

NDPERS
401(a)
Defined Contribution
Quarterly Report
3rd Quarter
7/1/2007 – 9/30/2007



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

Fidelity 3rd Quarter Market Summary:

- Problems in the sub-prime mortgage market
- Federal Reserve lowered the discount rate
- U.S. dollar weakened
- Commodities, especially oil, rallied
- Markets generally handled news well

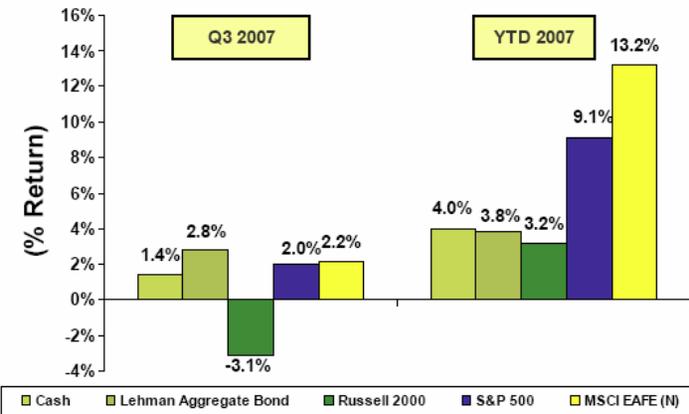
U.S. Stocks: Style & Cap Performance

Index* YTD Returns as of 9/28/07

	Value	Blend	Growth
Large	+6%	+9%	+13%
Mid Cap	+5%	+9%	+13%
Small	-3%	+3%	+9%

Past performance does not guarantee future results.
Data as of 09/28/07. *The above styles are represented by the following indexes: Large-cap value - Russell 1000 Value; Large-cap blend, Russell 1000; Large-cap growth - Russell 1000 Growth; Mid-cap value - Russell Mid-Cap Value; Mid-cap blend - Russell Mid-Cap; Mid-cap growth - Russell Mid-Cap Growth; Small-cap value - Russell 2000 Value; Small-cap blend - Russell 2000; Small-cap growth - Russell 2000 Growth. You cannot invest directly in an index.

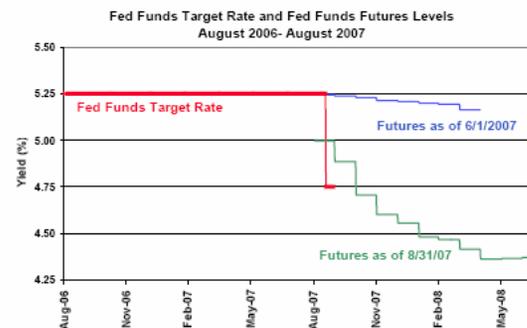
Market Performance – Third Quarter 2007



Past performance is no guarantee of future results.
Source: Data as of 09/28/07. All indices are unmanaged and performance of the indices include reinvestment of dividends and interest income. Returns do not consider the effect of taxes and advisory fees and an investment cannot be made in an index. Please see the end of this presentation for important index definitions. Cash is represented by Lehman Brothers 3-Month US Treasury Index.

Fed Policy - Expectations vs. Action

Investor expectations for changes of Fed policy have varied widely over the year



Source: Bloomberg as of 8/31/07

Fund returns in the NDPERS Defined Contribution Plan were mixed for the 3rd quarter 2007.

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

INITIAL OFFERING:

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

BALANCED FUND:

Fidelity Puritan Fund

INCOME FUNDS:

Fidelity Managed Income Portfolio

BOND FUNDS:

PIMCO Total Return Bond Fund

INTERNATIONAL FUNDS:

Fidelity Diversified International (Blend Bias)

LIFESTYLE FUNDS:

Fidelity Freedom Income

Fidelity Freedom 2015

Fidelity Freedom 2030

Fidelity Freedom 2000

Fidelity Freedom 2020

Fidelity Freedom 2035

Fidelity Freedom 2005

Fidelity Freedom 2025

Fidelity Freedom 2040, 2045 & 2050

Fidelity Freedom 2010

FUND STYLE CHANGES:

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

BALANCED FUND:

