LONESTAR
529 PLAN®
Imagine the Possibilities

Plan Description
and
Savings Trust Agreement

July 29, 2011

The LoneStar 529 Plan (the "Plan") is a Section 529 Plan administered by the Texas Prepaid Higher Education Tuition Board. OFI Private Investments Inc. is the Plan Manager and OppenheimerFunds Distributor, Inc. is the Plan Distributor. This Plan Description and the Savings Trust Agreement (including the Account Application) contains information that you should know before participating in the Plan, including information about sales charges, fees, expenses and risks. Please read them before investing and keep them for future reference.

Susan Combs Texas Comptroller of Public Accounts

OFI Private Investments
The Right Way to Invest

LoneStar 529 Plan

Plan Description and Savings Trust Agreement

July 29, 2011

The LoneStar 529 Plan (the "Plan") has been authorized pursuant to the Texas Education Code, Chapter 54, Subchapters F and G. The information contained in this Plan Description is believed to be accurate as of the date hereof and is subject to change without notice. No one is authorized to provide information that is different from the information contained in this Plan Description. In the event of any conflicts between this Plan Description and the Internal Revenue Code of 1986, as amended, the Texas Education Code, the Texas Administrative Code and the Savings Trust Agreement, the Internal Revenue Code of 1986, as amended, the Texas Education Code, the Texas Administrative Code and the Savings Trust Agreement control over this Plan Description, in that order.

No investment in the Plan will be insured by the Federal Deposit Insurance Corporation (the "FDIC") or any other state or federal governmental agency. Investments in the Plan are not deposits or other obligations of any depository institution. No part of an account, the principal invested, nor any investment return is insured or guaranteed by the FDIC, the State of Texas, the Texas Prepaid Higher Education Tuition Board, any other state or federal governmental agency, or OFI Private Investments Inc. or its affiliates. In short, an account might not make money and could lose money (including the principal invested) if money is invested in the Plan. Savings Trust Agreements have not been registered with the U.S. Securities and Exchange Commission or with any state.

Earnings withdrawn to pay the Qualified Higher Education Expenses of the Designated Beneficiary of an Account are currently free from federal income tax and may be free from state income tax depending on state and residency. Non-Qualified Withdrawals will generally be subject to income tax on earnings plus a 10% additional federal tax on such earnings. An Account Owner should consult his or her tax advisor for more information.

Residents of states other than Texas should consider before investing whether their, or the beneficiary's, home state offers a Section 529 Plan which provides its residents with favorable state tax treatment or other benefits that may only be available through investment in the home state's Section 529 Plan, and which are not available through investment in the Plan. This Plan Description does not address any state-based benefits. State-based benefits offered with respect to a particular Section 529 Plan should be one of many appropriately weighted factors considered in making an investment decision. You should consult with your financial, tax or other advisor to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances. You also may wish to contact your home state or other Section 529 Plans to learn more about the features, benefits and limitations of other states' Section 529 Plans.

Section 529 Qualified Tuition Programs are intended to be used only to save for qualified higher education expenses. These Programs are not intended to be used, nor should they be used, by any taxpayer for the purpose of evading federal or state taxes or tax penalties. In addition, in order to comply with requirements of the U.S. Treasury Department and Internal Revenue Service ("IRS"), we advise you that this Plan Description (i) is not intended as individual tax advice to any person (including any Account Owner or Designated Beneficiary), (ii) is provided as general information in connection with the promotion or marketing of the Plan and (iii) is not provided or intended to be used, and cannot be used, by any taxpayer, for the purpose of avoiding U.S. tax penalties. Taxpayers may wish to seek tax advice from an independent tax advisor based on their own particular circumstances.

FOR USE BY CUSTOMERS ENROLLING THROUGH A FINANCIAL ADVISOR.

IMPORTANT PRIVACY INFORMATION

OFI PRIVATE INVESTMENTS PRIVACY NOTICES

As an Account Owner of the LoneStar 529 Plan (the "Plan"), you are entitled to know how OFI Private Investments protects your personal information and how we limit its disclosure.

Information Sources

We obtain nonpublic personal information about our Account Owners and Designated Beneficiaries from the following sources:

- Applications or other forms
- When you create a user ID and password for online Account access
- When you enroll in our electronic document delivery service
- Your transactions with us, our affiliates or others
- A software program on the Plan's website, often referred to as a "cookie," which indicates which parts of our site you've visited
- When you set up challenge questions to reset your password online

If you visit **www.lonestar529.com** and do not log on to the secure Account information areas, we do not obtain any personal information about you. When you do log on to a secure area, we do obtain your user ID and password to identify you. We also use this information to provide you with products and services you have requested and to assist you in other ways.

We do not collect personal information through the Plan's website or on the Account Application unless you willingly provide it to us, either directly by email or in those areas of the website that request information. In order to update your personal information (including your mailing address, email address and telephone number), you must first log on and visit the "My Accounts" section and select the "Account Maintenance" menu for mailing address and telephone numbers and "My Profile" for email address.

If you have set your browser to warn you before accepting cookies, you will receive the warning message with each cookie. You can refuse cookies by turning them off in your browser. However, doing so may limit your access to certain sections of the Plan's website.

We use cookies to help us improve and manage the Plan's website. For example, cookies help us recognize new versus repeat visitors to the site, track the pages visited, and enable some special features on the website. This data helps us provide a better service for the Plan's website visitors.

Protection of Information

We do not disclose any nonpublic personal individual Account information about current or former Account Owners and Designated Beneficiaries to anyone, except as permitted by law.

Disclosure of Information

We send your financial advisor (as designated by you) copies of confirmations, account statements and other documents reporting activity in your Accounts.

Right of Refusal

We will not disclose your personal information to unaffiliated third parties (except as permitted by law), unless you, the person who provides the information or the person who is the subject of the information gives express written consent to such disclosure.

Internet Security and Encryption

In general, the email services provided by the Plan's website are encrypted and provide a secure and private means of communication with us. To protect your own privacy, confidential and/or personal information should only be communicated via email when you are advised that you are using a secure website.

As a security measure, we do not include personal or Account information in nonsecure emails, and we advise you not to send such information to us in nonsecure emails. Instead, you may take advantage of the secure features of the Plan's website to encrypt your email correspondence. To do this, you will need to use a browser that supports Secure Sockets Layer (SSL) protocol.

We do not guarantee or warrant that any part of the Plan's website, including files available for download, are free of viruses or other harmful code. It is your responsibility to take appropriate precautions, such as use of an antivirus software package, to protect your computer hardware and software.

- All transactions are secured by SSL and 128-bit encryption. SSL is used to establish a secure connection between your PC and the Plan server. It transmits information in an encrypted and scrambled format
- Encryption is achieved through an electronic scrambling technology that uses a "key" to code and then decode the data. Encryption acts like the cable converter box you may have on your television set. It scrambles data with a secret code so that no one can make sense of it while it is being transmitted. When the data reaches its destination, the same software unscrambles the data
- You can exit the secure area by either closing your browser, or for added security, you can use the log out button before you close your browser

Other Security Measures

We maintain physical, electronic and procedural safeguards to protect your personal Account information. Our employees and agents have access to that information only so that they may offer you products or provide services, for example, when responding to your Account questions.

How You Can Help

You can also do your part to keep your Account information private and to prevent unauthorized transactions. If you obtain a user ID and password for your Account, do not allow it to be used by anyone else. Also, take special precautions when accessing your Account on a computer used by others.

Who We Are

This joint notice describes the Privacy Policy of OFI Private Investments Inc. and OppenheimerFunds Distributor, Inc. as the Plan Manager and Distributor, respectively, of the Plan. This notice was last updated on June 30, 2011. In the event it is updated or changed, we will post an updated notice on the Plan's website. If you have any questions about this Privacy Policy, write to us at P.O. Box 173881, Denver, CO 80217, email us by clicking on the "Contact Us" section of the Plan's website at **www.lonestar529.com** or call us at **800.445.GRAD (4723), option #4.**

STATE OF TEXAS PRIVACY NOTICES

Federal Privacy Act Notice: Disclosure of your social security number on the Application is required and authorized under law, for the purpose of tax administration and identification of any individual affected by applicable law. 42 U.S.C. §405(c)(2)(C)(i); Tex. Gov't Code §403.011 and Tex. Educ. Code §54.702. Texas Privacy Notice: Under Chapter 559, Texas Government Code, you are entitled to review, request, and correct information we have on file about you, with limited exceptions in accordance with Chapter 552, Texas Government Code. To request information for review or to request error correction, contact us at P.O. Box 173691, Denver, CO. 80217 or toll-free at **800.445.GRAD (4723), option #4.**

Table of Contents

DEFINITIONS OF KEY TERMS

Set forth below are definitions of certain key terms used in this Plan Description. Other terms are defined elsewhere in this document.

Account means a Savings Trust Account that is established by an Account Owner pursuant to a Savings Trust Agreement for purposes of investing in one or more Portfolios.

Account Owner means the individual or entity signing the Account Application and establishing an Account or any successor to such individual or entity. References in this document to "you" mean you in your capacity as the Account Owner.

Age Based Portfolio means a Portfolio in the Age Based Approach. Assets invested in Age Based Portfolios are automatically moved into another Age Based Portfolio when the Designated Beneficiary reaches the next age group.

AIP means an automatic investment plan including automatic payments from the Account Owner's bank account or other financial institution or through payroll deductions.

Board means the Texas Prepaid Higher Education Tuition Board.

Broker means any individual or entity that is appropriately licensed and who has entered into an agreement with the Plan Distributor to distribute Savings Trust Agreements and interests in the Plan represented by Accounts to public investors. This term also may include other financial intermediaries such as investment advisors or banks.

Code means the Internal Revenue Code of 1986, as amended.

Contribution means an amount invested in an Account.

Coverdell ESA means a Coverdell Education Savings Account.

Designated Beneficiary means the individual designated in your Savings Trust Agreement whose Qualified Higher Education Expenses are expected to be paid from the Account or, for Accounts owned by a state or local government or qualifying tax-exempt organization (otherwise known as a 501(c)(3) entity) as part of its operation of a scholarship program, the recipient of a scholarship. Any individual may be the Designated Beneficiary of an Account, including the Account Owner.

Distributee means the Designated Beneficiary or Account Owner who receives or is deemed to have received a distribution.

EFT means electronic funds transfer.

Eligible Educational Institution means an accredited post-secondary educational institution offering credit toward a bachelor's degree, an associate's degree, a graduate level or professional degree, or another recognized post-secondary credential, which is eligible to participate in certain federal student financial aid programs. Certain proprietary institutions, foreign institutions and post-secondary vocational institutions are also included as are certain specified military academies.

IRS means the Internal Revenue Service.

Maximum Contribution Limit means the maximum aggregate account balance (currently $320,000) per Designated Beneficiary aggregated across all accounts in Texas-sponsored 529 Plans that cannot be exceeded through additional Contributions. Accounts that have reached the limit may continue to accrue earnings, but additional Contributions are prohibited. See "Maximum Contribution Limit" on page 5 for details.

Member of the Family means a relative of the Designated Beneficiary as defined under Section 529 of the Code. See "Member of the Family" on page 26 for details.

Non-Qualified Withdrawal means a distribution from an Account that is not used to pay for Qualified Higher Education Expenses.

Plan means the LoneStar 529 Plan, a Section 529 Plan administered by the Texas Prepaid Higher Education Tuition Board.

Plan Description means the LoneStar 529 Plan, Plan Description and Savings Trust Agreement, as amended and supplemented from time to time.

Portfolio means a Plan portfolio, which may invest in mutual funds or other investments.

Plan Distributor means OppenheimerFunds Distributor, Inc.

Plan Manager means OFI Private Investments Inc. The Plan Manager provides administrative, recordkeeping, and investment advisory services for the Plan.

Program Parties means the State of Texas, the Board, the Plan, the Plan Manager and the Plan Distributor.

Qualified Higher Education Expenses means tuition, fees, and the cost of books, supplies and equipment required for the enrollment or attendance of a Designated Beneficiary at an Eligible Educational Institution; the cost of room and board incurred while attending an Eligible Educational Institution at least half-time; and expenses for special needs services in the case of a Special Needs Beneficiary who incurs such expenses in connection with enrollment or attendance at an Eligible Educational Institution.

Qualified Withdrawal means a withdrawal from an Account that is used to pay the Qualified Higher Education Expenses of the Designated Beneficiary.

Savings Trust Agreement means the contract between the Account Owner and the Board, which establishes the Account and the obligations of the Board and the Account Owner.

Section 529 Plan means a college savings program established under and operated in accordance with Section 529 of the Code.

Static Portfolio means a Portfolio in which your investment will remain until you instruct the Plan to move it to another Portfolio.

Successor Account Owner means the person designated by the Account Owner to assume ownership of the Account in the event the Account Owner dies while there is still money in the Account.

UGMA/UTMA means the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act.

Underlying Investment(s) means the one or more mutual funds or other investment vehicles in which assets of the Portfolios are invested.

Unit(s) means interests in a Portfolio that are purchased with Contributions to an Account.

OVERVIEW

The Plan, established by the State of Texas, administered by the Texas Prepaid Higher Education Tuition Board, and managed by OFI Private Investments Inc., provides a tax-advantaged vehicle to save for college, graduate school and other forms of higher education. The Plan is intended to comply with Section 529 of the Code.

Capitalized terms not defined in the text have the meanings set forth in the section titled "Definitions of Key Terms."

No dealer, financial advisor, Broker, salesperson or other person has been authorized to provide any information or to make any representation other than those contained in this Plan Description. If given or made, such other information or representations must not be relied upon.

Statements contained in this Plan Description, which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. The information and expressions of opinion herein are subject to change without notice. Neither delivery of this Plan Description, nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the LoneStar 529 Plan since the date of this Plan Description.

Information in this Plan Description is believed to be accurate as of the date of the Plan Description and is subject to change without notice.

PLAN HIGHLIGHTS

These Plan Highlights only summarize features of the Plan. More detailed information about the Plan, including establishing an Account, the Portfolios, sales charges, fees and expenses, investment risks, and tax consequences, are described in the pages that follow. Please read this entire Plan Description and the Savings Trust Agreement carefully before investing and keep them for future reference.

Plan Administrator

(See "Introduction" on page 1 for details.)

- The Texas Prepaid Higher Education Tuition Board administers the Plan.

Service Providers

(See "Introduction" on page 1 for details.)

- OFI Private Investments Inc. serves as Plan Manager and is responsible for the day-to-day operation of the Plan.
- OppenheimerFunds Distributor, Inc. is responsible for the marketing and distribution of the Plan.

Eligible Account Ownership

(See "The Application Process" on page 1 for details.)

The Plan is available (without restriction on state of residence or income) to:

- United States citizens or permanent resident aliens 18 years or older who have a valid Social Security number.
- State or local government, or tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code.
- There can be only one Account Owner and one Designated Beneficiary for each account. An Account Owner can be the Designated Beneficiary of the Account.
- Custodians of UGMA/UTMA accounts can open an Account.
- The Account Owner can designate a Successor Account Owner who becomes the owner of the Account in the event of the Account Owner's death.

Age Limits

- Account Owner must be 18 years or older.
- No age limit for the Designated Beneficiary.

Designated Beneficiary

(See "The Application Process" on page 1 for details.)

- Can be any age, must have a valid Social Security number, and does not need to be related to the Account Owner.
- Can only be changed to a Member of the Family, as defined by Section 529 of the Code, of the existing Designated Beneficiary.
- A government entity or 501(c)(3) not-for-profit organization can establish Accounts to fund scholarship programs without designating a Designated Beneficiary.
- Designated Beneficiary of UGMA/UTMA accounts cannot be changed.

Control of Account

(See "The Application Process" on page 1 for details.)

The Account Owner

- Retains ownership and control of how and when Account assets are used.
- May change the Designated Beneficiary of the Account, only if the new Designated Beneficiary is a Member of the Family of the former Designated Beneficiary.
- Individuals (including the Designated Beneficiary) who are not the Account Owner may make Contributions to an Account; however, the Account Owner will retain ownership and control over the Account (including withdrawals) and will have control over the monies contributed by such third-party contributors.
- May take Non-Qualified Withdrawals, subject to applicable federal and state income taxes on earnings and a 10% additional federal tax on earnings.

Minimum Contributions

(See "Contributions" on page 3 for details.)

- $25 minimum per Portfolio ($15 minimum per Portfolio when funding an Account through AIP or payroll deduction)

Maximum Contribution Limit
(See "Maximum Contribution Limit" on page 5 for details.)

- Maximum Contribution Limit currently in place is $320,000, subject to adjustment in the future.
- Accounts that have reached the limit may continue to accrue earnings, but additional Contributions (including rollover Contributions) are prohibited.
- The Maximum Contribution Limit applies to aggregate contributions to all Accounts for a particular Designated Beneficiary under the Plan and all other Texas Section 529 Plans.
- Once the aggregate Account balance falls below the Maximum Contribution Limit, additional Contributions can be made.

Qualified Withdrawals
(See "Withdrawals" on page 26 for details.)

- Account balances may be used to pay for tuition, room and board, supplies, and equipment required for enrollment by a Designated Beneficiary at any Eligible Educational Institution in the U.S. or abroad (including expenses for special needs services for a special needs Designated Beneficiary incurred in connection with such attendance).

Investment Approaches
(See "Investment Approaches" on page 6 for details.)
The Plan offers the following investment options:

- Age Based Approach—Automatic asset allocation changes based upon the Designated Beneficiary's age.
- Static and Individual Approach—Design your own asset allocation across the risk/reward spectrum.
- Account Owners can change how previous Contributions (and any earnings thereon) have been allocated among the available investment options for all Accounts for the same Designated Beneficiary once per calendar year or upon a change of the Designated Beneficiary.
- Account Owners may hold more than one Portfolio within an Account. Certain exceptions may apply.
- Account Owners can only hold one share class within an Account.
- Portfolio asset allocations, investment guidelines and Underlying Investments may change from time to time.

Sales Charges, Fees and Expenses
(See "Sales Charges, Fees and Expenses" on page 13 for details.)

- Total Annual Asset-based Plan Fees, vary based on the Portfolio option selected.
- Sales charges vary by Unit class selected.
- Total Annual Asset-based Plan Fees range from:

Class A Units	0.48% to 1.57%[1]
Class B Units	0.48% to 2.32%
Class C Units	0.48% to 2.32%

- Other fees and charges may apply.

Investment Risks and Other Considerations
(See "Plan and Portfolio Risks" on page 30 for details.)

- Account assets are not guaranteed and an Account may lose money.
- Federal and state tax laws may change.
- Investment options, sales charges, fees and expenses may change.
- Contributions to an Account may affect the eligibility of the Designated Beneficiary or the Account Owner for federal and state benefits (e.g., financial aid, Medicaid).

Federal Tax Treatment
(See "Tax Treatment of Investments and Withdrawals" on page 27 for details.)

- Account earnings accrue federal income tax free.
- No federal gift tax on contributions up to $65,000 ($130,000 for spouses electing to split gifts)—subject to certain pro-ration requirements.
- Contributions are generally considered completed gifts for federal gift and estate tax purposes.
- Contributions made by a decedent on behalf of a Designated Beneficiary are generally not included in the decedent's estate for federal estate tax purposes.
- The earnings portion of a Qualified Withdrawal is not taxable to the Account Owner or Designated Beneficiary.
- The earnings portion of a Non-Qualified Withdrawal is includable in the taxable income of the Account Owner and possibly the Designated Beneficiary if paid to the Designated Beneficiary.
- Subject to certain exceptions, the earnings portion of a Non-Qualified Withdrawal also will be subject to an additional 10% federal tax.

State Tax Treatment
(See "Tax Treatment of Investments and Withdrawals" on page 27 for details.)

- Texas does not impose a state income tax on individuals. However, if an Account Owner is a taxable business entity, earnings on Non-Qualified distributions may be subject to the Texas franchise tax.
- State tax treatment varies from state to state.

Portfolio Performance
(See "Portfolio Performance Information" on page 10 for details.)

- Performance information for the Portfolios is updated each trading day on the Plan's website at **www.lonestar529.com.**
- **Past performance is not a guarantee of future performance. Investment results may be better or worse than the performance shown.**

Additional Information

- Consult a financial advisor for additional information.

1. As a percentage of a Portfolio's average annual net assets.

Contact Information

LoneStar 529 Plan
c/o OFI Private Investments Inc.
P.O. Box 173881
Denver, CO 80217
www.lonestar529.com
800.445.GRAD (4723), option #4

Comments or Complaints

Comments or complaints may be forwarded to the Prepaid Higher Education Tuition Program, Office of the Comptroller of Public Accounts, P.O. Box 13407, Austin, Texas 78711-3407 or by calling 1.512.936.2064.

INTRODUCTION

THE PURPOSE OF THE PLAN

As authorized by the Texas State Legislature, the Plan offers a Section 529 Plan for tax-advantaged savings trust accounts from which distributions will be made for Qualified Higher Education Expenses at an Eligible Educational Institution. To benefit fully from the Plan, the Designated Beneficiary must attend an Eligible Educational Institution and use the funds for Qualified Higher Education Expenses.

Residents of states other than Texas should consider before investing whether their, or the beneficiary's, home state offers a Section 529 Plan which provides its residents with favorable state tax treatment or other benefits that may only be available through investment in the home state's Section 529 Plan, and which are not available through investment in the Plan. This Plan Description does not address any state-based benefits. State-based benefits offered with respect to a particular Section 529 Plan should be one of many appropriately weighted factors considered in making an investment decision. You should consult with your financial, tax or other advisor to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances. You also may wish to contact your home state or other Section 529 Plans to learn more about the features, benefits and limitations of that state's Section 529 Plans.

The Plan Manager. The Board has retained OFI Private Investments Inc. as Plan Manager to advise the Board on the investment of Plan assets as well as to provide other services relating to establishing accounts for Account Owners, marketing the Plan and keeping records for the Plan. OppenheimerFunds Distributor, Inc. is the distributor of the Plan. OppenheimerFunds Distributor, Inc. is an affiliate of OFI Private Investments Inc. The Plan Manager will be acting on behalf of the Board. The Board retains ultimate authority to manage the investments of the Plan.

The Investment Managers. OFI Private Investments Inc., with the approval of the Board, retained OppenheimerFunds, Inc. (an affiliate of the Plan Manager), The Dreyfus Corporation ("Dreyfus"), Teachers Advisors, Inc., an affiliate of TIAA-CREF ("TIAA-CREF") and Thornburg Investment Management, Inc. ("Thornburg") to be an Investment Manager for the Plan. In such capacity, each such investment manager serves as the investment manager of the Underlying Investment(s) in which the Portfolio invests. The board of trustees and/or investment manager for a particular Underlying Investment, and not the Plan Manager, manage, operate and determine the investment policies of the Underlying Investment.

The Board. The Plan is maintained by the State of Texas and is administered by the Board. The Board, which serves as trustee of the Plan's assets, has the authority to appoint a Plan Manager, adopt rules and regulations to implement and administer the Plan, and establish investment policies for the Plan. The Plan assets are maintained separately from other Section 529 Plans established by the State of Texas and assets of the State of Texas.

Additional information about the Board, the Plan Manager and the Plan Distributor is available at **www.lonestar529.com** or by calling **800.445.GRAD (4723), option #4.**

THE APPLICATION PROCESS

An Account Owner may be an individual, a state or local government, a tax-exempt organization described in Section 501(c) (3) of the Code, a custodian under a UGMA/UTMA, or another type of legal entity, such as a trust or a corporation. A prospective Account Owner must complete an Account Application and consent and agree to the terms and conditions of the Savings Trust Agreement between the Account Owner and the Board, and any other documents required by the Plan Manager or the Board and make the minimum Contribution required by the Plan Manager for an Account to be established. There is no fee or charge for establishing an Account. Accounts will not be established, orders will not be executed, and the Account Application and Contribution amount will be returned if the Account Application is not complete. Signing an Account Application acknowledges receipt of this Plan Description and the Savings Trust Agreement and acceptance of the terms and conditions of the Savings Trust Agreement. Each Account will be established as a separate Account under the Plan for a single Designated Beneficiary.

Account Ownership. Any individual, trust, estate, Uniform Gift to Minors Act ("UGMA") or Uniform Transfer to Minor Act ("UTMA") custodian, guardian, corporation, nonprofit entity or other legal entity (such as a partnership or limited liability company) may participate in the Plan by completing an Account Application and making contributions to an Account. Accounts may only be established by individuals 18 years or older and entities that are United States persons (within the meaning of Code Sec. 7701(a)(30)). If an Account is opened by an entity, trustee, custodian, guardian or conservatee, rather than an individual, additional documents may be required. Account Owners are not restricted by income or state of residence. An Account must have only one owner; joint ownership is not permitted.

As an Account Owner, under Texas law you may change the Designated Beneficiary of your Account only to a Member of the Family of the current Designated Beneficiary (see "Changing the Designated Beneficiary"), transfer assets to another Account or to another Section 529 Plan (see "Other Withdrawals"), or withdraw assets from the Account (see "Other Withdrawals"), in each case subject to any applicable additional tax or regular taxes. For example, you can do any of the foregoing if money remains in your Account after the Designated Beneficiary has completed his or her education.

Successor Account Owner. An Account Owner may designate a Successor Account Owner in the Account Application or online at **www.lonestar529.com.** An Account Owner may only change a previous designation upon written notice to the Plan Manager. If the original Account Owner dies, the Successor Account Owner becomes the Account Owner. If an Account Owner did not complete the Successor Account Owner information, ownership of the Account will pass according to the terms of the Account Owner's will following probate. If the Account Owner does not provide this information on the Account Application and does not make any provision in a will, ownership will pass by operation of law.

Changing the Account Owner. You may transfer your Account to another Account Owner without changing the Designated Beneficiary of your Account. Such a transfer will be effective only if it is irrevocable and transfers all rights, title, interest and power over the Account to the new Account Owner. The tax consequences associated with a transfer of ownership are uncertain. You should consult with a qualified tax advisor concerning the potential income, gift and estate tax consequences of a transfer of ownership before effecting such a transfer. To effect a transfer of ownership, please contact the Plan Manager.

Only One Designated Beneficiary. Each Account can have only one Account Owner and one Designated Beneficiary at any time. However, there may be multiple Accounts for the same Designated Beneficiary opened by the same or multiple Account Owners. An Account Owner may open as many Accounts for as many different Designated Beneficiaries as he or she wishes. The Designated Beneficiary can be the Account Owner or any other individual. The Designated Beneficiary need not be related to the Account Owner in any way. The Designated Beneficiary must be designated at the time the Account is opened. Exception: a Designated Beneficiary does not have to be named when the Account Owner is a state or local government (or agency or instrumentality thereof) or an organization described in Code section 501(c)(3) and exempt from taxation under Code section 501 (a) as part of a scholarship program operated by such government or organization.

Investments in the Plan. Your Savings Trust Agreement and Account represents an investment in a security issued by the Plan (an "Interest"), and this Interest is being distributed by the Plan Distributor.

Investors should consider the structure of the Plan and the different investment strategies employed by and risks of each Portfolio, including the Age Based Portfolios, before opening an Account.

Changing the Designated Beneficiary of Your Account. With the exception of Accounts funded by proceeds from an UGMA/UTMA account, Account Owners may change the Designated Beneficiary of an Account. See "Changing the Designated Beneficiary." Under Texas law, the new Designated Beneficiary must be a Member of the Family of the former Designated Beneficiary. If the new Designated Beneficiary is a Member of the Family of the existing Designated Beneficiary, there is no penalty or adverse income tax consequences resulting from such change. If you wish to change the Designated Beneficiary to someone who is not a Member of the Family of the existing Designated Beneficiary, you would make a Non-Qualified Withdrawal, which would be subject to federal income taxation on the investment earnings withdrawn, as well as an additional 10% federal tax on such investment earnings withdrawn as a Non-Qualified Withdrawal, unless an exception applies. Creating a new Account may also be treated for federal gift tax purposes as a new Contribution of the entire amount contributed. Upon a change in Designated Beneficiary for an Account, the Account Owner may also select a different investment option.

Changing the Designated Beneficiary of an Account can have significant gift tax or generation-skipping-transfer tax consequences. You should consult with a tax advisor prior to changing the Designated Beneficiary of your Account.

Requesting a Change in Designated Beneficiary. You may request a change of the person designated as Designated Beneficiary only by completing a Change of Designated Beneficiary Form. If you change the person designated as Designated Beneficiary of your Account, you may select new investment options for the new Designated Beneficiary based on the circumstances of the new Designated Beneficiary.

UGMA/UTMA Custodial Accounts. An Account Owner who is the custodian of an account established or being opened under a state's UGMA/UTMA may be able to open an Account in his or her custodial capacity, depending on the laws of that state. These types of Accounts involve additional restrictions that do not apply to other types of Section 529 Plan accounts. A custodian using UGMA/UTMA funds to establish an Account must indicate that the Account is custodial by checking the appropriate box on the Account Application. None of the Program Parties will be liable for any consequences related to a custodian's improper use, transfer or characterization of custodial funds. UGMA/UTMA custodians must establish Accounts in their custodial capacity separate from any Accounts they may hold in their individual capacity in order to contribute UGMA/UTMA property to an Account.

Because the Designated Beneficiary of an Account under the UGMA/UTMA is the owner of the Account for tax purposes, any tax consequences from a withdrawal from an Account will be imposed on the Designated Beneficiary, and not the UGMA/UTMA custodian Account Owner (who is considered the owner of the Account by the Plan). Also, when the Designated Beneficiary reaches the age of majority, he or she will become the sole Account Owner with complete control over the Account.

In general, UGMA/UTMA Custodial Accounts are subject to the following additional requirements and restrictions:

- The UGMA/UTMA custodian will be permitted to make withdrawals only in accordance with the rules applicable to withdrawals under the applicable UGMA/UTMA and the Plan;
- The custodian will not be able to change the Account Owner to anyone other than a successor custodian during the term of the custodianship under UGMA/UTMA; and
- The custodian must notify the Plan when the custodianship expires and the Designated Beneficiary is legally entitled to take control of the Account. At that time the Designated Beneficiary will become the Account Owner and will become subject to the provisions of the Plan applicable to non-UGMA/UTMA Account Owners. Custodians or beneficiaries will need to complete certain forms to document the termination of the custodianship.

An Account Owner maintaining an Account as a UGMA/UTMA custodian may not change the Designated Beneficiary of the Account, except as may be permitted by applicable law. All UGMA/UTMA Account assets are treated by the Plan as subject to the UGMA/UTMA. Moreover, because only cash may be used to open an Account in the Plan, non-cash assets held by an UGMA/UTMA account would have to be liquidated prior to investment in the Plan, resulting in a taxable event to the Designated Beneficiary. Please consult a tax professional to determine how to transfer an existing UGMA/UTMA account, and what the implications of such a transfer may be for your specific situation.

Changing the Designated Beneficiary of UGMA/UTMA Accounts. If an investment in an Account consists of the proceeds from a UGMA/UTMA account, the Designated Beneficiary of the Account cannot be changed, the Account cannot be transferred to another Account Owner (other than to another UGMA/UTMA custodian for the benefit of the same Designated Beneficiary), and there cannot be any Non-Qualified Withdrawals or other withdrawals other than for the benefit of the Designated Beneficiary.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT

Establishment of an Account is subject to acceptance by the Plan Manager, including the verification of an Account Owner's identity and other information in compliance with the requirements of the USA PATRIOT Act and other applicable law.

