STATE OF ALASKA
DEFERRED COMPENSATION PLAN
(A Component Unit of the State of Alaska)

Financial Statements

December 31, 2009 and 2008

(With Independent Auditors' Report Thereon)

STATE OF ALASKA
DEFERRED COMPENSATION PLAN
(A Component Unit of the State of Alaska)

December 31, 2009 and 2008

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KPMG LLP
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Independent Auditors' Report

Division of Retirement and Benefits and
Members of the Alaska Retirement Management Board
State of Alaska Deferred Compensation Plan:

We have audited the accompanying statements of fiduciary net assets of the State of Alaska Deferred Compensation Plan (the Plan), a Component Unit of the State of Alaska, as of December 31, 2009 and 2008, and the related statements of changes in fiduciary net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net assets of the State of Alaska Deferred Compensation Plan as of December 31, 2009 and 2008, and the changes in fiduciary net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

KPMG LLP

October 29, 2010

This section presents management's discussion and analysis (MD&A) of the State of Alaska Deferred Compensation Plan's (the Plan) financial position and performance for the fiscal years ended December 31, 2009 and 2008. This section is presented as a narrative overview and analysis. Please read the MD&A in conjunction with the financial statements and notes to financial statements to better understand the financial condition and performance of the Plan during the fiscal years ended December 31, 2009 and 2008.

Financial Highlights

- The Plan's net assets held in trust for individuals, organizations, and other governments at December 31, 2009 and 2008 are $521.7 million and $442.0 million, respectively. The net assets held in trust for individuals, organizations, and other governments represent participant contributions and net investment income.
- The Plan's net assets held in trust for individuals, organizations, and other governments as of December 31, 2009 increased by $79.7 million, or approximately 18.0%, from the prior year. The Plan's net assets held in trust for individuals, organizations, and other governments as of December 31, 2008 decreased by $103.6 million, or approximately 19.0%, from 2007.
- The Plan had investment gains of $71.6 million in calendar year 2009, compared to a $106.0 million investment loss in calendar year 2008.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Plan's financial statements, which comprise the following:

- Statements of Fiduciary Net Assets
- Statements of Changes in Fiduciary Net Assets
- Notes to Financial Statements

Statements of Fiduciary Net Assets – These statements present information regarding the Plan's assets, liabilities, and resulting net assets held in trust for pension and insurance benefits for individuals, organizations, and other governments. These statements reflect the Plan's investments at fair market value, along with cash and short-term investments and receivables at December 31, 2009 and 2008.

Statements of Changes in Fiduciary Net Assets – These statements present how the Plan's net assets held in trust changed during the years ended December 31, 2009 and 2008. These statements present contributions by participants along with net investment income (loss) during the period from individual participant-directed investing activities. Deductions for participant withdrawals, benefit payments, and administrative expenses are also presented.

The above statements represent resources available for investment and payment of benefits and expenses as of calendar year-end, and the sources and uses of those funds during the calendar year.

(Continued)

Notes to Financial Statements – The notes to financial statements are an integral part of the financial statements and provide additional detailed information and schedules that are essential to better understand the Plan's financial statements.

Condensed Financial Information (in thousands)

Net assets

Description	2009	2008	Increase Amount	Increase Percentage	2007
Assets:					
Participant contributions receivable	$ 2,667	1,426	1,241	87.0%	1,794
Investments, at fair value:					
Collective investment fund	323,994	259,563	64,431	24.8	375,433
Interest income fund	162,071	159,824	2,247	1.4	139,952
Ownership of pooled investment funds	33,163	21,229	11,934	56.2	28,424
Total assets	521,895	442,042	79,853	18.1	545,603
Liabilities:					
Accrued expenses	203	—	203	100.0	—
Total liabilities	203	—	203	100.0	—
Net assets	$ 521,692	442,042	79,650	18.0%	545,603

Changes in net assets

Description	2009	2008	Increase (decrease) Amount	Increase (decrease) Percentage	2007
Net assets, beginning of year	$ 442,042	545,603	(103,561)	(19.0)%	524,322
Additions (reductions):					
Contributions	35,597	36,526	(929)	(2.5)	37,366
Net investment income (loss)	71,552	(105,961)	177,513	(167.5)	28,456
Total additions (reductions)	107,149	(69,435)	176,584	(254.3)	65,822
Deductions:					
Benefits paid to participants and purchases of annuity contracts	25,080	33,315	(8,235)	(24.7)	43,759
Administrative expenses	2,419	811	1,608	198.3	782
Total deductions	27,499	34,126	(6,627)	(19.4)	44,541
Increase (decrease) in net assets	79,650	(103,561)	183,211	(176.9)	21,281
Net assets, end of year	$ 521,692	442,042	79,650	18.0%	545,603

Investments

The Plan is participant-directed, which means that the Plan's participants decide in which options to invest. Of total Plan Fiduciary Net Assets of $521.7 million at December 31, 2009, 99.6%, or $518.7 million, are specifically allocated to individual participant accounts. Of total Plan Fiduciary Net Assets of $442.0 million at December 31, 2008, 99.6%, or $440.1 million, are specifically allocated to individual participant accounts.

Each participant designates how his or her contribution is to be allocated among the investment options. Each participant's account is credited with the participant's contributions and the appreciation or depreciation in unit value for the investment funds.