Fidelity Puritan Fund

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Fidelity Freedom 2000

Fidelity Freedom 2020

Fidelity Freedom 2035

Fidelity Freedom 2005

Fidelity Freedom 2025

Fidelity Freedom 2040, 2045 & 2050

Fidelity Freedom 2010

NDPERS Investment Benchmarks - 3rd Quarter 2007

	<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	1.08%	3.23%	4.33%	4.04%	4.17%
GIC 5 Year	1.22%	3.65%	4.87%	4.98%	5.30%
<u>Fixed Income Fund</u>					
PIMCO Total Return Bond Fund - PTRAX	4.52%	4.77%	5.67%	4.16%	4.75%
Lehman Aggregate Bond Index	2.84%	3.85%	5.14%	3.86%	4.13%
Taxable Bond Fund Universe	1.83%	3.30%	5.11%	4.19%	5.54%
<u>Balanced Fund</u>					
Fidelity Puritan - FPURX	1.43%	7.40%	13.36%	11.18%	13.00%
60% Large Cap Value Univ & 40% Taxable Bond Universe	1.24%	6.28%	11.66%	9.79%	11.64%
60% Russell 3000 Value & 40% Lehman Agg Bond Index	0.69%	4.67%	10.29%	10.55%	12.51%
<u>Large Cap Equities - Value</u>					
Fidelity Equity-Income - FEQIX	-0.41%	8.00%	16.03%	14.31%	16.71%
Franklin Mutual Shares A - TESIX	-3.47%	5.52%	13.82%	14.39%	15.02%
Russell 1000 Value Index	-0.24%	5.97%	14.45%	15.25%	18.07%
Large Cap Value Fund Universe	0.84%	8.26%	16.03%	13.52%	15.71%
<u>Large Cap Equities - Blend</u>					
Fidelity Spartan US Equity Index - FUSEX	2.04%	9.10%	16.37%	13.07%	15.35%
Fidelity Dividend Growth - FDGFX < Under Review 3/2007 >	0.11%	7.35%	13.63%	11.47%	12.92%
S&P 500 Index	2.03%	9.13%	16.44%	13.14%	15.45%
Large Cap Blend Fund Universe	3.01%	10.62%	18.05%	13.09%	14.30%
<u>Large Cap Equities - Growth</u>					
Fidelity Growth Company - FDGRX	9.04%	18.89%	28.96%	18.85%	21.24%
Russell 3000 Growth Index	3.85%	12.39%	19.31%	12.36%	14.19%
Fidelity Blue Chip Growth - FBGRX < Under Review 3/2007 >	5.15%	12.55%	17.22%	10.20%	11.85%
Russell 1000 Growth Index	4.21%	12.68%	19.35%	12.20%	13.84%
Large Cap Growth Fund Universe	6.86%	15.62%	22.23%	12.86%	13.63%
<u>Mid Cap Equities - Value</u>					
Goldman Sachs Mid Cap Value - GCMAX	-3.07%	6.32%	15.19%	15.85%	17.96%
Russell Mid Cap Value	-3.55%	4.83%	13.75%	17.22%	21.02%
Mid Cap Value Fund Universe	-1.86%	7.95%	16.39%	14.21%	17.79%
<u>Mid Cap Equities - Blend</u>					
Dreyfus Mid Cap Index - PESPX	-0.95%	10.42%	18.21%	15.13%	17.63%
S&P Mid Cap 400	-0.87%	11.01%	18.76%	15.63%	18.17%
Fidelity Spartan Extended Mkt Index - FSEMX	-0.63%	8.90%	18.71%	16.21%	19.72%
Wilshire 4500 Index	-0.60%	8.97%	18.83%	16.23%	19.94%
Mid Cap Blend Fund Universe	-0.21%	19.31%	10.79%	14.74%	18.03%
<u>Mid Cap Equities - Growth</u>					
Fidelity Mid Cap Stock - FMCSX	-0.19%	14.55%	20.23%	19.29%	19.13%
Russell Mid Cap Growth	2.15%	13.35%	21.22%	17.01%	20.39%
Mid Cap Growth Fund Universe	5.16%	18.23%	26.47%	16.47%	17.62%

Fund Returns in RED do not meet both benchmarks.

Fund Returns in BLACK meet both benchmarks.

