SEPTEMBER 16, 2011

CollegeBound*fund*®

Program Description

Program Manager: AllianceBernstein L.P.
Rhode Island Program Description

AllianceBernstein

This Program Description contains important information to be considered in making a decision to participate in and contribute to the CollegeBound*fund*® (the "Program"), including information about risks. Each Addendum referred to herein is an integral part of, and incorporated by reference into, the Program Description. The Program Description, including each Addendum, should be read thoroughly and retained for future reference.

Interests in the Program, which are considered "municipal fund securities", have not been registered with the U.S. Securities and Exchange Commission or with any state securities commission. Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved interests in the Program or passed upon the adequacy of this Program Description. Any representation to the contrary is a criminal offense.

Program accounts are not bank deposits, are not insured by the Federal Deposit Insurance Corporation ("FDIC") or any governmental unit or private person, are not debt or an obligation of, or guaranteed by, any governmental unit, bank or other financial institution or other person, including the State of Rhode Island, the Rhode Island Higher Education Assistance Authority, the Rhode Island State Investment Commission, AllianceBernstein L.P. or its affiliates, and involve investment risk, including the possible loss of principal. There is and can be no guarantee as to the ultimate payout of all or any portion of any contribution to an account established under the Program or that there will be an investment return at any particular level on any such contributions.

Prospective and current participants in the Program should rely only on the information contained in this Program Description, including each Addendum. No one is authorized to provide information regarding the Program that is different from information contained in this Program Description.

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

Statements in this Program Description concerning federal tax issues are not offered as individual tax advice to any person, but are provided for general informational purposes in connection with the marketing of the Program. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor. Nothing herein is written or intended to be used, and no statement herein can be used, by any taxpayer for the purpose of avoiding U.S. tax penalties.

Section 529 Qualified Tuition Programs like CollegeBound*fund*® 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.

Participants should periodically assess, and if appropriate, adjust their investment choices with their time horizon, risk tolerance and investment objectives in mind.

This Program Description intends to comply substantially with the Disclosure Principles adopted by the College Savings Plans Network, an affiliate of the National Association of State Treasurers.

For information or questions about CollegeBound*fund*®, please call (888) 324-5057 toll free.

Depending upon the laws of the home state of the investor or designated beneficiary, favorable state tax treatment or other benefits offered by such home state for investing in Qualified Tuition Programs may be available only for investments in the home state's Qualified Tuition Program. Any state-based benefit offered with respect to a particular Qualified Tuition Program should be one of many appropriately weighted factors to be considered in making an investment decision. Some of these factors may include, in addition to any state-based benefit, investment options and historical investment performance, fees and expenses, flexibility and features, the reputation and expertise of the investment manager and contribution limits. Before investing in any Qualified Tuition Program, an investor should consult with his or her financial, tax or other advisor to learn more about how state-based benefits (including any limitations) would apply to the investor's specific circumstances, and also may wish to contact his or her home state's or any other state's Qualified Tuition Program to learn more about the features, benefits and limitations of that state's Qualified Tuition Program. The Program Manager has not determined, and makes no representation as to, whether the Program is a suitable investment for any particular investor.

TABLE OF CONTENTS

SUMMARY

This summary is not complete, but can be used as a quick reference for many of the pertinent details about CollegeBound*fund*® (the "Program"). Capitalized terms used in this summary without definitions are defined in the Program Description. This summary is qualified by reference to the detailed information that appears in:

- the Program Description;
- state laws governing the Rhode Island Tuition Savings Program;
- the Program rules and regulations;
- the management agreement among AllianceBernstein L.P., the Rhode Island Higher Education Assistance Authority and the Rhode Island State Investment Commission (the "Management Agreement"); and
- the participation agreement ("Participation Agreement").

In particular, the rest of the Program Description describes the terms and conditions of the Program. It also refers to other things a person participating in the Program ("Participant") should consider, including investment and other risks. You and other contributors should read the Program Description carefully and take all of these factors into account.

ABOUT THE PROGRAM

CollegeBound*fund*® is:

- a 529 college-savings plan, established under Section 529 ("Section 529") of the Internal Revenue Code (the "Code")
- designed to help save money for qualified higher education expenses on a tax-advantaged basis
- open to residents of any state
- part of the Rhode Island Tuition Savings Program, the assets of which are held in the Rhode Island Higher Education Savings Trust (the "Trust").

PARTICIPANTS

You may:

- open one or more accounts ("Accounts") under the Program, each of which will represent interests in the Trust
- select a single beneficiary (the "Beneficiary") for each of your Accounts
- make contributions ("Contributions") to your Accounts
- decide how you want your money to be invested
- participate in the Program regardless of your income level, age or state of residence.

ACCOUNTS

CollegeBound*fund*® Accounts:

- may be opened by most individuals and by most types of legal entities
- have a single Beneficiary
- are invested in one or more portfolios that you select, which are in turn invested in Underlying Portfolios (as defined below).

SCOPE OF THIS PROGRAM DESCRIPTION

This Program Description is intended for use only in connection with and only covers Rhode Island Accounts.

A Rhode Island Account is an Account set up by someone who, when the Account is opened:

- resides in Rhode Island, or
- works for a Rhode Island employer, or
- has a principal place of business in Rhode Island, or
- designates a Rhode Island resident as Beneficiary.

Accounts that are not Rhode Island Accounts are described in a separate program description which you can obtain by calling (888) 324-5057 toll free.

INVESTMENT OVERVIEW

CollegeBound*fund*® portfolios:

- are invested in registered, open-end investment funds (mutual funds) or separate accounts
- are managed by AllianceBernstein L.P.
- offer three Age-Based Education Strategies Portfolios
  - Age-Based Aggressive Growth (formerly named Age-Based Aggressive) – For investors seeking a higher level of return potential over time who have a higher tolerance for risk
  - Age-Based Moderate Growth (formerly named Age-Based) – For investors who seek a balance of return
    potential and risk management
  - Age-Based Conservative Growth – For investors seeking a lower level of risk, especially in years just prior to and in college, who are comfortable with a lower return potential
- offer three Fixed Allocation Education Strategies Portfolios
  - Appreciation
  - Balanced
  - Conservative
- include the AllianceBernstein Principal-Protection Income Portfolio, a separate account of the Trust
- offer twelve mutual funds
  - AllianceBernstein Large Cap Growth Fund
  - AllianceBernstein Small/Mid Cap Growth Fund
  - AllianceBernstein Small Cap Growth Portfolio
  - AllianceBernstein Global Thematic Growth Fund
  - AllianceBernstein Growth and Income Fund
  - AllianceBernstein Value Fund
  - AllianceBernstein International Value Fund*
  - AllianceBernstein Small/Mid Cap Value Fund
  - AllianceBernstein Intermediate Bond Portfolio
  - Vanguard Total Bond Market Index Portfolio**
  - Vanguard Total International Stock Index Portfolio**
  - Vanguard Total Stock Market Index Portfolio**

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* Different investments carry different risks, and foreign securities are subject to special risks, such as political and exchange- rate uncertainties, as well as greater volatility associated with securities of companies in less-developed markets.

** Available only to Participants in Rhode Island Accounts who are not investing through a financial advisor.

TAX ADVANTAGES

- Contributions to Accounts do not count toward the Beneficiary's federal taxable income.
- An Account's earnings are not taxable while they accumulate in the Account.
- Withdrawals are free from federal income tax when you use them to pay the Beneficiary's qualified higher education expenses.
- Qualified Withdrawals are also free from state income tax for Rhode Island taxpayers. If you are not a Rhode Island taxpayer, check with your state's tax division or department to see if Qualified Withdrawals are free from state taxes in your state.
- Rhode Island taxpayers are eligible for a state income tax deduction for Contributions made to the Program of up to $1,000 for married couples filing jointly and $500 for individual filers. See "CERTAIN TAX CONSEQUENCES—Rhode Island Tax Consequences" on page 45 for more information.

Qualified Higher Education Expenses.

For students attending an Eligible Educational Institution (as defined below), these expenses currently include:

- required tuition and fees
- the cost of necessary books, equipment and supplies
- room and board for students enrolled on at least a half-time basis.

Eligible Educational Institutions.

These generally are accredited post-secondary educational institutions offering credit toward an undergraduate degree, graduate degree or other post-secondary credential. They include:

- colleges and graduate schools
- certain post-secondary vocational and trade schools
- some foreign institutions.

Consult Your Tax Advisor.

Many states treat Accounts for state tax purposes in the same way that the federal government does for federal tax purposes. Other states treat Accounts differently. **Some states offer favorable tax treatment to their residents only if their residents invest in that state's own college-savings program.** Please consult your tax advisor before participating in the Program.

See: "CERTAIN TAX CONSEQUENCES", which begins on page 39.

OTHER THINGS YOU SHOULD KNOW

- Total Contributions to all Accounts for a particular Beneficiary may not exceed $385,000. This limit applies to the aggregate balance of all CollegeBound*fund*® Accounts for the same Beneficiary and may be adjusted from time to time.
- Your Account may affect your Beneficiary's eligibility for financial aid.

THE KEY ORGANIZATIONS

Rhode Island Higher Education Assistance Authority ("RIHEAA")

- established, and is responsible for implementing, the Rhode Island Tuition Savings Program
- established, serves as trustee for and makes rules and regulations (the "Program Rules and Regulations") governing, the Rhode Island Higher Education Savings Trust.

Rhode Island State Investment Commission (the "SIC")

- oversees the investment of the Trust's assets.

AllianceBernstein L.P. ("AllianceBernstein" or "Program Manager")

- selected by RIHEAA and the SIC to serve as manager of the Program (or "Program Manager")
- as Program Manager, provides comprehensive investment, operational and other services for the Trust.

AllianceBernstein Investments, Inc. ("ABI")

- is the distribution arm of AllianceBernstein, and is a member of the Financial Industry Regulatory Authority ("FINRA").

GETTING STARTED

Opening an Account.

To open an Account:

- complete an account application, including a Participation Agreement.
- unless your financial advisor instructs you otherwise, submit it to the address listed on the account application, along with the required initial Contribution of $250 or more.
- If you are investing through an Automatic Contribution Plan, there is no minimum investment. You need not send an initial Contribution with your account application.

You will find an account application with this Program Description. You can get additional copies:

- from your financial advisor
- by calling toll-free at (888) 324-5057
- through the CollegeBound*fund*® website, www.collegeboundfund.com/ri.

For Sponsored Contribution Plans.

Please contact your employer or organization for the appropriate account application to use with its Sponsored Contribution Plan.

Participants and Beneficiaries.

Most individuals, organizations, and legal entities (including trusts and 501(c)(3) organizations) are eligible to open an Account. However, only an individual can be a Beneficiary. There are no age restrictions for a Beneficiary, provided that he or she attends or may in the future attend an eligible educational institution. Participants and Beneficiaries are not subject to income restrictions and can be residents of any state. However, Participants and Beneficiaries must be U.S. citizens or resident aliens for federal tax purposes.

As a Participant, you may:

- open more than one Account for the same Beneficiary

- open an additional Account for the same person that someone else has named as Beneficiary
- change the Beneficiary on your Account to certain eligible members of the original Beneficiary's family
- open Accounts for more than one Beneficiary.

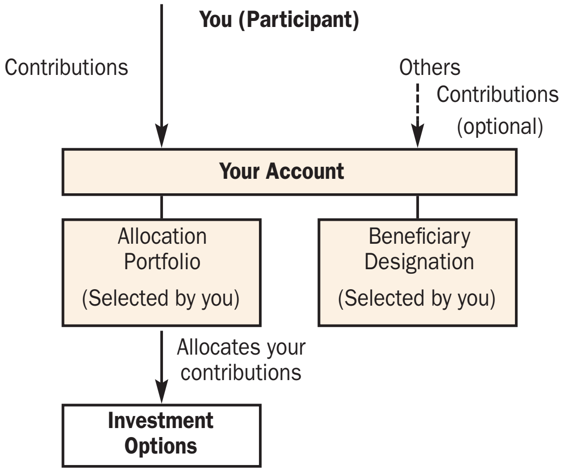
Selecting Your Allocation Portfolio.
You determine how your money will be invested by choosing an Allocation Portfolio (as defined below) for your Account. Each Account may have only one Allocation Portfolio. However, you can open other Accounts for your Beneficiary, each with a different Allocation Portfolio.

You select your Allocation Portfolio when you open your Account. After that, you may change your selection only:

- once each calendar year, or
- when you change your Beneficiary.

See: "PROGRAM INVESTMENTS—Allocation Portfolio Selection and Changes", which begins on page 35.

An Overview.
The following diagram shows how different parts of the Program fit together as you set up and contribute to your Account.



See: "OPENING AND OPERATION OF ACCOUNTS" which begins on page 22.

"PROGRAM INVESTMENTS—Allocation Portfolio Selection and Changes" which begins on page 35.

INVESTMENTS

You may choose from among three Age-Based Education Strategies Portfolios or three Fixed Allocation Education Strategies Portfolios that AllianceBernstein has designed (each, an "Education Strategies Portfolio" and collectively, the "Education Strategies Portfolios"). Each Education Strategies Portfolio invests in a combination of shares of certain AllianceBernstein mutual funds, based on the objective of that Education Strategies Portfolio, including (for each Education Strategies Portfolio other than the Appreciation Portfolio) the AllianceBernstein Volatility Management Portfolio, which normally invests in equity securities, but seeks to invest in bonds, cash and other asset classes when appropriate to reduce the overall equity market volatility of the Education Strategies Portfolio. See the detailed target allocations for the Education Strategies Portfolios on pages 76-77. In addition to the Education Strategies Portfolios, you may select from among thirteen Individual Fund Portfolios (collectively with the Education Strategies Portfolios, the "Allocation Portfolios"), which include nine AllianceBernstein mutual funds, three Vanguard mutual funds and the AllianceBernstein Principal-Protection Income Portfolio, a separate account of the Trust. In either case, we will invest your money in shares of the underlying mutual funds or separate account (collectively, the "Underlying Portfolios") that make up your Allocation Portfolio.

See "UNDERLYING PORTFOLIOS ADDENDUM; INVESTMENT OBJECTIVES AND POLICIES AND PRINCIPAL INVESTMENT RISKS" which begins on page 56 for a description of each Underlying Portfolio.

Education Strategies Portfolios.
There are two types of Education Strategies Portfolios:

- Age-Based
- Fixed Allocation.

The table below summarizes the Education Strategies Portfolios.

Age-Based Education Strategies Portfolios have allocations that are designed to be appropriate for the age of the particular Beneficiary. As the Beneficiary nears college, the portfolio's fixed-income and money-market allocation increases, while the equity allocation decreases. This is intended to gradually shift the portfolio from a more aggressive emphasis to a more conservative emphasis.

Fixed Allocation Education Strategies Portfolios have allocations that do not change based on the Beneficiary's age. Rather, these portfolios are rebalanced periodically so that they remain consistent with their style.

Individual Fund Portfolios.
You can select any one or more of twelve mutual funds or the AllianceBernstein Principal-Protection Income Portfolio, a separate account of the Trust.

Education Strategies Portfolios
(see the Target Allocations on page 76-77)

Portfolio	Types of Holdings	Strategy
Age-Based		
Age-Based Aggressive Growth	Equity Fixed Income Money Market	• Invests in a mix of equity, fixed income and/or money market funds, depending on the age of the Beneficiary • Allocation changes over time and becomes more conservative as the Beneficiary nears college age • The allocation begins at 100% in equity funds* when the child is a newborn and results in 35% in equity funds when the child is college age. However, if the Volatility Management Portfolio is invested entirely in non-equity asset classes, the equity allocation can be as low as 26% for a college age beneficiary
Age-Based Moderate Growth	Equity Fixed Income Money Market	• Invests in a mix of equity, fixed income and/or money market funds, depending on the age of the Beneficiary • Allocation changes over time and becomes more conservative as the Beneficiary nears college age • The allocation begins at 95% in equity funds* when the child is a newborn and results in 25% in equity funds when the child is college age. However, if the Volatility Management Portfolio is invested entirely in non-equity asset classes, the equity allocation can be as low as 12% for a college age beneficiary

Portfolio	Types of Holdings	Strategy
Age-Based Conservative Growth	Equity Fixed Income Money Market	• Invests in a mix of equity, fixed income and/or money market funds, depending on the age of the Beneficiary • Allocation changes over time and becomes more conservative as the Beneficiary nears college age • The allocation begins at 70% in equity funds* when the child is a newborn and results in 25% in equity funds when the child is college age. However, if the Volatility Management Portfolio is invested entirely in non-equity asset classes, the equity allocation can be as low as 63% for a newborn and 5% for a college age beneficiary
Fixed Allocation		
Appreciation	Equity	• Invests 100% in equity funds*
Balanced	Equity Fixed Income Money Market	• Invests in a set mix of 60% equity funds* and 40% fixed income and money market funds. However if the Volatility Management Portfolio is invested entirely in non-equity asset classes, the equity allocation can be as low as 40%
Conservative	Equity Fixed Income Money Market	• Invests in a set mix of 25% equity funds* and 75% fixed income and money market funds. However, if the Volatility Management Portfolio is invested entirely in non-equity asset classes, the equity allocation can be as low as 10%

* For this purpose, an Education Strategies Portfolio's investments in the AllianceBernstein Multi-Asset Real Return Portfolio (which invests in equity securities, commodities and other instruments that AllianceBernstein expects to outperform broad equity indices during periods of rising inflation) are considered equity.

Funds Available Through the Individual Fund Portfolios (see pages 61-74)

Fund	Objective
Equity	
Growth	
AllianceBernstein Large Cap Growth Fund	Seeks long-term growth of capital by investing primarily in equity securities of a limited number of large, carefully selected, high-quality U.S. companies. Under normal circumstances, the Fund invests at least 80% of its net assets in common stocks of large-capitalization companies.
AllianceBernstein Small/Mid Cap Growth Fund	Seeks long-term growth of capital by investing primarily in a diversified portfolio of equity securities with relatively smaller capitalizations as compared to the overall U.S. market. Under normal circumstances, the Fund invests at least 80% of its assets in the equity securities of small- and mid-capitalization companies.
AllianceBernstein Small Cap Growth Portfolio	Seeks long-term growth of capital by investing in a diversified portfolio of equity securities with relative smaller capitalizations as compared to the overall U.S. market. Under normal circumstances, the Fund invests at least 80% of its net assets in equity securities of smaller companies. It invests in well-known and established companies and in new and less-seasoned companies. For these purposes, "smaller companies" are those that, at the time of investment, fall within the lowest 20% of the total U.S. equity market capitalization (excluding, for purposes of this calculation, companies with market capitalizations of less than $10 million).
AllianceBernstein Global Thematic Growth Fund	Seeks long-term growth of capital. The Fund pursues opportunistic growth by investing in a global universe of companies in multiple industries that may benefit from innovation.
Value	
AllianceBernstein Growth and Income Fund	Seeks long-term growth of capital. The Fund invests primarily in the equity securities of U.S. companies that AllianceBernstein believes are undervalued focusing on dividend-paying securities. The Fund also invests in high-quality securities of non-U.S. issuers.
AllianceBernstein Value Fund	Seeks long-term growth of capital by investing primarily in a diversified portfolio of equity securities of U.S. companies, generally representing approximately 95-150 companies, with relatively large market capitalizations that AllianceBernstein believes are undervalued.

Fund	Objective
AllianceBernstein International Value Fund	Seeks long-term growth of capital by investing primarily in a diversified portfolio of equity securities of established companies selected from more than 40 industries and from more than 40 developed and emerging-market countries. The Fund invests in companies that are determined to be undervalued.
AllianceBernstein Small/Mid Cap Value Fund	Seeks long-term growth of capital by investing primarily in a diversified portfolio of equity securities of small- to mid-capitalization U.S. companies, and generally representing 60 to 125 companies, with an emphasis on companies that are determined by AllianceBernstein to be undervalued.
Index	
Vanguard Total Bond Market Index Portfolio*	Seeks to track the performance of a broad, market-weighted bond index.
Vanguard Total International Stock Index Portfolio*	Seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in developed and emerging markets, excluding the United States.
Vanguard Total Stock Market Index Portfolio*	Seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.

* Available only to Participants in Rhode Island Accounts who are not investing through a financial advisor.

Fixed Income	
AllianceBernstein Intermediate Bond Portfolio	Seeks to generate income and price appreciation without assuming what AllianceBernstein considers undue risk.
Stable Value	
AllianceBernstein Principal-Protection Income Portfolio	Seeks to generate a higher current return than most money market mutual funds, while seeking to protect an investor's principal investment (including previously accrued income) from market volatility. The Portfolio invests primarily in a diversified portfolio of fixed-income securities and money market instruments.

CONTRIBUTIONS

Anyone may contribute to an Account. However, any money that other people contribute to an Account belongs to the Participant.

The Program may refuse any Contribution. In particular, the Program reserves the right to restrict Contributions (including through rollovers and portfolio reallocations) when they appear to evidence a pattern of frequent purchases and sales made in response to short-term considerations.

HOW TO OPEN AN ACCOUNT

You may open an Account in the Program through broker-dealers, banks or other financial intermediaries, as well as through Sponsored Contribution Plans. You may also open an Account directly with the Trust by contacting AllianceBernstein Investments, Inc. ("ABI")

Minimum investment amounts are:

	Under an Automatic or Sponsored Contribution Plan	Otherwise
Initial	no minimum	$250
Subsequent	no minimum	$ 50

AUTOMATIC CONTRIBUTION PLAN

Contributions may be made by participation in an Automatic Contribution Plan by withdrawal from your bank account via electronic funds transfer (EFT). The bank must be a member of the National Automated Clearing House Association (NACHA) in order to sign up for this contribution plan. ABI has entered into arrangements with some financial intermediaries that would permit Participants to set up an Automatic Contribution Plan through the financial intermediary. See: "OPENING AND OPERATION OF ACCOUNTS—Opening an Account and Making Contributions", pages 22-24.

MONTHLY REALLOCATION

A contributor may make a lump-sum Contribution to any investment portfolio and elect to move a specific amount each month from that portfolio to another portfolio.

Each month, money is moved automatically according to the selected allocation.

When monthly reallocation is elected at the time of purchase, this election does not count as the Participant's annual permitted investment change (as referenced above). If this feature is elected, changed or terminated after purchase, the modification will count as the Participant's once-annual permitted investment change.

The purpose of the monthly reallocation is to buy shares in a consistent manner over time, which may help to level their average share purchase price. Monthly reallocation does not assure a profit or protect against loss in a declining market. Since this strategy may involve continuous investment regardless of fluctuations in share prices, investors should consider their financial ability to invest during periods of low price levels. Your financial advisor will help you determine if this strategy is right for you.

TRANSFERS AND ROLLOVERS

Under certain conditions, you may transfer or roll over money:

- between Accounts in the Rhode Island Tuition Savings Program
- between your Account in this Program and accounts in programs sponsored by other states.

See: "OPENING AND OPERATION OF ACCOUNTS—Transfers; Rollovers", pages 27-28.

WITHDRAWALS

The Participant or the Participant's duly authorized financial advisor may direct a withdrawal from an Account by submitting an appropriate directive (either in writing or, unless the Participant has elected otherwise, by telephone toll free at (888) 324-5057) to the Program Manager. Telephonic withdrawals are subject to such limitations as the Program Manager may from time to time impose. The Program Manager will not be liable for any loss, injury, damage, or expense as a result of acting upon telephone instructions purporting to be on a Participant's behalf that the Program Manager reasonably believes to be genuine, nor will the Program Manager be responsible for the authenticity of such telephone instructions. Payment will be made by check or, if requested, to the Participant's bank account via EFT. See: "OPENING AND OPERATION OF ACCOUNTS—Withdrawal Procedure", pages 31-32.

If your withdrawal is not for qualified higher education expenses, then you or the Beneficiary may have to pay:

- federal (and possibly state) income tax on the earnings portion of the money you withdraw;
- a federal additional tax of 10% on the earnings portion of the money you withdraw; and/or
- an administrative fee of $50.