STATE OF ALASKA
DEFERRED COMPENSATION PLAN
(A Component Unit of the State of Alaska)

Management's Discussion and Analysis

December 31, 2009 and 2008

Participant-Directed Investments at December 31 Year-End

	Market value	
	2009	2008
	(In thousands)	
Interest Income Fund	$ 162,071	159,824
S&P 500 Index Fund	109,052	—
Small Cap Stock Trust	50,907	35,175
Brandes International Equity Fund Fee	46,787	—
SSgA Global Balanced Fund	35,207	—
Government/Credit Bond Fund	30,614	31,830
Alaska Long-Term Balanced Trust	28,077	21,229
Intermediate Bond Fund	16,907	20,953
RCM Socially Responsible Investment Fund	8,031	5,199
US TIPS Index Fund	5,787	802
State Street Money Market Fund	5,086	2,864
World Equity ex-US Index Fund	4,482	237
US Real Estate Investment Trust Index Fund	4,171	372
Russell 3000 Index Fund	2,241	642
Equity Fund	1,652	1,230
Alaska Balanced Trust	1,490	—
World Government Bond ex-US Index Fund	1,248	369
Long US Treasury Bond Index Fund	1,095	4,128
Alaska Target Date Retirement 2015 Trust	1,015	—
Alaska Target Date Retirement 2020 Trust	927	—
Alaska Target Date Retirement 2010 Trust	821	—
Alaska Target Date Retirement 2035 Trust	281	—
Alaska Target Date Retirement 2025 Trust	228	—
Alaska Target Date Retirement 2030 Trust	211	—
Bond Fund	182	119
Alaska Target Date Retirement 2040 Trust	81	—
Alaska Target Date Retirement 2050 Trust	30	—
Alaska Target Date Retirement 2045 Trust	1	—
Alaska Target Date Retirement 2055 Trust	1	—
S & P 500 Stock Index Fund	—	85,221
International Equity Fund	—	40,003
Global Balanced Fund	—	29,915
Total	$ 518,683	440,112

Investment Returns for the 12-Month Periods Ended December 31, 2009 and 2008

	2009 1-Year actual	2008 1-Year actual
Long US Treasury Bond Index Fund	(12.14)%	N/A
Intermediate Bond Fund	(0.54)	10.80%
State Street Money Market Fund	0.04	1.24
Government/Credit Bond Fund	3.79	5.76
World Government Bond ex-US Index Fund	4.00	N/A
Interest Income Fund	4.27	4.62
US TIPS Index Fund	11.21	N/A
Alaska Balanced Trust	15.15	N/A
Brandes International Equity Fund	N/A	N/A
Alaska Long-Term Balanced Trust	21.02	(23.19)
Alaska Target Date Retirement 2025 Trust	25.69	N/A
Russell 3000 Index Fund	28.74	N/A
US Real Estate Investment Trust Index Fund	29.49	N/A
RCM Socially Responsible Investment Fund	32.62	N/A
Small Cap Stock Trust	39.59	(33.31)
World Equity ex-US Index Fund	43.36	N/A
S&P 500 Index Fund	26.85	N/A
SSgA Global Balanced Fund	N/A	N/A
Alaska Target Date Retirement 2015 Trust	17.53	N/A
Alaska Target Date Retirement 2020 Trust	22.57	N/A
Alaska Target Date Retirement 2010 Trust	N/A	N/A
Alaska Target Date Retirement 2035 Trust	N/A	N/A
Alaska Target Date Retirement 2030 Trust	N/A	N/A
Alaska Target Date Retirement 2040 Trust	N/A	N/A
Alaska Target Date Retirement 2050 Trust	N/A	N/A
Alaska Target Date Retirement 2045 Trust	N/A	N/A
Alaska Target Date Retirement 2055 Trust	N/A	N/A
S & P 500 Stock Index Fund	N/A	(36.91)
International Equity Fund	N/A	(37.20)
Global Balanced Fund	N/A	(27.28)

The Hartford Equity Fund and Hartford Bond Fund have both been closed to participant use since 1986. Because of the closed nature of the funds, a rate of return on a fully comparable basis is not provided. However, both funds closely mirror funds generally of the same asset composition description that are actively available.

Contributions and Distributions

The Plan had contributions of $35.6 million in the 2009 calendar year compared to $36.5 million in the 2008 calendar year. Decreased contributions are attributable to decreased elected deferrals per employee in the Plan.

(Continued)

The Plan had benefits paid to participants and purchases of annuity contracts of $25.1 million for the 2009 calendar year compared to $33.3 million for the 2008 calendar year. Decreased account values resulting from prior year negative investment returns continue to contribute to the reduced amount of withdrawals.

Fiduciary Responsibilities

The Alaska Retirement Management Board, the plan administrator, and the Commissioner of Administration are co-fiduciaries of the Plan.

The Plan's assets can only be used for the exclusive benefit of the Plan's participants, beneficiaries, and alternate payees.

Request for Information

This financial report is designed to provide a general overview for those parties interested in the Plan's finances. Questions concerning any of the information provided in this financial report or requests for additional information should be addressed to:

State of Alaska Deferred Compensation Plan
Division of Retirement & Benefits, Accounting Section
PO Box 110203
Juneau, AK 99811-0203

STATE OF ALASKA
DEFERRED COMPENSATION PLAN
(A Component Unit of the State of Alaska)

Statements of Fiduciary Net Assets

December 31, 2009 and 2008

(In thousands)

		2009	2008
Assets:			
Participant contributions receivable	$	2,667	1,426
Investments:			
Collective investment funds, at fair value:			
Participant-directed		323,449	259,059
Money market fund – nonparticipant-directed		545	504
		323,994	259,563
Interest income fund:			
Synthetic investment contracts, at fair value		154,447	152,515
Cash and cash equivalents, at fair value		7,624	7,309
		162,071	159,824
Ownership of pooled investment funds, participant-directed, at fair value		33,163	21,229
Total investments		519,228	440,616
Total assets		521,895	442,042
Accrued expenses		203	—
Net assets held in trust for individuals, organizations, and other governments	$	521,692	442,042

See accompanying notes to financial statements.

STATE OF ALASKA
DEFERRED COMPENSATION PLAN
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Statements of Changes in Fiduciary Net Assets

Years ended December 31, 2009 and 2008

(In thousands)

		2009	2008
Additions (reductions):			
Participant contributions	$	35,597	36,526
Investment income (loss):			
Net appreciation (depreciation) in fair value of investments		65,359	(111,442)
Interest income		6,193	5,481
Net investment income (loss)		71,552	(105,961)
Total additions (reductions)		107,149	(69,435)
Deductions:			
Benefits paid to participants and purchases of annuity contracts		25,080	33,315
Administrative expenses		2,419	811
Total deductions		27,499	34,126
Net increase (decrease) in net assets held in trust for individuals, organizations, and other governments		79,650	(103,561)
Net assets, beginning of year		442,042	545,603
Net assets, end of year	$	521,692	442,042

See accompanying notes to financial statements.

