

LANs HR-Benefits Presentation

New Administrative Fee Structure

- There are no additional fees being added. Only the way you pay them is changing.
- All plan recordkeeping and administration fees were formerly paid from fund expense fees through a revenue sharing arrangement with Fidelity.
- With the change from the Fidelity funds, revenue sharing is only expected to cover about 35% of plan administration costs.
- The expense ratios of the new funds are significantly lower than the old fund options
- This new fee structure is much more transparent to participants than before and as your account grows your fee percentage will actually become lower over time.



Finding the Right Investment Strategy

Anthony Fallahi



Smart move.®

New Investment Options

- Beginning **January 2, 2009**, the Vanguard Target Retirement Funds - Investor Shares, PIMCO Total Return Fund - Institutional class, Old Mutual Fund TS&W Mid-Cap Value Fund –Institutional Class and the SSgA (State Street Global Advisors) Daily All-Country World ex-US Index Fund will be added to the investment lineup. The Vanguard Target Retirement Funds – Investor Shares will replace the Fidelity Freedom Funds®.
- New investment options:
 - PIMCO Total Return Fund - Institutional Class
 - SSgA (State Street Global Advisors) Daily All-Country World ex-US Index Fund
 - Old Mutual Fund TS&W Mid-Cap Value Fund – Institutional Class
 - Vanguard Target Retirement 2010 Fund – Investor Shares
 - Vanguard Target Retirement 2015 Fund – Investor Shares
 - Vanguard Target Retirement 2020 Fund – Investor Shares
 - Vanguard Target Retirement 2025 Fund – Investor Shares
 - Vanguard Target Retirement 2030 Fund – Investor Shares
 - Vanguard Target Retirement 2035 Fund – Investor Shares
 - Vanguard Target Retirement 2040 Fund – Investor Shares
 - Vanguard Target Retirement 2045 Fund – Investor Shares
 - Vanguard Target Retirement 2050 Fund – Investor Shares
 - Vanguard Target Retirement Income Fund – Investor Shares



Freezing Future Contributions

- Effective as of **the market close (generally 2:00 P.M. Mountain time) on January 2, 2009** contributions and exchanges into the investment options shown below under Old Investment Options will be frozen to new contributions under the LANS 401(k) Retirement and Savings Plans. Unless you elect otherwise, all **future contributions** in these investment options will be automatically transferred to the new investment options as outlined on the following table.

Freezing Future Contributions (continued)

- Effective as of **the market close on February 2, 2009**, all **remaining balances** in the old investment options will be automatically transferred to the new investment options as outlined on the table below.*

Current Investment Option	New Investment Option
Fidelity Freedom 2010 Fund®	Vanguard Target Retirement 2010 Fund – Investor Shares
Fidelity Freedom 2015 Fund®	Vanguard Target Retirement 2015 Fund – Investor Shares
Fidelity Freedom 2020 Fund®	Vanguard Target Retirement 2020 Fund – Investor Shares
Fidelity Freedom 2025 Fund®	Vanguard Target Retirement 2025 Fund – Investor Shares
Fidelity Freedom 2030 Fund®	Vanguard Target Retirement 2030 Fund – Investor Shares
Fidelity Freedom 2035 Fund®	Vanguard Target Retirement 2035 Fund – Investor Shares
Fidelity Freedom 2040 Fund®	Vanguard Target Retirement 2040 Fund – Investor Shares
Fidelity Freedom 2045 Fund®	Vanguard Target Retirement 2045 Fund – Investor Shares
Fidelity Freedom 2050 Fund®	Vanguard Target Retirement 2050 Fund – Investor Shares
Fidelity Freedom Income Fund®	Vanguard Target Retirement Income Fund – Investor Shares
Fidelity Inflation - Protected Bond Fund	PIMCO Total Return Fund – Institutional Class
Fidelity Value Fund	Old Mutual TS&W Mid-Cap Value Fund – Institutional Class
Templeton World Fund	State Street Global Advisors MSCI ACWI ex-US Index

*The reallocation of assets depends on the timely liquidation of those assets. A delay in liquidation may result in a change to the above noted dates.



Your Next Steps

- If you do not want your **future contributions** to transfer to the New Investment Options as shown in the previous chart, you should contact Fidelity Investments® before 2:00 P.M. Mountain time on **January 2, 2009**, and request a change. If you do not want your **remaining balances** to transfer to the New Investment Options as shown in the above chart, you should contact Fidelity Investments® before 2:00 P.M. Mountain time on **February 2, 2009**, and request an exchange.

