NDPERS
401(a)
Defined Contribution
Quarterly Report
4th Quarter
10/1/2008 – 12/31/2008

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

2008: A Year for the Record Books

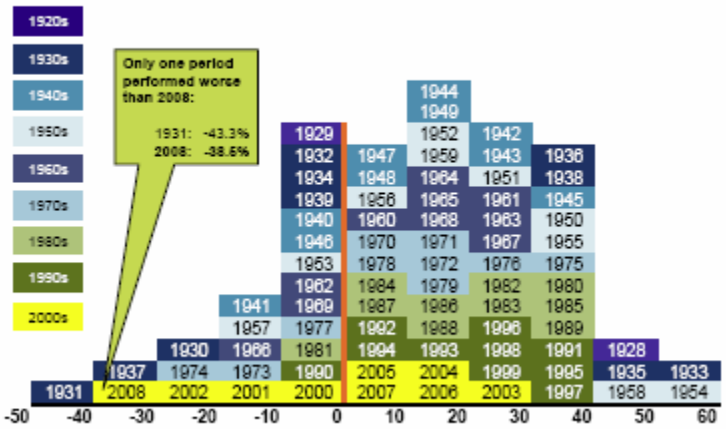
2008 Stock & Bond Calendar Year Performance

Asset Class	Total Return (%)	Context
Treasury Bonds	14	Best Since 1995
Investment-Grade Corporate Bonds	-2	Worst Since 1994
Municipal Bonds	-3	Worst Since 1994
High Yield Bonds	-26	Worst On Record
Small Cap U.S. Stocks	-34	Worst Since 1937
Large Cap U.S. Stocks	-37	Worst Since 1931
Real Estate Stocks	-38	Worst On Record
Foreign Developed-Country Stocks	-43	Worst On Record
Emerging Markets Stocks	-53	Worst On Record

Neither diversification nor asset allocation ensures a profit or guarantees against loss.

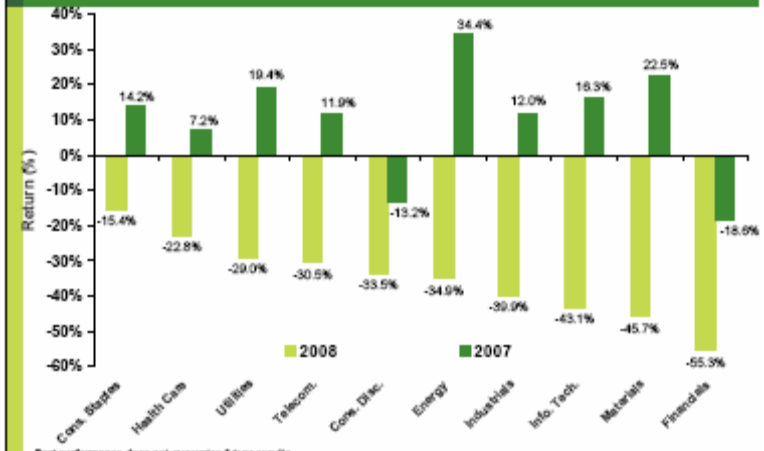
Source: Ibbotson, FactSet (MARB) as of 12/31/08. You cannot invest directly in an index. See appendix for important index information. Asset classes represented by the following indexes: Treasury Bonds – BC Treasury Index, Investment-Grade Corporate Bonds – BC Credit Index, Municipal Bonds – BC Municipal Index, High Yield Bonds – Merrill Lynch High Yield Master II Index, Small Cap U.S. Stocks – Ibbotson U.S. Small Cap Stock Index from 1926-1978, Russell 2000 Index 1979-2008, Large Cap U.S. Stocks – S&P 500, Real Estate Stocks – NAREIT Equity Only Index, Foreign Developed-Country Stocks – MSCI EAFE Index, Emerging Markets Stocks – MSCI EM Index. Context based on complete index history.

Historical S&P 500 Returns



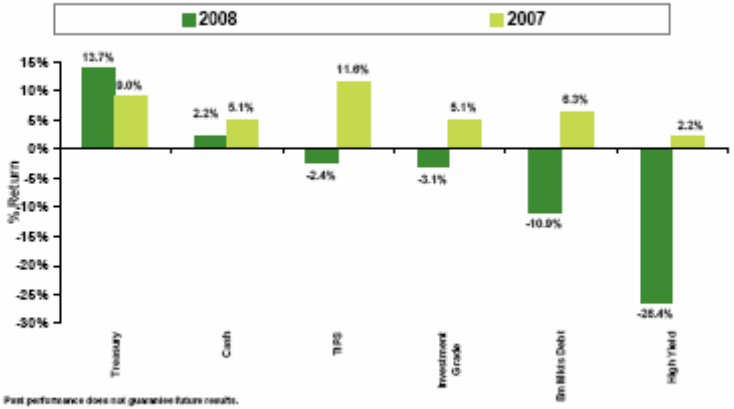
Source: Ibbotson/WSJ as of 12/31/2008.

U.S. Equity Market: Sectors



Past performance does not guarantee future results.
Source: FactSet. S&P 500 sectors as of 12/31/08. Securities indexes are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. Index returns assume the reinvestment of dividends and interest income. Please see the end of this presentation for important index definitions.

Fixed Income Markets



Past performance does not guarantee future results.

In general, bond prices rise when interest rates fall, and vice versa. This effect is usually more pronounced for longer-term securities. Lower-quality debt securities involve greater risk of default or price changes due to potential changes in the credit quality of the issuer. Source: Fidelity Investments as of 12/31/08. The above sides are represented by the following indexes: Treasury – BC US Treasury Index, Investment Grade- BC U.S. Credit Index , High Yield – ML US High Yield Master II, Cash – BC Aggregate T-Bill, TIPS – BC US TIPS Index, EM Mkts Debt – JP Morgan EMBI Global Index, Intl Investment Grade – JPM GBI Ex USA Unhedged.

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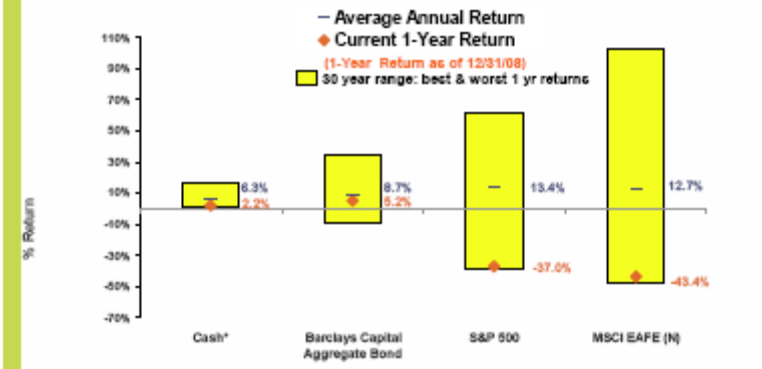
You cannot invest directly in an index.

Current Markets in Historical Context as of 12/31/08

Where are We Now?



Past performance does not guarantee future results.
Source: FMR Co., Ibbotson
* Cash represented by Ibbotson US 30-Day T-Bill (Jan-79 to Nov-81) and Barclays Capital 3-Month T-Bill (Dec-81 to Dec-08).
Ranges represent 30 years worth of average annual rolling returns with the blue representing the average annual returns. Securities indexes are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. Index returns assume the reinvestment of dividends and interest income. Please see the end of this presentation for important index definitions.

Current Bear Market Quick and Deep

Where are We Now?

