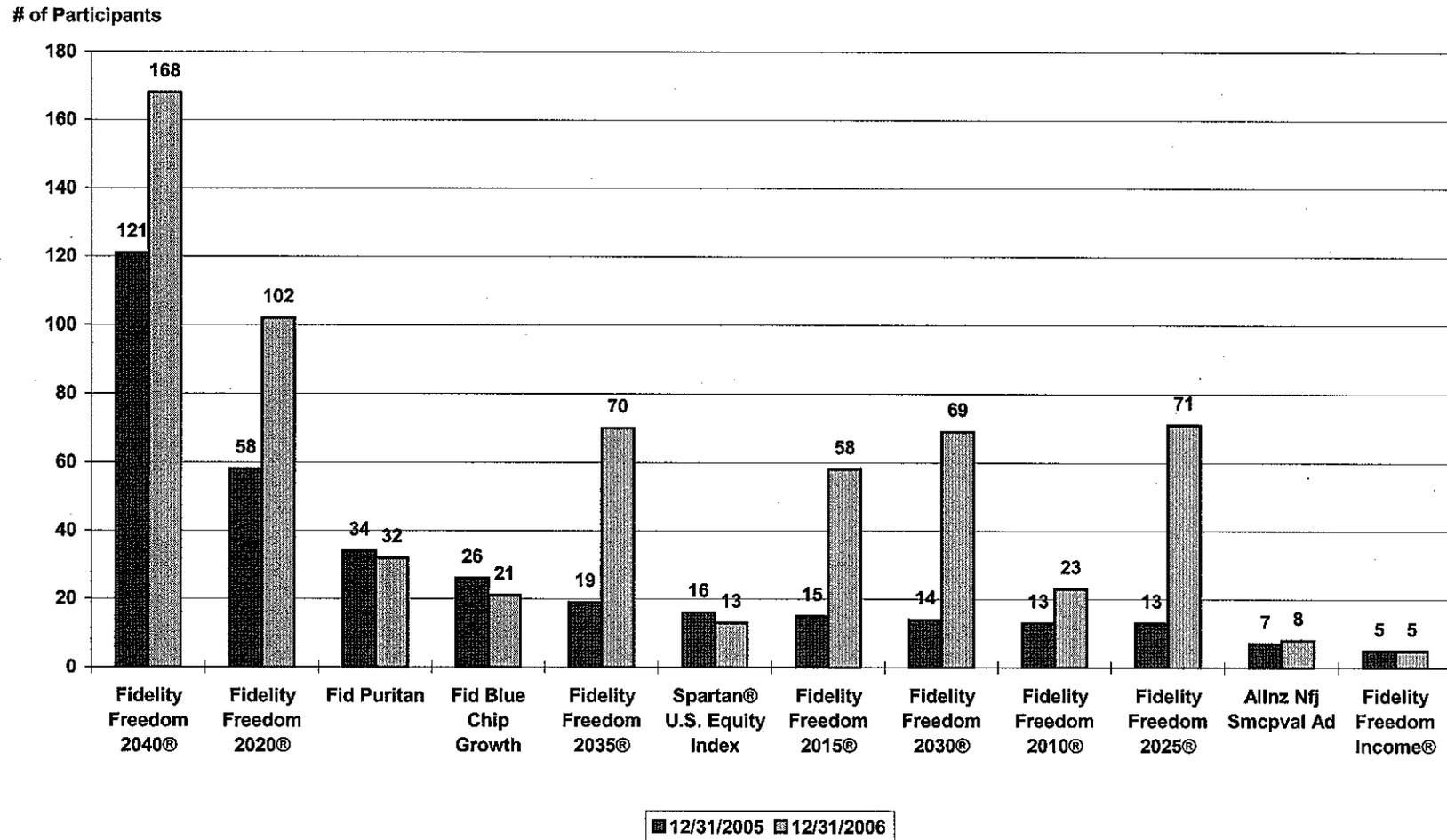
as of 12/31/2006



Average Investment
options used in this plan:
2.6

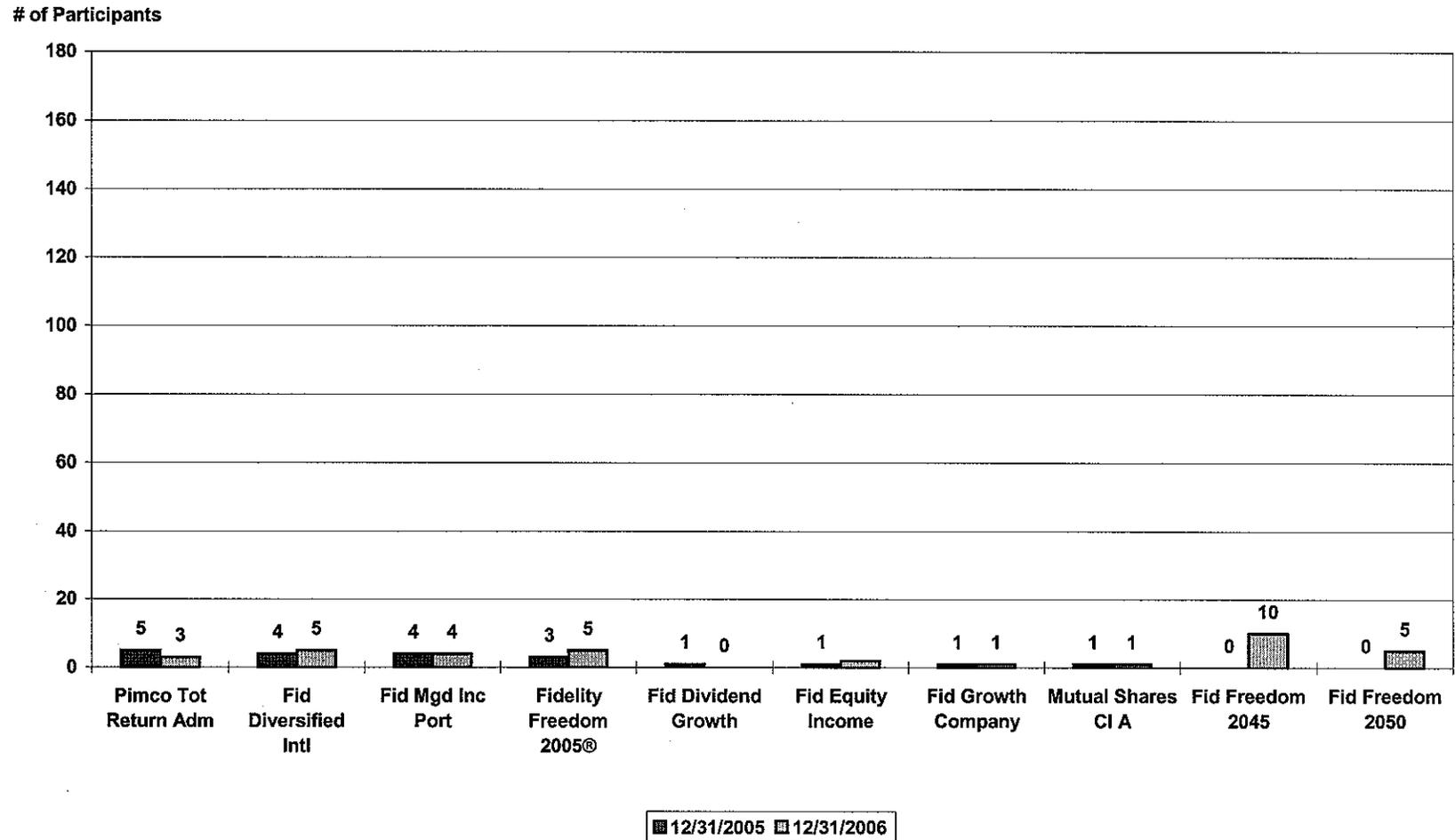
- **AVG. FITSCO PUBLIC SECTOR offers 61.3 funds.**
- **An AVG. FITSCO PUBLIC SECTOR participant uses 3.1 funds.**

Single Fund Balances



The values in this chart represent the number of participants whose balances are invested 100% in the indicated fund.

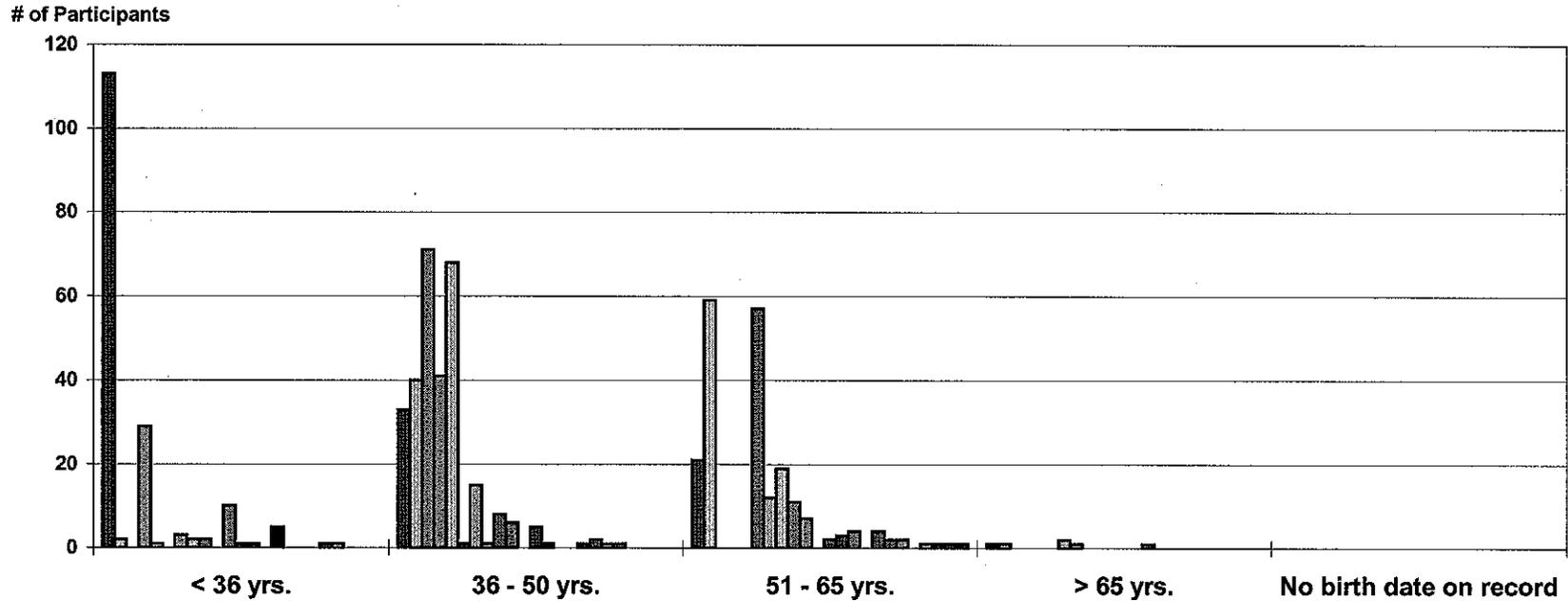
Single Fund Balances



The values in this chart represent the number of participants whose balances are invested 100% in the indicated fund.

Single Fund Balances by Age

as of 12/31/2006



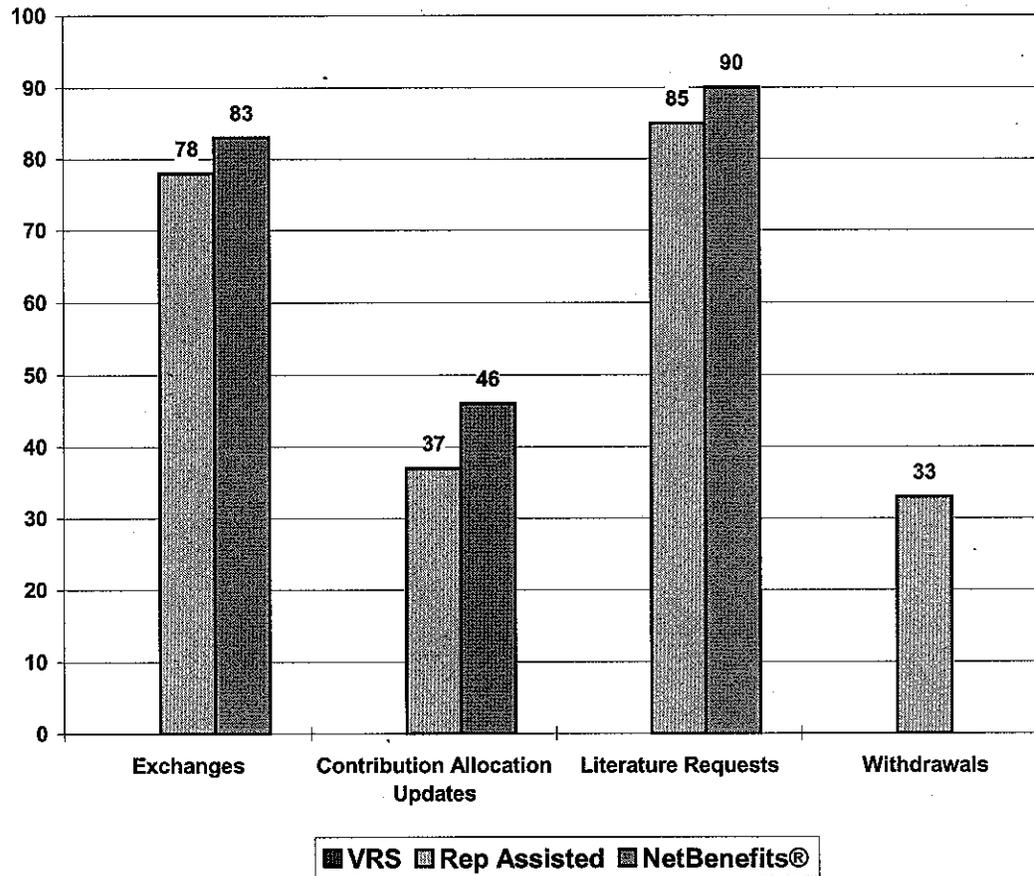
171 Participants	295 Participants	207 Participants	6 Participants	0 Participants
Fidelity Freedom 2040®	Fidelity Freedom 2020®	Fidelity Freedom 2025®	Fidelity Freedom 2035®	
Fidelity Freedom 2030®	Fidelity Freedom 2015®	Fid Puritan	Fidelity Freedom 2010®	
Fid Blue Chip Growth	Spartan® U.S. Equity Index	Fid Freedom 2045	Allnz Nfj Smcpval Ad	
Fid Diversified Intl	Fidelity Freedom 2005®	Fid Freedom 2050	Fidelity Freedom Income®	
Fid Mgd Inc Port	Pimco Tot Return Adm	Fid Equity Income	Spartan® Extended Market Index	
Fid Growth Company	Fid Ultrashort Bond	Mutual Shares CI A		

NOTE: The values in this chart represent the number of participants whose balances are invested 100% in the indicated fund. The 'No birth date on record' category includes participants with unknown birth dates and any plan level accounts, such as the forfeiture account.