The Account Application includes the Account Owner's name, street address, Social Security number, date of birth and other identification information. Applicable law requires completion of this information before an Account is opened, and the Account Owner may also be requested to provide other identification documents. In addition, the Plan may confirm an Account Owner's identity through the use of identity verification reports provided by consumer reporting agencies. An Account Owner's personal information will be treated confidentially. If an Account Owner fails to provide the required information or provide inaccurate information, this may lead to a delay in the processing of the Account Application and investment. If the Plan cannot complete the identification process, the Plan Manager may take certain actions regarding the Account without prior notice to the Account Owner, including among others, rejecting contributions and withdrawal and transfer requests, suspending account services, or closing the Account. The risk of market loss, tax implications, and any other expenses, as a result of liquidation, will be solely the Account Owner's responsibility.

CONTRIBUTIONS

Except as otherwise noted, the minimum initial Contribution to the Plan through a financial advisor or Broker is $25 per Portfolio with $25 minimum subsequent Contributions per Portfolio ($15 minimum per Portfolio when funding an Account through an Automatic Investment Plan (AIP) or payroll deduction). The Account Owner must designate the Unit class for each Contribution. If a Contribution is received by the Plan and a Unit class is not designated your Contribution amount will be returned to you, or you may be contacted by a Plan customer service representative or your financial advisor or Broker to clarify your Contribution intentions. Contributions to Portfolios are invested in accordance with the investment policy established by the Board.

A Contribution, rollover or transfer may be refused if the Board or the Plan Manager reasonably believes that (i) the purpose is for other than funding the Qualified Higher Education Expenses of the Designated Beneficiary of an Account, (ii) there appears to be an abuse of the Plan, or (iii) such transaction is unlawful. The Plan may not be able to determine that a specific Contribution, rollover or transfer is for other than funding the Qualified Higher Education Expenses of a Designated Beneficiary or is abusive or unlawful. The Plan therefore makes no representation that all such Contributions, rollovers or transfers can or will be rejected.

Minimum Initial Contribution per Portfolio. An Account Owner may allocate his or her Contributions among as many Portfolios as the Account Owner desires except that the minimum initial Contribution per Portfolio is $25.

Methods of Contribution. Contributions must be made through a financial advisor or Broker in "cash form" by check, AIP, payroll deduction through a participating employer, EFT, or federal funds wire. No securities will be accepted. Contributions by money order will not be accepted. Third party checks will only be accepted at the Plan Manager's discretion. Account Owners making an initial Contribution by check must send a minimum initial Contribution of $25 with their Account Application to the financial advisor or Broker through whom the Account is opened. The check must be made payable to "LoneStar 529 Plan." Subsequent Contributions through a financial advisor or Broker must be at least $25 per Portfolio ($15 minimum per Portfolio when funding an Account through AIP or payroll deduction).

Automatic Investment Plan (AIP). Account Owners may authorize the Plan to perform periodic automatic debits from a checking or savings account at another financial institution to execute Contributions to their Accounts. To initiate an AIP Account Owners must either (i) complete the AIP section of the Account Application and submit a voided bank check or savings account deposit slip, or (ii) (if the Account has been established) submit to the Plan Manager an Account Maintenance Form and a voided bank check or savings account deposit slip. AIP plans may also be initiated or changed online at **www.lonestar529.com.** Automatic Contributions must be at least $15 monthly. An authorization to perform automatic periodic Contributions will remain in effect until the Plan Manager has received notification of its termination. Changes to, or termination of, an AIP must occur at least 5 business days before the cycle date. The cycle date is the day of the month you designate on which the investment is regularly scheduled to occur. If no cycle date is indicated, the cycle date will default to the 10th of the month. If the cycle date falls on a weekend or a holiday, the investment will occur on the next business day. Normally, the debit will be made 2 business days prior to the selected cycle date. Account Owners or the Plan may terminate enrollment in the Plan's AIP at any time. There is no charge for enrolling in the Plan's AIP. Use of AIP does not assure a profit or protect against a loss in a declining market. Information about the Plan's AIP is available from your financial advisor or Broker or the Plan Manager.

Direct Deposits from Payroll. Account Owners may be eligible to make automatic periodic Contributions to their Accounts by payroll deduction if their employers offer such a service. The minimum initial and subsequent payroll deduction Contribution is $15 per month. Contributions by payroll deduction will only be permitted from employers able to meet the Plan's operational and administrative requirements for Section 529 Plan payroll Contributions. The initial sales charge may be waived for present or former employees of firms offering the Plan as part of such firms' voluntary benefit packages.

Electronic Funds Transfer (EFT). To activate this option, an Account Owner must either (i) select it on the Account Application and submit a voided bank check or savings account deposit slip, or (ii) (if the Account has been established) submit an Account Maintenance Form to the Plan and a voided bank check or savings account deposit slip. EFTs may also be initiated or changed online at **www.lonestar529.com**.

Systematic Exchange Feature. The Plan allows Account Owners the ability to invest Contributions in the Plan and take advantage of dollar cost averaging via monthly Systematic Exchanges. Account Owners may choose an originating Portfolio and designate a destination Portfolio into which specified dollar amounts (a minimum of $25) will be transferred on a monthly or quarterly basis. Account Owners can choose the Systematic Exchange Feature on their initial Account Application or subsequently on an Account Maintenance Form. Account Owners must have at least $1,000 in the originating Portfolio to start the Systematic Exchange Feature. An election to begin or end investing Contributions pursuant to the Plan's Systematic Exchange Feature is treated as the Account Owner's once-per-calendar-year Account investment reallocation. An election to invest or not invest future Contributions pursuant to the Plan's Systematic Exchange Feature is not treated as the Account Owner's once per calendar year Account investment reallocation.

Rollover Contributions. Rollover Contributions to an Account from another Section 529 Plan must be accompanied by the appropriate form as well as any other required documentation. In general, a rollover to a Plan Account made either directly from another Account in the Plan, directly from an account in another Texas-sponsored Section 529 Plan, or from an account within another state's Section 529 Plan, will not be considered a Non-Qualified Withdrawal subject to the additional 10% federal tax, if such rollover is into an Account for a new Designated Beneficiary who is a Member of the Family of the existing Designated Beneficiary. A rollover from another state's Section 529 Plan for the benefit of the same Designated Beneficiary may be income tax free if no other rollover transfers have occurred with respect to such Designated Beneficiary within the prior 12 months.

A rollover from another state's Section 529 Plan can be made directly or indirectly. An indirect rollover involves the distribution of money from an account within another state's Section 529 Plan to the Account Owner, who then contributes the money to a Plan Account, provided that the Contribution occurs within sixty (60) days of the distribution. You should be aware that not all accounts from other states' Section 529 Plans permit direct rollovers of funds. Additionally, there may be state income tax consequences (and in some cases penalties) from a rollover out of another state's Section 529 Plan.

Plan Transfers for the Account of a New Designated Beneficiary. An Account Owner may make a transfer to a Plan Account for the benefit of a new Designated Beneficiary without imposition of federal income tax or the additional 10% federal tax, if such transfer is made within sixty (60) days of distribution from the originating account into an Account for a new Designated Beneficiary who is a Member of the Family of the existing Designated Beneficiary.

Plan Transfers for the Same Designated Beneficiary. An Account Owner may make a transfer within the Plan for the benefit of the same Designated Beneficiary. If the funds are transferred directly between Plan Accounts, the transfer will be treated as a nontaxable investment reallocation allowable only once per calendar year rather than as a tax-free rollover or transfer. If an Account Owner takes a distribution (i.e., receives a withdrawal check from the transferring account), the withdrawal will be treated as a Non-Qualified Withdrawal subject to federal and applicable state income tax and the additional 10% federal tax on earnings (even if amounts are subsequently redeposited).

Transfer into a Plan Account from Another Texas-Sponsored Section 529 Plan for the Benefit of a New Designated Beneficiary. An Account Owner may make a transfer to a Plan Account with funds from an account in another Texas-sponsored Section 529 Plan for the benefit of a new Designated Beneficiary without imposition of federal income tax or the additional 10% federal tax, if such transfer is made within sixty (60) days of distribution from the originating account into an Account for a new Designated Beneficiary who is a Member of the Family of the existing Designated Beneficiary.

Transfer into a Plan Account from Another Texas-Sponsored Section 529 Plan for the Benefit of the Same Designated Beneficiary. A transfer into a Plan Account from an account in another Texas-sponsored Section 529 Plan for the benefit of the same Designated Beneficiary will be treated as a nontaxable investment reallocation allowable only once per calendar year rather than as a tax-free rollover or transfer. This transfer counts towards the Account Owner's (and if more than one Account Owner is affected, all such Account Owners') once per calendar year investment reallocation. If an Account Owner takes a distribution (i.e., receives a withdrawal check from the transferring account), the withdrawal will be treated as a Non-Qualified Withdrawal subject to federal and applicable state income tax and the additional 10% federal tax on earnings (even if amounts are subsequently redeposited). See "Other Withdrawals" on page 26.

Rollovers from Coverdell ESAs and Series EE and Series I Bonds. Tax-free transfers into a Plan Account may be made from a Coverdell ESA or in connection with the redemption of Series EE or Series I bonds. See "Tax Treatment of Investments and Withdrawals" on page 27.

Third-Party Contributions. Individuals other than the Account Owner who make Contributions to an Account will have no subsequent control over the Contribution. Such Contributions may have gift or other tax consequences. The check must be made payable to the "LoneStar 529 Plan". See "Tax Treatment of Investments and Withdrawals" on page 27.

Net Asset Value. The Plan Manager calculates a net asset value for each Unit class of a particular Portfolio, after 4:00 pm ET, on each day that the New York Stock Exchange is open for trading. Net asset value is computed by dividing the value of the Underlying Investments held in a Portfolio, plus any receivables and less any liabilities (including the management and administrative fees) of such Portfolio, by the number of outstanding Units for each Unit class of the Portfolio. The Unit classes of a particular Portfolio may have different net asset values.

The Unit net asset value for purposes of calculating the investment or reinvestment of Contributions received in good order by the Plan Manager will be the net asset value calculated for the business day Contributions are invested or reinvested as described in this Plan Description. The Unit net asset value used to calculate the value of a withdrawal from an Account will be the one next computed after a completed withdrawal request is received in good order by the Plan Manager.

REQUIRED INFORMATION UPON CERTAIN CONTRIBUTIONS TO THE PLAN

When making a Contribution to a Plan Account through a transfer from a Coverdell ESA, a redemption of Series EE or Series I bonds, a rollover from another Section 529 Plan or a transfer from another Texas-sponsored Section 529 Plan, the contributor must indicate the source of the Contribution and provide the Plan Manager with the following documentation, as applicable:

- In the case of a Contribution from a Coverdell ESA, an account statement issued by the financial institution that acted as custodian of the Coverdell ESA that shows basis and earnings in the Coverdell ESA.
- In the case of a Contribution from the redemption of a Series EE or Series I bond, an account statement or IRS Form 1099-INT issued by the financial institution that processed the bond redemption showing interest from the redemption of the bond.
- In the case of a rollover Contribution from another state's Section 529 Plan, a statement issued by the distributing plan that shows the earnings portion of the distribution. In the case of any direct transfer from another Texas-sponsored Section 529 Plan, the other Texas-sponsored Section 529 Plan must provide the Plan a statement that shows the earnings portion of the transferred amount.

Unless and until the Plan Manager receives the documentation described above, as applicable, the Plan will treat the entire amount of the Contribution as earnings in the Account receiving the distribution.

SELECTION OF INVESTMENT OPTION(S)

Investment option(s) and the percentage of each Contribution to be allocated to the Portfolio(s) selected must be indicated on the Account Application. The total allocation may not exceed 100%. An Account Owner must also indicate on the Account Application the Unit class in which the initial contribution should be invested. All subsequent Contributions will be invested in the selected Portfolio(s) and at the designated allocations until a new designated allocation is selected by the Account Owner.

INVESTMENT CHANGES

You may move assets already invested in your Account to a different Portfolio or group of Portfolios once per calendar year without changing the Designated Beneficiary on the Account online or by submitting the appropriate form. You may also move assets already in invested in your Account to a different Portfolio or group of Portfolios anytime you change your Designated Beneficiary. In addition, you may change your designated allocation for future Contributions at any time, either online or by submitting the appropriate form.

MAXIMUM CONTRIBUTION LIMIT

Although there is no limit upon the growth of an Account from earnings, Contributions to an Account will only be permitted if the aggregate balance, including the proposed Contribution amount, of all Plan (and other Texas-sponsored Section 529 Plan) Accounts for the same Designated Beneficiary does not exceed $320,000 ("the Maximum Contribution Limit").[1] The Board sets the Maximum Contribution Limit, which is subject to change.

The Board expects to evaluate the Maximum Contribution Limit periodically. Accounts that have reached the Maximum Contribution Limit may continue to increase in value depending on market fluctuation. While not expected now, it is possible that federal tax law might impose different limits on Maximum Contribution Limits in the future.

EXCESS CONTRIBUTIONS

Any Contributions received in excess of the Maximum Contribution Limit will be returned to the Account Owner, without adjustment for gains or losses. If the aggregate Account balance for a Designated Beneficiary exceeds the Maximum Contribution Limit due to earnings on the Account, no amount will be refunded to the Account Owner (unless the Account Owner so requests). However, no additional Contributions will be accepted unless and until the actual Account balance is less than the Maximum Contribution Limit.

The Plan Manager may return all or any part of a Contribution, rollover or transfer that would cause the market value of the

1. For purposes of the Maximum Contribution Limit, balances for all Accounts for the same Designated Beneficiary under all Plan Accounts (and all accounts in other Texas-sponsored Section 529 Plans) are aggregated.

Accounts held on behalf of a particular Designated Beneficiary in the Aggregate to exceed the Maximum Contribution Limit ("Excess Contribution").

CONTRIBUTION POLICIES AND RELATED FEES

Following receipt of Contributions by check or by transfer of funds electronically, the Plan reserves the right, subject to applicable law, not to allow withdrawals of those funds (or their equivalent) for up to 10 calendar days. The Plan Manager or the financial advisor or Broker through whom the Account is opened can explain this policy to you. The Plan and/or the financial advisor or Broker through whom the Account is opened may impose a fee (which may be deducted from the Account) for any check, AIP debit, or telephone EFT Contribution returned unpaid by the financial institution upon which it is drawn.

Account Transactions. Transaction requests (Contributions to Accounts, withdrawal requests, and exchanges among investment approaches) received in good order prior to the close of the New York Stock Exchange (NYSE), normally 4:00 pm ET, will be processed on the same business day, or on the next succeeding business day if the transaction request is received after the close of the NYSE. Excess Contributions will not be invested. Notwithstanding the above, normally for AIP and EFT Contributions, the debit will be made 2 business days prior to the selected cycle date. Dividends and/or capital gains paid by the Underlying Investments to the Plan are reinvested in the applicable Portfolio and not into individual Accounts.

Confirmations, Statements and Reporting. Confirmation statements will be mailed for any activity in an Account, except for Contributions made through the AIP, payroll deduction or Systematic Exchange Feature. Account Owners will also receive a quarterly statement of all Account activity for the given time period. Duplicate copies of your confirmation and Account statements will be provided to your financial advisor or Broker. Account Owners (other than those who make Contributions through the AIP, payroll deduction or Systematic Exchange Feature) may sign up to receive confirmations and account statements from the Plan in an electronic format, or request that the Plan discontinue electronic delivery, by accessing the Plan's website at **www.lonestar529.com.** An Account Owner has 60 days to notify the Plan Manager of any errors on any Account confirmation, statement or report.

Protecting Your Account. The Plan uses reasonable procedures to confirm that transaction requests are genuine. The Account Owner may be responsible for losses resulting from fraudulent or unauthorized instructions received by the Plan Manager provided the Plan Manager reasonably believes the instructions were genuine. To safeguard your Account, please keep your Account information confidential. Contact the Plan Manager immediately if you believe there is a discrepancy between a transaction you performed and the confirmation statement you received, or if you believe someone has obtained unauthorized access to your Account.

Ownership of Contributions. Any individual or entity may make Contributions to an Account. Only the Account Owner will receive confirmation of Account transactions. Advisors will receive copies of confirmation statements. The Account Owner owns all Contributions made to an Account as well as all earnings credited to the Account. Individuals or entities other than the Account Owner that contribute funds to an Account will have no subsequent control over the Contributions. Only the Account Owner may direct transfers, rollovers, investment changes (as permitted under federal law), withdrawals and changes in the Designated Beneficiary. The Plan Manager will contact Account Owners to clarify instructions when Contributions are received without instructions. A Designated Beneficiary who is not the Account Owner has no control over any of the Account assets.

NO ASSIGNMENTS OR PLEDGES

Neither an Account nor any portion thereof may be assigned, transferred or pledged as security for a loan or otherwise (including, but not limited to, a loan used to make Contributions to the Account) either by the Account Owner or by the Designated Beneficiary.

SUCCESSOR ACCOUNT OWNER

An Account Owner may designate a Successor Account Owner to succeed to all of the current Account Owner's rights, titles, and interest in an Account (including the right to change the Designated Beneficiary) upon the death or legal incapacity of the current Account Owner. Such designation must either be on the original Account Application, submitted in writing to the Plan Manager or completed online at **www.lonestar529.com** and is not effective until it is received and processed by the Plan Manager. The designation of a Successor Account Owner may be revoked or changed at any time by the Account Owner by submitting an Account Maintenance Form to the Plan Manager. All other requests to transfer ownership to a Successor Account Owner (i.e., other than at the death of the Account Owner) must be submitted in writing. Please contact the Plan Manager at **800.445.GRAD (4723), option #4** for information needed to change the ownership of an Account. Account Owners should consult a tax advisor regarding tax issues that might arise from a transfer of Account ownership.

INVESTMENT APPROACHES

General

Account Owners, at the time of enrollment, select from two investment approaches:

- Age Based Approach
- Static and Individual Fund Approach

Contributions to the Plan are invested in Portfolios selected by the Account Owner. The Board has designed each Portfolio with a different investment objective and asset allocation mix because investors have different investment goals, savings needs, investment time horizons, risk tolerances and financial and tax situations. **Each Portfolio may invest in mutual funds or other investments.** Portfolios with higher allocations in fixed income and money market Underlying Investments tend to be less volatile than those with higher equity Underlying Investment allocations. None of the Portfolios is designed to provide any particular total return over any particular time period or investment time horizon. Account Owners own interest in a Portfolio; they do not have a direct beneficial interest in the mutual funds and other instruments held by that Portfolio and, therefore, do not have the rights of an owner or shareholder of such mutual funds, accounts or the other instruments. Because the Portfolios have different investment objectives, Account Owners have the opportunity to diversify their investment in the Plan. When investing in the Plan, an Account Owner should consider, among other factors, when Contributions will be made to the Account, the Contribution amounts, the time Contributions will be held in the Account before withdrawals are directed, other resources expected to be available to fund the Designated Beneficiary's Qualified Higher Education Expenses and the age of the Designated Beneficiary. Account Owners should periodically assess, and if appropriate, adjust their investment choices with their time horizon, risk tolerance and investment objective in mind.

Under federal tax law, once a Portfolio selection has been made, an Account Owner may only change how previous Contributions (and any earnings thereon) have been allocated among the available Portfolio options for all Accounts for the same Designated Beneficiary once per calendar year or upon a change of the Designated Beneficiary. The Portfolios are not insured or guaranteed by the State of Texas, the Board, OFI Private Investments Inc. or OppenheimerFunds Distributor, Inc. (collectively, "Program Parties"), the Federal Deposit Insurance Corporation or any government agency. Neither the Board, any member of the Board or the State of Texas insures any Account or guarantees any rate of return or any interest rate on any Contribution, and neither the Board, any member of the Board or the State of Texas is liable for any loss incurred by any person as a result of participating in the Plan. An Account may fluctuate in value and may be worth more or less than the amounts contributed at any given time.

The actual mix of assets in Portfolios that invest in more than one Underlying Investment will vary over time due to market performance. In seeking to meet the investment objective of each Portfolio, Underlying Investments, allocations to individual Underlying Investments and their weightings may change in response to changing market or economic conditions subject to the Board's approval and without prior notice to Account Owners. The Plan Manager will allocate each Portfolio's assets among Underlying Investments within the guidelines of each Portfolio's investment objective. For information regarding the current target allocations to particular Underlying Investments for each Portfolio, please refer to pages 8 and 10, the Plan's website at **www.lonestar529.com** or speak to your financial advisor. In addition, from time to time, a Portfolio may not be fully invested and may hold a limited amount of cash as needed to avoid overdrafts due to redemption requests, securities settlements, or similar situations.

Age Based Approach

If an Account Owner selects the Age Based Approach, Contributions are invested in a Portfolio based upon the current age of the Designated Beneficiary. As the Designated Beneficiary gets older and moves into the next age group, the existing Account balance and new Contributions will automatically be invested into the next Portfolio in the Age Based Approach. Accounts for younger Designated Beneficiaries will be invested in a Portfolio that seeks to capitalize on the longer investment time frame and maximize returns. As time passes and the Designated Beneficiary approaches college age, investments are automatically moved to more conservative Portfolios that seek to preserve capital as the expected time for disbursement approaches. In the appropriate years, the movement between Portfolios will automatically take place on or about the Designated Beneficiary's date of birth or the next business day in the case of a weekend or holiday. At that time, Units of such Portfolio will be exchanged for an equal dollar value of Units of the next Portfolio in the sequence. This process will continue until Units of the Age Based 15-17 Years Portfolio are exchanged for an equal dollar value of Units of the Age Based 18 Years and Over Portfolio, in which assets will remain invested until withdrawn or reinvested.

Age Based 0-6 Years Portfolio invests primarily in equity investments in order to seek capital appreciation. This Portfolio seeks long-term growth by investing primarily in equity investments. A percentage of assets will be invested in fixed income investments to provide some protection from equity volatility. This Portfolio has a target allocation of 60% domestic equity, 30% international equity and 10% fixed income.

Age Based 7-9 Years Portfolio invests in a combination of equity and fixed income investments in order to seek capital appreciation and income. This Portfolio seeks growth by investing in an asset allocation weighted toward equity investments versus fixed income investments. This Portfolio has a target allocation of 47% domestic equity, 23% international equity and 30% fixed income.

Age Based 10-11 Years Portfolio invests in a combination of equity and fixed income investments in order to seek capital appreciation and income. This Portfolio seeks moderate growth by investing in a balanced asset allocation slightly weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 40% domestic equity, 20% international equity and 40% fixed income.

Age Based 12-14 Years Portfolio invests in a combination of equity and fixed income investments in order to seek capital appreciation and income. This Portfolio seeks moderate growth by investing in a balanced asset allocation weighted equally between equity investments and fixed income investments. This Portfolio has a target allocation of 33% domestic equity, 17% international equity and 50% fixed income.

Age Based 15-17 Years Portfolio invests in a combination of equity, fixed income and money market investments in order to seek capital appreciation and income. This Portfolio seeks conservative growth by investing in an asset allocation weighted toward fixed income investments over equity investments. This

Portfolio has a target allocation of 20% domestic equity, 10% international equity, 55% fixed income and 15% money market.

Age Based 18 Years and Over Portfolio invests primarily in fixed income and money market investments in order to seek income and protection of principal. This Portfolio seeks preservation of capital with minimal growth by investing primarily in fixed income funds to maintain stability. This Portfolio has a target allocation of 7% domestic equity, 3% international equity, 55% fixed income and 35% money market.

Below are the Underlying Investments and Target Allocations for each Age Based Portfolio. See "PLAN AND PORTFOLIO RISKS—General Investment Risks of the Underlying Investments and Principal Investment Risks of the Underlying Investments" on pages 30-36 and the Appendix for more detailed information regarding the investment risks and objectives, respectively, of the Underlying Investments.

Age Based Portfolios[1]	Underlying Investments and Target Allocations for the Age Based Portfolios								
	Oppenheimer Capital Appreciation Fund	Oppenheimer Value Fund	Oppenheimer Main Street Select Fund®	Oppenheimer Main Street Small—and Mid-Cap Fund®	Thornburg International Value Fund	TIAA-CREF International Equity Index Fund	Dreyfus Bond Market Index Fund	Dreyfus Inflation Adjusted Securities Fund	Oppenheimer Institutional Money Market Fund[2]
Age Based 0-6 Years Portfolio	17%	17%	13%	13%	25%	5%	10%	0%	0%
Age Based 7-9 Years Portfolio	14.5	14.5	9	9	23	0	20	10	0
Age Based 10-11 Years Portfolio	13	13	7	7	20	0	25	15	0
Age Based 12-14 Years Portfolio	9.5	9.5	9	5	17	0	30	20	0
Age Based 15-17 Years Portfolio	6	6	5	3	10	0	30	25	15
Age Based 18 Years and Over Portfolio	2	2	2	1	3	0	30	25	35

1. Each Portfolio invests in the institutional (Y) class of shares of the applicable Underlying Investment, except that the Portfolios invest in the L class of shares of the Oppenheimer Institutional Money Market Fund, the Basic class of shares of the Dreyfus Bond Market Index Fund, the institutional (I) shares of the TIAA-CREF International Equity Index Fund, the Thornburg International Value Fund and the Dreyfus Inflation Adjusted Securities Fund.
2. A Portfolio's investment in the Oppenheimer Institutional Money Market Fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. Although the fund seeks to preserve the value of an investment at $1.00 per share, it is possible for a Portfolio to lose money by investing in the fund.

Static and Individual Fund Approach
Account Owners who prefer to select a Portfolio for its asset allocation target may do so through the Static and Individual Fund Approach instead of selecting a Portfolio under the Age Based Approach. Selection of Portfolios under the Static Approach allows Account Owners to select a combination of Portfolios. While the asset allocations for the Static Portfolios are not expected to vary, the Underlying Investments in which the Portfolios invest will be reviewed at least annually and may change. If you invest in a Static Portfolio, your money will remain in that Portfolio until you instruct the Plan to move it to another investment approach or Portfolio. None of the Static Portfolios is designed to provide any particular total return over any particular time period or investment time horizon.

The Static and Individual Fund Portfolios include:

100% Equity Portfolio seeks long-term capital appreciation by investing all of its assets in equity investments. This Portfolio seeks long-term growth by investing in 67% domestic equity and 33% international equity.

Balanced Portfolio invests in a combination of equity and fixed income investments in order to seek capital appreciation and income. This Portfolio seeks moderate growth by investing in a balanced asset allocation slightly weighted toward equity investments over fixed income investments. This Portfolio has a target allocation of 40% domestic equity, 20% international equity and 40% fixed income.

Capital Appreciation Portfolio seeks capital appreciation to make your investment grow. It emphasizes investments in common stocks. As an investment discipline, the Portfolio looks for stocks with high growth potential at average, rather than high prices. The target allocation for this Portfolio is 100% Oppenheimer Capital Appreciation Fund.

Value Portfolio seeks long-term growth of capital by investing mainly in common stocks with low price-earnings ratios and better-than-anticipated earnings. The target allocation for this Portfolio is 100% Oppenheimer Value Fund.

Main Street Select Portfolio seeks long-term capital appreciation by investing primarily in common stocks of U.S. companies of small, medium and large capitalizations ranges. The Portfolio uses a variety of proprietary quantitative models to rank stocks on the basis of valuation and momentum. The target allocation for this Portfolio is 100% Oppenheimer Main Street Select Fund®.

Large Cap Core Index Portfolio seeks to track the performance of a benchmark index that measures the investment return of large capitalization stocks. The target allocation for this Portfolio is 100% TIAA-CREF S&P 500 Index Fund.

Socially Responsible Portfolio seeks a favorable long-term total return that reflects the investment performance of the overall U.S. stock market, while giving special consideration to certain social criteria. The target allocation for this Portfolio is 100% TIAA-CREF Social Choice Equity Fund.

Main Street Small—& Mid-Cap Portfolio seeks capital appreciation. The Portfolio emphasizes investments in common stocks of companies that have a small market capitalization. The Portfolio is predominantly a small-cap blend portfolio using a combination of growth and value styles. The Portfolio uses a variety of proprietary quantitative models to rank stocks within the small cap universe. The target allocation for this Portfolio is 100% Oppenheimer Main Street Small—& Mid-Cap Fund®.

International Diversified Portfolio seeks capital appreciation by emphasizing investments in a diversified portfolio of domestic and international securities. The Portfolio includes allocations to an Underlying Investment that invests in growth and value stocks, larger and smaller securities as well as foreign bonds. The target allocation for this Portfolio is 100% Oppenheimer International Diversified Fund.

Fixed Income Portfolio seeks total return. The Portfolio invests primarily in investment-grade bonds and U.S. government securities. The target allocation for this Portfolio is 100% Dreyfus Bond Market Index Fund.

Inflation Protected Bond Portfolio seeks a total return that exceeds the rate of inflation over the long-term. The target allocation for this Portfolio is 100% Dreyfus Inflation Adjusted Securities Fund.

Money Market Portfolio seeks current income and preservation of principal. The target allocation for this Portfolio is 100% Oppenheimer Institutional Money Market Fund.

There is no guarantee that any of the Portfolios will achieve their investment objective.

Below are the Underlying Investments and Target Allocations for each Static Allocation and Individual Fund Portfolio. See "PLAN AND PORTFOLIO RISKS—General Investment Risks of the Underlying Investments and Principal Investment Risks of the Underlying Investments" on pages 30-36 and the Appendix for more detailed information regarding the investment risks and objectives, respectively, of the Underlying Investments.

Static and Individual Fund Portfolios[1]	Underlying Investments and Target Allocations for the Static and Individual Fund Portfolios											
	Oppenheimer Capital Appreciation Fund	Oppenheimer Value Fund	Oppenheimer Main Street Select Fund®	Oppenheimer Main Street Small—& Mid-Cap Fund®	Thornburg International Value Fund	TIAA-CREF International Equity Index Fund	Dreyfus Bond Market Index Fund	Dreyfus Inflation Adjusted Securities Fund	Oppenheimer Institutional Money Market Fund[2]	TIAA-CREF S&P 500 Index Fund	Oppenheimer International Diversified Fund	TIAA-CREF Social Choice Equity Fund
100% Equity Portfolio	20.5%	20.5%	13%	13%	25%	8%	0%	0%	0%	0%	0%	0%
Balanced Portfolio	13	13	7	7	20	0	25	15	0	0	0	0
Capital Appreciation Portfolio	100	0	0	0	0	0	0	0	0	0	0	0
Value Portfolio	0	100	0	0	0	0	0	0	0	0	0	0
Main Street Select Portfolio	0	0	100	0	0	0	0	0	0	0	0	0
Socially Responsible Portfolio	0	0	0	0	0	0	0	0	0	0	0	100
Large Cap Core Index Portfolio	0	0	0	0	0	0	0	0	0	100	0	0
Main Street Small—& Mid-Cap Portfolio	0	0	0	100	0	0	0	0	0	0	0	0
International Diversified Portfolio	0	0	0	0	0	0	0	0	0	0	100	0
Fixed Income Portfolio	0	0	0	0	0	0	100	0	0	0	0	0
Inflation Protected Bond Portfolio	0	0	0	0	0	0	0	100	0	0	0	0
Money Market Portfolio	0	0	0	0	0	0	0	0	100	0	0	0

1. Each Portfolio invests in the institutional (Y) class of shares of the applicable Underlying Investment, except that the Portfolios invest in the L class of shares of the Oppenheimer Institutional Money Market Fund, the Basic class of shares of the Dreyfus Bond Market Index Fund, the institutional (I) share class of the TIAA-CREF International Equity Index Fund, TIAA-CREF S&P 500 Index Fund, TIAA-CREF Social Choice Equity Fund, the Thornburg International Value Fund and the Dreyfus Inflation Adjusted Securities Fund.
2. A Portfolio's investment in the Oppenheimer Institutional Money Market Fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. Although the fund seeks to preserve the value of an investment at $1.00 per share, it is possible for a Portfolio to lose money by investing in the fund.