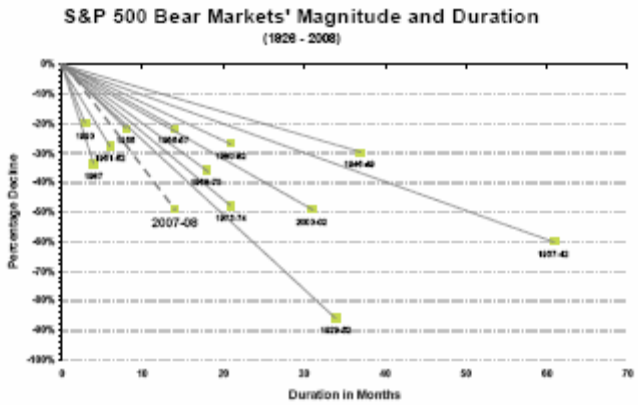
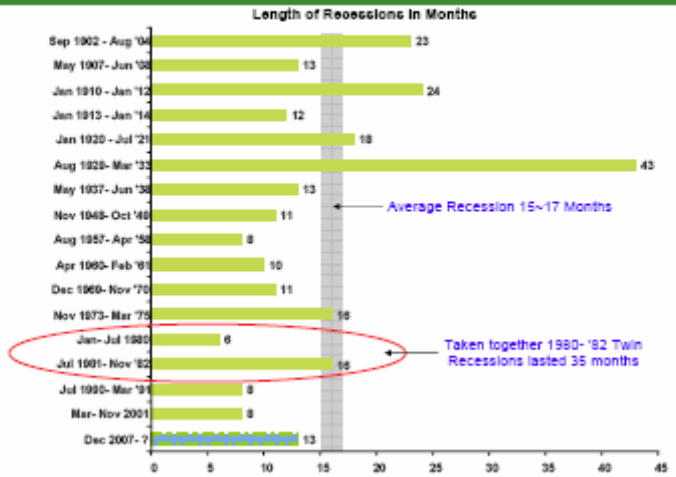


Chart concept from The Leuthold Group. Source: Ibbotson, FMRCo (MARE) as of 12/31/2008.

8

How Long Have Recessions Lasted?

Where are We Now?

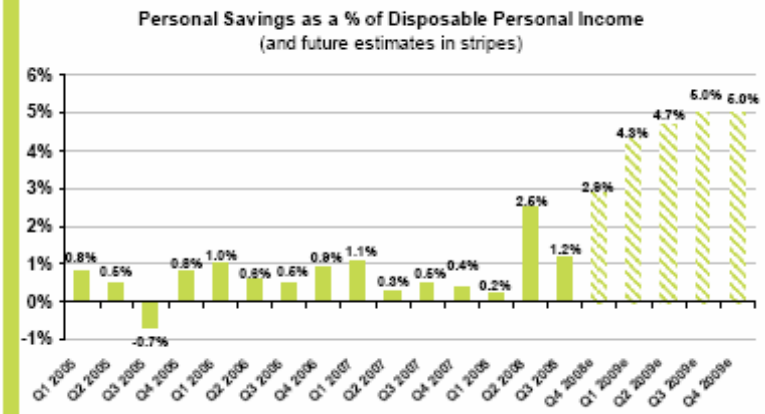


Source: Dale Shiller, Datastream, NBER, Bloomberg, WSJ as of 12/31/2008.

9

Personal Savings Rate

Outlook



Source: Susan Sterne – Economic Analysis Associates/Consumer Monitor and Haver Analytics as of 12/24/2008.

15

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

INITIAL OFFERING:

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

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 2015	Fidelity Freedom 2030
Fidelity Freedom 2005	Fidelity Freedom 2020	Fidelity Freedom 2035
Fidelity Freedom 2010	Fidelity Freedom 2025	Fidelity Freedom 2040, 2045 & 2050

FUND STYLE CHANGES:

	VALUE	BLEND	GROWTH
LARGE		Mutual Shares A →	
MEDIUM			Fidelity Spartan Ext Mkt Index →
SMALL			Dreyfus Small Cap Index →

INCOME FUNDS:
BOND FUNDS:
INTERNATIONAL FUNDS: Fidelity Diversified International (Growth Bias)
BALANCED FUNDS:
LIFESTYLE FUNDS:

CURRENT LINEUP:

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

BALANCED FUND: Fidelity Puritan Fund
INCOME FUNDS: Fidelity Managed Income Portfolio
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LIFESTYLE FUNDS: Fidelity Freedom Income

Fidelity Freedom 2000	Fidelity Freedom 2015	Fidelity Freedom 2030
Fidelity Freedom 2005	Fidelity Freedom 2020	Fidelity Freedom 2035
Fidelity Freedom 2010	Fidelity Freedom 2025	Fidelity Freedom 2040, 2045 & 2050

NDPERS Investment Benchmarks - 4th Quarter 2008

	Quarter	Y-T-D	1-Year	3-Year	5-Year
Stable Value Fund					
Fidelity Managed Income Portfolio	**0.73%**	**3.75%**	**3.75%**	**4.07%**	**4.01%**
GIC 5 Year	0.88%	3.50%	3.50%	3.95%	4.53%
Fixed Income Fund					
PIMCO Total Return Bond Fund - PTRAX	**4.91%**	**4.56%**	**4.56%**	**5.68%**	**4.90%**
Lehman Aggregate Bond Index	4.58%	5.24%	5.24%	5.51%	4.65%
Taxable Bond Fund Universe	-0.69%	-4.85%	-4.85%	1.01%	1.78%
Balanced Fund					
Fidelity Puritan - FPURX	**-15.49%**	**-29.16%**	**-29.16%**	**-4.78%**	**-0.25%**
60% Large Cap Value Univ & 40% Taxable Bond Universe	-13.27%	-24.18%	-24.18%	-4.98%	-0.41%
60% Russell 3000 Value & 40% Lehman Agg Bond Index	-11.61%	-19.65%	-19.65%	-2.75%	1.43%
Large Cap Equities - Value					
Fidelity Equity-Income - FEQIX	**-23.40%**	**-41.64%**	**-41.64%**	**-10.83%**	**-3.56%**
Franklin Mutual Shares A - TESIX	**-22.29%**	**-38.10%**	**-38.10%**	**-9.07%**	**-1.26%**
Russell 1000 Value Index	-22.18%	-36.85%	-36.85%	-8.32%	-0.79%
Large Cap Value Fund Universe	-21.65%	-37.07%	-37.07%	-8.97%	-1.87%
Large Cap Equities - Blend					
Fidelity Spartan US Equity Index - FUSEX	**-21.96%**	**-37.01%**	**-37.01%**	**-8.39%**	**-2.24%**
Fidelity Dividend Growth - FDGFX < Under Review 3/2007 >	**-26.75%**	**-42.96%**	**-42.96%**	**-12.88%**	**-6.24%**
S&P 500 Index	-21.94%	-37.00%	-37.00%	-8.36%	-2.19%
Large Cap Blend Fund Universe	-22.18%	-37.87%	-37.87%	-9.05%	-2.53%
Large Cap Equities - Growth					
Fidelity Growth Company - FDGRX	**-23.46%**	**-40.90%**	**-40.90%**	**-8.09%**	**-0.24%**
Russell 3000 Growth Index	-23.15%	-38.44%	-38.44%	-9.12%	-3.33%
Fidelity Blue Chip Growth - FBGRX < Under Review 3/2007 >	**-24.75%**	**-38.60%**	**-38.60%**	**-10.18%**	**-4.34%**
Russell 1000 Growth Index	-22.79%	-38.44%	-38.44%	-9.11%	-3.42%
Large Cap Growth Fund Universe	-23.34%	-40.67%	-40.67%	-10.31%	-3.41%
Mid Cap Equities - Value					
Goldman Sachs Mid Cap Value - GCMAX	**-23.79%**	**-36.73%**	**-36.73%**	**-9.03%**	**1.19%**
Russell Mid Cap Value	-27.19%	-38.44%	-38.44%	-9.98%	0.33%
Mid Cap Value Fund Universe	-23.93%	-36.74%	-36.74%	-9.92%	-1.15%
Mid Cap Equities - Blend					
Dreyfus Mid Cap Index - PESPX	**-25.61%**	**-36.45%**	**-36.45%**	**-9.10%**	**-0.49%**
S&P Mid Cap 400	-25.55%	-36.23%	-36.23%	-8.76%	-0.08%
Fidelity Spartan Extended Mkt Index - FSEMX	**-26.33%**	**-38.43%**	**-38.43%**	**-9.19%**	**-0.58%**
Wilshire 4500 Index	-26.49%	-39.03%	-39.03%	-9.52%	-0.76%
Mid Cap Blend Fund Universe	-25.44%	-38.97%	-38.97%	-10.27%	-1.89%
Mid Cap Equities - Growth					
Fidelity Mid Cap Stock - FMCSX	**-26.57%**	**-45.96%**	**-45.96%**	**-12.45%**	**-3.21%**
Russell Mid Cap Growth	-27.36%	-44.32%	-44.32%	-11.79%	-2.33%
Mid Cap Growth Fund Universe	-26.54%	-43.86%	-43.86%	-10.98%	-2.49%