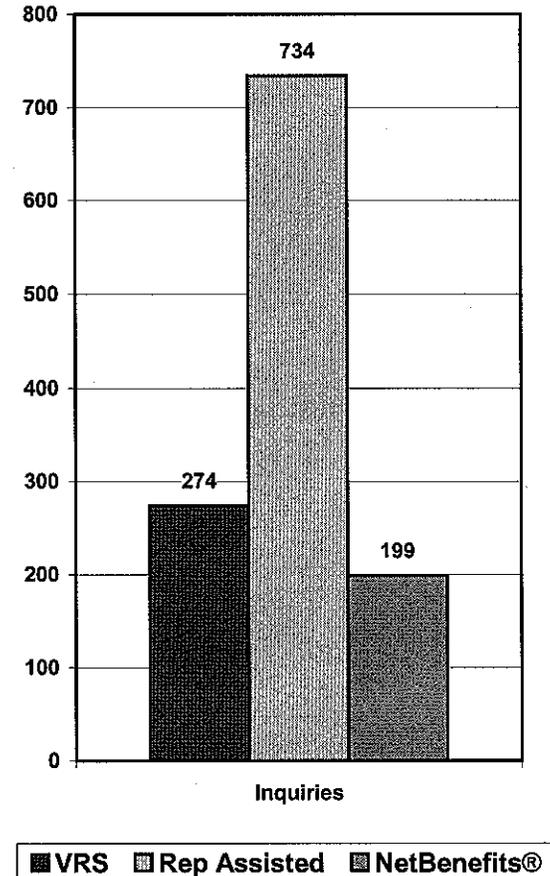
Participant Account Activity by Type

1/1/2006 - 12/31/2006

Update Transactions



Inquiry Only

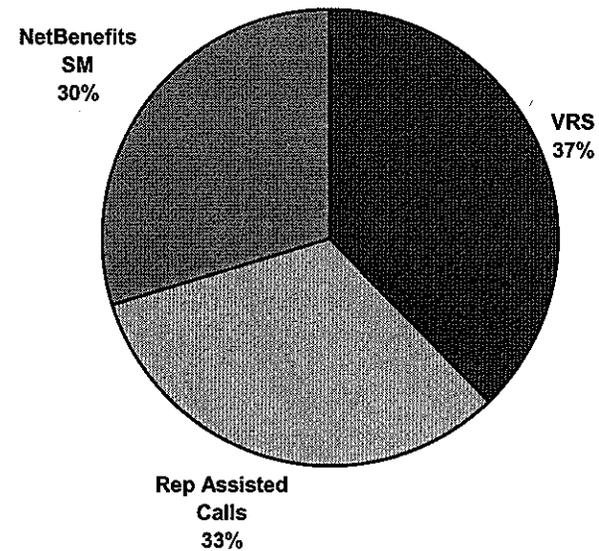
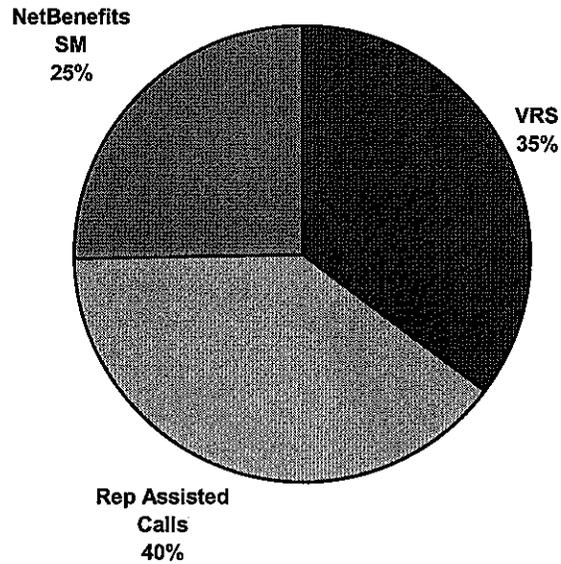


Account Access Comparison

1/1/2006 - 12/31/2006

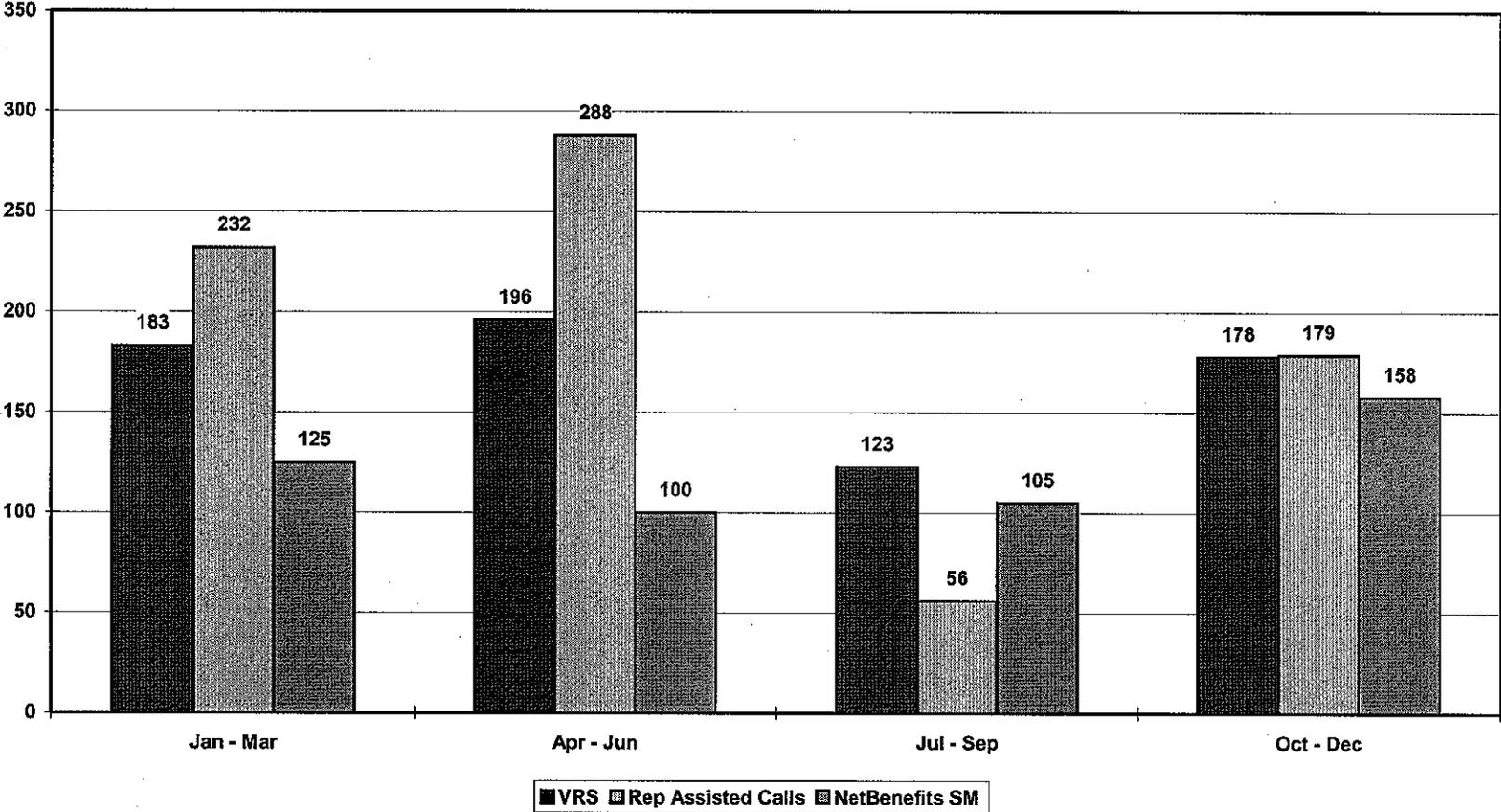
**NORTH DAKOTA STATE DEFERRED
COMPENSATION COMPANION PLAN
NORTH DAKOTA PERS**

AVG. FITSCO PUBLIC SECTOR



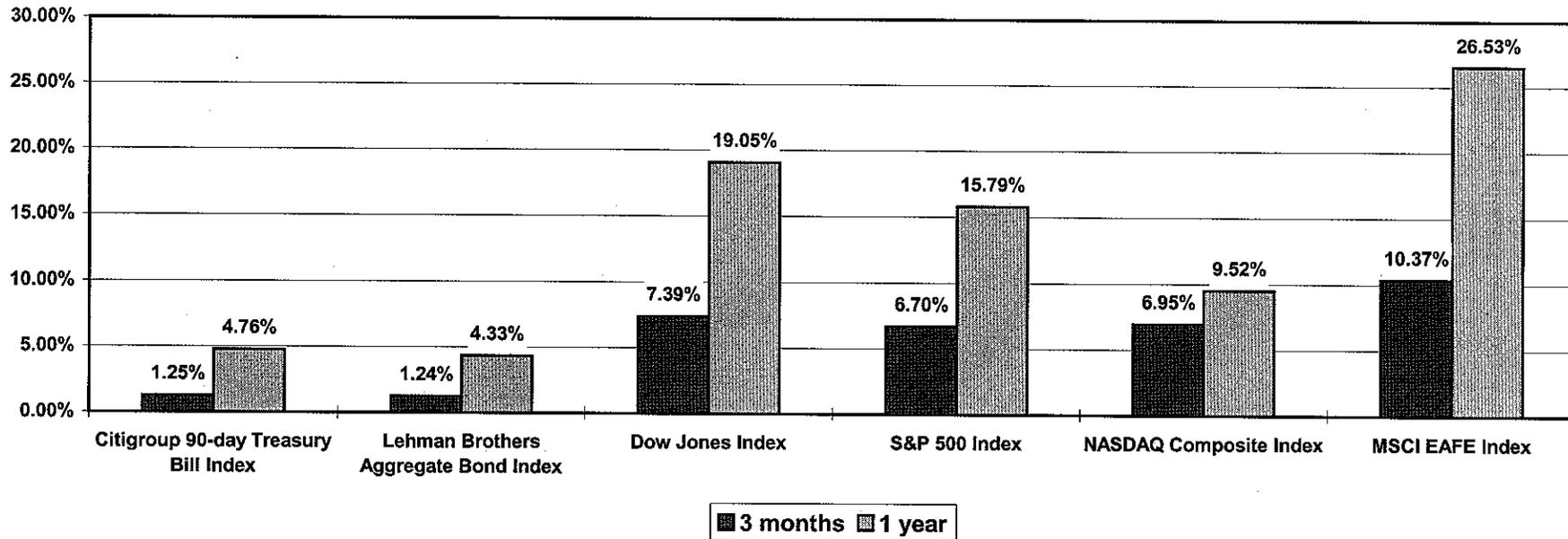
Participant Access Volumes

1/1/2006 - 12/31/2006



Major Market Indices

Cumulative Total Return %
Period Ending 12/31/2006



Past performance is no guarantee of future results.

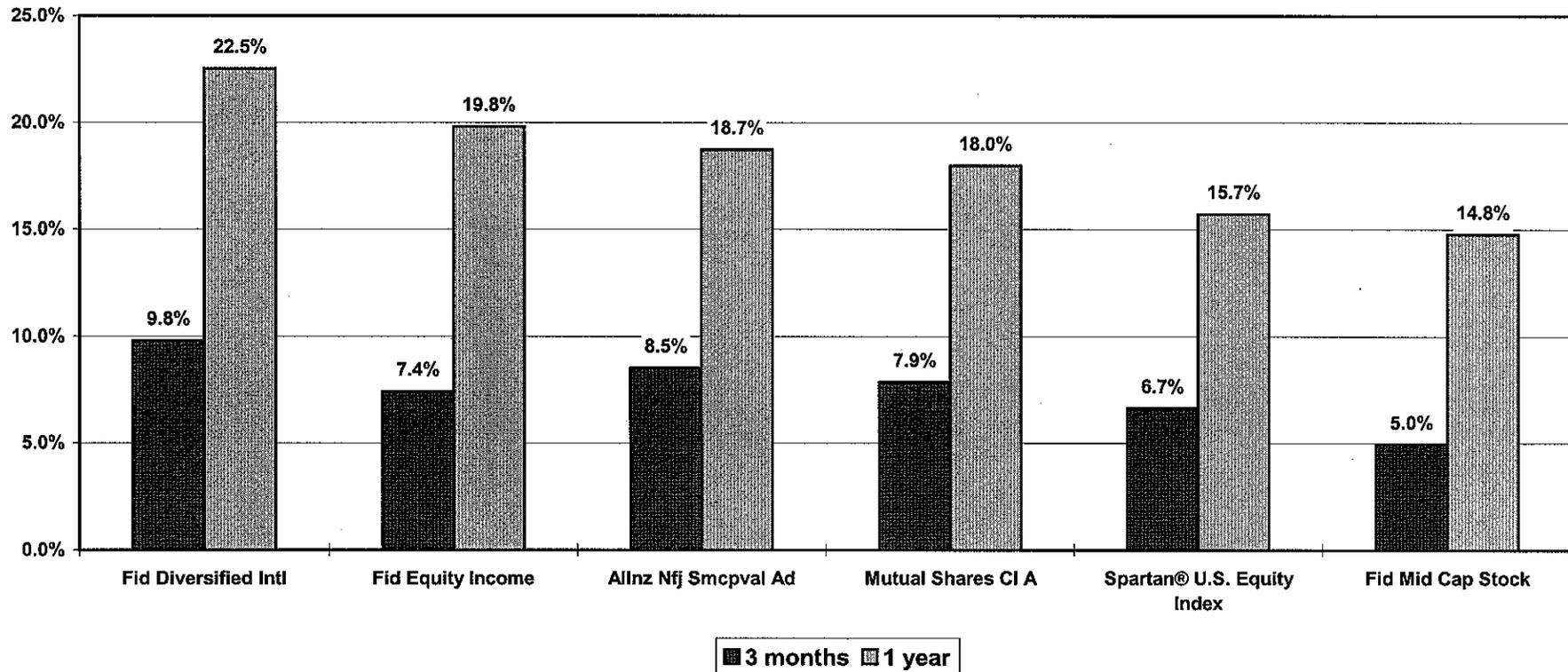
*The Citigroup 90-day Treasury Bill Index represents the average of T-Bill rates for each of the prior three months, adjusted to bond equivalent yield basis.

*The Lehman Brothers Aggregate Bond Index is an unmanaged market value-weighted index for investment-grade fixed-rate debt issues, including government, corporate, 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

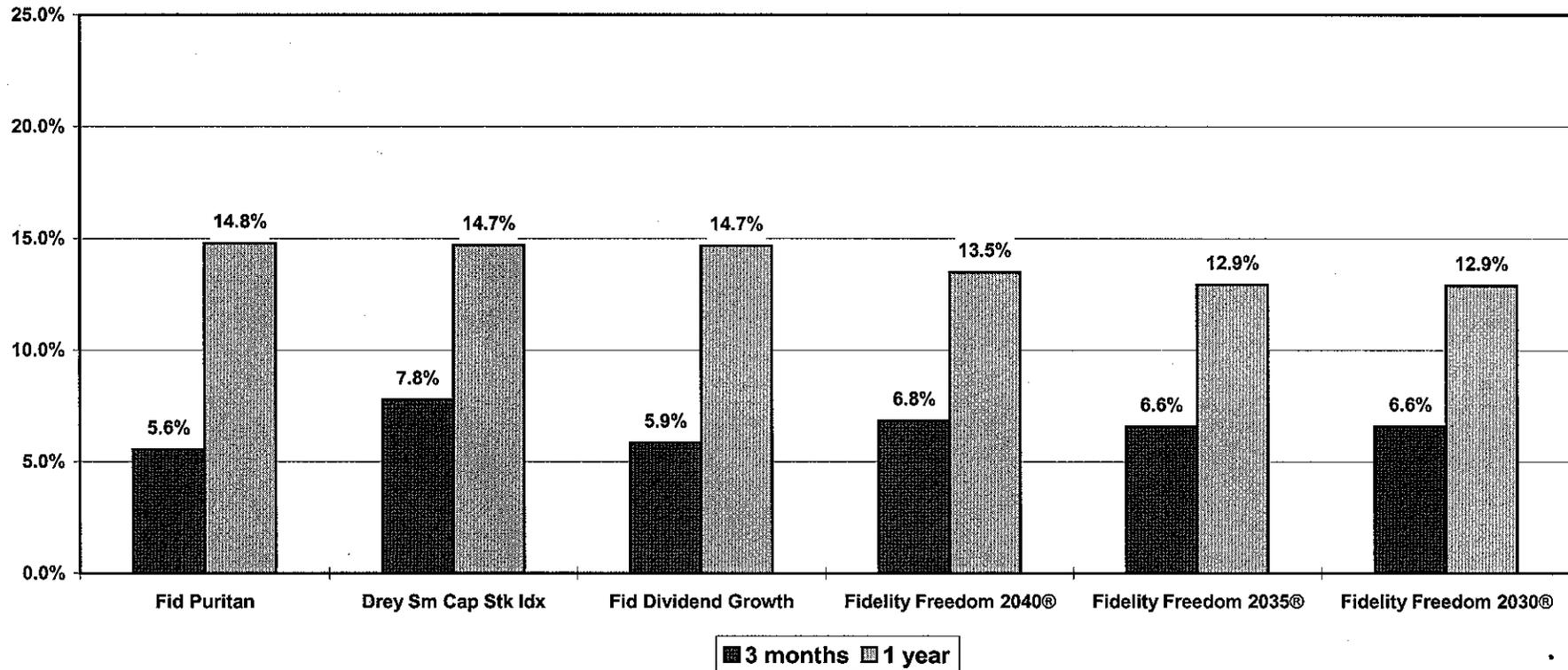
Cumulative Total Return %
Period Ending 12/31/2006