(1) Description

The following brief description of the State of Alaska Deferred Compensation Plan (the Plan), a defined contribution plan, is provided for general information purposes only. Participants should refer to the plan document for more complete information.

(a) General

The Plan was created by State of Alaska (the State) Statutes issued May 31, 1974, and was most recently amended effective March 1, 2006. It is a deferred compensation plan under Section 457 of the Internal Revenue Code and is available to all permanent and long-term non-permanent employees and elected officials of the State and, with the March 1, 2006 amendment, members of State boards and commissions. Participants in the Plan authorize the State to reduce their current salary or compensation so that they can receive the amount deferred at a later date. The deferred compensation is not available to participants until termination, retirement, death, or an unforeseeable emergency, within the definition allowed by the applicable Internal Revenue Code. As of December 31, 2009 and 2008, the Plan had approximately 9,000 participants.

As a result of the passage of The Small Business Job Protection Act of 1996 (SBJPA), all amounts deferred, including amounts deferred before the effective date of the new law under an eligible 457 plan must be held in a trust for the exclusive benefit of employees and beneficiaries. This law repealed the requirement that a Section 457 plan sponsored by a government be solely the property of the employer, subject only to the claims of the employer's general creditors. The trust requirement generally applies to assets and income held by a plan on and after the date of enactment of the SBJPA. For any plan in existence on the date of enactment of the SBJPA, a trust need not be established before January 1, 2000.

As to the Plan, the plan document was amended effective January 1, 1997 to recognize and establish the trust requirement for the Plan. The formal trust documents were completed by December 31, 1998.

The plan document was completely restated effective January 1, 2002 for compliance with the Economic Growth and Tax Relief Reconciliation Act of 2001 and most recently amended March 1, 2006.

The Division of Retirement and Benefits is responsible for plan administration and recordkeeping. The Alaska Retirement Management Board (the Board) is responsible for the specific investment of moneys in the Plan.

(b) Contributions

During 2009 and 2008, plan participants could contribute a minimum of $50 a month ($600 per year). In 2009, under the current law, the maximum amount that could be deferred in a year was $16,500 for participants under age 50 and $22,000 for participants who are age 50 and greater. In 2008, the maximum amount that could be deferred in a year was $15,500 for participants under age 50 and $20,500 for participants who are age 50 and greater. However, for each of the participant's last three calendar years ending prior to normal retirement age, a "catch-up limitation" applies, which allows larger contributions (up to $33,000 in 2009 and up to $31,000 in 2008). Participants vest automatically in all of their contributions and earnings on those contributions.

(c) Participant Accounts

Participant accounts are self-directed with respect to investment options. Each participant designates how his or her contribution is to be allocated among the investment options. Each participant's account is credited with the participant's contributions and the appreciation or depreciation in unit value for the investment funds.

A recordkeeping/administrative fee is deducted monthly from each participant's account, applied pro rata to all the funds the member participates in. This fee is for all costs incurred by the recordkeeper and by the State. The investment management fees are netted out of the funds' performance.

At December 31, 2009, participants had the following investment options:

Collective Investment Funds

Equity Fund – this fund invests in diversified common stocks of high-quality growth companies for long-term capital growth with income a secondary consideration. This investment option is only available to participants whose contributions were originally invested with the Hartford Life Insurance Company and have since remained with Hartford Life Insurance Company.

Bond Fund – this fund invests in investment grade corporate and government bonds and other debt securities. This investment option is only available to participants whose contributions were originally invested with the Hartford Life Insurance Company and have since remained with Hartford.

T. Rowe Price Small-Cap Stock Trust – this fund invests primarily in stocks of small companies that appear undervalued or offer the potential for superior earnings growth. This fund invests at least 65% of its total assets in the stocks of small companies.

Brandes International Equity Fund – this fund invests primarily in the equity securities of non-U.S. issuers whose equity market capitalizations exceed $5 billion at the time of purchase. The fund is managed using a value investment process based on Graham & Dodd fundamental analysis of individual securities to identify those that are priced below their intrinsic value.

SSgA Global Balanced Fund –this fund has a target asset allocation of 60% equities and 40% fixed income and is invested in a mix of passively managed commingled funds.

RCM Socially Responsible Investment Fund – this fund is actively managed and only invests in companies contained within the KLD Large-Mid Cap Social Index (LMSI). The LMSI holds approximately 600 companies with the highest environmental, social, and governance (ESG) rankings in each sector of the 1,000 largest U.S. stocks.

Government/Credit Bond Index Fund – this fund invests in a highly diversified portfolio of high-quality U.S. fixed-income securities. The fund buys and holds portfolios of the securities included in the Barclays Capital Government/Credit Bond Index. The fund seeks to closely match the Index's total rate of return.

Intermediate Bond Fund – this fund buys and holds representative securities included in the Barclays Capital Intermediate Bond Index. The fund seeks to closely match the Index's total rate of return.

World Equity ex-US Index Fund – this fund is designed to replicate the returns of the MSCI ACWI Ex-US Index and provide a broad-based, low-cost exposure to both the developed and emerging markets. The index consists of approximately 2000 securities across 47 markets with emerging markets representing approximately 18%.

World Government Bond ex-US Index Fund – this fund is designed to replicate the total rate of return of the Citigroup World Government Bond Ex-U.S. Index. The fund employs a passive bond indexing strategy investing in a well diversified portfolio which is representative of the international government bond market.

Russell 3000 Index Fund – this fund is designed to replicate the returns and characteristics of the Russell 3000 Index. The fund comprises the 3,000 largest stocks in the U.S. market and accounts for approximately 97% of the U.S. stock market capitalization.

Long US Treasury Bond Index Fund – this fund invests in one or more commingled funds managed by SSgA which, in combination, are designed to replicate the return of the Barclays Capital Long Treasury Bond Index while providing for daily liquidity for plan participants. The fund seeks to match the return of Barclays Capital Long Treasury Bond Index by investing in a well-diversified portfolio of treasury securities with maturities longer than 10 years.

