

June 25, 2004

Dear Companion Plan Participant:

We are pleased to announce that effective August 1, 2004 Fidelity Investments will become the new provider of mutual funds and recordkeeping services for the North Dakota Deferred Compensation Companion Plan. As part of its fiduciary responsibility to you, the PERS Board's policy is to send out a Request for Proposals (RFP) for our provider services every six years. Based on the responses to that RFP and a comprehensive review by the Board and its consultant, Fidelity was selected as the new service provider for this plan for the next six years. With the move to Fidelity, we are also expanding and changing our Companion Plan investment options and services. While PERS is excited to work with Fidelity for the next six years, we do want to express our appreciation and thanks to VALIC for its services over the last six years as the provider for this plan.

In July, you will receive a transition package from Fidelity. This package, which will be mailed to your home address, will include specific information on the transfer of Plan assets to Fidelity, as well as details on your new investment options and Plan enhancements. A beneficiary designation form will be included for you to complete as this information will not transfer from VALIC. In addition, we have also scheduled meetings at various locations throughout the state to give you an opportunity to have a Fidelity and PERS representative explain the transition process and answer your questions. A meeting schedule is enclosed. We encourage you to attend one of these informational sessions.

The NDPERS Board maintains a strong commitment to helping employees plan for a more fulfilling retirement. We hope you will take advantage of all that the Deferred Compensation Companion Plan has to offer.

Sincerely,

Kathy M. Allen
Benefit Programs Manager

**Important notice concerning your rights under the
North Dakota Deferred Compensation Companion Plan**

Date of notice: June 25, 2004

This is notice to you that due to our change in the Deferred Compensation Companion Plan record keeper and in compliance with federal law, you will be temporarily unable to perform certain transactions, including the transfer of assets among investment options or to request a distribution. This period, during which you will be unable to exercise these rights otherwise available through the plan, is called a "blackout" period or "transition" period. The transition period will begin on August 16, 2004 and is expected to end sometime during the week of August 29, 2004.

Whether or not you are planning for retirement in the near future, we encourage you to carefully consider how this transition period may affect your retirement planning, as well as your overall financial plan. During the transition period, you will be unable to direct or diversify the assets held in your account. For this reason, it is very important that you review and consider the appropriateness of your current investments in light of your inability to direct or diversify those investments during the transition period. For your long-term retirement security, you should give careful consideration to the importance of a well-balanced and diversified investment portfolio taking into account all of your assets, income and investments.

Fidelity phone representatives will be available to assist with any questions about your plan beginning July 15, 2004. Simply call Fidelity at 1-800-343-0860 Monday through Friday 7:00 A.M. to 11:00 P.M. CT. In the meantime, if you have questions about the transition period, you can contact NDPERS at 701-328-3900 or toll free at 1-800-703-7377 or e-mail us at ndpers@state.nd.us.

The effective date of plan changes and the end of the transition period will depend on the accurate and timely transfer of data. If successful data transmission is delayed, delivery of Fidelity services and investment options could also be delayed.

The information contained herein has been provided by and is the sole responsibility of North Dakota Public Employees Retirement System.

Transition Workshop Meeting Schedule

Employees are welcome to attend a meeting at any location

Wednesday, July 14

1:00 p.m. MST

Dickinson
Stark County Courthouse
51 3rd St E.
Veterans Rm

3:00 p.m. MST

Dickinson
Dickinson State Univ.
Beck Auditorium
Campus Drive

Thursday, July 15

8:00 a.m. MST

Dickinson
Stark County Courthouse
51 3rd St E.
Veterans Rm

2:00 p.m.

Bank of ND
700 E Main Ave
2nd Floor Conf. Rm

Friday, July 16

8:00 a.m.

Bismarck/Capitol Building
Brynhild/Haugland Rm

10:00 a.m.

Bismarck/Workforce Safety
Multipurpose Rm- Dwnstairs

1:00 p.m.

Bismarck
Capitol Building
Brynhild/Haugland Rm

Tuesday, July 20

8:00 a.m.

Bismarck
Capitol Building
Brynhild/Haugland Rm

10:00 a.m.

Bismarck
Capitol Building
Brynhild/Haugland Rm

3:00 p.m.

Jamestown
Stutsman Co. Law Center
511 2nd Ave SE.
Conference Rm

Wednesday, July 21

9:00 a.m.

Fargo
ND State Univ.
Student Union
Chamber- 3rd Floor

11:00 a.m.

Fargo
SE Human Serv. Center
2624 9th Ave. SW.
Traill Rm

3:00 p.m.

Grafton
Developmental Center
West 6th Street
Dining Room

Thursday, July 22

8:30 a.m.

Grand Forks
Univ. of ND
Student Union
Lower Level – Rm 1618

10:30 a.m.

Grand Forks
Univ. of ND
Student Union
Lower Level – Rm 1618

1:30 p.m.

Grand Forks
NE Human Serv. Center
151 S. 4th Street
5th Floor Conference Rm

3:30 p.m.

Grand Forks
ND Mill & Elevator
1823 Mill Road
1st Floor Conference Rm

*See reverse side for
additional meetings*

Transition Workshop Meeting Schedule cont.

Employees are welcome to attend a meeting at any location

Friday, July 23

9:00 a.m.

Fargo
SE Human Serv. Center
2624 9th Ave SW.
Traill Rm

11:00 a.m.

Fargo
ND State Univ.
Student Union
Chamber – 3rd Floor

Tuesday, July 27

8:00 a.m.

Williston
DOT
District Office
605 W. Dak. Parkway

10:00 a.m.

Williston
NE Human Serv. Center
315 2nd Ave W.
Conference Rm

11:00 a.m.

Bottineau
MSU Campus
Thatcher Hall Library
105 Simrall Blvd.

3:00 p.m.

Minot
Minot State Univ.
Student Union
3rd Floor – Westlie Rm

3:00 p.m.

Rugby
City of Rugby
Ottertail Meeting Rm
226 S. Main Ave

Wednesday, July 28

9:00 a.m.

Minot
North Central H Serv.
400 22nd Ave. NW.
Conference Rm

9:00 a.m.

Devils Lake DOT
316 6th St S.
Conference Rm

11:00 a.m.

Minot
Minot State Univ.
Student Union
3rd Floor – Westlie Rm

11:00 a.m.

Devils Lake
Lake Region Human Serv.
Conference Rm

3:00 p.m.

Devils Lake
Lake Region Dist. Health
Ramsey Co. Courthouse
524 4th Ave
Basement Historical Rm

3:00 p.m.

City of Underwood
City Hall
88 Lincoln Ave
Council Rm

Thursday, July 29

9:00 a.m.

Jamestown
ND State Hospital
Learning Resource Center
Room 306