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Individual Fund Performance

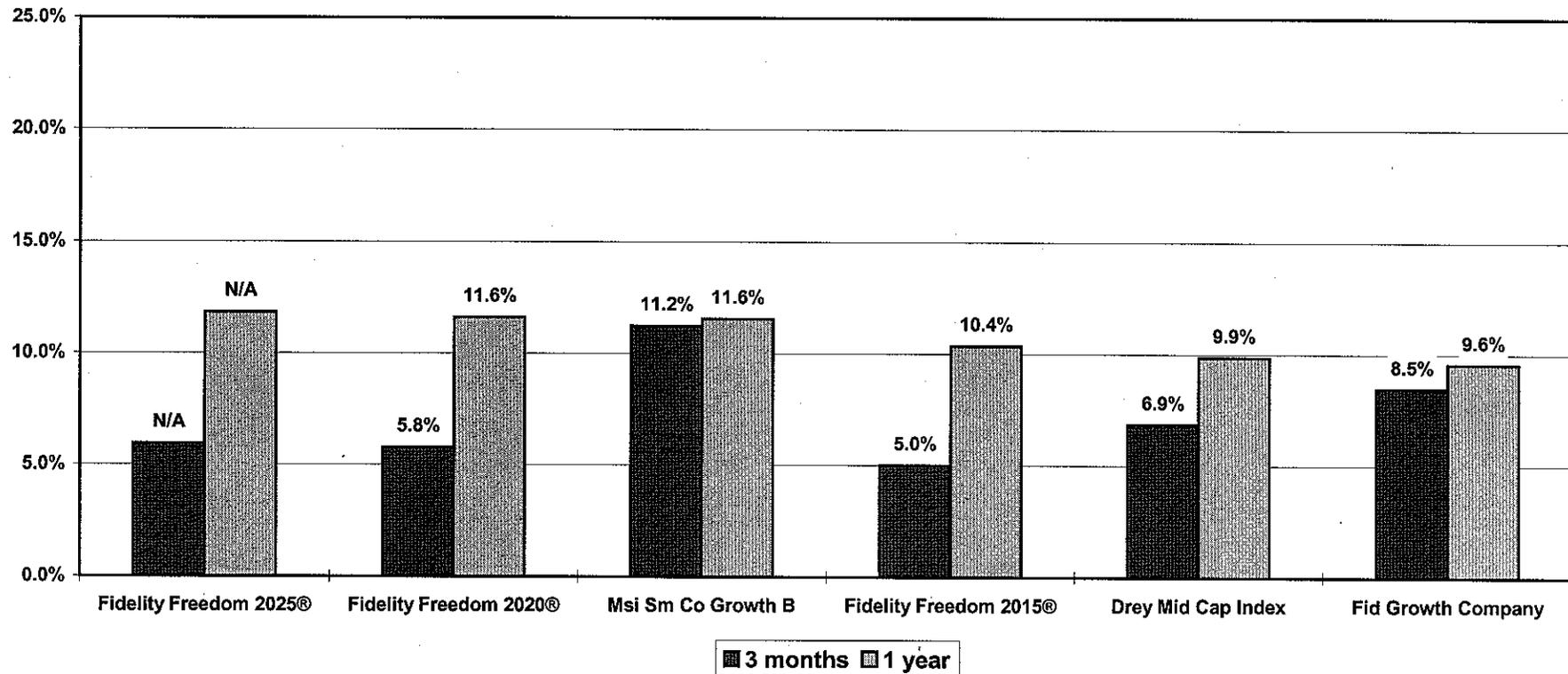
(Continued)
Cumulative Total Return %
Period Ending 12/31/2006



Past performance is no guarantee of future results.

Individual Fund Performance

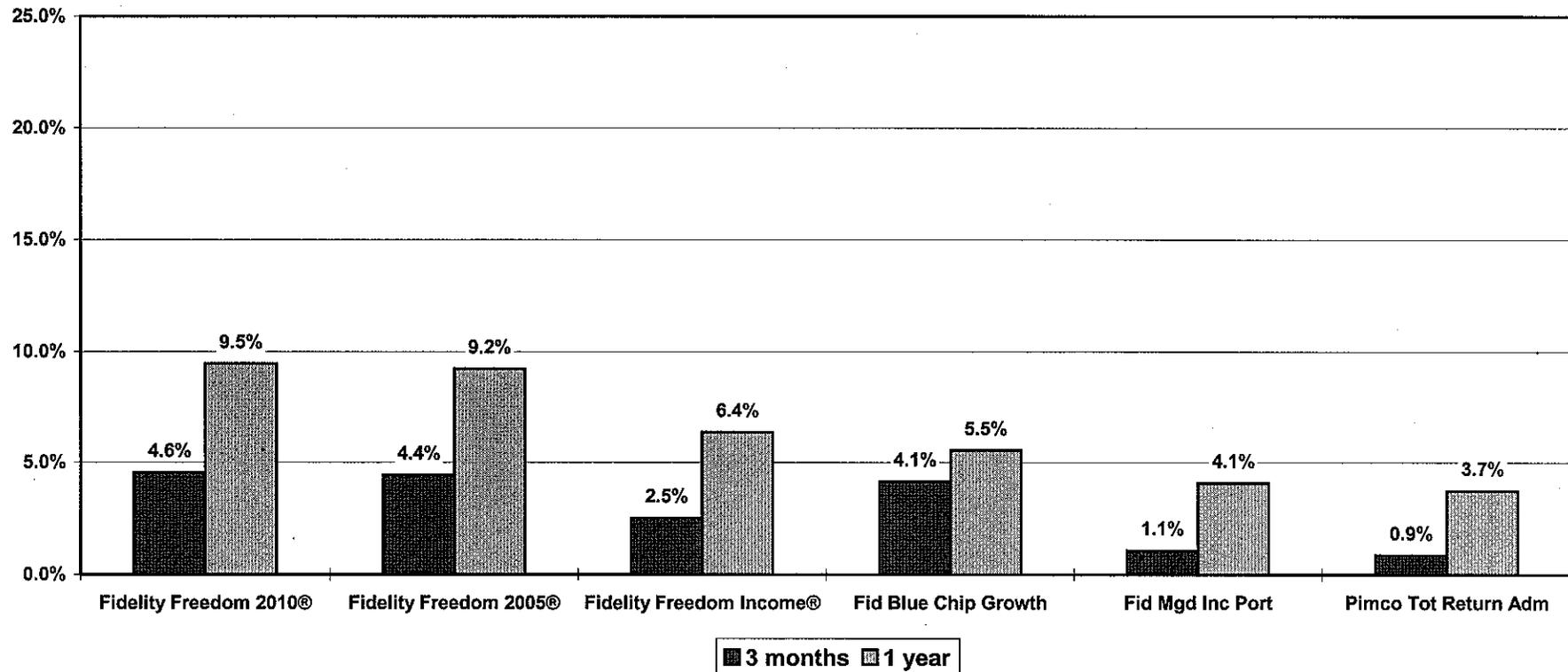
(Continued)
 Cumulative Total Return %
 Period Ending 12/31/2006



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

Fund Benchmark(s)	Average Annual Total Return % Period Ending 12/31/2006			Inception Date*	Short Term Trading Fee	Expense Ratio
	1 Year	5 Years	10 Years			
Fidelity Freedom 2020®	11.6%	7.3%	8.8%			0.7
Lipper Multi- Cap Core Funds Average	13.3%	6.6%	8.7%			
S&P 500 Index	15.8%	6.2%	8.4%			
Fid Diversified Intl	22.5%	17.3%	13.2%		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%			
Spartan® U.S. Equity Index	15.7%	6.1%	8.3%			0.1
Lipper S&P 500 Funds Average	15.2%	5.6%	8.0%			
S&P 500 Index	15.8%	6.2%	8.4%			
Allnz Nfj Smcpval Ad	18.7%	16.5%	13.4%			1.11
Fid Puritan	14.8%	8.1%	8.7%			0.63
Fidelity Freedom 2040®	13.5%	7.7%	1.6%	* 9/6/2000		0.76
Lipper Multi- Cap Core Funds Average	13.3%	6.6%	8.7%			
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Lipper Large Cap Growth Fund Avg	5.6%	2.2%	5.5%			
S&P 500 Index	15.8%	6.2%	8.4%			
Fid Mgd Inc Port	4.1%	4.3%	5.1%			

Im First Tier Money Market

4.8% 2.2% 3.7%

recent average annual return data is published online each month end. Please visit PSWSM 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
Fidelity Freedom 2010®	9.5%	6.3%	8.3%			0.62
Lipper Balanced Funds Average	10.6%	5.7%	6.8%			
S&P 500 Index	15.8%	6.2%	8.4%			
Mutual Shares CI A	18.0%	10.5%	11.1%		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%			
Drey Mid Cap Index	9.9%	10.4%	12.9%			0.5
Pimco Tot Return Adm	3.7%	5.3%	6.6%		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%			
Valic Unall Fix Inc						
Fidelity Freedom 2025®	11.8%	N/A	11.0%	* 11/6/2003		0.72
Fid Mid Cap Stock	14.8%	7.0%	12.7%		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%			
Fidelity Freedom Income®	6.4%	4.2%	5.8%			0.51
Lipper Income Funds Avg	9.6%	6.4%	6.4%			
Lehman Brothers Aggregate Bond Index	4.3%	5.1%	6.2%			
Fid Dividend Growth	14.7%	4.3%	9.7%			0.6
Lipper Large- Cap Core Funds Average	13.5%	4.8%	6.9%			
S&P 500 Index	15.8%	6.2%	8.4%			
Fidelity Freedom 2015®	10.4%	N/A	9.4%	* 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
Fid Equity Income	19.8%	8.7%	9.4%			0.68
Lipper Equity Income Funds Average	18.5%	8.6%	8.8%			
Russell 3000 Value Index	22.3%	11.2%	11.1%			
Fidelity Freedom 2030®	12.9%	7.6%	8.7%			0.74
Lipper Multi- Cap Core Funds Average	13.3%	6.6%	8.7%			
S&P 500 Index	15.8%	6.2%	8.4%			
Msi Sm Co Growth B	11.6%	10.9%	14.2%		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%			
Fidelity Freedom 2005®	9.2%	N/A	7.9%	* 11/6/2003		0.62
Fid Growth Company	9.6%	5.6%	9.6%			0.97
Lipper Multi- Cap Growth Funds Average	8.2%	4.8%	7.5%			
Russell 3000 Growth Index	9.5%	3.0%	5.3%			
Fidelity Freedom 2035®	12.9%	N/A	12.1%	* 11/6/2003		0.75
Drey Sm Cap Stk Idx	14.7%	12.1%	10.5%	* 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.



**North Dakota
Public Employees Retirement System**
400 East Broadway, Suite 505 • Box 1657
Bismarck, North Dakota 58502-1657

Sparb Collins
Executive Director
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Memorandum

TO: PERS Board

FROM: Kathy

DATE: March 20, 2007

**SUBJECT: Fidelity Recordkeeping Agreement Amendments
401(a) Defined contribution Plan
457 Deferred Comp Companion Plan**

Fidelity has recommended we amend the recordkeeping agreement to add the life cycle fund default (which utilizes the Fidelity Freedom Funds) for the 401(a) plan. Attached is a memo from Fidelity outlining this issue as well as information about the Freedom Funds. This service has already been adopted by the 457(b) plan.

Also included in the amendment is the addition of the Goldman Sachs Mid Cap Value Fund (GCMAX) recommended by the Investment Subcommittee as outlined in the investment report previously presented.

We expect to have the agreements, incorporating the above changes, available at the meeting.

Board Action Requested

1. Approve the amendments to the 401(a) defined contribution and 457 Companion plan Fidelity recordkeeping agreements to add the Goldman Sachs Mid Cap Value Fund.
2. Approve the amendment to adopt the life cycle funds as the default for the 401(a) defined contribution plan.



March 13, 2007

Kathy Allen
North Dakota Public Employee Retirement System
400 E. Broadway - Suite 505
PO Box 1657
Bismarck, ND 58502-1657

Dear Kathy,

The purpose of this letter is to summarize our conversation today regarding lifecycle fund default for the 401(a) Plan.

As a review, lifecycle funds are mutual funds designed to provide an investment strategy for plan participants who want a simpler approach for long-term asset allocation. These funds call for higher equity exposure when a person is young and has more time to recover from any market slumps. Then, as the investor ages and moves closer to his or her target retirement date, the funds automatically shift to less volatile fixed income and money market investments to help protect their nest egg in case a market correction hits right before retirement (diversification does not ensure a profit or guarantee against loss).

We believe life cycle default is one plan design tool employers can use to help those employees who do not make an investment election or construct a portfolio appropriate for their age and target retirement date.

In summary it is Fidelity's recommendation that NDPERS add the life cycle fund default (which utilizes the Fidelity Freedom Funds) for the 401(a) plan. Additionally this service has already been adopted by the 457(b) plan and would therefore create consistence with the 401(a) plan.

I hope this letter is responsive to your immediate needs in this regard. I also would like to take this time to offer my thanks for your continued business with Fidelity and reaffirm our commitment to providing the highest quality service to you in the years ahead.

Sincerely,

A handwritten signature in black ink that reads "Shawn Crosgrove". The signature is written in a cursive, flowing style.

Shawn Crosgrove
Relationship Manager
Tax-Exempt Market
Fidelity Employer Services Company

For Plan Sponsor and Investment Professional Use Only

Mutual fund products
offered through Fidelity
Investments Institutional
Services Company, Inc.

Fidelity Investments Institutional
Operations Company, Inc.

201 South Main Street, Suite 200
Salt Lake City, Utah 84111

A SIMPLE WAY TO DIVERSIFY RETIREMENT PLAN DEFAULT INVESTMENTS

The Freedom Fund Age Default Service is a powerful way to help you and your participants meet the ongoing challenges of retirement investing. The service enables plan sponsors to help participants who have yet to select an investment mix on their own, by directing contributions into a Freedom fund targeted to the participant's appropriate retirement horizon based on his or her birth date. Fidelity Freedom Funds® offer a built-in asset allocation strategy that may provide greater long-term growth potential than a money market fund, a stable value fund, or most other types of default investment options.

The Freedom Fund Age Default Service helps employees maximize the potential of their plan contributions, and may enable you to better fulfill your fiduciary responsibility.

Fidelity Freedom Funds® Overview

Each Freedom fund invests in a mix of up to 19 predefined Fidelity mutual funds, utilizing a range of asset classes and investment styles. The Freedom funds with target retirement dates automatically adjust their asset allocation to become more conservative over time as they approach their target retirement dates, and beyond. As a result, Freedom funds are designed to allow participants to stay with the same fund before and during retirement. Fidelity Freedom Income Fund® is designed for participants who are in retirement, and the fund seeks to maintain a stable asset allocation model. Eventually, all Freedom funds with a target retirement date will merge with the Freedom Income Fund.

Here are just a few of the benefits of adding the default service to your plan.

Plan Sponsor Benefits

- **A more strategic default option**—You direct assets into an investment option that may reduce the possibility that balances could be invested too conservatively or too aggressively to meet participant needs.
- **Fiduciary obligations are addressed**—Undirected contributions are invested in life cycle funds for diversification within each asset class, and strategic asset allocation over time.
- **Participant notification**—The service includes two letters of notification to defaulted participants, informing them that their contributions have been invested in one of the plan's Freedom funds, and encouraging them to make their own investment elections for current balances and future contributions.