TYPES OF WITHDRAWALS AND ROLLOVERS/TRANSFERS

The following table summarizes the taxes and fees that you would currently pay in connection with various types of withdrawals that you can make from your Account. You must certify to the Program Manager as to the type of withdrawal you are making. You generally will not have to provide us with proof. However, you or the Beneficiary might be required to provide such proof for federal or state tax purposes.

Types of Withdrawals and Rollovers/Transfers

Reason for the Withdrawal	Taxes and fees				
Expense or event	Federal income tax	10% Federal additional tax	Adminis-trative Fee	Contingent Redemption Charge[1]	Additional Information
Beneficiary's qualified higher education expenses	None	None	None	May apply	Beneficiary must have incurred the expenses after you opened your Account, and expenses generally must be paid in the year of withdrawal.
Beneficiary dies or becomes permanently disabled	Applies to the earnings portion of the money you withdraw.	None	None	None	
Beneficiary receives a scholarship or tuition waiver	Applies to the earnings portion of the money you withdraw.	None	None	None	You may not withdraw more than the amount of the scholarship or waiver.
Non-Qualified Withdrawal	Applies to the earnings portion of the money you withdraw.	Applies to the earnings portion of the money you withdraw.[2]	Yes, $50	May apply	
Rollover or Transfer to any other state's Section 529 program	None	None	Yes, $50	May apply	Withdrawal must be deposited to the new account within 60 days, any new Beneficiary must be a family member of the Beneficiary being replaced, and the applicable limit on maximum Contributions to all Accounts for the new Beneficiary can not be exceeded. In addition, a rollover to an account in another state's 529 program without a change of Beneficiary is permissible in some circumstances.

1 See page 98 for a description of contingent redemption charges. Contributions to Accounts under Alternative RZ in the amount of $1,000,000 or more, or other Contributions under Alternative RZ where the initial sales charge has been waived, may be subject to a contingent redemption charge of 1.00% if withdrawn within one year.

2 The 10% additional tax will not apply if and to the extent the Non-Qualified Withdrawal would have been a Qualified Withdrawal, except that covered expenses were used to claim a federal Hope Scholarship Credit (also known as an American Opportunity Credit through 2012) or Lifetime Learning Credit.

ACCOUNT STATEMENTS AND TAX REPORTS

As Program Manager, we will provide you with quarterly statements. We will also prepare and submit reports as required by law to:

- you (the Participant)
- the Beneficiary
- the Internal Revenue Service (the "IRS")
- state tax authorities.

EXPENSES, FEES AND CHARGES

There are different categories of fees that may apply to an Account in the Program. The following is a summary of the fees and expenses that may be paid by Participants. This summary does not purport to be a complete description. Please see "PROGRAM MANAGER'S COMPENSATION; SALES CHARGES AND DISTRIBUTION FEES; OTHER FEES AND PENALTIES" on page 52 and the "SALES CHARGES AND DISTRIBUTION FEES ADDENDUM", which begins on page 95, for a more detailed description of the fees and expenses associated with an Account.

No Annual Administration Fee.

No annual administration fee is imposed on Rhode Island Accounts.

However, RIHEAA has reserved the right to impose an administrative fee against each Allocation Portfolio of up to 0.10% per year of its average daily balance. RIHEAA does not currently impose this fee.

Program Manager's Compensation.

AllianceBernstein receives compensation for providing investment advisory and program management services to the Allocation Portfolios. Certain Underlying Portfolios pay AllianceBernstein an investment advisory fee, each Education Strategies Portfolio pays AllianceBernstein a program management fee, and AllianceBernstein retains certain administrative fees, all as described in "PROGRAM MANAGER'S COMPENSATION; SALES CHARGES AND DISTRIBUTION FEES; OTHER FEES AND PENALTIES—Program Manager's Compensation" on page 52.

Sales Charges.

There are three different sales charge alternatives (the "Alternatives"). Accounts under Alternative RI are usually established without the involvement of a financial advisor and are not subject to any sales charges or distribution fees. Accounts under Alternatives RA and RZ are established with the assistance of a financial advisor and are subject to fees, which are used to compensate your financial advisor for advice and services provided to you. Your financial advisor may receive more or less depending on which Alternative you choose. When deciding which Alternative is best for you, you should consider the age of your Beneficiary as well as how quickly you are likely to need to make withdrawals from the Account. For more complete information about the three alternatives, read "SALES CHARGES AND DISTRIBUTION FEES ADDENDUM" which begins on page 95.

Transaction-Based Sales Charges. Under Alternative RZ, you may pay an initial sales charge of up to 4.00% of each Contribution (subject to reduction based on a Participant's Aggregate Contributions (as defined in the "SALES CHARGES AND DISTRIBUTION FEES ADDENDUM" on page 95)). The initial sales charge generally is waived for Contributions (a) made through a Sponsored Contribution Plan or certain Automatic Contribution Plans (in each case, subject to certain conditions as described in the "SALES CHARGES AND DISTRIBUTION FEES ADDENDUM"), (b) made through certain financial advisors who are members of the affiliated group to which AllianceBernstein and ABI belong, (c) by certain charitable, educational and religious organizations that have entered into appropriate arrangements, or (d) by a Participant aggregating over $1 million during a 12-month period. Unless the initial sales charge is waived, Alternative RZ is generally only appropriate for investors with a long-term investing time frame. See the "SALES CHARGES AND DISTRIBUTION FEES ADDENDUM".

Under Alternative RA, you do not pay an initial sales charge.

Distribution Fees. Rhode Island Accounts established with the involvement of a financial advisor under Alternative RA are subject to an asset-based daily charge payable to ABI at an annual rate of 0.25% of the aggregate average daily balance of the Account. This asset-based charge is meant to fund compensation payable in the same amount by ABI to the financial advisor for the advisor's services. See the "SALES CHARGES AND DISTRIBUTION FEES ADDENDUM" on page 95 for a description of these distribution fees.

The summary chart below shows sales charges you may pay and distribution fees that apply to an Account. See "SALES CHARGES AND DISTRIBUTION FEES ADDENDUM" on page 95 for further information.

	Initial Sales Charge	Distribution Fees
Alternative RI	None	None
Alternative RA	None	0.25%
Alternative RZ	4.00%*	None

* The initial sales charge of Alternative RZ is reduced to 3.00% on Aggregate Contributions between $100,000 and $250,000, 2.00% on Aggregate Contributions between $250,000 and $500,000, 1.50% on Aggregate Contributions between $500,000 and $1,000,000 and 0.00% on Aggregate Contributions above $1,000,000. Contributions to Accounts under Alternative RZ in the amount of $1,000,000 or more, or other Contributions under Alternative RZ where the initial sales charge has been waived, may be subject to a contingent redemption charge of 1.00% if withdrawn within one year.

Transaction Fees for Rollovers or Non-Qualified Withdrawals.

An administrative fee of $50 (or the amount sought as a withdrawal, transfer or rollover, if the Account value is less than $50) is assessed on all non-qualified withdrawals from an Account and any transfer or rollover from the Program to another state's qualified tuition program.

The following table summarizes the various administrative fees that may apply to a Rhode Island Account in the Program.

Annual Administration Fee	None
Non-Qualified Withdrawal Fee	$ 50
Transfer/Rollover Fee	$ 50

RISK FACTORS

Accounts in the Program are subject to various risks, including risks of (i) investment losses, (ii) federal and state tax law changes, (iii) changes to the Program (including changes in fees and other expenses) and (iv) adverse effects on eligibility of the Participant or Beneficiary for financial aid or other benefits. See "PROGRAM RISKS AND OTHER SIGNIFICANT CONSIDERATIONS" which begins on page 47.

OTHER INFORMATION

For Information and Assistance.

Contact your financial advisor or CollegeBound*fund*®:

- if you have questions about the Program
- for assistance with opening an Account
- for an account application and Participation Agreement
- to request the appropriate forms for making changes to your Account.

To open an Account in connection with a Sponsored Contribution Plan, please contact your employer or organization.

How to Reach Us

By telephone:
Toll-free: (888) 324-5057

By mail:
CollegeBound*fund*®
P.O. Box 786004
San Antonio, Texas 78278-6004

On the Internet:
www.collegeboundfund.com/ri

PRIVACY

Policies and Procedures Concerning Your Personal Information. The state-government agency RIHEAA has certain private information about Program Participants and their Beneficiaries, which is used to initiate and maintain Account investments and otherwise to operate the Program. Access to this private information is limited to persons who need to know that information to perform their Program services. As the Program Manager, we have some of this information. Along with all those to whom this private information is provided, we are required to protect the confidentiality of such information. RIHEAA does not otherwise provide this private information to third parties, except to the attorneys, accountants and auditors who represent RIHEAA or service providers in connection with the Program and as permitted by law.

PROGRAM DESCRIPTION

BASIC PURPOSE

The Program is designed to facilitate and encourage savings on a tax-favored basis for the purpose of paying costs of attending qualifying institutions of higher education, wherever located, as described in this Program Description. The Program is open to contributors wherever they reside and wherever their beneficiaries reside. However, Participants and Beneficiaries of the Program must be U.S. citizens or resident aliens for federal tax purposes.

RHODE ISLAND HIGHER EDUCATION ASSISTANCE AUTHORITY ("RIHEAA") AND RHODE ISLAND STATE INVESTMENT COMMISSION (THE "SIC")

RIHEAA is a public corporation, governmental agency and public instrumentality of Rhode Island established to administer programs of post-secondary student financial assistance. Pursuant to statute, RIHEAA established the Program and is trustee of the Trust which holds all Trust assets, including those invested through the Program.

The SIC is a Rhode Island governmental commission which has oversight responsibility for the investment of public funds, as well as the assets of the Program.

Together, RIHEAA and the SIC have overall responsibility for the Rhode Island Tuition Savings Program.

ALLIANCEBERNSTEIN L.P. ("AllianceBernstein")—THE PROGRAM MANAGER

RIHEAA and the SIC have selected AllianceBernstein as the Program Manager. An investment adviser registered with the U.S. Securities and Exchange Commission, AllianceBernstein is one of the most experienced and respected international money managers with approximately $461 billion under management as of June 30, 2011 (of which approximately $85 billion represented assets in investment companies). As of that date, AllianceBernstein managed retirement assets for many of the largest public and private benefit plans (including 28 of the nation's FORTUNE 100 companies), for public retirement funds in 34 out of the 50 states, for investment companies, and for foundations, endowments, banks and insurance companies worldwide. The 35 registered investment companies managed by AllianceBernstein, currently comprising 118 separate investment portfolios, have approximately 3 million shareholder accounts.

In its capacity as Program Manager and pursuant to its Management Agreement with RIHEAA and the SIC, AllianceBernstein performs investment management, administrative, record keeping, reporting, regulatory, tax reporting, marketing and other services in connection with the operation of the Program. Under the Management Agreement, AllianceBernstein may delegate the performance of particular services to any of its subsidiaries and has delegated to ABI the performance of various of its services in the operation of the Program, including responsibility for the offer and sale of interests in the Program. ABI is a member of the FINRA. AllianceBernstein has delegated, and may hereafter further delegate, the performance of accounting, custody and other administrative services to State Street Bank and Trust Company and certain of its affiliates. ABI may delegate the performance of other required services, but only with the consent of RIHEAA and the SIC. Delegation by AllianceBernstein of particular services does not relieve AllianceBernstein of any of its responsibilities as Program Manager, and AllianceBernstein will be responsible for the performance of its delegates. References to AllianceBernstein in this Program Description include, as relevant, any such delegate.

AllianceBernstein's Term.

AllianceBernstein's term as Program Manager (the "Term") is to continue until June 30, 2015. Thereafter, assuming AllianceBernstein is properly fulfilling responsibilities in accordance with the Management Agreement, the Term will be automatically renewed for an additional five years (through June 30, 2020), unless RIHEAA and the SIC notify AllianceBernstein of their desire not to have the Term automatically renewed. AllianceBernstein may thereafter again be selected as Program Manager.

AllianceBernstein's Ceasing to Be Program Manager.
The Management Agreement may be terminated at the option of RIHEAA and the SIC upon the occurrence of any breach of the Management Agreement by AllianceBernstein, including AllianceBernstein's failure to perform in any material respect any of its obligations under the Management Agreement or the commission of any act of fraud, deceit or criminal wrongdoing by any AllianceBernstein personnel in connection with the Rhode Island Tuition Savings Program (which includes the Program) that impairs the integrity of the Rhode Island Tuition Savings Program. In addition, AllianceBernstein may terminate the Management Agreement if RIHEAA or the SIC fails to perform in any material respect any of its obligations under the Management Agreement or upon the commission of any act of fraud, deceit or criminal wrongdoing by any personnel of RIHEAA or the SIC in connection with the Rhode Island Tuition Savings Program that impairs the integrity of the Rhode Island Tuition Savings Program.

In the event the Management Agreement is terminated by RIHEAA and the SIC, AllianceBernstein is obligated to continue to perform all of its services as Program Manager in good faith until an orderly transfer of AllianceBernstein's responsibilities for the Rhode Island Tuition Savings Program to a successor Program Manager is completed, and to cooperate with RIHEAA and the SIC in effectuating the transfer.

OPENING AND OPERATION OF ACCOUNTS

Opening an Account and Making Contributions.
To establish an Account, a prospective Participant must submit a completed and signed Participation Agreement to CollegeBound*fund*®. In most cases, the completed and signed Participation Agreement should be sent to the address indicated on the form; however, if you are establishing an Account through your financial advisor, please check with your financial advisor before sending in your Participation Agreement. Some financial advisors may utilize settlement services provided by the National Securities Clearing Corporation (NSCC) and follow other procedures, as agreed upon with ABI, for submitting the Participation Agreement. The Participation Agreement should be submitted together with an initial Contribution of at least $250, except for an Account to be funded through an Automatic Contribution Plan (as described below) or a Sponsored Contribution Plan (as described below) for which there is no required minimum. Each subsequent Contribution must be at least $50, except that for those Accounts for which there is no required minimum initial Contribution, there is no required minimum level of subsequent Contributions.

Contributions to an Account may be made by the Participant or by any other person regardless of the contributor's level of income or age. Contributions to an Account by a person other than the Participant may have tax consequences to the Participant or the other person. See "CERTAIN TAX CONSEQUENCES". All Contributions by a contributor other than the Participant become the property of the Participant regardless of the relationship or identity of the contributor since the Participant controls the disposition of the Account.

Contributions to an Account are to be made by (i) check (but not by money order) drawn in U.S. dollars on a banking institution located in the United States and made payable to CollegeBound*fund*®; (ii) a non-employment-related scheduled periodic electronic funds transfer from the checking or savings account of the Participant or another contributor (an "Automatic Contribution Plan") sent (a) directly to the Program or (b) to an account the Participant or other contributor maintains with a financial intermediary and then sent by the financial intermediary to the Program via the NSCC (but only if the financial intermediary and ABI have entered into an arrangement whereby ABI permits contributions through the financial intermediary in this manner); (iii) an electronic funds transfer in connection with an arrangement with an organization with which the Participant is associated (by employment or otherwise) by means of a payroll deduction, payroll direct deposit or scheduled periodic transfer from the checking or savings account of the Participant (a "Sponsored Contribution Plan"); (iv) a transfer from a bank account of the Participant pursuant to an authorized telephone direction to ABI; or (v) any other means which ABI may permit. The Participant's employer (or organization with which the Participant is associated) must agree to Contributions through a Sponsored Contribution Plan. An individual desiring to contribute through a Sponsored Contribution Plan should contact his or her employer (or organization with which the Participant is associated), and if the employer (or such organization) does not have an arrangement with ABI for such a program, the employer (or such organization) should contact a financial advisor or call ABI toll free at (888) 324-5057.

For Contributions made by deduction from a bank account (including by telephone direction to ABI), the Participant must authorize that option on the Participation Agreement or an appropriate form available from ABI. A Participant or other contributor may cease making Contributions at any time. If a Contribution is to be made either (i) with proceeds from the redemption of certain United States savings bonds issued after 1989 and the contributing Participant qualifies for and desires to claim special federal income tax treatment in connection with the redemption and contribution, or (ii) from a Coverdell Education Savings Account (see "Earnings Portion of Withdrawals" and "CERTAIN TAX CONSEQUENCES—Federal Income Tax Treatment of the Program, Contributions and Withdrawals"), the Participant must first obtain an appropriate form from the Program Manager for submission with the Contribution. Contributing such proceeds to an Account may not be as beneficial from a tax perspective as using the proceeds to pay certain Qualified Higher Education Expenses (as defined below) directly, and a Participant who is considering contributing such proceeds to an Account should consult a tax advisor. Contributions to Accounts may also be made through Transfers and Rollovers as described below. See "Transfers; Rollovers".

Section 529 requires Qualified Tuition Programs (defined as those programs that permit Participants and Beneficiaries to qualify for the applicable federal tax benefits) to provide adequate safeguards to prevent Contributions on behalf of any one Beneficiary in excess of those necessary to provide the Qualified Higher Education Expenses of the Beneficiary. The law is unclear as to how to comply with this requirement. The safeguards adopted by RIHEAA are described below. Subject to future regulations or other guidance from the IRS, RIHEAA may revise these safeguards and the underlying methodology.

Before the end of each calendar year, RIHEAA will ascertain the aggregate amount of Qualified Higher Education Expenses of undergraduate and graduate enrollment and attendance at what it believes to be the highest cost Eligible Educational Institution in the United States for such period or periods as RIHEAA determines to be desirable to permit Participants in the Program to fund Qualified Higher Education Expenses of Beneficiaries (the "Qualified Expense Limit"). This period is currently five years of undergraduate enrollment and two years of graduate enrollment. The Qualified Expense Limit as of the date of this Program Description is $385,000. Participants will be notified of future changes. The way the Qualified Expense Limit is applied in determining the permissible level of Contributions in a given calendar year to the Account(s) maintained for a Beneficiary is by comparing the Qualified Expense Limit to the balance in the Account(s) as of the prior December 31. If the balance in the Account(s) on that date, increased by any Qualified Higher Education Expenses paid for the Beneficiary from the Account(s) at any time in any year prior to the time of such a Contribution, is below the Qualified Expense Limit, Contributions to the Account(s) may be made in that year up to the difference between that balance (as so increased) and the Qualified Expense Limit. If the balance in the Account(s) on that date, increased by such prior Qualified Higher Education Expenses paid from the Account(s), is at or above the applicable Qualified Expense Limit, no further Contributions are permissible in that year, although Contributions may be permitted in a future year depending on the Qualified Expense Limit for that year, the investment performance of the Account(s) and the amount of any prior Qualified Withdrawals. All Accounts maintained for the same Beneficiary by all Participants are treated as a single Account for purposes of applying the Contributions limit. The Program Manager will not knowingly accept Contributions in excess of the applicable limit, and if it is determined that a Contribution is in fact made in excess of the applicable limit, such excess Contribution will be promptly cancelled and returned to the contributor. If the IRS should determine that the Program limit under the above methodology is not in compliance with Section 529, RIHEAA and the Program Manager will endeavor to take all actions they consider appropriate to bring the limit into compliance, which may include limiting future Contributions or refunding (possibly as a Non-Qualified Withdrawal) Contributions deemed retroactively to have been excessive and any earnings thereon.

In contributing to an Account, a Participant must be mindful of the Participant's commitment in the Participation Agreement that each Contribution to the Account must be for the purpose of funding Qualified Higher Education Expenses of the Beneficiary of the Account. The appropriate level of Contributions will therefore not be the same for all Accounts.

In the event prior Contributions by a Participant or any other contributor have not been received in good order, the Program Manager may require that future Contributions from the Participant or contributor be made only by certified check or in some other designated manner. Participants will not be able to make a withdrawal from an Account for fifteen days from the date a Contribution is last credited to the Account if the withdrawal would reduce the Account to less than the amount of the Contribution.

Reference should be made to "PROGRAM INVESTMENTS—Net Asset Value for Crediting Contributions and Determining Withdrawals and Changing Allocation Portfolios" for information as to the Net Asset Value or price at which Contributions are credited to the applicable Allocation Portfolios (as defined below).

Participants and Beneficiaries.

Any individual who is a U.S. citizen or resident alien for federal tax purposes can establish and be the Participant of an Account. Any individual, regardless of age, who is a U.S. citizen or resident alien for federal tax purposes, may be a Beneficiary of an Account so long as he or she is attending or may in the future attend an Eligible Educational Institution (as defined below). Each parent may open a separate Account for each of his or her children, but an Account may not be opened by both parents or by others as a joint account. The Beneficiary of the Account may be a child, a grandchild, the spouse or any other relative of the Participant, as well as any unrelated individual. The Participant may also be the Beneficiary if the Participant is an individual. The Beneficiary is designated by the Participant on the Participation Agreement establishing the Account. If an Account is opened by a minor, a parent or guardian of the minor must also execute the Participation Agreement on behalf of the minor and join in each direction or other action by the minor with respect to the Account. A Participant may establish more than one Account for the same Beneficiary, and more than one Participant may establish an Account for the same individual as Beneficiary. An Account may only be used to fund the Qualified Higher Education Expenses of the Beneficiary of the Account, and only an individual can be a Beneficiary. There can only be one Beneficiary of an Account at any time (except for a Scholarship Account to which this Program Description does not pertain as referred to below).

A Participant of an Account may change the Beneficiary of an Account only if the new Beneficiary is a Member of the Family (as defined below) of the replaced Beneficiary, and only so long as the change would not result in excess Contributions on behalf of the applicable Beneficiary (see "Opening an Account and Making Contributions"), except that the Beneficiary of a Gifts to Minors Act Account (as described below) may not be changed. The Participant of an Account may be entitled to change the Allocation Portfolio for the Account in connection with a change in the Beneficiary of the Account. See "PROGRAM INVESTMENTS—Allocation Portfolio Selection and Changes". The Program Manager, in its discretion, may in certain circumstances limit the frequency with which the Beneficiary of an Account may be changed. See "CERTAIN TAX CONSEQUENCES". To change a Beneficiary, the Participant must submit to the Program Manager an appropriate form available upon request from ABI. As defined in Section 529, a "Member of the Family" of a Beneficiary is: (i) a son or daughter of the Beneficiary, or a descendant of either; (ii) a stepson or stepdaughter of the Beneficiary; (iii) a brother, sister, stepbrother or stepsister of the Beneficiary; (iv) the father or mother of the Beneficiary, or an ancestor of either; (v) a stepfather or stepmother of the Beneficiary; (vi) a son or daughter of a brother or sister of the Beneficiary; (vii) a brother or sister of the father or mother of the Beneficiary; (viii) a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law of the Beneficiary; (ix) the spouse of the Beneficiary or the spouse of any of the other foregoing individuals; and (x) any first cousin of the Beneficiary. For this purpose, a child of an individual includes a legally adopted child, and a brother or sister includes a brother or sister by the half-blood.

In addition to Accounts opened by individuals, Accounts may be established by most types of legal entities, including trusts, whose purposes and powers so permit and which are U.S. citizens or resident aliens for federal tax purposes. This Program Description does not discuss any aspect of an Account unique to the circumstances of such an entity, and consultation with an advisor is recommended. Also, accounts under the Program may be established by a state or local government (or agency or instrumentality thereof) or an organization described in Section 501(c)(3) of the Code and exempt from taxation under Code Section 501(a) as part of a scholarship program operated by such government or organization (a "Scholarship Account"). Scholarship Accounts are not discussed in this Program Description, and the establishment of such accounts and questions concerning them should be addressed to ABI toll free at (888) 324-5057.

Gifts to Minors Act Accounts.

An Account governed by a state counterpart of the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act ("UGMA/UTMA") may also be established for the benefit of the Beneficiary of the Account (a "Gifts to Minors Act Account"). To do so, the person who is to be the custodian of the Account, and in that capacity the Participant of the Account, should so indicate on the Participation Agreement establishing the Account and follow the applicable instructions. The custodian of an existing UGMA/UTMA account may contribute to a Gifts to Minors Act Account an amount from the existing account, but to do so assets from the existing account may have to be sold since Contributions of property are not possible. The sale of such assets may result in taxable gain. The Beneficiary of the Gifts to Minors Act Account must be the beneficiary of the existing account.