New Default Fund

If you have not made an investment election, effective **January 2, 2009**, LANS has designated that any future contributions to your account that you have not directed to a specific investment option in the LANS 401(k) Retirement and Savings Plans will be invested in a Vanguard Target Retirement Fund until you provide further investment instruction. Please refer to the chart in the *Investment Options Section* for more detailed fund information. ***This applies only to those participants who have not made an investment election for their contributions.***

For more information on the Vanguard Funds, log on to Fidelity NetBenefits® at www.netbenefits.com or call Fidelity at 1-800-835-5095.

Date Of Birth	Retirement Date Range	Vanguard Target Retirement Fund
1/1/1900 – 12/31/1932	Retired before 1997	Vanguard Target Retirement Income Fund – Investor Shares
1/1/1933 – 12/31/1947	1998 – 2012	Vanguard Target Retirement 2010 Fund – Investor Shares
1/1/1948 – 12/31/1952	2013 – 2017	Vanguard Target Retirement 2015 Fund – Investor Shares
1/1/1953 – 12/31/1957	2018 – 2022	Vanguard Target Retirement 2020 Fund – Investor Shares
1/1/1958 – 12/31/1962	2023 – 2027	Vanguard Target Retirement 2025 Fund – Investor Shares
1/1/1963 – 12/31/1967	2028 – 2032	Vanguard Target Retirement 2030 Fund – Investor Shares
1/1/1968 – 12/31/1972	2033 – 2037	Vanguard Target Retirement 2035 Fund – Investor Shares
1/1/1973– 12/31/1977	2038 – 2042	Vanguard Target Retirement 2040 Fund – Investor Shares
1/1/1978 – 12/31/1982	2043 – 2047	Vanguard Target Retirement 2045 Fund – Investor Shares
1/1/1983 – and later	2048 and later	Vanguard Target Retirement 2050 Fund – Investor Shares

Date of birth ranges were selected by your Plan Sponsor.

Characteristics of Old and New Investment Options

The information contained in the chart below has been provided by Watson Wyatt Investment Consulting and is solely the responsibility of Watson Wyatt Investment Consulting.

Old Investment Options	New Investment Options
<p>Fidelity Inflation-Protected Bond Fund</p> <ul style="list-style-type: none"> • Specialty fixed income fund • The fund normally invests at least 80% of assets in inflation-protected debt securities. • As of 9/30/08, the security allocation of the fund was 98.2% treasury, 4.4% mortgage, and -2.6% cash and other. 	<p>PIMCO Total Return Fund - Institutional Class</p> <ul style="list-style-type: none"> • Core plus fixed income fund • The fund invests primarily in investment grade debt securities, but may also invest in high yield, foreign, or inflation-protected debt securities. • As of 9/30/08, the security allocation of the fund was -9% government/agency, 79% mortgage, 14% investment grade, 2% high yield, 5% international, 9% cash and other.²
<p>Fidelity Value Fund</p> <ul style="list-style-type: none"> • Mid cap value fund • The fund normally invests primarily in common stocks of mid-cap companies with value characteristics. • As of 9/30/08, the weighted average market capitalization was \$13,166M. 	<p>Old Mutual TS&W Mid-Cap Value Fund – Institutional Class</p> <ul style="list-style-type: none"> • Mid cap value fund • The fund normally invests in common and preferred stocks of mid-cap companies with value characteristics. • As of 9/30/08, the weighted average market capitalization was \$6,773M.

¹Cash and other may include notional assets/liabilities of certain derivative instruments.

²Treasury/Agency includes short treasury notes and short treasury futures

Characteristics of Old and New Investment Options (continued)