NDPERS Investment Benchmarks - 3rd Quarter 2007

	<u>Quarter</u>	<u>Y-T-D</u>	<u>1-Year</u>	<u>3-Year</u>	<u>5-Year</u>
<u>Small Cap Equities - Value</u>					
Allianz NFJ Small Cap Value - PVADX	-0.92%	10.43%	19.84%	17.57%	19.28%
Russell 2000 Value Index	-6.26%	-2.70%	6.09%	12.51%	18.70%
Small Value Fund Universe	-4.08%	2.92%	11.51%	11.84%	17.50%
<u>Small Cap Equities - Blend</u>					
Dreyfus Small Cap Index - DISSX	-1.92%	6.29%	14.55%	13.87%	18.20%
Russell 2000 Index	-3.09%	3.16%	12.34%	13.36%	18.75%
S & P 600 Index	-1.82%	6.58%	14.93%	14.29%	18.73%
Small Blend Fund Universe	-1.74%	6.73%	15.86%	13.61%	18.32%
<u>Small Cap Equities - Growth</u>					
MSI Small Co Growth B - MSSMX	2.32%	8.23%	20.38%	15.76%	19.90%
Russell 2000 Growth Index	0.02%	9.35%	18.94%	14.10%	18.70%
Small Growth Fund Universe	2.75%	13.57%	22.56%	14.17%	17.79%
<u>International Equity Funds</u>					
Fidelity Diversified International - FDIVX	4.87%	16.51%	27.92%	24.00%	24.77%
MSCI EAFE	2.18%	13.29%	25.04%	23.42%	23.80%
International Stock Fund Universe	6.35%	18.98%	33.51%	25.21%	24.89%
<u>Asset Allocation Funds:</u>					
Fidelity Freedom Income - FFFAX	1.30%	4.65%	7.31%	5.77%	5.61%
Income Benchmark	1.78%	4.83%	7.59%	6.11%	6.50%
Fidelity Freedom 2000 - FFBX	1.42%	5.41%	8.52%	6.43%	6.50%
2000 Benchmark	1.73%	5.35%	8.74%	7.11%	7.74%
Fidelity Freedom 2005 - FFFVX	2.08%	7.89%	12.68%	9.46%	N/A
2005 Benchmark	1.92%	6.87%	11.99%	10.06%	11.32%
Fidelity Freedom 2010 - FFFCX	2.12%	8.06%	12.98%	9.76%	10.43%
2010 Benchmark	1.92%	6.98%	12.23%	10.26%	11.59%
Fidelity Freedom 2015 - FFFVX	2.13%	8.66%	14.10%	11.14%	N/A
2015 Benchmark	1.89%	7.38%	13.13%	11.08%	12.62%
Fidelity Freedom 2020 - FFFDX	2.29%	9.82%	16.15%	12.62%	13.90%
2020 Benchmark	1.80%	8.10%	14.74%	12.52%	14.40%
Fidelity Freedom 2025 - FFFWX	2.24%	10.10%	16.64%	13.16%	N/A
2025 Benchmark	1.78%	8.24%	15.06%	12.82%	14.72%
Fidelity Freedom 2030 - FFFEX	2.43%	11.15%	18.47%	14.30%	15.68%
2030 Benchmark	1.63%	8.87%	16.45%	14.02%	16.15%
Fidelity Freedom 2035 - FFFHX	2.44%	11.31%	18.63%	14.56%	N/A
2035 Benchmark	1.62%	8.90%	16.55%	14.15%	16.31%
Fidelity Freedom 2040 - FFFFX	2.30%	11.40%	19.02%	14.99%	16.73%
2040 Benchmark	1.54%	9.00%	16.84%	14.43%	16.72%
Fidelity Freedom 2045 - FFFGX	2.59%	11.77%	19.67%	N/A	N/A
2040 Benchmark	1.51%	9.24%	17.36%	14.92%	17.24%
Fidelity Freedom 2050 - FFFHX	2.67%	12.14%	20.18%	N/A	N/A
2040 Benchmark	1.49%	9.39%	17.68%	15.22%	17.56%
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 28% Wilshire 5000, 1% MSCI EAFE, 30% LB Agg, 5% ML HY Bond, 36% 3 Month T-Bill					
2005 Benchmark is comprised of 40% Wilshire 5000, 10% MSCI EAFE, 34% LB Agg, 5% ML HY Bond, 11% 3 Month T-Bill					
2010 Benchmark is comprised of 42% Wilshire 5000, 10% MSCI EAFE, 34% LB Agg, 5% ML HY Bond, 9% 3 Month T-Bill					
2015 Benchmark is comprised of 46% Wilshire 5000, 12% MSCI EAFE, 31% LB Agg, 6% ML HY Bond, 5% 3 Month T-Bill					
2020 Benchmark is comprised of 56% Wilshire 5000, 14% MSCI EAFE, 23% LB Agg, 7% ML HY Bond					
2025 Benchmark is comprised of 57% Wilshire 5000, 15% MSCI EAFE, 21% LB Agg, 7% ML HY Bond					
2030 Benchmark is comprised of 67% Wilshire 5000, 16% MSCI EAFE, 10% LB Agg, 7% ML HY Bond					
2035 Benchmark is comprised of 66% Wilshire 5000, 17% MSCI EAFE, 9% LB Agg, 8% ML HY Bond					
2040 Benchmark is comprised of 68% Wilshire 5000, 17% MSCI EAFE, 5% LB Agg, 10% ML HY Bond					
2045 Benchmark is comprised of 69% Wilshire 5000, 19% MSCI EAFE, 2% LB Agg, 10% ML HY Bond					
2050 Benchmark is comprised of 70% Wilshire 5000, 20% MSCI EAFE, 0% LB Agg, 10% ML HY Bond					
Wilshire 5000 Index	1.46%	9.13%	16.99%	13.98%	16.50%
MSCI EAFE	2.18%	13.29%	25.04%	23.42%	23.80%
Lehman Aggregate Bond Index	2.84%	3.85%	5.14%	3.86%	4.13%
ML High Yield Bond Fund Index	0.33%	3.40%	7.75%	7.47%	12.51%
3 Month T-Bill Index	1.19%	3.71%	5.01%	3.97%	2.83%
Russell 3000 Value Index	-0.75%	5.21%	13.73%	15.01%	18.10%

Fund Returns in RED do not meet both benchmarks.

