Alaska Deferred Compensation Plan

Investment Options

Historical Average Annual Total Rates of Return

For the Period Ending June 30, 2008

Current performance may be lower or higher than performance data shown. Performance data quoted represents past performance and is not a guarantee or prediction of future investment results. The investment return and principal value of an investment will fluctuate so that, when redeemed, shares/units may be worth more or less than their original cost.

Please consider the investment objectives, risks, fees, and expenses carefully before investing. For this and other important information you may obtain mutual fund prospectuses (for the Brandes Inst'l Int'l Equity Fund) and Investment Option Detail Sheets (for the remaining investment options). Prospectuses and Investment Option Detail Sheets can be obtained on the Division's Website at www.state.ak.us/drb, from your registered representative, or from the Division of Retirement and Benefits at 1-907-465-4460 or toll-free at 1-800-821-2251. Read them carefully before investing.

Investment Option	Annual Investment Mgmt & Custody Fees	Quarter 04/01/08 to 06/30/08	1 Year	3 Years	5 Years	10 Years or Since Inception[6]	Inception Date
Brandes Instl International Equity Fund[1]	1.12%	-1.15%	-13.76%	10.95%	16.81%	11.23%	Dec-96
MSCI EAFE Index®	n/a	-2.25	-10.61	12.84	16.67	5.83	
T. Rowe Price Small-Cap Stock Trust[2]	0.71	0.93	-17.31	3.41	9.59	6.97	Jun-01
Russell 2000 Index®	n/a	0.58	-16.19	3.79	10.29	7.21	
Sentinel Sustainable Core Opportunities	0.81	-1.04	-15.50	n/a	n/a	0.73	Mar-06
S&P 500 Index®	n/a	-2.73	-13.12	4.41	7.58	2.88	
S&P 500 Stock Index Fund	0.03	-2.73	-13.07	4.44	7.60	2.88	Feb-94
S&P 500 Index®	n/a	-2.73	-13.12	4.41	7.58	2.88	
Global Balanced Fund	0.67	-2.52	-10.89	4.26	7.20	5.44	Apr-95
Combined GBF Benchmark[3]	n/a	-1.73	-4.36	5.91	8.14	5.26	
Alaska Long-Term Balanced Trust[4]	0.20	-1.96	-5.18	4.93	6.76	4.37	Jun-01
Custom AK LT Balanced Benchmark[11]	n/a	-1.75	-5.06	4.86	6.80	4.42	
Gov't/Credit Bond Index Fund[5]	0.08	-1.49	7.34	3.86	3.57	5.68	Feb-94
Lehman Bros. Gov't/Credit Index	n/a	-1.51	7.24	3.84	3.58	5.69	
Intermediate Bond Fund[5]	0.08	-1.83	9.31	4.86	3.59	5.44	Feb-94
Lehman Bros. Intermediate Bond Index	n/a	-1.00	4.55	3.38	3.26	5.62	
Interest Income Fund[5]	0.20	1.17	4.87	4.70	4.51	5.32	Feb-94

Return information does not include the deduction of certain custody and administrative/recordkeeping fees. The annual administrative and recordkeeping fees will be determined by the State periodically. Please read page 4 under "Administrative Expenses" for more detailed information.

(1) Foreign investments involve special risks, including currency fluctuations, economic and political instability, and differences in accounting standards.

(2) Equity securities of companies with relatively small market capitalization may be more volatile than securities of larger, more established companies.

(3) The benchmark used for comparison with the Global Balanced Fund is a combination of 35% S&P 500 Index, 10% Russell 2000 Index, 15% MSCI EAFE Index (Net Dividends to U.S. Investors), 35% Salomon Broad Investment-Grade Bond Index and 5% Salomon Bros. Non-U.S. & World Government Bond Index.

(4) The Alaska Long-Term Balanced Trust is not a mutual fund. It is a common trust established by T. Rowe Price Trust Company under Maryland banking law, and its units are exempt from registration under the Securities Exchange Act of 1933. Investments in the trust are not deposits of, or guaranteed by, the U.S. government or its agencies or T. Rowe Price Trust Company and are subject to investment risks, including loss of principal.

(5) A bond fund's yield, share price and total return change daily and are based on changes in interest rates, market conditions, economic and political news and the quality and maturity of its investments. In general bond prices fall when interest rates rise, and vice versa.

(6) For 10 Years or Since Inception, if the investment option has not been in existence for 10 years, returns shown are since inception.