A Gifts to Minors Act Account will be transferred to the name of the Beneficiary of the Account as successor Participant after the Beneficiary reaches the age of majority under the applicable UGMA/UTMA only at the direction to the Program Manager of the custodian of the Gifts to Minors Act Account unless a satisfactory arrangement is made with the Program Manager that no such direction is required. Thereafter, the Account with the Beneficiary as Participant will no longer be a Gifts to Minors Act Account, and the custodian will no longer have any control or rights with respect to the Account. Withdrawals from the Gifts to Minors Act Account, including Non-Qualified Withdrawals, must also be for a purpose which is permissible under the applicable state UGMA/UTMA and any relevant terms and conditions of the Gifts to Minors Act Account (*e.g.*, the Beneficiary's education and support). The Beneficiary of a Gifts to Minors Act Account may not be changed. Contributions may be made to any Gifts to Minors Act Account by the Participant or another contributor subject to any applicable UGMA/UTMA requirements and to the generally applicable Contribution requirements applicable for Accounts as described above in the discussion headed "Opening an Account and Making Contributions". Participants who are also UGMA/UTMA custodians who wish to retain control over and ownership of non-UGMA/UTMA Accounts must establish a separate Account for such non-UGMA/UTMA assets.

Successor Participants.

A Participant of an Account who is an individual may designate another person, including the Beneficiary of the Account, as successor Participant of the Account effective upon the Participant's death or disability. The designation must be made either on the original Participation Agreement or a form available from ABI for that purpose. If the Participant does not designate a successor to take effect on a Participant's death, the successor at that time will be the Participant's estate. The Program Manager may prescribe requirements to effect the change of ownership of the account after a Participant's death or disability. A Participant may also designate a successor Participant to take effect other than upon the Participant's death or disability. A Participant wishing to do so should contact ABI. A Participant of an Account that is not an individual may also designate another person as successor Participant of the Account, including the Beneficiary of the Account. If no successor is designated upon dissolution of the Participant entity, the successor will be designated by operation of law. Any Participant who has designated a successor Participant and who wishes to change that designation before the designated person becomes the successor should contact ABI for an appropriate form. The Program Manager may require a named successor to agree to act as such and to be bound by a Participation Agreement before becoming the successor Participant. Once a person's status as a successor Participant has become effective, he or she has all rights with respect to the Account involved that the Participant had, including the right to change the Beneficiary of the Account and to withdraw all or any portion of the Account.

As noted below, the income tax consequences of the designation of a successor Participant are not certain, and there may be federal and state gift and generation-skipping transfer tax consequences as well. See "CERTAIN TAX CONSEQUENCES—Successor Participants".

Changes to Participation Agreement.

The information in Participation Agreements should be kept current. To update or change information contained in a Participation Agreement, including changing the Beneficiary of the Account, naming a successor Participant or changing a successor Participant previously selected, a Participant must complete and submit an appropriate form to ABI. See "Participants and Beneficiaries" and "Successor Participants". Each of these forms may be obtained by calling ABI toll free at (888) 324-5057.

Transfers; Rollovers.

Subject to the limitations indicated below, a transfer of funds (a "Transfer") may be made (i) between Accounts, (ii) from an account established in another state's Qualified Tuition Program ("Another Program" or "The Other Program") to an Account, or (iii) from an Account to Another Program, so long as the Beneficiary of the transferee Account (or the beneficiary under The Other Program to which the transfer is made) is different than the Beneficiary (or the beneficiary under The Other Program) and is a Member of the Family of the Beneficiary (or the beneficiary under The Other Program); provided that in the case of a Transfer to an Account from The Other Program or from an Account to The Other Program, the Beneficiary of the Account or the beneficiary under The Other Program's transferee account, as applicable, need not be different than the Beneficiary of the transferor Account or the beneficiary of the transferor account under The Other Program, respectively, as long as the Transfer does not occur within twelve months from the date of a previous transfer or "Rollover" as described below from any Qualified Tuition Program to any other Qualified Tuition Program for the benefit of the same individual regardless of whether the Participant of all of the accounts involved is the same person. A like result can also be effected through a "Rollover", which is a withdrawal from an Account or an account in Another Program that is deposited within sixty days of the withdrawal into another Account or an account in The Other Program, provided that the Beneficiary of the transferee Account or the transferee account under The Other Program, as applicable, meets the pertinent requirements described above applied as if the Rollover was a Transfer. See "CERTAIN TAX CONSEQUENCES—Changes in Beneficiary; Transfers and Rollovers". Except in certain circumstances, the Allocation Portfolio of the Account to which a Transfer or Rollover is made may be different than the Allocation Portfolio of the Account from which the Transfer or Rollover was made. See "PROGRAM INVESTMENTS—Allocation Portfolio Selection and Changes". Transfers or Rollovers to an Account from another Account or from Another Program will not be permitted, however, if the Transfer or Rollover would result in the balance in the Account(s) established for such Beneficiary exceeding the then applicable limit on maximum Contributions to such Account(s). See "Opening an Account and Making Contributions". An appropriate form available from the Program Manager must be submitted to the Program Manager in connection with a Transfer or Rollover from or to an Account. In the case of a Transfer from an Account to Another Program, the Program Manager will provide The Other Program with a statement setting forth the earnings portion of the Transfer within thirty days of the Transfer or by the January 10 immediately following the calendar year in which the Transfer occurred, whichever is earlier. See "Earnings Portion of Withdrawals". See "PROGRAM INVESTMENTS—Allocation Portfolio Selection and Changes".

In considering whether to make a Transfer or Rollover from an Account to Another Program, a Participant should take into account any applicable Program administrative charge or redemption charge and whether there are any restrictions on the Transfer or Rollover imposed by The Other Program or potential state tax consequences. See "PROGRAM MANAGER'S COMPENSATION; SALES CHARGES AND DISTRIBUTION FEES; OTHER FEES AND PENALTIES" and the "SALES CHARGES AND DISTRIBUTION FEES ADDENDUM". In considering whether to make a Transfer or Rollover to an Account from Another Program, a Participant should take into account any restrictive terms or conditions, including charges or state tax consequences, which may apply. The Program Manager may refuse to accept a Transfer or Rollover from Another Program. Individuals desiring to effect a Transfer or Rollover should contact ABI for the form to use for that purpose.

If a Participant makes a direct transfer between Accounts within the Program for the benefit of the same Beneficiary, the transfer will be treated as a nontaxable investment reallocation allowable only once per calendar year (see "PROGRAM INVESTMENTS—Allocation Portfolio Selection and Changes"), not as a tax-free rollover or transfer. If a Participant takes a distribution from an Account (i.e., receives a withdrawal check from the transferring Account) and recontributes the distribution to the same or another Account within the Program for the same Beneficiary, the withdrawal will be treated as a Non-Qualified Withdrawal, and will be subject to federal and applicable state income tax and the Additional Tax on Non-Qualified Withdrawals, even though it is subsequently recontributed to an Account.

Withdrawals.

A Participant or a Participant's duly authorized financial advisor may direct a withdrawal ("Withdrawal") from the Participant's Account at any time and from time to time by submitting an appropriate direction to the Program Manager. See "Withdrawal Procedure". The categories of withdrawals, the amounts which may be withdrawn and applicable charges and taxes are discussed below and in "Transfers; Rollovers" above. See "Qualified Withdrawals", "Withdrawals in Connection with Death, Disability or Receipt of a Scholarship", "Non-Qualified Withdrawals" and "10% Additional Tax". The Program Manager will process Withdrawal directions by Participants in accordance with the described procedures as they may be modified from time to time. Only the Participant of an Account or the Participant's duly authorized financial advisor may direct Withdrawals from the Account and designate the distributee.

Qualified Withdrawals.

A "Qualified Withdrawal" from an Account is a withdrawal that is used to pay, or to reimburse payments of, Qualified Higher Education Expenses of the Beneficiary of the Account incurred after the establishment of the Account. Unless the law is clarified to the contrary, in making the withdrawals, the Participant of the Account should proceed on the understanding that the withdrawals will be Qualified Withdrawals only if and to the extent that the withdrawals (and withdrawals from all Qualified Tuition Program accounts) in a particular taxable year of the Beneficiary of the Account do not exceed, and are used to pay, the Qualified Higher Education Expenses of the Beneficiary within that same taxable year. Qualified Higher Education Expenses currently consist of tuition, fees and the costs of books, supplies and equipment required for the enrollment or attendance of the Beneficiary at an Eligible Educational Institution (as defined below) and expenses for "special needs services" in the case of a "special needs beneficiary" which are incurred in connection with such enrollment or attendance. A "special needs beneficiary" is to be as defined by Treasury Department regulations, which have not yet been issued.

In order to eliminate a double benefit, there is excluded in determining the amount of Qualified Withdrawals the amount of scholarship and fellowship grants and certain other payments for education expenses that are excludable for the taxable year of the withdrawal in computing the federal taxable income of the Beneficiary as well as the amount of other tax-free educational assistance allowances and amounts taken into account for that taxable year in determining a Hope Scholarship Credit or a Lifetime Learning Credit as discussed below. See "CERTAIN TAX CONSEQUENCES—Federal Income Tax Treatment of the Program, Contributions and Withdrawals".

Under proposed regulations issued by the U.S. Department of the Treasury (the "Tax Regulations"), room and board costs are treated as a Qualified Higher Education Expense for a Beneficiary if incurred during any academic period during which the Beneficiary is enrolled or accepted for enrollment on at least a half-time basis in a degree, certificate or other program (including a program of study abroad approved for credit by the Eligible Educational Institution) that leads to a recognized educational credential awarded by an Eligible Educational Institution. Under the Tax Regulations, a student is considered enrolled at least half-time if the student is enrolled for at least half the full-time academic workload for the course of study the student is pursuing as determined under the standards of the institution where the student is enrolled. The institution's standard for a full-time workload must equal or exceed a standard established by the U.S. Department of Education under the Higher Education Act of 1965 (the "Higher Education Act"), as in effect on August 5, 1997. The Beneficiary need not, however, be enrolled at least half-time to use a Qualified Withdrawal to pay for otherwise qualifying tuition, fees, books, supplies and equipment.

The room and board costs that may be paid for an academic period as Qualified Higher Education Expenses cannot exceed (i) the allowance applicable to the Beneficiary for room and board included in the "cost of attendance", as defined in section 472 of the Higher Education Act as in effect on June 7, 2001, as determined by the Eligible Education Institution for that period, or (ii) if greater, the actual invoice amount the Beneficiary residing in housing owned or operated by the Eligible Educational Institution is charged by the Eligible Educational Institution for room and board costs for that period. The amounts referred to in clause (i) (as determined by the Eligible Educational Institution) are: for Beneficiaries residing in housing owned or operated by the Eligible Educational Institution, the amount normally assessed most residents for room and board at the Eligible Education Institution, for Beneficiaries living at home with parents or guardians, an amount determined by the Eligible Educational Institution, and for all other Beneficiaries, including those living off campus in private housing, the amount reasonably incurred for room and board. For these purposes, an academic year generally means a minimum of 30 weeks of instructional time and, with respect to an undergraduate course of study, requires that during this minimum period a full-time student is expected to complete at least 24 semester or trimester hours or 36 quarter hours at an Eligible Educational Institution that measures program length in credit hours, or at least 900 clock hours at an Eligible Educational Institution that measures program length in clock hours.

An "Eligible Educational Institution" is an institution described in Section 481 of the Higher Education Act, that is eligible to participate in a program under Title IV of that Act and eligible to participate in U.S. Department of Education student aid programs. These institutions generally are accredited post-secondary educational institutions offering credit toward a bachelor's degree, an associate's degree, a graduate level or professional degree, or another recognized post-secondary credential. Certain proprietary institutions and post-secondary vocational institutions are also eligible, as are certain foreign educational institutions. Information concerning Eligible Educational Institutions is available through the U.S. Department of Education.

Withdrawals in Connection with Death, Disability or Receipt of a Scholarship.
Withdrawals from an Account (i) paid to the Beneficiary of the Account (or to the estate of the Beneficiary) on or after the death of the Beneficiary, (ii) attributable to the Beneficiary's disability, or (iii) made on account of a Scholarship received by the Beneficiary of the Account to the extent the amount of the Withdrawal does not exceed the amount of the Scholarship, will not be subject to any redemption charge, the 10% Additional Tax referred to below or to any administrative charge, but earnings on these Withdrawals are includable in computing the distributee's federal income tax, also as described below. See "CERTAIN TAX CONSEQUENCES—Federal Income Tax Treatment of the Program, Contributions and Withdrawals". A Beneficiary is considered to be under a "disability" if he or she is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. Although a comprehensive definition of "Scholarship" is not contained in Section 529, for these purposes, a Scholarship includes certain educational assistance allowances under federal law and certain payments for educational expenses at, or attributable to attendance at, certain educational institutions that are not includable in computing federal taxable income. In particular, for purposes of the 10% Additional Tax for taxable years beginning after 2002, a Scholarship includes the costs of advanced education attributable to attendance at a U.S. military academy.

Non-Qualified Withdrawals.
A "Non-Qualified Withdrawal" is any Withdrawal from an Account other than (i) a Qualified Withdrawal, (ii) a Transfer or Rollover, (iii) a Withdrawal made as a result of the death or disability of the Beneficiary of the Account as described in clauses (i) and (ii), respectively, of the preceding paragraph, or (iv) a Withdrawal made on account of the receipt of a Scholarship by the Beneficiary to the extent the amount withdrawn does not exceed the amount of the Scholarship. If the Withdrawal exceeds the amount of the Scholarship, the excess amount is a Non-Qualified Withdrawal. Although no payment would be made from an Account by reason of the change of the Beneficiary of the Account to a person other than a Member of the Family of the prior Beneficiary of the Account, such a change should also be considered for treatment as a Non-Qualified Withdrawal of the entire Account, followed by a new Contribution to the Account involved, with the resultant tax consequences. See "Participants and Beneficiaries". The earnings portion of each Non-Qualified Withdrawal, calculated as discussed below is subject to a 10% Additional Tax, and each Non-Qualified Withdrawal, regardless of the amount thereof, is also subject to an administrative charge. See "10% Additional Tax" and "PROGRAM MANAGER'S COMPENSATION; SALES CHARGES AND DISTRIBUTION FEES; OTHER FEES AND PENALTIES". Also, Non-Qualified Withdrawals may be subject to a redemption charge. See "SALES CHARGES AND DISTRIBUTION FEES ADDENDUM".

10% Additional Tax.
To satisfy the requirements of Section 529, the earnings portion of a Non-Qualified Withdrawal is subject to a 10% additional federal tax (the "10% Additional Tax"). See "CERTAIN TAX CONSEQUENCES—10% Additional Tax on Non-Qualified Withdrawals". However, the 10% Additional Tax will not apply if and to the extent that the Non-Qualified Withdrawal would have been a Qualified Withdrawal, except that expenses covered by the withdrawal were used to claim a federal Hope Scholarship Credit (also known as an American Opportunity Credit through 2012) or Lifetime Learning Credit.

Withdrawal Procedure.
To make a Withdrawal from an Account, the Participant of the Account or the Participant's duly authorized financial advisor is required to submit to the Program Manager a Withdrawal directive. In directing a Withdrawal, the Participant or the Participant's financial advisor is to indicate (i) the Account from which the Withdrawal is being made, (ii) the amount of the Withdrawal, (iii) the name and address of the payee of the Withdrawal check or, in the case of an electronic funds transfer (EFT) to the Participant's bank account, the information about such bank account that the Program Manager requires to process the EFT, and (iv) the desired date that the Withdrawal is to be made if not, as described below, promptly after the direction is received by the Program Manager. The payee may be: (i) the Beneficiary; (ii) the Eligible Educational Institution the Beneficiary of the Account is attending or will attend; or (iii) the Participant. However, withdrawals may be sent via EFT to bank accounts only if the Participant is the registered owner of the bank account. For federal income tax purposes, including tax reporting (see "ACCOUNT STATEMENTS AND REPORTS; TAX WITHHOLDING; TAX REPORTS; AUDITS—Tax Reports"), the distributee and recipient of a Withdrawal is the Beneficiary if the payee of the Withdrawal is the Beneficiary or an Eligible Educational Institution for the benefit of the Beneficiary; and, if not, the distributee and recipient is the Participant. In addition to the above-indicated information, the Participant or the Participant's duly authorized financial advisor is to certify to the Program Manager whether, and if not entirely of one type, what portion of, the Withdrawal is a Qualified Withdrawal, a Non-Qualified Withdrawal, a Withdrawal in connection with the death or disability of the Beneficiary or a Withdrawal in connection with the receipt of a Scholarship by the Beneficiary of the Account that does not exceed the amount of the Scholarship. No substantiation or other information in support of the Withdrawal is to be submitted to the Program Manager, provided that the Program Manager may require substantiation of the nature of a Withdrawal as other than a Non-Qualified Withdrawal to ensure that any applicable administrative or other charge is paid. See "PROGRAM MANAGER'S COMPENSATION; SALES CHARGES AND DISTRIBUTION FEES; OTHER FEES AND PENALTIES" and the "SALES CHARGES AND DISTRIBUTION FEES ADDENDUM". The Participant or Beneficiary as appropriate, however, is responsible for determining whether the earnings portion of a Withdrawal is includable in computing the Participant's or Beneficiary's federal taxable income and, accordingly, if the Withdrawal is used to pay Qualified Higher Education Expenses, for substantiating such payment.

If a Withdrawal directive pertains to a Gifts to Minors Act Account, the Participant directing the Withdrawal must also take into account that the Withdrawal must be in accordance with the law governing the Gifts to Minors Act Account and any relevant terms and conditions of the Gifts to Minors Act Account.

A Withdrawal directive must be for at least $100, unless the Account involved is being closed.

The Program Manager will review each Withdrawal directive and determine whether the directive is in proper form and is consistent with its policies and whether there are sufficient funds in the Account involved. If not, the Program Manager will promptly so inform the directing Participant. If so, the Program Manager will pay the Withdrawal as directed. Directives for Withdrawals will usually be processed promptly and paid, if in proper order, within seven days of receipt of the Withdrawal directive by the Program Manager. Reference should be made to "PROGRAM INVESTMENTS—Net Asset Value for Crediting Contributions, Determining Withdrawals and Changing Allocation Portfolios" for information as to the applicable Net Asset Value or price in connection with Withdrawals.

In addition to Non-Qualified Withdrawals initiated by Participants, a Non-Qualified Withdrawal of excess Contributions and earnings thereon may be initiated directly by the Program Manager. See "Opening an Account and Making Contributions".

In the case of a Non-Qualified Withdrawal whether initiated by a Participant or the Program Manager, the amount of the Withdrawal will reflect a deduction of any applicable administrative charge and, in the case of certain Withdrawals, a redemption charge. See "Qualified Withdrawals" and "Non-Qualified Withdrawals".

If a Withdrawal from an Account is made with the expectation that the entire amount withdrawn will be a Qualified Withdrawal (or the Withdrawal is being made in connection with the death, disability or receipt of a Scholarship by the Beneficiary of the Account), but for whatever reason this does not prove to be the case, the amount withdrawn which is not in fact a Qualified Withdrawal (or not in fact made in connection with the indicated events) will not be refundable to the Account, unless the IRS were to so permit. There is currently no definitive law on the subject. Therefore, to the extent not so qualifying, all or a portion of the Withdrawal will be a Non-Qualified Withdrawal with the resultant tax consequences.

Earnings Portion of Withdrawals.
Each Withdrawal from an Account for all purposes for which the computation of earnings is relevant consists of a pro rata withdrawal of Contributions and earnings, if any, as determined in the manner prescribed by the Program in accordance with the Tax Regulations. The earnings portion is determined by multiplying the amount withdrawn from the Account by a percentage equal to (i) the difference between (a) the balance in the Account from which the Withdrawal is made immediately prior to the Withdrawal, and (b) the sum of all Contributions then held in the Account, divided by (ii) the balance in the Account immediately prior to the Withdrawal.

For purposes of the computation, an appropriate adjustment is made in accordance with the Tax Regulations referred to below for prior Withdrawals, and all Accounts of the same Participant with the same Beneficiary are treated as a single Account. For purposes of computing the Contribution and earnings portions of any Account or Withdrawal, federal tax law requires that all accounts in the Trust (whether or not part of the Program) with the same Participant and Beneficiary will be aggregated, so that the earnings portion computed for any specific Account may be greater or less than the earnings attributable to that Account if that Account's earnings portion were computed in isolation. Accounts with the same Beneficiary but with different Participants are not aggregated. In computing such Contributions, the amount thereof does not include (i) the earnings portion of any Transfer or Rollover from Another Plan, (ii) the amount of any proceeds from the redemption of certain U.S. Savings Bonds that the Participant contributed to the Account and excluded in computing the Participant's federal taxable income in accordance with Section 135 of the Code, (*i.e.*, the earnings portion of the redemption proceeds), or (iii) the earnings portion of the Account deriving from any Contribution to the Account from a Coverdell Education Savings Account (as described below). The Program Manager is required to ascertain whether a Contribution is of the type referred to in the prior sentence. Unless and until the Program Manager receives appropriate documentation showing the earnings portion of a Transfer or Rollover, a Contribution from a Coverdell Education Savings Account or a Contribution of proceeds from the redemption of qualified U.S. Savings Bonds, pursuant to the Tax Regulations the Program must treat the entire amount as earnings. The IRS considers appropriate documentation to be: (i) in the case of a Transfer or Rollover, a statement issued by The Other Program that shows the earnings portion of the Transfer or Rollover, (ii) in the case of a Contribution from a Coverdell Education Savings Account, an account statement issued by the financial institution that was or is the trustee or custodian of the Coverdell Education Savings Account that shows basis and earnings in the account, and (iii) in the case of a Contribution of proceeds from the redemption of qualified U.S. Savings Bonds, an account statement or Form 1099-INT issued by the financial institution that redeemed the bonds showing interest from the redemption of the bonds. Reference should be made to "CERTAIN TAX CONSEQUENCES—Federal Income Tax Treatment of the Program, Contributions and Withdrawals" for information as to when the earnings portion of a Withdrawal is calculated.

Prohibited Assignability or Pledging.

Under Section 529, neither an Account nor any portion of the Account may be assigned, transferred or pledged as security for a loan (including, but not limited to, a loan used to make Contributions to the Account) or otherwise either by the Participant or the Beneficiary of the Account, except that a transfer from one Account of the Participant to another Account of the Participant, a change of Beneficiary, a Transfer or Rollover, or a designation of a successor Participant may be made, in each case, as discussed above. See "Successor Participants" and "Transfers; Rollovers". Any pledge of an interest in an Account will be of no force and effect.

Community Property.

A current or former resident of a state that has a community property law should consult his or her legal advisor for advice concerning the application of that law with respect to Accounts and contributions to and withdrawals from Accounts. Community property issues are beyond the scope of this Program Description.

PROGRAM INVESTMENTS

Structure.

Contributions by Participants to their Accounts are placed in the Program Fund portion of the Trust. The Program Fund contains all of the Trust assets attributable to the Program, other than certain amounts deriving from annual fees and other administrative charges, including sales charges in connection with Accounts that are established directly through ABI, and from Non-Qualified Withdrawal Penalties for taxable years that commenced before 2002. See "PROGRAM MANAGER'S COMPENSATION; SALES CHARGES AND DISTRIBUTION FEES; OTHER FEES AND PENALTIES—Other Fees and Penalties"; "OPENING AND OPERATION OF ACCOUNTS—10% Additional Tax"; and the "SALES CHARGES AND DISTRIBUTION FEES ADDENDUM".