Fund Returns in BLACK meet both benchmarks.

NDPERS Mutual Fund Research - 9/30/2007

Large Value

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank	Average Return				Standard=S&P 500 Index			Standard	Sharpe		
											3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha	Deviation	Ratio
Fidelity Puritan	FPURX	26.4 Billion	4/16/1947	7 Years	0.61%	3276	44%	14.6	38.0 Bil	4-Stars	28	24	1.43	13.36	11.18	13.00	7.59				5.29	1.25
Fidelity Equity-Income	FEQIX	32.8 Billion	5/16/1966	14 Years	0.67%	259	24%	11.0	53.8 Bil	3-Stars	30	37	-0.41	16.03	14.31	16.71	7.61	94	1.00	1.10	7.74	1.24
Franklin Mutual Shares A	TESIX	25.9 Billion	11/11/1996	3 Years	1.10%	303	33%	15.9	27.3 Bil	3-Stars	27	44	-3.47	13.82	14.39	15.02	9.29	75	0.79	2.87	6.83	1.40

Large Blend

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank	Average Return				Standard=S&P 500 Index			Standard	Sharpe		
											3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha	Deviation	Ratio
Fidelity Spartan US Equity Index	FUSEX	30.6 Billion	3/6/1990	Team	0.09%	503	7%	15.6	55.9 Bil	3-Stars	46	39	2.04	16.37	13.07	15.35	6.43	100	1.00	-0.05	7.52	1.12
Fidelity Dividend Growth <Under Review>	FDGFX	16.7 Billion	4/27/1993	10 Years	0.59%	96	30%	14.7	73.7 Bil	3-Stars	79	87	0.11	13.63	11.47	12.92	7.94	89	0.91	-0.76	7.31	0.96
Fidelity Diversified International	FDIVX	56.0 Billion	12/27/1991	6 Years	0.97%	356	59%	17.1	32.1 Bil	4-Stars	42	20	4.87	27.92	24.00	24.77	12.94				10.23	1.76

Large Growth

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank	Average Return				Standard=S&P 500 Index			Standard	Sharpe		
											3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha	Deviation	Ratio
Fidelity Growth Company	FDGRX	36.2 Billion	1/17/1983	10 Years	0.96%	301	54%	13.4	20.6 Bil	4-Stars	5	3	9.04	28.96	18.85	21.24	9.16	73	1.26	3.12	11.04	1.25
Fidelity Blue Chip Growth <Under Review>	FBGRX	18.9 Billion	12/31/1987	0 Years	0.61%	131	48%	19.5	52.0 Bil	3-Stars	79	78	5.15	17.22	10.20	11.85	4.45	87	1.00	-2.60	8.02	0.73

Medium Value

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank	Average Return				Standard=S&P 500 Index			Standard	Sharpe		
											3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha	Deviation	Ratio
Goldman Sachs Mid Cap Value	GCMAX	8.0 Billion	8/15/1997	Team	1.17%	157	49%	16.7	8.0 Bil	3-Stars	32	47	-3.07	15.19	15.85	17.96	10.83	75	1.11	1.65	9.58	1.15

Medium Blend

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank	Average Return				Standard=S&P 500 Index			Standard	Sharpe		
											3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha	Deviation	Ratio
Dreyfus Mid Cap Index	PESPX	2.4 Billion	6/19/1991	Team	0.50%	403	16%	16.8	3.6 Bil	4-Stars	38	47	-0.95	18.21	15.13	17.63	11.01	76	1.20	0.27	10.39	1.01
Fidelity Spartan Extended Mkt Index	FSEMX	3.5 Billion	11/5/1997	Team	0.09%	3582	16%	18.1	3.0 Bil	4-Stars	25	23	-0.63	18.71	16.21	19.72	N/A	76	1.27	0.72	10.93	1.05

Medium Growth

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank	Average Return				Standard=S&P 500 Index			Standard	Sharpe		
											3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha	Deviation	Ratio
Fidelity Mid-Cap Stock	FMCSX	16.0 Billion	3/29/1994	2 Years	0.82%	162	52%	20.0	6.8 Bil	4-Stars	20	39	-0.19	20.23	19.29	19.13	11.58	67	1.27	3.45	11.69	1.22