US Real Estate Investment Trust Index Fund – this fund seeks to replicate the returns and characteristics of the Dow Jones Wilshire REIT Index by purchasing each security in the same capitalization weight as it appears in the Index.

US Treasury Inflation-Protected Securities (TIPS) Index Fund – this fund invests in the SSgA TIPS Index NL Series (Class A) and is intended to replicate the return of the index while providing for daily liquidity for the plan participants. The fund seeks to match the returns of the index by investing in a portfolio of U.S. Treasury inflation-protected securities.

State Street Institutional Treasury Money Market Fund – this money market fund seeks to achieve its investment objective by investing substantially all of its investable assets in the State Street Money Market Portfolio of State Street Master Funds, which has the same investment objective as and investment policies that are substantially similar to those of the fund. The fund attempts to achieve its investment objective by investing exclusively in direct obligations of the U.S. Treasury, such as U.S. Treasury bills, notes, and bonds. The fund may also invest in other mutual funds, subject to regulatory limitations, that invest exclusively in such obligations.

S&P 500 Stock Index Fund – the fund offers diversified investment in the U.S. equity market and is designed to replicate the returns and characteristics of the Standard & Poor's 500 Composite Stock Price Index. The fund owns all 500 of the securities in the S&P 500 Index in proportion to each security's size as measured by its total market value.

Interest Income Fund

Interest Income Fund – the purpose of this fund is to maximize current income while maintaining principal stability by investing primarily in synthetic investment contracts issued by banks and insurance companies that meet stringent credit standards. Supporting securities for synthetic investment contracts typically include U.S. Treasury/Agency obligations, mortgage- and asset-backed securities, as well as investment grade corporate bonds.

Pooled Investment Fund

Alaska Target Date Retirement 2010 – 2055 Trusts – the purpose of these funds is to provide a diverse mix of stocks, bonds, and money market securities for long-term investors with a higher tolerance for risk. The Trusts are designed to gradually invest more conservatively as the target retirement date approaches. The trusts invest in four underlying common trust funds, each one emphasizing a different market sector: U.S. stocks, non-U.S. stocks, U.S. investment-grade bonds, and money market securities. Over time, the allocations become more conservative, systematically decreasing exposure to stocks and increasing exposure to bonds and money market securities on a quarterly basis. At the target date, the trusts maintain a substantial exposure to stocks (approximately 55%). The most conservative allocation to stocks (approximately 20%) occurs 30 years after the target date is reached.

Alaska Balanced Trust – the purpose of this fund is to provide a balanced and diversified mix of U.S. and international stocks, bonds, federally guaranteed mortgages, and money market securities for investors with a low to average tolerance for risk. The trust is made up of securities from six market sectors: large U.S. companies, established international companies, small U.S. companies, investment-grade U.S. bonds, federally guaranteed mortgages, and money market instruments.

Alaska Long-Term Balanced Trust – the purpose of this fund is to provide a balanced and diversified mix of U.S. and international stocks, investment-grade bonds, federally guaranteed mortgages, and money market instruments for investors with a moderate risk tolerance. The trust is made up of securities from six market sectors: large U.S. companies, established international companies, small U.S. companies, investment-grade U.S. bonds, federally guaranteed mortgages, and money market instruments.

(Continued)

(d) Payment of Benefits

Participants are eligible to withdraw their account balance upon termination in the form of a lump sum, one of various annuities, or a periodic payment option, unless the participant elects to defer commencement of benefits. Account balances of $1,000 or less are automatically paid in the form of a lump-sum distribution. The deferred benefit commencement date can be no later than April 1 of the year after the participant would have turned age 70½. Payment of benefits to a participant commences 60 days after termination or the deferred benefit commencement date, as applicable.

Participants may request a hardship withdrawal for an unforeseeable emergency, within the definition allowed by the applicable Internal Revenue Code. Hardship withdrawals are received as lump-sum distributions and must be approved by the plan administrator.

The Plan purchases annuity contracts from an insurance company. The annuity contracts are excluded from plan assets.

(e) Income Taxes

The Plan is exempt from federal income taxes under the provisions of Section 501(a) of the Internal Revenue Code.

(f) Termination, Partial Termination, or Complete Discontinuance of Contributions

Although the State has established the Plan with the bona fide intention and expectation that it will continue the Plan indefinitely, the State may in its sole and absolute discretion terminate the Plan in whole or in part at any time without liability whatsoever for such termination. If the Plan shall be terminated, the participants in the Plan will be deemed to have withdrawn from the Plan as of the date of such termination. Deferred compensation shall thereupon cease. Upon plan termination, each participant or beneficiary shall be given the opportunity to elect a benefit commencement date and form of payment.

(2) Summary of Significant Accounting Policies

(a) Accounting Basis

The Plan utilizes the economic resources measurement focus and the accrual method of accounting. In preparing the financial statements, the plan administrator is required to make estimates that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements, and additions and deductions for the reporting period. Actual results could differ from those estimates.

(b) Valuation of Collective Investment Funds

The Plan's investments in Collective Investment Funds (note 3), held in trust, are stated at fair value based on the unit value as reported by the trustees multiplied by the number of units held by the Plan. The unit value is determined by the trustees based on the fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis.

(Continued)

(c) Valuation of Synthetic Investment Contracts

The Plan's investments in fully benefit responsive synthetic investment contracts (note 5) are stated at fair value as they are affected by the market factors and credit standing.

(d) Contributions Receivable

Contributions applicable to wages earned through the Plan's year-end are accrued. These contributions are considered fully collectible, and accordingly, no allowance for doubtful accounts is considered necessary.