FREEDOM FUND
AGE DEFAULT
SERVICE



Plan Participant Benefits

- **An asset allocation solution**—The Freedom funds with target retirement dates provide participants with exposure to growth-oriented investments, but follow an asset allocation model that gradually becomes more conservative over time.
- **Diversification**—Because the Freedom funds are “funds of funds,” participants can enjoy greater diversification than they might if balances were invested in a single fund, including blended investment options.
- **Call to action**—The letters of notification provide participants with timely information about defaulted balances, and encourage them to make their own investment decisions.

How the Service Works—We Make It Easy for You

Contributions are automatically defaulted into a particular Freedom fund based upon the participant’s date of birth and according to the target retirement date that you, the plan sponsor, select. Contributions of participants without a valid date of birth are defaulted into the Freedom Income Fund or another default fund, as you direct.

When the initial contribution is defaulted, a letter will automatically be sent to participants informing them that because they have not made an investment election, their contribution has been invested in a Freedom fund. The letter also encourages them to contact a Fidelity phone representative or to visit Fidelity NetBenefits® at www.fidelity.com/atwork to select their own investment options or to exchange existing balances into other options. Participants who do not subsequently make an investment election within 90 days of the initial announcement will receive a reminder letter upon their next contribution.

Fidelity Freedom Funds®

Retirement Year	Fund
Retired 1997 or before →	Freedom Income
1998–2002 →	Freedom 2000
2003–2007 →	Freedom 2005
2008–2012 →	Freedom 2010
2013–2017 →	Freedom 2015
2018–2022 →	Freedom 2020
2023–2027 →	Freedom 2025
2028–2032 →	Freedom 2030
2033–2037 →	Freedom 2035
2038–2042 →	Freedom 2040

ENHANCE THE POWER OF YOUR PLAN BY ADDING THE FREEDOM FUND AGE DEFAULT SERVICE TODAY

For more information about the Freedom Fund Age Default Service and how to integrate it with your retirement plan, contact your Fidelity representative.

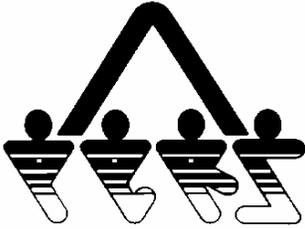
For more complete information about any of the mutual funds available through the plan, including fees and expenses, call or write Fidelity for free prospectuses. Read them carefully before you invest.

Neither diversification nor asset allocation ensures a profit or guarantees against loss. Strategic Advisers, Inc., a subsidiary of FMR Corp., manages the Fidelity Freedom Funds. For plan sponsor use only.

Fidelity Investments Tax-Exempt Services Company
A division of Investments Institutional Services Company, Inc., 82 Devonshire Street, Boston, Massachusetts 02109
359523

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**North Dakota
Public Employees Retirement System**
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Memorandum

TO: PERS Board

FROM: Sparb & Bryan

DATE: March 20, 2007

SUBJECT: NDPERS Investment Policies

The NDPERS Investment Subcommittee and staff updated the statement of investment policy for the NDPERS Retirement Plans, the NDPERS Retiree Health Insurance Credit Fund, the Job Service Retirement Plan, the Defined Contribution Plan, and the Deferred Compensation Companion Plan. These five documents are attached.

We used similar language for the Job Service, Health Credit and NDPERS Retirement statements. The Companion Plan and Defined Contribution have the same wording.

If you have any questions or changes, we will be available at the NDPERS Board meeting.

Board Action Requested:

- Approve the Statement of Investment Goals, Objectives and Policies for the North Dakota Public Employees Retirement System.
- Approve the Statement of Investment Goals, Objectives and Policies for the NDPERS Retiree Health Insurance Credit Fund.
- Approve the Investment Policy Statement for the Job Service North Dakota Retirement Plan.
- Approve the Statement of Investment Policy for the Deferred Compensation Companion Plan.
- Approve the Statement of Investment Policy for the Defined Contribution Plan.

**STATEMENT OF
INVESTMENT GOALS, OBJECTIVES AND POLICIES
FOR THE
NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM**

1. PLAN CHARACTERISTICS AND FUND CONSTRAINTS

The North Dakota Public Employees Retirement System (NDPERS) and the Highway Patrol Retirement System (HPRS) are pension benefit plans established to provide retirement income to state employees and employees of participating political subdivisions. The plans are administered by a seven member Board of Trustees (the Board). The Chair is appointed by the governor, three members are elected by the active members of the plans, one member is elected by the retired members, one is appointed by the Attorney General and the seventh member is the State Health Officer or their designee.

The NDPERS plan is a multi-employer hybrid benefit public pension plan that provides retirement benefits, disability retirement benefits, and survivor benefits, in accordance with Chapter 54-52 of the North Dakota Century Code (NDCC). Monthly retirement benefits for the Main, National Guard and Law Enforcement Plans are based on the formula: number of Years of Service times 2.0% times the final average salary. For the NDPERS Judges Plan the retirement formula is: for the first ten years of service of the formula is final average salary times 3.5%, for the second ten years of service the formula is final average salary times 2.80% and for all remaining years of service the formula is final average salary times 1.25%.

The Highway Patrol plan is a single employer plan that provides retirement benefits, disability benefits, and survivor benefits in accordance with Chapter 39-03.1 of the North Dakota Century Code. Monthly retirement benefits are based upon on the formula: first 25 years of credit service times 3.25% and all remaining years of service times 1.75%.

Funding for the NDPERS plan is provided by monthly employee contributions and employer contributions with the amount varying based upon which NDPERS plan the member participates in. For the Main NDPERS plan the employee contribution is 4% and the employer contribution is 4.12%, for the Judges Plan the employee contribution is 5% and employer contribution is 14.52%, for the National Guard Plan the employee contribution is 4% and employer contribution is 6.5%, for the Law Enforcement Plan with prior service the employee contribution is 4% and the employer contribution is 8.31% and for the Law Enforcement Plan without prior service the employee contribution rate is 4% and the employer rate is 6.43%.

Funding for the Highway Patrol plan is provided by a monthly employee contribution of 10.3% and an employer contribution of 16.7%

Each year the Board has an actuarial valuation performed. The current actuarial assumed rate of return on assets for all plans is 8%.

2. RESPONSIBILITIES AND DISCRETION OF THE STATE INVESTMENT BOARD (SIB)

Aggregate plan contributions plus earnings, minus allowable expenses constitute the Fund. The Board is charged by NDCC chapters 54-52, 21-10-01, and 39-03.1 to establish policies for the investment goals and asset allocation of the Fund. The State Investment Board (SIB) is charged with implementing the asset allocation as promptly and prudently as possible in accordance with the Board's policies by investing the assets of the Fund in the manner provided in the prudent investor rule, which provides:

Fund fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income. The retirement funds belonging to the teachers' fund for retirement and the public employees retirement system must be invested exclusively for the benefit of their members and in accordance with the respective funds' investment goals and objectives. (NDCC 21-10-07)

The SIB may delegate investment responsibility of the Fund or any portion of the Fund to professional money managers. Where a money manager has been retained, the SIB's role in determining investment strategy is supervisory not advisory.

The SIB may at its discretion, pool the assets of the Fund with another fund or funds having similar investment objectives and time horizons in order to maximize returns and minimize costs. In pooling fund assets the SIB will establish asset class pools it deems necessary to achieve the specific quality, diversification, restrictions, and performance objectives subject to the prudent investor rule and the objectives of the funds participating in the pools.

The SIB is responsible for establishing the selection criteria, determining the performance measures, and retaining all fund money managers. SIB is also responsible for the selection and retention of any investment consultants that may be employed in the investment of the Fund assets.

3. DELEGATION OF AUTHORITY

Management responsibility for NDPERS funds not assigned to the North Dakota State Investment Board (SIB) in Chapter 21-10 of the North Dakota Century Code (NDCC) is hereby delegated to the SIB, which must establish written policies and procedures for the operation of the NDPERS funds, consistent with this investment policy.

Such procedures must provide for:

1. The definition and assignment of duties and responsibilities to advisory services and persons employed by the SIB pursuant to NDCC 21-10-02.1(1) (a).
2. Investment diversification, investment quality, qualification of money managers, and amounts to be invested by money managers pursuant to NDCC 21-10-02.1(1)(e). In developing these policies it is understood:
 - a. Futures and options may be used to hedge or replicate underlying index exposure, but not for speculation.

- b. The use of derivatives will be monitored to ensure that undue risks are not taken by the money managers.
 - c. All assets must be held in custody by the SIB's master custodian or such other custodians as are selected by the SIB.
3. Guidelines for the selection and redemption of investments will be in accordance with NDCC 21-10-02.1(1) (d).
 4. The criteria for making decisions with respect to hiring, retention, and termination of money managers will be clearly defined. This also includes selecting performance measurement standards, consultants, report formats, and frequency of meetings with money managers.

All participants in the investment process must seek to act responsibly as custodians of the public trust.

4. INVESTMENT GOALS

The investment goals of the Fund have been established by the NDPERS Board based upon consideration of the Board's strategic objectives and a comprehensive review of the current and projected financial requirements. These goals are to be viewed over the long term.

- Goal #1 Accumulate sufficient wealth through a diversified portfolio of investments which will enable the State of North Dakota to pay all current and future retirement benefits and expense obligations of the Fund.
- Goal #2 To obtain an investment return in excess of that needed to allow for increases in a retiree's annuity to maintain the purchasing power of their retirement benefit.

5. INVESTMENT PERFORMANCE OBJECTIVE

The NDPERS Board will seek to make investments that generate sufficient return to meet the goals outlined in this policy. The objectives established in this section are in accordance with the fiduciary requirement in federal and state law.

It is in the best interest of NDPERS and its beneficiaries that performance objectives be established for the total Fund. It is clearly understood these objectives are to be viewed over the long term and have been established after full consideration of all factors set forth in this Statement of Investment Goals, Objectives and Policies.

- a. The funds rate of return, over the long term should equal, that of the policy portfolio which is comprised of policy weights of appropriate asset class benchmarks as set by the SIB.
- b. The annual standard deviation of total returns for the Fund should not exceed that of the policy portfolio.

- c. Over 10-year and longer periods the fund should match or exceed the expected rate of return projected in the most recent asset/liability study without exceeding the expected risk for the period as measured by standard deviation.

6. ASSET ALLOCATION

In recognition of the plan's performance objectives, benefit projections, and capital market expectations, the NDPERS Board has established the following asset allocation:

Date of Last Asset Allocation Study: NDPERS Board Approved December 2005 – SEI Corporation

Domestic Equities - Large Cap	30%
Domestic Equities – Small Cap	10%
International Equities	10%
Emerging Markets Equities	5%
Domestic Fixed Income	24%
High Yield Fixed Income	5%
International Fixed Income	5%
Real Estate	5%
Private Equity	5%
Cash	1%
Expected Return	9.3%
Standard Deviation of Returns	10.5%

Rebalancing of the Fund to this target will be done in accordance with the SIB's rebalancing policy, but not less than annually.

7. RESTRICTIONS

- A. Futures and options may be used to hedge or replicate underlying index exposure, but not for speculation.
- B. Use of derivatives will be monitored to ensure that undue risks are not taken by the money managers

- C. No transaction may be made which threatens the tax exempt status of the Fund.
- D. No unhedged short sales or speculative margin purchases may be made.

Social Investing is defined as *"The investment or commitment of public pension fund money for the purpose of obtaining an effect other than a maximized return to the intended beneficiaries."*

- E. Social investing is prohibited unless it meets the Exclusive Benefit Rule and it can be substantiated that the investment must provide an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.

Economically targeted investing is defined as an investment designed to produce a competitive rate of return commensurate with risk involved, as well as to create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

- F. Economically targeted investing is prohibited unless the investment meets the Exclusive Benefit Rule.

The Exclusive Benefit Rule is met if the following four conditions are satisfied:

- (1) The cost does not exceed the fair market value at the time of investment.
- (2) The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
- (3) Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the plan.
- (4) The safeguards and diversity that a prudent investor would adhere to are present.

- G. Publicly Traded REITs may not be used in the Real Estate asset allocation.

- H.. Where timberland is used as part of the domestic fixed income portfolio, it may not make up more than 30% of the total asset class at the time of initial purchase. If timberland becomes 50% or more of the domestic fixed income portfolio through market appreciation, the SIB must review the situation and, with the goal of bringing the timberland portion of the domestic fixed income portfolio into line with this restriction and considering market conditions at the time take any action deemed prudent.

Where investment characteristics, including yield, risk, and liquidity are equivalent, the Board's policy favors investments which will have a positive impact on the economy of North Dakota.

8. INTERNAL CONTROLS

The SIB must have a system of internal controls to prevent losses of public funds arising from fraud or employee error. The controls deemed most important are the separation of responsibilities for investment purchases from the recording of investment activity, custodial safekeeping, written confirmation of investment transactions, and established criteria for broker relationships. The annual financial audit must include a comprehensive review of the portfolio, accounting procedures for security transactions and compliance with the investment policy.

9. EVALUATION

Investment management of the Fund will be evaluated against the Fund's investment objectives and investment performance standards.

An annual performance report must be provided to the Board by the State Investment Officer at a regularly scheduled NDPERS Board meeting. The annual performance report must include asset returns and allocation data as well as information regarding all significant or material matters and changes pertaining to the investment of the Fund, including:

- Changes in asset class portfolio structures, tactical approaches and market values;
- All pertinent legal or legislative proceedings affecting the SIB.
- Compliance with these investment goals, objectives and policies.
- A general market overview and market expectations.
- A Review of fund progress and its asset allocation strategy.

In addition, the State Investment Officer shall review with the Board the procedures and policies established by the SIB relating to this statement of investment goals, objectives, and policies.

Date: _____

Date: _____

J. Sparb Collins
 Executive Director
 North Dakota Public Employees Retirement System

Steve Cochrane, CFA
 Executive Director
 North Dakota Retirement and Investment Office

**STATEMENT OF
INVESTMENT GOALS, OBJECTIVES AND POLICIES
FOR THE
NDPERS RETIREE HEALTH INSURANCE CREDIT FUND**

1. PLAN CHARACTERISTICS AND FUND CONSTRAINTS

The North Dakota Public Employees Retirement System (NDPERS) Retiree Health Insurance Credit Fund was established in 1989 to provide for prefunding of premiums for medical coverage to state employees and employees of participating political subdivisions in accordance with Chapter 54-52.1 of the North Dakota Century Code. The plan is administered by a seven member Board of Trustees (the Board). The Chair is appointed by the governor, three members are elected by the active members of the plans, one member is elected by the retired members, one is appointed by the Attorney General and the seventh member is the State Health Officer or their designee.

The NDPERS plan is a defined benefit program that provides for a partial payment of a retiree's medical insurance premium based on the number of years of service.

Funding for the NDPERS plan is provided by a monthly employer contribution of one percent of payroll. On a monthly basis, benefit payments are netted out against contributions and the balance forwarded to the trust's custodian for investment.

Each year the NDPERS Board has an actuarial valuation performed. The current actuarial assumed rate of return on assets for the plan is 8.0%.

2. RESPONSIBILITIES AND DISCRETION OF THE STATE INVESTMENT BOARD (SIB)

Aggregate plan contributions plus earnings, minus allowable expenses constitute the Fund. The Board is charged by NDCC chapters 54-52, 21-10-02, and 39-03.1 to establish policies for the investment goals and asset allocation of the Fund. The State Investment Board (SIB) is charged with implementing the asset allocation as promptly and prudently as possible in accordance with Board's policies by investing the assets of the Fund in the manner provided in the prudent investor rule, which provides:

Fund fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income. The retirement funds belonging to the teachers' fund for retirement and the public employees retirement system must be invested exclusively for the benefit of their members and in accordance with the respective funds' investment goals and objectives. (NDCC 21-10-07)

The SIB may delegate investment responsibility of the Fund or any portion of the Fund to professional money managers. Where a money manager has been retained, the SIB's role in determining investment strategy is supervisory not advisory.