Fund Returns in RED do not meet both benchmarks. **Fund Returns in BLACK meet both benchmarks.**

NDPERS Investment Benchmarks - 4th Quarter 2008

	Quarter	Y-T-D	1-Year	3-Year	5-Year
Small Cap Equities - Value					
Allianz NFJ Small Cap Value - PVADX	**-21.01%**	**-26.37%**	**-26.37%**	**-2.41%**	**4.82%**
Russell 2000 Value Index	-24.89%	-28.92%	-28.92%	-7.49%	0.27%
Small Value Fund Universe	-25.22%	-32.37%	-32.37%	-9.68%	-1.06%
Small Cap Equities - Blend					
Dreyfus Small Cap Index - DISSX	**-24.81%**	**-30.77%**	**-30.77%**	**-7.59%**	**0.69%**
Russell 2000 Index	-26.12%	-33.79%	-33.79%	-8.29%	-0.93%
S & P 600 Index	-25.17%	-31.07%	-31.07%	-7.51%	0.88%
Small Blend Fund Universe	-26.37%	-36.60%	-36.60%	-10.12%	-1.45%
Small Cap Equities - Growth					
MSI Small Co Growth B - MSSMX	**-23.10%**	**-41.97%**	**-41.97%**	**-12.69%**	**-2.17%**
Russell 2000 Growth Index	-27.45%	-38.54%	-38.54%	-9.32%	-2.35%
Small Growth Fund Universe	-26.69%	-41.57%	-41.57%	-11.31%	-3.45%
International Equity Funds					
Fidelity Diversified International - FDIVX	**-23.37%**	**-45.21%**	**-45.21%**	**-7.99%**	**1.79%**
MSCI EAFE	-19.94%	-43.28%	-43.28%	-7.21%	1.86%
International Stock Fund Universe	-21.08%	-44.15%	-44.15%	-7.73%	1.18%
Asset Allocation Funds:					
Fidelity Freedom Income - FFFAX	**-7.23%**	**-12.14%**	**-12.14%**	**-0.68%**	**1.10%**
Income Benchmark	-3.75%	-6.21%	-6.21%	1.46%	2.49%
Fidelity Freedom 2000 - FFFBX	**-8.16%**	**-14.00%**	**-14.00%**	**-1.11%**	**1.00%**
2000 Benchmark	-5.00%	-8.33%	-8.33%	0.81%	2.24%
Fidelity Freedom 2005 - FFFVX	**-13.56%**	**-24.45%**	**-24.45%**	**-3.98%**	**0.01%**
2005 Benchmark	-9.72%	-17.29%	-17.29%	-1.72%	1.51%
Fidelity Freedom 2010 - FFFCX	**-14.15%**	**-25.32%**	**-25.32%**	**-4.24%**	**-0.05%**
2010 Benchmark	-10.39%	-18.53%	-18.53%	-2.07%	1.40%
Fidelity Freedom 2015 - FFVFX	**-15.00%**	**-27.15%**	**-27.15%**	**-4.65%**	**0.13%**
2015 Benchmark	-11.55%	-20.50%	-20.50%	-2.68%	1.18%
Fidelity Freedom 2020 - FFFDX	**-18.15%**	**-32.12%**	**-32.12%**	**-6.32%**	**-0.59%**
2020 Benchmark	-14.94%	-26.20%	-26.20%	-4.43%	0.51%
Fidelity Freedom 2025 - FFTWX	**-19.17%**	**-33.66%**	**-33.66%**	**-6.93%**	**-0.84%**
2025 Benchmark	-15.96%	-27.93%	-27.93%	-4.96%	0.30%
Fidelity Freedom 2030 - FFFEX	**-21.05%**	**-36.93%**	**-36.93%**	**-8.03%**	**-1.33%**
2030 Benchmark	-18.65%	-32.29%	-32.29%	-6.33%	-0.26%
Fidelity Freedom 2035 - FFTHX	**-21.65%**	**-37.76%**	**-37.76%**	**-8.42%**	**-1.46%**
2035 Benchmark	-19.22%	-33.31%	-33.31%	-6.63%	-0.36%
Fidelity Freedom 2040 - FFFFX	**-22.43%**	**-38.80%**	**-38.80%**	**-8.77%**	**-1.62%**
2040 Benchmark	-20.43%	-35.11%	-35.11%	-7.24%	-0.65%
Fidelity Freedom 2045 - FFFGX	**-22.52%**	**-39.15%**	**-39.15%**	**N/A**	**N/A**
2040 Benchmark	-20.68%	-35.60%	-35.60%	-7.37%	-0.68%
Fidelity Freedom 2050 - FFFHX	**-23.40%**	**-40.61%**	**-40.61%**	**N/A**	**N/A**
2040 Benchmark	-21.44%	-36.99%	-36.99%	-7.76%	-0.80%

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 24% Wilshire 5000, 1% MSCI EAFE, 32% LB Agg, 5% ML HY Bond, 38% 3 Month T-Bill
2005 Benchmark is comprised of 38% Wilshire 5000, 9% MSCI EAFE, 35% LB Agg, 5% ML HY Bond, 13% 3 Month T-Bill
2010 Benchmark is comprised of 40% Wilshire 5000, 10% MSCI EAFE, 35% LB Agg, 5% ML HY Bond, 10% 3 Month T-Bill
2015 Benchmark is comprised of 43% Wilshire 5000, 11% MSCI EAFE, 33% LB Agg, 6% ML HY Bond, 7% 3 Month T-Bill
2020 Benchmark is comprised of 52% Wilshire 5000, 14% MSCI EAFE, 25% LB Agg, 8% ML HY Bond, 1% 3 Month T-Bill
2025 Benchmark is comprised of 55% Wilshire 5000, 15% MSCI EAFE, 22% LB Agg, 8% ML HY Bond
2030 Benchmark is comprised of 63% Wilshire 5000, 17% MSCI EAFE, 12% LB Agg, 8%ML HY Bond
2035 Benchmark is comprised of 65% Wilshire 5000, 18% MSCI EAFE, 10% LB Agg, 7% ML HY Bond
2040 Benchmark is comprised of 67% Wilshire 5000, 18% MSCI EAFE, 5% LB Agg, 10% ML HY Bond
2045 Benchmark is comprised of 67% Wilshire 5000, 19% MSCI EAFE, 4% LB Agg, 10% ML HY Bond
2050 Benchmark is comprised of 68% Wilshire 5000, 21% MSCI EAFE, 1% LB Agg, 10% ML HY Bond

Wilshire 5000 Index	-22.85%	-37.23%	-37.23%	-8.44%	-1.69%
MSCI EAFE	-19.94%	-43.28%	-43.28%	-7.21%	1.86%
Lehman Aggregate Bond Index	4.58%	5.24%	5.24%	5.51%	4.65%
ML High Yield Bond Fund Index	-17.63%	-26.39%	-26.39%	-5.62%	-0.86%
3 Month T-Bill Index	0.25%	1.80%	1.80%	3.76%	3.10%
Russell 3000 Value Index	-22.41%	-36.25%	-36.25%	-8.26%	-0.72%