(Continued)

(3) Collective Investment Funds

The Plan's investments at December 31 include the following collective investment funds:

	Units owned	Unit value	Balance (In thousands)
2009:			
Equity funds:			
Brandes International Equity Fund	4,664,656	10.030	$ 46,787*
Small Cap Stock Trust	1,293,707	39.350	50,907*
S & P 500 Index Fund	2,937,026	37.130	109,052*
RCM Socially Responsible Investment Fund	656,789	12.229	8,031
World Equity ex-US Index Fund	393,199	11.400	4,482
Russell 3000 Index Fund	234,330	9.564	2,241
US Real Estate Investment Trust Index Fund	559,831	7.451	4,171
Equity Fund, actively managed	109,281	15.122	1,652
			227,323
Bond and debt securities funds:			
Government/Credit Bond Fund	1,110,669	27.564	30,614*
Intermediate Bond Fund	717,799	23.553	16,907
World Government Bond ex-US Index Fund	113,586	10.984	1,248
Long US Treasury Bond Index Fund	106,825	10.246	1,095
US TIPS Index Fund	554,291	10.440	5,787
Bond Fund, actively managed	22,423	8.116	182
			55,833
Bond and equity funds:			
Global Balanced Fund	3,149,687	11.178	35,207*
			35,207
Money market fund:			
Participant-directed – State Street Institutional Treasury Money Market Fund	5,086,334	1.000	5,086
Nonparticipant-directed	32,398	16.828	545
			5,631
Total collective investment funds			$ 323,994

* Represents 5% or greater of plan assets at December 31.

	Units owned	Unit value		Balance (In thousands)
2008:				
Equity funds:				
International Equity Fund	3,167,369	12.630	$	40,003*
Small Cap Stock Trust	1,247,794	28.190		35,175*
S & P 500 Index Fund	2,907,568	29.310		85,221*
RCM Socially Responsible Investment Fund	560,837	9.270		5,199
World Equity ex-US Index Fund	29,742	7.952		237
Russell 3000 Index Fund	86,376	7.429		642
US Real Estate Investment Trust Index Fund	64,625	5.754		372
Equity Fund, actively managed	114,183	10.773		1,230
				168,079
Bond and debt securities funds:				
Government/Credit Bond Fund	1,198,552	26.557		31,830*
Intermediate Bond Fund	884,769	23.682		20,953
World Government Bond ex-US Index Fund	34,903	10.562		369
Long US Treasury Bond Index Fund	354,032	11.661		4,128
US TIPS Index Fund	85,421	9.388		802
Bond Fund, actively managed	16,709	7.128		119
				58,201
Bond and equity funds:				
Global Balanced Fund	1,198,985	24.950		29,915*
				29,915
Money market fund –				
Participant-directed – State Street Institutional Treasury Money Market Fund	2,864,009	1.000		2,864
Nonparticipant-directed	29,929	16.825		504
				3,368
Total collective investment funds			$	259,563

* Represents 5% or greater of plan assets at December 31.

(4) Changes in Fiduciary Net Assets

During the years ended December 31, 2009 and 2008, the following changes in fiduciary net assets by fund took place (in thousands):

	Participant-directed						
	Equity Fund	Bond Fund	International Equity Fund	Small-Cap Stock Trust Fund	RCM Socially Responsible Investment Fund	S&P 500 Stock Index Fund	Global Balanced Fund
2009:							
Additions (reductions):							
Participant contributions	$ —	—	3,594	3,204	919	1,888	1,853
Investment income:							
Net appreciation (depreciation) in fair value of investments	462	22	7,230	14,473	1,791	(7,710)	2,112
Interest income	—	—	—	—	—	—	—
Net investment income (loss)	462	22	7,230	14,473	1,791	(7,710)	2,112
Total additions (reductions)	462	22	10,824	17,677	2,710	(5,822)	3,965
Deductions:							
Benefits paid to participants and purchases of annuity contracts	—	—	1,375	1,590	259	531	652
Administrative expenses:							
Actual fees paid	—	—	—	306	52	10	96
Fees deducted from participant accounts	—	—	71	78	11	30	26
Total deductions	—	—	1,446	1,974	322	571	774
Net increase (decrease) prior to interfund transfers	462	22	9,378	15,703	2,388	(6,393)	3,191
Interfund transfers	(40)	41	(49,381)	29	444	(78,828)	(33,106)
Net increase (decrease) in net assets held in trust for individuals, organizations, and other governments	422	63	(40,003)	15,732	2,832	(85,221)	(29,915)
Net assets, beginning of year	1,230	119	40,003	35,175	5,199	85,221	29,915
Net assets, end of year	$ 1,652	182	—	50,907	8,031	—	—

Participant-directed									
Government/ Bond Fund	Intermediate Bond Fund	World Equity ex-US Index Fund	World Gov't Bond ex-US Index Fund	Russell 3000 Index Fund	Long US Treasury Bond Index Fund	US Real Estate Investment Trust Index Fund	US TIPS Index Fund	State Street Institutional Treasury Money Market Fund	Interest Income Fund
1,635	1,435	265	85	239	200	190	516	962	7,478
1,137	(133)	849	23	467	(324)	829	327	(2)	3,396
—	—	—	—	—	—	—	—	2	6,191
1,137	(133)	849	23	467	(324)	829	327	—	9,587
2,772	1,302	1,114	108	706	(124)	1,019	843	962	17,065
1,516	1,195	26	18	7	349	29	92	832	12,198
24	15	7	4	4	3	6	6	—	392
57	32	5	1	3	3	4	7	8	281
1,597	1,242	38	23	14	355	39	105	840	12,871
1,175	60	1,076	85	692	(479)	980	738	122	4,194
(2,391)	(4,106)	3,169	794	907	(2,554)	2,819	4,247	2,100	(1,947)
(1,216)	(4,046)	4,245	879	1,599	(3,033)	3,799	4,985	2,222	2,247
31,830	20,953	237	369	642	4,128	372	802	2,864	159,824
30,614	16,907	4,482	1,248	2,241	1,095	4,171	5,787	5,086	162,071