The SIB may at its discretion, pool the assets of the Fund with another fund or funds having similar investment objectives and time horizons in order to maximize returns and minimize costs. In pooling fund assets the SIB will establish asset class pools it deems necessary to achieve the specific quality, diversification, restrictions, and performance objectives subject to the prudent investor rule and the objectives of the funds participating in the pools.

The SIB is responsible for establishing the selection criteria, determining the performance measures, and retaining all fund money managers. SIB is also responsible for the selection and retention of any investment consultants that may be employed in the investment of the Fund assets.

3. DELEGATION OF AUTHORITY

Management responsibility for NDPERS funds not assigned to the North Dakota State Investment Board (SIB) in Chapter 21-10 of the North Dakota Century Code (NDCC) is hereby delegated to the SIB, which must establish written policies and procedures for the operation of the NDPERS funds, consistent with this investment policy.

Such procedures must provide for:

1. The definition and assignment of duties and responsibilities to advisory services and persons employed by the SIB pursuant to NDCC 21-10-02.1(1) (a).
2. Investment diversification, investment quality, qualification of money managers, and amounts to be invested by money managers pursuant to NDCC 21-10-02.1(1)(e). In developing these policies it is understood:
 - a. Futures and options may be used to hedge or replicate underlying index exposure, but not for speculation.
 - b. The use of derivatives will be monitored to ensure that undue risks are not taken by the money managers.
 - c. All assets must be held in custody by the SIB's master custodian or such other custodians as are selected by the SIB.
3. Guidelines for the selection and redemption of investments will be in accordance with NDCC 21-10-02.1(1) (d).
4. The criteria for making decisions with respect to hiring, retention, and termination of money managers will be clearly defined. This also includes selecting performance measurement standards, consultants, report formats, and frequency of meetings with money managers.

All participants in the investment process must seek to act responsibly as custodians of the public trust.

4. INVESTMENT GOALS

The investment goals of the Fund have been established by the NDPERS Board based upon consideration of the Board's strategic objectives and a comprehensive review of the current and projected financial requirements. These goals are to be viewed over the long term.

- Goal #1 Accumulate sufficient wealth through a diversified portfolio of investments which will enable the State of North Dakota to pay all current and future retirement benefits and expense obligations of the Fund.
- Goal #2 To obtain an investment return in excess of that needed to allow for increases in a retiree's credit to maintain the purchasing power of their benefit.

5. INVESTMENT PERFORMANCE OBJECTIVE

The NDPERS Board will seek to make investments that generate sufficient return to meet the goals outlined in this policy. The objectives established in this section are in accordance with the fiduciary requirement in federal and state law.

It is in the best interest of NDPERS and its beneficiaries that performance objectives be established for the total Fund. It is clearly understood these objectives are to be viewed over the long term and have been established after full consideration of all factors set forth in this Statement of Investment Goals, Objectives and Policies.

- a. The funds rate of return, over the long term should equal that of the policy portfolio which is comprised of policy weights of appropriate asset class benchmarks as set by the SIB.
- b. The annual standard deviation of total returns for the Fund should not exceed that of the policy portfolio.
- c. Over 10-year and longer periods the fund should match or exceed the expected rate of return projected in the most recent asset/liability study without exceeding the expected risk for the period as measured by standard deviation.

6. ASSET ALLOCATION

In recognition of the plan's performance objectives, benefit projections, and capital market expectations, the NDPERS Board has established the following asset allocation:

Date of Last Asset Allocation Study: NDPERS Board Approved December 2005 – SEI Corporation

Domestic Large Cap	35%
Domestic Small Cap	15%
International Equities	15%

Domestic Fixed Income	35%
Expected Return	9.4%
Standard Deviation of Returns	10.6%

Rebalancing of the Fund to this target will be done in accordance with the SIB's rebalancing policy, but not less than annually.

7. RESTRICTIONS

A. No transaction may be made which threatens the tax exempt status of the Fund.

Social Investing is defined as *"The investment or commitment of public pension fund money for the purpose of obtaining an effect other than a maximized return to the intended beneficiaries."*

B. Social investing is prohibited unless it meets the Exclusive Benefit Rule and it can be substantiated that the investment must provide an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.

Economically targeted investing is defined as an investment designed to produce a competitive rate of return commensurate with risk involved, as well as to create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

C. Economically targeted investing is prohibited unless the investment meets the Exclusive Benefit Rule.

The Exclusive Benefit Rule is met if the following four conditions are satisfied:

- (1) The cost does not exceed the fair market value at the time of investment.
- (2) The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
- (3) Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the plan.
- (4) The safeguards and diversity that a prudent investor would adhere to are present.

Where investment characteristics, including yield, risk, and liquidity are equivalent, the Board's policy favors investments which will have a positive impact on the economy of North Dakota.

8. INTERNAL CONTROLS

The SIB must have a system of internal controls to prevent losses of public funds arising from fraud or employee error. The controls deemed most important are the separation of responsibilities for investment purchases from the recording of investment activity, custodial safekeeping, written

confirmation of investment transactions, and established criteria for broker relationships. The annual financial audit must include a comprehensive review of the portfolio, accounting procedures for security transactions and compliance with the investment policy.

9. EVALUATION

Investment management of the Fund will be evaluated against the Fund's investment objectives and investment performance standards.

An annual performance report must be provided to the Board by the State Investment Officer at a regularly scheduled NDPERS Board meeting. The annual performance report must include asset returns and allocation data as well as information regarding all significant or material matters and changes pertaining to the investment of the Fund, including:

- Changes in asset class portfolio structures, tactical approaches and market values;
- All pertinent legal or legislative proceedings affecting the SIB.
- Compliance with these investment goals, objectives and policies.
- A general market overview and market expectations.
- A Review of fund progress and its asset allocation strategy.

In addition, the State Investment Officer shall review with the Board the procedures and policies established by the SIB relating to this statement of investment goals, objectives, and policies.

Date: _____

Date: _____

J. Sparb Collins
Executive Director
North Dakota Public Employees Retirement System

Steve Cochrane, CFA
Executive Director
North Dakota Retirement and Investment Office

**RETIREMENT PLAN FOR
EMPLOYEES OF JOB SERVICE NORTH DAKOTA
INVESTMENT POLICY STATEMENT**

1. PLAN CHARACTERISTICS AND FUND CONSTRAINTS.

The Retirement Plan for the Employees of Job Service North Dakota (Plan) is a defined benefit retirement plan for the eligible employees hired before October 1, 1980. There have been no new entrants to the plan since October 1, 1980. The plan provides retirement benefits, disability benefits and survivor benefits consistent with the written Plan document. Until October 1, 1993, annuities were purchased from the Travelers for retirees, since that date retiree benefits are paid from Plan assets. Annual cost of living adjustments for all Plan pensioners including annuitants with the Travelers are paid from Plan assets. The NDPERS Board (the Board) is the Plan Administrator and administers the Plan in accord with Chapter 52-11 of the North Dakota Century Code.

Job Service North Dakota as the employer contributes 4% of the active participant's salary as a contribution 'on behalf of the employee' and the active participants pay 3% of their salary into Plan assets.

Each year the Plan has an actuarial valuation performed. The current actuarial assumed rate of return on assets is 7.5%.

2. RESPONSIBILITIES AND DISCRETION OF THE STATE INVESTMENT BOARD (SIB)

Aggregate plan contributions plus earnings, minus allowable expenses constitute the Fund. The Board is charged by NDCC chapters 54-52, 21-10-01, and 39-03.1 to establish policies for the investment goals and asset allocation of the Fund. The State Investment Board (SIB) is charged with implementing the asset allocation as promptly and prudently as possible in accordance with the Board's policies by investing the assets of the Fund in the manner provided in the prudent investor rule, which provides:

Fund fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income. The retirement funds belonging to the teachers' fund for retirement and the public employees retirement system must be invested exclusively for the benefit of their members and in accordance with the respective funds' investment goals and objectives. (NDCC 21-10-07)

The SIB may delegate investment responsibility of the Fund or any portion of the Fund to professional money managers. Where a money manger has been retained, the SIB's role in determining investment strategy is supervisory not advisory.

The SIB may at its discretion, pool the assets of the Fund with another fund or funds having similar investment objectives and time horizons in order to maximize returns and minimize costs. In pooling fund assets the SIB will establish asset class pools it deems necessary to achieve the specific quality, diversification, restrictions, and performance objectives subject to the prudent investor rule and the objectives of the funds participating in the pools.

The SIB is responsible for establishing the selection criteria, determining the performance measures, and retaining all fund money managers. SIB is also responsible for the selection and retention of any investment consultants that may be employed in the investment of the Fund assets.

3. DELEGATION OF AUTHORITY

Management responsibility for NDPERS funds not assigned to the North Dakota State Investment Board (SIB) in Chapter 21-10 of the North Dakota Century Code (NDCC) is hereby delegated to the SIB, which must establish written policies and procedures for the operation of the NDPERS funds, consistent with this investment policy.

Such procedures must provide for:

1. The definition and assignment of duties and responsibilities to advisory services and persons employed by the SIB pursuant to NDCC 21-10-02.1(1) (a).
2. Investment diversification, investment quality, qualification of money managers, and amounts to be invested by money managers pursuant to NDCC 21-10-02.1(1)(e). In developing these policies it is understood:
 - a. Futures and options may be used to hedge or replicate underlying index exposure, but not for speculation.
 - b. The use of derivatives will be monitored to ensure that undue risks are not taken by the money managers.
 - c. All assets must be held in custody by the SIB's master custodian or such other custodians as are selected by the SIB.
3. Guidelines for the selection and redemption of investments will be in accordance with NDCC 21-10-02.1(1) (d).
4. The criteria for making decisions with respect to hiring, retention, and termination of money managers will be clearly defined. This also includes selecting performance measurement standards, consultants, report formats, and frequency of meetings with money managers.

All participants in the investment process must seek to act responsibly as custodians of the public trust.

4. INVESTMENT GOALS.

The investment objectives of the Plan have been established by the Plan's Administrator upon consideration of its strategic objectives and a comprehensive review of current and projected financial requirements.

Objective #1: To maintain a level of surplus sufficient to eliminate the need for future contributions;

Objective #2: To achieve a rate of return which exceeds the rate of inflation, as measured by the Consumer Price index (CPI), by 3.0 percentage points per year (based on current actuarial assumptions of 7.5% return and 5% inflation), over a complete market cycle; and

Objective #3: As a secondary objective, to maximize the Plan's surplus to increase future benefit payments.

5. INVESTMENT PERFORMANCE OBJECTIVE

The NDPERS Board will seek to make investments that generate sufficient return to meet the goals outlined in this policy. The objectives established in this section are in accordance with the fiduciary requirement in federal and state law.

It is in the best interest of NDPERS and its beneficiaries that performance objectives be established for the total Fund. It is clearly understood these objectives are to be viewed over the long term and have been established after full consideration of all factors set forth in this Statement of Investment Goals, Objectives and Policies.

- a. The funds rate of return, over the long term should equal that of the policy portfolio which is comprised of policy weights of appropriate asset class benchmarks as set by the SIB.
- b. The annual standard deviation of total returns for the Fund should not exceed that of the policy portfolio.
- c. Over 10-year and longer periods the fund should match or exceed the expected rate of return projected in the most recent asset/liability study without exceeding the expected risk for the period as measured by standard deviation.

6. ASSET ALLOCATION

The NDPERS Board as plan Administrator establishes the asset allocation of the Fund, with input from consultants and SIB staff. The current asset allocation is based upon the asset/liability study completed by Buck Consultants in May 2002. That study provided an appraisal of current cash flow projections and estimates of the investment returns likely to be achieved by the various asset classes over the next 20 years.

In recognition of the Plan's objectives, projected financial status, and capital market expectations, the following asset allocation options were deemed appropriate for the Fund:

Domestic Large Cap Equity --30%
Domestic Small Cap Equity --5%
International Equity --5%
Domestic Fixed Income --55%
International Fixed Income --5%

Rebalancing of the Fund to this target allocation will be done in accordance with the SIB's rebalancing policy, but not less than annually.

7. RESTRICTIONS

While the SIB is responsible for establishing specific quality, diversification, restrictions, and performance objectives for the investment vehicles in which the Fund's assets will be invested, it is understood that:

- a. Futures and options may be used to hedge or replicate underlying index exposure, but not for speculation.
- b. Derivatives use will be monitored to ensure that undue risks are not taken by the money managers.
- c. All assets will be held in custody by the SIB's master custodian or such other custodians as are acceptable to the SIB.

Social Investing is defined as *"The investment or commitment of public pension fund money for the purpose of obtaining an effect other than a maximized return to the intended beneficiaries."*

- d. Social investing is prohibited unless it meets the Exclusive Benefit Rule and it can be substantiated that the investment must provide an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.

Economically targeted investment is defined as an investment designed to produce a competitive rate of return commensurate with risk involved, as well as to create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.

- e. Economically targeted investing is prohibited unless the investment meets the Exclusive Benefit Rule.

The Exclusive Benefit Rule is met if the following four conditions are satisfied:

- (1) The cost does not exceed the fair market value at the time of investment.
- (2) The investment provides the Fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
- (3) Sufficient liquidity is maintained in the Fund to permit distributions in accordance with the terms of the plan.
- (4) The safeguards and diversity that a prudent investor would adhere to are present.

8. INTERNAL CONTROLS

The SIB must have a system of internal controls to prevent losses of public funds arising from fraud or employee error. The controls deemed most important are the separation of responsibilities for investment purchases from the recording of investment activity, custodial safekeeping, written confirmation of investment transactions, and established criteria for broker relationships. The annual financial audit must include a comprehensive review of the portfolio, accounting procedures for security transactions and compliance with the investment policy.

9. EVALUATION

Investment management of the Fund will be evaluated against the Fund's investment objectives and investment performance standards.

An annual performance report must be provided to the Board by the State Investment Officer at a regularly scheduled NDPERS Board meeting. The annual performance report must include asset returns and allocation data as well as information regarding all significant or material matters and changes pertaining to the investment of the Fund, including:

- Changes in asset class portfolio structures, tactical approaches and market values;
- All pertinent legal or legislative proceedings affecting the SIB.
- Compliance with these investment goals, objectives and policies.
- A general market overview and market expectations.
- A Review of fund progress and its asset allocation strategy.

In addition, the State Investment Officer shall review with the Board the procedures and policies established by the SIB relating to this statement of investment goals, objectives, and policies.

Date: _____

Date: _____

J. Sparb Collins
Plan Administrator and Trustee
Retirement Plan for Employees of
Job Service North Dakota

Steve Cochrane, CFA
Executive Director
North Dakota Retirement and Investment Office

STATE OF NORTH DAKOTA
DEFERRED COMPENSATION
PROGRAM

PUBLIC EMPLOYEES
RETIREMENT SYSTEM
COMPANION PLAN

Statement of Investment Policy

TABLE OF CONTENTS

	PAGE
INTRODUCTION	1
OBJECTIVES	1
SELECTION OF INVESTMENT OPTIONS.....	2
INVESTMENT CATEGORIES.....	2
REPORTING AND MONITORING PROCEDURES	3
INVESTMENT FUND EVALUATION.....	4
FORMAL FUND REVIEW.....	5
CLOSED FUNDS.....	5
APPENDIX – BENCHMARKS	7

STATE OF NORTH DAKOTA DEFERRED COMPENSATION PROGRAM
PUBLIC EMPLOYEE RETIREMENT SYSTEM COMPANION PLAN
STATEMENT OF INVESTMENT POLICY

INTRODUCTION

The Public Employees Retirement System Board (Board) hereby adopts this Statement of Investment Policy for the Deferred Compensation Companion Plan (Plan).

Objectives of the Plan

The Plan is a long-term retirement savings option intended as a source of retirement income for eligible participants. The investment options available from the Plan cover a broad range of investment risks and rewards typical of this kind of retirement savings program. Participants bear the risks and reap the rewards of investment returns that result from the investment options which they select.