Changes in Underlying Investments
From time to time, the Board may change the investment guidelines for the Plan. If so required, the Plan Manager will cause a Portfolio to divest itself of ownership of shares of one or more Underlying Investments. During the transition from one Underlying Investment to another Underlying Investment, a Portfolio may be temporarily uninvested and lack market exposure to an asset class. During such transition period, a Portfolio may temporarily hold a basket of securities to the extent that the Underlying Investment from which it redeems chooses to satisfy the Portfolio's redemption out of such investment on an in-kind basis. In such event, the Plan Manager will seek to liquidate the securities received from the Underlying Investment as promptly as practicable so that the proceeds can be promptly invested in the replacement Underlying Investment. The transaction costs associated with such liquidation, as well as any market impact on the value of the securities being liquidated, will be borne by the Portfolio and Accounts invested in such Portfolio. An Underlying Investment from which a Portfolio redeems may impose redemption fees. In such event, the Portfolio, and Accounts invested in such Portfolio, will bear such redemption fees.

PORTFOLIO PERFORMANCE INFORMATION
The following table represents the Average Annual Total Returns for each Portfolio for the period shown to June 30, 2011. The Portfolio performance information represents past performance and is no guarantee of future results. The Average Annual Total Returns presented below reflect past performance and are net of Total Annual Asset-based Fees and do not consider the impact of any potential federal or state taxes.

In evaluating the Portfolio performance information, the Account Owner should consider that the Portfolios are relatively new and do not have a significant operating or investment performance history. Performance information for the Portfolios should not be viewed as a prediction of future performance of any particular Portfolio. Moreover, in view of anticipated periodic revisions of allocations and possible changes in the Underlying Investments, the future investment results of any Portfolio cannot be expected, for any period, to be similar to the past performance of any Underlying Investment or group of investments.

Performance differences between a Portfolio and its Underlying Investments may also result from differences in the timing of purchases. On days when Contributions are made to an Account, the Portfolios will not use that money to purchase shares of an Underlying Investment until the next business day. This timing difference, depending on how the markets are moving, will cause the Portfolio's performance to either trail or exceed the Underlying Investment's performance.

Updated Portfolio performance information is available online at **www.lonestar529.com** or by calling **800.445.GRAD (4723), option #4**. For more information, including performance information, on the underlying Oppenheimer mutual funds in which the Portfolios invest, please visit www.oppenheimerfunds.com or call OppenheimerFunds at 800.255.2750 and obtain a free prospectus. Prospectuses for the Dreyfus mutual funds held by certain portfolios are available upon request by calling 800.645.6561 or visiting www.dreyfus.com. Prospectuses for the TIAA-CREF mutual funds held by certain portfolios are available upon request by calling 800.223.1200 or visiting www.TIAA-CREF.org. The prospectus for the Thornburg mutual fund held by certain portfolios is available upon request by calling 800.847.0200 or visiting www.thornburg.com

Past performance—and especially short-term past performance—information for the Portfolios should not be viewed as an indication of the future performance of any particular Portfolio.

Customized Portfolio Performance Benchmarks

The benchmarks for the Porfolios represent customized composites of market indices for the available Underlying Investments weighted by the relative target asset allocation for such Portfolio.

Investors cannot directly invest in the compilation of the benchmark indices.

Underlying Investment	**Benchmark**
Oppenheimer Capital Appreciation Fund	Russell 1000® Growth Index
Oppenheimer Value Fund	Russell 1000® Value Index
Oppenheimer Main Street Select Fund	S&P 500 Index
Oppenheimer Main Street Small- & Mid-Cap Fund	Russell 2500® Index
Oppenheimer International Diversified Fund	Morgan Stanley Capital International All Country World ex-U.S. Index
Thornburg International Value Fund	Morgan Stanley Capital International Inc. Europe, Australia, and Far East ("MSCI EAFE") Index
TIAA-CREF International Equity Index Fund	MSCI EAFE Index
TIAA-CREF S&P 500 Index Fund	S&P 500 Index
TIAA-CREF Social Choice Equity Fund	Russell 3000® Index
Dreyfus Bond Market Index Fund	Barclays Capital U.S. Aggregate Bond Index
Dreyfus Inflation-Adjusted Securities Fund	Barclays Capital Treasury Inflation Protected Index
Oppenheimer Institutional Money Market Fund	iMoney Net First Tier Institutional Index

Period Ended June 30, 2011[1]		EXCLUDING SALES CHARGE[2]			INCLUDING SALES CHARGE[3,4,5]			
		Average Annual Total Return			Average Annual Total Return			
Portfolio Name	Unit Class	1-Year	3-Year	Since Inception	1-Year	3-Year	Since Inception	Inception Date
Age Based 0-6 Years Portfolio	A	26.74%	-0.25%	-2.02%	19.45%	-2.20%	-3.61%	11/19/2007
	B	25.73	-0.98	-2.75	20.73	-1.98	-3.57	11/19/2007
	C	25.73	-0.98	-2.75	24.73	-0.98	-2.75	11/19/2007
Customized Performance Benchmark[6]		29.34	3.86	0.20	n/a	n/a	n/a	
Age Based 7-9 Years Portfolio	A	21.85	-1.13	-2.28	14.85	-3.07	-3.87	11/19/2007
	B	20.78	-1.90	-3.02	15.78	-2.89	-3.84	11/19/2007
	C	20.78	-1.90	-3.02	19.78	-1.90	-3.02	11/19/2007
Customized Performance Benchmark[6]		23.77	4.84	1.89	n/a	n/a	n/a	
Age Based 10-11 Years Portfolio	A	19.17	-1.62	-2.46	12.31	-3.55	-4.04	11/19/2007
	B	18.35	-2.36	-3.17	13.35	-3.34	-3.99	11/19/2007
	C	18.35	-2.36	-3.17	17.35	-2.36	-3.17	11/19/2007
Customized Performance Benchmark[6]		21.04	5.18	2.60	n/a	n/a	n/a	
Age Based 12-14 Years Portfolio	A	16.33	-1.97	-2.52	9.64	-3.88	-4.10	11/19/2007
	B	15.63	-2.67	-3.23	10.63	-3.65	-4.05	11/19/2007
	C	15.48	-2.67	-3.23	14.48	-2.67	-3.23	11/19/2007
Customized Performance Benchmark[6]		18.29	5.42	3.21	n/a	n/a	n/a	
Age Based 15-17 Years Portfolio	A	10.95	-1.48	-1.64	4.57	-3.40	-3.24	11/19/2007
	B	10.20	-2.19	-2.34	5.20	-3.18	-3.16	11/19/2007
	C	10.08	-2.22	-2.37	9.08	-2.22	-2.37	11/19/2007
Customized Performance Benchmark[6]		12.32	5.00	3.71	n/a	n/a	n/a	
Age Based 18 Years and Over Portfolio	A	5.36	-3.99	-3.32	-0.70	-5.87	-4.90	11/19/2007
	B	4.49	-4.74	-4.06	-0.51	-5.70	-4.86	11/19/2007
	C	4.62	-4.74	-4.06	3.62	-4.74	-4.06	11/19/2007
Customized Performance Benchmark[6]		6.13	4.07	3.72	n/a	n/a	n/a	
100% Equity Portfolio	A	29.45	0.94	-1.23	22.01	-1.04	-2.83	11/19/2007
	B	28.47	0.19	-1.97	23.47	-0.82	-2.79	11/19/2007
	C	28.46	0.19	-1.96	27.46	0.19	-1.96	11/19/2007
Customized Performance Benchmark[6]		32.29	3.09	-0.83	n/a	n/a	n/a	
Balanced Portfolio	A	19.14	-1.62	-2.45	12.29	-3.55	-4.04	11/19/2007
	B	18.30	-2.36	-3.18	13.30	-3.34	-3.99	11/19/2007
	C	18.28	-2.34	-3.17	17.28	-2.34	-3.17	11/19/2007
Customized Performance Benchmark[6]		21.04	5.18	2.60	n/a	n/a	n/a	
Capital Appreciation Portfolio	A	30.03	-1.00	-2.34	22.55	-2.93	-3.93	11/19/2007
	B	29.05	-1.73	-3.08	24.05	-2.72	-3.90	11/19/2007
	C	29.05	-1.73	-3.08	28.05	-1.73	-3.08	11/19/2007
Russell 1000® Growth Index[6]		35.01	5.01	1.36	n/a	n/a	n/a	
Value Portfolio	A	32.05	1.81	-0.78	24.46	-0.18	-2.39	11/19/2007
	B	31.06	1.04	-1.52	26.06	0.05	-2.35	11/19/2007
	C	31.10	1.05	-1.53	30.10	1.05	-1.53	11/19/2007
Russell 1000® Value Index[6]		28.94	2.28	-2.43	n/a	n/a	n/a	
Main Street Select Portfolio	A	22.41	1.18	-1.24	15.37	-0.80	-2.84	11/19/2007
	B	21.41	0.40	-1.99	16.41	-0.60	-2.81	11/19/2007
	C	21.41	0.40	-1.99	20.41	0.40	-1.99	11/19/2007
S&P 500 Index[6]		30.69	3.34	-0.98	n/a	n/a	n/a	
Large Cap Core Index Portfolio	A	29.46	3.35	-0.14	22.02	1.34	-1.76	11/19/2007
	B	28.54	2.59	-0.87	23.54	1.63	-1.71	11/19/2007
	C	28.45	2.60	-0.88	27.45	2.60	-0.88	11/19/2007
S&P 500 Index[6]		30.69	3.34	-0.98	n/a	n/a	n/a	
Socially Responsible Portfolio	A	28.62	3.70	0.66	21.23	1.67	-0.98	11/19/2007
	B	27.60	2.94	-0.10	22.60	1.99	-0.94	11/19/2007
	C	27.70	2.93	-0.10	26.70	2.93	-0.10	11/19/2007
Russell 3000® Index[6]		32.37	4.00	-0.15	n/a	n/a	n/a	

Period Ended June 30, 2011[1]		EXCLUDING SALES CHARGE[2]			INCLUDING SALES CHARGE[3,4,5]			
		Average Annual Total Return			Average Annual Total Return			
Portfolio Name	**Unit Class**	**1-Year**	**3-Year**	**Since Inception**	**1-Year**	**3-Year**	**Since Inception**	**Inception Date**
Main Street Small- & Mid- Cap Portfolio	A	34.29%	6.91%	3.39%	26.56%	4.82%	1.71%	11/19/2007
	B	33.25	6.11	2.62	28.25	5.22	1.84	11/19/2007
	C	33.25	6.11	2.62	32.25	6.11	2.62	11/19/2007
Russell 2500® Index[6]		39.28	8.17	4.13	n/a	n/a	n/a	
Fixed Income Portfolio	A	2.63	-13.23	-11.18	-3.27	-14.93	-12.62	11/19/2007
	B	1.92	-13.85	-11.83	-3.08	-14.72	-12.57	11/19/2007
	C	1.79	-13.87	-11.84	0.79	-13.87	-11.84	11/19/2007
Barclays Capital U.S. Aggregate Bond Index[6]		3.90	6.46	5.79	n/a	n/a	n/a	
Inflation Protected Bond Portfolio	A	n/a	n/a	n/a	n/a	n/a	n/a	9/24/2010
	C	n/a	n/a	n/a	n/a	n/a	n/a	12/17/2010
Barclays Capital TIPS Index[6]		n/a	n/a	n/a	n/a	n/a	n/a	
International Diversified Portfolio	A	28.88	n/a	28.93	21.47	n/a	25.84	2/9/2009
	B	27.95	n/a	15.39	22.95	n/a	14.39	6/3/2009
	C	27.97	n/a	29.86	26.97	n/a	29.86	1/29/2009
MSCI EAFE Index[6]		30.93		30.61	n/a	n/a	n/a	
Money Market Portfolio	A	0.00	n/a	0.00	0.00	n/a	0.00	9/25/2009
	B	0.00	n/a	0.00	0.00	n/a	0.00	9/25/2009
	C	0.09	n/a	0.05	0.09	n/a	0.05	9/25/2009
iMoney Net First Tier Institutional Index[6]		0.08	n/a	0.08	n/a	n/a	n/a	

1. Performance data is based on the Underlying Investments of each Portfolio as of June 30, 2011. Performance data for each Portfolio is based on the total return of a hypothetical account, including reinvestment of dividends and distributions, net of the Advisor-sold Plan Program Management and State Administrative Fees.
2. Performance is not load adjusted.
3. Reported performance for Class A Units Including Sales Charge is load adjusted based upon the current maximum 5.75% initial sales charge applied to the Portfolio's net asset value at the beginning of the investment period, except the Money Market Portfolio which has no initial sales charge.
4. Reported performance for Class B Units Including Sales Charge is load adjusted by applying the maximum 5.00% contingent deferred sales charge (CDSC) to the lesser of the Portfolio's beginning or ending net asset value for the calculated period. Class B Units will convert to Class A Units after six years.
5. Reported performance for Class C Units Including Sales Charge is load adjusted by applying a 1.00% CDSC to the lesser of the Portfolio's beginning or ending net asset value for the calculated period if the time period is less than 12 months. If the time period is greater than 12 months, no CDSC is applied.
6. Benchmark returns for the period Since Inception began December 1, 2007 for all Portfolios, except for the Inflation Protected Bond Portfolio Unit Class A and C for which Benchmark returns begin on October 1, 2010 and January 1, 2011, respectively; International Diversified Portfolio Unit Class A, B and C for which Benchmark returns begin March 1, 2009, July 1, 2009 and February 1, 2009, respectively; and the Money Market Portfolio Unit Class A, B and C for which the Benchmark returns begin on October 1, 2009, respectively. See "PORTFOLIO PERFORMANCE INFORMATION—Customized Portfolio Performance Benchmarks" on page 11 for a list of the Customized Portfolio Benchmarks.

SALES CHARGES, FEES AND EXPENSES

The Board, in its sole discretion, will establish, and may change at any time, the sales charges, fees and expenses it deems appropriate for the Plan. In the future, the Plan's fees and charges could be higher or lower than those described in this Plan Description.

Sales Charges

General. The Plan Distributor has entered into distribution agent agreements with financial advisors and Brokers authorizing those financial advisors and Brokers to distribute Savings Trust Agreements and interests in the Plan represented by Accounts to their customers. The Plan Distributor compensates financial advisors and Brokers for advising prospective Account Owners about the advantages of investing in the Plan. The fees received and expenses incurred by financial advisors and Brokers do not increase or decrease any Plan expenses. Not all Unit classes are available through all financial advisors and Brokers.

The Plan offers three Unit classes, each with its own sales and distribution charge structure. The Money Market Portfolio has only one undesignated class of Units. For administrative and recordkeeping purposes, the Money Market Portfolio has three Unit classes. Each Unit class has the same fee structure. Account Owners indicate on the Account Application both (i) who the financial advisor or Broker is and (ii) the applicable Unit class. If you do not choose a Unit class, your investment will be made in

Class A Units. If you do not list a broker-dealer on your application, the Plan Distributor is designated as the broker-dealer of record, but solely for the purpose of acting as your agent to purchase the units and Class A Units are your only purchase option. In addition to Plan fees and the operating expenses of the Underlying Investments, you may also pay a sales charge in connection with each Contribution to your Account. The compensation which a financial advisor or Broker receives from the Plan Distributor for its services differs depending on the Unit class selected by the Account Owner. Sales charges that you pay are used to compensate your financial advisor or Broker for the advice and services provided to you, and your financial advisor or Broker may receive more or less depending on which Unit class you choose. All Account Owners are eligible to purchase any class of Units.

A transfer from another Texas-sponsored Section 529 Plan to the Plan will be treated as a withdrawal from the account in such other plan and the establishment of a new Account in the Plan for purposes of determining any applicable sales and asset-based charges.

Whether there is any transaction, service, administrative or other fee charged directly by a financial advisor or Broker with respect to the Account is a matter between the Account Owner and the financial advisor or Broker and is not a feature of the Plan.

When deciding which Unit class is best for you, you should consider, among other factors, when Contributions are to be made to your Account, the amounts of your Contributions, how long Contributions will be held in your Account before withdrawals are directed, and the age of your Designated Beneficiary. Due to the differing sales charge structure among the Unit classes, the net asset value of a Portfolio Unit class and the investment return on a Contribution invested in that Unit class may be more or less than it would be by investing in a different Unit class. Your financial advisor or Broker can help you determine which Unit class is best suited to your investment goals.

The Board and the Plan Distributor may change the sales charge structure of any Unit class at any time.

Money Market Portfolio

Units of the Money Market Portfolio are sold at net asset value without an initial sales charge. Units of the Money Market Portfolio purchased after September 25, 2009 do not convert to Class A, B or C Units with the passage of time and will not be subject to any CDSC. Financial advisors and Brokers who sell Units of the Money Market Portfolio do not receive any initial or ongoing compensation.

Money Market Portfolio assets that were previously invested in the Stable Value Portfolio may be subject to a Contingent Deferred Sales Charge ("CDSC") when withdrawn from or exchanged out of the Money Market Portfolio. Each purchase of Class A, B and C Units previously invested in the Stable Value Portfolio has its own CDSC period. The time during which Money Market Portfolio assets were invested in Class A, B and C Units of the Stable Value Portfolio prior to September 25, 2009 will be added to the time that such assets are invested in the Money Market Portfolio for purposes of calculating the CDSC. The CDSC charged by the Money Market Portfolio with respect to such assets will be determined by presuming that such assets are withdrawn in the order in which they were invested in the Stable Value Portfolio. The CDSC will be fully or partially waived for certain withdrawals as described below. Contributions invested in the Money Market Portfolio after September 25, 2009 are not subject to any CDSC.

Class A Units

Initial Sales Charge. Except as discussed below, an initial sales charge is imposed as a percentage of each Contribution to the Account. The initial sales charge that an Account Owner pays on each Contribution invested in Class A Units is based on the aggregate Contributions to Accounts he/she has established within the Advisor-sold Plan and certain other assets as discussed below. Only the amount of the Contribution reduced by this charge is invested in the Account. This sales charge is used to compensate your financial advisor or Broker for advising you about the Advisor-sold Plan. The sales charge may be reduced or waived for certain categories of investors or under certain circumstances.

An Account Owner may qualify for reduced sales charges after he/she purchases Class A Units through a single purchase or under a Right of Accumulation or a Letter of Intent as discussed below.

A portion of the sales charge may be retained by the Plan Distributor or paid to your financial advisor or Broker as a concession. The Plan Distributor reserves the right to pay the entire concession to financial advisors or Brokers. Concessions are not paid to financial advisors or Brokers by the Distributor on units purchased at net asset value. The current sales charge rates and concessions paid to financial advisors or Brokers are as follows (due to rounding, the actual sales charge for a particular transaction may be higher or lower than the rates listed):

Amount of Total Contribution	Initial Sales Charge as a Percentage of Contribution	Initial Sales Charge as a Percentage of Amount Invested in the Account	Payment to Financial Advisors or Brokers as a Percentage of Contribution[1]
Up to $24,999	5.75%	6.10%	4.75%
$25,000 to $49,999	5.50	5.82	4.75
$50,000 to $99,999	4.75	4.99	4.00
$100,000 to $249,999	3.75	3.90	3.00
$250,000 to $499,999	2.50	2.56	2.00
$500,000 to $999,999	2.00	2.04	1.60
$1,000,000 or greater[2]	0.00	0.00	1.00

1. On-going compensation is paid to financial advisors and Brokers beginning in the first month after a Contribution is made.
2. There is no initial sales charge imposed once Contributions aggregate $1,000,000 or more. However, a Contingent Deferred Sales Charge of 1.00% may be charged. See "Contingent Deferred Sales Charge" on page 16.

The initial sales charge may be waived for certain investors:

- Present or former officers and directors, trustees and employees (and their "immediate family members") of the Plan Manager and the Plan Distributor and retirement plans established by them for their employees. "Immediate family members" of an individual refers to such individual's spouse, children, grandchildren, grandparents, parents, parents-in-law, brothers and sisters, sons and daughters-in-law, a sibling's spouse, a spouse's siblings, aunts, uncles, nieces, nephews, and relatives by virtue of a remarriage (stepchildren, stepparents, etc.)
- Present or former employees of firms offering the Plan as part of such firm's voluntary benefits package
- Dealers, financial advisors, Brokers, banks or registered investment advisers that offer the Plan in particular investment products made available to their clients. Those clients may be charged a transaction fee by the dealer, financial advisor, Broker, bank or advisor for the purchase of Interests in the Plan
- Employees and registered representatives (and their spouses) of dealers or Brokers described above that have entered into sales arrangements with such dealers or Brokers (and which are identified as such to the Plan Distributor) or with the Plan Distributor. The purchaser must certify to the Plan Distributor at the time of purchase that the purchase is for the purchaser's own account (or for the benefit of such employee's spouse or minor children)
- Investors who purchased Class A Units of a single-fund portfolio offered by Tomorrow's College Investment Plan (no longer offered) without paying an initial sales charge.
- Other investors at the discretion of the Board
- Customers of certain dealers, Brokers, banks or registered investment advisers that have entered into a special written agreement with the Plan Distributor.

Right of Accumulation. A Right of Accumulation permits certain Account Owners to combine the value of assets in their Accounts within the Plan (regardless of the Units Class selected) to reduce the initial sales charge applicable to the purchase of Class A Units. Beginning January 1, 2008, Account Owners may also count the value of assets in other advisor-sold Section 529 Plans (within or outside of Texas) that are managed by OFI Private Investments Inc. or its affiliates and purchases of Class A, B and C shares of mutual funds advised by OppenheimerFunds, Inc. (except Class A shares of Oppenheimer Money Market Fund, Inc. and Oppenheimer Cash Reserves for which no initial sales charge was paid) to reduce the initial sales charge applicable to the purchase of Class A Units. The Plan Manager will determine the value of 529 Plan units you currently own based on the greater of aggregate net contributions or total shares multiplied by the current Net Asset Value, and the value of mutual fund shares you currently own as described in such fund's prospectus.

The reduced initial sales charges described above resulting from Rights of Accumulation apply if the Plan Manager is notified that a Contribution qualifies for a reduced initial sales charge at the time the Contribution is made. The reduced initial sales charge will be granted upon confirmation of the aggregate Contributions to the applicable Accounts. Such reduced initial sales charges generally will not be applied retroactively to Contributions made prior to the Contribution that qualifies for the applicable reduced initial sales charge.

Letter of Intent. Under a Letter of Intent (a "Letter"), you may be able to reduce the sales charge rate that applies to your purchases of Class A Units of the Plan if you purchase Class A, Class B or Class C Units of the Plan or other Oppenheimer funds. Until January 1, 2008, a Letter is an investor's statement in writing to the Plan Distributor of his or her intention to purchase a specified value of Class A, Class B and Class C Units in all his or her Accounts in the Plan during a 13-month period (the "Letter period"), which begins on the date of the Account Owner's first Unit purchase following the establishment of the Letter. The sales charge on each purchase of Class A Units during the Letter period will be at the rate that would apply to a single lump-sum purchase of Units in the amount intended to be purchased under the Letter. In submitting a Letter, the Account Owner makes no commitment to purchase Units. However, if the Account Owner does not fulfill the terms of the Letter by the end of the Letter period, he or she agrees to pay the additional initial sales charges that would have been applicable to the Class A Unit purchases that were made. The Account Owner agrees that Units equal in value to 2% of the intended purchase amount will be held in escrow by the Plan Manager for that purpose, as described in "Terms of Escrow" below. It is the responsibility of the dealer of record and/or the Account Owner to advise the Plan Distributor about the Letter when placing purchase orders during the Letter period.

To determine whether an investor has fulfilled the terms of a Letter, the Plan Manager will count purchases of Class A, Class B and Class C Units during the Letter period. In addition, the Account Owner will be considered to have fulfilled the Letter if the value of the Account Owner's total holdings of Units on the last day of the Letter period, calculated at the net asset value on that day, equals or exceeds the intended purchase amount.

Beginning on January 1, 2008, investors may also count contributions to any other advisor-sold Section 529 Plans (within or outside of Texas) that are managed by OFI Private Investments Inc. or its affiliates and purchases of Class A, B and C shares of mutual funds advised by OppenheimerFunds, Inc. (except Class A shares of Oppenheimer Money Market Fund, Inc. and Oppenheimer Cash Reserves for which no initial sales charge was paid) to purchases that qualify for a Letter. You must notify the Plan Distributor or your current intermediary of any qualifying mutual fund holdings.

If the terms of the Letter are not fulfilled by the end of the Letter period, the concessions previously paid by the Plan Distributor to the dealer of record for your Account and the amount of initial sales charges retained by the Plan Distributor will be adjusted on the first business day following the expiration of the Letter period to reflect the initial sales charge rates that apply to the actual total purchases of Units. If total eligible purchases during the Letter period exceed the intended purchase amount and exceed the amount needed to qualify for the next sales charge rate reduction set forth in this Plan Description, the sales charges paid may be adjusted to the lower rate. That adjustment will only be made if and when the dealer returns to the Plan Distributor the excess of the amount of concessions allowed or paid to the dealer over the amount of concessions that apply to the actual amount of purchases. The reduced sales charge adjustment will be made by adding to your Account(s) the number of additional Units that would have been purchased if the lower sales charge rate had been used. Those additional Units will be determined using the net asset value per share in effect on the date of such adjustment.

By establishing a Letter, the Account Owner agrees to be bound by the terms of this Plan Description and the application used for a Letter, and if those terms are amended to be bound by the amended terms and that any amendments by the Plan Distributor will apply automatically to existing Letters.

Terms of Escrow That Apply to Letters of Intent.

1. Out of the initial purchase, and out of subsequent purchases if necessary, the Plan Manager will hold in escrow Units equal to 2% of the intended purchase amount specified in the Letter. For example, if the intended purchase amount is $50,000, the escrow amount would be Units valued at $1,000 (computed at the offering price for a $50,000 Unit purchase). Escrowed Units are not eligible for either Qualified or Non-Qualified Withdrawals during the Letter period unless the Account Owner terminates the Letter.

2. If the Letter applies to more than one Account, the Account Owner can designate the Account from which Units will be escrowed. If no Account is selected, the Plan Manager will escrow Units in the Account that has the highest dollar balance on the date of the first purchase under the Letter. If there are not sufficient Units to cover the escrow amount, the Plan Manager will escrow Units in the Account(s) with the next highest balance(s). If there are not sufficient Units in the Accounts to which the Letter applies, the Plan Manager may escrow Units in other Accounts that are linked for Right of Accumulation purposes. Additionally, if there are not sufficient Units available for escrow at the time of the first purchase under the Letter, the Plan Manager will escrow future purchases until the escrow amount is met.

3. If the total purchases under the Letter are less than the intended purchases specified, on the first business day after the end of the Letter period the Plan Distributor will redeem escrowed Units equal in value to the difference between the dollar amount of sales charges actually paid and the amount of sales charges which would have been paid if the total purchases had been made at a single time. Any Units remaining after such redemption will be released from escrow.

4. If the terms of the Letter are fulfilled, the escrowed Units will be promptly released to the Account Owner at the end of the Letter period.

5. By signing the Letter, the investor irrevocably constitutes and appoints the Plan Manager as attorney-in-fact to surrender for redemption any or all escrowed Units.

Reinstatement Privilege. If all or a part of an Account Owner's (a) Class A Units in the Plan or any other OFI Private Investments Inc. administered Section 529 Plan (including Section 529 Plans administered by affiliates of the Plan Manager) that were purchased subject to an initial sales charge or on which a contingent deferred sales charge was paid, or (b) Class B Units in the Plan or any other OFI Private Investments Inc. administered Section 529 Plan on which a contingent deferred sales charge was paid are redeemed or transferred, the Account Owner may reinvest an amount equal to all or a portion of the redemption or transfer proceeds in Class A Units of the same Plan Portfolio or any other Plan Portfolio at the Unit net asset value, without the imposition of an initial sales charge, next determined after receipt in good order of the Contribution, provided that such reinvestment is made within six (6) months of the redemption or transfer. The Reinstatement Privilege described above only applies if the Plan Manager is notified that a Contribution qualifies for a reduced initial sales charge at the time the Contribution is made. The reduced initial sales charge will be granted upon confirmation that an initial sales charge or contingent deferred sales charge was paid in connection with the redeemed or transferred amount. The Board or the Plan Manager may amend, suspend or cease offering this Reinstatement Privilege at any time as to Units redeemed or transferred after the date of such amendment, suspension or cessation.

Contingent Deferred Sales Charge. A contingent deferred sales charge ("CDSC"), which may be partially waived in limited circumstances, may be imposed in connection with Contributions not subject to an initial sales charge that are withdrawn, transferred or rolled over from an Account within 18 months of Contribution. The CDSC is 1.00% of the lesser of the original amount of the Contribution or the current value of the Contribution. Each purchase of Class A Units has its own CDSC period, and the CDSC is determined by presuming that Contributions are withdrawn in the order in which they were made. The CDSC does not apply to earnings on any Contribution. No CDSC will be deducted from the proceeds of withdrawals from Class A Units of any Portfolio due to the death or disability of the Designated Beneficiary. The CDSC will be partially waived for qualified withdrawals made pursuant to a systematic withdrawal election. Each of the Plan, the Board, the Plan Manager and the Plan Distributor reserves the right to amend or eliminate the sales reductions or waivers described above at any time by amending this Plan Description.

Class B Units

Discontinuation. Class B Units were offered by the Plan prior to November 29, 2010 and were sold at net asset value, without an initial sales charge. On November 29, 2010, the Plan stopped offering Class B Units. Any Contributions for Class B Units received by the Plan Manager on or after November 29, 2010 for any Class B Unit investors are directed to Class A Units. Account Owners are permitted to remain invested in existing Class B Units until such time as those Class B Units convert to Class A Units as described below.

Contingent Deferred Sales Charge. If Class B Units are redeemed through either a qualified withdrawal, Non-Qualified Withdrawal or a transfer or a rollover is made from the Account to another Section 529 Plan (or a transfer or rollover is made from the Account to an account in another Texas-sponsored Section 529 Plan) within six years from the beginning of the calendar month of their purchase, a CDSC will be deducted from the redemption proceeds. This CDSC is imposed in addition to any applicable Non-Qualified Withdrawal penalty.