The portion of the Program Fund which holds all Account balances is divided into allocation portfolios ("Allocation Portfolios") through which all Account balances, including Contributions allocated to Accounts, are invested in a combination of shares of certain AllianceBernstein mutual funds or the AllianceBernstein Principal-Protection Income Portfolio, a separate account of the Trust (collectively, the "Underlying Portfolios"). Six of these Allocation Portfolios (the "Education Strategies Portfolios") are designed by AllianceBernstein in consultation with RIHEAA and SIC to appeal to a broad range of Participants in different personal and economic circumstances, having different investment objectives and different investment risk/return profiles, to assist in funding higher education expenses for diversely situated Beneficiaries. See "Education Strategies Portfolios". One or more additional Education Strategies Portfolios may be established in the future. If an Education Strategies Portfolio does not appeal to a Participant for any Account of the Participant, in most situations, the Participant has substantial flexibility to choose among twelve mutual funds and the AllianceBernstein Principal-Protection Income Portfolio (an "Individual Fund Portfolio") as described below. See "Individual Portfolios".

Education Strategies Portfolios.
As described in the "EDUCATION STRATEGIES PORTFOLIOS AND ALLOCATION PERCENTAGES ADDENDUM" to this Program Description, three of the Education Strategies Portfolios are age-based, the Age-Based Conservative Growth Portfolio, the Age-Based Moderate Growth Portfolio and the Age-Based Aggressive Growth Portfolio. The Age-Based Moderate Growth Portfolio is more conservatively structured than the Age-Based Aggressive Growth Portfolio, and the Age-Based Conservative Growth Portfolio is more conservatively structured than the Age-Based Moderate Growth Portfolio. The three Age-Based Education Strategies Portfolios group together assets of Accounts with Beneficiaries by designated ages, and the mix of investments changes automatically from the more growth oriented to the more conservative as the Beneficiaries approach college age. The three Fixed Allocation Education Strategies Portfolios, which are not age-based, are the Appreciation Portfolio, the Balanced Portfolio and the Conservative Portfolio. The Appreciation Portfolio invests in equity securities, the Balanced Portfolio balances its investments between equity, fixed-income and money market securities, and the Conservative Portfolio holds equity securities but invests predominantly in fixed-income and money market securities.* See the "UNDERLYING PORTFOLIOS ADDENDUM" and the "EDUCATION STRATEGIES PORTFOLIOS AND ALLOCATION PERCENTAGES ADDENDUM". A Participant may establish more than one Account with each Account to be invested through a different Education Strategies Portfolio, provided that after the initial Contribution to each new Account the balance in that Account is at least $250, unless the Participant is contributing to the Account through an Automatic Contribution Plan or Sponsored Contribution Plan, in which case there is no minimum Contribution. See "Allocation Portfolio Selection and Changes".

Individual Fund Portfolios.
In addition to the Education Strategies Portfolios, a Participant may select any one or more of the nine AllianceBernstein mutual funds, the Vanguard Total Stock Market Index Portfolio, the Vanguard Total International Stock Index Portfolio, the Vanguard Total Bond Market Index Portfolio or the AllianceBernstein Principal-Protection Income Portfolio, each of which is described in the "UNDERLYING PORTFOLIOS ADDENDUM" to this Program Description. The Vanguard Total Stock Market Index Portfolio, the Vanguard Total International Stock Index Portfolio and the Vanguard Total Bond Market Index Portfolio are only available to Participants in Rhode Island Accounts who are not investing through a financial advisor. A Participant may establish a new Account to be invested in any of the twelve mutual funds or the AllianceBernstein Principal-Protection Income Portfolio, provided that at least $250 is allocated to each such investment option, unless the Participant is contributing to the Account through an Automatic Contribution Plan or a Sponsored Contribution Plan in which case there is no minimum. See "Allocation Portfolio Selection and Changes". A Participant may not, however, select any of the twelve individual mutual funds either initially or in connection with a change of investment election for any Account to which Contributions are being made through a Sponsored Contribution Plan.

* For this purpose, an Education Strategies Portfolio's investments in AllianceBernstein Volatility Management Portfolio (which normally invests in equity securities, but seeks to invest in bonds, cash and other asset classes when appropriate to reduce the overall equity market volatility) and AllianceBernstein Multi-Asset Real Return Portfolio (which invests in equity securities, commodities and other instruments that AllianceBernstein expects to outperform broad equity indices during periods of rising inflation) are considered equity.

Allocation Portfolio Selection and Changes.
Each Participant selects the Allocation Portfolio through which an Account is initially to be invested on the Participation Agreement governing that Account, including an Account established with a Transfer or Rollover from Another Program (except that for Accounts established before October 16, 2000, the initial Allocation Portfolio selected was the Age-Based Education Strategies Portfolio). Once such selection is made, the Participant (or any then effective successor Participant) of the Account may change the applicable Allocation Portfolio only as described below. At the time of selection, the Participant may direct that the entire balance in the selected Portfolio be automatically reallocated from the Account on a monthly basis, commencing on a date selected by the Participant, to a new or existing Account of the Participant having the same Beneficiary which is to be invested through another Allocation Portfolio. If a Participant desires to retain a portion of a Contribution in the originally selected Portfolio, the Participant should establish a separate Account for the portion not to be reallocated. In no event may the Beneficiary of an Account make any change in the Allocation Portfolio of that Account unless the Beneficiary is also the Participant of the Account. An applicable Education Strategies Portfolio cannot be changed just because there is a change, as there may be, in the Underlying Portfolios in which Account balances are invested through the Education Strategies Portfolio or in the percentages in which such balances are allocated to particular Underlying Portfolios as described below. See "Changes in Education Strategies Portfolios and Target Allocations and in the Individual Fund Portfolio Structure".

Once each calendar year, a Participant may for any reason elect to change the manner in which an existing Account balance is thereafter to be invested. A change of investment generally may also be made upon a change of the Beneficiary of an Account to a Member of the Family of the then current Beneficiary. For those purposes, an automatic reallocation of the type discussed in the prior paragraph is not considered to be such a change, but a subsequent cancellation or change of a previously elected automatic reallocation would be such a change (if such cancellation or change will apply to any previous Contribution that has not yet been fully reallocated). A once per calendar year change may be made by the Participant in the investment of all or a portion of an Account balance then invested through an Education Strategies Portfolio from that Portfolio to any one or more other Education Strategies Portfolios, provided that immediately after the new election is implemented the balance in each Education Strategies Portfolio to which a transfer pursuant to the election is made is at least $250. If the new election involves a transfer of an amount from an Education Strategies Portfolio to a new Account of the Participant to be invested in one of the Individual Fund Portfolios, at least $250 must be transferred to each mutual fund or the AllianceBernstein Principal-Protection Income Portfolio. If the new election is for the transfer of an amount from an Education Strategies Portfolio to an existing Account of the Participant invested in an Individual Fund Portfolio, at least $250 must be transferred from the existing Education Strategies Portfolio. If the new election is from an Account invested in an Individual Fund Portfolio to one or more new or existing Accounts of the Participant to be invested in an Education Strategies Portfolio, the balance in each such Education Strategies Portfolio immediately after the transfer election is implemented must be at least $250. One element of the investment change election may provide for an automatic monthly reallocation of the balance in the newly selected Portfolio, as described in the paragraph above. See the "SALES CHARGES AND DISTRIBUTION FEES ADDENDUM".

Reference should be made to "PROGRAM INVESTMENTS—Net Asset Value for Crediting Contributions, Determining Withdrawals and Changing Allocation

Portfolios" for information as to the applicable Net Asset Value or price in connection with effecting a change in an investment election or a reallocation.

Unless the IRS were to permit a contrary treatment, all Accounts of the same Participant having the same Beneficiary are treated as a single Account for purposes of any permitted once per calendar year investment change. Thus, if a Participant maintains more than one such Account and desires to change an Allocation Portfolio for all or a portion of the balance of more than one of these Accounts, all such changes must be elected and communicated to the Program Manager at the same time. Accordingly, when desiring to change an Allocation Portfolio, a Participant should make any desired changes to all accounts within the Trust with the same Beneficiary at the same time. A Participant desiring to make an investment change described above is to direct the change on a form available from the Program Manager or by calling the Program Manager toll free at (888) 324-5057. The Program Manager will also accept a direction to make such a change from a Participant's duly authorized financial advisor. If the change is directed by telephone, the Program Manager may request written confirmation.

If an Education Strategies Portfolio for an Account is an Age-Based Allocation Portfolio and the Beneficiary of the Account is changed to a Member of the Family of the former Beneficiary, the automatic reallocation of the Account for investment with Accounts of Beneficiaries in the age-group corresponding to the age of the new Beneficiary is not considered a change in an Education Strategies Portfolio for purposes of the limitation described above since the Education Strategies Portfolio itself remains the same.

In general, a change in an Allocation Portfolio by reason of the change in the Beneficiary of the Account involved, should be for a bona fide purpose relating to the circumstances of the new Beneficiary and not for a purpose of the Participant's avoiding the Section 529 prohibition against a Participant's directly or indirectly directing the investment of Contributions. Subject to future guidance by regulation or otherwise from the IRS, which guidance could further restrict or prohibit such a change of Allocation Portfolio, the Program Manager may require an appropriate certification and/or information from a Participant desiring to change an Allocation Portfolio as a condition to implementing the change. Similarly, in connection with a Transfer or Rollover from an Account to another Account the Beneficiary of which is a Member of the Family of the Beneficiary of the Account from which the Transfer or Rollover is to be made, if the Allocation Portfolio of the Account to which the Transfer or Rollover is to be made is different than the Allocation Portfolio of the Account from which the Transfer or Rollover is made, a like certification and/or information may be required of the Participant as a condition to implementing the Transfer or Rollover.

While changes of the Allocation Portfolio for an Account are limited as described above, the choice by the Participant of a particular Allocation Portfolio for an Account does not preclude the selection by the Participant of another Allocation Portfolio for any subsequently established Account for the same Beneficiary. The new selection would apply for Contributions to and balances held in the new Account to which the selection pertained and would have no bearing on the investment of any other Account.

Investment Objectives, Policies, Primary Risks and Other Information about the Underlying Portfolios.

The investment objective(s) and investment policies of each of the Underlying Portfolios as well as the primary risks of each of the Underlying Portfolios are described in the "UNDERLYING PORTFOLIOS ADDENDUM" to this Program Description. That Addendum also contains certain investment performance and expense information concerning the Underlying Portfolios. Participants should be aware that because the shares of the Underlying Portfolios in which the Accounts are invested are owned by the Trust, Participants do not have any rights as owners of the Underlying Portfolios. RIHEAA, as trustee of the Trust, has agreed to vote all Underlying Portfolio shares held in the Trust in the manner recommended by the Board of Directors or Trustees of the Underlying Portfolio and, if there is no such recommendation on a particular proposal, in the same percentages on the proposal as the other owners of shares of the Underlying Portfolio.

Allocation Percentages.

As referred to above, Contributions and Account balances are invested through an Allocation Portfolio in shares of specified Underlying Portfolios. The percentages in which shares of the Underlying Portfolios are held from time to time through the Education Strategies Portfolios (the "Allocation Percentages") vary from the Education Strategies Portfolios' target allocations shown in Schedule 1 of the "EDUCATION STRATEGIES PORTFOLIOS AND ALLOCATION PERCENTAGES ADDENDUM" (the "Target Allocations") in response to the markets, but ordinarily only by plus/minus 5% of the Education Strategies Portfolios' assets. The Allocation Percentages may occasionally vary by up to plus/minus 10% due to, among other things, appreciation of one of the asset classes. Each Education Strategies Portfolio's Target Allocations is established by AllianceBernstein in consultation with RIHEAA and the SIC as described under the next heading. See "Individual Fund Portfolios" and "Allocation Portfolio Selection and Changes". The Allocation Percentages and Target Allocations are described in the "EDUCATION STRATEGIES PORTFOLIOS AND ALLOCATION PERCENTAGES ADDENDUM" to this Program Description.

Changes in Education Strategies Portfolios and Target Allocations and in the Individual Fund Portfolio Structure.

If at any time AllianceBernstein, RIHEAA or the SIC believes that there should be an addition or change in any Education Strategies Portfolio, in any Target Allocation or in the Individual Fund Portfolio structure, including the Underlying Portfolios, they are together to consider the matter. Any such addition or change they agree upon may be implemented at any time. In any event, by each May 1 or, in the event AllianceBernstein believes that unanticipated and extraordinary market conditions exist or that a change is desirable for any other reason, AllianceBernstein, with due regard for any thoughts on the investment structure of the Program expressed by the SIC and RIHEAA, is to submit to the SIC and RIHEAA for their consideration AllianceBernstein's recommended Education Strategies Portfolios, Target Allocations and Individual Fund Portfolio structure for the fiscal year of the Trust beginning on the following July 1 or the balance of the then current fiscal year, as relevant. In making its recommendations, AllianceBernstein is to take into account the investment performance of each Education Strategies Portfolio (including separately for this purpose each age specific sub-fund of an Age-Based Education Strategies Portfolio) with due regard for the role of the Allocation Portfolio under the Program and the performance of certain specialized investment benchmarks designed by the SIC and AllianceBernstein for purposes of monitoring AllianceBernstein's performance. If, based on these and such other factors consistent with the applicable investment strategy as AllianceBernstein considers relevant, an Education Strategies Portfolio is considered by AllianceBernstein no longer to be likely to serve the purpose for which its then current structure was designed, AllianceBernstein's recommendation may be to include changes it considers appropriate, which may be either in the age-based groupings, if an Age-Based Education Strategies Portfolio is involved, in any of the Underlying Portfolio shares in which assets allocated to the Education Strategies Portfolios are invested, and/or in applicable Target Allocations. As regards the Individual Fund Portfolio structure, in making its recommendations, AllianceBernstein will take into account the performance of the Underlying Portfolios from which Participants may select and such other factors as it considers relevant in determining whether any change is appropriate.

The Education Strategies Portfolios, Target Allocations and Individual Fund Portfolio structure so recommended are to be applicable until the end of the fiscal year immediately following the fiscal year in which they are recommended or, if implemented during a fiscal year, based on unanticipated and extraordinary market conditions or for any other reason, until the end of the fiscal year involved, provided that if the SIC and RIHEAA do not consider AllianceBernstein's recommendations appropriate, a procedure exists for their coming to an agreement with AllianceBernstein as to the applicable Education Strategies Portfolios, Target Allocations and Individual Fund Portfolio structure for the period involved. In the event all three parties cannot agree, the SIC and RIHEAA may prescribe the Education Strategies Portfolios, the Target Allocations and the Individual Fund Portfolio structure for the period involved, but no Education Strategies Portfolio may be eliminated or added, no Target Allocation may vary by more than 25% from the percentage that AllianceBernstein last recommended to them in the course of their discussions on the subject with AllianceBernstein and, with respect to the Individual Fund Portfolio structure, they may not add or delete any then applicable Underlying Portfolio, or restrict or expand Participant choice.

Net Asset Value for Crediting Contributions, Determining Withdrawals and Changing Allocation Portfolios.

The net asset value ("Net Asset Value") per share of each Underlying Portfolio is the value of the Underlying Portfolio's assets net of its liabilities divided by the number of the Underlying Portfolio's then outstanding shares, all as provided in the Underlying Portfolio's prospectus or, in the case of the AllianceBernstein Principal-Protection Income Portfolio, the statement of pertinent information for that Portfolio referred to in the "UNDERLYING PORTFOLIOS ADDENDUM". For this purpose, value is determined using market quotations or independent pricing services or, under certain limited circumstances, fair value is determined by an Underlying Portfolio's directors or trustees and, in the case of an Underlying Portfolio which is a managed account of the Trust, by AllianceBernstein. The Net Asset Value per unit of each of the Allocation Portfolios is, in turn, based on the Net Asset Value per share allocated thereto of each of the applicable Underlying Portfolios. The aggregate Net Asset Value of the Underlying Portfolio shares allocated to an Allocation Portfolio is first determined, any liabilities of the Allocation Portfolio are subtracted therefrom, and the unit value is then determined by dividing the result by the number of units representing Account interests in the Allocation Portfolio at that time. The value of any Account will correspondingly increase or decrease depending upon an increase or decrease, respectively, of the Net Asset Value of the units of the Allocation Portfolio through which the assets of the Account are invested.

The amount of a Contribution to an Account received by the Program Manager together with all necessary documentation, reduced by any applicable initial charge as described in the discussion of Alternative A in the "SALES CHARGES AND DISTRIBUTION FEES ADDENDUM", will be credited to the Account at the Net Asset Value of the applicable Allocation Portfolio at the close of trading on the same day the Contribution is received, if received in good order before the close of trading on the New York Stock Exchange on a business day, except that a Contribution made by electronic funds transfer through the CollegeBound*fund* Gifting Tool must be received in good order before the earlier of 3:00 p.m. (Eastern) and the close of trading on the New York Stock Exchange on a business day to be credited to an Account on that business day. The amount of a Contribution to an Account received by AllianceBernstein, together with any necessary documentation, on a business day after the close of trading on the New York Stock Exchange (or, for a Contribution made by electronic funds transfer through the CollegeBound*fund* Gifting Tool, after 3:00 p.m. (Eastern)) on that day, or on a day other than a business day, will be credited to the appropriate Account at the Net Asset Value of the applicable Allocation Portfolio at the close of trading on the next business day.

The Net Asset Value of the Underlying Portfolio shares to be redeemed to generate cash to pay a Withdrawal from an Account and, correspondingly, of the Allocation Portfolio from which the Withdrawal is to be paid will be the Net Asset Value thereof next calculated after the Withdrawal is duly approved by the Program Manager. Likewise, in effecting a reallocation or a change in an investment election (see "Allocation Portfolio Selection and Changes"), the Net Asset Value of the relevant shares and Allocation Portfolio will be their Net Asset Value at the close of trading of the New York Stock Exchange on the date the reallocation or the investment change is to be effected.

Special Provisions relating to the AllianceBernstein Principal-Protection Income Portfolio. Wrapper Agreements (as defined in the "UNDERLYING PORTFOLIOS ADDENDUM") held by the AllianceBernstein Principal-Protection Income Portfolio are currently valued in such a way that Portfolio's Net Asset Value is equal to the book value (as determined under such Wrapper Agreements) of the assets covered by such Wrapper Agreements, plus the value of the money market securities held by that Fund. Should that Fund choose, or be required, to change the valuation methodology for its Wrapper Agreements in light of changes to applicable accounting principles, the Fund will thereafter adjust the price at which its shares are purchased and redeemed, and any Individual Fund Portfolio allocating investments to the AllianceBernstein Principal-Protection Income Portfolio will adjust the price of its units at which contributions are credited, withdrawals are made and reallocations or investment changes are effected so as to achieve the economic result for Participants they would have obtained had the accounting change not occurred. If such an adjustment were made, the "share price" of the AllianceBernstein Principal-Protection Income Portfolio reported in subsequent account statements and elsewhere would continue to reflect the price that could be obtained on redemption.

CERTAIN TAX CONSEQUENCES

Set forth below is a summary for taxpayers who are individuals of significant federal and state income, gift, estate and generation-skipping transfer tax consequences relating to the Program, including Contributions to, earnings of, and Withdrawals from, Accounts. While certain portions of the summary are applicable to Participants and other contributors to Accounts who are not individuals, the summary is not intended to pertain to and does not summarize pertinent tax consequences for such persons or in connection with Accounts established by such persons. A tax advisor should be consulted concerning these consequences.

This summary is not offered as individual tax advice to any Participant, Beneficiary or other person, but is provided for general informational purposes in connection with the marketing of the Program. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor. This summary is not written or intended to be used, and cannot be used, by any taxpayer for the purpose of avoiding U.S. tax penalties.

The summary is not exhaustive. Certain of the applicable tax rules are complex, certain of the tax consequences are at present uncertain, and the application of certain of the rules and the tax consequences varies according to a person's pertinent facts and circumstances. A tax advisor should be consulted regarding the application of the pertinent law in individual circumstances. The summary is based on the relevant provisions of the Code, applicable legislative history, and interpretations of applicable law existing on the date of this Program Description. Much of the summary is also based on regulations proposed by the Treasury Department in 1998, which, among other provisions, describe requirements for a Qualified Tuition Program, as these regulations have been supplemented and elaborated on by subsequent notices issued by the IRS (collectively the "Tax Regulations"). By their terms the Tax Regulations may be relied on pending the issuance of final regulations. There can be no assurance, however, that the IRS will accept particular conclusions expressed in the summary or, if challenged by the IRS, that a court would sustain these conclusions. In particular in this regard, it is noted that while the Program limit on Contributions to Accounts has been designed with a view to satisfying the requirement of Section 529 that the Rhode Island Tuition Savings Program provide adequate safeguards to prevent contributions for the benefit of a Beneficiary in excess of those necessary to provide for the Qualified Higher Education Expenses of the Beneficiary, how this requirement is to be satisfied is not specified in Section 529 and the Program limit does not satisfy a safe harbor to this end set forth in the Tax Regulations. Rather, RIHEAA has adopted an alternative limit it deems in compliance with the Section 529 requirement which may result in higher contributions than would otherwise be permissible under the safe harbor. If the approach followed by RIHEAA is ultimately determined by the IRS not to comply with Section 529, the consequences are not certain. The consequences may include, but may not be limited to, limiting future Contributions or refunding (possibly as a Non-Qualified Withdrawal) Contributions deemed retroactively to have been excessive and any earnings thereon. See "OPENING AND OPERATION OF ACCOUNTS—Opening an Account and Making Contributions".

It is possible that Congress, the Treasury Department, the IRS, state taxing authorities or the courts may take actions that will adversely affect the tax consequences described below, and that such adverse effects may be retroactive. No ruling concerning the Program or the Trust generally has been issued by the IRS and, if issued, such a ruling might alter the tax consequences summarized herein or necessitate changes in the Program or the Trust generally to achieve the tax benefits described.

Many states follow the federal income tax treatment of the Program and the Trust generally and Contributions to, earnings of, and withdrawals from, Accounts in computing the taxable income of their taxpayers. Some states, however, vary from the federal treatment. Prospective Participants, Participants, other contributors to Accounts and Beneficiaries who have any question concerning the state and local income, gift, estate, inheritance or other tax consequences of the operation of the Program and the Trust on them should consult with their tax advisors. See also "PROGRAM RISKS AND OTHER SIGNIFICANT CONSIDERATIONS".

In particular, Rhode Island follows federal income tax rules in computing the Rhode Island taxable income of Rhode Island residents except as indicated in the discussion below of Rhode Island tax consequences, which is based on information received from the Rhode Island Division of Taxation (the "RIDT"). The discussion below also summarizes information received from the RIDT concerning Rhode Island tax consequences of the Program for nonresidents of Rhode Island and Rhode Island gift and estate tax consequences of Program participation.

Federal Income Tax Treatment of the Program, Contributions and Withdrawals. The Trust, of which the Program is a division, is designed to be a Qualified Tuition Program satisfying the requirements of Section 529. As such, earnings of the Trust that are credited to Accounts are not subject to federal income tax while held in the Trust[1] , and, if withdrawn in a Qualified Withdrawal in a taxable year beginning after 2001, the earnings portion of any Qualified Withdrawal will not be includable in computing the federal taxable income of the Participant or Beneficiary of the Account. If the amount withdrawn exceeds the Beneficiary's Qualified Higher Education Expenses, the amount includable as ordinary income in computing the distributee's federal taxable income is the earnings portion of the Withdrawal reduced by an amount which bears the same ratio to the earnings portion of the Withdrawal as the Beneficiary's Qualified Higher Education Expenses paid by the Withdrawal bears to the amount of the Withdrawal. (For taxable years commencing before 2002, the earnings portion of each Qualified Withdrawal from an Account was includable as ordinary income in computing the federal taxable income of the Beneficiary whose Qualified Higher Education Expenses are paid with the amount withdrawn.) The portion of a Withdrawal from an Account representing Contributions to the Account is not includable in computing the federal taxable income of any person regardless of when the Withdrawal is made or the nature of the Withdrawal, nor under any circumstances are any Contributions deductible in computing the contributor's federal taxable income.