This Statement of Investment Policy:

- Establishes the parameters of an investment program that will allow plan participants the opportunity to structure an investment strategy that meets their individual return objectives and risk tolerances.
- Defines the investment categories offered by the Plan;
- Establishes benchmarks and performance standards for each investment category by which to evaluate each fund's performance;
- Establishes a procedure for reporting and evaluating the various funds and a methodology for monitoring their performance; and
- Defines the procedures for investment fund evaluation and formal fund review.

STATE OF NORTH DAKOTA DEFERRED COMPENSATION PROGRAM
PUBLIC EMPLOYEE RETIREMENT SYSTEM COMPANION PLAN
STATEMENT OF INVESTMENT POLICY

SELECTION OF INVESTMENT OPTIONS

Each investment option offered under the Plan must:

- Operate under its published prospectus;
- Have its performance results measured against the applicable performance standards described herein for that investment category.

The Board may add or replace investment options in any category using any or all of the following general criteria:

- A. Historical performance over a reasonable time frame.
- B. Investment manager performance and tenure.
- C. Costs, including the expense ratio and any other fees.

Mutual fund options are selected through a comprehensive search process. Generally, the Board will first review the suitable offerings from the vendor's alliance family of funds. Absent a competitive offering from the vendor's list of alliance funds, the Board will select from qualified non-alliance funds.

INVESTMENT CATEGORIES:

The Board in its judgment selects the number, types, and status of individual investment offerings. In general, the Board will seek to offer a sufficient number of investment funds to allow each participant the ability to construct a diversified portfolio consistent with his/her reasonable investment objective. The selection and elimination of investment options will be guided by the following philosophies and principles:

- A. The menu of offerings will be sufficient to allow each participant the ability to construct a diversified portfolio consistent with a reasonable investment goal. (See *Appendix 1* for a classification of the current offerings.) The menu will include at least one offering in each of the following asset categories:

STATE OF NORTH DAKOTA DEFERRED COMPENSATION PROGRAM
PUBLIC EMPLOYEE RETIREMENT SYSTEM COMPANION PLAN
STATEMENT OF INVESTMENT POLICY

- Stable Value Account
- Fixed Income
- Balanced
- Large Cap Equity
- Mid Cap Equity
- Small Cap Equity
- International Equity
- Asset Allocation

B. Within the domestic equity categories, the offerings may include funds that represent style subsets (value, growth, blend) of the broad market.

C. The offerings will include funds that offer pre-determined asset allocations of various risk tolerances or investment horizons.

D. The self-directed brokerage option is designed for a sophisticated, experienced and knowledgeable investor. Participants selecting this option will be required to sign an election form containing the following:

- (a) The participant understands and accepts any and all risks associated with this selection;
- (b) The participant understands and accepts that none of the mutual funds available in the self-directed brokerage option have been reviewed for suitability by the Board;
- (c) The participant is solely responsible for determining the suitability or appropriateness of any selected mutual fund; and
- (d) The participant agrees to hold the Plan and the Board harmless for any negative consequences resulting from use of the self-directed brokerage option.

REPORTING AND MONITORING PROCEDURES

The Board will designate the status of each investment fund offered as either open or closed:

- **Open** – Eligible for new investments.
- **Closed** – Not eligible for new contributions, not eligible for the establishment of new accounts, and may require the existing accounts be transferred.

STATE OF NORTH DAKOTA DEFERRED COMPENSATION PROGRAM
PUBLIC EMPLOYEE RETIREMENT SYSTEM COMPANION PLAN
STATEMENT OF INVESTMENT POLICY

INVESTMENT FUND EVALUATION

The Board will at least annually review the plan and its investment funds, including investment performance. The investment performance review will include comparisons against the appropriate benchmark indices and peer groups over relevant time frames. The focus of the review will be to ensure that the Board is offering funds with competitive (average or above) performance within each category over reasonable measurement periods, typically encompassing a market cycle (3 to 5 years). The Board will also review the fund's investment style relative to its mandate and the stability of the personnel responsible for investment results. As the investment funds are retail mutual funds, the Board may rely on ratings produced by recognized performance evaluation services to evaluate long-term risk-adjusted performance relative to peers. Except for the annual review, the Board may delegate these duties to its investment subcommittee. The NDPERS Board will make the performance review available for the membership.

For performance benchmarks on current offerings, see *Appendix 1*. Funds meeting performance standards and policy objectives will be designated as open.

- A.** Funds rated as not meeting performance standards and policy objectives will, at the Board's discretion, either be placed in a closed status or on a "formal fund review list".
- B.** The Board, at its discretion, may remove funds from the "formal fund review list" should the fund's performance recover sufficiently to meet performance standards.
- C.** Funds that do not meet performance standards and/or policy objectives may be placed in the "Closed" status.
- D.** Failure by a fund to comply with these policy objectives and guidelines is cause for the Board to place the fund under formal fund review or close the fund.

The Board may place a fund under formal fund review, or immediately close a fund, for any reason, including:

- A.** The fund has made significant changes in its investment management, or such change appears imminent;
- B.** The fund has had a significant change in ownership or control;

STATE OF NORTH DAKOTA DEFERRED COMPENSATION PROGRAM
PUBLIC EMPLOYEE RETIREMENT SYSTEM COMPANION PLAN
STATEMENT OF INVESTMENT POLICY

- C. The fund has significantly changed investment focus or has experienced style drift, departing from the investment objectives;
- D. The fund has violated a SEC rule or regulation;
- E. The fund has experienced difficulty in transacting trades, fund transfers, or pricing;
- F. The fund has experienced other changes or problems in its procedures, operations, investing, or reporting which, in the Board's view, has or could detract from the objectives of the Plan;
- G. The fund has increased its fees or expenses.
- H. Other reasons the NDPERS Board deems requires such action.

The Board retains the right to waive any of the above policies if it deems that such waiver is in the best interest of the plan and/or its participants.

FORMAL FUND REVIEW

When a fund has been placed under formal review, the Board shall monitor the fund, its operations, and its performance. During this period the Board may close the fund.

CLOSED FUNDS

When the Board closes a fund it may direct that:

- A. No new contributions may be made to the fund after a specified date;
- B. The fund is terminated and participant account balances must be transferred to another fund option.

STATE OF NORTH DAKOTA DEFERRED COMPENSATION PROGRAM
PUBLIC EMPLOYEE RETIREMENT SYSTEM COMPANION PLAN
STATEMENT OF INVESTMENT POLICY

If the Board closes a fund to new contributions it shall:

- A.** Promptly notify the Plan provider;
- B.** Promptly notify plan participants who are currently investing in the fund or who have assets in the closed fund of the Board's action and if applicable that new investment monies must be redirected to another fund option under the Plan within a time specified by the Board.

If the Board closes a fund by terminating its participation in the plan and requires all account balances to be transferred to another fund it shall:

- A.** Promptly notify the Plan provider;
- B.** Promptly notify plan participants who are currently investing in the fund or who have assets in the closed fund that the Board has terminated the fund as an investment option under the Plan and that:
 - New investment monies must be redirected to another fund option under the Plan within a time specified by the Board and
 - After 90 days notice to an affected member by the Board, all assets remaining in the terminated fund will be transferred to the default option designated by the Board.

**STATE OF NORTH DAKOTA DEFERRED COMPENSATION PROGRAM
PUBLIC EMPLOYEE RETIREMENT SYSTEM COMPANION PLAN
STATEMENT OF INVESTMENT POLICY**

APPENDIX 1

Companion Plan Investment Options by Investment Category

Asset Class	Sector	Fund(s)	Benchmark(s)
Balanced	Balanced	Fidelity Puritan	60% Large Cap Value Fund Universe and 40% Taxable Bond Fund Universe 60% Russell 3000 Value and 40% Lehman Aggregate Bond Index
Large Cap Equities	Value	Fidelity Equity-Income	Large Cap Value Fund Universe Russell 1000 Value
	Blend	Fidelity Dividend Growth	S&P 500 Large Cap Blend Fund Universe
		Fidelity Spartan US Equity Index	S&P 500 Large Cap Blend Fund Universe
	Growth	Fidelity Growth Company	Russell 3000 growth Large Cap Growth Fund Universe
		Fidelity Blue Chip Growth	Russell 1000 growth Large Cap Growth Fund Universe
	Mid Cap Equities	Value	Mutual Shares A
Goldman Sachs Mid Cap Value			Russell Mid Cap Value
Blend		Dreyfus Mid Cap Index	Mid Cap Blend Universe S & P Mid Cap 400
		Fidelity Spartan Extended Index	Mid Cap Blend Universe Wilshire 4500 Index
Growth		Fidelity Mid Cap Stock	Mid Cap Growth Universe Russell Mid Cap Growth

STATE OF NORTH DAKOTA DEFERRED COMPENSATION PROGRAM PUBLIC EMPLOYEE RETIREMENT SYSTEM COMPANION PLAN STATEMENT OF INVESTMENT POLICY

Small Cap Equities	Value	PIMCO Small Cap Value	Small Value Universe Russel 2000 Value
	Blend	Dreyfus Small Cap Index	Small Cap Blend Universe Russel 2000 Index
	Growth	MSDW Small Co B	Small Cap Growth Universe Russel 2000 Growth
Fixed Income		Fidelity Managed Income Portfolio PIMCO Total Return Bond Fund	GIC 5 yr Lehman Aggregate Bond Index Taxable Bond Fund Universe
International Equities		Fidelity Diversified International	MSCI EAFE Index International Stock Fund Universe
Asset Allocation		<u>Fidelity Freedom Funds</u> Income Fund Benchmark 2000 Fund Benchmark 2005 Fund Benchmark 2010 Fund Benchmark 2015 Fund Benchmark 2020 Fund Benchmark 2025 Fund Benchmark 2030 Fund Benchmark 2035 Fund Benchmark 2040 Fund Benchmark 2045 Fund Benchmark 2050 Fund Benchmark	The Fidelity Freedom Funds will be benchmarked using the Wilshire 5000 Index, EAFE Index, LB Aggregate Bond Index, High Yield Index, and 3-Month T-Bill Index. Each fund benchmark will be based on the fund allocation in Domestic Equity, International Equity, Investment Grade Fixed-Income, High Yield Fixed-Income, and Money Market stated in the fund prospectus.

STATE OF NORTH DAKOTA
DEFINED CONTRIBUTION
PROGRAM

PUBLIC EMPLOYEES
RETIREMENT SYSTEM

Statement of Investment Policy

TABLE OF CONTENTS

	PAGE
INTRODUCTION.....	1
OBJECTIVES	1
SELECTION OF INVESTMENT OPTIONS	2
INVESTMENT CATEGORIES.....	2
REPORTING AND MONITORING PROCEDURES	3
INVESTMENT FUND EVALUATION	4
FORMAL FUND REVIEW.....	5
CLOSED FUNDS.....	5
APPENDIX – BENCHMARKS	7

STATE OF NORTH DAKOTA DEFINED CONTRIBUTION PLAN STATEMENT OF INVESTMENT POLICY

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Objectives of the Plan

The Plan is a long-term retirement savings option intended as a source of retirement income for eligible participants. The investment options available from the Plan cover a broad range of investment risks and rewards typical of this kind of retirement savings program. Participants bear the risks and reap the rewards of investment returns that result from the investment options which they select.

This Statement of Investment Policy:

- Establishes the parameters of an investment program that will allow plan participants the opportunity to structure an investment strategy that meets their individual return objectives and risk tolerances.
- Defines the investment categories offered by the Plan;
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- Defines the procedures for investment fund evaluation and formal fund review.

STATE OF NORTH DAKOTA DEFINED CONTRIBUTION PLAN STATEMENT OF INVESTMENT POLICY

SELECTION OF INVESTMENT OPTIONS

Each investment option offered under the Plan must:

- Operate under its published prospectus;
- Have its performance results measured against the applicable performance standards described herein for that investment category.

The Board may add or replace investment options in any category using any or all of the following general criteria:

- A.** Historical performance over a reasonable time frame.
- B.** Investment manager performance and tenure.
- C.** Costs, including the expense ratio and any other fees.

Mutual fund options are selected through a comprehensive search process. Generally, the Board will first review the suitable offerings from the vendor's alliance family of funds. Absent a competitive offering from the vendor's list of alliance funds, the Board will select from qualified non-alliance funds.

INVESTMENT CATEGORIES:

The Board in its judgment selects the number, types, and status of individual investment offerings. In general, the Board will seek to offer a sufficient number of investment funds to allow each participant the ability to construct a diversified portfolio consistent with his/her reasonable investment objective. The selection and elimination of investment options will be guided by the following philosophies and principles:

- A.** The menu of offerings will be sufficient to allow each participant the ability to construct a diversified portfolio consistent with a reasonable investment goal. (See *Appendix 1* for a classification of the current offerings.) The menu will include at least one offering in each of the following asset categories:

STATE OF NORTH DAKOTA DEFINED CONTRIBUTION PLAN STATEMENT OF INVESTMENT POLICY

- Stable Value Account
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- Large Cap Equity
- Mid Cap Equity
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- International Equity
- Asset Allocation

B. Within the domestic equity categories, the offerings may include funds that represent style subsets (value, growth, blend) of the broad market.

C. The offerings will include funds that offer pre-determined asset allocations of various risk tolerances or investment horizons.

D. The self-directed brokerage option is designed for a sophisticated, experienced and knowledgeable investor. Participants selecting this option will be required to sign an election form containing the following:

- (a)** The participant understands and accepts any and all risks associated with this selection;
- (b)** The participant understands and accepts that none of the mutual funds available in the self-directed brokerage option have been reviewed for suitability by the Board;
- (c)** The participant is solely responsible for determining the suitability or appropriateness of any selected mutual fund; and
- (d)** The participant agrees to hold the Plan and the Board harmless for any negative consequences resulting from use of the self-directed brokerage option.

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STATE OF NORTH DAKOTA DEFINED CONTRIBUTION PLAN STATEMENT OF INVESTMENT POLICY

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The Board will at least annually review the plan and its investment funds, including investment performance. The investment performance review will include comparisons against the appropriate benchmark indices and peer groups over relevant time frames. The focus of the review will be to ensure that the Board is offering funds with competitive (average or above) performance within each category over reasonable measurement periods, typically encompassing a market cycle (3 to 5 years). The Board will also review the fund's investment style relative to its mandate and the stability of the personnel responsible for investment results. As the investment funds are retail mutual funds, the Board may rely on ratings produced by recognized performance evaluation services to evaluate long-term risk-adjusted performance relative to peers. Except for the annual review, the Board may delegate these duties to its investment sub-committee. The NDPERS Board will make the performance review available for the membership.

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B. The Board, at its discretion, may remove funds from the "formal fund review list" should the fund's performance recover sufficiently to meet performance standards.

C. Funds that do not meet performance standards and/or policy objectives may be placed in the "Closed" status.

D. Failure by a fund to comply with these policy objectives and guidelines is cause for the Board to place the fund under formal fund review or close the fund.

The Board may place a fund under formal fund review, or immediately close a fund, for any reason, including:

A. The fund has made significant changes in its investment management, or such

STATE OF NORTH DAKOTA DEFINED CONTRIBUTION PLAN STATEMENT OF INVESTMENT POLICY

change appears imminent;

- B. The fund has had a significant change in ownership or control;
- C. The fund has significantly changed investment focus or has experienced style drift, departing from the investment objectives;
- D. The fund has violated a SEC rule or regulation;
- E. The fund has experienced difficulty in transacting trades, fund transfers, or pricing;
- F. The fund has experienced other changes or problems in its procedures, operations, investing, or reporting which, in the Board's view, has or could detract from the objectives of the Plan;
- G. The fund has increased its fees or expenses.
- H. Other reasons the NDPERS Board deems requires such action.

The Board retains the right to waive any of the above policies if it deems that such waiver is in the best interest of the plan and/or its participants.

FORMAL FUND REVIEW

When a fund has been placed under formal review, the Board shall monitor the fund, its operations, and its performance. During this period the Board may close the fund.

CLOSED FUNDS

When the Board closes a fund it may direct that:

- A. No new contributions may be made to the fund after a specified date;
- B. The fund is terminated and participant account balances must be transferred to

STATE OF NORTH DAKOTA DEFINED CONTRIBUTION PLAN STATEMENT OF INVESTMENT POLICY

another fund option.