The CDSC for B Units is paid to compensate the Plan Distributor for its expenses of providing distribution-related services in connection with the sale of Class B Units. The Plan Distributor compensates the financial advisor or Broker through whom you purchase Class B Units at an amount equal to 4.00% of your initial Contribution amount. The amount of the charge gradually decreases as you hold your Class B Units over time, according to the following schedule:

Year of Withdrawal After the Contribution Was Made	CDSC on Withdrawals in That Year (as % of amount subject to the charge)
First	5.00%
Second	4.00
Third	3.00
Fourth	3.00
Fifth	2.00
Sixth	1.00

The CDSC is computed by multiplying the applicable percentage by the lesser of the current value or original amount of the portion of the amount of the Contribution involved which is withdrawn. Contributions are tracked separately for purposes of this charge, and the charge is determined by reference to Contributions made on a first in, first out basis. The charge does not apply to earnings, including appreciation, on any Contribution. In computing the charge, transfers or rollovers from one Account to another Account for a Designated Beneficiary who is a "Member of the Family" of the Designated Beneficiary of the Account from which the transfer was made are not treated as new Contributions. Contributions deriving from a transfer or rollover from an account of a Section 529 Plan of another state or from an account within a Texas-sponsored Section 529 Plan are treated as new Contributions. In addition to the certification as to the nature of a withdrawal to be given on each Distribution Request Form, the Plan Manager may require substantiation of the nature of withdrawals to determine whether or not a CDSC applies.

Making withdrawals from Account assets invested in Class B Units during the time in which the CDSC is assessed will diminish the overall return on your investment. The CDSC will apply to rollovers into another Section 529 Plan.

CDSC Waivers. The following withdrawals are not subject to this CDSC: (i) withdrawals paid to the Designated Beneficiary of the Account (or to the estate of the Designated Beneficiary) on or after the death of the Designated Beneficiary, (ii) withdrawals attributable to the Designated Beneficiary's disability, (iii) withdrawals made on account of a scholarship received by the Designated Beneficiary to the extent the amount withdrawn does not exceed the scholarship, (iv) amounts that are the subject of a transfer or rollover from one Account to another Account in the Plan, or (v) withdrawals made due to the Designated Beneficiary's attendance at certain military academies to the extent that the amount withdrawn does not exceed the costs of qualifying expenses attributable to such attendance (collectively, "Non-CDSC Withdrawals").

The CDSC will be partially waived for qualified withdrawals made pursuant to a systematic withdrawal election. See "Withdrawals" on page 26.

Conversion of Class B Units to Class A Units. Class B shares automatically convert to Class A shares 72 months after purchase, and will thereafter be subject to the lower ongoing fees applicable to Class A Units. Such conversion will not count as the Account Owner's once per calendar year reallocation of prior Contributions or any earnings thereon.

Class C Units

Initial Sales Charge. Class C Units are sold at net asset value, without an initial sales charge.

CDSC. If Class C Units are redeemed through a withdrawal, other than a Non-CDSC Withdrawal, within 12 months from the beginning of the calendar month of their purchase, a CDSC of 1%, computed in the same manner and subject to the same procedure as described above for Class B Unit CDSC, will be deducted from the redemption proceeds. The CDSC for Class C Units is paid to compensate the Distributor for its expenses of providing distribution-related services in connection with the sale of C Units. The CDSC will be partially waived for qualified withdrawals made pursuant to a systematic withdrawal election. See "Withdrawals" on page 26. A CDSC will not be imposed on a Non-CDSC Withdrawal.

No Conversion Feature. Class C Units do not convert to Class A Units or Class B Units with the passage of time.

Payments to Financial Intermediaries

The Plan Distributor or one of its affiliates, in their discretion, also may pay financial intermediaries for distribution and/or shareholder servicing activities. These payments are made out of the Plan Distributor's or its affiliate's own resources, including from any profits derived from the Plan Manager Fee or Distribution Charge the Plan Distributor or its affiliate receives from the Plan. These cash payments, which may be substantial, are paid to many firms having business relationships with the Plan Distributor or its affiliates. These payments are in addition to any other fees paid directly or indirectly by the Plan to these financial intermediaries and any commissions the Plan Distributor pays to financial advisors and/or Brokers out of the sales charges paid by Account Owners. These payments by the Plan Distributor or its affiliates from their own resources are not reflected in the Total Plan Fees described in the Fee Structure for each Unit Class because they are not paid by the Plan or Account Owners.

In general, these payments may be made on the basis of the average net assets of a Portfolio attributable to the accounts of that financial intermediary and its clients. In some circumstances, these payments may create an incentive for a financial intermediary or its representatives to recommend or offer Units of the Plan to its customers. These payments also may give a financial intermediary an incentive to cooperate with the Plan Distributor's marketing efforts. The Plan Distributor and its affiliates compensate financial intermediaries differently depending upon, among other factors, the level and/or type of marketing support provided by the financial intermediary. These payments are not expected to exceed 0.25% of the average net assets of the Plan attributable to that financial intermediary on an annual basis. Additionally, as firm support, the Plan Distributor or its affiliates may reimburse expenses related to educational seminars and "due diligence" or training meetings (to the extent permitted by applicable laws or the rules of the FINRA) designed to increase sales representatives' awareness about the Plan, including travel and lodging expenditures.

To the extent that financial intermediaries receiving distribution-related payments from the Plan Distributor or its affiliates sell more shares of the Plan or retain more Units of the Plan in their client accounts, the Plan Manager and the Plan Distributor benefit from the incremental management and other fees they receive with respect to those assets.

Financial advisors or Brokers may charge additional fees or commissions other than those disclosed in this Plan Description. An Account Owner can ask his or her financial advisor or Broker about any payments it receives from the Plan Distributor and its affiliates and any services it provides, as well as about fees and/or commissions it charges.

Distribution Charges

Financial advisors and Brokers who sell Class A Units receive ongoing compensation, which is paid by the Plan Manager or one of its affiliates, of 0.25% (beginning in the first month after the Contribution is made) of the average daily net assets of Class A Units sold by such financial advisor or Broker in Accounts. Financial advisors and Brokers who sold Class B Units receive ongoing compensation, which is paid by the Plan Manager or one of its affiliates, of 0.25% of the average daily net assets of Class B Units sold by such financial advisor or Broker in Accounts commencing 13 months following the purchase of such Class B Units. Financial advisors and Brokers who sell Class C Units receive ongoing compensation, which is paid by the Plan Manager or one of its affiliates, of 1.00% of the average daily net assets of Class C Units sold by such financial advisor or Broker in Accounts commencing 13 months following the purchase of such Class C Units. The fees received and expenses incurred by financial advisors and Brokers do not increase or decrease any Plan expenses.

Plan Fees and Expenses

Each Account bears certain ongoing Portfolio fees (including the Program Management Fee, State Administrative Fee and Distribution Charge described below) which are charged against the assets of the Portfolios to provide for the costs associated with the distribution, servicing and administration of the Account. These Portfolio fees, which are described below, will reduce the value of the Account as they are incurred. Accounts also will indirectly bear fees and expenses of the Underlying Investments in which the Portfolios invest. In addition, the Accounts may be charged certain fees and expenses which are not reflected in the charts below. These charges include the fees of independent public accountants for conducting annual audits and other fees and expenses the Board may impose at their discretion. The Board may change or add new fees at any time.

Total Annual Asset-based Plan Fees

Program Management Fee. A Program Management Fee calculated at the annual rate of 0.21% (except for assets in the Socially Responsible Portfolio which are charged 0.30%) of the average daily net assets of the Plan is paid on a monthly basis to the Plan Manager for Plan administration and investment management services. The Plan Manager and its affiliates, The Dreyfus Corporation, TIAA-CREF and Thornburg Investment Management, Inc. each receive compensation directly from certain of the Underlying Investments in which the Portfolios invest for serving as the investment adviser of those Underlying Investments. The Plan Manager and/or its affiliates may receive certain payments from The Dreyfus Corporation or the Dreyfus mutual fund and/or Thornburg Investment Management, Inc. or the Thornburg mutual fund for a variety of services with respect to Plan assets invested in each respective Dreyfus and Thornburg mutual fund. The Plan Manager provides various sub-transfer agency and other related administrative services with respect to the Dreyfus and Thornburg mutual fund positions. In consideration for these services, the Plan Manager and/or its affiliates receives compensation from The Dreyfus Corporation or from the Dreyfus mutual fund of up to 0.05% of the average annual amount invested by certain Portfolios in the Dreyfus mutual fund and from Thornburg Investment Management, Inc. or the Thornburg mutual fund of up to 0.10% of the average annual amount invested by certain Portfolios in the Thornburg mutual fund.

State Administrative Fee. The Board receives a State Administrative Fee at the annual rate of 0.10% of the average daily net assets of the Plan for administering the Plan. The fees received by the Board will be used to administer the Plan. Under Texas law, the Board may not collect administrative fees in excess of the cost of establishing and maintaining the Plan. Each Account indirectly bears its pro rata share of the State Administrative Fee.

Distribution Charge. A Distribution Charge, which varies based on Unit class, as a percentage of the average daily net assets of the Unit class, is paid to the Plan Distributor on a quarterly basis for providing distribution-related services.

Fee Structure for Class A Units

	Annual Asset-based Plan Fees					Additional Investor Expenses	
Portfolio	Estimated Weighted Average Expense Ratio of Underlying Investments[1,2]	Program Management Fee	State Administrative Fee	Distribution Charge	Total Annual Asset-based Plan Fees[3]	Maximum Initial Sales Charge[4]	Annual Account Maintenance Fee
Age Based 0-6 Years Portfolio[5]	0.74%	0.21%	0.10%	0.25%	1.30%	5.75%	none
Age Based 7-9 Years Portfolio[5]	0.72	0.21	0.10	0.25	1.28	5.75	none
Age Based 10-11 Years Portfolio[5]	0.70	0.21	0.10	0.25	1.26	5.75	none
Age Based 12-14 Years Portfolio[5]	0.68	0.21	0.10	0.25	1.24	5.75	none
Age Based 15-17 Years Portfolio[5]	0.58	0.21	0.10	0.25	1.14	5.75	none
Age Based 18 Years and Over Portfolio[5]	0.45	0.21	0.10	0.25	1.01	5.75	none
100% Equity Portfolio	0.76	0.21	0.10	0.25	1.32	5.75	none
Balanced Portfolio[5]	0.70	0.21	0.10	0.25	1.26	5.75	none
Capital Appreciation Portfolio	0.77	0.21	0.10	0.25	1.33	5.75	none
Value Portfolio	0.60	0.21	0.10	0.25	1.16	5.75	none
Main Street Select Portfolio	0.80	0.21	0.10	0.25	1.36	5.75	none
Socially Responsible Portfolio	0.20	0.30	0.10	0.25	0.85	5.75	none
Large Cap Core Index Portfolio	0.40	0.21	0.10	0.25	0.96	5.75	none
Main Street Small—& Mid-Cap Portfolio	0.83	0.21	0.10	0.25	1.39	5.75	none
International Diversified Portfolio	1.01	0.21	0.10	0.25	1.57	5.75	none
Fixed Income Portfolio[5]	0.45	0.21	0.10	0.25	1.01	5.75	none
Inflation Protected Bond Portfolio	0.71	0.21	0.10	0.25	1.27	5.75	none
Money Market Portfolio[6]	0.17	0.21	0.10	0.00	0.48	none	none

1. For Portfolios that invest in more than one Underlying Investment, based on an estimated weighted average of each Underlying Investment's expense ratio, in accordance with the Portfolio's target asset allocation as of June 22, 2011; and for Portfolios that invest in one Underlying Investment, based on the most recent expense ratio for the Underlying Investment as of June 22, 2011. Underlying Investment expenses include investment advisory fees, (which may be paid to the Plan Manager or, its affiliates or, The Dreyfus Corporation, TIAA-CREF or Thornburg Investment Management, Inc.), administrative and other expenses.

2. Portfolios that invest in the Dreyfus Bond Market Index Fund and Dreyfus Inflation Adjusted Securities Fund are charged an additional administrative fee of 0.30% and 0.27%, respectively, on the portion of the Portfolio that invests in these funds. Portfolios that invest in TIAA-CREF S&P 500 Index Fund and TIAA-CREF International Equity Index Fund are charged an additional administrative services fee of 0.32% and 0.31%, respectively, on the portion of the Portfolio that invests in these funds.

3. Total Annual Asset-based Plan Fees are subject to change at any time, and are assessed against assets over the course of the year and do not include sales charges. See "Investment Cost Charts" below for the approximate cost of investing in each of the Plan's Portfolios over 1-, 3-, 5- and 10-year periods.

4. Payable at the time of purchase of Class A Units. Lower initial sales charges available for larger aggregate Contributions. Waived for certain Account Owners. A maximum CDSC of 1.00% may be charged, and partially waived in limited circumstances, for Contributions not subject to an initial sales charge that are withdrawn, transferred or rolled over from an Account within one year of the Contribution. See "Sales Charges—Class A Units" on page 14 of the Plan Description.

5. The manager of Dreyfus Bond Market Index Fund has agreed to reduce its fees in an amount equal to the fund's allocable portion of the fees and expenses of the non-interested Board members and their counsel. Without this expense limitation arrangement, the Fixed Income Portfolio's "Estimated Weighted Average Expense Ratio Related to Underlying Investments" and "Total Annual Asset-based Plan Fees" would have been 0.46% and 1.02%, respectively. Without this expense limitation arrangement, the impact to the other Portfolios would be less than 0.01%.

6. For administrative and recordkeeping purposes, the Money Market Portfolio has three unit classes. Each unit class has the same fee structure. The Plan Manager and the Board have agreed to voluntarily waive the Program Management Fee and the Administrative Fee respectively, (but, in neither case, not below zero) and/or reimburse expenses to the extent necessary to assist the Money Market Portfolio in attempting to maintain at least a 0.00% return. There is no guarantee that the Money Market Portfolio will maintain this return. This undertaking may be amended or withdrawn at any time.

Fee Structure for Class B Units[1]

Portfolio	Annual Asset-based Plan Fees: Estimated Weighted Average Expense Ratio of Underlying Investments[2,3]	Program Management Fee	State Administrative Fee	Distribution Charge	Total Annual Asset-based Plan Fees[4]	Additional Investor Expenses: Maximum Deferred Sales Charge[5]	Annual Account Maintenance Fee
Age Based 0-6 Years Portfolio[6]	0.74%	0.21%	0.10%	1.00%	2.05%	5.00%	none
Age Based 7-9 Years Portfolio[6]	0.72	0.21	0.10	1.00	2.03	5.00	none
Age Based 10-11 Years Portfolio[6]	0.70	0.21	0.10	1.00	2.01	5.00	none
Age Based 12-14 Years Portfolio[6]	0.68	0.21	0.10	1.00	1.99	5.00	none
Age Based 15-17 Years Portfolio[6]	0.58	0.21	0.10	1.00	1.89	5.00	none
Age Based 18 Years and Over Portfolio[6]	0.45	0.21	0.10	1.00	1.76	5.00	none
100% Equity Portfolio	0.76	0.21	0.10	1.00	2.07	5.00	none
Balanced Portfolio[6]	0.70	0.21	0.10	1.00	2.01	5.00	none
Capital Appreciation Portfolio	0.77	0.21	0.10	1.00	2.08	5.00	none
Value Portfolio	0.60	0.21	0.10	1.00	1.91	5.00	none
Main Street Select Portfolio	0.80	0.21	0.10	1.00	2.11	5.00	none
Socially Responsible Portfolio	0.20	0.30	0.10	1.00	1.60	5.00	none
Large Cap Core Index Portfolio	0.40	0.21	0.10	1.00	1.71	5.00	none
Main Street Small—& Mid-Cap Portfolio	0.83	0.21	0.10	1.00	2.14	5.00	none
International Diversified Portfolio	1.01	0.21	0.10	1.00	2.32	5.00	none
Fixed Income Portfolio[6]	0.45	0.21	0.10	1.00	1.76	5.00	none
Inflation Protected Bond Portfolio	0.71	0.21	0.10	1.00	2.02	5.00	none
Money Market Portfolio[7]	0.17	0.21	0.10	0.00	0.48	none	none

1. Class B Units automatically convert to Class A Units after 72 months. See "Sales Charges—Class B Units—Conversion of Class B Units to Class A Units" on page 17 of the Plan Description.

2. For Portfolios that invest in more than one Underlying Investment, based on an estimated weighted average of each Underlying Investment's expense ratio, in accordance with the Portfolio's target asset allocation as of June 22, 2011; and for Portfolios that invest in one Underlying Investment, based on the most recent expense ratio for the Underlying Investment as of June 22, 2011. Underlying Investment expenses include investment advisory fees, (which may be paid to the Plan Manager or, its affiliates or, The Dreyfus Corporation, TIAA-CREF or Thornburg Investment Management, Inc.), administrative and other expenses.

3. Portfolios that invest in the Dreyfus Bond Market Index Fund and Dreyfus Inflation Adjusted Securities Fund are charged an additional administrative fee of 0.30% and 0.27%, respectively, on the portion of the Portfolio that invests in these funds. Portfolios that invest in TIAA-CREF S&P 500 Index Fund and TIAA-CREF International Equity Index Fund are charged an additional administrative services fee of 0.32% and 0.31%, respectively, on the portion of the Portfolio that invests in these funds.

4. Total Annual Asset-based Plan Fees are subject to change at any time, and are assessed against assets over the course of the year and do not include sales charges. See "Investment Cost Charts" below for the approximate cost of investing in each of the Plan's Portfolios over 1-, 3-, 5- and 10-year periods.

5. Payable with respect to each Contribution if you direct a withdrawal, transfer or rollover from your Account within 72 months of a Contribution. Partially waived in limited circumstances. See "Sales Charges—Class B Units—Contingent Deferred Sales Charge" on page 17 of the Plan Description.

6. The manager of Dreyfus Bond Market Index Fund has agreed to reduce its fees in an amount equal to the fund's allocable portion of the fees and expenses of the non-interested Board members and their counsel. Without this expense limitation arrangement, the Fixed Income Portfolio's "Estimated Weighted Average Expense Ratio Related to Underlying Investments" and "Total Annual Asset-based Plan Fees" would have been 0.46% and 1.77%, respectively. Without this expense limitation arrangement, the impact to the other Portfolios would be less than 0.01%.

7. For administrative and recordkeeping purposes, the Money Market Portfolio has three unit classes. Each unit class has the same fee structure. The Plan Manager and the Board have agreed to voluntarily waive the Program Management Fee and the Administrative Fee respectively, (but, in neither case, not below zero) and/or reimburse expenses to the extent necessary to assist the Money Market Portfolio in attempting to maintain at least a 0.00% return. There is no guarantee that the Money Market Portfolio will maintain this return. This undertaking may be amended or withdrawn at any time.

Fee Structure for Class C Units

Portfolio	Annual Asset-based Plan Fees: Estimated Weighted Average Expense Ratio of Underlying Investments[1,2]	Program Management Fee	State Administrative Fee	Distribution Charge	Total Annual Asset-based Plan Fees[3]	Additional Investor Expenses: Maximum Deferred Sales Charge[4]	Annual Account Maintenance Fee
Age Based 0-6 Years Portfolio[5]	0.74%	0.21%	0.10%	1.00%	2.05%	1.00%	none
Age Based 7-9 Years Portfolio[5]	0.72	0.21	0.10	1.00	2.03	1.00	none
Age Based 10-11 Years Portfolio[5]	0.70	0.21	0.10	1.00	2.01	1.00	none
Age Based 12-14 Years Portfolio[5]	0.68	0.21	0.10	1.00	1.99	1.00	none
Age Based 15-17 Years Portfolio[5]	0.58	0.21	0.10	1.00	1.89	1.00	none
Age Based 18 Years and Over Portfolio[5]	0.45	0.21	0.10	1.00	1.76	1.00	none
100% Equity Portfolio	0.76	0.21	0.10	1.00	2.07	1.00	none
Balanced Portfolio[5]	0.70	0.21	0.10	1.00	2.01	1.00	none
Capital Appreciation Portfolio	0.77	0.21	0.10	1.00	2.08	1.00	none
Value Portfolio	0.60	0.21	0.10	1.00	1.91	1.00	none
Main Street Select Portfolio	0.80	0.21	0.10	1.00	2.11	1.00	none
Socially Responsible Portfolio	0.20	0.30	0.10	1.00	1.60	1.00	none
Large Cap Core Index Portfolio	0.40	0.21	0.10	1.00	1.71	1.00	none
Main Street Small—& Mid-Cap Portfolio	0.83	0.21	0.10	1.00	2.14	1.00	none
International Diversified Portfolio	1.01	0.21	0.10	1.00	2.32	1.00	none
Fixed Income Portfolio[5]	0.45	0.21	0.10	1.00	1.76	1.00	none
Inflation Protected Bond Portfolio	0.71	0.21	0.10	1.00	2.02	1.00	none
Money Market Portfolio[6]	0.17	0.21	0.10	0.00	0.48	none	none

1. For Portfolios that invest in more than one Underlying Investment, based on an estimated weighted average of each Underlying Investment's expense ratio, in accordance with the Portfolio's target asset allocation as of June 22, 2011; and for Portfolios that invest in one Underlying Investment, based on the most recent expense ratio for the Underlying Investment as of June 22, 2011. Underlying Investment expenses include investment advisory fees, (which may be paid to the Plan Manager or, its affiliates or, The Dreyfus Corporation, TIAA-CREF or Thornburg Investment Management, Inc.), administrative and other expenses.
2. Portfolios that invest in the Dreyfus Bond Market Index Fund and Dreyfus Inflation Adjusted Securities Fund are charged an additional administrative fee of 0.30% and 0.27%, respectively, on the portion of the Portfolio that invests in these funds. Portfolios that invest in TIAA-CREF S&P 500 Index Fund and TIAA-CREF International Equity Index Fund are charged an additional administrative services fee of 0.32% and 0.31%, respectively, on the portion of the Portfolio that invests in these funds.
3. Total Annual Asset-based Plan Fees are subject to change at any time, and are assessed against assets over the course of the year and do not include sales charges. See "Investment Cost Charts" below for the approximate cost of investing in each of the Plan's Portfolios over 1-, 3-, 5- and 10-year periods.
4. Payable with respect to each Contribution if you direct a withdrawal, transfer or rollover from your Account within 12 months of a Contribution. Partially waived in limited circumstances. See "Sales Charges—Class C Units—CDSC" on page 17 of the Plan Description.
5. The manager of Dreyfus Bond Market Index Fund has agreed to reduce its fees in an amount equal to the fund's allocable portion of the fees and expenses of the non-interested Board members and their counsel. Without this expense limitation arrangement, the Fixed Income Portfolio's "Estimated Weighted Average Expense Ratio Related to Underlying Investments" and "Total Annual Asset-based Plan Fees" would have been 0.46% and 1.77%, respectively. Without this expense limitation arrangement, the impact to the other Portfolios would be less than 0.01%.
6. For administrative and recordkeeping purposes, the Money Market Portfolio has three unit classes. Each unit class has the same fee structure. The Plan Manager and the Board have agreed to voluntarily waive the Program Management Fee and the Administrative Fee respectively, (but, in neither case, not below zero) and/or reimburse expenses to the extent necessary to assist the Money Market Portfolio in attempting to maintain at least a 0.00% return. There is no guarantee that the Money Market Portfolio will maintain this return. This undertaking may be amended or withdrawn at any time.

Other Fees and Charges

There may be other fees associated with wires, overnight deliveries and other requests. These fees and charges are subject to change without notice and may be waived by the Plan Manager. Please contact the Plan Manager for details.

Investment Cost Chart

The following table compares the approximate cost of investing in the Plan over different periods of time. Your actual cost may be higher or lower based on assumptions that are different than the following assumptions. To illustrate your estimated cost, we have charted the returns for an Account Owner investing in each Portfolio, using the following assumptions:

- A $10,000 investment invested for the time periods shown
- A 5% annually compounded rate of return on the amount invested throughout the time periods shown
- Total Annual Asset-based Plan Fees remain the same throughout the time periods shown
- All Units are redeemed at the end of the period shown for Qualified Higher Education Expenses (the table does not consider the impact of any potential state or federal taxes on the redemption)
- Account Owner pays the applicable maximum initial sales charge (without regard to possible breakpoints) for Class A Units and any CDSC applicable to Class B and C Units invested for the applicable periods
- In the case of the 10-year investment period, the annual costs shown for the Class B Units assume such Units are converted to the Class A Units after 72 months

Cost of a $10,000 Investment in each Portfolio:

	1-Year	3-Year	5-Year	10-Year
Age Based 0-6 Years Portfolio				
Class A Units	$701	$966	$1,251	$2,062
Class B Units[1,2]	210	649	1,114	2,028
Class B Units[2,3]	710	949	1,314	2,028
Class C Units[1]	210	649	1,114	2,403
Class C Units[3]	310	649	1,114	2,403
Age Based 7-9 Years Portfolio				
Class A Units	699	960	1,241	2,041
Class B Units[1,2]	208	643	1,104	2,006
Class B Units[2,3]	708	943	1,304	2,006
Class C Units[1]	208	643	1,104	2,382
Class C Units[3]	308	643	1,104	2,382
Age Based 10-11 Years Portfolio				
Class A Units	697	954	1,231	2,019
Class B Units[1,2]	206	637	1,094	1,984
Class B Units[2,3]	706	937	1,294	1,984
Class C Units[1]	206	637	1,094	2,361
Class C Units[3]	306	637	1,094	2,361
Age Based 12-14 Years Portfolio				
Class A Units	695	948	1,221	1,997
Class B Units[1,2]	204	631	1,083	1,962
Class B Units[2,3]	704	931	1,283	1,962
Class C Units[1]	204	631	1,083	2,339
Class C Units[3]	304	631	1,083	2,339
Age Based 15-17 Years Portfolio				
Class A Units	685	918	1,170	1,889
Class B Units[1,2]	194	599	1,031	1,852
Class B Units[2,3]	694	899	1,231	1,852
Class C Units[1]	194	599	1,031	2,232
Class C Units[3]	294	599	1,031	2,232
Age Based 18 Years and Over Portfolio				
Class A Units	673	880	1,103	1,746
Class B Units[1,2]	180	559	962	1,706
Class B Units[2,3]	680	859	1,162	1,706
Class C Units[1]	180	559	962	2,091
Class C Units[3]	280	559	962	2,091
100% Equity Portfolio				
Class A Units	703	972	1,261	2,084
Class B Units[1,2]	212	655	1,125	2,050
Class B Units[2,3]	712	955	1,325	2,050
Class C Units[1]	212	655	1,125	2,425
Class C Units[3]	312	655	1,125	2,425

	1-Year	3-Year	5-Year	10-Year
Balanced Portfolio				
Class A Units	$697	$954	$1,231	$2,019
Class B Units[1,2]	206	637	1,094	1,984
Class B Units[2,3]	706	937	1,294	1,984
Class C Units[1]	206	637	1,094	2,361
Class C Units[3]	306	637	1,094	2,361
Capital Appreciation Portfolio				
Class A Units	703	975	1,266	2,094
Class B Units[1,2]	213	658	1,130	2,061
Class B Units[2,3]	713	958	1,330	2,061
Class C Units[1]	213	658	1,130	2,435
Class C Units[3]	313	658	1,130	2,435
Value Portfolio				
Class A Units	687	924	1,180	1,911
Class B Units[1,2]	196	606	1,041	1,874
Class B Units[2,3]	696	906	1,241	1,874
Class C Units[1]	196	606	1,041	2,254
Class C Units[3]	296	606	1,041	2,254
Main Street Select Portfolio				
Class A Units	706	984	1,282	2,126
Class B Units[1,2]	216	668	1,146	2,094
Class B Units[2,3]	716	968	1,346	2,094
Class C Units[1]	216	668	1,146	2,467
Class C Units[3]	316	668	1,146	2,467
Socially Responsible Portfolio				
Class A Units	657	832	1,021	1,568
Class B Units[1,2]	164	509	878	1,525
Class B Units[2,3]	664	809	1,078	1,525
Class C Units[1]	164	509	878	1,915
Class C Units[3]	264	509	878	1,915
Large Cap Core Index Portfolio				
Class A Units	668	865	1,078	1,691
Class B Units[1,2]	175	543	936	1,650
Class B Units[2,3]	675	843	1,136	1,650
Class C Units[1]	175	543	936	2,036
Class C Units[3]	275	543	936	2,036
Main Street Small—& Mid-Cap Portfolio				
Class A Units	709	993	1,297	2,158
Class B Units[1,2]	219	677	1,161	2,126
Class B Units[2,3]	719	977	1,361	2,126
Class C Units[1]	219	677	1,161	2,498
Class C Units[3]	319	677	1,161	2,498

	1-Year	3-Year	5-Year	10-Year
International Diversified Portfolio				
Class A Units	$727	$1,046	$1,387	$2,349
Class B Units[1,2]	238	733	1,254	2,320
Class B Units[2,3]	738	1,033	1,454	2,320
Class C Units[1]	238	733	1,254	2,686
Class C Units[3]	338	733	1,254	2,686
Fixed Income Portfolio				
Class A Units	673	880	1,103	1,746
Class B Units[1,2]	180	559	962	1,706
Class B Units[2,3]	680	859	1,162	1,706
Class C Units[1]	180	559	962	2,091
Class C Units[3]	280	559	962	2,091
Inflation Protected Bond Portfolio				
Class A Units	698	957	1,236	2,030
Class B Units[1,2]	207	640	1,099	1,995
Class B Units[2,3]	707	940	1,299	1,995
Class C Units[1]	207	640	1,099	2,371
Class C Units[3]	307	640	1,099	2,371
Money Market Portfolio				
Class A Units	49	154	269	605
Class B Units[1,2]	49	154	269	605
Class B Units[2,3]	49	154	269	605
Class C Units[1]	49	154	269	605
Class C Units[3]	49	154	269	605

1 Assumes no redemption at the end of the period.
2 Assumes conversion to Class A Units after 72 months.
3 Assumes redemption at the end of the period.

Exchanges of Existing Account Assets to Another Portfolio

You may only change how your existing Account assets are allocated among the available Portfolio options for all Accounts for the same Designated Beneficiary once per calendar year—or whenever you change your Designated Beneficiary. Exchanges of Units between different Portfolios (other than the Money Market Portfolio) can be made as follows:

These Units in a Portfolio (other than the Money Market Portfolio)	May only be exchanged for these Units in another Portfolio (other than the Money Market Portfolio)
Class A Units	Class A Units
Class B Units	Class B Units
Class C Units	Class C Units

Units in the Money Market Portfolio that were previously invested in these Units of another Portfolio	May only be exchanged for these Units in another Portfolio
Class A Units	Class A Units
Class B Units	Class B Units
Class C Units	Class C Units

Units in the Money Market Portfolio that were not previously invested in another Portfolio may only be exchanged for Class A Units in another Portfolio.

Unit Class Changes Within the Same Portfolio

Unit Class changes within the same Portfolio (for example: Balanced Portfolio Class C Units to Balanced Portfolio Class A Units) are not restricted to once per calendar year reallocation or a change of the Designated Beneficiary of the Account. If Units of a particular Unit Class (old Unit Class) are changed for Units in another Unit Class (new Unit Class), the redemption of the old Unit Class may be subject to a CDSC, if applicable, and the purchase of the new Unit Class is subject to the sales charges and Portfolio fee structure of the new Unit Class.