Small Value

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank	Average Return				Standard=S&P 500 Index			Standard	Sharpe		
											3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha	Deviation	Ratio
Allianz NFJ Small Cap Value Admin	PVADX	4.6 Billion	11/1/1995	13 Years	1.07%	123	27%	14.6	2.0 Bil	4-Stars	3	17	-0.92	19.84	17.57	19.28	11.35	61	1.09	3.35	10.49	1.20

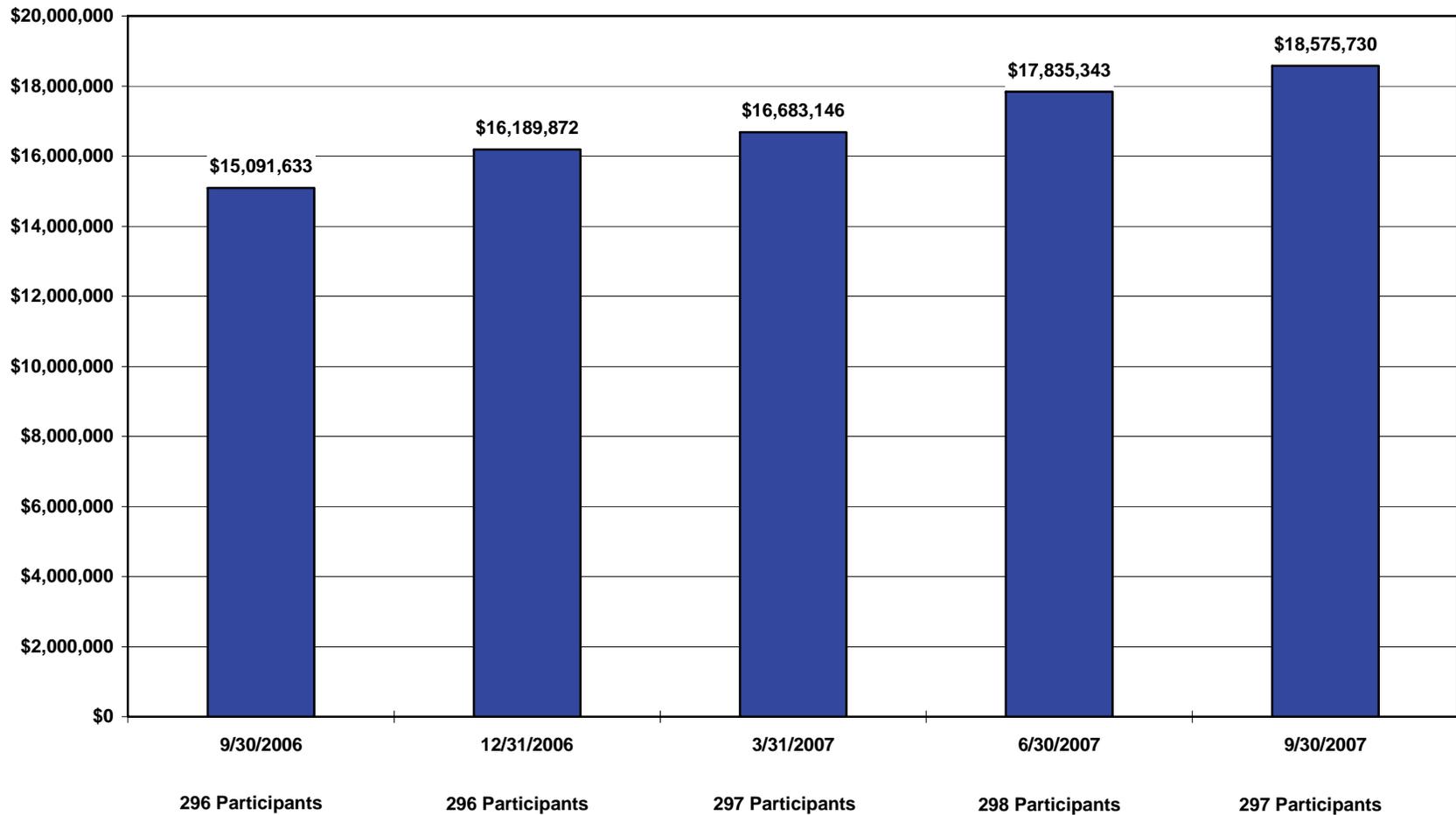
Small Blend

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank	Average Return				Standard=S&P 500 Index			Standard	Sharpe		
											3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha	Deviation	Ratio
Dreyfus Small Cap Index	DISSX	978 Million	6/30/1997	Team	0.50%	601	25%	17.1	1.3 Bil	3-Stars	39	50	-1.92	14.55	13.87	18.20	8.99	68	1.33	-1.75	12.19	0.78