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Investment Options at a Glance

For the Period Ending 06/30/08

Investment Option (*managed by*)	Objective/Investment Make-up (*management style*)
Brandes Institutional International Equity Fund (*Brandes Investment Partners, L.P.* is registered as an investment adviser under the Investment Advisers Act of 1940.)	Seeks long-term capital appreciation. The Fund invests principally in common and preferred stocks of foreign companies and securities that are convertible into such common stocks. *Actively managed* [7]
T. Rowe Price Small-Cap Stock Trust (*T. Rowe Price Associates, Inc.* is registered as an investment adviser under the Investment Advisers Act of 1940.)	Seeks to provide long-term capital growth by investing primarily in stocks of small companies. The Fund invests at least 65% of its total assets in the stocks and equity-related securities of small companies. A small company is defined as having a market capitalization that falls within the range of companies in the Russell 2000 Index, a widely used benchmark for small-cap stock performance. *Actively managed* [7]
Sentinel Core Opportunities Fund (*Sentinel Investments.* is registered as an investment adviser under the Investment Advisers Act of 1940.)	To achieve strong financial results and long-term capital appreciation while investing in companies managed in a socially responsible manner. The Fund takes a growth approach to investing. In practice, this means that the Fund looks for companies that display most or all of the following characteristics: leaders in their industries; long-term fundamental outlooks appear favorable; high quality of earnings; earnings momentum is positive; potential for increase in stock price; management team is strong. *Actively managed* [7]
S&P 500 Index Fund (*Barclays Global Advisors, NA* is registered as an investment adviser under the Investment Advisers Act of 1940.)	To capture long-term capital appreciation potential of larger capitalized companies by investing in all the companies represented in the S&P 500 Index. The Fund invests in common stocks represented in the S&P 500 Index. *Passively managed* [8]
Global Balanced Fund (*Capital Guardian Trust Company* is a California state chartered bank authorized by the California Department of Financial Institutions to carry on a trust business.)	Seeks the balanced accomplishment of long-term growth of capital, current income, and conservation of principal through investments in stocks and fixed-income securities. The Fund invests in stocks of large and small companies and corporate and government bonds based around the world. *Actively managed* [7]
Alaska Long-Term Balanced Trust (*T. Rowe Price Associates, Inc.* is registered as an investment adviser under the Investment Advisers Act of 1940.)	To provide a balanced and diversified mix of stocks, bonds, federally guaranteed mortgages, and money market instruments for investors with an average risk tolerance. The Fund invests in stocks of large and small U.S. and established international companies, investment-grade U.S. bonds, federally-guaranteed mortgages, and money market instruments. *Combination of Enhanced Index (Passive), Structured-Active, and Actively Managed Portfolios* [7,8]

Investment Option (*managed by*)	Objective/Investment Make-Up (*management style*)
Gov't/Credit Bond Fund (*Barclays Global Advisors, NA* is registered as an investment adviser under the Investment Advisers Act of 1940.)	To provide high current income and some capital appreciation by investing in a diversified portfolio of high-quality U.S. fixed income securities. The Fund invests in securities included in the Lehman Brothers Government/Credit Index. *Passively managed* [8]
Intermediate Bond Fund (*Barclays Global Advisors, NA* is registered as an investment adviser under the Investment Advisers Act of 1940.)	To provide high current income and some capital appreciation by investing in a portfolio of U.S. government fixed income securities. The Fund invests in securities included in the Lehman Brothers Intermediate Government Bond Index. *Passively managed* [8]
Interest Income Fund (*T. Rowe Price Stable Asset Management* is registered as an investment adviser under the Investment Advisers Act of 1940.)	To provide a stable rate of return while preserving capital. The Fund invests in medium-term high-grade corporate and government fixed income securities. *Actively managed* [7]

As a whole, the options available to you fall on the Risk Spectrum—low risk to high risk—as follows:

Risk versus Potential Return

Generally, the greater an investment's potential return over time, the greater its level of short-term price volatility, or risk. When assessing risk, a short-term investment fund would typically appear on the very low end of the risk/return scale. A very aggressive growth fund might be depicted at the very high end of the scale. The chart to the right shows the relative position of each investment option on the risk/return scale.

(7) An actively-managed fund is one in which the fund manager buys, holds and sells a portfolio of stocks and/or bonds which are consistent with the fund's stated investment objective. Using a variety of methods, the active fund manager attempts to select funds that will outperform the market.

(8) To be passively managed means to buy and hold a well-diversified portfolio of securities. Passive managers buy a portfolio of securities that comprise a market index while active managers select specific securities to attempt to outperform an index.

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Please read this important information

KeyTalk® Contacts

You have round-the-clock **automated access** to information and transactions **with your Pesonal Identification Number**[9] **(PIN)** (or a Client Service Representative between 5:00 a.m. and 5:30 p.m. Alaska Time, Monday through Friday) by using the KeyTalk number below.[10]

1-800-232-0859

Important Note

If you call KeyTalk to make changes to your account, **please** stay on the line until you hear your confirmation number. Write this number down and keep it on file for future reference. **If you hang up *before* you hear your confirmation number,** your transaction request ***may or may not*** (due to phone transmissions or computer delays) have been recorded for processing. Also, you will receive a written confirmation of your transaction in the mail. It is ***important*** for you to review this document for accuracy **as soon as you receive it**.