If there are earnings in an Account, each Withdrawal from the Account consists of two parts. One pro rata part of the amount withdrawn is a return of Contributions to the Account, *i.e.*, the basis portion of the Withdrawal, which in no event is includable in computing the Participant's or Beneficiary's federal taxable income. The other pro rata part of the Withdrawal is earnings, which may or may not be includable in computing the Beneficiary's federal taxable income as described in the preceding paragraph. For purposes of this pro rata calculation, under the Tax Regulations all Accounts of the same Participant of which the same individual is the Beneficiary are treated as one Account, and calculations of the basis and earnings portions of a Withdrawal are made as of the date of the Withdrawal. The Program Manager will compute the basis and earnings portions of each Withdrawal. For purposes of computing the Contribution and earnings portion of any Account or Withdrawal, federal tax law requires that all accounts in the Trust (whether or not part of the Program) with the same Participant and Beneficiary be aggregated, so that the earnings portion computed for any specific Account may be greater or less than the earnings attributable to that Account if that Account's earnings portion were computed in isolation.

In addition, a Participant who meets certain age and income limitations and who makes Contributions to an Account, the Beneficiary of which is either the Participant, the Participant's spouse or an eligible dependent of the Participant, of the proceeds from the redemption of certain United States savings bonds issued after 1989 may be allowed to exclude all or a portion of the income received by reason of the redemption in computing the Participant's federal taxable income for the year of the Contribution. In that event, in calculating what portion of a subsequent Withdrawal from an Account may be includable in computing the distributee's federal taxable income, the amount withdrawn that was excluded in connection with the redemption of the savings bonds is effectively considered to be earnings of the Account, thus resulting in a greater portion of the Withdrawal being includable in the calculation of federal taxable income if the nature of the Withdrawal is such that the earnings portion of the Withdrawal is so includable.

A taxpayer may not exclude in computing federal taxable income amounts withdrawn from an Account to pay those Qualified Higher Education Expenses that are also used as the basis for a Hope Scholarship Credit (also known as an American Opportunity Credit through 2012) or Lifetime Learning Credit claimed with respect to the same Beneficiary. Those provisions permit a tax credit, in certain circumstances, for limited amounts expended for tuition and fees required for the enrollment or attendance of the taxpayer, the taxpayer's spouse or a dependent of a taxpayer at an Eligible Educational Institution. A taxpayer may waive claiming these credits.

Also, under Section 529, the earnings portion of all other Withdrawals whenever made from an Account (*i.e.*, all Non-Qualified Withdrawals and withdrawals as described above in connection with the death or disability of, or receipt of a Scholarship by, the Beneficiary of the Account (see "OPENING AND OPERATION OF ACCOUNTS—Withdrawals in Connection with Death, Disability or Receipt of a Scholarship")) will be includable in computing the distributee's federal taxable income for the tax year in which these Withdrawals are paid. The computation of the amount so includable is made under a pro rata allocation between a nontaxable return of Contributions made to the Account and a taxable Withdrawal of earnings like the computation for Qualified Withdrawals before 2002 as described above. The earnings so includable are not reduced by the 10% Additional Tax. See "OPENING AND OPERATION OF ACCOUNTS—10% Additional Tax".

The Tax Regulations require that if the same individual is the Beneficiary of more than one account in the Trust (whether or not part of the Program) of which the same person is the Participant, and a Withdrawal is made from one or more of these accounts, the earnings portion of the Withdrawal must be calculated based upon the ratio of total earnings in all such accounts to the total balance in the accounts. Thus, the amount withdrawn from an Account may be deemed to include a greater or lesser amount of income than the actual earnings in that Account depending on the earnings in the other relevant accounts.

The maximum annual contribution to Coverdell Education Savings Accounts, formerly known as education individual retirement accounts, which allow deferral of federal income tax liability and possible exclusion from gross income of earnings distributed from such accounts, is $2,000 in 2011 and 2012 and $500 beginning in 2013. In addition, under current federal law, beginning in 2013 a 6% excise tax will apply to contributions made to a Coverdell Education Savings Account in the same year as a contribution to a Qualified Tuition Program for the same Beneficiary. Contributions to any Qualified Tuition Program for the benefit of the beneficiary of a Coverdell Education Savings Account are considered qualified expenses that may be paid from a Coverdell Education Savings Account without imposition of any tax on the amount contributed. Only the earnings portion of the contribution from a Coverdell Education Savings Account is to be treated as earnings of the Qualified Tuition Program for purposes of computing the portion, if any, of a subsequent Withdrawal from the Qualified Tuition Program that is includable in computing the distributee's federal income tax. Where the aggregate amount paid from both Coverdell Education Savings Accounts and Qualified Tuition Programs during a taxable year exceeds the aggregate education expenses for such year of the Beneficiary involved that may be paid from Qualified Tuition Programs or Coverdell Education Savings Accounts without imposition of the 10% additional tax referred to in the following paragraph as regards a Qualified Tuition Program or the corresponding 10% additional tax applicable for excess distributions from a Coverdell Education Savings

Account, for purposes of determining the portion of such payments excludible from each source of payment in computing the Beneficiary's federal taxable income, the expenses must be allocated as between each of the Qualified Tuition Programs and Coverdell Education Savings Accounts from which a payment was made.

10% Additional Tax on Non-Qualified Withdrawals.
The earnings portion of each Non-Qualified Withdrawal is subject to the 10% Additional Tax in the form of an additional federal tax at the rate of 10%. See "OPENING AND OPERATION OF ACCOUNTS—10% Additional Tax". While the Program Manager is to report the amount of Withdrawals from Accounts to the IRS, the amount of this tax is not required to be withheld from the Non-Qualified Withdrawal and paid by the Program to the IRS, but rather is payable to the IRS directly by the distributee (or deemed distributee as described in "ACCOUNT STATEMENTS AND REPORTS; TAX WITHHOLDING; TAX REPORTS; AUDITS—Tax Reports") of the Non-Qualified Withdrawal.

Changes in Beneficiary; Transfers and Rollovers.
The Beneficiary of an Account may be changed by the Participant of the Account, and the Participant may Transfer an amount from an Account for one Beneficiary to an Account for another Beneficiary or make a Rollover to a new Account for another Beneficiary without any portion of the existing Account or the amount of the Transfer or Rollover having to be included, by reason of the change, the Transfer or the Rollover, in computing the federal taxable income of the Participant or any Beneficiary; provided that (i) the new Beneficiary is a Member of the Family of the Beneficiary being replaced and (ii) the applicable limit on maximum Contributions to all Accounts for the new Beneficiary is not thereby exceeded; and further provided that the change, Transfer or Rollover is not violative of the requirement of Section 529 that a Participant not direct the investment of Contributions. See "PROGRAM INVESTMENTS—Allocation Portfolio Selection and Changes". The consequences of such a violation are not certain. See "OPENING AND OPERATION OF ACCOUNTS—Transfers; Rollovers". Whether a Transfer or Rollover will give rise to federal gift or generation-skipping transfer taxes is discussed below. See "Federal Gift, Estate and Generation-Skipping Transfer Taxes". No amount included in the Transfer or the Rollover is to be includable by reason thereof in computing the federal taxable income of the new Beneficiary of the Account involved. For purposes of determining the portion of any future Withdrawal from the Account of the new Beneficiary, the Contributions and earnings portions of the Transfer or Rollover are carried over to the Account of the new Beneficiary.

In the event a Participant designates a new Beneficiary of an Account, or makes a Transfer or Rollover to an Account having a different Beneficiary than the Beneficiary of the Account from which the Transfer or Rollover was made, and in either case the new Beneficiary is not a Member of the Family of the old Beneficiary, for federal tax purposes such action should be considered for treatment as a Non-Qualified Withdrawal followed by a new Contribution to the Account involved, with the resultant tax consequences. Regarding these conclusions, however, Participants should consult their tax advisor.

Rules corresponding to the foregoing apply with respect to Transfers or Rollovers from any Account to Another Program, provided that the Beneficiary need not be different, so long as the Transfer or Rollover does not occur within twelve months from the date of a previous Transfer or Rollover between any two Qualified Tuition Programs for the same Beneficiary. See "PROGRAM INVESTMENTS—Allocation Portfolio Selection and Changes".

If a Participant makes a direct transfer between Accounts within the Program for the benefit of the same Beneficiary, the transfer will be treated as a nontaxable investment reallocation allowable only once per calendar year (see "PROGRAM INVESTMENTS—Allocation Portfolio Selection and Changes"), not as a tax-free rollover or transfer. If a Participant takes a distribution from an Account (*i.e.*, receives a withdrawal check from the transferring Account) and recontributes the distribution to the same or another Account within the Program for the same Beneficiary, the withdrawal will be treated as a Non-Qualified Withdrawal, and will be subject to federal and applicable state income tax and the 10% Additional Tax, even though it is subsequently recontributed to an Account.

Successor Participants.

Neither Section 529 nor the Tax Regulations specifically address the tax consequences of a change in the Participant of an Account. Since no actual Contribution to, or withdrawal from, an Account results from such a change, unless the change was considered a deemed distribution from, and recontribution to, the Account, the change in and of itself, whether effective upon the death or disability of the Participant, or prior to such an event and for whatever reason, should not have any federal gift tax consequences or give rise to income includable in computing the federal taxable income of either the Participant or the successor Participant or to a 10% Additional Tax. Regarding these conclusions, however, and also concerning any potential generation-skipping transfer tax consequences, Participants and successor Participants should consult their tax advisors.

Federal Gift, Estate and Generation-Skipping Transfer Taxes.

Contributions to an Account of a Participant either by the Participant or by another contributor are generally considered completed gifts to the Beneficiary of the Account for federal estate, gift and generation-skipping transfer tax purposes. Therefore, except for the situation described in the next paragraph, if a Participant of an Account, or another contributor to the Account dies while there is a balance in the Account, the value of the Account would not be included in the Participant's or other contributor's estate for federal estate tax purposes. However, upon the death of the Beneficiary of the Account, the value of the Account may be includable in the Beneficiary's gross estate for federal estate tax purposes.

Because Contributions to an Account are considered completed gifts, they are potentially subject to federal gift tax payable by the contributing Participant or other contributor. Generally, however, if a Participant's or another person's Contributions to an Account or Accounts for a Beneficiary, together with all other gifts made in a given year by the Participant or other contributor to the Beneficiary, are less than the applicable annual exclusion for the Participant or other contributor, which is $13,000 per year ($26,000 for a married Participant or other contributor whose spouse consents to "split gifts"), no federal gift tax will be imposed on the Participant or other contributor with respect to those Contributions and other gifts to the Beneficiary during that year. In that situation, the Participant or other contributor is not required on account of the Contributions to file a federal gift tax return unless he or she is "splitting" gifts with his or her spouse. If a Participant's or other contributor's Contributions to an Account or Accounts for a Beneficiary in a single taxable year exceed $13,000 ($26,000 for a married Participant or other contributor whose spouse consents to "split gifts"), the Participant or other contributor may by filing a federal gift tax return for the year elect to treat the Contributions up to $65,000 ($130,000 in the case of a consenting married couple) as having been made ratably over the five calendar years beginning with the calendar year in which the Contribution is made. For example, a Participant or other contributor who contributes $65,000 to one or more

Accounts for a Beneficiary in one year, makes this election, and makes no other Contributions or gifts to the Beneficiary during that year or during the next four calendar years would be treated as having made a $13,000 Contribution in each of the five years and would not incur any federal gift taxes as a result of the Contribution. However, if the Participant or other contributor dies before the first day of the fifth calendar year, the portion of the Contributions allocable to the remaining calendar years in the five-year period, excluding the calendar year in which the Participant or other contributor died, would be includable in computing the gross estate of the Participant or other contributor, as the case may be, for federal estate tax purposes.

In addition to the five-year election described above, each Participant and other contributor to an Account has effectively a lifetime federal gift tax exemption of $5,000,000, which may be applied to gifts exceeding the $13,000 annual exclusion. Although federal gift tax returns are required for annual gifts including Contributions in excess of $13,000 per Beneficiary, no gift tax is actually due until the applicable exemption has been exceeded. (Under current federal law, the $5,000,000 exemption amount above is scheduled to decrease in 2013, and various other federal gift tax, estate tax, and generation-skipping transfer tax provisions are also scheduled to change. Participants and other contributors to an Account may wish to consult their tax advisors regarding the provisions of current federal law and any future changes therein.)

A change of the Beneficiary of an Account to a Member of the Family of the Beneficiary as well as a Transfer or Rollover for the benefit of another Beneficiary or beneficiary under Another Program (also referred to in this and the following paragraph as the "Beneficiary") may be subject to federal gift tax if the new Beneficiary is of a younger generation than the Beneficiary being replaced. Otherwise, the change, Transfer or Rollover is not considered to be a gift or transfer for federal gift tax purposes.

If there is such a gift, however, the gift may be treated as made by the former Beneficiary to the new Beneficiary to which the above gift tax discussion then applies. Participants should consult their own tax advisors for guidance on the potential applicability of the federal gift tax when considering a change of Beneficiary or a Transfer or Rollover.

Because Contributions to an Account are treated as completed gifts for federal transfer tax purposes, a Participant or other contributor to an Account may also need to be concerned about the applicability of the generation-skipping transfer tax to himself or herself or to the Beneficiary of the Account. In addition, the generation-skipping transfer tax may be triggered in the event of a change in the Beneficiary of an Account, or a Transfer or Rollover for the benefit of another Beneficiary, if the new Beneficiary is two or more generations younger than the Beneficiary being replaced. If there is a transfer, for generation-skipping transfer tax purposes, the transfer may be treated as made by the former Beneficiary to the new Beneficiary. Individuals concerned about the application of the generation-skipping transfer tax should consult with their tax advisor.

While this summary does not focus on state estate, inheritance, gift and generation-skipping transfer taxes, Participants and other contributors should be aware that applicable state taxes may be impacted by the current federal tax law and changes in the federal tax law. Participants and other contributors may wish to consult their tax advisors if state estate, inheritance, gift and generation-skipping transfer taxes may be relevant in their situations.

Rhode Island Tax Consequences.

Contributions, other than Transfers or Rollovers from Another Program, by an individual to Accounts of which he or she is the Participant are deductible in computing the individual's taxable income for Rhode Island income tax purposes, subject to an aggregate annual maximum deduction of $500 per individual (or $1,000 for two individuals filing jointly). Any such Contributions which are not deductible due to the aggregate annual maximum may be carried forward and deducted in future years (subject in each case to the same aggregate annual maximum). Contributions to an Account are not includable in the Rhode Island taxable income of the Beneficiary.

Earnings of the Program credited to Accounts are not subject to any Rhode Island income or other tax while held in the Trust. When withdrawn from the Trust, Program earnings will not be includable in computing the Rhode Island taxable income of a Participant or Beneficiary of the Account from which the Withdrawal is made except in the case of (i) a Non-Qualified Withdrawal whenever made, and (ii) any type of Withdrawal paid in a taxable year beginning after 2001 to a trust as the Participant of the Account other than as a Qualified Withdrawal. In these two situations, the amount includable in computing the Rhode Island taxable income of the distributee is the same as the portion of the amount withdrawn that is includable in computing the distributee's federal taxable income. In addition, in the case of a Non-Qualified Withdrawal or a Transfer or Rollover to Another Program within two taxable years after an individual is entitled to a deduction from Rhode Island taxable income on account of Contributions to an Account, some or all of the Withdrawal or Transfer or Rollover (as the case may be) may be includable in computing that individual's Rhode Island taxable income, as required by provisions for the "recapture" of certain previous deductions from Rhode Island taxable income.

Participants and others making Contributions to Accounts should consult their tax advisors with respect to the Rhode Island tax consequences of Contributions, Withdrawals, Transfers and Rollovers.

Neither a Participant nor a Beneficiary who is a nonresident of Rhode Island for Rhode Island income tax purposes will become subject to Rhode Island income tax merely by reason of having an interest in an Account or receiving a Withdrawal from an Account. If a Participant or Beneficiary of an Account is a Rhode Island resident or nonresident for the entire taxable year in which a Withdrawal is made from the Account, the fact that the Participant's or Beneficiary's resident or nonresident status was not the same in any prior taxable year is not relevant in determining whether the Participant or Beneficiary is subject to Rhode Island income tax in the year of the Withdrawal or the amount of the Withdrawal subject to that tax.

There is uncertainty, however, regarding the Rhode Island income tax consequences for a Participant or a Beneficiary of an Account who is a part-year resident of Rhode Island during any year in which both earnings are credited to an Account and a Withdrawal is made from the Account. Participants and Beneficiaries who change their status as a resident or a nonresident of Rhode Island during such a year should consult their tax advisors with respect to the Rhode Island income tax consequences of such a change.

While Rhode Island does not impose any gift or inheritance taxes, Rhode Island does impose both a generation-skipping transfer tax and an estate tax that are each equal to the unused maximum credit that federal law allows for state death taxes and for state generation-skipping taxes, respectively. Because of federal tax law changes, the Rhode Island estate tax increases unless Rhode Island law is changed. The relevant federal tax rules apply in determining the amount of these Rhode Island taxes in connection with the transfer of an interest in an Account upon the death of a Participant or a Beneficiary of an Account who is a Rhode Island resident. Neither the Rhode Island generation-skipping transfer tax nor the Rhode Island estate tax applies to an

Account of a nonresident of Rhode Island at the time of his or her death. Participants and Beneficiaries should consult their tax advisors regarding the potential applicability of the Rhode Island generation-skipping transfer tax and the Rhode Island estate tax with respect to their Accounts in their particular circumstances.

Other State Taxes and Programs.

For many states, the state and local income tax treatment of Contributions, Account earnings, Withdrawals and other transactions with respect to Qualified Tuition Programs follows their treatment for federal income tax purposes, but in some states it differs. Depending upon the laws of the home state of the investor or designated beneficiary, favorable state tax treatment or other benefits offered by such home state for investing in Qualified Tuition Programs may be available only for investments in the home state's Qualified Tuition Program. Any state-based benefit offered with respect to a particular Qualified Tuition Program should be one of many appropriately weighted factors to be considered in making an investment decision. Some of these factors may include, in addition to any state based benefit, investment options and historical investment performance, fees and expenses, flexibility and features, the reputation and expertise of the investment manager and contribution limits. Before investing in any Qualified Tuition Program, an investor should consult with his or her financial, tax or other advisor to learn more about how state-based benefits (including any limitations) would apply to the investor's specific circumstances, and also may wish to contact his or her home state's or any other state's Qualified Tuition Program to learn more about the features, benefits and limitations of that state's Qualified Tuition Program. The Program Manager has not determined, and makes no representation as to, whether the Program is a suitable investment for any particular investor.

PROGRAM RISKS AND OTHER SIGNIFICANT CONSIDERATIONS

Prospective Participants should carefully consider the following matters as well as the other information contained or referred to in this Program Description, including the five Addenda, in evaluating the establishment of an Account. Participants and other contributors should also carefully consider these matters and this information before making additional Contributions. The contents of this Program Description should not be construed as legal, financial or tax advice. Prospective Participants and Participants should consult their own advisors for such advice.

No Guarantee of Principal or Earnings.

The investments made in Accounts are subject to market, interest rate and other investment risks. See the "UNDERLYING PORTFOLIOS ADDENDUM". The value of any Account may be less than the Contributions thereto and may increase or decrease each day, and the rate of return earned in an Account will vary based on the investment performance of each Underlying Portfolio in which the Account is then invested through the applicable Allocation Portfolios, and there is a risk that any Participant could lose part or all of the value of the Participant's Account. None of the United States, any agency or instrumentality of the federal government, Rhode Island, RIHEAA, the SIC, any other agency or instrumentality of Rhode Island, AllianceBernstein or any of its affiliates, any agent or representative retained in connection with the Program, or any other person, makes any guarantee of, or has any legal or moral obligation to insure, the ultimate payout of any or all of the amount of any Contribution to an Account or that there will be any investment return, or investment return at any particular level, with respect to any Account.

No Guarantee of Admission to Any Institution and Related Matters.

There is no guarantee or commitment that: (i) any Beneficiary will be admitted to any educational institution (including any Eligible Educational Institution); (ii) upon admission to an educational institution, any Beneficiary will be permitted to continue to attend that institution; or (iii) any Beneficiary will graduate or receive a degree from any educational institution. A Beneficiary will not be treated as a Rhode Island resident for admission, financial aid eligibility or any other purpose merely because of the individual's status as a Beneficiary.

If a Beneficiary does not apply for admission to attend an Eligible Educational Institution, is not accepted for admission to an Eligible Educational Institution, does not achieve satisfactory academic performance or is otherwise not permitted to continue to attend an Eligible Educational Institution, a Withdrawal thereafter from the Account maintained for the Beneficiary by the Participant for a reason other than the Beneficiary's death or disability or in a Transfer or to make a Rollover, would to the extent not used to pay Qualified Higher Education Expenses be a Non-Qualified Withdrawal subject to an administrative charge, and the earnings portion of the withdrawal would be subject to the 10% Additional Tax. These earnings would be includable in computing the distributee's taxable income for federal income tax purposes. See "OPENING AND OPERATION OF ACCOUNTS—10% Additional Tax" and "CERTAIN TAX CONSEQUENCES—Federal Income Tax Treatment of the Program, Contributions and Withdrawals".

Lack of Certainty of Tax Consequences.
At the date of this Program Description, the Tax Regulations are only proposed. Although by their terms taxpayers may rely on them at least until final regulations are issued, they do not provide guidance on various aspects of the Program, and they were issued prior to substantial changes in the law in 2001. It is uncertain as to if, and if so when, final regulations will be issued. On January 18, 2008, the IRS issued an Advance Notice of Proposed Rulemaking with respect to Section 529, but this Advance Notice did not specify when final regulations would be issued or provide new separate guidance from the IRS. RIHEAA and the Program Manager have obtained an opinion of legal counsel, based in part on the Tax Regulations, that the Program, as described in this Program Description and based on certain qualifications and assumptions, is a Qualified Tuition Program within the meaning of Section 529. There can be no assurance that the federal tax consequences described above under "CERTAIN TAX CONSEQUENCES" will apply because an opinion of counsel is not binding on the IRS or the courts. RIHEAA may, but will not necessarily, apply for a private letter ruling from the IRS that the Trust is a Qualified Tuition Program and to the effect that these federal tax consequences are applicable with respect to the Trust. There is no certainty as to whether and, if so, when such a ruling would be received and whether, and, if so, what changes in the Trust, including the Program, might be necessary to obtain the ruling. Moreover, in 2006, the IRS announced that it will not issue letter rulings concerning the qualification of state-run programs (such as the Program) under Section 529, at least until final regulations under Section 529 are issued. Either before or after issuance of any such ruling, final regulations or other administrative guidance or court decisions might be issued which would adversely impact the federal tax consequences with respect to the Program or Contributions to, or Withdrawals from, Accounts. Congress could also amend Section 529 or other federal law in a manner that would materially change or eliminate the federal tax treatment described above. While RIHEAA would most probably endeavor to modify the Program within the constraints of applicable law for the Program to meet any new requirements of Section 529, there can be no certainty that it will, or will be able to, do so. Such changes may impose new or revised requirements or otherwise change the terms and conditions of the Program in important respects. In the event that the Program, as currently structured or as subsequently modified, does not meet the requirements of Section 529 for any reason, the federal, state and local tax

consequences to Participants and Beneficiaries are uncertain, and it is possible that Participants could be subject to taxes currently on undistributed earnings in their respective Accounts as well as to other adverse tax consequences. A potential Participant may wish to consider consulting a tax advisor on this subject.

Similarly, the above discussions under "CERTAIN TAX CONSEQUENCES—Rhode Island Tax Consequences" of Rhode Island State tax matters are based on advice from the RIDT that is premised on the conclusion that the Rhode Island Tuition Savings Program is a Qualified Tuition Program within the meaning of Section 529. There can be no assurance that there will not be subsequent official interpretations or court decisions which would adversely impact the Rhode Island state or local tax consequences for Participants and Beneficiaries or that the federal law or the Rhode Island statutes governing aspects of the Trust may not be amended in a manner which would materially alter or eliminate such consequences.

In addition, changes in the law governing either or both the federal and state tax consequences described above might necessitate material changes to the Program for the anticipated federal and Rhode Island tax consequences to apply.