Small Growth

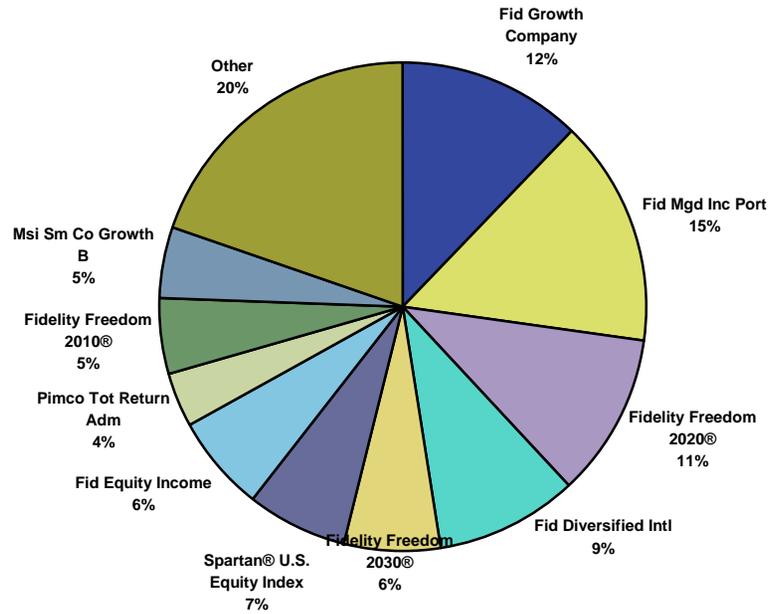
Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank	Average Return				Standard=S&P 500 Index			Standard	Sharpe		
											3 - Year	5 - Year	3-month	1-Year	3-Year	5-Year	10-Year	R-Squared	Beta	Alpha	Deviation	Ratio
Morgan Stanley Small Cap Growth B	MSSMX	2.0 Billion	1/2/1996	Team	1.26%	70	76%	27.1	1.4 Bil	4-Stars	31	26	2.32	20.38	15.76	19.90	13.41	65	1.39	-0.48	12.95	0.87