Fund Returns in RED do not meet both benchmarks. **Fund Returns in BLACK meet both benchmarks.**

NDPERS Mutual Fund Research - 12/31/2008

Large Value

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank 3 - Year	Category Rank 5 - Year	Category Rank 3-month	Average Return 1-Year	Average Return 3-Year	Average Return 5-Year	Average Return 10-Year	Standard=S&P 500 Index R-Squared	Beta	Alpha	Standard Deviation	Sharpe Ratio
Fidelity Puritan	FPURX	15.8 Billion	4/16/1947	4 Years	0.60%	2244	115%	11.3	38.0 Bil	3-Stars	42	45	-15.49	-29.16	-4.78	-0.25	2.00				11.70	-0.69
Fidelity Equity-Income	FEQIX	17.9 Billion	5/16/1966	15 Years	0.66%	260	23%	9.4	37.0 Bil	2-Stars	82	84	-23.40	-41.64	-10.83	-3.56	-0.08	98	1.08	-1.56	16.73	-0.83
Franklin Mutual Shares A	TESIX	13.0 Billion	11/11/1996	Team	1.06%	295	41%	12.1	21.7 Bil	3-Stars	38	27	-22.29	-38.10	-9.07	-1.26	3.78	94	0.98	-0.95	15.49	-0.78

Large Blend

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank 3 - Year	Category Rank 5 - Year	Category Rank 3-month	Average Return 1-Year	Average Return 3-Year	Average Return 5-Year	Average Return 10-Year	Standard=S&P 500 Index R-Squared	Beta	Alpha	Standard Deviation	Sharpe Ratio
Fidelity Spartan US Equity Index	FUSEX	18.3 Billion	3/6/1990	Team	0.09%	509	7%	10.2	38.5 Bil	3-Stars	40	45	-21.95	-37.03	-8.41	-2.26	-1.51	100	1.00	-0.06	15.29	-0.75
Fidelity Dividend Growth <Under Review>	FDGFX	5.5 Billion	4/27/1993	0 Years	0.63%	473	52%	9.9	? Bil	2-Stars	92	94	-26.75	-42.96	-12.88	-6.24	-1.78	94	1.18	-2.34	18.58	-0.85
Fidelity Diversified International	FDIVX	28.6 Billion	12/27/1991	7 Years	1.02%	300	49%	10.3	21.4 Bil	4-Stars	49	35	-23.37	-45.21	-7.99	1.79	5.34				21.48	-0.45

Large Growth

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank 3 - Year	Category Rank 5 - Year	Category Rank 3-month	Average Return 1-Year	Average Return 3-Year	Average Return 5-Year	Average Return 10-Year	Standard=S&P 500 Index R-Squared	Beta	Alpha	Standard Deviation	Sharpe Ratio
Fidelity Growth Company	FDGRX	23.3 Billion	1/17/1983	12 Years	0.93%	287	49%	13.4	16.7 Bil	4-Stars	21	9	-23.46	-40.90	-8.09	-0.24	1.56	82	1.16	2.78	19.41	-0.53
Fidelity Blue Chip Growth <Under Review>	FBGRX	9.0 Billion	12/31/1987	2 Years	0.57%	165	82%	12.0	31.8 Bil	3-Stars	49	68	-24.75	-38.60	-10.18	-4.34	-3.61	94	1.06	-1.08	16.64	-0.86

Medium Value

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank 3 - Year	Category Rank 5 - Year	Category Rank 3-month	Average Return 1-Year	Average Return 3-Year	Average Return 5-Year	Average Return 10-Year	Standard=S&P 500 Index R-Squared	Beta	Alpha	Standard Deviation	Sharpe Ratio
Goldman Sachs Mid Cap Value	GCMAX	4.2 Billion	8/15/1997	Team	1.16%	125	85%	11.9	6.7 Bil	4-Stars	30	12	-23.79	-36.73	-9.03	1.19	6.53	91	1.13	1.16	17.97	-0.64

Medium Blend

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank 3 - Year	Category Rank 5 - Year	Category Rank 3-month	Average Return 1-Year	Average Return 3-Year	Average Return 5-Year	Average Return 10-Year	Standard=S&P 500 Index R-Squared	Beta	Alpha	Standard Deviation	Sharpe Ratio
Dreyfus Mid Cap Index	PESPX	1.3 Billion	6/19/1991	8 Years	0.50%	407	24%	10.8	2.1 Bil	3-Stars	35	28	-25.61	-36.45	-9.10	-0.49	3.96	90	1.20	2.19	19.28	-0.59
Fidelity Spartan Extended Mkt Index	FSEMX	2.3 Billion	11/5/1997	Team	0.09%	3246	17%	10.8	2.1 Bil	3-Stars	44	41	-26.35	-38.45	-9.22	-0.60	1.49	90	1.20	1.98	19.17	-0.60

Medium Growth

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank 3 - Year	Category Rank 5 - Year	Category Rank 3-month	Average Return 1-Year	Average Return 3-Year	Average Return 5-Year	Average Return 10-Year	Standard=S&P 500 Index R-Squared	Beta	Alpha	Standard Deviation	Sharpe Ratio
Fidelity Mid-Cap Stock	FMCSX	5.0 Billion	3/29/1994	3 Years	0.94%	137	45%	10.9	4.7 Bil	3-Stars	72	63	-26.57	-45.96	-12.45	-3.21	2.81	79	1.36	1.15	23.17	-0.61

Small Value

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank 3 - Year	Category Rank 5 - Year	Category Rank 3-month	Average Return 1-Year	Average Return 3-Year	Average Return 5-Year	Average Return 10-Year	Standard=S&P 500 Index R-Squared	Beta	Alpha	Standard Deviation	Sharpe Ratio
Allianz NFJ Small Cap Value Admin	PVADX	3.9 Billion	11/1/1995	Team	1.07%	144	33%	8.8	1.3 Bil	5-Stars	5	2	-21.01	-26.37	-2.41	4.82	8.50	87	1.02	6.69	16.64	-0.29

Small Blend

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank 3 - Year	Category Rank 5 - Year	Category Rank 3-month	Average Return 1-Year	Average Return 3-Year	Average Return 5-Year	Average Return 10-Year	Standard=S&P 500 Index R-Squared	Beta	Alpha	Standard Deviation	Sharpe Ratio
Dreyfus Small Cap Index	DISSX	589 Million	6/30/1997	8 Years	0.50%	603	31%	12.2	0.8 Bil	4-Stars	32	27	-24.81	-30.77	-7.59	0.69	4.86	82	1.13	2.87	18.86	-0.52

Small Growth

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Stocks	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank 3 - Year	Category Rank 5 - Year	Category Rank 3-month	Average Return 1-Year	Average Return 3-Year	Average Return 5-Year	Average Return 10-Year	Standard=S&P 500 Index R-Squared	Beta	Alpha	Standard Deviation	Sharpe Ratio
Morgan Stanley Small Cap Growth B	MSSMX	895 Million	1/2/1996	Team	1.26%	64	76%	23.0	1.1 Bil	4-Stars	74	38	-23.10	-41.97	-12.69	-2.17	4.81	82	1.13	2.87	18.86	-0.52