CHANGING THE DESIGNATED BENEFICIARY

Section 529 of the Code generally allows for changes of the Designated Beneficiary without federal income tax consequences, as long as the new Designated Beneficiary is a Member of the Family of the current Designated Beneficiary. Under Texas law, the new Designated Beneficiary must be a Member of the Family of the former Designated Beneficiary. In addition, the proposed regulations provide that no federal gift tax or generation-skipping transfer tax will result provided the new Designated Beneficiary is also assigned to the same or higher generation as the current Designated Beneficiary. If the new Designated Beneficiary is assigned to a lower generation than the old Designated Beneficiary, the change may be treated as a gift from the old Designated Beneficiary to the new Designated Beneficiary. If the new Designated Beneficiary is assigned to a generation which is two or more levels lower than the old Designated Beneficiary, the change may be subject to generation-skipping transfer tax.

If a change in the Designated Beneficiary would cause a violation of the Maximum Contribution Limit (discussed on page 5) with respect with the new Designated Beneficiary, the change will not be permitted.

To initiate a change of Designated Beneficiary, the Account Owner must complete and submit a Change of Beneficiary Form (and any additional required documentation) to the Plan Manager or go online at **www.lonestar529.com**. The change will be made upon the Plan Manager's acceptance of a properly completed form. There is no fee or charge for changing a Designated Beneficiary.

Account Owners who have chosen the Age Based approach should note that the Plan Manager will change the particular Portfolio the Account is invested in if there is a change in the Designated Beneficiary unless the new Designated Beneficiary is in the same age bracket as the existing Designated Beneficiary. This Portfolio change may be made by the Plan Manager so that the Portfolio is appropriate for the age of the new Designated Beneficiary.

Member of the Family

For purposes of changing the Designated Beneficiary, the definition of a Member of the Family of the Designated Beneficiary includes the spouse and the following relatives of the Designated Beneficiary:

- a child or a descendant of a child
- a brother, sister, stepbrother, or stepsister
- the father or mother, or an ancestor of either
- a stepfather or stepmother
- a son or daughter of a brother or sister
- a brother or sister of the father or mother
- a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law
- the spouse of any of the individuals listed above
- any first cousin of the Designated Beneficiary

For purposes of this definition, a legally adopted child of an individual shall be treated as the child of such individual by blood and a half-brother or half-sister is treated as a brother or sister.

WITHDRAWALS

Qualified Withdrawals

You must use moneys from your Account to pay Qualified Higher Education Expenses of your Designated Beneficiary or be potentially subject to certain taxes and/or penalties. A qualified withdrawal ("Qualified Withdrawal") is a withdrawal made to pay Qualified Higher Education Expenses of the Designated Beneficiary, as described below. You may request a Qualified Withdrawal from an Account by completing a Withdrawal Form.

The amounts withdrawn as a Qualified Withdrawal must be sent (i) in the form of a check directly to the Eligible Educational Institution, (ii) in the form of a check directly to a vendor, (iii) in the form of a check payable to both the Designated Beneficiary and the Eligible Educational Institution or vendor, or (iv) in the form of a check payable to the Account Owner or the Designated Beneficiary, as payment for Qualified Higher Education Expenses.

Qualified Higher Education Expenses

Section 529 of the Code defines Qualified Higher Education Expenses as tuition, fees, books, supplies, and equipment (including computers) required for the enrollment or attendance of a Designated Beneficiary at an Eligible Educational Institution. The term also includes amounts for room and board for Beneficiaries attending school at least half-time in a degree or certificate program. The amount of room and board that will be included in the definition of Qualified Higher Education Expenses cannot exceed the greater of (i) the allowance applicable to the Designated Beneficiary included in the "cost of attendance" (as defined under federal law), as determined by the Eligible Education Institution for such period, or (ii) the actual invoice amount the student residing in housing owned or operated by the Eligible Educational Institution is charged by such institution for room and board costs for such period. The definition of Qualified Higher Education Expenses is also expanded to include expenses for special needs services in the case of a special needs Designated Beneficiary which are incurred in connection with enrollment or attendance at an Eligible Educational Institution.

Non-Qualified Withdrawal

A Non-Qualified Withdrawal is any withdrawal from an Account that is not a Qualified Withdrawal.

You will pay federal and possibly state income taxes on investment earnings withdrawn as a Non-Qualified Withdrawal, as well as an additional federal tax of 10% of such investment earnings withdrawn as a Non-Qualified Withdrawal, unless you qualify for an exception to the additional tax, as discussed under "Tax Matters." For this purpose, each withdrawal is treated as including a ratable share of investment earnings on all Accounts for the Designated Beneficiary having the same Account Owner (including all such accounts in other Texas savings-type 529 plans, including the Texas College Savings Plan, and Texas Guaranteed Tuition Plan, and the Texas Tuition Promise Fund, a prepaid tuition plan).

Other Withdrawals

Death of Designated Beneficiary

In the event of the death of the Designated Beneficiary, the Account Owner may authorize a change in the Designated Beneficiary for the Account or request a withdrawal of all or a portion of the Account balance. A distribution on account of the death of the Designated Beneficiary if paid to the estate of the

Designated Beneficiary will not be subject to the additional 10% federal tax, but earnings will be subject to federal and any applicable state income tax. A withdrawal of amounts in the Account, if not paid to the Designated Beneficiary's estate, may constitute a Non-Qualified Withdrawal, subject to applicable federal and state income taxes at the recipient's tax rate and the additional 10% federal tax.

Disability of Designated Beneficiary
If the Designated Beneficiary becomes disabled within the meaning of Section 72(m)(7) of the Code, the Account Owner may authorize a change in the Designated Beneficiary for the Account or request a withdrawal of all or a portion of the Account balance. A distribution on account of the disability of the Designated Beneficiary will not be subject to the additional 10% federal tax, but earnings will be subject to federal and any applicable state income tax at the recipient's tax rate.

Receipt of Scholarship
If the Designated Beneficiary receives a qualified scholarship, Account assets up to the amount of the scholarship may be withdrawn without imposition of the additional 10% federal tax. A qualified scholarship includes certain educational assistance allowances under federal law as well as certain payments for educational expenses (or attributable to attendance at certain educational institutions) that are exempt from federal income tax. The earnings portion of the withdrawal is subject to federal and any applicable state income tax at the recipient's tax rate.

Appointment at a U.S. Military Academy
If the Designated Beneficiary attends a U.S. Military Academy, the Account Owner may withdraw an amount up to an amount equal to the costs of advanced education (as defined by Section 2005(e)(3) of Title 10 of the United States Code) attributable to the Designated Beneficiary's attendance at the institution without incurring the additional 10% federal tax. The earnings portion of the withdrawal is subject to federal and any applicable state income tax at the recipient's tax rate.

Rollover Distributions to Another State's Section 529 Plan
An Account Owner may roll over all or part of the balance of an Account to another Section 529 Plan account without adverse federal income tax consequences so long as the amount withdrawn is placed in the other plan account within 60 days of the withdrawal, and the Designated Beneficiary of the new account is (1) a Member of the Family of the existing Designated Beneficiary of the original Account or (2) the same Designated Beneficiary as for the original Account, provided no other transfers have occurred with respect to such Designated Beneficiary within the immediately preceding 12-month period.

Exchanges to Another Texas-Sponsored Section 529 Plan
A transfer between the Plan and another Texas-sponsored Section 529 Plan is treated as an investment reallocation, which is allowed only once per calendar year or upon a change in Designated Beneficiary.

Records Retention
You should obtain and retain records, receipts, invoices, or other documentation that is adequate to substantiate: (i) expenses which you or the Designated Beneficiary claim are Qualified Higher Education Expenses, (ii) the death or qualified disability of the Designated Beneficiary, (iii) the receipt by the Designated Beneficiary of a qualified scholarship, (iv) the appointment of the Designated Beneficiary to a U.S. Military Academy, (v) the use of Education Tax Credits or (vi) that you are entitled to favorable state tax treatment.

Other Matters Relating to Withdrawals
The Plan Manager reserves the right to delay remittance of redemption proceeds for units purchased by check or via direct deposit or Automatic Investment Program (AIP) for up to 5 business days. The Plan Manager also reserves the right to require that an Account Owner's withdrawal request be signature guaranteed by an eligible guarantor institution, such as a domestic bank, savings and loan institution, domestic credit union, member bank of the Federal Reserve System or member firm of a national securities exchange if the Account Owner has effected a change of address or change of Account Owner within 15 days of such withdrawal request.

The Program permits Account Owners to make systematic withdrawals from their Account(s). An Account Owner must have at least $1,000 invested in the originating Portfolio at the time the systematic withdrawal is established.

RESIDUAL ACCOUNT BALANCES
If the Designated Beneficiary graduates from an institution of higher education or chooses not to pursue higher education, and funds remain in the Account, the Account Owner may:

- Request that the remaining funds (including earnings) be paid to the Account Owner or another recipient, and treated as a Non-Qualified Withdrawal. Earnings will be subject to the additional 10% federal tax and federal and any applicable state income tax
- Authorize a change of Designated Beneficiary for the Account to a "Member of the Family" of the existing Designated Beneficiary (See "The Application Process -Changing the Designated Beneficiary on Your Account" or "The Application Process-Changing the Designated Beneficiary of UGMA/UTMA Accounts" for details)
- Keep the funds in the Account to pay future Qualified Higher Education Expenses (such as graduate or professional school expenses) of the Designated Beneficiary

TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS

The following section is a summary of certain aspects of federal and state income tax and estate and gift taxation of Contributions to and withdrawals from Section 529 Plans. Any tax and legal information in the Plan Description is merely a summary of our understanding and interpretation of some of the current tax rules and guidance and is not exhaustive. Account Owners must consult their tax advisors or legal counsel for advice and information concerning their particular situations. None of the Program Parties or any of their respective representatives may give legal or tax advice.

The tax and legal description contained herein is based on relevant provisions of the Code, regulations proposed under Section 529, IRS notices, IRS rulings, legislative history and interpretations of applicable federal and Texas law existing on the date of this Plan Description. It is possible that Congress, the Treasury Department, the IRS or the courts may take action that will affect Section 529 and the proposed regulations thereunder. Because the proposed regulations do not reflect changes made to Section 529 after their promulgation or interpretations of Section 529 reflected in published guidance from the IRS, it is likely that the final regulations, when issued, will differ significantly from the proposed regulations. Account Owners should consult a qualified tax advisor about the applicability of such changes to their Accounts. State legislation may also affect the state tax treatment of the Plan and Account Owners and Designated Beneficiaries.

This summary and all other statements in this Plan Description concerning federal and state tax issues (i) are not offered as individual tax advice to any person (including any Account Owner or Designated Beneficiary), (ii) are provided as general information in connection with the promotion or marketing of the Plan, and (iii) are not provided or intended to be used, and cannot be used by any taxpayer, for the purpose of avoiding U.S. tax penalties.

Federal Taxation of Contributions to and Withdrawals from Section 529 Plans

Contributions to Section 529 Plans are not deductible for federal income tax purposes. However, any earnings on Contributions are generally not subject to federal income tax until assets are withdrawn. Qualified Withdrawals may be made federal income tax free. If the amount of a distribution exceeds the Beneficiary's Qualified Higher Education Expenses for any tax year, the earnings attributable to the portion of the distribution that exceeds the Qualified Higher Education Expenses of the Beneficiary are subject to federal and applicable state income tax. An additional 10% federal tax is imposed on the amount of any distribution from a Section 529 Plan that is includible in the Distributee's gross income.

There are four exceptions to the additional 10% federal tax required under Section 529: (i) withdrawals due to the Designated Beneficiary's death (if paid to the Designated Beneficiary's estate) or disability (as defined in Section 72(m)(7) of the Code), (ii) withdrawals due to a scholarship received by the Designated Beneficiary (to the extent the withdrawal does not exceed the amount of the scholarship), (iii) withdrawals made on account of the Designated Beneficiary's attendance at a U.S. Military Academy (up to the costs of advanced education as defined by Section 2005(e) of Title 10 of the Code); and (iv) withdrawals resulting from the use of Education Tax Credits by the Designated Beneficiary. (See below for details.)

For purposes of calculating the earnings portion of a particular distribution, all Plan Accounts having the same Account Owner and same Designated Beneficiary will be aggregated. The calculation is made on the date of distribution.

Rollovers Between Section 529 Plans

An Account Owner may roll over all or part of the balance of an Account to another state's Section 529 Plan that accepts rollovers without subjecting the rollover amount to federal income tax. To do this, the amount withdrawn must be sent directly to the other Section 529 Plan or placed in the other plan within 60 days of the withdrawal. The Account Owner must provide any information or documentation required by the other Section 529 Plan. In general, the amount rolled over must be placed in either an Account for a different Designated Beneficiary who is a Member of the Family of the existing Designated Beneficiary or an account for the same Designated Beneficiary if no other rollover transfers have occurred with respect to such Designated Beneficiary within the past 12 months. Moving Account balances among the Plan and other Texas-sponsored Section 529 Plans constitutes the Account Owner's once per calendar year reallocation of prior Contributions; it is not treated as a rollover among Section 529 Plans.

Rollovers from Coverdell ESAs

Amounts contributed to a Section 529 Plan Account from a Coverdell ESA will be considered a qualified distribution from such Coverdell ESA and will not be subject to federal income tax or penalty. Withdrawals from a Section 529 Plan and a Coverdell ESA in the same year must be used for different expenses in order to be treated as Qualified Withdrawals. To the extent that total withdrawals from a Section 529 Plan and a Coverdell ESA exceed the amount of Qualified Higher Education Expenses under Section 529 of the Code, the recipient must allocate the expenses between the two accounts to determine what portion of each withdrawal is tax free.

Rollovers from Series EE and Series I Bonds

Interest on Series EE Bonds issued after December 31, 1989, as well as interest on all Series I Bonds, may be completely or partially excluded from federal income tax if bond proceeds are used to pay certain Qualified Higher Education Expenses at an Eligible Educational Institution or are contributed to a Section 529 Plan account or a Coverdell ESA in the same calendar year the bonds are redeemed. For this purpose, qualifying expenses do not include the cost of books, or room and board. The amount of Qualified Higher Education Expenses taken into account in calculating the interest excludable from income is reduced by any scholarships, fellowships, employer-provided educational assistance and other forms of tuition reduction, including a payment or reimbursement of Qualified Higher Education Expenses under a Section 529 Plan. Certain income limitations apply. Provided appropriate documentation is received by the Section 529 Plan receiving the proceeds of the sale of Series EE or Series I bonds, the original purchase price of the bonds redeemed and contributed to the Section 529 Plan will be added to the Contributions portion of the receiving Account, with the interest added to earnings.

Tuition Deduction
Through 2012, certain taxpayers may be eligible to deduct $4,000 of qualified tuition and related expenses paid during a taxable year for federal income tax purposes in addition to receiving Qualified Withdrawals from a Section 529 Plan or Coverdell ESA, provided that the deduction and the income exclusion for Qualified Withdrawals are not claimed for the same expenses. You should consult a tax advisor regarding the availability of this deduction.

Education Tax Credits
The use of a HOPE Scholarship tax credit (also known as an American Opportunity tax credity) or a Lifetime Learning tax credit (together, "Education Tax Credits") by an Account Owner or Designated Beneficiary will not affect receipt of benefits from an Account as long as any Qualified Withdrawal from the Account is not used for the same expenses for which the Education Tax Credit was claimed.

Coordination of Benefits
As described above, a number of education tax benefits are available in addition to participation in Section 529 Plans. The tax laws provide a number of special rules intended to coordinate these plans and avoid duplication of benefits. Any contributor who intends to utilize more than one of these tax benefits should consult his or her tax advisor or legal counsel for advice on how these special rules may apply to his or her situation.

Federal Gift and Estate Taxes
Contributions (including certain rollover Contributions but not including contributions of funds already held in an UGMA/UTMA account or from certain trusts) to a Section 529 Plan are completed gifts to the Designated Beneficiary and therefore qualify for the "annual exclusion" for federal gift tax purposes. The annual exclusion allows individuals to exclude up to $13,000 per year (and married couples up to $26,000 per year) for gifts made to a particular donee. A special rule under 529 allows donors who make aggregate Contributions to an Account that exceed the donor's annual exclusion, to elect to pro-rate the Contributions for gift tax purposes over a five-year period. Thus, individuals can contribute up to $65,000 (or up to $130,000 for married couples) in a single year for a Designated Beneficiary without incurring a gift tax on the transfers. This election may use the contributor's entire annual exclusion for a period of five years; in that case, other gifts, including additional Contributions to the Plan, may be subject to federal gift tax or have other federal gift or estate tax consequences. The ability to accelerate gifts allows the contributor to move assets into tax-deferred investments and potentially out of the contributor's estate more quickly. Contributions made by an Account Owner on behalf of a Designated Beneficiary are excluded from the Account Owner's gross estate for federal estate tax purposes. However, distributions made to a Designated Beneficiary's estate are includible in the Designated Beneficiary's gross estate and may be subject to federal estate tax. For example, a contributor who makes a $65,000 Contribution in one year, and makes no other gifts to the Designated Beneficiary during that same calendar year or the next four calendar years, would not incur a federal gift or generation-skipping transfer tax. To effect the five-year election, the contributor should file an IRS Form 709.

If the contributor dies before the first day of the fifth calendar year covered by a five-year election described above, the portion of the Contribution allocable to calendar years following that of the contributor's death would be included in the contributor's estate for federal estate tax purposes.

If the Designated Beneficiary for a Section 529 Plan Account is changed or amounts in an Account are rolled over resulting in a new Designated Beneficiary who is in the same or higher generation as the current Designated Beneficiary and is a Member of the Family of the current Designated Beneficiary, there are no gift or generation-skipping transfer tax consequences. If the new Designated Beneficiary is of a younger generation than the current Designated Beneficiary (even if the new Designated Beneficiary is a Member of the Family of the current Designated Beneficiary), the change of beneficiary is treated as a gift from the current Designated Beneficiary to the new Designated Beneficiary for federal gift and generation-skipping transfer tax purposes. The current Designated Beneficiary could apply his or her gift and generation-skipping transfer tax annual exclusion to any such deemed transfer, and could even make the five-year election discussed above. If the Designated Beneficiary dies, the proposed regulations provide that the Designated Beneficiary's interest in the Account is included in the Designated Beneficiary's gross estate.

Taxation by Texas
Texas does not impose a state income tax on individuals. However, if an Account Owner is a taxable business entity, earnings on Non-Qualified distributions may be subject to the Texas franchise tax.

Taxation by Other States
If you are not a resident of the State of Texas, the state income tax treatment of Contributions to and earnings and distributions from your Plan Account will depend on the laws of your particular state. Consider before investing whether your or the Designated Beneficiary's home state offers a Section 529 Plan that provides its taxpayers with favorable state tax or other benefits that may only be available through investment in the home state's Section 529 Plan, and which are not available through investment in the Plan. For example, a number of states offer income tax deductions for Contributions to their own state's Section 529 Plan, which deductions may not be available for Contributions to this Plan. Since different states have different tax provisions, this Plan Description contains limited information about the state tax consequences of investing in the Plan. Therefore, please consult your financial, tax, or other advisor to learn more about how state-based benefits (or any limitations) would apply to your specific circumstances. You also may wish to contact your home state's Section 529 Plan(s), or any other Section 529 Plan, to learn more about those plans' features, benefits and limitations. Keep in

mind that state-based benefits should be one of many appropriately weighted factors to be considered when making an investment decision.

CONTRIBUTING ASSETS OF AN UGMA/UTMA ACCOUNT

If you are the custodian of an UGMA/UTMA account for a Designated Beneficiary, you may elect to place part or all of the UGMA/ UTMA account assets into an Account after converting such assets to cash. The conversion of non-cash UGMA/UTMA account assets to cash for Contribution to the Account will be a taxable transaction. It is also important to note that when opening a Plan Account, the Designated Beneficiary must be the same as the Designated Beneficiary of the UGMA/UTMA account. Also, while the Designated Beneficiary is a minor, the Designated Beneficiary of the Account cannot be changed, and there cannot be any Non-Qualified Withdrawals other than for the benefit of the Designated Beneficiary in accordance with the terms governing the UGMA/UTMA account. Also, when the Designated Beneficiary reaches the age of majority, he or she will become the sole Account Owner with complete control over the Account.

PLAN AND PORTFOLIO RISKS

Prospective Account Owners should carefully consider the information in this section, as well as the information in the rest of this Plan Description and the accompanying Plan materials, before making any decisions to establish an Account or make Contributions. This Plan Description should not be construed to provide legal, financial or tax advice. Prospective Account Owners should consult an attorney or financial or tax advisor with any legal, business, or tax questions they may have. The Plan is an investment vehicle. Accounts in the Plan are subject to certain risks. In addition, certain investment approaches carry more or different risks than others. Account Owners should weigh such risks with the understanding that they could arise at any time during the life of an Account.

No Guarantee of Income or Principal, No Insurance. Investments are subject to standard investment risks, including (but not limited to) market and interest rate risk, and you could lose money by investing in the Plan. The value of an Account may increase or decrease over time based on the performance of the Portfolio(s). This may result in the value of the Account being more or less than the amounts contributed. None of the Program Parties, or any of their affiliates makes any guarantee of, nor has any legal obligations to ensure, the ultimate payout of any amount, including a return of Contributions made to an Account. There is no guarantee that the future Account value will be sufficient to cover Qualified Higher Education Expenses at the time of withdrawal. In addition, no level of investment return is guaranteed by any of the Program Parties.

Limited Liquidity. The circumstances under which Account assets may be withdrawn without a penalty or adverse tax consequences are limited. This reduces the liquidity of an investment in the Account.

No Investment Direction. In general, an Account Owner or contributor may not direct the investment of an Account, once an investment option has been selected with respect to a particular Contribution. However, once an investment selection has been made at the time an Account is established, an Account Owner may only change how previous Contributions (and any earnings thereon) have been allocated among the available investment approaches for all Accounts for the same Designated Beneficiary once per calendar year or upon a change of the Designated Beneficiary. The ongoing management of Portfolio assets is the responsibility of the Board. A Portfolio's assets are invested in accordance with an investment policy that is established by the Board, who may change the investment policy for the Plan at any time.

Limited Operating History. The Plan commenced operations on November 19, 2007 and the current Portfolios commenced operations on or after that date. The Plan and the current Portfolios thus have limited histories of investment results as of the date of this Plan Description. Portfolio performance information is made available on the Plan's website at **www.lonestar529.com.** Past performance information for Portfolios and Underlying Investments are not indicative of the future performance of any particular Portfolio.

Potential Plan Adjustments. The Board may, during the life of the Plan, make enhancements to the Plan, such as additional investment approaches. There are no current limits on the duration of the Plan. Account Owners who have established Accounts prior to the time an enhancement is made available may be required by the Board to participate in such changes or, conversely, may be limited in their ability to participate in such enhancements under federal tax law, unless they open a new Account. OFI Private Investments Inc. might not continue as Plan Manager for the entire period an Account is open. The Plan Manager's term under its contract with the Board extends to December 31, 2012, subject to earlier termination in certain circumstances. The contract may be extended at the option of the Board for up to two additional one year periods, one year at a time, after the initial term ends. The Board may, at its sole discretion, hire new or additional plan managers or investment managers in the future to manage all or part of the Plan's assets. The investment guidelines, Portfolios and the Underlying Investments may be changed at any time, without notice to or consent by Account Owners. Keep in mind that if the investments selected for the Portfolios change in the future, the risks associated with investing in the Plan may change. During a transition from investment in one Underlying Investment to investment in another Underlying Investment, a Portfolio may be temporarily uninvested and lack market exposure to such asset class, and the transaction costs associated with such liquidation, as well as any market impact on the value of the securities being liquidated, will be borne by the Portfolio and Accounts invested in such Portfolio. The Plan may offer different investment approaches under a successor plan manager, and investment results achieved by a successor plan manager may be different than those achieved by OFI Private Investments. There is no assurance that the Plan fees and charges or the other terms and conditions of the Savings Trust Agreement will continue without material change.

Status of Applicable Law and Regulations—Final regulations or other administrative guidance or court decisions might be issued which could adversely impact the federal tax consequences or requirements with respect to the Plan or Contributions to, or distributions from, Accounts. Congress could also amend Section 529 of the Code or other federal law, and states could amend state law, in a manner that would materially change or eliminate the federal or state tax treatment or financial aid treatment described in this Plan Description. There can be no assurance that such changes in law will not adversely affect the value to any Account Owner or Designated Beneficiary of participation in the Plan. It is not possible to determine the effects, if any, on the Plan of such changes. Because the regulations proposed under Section 529 of the Code do not reflect changes to Section 529 after their promulgation, it is likely that the final regulations, when issued, may differ from the proposed regulations. In the event that a change in the tax or other federal or state law makes continued operation not in the best interests of Account Owners or Designated Beneficiaries, then neither the Board nor the Plan Manager is under any obligation to continue the Plan. Changes in the law governing the federal and/or state tax consequences described above might necessitate material changes to the Plan for the anticipated federal and/or state tax consequences to apply.

Suitability. None of the Program Parties makes any representation regarding the suitability or appropriateness of any investment approach within the Plan. Other types of investments may be more appropriate depending upon the financial status, tax situation, risk tolerance, age, investment goals, savings needs and investment time horizons of the Account Owner or the Designated Beneficiary. Anyone considering investing in the Plan's Portfolios, including the Age Based Portfolios, should consider additional factors, including their investment risk tolerance, personal circumstances, and complete financial situation. Anyone considering investing in the Plan should also consult a tax or investment advisor to seek advice concerning the appropriateness of this investment.

No Guarantee of Performance. Past performance information for Portfolios (when available) and Underlying Investments are not indicative of the future performance of any particular Portfolio. The investment results of any Portfolio for any period cannot be expected to be similar to its investment performance for any prior period. In addition, in view of the anticipated periodic determinations of such investment allocations and selection of Underlying Investments for each Portfolio, the future investment results of any Portfolio cannot be expected, for any period, to be similar to the past performance of any other Portfolios or Underlying Investments. Portfolio performance information will be made available on the Plan's website at **www.lonestar529.com.**

Federal Treatment for Financial Aid Purposes. Being the Account Owner or Designated Beneficiary of an Account may adversely affect eligibility for financial aid. The Program has not sought guidance from the U.S. Department of Education on the impact of the Program on eligibility for federal financial aid. However, pursuant to the College Cost Reduction and Access Act of 2007, for federal financial aid purposes, beginning July 1, 2009, Account assets will be considered (i) assets of a student's parent, if the student is a dependent student and the owner of the account is the parent or the student, or (ii) assets of the student, if the student is the owner of the account and not a dependent student. In addition, the treatment of Section 529 qualified tuition programs may differ substantially from the federal treatment above with respect to financial aid programs offered by educational institutions, states, and other non-federal sources. You should consult with your own financial aid advisor (and/or the educational institution, state, or other non-federal source offering a particular financial aid program) for further information based on your particular circumstances. None of the Program Parties can be responsible for determining how an Account may affect any person's eligibility for financial aid.

Texas Treatment for Financial Aid Purposes. Texas law provides that assets in an Account may not be considered in determining eligibility for Texas state-funded student financial aid.

Federal Creditor Protection. The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 provides protection in federal bankruptcy proceedings for many Section 529 accounts. Generally, your Account will be protected if the Designated Beneficiary is your child, stepchild, grandchild, or stepgrandchild (including a child, stepchild, grandchild, or stepgrandchild through adoption or foster care) subject to the following limits:

- Contributions made to all Section 529 accounts for the same Designated Beneficiary at least 720 days before a federal bankruptcy filing are completely protected;
- Contributions made to all Section 529 accounts for the same Designated Beneficiary more than 365 days but less than 720 days before a federal bankruptcy filing are protected up to $5,850; and
- Contributions made to all Section 529 accounts for the same Designated Beneficiary less than 365 days before a federal bankruptcy filing are not protected against creditor claims in federal bankruptcy proceedings.

Texas Creditor Protection. Section 54.709(e) of the Texas Education Code, the statute that authorized creation of the Plan, states, "Money in a savings trust account [the LoneStar 529 Plan] is exempt from attachment, execution and seizure for the satisfaction of debt or liability of an account owner or beneficiary." In addition, Section 42.0022 of the Texas Property Code, which is titled, "Exemption for College Savings Plans," states that "a person's right to the assets held in or to receive payments or benefits under [the LoneStar 529 Plan] is exempt from attachment, execution and seizure for the satisfaction of debts." Regardless of whether an Account Owner lives in Texas or outside of Texas, the Account Owner should consult an attorney for advice on how these Texas state laws might affect his or her personal situation. Neither the Plan, the Board nor the Plan Manager makes any representations or warranties regarding protection from creditors. The Plan is prohibited from providing legal advice.

Medicaid Eligibility. An Account Owner or a Designated Beneficiary may seek eligibility for Medicaid, and the impact of the existence of an Account in the name of an Account Owner on behalf of a

Designated Beneficiary is not clear. There is no assurance that an Account will not be treated as a "countable resource" in determining the financial eligibility of either an Account Owner or a Designated Beneficiary for Medicaid. In addition, withdrawals from an Account, whether a Qualified Withdrawal or a Non-Qualified Withdrawal may delay Medicaid payments to an Account Owner or a Designated Beneficiary, as the case may be. Account Owners and Designated Beneficiaries should consult their own qualified advisors as to the impact that an Account and withdrawals from an Account may have on Medicaid eligibility and the timing of Medicaid payments.

Inflation and Qualified Higher Education Expenses. Contributions to an Account are limited and the balance in an Account(s) maintained for a Designated Beneficiary may or may not be adequate to cover the Qualified Higher Education Expenses of that Designated Beneficiary even if Contributions are made in the maximum allowable amount. The rate of future inflation in Qualified Higher Education Expenses is uncertain and could exceed the rate of investment return earned by any or all of the Plan's investment approaches over the corresponding periods.

No Guarantee of Admission. There is no guarantee that a Designated Beneficiary will (a) be admitted to any institution of higher education; (b) be permitted to continue to attend such institution; (c) graduate or receive a degree from an institution of higher education; (d) be treated as a state resident of any state for tuition or any other purpose; or (e) receive any particular treatment under applicable federal or state financial aid programs.

Alternative Education Savings and Investments. Other Section 529 Plans, including the Texas College Savings Plan, and education savings and investment programs are currently available to prospective Account Owners. These alternative education savings and investment programs may (a) offer benefits, including state tax benefits, that are not available under the Plan, (b) offer different investment approaches than the Plan, and (c) involve different tax consequences, fees, expenses and other features than the Plan. Prospective Account Owners should consider other savings and investment alternatives before establishing an Account in the Plan. Prospective Account Owners who are not Texas residents may want to consider a Section 529 Plan established and maintained by their own state.

General Investment Risks of the Underlying Investments

The following risks are general risks that apply to all the Underlying Investments:

Market Risk. The risk that the value of the securities in which a Portfolio and an Underlying Investment invests may go up or down in response to the prospects of individual companies and/or general economic conditions. Price changes may be temporary or last for extended periods. Diversifying across the various asset classes may mitigate the impact, whether positive or negative, of changes in economic conditions or fundamentals in any one asset class.

Terrorist attacks in the United States, and the continued threat thereof, and related events, including U.S. military actions in Iraq and continued unrest in the Middle East, have led to increased short-term market volatility and may have long-term effects on U.S. and world economies and markets. The Plan does not know the extent to which and how long the securities markets may be affected by such events and cannot predict the effects of such events on the economies of the U.S., or of other countries, or on Portfolio investments.