Plan Assets Under Management at Fidelity



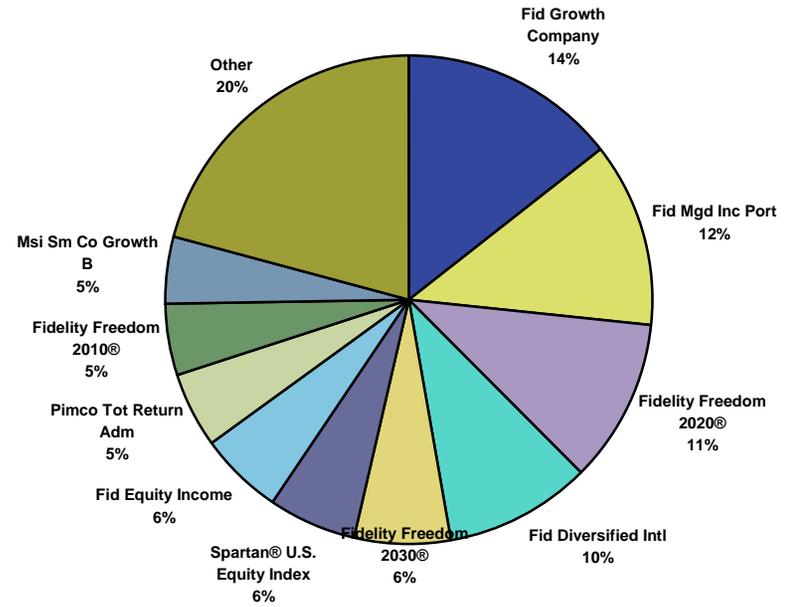
Asset Allocation by Fund

as of 10/1/2006

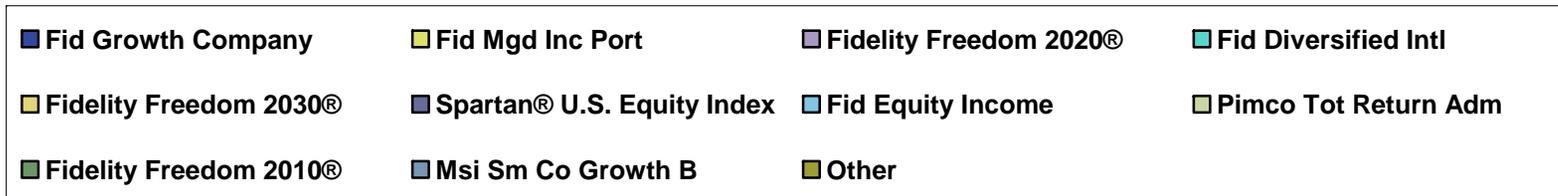


Total Market Value: \$15,091,633

as of 9/30/2007



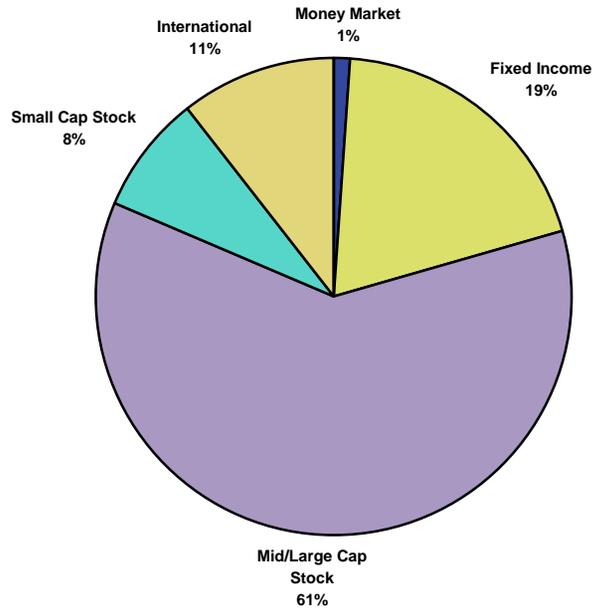
Total Market Value: \$18,575,730



Comparative Asset Allocation

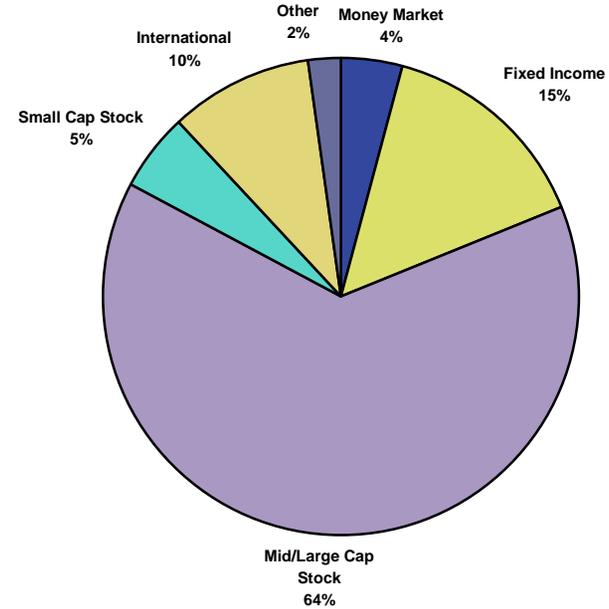
as of 9/30/2007

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



Total Market Value: \$18,575,730

AVG. FITSCO PUBLIC SECTOR*



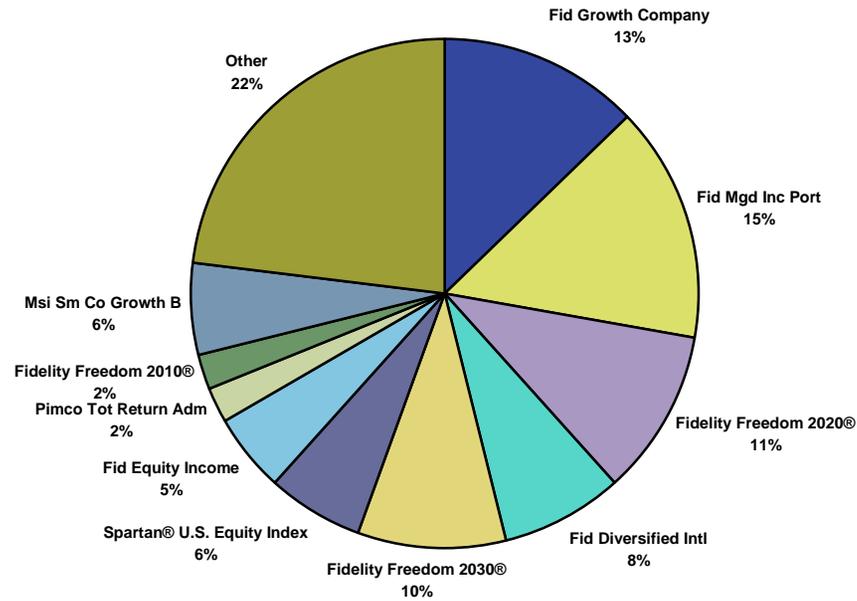
Average Market Value: \$179,344,208