Old Investment Options	New Investment Options
<p>Templeton World Fund</p> <ul style="list-style-type: none"> • Global equity fund • Actively managed • The fund invests primarily in the equity securities of companies located anywhere in the world, including the United States. • As of 9/30/08, the fund invested 37% in the US, 49% in Developed Markets excluding the US, and 14% in Emerging Markets. 	<p>SSgA (State Street Global Advisors) Daily All-Country World ex-US Index Fund International equity fund</p> <ul style="list-style-type: none"> • Passively managed • The fund invests primarily in a portfolio which seeks to replicate the MSCI ACWI ex-US Index. • The fund does not invest in securities of companies located in the United States. • The fund typically invests 18% in emerging markets and 82% in developed markets.
<p>Fidelity Freedom Funds</p> <ul style="list-style-type: none"> • Target retirement date funds • The underlying investments within the Fidelity Freedom Funds® are comprised of 20-26 underlying domestic equity, international equity, fixed income, and short term funds. • The Fidelity Freedom Funds® are asset allocation funds that generally seek to reallocate the asset mix from equity to fixed income with the goal of supporting a date specific retirement portfolio that is weighted significantly toward fixed income 	<p>Vanguard Target Retirement Date Funds</p> <ul style="list-style-type: none"> • Target retirement date funds • The underlying investments within the Vanguard Target Retirement Date Funds are passively managed Vanguard Funds. • The Vanguard Target Retirement Date Funds are comprised of 5-7 underlying domestic equity, international equity, fixed income and money market funds. • The Vanguard Target Retirement Date Funds are asset allocation funds that generally seek to reallocate the asset mix from equity to fixed income with goal of supporting a date specific retirement portfolio that is weighed significantly toward fixed income.



New Plan enhancements

Effective **January 1, 2009**, the LANS 401(k) Retirement and Savings Plans will offer a self-directed brokerage option. **Investment options in the self-directed brokerage account will not be monitored by the Los Alamos National Security Benefits and Investment Committee**

Fidelity BrokerageLink® - Fidelity BrokerageLink® adds the flexibility of a brokerage account within your 401(k) Retirement Savings Plans that offers the opportunity to choose investments from Fidelity mutual funds and some non-Fidelity mutual funds. It gives you expanded investment choices and the opportunity to more actively manage your retirement contributions. A self-directed brokerage account is not for everyone. If you are a sophisticated investor who is willing to take on additional risk and you are prepared to assume the responsibility of more closely monitoring this portion of your portfolio, it could be appropriate for you. However, if you do not feel comfortable actively managing a portfolio of mutual funds beyond those offered through your plan's standard investment options, then a self-directed brokerage account may not be appropriate for you. Remember, it is always your responsibility to ensure that the options you select are consistent with your particular situation, including your goals, time horizon, and risk tolerance. To view a list of all mutual funds available, log on to www.Fidelity.com and click on *Mutual Funds* located under *Our Products* on the left side

Investment Option Spectrum – as of 01/02/2009

Categories to left have potentially more
inflation risk and less investment risk

Categories to right have potentially less
inflation risk and more investment risk

Managed
Income

Bond

Balanced/
Hybrid

Domestic Equities

International/
Global Equity

Managed
Income
Portfolio

Fidelity U.S. Bond
Index Fund

NEW!
PIMCO Total Return
Fund – Institutional
Class

Fidelity
Balanced
Fund

Large Value
American Beacon
Large Cap Value
FundSM –
PlanAhead Class

Large Blend
Spartan® 500 Index
Fund – Investor Class

Large Growth
Fidelity
Contrafund®
Fidelity Growth
Company Fund

Fidelity
Diversified
International
Fund

NEW!
State Street
Global
Advisors
MSCI ACWI
ex-US Index

Mid Value
NEW!
Old Mutual TS&W
Mid-Cap Value
Fund –
Institutional Class

Mid Blend

Mid Growth
William Blair Mid
Cap Growth
Fund – Class I

Small Value
Small Value

Small Blend
Wells Fargo
Advantage Small Cap
Value Fund – Investor
Class

Small Growth
Baron Small
Cap Fund

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 as of 10/31/2008. 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. 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. For a more complete discussion of risk associated with the mutual fund options, please read the prospectuses before making your investment decision. The spectrum does not represent actual or implied performance.

Investment options

Lifecycle Funds – *NEW!* as of 01/02/2009

Categories to left have potentially more inflation risk and less investment risk

Lifecycle Funds

Categories to right have potentially less inflation risk and more investment risk

Target Date 2000-2014

Target Date 2015-2029

Target Date 2030+

Vanguard Target Retirement 2010 Fund – Investor Shares

Vanguard Target Retirement 2015 Fund – Investor Shares

Vanguard Target Retirement 2030 Fund – Investor Shares

Vanguard Target Retirement Income Fund – Investor Shares

Vanguard Target Retirement 2020 Fund – Investor Shares

Vanguard Target Retirement 2035 Fund – Investor Shares

Vanguard Target Retirement 2025 Fund – Investor Shares

Vanguard Target Retirement 2040 Fund – Investor Shares

Vanguard Target Retirement 2045 Fund – Investor Shares

Vanguard Target Retirement 2050 Fund – Investor Shares

The lifecycle investment options are represented on a separate spectrum because each investment option (except the income fund, if applicable) will gradually adjust its asset allocation to be more conservative as the investment option approaches and move beyond its target retirement dates. Generally, those investment options with later target retirement dates have greater equity exposure and more risk than those with earlier target retirement dates.



