Date: October 24, 2008

To: Smith Barney and Public Service Credit Union (PSCU) 403(b) Participants

From: Carol J. Shirey, Director

Subject: Important Information on Changes to the University’s 403(b) Plan

Major federal regulatory changes affecting the way that 403(b) tax deferred plans are managed will take effect on January 1, 2009. Participants in the University’s 403(b) program were advised of one of these changes with an earlier effective date via memo dated September 18, 2007 (www.hrs.colostate.edu/benefits/eventsnews/403bLetters.pdf). As a result of the impending changes, many of the companies and fund families that have historically been active in this arena are modifying or ending their participation in the 403(b) environment. Additionally, the open investment model which allowed for investment in virtually the entire universe of mutual funds will no longer be supportable due to the increased regulatory requirements effective with the new year. As a result, two of our four current vendors, Smith Barney and Public Service Credit Union (NORLARCO until taken over by PSCU earlier this year), who have offered the open investment model, recently advised us that they will end their participation in the University’s 403(b) program as of December 31, 2008. Further, we have been advised that one of the fund families that PSCU has been making available in the past will not accept contributions after the October 31st paycheck. It is our understanding that participants in that fund family have been so advised by PSCU. With the exception of that fund family, your normal 403(b) deductions will be made through your December paycheck and will be remitted to either Smith Barney or PSCU. The deduction from your December pay will be the last going to either of these existing plans and you will be required to complete a new 403(b) deduction authorization for January 1, 2009 and beyond if you elect to continue participation in our 403(b) program with one of the vendors authorized beyond that date.

While we have been working with all of our 403(b) vendors throughout this past year on modifying our 403(b) program to comply with the new regulations, including the information sharing requirements for the coordination of loans and hardship withdrawals, several factors, including the recent volatility of the country’s financial systems, have delayed the receipt of hard information from fund sponsors necessary to make our decisions on options going forward.

We understand that the changes to the Smith Barney and PSCU relationships affect your investment options and we are currently reviewing alternatives which will allow continuation of a reasonable number of investment choices that will meet your investment needs while at the same time comply with the requirements of the new regulations and ensure that the University can reasonably manage its plan sponsor obligations dictated by the new regulations. We expect to have a decision on any additional option(s) that may be available in the very near future. We will communicate that information to you as soon as it becomes available.

The following informational meetings have been set to discuss these changes and the options going forward.

- Tuesday, November 4, 2008, 10:00 - 11:00 a.m., room 224/226, Lory Student Center
- Wednesday, November 5, 2008, noon - 1:00 p.m., room C111, Aylesworth Hall