Participant-directed								
Brandes International Equity Fund Fee	SSGA Global Balanced Fund	S&P 500 Index Fund	Alaska Long-Term Balanced Trust Fund	Alaska Balanced Trust	Alaska Target Date Retirement 2010 Trust	Alaska Target Date Retirement 2015 Trust	Alaska Target Date Retirement 2020 Trust	Alaska Target Date Retirement 2025 Trust
380	1,329	5,443	2,459	71	23	54	53	38
611	3,733	31,091	4,592	91	72	65	60	37
—	—	—	—	—	—	—	—	—
611	3,733	31,091	4,592	91	72	65	60	37
991	5,062	36,534	7,051	162	95	119	113	75
101	506	2,603	1,013	4	178	—	2	2
462	17	—	—	—	—	—	—	—
11	32	143	46	1	1	1	1	—
574	555	2,746	1,059	5	179	1	3	2
417	4,507	33,788	5,992	157	(84)	118	110	73
46,370	30,700	75,264	856	1,333	905	897	817	155
46,787	35,207	109,052	6,848	1,490	821	1,015	927	228
—	—	—	21,229	—	—	—	—	—
46,787	35,207	109,052	28,077	1,490	821	1,015	927	228

Participant-directed						Nonparticipant-directed			
Alaska Target Date Retirement 2030 Trust	**Alaska Target Date Retirement 2035 Trust**	**Alaska Target Date Retirement 2040 Trust**	**Alaska Target Date Retirement 2045 Trust**	**Alaska Target Date Retirement 2050 Trust**	**Alaska Target Date Retirement 2055 Trust**	**Money Market Fund**	**Accrued Expenses**	**Participant contributions receivable**	**Total**
27	9	6	1	—	—	—	—	1,241	35,597
17	5	35	1	—	—	—	—	—	65,359
—	—	—	—	—	—	—	—	—	6,193
17	5	35	1	—	—	—	—	—	71,552
44	14	41	2	—	—	—	—	1,241	107,149
2	—	—	—	—	—	—	—	—	25,080
—	—	—	—	—	—	812	203	—	2,419
—	—	—	—	—	—	(853)	—	—	—
2	—	—	—	—	—	(41)	203	—	27,499
42	14	41	2	—	—	41	(203)	1,241	79,650
169	267	40	(1)	30	1	—	—	—	—
211	281	81	1	30	1	41	(203)	1,241	79,650
—	—	—	—	—	—	504	—	1,426	442,042
211	281	81	1	30	1	545	(203)	2,667	521,692

(Continued)

	Participant-directed					
	Equity Fund	**Bond Fund**	**International Equity Fund**	**Small-Cap Stock Trust Fund**	**Citizens Core Growth Fund**	**Sentinel Sustainable Core Opportunities Fund**
2008:						
Additions (reductions):						
Participant contributions	$ —	—	5,585	3,892	327	763
Investment (loss) income:						
Net (depreciation) appreciation in fair value of investments	(951)	(11)	(25,425)	(18,156)	(841)	(2,808)
Interest income	—	—	—	—	—	—
Net investment (loss) income	(951)	(11)	(25,425)	(18,156)	(841)	(2,808)
Total (reductions) additions	(951)	(11)	(19,840)	(14,264)	(514)	(2,045)
Deductions:						
Benefits paid to participants and purchases of annuity contracts	—	—	2,946	2,341	115	214
Administrative expenses:						
Actual fees paid	—	—	—	—	—	—
Fees deducted from participant accounts	—	—	89	72	4	8
Total deductions	—	—	3,035	2,413	119	222
Net (decrease) increase prior to interfund transfers	(951)	(11)	(22,875)	(16,677)	(633)	(2,267)
Interfund transfers	—	—	(12,779)	(3,305)	(10,499)	2,267
Net (decrease) increase in net assets held in trust for individuals, organizations, and other governments	(951)	(11)	(35,654)	(19,982)	(11,132)	—
Net assets, beginning of year	2,181	130	75,657	55,157	11,132	—
Net assets, end of year	$ 1,230	119	40,003	35,175	—	—

(Continued)

Participant-directed							
RCM Socially Responsible Investment Fund	S&P 500 Index Fund	Global Balanced Fund	Government/ Credit Bond Fund	Intermediate Bond Fund	World Equity ex-US Index Fund	World Gov't Bond ex-US Index Fund	Russell 3000 Index Fund
192	8,492	4,177	2,134	1,471	14	5	29
(441)	(50,448)	(11,842)	1,629	1,845	(23)	15	(72)
—	—	—	—	—	—	—	—
(441)	(50,448)	(11,842)	1,629	1,845	(23)	15	(72)
(249)	(41,956)	(7,665)	3,763	3,316	(9)	20	(43)
10	6,188	2,745	2,151	1,642	1	1	—
—	—	—	—	—	—	—	—
1	180	59	49	28	—	—	—
11	6,368	2,804	2,200	1,670	1	1	—
(260)	(48,324)	(10,469)	1,563	1,646	(10)	19	(43)
5,459	(7,069)	(6,376)	1,119	5,197	247	350	685
5,199	(55,393)	(16,845)	2,682	6,843	237	369	642
—	140,614	46,760	29,148	14,110	—	—	—
5,199	85,221	29,915	31,830	20,953	237	369	642

Participant-directed						Nonparticipant-directed		
Long US Treasury Bond Index Fund	US Real Estate Investment Trust Index Fund	US TIPS Index Fund	State Street Institutional Treasury Money Market Fund	Interest Income Fund	Alaska Long-Term Balanced Trust Fund	Money Market Fund	Participant contributions receivable	Total
26	8	25	136	6,834	2,784	—	(368)	36,526
309	(4)	(78)	—	2,734	(6,874)	—	—	(111,442)
—	—	—	1	5,459	8	13	—	5,481
309	(4)	(78)	1	8,193	(6,866)	13	—	(105,961)
335	4	(53)	137	15,027	(4,082)	13	(368)	(69,435)
—	—	—	329	13,415	1,217	—	—	33,315
—	—	—	—	—	—	811	—	811
1	—	1	1	223	42	(758)	—	—
1	—	1	330	13,638	1,259	53	—	34,126
334	4	(54)	(193)	1,389	(5,341)	(40)	(368)	(103,561)
3,794	368	856	3,057	18,483	(1,854)	—	—	—
4,128	372	802	2,864	19,872	(7,195)	(40)	(368)	(103,561)
—	—	—	—	139,952	28,424	544	1,794	545,603
4,128	372	802	2,864	159,824	21,229	504	1,426	442,042

(5) Synthetic Investment Contracts

Accounts and terms of synthetic investment contracts in effect at December 31 are as follows:

(a) NATIXIS Financial Products Inc.