Changes in Federal and State Law Governing the Program and the Rhode Island Tuition Savings Program.
Federal tax law bearing on the Program may change and there could be pertinent changes in state law and the Program Rules and Regulations. In addition, federal and state laws pertaining to the funding of higher education expenses and relevant tax matters are subject to change. There can be no assurance that any such changes would not adversely affect the value to any Participant or Beneficiary of participation in the Program. For example, changes in law may materially reduce or eliminate tax benefits currently applicable, materially reduce permitted Contributions, limit the benefits to Participants or other contributors whose income is below a specified level or provide for a new structure for the funding of higher education expenses on a tax-favored basis more favorable than the Program. There can be no certainty that such a new structure would be available for Participants or Beneficiaries or that Account assets could be used under such a new structure. A tax law change might also have a particular bearing on the ability of the AllianceBernstein Principal-Protection Income Portfolio to achieve its investment objective. It is not possible to determine the impact, if any, of any of the foregoing changes. Moreover, RIHEAA is not required to continue the Program. See "CERTAIN TAX CONSEQUENCES" and the "UNDERLYING PORTFOLIOS ADDENDUM—AllianceBernstein Principal-Protection Income Portfolio—Principal Risks of Investing and Other Considerations".

Effect of Investment Strategy and Inflation on Funding Qualified Higher Education Expenses.
Contributions to an Account may not be made in the necessary amount, and investment returns on the corresponding balance in an Account or Accounts maintained on behalf of a Beneficiary may not be adequate, to cover the Qualified Higher Education Expenses of that Beneficiary. In this regard, the period over which a Beneficiary's Qualified Higher Education Expenses are to be funded and when Contributions are made are significant factors as well as the level of Contributions. The level 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 Allocation Portfolios over any relevant period. There is no obligation on the part of any Eligible Educational Institution to maintain a rate of increase in Qualified Higher Education Expenses which is in any way related to projected or actual Account investment results.

Lack of Participant Control; Changes in Fees and Expenses.
The extent to which Participants can exercise control over the investment of their Accounts, including the applicable Allocation Portfolio, the Underlying Portfolios in which Account assets allocated through an Allocation Portfolio are invested and applicable Allocation Percentages, is limited. See "PROGRAM INVESTMENTS—Allocation Portfolio Selection and Changes". With limited exceptions, a Participant is not permitted to withdraw funds from an Account without penalty or an administrative charge, except for application to the Qualified Higher Education Expenses of the Beneficiary of the Account. See "OPENING AND OPERATION OF ACCOUNTS". In addition, the fees and expenses associated with an Allocation Portfolio or Underlying Portfolio, or with the Program itself, are subject to change. See "PROGRAM MANAGER'S COMPENSATION; SALES CHARGES AND DISTRIBUTION FEES; OTHER FEES AND PENALTIES".

Investment Risks of Underlying Portfolios.
Accounts are subject to a variety of investment risks which will vary based on the composition of the Allocation Portfolios and the particular Underlying Portfolios involved. The primary investment risks to which the Underlying Portfolios may be subject, which are not the same for all of the Underlying Portfolios, are described below. See the "UNDERLYING PORTFOLIOS ADDENDUM" and the "EDUCATION STRATEGIES PORTFOLIOS AND ALLOCATION PERCENTAGES ADDENDUM".

The Program with AllianceBernstein as Program Manager commenced in 2000. Performance information for the Education Strategies Portfolios should not be viewed as a prediction of future performance of any particular Allocation Portfolio. Moreover, in view of anticipated periodic revisions of Target Allocations and possible changes in the applicable Underlying Portfolios, the future investment results of any Allocation Portfolio cannot be expected, for any period, to be similar to the past performance of any other Allocation Portfolio.

Certain Considerations in Connection with the Termination of the Management Agreement and Successor Program Managers.
A new Program Manager may be appointed either upon expiration of the term of the Management Agreement or earlier in the event the Management Agreement is terminated prior to the end of its current term. See "ALLIANCEBERNSTEIN L.P.—THE PROGRAM MANAGER". Regardless of whether AllianceBernstein or some other firm is the new Program Manager, the compensation of the new Program Manager and expenses of Allocation Portfolios might be higher or different than those described in this Program Description. In addition, Accounts might be invested by a Program Manager, whether or not AllianceBernstein, in a manner significantly different than that described in this Program Description, and a successor Program Manager may achieve different investment results than might have been achieved by AllianceBernstein. AllianceBernstein's ceasing to be the Program Manager could also have a particular bearing on the ability of the AllianceBernstein Principal-Protection Income Portfolio to achieve its investment objective. See "UNDERLYING PORTFOLIOS ADDENDUM—AllianceBernstein Principal-Protection Income Portfolio—Principal Risks of Investing and Other Considerations".

Impact on Eligibility for Financial Aid.
An individual's status as the Participant or Beneficiary of an Account may adversely impact eligibility for financial aid under existing or future federal, and certain state and institutional grant, loan and other programs which assist students and their families in funding higher education expenses. 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.

While Account balances are not taken into consideration in determining the Account Beneficiary's eligibility for financial aid under any financial aid program administered by RIHEAA, RIHEAA understands that certain educational institutions and other states may consider Account balances when determining eligibility for financial aid and may or may not follow the federal financial aid treatment described above. Also, there can be no assurance as to the future treatment of Account balances for purposes of any federal, state or institutional program. A Participant should consult a financial aid professional (and/or the state or educational institution offering a particular financial aid program) to determine how assets held in an Account may affect eligibility for financial aid.

Education Savings and Investment Alternatives.
Various Qualified Tuition Programs other than the Program, including programs designed to provide prepaid tuition and certain other educational expenses, are currently available as are other education savings and investment alternatives. These alternatives involve different investments than are available for Accounts and may entail different tax and other consequences and have different eligibility requirements and other features, as well as fees and charges which are greater or less than the fees and charges applicable for Accounts. For example, a taxpayer of a particular state may be entitled to a state income tax deduction for contributions (typically only in a limited amount) under a Qualified Tuition Program of that state, but not for contributions to the Program or to another state's Qualified Tuition Program, and a state which does not follow the federal income tax treatment of Qualified Withdrawals (see "CERTAIN TAX CONSEQUENCES") may exclude the amount of such withdrawals in computing state taxable income only if the withdrawal is from that state's Qualified Tuition Program. Also, limited matching Contributions and third-party Contributions based on various types of non-program related participant expenditures may be available in connection with certain Qualified Tuition Programs. Other investment arrangements for funding educational expenses include investing through Coverdell Education Savings Accounts and through an individually designed investment program. A careful comparison of the available alternatives, including investment flexibility thereunder and their federal and state income, gift and estate tax consequences, in an individual's particular situation is important. For example, while the federal tax aspects of Coverdell Education Savings Accounts and Accounts under the Program correspond, contributions to Coverdell Education Savings Accounts can only be made for beneficiaries under age 18 and are limited to $2,000 for a taxable year in 2011 and 2012 ($500 beginning in 2013), with a phase-out of the permissible contribution for higher income taxpayers. In addition, under current federal law, beginning in 2013 a 6% excise tax will apply to contributions made to a Coverdell Education Savings Account in the same year as a contribution to a Qualified Tuition Program for the same Beneficiary. Distributions from a Coverdell Education Savings Account in taxable years beginning after 2001, however, can be used for a somewhat broader range of education expenses than distributions from Qualified Tuition Programs. As regards an individually designed investment program, realized earnings, including capital gains, are not entitled to any federal income tax benefit even though the program is to fund future education expenses. The current taxability of earnings under this alternative is to be contrasted with the deferral of tax on earnings held in Accounts, the exclusion in computing federal taxable income of earnings included in Qualified Withdrawals, and the inclusion entirely as ordinary income of the earnings portion of other withdrawals. No portion of the earnings of an Account is treated as

capital gain as would be the case for gains distributed by a mutual fund whose shares were held directly. A prospective Participant or other contributor may wish to consider the other available investment alternatives before, as applicable, an Account is established or further Contributions are made to an Account as well as the various other federal and state tax benefits pertinent to education expenditures and non-tax educational subsidies which may be available in particular circumstances and which are beyond the scope of this Program Description.

Bankruptcy; Attachments; Certain Transfers.

Under federal bankruptcy law, amounts contributed to an Account at least 365 days before the filing date of a bankruptcy petition by the Participant or other contributor may, depending on the relationship of the Beneficiary of the Account to the debtor for the taxable year of the Contribution, be excluded from the debtor's bankruptcy estate and may therefore be protected from creditors' claims in bankruptcy proceedings, subject to (i) a limitation that the total amount contributed under the Program for a Beneficiary does not exceed the applicable Section 529 limit with respect to such Beneficiary, as adjusted for changes in education expenditure under a prescribed formula, and (ii) a ceiling of $5,850 for Contributions for a Beneficiary made between 365 days and 720 days prior to the filing of the bankruptcy petition. In addition, certain states may provide additional protection from creditors' claims for interests in Qualified Tuition Programs. For example, under Rhode Island law, an account balance, right or interest of a person in the Program is exempt from attachment except to the extent that the balance, right or interest is subject to a court order pursuant to a judgment of divorce or separate maintenance or a court order concerning child support. The laws of some states may not exempt an account balance, right or interest of a person in the Program from attachment.

In certain situations asset transfers may nonetheless be effectively disregarded where the transferor thereafter no longer has sufficient assets to pay living and medical expenses. For example, assets transferred in anticipation of the occurrence of expenses to be paid by Medicaid may be reached by the government to repay such expenses. Contributions made to Accounts could be in this category. This subject is among those which a Participant or other contributor should consider with a qualified professional advisor.

PROGRAM MANAGER'S COMPENSATION; SALES CHARGES AND DISTRIBUTION FEES; OTHER FEES AND PENALTIES

Program Manager's Compensation.

AllianceBernstein receives compensation for providing investment advisory and program management services to the Allocation Portfolios. With respect to the Individual Fund Portfolios, AllianceBernstein is paid an investment advisory fee by each Underlying Portfolio, as reflected in the Underlying Portfolio's most recently published prospectus (or, in the case of the AllianceBernstein Principal-Protection Income Portfolio, its statement of pertinent information). With respect to the Education Strategies Portfolios, which invest in Underlying Portfolios that are not available for direct investment and do not charge any investment advisory fees, AllianceBernstein is paid a program management fee for its services, including investment advisory services, at an annual rate equal to the expense ratio shown in the first column of Tables 1–3 on pages 86-91 under "EXPENSE RATIO ADDENDUM" minus the weighted average of the expenses of the Underlying Portfolios in which the Education Strategies Portfolio's assets are invested. See the "EXPENSE RATIO ADDENDUM."

Reference is made to the discussion below under the heading "Financial Advisors; Sales and Asset-Based Charges" and to the "SALES CHARGES AND

DISTRIBUTION FEES ADDENDUM" to this Program Description which refers to payments, including, in certain cases, withdrawal charges, to ABI from Accounts in connection with payments by ABI to financial advisors with respect to their involvement in the offer and sale of interests in the Program.

As compensation for its services in connection with the Program on behalf of Participants who have not established Rhode Island Accounts, AllianceBernstein is to receive an annual fee of $25 for each calendar year chargeable to each such (non-Rhode Island) Account in existence at the end of the year other than Accounts which as of that December 31 were being funded through an Automatic Contribution Plan or through a Sponsored Contribution Plan or which then had a balance exceeding $25,000. For purposes of determining whether the balance exceeds $25,000, all of the Participant's Accounts having the same Beneficiary are aggregated. Gifts to Minors Act Accounts for a Beneficiary with a custodian who also holds another Account as Participant for the same Beneficiary and such other Account are treated as a single Account for fee purposes. The annual fee is not pro rated for Accounts in existence for less than a full year. The annual fee is not charged to Rhode Island Accounts. An administrative fee of $50 (or the amount withdrawn if less) is also imposed by AllianceBernstein on all Non-Qualified Withdrawals from an Account. This charge is in addition to the applicable 10% Additional Tax. In addition, a $50 administrative charge is imposed by AllianceBernstein on any Transfer or Rollover from the Program to Another Qualified Tuition Program.

AllianceBernstein, out of its own resources, and not out of the Program's assets, makes payments to RIHEAA to support RIHEAA's administrative costs, and to support higher education in Rhode Island more generally.

Financial Advisors; Sales Charges and Distribution Fees.

Rhode Island Accounts may be established with the involvement of financial advisors with whom ABI has entered into an agreement.

Accounts of Participants established with the involvement of financial advisors are subject to various charges in connection with the compensation of the financial advisors for their services as described in the "SALES CHARGES AND DISTRIBUTION FEES ADDENDUM" to this Program Description.

Other Fees and Penalties.

Other than the fees, charges and Non-Qualified Withdrawal Penalties referred to above, except pursuant to applicable law or as provided below, unless AllianceBernstein, RIHEAA and the SIC agree, no other fee, charge or penalty may be imposed under the Program in connection with the opening or maintenance of any Account, or in connection with any Contributions to, any transaction in, or any Withdrawal, Transfer or Rollover to or from, any Account. While RIHEAA does not currently impose such a charge, without the consent of AllianceBernstein and the SIC, RIHEAA may in the future impose an administrative fee against each Allocation Portfolio of up to 0.10% per year, calculated and payable quarterly, of the average daily balance thereof. All brokerage fees and other expenses in connection with transactions by an Underlying Portfolio will be borne by that Underlying Portfolio.

ACCOUNT STATEMENTS AND REPORTS; TAX WITHHOLDING; TAX REPORTS; AUDITS

Account Statements.

The Program Manager will prepare for each Account of each Participant calendar-quarter and calendar-year statements indicating at least the following information: (i) Contributions made to the Account during the period covered by the statement,

(ii) the total Contributions made to the Account through the end of the period, (iii) Withdrawals from the Account made during the period, (iv) the total value of the Account at the end of the period, (v) investment returns of each applicable Allocation Portfolio, and (vi) maximum Contribution limit information.

Householding.
Many Participants in the Program have family members living in the same house who are also Participants in the Program. In order to reduce the amount of duplicative mail that is sent to homes with more than one Participant and to reduce expenses, the Program Manager will, until notified otherwise, send only one copy of each Program Description and any Annual Information (as defined below) to Participants to each household address. This process, known as "householding", does not apply to account statements and confirmations, or personal tax information. If you do not wish to participate in householding, or wish to discontinue householding at any time, call ABI toll free at (888) 324-5057. We will resume separate mailings for your Account within 30 days of your request.

Tax Withholding.
Withdrawals from Accounts are not subject to federal backup withholding. Generally, neither federal nor state income tax is required to be withheld from withdrawals from Accounts.

Tax Reports.
To the extent required by federal, state or local law, Withdrawals and other matters will be reported to the IRS, state tax authorities, distributees and any other required persons. Under federal law, a report for an Account will be filed with the IRS for each calendar year in which a Withdrawal is made from the Account. The report is on a Form 1099-Q and, in addition to information identifying the Program as the payer and identifying the recipient, includes, among other required information, the total amount withdrawn during the year and both the earnings and basis (*i.e.*, Contributions) portions of the amount withdrawn. See "OPENING AND OPERATION OF ACCOUNTS—Earnings Portion of Withdrawals". For reporting purposes, the Beneficiary of a Withdrawal is considered to be the recipient if the Withdrawal is paid directly to the Beneficiary or to an Eligible Educational Institution for the benefit of the Beneficiary. Otherwise, the Participant of the Account is the recipient. If during a given calendar year there was a Transfer from the Account to Another Program, the amount transferred and the earnings and basis portions thereof will also be reported as a Transfer on a Form 1099-Q. By January 31 of the year following the year to which a report on Form 1099-Q pertains, the recipient of the Withdrawal will be furnished a copy of a report.

Audits.
The Program Manager is responsible for preparing a financial statement of the Program Fund for each fiscal year of the Trust ending June 30. This statement will be reflected in the annual financial statements of the Trust which are to be audited by an independent public accountant selected by RIHEAA. The auditor selected by RIHEAA for the financial statements dated June 30, 2011 is Lefkowitz, Garfinkel, Champi and DeRienzo P.C.

SECURITIES LAWS

RIHEAA has received an opinion of counsel that the interests in the Program and the Participation Agreements may be distributed in reliance upon the exemption from registration provided in Section 3(a)(2) under the Securities Act of 1933, as amended. In addition, RIHEAA has received an opinion of counsel confirming that the offering of the Program interests and the Participation Agreements may be conducted in

Rhode Island without registration under the Rhode Island securities law. On the advice of counsel, the Program interests and the Participation Agreements are also not required to be registered under the securities or "blue sky" laws of any other state or other jurisdiction. Under current law, interests in the Program and Participation Agreements are to be made available to persons in all fifty states and the District of Columbia.

CONTINUING DISCLOSURE

To comply with Rule 15c2-12(b)(5) of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"), RIHEAA, AllianceBernstein and ABI, as appropriate, have made appropriate arrangements for the benefit of Participants to produce and disseminate certain financial information and operating data (the "Annual Information") relating to the Program and notices of the occurrence of certain enumerated events as required by Rule 15c2-12(b)(5). They have made provision for the filing of the Annual Information and notices of certain enumerated events with the Municipal Securities Rulemaking Board in an electronic format, and accompanied by identifying information, as prescribed by the Municipal Securities Rulemaking Board. Although updated Program Descriptions and annual reports have been provided to Participants on a timely basis, the filing of Annual Information was not made on a timely basis for periods prior to August 20, 2007.

MISCELLANEOUS

References in this Program Description to certain documents and reports are only summaries, and reference is made to those documents and reports for full and complete information as to the content thereof. Copies of the Rhode Island legislation governing the Program, the Program Rules and Regulations, the Management Agreement and other documents and reports referred to in this Program Description are available by calling ABI toll free at (888) 324-5057.

UNDERLYING PORTFOLIOS ADDENDUM

Set forth below is a summary of the investment objectives and policies of the Underlying Portfolios, each of which is referred to therein as "the Portfolio" or "the Fund", as applicable. The summary also identifies principal risks to which the Underlying Portfolios may be subject, which are described following the summary of the investment objectives and policies. Following the risk description is certain information concerning the historical investment performance of the Education Strategies Portfolios and Individual Fund Portfolios. Additional information regarding each of the Underlying Portfolios, other than the AllianceBernstein Principal-Protection Income Portfolio, is set forth in the Underlying Portfolio's prospectus and statement of additional information ("SAI"). Additional information concerning the AllianceBernstein Principal-Protection Income Portfolio is set forth in a statement of pertinent information for that Portfolio. Copies of the prospectuses, SAIs, annual and semi-annual shareholder reports and the statement of pertinent information of the AllianceBernstein Principal-Protection Income Portfolio, as well as Underlying Portfolio performance information, can be obtained from financial advisors or by calling ABI toll free at (888) 324-5057. No offer is made in this Program Description of shares of any of the Underlying Portfolios.

INVESTMENT OBJECTIVES AND POLICIES AND PRINCIPAL INVESTMENT RISKS

Underlying Portfolios of the Education Strategies Portfolios. Shares of the following thirteen Underlying Portfolios comprise the Education Strategies Portfolios, as described in the "EDUCATION STRATEGIES PORTFOLIO AND ALLOCATION PERCENTAGES ADDENDUM".

ALLIANCEBERNSTEIN EXCHANGE RESERVES

Investment Objective and Policies. The Fund's investment objective, which is fundamental, is maximum current income to the extent consistent with safety of principal and liquidity. The Fund is a "money market fund" that seeks to maintain a stable net asset value ("NAV") of $1.00 per share although there is no guarantee that the Fund will maintain an NAV of $1.00 per share. The Fund invests in a portfolio of high-quality U.S. Dollar-denominated money market securities. The Fund may invest in: (i) marketable obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities, including obligations that are issued by private issuers that are guaranteed as to principal or interest by the U.S. Government, its agencies or instrumentalities; (ii) certificates of deposit and bankers' acceptances issued or guaranteed by, or time deposits maintained at, banks or savings and loan associations (including foreign branches of U.S. banks or U.S. or foreign branches of foreign banks) having total assets of more than $500 million; (iii) high-quality commercial paper (or, if not rated, commercial paper determined by AllianceBernstein to be of comparable quality) issued by U.S. or foreign companies and participation interests in loans made to companies that issue such commercial paper; (iv) adjustable rate obligations; (v) asset-backed securities; (vi) restricted securities (*i.e.*, securities subject to legal or contractual restrictions on resale); and (vii) repurchase agreements that are fully collateralized. The Fund may invest up to 25% of its net assets in money market instruments issued by foreign branches of foreign banks.

As a money market fund, the Fund must meet the requirements of the Securities and Exchange Commission Rule 2a-7. The Rule imposes strict conditions on the investment quality, maturity, and diversification of the Fund's investments. Among other things, Rule 2a-7 requires that the Fund's investments have (i) a remaining maturity of no more than 397 days unless otherwise permitted by Rule 2a-7, (ii) a weighted average maturity that does not exceed 60 days, and (iii) a weighted average life that does not exceed 120 days. Rule 2a-7 imposes daily and weekly liquidity standards that require the Fund to hold at least 10% and 30% of its total assets, respectively, in liquid assets as defined in Rule 2a-7. Rule 2a-7 also limits the Fund's investments in illiquid securities to 5% of its total assets.

Principal Risks of Investing. The principal risks of investing in the Fund are interest rate risk, credit risk, foreign (non-U.S.) risk, money market fund risk, liquidity risk and management risk.

ALLIANCEBERNSTEIN SHORT DURATION BOND PORTFOLIO

Investment Objective and Policies. The Portfolio has an investment objective of seeking to provide a moderate rate of income that is subject to taxes. The Portfolio invests primarily in investment-grade, U.S. Dollar-denominated fixed-income securities. Under normal circumstances, the Portfolio invests at least 80% of its net assets in fixed-income securities. The Portfolio seeks to maintain a relatively short duration of one to three years under normal market conditions.

The Portfolio may invest in many types of debt securities; including corporate bonds, notes, U.S. Government and agency securities, asset-backed securities, mortgage-related securities, and inflation protected securities, as well as other securities of U.S. and non-U.S. issuers. The Portfolio may also invest up to 20% of its assets in debt securities denominated in currencies other than the U.S. Dollar. The Portfolio may also invest up to 20% of its assets in hybrid instruments, which have characteristics of futures, options, currencies and securities.

Principal Risks of Investing. Among the principal risks of investing in the Portfolio are market risk, interest rate risk, credit risk, inflation risk, foreign (non-U.S.) risk, currency risk, derivatives risk and management risk.

ALLIANCEBERNSTEIN BOND INFLATION PROTECTION PORTFOLIO

Investment Objective and Policies. The Portfolio's investment objective is to maximize real return without assuming what AllianceBernstein considers to be undue risk. Real return equals total return less the estimated effect of inflation. The Portfolio pursues its objective by investing principally in Treasury Inflation-Protected Securities ("TIPS") directly or by gaining indirect exposure to TIPS through derivatives transactions such as total return swaps linked to TIPS. The Portfolio may also invest in other inflation-indexed securities, issued by both U.S. and non-U.S. issuers, and in derivative instruments linked to these securities. In addition, in seeking to maximize real return, the Portfolio may invest in other fixed-income investments such as U.S. and non-U.S. government securities, corporate fixed-income securities and mortgage-related securities, as well as derivatives linked to such securities. Under normal circumstances, the Portfolio invests at least 80% of its net assets in fixed-income securities. While the Portfolio expects to invest principally in investment grade securities, it may invest up to 15% of its total assets in lower-rated securities ("junk bonds").

Principal Risks of Investing. Among the principal risks of investing in the Portfolio are market risk, credit risk, interest risk, inflation risk, derivatives risk, foreign (non-U.S.) risk, currency risk, leverage risk, liquidity risk and management risk.

ALLIANCEBERNSTEIN INTERMEDIATE DURATION BOND PORTFOLIO

Investment Objective and Policies. The Portfolio has an investment objective of seeking to provide a moderate to high rate of income that is subject to taxes. The Portfolio may invest in many types of medium-quality debt securities, including corporate bonds, notes, U.S. Government and agency securities, asset-backed securities, mortgage-related securities and inflation-protected securities, as well as securities of U.S. and non-U.S. issuers.