Lifestyle / Others

Fund	Symbol	Assets	Inception	Manager Tenure	Expense Ratio	Holdings	Turnover	P/E	Median Mkt Cap	Morn-Star Rating	Category Rank 3 - Year	Category Rank 5 - Year	Average Return 3-month	Average Return 1-Year	Average Return 3-Year	Average Return 5-Year	Average Return 10-Year	Standard=S&P 500 Index R-Squared	Standard=S&P 500 Index Beta	Standard=S&P 500 Index Alpha	Standard Deviation	Sharpe Ratio
Fidelity Managed Income Portfolio		8.1 Billion	9/7/1989	15 Years	0.55%								0.73	3.75	4.07	4.01	4.70	N/A	N/A	N/A		
PIMCO Total Return Bond Fund	PTRAX	132.0 Billion	9/8/1994	21 Years	0.68%	19649	226%			5-Stars	3	1	4.91	4.56	5.68	4.90	5.97	N/A	N/A	N/A	4.63	0.41
Fidelity Freedom Income	FFFAX	2.2 Billion	10/17/1996	3 Years	0.49%	21	33%	10.7	42.7 Bil	4-Stars	14	20	-7.23	-12.14	-0.68	1.10	2.79	N/A	N/A	N/A	5.45	-0.81
Fidelity Freedom 2000	FFFBX	1.5 Billion	10/17/1996	3 Years	0.51%	27	36%	10.6	37.7 Bil	3-Stars	19	22	-8.16	-14.00	-1.11	1.00	2.76	N/A	N/A	N/A	6.08	-0.79
Fidelity Freedom 2005	FFFVX	0.8 Billion	11/6/2003	3 Years	0.64%	27	31%	10.3	35.1 Bil	2-Stars	54	60	-13.56	-24.45	-3.98	0.01	N/A	N/A	N/A	N/A	10.18	-0.73
Fidelity Freedom 2010	FFFCX	10.2 Billion	10/17/1996	3 Years	0.65%	27	34%	10.4	35.1 Bil	2-Stars	57	64	-14.15	-25.32	-4.24	-0.05	2.24	N/A	N/A	N/A	10.62	-0.72
Fidelity Freedom 2015	FFVFX	6.2 Billion	11/6/2003	3 Years	0.67%	26	24%	10.3	35.1 Bil	4-Stars	18	12	-15.00	-27.15	-4.65	0.13	N/A	N/A	N/A	N/A	11.41	-0.70
Fidelity Freedom 2020	FFFDX	15.1 Billion	10/17/1996	3 Years	0.72%	26	35%	10.4	25.4 Bil	4-Stars	46	37	-18.15	-32.12	-6.32	-0.59	1.46	N/A	N/A	N/A	13.54	-0.70
Fidelity Freedom 2025	FFTWX	5.8 Billion	11/6/2003	3 Years	0.73%	24	24%	10.3	35.1 Bil	3-Stars	51	45	-19.17	-33.66	-6.93	-0.84	N/A	N/A	N/A	N/A	14.14	-0.71
Fidelity Freedom 2030	FFFEX	10.1 Billion	10/17/1996	3 Years	0.76%	24	36%	10.3	25.2 Bil	4-Stars	21	19	-21.05	-36.93	-8.03	-1.30	0.68	N/A	N/A	N/A	15.66	-0.70
Fidelity Freedom 2035	FFTHX	3.5 Billion	11/6/2003	3 Years	0.77%	24	28%	10.2	35.1 Bil	3-Stars	26	30	-21.65	-37.76	-8.42	-1.46	N/A	N/A	N/A	N/A	15.94	-0.71
Fidelity Freedom 2040	FFFFX	5.4 Billion	9/6/2000	3 Years	0.78%	24	37%	10.3	26.8 Bil	3-Stars	33	41	-22.43	-38.80	-8.77	-1.62	N/A	N/A	N/A	N/A	16.46	-0.70
Fidelity Freedom 2045	FFFGX	0.8 Billion	9/6/2006	3 Years	0.78%	24	17%	10.2	26.8 Bil	N/A	N/A	N/A	-22.52	-39.15	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fidelity Freedom 2050	FFFHX	0.7 Billion	9/6/2006	3 Years	0.80%	24	16%	10.1	26.8 Bil	N/A	N/A	N/A	-23.40	-40.61	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

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

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

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

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

NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM DEFINED CONTRIBUTION PLAN INVESTMENT OPTIONS

PERFORMANCE UPDATE

AS OF DECEMBER 31, 2008

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 https://www.mysavingsatwork.com (log in, choose plan, select "Investment Choices & Research," and then pick investment option).

Fund ID	Name	Cumulative Total Returns %		Average Annual Total Returns %				Fund Inception	Short-Term Trading Fee (%/Days)	Expense Ratio◇
		3 Month	YTD	1 Year	5 Year	10 Year	Life of Fund			
LIFE-CYCLE FUNDS➡										
FFFBX	Fidelity Freedom 2000	-8.16	-14.00	-14.00	1.00	2.76	4.87	10/17/96	n/a	*0.51*
FFFVX	Fidelity Freedom 2005	-13.56	-24.45	-24.45	0.01	n/a	0.58	11/06/03	n/a	*0.61*
FFFCX	Fidelity Freedom 2010	-14.15	-25.32	-25.32	-0.05	2.24	5.07	10/17/96	n/a	*0.65*
FFVFX	Fidelity Freedom 2015	-15.00	-27.15	-27.15	0.13	n/a	0.83	11/06/03	n/a	*0.67*
FFFDX	Fidelity Freedom 2020	-18.15	-32.12	-32.12	-0.59	1.46	4.74	10/17/96	n/a	*0.72*
FFTWX	Fidelity Freedom 2025	-19.17	-33.66	-33.66	-0.84	n/a	0.02	11/06/03	n/a	*0.73*
FFFEX	Fidelity Freedom 2030	-21.05	-36.93	-36.93	-1.33	0.68	4.12	10/17/96	n/a	*0.76*
FFTHX	Fidelity Freedom 2035	-21.65	-37.76	-37.76	-1.46	n/a	-0.52	11/06/03	n/a	*0.77*
FFFFX	Fidelity Freedom 2040	-22.43	-38.80	-38.80	-1.62	n/a	-3.55	9/06/00	n/a	*0.78*
FFFGX	Fidelity Freedom 2045	-22.52	-39.15	-39.15	n/a	n/a	-11.64	6/01/06	n/a	*0.78*
FFFHX	Fidelity Freedom 2050	-23.40	-40.61	-40.61	n/a	n/a	-12.38	6/01/06	n/a	*0.80*
FFFAX	Fidelity Freedom Income	-7.23	-12.14	-12.14	1.10	2.79	4.19	10/17/96	n/a	*0.49*
MANAGED INCOME / ANNUITIES / STABLE VALUE										
00632	Managed Income Portfolio⇨	0.73	3.75	3.75	4.01	4.70	5.56	9/07/89	n/a	n/a
BOND FUNDS➢										
PTRAX	PIMCO Total Return - Administrative Class	4.91	4.56	4.56	4.90	5.97	7.05	9/08/94	n/a	*0.77*
BALANCED/HYBRID FUNDS										
FPURX	Fidelity *Puritan*®	-15.49	-29.16	-29.16	-0.25	2.00	10.83	4/16/47	n/a	*0.61*
DOMESTIC EQUITY FUNDS - LARGE-CAP VALUE										
FEQIX	Fidelity Equity-Income	-23.40	-41.64	-41.64	-3.56	-0.08	11.13	5/16/66	n/a	*0.66*
TESIX	Mutual Shares - A Class	-22.29	-38.10	-38.10	-1.26	3.78	5.63	11/01/96	n/a	*1.07*

For explanations of symbols and important disclosures, please see last page(s) of this report.

