

September 5, 2012

CollegeCounts 529 Portfolio Investment Changes

The investment options offered in the CollegeCounts 529 Fund are reviewed on an ongoing basis. There are several upcoming changes designed to provide additional diversification for investors and enhance the current investment lineup. Details of the changes are included in the enclosed Program Disclosure Statement Supplement. The key changes are summarized as follows:

Increased Diversification

To broaden the overall diversification of the portfolios, the international stock and real estate allocations will increase in Fund 100, Fund 80, Fund 60 and Fund 40 and in the corresponding Age-Based Portfolios. The goal of increasing the international and real estate exposure is a more diversified approach to stock investing. The table below details the Current Asset Allocation and the New Asset Allocation.

“Current Asset Allocation” and the “New Asset Allocation” after the changes

Fund 100	<u>Domestic Equity</u>	<u>International Equity</u>	<u>Real Estate</u>	<u>Fixed Income</u>
Current Allocation	70%	27%	3%	
New Allocation	58%	35%	7%	

Fund 80	<u>Domestic Equity</u>	<u>International Equity</u>	<u>Real Estate</u>	<u>Fixed Income</u>
Current Allocation	57%	21%	2%	20%
New Allocation	47%	28%	5%	20%

Fund 60	<u>Domestic Equity</u>	<u>International Equity</u>	<u>Real Estate</u>	<u>Fixed Income</u>
Current Allocation	43%	15%	2%	40%
New Allocation	36%	21%	3%	40%

Fund 40	<u>Domestic Equity</u>	<u>International Equity</u>	<u>Real Estate</u>	<u>Fixed Income</u>
Current Allocation	30%	9%	1%	60%
New Allocation	27.5%	11%	1.5%	60%

The above investment changes will be implemented in the following highlighted Age-Based Portfolios:

Age-Based Track	<i>Beneficiary Age</i>				
	<i>0 – 8</i>	<i>9 – 12</i>	<i>13 – 16</i>	<i>17 – 20</i>	<i>21 and over</i>
Aggressive	Fund 100	Fund 80	Fund 60	Fund 40	Fund 20
Moderate	Fund 80	Fund 60	Fund 40	Fund 20	Fixed Income
Conservative	Fund 60	Fund 40	Fund 20	Fixed Income	Money Market

New Investment Fund

One of the Program’s goals is to provide a diverse group of investment options. In keeping with that goal, the Program will also be adding the Fidelity Advisor Investment Grade Bond Fund as an Individual Fund Portfolio.

Individual Fund Change

As part of our ongoing due diligence and monitoring of Portfolios, the Fidelity Advisor Mid Cap II 529 Portfolio will be removed as an Individual Fund Portfolio. The current assets and any future contributions directed to the Fidelity Advisor Mid Cap II 529 Portfolio will automatically be invested into the existing Vanguard Mid-Cap Index 529 Portfolio.

What do you need to do? As a current investor no action will be required on your part. **The changes will be made to the Portfolios on Tuesday, October 10th.** You will receive an updated Program Disclosure Statement at that time. These changes to the Program are not considered an investment change to your account.

What if I want to invest differently than outlined? If you choose to change the Portfolio in which you invest, you may use your once per calendar year investment change for 2012 to select a new Portfolio(s). If you have questions regarding the Program, your account, or the upcoming enhancements, please feel free to contact one of our customer care representatives at (866) 529 - 2228 between 7:30 am and 6:00 pm CT Monday through Friday.

Thank you for investing with CollegeCounts!

CollegeCounts 529 Fund Program Disclosure Statement

The CollegeCounts 529 Fund (the "Program") Program Disclosure Statement dated July 30, 2010, as supplemented, is hereby amended as follows:

❖ **Asset Allocation Changes**

To provide additional diversification the Program is making modifications to the asset allocations of the Target and Age-Based Portfolios. These changes will be effective October 10, 2012 and are detailed below.

The following tables show the current and new asset allocations of the Target Portfolios, which are expected to go into effect on October 10, 2012.

Current Target Portfolio Asset Allocations

Current Asset Allocation	Fund 100	Fund 80	Fund 60	Fund 40
Vanguard Total Stock Market Index Fund	70%	57%	43%	30%
Domestic Equity Total	70%	57%	43%	30%
Vanguard Total International Stock Index Fund	27%	21%	15%	9%
International Equity Total	27%	21%	15%	9%
Vanguard REIT Index Fund	3%	2%	2%	1%
Real Estate Total	3%	2%	2%	1%
Vanguard Total Bond Market Index Fund	0%	15%	33%	51%
Vanguard Inflation-Protected Securities Fund	0%	5%	7%	9%
Bond Total	0%	20%	40%	60%
Vanguard Prime Money Market Fund	0%	0%	0%	0%
Money Market Total	0%	0%	0%	0%
TOTAL	100%	100%	100%	100%

New Target Portfolio Asset Allocations

(effective October 10, 2012)

Current Asset Allocation	Fund 100	Fund 80	Fund 60	Fund 40
Vanguard Total Stock Market Index Fund	58%	47%	36%	27.5%
Domestic Equity Total	58%	47%	36%	27.5%
Vanguard Total International Stock Index Fund	35%	28%	21%	11%
International Equity Total	35%	28%	21%	11%
Vanguard REIT Index Fund	7%	5%	3%	1.5%
Real Estate Total	7%	5%	3%	1.5%
Vanguard Total Bond Market Index Fund	0%	15%	33%	51%
Vanguard Inflation-Protected Securities Fund	0%	5%	7%	9%
Bond Total	0%	20%	40%	60%
Vanguard Prime Money Market Fund	0%	0%	0%	0%
Money Market Total	0%	0%	0%	0%

Set forth in the table below are the Age-Based Portfolios and the corresponding Target Portfolios in which they invest. The asset allocations of the Age-Based Portfolios listed below will also change as a result of the changes to the Target Portfolios that are described above.