In 1999, the Plan's investment manager entered into an investment contract, on behalf of the Plan, with NATIXIS Financial Products Inc. This financial institution provides a wrap contract that covers a separately managed structured payout synthetic investment portfolio. The account is credited with earnings and investment deposits, less administrative expenses charged by the financial institution and investment withdrawals. The contract is included in the Plan's financial statements at market value. It is fully benefit-responsive. There are no reserves against contract value for the credit risk of the contract issuer or otherwise. The contract value of the investment contract at December 31, 2009 and 2008 was $29,760 and $29,963, respectively, as reported by NATIXIS Financial Products Inc., and the market value of the portfolio at December 31, 2009 and December 31, 2008 was $30,889 and $30,502, respectively. The average crediting rates for 2009 and 2008 were approximately 4.46% and 4.76%, respectively. The crediting interest rates are based on the approximate rate of interest that will amortize differences between book and market value over the portfolio's average duration.

(b) State Street Bank

In 2000, the Plan's investment manager entered into an investment contract, on behalf of the Plan, with State Street Bank. This financial institution provides a wrap contract that covers a separately managed constant duration synthetic investment portfolio. The account is credited with earnings and investment deposits, less administrative expenses charged by the financial institution and investment withdrawals. The contract is included in the Plan's financial statements at market value. It is fully benefit-responsive. There are no reserves against contract value for the credit risk of the contract issuer or otherwise. The contract value of the investment contract at December 31, 2009 and 2008 was $29,762 and $29,964, respectively, as reported by State Street Bank and the market value of the portfolio at December 31, 2009 and 2008 was $30,891 and $30,503, respectively. The average crediting rates for 2009 and 2008 were approximately 4.46% and 4.61%, respectively. The crediting interest rates are based on the approximate rate of interest that will amortize differences between book and market value over the portfolio's average duration.

(c) Rabobank Nederland

In 2003, the Plan's investment manager entered into an investment contract, on behalf of the Plan, with Rabobank Nederland. This financial institution provides a wrap contract that covers a separately managed structured payout synthetic investment portfolio. The account is credited with earnings and investment deposits, less administrative expenses charged by the financial institution and investment withdrawals. The contract is included in the Plan's financial statements at market value. It is fully benefit-responsive. There are no reserves against contract value for the credit risk of the contract issuer or otherwise. The contract value of the investment contract at December 31, 2009 and 2008 was $29,658 and $29,922, respectively, as reported by Rabobank Nederland, and the market value of the portfolio at December 31, 2009 and 2008 was $30,880 and $30,499, respectively. The average yield and crediting interest rates for 2009 and 2008 were approximately 4.26% and 4.61%, respectively. The crediting interest rate is based on the approximate rate of interest that will amortize differences between book and market value over the portfolio's average duration.

(d) Bank of America

In 2003, the Plan's investment manager entered into an investment contract, on behalf of the Plan, with Bank of America. This financial institution provides a wrap contract that covers a separately managed structured payout synthetic investment portfolio. The account is credited with earnings and investment deposits, less administrative expenses charged by the financial institution and investment withdrawals. The contract is included in the Plan's financial statements at market value. It is fully benefit-responsive. There are no reserves against contract value for the credit risk of the contract issuer or otherwise. The contract value of the investment contract at December 31, 2009 and 2008 was $29,764 and $29,966, respectively, as reported by Bank of America, and the market value of the portfolio at December 31, 2009 and 2008 was $30,893 and $30,506, respectively. The average yield and crediting interest rates for 2009 and 2008 were approximately 4.46% and 4.76%, respectively. The crediting interest rate is based on the approximate rate of interest that will amortize differences between book and market value over the portfolio's average duration.

(e) Pacific Life Insurance Co.

In 2004, the Plan's investment manager entered into an investment contract, on behalf of the Plan, with Pacific Life Insurance Co. This financial institution provides a wrap contract that covers a separately managed structured payout synthetic investment portfolio. The account is credited with earnings and investment deposits, less administrative expenses charged by the financial institution and investment withdrawals. The contract is included in the Plan's financial statements at market value. It is fully benefit-responsive. There are no reserves against contract value for the credit risk of the contract issuer or otherwise. The contract value of the investment contract at December 31, 2009 and 2008 was $29,764 and $29,966, respectively, as reported by Pacific Life Insurance Co., and the market value of the portfolio at December 31, 2009 and 2008 was $30,893 and $30,505, respectively. The average crediting rate for 2009 and 2008 were approximately 4.46% and 4.76%, respectively. The crediting interest rates are based on the approximate rate of interest that will amortize differences between book and market value over the portfolio's average duration.

(6) Deposit and Investment Risk

(a) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Collective Investment and Money Market Funds

The Board contracts with external investment managers who maintain collective investment funds. Managers selected to manage investments for the Plan are subject to the provisions of the collective investment funds the Board has selected. In addition, the Plan maintains a balance in a commingled money market portfolio.

The Board does not have a policy to limit interest rate risk for the Collective Investment Funds or the commingled money market portfolio. These investments with their related weighted average maturities at December 31, 2009 are as follows:

		Fair value (In thousands)	Weighted average maturity
Government/Credit Bond Fund	$	30,614	7.49 years
Intermediate Bond Fund		16,907	3.96 years
Bond Fund		182	4.35 years
Money Market Fund		545	57.65 days

Interest Income Fund

The Board contracts with an external investment manager who is given the authority to invest in synthetic investment contracts and a reserve. This external manager also manages the securities underlying the synthetic investment contracts.