New Plan Contribution Option

- You may elect to contribute a portion of your salary to a Roth 401(k)
- Your traditional pre-tax 401(k) contribution option will still exist
- The Roth 401(k) account grows tax-free for retirement

Comparing Contribution Options

Provision	Pretax	Roth 401(k)
Contributions	Before-tax	After-tax
Distributions	Taxable (contributions and earnings)	Not taxed if qualified*
401(k) Limits	\$15,500 in 2008 (combined)	
Catch-Up Contributions **	\$5,000 in 2008 (combined)	
Contribution Limit	\$45,000 (combined + company contributions)	

* Distribution must occur after the Roth account has existed for at least five tax years and after age 59 1/2, disability, or death.

** Catch-up contributions are not matched by ABD.



Considerations

- Roth 401(k) contributions are under the same IRS limits as pre-tax contributions
- Your take-home pay will be less than it would be if you made traditional pre-tax contributions
- For many participants a traditional pre-tax 401(k) will still be the most beneficial type of retirement savings plan.

Next Steps



- Determine your appropriate mix and compare to your current mix.
- Evaluate the investment options in your plan
- Select investment options that fit your target asset mix
- Review and adjust your asset allocation at least once a year
- Go on line or call your plan's toll-free number.



Contact Fidelity

1-800-835-5095

www.netbenefits.com

Retirement Benefits Line
8:30 am – 8:00 pm in your local time zone
VRS virtually 24 hours



We want your feedback!



PLEASE TAKE A
FEW MOMENTS TO

**Provide us with your
feedback**

ON YOUR LEARNING
EXPERIENCE

Anthony Fallahi



Last but not least.....

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.

This workshop only provides a summary of the main features of the Plan, and the Plan document will govern in the event of any discrepancies.

Unless otherwise noted, transaction requests confirmed after the close of the market, normally 4 P.M. EST or on weekends or holidays, will receive the next available days prices.

The investment options available through the plan reserve the right to modify or withdraw the exchange privilege.

2007 FMR LLC. All rights reserved.

Through December 31, 2007, this piece is being distributed by Fidelity Investments Institutional Services Company, Inc., 82 Devonshire St., Boston, MA 02109. On or after January 1, 2008, this piece is being distributed by Fidelity Brokerage Services LLC, Member NYSE, SIPC, 100 Summer Street, Boston, MA 02110.

420816.8



<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.>

<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.>

<Investments in smaller companies may involve greater risks than those in larger, more well known companies.>

<Lower-quality debt securities involve greater risk of default or price changes due to potential changes in the credit quality of the issuer.>

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

<In general, bond prices rise when interest rates fall, and vice versa. This effect is usually more pronounced for longer-term securities.>

<Company stock is neither a mutual fund nor a diversified or managed investment option.>

© 2007 FMR LLC Corp. All rights reserved.

Through December 31, 2007, this piece is being distributed by Fidelity Investments Institutional Services Company, Inc., 82 Devonshire St., Boston, MA 02109. On or after January 1, 2008, this piece is being distributed by Fidelity Brokerage Services LLC, Member NYSE, SIPC, 100 Summer Street, Boston, MA 02110.

Index Definitions

The Russell 1000® Index is a comprehensive large-cap index measuring the performance of the largest 1,000 U.S. incorporated companies. It is reconstituted completely on an annual basis to ensure the index measures the large cap segment consistently and objectively over time.

The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

The Russell Midcap® Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 26% of the total market capitalization of the Russell 1000 Index.

The Russell Midcap Value Index is an unmanaged market capitalization-weighted index of medium-capitalization value-oriented stocks of U.S. domiciled companies that are included in the Russell Midcap Index. Value-oriented stocks tend to have lower price-to-book ratios and lower forecasted growth values.

The Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth index.

The Russell 2000® Index is an unmanaged index composed of the 2,000 smallest securities in the Russell 3000 Index and includes reinvestment of dividends. It represents approximately 11% of the Russell 3000® Index.

The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

The Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

You cannot invest directly in an index. Past performance does not guarantee future results.