Age-Based Portfolio	<i>age of beneficiary</i>			
	0 - 8	9 – 12	13 – 16	17 – 20
Age-Based Aggressive	Fund 100	Fund 80	Fund 60	Fund 40
Age-Based Moderate	Fund 80	Fund 60	Fund 40	
Age-Based Conservative	Fund 60	Fund 40		

❖ **Individual Fund Portfolio to be Removed**

Effective October 10, 2012 the Fidelity Advisor Mid Cap II 529 Portfolio will be removed as an Individual Fund Portfolio and will no longer be offered. On October 10, 2012, funds invested in the Fidelity Advisor Mid Cap II 529 Portfolio will automatically be transferred to the Vanguard Mid-Cap Index 529 Portfolio.

❖ **New Fund**

Effective October 10, 2012, the Program will offer one new fund. The Fidelity Advisor Investment Grade Bond Fund will be added as an Individual Fund Portfolio.

The Program Disclosure Statement is further amended as follows:

- The following “*Individual Fund Portfolio*” is added to page 13 under the Fixed Income 529 Portfolios section:

Fidelity Advisor Investment Grade Bond 529 Portfolio – invests solely in the Fidelity Advisor Investment Grade Bond Fund (Instl.). The fund seeks a high level of current income.

- The following “*Individual Fund Portfolio*” on page 14 is deleted: Fidelity Advisor Mid Cap II 529 Portfolio.
- The Fidelity Advisor Investment Grade Bond 529 Portfolio is added to the “*Fee and Expense Table*” on page 18, and to the Hypothetical Expense Table on page 19-20, as set forth in the tables below:

Fee & Expense Table

	<u>Underlying Fund Expense</u>	<u>Program Management</u>	<u>State Fee</u>	<u>Total Annual Asset-Based Fee</u>
Fidelity Advisor Investment Grade Bond 529 Portfolio	0.48%	0.25%	none	0.73%

Approximate Cost of a \$10,000 Investment

	<u>One Year</u>	<u>Three Years</u>	<u>Five Years</u>	<u>Ten Years</u>
Fidelity Advisor Investment Grade Bond 529 Portfolio	\$75	\$234	\$407	\$909

NEW INVESTMENT FUND DESCRIPTION

In "Exhibit C – Investment Portfolios and Mutual Fund Information" beginning on page 35, the summary and descriptions of the investment objectives and strategies, primary risks, and fees and expenses of the new investment fund are set forth below. The description is taken from the prospectus of the fund and is intended to summarize the investment objectives and policies. **For more complete information regarding any fund, you may visit www.CollegeCounts529.com or contact us at (866) 529 – 2228. All investments carry some degree of risk which will affect the value of a fund's investments, investment performance, and price of its shares. It is possible to lose money by investing in the Funds. For complete information please see the Fund's Prospectus.**

Fidelity Advisor Investment Grade Bond Fund (Ticker FGBPX)

(Institutional Shares)

Investment Objective The fund seeks a high level of current income.

Principal Investment Strategies

- Normally investing at least 80% of assets in investment-grade debt securities (those of medium and high quality) of all types and repurchase agreements for those securities.
- Managing the fund to have similar overall interest rate risk to the Barclays Capital U.S. Aggregate Bond Index.
- Allocating assets across different market sectors and maturities.
- Investing in domestic and foreign issuers.
- Analyzing the credit quality of the issuer, security-specific features, current and potential future valuation, and trading opportunities to select investments.
- Potentially investing in lower-quality debt securities.
- Engaging in transactions that have a leveraging effect on the fund, including investments in derivatives – such as swaps (interest rate, total return, and credit default) and futures contracts – and forward-settling securities, to adjust the fund's risk exposure.
- Investing in Fidelity's central funds (specialized investment vehicles used by Fidelity funds to invest in particular security types or investment disciplines).

Principal Investment Risks

- **Interest Rate Changes.** Interest rate increases can cause the price of a debt security to decrease.
- **Foreign Exposure.** Foreign markets can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market, or economic developments and can perform differently from the U.S. market.
- **Prepayment.** The ability of an issuer of a debt security to repay principal prior to a security's maturity can cause greater price volatility if interest rates change.
- **Issuer-Specific Changes.** The value of an individual security or particular type of security can be more volatile than, and can perform differently from, the market as a whole. A decline in the credit quality of an issuer or a provider of credit support or a maturity-shortening structure for a security can cause the price of a security to decrease. Lower-quality debt securities (those of less than investment-grade quality) involve greater risk of default or price changes due to changes in the credit quality of the issuer. The value of lower-quality debt securities can be more volatile due to increased sensitivity to adverse issuer, political, regulatory, market, or economic developments.
- **Leverage Risk.** Leverage can increase market exposure, magnify investment risks, and cause losses to be realized more quickly.

An investment in the fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Unlike individual debt securities, which typically pay principal at maturity, the value of an investment in the fund will fluctuate. You could lose money by investing in the fund.