continued

AS OF DECEMBER 31, 2008

Fund ID	Name	Cumulative Total Returns %		Average Annual Total Returns %				Fund Inception	Short-Term Trading Fee (%/Days)	Expense Ratio✧
		3 Month	YTD	1 Year	5 Year	10 Year	Life of Fund			
DOMESTIC EQUITY FUNDS - LARGE-CAP BLEND										
FDGFX	Fidelity Dividend Growth	-26.75	-42.96	-42.96	-6.24	-1.78	7.90	4/27/93	n/a	*0.68*
FUSEX	Spartan® U.S. Equity Index - Investor Class	-21.95	-37.03	-37.03	-2.26	-1.51	8.36	2/17/88	n/a	*0.10*
DOMESTIC EQUITY FUNDS - LARGE-CAP GROWTH										
FBGRX	Fidelity Blue Chip Growth	-24.75	-38.60	-38.60	-4.34	-3.61	8.81	12/31/87	n/a	*0.58*
FDGRX	Fidelity Growth Company	-23.46	-40.90	-40.90	-0.24	1.56	11.57	1/17/83	n/a	*0.94*
DOMESTIC EQUITY FUNDS - MID-CAP VALUE✇										
GCMAX	Goldman Sachs Mid Cap Value - Class A	-23.79	-36.73	-36.73	1.19	6.53	5.39	8/15/97	n/a	*1.16*
DOMESTIC EQUITY FUNDS - MID-CAP BLEND✇										
PESPX	Dreyfus Mid Cap Index	-25.61	-36.45	-36.45	-0.49	3.96	9.76	6/19/91	n/a	*0.51*
FSEMX	Spartan® Extended Market Index - Investor Class	-26.35	-38.45	-38.45	-0.60	1.49	2.24	11/05/97	0.75/90	*0.10*
DOMESTIC EQUITY FUNDS - MID-CAP GROWTH✇										
FMCSX	Fidelity Mid-Cap Stock	-26.57	-45.96	-45.96	-3.21	2.81	8.45	3/29/94	0.75/30	*0.95*
DOMESTIC EQUITY FUNDS - SMALL-CAP VALUE♦										
PVADX	Allianz NFJ Small Cap Value - Administrative Class	-21.01	-26.37	-26.37	4.82	8.50	10.36	11/01/95	n/a	*1.07*
DOMESTIC EQUITY FUNDS - SMALL-CAP BLEND♦										
DISSX	Dreyfus Small Cap Stock Index	-24.81	-30.77	-30.77	0.69	4.66	5.13	6/30/97	n/a	*0.51*
DOMESTIC EQUITY FUNDS - SMALL-CAP GROWTH♦										
MSSMX	MSIF Small Company Growth - P Class	-23.10	-41.97	-41.97	-2.17	4.81	6.87	1/02/96	2.00/30	*1.26*
INTERNATIONAL/GLOBAL FUNDS††										
FDIVX	Fidelity Diversified International	-23.37	-45.21	-45.21	1.79	5.34	8.01	12/27/91	1.00/30	*0.93*
MARKET INDICATORS^^										
	For comparison purposes only. It is not possible to invest directly in these indicators.									
	Barclays Capital Intermediate U.S. Government/ Credit Index❶	4.84	5.08	5.08	4.21	5.43				
	Dow Jones Industrial Average	-18.39	-31.93	-31.93	-1.12	1.66				
	MSCI EAFE® Index	-19.94	-43.28	-43.28	1.86	1.03				
	Standard & Poor's 500℠ Index	-21.94	-37.00	-37.00	-2.19	-1.38				

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 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.

✧ For a mutual fund, the expense ratio is the total annual fund or class operating expenses (before waivers or reimbursements) paid by the fund and stated as a percent of the fund's total net assets. Where the investment option is not a mutual fund, the figure displayed in the expense ratio field is intended to reflect similar information. However, it may have been calculated using methodologies that differ from those used for mutual funds. Mutual fund data has been drawn from the most recent prospectus. For non-mutual fund investment options, the information has been provided by the trustee or plan sponsor. When no ratio is shown for these options it is due to the fact that none was available. Nevertheless, there may be fees and expenses associated with the investment option.

✇ 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.

❶ Formerly known as Lehman Brothers Intermediate U.S. Government/Credit Index.

For explanations of symbols and important disclosures, please see last page(s) of this report.

continued

MARKET INDICATORS

^^ Indices are unmanaged and you cannot invest directly in an index.

Barclays Capital Intermediate U.S. Government/Credit 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.

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.

Morgan Stanley Capital International Europe, Australasia, and Far East (MSCI EAFE®) Index is a market capitalization-weighted index of equity securities of companies domiciled in various countries. The Index is designed to represent the performance of developed stock markets outside the United States and Canada and excludes certain market segments unavailable to U.S.-based investors. Index returns for periods after January 1, 1997, are adjusted for tax withholding rates applicable to U.S.-based mutual funds organized as Massachusetts business trusts.

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.

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

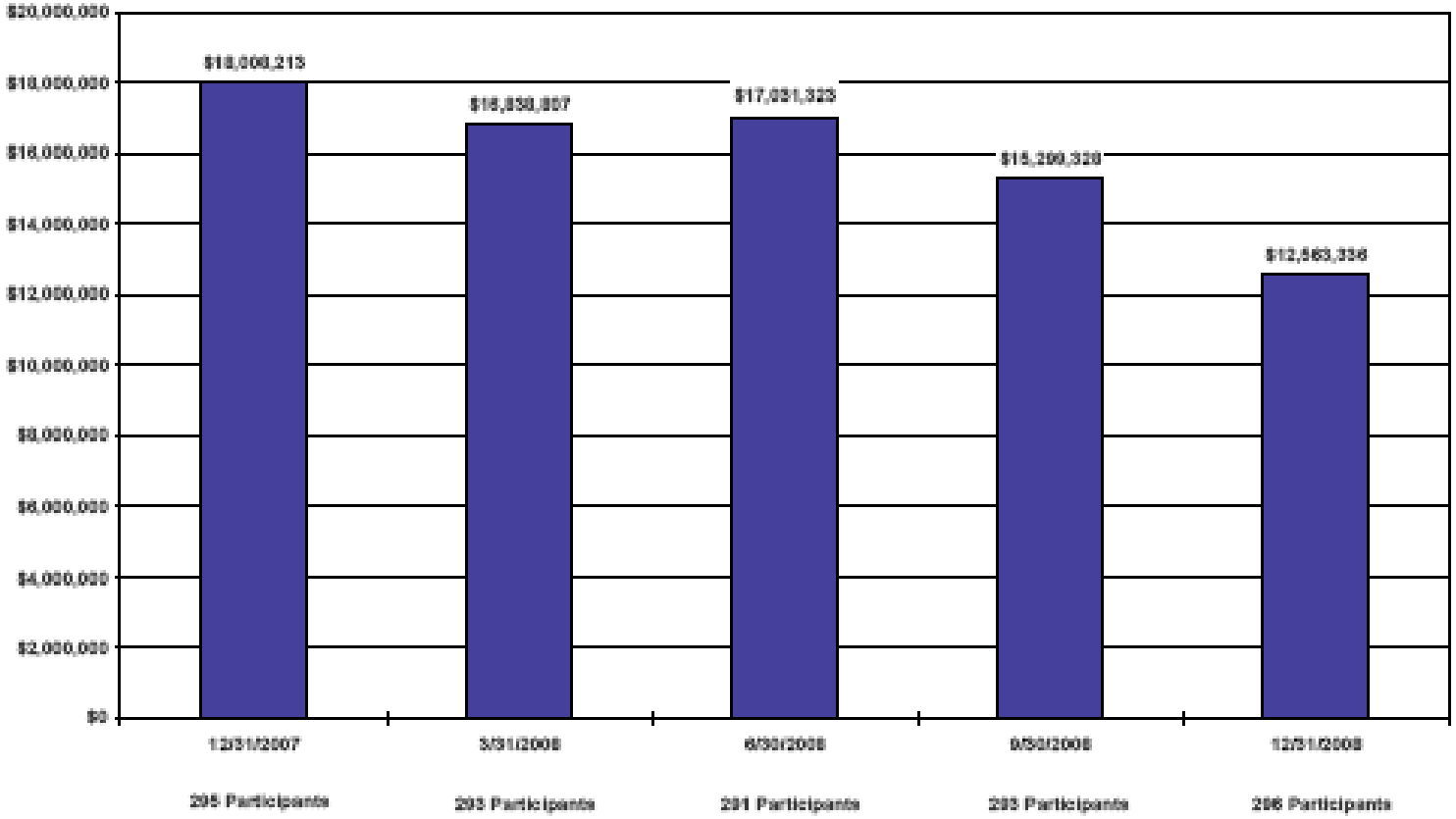
⊘ Investments in mid-sized companies may involve greater risks than those of larger, more well-known companies, but may be less volatile than investments in smaller companies.