Under normal circumstances, the Portfolio invests at least 80% of its net assets in debt securities. The Portfolio seeks to maintain a relatively longer duration of three to six years under normal market conditions. The Portfolio may also invest up to 20% of its total assets in debt securities denominated in currencies other than the U.S. Dollar. The Portfolio may also invest up to 20% of its assets in hybrid instruments, which have characteristics of futures, options, currencies and securities.

Principal Risks of Investing. Among the principal risks of investing in the Portfolio are market risk, interest rate risk, credit risk, inflation risk, foreign (non-U.S.) risk, currency risk, derivatives risk and management risk.

ALLIANCEBERNSTEIN HIGH-YIELD PORTFOLIO

Investment Objective and Policies. The Portfolio has an investment objective of seeking a high total return by maximizing current income and, to the extent consistent with that objective, capital appreciation. The Portfolio invests primarily in high-yield debt securities. Under normal circumstances, the Portfolio invests at least 80% of its net assets in these types of securities. The Portfolio invests in high-yield, below investment grade debt securities, commonly known as "junk bonds". The Portfolio seeks to maximize current income by taking advantage of market developments, yield disparities, and variations in the creditworthiness of issuers. In addition to U.S. fixed-income securities, the Portfolio may invest in U.S. Dollar-denominated and non-U.S. Dollar-denominated foreign fixed-income securities. The Portfolio may use leverage for investment purposes by entering into transactions such as reverse repurchase agreements and dollar rolls.

Principal Risks of Investing. Among the principal risks of investing in the Portfolio are market risk, interest rate risk, credit risk, below investment grade securities risk, inflation risk, foreign (non-U.S.) risk, currency risk, leverage risk, derivatives risk and management risk.

ALLIANCEBERNSTEIN VOLATILITY MANAGEMENT PORTFOLIO

Investment Objective and Policies. The Portfolio has an investment objective of seeking total return from growth of capital and income. The Portfolio is designed to reduce the overall portfolio volatility and equity exposure of a blended style investor (the "Investing Portfolio"), particularly in extreme market environments. By reducing the overall equity exposure of the Investing Portfolio, the Portfolio seeks to reduce the volatility of the Investing Portfolio's overall portfolio and therefore reduce volatility's negative impact on returns. The Portfolio will invest opportunistically in a wide range of instruments, including both physical commodities and derivatives, across a wide spectrum of asset classes, chosen for their potential to moderate the perceived increased equity market risk in the Investing Portfolio's overall portfolio. Therefore, in times when AllianceBernstein determines equity market risk to be "normal" and/or that the risk is appropriate to the return potential presented, the Portfolio's assets will be invested predominantly in equities. When AllianceBernstein determines that the risks in the equities markets have risen disproportionately to the potential returns offered, the Portfolio will respond defensively by seeking exposure to bonds or other fixed-income investments, real estate-related investments, commodity-linked investments or other instruments. The Portfolio is subject to the risk that it may not accomplish its purpose if AllianceBernstein does not correctly assess the risks in the equity markets and that consequently its performance may suffer.

Principal Risks of Investing. Among the principal risks of investing in the Portfolio are market risk, interest rate risk, credit risk, foreign (non-U.S.) risk, currency risk, emerging market risk, inflation risk, commodity risk, derivatives risk and management risk.

ALLIANCEBERNSTEIN MULTI-ASSET REAL RETURN PORTFOLIO

(formerly the AllianceBernstein Global Real Estate Investment Portfolio)

Investment Objective and Policies. The Portfolio has an investment objective of maximizing real return over inflation. The Portfolio invests primarily in instruments that AllianceBernstein expects to outperform broad equity indices during periods of rising inflation. Under normal circumstances, the Portfolio expects to invest its assets principally in the following instruments that, in the judgment of AllianceBernstein, are affected directly or indirectly by the level and change in the rate of inflation: inflation-protected fixed-income securities, such as Treasury Inflation-Protected Securities or TIPS, and similar bonds issued by governments outside of the U.S., commodities, commodity-related stocks, real estate securities, utility securities, infrastructure related securities, currencies, and securities and derivatives linked to the price of other assets (such as commodities, stock indices and real estate).

The Portfolio's investments, other than inflation-protected securities, will focus equally on commodity-related equity securities, commodities and commodities derivatives, and real-estate equity securities.

The Portfolio may invest significantly in derivatives, such as options, futures, forwards and swaps, and intends to use leverage for investment purposes. The Portfolio will seek to gain exposure to physical commodities traded in the commodities markets through investments in derivatives, including investments in commodity index-linked notes. The Portfolio expects to make these investments primarily through investing up to 25% of its assets in a wholly-owned subsidiary organized under the laws of the Cayman Islands.

Principal Risks of Investing. Among the principal risks of investing in the Portfolio are: market risk, credit risk, interest rate risk, derivatives risk, foreign (non-U.S.) risk, commodity risk, currency risk, leverage risk, liquidity risk, non-diversification risk, real estate risk and management risk.

ALLIANCEBERNSTEIN INTERNATIONAL GROWTH PORTFOLIO

Investment Objective and Policies. The Portfolio's investment objective is long-term growth of capital. The Portfolio invests primarily in an international portfolio of companies selected by AllianceBernstein whose growth potential appears likely to outpace market expectations. AllianceBernstein's growth analysts use proprietary research to seek to identify companies or industries that grow while creating a significant amount of "economic value". These companies typically exhibit solid, durable growth, strong, sustainable competitive advantages, high return on invested capital (ROIC) and robust free cash flow. The Portfolio invests, under normal circumstances, in the equity securities of companies located in at least three countries (and normally substantially more) other than the United States. The Portfolio invests in securities of companies in both developed and emerging market countries. AllianceBernstein expects that normally the Portfolio's portfolio will tend to emphasize investments in larger capitalization companies.

Principal Risks of Investing. Among the principal risks of investing in the Portfolio are market risk, foreign (non-U.S.) risk, emerging market risk, currency risk, derivatives risk and management risk.

ALLIANCEBERNSTEIN INTERNATIONAL VALUE PORTFOLIO

Investment Objective and Policies. The Portfolio's investment objective is long-term growth of capital. The Portfolio invests primarily in a diversified portfolio of equity securities of established companies selected from more than 40 industries and from more than 40 developed or emerging market countries. The Portfolio normally invests in companies in at least three countries other than the United States. The Portfolio's investment policies emphasize investment in companies that AllianceBernstein's Bernstein unit (the "Bernstein unit") determines to be undervalued using a fundamental value approach. In selecting securities for the Portfolio, the Bernstein unit uses its fundamental research to identify companies whose long-term earnings power is not reflected in the current market price of their securities.

Principal Risks of Investing. Among the principal risks of investing in the Portfolio are market risk, foreign (non-U.S.) risk, emerging market risk, currency risk, derivatives risk and management risk. To the extent that the Portfolio invests a substantial amount of its assets in a particular country, an investment in the Portfolio is subject to the risk that market changes or other events affecting that country may have a more significant effect on the Portfolio's net asset value (NAV).

ALLIANCEBERNSTEIN SMALL-MID CAP GROWTH PORTFOLIO

Investment Objective and Policies. The Portfolio has an investment objective of seeking long-term growth of capital. The Portfolio invests primarily in a diversified portfolio of equity securities of U.S. companies with relatively smaller market capitalizations as compared to the overall U.S. equity market. Under normal circumstances, the Portfolio invests at least 80% of its net assets in small- and mid-capitalization companies. For these purposes, "small- and mid-capitalization companies" are those companies that, at the time of investment, fall within the lowest 25% of the total U.S. equity market capitalization (excluding, for purposes of this calculation, companies with market capitalizations of less than $10 million). As of December 31, 2010, there were approximately 4,401 companies within the lowest 25% of the total U.S. equity market capitalization (excluding companies with market capitalizations of less than $10 million) with market capitalizations ranging from $10 million to $11.9 billion. In the future, the Portfolio may define small- and mid-capitalization companies using a different classification system.

The Portfolio may invest in any company and industry and in any type of equity security with the potential for capital appreciation. It invests in well-known and established companies and in new and less-seasoned companies. The Portfolio's investment policies emphasize investments in companies that are demonstrating improving financial results and a favorable earnings outlook. Normally, the Portfolio invests in approximately 60-120 companies broadly diversified by sector. The Portfolio may invest in foreign securities.

Principal Risks of Investing. Among the principal risks of investing in the Portfolio are market risk, capitalization risk, foreign (non U.S.) risk, derivatives risk and management risk.

ALLIANCEBERNSTEIN SMALL-MID CAP VALUE PORTFOLIO

Investment Objective and Policies. The Portfolio has an investment objective of seeking long-term growth of capital. The Portfolio invests primarily in a diversified portfolio of equity securities of small- to mid-capitalization U.S. companies generally representing 60-110 companies. Under normal circumstances, the Portfolio invests at least 80% of its net assets in small- to mid-capitalization companies. For these purposes, "small- and mid-capitalization companies" are those that, at the time of investment, fall within the capitalization range between the smallest company in the Russell 2500™ Value Index and the greater of $5 billion or the market capitalization of the largest company in the Russell 2500™ Value Index. As of October 31, 2010, the market capitalizations of companies in the Russell 2500™ Value Index ranged from $27 million to $9.15 billion. Because the Portfolio's definition of small- to mid-capitalization companies is dynamic, the lower and upper limits on market capitalization will change with the markets.

The Portfolio invests in securities determined by AllianceBernstein to be undervalued, using the Bernstein unit's fundamental value approach. In selecting securities for the Portfolio, the Bernstein unit uses its fundamental research to identify companies whose long-term earnings power is not reflected in the current market price of their securities. The Portfolio may also invest up to 20% of its total assets in equity securities issued by non-U.S. companies.

Principal Risks of Investing. Among the principal risks of investing in the Portfolio are market risk, capitalization risk, foreign (non-U.S.) risk, currency risk, derivatives risk and management risk.

ALLIANCEBERNSTEIN U.S. LARGE CAP GROWTH PORTFOLIO

Investment Objective and Policies. The Portfolio has an investment objective of seeking long-term growth of capital. The Portfolio invests primarily in equity securities of companies with relatively larger market capitalizations as compared to the overall U.S. equity markets. The Portfolio focuses on a limited number of large, carefully selected U.S. companies that that are judged likely to achieve superior earnings growth. AllianceBernstein tends to focus on companies that have strong management, superior earnings positions, excellent balance sheets and superior earnings growth prospects. Normally, about 50-70 companies will be represented in the Portfolio's portfolio, with the 25 most highly regarded of these constituting approximately 70% of the Portfolio's net assets. The Portfolio may also invest in non-U.S. securities.

Under normal circumstances, the Portfolio invests at least 80% of its net assets in equity securities of large-capitalization U.S. companies. For these purposes, "large-capitalization U.S. companies" are those that, at the time of investment, have market capitalizations within the range of the market capitalizations of companies appearing in the Russell 1000® Growth Index. While the market capitalization of companies in the Russell 1000® Growth Index ranged from approximately $1.028 billion to $339 billion as of October 31, 2010, the Portfolio normally will invest in common stocks of companies with market capitalizations of at least $5 billion at the time of purchase.

Principal Risks of Investing. Among the principal risks of investing in the Portfolio are market risk, foreign (non-U.S.) risk, focused portfolio risk and management risk.

ALLIANCEBERNSTEIN U.S. VALUE PORTFOLIO

Investment Objective and Policies. The Portfolio has an investment objective of seeking long-term growth of capital. The Portfolio invests primarily in a diversified portfolio of equity securities of U.S. companies with relatively larger market capitalizations as compared to the overall U.S. market. The Portfolio's investment policies emphasize investment in companies that the Bernstein unit considers to be undervalued because they are attractively priced relative to their future earnings power and dividend-paying capability. Under normal circumstances, the Portfolio invests at least 80% of its net assets in equity securities issued by U.S. companies. AllianceBernstein relies heavily on the fundamental analysis and research of its Bernstein unit's large internal research staff in making investment decisions for the Portfolio.

Principal Risks of Investing. Among the principal risks of investing in the Portfolio are market risk, derivatives risk and management risk.

Funds Available to Individual Fund Portfolios. Shares of the following thirteen Individual Fund Portfolios are available to Participants.

ALLIANCEBERNSTEIN BOND FUND, INC.—ALLIANCEBERNSTEIN INTERMEDIATE BOND PORTFOLIO

Investment Objective and Policies. The Fund's investment objective is to generate income and price appreciation without assuming what AllianceBernstein considers undue risk. The Fund invests, under normal circumstances, at least 80% of its net assets in fixed-income securities. The Fund expects to invest in readily marketable fixed-income securities with a range of maturities from short- to long-term and relatively attractive yields that do not involve undue risk of loss of capital. The Fund expects to invest in fixed-income securities with a dollar-weighted average maturity of between three to ten years and an average duration of three to six years. The Fund may invest up to 25% of its net assets in below investment grade bonds. The Fund may use leverage for investment purposes. The Fund may invest without limit in U.S. Dollar-denominated foreign fixed-income securities and may invest up to 25% of its assets in non-U.S. Dollar-denominated foreign fixed-income securities. These investments may include, in each case, developed and emerging market debt securities. AllianceBernstein selects securities for purchase or sale based on its assessment of the securities' risk and return characteristic as well as the securities impact on the overall risk and return characteristics of the Fund. In making this assessment, AllianceBernstein takes into account various factors including the credit quality and sensitivity to interest rates of the securities under consideration and of the Fund's other holdings. The Fund may invest in mortgage-related and other asset-backed securities, loan participations, inflation-protected securities, structured securities, variable, floating, and inverse floating rate instruments and preferred stock, and may use other investment techniques. The Fund intends, among other things, to enter into transactions such as reverse repurchase agreements, and dollar rolls. The Fund may invest, without limit, in derivatives, such as options, futures, forwards, or swap agreements.

The Fund expects to engage in active and frequent trading of portfolio securities to achieve its principal investment strategies. A higher rate of portfolio turnover increases transaction expenses, which may negatively affect the Fund's performance. High portfolio turnover also may result in the realization of substantial net short-term capital gains, which, when distributed, are taxable to shareholders.

Principal Risks of Investing. Among the principal risks of investing in the Fund are market risk, interest rate risk, credit risk, below investment grade securities risk, inflation risk, prepayment/call risk, foreign (non-U.S.) risk, currency risk, emerging market risk, derivatives risk and management risk.

ALLIANCEBERNSTEIN GLOBAL THEMATIC GROWTH FUND, INC.

Investment Objective and Policies. The Fund's investment objective is long-term growth of capital. The Fund pursues opportunistic growth by investing in a global universe of companies in multiple industries that may benefit from innovation. AllianceBernstein employs a combination of "top-down" and "bottom-up" investment processes with the goal of identifying the most attractive securities worldwide, fitting into our broader themes, which are developments that have broad effects across industries and companies. Drawing on the global fundamental and quantitative research capabilities of AllianceBernstein, and its economists' macro-economic insights, AllianceBernstein seeks to identify long-term trends that will affect multiple industries. AllianceBernstein will assess the effects of these trends, in the context of the business cycle, on entire industries and on individual companies. Through this process, AllianceBernstein intends to identify key investment themes, which will be the focus of the Fund's investments and which are expected to change over time based on AllianceBernstein's research.

In addition to this "top-down" thematic approach, AllianceBernstein will also use a "bottom-up" analysis of individual companies that focuses on prospective earnings growth, valuation and quality of company management. AllianceBernstein normally considers a universe of approximately 2,600 mid- to large-capitalization companies worldwide for investment. The Fund invests in securities issued by U.S. and non-U.S. companies from multiple industry sectors in an attempt to maximize opportunity, which should also tend to reduce risk. The Fund invests in both developed and emerging market countries. Under normal market conditions, the Fund invests significantly (at least 40%—unless market conditions are not deemed favorable by AllianceBernstein) in securities of non-U.S. companies. In addition, the Fund invests, under normal circumstances, in the equity securities of companies located in at least three countries.

The percentage of the Fund's assets invested in securities of companies in a particular country or denominated in a particular currency varies in accordance with AllianceBernstein's assessment of the appreciation potential of such securities. The Fund may invest in any company and industry and in any type of equity security, listed and unlisted, with potential for capital appreciation. It invests in well-known, established companies as well as new, smaller or less-seasoned companies. Investments in new, smaller or less-seasoned companies may offer more reward but may also entail more risk than is generally true of larger, established companies. The Fund may also invest in synthetic foreign equity securities, which are various types of warrants used internationally that entitle a holder to buy or sell underlying securities, real estate investment trusts and zero coupon bonds. Normally, the Fund invests in about 60-80 companies.

Currencies can have a dramatic impact on equity returns, significantly adding to returns in some years and greatly diminishing them in others. Currency and equity positions are evaluated separately. AllianceBernstein may seek to hedge the currency exposure resulting from securities positions when it finds the currency exposure unattractive. To hedge a portion of its currency risk, the Fund may from time to time invest in currency-related derivatives, including forward currency exchange contracts, futures, options on futures, swaps and options. AllianceBernstein may also seek investment opportunities by taking long or short positions in currencies through the use of currency-related derivatives.

Principal Risks of Investing. Among the principal risks of investing in the Fund are market risk, foreign (non-U.S.) risk, emerging market risk, currency risk, derivatives risk, capitalization risk and management risk.

ALLIANCEBERNSTEIN GROWTH AND INCOME FUND, INC.

Investment Objective and Policies. The Fund's investment objective is long-term growth of capital. The Fund invests primarily in the equity securities of U.S. companies that AllianceBernstein believes are undervalued, focusing on dividend-paying securities. AllianceBernstein believes that, over time, a company's stock price will come to reflect its intrinsic economic value. The Fund may invest in companies of any size and in any industry.

AllianceBernstein depends heavily upon the fundamental analysis and research of its large internal research staff in making investment decisions for the Fund. The research staff follows a primary research universe of approximately 500 largely U.S. companies. In determining a company's intrinsic economic value, AllianceBernstein takes into account many fundamental and financial factors that it believes bear on the company's ability to perform in the future, including earnings growth, prospective cash flows, dividend growth and growth in book value. AllianceBernstein then ranks each of the companies in its research universe in the relative order of disparity between their intrinsic economic values and their current stock prices, with companies with the greatest disparities receiving the highest rankings (*i.e.*, being considered the most undervalued). AllianceBernstein anticipates that the Fund's portfolio normally will include approximately 60-90 companies, with substantially all of those companies ranking in the top three deciles of AllianceBernstein's valuation model.

AllianceBernstein recognizes that the perception of what is a "value" stock is relative and the factors considered in determining whether a stock is a "value" stock may, and often will, have differing relative significance in different phases of an economic cycle. Also, at different times, and as a result of how individual companies are valued in the market, the Fund may be attracted to investments in companies with different market capitalizations (*i.e.*, large-, mid- or small-capitalization) or companies engaged in particular types of business (*e.g.,* banks and other financial institutions), although the Fund does not intend to concentrate in any particular industries or businesses. The Fund's portfolio emphasis upon particular industries or sectors will be a by-product of the stock selection process rather than the result of assigned targets or ranges. The Fund also invests in high-quality securities of non-U.S. issuers. The Fund may enter into derivatives transactions, such as options, futures, forwards, and swap agreements.

Principal Risks of Investing. Among the principal risks of investing in the Fund are market risk, foreign (non-U.S.) risk, currency risk, industry/sector risk and management risk.

ALLIANCEBERNSTEIN LARGE CAP GROWTH FUND, INC.

Investment Objective and Policies. The Fund's investment objective is long-term growth of capital. The Fund invests primarily in equity securities of a limited number of large, carefully selected, high-quality U.S. companies. AllianceBernstein tends to focus on those companies that have strong management, superior industry positions, excellent balance sheets and superior earnings growth prospects. Under normal circumstances, the Fund will invest at least 80% of its net assets in common stocks of large-capitalization companies. For these purposes, "large-capitalization companies" are those that, at the time of investment, have market capitalizations within the range of market capitalizations of companies appearing in the Russell 1000® Growth Index. While the market capitalizations of companies in the Russell 1000® Growth Index ranged from approximately $1 billion to almost $291 billion as of June 30, 2010, the Fund normally will invest in common stocks of companies with market capitalizations of at least $5 billion at the time of purchase. AllianceBernstein expects that normally the Fund's portfolio will tend to emphasize investments in securities issued by U.S. companies, although it may invest in foreign securities. The Fund is designed for those seeking to accumulate capital over time with less volatility than that associated with investment in smaller companies. Normally, the Fund invests in about 50-70 companies, with the 25 most highly regarded of these companies usually constituting approximately 70% of the Fund's net assets. The Fund is thus atypical from most equity mutual funds in its focus on a relatively small number of intensively researched companies.

Principal Risks of Investing. Among the principal risks of investing in the Fund are market risk, focused portfolio risk, foreign (non-U.S.) risk, derivatives risk and management risk.

ALLIANCEBERNSTEIN PRINCIPAL-PROTECTION INCOME PORTFOLIO

Investment Objective and Policies. The Portfolio is a separately managed portfolio of assets held directly by the Trust. The Portfolio's investment objective is to generate higher returns than most money market funds from a portfolio of fixed-income securities protected from fluctuations in value typically associated with bond funds. The Portfolio will invest under normal market conditions primarily in a diversified portfolio of investment grade readily marketable U.S. Government securities, foreign government securities, corporate fixed-income securities, mortgage-related securities and asset-backed securities of domestic and foreign issuers in developed and developing countries. The Portfolio may also invest up to 5% of its assets in non-investment grade fixed-income securities. The securities in which the Portfolio invests may be denominated in either U.S. Dollars or any foreign currency, although foreign currency-denominated securities are not to exceed 5% of the Portfolio's assets. The Portfolio may use forward currency contracts for hedging purposes. The Portfolio intends, under normal market conditions, to maintain an average quality rating of these portfolio assets of AA or above, as determined by S&P or Moody's, and to maintain an average duration of these assets of two to five years. In addition, under normal market conditions the Portfolio will usually invest approximately 10% of its assets, and may from time to time invest without limit, in investment-grade money market securities, including shares of AllianceBernstein Exchange Reserves. With the consent of RIHEAA and the SIC, AllianceBernstein may from time to time, in connection with entering into a Wrapper Agreement (defined below), delegate to the Wrapper Provider (defined below) or one of its affiliates responsibility for the management of a portion of the Portfolio's Covered Assets (defined below), subject to the same restrictions on credit quality and duration to which the Portfolio as a whole is subject. The cost of such management, if any, as well as the cost of the Wrapper Agreement, is included in the aggregate underlying portfolio expenses paid to AllianceBernstein.

The Portfolio will attempt to reduce significantly under normal circumstances fluctuations in value of its assets, other than money market securities, by entering into one or more contracts, known as "Wrapper Agreements", each with a financial institution, such as an insurance company or a bank (the "Wrapper Provider") whose long-term credit rating when the Wrapper Agreement is entered into is in the highest three categories as determined by S&P, Moody's or Fitch, Inc. A Wrapper Agreement currently enables the Portfolio, regardless of market fluctuations, to value the assets of the Portfolio covered by the Wrapper Agreement (the "Covered Assets") at their book value. Book value essentially means all Contributions allocated to the Portfolio to the extent invested in Covered Assets, plus all income accrued at the "Crediting Rate" described below, as in effect from time to time, less the sum of withdrawals from the Covered Assets. Should the amount received from liquidating the Covered Assets ever be insufficient to satisfy requested withdrawals from the Covered Assets, under normal circumstances the Wrapper Providers would be obligated to pay the amount of the insufficiency to the Portfolio. Since the Portfolio is thus assured that it can pay out all withdrawals at book value, the Portfolio can under normal circumstances value the Wrapper Agreements at the difference between the book value and the market value of the Covered Assets. If the market value of the Covered Assets exceeded their book value, the difference would not be reflected in the Portfolio's valuation of the Covered Assets.