Management Risk. The risk that the asset allocation strategy approved by the Board or that a particular strategy used by an Underlying Investment advisor may fail to produce the intended results.

Liquidity Risk. The risk that an Underlying Investment will not be able to pay redemption proceeds to a Portfolio within the time period stated in the Underlying Investment's prospectus because of unusual market conditions, an unusually high volume of redemption requests, or other reasons. Such delay could result in a Portfolio being unable to make payments within the time period stated herein. Portfolios that invest in non-investment-grade fixed income securities, small capitalization stocks, REITs and emerging country issuers will be especially subject to the risk that during certain periods the liquidity of particular issuers or industries, or all securities within these investment categories, will shrink or disappear suddenly and without warning as a result of adverse economic, market or political events, or adverse investor perceptions, regardless of whether or not accurate.

Principal Investment Risks of the Underlying Investments

The risks of investing in the Plan also include the risks of investing in the Underlying Investments. Please see the Appendix to determine which risks are applicable to each of the Underlying Investments.

OppenheimerFunds Underlying Investment Risks

Main Risks of Investing in Stock. The value of the fund's portfolio may be affected by changes in the stock markets. Stock markets may experience great short-term volatility and may fall sharply at times. Different stock markets may behave differently from each other and U.S. stock markets may move in the opposite direction from one or more foreign stock markets.

The prices of individual stocks generally do not all move in the same direction at the same time and a variety of factors can affect the price of a particular company's stock. These factors may include, but are not limited to: poor earnings reports, a loss of customers, litigation against the company, general unfavorable performance of the company's sector or industry, or changes in government regulations affecting the company or its industry.

At times, the fund may emphasize investments in a particular industry or economic or market sector. To the extent that the fund increases its emphasis on investments in a particular industry or sector, the value of its investments may fluctuate more in response to events affecting that industry or sector, such as changes in economic conditions, government regulations, availability of basic resources or supplies, or other events that affect that industry more than others.

Main Risks of Growth Investing. If a growth company's earnings or stock price fails to increase as anticipated, or if its business plans do not produce the expected results, its securities may decline sharply. Growth companies may be newer or smaller companies that may experience greater stock price fluctuations and risks of loss than larger, more established companies. Newer growth companies tend to retain a large part of their earnings for research, development or investments in capital assets. Therefore, they may not pay any dividends for some time. Growth investing has gone in and out of favor during past market cycles and is likely to continue to do so. During periods when growth investing is out of favor or when markets are unstable, it may be more difficult to sell growth company securities at an acceptable price. Growth stocks may also be more volatile than other securities because of investor speculation.

Main Risks of Mid-Sized Companies. Mid-sized companies generally involve greater risk of loss than larger companies. The stock prices of mid-sized companies may be more volatile and their securities may be less liquid and more difficult to sell than those of larger companies. They may have less established markets, fewer customers and product lines, less management depth and more limited access to financial resources. Mid-sized companies may not pay dividends for some time, if at all.

Main Risks of Value Investing. Value investing entails the risk that if the market does not recognize that the fund's securities are undervalued, the prices of those securities might not appreciate as anticipated. A value approach could also result in fewer investments that increase rapidly during times of market gains and could cause the fund to underperform funds that use a growth or non-value approach to investing. Value investing has gone in and out of favor during past market cycles and when value investing is out of favor or when markets are unstable, the securities of "value" companies may underperform the securities of "growth" companies.

Main Risks of Foreign Investing. Foreign securities are subject to special risks. Foreign issuers are usually not subject to the same accounting and disclosure requirements that U.S. companies are subject to, which may make it difficult for the fund to evaluate a foreign company's operations or financial condition. A change in the value of a foreign currency against the U.S. dollar will result in a change in the U.S. dollar value of securities denominated in that foreign currency and in the value of any income or distributions the fund may receive on those securities. The value of foreign investments may be affected by exchange control regulations, foreign taxes, higher transaction and other costs, delays in the settlement of transactions, changes in economic or monetary policy in the United States or abroad, expropriation or nationalization of a company's assets, or other political and economic factors. These risks may be greater for investments in developing or emerging market countries.

Special Risks of Developing and Emerging Markets. The economies of developing or emerging market countries may be more dependent on relatively few industries that may be highly vulnerable to local and global changes. The governments of developing and emerging market countries may also be more unstable than the governments of more developed countries. These countries generally have less developed securities markets or exchanges, and less developed legal and accounting systems. Securities may be more difficult to sell at an acceptable price and may be more volatile than securities in countries with more mature markets. The value of developing or emerging market currencies may fluctuate more than the currencies of countries with more mature markets. Investments in developing or emerging market countries may be subject to greater risks of government restrictions, including confiscatory taxation, expropriation or nationalization of a company's assets, restrictions on foreign ownership of local companies and restrictions on withdrawing assets from the country. Investments in companies in developing or emerging market countries may be considered speculative.

Time-Zone Arbitrage. The fund may invest in securities of foreign issuers that are traded in U.S. or foreign markets. If the fund invests a significant amount of its assets in foreign markets, it may be exposed to "time-zone arbitrage" attempts by investors seeking to take advantage of differences in the values of foreign securities that might result from events that occur after the close of the foreign securities market on which a security is traded and before the fund's net asset value is calculated. If such time-zone arbitrage were successful, it might dilute the interests of other shareholders. The fund's use of "fair value pricing" to adjust certain market prices of foreign securities may help deter those activities.

Main Risks of Small- and Mid-Sized Companies. The stock prices of small- and mid-sized companies may be more volatile and their securities may be more difficult to sell than those of larger companies. They may not have established markets, may have fewer customers and product lines, may have unseasoned management or less management depth and may have more limited access to financial resources. Smaller companies may not pay dividends or provide capital gains for some time, if at all.

Investing in Small Unseasoned Companies Risk. The fund can invest in the securities of small unseasoned companies. These are companies that have been in operation for less than three years, including the operations of any predecessors. In addition to the other risks of smaller issuers, these securities may have a very limited trading market, making it harder for the fund to sell them at an acceptable price. The price of these securities may be very volatile, especially in the short term.

Interest Rate Risk. The values of debt securities usually change when prevailing interest rates change. When interest rates fall, the values of already-issued debt securities generally rise. When interest rates rise, the values of already-issued debt securities generally fall. The values of longer-term debt securities usually change more when interest rates change than the values of shorter-term debt securities.

Credit Risk. Debt securities are also subject to credit risk, which is the risk that the issuer of a security might not make principal or interest payments on the security when they are due. If the issuer fails to pay interest, the fund's income might be reduced, and if the issuer fails to pay interest or repay principal, the value of the security might fall.

Main Risks of Investing in Fixed-Income Securities. Fixed-income securities may be subject to credit risk, interest rate risk, prepayment risk and extension risk. Credit risk is the risk that the issuer of a security might not make interest and principal payments on the security as they become due. If an issuer fails to pay interest or to repay principal, the fund's income or share value might be reduced. A downgrade in an issuer's credit rating or other adverse news about an issuer can reduce the market value of that issuer's securities. The value of debt securities are also subject to change when prevailing interest rates change. When prevailing interest rates fall, the values of already-issued debt securities generally rise. When prevailing interest rates rise, the values of already-issued debt securities generally fall, and they may sell at a discount from their face amount or from the amount paid for them. These fluctuations will usually be greater for longer-term debt securities than for shorter-term debt securities. When interest rates fall, debt securities may be repaid more quickly than expected and a fund may be required to reinvest the proceeds at a lower interest rate. This is referred to as "prepayment risk." When interest rates rise, the issuers may repay principal more slowly than expected. This is referred to as "extension risk." Interest rate changes normally have different effects on variable or floating rate securities than they do on securities with fixed interest rates.

Fixed-Income Market Risks. Developments relating to subprime mortgages have adversely affected fixed-income securities markets in the United States, Europe and elsewhere. The values of many types of debt securities have been reduced, including debt securities that are not related to mortgage loans. These developments have reduced the willingness of some lenders to extend credit and have made it more difficult for borrowers to obtain financing on attractive terms or at all. In addition, broker-dealers and other market participants have been less willing to make markets in some types of debt instruments, which has impacted the liquidity of those instruments. These developments may also have a negative effect on the broader economy. There is a risk that the lack of liquidity or other adverse credit market conditions may hamper the fund’s ability to sell the debt securities in which it invests or to find and purchase suitable debt instruments.

Special Risks of Lower-Grade Securities. Lower-grade debt securities, whether rated or unrated, have greater risks than investment-grade securities. They may be subject to greater price fluctuations and have a greater risk that the issuer might not be able to pay interest and principal when due. The market for lower-grade securities may be less liquid and therefore they may be harder to value or to sell at an acceptable price, especially during times of market volatility or decline.

Focused Investing. Although the fund is a diversified fund, it normally focuses its investments in a relatively small number of issuers, which may make the value of its shares more volatile than if it invested more widely. At times, the fund may hold a significant portion of its assets in companies in a particular industry or market sector. As a result, events (such as changes in economic conditions, government regulations, market declines, or the availability of basic resources or supplies) that affect that particular industry or sector more than others may have a greater effect on the fund’s performance. It might also be more difficult for the fund to sell portfolio securities at a price it considers appropriate if it holds larger blocks of stock because it invests in fewer issuers.

Risks of Investing in the Underlying Funds. Each of the Underlying Funds has its own investment risks, and those risks can affect the value of the Fund's investments and therefore the value of the Fund's shares. To the extent that the Fund invests more of its assets in one Underlying Fund than in another, it will have greater exposure to the risks of that Underlying Fund. The investment objective and principal investment strategies of each of the Underlying Funds are described in the Appendix beginning on page 45 of the Fund's prospectus. There is no guarantee that the Fund or any Underlying Fund will achieve its investment objective. The Underlying Funds will each pursue their investment objectives and policies without the approval of the Fund. If an Underlying Fund were to change its investment objective or policies, the Fund may be forced to sell its shares of that Underlying Fund at a disadvantageous time. The prospectuses and Statements of Additional Information of the Underlying Funds are available online at www.oppenheimerfunds.com.

Allocation Risk. The fund's ability to achieve its investment objective depends largely upon selecting the best mix of Underlying Funds. There is the risk that the Manager's evaluations and assumptions regarding the Underlying Funds' prospects may be incorrect in view of actual market conditions.

Market Risk. The value of the securities in which the Underlying Funds invest may be affected by changes in the securities markets. Securities markets may experience great short-term volatility and may fall sharply at times. Different markets may behave differently from each other and U.S. markets may move in the opposite direction from one or more foreign markets.

Affiliated Portfolio Risk. In managing the fund, the Manager will have authority to select and substitute Underlying Funds. The Manager may be subject to potential conflicts of interest in selecting Underlying Funds because the fees paid to it by some Underlying Funds are higher than the fees paid by other Underlying Funds. However the Manager monitors the investment process to seek to identify, address and resolve any potential issues.

Dreyfus Underlying Investment Risks

Indexing Strategy Risk. The fund uses an indexing strategy. It does not attempt to manage market volatility, use defensive strategies or reduce the effects of any long-term periods of poor index performance. The correlation between fund and index performance may be affected by the fund’s expenses and use of sampling techniques, changes in securities markets, changes in the composition of the index and the timing of purchases and redemptions of fund shares.

Mortgage-related Securities Risk. Mortgage-related securities are complex derivative instruments, subject to credit, prepayment and extension risk, and may be more volatile and less liquid, and more difficult to price accurately, than more traditional debt securities. The fund is subject to the credit risk associated with these securities, including the market's perception of the creditworthiness of the issuing federal agency, as well as the credit quality of the underlying assets. Although certain mortgage-related securities are guaranteed as to the timely payment of interest and principal by a third party (such as a U.S. government agency or instrumentality with respect to government-related mortgage backed securities) the market prices for such securities are not guaranteed and will fluctuate. Declining interest rates may result in the prepayment of higher yielding underlying mortgages and the reinvestment of proceeds at lower interest rates can reduce the fund's potential price gain in response to falling interest rates, reduce the fund's yield or cause the fund's share price to fall (prepayment risk). Rising interest rates may result in a drop in prepayments of the underlying mortgages, which would increase the fund's sensitivity to rising interest rates and its potential for price declines (extension risk).

Government Securities Risk. Not all obligations of the U.S. government, its agencies and instrumentalities are backed by the full faith and credit of the U.S. Treasury. Some obligations are backed only by the credit of the issuing agency or instrumentality, and in some cases there may be some risk of default by the issuer. Any guarantee by the U.S. government or its agencies or instrumentalities of a security held by the fund does not apply to the market value of such security or to shares of the fund itself. A security backed by the U.S. Treasury or the full faith and credit of the United States is guaranteed only as to the timely payment of interest and principal when held to maturity. In addition, because many types of U.S. government securities trade actively outside the United States, their prices may rise and fall as changes in global economic conditions affect the demand for these securities.

Interest Rate Risk. Prices of bonds tend to move inversely with changes in interest rates. Typically, a rise in rates will adversely affect bond prices and, accordingly, the fund's share price. The longer the effective maturity and duration of the fund's portfolio, the more the fund's share price is likely to react to interest rates.

Credit Risk. Failure of an issuer to make timely interest or principal payments, or a decline or perception of a decline in the credit quality of a bond, can cause a bond's price to fall, potentially lowering the fund's share price.

Inflation-indexed Security Risk. Interest payments on inflation-indexed securities can be unpredictable and will vary as the principal and/or interest is periodically adjusted based on the rate of inflation. If the index measuring inflation falls, the interest payable on these securities will be reduced. The U.S. Treasury has guaranteed that in the event of a drop in prices, it would repay the par amount of its inflation-indexed securities. Inflation-indexed securities issued by corporations generally do not guarantee repayment of principal. Any increase in the principal amount of an inflation-indexed security will be considered taxable ordinary income, even though investors do not receive their principal until maturity. As a result, the fund may be required to make annual distributions to shareholders that exceed the cash the fund received, which may cause the fund to liquidate certain investments when it is not advantageous to do so. Also, if the principal value of an inflation-indexed security is adjusted downward due to deflation, amounts previously distributed may be characterized in some circumstances as a return of capital.

Liquidity Risk. When there is little or no active trading market for a security, the fund may not be able to sell the security in a timely manner at its perceived value.

Foreign Investment Risk. Special risks associated with investments in foreign companies include exposure to currency fluctuations, less liquidity, less developed or less efficient trading markets, lack of comprehensive company information, political instability and differing auditing and legal standards.

Call Risk. Some bonds give the issuer the option to call, or redeem, the bonds before their maturity date. If an issuer "calls" its bond during a time of declining interest rates, the fund might have to reinvest the proceeds in an investment offering a lower yield, and therefore might not benefit from any increase in value as a result of declining interest rates. During periods of market illiquidity or rising interest rates, prices of "callable" issues are subject to increased price fluctuation.

Market Risk. The market value of a security may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. A security's market value also may decline because of factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry.

Prepayment and Extension Risk. When interest rates fall, the principal on mortgage-backed and certain asset-backed securities may be prepaid. The loss of higher yielding underlying mortgages and the reinvestment of proceeds at lower interest rates can reduce the fund's potential price gain in response to falling interest rates, reduce the fund's yield, or cause the fund's share price to fall. When interest rates rise, the effective duration of the fund's mortgage-related and other asset-backed securities may lengthen due to a drop in prepayments of the underlying mortgages or other assets. This is known as extension risk and would increase the fund's sensitivity to rising interest rates and its potential for price declines.

Other Potential Risks. The fund may lend its portfolio securities to Brokers, dealers and other financial institutions. In connection with such loans, the fund will receive collateral from the borrower equal to at least 100% of the value of loaned securities. If the borrower of the securities fails financially, there could be delays in recovering the loaned securities or exercising rights to the collateral.

Thornburg Underlying Investment Risks

Management Risk. The fund is an actively managed portfolio, and the value of the fund may be reduced if Thornburg pursues unsuccessful investments or fails to correctly identify risks affecting the broad economy or specific issuers in which the fund invests.

Market and Economic Risk. The value of the fund's investments may decline and its share value may be reduced due to changes in general economic and market conditions. The value of a security may change in response to developments affecting entire economies, markets or industries, including changes in interest rates, political and legal developments, and general market volatility.

Risks Affecting Specific Issuers. The value of an equity security or debt obligation may decline in response to developments affecting the specific issuer of the security or obligation, even if the overall industry or economy is unaffected. These developments may include a variety of factors, including but not limited to management issues or other corporate disruption, a decline in revenues or profitability, an increase in costs, or an adverse effect on the issuer's competitive position.

Foreign Investment Risk. Investments in securities of foreign issuers may involve risks including adverse fluctuations in currency exchange rates, political instability, confiscations, taxes or restrictions on currency exchange, difficulty in selling foreign investments, and reduced legal protection. These risks may be more pronounced for investments in developing countries.

Smaller Company Risk. Investments in smaller companies may involve additional risks because of limited product lines, limited access to markets and financial resources, greater vulnerability to competition and changes in markets, lack of management depth, increased volatility in share price, and possible difficulties in valuing or selling the investments.

Credit Risk. If debt obligations held by the fund are downgraded by ratings agencies or go into default, or if management action, legislation or other government action reduces the ability of issuers to pay principal and interest when due, the value of those debt obligations may decline and the fund's share value and any dividends paid by the fund may be reduced. Because the ability of an issuer of a lower-rated or unrated debt obligation to pay principal and interest when due is typically less certain than for an issuer of a higher rated debt obligation, lower-rated and unrated debt obligations are generally more vulnerable than higher rated debt obligations to default, to ratings downgrades, and to liquidity risk.

Interest Rate Risk. When interest rates increase, the value of the fund's investments in debt obligations may decline and the fund's share value may be reduced. This effect is typically more pronounced for intermediate and longer-term debt obligations. Decreases in market interest rates may result in prepayments of debt obligations the fund acquires, requiring the fund to reinvest at lower interest rates.

Liquidity Risk. Due to a lack of demand in the marketplace or other factors, the fund may not be able to sell some or all of the investments promptly, or may only be able to sell investments at less than desired prices.

TIAA-CREF Underlying Investment Risks

Social Criteria Risk. The risk that because the fund's social criteria exclude securities of certain issuers for nonfinancial reasons, the fund may forgo some market opportunities available to funds that don't use these criteria.

Market Risk. The risk that market prices of securities held by the fund may fall rapidly or unpredictably due to a variety of factors, including changing economic, political or market conditions.

Index Risk. The risk that the fund's performance will not correspond to its benchmark index for any period of time and may underperform such index or the overall stock market. Additionally, to the extent that the fund's investments vary from the composition of its benchmark index, the fund's performance could potentially vary from the index's performance to a greater extent than if the fund merely attempted to replicate the index.

Active Management Risk. The risk that securities selection by the fund's investment adviser could cause the fund to underperform its benchmark index or mutual funds with similar investment objectives.

Company Risk (often called Financial Risk). The risk that the issuer's earnings prospects and overall financial position will deteriorate, causing a decline in the value of the security over short or extended periods of time.

Foreign Investment Risk. Foreign markets can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, currency, market or economic developments and can result in greater price volatility and perform differently from securities of U.S. issuers. This risk may be heightened in emerging or developing markets.

Large-Cap Risk. The risk that large-capitalization companies are more mature and may grow more slowly than the economy as a whole and tend to go in and out of favor based on market and economic conditions.

Mid-Cap Risk. The risk that the stocks of mid-capitalization companies often have greater price volatility, lower trading volume, and less liquidity than the stocks of larger, more established companies.

Small-Cap Risk. The risk that the stocks of small-capitalization companies often experience greater price volatility than large- or mid-sized companies because small-cap companies are often newer or less established than larger companies and are likely to have more limited resources, products and markets. Securities of small-cap companies are often less liquid than securities of larger companies as a result of there being a smaller market for their securities.

INFORMATION ABOUT PLAN MANAGEMENT

Texas Prepaid Higher Education Tuition Board

As created by the Texas Legislature in 1995, the Texas Prepaid Higher Education Tuition Board administers the state's four higher education savings programs, the Texas Guaranteed Tuition Plan (a prepaid tuition plan, also known as the Texas Tomorrow Fund, that is closed to new enrollment), the Texas College Savings Plan (a direct-sold 529 College Savings Plan), the LoneStar 529 Plan (an advisor-sold 529 College Savings Plan) and the Texas Tuition Promise Fund (the State's new prepaid tuition plan opened in 2008). The four programs are authorized pursuant to the Texas Education Code, Chapter 54, Subchapters F, G and H. The programs have been designed and are intended to comply with Section 529 of the Code and the proposed regulations under Section 529 ("Regulations") to the extent not inconsistent with subsequent tax legislation and guidance from the IRS.

Under Texas law, the Board is the trustee of the assets held by the Texas Comptroller of Public Accounts in the Texas Tomorrow Constitutional Trust Fund. The Board's mission is to further the Legislature's intent to meet "an urgent public necessity to assist young Texans in obtaining a higher education," an "educated population being necessary to the social development and economic health of this state." The main objective of the Board is to assist Texas families by providing a means to save sufficient funds for higher education.

The Board is comprised of seven members. The Comptroller of Public Accounts is the presiding officer of the Board. By law, the Board is in the office of the Comptroller, and Comptroller employees selected by the Comptroller for that purpose serve as the staff of the Board. Also by law, two Board members are appointed by the Governor and four members are appointed by the Lieutenant Governor, with two of the Lieutenant Governor's appointees coming from a list of persons recommended by the Speaker of the House of Representatives. By law Board members must have experience in higher education, business, or finance.

Administrative Services

Under the Management Agreement, the Plan Manager or its designee performs certain administrative services to the Plan and investment advisory services with respect to the investment of Portfolio assets. With the assistance of an investment consultant, the Board is responsible for the establishment of the Portfolios in which an Account Owner may choose to invest and the allocation of each Portfolio among the different investment asset classes. Under the Management Agreement, the Plan Manager may subcontract for the performance of services required to be performed by the Plan Manager with the prior written consent of the Board.

CONTINUING DISCLOSURE

To comply with Rule 15c2-12(b)(5) of the Securities Exchange Act of 1934 (the "Rule"), the Board will make appropriate arrangements for the benefit of Account Owners to produce and disseminate certain financial information and operating data (the "Annual Information") relating to the LoneStar 529 Plan and notices of the occurrence of certain enumerated events as required by the Rule. They will make provision for the filing of the Annual Information with each Nationally Recognized Municipal Securities Information Repository ("NRMSIR") and with a state of Texas information depository, if one then exists. They will also make appropriate arrangements to file notices of certain enumerated events with the NRMSIR or the Municipal Securities Rulemaking Board and with the state of Texas information depository, if one then exists.

SAVINGS TRUST AGREEMENT

General Information

This Savings Trust Agreement contains the terms governing your Account established pursuant to the LoneStar 529 Plan[1] (the "Plan"). The Texas Prepaid Higher Education Tuition Board ("Board"), acting by and through the Office of the Comptroller of Public Accounts ("Comptroller"), an agency of the State of Texas, administers the Plan, which is designed to qualify for treatment as a qualified tuition program within the meaning of Section 529 of the Internal Revenue Code of 1986, as amended (a "Section 529 Plan"). By signing the LoneStar 529 Plan Account Application, you agree to be bound by the terms of this Savings Trust Agreement which will be effective as of the date you execute the Account Application.

The Plan is designed to help you save for the Qualified Higher Education Expenses (as hereinafter defined) of the Designated Beneficiary (as hereinafter defined) you designate in the Account Application (as hereinafter defined). Your investment in the Plan will be made through your Contributions to a separate account (the "Account") that is part of the Plan. OFI Private Investments Inc. and its affiliates will provide investment advisory, administrative and recordkeeping services with respect to the Plan, and OppenheimerFunds Distributor, Inc. will provide distribution services with respect to the Plan. The foregoing services are referred to collectively herein as the "Services." The term "Plan Manager," as used herein, shall mean OFI Private Investments Inc. and its affiliates. OppenheimerFunds Distributor, Inc. is the Distributor of each Plan. The Services include, but are not limited to, investing your assets according to the investment policies established by the Board and based on the investment option you select; accepting and processing Contributions to and withdrawals from your Account; and providing certain recordkeeping services with respect to your investment in the Plan.

Your investment in the Plan will not be insured by the Federal Deposit Insurance Corporation (the "FDIC"), or any other state or federal governmental agency. Interests in the Plan are not deposits or other obligations of the Plan Manager, or any of its affiliates. No part of your Account, the principal you invest nor any investment return is insured or guaranteed by the FDIC, the State of Texas or any of its agencies, the Board, the Plan, any other state or federal governmental agency, the Plan Manager or any affiliate of the Plan Manager. You could lose money (including the principal invested), or not make money, if you invest in the Plan. Portfolios may

1. The LoneStar 529 Plan is a registered service mark of the State of Texas Prepaid Higher Education Tuition Board and Comptroller of Public Accounts.

(a) invest in mutual funds, (b) invest in commingled funds as permitted by law, (c) place assets in separate accounts managed by the Plan Manager or affiliates of the Plan Manager or other managers selected by the Board for the benefit of the Plan, or (d) pursue any combination of such investment strategies.

The Plan Description sets forth in greater detail the terms of the Plan. The Plan Description is incorporated in its entirety by reference into this Savings Trust Agreement. Before making any investment under the Plan, you must read the Plan Description in its entirety. Contact the Plan Manager with any questions toll free at **800.445.GRAD (4723), option #4,** or contact your financial professional.

Definitions
Terms used in this Savings Trust Agreement shall have the meanings set forth below. Any terms not defined in this Savings Trust Agreement shall have the meanings given them in the Plan Description.

"**Account**" means your savings trust account established and maintained as part of the Plan. The money you contribute under the Plan will be allocated to your Account. You may open more than one Account for the same Designated Beneficiary. Accounts are part of the Plan and are held in the name of the Plan on behalf of and for the benefit of the Account Owners and the Designated Beneficiaries.

"**Account Application**" refers to the LoneStar 529 Plan Account Application, as applicable.

"**Account Owner,**" "**you**" or "**your**" refers to the individual or entity signing the Account Application and establishing an Account or any successor to such individual or entity.

"**Board**" means the Texas Prepaid Higher Education Tuition Board.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Contribution**" means an amount invested in an Account.

"**Designated Beneficiary**" means the individual you identify on the Account Application as the Designated Beneficiary of the Account whose Qualified Higher Education Expenses are expected to be paid from the Account or, for Accounts owned by a state or local government or qualifying tax-exempt organization (otherwise known as a 501(c)(3) entity) as part of its operation of a scholarship program, the recipient of a scholarship. Any individual may be the Designated Beneficiary of an Account, including the Account Owner.

"**Eligible Educational Institutions**" means an accredited post-secondary educational institution offering credit toward a bachelor's degree, an associate's degree, a graduate level or professional degree, or another recognized post-secondary credential, which is eligible to participate in certain federal student financial aid programs. Certain proprietary institutions, foreign institutions and post-secondary vocational institutions are also included as are certain specified military academies.

"**Member of the Family**" means a relative of the Designated Beneficiary as defined under Section 529(e)(2) of the Code.

"**Non-Qualified Withdrawal**" means a distribution from an Account that is not used to pay for Qualified Higher Education Expenses.

"**Plan**" means the LoneStar 529 Plan.

"**Plan Description**" means the LoneStar 529 Plan Plan Description and Savings Trust Agreement, as amended and supplemented from time to time.

"**Portfolio**" means a Plan Portfolio.

"**Plan Distributor**" means OppenheimerFunds Distributor, Inc.

"**Plan Manager**" means OFI Private Investments Inc. The Plan Manager provides administrative, recordkeeping, and investment advisory services for the Plan.

"**Qualified Higher Education Expenses**" means tuition, fees, and the cost of books, supplies and equipment required for the enrollment or attendance of a Designated Beneficiary at an Eligible Educational Institution; the cost of room and board incurred while attending an Eligible Educational Institution at least half-time; and expenses for special needs services in the case of a Special Needs Beneficiary who incurs such expenses in connection with enrollment or attendance at an Eligible Educational Institution.

"**Qualified Withdrawal**" means a withdrawal from an Account to pay the Qualified Higher Education Expenses of the Designated Beneficiary.

"**Services Agreement**" means the Texas 529 Plan Management Services Agreement, between the Board and OFI Private Investments Inc., as from time to time supplemented and amended.

"**State**" refers to the Texas state government.

"Underlying Investment(s)" means the one or more mutual funds or other investment vehicles in which assets of the Portfolios are invested.

"Units" means an interest in a Portfolio that is purchased with Contributions to an Account.

Contributions to Your Account
1. You may make Contributions to your Account or Accounts in cash only. For these purposes, making Contributions in cash means putting money in your Account(s) by check or electronic funds transfer acceptable to the Plan Manager. Checks must be drawn on a U.S. bank, and should be made payable to the "LoneStar 529 Plan". Contributions by money order will not be accepted. Third party checks will only be accepted at the Plan Manager's discretion.

2. The minimum initial Contribution to an Account is $25 per Portfolio, and the minimum subsequent Contribution per Portfolio is $25 ($15 minimum per Portfolio when funding an Account through AIP or payroll deduction). The Plan Manager may waive such minimums for one or more Accounts in its sole discretion.

3. The Maximum Contribution Limit for Accounts under the Plan and accounts under all other Section 529 plans established and maintained by the State of Texas for a particular Designated Beneficiary (regardless of Account Owner) is $320,000, subject to adjustment as hereinafter described. This means that no additional Contributions (including rollover Contributions) may be made to an Account once the aggregate Maximum Contribution Limit is reached. If the Plan Manager determines that a Contribution (including rollover Contributions) that you wish to make would result in the Account balances for all Accounts and all accounts in other Section 529 plans established and maintained by the State of Texas (including the Texas College Savings Plan—the Direct-sold Plan, Texas Tuition Promise Fund and the Texas Guaranteed Tuition Plan—the Prepaid Plans) for a particular Designated Beneficiary (regardless of Account Owner) to exceed the $320,000 limit (an "Excess Contribution"), the excess Contribution either will not be accepted or will be returned to you promptly without interest or earnings. You may resume making Contributions if the aggregate balance in the Account and accounts under all other

Texas Section 529 plans for the Designated Beneficiary falls below the Maximum Contribution Limit.

4. Your investment will be directed to one or more Portfolios held by an Account established for the purpose of funding the Qualified Higher Education Expenses of the Designated Beneficiary (each Account can be for only one Designated Beneficiary) that you designate when you make your initial Contribution. If you establish more than one Account for the same Designated Beneficiary, you may choose a different investment option for each Account.