If the Board closes a fund to new contributions it shall:

- A.** Promptly notify the Plan provider;
- B.** Promptly notify plan participants who are currently investing in the fund or who have assets in the closed fund of the Board's action and if applicable that new investment monies must be redirected to another fund option under the Plan within a time specified by the Board.

If the Board closes a fund by terminating its participation in the plan and requires all account balances to be transferred to another fund it shall:

- A.** Promptly notify the Plan provider;
- B.** Promptly notify plan participants who are currently investing in the fund or who have assets in the closed fund that the Board has terminated the fund as an investment option under the Plan and that:
 - New investment monies must be redirected to another fund option under the Plan within a time specified by the Board and
 - After 90 days notice to an affected member by the Board, all assets remaining in the terminated fund will be transferred to the default option designated by the Board.

STATE OF NORTH DAKOTA DEFINED CONTRIBUTION PLAN STATEMENT OF INVESTMENT POLICY

APPENDIX 1

Defined Contribution Plan Investment Options by Investment Category

Asset Class	Sector	Fund(s)	Benchmark(s)
Balanced	Balanced	Fidelity Puritan	60% Large Cap Value Fund Universe and 40% Taxable Bond Fund Universe 60% Russell 3000 Value and 40% Lehman Aggregate Bond Index
Large Cap Equities	Value	Fidelity Equity-Income	Large Cap Value Fund Universe Russell 1000 Value
	Blend	Fidelity Dividend Growth	S&P 500 Large Cap Blend Fund Universe
		Fidelity Spartan US Equity Index	S&P 500 Large Cap Blend Fund Universe
	Growth	Fidelity Growth Company	Russell 3000 growth Large Cap Growth Fund Universe
		Fidelity Blue Chip Growth	Russell 1000 growth Large Cap Growth Fund Universe
	Mid Cap Equities	Value	Mutual Shares A
Goldman Sachs Mid Cap Value			Russell Mid Cap Value
Blend		Dreyfus Mid Cap Index	Mid Cap Blend Universe S & P Mid Cap 400
		Fidelity Spartan Extended Index	Mid Cap Blend Universe Wilshire 4500 Index
Growth		Fidelity Mid Cap Stock	Mid Cap Growth Universe Russell Mid Cap Growth
Small Cap Equities		Value	PIMCO Small Cap Value

STATE OF NORTH DAKOTA DEFINED CONTRIBUTION PLAN STATEMENT OF INVESTMENT POLICY

			Russel 2000 Value
	Blend	Dreyfus Small Cap Index	Small Cap Blend Universe Russel 2000 Index
	Growth	MSDW Small Co B	Small Cap Growth Universe Russel 2000 Growth
Fixed Income		Fidelity Managed Income Portfolio PIMCO Total Return Bond Fund	GIC 5 yr Lehman Aggregate Bond Index Taxable Bond Fund Universe
International Equities		Fidelity Diversified International	MSCI EAFE Index International Stock Fund Universe
Asset Allocation		<u>Fidelity Freedom Funds</u> Income Fund Benchmark 2000 Fund Benchmark 2005 Fund Benchmark 2010 Fund Benchmark 2015 Fund Benchmark 2020 Fund Benchmark 2025 Fund Benchmark 2030 Fund Benchmark 2035 Fund Benchmark 2040 Fund Benchmark 2045 Fund Benchmark 2050 Fund Benchmark	The Fidelity Freedom Funds will be benchmarked using the Wilshire 5000 Index, EAFE Index, LB Aggregate Bond Index, High Yield Index, and 3-Month T-Bill Index. Each fund benchmark will be based on the fund allocation in Domestic Equity, International Equity, Investment Grade Fixed-Income, High Yield Fixed-Income, and Money Market stated in the fund prospectus.



**North Dakota
Public Employees Retirement System**
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Executive Director
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FAX: (701) 328-3920 • EMAIL: NDPERS-info@nd.gov • www.nd.gov/ndpers

Memorandum

TO: PERS Board

FROM: Deb & Sparb

DATE: March 20, 2007

SUBJECT: LASR Status Report

Attached is the LASR status report for the month of February. Staff was provided with an on-site demonstration by a vendor, which was well attended. Selected members of the steering committee have commenced with site visits of other public employers who have implemented the vendor's solution. We expect site visits to conclude by early April. The project continues to proceed and remains within budget and on time.

Please contact us if you have any questions prior to the Board meeting or we will both be at the meeting to address any issues that arise there.



L.R. Wechsler, Ltd.



North Dakota Public Employees Retirement System
Legacy Application System Review Project
Monthly Status Report – February 28, 2007

Activities and tasks accomplished this reporting period

- Procurement Activities
 - Finalized and submitted vendor clarification questions. Reviewed responses.
 - Prepared agenda and scoring sheet for product demonstration scenarios.
 - Briefed NDPERS demo attendees on use of scoring sheet.
 - Participated in product demonstrations, evaluation and scoring process.
 - Met with Deb and Sparb regarding discussion topics for Sagitec for trip to Minneapolis.
 - Worked with Steering Committee on agendas for site visits.

Activities planned for the next month

- Procurement Activities
 - Update score sheet and distribute.
 - Participate in site visits. Assist in scoring the visits and identifying remaining issues.
 - Prepare for and attend meeting with NDPERS and Sagitec in Minneapolis.
 - Conduct final vendor scoring.
 - Prepare for Best and Final offer and final stage of procurement process.

Problems Encountered this Period

- None

Reconciliation of Progress

- None

Problems Anticipated Next Period

- None



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MEMORANDUM

TO: NDPERS Board

FROM: Jamie Kinsella, Internal Auditor *Jamie*

DATE: February 21, 2007

SUBJECT: **December 6, 2006 PERS Audit Committee Minutes**

Attached are the approved minutes from the December 6, 2007 meeting. Those who attended the meeting are available to answer any questions you may have.

These minutes may also be viewed on the NDPERS web site at www.state.nd.us/ndpers.

The next audit committee meeting is scheduled for May 23, 2007 10:30 a.m., in the NDPERS Conference Room.

Attachment

-
- | | | |
|------------------------------------|----------------------------------|-----------------------------------|
| • FlexComp Program | • Retirement Programs | • Retiree Health Insurance Credit |
| • Employee Health & Life Insurance | - Public Employees | • Deferred Compensation Program |
| • Dental | - Highway Patrol | • Long Term Care Program |
| • Vision | - National Guard/Law Enforcement | |
| | - Judges | |
| | - Prior Service | |
| | - Job Service | |



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MEMORANDUM

TO: Audit Committee
Jon Strinden
Ron Leingang

FROM: Jamie Kinsella, Internal Auditor *Jamie*

DATE: December 11, 2006

SUBJECT: December 6, 2006 Audit Committee Meeting

In Attendance:

Ron Leingang
Rebecca Dorwart
Jamie Kinsella
Sparb Collins
Sharon Schiermeister
Leon Heick

The meeting was called to order at 1:30 p.m.

I. August 16, 2006 and September 11, 2006 Audit Committee Minutes

The audit committee minutes were examined and approved by the Audit Committee.

II. Internal Audit Quarterly Report

- A. Internal Audit Status Update – Included with the audit committee minutes was the Internal Audit quarterly report which listed all of the projects that are in active status. At the August meeting it was brought to the Audit Committee's attention that 3 audit reports have been waiting for responses since October 2005. All of the findings have been responded to so these audits will be closed out.
- B. Quarterly Audit Finding Status Report – As stated in the Audit Policy #103, the Internal Audit Division is to report quarterly to management and the audit committee the status of the audit findings of the external auditors, as well as any found by the internal auditor. The report included recommendations made by Brady Martz during the 2006 fiscal year end audit. Recommendations by Internal Audit are included after the final audit report has been issued to management that includes their responses to the recommendations. A review of the updated report showed that four were completed, and progress was made on one this quarter. Ms. Dorwart inquired whether the older recommendations were still applicable. Ms. Kinsella indicated that management reviewed the recommendations last spring upon the Audit Committee's request and re-prioritized them.

III. Administrative

- A. Update on Group Insurance Staffing Status – The accounting staff decided in late September to proceed and hire a temporary accountant to replace the staff member out on leave of absence. The accountant began employment on November 1, 2006 and has been working diligently on getting the backlog of group insurance reconciliations completed and up to date. Once this has been accomplished, Ms. Kinsella will begin training her on the daily work so she can take over all aspects of the group insurance duties. While she is doing the daily work, Ms. Kinsella indicated she will continue to work on past adjustments that require research in the group insurance area. Ms. Kinsella conveyed once everything is caught up she anticipated returning to her duties in the Internal Audit Division in January. Ms. Schiermeister indicated that she hoped the services of the Internal Audit would no longer be needed by the end of January.
- B. Internal Audit Plan for 2007 – Ms. Kinsella indicated due to the time involved in the Group Insurance Division, she had not been able to develop an Internal Plan for 2007 and hoped to have a plan developed by the Audit Committee meeting in February.
- C. Pharmacy Benefits Manager (PBM) Project – Per the October board meeting, the Board decided to have the PBM issue referred to the Audit Committee once BCBS responded to the question whether NDPERS can audit the PBM. At the November board meeting it was determined by BCBS that NDPERS does not have a direct audit authority of the BCBSND vendors. At that time, staff and the board concurred that NDPERS accept the BCBS position. However, the Board indicated NDPERS will need to be granted authority in the next year or NDPERS will not go through another renewal with them. Staff recommended that the Audit Committee bring in a consultant specializing in PBM audits to educate and discuss PBM audits at a meeting. The Audit Committee approved by general consensus to bring in a consultant specializing in PBM audits for the next Audit Committee meeting.

IV. Miscellaneous

- A. Audit Committee Meeting - Included with the audit committee materials were the 2007 proposed audit committee meeting dates and times. Mr. Striden and Mr. Leingang approved of the 2007 meeting dates. Ms. Dorwart will get back to Ms. Kinsella regarding the May and August proposed meeting dates.
- B. Brady Martz & Associates Audit Report – Brady Martz presented their FY 2006 audit report to the Audit Committee. Brady Martz brought to the Audit Committee's attention to the bottom of the first page of the report where it was reported from the actuary report the unfunded liability for the Main and Highway Patrol Defined Benefit programs. Mr. Collins explained that at market value the liability is 100% funded. Discussion followed. A copy of the report was included with the meeting materials. The final audit report will be presented to the Board at the December board meeting.

- C. Publications – A copy of the August and November 2006 issues of Tone at the Top were included in the audit committee materials.

The meeting adjourned at 2:45 p.m.

Current Status Report

Tracking List: 1 - NDPERS Bill Tracking List 2007

HB 1078 Career and Technical Education to participate in NDPERS

Title: Relating to participation by employees of the state board for career and technical education in the public employees retirement system; relating to participation by employees of the state board for career and technical education in the public employees retirement system; and to provide an appropriation.

Sponsor(s): Government and Veterans Affairs Committee

File Date Chamber Comm Action Journal Page

01/03HGVA Introduced, first reading, referred Government and Veterans
AffaHJ0041

01/11HCOMMITTEE HEARING 01/11 09:00 AM

01/15H Reported back, do pass, placed on calendar y 013 n 000HJ0136

01/16H Second reading, passed, yeas 075 nays 017HJ0162

01/17S Received from House SJ0117

02/13SGVA Introduced, first reading, referred Government and Veterans
AffaSJ0466

03/01SCOMMITTEE HEARING 03/01 09:00 AM

03/09S Reported back, do pass, placed on calendar y 004 n 002SJ0760

03/12SS Second reading, passed, yeas 036 nays 009SJ0768

03/13H Returned to House HJ0983

03/20SS Signed by President SJ0897

HB 1179 District health units participation in the uniform group insurance program.

Title: Relating to the formation of health districts and to participation in the uniform group insurance program.

Sponsor(s): Rep. Price, N. Johnson, Porter

Sen. Fischer, J. Lee, Lyson

File Date Chamber Comm ActionJournal Page

01/04HHUMSERIntroduced, first reading, referred Human ServicesHJ0060

01/29HCOMMITTEE HEARING 01/29 02:30 PM

01/30HReported back, do pass, placed on calendar y 009 n 000HJ0303

02/01HSecond reading, passed, yeas 089 nays 000HJ0343

02/02SReceived from HouseSJ0285

02/07SIBLIntroduced, first reading, referred Industry, Business and LaborSJ0354

02/13SCOMMITTEE HEARING 02/13 09:00 AM

02/22SReported back amended, do pass, amendment poc y 005 n 000SJ0584

02/23SAmendment adopted, placed on calendarSJ0589

02/26SSsecond reading, passed as amended, yeas 036 nays 011SJ0605

02/26SReconsideredSJ0609

02/26SSsecond reading, passed as amended, yeas 045 nays 002SJ0609

02/27HReturned to House (12)HJ0800

03/15HConcurredHJ1016

03/15HSecond reading, passed, yeas 093 nays 000HJ1016

03/20SSigned by PresidentSJ0897

HB 1244 A BILL for an Act to amend and reenact section 54-52.1-04 of the North Dakota Century Code, relating to confidentiality of pharmaceutical manufacturer rebates obtained by the public employees retirement system.

Title: Relating to confidentiality of pharmaceutical manufacturer rebates obtained by the public employees retirement system.

Sponsor(s): Rep. Kasper, Dosch, N. Johnson, Keiser, Ruby

Sen. Klein

File Date Chamber Comm ActionJournal Page

01/08HGVAIntroduced, first reading, referred Government and Veterans AffaHJ0078

01/18HCOMMITTEE HEARING 01/18 08:30 AM

01/26HReported back, do not pass, placed on calendar y 011 n 000HJ0271

01/29HSecond reading, failed to pass, yeas 000 nays 091HJ0283

HB 1432 Health treatment management services for state employees and families

Title: Relating to health treatment management services for state employees and their families; and to provide a continuing appropriation.

Sponsor(s): Rep. Price, Svedjan, Weisz

Sen. Fischer, Holmberg, J. Lee

File Date Chamber Comm ActionJournal Page

01/15HHUMSERIntroduced, first reading, referred Human ServicesHJ0141

01/30HCOMMITTEE HEARING 01/30 09:00 AM

02/02HReported back amended, do pass, amendment poc y 011 n 000HJ0394

02/05HAMendment adoptedHJ0405

02/05HAPPRRereferred to AppropriationsHJ0405

02/12HReported back, do pass, placed on calendar y 020 n 001HJ0560

02/14HSecond reading, passed, yeas 090 nays 000HJ0652

02/15SReceived from HouseSJ0564

02/26SHUMSERIntroduced, first reading, referred Human ServicesSJ0619

03/13SReported back amended, do pass, amendment poc y 006 n 000SJ0806

03/13SCOMMITTEE HEARING 03/13 10:00 AM

03/14SAMendment adopted, placed on calendarSJ0816

03/15SSsecond reading, passed as amended, yeas 044 nays 000SJ0842

03/16HReturned to House (12)HJ1045

HB 1433 Diabetes treatment management services for state employees and families

Title: Relating to diabetes treatment management services for state employees and their families; and to provide an appropriation.

Sponsor(s): Rep. Price, Svedjan, Weisz

Sen. Fischer, Holmberg, J. Lee

File Date Chamber Comm ActionJournal Page

01/15HHUMSERIntroduced, first reading, referred Human ServicesHJ0141

01/30HCOMMITTEE HEARING 01/30 09:00 AM

02/02HReported back amended, do pass, amendment poc y 012 n 000HJ0394

02/05HAMendment adoptedHJ0405

02/05HAPPRRereferred to AppropriationsHJ0405

02/12HReported back, do pass, placed on calendar y 020 n 002HJ0560

02/14HSecond reading, passed, yeas 083 nays 008HJ0652

02/15SReceived from HouseSJ0564

02/26SHUMSERIntroduced, first reading, referred Human ServicesSJ0619

03/13SReported back amended, do pass, amendment poc y 006 n 000SJ0807
03/13SCOMMITTEE HEARING 03/13 09:15 AM
03/14SAmendment adoptedSJ0816
03/14SAPPRRreferred to AppropriationsSJ0816
03/19SCOMMITTEE HEARING 03/19 03:30 PM

HB 1486 Legislative Assembly members participating in the uniform group insurance program

Title: Relating to participation by members of the legislative assembly in the uniform group insurance program.