♦ 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 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.

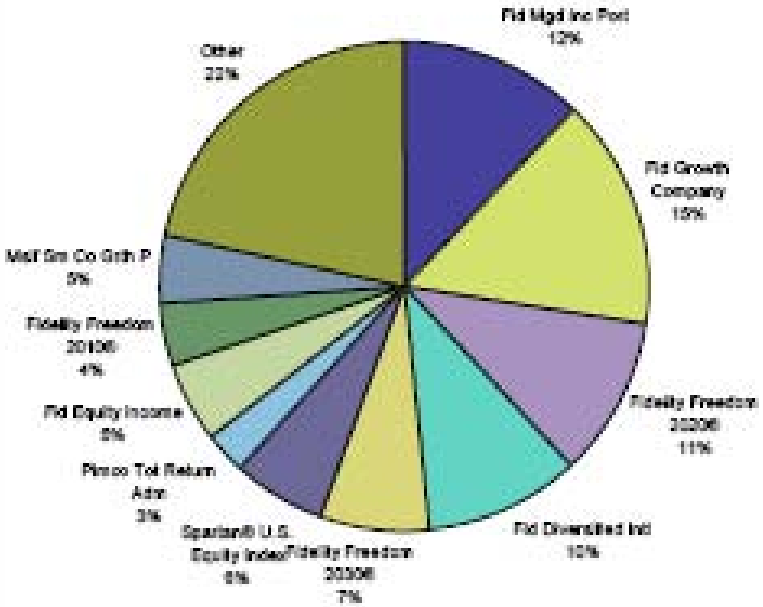
Before investing in any investment option, please carefully consider the investment objectives, risks, charges and expenses. For this and other information, call Fidelity at 1-800-343-0860 or visit www.fidelity.com for a free mutual fund prospectus or variable annuity prospectus. For information on fixed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

Plan Assets Under Management at Fidelity



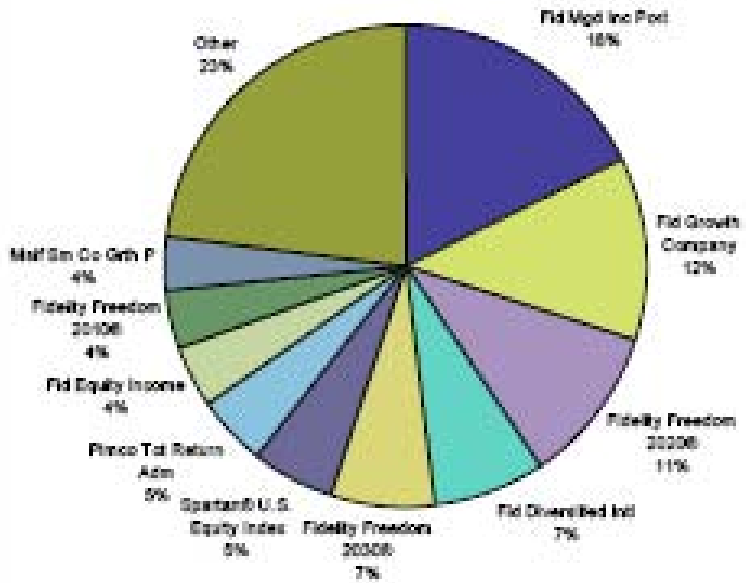
Asset Allocation by Fund

as of 1/1/2008



Total Market Value: $18,008,213

as of 12/31/2008



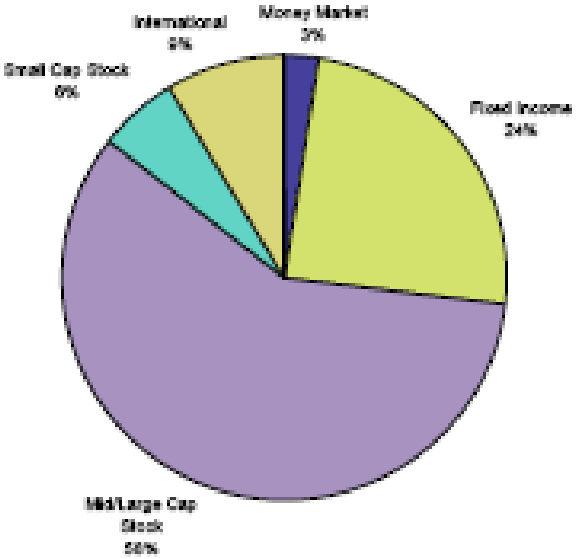
Total Market Value: $12,563,336

The information on this page is updated monthly on PSW.