There are two major types of changes you can make to your account:

1) Transferring your existing assets among funds[10], and
2) Changing how your **future** contributions are allocated.

Please make sure you have selected the transaction that accomplishes the changes you would like to make.

Internet Access

You have access through the Internet to receive information about your account and to conduct investment option related action.[10] **You must have a PIN to access the information.**[9]

1) Go to the Division of Retirement and Benefits website, **www.state.ak.us/drb**.
2) Under "Programs," select "Deferred Compensation Plan."
3) At the Deferred Compensation Plan home page, select "Account Information Online."

Transfers

If you place a transfer on a business day **at or before 12:00 p.m. Alaska Time**, you will receive that day's closing "sell" price per unit (Transfer-**out** $'s) and that day's closing "purchase" price per unit (Transfer-**in** $'s). This applies whether you place the transfer through KeyTalk, a Client Service Representative, or the Division of Retirement and Benefits' website.[10]

Your transfer must be completed at or before 12:00 p.m. Alaska Time.

The transfer confirmation must take place at or before 12:00 p.m. Alaska Time. Transfers that are started at or before 12:00 p.m. Alaska Time, but are **not completed** at or before 12:00 p.m. Alaska Time, will be processed the **next** business day.

It can take up to five minutes, or more, to complete a transfer. Please do not try to time your transfer just before the deadline hoping that it will finish in a minute or two. ***Phone delays, internet delays, and heavy volume can interfere with completing a transfer. Please take possible delays into account.***

Administrative Expenses

Expenses are charged to your account in order to cover the cost of administration of the plan. There is one type of fee:

Monthly — 0.15% annual rate on assets (0.0015 / 12 x month-end asset balance) — These charges will be assessed to your individual accounts against all investment options. The fee is calculated on the prior month's ending balance and is assessed in the first week of the month.

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(9) The account owner is responsible for keeping the assigned PIN confidential. Please contact Great-West Retirement Services immediately if you suspect any unauthorized use.

(10) Access to KeyTalk and the Web site may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance, or other reasons. Transfer requests made via the Web site or KeyTalk received on business days prior to close of the New York Stock Exchange (12:00 p.m. Alaska Time or earlier on some holidays or other special circumstances) will be initiated at the close of business the same day the request was received. The actual effective date of your transaction may vary depending on the investment option selected.

(11) The returns of the Alaska Long-Term Balanced Trust cannot be directly compared to one index. Therefore, a custom benchmark has been created as follows: 27% Lehman Brothers Govt/Credit Index, 12% Lehman Brothers GNMA Index, 1% Citigroup 90-day Treasury Bills, 51% S&P 500 Index, 5% Russell 2500 Index, and 4% MSCI EAFE Index.

The S&P 500® Index is an unmanaged index of the 500 largest common stocks (in terms of market value), weighted by market capitalization, and is considered representative of the broad stock market. "S&P 500®" is a trademark of The McGraw-Hill Companies, Inc. **The MSCI EAFE Index** is an unmanaged index representing the developed markets outside North America—Europe, Australasia and the Far East. **The Russell 2000 Index** is an unmanaged index measuring the performance of the 2,000 smallest companies in the Russell 3000 Index. **The Salomon Broad Investment Grade Bond Index** is an unmanaged index limited to investment grade securities ranging from short to long-term maturities. It includes treasuries, agency debt, corporates, non-corporate credit, mortgage backed securities, and asset backed securities. **The Salomon Brothers Non-U.S. Dollar World Government Index** is an unmanaged index that includes institutionally traded bonds other than U.S. issues that have a fixed rate and a remaining maturity of one year or longer. **The Lehman 20+ Year Treasury Bond Index** measures the performance of public obligations of the U.S. Treasury that have a remaining maturity of 20 or more years.

Great-West Retirement Services refers to products and services provided by Great-West Life & Annuity Insurance Company and its subsidiaries and affiliates. Securities, when offered, are offered through GWFS Equities, Inc., a wholly owned subsidiary of Great-West Life & Annuity Insurance Company. GWFS Equities, Inc., or one or more of its affiliates, may receive a fee from the investment option provider for providing certain recordkeeping, distribution, and administrative services. Great-West Retirement Services® and KeyTalk® are service marks of Great-West Life & Annuity Insurance Company. Not intended for use in New York. ©2007 Great-West Life & Annuity Insurance Company. All rights reserved.

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