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

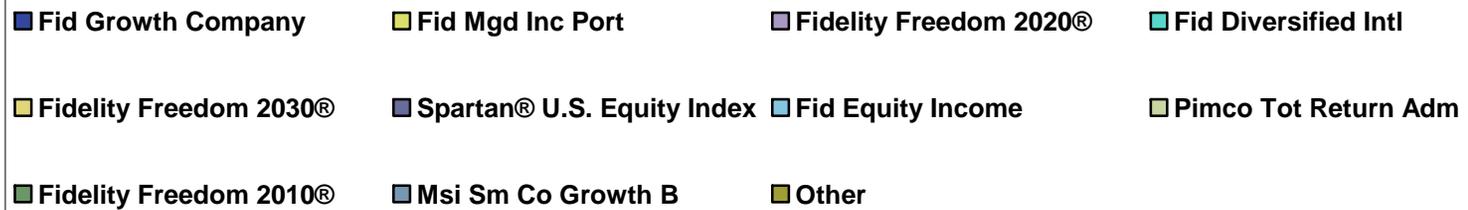
* The values in this chart represent the sum of the balances in each fund class for a representative sample of retirement plans serviced by Fidelity Investments.

Contribution Allocation

10/1/2006 - 9/30/2007

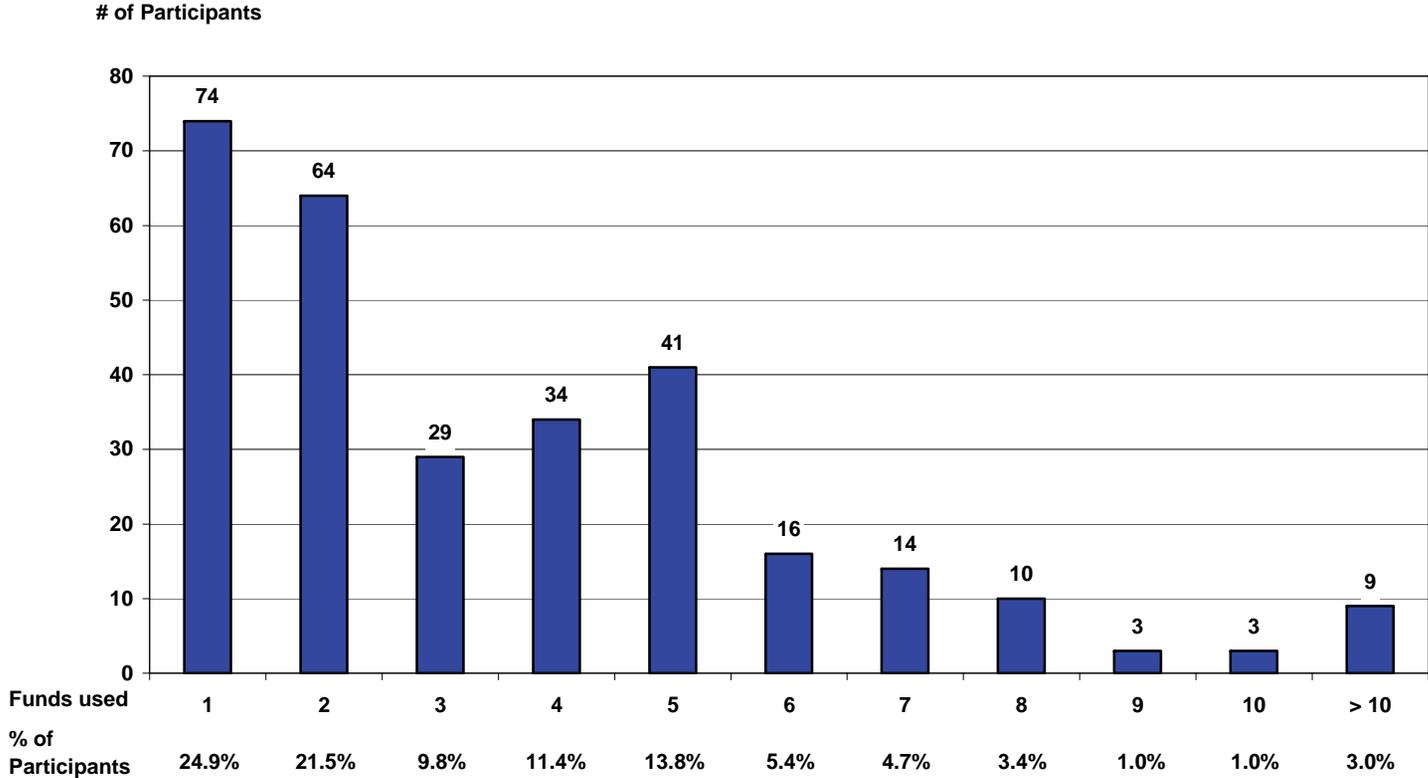


Total Contributions: \$1,091,855



Number of Funds per Participant

as of 9/30/2007



Average Investment options used in this plan:
3.5

- **AVG. FITSCO PUBLIC SECTOR offers 63.3 funds.**
- **An AVG. FITSCO PUBLIC SECTOR participant uses 3.1 funds.**