Sponsor(s): Rep. Skarphol, Klein, Wald, Grande

File Date Chamber Comm ActionJournal Page

01/15HGVAIntroduced, first reading, referred Government and Veterans AffaHJ0146

02/08HCOMMITTEE HEARING 02/08 08:30 AM

02/12HReported back amended, do pass, amendment poc y 012 n 001HJ0562

02/13HAMendment adopted, placed on calendarHJ0571

02/15HSecond reading, passed, yeas 056 nays 037HJ0678

02/15SReceived from HouseSJ0564

02/26SIBLIntroduced, first reading, referred Industry, Business and LaborSJ0621

03/05SCOMMITTEE HEARING 03/05 11:00 AM

03/12SReported back, do not pass, placed on calendar y 006 n 000SJ0780

03/14SSSecond reading, failed to pass, yeas 000 nays 044SJ0818

HB 1510 Expansion of uniform group insurance to national guard

Title: Relating to expansion of the uniform group insurance program to allow participation by members of the North Dakota national guard; relating to subgroups under the uniform group insurance program; and to provide a continuing appropriation.

Sponsor(s): Rep. Schneider

Sen. Mathern

File Date Chamber Comm ActionJournal Page

01/15HGVAIntroduced, first reading, referred Government and Veterans AffaHJ0148

02/02HCOMMITTEE HEARING 02/02 08:00 AM

02/09HReported back, do not pass, placed on calendar y 009 n 004HJ0534

02/13HSecond reading, failed to pass, yeas 034 nays 057HJ0574

SB 2022 PERS Budget

Title: (At the request of the Governor) A BILL for an Act to provide an appropriation for defraying the expenses of various state retirement and investment agencies.

Sponsor(s): Appropriations Committee

File Date Chamber Comm ActionJournal Page

01/09SAPPRIntroduced, first reading, referred AppropriationsSJ0015

01/22SCOMMITTEE HEARING 01/22 09:30 AM

01/31SReported back, do pass, placed on calendar y 013 n 000SJ0259

02/01SSSecond reading, passed, yeas 045 nays 000SJ0265

02/02HReceived from SenateHJ0369

02/06HAPPRIntroduced, first reading, referred AppropriationsHJ0468

02/28HCOMMITTEE HEARING 02/28 01:45 PM

SB 2044 Supplemental retiree benefit payments

Title: Relating to supplemental retiree benefit payments under the public employees retirement system.

Sponsor(s): Government and Veterans Affairs Committee

File Date Chamber Comm ActionJournal Page

01/03SGVAIntroduced, first reading, referred Government and Veterans AffaSJ0018

01/12SReported back, do pass, placed on calendar y 006 n 000SJ0078

01/12SCOMMITTEE HEARING 01/12 09:00 AM

01/15SSSecond reading, passed, yeas 044 nays 001SJ0083

01/16HReceived from SenateHJ0166

01/31HGVAIntroduced, first reading, referred Government and Veterans AffaHJ0328

03/01HCOMMITTEE HEARING 03/01 08:00 AM

03/02HReported back, do pass, placed on calendar y 013 n 000HJ0845

03/08HSecond reading, passed, yeas 090 nays 002HJ0902

03/09SRReturned to SenateSJ0755

03/12HSigned by SpeakerHJ0948
03/13SSigned by PresidentSJ0797
03/13SSent to GovernorSJ0797
03/13SSigned by Governor 0313SJ0824
03/14SFiled with Secretary of State 0314

SB 2045 Prescription drug coverage; life insurance coverage; retiree health credit for married couples; sick leave to a trust; temporary employee;

Title: Relating to prescription drug coverage under the uniform group insurance program; relating to the retiree health benefits fund, employer payment of a temporary employee's health insurance premium, temporary employee eligibility, and bids for prescription drug coverage under the uniform group insurance program.

Sponsor(s): Government and Veterans Affairs Committee

File Date Chamber Comm ActionJournal Page

01/03SGVAIntroduced, first reading, referred Government and Veterans AffaSJ0018

01/11SCOMMITTEE HEARING 01/11 09:30 AM

01/12SAPPRRereferred to AppropriationsSJ0078

01/22SReported back, do pass, placed on calendar y 013 n 000SJ0154

01/22SCOMMITTEE HEARING 01/22 03:00 PM

01/23SSSecond reading, passed, yeas 045 nays 000SJ0170

01/25HReceived from SenateHJ0248

01/31HGVAIntroduced, first reading, referred Government and Veterans AffaHJ0328

03/01HCOMMITTEE HEARING 03/01 08:00 AM

03/02HReported back amended, do pass, amendment poc y 012 n 001HJ0845

03/05HAMendment adopted, placed on calendarHJ0855

03/08HSecond reading, passed as amended, yeas 090 nays 000HJ0904

03/09SReturned to Senate (12)SJ0755

SB 2046 TFFR, incorporating federal law changes, etc.

Title: Relating to definitions under the teachers' fund for retirement; relating to the incorporation of federal law changes, employer contributions and service credit purchases, eligibility for and determination of benefits,

vesting, early retirement, returning to teaching, and accepting a refund from the fund under the teachers' fund for retirement; to provide for application; to provide an appropriation; and to provide an expiration date.

Sponsor(s): Government and Veterans Affairs Committee

File Date Chamber Comm ActionJournal Page

01/03SGVAIntroduced, first reading, referred Government and Veterans AffaSJ0018

01/18SCOMMITTEE HEARING 01/18 09:45 AM

01/26SAPPRRreferred to AppropriationsSJ0209

02/05SReported back, do pass, placed on calendar y 010 n 003SJ0310

02/05SCOMMITTEE HEARING 02/05 08:00 AM

02/07SSsecond reading, passed, yeas 036 nays 011SJ0338

02/08HReceived from SenateHJ0500

02/13HGVAIntroduced, first reading, referred Government and Veterans AffaHJ0763

03/01HCOMMITTEE HEARING 03/01 08:00 AM

03/12HReported back amended, do pass, amendment poc y 009 n 004HJ0950

03/13HAMendment adoptedHJ0969

03/13HAPPRRreferred to AppropriationsHJ0969

03/19HCOMMITTEE HEARING 03/19 09:00 AM

SB 2047 Deferred comp program auto enrollment at \$25 per month

Title: Relating to automatic enrollment of employees in the deferred compensation program under the public employees retirement system.

Sponsor(s): Government and Veterans Affairs Committee

File Date Chamber Comm ActionJournal Page

01/03SGVAIntroduced, first reading, referred Government and Veterans AffaSJ0018

01/12SCOMMITTEE HEARING 01/12 09:30 AM

01/26SReported back amended, do pass, amendment poc y 005 n 001SJ0209

01/29SAMendment adopted, placed on calendarSJ0219

01/30SSsecond reading, passed, yeas 046 nays 000SJ0242

01/31HReceived from SenateHJ0321

02/01HGVAIntroduced, first reading, referred Government and Veterans AffaHJ0355

03/01HCOMMITTEE HEARING 03/01 08:00 AM

03/09HReported back amended, do pass, amendment poc y 007 n 004HJ0931

03/12HAMendment adopted, placed on calendarHJ0938

03/13HSecond reading, passed as amended, yeas 077 nays 014HJ0969

03/14SReturned to Senate (12)SJ0824

SB 2048 Definition of final average salary; conversion of sick leave;

Title: Relating to confidentiality of retirement records; relating to terms, final average salary calculations, payment of delayed retirement benefits, conversion of sick leave, temporary employee purchase of service credit, compliance with the Internal Revenue Code, employer service credit purchase, automatic refund of account balances, and vesting under the highway patrolmen's retirement and public employees retirement systems.

Sponsor(s): Government and Veterans Affairs Committee

File Date Chamber Comm Action Journal Page

01/03SGVAIntroduced, first reading, referred Government and Veterans AffaSJ0018

01/12SReported back, do pass, placed on calendar y 006 n 000SJ0079

01/12SCOMMITTEE HEARING 01/12 10:00 AM

01/15SSsecond reading, passed, yeas 045 nays 000SJ0084

01/16HReceived from SenateHJ0166

01/31HGVAIntroduced, first reading, referred Government and Veterans AffaHJ0328

03/01HCOMMITTEE HEARING 03/01 02:30 PM

03/02HReported back, do pass, placed on calendar y 013 n 000HJ0846

03/08HSecond reading, passed, yeas 091 nays 000HJ0902

03/09SReturned to SenateSJ0755

03/12HSigned by SpeakerHJ0948

03/13SSigned by PresidentSJ0797

03/13SSent to GovernorSJ0797

03/16SSigned by Governor 0316SJ0865

03/16SFiled with Secretary of State 0316

SB 2050 Increase the required monthly contribution to the Retiree Health Benefit Fund from 1% of monthly salary to 1.15% of monthly salary and increase monthly retiree health credit from \$4.50 per year to \$5.00 per year

Title: Relating to contributions and benefits under the retiree health benefits fund of the public employees retirement system.

Sponsor(s): Government and Veterans Affairs Committee

File Date Chamber Comm ActionJournal Page

01/03SGVAIntroduced, first reading, referred Government and Veterans
AffaSJ0019

01/11SCOMMITTEE HEARING 01/11 10:00 AM

01/15SReported back amended, do pass, amendment poc y 006 n 000SJ0085

01/16SAmdendment adoptedSJ0105

01/16SAPPRRereferred to AppropriationsSJ0105

01/22SReported back, do pass, placed on calendar y 013 n 000SJ0155

01/22SCOMMITTEE HEARING 01/22 02:00 PM

01/23SSecond reading, passed, yeas 045 nays 000SJ0170

01/25HReceived from SenateHJ0248

01/31HGVAIntroduced, first reading, referred Government and Veterans
AffaHJ0329

03/01HCOMMITTEE HEARING 03/01 02:30 PM

03/02HReported back, do not pass, placed on calendar y 011 n 002HJ0846

03/08HSecond reading, failed to pass, yeas 044 nays 048HJ0903

SB 2051 Increase the employer contribution rate from 16.17% to 21.7% for highway patrolment; 4.12% to 5.12% in the hybrid plan

Title: Relating to employer contributions and increases to certain retirees' retirement payments under the public employees retirement system; and to provide an effective date.

Sponsor(s): Government and Veterans Affairs Committee

File Date Chamber Comm ActionJournal Page

01/03SGVAIntroduced, first reading, referred Government and Veterans
AffaSJ0019

01/11SCOMMITTEE HEARING 01/11 10:30 AM

01/16SAPPRRereferred to AppropriationsSJ0111

01/22SCOMMITTEE HEARING 01/22 02:30 PM

01/26SReported back, do pass, placed on calendar y 012 n 000SJ0209

01/30SSecond reading, passed, yeas 046 nays 000SJ0239

01/31HReceived from SenateHJ0321

02/01HGVAIntroduced, first reading, referred Government and Veterans
AffaHJ0356

03/02HReported back, do not pass, placed on calendar y 013 n 000HJ0846

03/02HCOMMITTEE HEARING 03/02 08:00 AM

03/08HSecond reading, failed to pass, yeas 026 nays 064HJ0903

SB 2116 Permit ND Association of Counties to participate in the hybrid plan, etc.

Title: Relating to participation by an association of counties in the public employees retirement system, uniform group insurance program, and the deferred compensation program.

Sponsor(s): Sen. Krebsbach

File Date Chamber Comm ActionJournal Page

01/03SGVAIntroduced, first reading, referred Government and Veterans AffaSJ0025

01/12SGVARRequest return from committeeSJ0075

01/12SWithdrawn from further considerationSJ0075

SB 2166 Mill and elevator association

Title: Relating to the definition of wages and salaries and employer contributions for employees of the North Dakota mill and elevator association under the public employees retirement system; to provide an appropriation; and to provide an effective date.

Sponsor(s): Sen. Holmberg, Hacker, Heitkamp, Lindaas

Rep. Dietrich, Owens

File Date Chamber Comm ActionJournal Page

01/09SIBLIntroduced, first reading, referred Industry, Business and LaborSJ0054

01/23SCOMMITTEE HEARING 01/23 11:00 AM

02/05SReported back amended, do pass, amendment poc y 004 n 002SJ0310

02/06SAmendment adoptedSJ0321

02/06SAPPRRereferred to AppropriationsSJ0321

02/07SCOMMITTEE HEARING 02/07 10:00 AM

02/09SReported back, do pass, placed on calendar y 008 n 005SJ0394

02/12SLaid over one legislative daySJ0422

02/13SSSecond reading, failed to pass, yeas 020 nays 026SJ0443

SB 2246 Per diem rates for state employees

Title: Relating to reimbursement of lodging expenses and allowances for meals for state and political subdivision officers and employees.

Sponsor(s): Sen. Krebsbach, Heitkamp, Wardner

Rep. Boehning, Glassheim, D. Johnson

File Date Chamber Comm ActionJournal Page

01/15SPOLSUBIntroduced, first reading, referred Political SubdivisionsSJ0092

01/25SCOMMITTEE HEARING 01/25 03:00 PM

02/02SAPPRRereferred to AppropriationsSJ0291

02/13SReported back, do pass, placed on calendar y 007 n 004SJ0460

02/13SCOMMITTEE HEARING 02/13 10:15 AM

02/15SSsecond reading, passed, yeas 037 nays 009SJ0558

02/15HReceived from SenateHJ0737

02/21HGVAIntroduced, first reading, referred Government and Veterans AffaHJ0754

03/08HReported back, do not pass, placed on calendar y 010 n 000HJ0912

03/08HCOMMITTEE HEARING 03/08 08:30 AM

03/13HSecond reading, failed to pass, yeas 041 nays 050HJ0973

03/14HReconsideredHJ0994

03/14HReconsideredHJ0994

03/14HSecond reading, passed, yeas 061 nays 031HJ0995

03/14HAPPRRereferred to AppropriationsHJ0996

03/19HCOMMITTEE HEARING 03/19 04:00 PM

SB 2252 Suicide related health insurance benefits

Title: Relating to health insurance coverage for suicide-related medical services.

Sponsor(s): Sen. Mathern, Seymour

Rep. Price, Kerzman

File Date Chamber Comm ActionJournal Page

01/15SHUMSERIntroduced, first reading, referred Human ServicesSJ0093

01/22SCOMMITTEE HEARING 01/22 10:15 AM

02/01SReported back amended, do pass, amendment poc y 006 n 000SJ0271

02/02SAmendment adopted, placed on calendarSJ0280

02/02SSsecond reading, passed, yeas 044 nays 000SJ0280

02/05HReceived from SenateHJ0414

02/06HHUMSERIntroduced, first reading, referred Human ServicesHJ0469

03/05HCOMMITTEE HEARING 03/05 10:45 AM

03/07HReported back amended, do pass, amendment poc y 011 n 000HJ0895

03/08HAmendment adopted, placed on calendarHJ0901

03/12HSecond reading, passed as amended, yeas 086 nays 007HJ0946

03/13SRReturned to Senate (12)SJ0794

SB 2413 Participation by peace officers and correctional officers in the defined benefit retirement plan

Title: Relating to participation by peace officers and correctional officers in the defined benefit retirement plan; relating to participation by peace officers and correctional officers in the defined benefit retirement plan.

Sponsor(s): Sen. O'Connell, Dever, Krauter, Lyson

Rep. R. Kelsch, Martinson

File Date Chamber Comm ActionJournal Page

01/22SPOLSUBIntroduced, first reading, referred Political SubdivisionsSJ0163

02/02SPOLSUBRequest return from committeeSJ0280

02/02SAPPRRereferred to AppropriationsSJ0280

02/09SCOMMITTEE HEARING 02/09 10:00 AM

02/14SRreported back, do not pass, placed on calendar y 007 n 006SJ0526

02/15SSSecond reading, failed to pass, yeas 018 nays 028SJ0561

ND State Legislature : NDUS : Road Conditions : ND Weather

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