Through the Board's investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration on synthetic investment contracts as follows:

> For constant duration synthetic investment contracts, duration cannot exceed the longer of six years or the duration of the Barclays Capital Intermediate Aggregate Index plus one-half year. The aggregate duration of the constant duration synthetic investment contracts was 3.72 years at December 31, 2009. The duration of the Barclays Capital Intermediate Aggregate Index was 3.74 years at December 31, 2009.
>
> Duration is a measure of interest rate risk. In the case of the Plan's constant duration synthetic investment contracts, duration is the fair value weighted average term to maturity using all fixed income securities underlying the contracts and their related cash flows.

The Board does not have a policy to limit interest rate risk for the reserve. The balance in the reserve is invested in the custodian's Institutional Money Market Fund, which has a weighted average maturity of 30 days at December 31, 2009.

(b) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Board does not have a policy to limit credit risk for the Plan's Collective Investment Funds and the commingled money market portfolio. These investments are not rated.

The Plan's Collective Investment Funds may lend assets or transfer securities to broker agents or other entities for collateral in the form of cash or securities and simultaneously agree to return the collateral for the same securities in the future. There is credit risk associated with the lending transactions. The risk exists that an issuer or other counterparty to an investment will not fulfill its obligations and a loss results from the counterparty failure or default on a loaned security.

The Board's investment policy has the following limitations with regard to credit risk for synthetic investment contracts, investments underlying the synthetic investment contracts and the reserve:

Synthetic investment contract issuers must have an investment grade rating.

Supranational Agency and Foreign Government entity investments must have a minimum rating of A – or equivalent.

Corporate debt securities must have a minimum rating of BBB – or equivalent.

Asset-backed securities must have a minimum rating of AAA or equivalent.

The ratings assigned to issuers of money market instruments must have the highest rating of any nationally recognized statistical rating organization. This limitation does not apply to the investment funds maintained by the custodian.

The Board's investment policy has the following limitations with regard to credit risk for wholly owned pooled investments:

All government and corporate fixed income securities must be rated BBB – or better at time of purchase.

GNMA, FNMA, and FHLMC mortgage-backed securities may be purchased even if they are not rated by all or any of these rating agencies as long as they are rated investment grade by T. Rowe's internal credit evaluation.

Commercial paper and other short-term debt obligations must be rated A1 or equivalent.

(Continued)

At December 31, 2009, plan investments consisted of securities with credit quality ratings issued by a nationally recognized statistical rating organization as follows (using the Standard and Poor's rating scale):

Investment type	Rating	Fair value: Underlying synthetic investment contracts	Fair value: Other	Fair value: Total
			(In thousands)	
Investments with credit exposure:				
Money market fund	Not Rated	$ —	545	545
Short-term investment fund	Not Rated	(1,975)	—	(1,975)
U.S. government agency	AAA	13,470	—	13,470
Mortgage-backed	AAA	6,653	—	6,653
Mortgage-backed	AA	298	—	298
Mortgage-backed	A	705	—	705
Mortgage-backed	BBB	232	—	232
Mortgage-backed	Not Rated	63,176	—	63,176
Other asset-backed	AAA	1,759	—	1,759
Corporate bonds	AA	3,972	—	3,972
Corporate bonds	A	11,972	—	11,972
Corporate bonds	BBB	8,489	—	8,489
Yankees:				
Corporate	AA	965	—	965
Corporate	A	1,537	—	1,537
Corporate	BBB	2,105	—	2,105
Government	AAA	3,042	—	3,042
Government	AA	666	—	666
Government	A	146	—	146
Government	BBB	237	—	237
Government	Not Rated	410	—	410
Deposits and investments with no credit exposure:				
Deposits		2,476	—	2,476
U.S. Treasury notes		34,112	—	34,112
Collective investment funds		—	272,542	272,542
Wholly owned pool		—	33,163	33,163
Domestic equity		—	50,907	50,907
Total		$ 154,447	357,157	511,604

(c) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

The Board does not have a policy to limit concentration of credit risk in the collective investment and money market funds.

The Board's policy with regard to concentration of credit risk for synthetic investment contracts, investments underlying the synthetic investment contracts and the reserve is as follows:

No investment will be made if, at the time of purchase, total investment in any single issuer of investment contracts would exceed 35% of the Interest Income Fund's total value.

No investment will be made if, at the time of purchase, total investment in any single issuer or in all issuers of the securities held as supporting investments under synthetic investment contracts in the table below would exceed the respective percentages of all investments underlying the synthetic investment contracts.

Investment type	Issuer	All issuers
U.S. Treasury and agencies	100%	100%
U.S. Agency securities	100	100
Asset-backed securities	5	50
Domestic and foreign corporate debt securities	5	50
Supranational agency and foreign government entity securities	5	50
Money market instruments – nongovernmental/ agency	5	100
Custodian short-term investment fund	100	100

The maximum exposure to securities rated BBB is limited to 20% of the total value underlying synthetic investment contracts.

For the reserve, the total investment of any single issuer of money market instruments may not exceed 5% of the total value underlying synthetic investment contracts. This limitation does not apply to the investment funds maintained by the custodian.

At December 31, 2009, the Plan had no exposure to a single issuer in excess of 5% of total invested assets.

(d) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit.

The Board does not have a policy to limit foreign currency risk associated with collective investment funds. The Plan has exposure to foreign currency risk in the International Equity and Global Balanced collective investment funds.

The Board's policy with regard to the Interest Income Fund requires that all investments underlying a synthetic investment contract be denominated in U.S. dollars.

The Board's policy with regard to pooled investments requires that all money market holdings be made in entities domiciled in the United States. The Board has no policy with regard to other pooled investments.

(e) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the deposits may not be returned. The Board does not have a policy for custodial credit risk. At December 31, 2009, the Plan's deposits were uncollateralized and uninsured.

(7) Risk and Uncertainty

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of fiduciary net assets.

The Plan may invest in pooled separate accounts, which include securities with contractual cash flows, which may include asset-backed securities, collateralized mortgage obligations, and commercial mortgage-backed securities. The value, liquidity, and related income of these securities are sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.