Investment of Account Assets

1. At the time you establish an Account or Accounts, you choose from Portfolios that will form the basis for the allocation of the assets in that Account among asset classes. An Account Owner may change how previous Contributions (and any earnings thereon) have been allocated among the available Portfolio options for all accounts for the same Designated Beneficiary once per calendar year by contacting the Plan Manager; however, the investment allocation of future Contributions can be changed at any time. Although Account Owners may choose to invest new Contributions in any of the Plan's Portfolios, they may only change how previous Contributions (and any earnings thereon) have been allocated among the available Portfolio options for all Accounts for the same Designated Beneficiary once per calendar year or upon a change of Designated Beneficiary. Initial and subsequent Contributions to your Account will be invested as described in the Plan Description, as amended from time to time, and investments in the respective Portfolios will be credited to your Account. The once per calendar year limitation on changing investment options applies on an aggregate basis to all Accounts under the Plan and all accounts under other Texas Section 529 Plans, including the Texas College Savings Plan, having the same Account Owner and the same Designated Beneficiary. Thus, you will not be permitted to change the investment options for your Account (assuming you do not change the Designated Beneficiary on the Account) if, within the same calendar year, you have already changed the investment option for another Account you maintain under the Plan for the same Designated Beneficiary or for an account you maintain for the same Designated Beneficiary under another Texas Section 529 Plan. In addition, any transfer between an Account in the Plan and an account you maintain for the same Designated Beneficiary under another Texas Section 529 Plan is considered a change of investment option for purposes of the investment change limitation. You may, however, change the investment option on more than one Account (and/or accounts under other Texas Section 529 Plans) for the same Designated Beneficiary without violating the investment change limitation if all such changes are made at the same time. All such simultaneous changes are treated as a single change of investment option for purposes of the limitation.

2. After establishing your Account or changing the investment option for your Account, it is your responsibility to review the manner in which the Plan Manager has allocated the assets in your Account and to confirm that such allocation is accurate. You have 60 days after receiving a quarterly statement concerning your Account to notify the Plan Manager if you believe that your assets have been invested in the wrong Portfolio. It is also your responsibility to review the investment goals and time horizons for the investment options and Portfolios described in the Plan Description and to determine whether participation in the Plan is appropriate for you, and if the investment option you have chosen meets your needs and risk tolerance.

3. The Plan Manager will separately maintain your Account in the Plan. The assets of your Account will be commingled with amounts credited to the Accounts of other Account Owners for investment purposes.

4. You (not the Designated Beneficiary) are the sole owner of all Contributions, and all net investment earnings on such Contributions, although there are special federal and state tax rules applicable to such Contributions and earnings.

Designation of Designated Beneficiary

1. You can designate only one individual as the Designated Beneficiary for each Account on the Account Application.

2. You may designate a new Designated Beneficiary in place of the individual then designated as the Designated Beneficiary of your Account, only if the new Designated Beneficiary is a Member of the Family.

3. There is no penalty or adverse federal income tax consequences resulting from such designation (although you will receive a new Account number).

4. If an Account is funded with assets from an UGMA/UTMA account, the Account Owner (who is the UGMA/UTMA custodian) will not be able to change the Designated Beneficiary of the Account.

5. You may request a substitution of the individual named as Designated Beneficiary of your Account only by completing the Change of Beneficiary Form which can be obtained from the Plan Manager. The substitution shall become effective when the Plan Manager has approved the form. The form will ask you to certify the family relationship, if any, between the new Designated Beneficiary and the existing Designated Beneficiary. Under Texas law, the new Designated Beneficiary must be a Member of the Family of the former Designated Beneficiary.

Withdrawals

1. If an Account is funded with UGMA/UTMA account assets, the Account Owner is not permitted to make withdrawals other than for the benefit of the Designated Beneficiary.

2. Non-Qualified Withdrawals likely will result in income taxation to the distributee, except for (i) a non-taxable transfer to another Account or to another Section 529 Plan for a different Designated Beneficiary who is a Member of the Family of the Designated Beneficiary; or (ii) a qualifying non-taxable transfer to another Section 529 Plan for the same Designated Beneficiary provided that it has been more than 12 months since any previous rollover for that Designated Beneficiary. If you request a Non-Qualified

Withdrawal, then the earnings portion of such withdrawal is subject to an additional federal tax of 10% on the earnings portion unless it satisfies one of several limited exceptions.

3. The 10% additional tax does not apply if the distribution is: (i) made to the Designated Beneficiary (or to the estate of the Designated Beneficiary) on or after the death of the Designated Beneficiary; (ii) made on account of the disability of the Designated Beneficiary; (iii) made on account of a scholarship, allowance or payment described in Section 25A(g)(2) of the Code received by the Designated Beneficiary, to the extent that the withdrawal does not exceed the amount of the scholarship, allowance or payment; (iv) made on account of the Designated Beneficiary's attendance at a U.S. military academy to the extent that the withdrawal does not exceed the costs attributable to such attendance; or (v) which is includable in the Designated Beneficiary's gross income solely because an Education Tax Credit was claimed with respect to some or all of the Designated Beneficiary's Qualified Higher Education Expenses for expenses that were taken into account in determining the Education Tax Credits allowed under federal income tax law.

4. The earnings portion of any withdrawal will be computed in accordance with Section 529 of the Code and any regulations thereunder.

Account Owner's Representations, Warranties, Acknowledgments and Covenants

You hereby represent, warrant, acknowledge and agree with the Board as follows:

1. You are a resident of the United States of America and you are 18 years of age or older, or, if you are opening an Account in a representative or fiduciary capacity, you have full power and authority to enter into this Savings Trust Agreement for the entity or individual named as Account Owner, and that entity or individual is a United States person as described in Code Section 7701(a)(30).

2. You have received and read the Plan Description, have carefully reviewed the information contained therein, including information provided by or with respect to the Board and the Plan Manager, and agree that its terms are incorporated into this Savings Trust Agreement as if they were set forth in this Savings Trust Agreement.

3. The investment of assets held in your Account will be governed by the provisions of the Plan Description and this Savings Trust Agreement, each as amended from time to time, and all such assets will be held exclusively for your benefit and the benefit of the individual named as Designated Beneficiary of that Account.

4. You have been given an opportunity, within a reasonable time prior to the effective date of this Savings Trust Agreement, to ask questions of representatives of the Board and the Plan Manager and receive satisfactory answers concerning (i) an investment in the Plan; (ii) the terms and conditions of the Plan; (iii) the particular investment options that may be selected; (iv) the Plan Description, this Savings Trust Agreement and the Account Application; and (v) your ability to obtain such additional information necessary to verify the accuracy of any information furnished.

5. Section 529 Plans offered by states other than Texas may offer tax or other benefits to taxpayers or residents of those states that are not available with regard to the Plan. If you are a taxpayer or resident of a state other than Texas, you have considered such state tax treatment and other benefits, if any, before making a decision to invest in the Plan.

6. The Plan is established and maintained with the intent that it meets the requirements for favorable federal tax treatment under Section 529 of the Code. Qualification under Section 529 of the Code is vital, and the Board may amend this Savings Trust Agreement at any time if the Board determines that such an amendment is necessary to maintain qualification under Section 529 of the Code. If for any reason the Internal Revenue Service determines that the Plan does not qualify under Section 529 of the Code, such a determination could have significant adverse tax consequences to you.

7. Federal and State laws are subject to change, sometimes with retroactive effect, and neither the Comptroller, the State, the Board nor the Plan Manager, nor any affiliate of the foregoing, nor any other person makes any representation that such federal or State laws will not be changed or repealed.

8. With respect to each Account you open under the Plan, you are opening the Account in order to provide funds for the Qualified Higher Education Expenses of the Designated Beneficiary of that Account.

9. As of the date that you execute your Account Application, you have not knowingly made Contributions to an Account under the Plan or to any other account under any other Section 529 Plan to benefit your Designated Beneficiary, such that the aggregate Account Balance Limit of the Accounts and other accounts under other Section 529 Plans established and maintained by the State (regardless of Account Owner) exceeds $320,000. You will not knowingly make Contributions to your Account now or in the future, such that the aggregate balance of the Accounts and other accounts under other Section 529 Plans established and maintained by the State (regardless of Account Owner) exceed $320,000 (or such higher Maximum Contribution Limit as to which you are notified from time to time).

10. You have not relied on any representations or other information, whether oral or written, and whether made by any agent or representative of the Board, the Comptroller, the State, the Plan Manager, or otherwise, other than as set forth in the Plan Description (including any applicable supplement to the Plan Description) and in this Savings Trust Agreement.

11. The value of your Account(s) may increase or decrease each day that the New York Stock Exchange is open for trading, based on the investment performance of the Portfolio in which your Account is then invested, and each Portfolio will invest in the Underlying Investment or other investments selected by the Board, or in other funds of one or more other investment advisers that may be hired by the Board. **YOU UNDERSTAND THAT THE**

VALUE OF ANY ACCOUNT(S) TO WHICH YOU MAKE CONTRIBUTIONS MAY BE MORE OR LESS THAN THE AMOUNTS YOU CONTRIBUTE TO THE ACCOUNT(S).

12. Once you have selected an available investment option for your Account, you cannot direct the investment of any Contributions to your Account invested in the Plan, either directly or indirectly. You will, however, have the ability to change the investment option selected for your Account for any reason one time during any calendar year and also upon a change in the individual designated as Designated Beneficiary of your Account, as described in the "Contributions to Your Account" and "Investment of Account Assets" sections of this Savings Trust Agreement.

13. Neither the Comptroller, the State, the Board, the Plan Manager nor any affiliate of the foregoing, nor any other person makes any guarantee that you will not suffer a loss of the amount invested in any Account or that you will receive a particular return on any amount contributed to an Account.

14. You have accurately and truthfully completed the Account Application, and any other documentation that you have furnished or will subsequently furnish in connection with the opening or maintenance of, or any withdrawals from, your Account(s) is or will be accurate, truthful and complete, including the age indicated for the Designated Beneficiary.

15. If you make false statements in connection with opening an Account or otherwise, the Board and/or the Plan Manager may take such action as the Board and/or the Plan Manager deem necessary or appropriate, including, without limitation, terminating your Account or requiring that you indemnify the State, the Comptroller, the Plan Manager and/or the Board as discussed under "Limitation of Liability; Indemnification" below.

16. Your participation in the Plan does not guarantee that the Designated Beneficiary: (i) will be accepted as a student by any Eligible Educational Institution; (ii) if accepted, will be permitted to continue as a student; (iii) will be treated as a Texas resident for tuition or other purposes; (iv) will graduate from any Eligible Educational Institution; or (v) will achieve any particular treatment under applicable state or federal financial aid programs. You further acknowledge and agree that neither the State, the Comptroller, the Board, the Plan Manager, nor any affiliate of the foregoing, nor any other person, makes any such representation or guarantee.

17. No Account in which you invest will be used as collateral for any loan. Any attempt to use an Account as collateral for a loan shall be void. The Plan itself will not loan any assets to you or the Designated Beneficiary.

18. You will not assign or transfer any interest in any Account, except as otherwise contemplated in the Plan Description or this Savings Trust Agreement. Any unauthorized assignment or transfer of such an interest shall be void.

19. Although you own Units of Portfolios through your Account, you do not have a direct beneficial interest in the Underlying Investments, or any other investments held by the Plan, and therefore you do not have the rights of an owner or shareholder of such investments.

20. You may transfer your Account to another Account Owner without changing the individual identified as Designated Beneficiary of your Account. If the Account was funded with the proceeds from an UGMA/UTMA account, the Account cannot be transferred to another Account Owner (other than to another UGMA/UTMA custodian for the benefit of the same Designated Beneficiary). Such a transfer will be effective only if it is irrevocable and transfers all rights, title, interest and power over the Account to the new Account Owner. The tax consequences associated with a transfer of ownership are uncertain. You should consult with a qualified tax advisor concerning the potential income, gift, and estate tax consequences of a transfer of ownership before effecting a transfer. To effect a transfer of ownership, you should contact the Plan Manager.

21. If the Account Owner did not designate a Successor Account Owner, ownership of the Account will pass according to the terms of the Account Owner's will following probate. If the Account Owner does not make any provision in a will, control will pass by operation of law. Special rules apply to Accounts established by UGMA/UTMA custodians.

22. The Board or the Plan Manager may ask you to provide additional documentation that may be required by applicable law or in connection with your investment in the Plan, and you agree to promptly comply with any such requests for additional documentation.

23. You acknowledge that Portfolios may (a) invest in mutual funds; (b) invest in commingled funds as permitted by law; (c) place assets in separate accounts managed by the Plan Manager or affiliates of the Plan Manager or other managers selected by the Board for the benefit of the Plan; or (d) pursue any combination of such investment strategies.

24. None of the Plan Description, this Savings Trust Agreement or the Account Application addresses taxes imposed by a state, or the applicability of local taxes to the Plan, your investment in the Plan or your Account. You should consult with a qualified tax advisor regarding the application of all taxes (including those summarized in the Plan Description) to your particular situation.

25. The state or locality in which you reside may impose a tax on the earnings accumulated on your Account assets, without deferring such tax until the time that a withdrawal is made from the Account. You are generally responsible for paying any taxes imposed upon you with respect to your Account. However, to the extent that such taxes relating to your Account are imposed upon the Plan, they can be paid directly from your Account. Such payments may be considered Non-Qualified Withdrawals.

Fees and Expenses

1. Fees will be charged to provide for the costs of management and administration. These fees are described in the Plan Description and may be adjusted in the future.

2. New fees and expenses may be charged in the future.

Limitation of Liability; Indemnification

1. Indemnification. You recognize that the establishment of any Account in the Plan will be based upon your acknowledgments, statements, agreements, representations, warranties and covenants set forth in this Savings Trust Agreement and the Account Application. You agree to indemnify and hold harmless the Plan, the Board, the Comptroller, the State, the Plan Manager, and any affiliates, directors, officers, employees, agents and other representatives of the foregoing, for any liabilities or expenses (including costs of attorney's fees) they each may incur as a result of any misstatement or misrepresentation made by you or the Designated Beneficiary, or any breach by you or the Designated Beneficiary of the acknowledgments, statements, agreements, representations, warranties or covenants contained in this Savings Trust Agreement (other than liabilities or expenses of the Board or the Plan Manager, respectively, arising from its failure to perform their duties specified in the Plan Description). All of your statements, representations, warranties, covenants and agreements shall survive the termination of this Savings Trust Agreement.

2. Extraordinary Events. Neither the Comptroller, the Board, the State, nor the Plan Manager will be liable to you or any other person or entity for any loss caused directly or indirectly by government restrictions, exchange or market rulings, suspension of trading, war, terrorism, strikes, changes in federal or state law (including tax law) or other conditions beyond their control.

Complaint Resolution Process—complaints against the Board, The Comptroller, and the Texas state government. Should a dispute arise out of this Contract, the Account Owner should first contact the Plan Manager to attempt resolution. The Account Owner and the Plan Manager shall first attempt to resolve it through direct discussions in a spirit of mutual cooperation. If these attempts are unsuccessful, then the Account Owner agrees to follow the complaint resolution process of the Board.

Consent to sue from the Legislature under Chapter 107, Civ. Prac, and Rem. Code is required before any suit or proceeding may be filed against the Board, the Comptroller, and/or the State. Neither the execution of this Contract by the Board nor any other conduct of any representative of the Board relating to this Contract shall be considered a waiver of sovereign immunity to suit or any other applicable immunity.

Complaint Resolution Process—complaints against the Plan Manager. The parties hereby establish the following out-of-court alternate dispute resolution procedure to be followed in the event of certain controversies or disputes involving your Account or this Savings Trust Agreement that may arise between (a) you and/or your Designated Beneficiary and (b) the Plan Manager or its parent and affiliates, and their respective officers, directors, employees and agents (collectively, the "Plan Parties").

If a dispute develops between you and/or your Designated Beneficiary and the Plan Parties related to your Account transactions or other administrative matters involving your Account, then you and/or your Designated Beneficiary and the Plan Parties will submit to non-binding mediation to address the dispute. You and/or your Designated Beneficiary and the Plan Parties will mutually determine the location, date, duration, and process for any such mediation effort and be bound by the terms and conditions as set forth in any Settlement Agreement that is executed following the mediation.

Adjudication of any controversies between you and/or your Beneficiary and the Plan Parties that cannot be resolved through the mediation process described above shall be in a court of law.

Some controversies between you and/or your Designated Beneficiary and the Plan Parties may involve claims that are owned by the Plan and the Board and can only be brought by the Board. This provision is not intended to cover such claims.

Miscellaneous Provisions

1. Reporting. Subject to certain limitations, the Board, as trustee of the Plan, has designated the Plan Manager to administer and maintain the records of the Plan. The Plan Manager will keep records of all transactions concerning your Account, and will provide quarterly statements of your Account to you. The Board will cause, and represents that it has required the Plan Manager to cause, reports of your Account to be sent to you, the Internal Revenue Service and such other regulatory authorities as required by law. If you do not write to the Plan Manager to object to a statement or report within 60 days after it has been sent to you, you will be considered to have approved it and to have released the Board and the Plan Manager from all responsibility for matters covered by the report. You agree to provide all information the Board or the Plan Manager may need to comply with any legal reporting requirements. You will continue to be responsible for filing your federal and state tax returns and any other reports required of you by law.

2. Duties of the Board. Neither the Board, the Comptroller, nor their representatives has any duty to you to perform any action other than those specified in this Savings Trust Agreement or the Plan Description. The Board may accept and rely conclusively on any instructions or other communications reasonably believed to have been given by you or another authorized person, and may assume that the authority of any other authorized person continues in effect until the Board receives written notice to the contrary. The Board has no duty to determine or advise you of the investment, tax or other consequences of your actions, or of its actions in following your directions, or of its failing to act in the absence of your directions.

3. Duties of the Plan Manager. Neither the Plan Manager nor its representatives have a duty to perform any actions, other than those specified in the Plan Description and the Services Agreement. The Plan Manager may accept and rely conclusively on any instructions or other communications reasonably believed to have been given by you or another authorized person and may assume that the authority of any other authorized person continues in effect until the Plan Manager receives written notices to the contrary. The Plan Manager has no duty to determine or advise you of the investment, tax or other consequences of your actions, or of its actions in following your directions, or of its failing to act in the absence of your directions.

4. Change in Plan Manager. The Board may appoint a new plan manager in the future. In such event, your assets may (i) continue to be managed by the Plan Manager; (ii) be managed in part by the prior manager and in part by the new manager, such that assets in your Account before the change in managers, and earnings on such assets, are managed by the prior manager, and assets contributed after the change or earnings on such assets are managed by the new manager; or (iii) be managed entirely by the new manager. In each such event, you will not be able to direct investment of your Account assets, except as described above in "Investment of Account Assets."

5. Effectiveness of This Savings Trust Agreement. This Savings Trust Agreement shall become effective upon the execution of your Account Application, subject to the right of the Board or the Plan Manager to reject your Account Application if, in processing the Account Application, it is determined that the Account Application has not been completed in accordance with guidelines under the Plan.

6. Amendment and Termination. Subject to certain limitations, and except as otherwise provided herein, the Board (as trustee of the Plan) may, at any time, and from time to time, amend this Savings Trust Agreement or the Plan Description, or suspend or terminate the Savings Trust Agreement and the Plan, by giving written notice of such action to you, but your Account assets may not thereby be diverted from the exclusive benefit of you and/or the Designated Beneficiary. The Board may also terminate the Plan by giving written notice of such action to you. Nothing contained in this Savings Trust Agreement or the Plan Description shall constitute an agreement or representation by the Board, on its own behalf or on behalf of the Plan Manager, or the Comptroller, or the State or any contracting party, that it will continue to maintain the Plan indefinitely.

If the Plan is terminated, the balance of each Account will be paid to you, to the extent possible, and any unclaimed assets shall be delivered to the Texas Comptroller of Public Accounts in accordance with general law regarding unclaimed property.

If your Savings Trust Account has not been terminated and the Account is presumed abandoned by applicable law and regulations, the Board, after making reasonable efforts to contact you and the Designated Beneficiary of the Account or their agents, shall report the unclaimed money in the account to the Texas Comptroller of Public Accounts.

7. Successors and Assigns. This Savings Trust Agreement shall be binding upon the parties and their respective heirs, successors (including Successor Account Owners) and permitted assigns. You agree that all of your representations, warranties, acknowledgments and covenants under this Savings Trust Agreement shall inure to the benefit of the Plan Manager, which shall be a third-party beneficiary of those representations, warranties, acknowledgments and covenants. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Savings Trust Agreement is intended or shall be construed to give to any person, other than you, the Board and the Plan Manager, any legal or equitable right, remedy or claim under or with respect to this Savings Trust Agreement or any covenants, conditions and provisions herein contained; this Savings Trust Agreement and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of you, the Board and the Plan Manager as herein provided.

8. Communications. For purposes of this Savings Trust Agreement, communications will be sent to you at the permanent address that you specify in your Account Application or at such other permanent address that you give to the Plan Manager in writing. You are solely responsible for providing accurate address information on the account. All communications so sent will be deemed to be given to you personally upon such sending, whether or not you actually receive them.

9. Severability. If any provision of this Savings Trust Agreement is held to be invalid, illegal, void or unenforceable, by reason of any law, rule, or administrative order, or by judicial decision, such determination will not affect the validity of the remaining provisions of this Savings Trust Agreement.

10. Headings. The heading of each section, paragraph and provision in this Savings Trust Agreement is for descriptive purposes only and shall not be deemed to modify or qualify any of the rights or obligations set forth in each such section, paragraph and provisions.

11. Governing Law. This Savings Trust Agreement shall be construed in accordance with and shall be governed by the laws of the State of Texas, without regard to choice of law rules of any state. Your execution of the Account Application shall constitute execution of this Savings Trust Agreement.

APPENDIX

UNDERLYING INVESTMENT OBJECTIVES, STRATEGIES AND RISKS

Below are the investment objectives and primary investment strategies and risks for each Underlying Investment. This information is only a summary; please refer to each Underlying Investment's prospectus and statement of additional information for more complete information. Additionally, please see "PLAN AND PORTFOLIO RISKS–General Investment Risks of the Underlying Investments and Principal Investment Risks of the Underlying Investments" on pages 30-36 for a more detailed discussion of the risks applicable to each Underlying Investment.

Portfolios may invest in mutual funds or other investments.

Oppenheimer Capital Appreciation Fund

Investment Objective
The fund seeks capital appreciation.

Principal Investment Strategies
The fund mainly invests in common stocks of "growth companies." Growth companies are companies whose earnings and stock prices are expected to increase at a faster rate than the overall market. These may be newer companies or established companies of any capitalization range that the portfolio manager believes may appreciate in value over the long term. Currently, the fund primarily focuses on established companies that are similar in size to companies in the S&P 500 Index or the Russell 1000 Growth Index. The fund primarily invests in securities of U.S. issuers but may also invest in foreign securities. The portfolio manager looks for growth companies with stock prices that she believes are reasonable in relation to overall stock market valuations. In seeking broad diversification of the fund's portfolio among industries and market sectors, the portfolio manager focuses on a number of factors that may vary in particular cases and over time. Currently, the portfolio manager looks for:

- companies in business areas that have above-average growth potential,
- companies with growth rates that the portfolio manager believes are sustainable overtime, and
- stocks with reasonable valuations relative to their growth potential.

The fund may sell the stocks of companies that the portfolio manager believes no longer meet the above criteria, but is not required to do so.

Principal Risks
The principal risks of investing in the fund are: Risks of Investing in Stock, Risks of Growth Investing and Risks of Mid-Sized Companies.

Oppenheimer Value Fund

Investment Objective
The fund seeks long-term growth of capital by investing primarily in common stocks with low price-earnings ratios and better-than-anticipated earnings. Realization of current income is a secondary consideration.

Principal Investment Strategies
The fund mainly invests in common stocks of companies that the portfolio manager believes are undervalued. The fund may also invest in other equity securities, such as preferred stock, rights, warrants and securities convertible into common stock. The fund may buy securities issued by companies of any size or market capitalization range and at times might increase its emphasis on securities of issuers in a particular capitalization range. While the fund does not limit its investments to issuers in a particular capitalization range, the portfolio manager currently focuses on securities of larger-size companies.

The fund may invest up to 25% of its total assets in foreign securities of companies or governments in any country, including in developed and emerging market countries. The fund may invest up to 10% of its net assets in debt securities.

In selecting investments for the fund's portfolio, the portfolio manager looks for companies he believes have been undervalued by the market. A security may be undervalued because the market is not aware of the issuer's intrinsic value, does not yet recognize its future potential, or the issuer may be temporarily out of favor. The fund seeks to realize gains in the prices of those securities when other investors recognize their real or prospective worth. The portfolio manager uses a "bottom up" approach to select securities one at a time before considering industry trends. The portfolio manager uses fundamental analysis to select securities based on factors such as a company's long-term earnings and growth potential. The portfolio manager currently focuses on companies with the following characteristics, which may vary in particular cases and may change over time:

- Attractive valuation,
- Future supply/demand conditions for its key products,
- Product cycles,
- Quality of management,
- Competitive position in the market place,
- Reinvestment plans for cash generated, and
- Better-than-expected earnings reports.

The portfolio manager also monitors individual issuers for changes in their business fundamentals or prospects that may trigger a decision to sell a security, but does not require a decision to do so. The portfolio manager may consider selling a stock for one or more of the following reasons:

- the stock price is approaching its price target,
- the company's fundamentals are deteriorating, or
- alternative investment ideas have been developed.

Principal Risks
The principal risks of investing in the fund are: Risks of Investing in Stock, Risks of Value Investing, Risks of Foreign Investing and Time Zone Arbitrage.

Oppenheimer Main Street Select Fund®

Investment Objective
The fund seeks long-term capital appreciation

Principal Investment Strategy
The fund invests primarily in common stock of a select group of U.S. companies. The fund's porfolio will generally be invested in 35 or fewer issuers. It mainly focuses on "larger capitalization" issuers, which it considers to be companies within the market capitalization range of the Russell 1000 Index. However it may invest in companies of any market capitalization and may invest in foreign issuers, including issuers in developing market countries.

The portfolio managers use both fundamental research and quantitative models in selecting securities for the fund. While the process may change over time or vary in particular cases, in general the selection process currently uses:

- Fundamental analysis of issuers regarding factors such as financial performance, position in their industry, the strength of their business model and their management;
- Quantitative models to rank securities within each sector to identify potential buy and sell candidates for further research. A number of company-specific factors are analyzed in constructing the models, including valuation, price momentum and company fundamentals; and
- Consideration of market and industry trends and general economic conditions.

The fund aims to maintain a diversified portfolio across major economic sectors by applying investment parameters for both sector and position size. The portfolio also includes both growth and value stocks. The portfolio managers may sell a security if the stock price is approaching its target; if there has been a deterioration in the company's competitive position or poor execution by the company's management; or if more attractive alternative investment ideas have been identified.

Principal Risks
The principal risks of investing in the fund are: Risks of Investing in Stock; Risks of Focused Investing; and Risks of Foreign Investing.

Oppenheimer Main Street Small- & Mid-Cap Fund®

Investment Objective
The fund seeks capital appreciation.

Principal Investment Startegies
The fund mainly invests in common stocks of "small-cap" and "mid-cap" companies. A company's "market capitalization" is the value of its outstanding common stock. Under normal market conditions, the fund will invest at least 80% of its net assets, including any borrowings for investment purposes, in securities of companies having a market capitalization in the range of the Russell 2500® Index, a measure of small-to mid-cap issuers. The capitalization range of that index is subject to change due to market activity or changes in the composition of the index. The range of the Russell 2500® Index generally widens over time and it is reconstituted annually to preserve its small- and mid- cap character. On May 31, 2010, the latest reconstitution date, that index included issuers with market capitalizations of approximately $112 million to $5.4 billion. The fund measures a company's capitalization at the time the fund buys a security and is not required to sell a security if the company's capitalization moves outside of the fund's capitalization definition.

The portfolio managers use both fundamental research and quantitative models to identify investment opportunities. While the process may change over time or vary in particular cases, in general the selection process currently:

- Aims to maintain broad diversification across all major economic sectors;
- Uses quantitative models, including sector-specific factors, to rank securities within each economic sector;
- Uses a fundamental approach to analyze issuers based on factors such as a company's financial performance, competitive strength, industry position, business practices and management; and
- Considers market trends, current industry outlooks and general economic conditions.

In constructing the portfolio, the fund seeks to limit exposure to so-called "top-down" or "macro" risks, such as overall stock market movements, economic cycles, and interest rate or currency fluctuations. Instead, the portfolio managers seek to add value by selecting individual securities with superior company-specific fundamental attributes or relative valuations that they expect to outperform their industry and sector peers. This is commonly referred to as a "bottom-up" approach to portfolio construction.

The portfolio managers consider stock rankings, benchmark weightings and capitalization outlooks in determining security weightings for individual issuers. Although the fund mainly invests in U.S. companies, it can invest in securities issued by companies or governments in any country. The fund primarily invests in common stock but may also invest in other types of securities, such as units of master limited partnerships or other securities that are consistent with its investment objective.

The portfolio managers might sell a security if the stock price is approaching their price target, if the company's competitive position has deteriorated or the company's management has performed poorly, or if they have identified more attractive investment prospects.

Principal Risks
The principal risks of investing in the fund are: Risks of Investing in Stock, Risks of Small- or Mid-Sized Companies, Investing in Small Unseasoned Companies Risk and Risks of Foreign Investing.

Oppenheimer International Diversified Fund

Investment Objective
The fund seeks high total return through both capital appreciation and income. It is a special type of mutual fund known as a "fund of funds" because it primarily invests in other mutual funds.

Principal Investment Strategy
The fund is a special type of mutual fund known as a "fund of funds" because it invests in other mutual funds. Those funds are referred to as the "Underlying Funds." The Underlying Funds mainly invest in foreign equity or debt securities, which are

securities of companies organized under the laws of a foreign country, or with a substantial portion of their operations, assets, revenue or profits from businesses, investments or sales outside the United States or securities traded primarily in foreign securities markets. Certain Underlying Funds may invest 100% of their assets in securities of foreign companies. Some Underlying Funds may invest in emerging or developing markets as well as in developed markets throughout the world. From time to time an Underlying Fund may place greater emphasis on investing in one or more particular industry or region. Under normal market conditions, the Fund will invest in shares of some or all of the following Oppenheimer global or international funds (and their current target investment allocations in parenthesis) that were chosen based on the Manager's determination that they could provide growth of capital and/or investment income:

- Oppenheimer Developing Markets Fund (10%)
- Oppenheimer Global Opportunities Fund (0%)
- Oppenheimer International Bond Fund (10%)
- Oppenheimer International Growth Fund (32.5%)
- Oppenheimer International Small Company Fund (15%)
- Oppenheimer Master International Value Fund, LLC (32.5%)*
- Oppenheimer Quest International Value Fund (0%)*

* As of July 31, 2010 the Fund's investment in Oppenheimer Master International Value Fund, LLC represented 19.84% of the fund's invested assets and the Fund's investment in Oppenheimer Quest International Value Fund represented 13.01% of the fund's invested assets.

The fund will typically invest in a minimum of three of the Underlying Funds and will not invest more than 50% of its net assets in any single Underlying Fund. The Manager may change the weightings in the Underlying Funds at any time, without prior approval from or notice to shareholders. "Normal market conditions" are when securities markets and economic conditions are not unstable or adverse, in the judgment of the Manager.

The Manager will monitor the markets and allocate assets among the Underlying Funds based on changing market conditions and investment opportunities. In determining how much of the fund's assets to invest in an Underlying Fund, the Manager will seek to diversify the fund's investments internationally and among different investment styles, larger and smaller market capitalizations and between developed and emerging markets. The fund may change its emphasis on equity or fixed-income investments at times based on the Manager's evaluation of the probable direction of interest rate changes. The fund may also change its allocations based on the Manager's evaluation of economic factors that it believes are not reflected in particular markets in which one or more of the Underlying Funds invest or on current or anticipated changes in currency valuations.