Comparative Asset Allocation

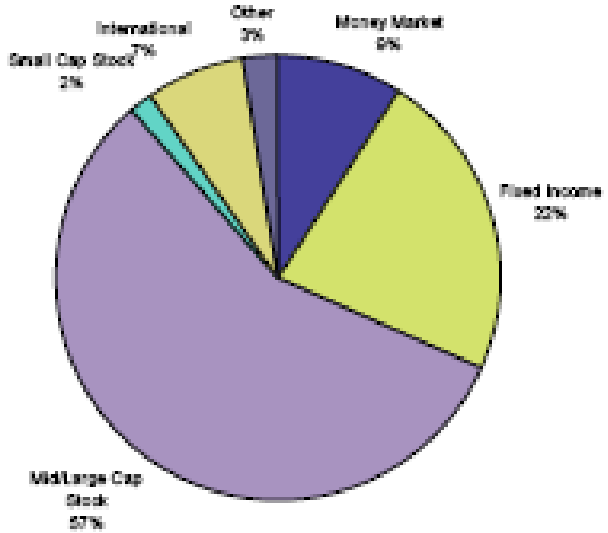
as of 12/31/2008

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



Total Market Value: $12,683,338

AVG. FITSCO PUBLIC SECTOR*

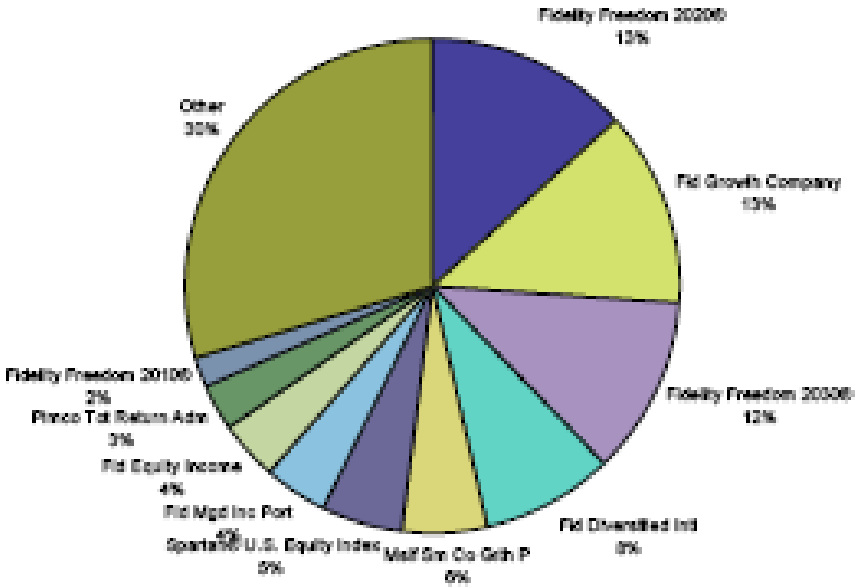


Average Market Value: $124,268,878

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

Contribution Allocation

1/1/2008 - 12/31/2008

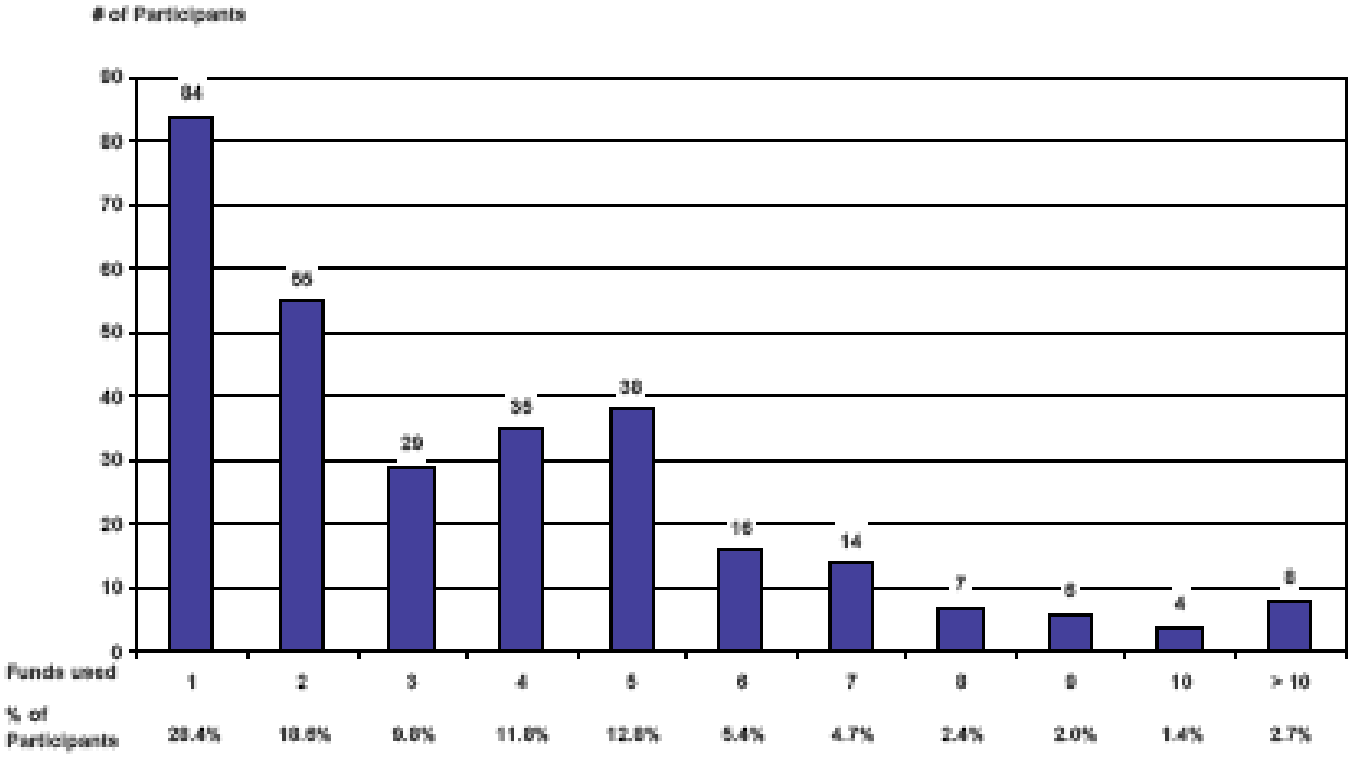


Total Contributions: $1,137,860

The information on this page is updated monthly on PSW.

Number of Funds per Participant

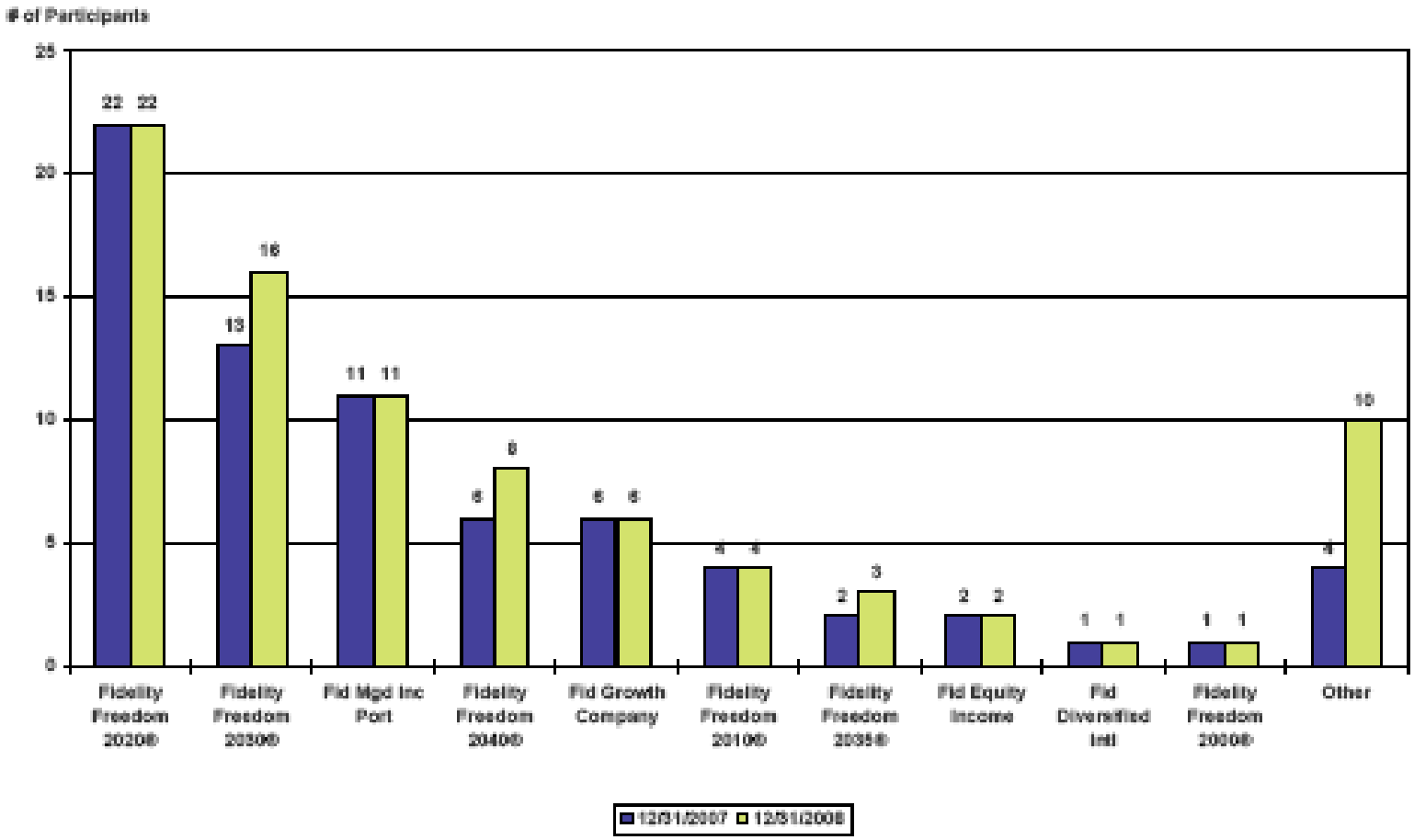
as of 12/31/2008



Average Investment options used in this plan: 3.6

- AVG. FITSCO PUBLIC SECTOR offers 66.2 funds.
- An AVG. FITSCO PUBLIC SECTOR participant uses 3.0 funds.

Single Fund Balances



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