The fund may hold a portion of its assets in cash, money market securities or other similar, liquid investments, including in shares of money market mutual funds in the Oppenheimer family of funds. This will generally occur at times when the fund is unable to immediately invest funds received from purchases of fund shares or from redemptions of other investments or to maintain liquidity.

Principal Risks
The principal risks of investing in this fund are: Risks of Investing in the Underlying Funds, Risks of Foreign Investing, Special Risks of Developing and Emerging Markets, Risks of Investing in Equity Securities, Risks of Investing in Fixed-Income Securities, Fixed Income Market Risks, Special Risks of Lower-Grade Securities, Allocation Risk, Affiliated Portfolio Risk and Market Risk.

TIAA-CREF Social Choice Equity Fund

Investment Objective
The fund seeks a favorable long-term total return that reflects the investment performance of the overall U.S. stock market while giving special consideration to certain social criteria.

Principal Investment Strategy
Under normal circumstances, the fund invests at least 80% of its assets in equity securities. The fund attempts to track the return of the U.S. stock market as represented by its benchmark, the Russell 3000® Index, while investing only in companies whose activities are consistent with the fund's social criteria.

The social criteria the fund takes into consideration, and any universe of investments that the fund utilizes, are non-fundamental investment policies. They can be changed without the approval of the fund's shareholders. For purposes of the 80% investment policy, the term "assets" means net assets, plus the amount of any borrowings for investment purposes.

The fund primarily invests in companies that are screened by MSCI Inc. ("MSCI") to favor companies that meet or exceed certain environmental, social and governance ("ESG") criteria. The fund does this by investing in U.S. companies included in one or more MSCI ESG Indices that meet or exceed the screening criteria described below.

Prior to being eligible for inclusion in the MSCI ESG Indices, companies are subject to an ESG performance evaluation conducted by MSCI, consisting of numerous factors. The ESG evaluation process favors companies that are: (i) strong stewards of the environment; (ii) devoted to serving local communities where they operate and to human rights and philanthropy; (iii) committed to higher labor standards for their own employees and those in the supply chain; (iv) dedicated to producing high-quality and safe products; and (v) managed in an exemplary and ethical manner.

Examples of environmental assessment categories are management systems, types of products and services produced, natural resource use, effect on climate change, and waste and emissions. Social evaluation categories include the treatment of employees and suppliers and dealings with the community and society at large. Governance assessment categories include governance structure, business ethics, transparency and reporting, and response to shareholder resolutions.

MSCI then ranks companies by industry sector peer group according to the ESG performance ratings. All companies must meet or exceed minimum ESG performance standards to be included in the MSCI ESG Indices. For each industry sector, key ESG performance factors are identified and given more weight in the process. Concerns in one area do not automatically eliminate a company from potential inclusion in the MSCI ESG Indices or the fund.

When ESG concerns exist, the process gives careful consideration to how companies address the risks and opportunities they face in the context of their sector or industry and relative to their peers. The social and environmental impact of corporate activities related to the production and sale of alcohol, tobacco, military weapons, firearms, nuclear power and gambling products and services are quantified and incorporated into a company's overall ESG performance assessment. While not automatically excluded from the MSCI ESG Indices or the fund, most companies involved in these industries are ineligible for inclusion in the Index due to their poor overall ESG performance.

The Corporate Governance and Social Responsibility Committee of the fund's Board of Trustees provides guidance with respect to the fund's social criteria. The fund will do its best to ensure that its investments are consistent with its social criteria, but Advisors cannot guarantee that this will always be the case for every fund holding. Even if an investment is not excluded by MSCI's criteria, Advisors has the option of excluding the investment if it decides the investment is inappropriate, though it is expected that Advisors will normally apply MSCI's screening results. Consistent with its responsibilities, the Corporate Governance and Social Responsibility Committee will continue to evaluate the implications of any future modifications MSCI makes to its ESG evaluation process. Investing on the basis of social criteria is qualitative and subjective by nature, and there can be no assurance that the social criteria utilized by MSCI or any judgment exercised by the Committee or Advisors will reflect the beliefs or values of any particular investor.

The fund is not restricted from investing in any securities issued or guaranteed by the U.S. government or its agencies or instrumentalities. The fund may also invest in securities issued by other countries or their agencies or instrumentalities as approved by the Corporate Governance and Social Responsibility Committee. The fund may invest up to 15% of its assets in foreign investments. The fund may also buy futures contracts and other derivative instruments for hedging and for cash management purposes.

Principal Risks
The principal risks of investing in this fund are: Social Criteria Risk, Market Risk, Company Risk, Foreign Investment Risk, Small-Cap Risk, Mid-Cap Risk, Active Management Risk and Moderate Index Risk.

TIAA-CREF International Equity Index Fund

Investment Objective
The fund seeks a favorable long-term total return, mainly through capital appreciation, by investing primarily in a portfolio of foreign equity investments based on a market index.

Principal Investment Strategy
Under normal circumstances, the fund invests at least 80% of its assets in securities of its benchmark index (the MSCI EAFE® Index). The fund buys most, but not necessarily all, of the stocks in its benchmark index, and will attempt to closely match the overall investment characteristics of its benchmark index. For purposes of the 80% investment policy, the term "assets" means net assets, plus the amount of any borrowings for investment purposes.

The fund is designed to track foreign equity markets as a whole or a segment of these markets. The fund primarily invests its assets in equity securities selected to track a designated stock market index. Because the return of an index is not reduced by investment and other operating expenses, the fund's ability to match its index is negatively affected by the costs of buying and selling securities as well as other expenses. The use of a particular index by the fund is not a fundamental policy and may be changed without shareholder approval.

The portfolio management team will attempt to build a portfolio that generally matches the market-weighted investment characteristics of the fund's benchmark index.

Principal Risks
The principal risks of investing in this fund are: Market Risk, Company Risk, Foreign Investment Risk, Index Risk, Large-Cap Risk and Mid-Cap Risk.

TIAA-CREF S&P 500 Index Fund

Investment Objective
The fund seeks a favorable long-term total return, mainly throughcapital appreciation, by investing primarily in a portfolio of equity securities of large domestic companies selected to track U.S. equity markets based on a market index.

Principal Investment Strategies
Under normal circumstances, the fund invests at least 80% of its assets in securities of its benchmark index (the S&P 500® Index). The fund buys most, but not necessarily all, of the stocks in its benchmark index, and will attempt to closely match the overall investment characteristics of its benchmark index. For purposes of the 80% investment policy, the term "assets" means net assets, plus the amount of any borrowings for investment purposes.

The fund is designed to track various U.S. equity markets as a whole or a segment of these markets. The fund primarily invests its assets in equity securities selected to track a designated stock market index. Because the return of an index is not reduced by investment and other operating expenses, the fund's ability to match its index is negatively affected by the costs of buying and selling securities as well as the fund's fees and other expenses. The use of a particular index by the fund is not a fundamental policy and may be changed without shareholder approval.

Principal Risks
The principal risks of investing in this fund are: Market Risk, Index Risk, Company Risk and Large-Cap Risk.

Oppenheimer Institutional Money Market Fund

Investment Objective
The fund's investment objective is to seek current income and stability of principal. The fund is a money market fund.

Investment Process
The fund is a money market fund that invests in a variety of money market instruments to seek current income. Money market instruments are short-term, high-quality, dollar-denominated debt instruments issued by the U.S. Government, domestic and foreign corporations and financial institutions, and other entities. Money market instruments include bank obligations, repurchase agreements, commercial paper, and other short-term corporate and governmental debt obligations.

To be considered "high-quality," a debt instrument must be rated in one of the two highest credit quality categories for short-term securities by a nationally-recognized statistical rating service or, if a security is unrated, it must be determined by the fund's investment manager, OppenheimerFunds, Inc. (the "Manager") under the supervision of the fund's Board, to be of comparable quality to rated securities in one of those two categories.

The fund's investments are subject to changes in their value from a number of factors. However, the fund's investments must meet strict standards set by its Board of Trustees and special rules under Federal law for money market funds. Those requirements include maintaining high credit quality, a short average maturity and diversification of the fund's investments among issuers. Those provisions are designed to help minimize credit risks, to reduce the effects of changes in prevailing interest rates and to reduce the effect on the fund's portfolio of a default by any one issuer. Since income on short-term securities tends to be lower than income on longer term debt securities, the fund's yield will likely be lower than the yield on longer-term fixed income funds.

Even so, there are risks that an issuer of an obligation that the fund holds might have its credit rating downgraded or might default on its obligations, or that interest rates might rise sharply, causing the value of the fund's investments to fall. Also, there is the risk that the value of your investment could be eroded over time by the effects of inflation, or that poor security selection could cause the fund to underperform other funds that have a similar objective. If there is an unexpectedly high demand for the redemption of fund shares, the fund might need to sell portfolio securities prior to their maturity, possibly at a loss. As a result, there is a risk that the fund's shares could fall below $1.00 per share.

Principal Risks
The principal risks of the fund are: Interest Rate Risk, Credit Risk and Fixed-Income Market Risks.

Dreyfus Bond Market Index Fund

Investment Objective
The fund seeks to match the total return of the Barclays Capital U.S. Aggregate Bond Index. Total return includes changes in the fund's share price as well as interest income.

Principal Investment Strategy
To pursue its goal, the fund normally invests at least 80% of its net assets, plus any borrowings for investment purposes, in bonds that are included in the Barclays Capital U.S. Aggregate Index. In seeking to match index performance, the manager uses a passive management approach and purchases all or a representative sample of the bonds comprising the benchmark index. Because the fund has expenses, performance will tend to be slightly lower than that of the target benchmark. To maintain liquidity, the fund may invest up to 20% of its assets in various short-term, fixed-income securities and money market instruments. The fund attempts to have a correlation between its performance and that of the index of at least .95 before expenses. A correlation of 1.00 would mean that the fund and the index were perfectly correlated.

The fund's investments are selected by a "sampling" process, which is a statistical process used to select bonds so that the fund has investment characteristics that closely approximate those of the index. By using this sampling process, the fund typically will not invest in all of the securities in the index.

The Barclays Capital U.S. Aggregate Index is a broad-based, unmanaged index that covers the U.S. dollar-denominated, investment grade (Baa/BBB or higher), fixed-rate, taxable bond market of SEC-registered securities. The index includes bonds from the U.S. Treasury, U.S. government-related, corporate, mortgage-backed securities, asset-backed securities and commercial mortgage-backed securities sectors. Most of the bonds in the index are issued by the U.S. Treasury and other U.S. government and agency issuers. Barclays Capital is not affiliated with the fund, and it does not sell or endorse the fund, nor does it guarantee the performance of the fund or the index.

Principal Risks
The principal risks of investing in the fund are: Indexing Strategy Risk, Mortgage-related Securities Risk, Government Securities Risk, Interest Rate Risk, Credit Risk, Liquidity Risk, Call Risk, Market Risk, Prepayment and Extension Risk and Other Potential Risks.

Thornburg International Value Fund

Investment Objective
International Value fund seeks long-term capital appreciation by investing in equity and debt securities of all types. The secondary, non-fundamental goal of the fund is to seek some current income.

Principal Investment Strategies
The fund invests primarily in foreign securities and, under normal market conditions, invests at least 75% of its assets in foreign securities or depository receipts of foreign securities. The fund may invest in developing countries.

The fund's investment advisor, Thornburg Investment Management, Inc. ("Thornburg"), intends to invest on an opportunistic basis where the fund's portfolio managers believe intrinsic value is not recognized by the marketplace. The fund seeks to identify value in a broad or different context by investing in a diversified portfolio of stocks classified as basic values, consistent earners, and emerging franchises, when the portfolio managers believe these issues are value priced. The relative proportions of securities invested in each of those categories will vary over time. The fund seeks to invest in promising companies, and may invest in stocks that reflect unfavorable market perceptions of the company or industry fundamentals. The fund may invest in companies of any size, but invests primarily in the large and middle capitalization range of publicly traded companies.

Thornburg primarily uses individual issuer and industry analysis to make investment decisions. Value, for purposes of the fund's selection criteria, relates both to current and to projected measures. Among the specific factors considered by Thornburg in identifying undervalued securities for inclusion in the fund are:

- profitability
- undervalued assets
- price/earnings ratio
- earnings growth potential
- price/book value ratio
- industry growth characteristics
- price/cash flow ratio
- industry leadership
- debt/capital ratio
- franchise value
- dividend characteristics
- potential for favorable developments
- security and consistency of revenues
- EBIT_ (earnings before interest and taxes)/interest expense ratio
- EV_ (enterprise value)/EBITDA (earnings before interest, taxes, depreciation and amortization) ratio

The fund classifies its equity investments in the following categories:

Basic Value Companies which, in Thornburg's opinion, are financially sound companies with well established businesses whose stock is selling at low valuations relative to the companies' net assets or potential earning power.

Consistent Earner: Companies which normally exhibit steady earnings growth, cash flow characteristics and/or dividend growth. These companies may have above average profitability measures and normally sell at above average valuations.

Emerging Franchises: Companies which, in Thornburg's opinion, are in the process of establishing a leading position in a product, service or market with the potential to grow at an above average rate. Under normal conditions, the proportion of the fund invested in this category will be lower than the other categories.

Debt obligations may be considered for investment if Thornburg believe them to be more attractive than the equity alternatives or to manage risk. The fund may purchase debt obligations of any maturity and of any quality.

Principal Risks
The principal risks of investing in the fund are: Management Risk, Market and Economic Risk, Risk Affecting Specific Issuers, Foreign Investment Risk, Smaller Company Risk, Credit Risk, Interest Rate Risk and Liquidity Risk.

Dreyfus Inflation Adjusted Securities Fund

Investment Objective
The fund seeks returns that exceed the rate of inflation.

Principal Investment Strategies
To pursue its goal, the fund normally invests at least 80% of its assets in inflation-indexed securities. These are fixed-income securities designed to protect investors from a loss of value due to inflation by periodically adjusting their principal and/or coupon according to the rate of inflation. The inflation-indexed securities issued by the U.S. Treasury and some foreign government issuers, for example, accrue inflation into the principal value of the bond. Other issuers may pay out the Consumer Price Index accruals as part of a semi-annual coupon.

The fund primarily invests in high quality, U.S. dollar-denominated, inflation-indexed securities. To a limited extent, the fund may invest in foreign currency-denominated, inflation-protected securities and other fixed-income securities not adjusted for inflation which are rated investment grade or the unrated equivalent as determined by The Dreyfus Corporation. Such other fixed-income securities may include: U.S. government bonds and notes, corporate bonds, mortgage-related securities and asset-backed securities.

The fund seeks to keep the average effective duration of its portfolio at two to ten years. The fund may invest in securities with effective or final maturities of any length. The fund may adjust its portfolio holdings or average effective duration based on actual or anticipated changes in interest rates or credit quality.

Principal Risks
The principal risks of investing in the fund are: Interest Rate Risk, Credit Risk, Inflation-indexed Security Risk, Liquidity Risk, Foreign Investment Risk and Government Securities Risk.

FREQUENTLY ASKED QUESTIONS

How Do I Set Up an Account? As the Account Owner, you may establish an Account by completing an Account Application and making an initial Contribution to your Account. At the time your first Contribution is made, the Code requires that you name a beneficiary, the Designated Beneficiary. Your Account may only have one Designated Beneficiary and that Designated Beneficiary must be an individual.

I am a Texas Resident. Do I Get Any Special Benefits under the Plan? Yes. Texas law provides that assets in an Account may not be considered in determining eligibility for Texas state-funded student financial aid. Also, assets in an Account are exempt from attachment, execution, and seizure in Texas for the satisfaction of debts under Texas law. See Plan Description for more details.

Does the State of Texas Sponsor any Other Section 529 Plans? Yes. In addition to the Plan described in this Plan Description, the Board administers a separate prepaid tuition 529 plan, the Texas Guaranteed Tuition Plan, which is currently closed to new enrollment, and a direct-sold savings 529 Plan, the Texas College Savings Plan, which is described in a separate plan description, and the Texas Tuition Promise Fund, the state's newest prepaid tuition plan. More information about these plans is available at www.texastomorrowfunds.com or by calling 800.445.GRAD (4723).

Can My Spouse and I Open a Joint Account? No. Your Account may have only one owner. You as the Account Owner will be the only person who can give instructions to distribute money from your Account to pay the Qualified Higher Education Expenses of the Designated Beneficiary or for any other reason.

Who Can Be a Designated Beneficiary? The Designated Beneficiary of your Account may be any individual, including the Account Owner. The Designated Beneficiary does not need to be related to you. The Designated Beneficiary may be of any age. Once your account is established, you can change the Designated Beneficiary to a different Designated Beneficiary who is a Member of the Family of the existing Designated Beneficiary.

How Much Do I Need to Open an Account? You can establish an account with $25 per Portfolio and you can make subsequent Contributions of $25 per Portfolio ($15 minimum per Portfolio if you fund your Account through AIP or payroll deduction).

How Do I Make Additional Investments? You may send money by check or establish an automatic purchase plan to contribute money via an Electronic Funds Transfer (EFT) from your bank checking or savings account. You may also make automated, systematic Contributions by payroll deduction established through your employer or by the telephone purchase option, which allows you to make subsequent Contributions from your bank account with a phone call.

How Much Can I Contribute to an Account? The Code requires that the Account balance for any single Designated Beneficiary be limited to the amount of money necessary to pay the Qualified Higher Education Expenses of the Designated Beneficiary. That limit, the Maximum Contribution Limit, is calculated based upon the actual cost of attending the most expensive educational institutions in the United States for undergraduate and graduate school. The Maximum Contribution Limit for Accounts under the Plan and accounts under all other Section 529 plans established and maintained by the State of Texas for a particular Designated Beneficiary (regardless of Account Owner) is $320,000, subject to adjustment as described in the Plan Description. The Account balance is permitted to exceed the Maximum Contribution Limit only if the excess balance of the account is attributable to Account earnings. The Maximum Contribution Limit applies whether or not the Account Owner is a resident of Texas. The Board reserves the right to change the Maximum Contribution Limit.

If your Designated Beneficiary is the Designated Beneficiary of more than one Account or is the Designated Beneficiary of a Texas Guaranteed Tuition Plan account, a Texas College Savings Plan account, a Texas Tuition Promise Fund account, or any other 529 Plan account established and administered by the state of Texas in the future, the Maximum Contribution Limit is calculated by aggregating the current value of those accounts as well. The Account Balance is calculated daily. No Contributions will be accepted to an Account within the Plan or the Texas Guaranteed Tuition Plan, the Texas College Savings Plan, a Texas Tuition Promise Fund account, or any other 529 Plan established and administered by the state of Texas in the future if the aggregate Account Balance for any Designated Beneficiary is above the Maximum Contribution Limit.

How Will My Account Be Invested? Assets in your account are invested in Portfolios, depending on the investment options that you select. You will be asked to designate on your Application how you want your Contributions allocated. You may invest all of your assets in one Portfolio, or allocate your Contributions among up to thirteen different Portfolios. The Plan offers Age Based Portfolios and twelve Static Portfolios.

Any Contributions will be invested in accordance with the standing instructions for your Account unless you specify different allocation instructions for a particular Contribution. You may change your standing instructions with respect to future Contributions at any time.

Are the Portfolios Mutual Funds? No, the Portfolios are not mutual funds. Each Age Based and Static Portfolio invests in a combination of one or more Underlying Investments.

Are the Portfolios Registered with the SEC? No, the Portfolios are not registered with the SEC.

Can I Redirect Money Once Contributed to a Portfolio? Yes. You can reallocate assets already in your Account among different Portfolios within the Plan or to another Texas sponsored 529 Plan (i.e., make exchanges or reallocate) only once per calendar year. You may also reallocate assets already in your Account at any time you change the Designated Beneficiary.

In addition, you may change the allocation of future Contributions at any time, although this will not affect the allocation of investments already in your Account.

Can I Invest in the Plan and in a Coverdell ESA? Yes. Investment in a Coverdell ESA has no impact on an Account Owner's ability to invest in the Plan.

What Are the Federal Income Tax Advantages of the Plan? Under the Plan, any earnings are tax-deferred, meaning that neither you nor the Designated Beneficiary owes federal income tax if your Account grows. Further, if the distributions from your Account are used to pay the Qualified Higher Education Expenses of your Designated Beneficiary, the earnings portion of such distributions is not taxed.

What Are the Gift Tax Advantages of the Plan? Although you, the Account Owner, continue to own Contributions to your Account, your Contributions are treated as completed gifts for federal gift tax purposes. A gift of more than $13,000 to an individual in one year (or up to $26,000 in the case of a married couple) may be subject to federal gift tax depending on several factors. However, the Code permits a contributor to an Account to make an election to use up to five years of his or her annual exclusion at once. Thus, a contributor to the Plan can make a gift of up to $65,000 in one year (or up to $130,000 in the case of a married couple) to an Account without triggering federal gift tax (although all other gifts over the five calendar years covered by the election would be subject to gift tax or have other gift or estate tax consequences). To do this, the contributor must elect to treat the entire gift as a series of five equal annual gifts. The contributor should consult with his or her tax advisor for more information on the five-year election.

Does the money have to be used at a college in Texas? No. You can use your savings to pay for Qualified Higher Education Expenses at most accredited institutions in the U.S., including two- and four-year colleges, graduate schools, and certain vocational schools, as well as at some foreign institutions.

How Do I Use My Account Assets to Pay for College? You can withdraw money from your Account at any time. However, if the money is not used to pay Qualified Higher Education Expenses within the same calendar year as the Withdrawal, you will have to pay federal income and applicable state taxes plus (unless an exception exists) a 10% additional federal tax on the earnings portion of the distribution.

What if I Need the Money Before the Designated Beneficiary Goes to College? You can withdraw money from your Account at any time. However, if the money is not used to pay Qualified Higher Education Expenses within the same calendar year as the Withdrawal, you will have to pay federal income and any applicable state taxes plus (unless an exception exists) a 10% additional federal tax on any earnings portion of the distribution.

Are There Any Exceptions to the Additional Federal Tax? Yes. There is not a 10% additional federal tax in the event that a distribution is made due to:

- the receipt of a scholarship by the Designated Beneficiary, so long as the distribution does not exceed the value of the scholarship;
- the Designated Beneficiary's disability;
- the Designated Beneficiary's death if the distribution is paid to the Designated Beneficiary's estate on or after the Designated Beneficiary's death;
- the use of Education Tax Credits as allowed under federal income tax law; or
- the Designated Beneficiary's attendance at certain specified military academies, to the extent that the amount of the withdrawal does not exceed the costs of education attributable to such attendance. Consult your tax advisor.

Will the Plan Manager Notify Me of the Amount of Taxes Due, if Any, on a Distribution? No. As the Account Owner, it is your sole responsibility to determine, report and pay all taxes on the earnings portion of Account distributions not used for Qualified Higher Education Expenses. The Plan will provide a statement to you each year in which a distribution is made that will include the total amount distributed and the amount of such distribution that is attributable to earnings. However, the Plan has no responsibility regarding the proper tax reporting of any distributions. You should consult your tax advisor.

What if the Designated Beneficiary Delays Going to College? You can keep an Account open until the Designated Beneficiary goes to college.

What if the Designated Beneficiary Does Not Go to College? You can name a Member of the Family of the current Designated Beneficiary as the new Designated Beneficiary of the Account without any federal tax consequences, unless the new Designated Beneficiary is a member of a younger generation than the existing Designated Beneficiary. In that case, there may be generation-skipping transfer tax consequences. Special rules apply to Accounts established by UGMA/UTMA custodians. You should consult your tax advisor.

If there are already other Accounts open for the benefit of the new Designated Beneficiary, the aggregate Account Balances for the new Designated Beneficiary cannot exceed the Maximum Contribution Limit. If no eligible Member of the Family can be named Designated Beneficiary, then you may choose to close the account and any earnings will be subject to federal and applicable state income tax and the additional 10% federal income tax.

Can I Borrow Money from the Plan? No. The Plan will not make any loans.

Can I Use the Money in My Account as Security for a Loan? No. The Code prohibits pledging, assigning or otherwise using an Account as collateral for a loan.

How Will an Investment in the Plan Affect Eligibility for Financial Aid? Your college savings will normally result in a reduction in the amount of federal or school based financial aid that your Designated Beneficiary is eligible to receive; however, your savings will increase the total amount of money available to actually pay college expenses.

Generally, if the Designated Beneficiary is your dependent, your 529 accounts will be included as one of your assets, rather than your child's asset. If the Account Owner is neither the parent nor the Designated Beneficiary, the 529 account might not be an asset included in the current federal financial aid formula.

See the latest Department of Education's *Federal Student Aid Handbook* for more details and any changes when your Designated Beneficiary is close to attending college.

For school based financial aid, the effect of being an owner or Designated Beneficiary of an Account varies from institution to institution.

For Texas state-funded financial aid, Texas law provides that assets in an Account may not be considered in determining eligibility for Texas state-funded student financial aid.

How Do I Know the Current Value of My Account? For information on your account, visit www.lonestar529.com or call us at 800.445.GRAD (4723), option #4. Unit values are updated each day that the New York Stock Exchange ("NYSE") is open for business. We will also send you an Account statement each quarter with a description of your Account activity and the value of your Account.

What Can I Do if There Is Money Left in My Account After My Designated Beneficiary Has Completed His or Her Higher Education? You have three choices: 1) You can change the Designated Beneficiary to a Member of the Family of the existing Designated Beneficiary without federal tax consequences (except potential generation-skipping transfer tax consequences if the new Designated Beneficiary is of a younger generation). Special rules apply to Accounts established by UGMA/UTMA custodians. 2) If you do not want to change the Designated Beneficiary immediately, you can keep the Account open, with the intention of changing the Designated Beneficiary in the future (for example, to a yet-unborn grandchild). 3) You can request a distribution of the remaining balance in your Account by notifying us in writing. The distribution will be subject to federal and applicable state income taxes on the earnings portion and the 10% additional federal tax. There is not a 10% additional federal tax in the event that a distribution is made due to:

- the receipt of a scholarship by the Designated Beneficiary, so long as the distribution does not exceed the value of the scholarship;
- the Designated Beneficiary's disability;
- the Designated Beneficiary's death if the distribution is paid to the Designated Beneficiary's estate on or after the Designated Beneficiary's death;
- the use of Education Tax Credits as allowed under federal income tax law; or
- the Designated Beneficiary's attendance at certain specified military academies.

Can I Transfer Ownership of My Account to Another Account Owner? Yes, although the transfer of your Account may have federal tax implications. You should consult your tax advisor.

Who Will Own My Account if I Die? In the case of your death, ownership of your Account will pass in accordance with the successor owner (the "Successor Account Owner") information you provided on the Account Application or Account Maintenance Form. If you did not complete the Successor Account Owner information, ownership of the Account will pass according to the terms of your will following probate. If you do not provide this information on the application and do not make any provision in your will, control will pass by operation of law. Special rules apply to Accounts established by UGMA/UTMA custodians.

Who Will Control My Account if I Am Declared Legally Incompetent? If you are declared legally incompetent, control of your Account will pass in accordance with the Successor Account Owner information provided on the Account Application or Account Maintenance Form. If you did not complete the Successor Account Owner information, control of your Account will be determined under applicable law.

Will Owning an Account Impact Eligibility for Medicaid Benefits? Account ownership may adversely affect your eligibility for federal and state assistance programs, particularly Medicaid. You should consult your legal or financial advisor for additional information.

Are Account Assets Protected From Creditor Claims? Section 54.709(e) of the Texas Education Code, the statute that authorized creation of the Plan, states, "Money in a savings trust account [the LoneStar 529 Plan] is exempt from attachment, execution and seizure for the satisfaction of debt or liability of an account owner or Designated Beneficiary." In addition, Section 42.0022 of the Texas Property Code, which is titled, "Exemption for College Savings Plans," confirms that "a person's right to the assets held in or to receive payments or benefits under [the LoneStar 529 Plan] is exempt from attachment, execution and seizure for the satisfaction of debts." Regardless of whether you live in Texas or outside of Texas, you should consult an attorney for advice on how these Texas state laws and other federal laws might affect your personal situation. The LoneStar 529 Plan is prohibited from providing legal advice.

Can the Plan Change the Terms of My Savings Trust Agreement? The Plan Manager, with Board approval, can change the terms of the Savings Trust Agreement and this Plan Description, which is incorporated by reference into that Agreement.

How Safe Is My Account? Investment returns are not guaranteed, and you could lose money by investing in the Plan. Account Owners assume all investment risks, including the potential for loss of principal, as well as responsibility for any federal and state tax consequences.

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION, OR WITH ANY STATE SECURITIES COMMISSIONS. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS PASSED UPON THE ADEQUACY OF THIS PLAN DESCRIPTION. ANY REPRESENTATION TO THE

CONTRARY IS A CRIMINAL OFFENSE. PROSPECTUSES FOR THE OPPENHEIMER MUTUAL FUNDS HELD BY CERTAIN OF THE PORTFOLIOS ARE AVAILABLE UPON REQUEST BY CALLING 800.255.2750 OR VISITING WWW.OPPENHEIMERFUNDS.COM. PROSPECTUSES FOR THE DREYFUS MUTUAL FUNDS HELD BY CERTAIN PORTFOLIOS ARE AVAILABLE UPON REQUEST BY CALLING 800.645.6561 OR VISITING WWW.DREYFUS.COM. PROSPECTUSES FOR THE TIAA-CREF MUTUAL FUNDS HELD BY CERTAIN PORTFOLIOS ARE AVAILABLE UPON REQUEST BY CALLING 800.223.1200 OR VISITING WWW.TIAA-CREF.ORG. THE PROSPECTUS FOR THE THORNBURG MUTUAL FUND HELD BY CERTAIN PORTFOLIOS IS AVAILABLE UPON REQUEST BY CALLING 800.847.0200 OR VISITING WWW.THORNBURG.COM.

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Comments or complaints may be forwarded to the Prepaid Higher Education Tuition Program, Office of the Comptroller of Public Accounts, P.O. Box 13407, Austin, Texas 78711-3407, or by calling 1.512.936.2064.

The LoneStar 529 Plan® is established and maintained by the Texas Prepaid Higher Education Tuition Board and distributed by OppenheimerFunds Distributor, Inc. OFI Private Investments Inc., a subsidiary of OppenheimerFunds, Inc., is the plan manager and administrator of the Plan. Some states offer favorable tax treatment to their residents only if they invest in the state's own plan. Investors should consider before investing whether their or their designated beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's qualified tuition program and should consult their tax advisor. Interests in the Plan are not deposits or other obligations of any depository institution.

No part of an account, the principal invested, nor any investment return is insured or guaranteed by the FDIC, the state of Texas, the Texas Prepaid Higher Education Tuition Board, any other state or federal governmental agency or OFI Private Investments Inc. or its affiliates. An account might not make money and could lose money (including the principal invested) if money is invested in the Plan. Interests in the Plan have not been registered with the U.S. Securities and Exchange Commission or with any state.

Before investing in the Plan, investors should carefully consider the investment objectives, risks, administrative fees, service and other charges and expenses associated with municipal fund securities. The Plan Description and Savings Trust Agreement contain this and other information about the Plan, and may be obtained by visiting www.lonestar529.com or calling 1.800.445.GRAD (4723), option #4. Investors should read these documents carefully before investing.

The LoneStar 529 Plan® is distributed by OppenheimerFunds Distributor, Inc. Member FINRA, SIPC
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Susan Combs Texas Comptroller of Public Accounts

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