The "Crediting Rate" is designed to result in the accrual of income over time equal to the cumulative market return on the Covered Assets, but without the fluctuations in value typically associated with fixed-income securities. The formula for setting the Crediting Rate, which under normal circumstances is reset quarterly, is to be provided for in each Wrapper Agreement and is designed, with reference to current interest rates on high-quality intermediate-term debt obligations, to generate a rate or income on the book value of the Covered Assets that equates the book value of Covered Assets to their market value over a period approximating the duration of the Covered Assets. The Crediting Rate will reflect movements in market interest rates, but will generally lag market interest rate changes. At any time, the Crediting Rate may be more or less than both current market interest rates and the actual return on the Covered Assets. The Crediting Rate will in no event be less than zero.

The Portfolio's total return is the sum of its income on the Covered Assets calculated at the Crediting Rate applicable from time to time and the return on the Portfolio's money market securities, which are not Covered Assets, and any other assets not covered by the Wrapper Agreement as discussed below. To the extent the Portfolio invests in money market securities and/or other assets that are not Covered Assets under a Wrapper Agreement, the total return of the Portfolio may be less or more than the Crediting Rate.

Principal Risks of Investing. Among the principal risks of investing in the Portfolio are interest rate risk, credit risk, market risk and management risk. To the extent the Portfolio invests in foreign securities, these securities have foreign risk and currency risk. While Wrapper Agreements are used to reduce significantly fluctuations in value of the Covered Assets, the use of Wrapper Agreements involves particular risks and considerations. See "INVESTMENT RISKS—AllianceBernstein Principal-Protection Income Portfolio Wrapper Agreement Risks and Particular Considerations" below. The use of Wrapper Agreements does not assure that the Portfolio will achieve its investment objective, and a Participant may still lose money by selecting the AllianceBernstein Principal-Protection Income Portfolio.

ALLIANCEBERNSTEIN SMALL CAP GROWTH PORTFOLIO

Investment Objective and Policies. The Portfolio's investment objective is long-term growth of capital. The Portfolio invests primarily in a diversified portfolio of equity securities with relatively smaller capitalizations as compared to the overall U.S. market. Under normal circumstances, the Portfolio invests at least 80% of its net assets in equity securities of smaller companies. For these purposes, "smaller companies" are those that, at the time of investment, fall within the lowest 20% of the total U.S. equity market capitalization (excluding, for purposes of this calculation, companies with market capitalizations of less than $10 million). As of June 30, 2010, there were approximately 4,300 smaller companies, and those smaller companies had market capitalizations ranging up to approximately $7 billion. Because the Portfolio's definition of smaller companies is dynamic, the limits on market capitalization will change with the markets. The Portfolio may invest in any company and industry and in any type of equity security with potential for capital appreciation. It invests in well-known and established companies and in new and less-seasoned companies. The Portfolio's investment policies emphasize investments in companies that are demonstrating improving financial results and a favorable earnings outlook. The Portfolio may invest in foreign securities. When selecting securities, AllianceBernstein typically looks for companies that have strong, experienced management teams, strong market positions, and the potential to support greater than expected earnings growth rates. In making specific investment decisions for the Portfolio, AllianceBernstein combines fundamental and quantitative analysis in its stock selection process. The Portfolio may periodically invest in the securities of companies that are expected to appreciate due to a development particularly or uniquely applicable to that company regardless of general business conditions or movements of the market as a whole. Normally, the Portfolio invests in about 95-125 companies.

The Portfolio invests primarily in equity securities but may also invest in other types of securities, such as preferred stocks. The Portfolio may also invest in reverse repurchase agreements and up to 20% of its total assets in rights or warrants.

Principal Risks of Investing. Among the principal risks of investing in the Portfolio are market risk, capitalization risk, foreign (non-U.S.) risk, derivatives risk and management risk.

ALLIANCEBERNSTEIN SMALL/MID CAP GROWTH FUND

Investment Objective and Policies. The Fund's investment objective is long-term growth of capital. The Fund invests primarily in a diversified portfolio of equity securities with relatively smaller capitalizations as compared to the overall U.S. market. Under normal circumstances, the Fund invests at least 80% of its net assets in the equity securities of small- and mid-capitalization companies. For these purposes, "small- and mid-capitalization companies" are generally those companies that, at the time of investment, fall within the lowest 25% of the total U.S. equity market capitalization (excluding, for purposes of this calculation, companies with market capitalizations of less than $10 million). As of December 31, 2010, there were approximately 4,401 companies within the lowest 25% of the total U.S. equity market capitalization (excluding companies with market capitalizations of less than $10 million) with market capitalizations ranging from $10 million to $11.9 billion. In the future, the Fund may define small- and mid-capitalization companies using a different classification system.

The Fund may invest in any company and industry and in any type of equity security with potential for capital appreciation. It invests in well-known and established companies and in new and less-seasoned companies. The Fund's investment policies emphasize investments in companies that are demonstrating improving financial results and a favorable earnings outlook. The Fund may invest in foreign securities. When selecting securities, AllianceBernstein typically looks for companies that have strong, experienced management teams, strong market positions, and the potential to support greater than expected earnings growth rates. In making specific investment decisions for the Fund, AllianceBernstein combines fundamental and quantitative analysis in its stock selection process. The Fund may periodically invest in the securities of companies that are expected to appreciate due to a development particularly or uniquely applicable to that company regardless of general business conditions or movements of the market as a whole. Normally, the Fund invests in approximately 60-120 stocks broadly diversified by sector.

The Fund invests principally in equity securities but may also invest in other types of securities, such as preferred stocks. The Fund may also invest in reverse repurchase agreements and up to 20% of its total assets in rights and warrants.

Principal Risks of Investing. Among the principal risks of investing in the Fund are market risk, foreign (non-U.S.) risk, derivatives risk, capitalization risk and management risk.

ALLIANCEBERNSTEIN TRUST—ALLIANCEBERNSTEIN INTERNATIONAL VALUE FUND

Investment Objective and Policies. The Fund's investment objective is long-term growth of capital. The Fund invests primarily in a diversified portfolio of equity securities of established companies selected from more than 40 industries and more than 40 developed and emerging market countries. These countries currently include the developed nations in Europe and the Far East, Canada, Australia and emerging market countries worldwide.

Under normal market conditions, the Fund invests significantly (at least 40%—unless market conditions are not deemed favorable by AllianceBernstein) in securities of non-U.S. companies. In addition, the Fund invests, under normal circumstances, in the equity securities of companies located in at least three countries.

The Fund invests in companies that are determined by the Bernstein unit to be undervalued, using a fundamental value approach. In selecting securities for the Fund's portfolio, the Bernstein unit uses its fundamental and quantitative research to identify companies whose stocks are priced low in relation to their perceived long-term earnings power.

The Bernstein unit's fundamental analysis depends heavily upon its large internal research staff. The research staff begins with a global research universe of approximately 2,000 international and emerging market companies. Teams within the research staff cover a given industry worldwide, to better understand each company's competitive position in a global context. AllianceBernstein typically projects a company's financial performance over a full economic cycle, including a trough and a peak, within the context of forecasts for real economic growth, inflation and interest rate changes. The Bernstein unit focuses on the valuation implied by the current price, relative to the earnings the company will be generating five years from now, or "normalized" earnings, assuming average mid-economic cycle growth for the fifth year.

Currencies can have a dramatic impact on equity returns, significantly adding to returns in some years and greatly diminishing them in others. AllianceBernstein evaluates currency and equity positions separately and may seek to hedge the currency exposure resulting from securities positions when it finds the currency exposure unattractive. To hedge a portion of its currency risk, the Fund may from time to time invest in currency-related derivatives, including forward currency exchange contracts, futures, options on futures, swaps and options. AllianceBernstein may also seek investment opportunities by taking long or short positions in currencies through the use of currency-related derivatives. The team Fund's management team will generally sell a security when it no longer meets appropriate valuation criteria, although sales may be delayed when positive return trends are favorable. The Fund may invest in depositary receipts, instruments of supranational entities denominated in the currency of any country, securities of multi-national companies and "semi-governmental securities", and enter into forward commitments. The Fund may enter into derivatives transactions, such as options, futures, forwards, and swap agreements.

Principal Risks of Investing. Among the principal risks of investing in the Fund are market risk, foreign (non-U.S.) risk, currency risk, emerging market risk, derivatives risk, leverage risk and management risk.

ALLIANCEBERNSTEIN TRUST—ALLIANCEBERNSTEIN SMALL/MID CAP VALUE FUND

Investment Objective and Policies. The Fund's investment objective is long-term growth of capital. The Fund invests primarily in a diversified portfolio of equity securities of small- to mid-capitalization U.S. companies, generally representing 60 to 125 companies. Under normal circumstances, the Fund invests at least 80% of its net assets in securities of small- to mid-capitalization companies. For purposes of this policy, small- to mid-capitalization companies are those that, at the time of investment, fall within the capitalization range between the smallest company in the Russell 2500™ Value Index and the greater of $5 billion or the market capitalization of the largest company in the Russell 2500™ Value Index. Because the Fund's definition of small- to mid-capitalization companies is dynamic, the lower and upper limits on market capitalization will change with the markets. As of December 31, 2010, there were approximately 1,646 small- to mid-capitalization companies, representing a market capitalization range from nearly $42.0 million to approximately $9.6 billion. The Fund invests in companies that are determined by AllianceBernstein to be undervalued, using the Bernstein unit's fundamental value approach. In selecting securities for the Fund's portfolio, the Bernstein unit uses its fundamental and quantitative research to identify companies whose long-term earnings power is not reflected in the current market price of their securities. In selecting securities for the Fund's portfolio, the Bernstein unit looks for companies with attractive valuation (for example, with low price to book ratios) and compelling success factors (for example, momentum and return on equity). The Bernstein unit then uses this information to calculate an expected return. Returns and rankings are updated on a daily basis. The rankings are used to determine prospective candidates for further fundamental research and, subsequently, possible addition to the portfolio. Typically, the Bernstein unit's fundamental research analysts focus their research on the most attractive 20% of the universe.

AllianceBernstein typically projects a company's financial performance over a full economic cycle, including a trough and a peak, within the context of forecasts for real economic growth, inflation and interest rate changes. The Bernstein unit focuses on the valuation implied by the current price, relative to the earnings the company will be generating five years from now, or "normalized" earnings, assuming average mid-economic cycle growth for the fifth year.

The Bernstein unit seeks to manage overall portfolio volatility relative to the universe of companies that comprise the lowest 20% of the total U.S. market capitalization by favoring promising securities that offer the best balance between return and targeted risk. At times, the Fund may favor or disfavor a particular sector compared to that universe of companies. The Fund may invest significantly in companies involved in certain sectors that constitute a material portion of the universe of small- and mid-capitalization companies, such as financial services and consumer services.

The Fund's management team will generally sell a security when it no longer meets appropriate valuation criteria, although sales may be delayed when positive return trends are favorable. Typically, growth in the size of a company's market capitalization relative to other domestically traded companies will not cause the Fund to dispose of the security. The Fund may invest in securities issued by non-U.S. companies and enter into forward commitments. The Fund may enter into derivatives transactions, such as options, futures, forwards, and swap agreements.

Principal Risks of Investing. Among the principal risks of investing in the Fund are market risk, capitalization risk, derivatives risk, foreign (non-U.S.) risk, currency risk and management risk.

ALLIANCEBERNSTEIN TRUST—ALLIANCEBERNSTEIN VALUE FUND

Investment Objective and Policies. The Fund's investment objective is long-term growth of capital. The Fund invests primarily in a diversified portfolio of equity securities of U.S. companies, generally representing approximately 95-150 companies, with relatively large market capitalizations that AllianceBernstein believes are undervalued. The Fund invests in companies that are determined by AllianceBernstein to be undervalued, using the Bernstein unit's fundamental value approach. The fundamental value approach seeks to identify a universe of securities that are considered to be undervalued because they are attractively priced relative to their future earnings power and dividend-paying capability. In selecting securities for the Fund's portfolio, the

Bernstein unit uses its fundamental and quantitative research to identify companies whose long-term earnings power and dividend-paying capability are not reflected in the current market price of their securities.

The Bernstein unit's fundamental analysis depends heavily upon its large internal research staff. The research staff of company and industry analysts covers a research universe of approximately 650 companies. This universe covers approximately 90% of the capitalization of the Russell 1000™ Value Index. AllianceBernstein typically projects a company's financial performance over a full economic cycle, including a trough and a peak, within the context of forecasts for real economic growth, inflation and interest rate changes. The research staff focuses on the valuation implied by the current price, relative to the earnings the company will be generating five years from now, or "normalized" earnings, assuming average mid-economic cycle growth for the fifth year.

The team will generally sell a security when it no longer meets appropriate valuation criteria, although sales may be delayed when positive return trends are favorable. The Fund may invest in securities of non-U.S. issuers and enter into forward commitments. The Fund may enter into derivatives transactions, such as options, futures, forwards, and swap agreements.

Principal Risks of Investing. Among the principal risks of investing in the Fund are market risk, derivatives risk, foreign (non-U.S.) risk, currency risk and management risk.

VANGUARD TOTAL BOND MARKET INDEX PORTFOLIO

Investment Objective and Policies. The Portfolio seeks to track the performance of a broad, market-weighted bond index. The Portfolio invests in Vanguard Total Bond Market Index Fund (the "Fund"), which employs a "passive management"—or indexing—investment approach designed to track the performance of the Barclays Capital U.S. Aggregate Float Adjusted Index. This Index represents a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset- backed securities—all with maturities of more than 1 year.

The Fund invests by *sampling* the Index, meaning that it holds a broadly diversified collection of securities that, in the aggregate, approximates the full index in terms of key risk factors and other characteristics. All of the Fund's investments will be selected through the sampling process, and at least 80% of the Fund's assets will be invested in bonds held in the Index. The Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years.

Principal Risks of Investing. The Portfolio primarily is subject to interest rate risk, income risk, and prepayment/call risk, and, to a lesser extent, credit risk and index sampling risk. In addition, the Portfolio's target index may, at times, become focused in securities of a particular sector, category, or group of companies in which case the Portfolio may be subject to industry/sector risk.

VANGUARD TOTAL INTERNATIONAL STOCK INDEX PORTFOLIO

Investment Objective and Policies. The Portfolio seeks to track the performance of a benchmark index that measures the investment return of stocks issued by companies located in developed and emerging markets, excluding the United States. The Portfolio invests in Vanguard Total International Stock Index Fund (the "Fund"), which employs a "passive management"—or indexing—investment approach designed to track the performance of the MSCI All Country World ex USA Investable Market Index (MSCI ACWI ex USA IMI Index), a free float-adjusted market capitalization index designed to measure equity market performance of companies located in developed and emerging markets, excluding the United States. The Index includes more than 6,000 stocks of companies located in 44 countries. The Fund invests all, or substantially all, of its assets in the common stocks included in its target index.

Principal Risks of Investing. The Portfolio primarily is subject to market risk, capitalization risk, foreign (non-U.S.) risk, currency risk, and emerging market risk.

VANGUARD TOTAL STOCK MARKET INDEX PORTFOLIO

Investment Objective and Policies. The Portfolio seeks to track the performance of a benchmark index that measures the investment return of the overall stock market. The Portfolio invests in Vanguard Total Stock Market Index Fund (the "Fund"), which employs a "passive management"—or indexing—investment approach designed to track the performance of the MSCI US Broad Market Index. The Index represents 99.5% or more of the total market capitalization of all the U.S. common stocks regularly traded on the New York Stock Exchange and the Nasdaq over-the-counter market. The Fund typically holds 1,200-1,300 stocks in its target index (covering nearly 95% of the Index's total market capitalization) and a representative sample of the remaining stocks. The Fund holds a broadly diversified collection of securities that, in the aggregate, approximates the full Index in terms of key characteristics. These key characteristics include industry weightings and market capitalization, as well as certain financial measures, such as price/earnings ratio and dividend yield.

Principal Risks of Investing. The Portfolio primarily is subject to market risk and management risk, and, to a lesser extent, index sampling risk. In addition, the Portfolio's target index may, at times, become focused in securities of a particular sector, category, or group of companies in which case the Portfolio may be subject to industry/sector risk.

INVESTMENT RISKS

Funds Investing in Equity Securities

- **Capitalization Risk—**Investments in small- and mid-capitalization companies may be more volatile than investments in large-cap companies. Investments in small-cap companies may have additional risks because these companies have limited product lines, markets or financial resources.
- **Index Sampling Risk—**The risk that the securities selected for the Fund, in the aggregate, will not provide investment performance matching that of the Fund's target index.
- **Market Risk—**The value of the Fund's assets will fluctuate as the stock or bond market fluctuates. The value of its investments may decline, sometimes rapidly and unpredictably, simply because of economic changes or other events that affect large portions of the market. It includes the risk that a particular style of investing, such as the Fund's value approach, may underperform the market generally.

Funds Investing in Fixed-Income Securities (Including Money Market Securities)

- **Below Investment Grade Securities Risk—**Investments in fixed-income securities with lower ratings (commonly known as "junk bonds") tend to have a higher probability that an issuer will default or fail to meet its payment obligations. These securities may be subject to greater price volatility due to such factors as specific corporate developments, interest rate sensitivity, negative performance of the junk bond market generally and less secondary market liquidity.

- **Credit Risk—**An issuer or guarantor of a fixed-income security, or the counterparty to a derivatives or other contract, may be unable or unwilling to make timely payments of interest or principal, or to otherwise honor its obligations. The issuer or guarantor may default causing a loss of the full principal amount of a security. The degree of risk for a particular security may be reflected in its credit rating. There is the possibility that the credit rating of a fixed-income security may be downgraded after purchase, which may adversely affect the value of the security. Investments in fixed-income securities with lower ratings tend to have a higher probability that an issuer will default or fail to meet its payment obligations.
- **Income Risk—**The risk that a Fund's income will decline because of falling interest rates.
- **Inflation Risk—**This is the risk that the value of assets or income from investments will be less in the future as inflation decreases the value of money. As inflation increases, the value of each Fund's assets can decline as can the value of the Fund's distributions. This risk is significantly greater for fixed-income securities with longer maturities.
- **Interest Rate Risk—**Changes in interest rates will affect the value of investments in fixed-income securities. When interest rates rise, the value of investments in fixed-income securities tend to fall and this decrease in value may not be offset by higher income from new investments. Interest rate risk is generally greater for fixed-income securities with longer maturities or durations.
- **Market Risk—**Funds investing in fixed-income securities are subject to market risk as described above.
- **Money Market Fund Risk—**Money market funds are sometimes unable to maintain an NAV at $1.00 per share and, as it is generally referred to, "break the buck". In that event, an investor in a money market fund would, upon redemption, receive less than $1.00 per share. The Fund's shareholders should not rely on or expect an affiliate of the Fund to purchase distressed assets from the Fund, make capital infusions, enter into credit support agreements or take other actions to prevent the Fund from breaking the buck. In addition, you should be aware that significant redemptions by large investors in the Fund could have a material adverse effect on the Fund's other shareholders. The Fund's NAV could be affected by forced selling during periods of high redemption pressures and/or illiquid markets.
- **Prepayment/Call Risk—**The value of mortgage-related or asset-backed securities, or other callable securities, may be particularly sensitive to changes in prevailing interest rates. Early payments of principal on some mortgage-related securities may occur during periods of falling mortgage interest rates and expose a Fund to a lower rate of return upon reinvestment of principal. Early payments associated with mortgage-related securities or other callable securities may cause these securities to experience significantly greater price and yield volatility than is experienced by traditional fixed-income securities. During periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupons or interest rates before their maturity dates. A Fund would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in a Fund's income. During periods of rising interest rates, a reduction in prepayments may increase the effective life of

mortgage-related securities or other callable securities, subjecting them to greater risk of decline in market value in response to rising interest rates. If the life of a mortgage-related security or other callable security is inaccurately predicted, a Fund may not be able to realize the rate of return it expected.

General Investment Risks Applicable to the Funds

- **Commodity Risk—**Investments in commodities and commodity-linked derivative instruments, either directly or through a subsidiary, may subject the Fund to greater volatility than investments in traditional securities. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.
- **Currency Risk—**Fluctuations in currency exchange rates may negatively affect the value of the Fund's investments or reduce its returns.
- **Derivatives Risk—**Investments in derivatives may be illiquid, difficult to price, and leveraged so that small changes may produce disproportionate losses for the Fund, and may be subject to counterparty risk to a greater degree than more traditional investments.
- **Emerging Market Risk—**Investments in emerging market countries may have more risk because the markets are less developed and less liquid as well as being subject to increased economic, political, regulatory or other uncertainties.
- **Focused Portfolio Risk—**Investments in a limited number of companies may have more risk because changes in the value of a single security may have a more significant effect, either negative or positive, on a Fund's NAV.
- **Foreign (Non-U.S.) Risk—**Investment in securities of non-U.S. issuers may involve more risk than those of U.S. issuers. These securities may fluctuate more widely in price and may be less liquid due to adverse market, economic, political, regulatory or other factors.
- **Industry/Sector Risk—**Investments in a particular industry or group of related industries may have more risk because market or economic factors affecting that industry could have a significant effect on the value of the Fund's investments.
- **Leverage Risk—**To the extent a Fund uses leveraging techniques, its NAV may be more volatile because leverage tends to exaggerate the effect of changes in interest rates and any increase or decrease in the value of the Fund's investments.
- **Liquidity Risk—**Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing a Fund from selling out of these illiquid securities at an advantageous price. Derivatives and securities involving substantial market and credit risk tend to involve greater liquidity risk.
- **Management Risk—**AllianceBernstein will apply its investment techniques and risk analyses, in making investment decisions, but there is no guarantee that its techniques will produce the intended results.
- **Non-Diversification Risk—**A Fund that is subject to this risk may have more risk because it is "non-diversified", meaning that it can invest more of its assets in a smaller number of issuers and that adverse changes in the value of one security could have a more significant effect on the Fund's net asset value.

- **Real Estate Risk—**A Fund's investments in real estate securities have many of the same risks as direct ownership of real estate, including the risk that the value of real estate could decline due to a variety of factors that affect the real estate market generally. Investments in Real Estate Investment Trusts ("REITs") may have additional risks. REITs are dependent on the capability of their managers, may have limited diversification, and could be significantly affected by changes in taxes.

AllianceBernstein Principal-Protection Income Portfolio Wrapper Agreement Risks and Particular Considerations

- Should the Portfolio hold securities which do not benefit from the protection typically afforded by a Wrapper Agreement, the value of these assets could fluctuate and the Portfolio accordingly could fail to attain its investment objective. Assets might not benefit from the book value protection for a number of reasons, including: if (i) a Wrapper Agreement terminated and was not replaced with another Wrapper Agreement; (ii) the Wrapper Provider defaulted on its obligations under the Wrapper Agreement or the financial stability of a Wrapper Provider deteriorated enough to call into question the Wrapper Provider's ability to meet its obligations under the Wrapper Agreement; (iii) the Program ceases to be a "Qualified Tuition Program"; (iv) the Portfolio hired a successor to AllianceBernstein as Program Manager without the Wrapper Provider's consent; (v) the Portfolio, without the Wrapper Provider's consent, changed or failed to comply with its investment policies, or the Portfolio or AllianceBernstein otherwise breached the Wrapper Agreement; (vi) the Portfolio was unable to obtain an additional Wrapper Agreement if the Portfolio exceeded the size limits specified in the then existing Wrapper Agreement(s); or (vii) any of the following events causes or, in the sole reasonable judgment of the Wrapper Provider, is likely to cause very significant withdrawals from the Portfolio: (a) an amendment of the Trust, the Program, the administration of the Program, or the Code, (b) any act of fraud, misrepresentation of material fact, deceit or any other action by the Portfolio or AllianceBernstein, or (c) a change in the laws, regulations or rulings applicable to the Trust, including accounting rules, statements or positions, or the application thereof.

- Investment requirements imposed on the Portfolio by the Wrapper Agreements could lower returns for a number of reasons, including (i) requiring that certain assets be invested in money market securities or (ii) under some circumstances requiring the disposition of assets under market conditions when the Portfolio would not ordinarily sell such assets. Similarly, to the extent AllianceBernstein delegates management responsibility for a portion of the Covered Assets to a Wrapper Provider or one of its affiliates, the interests of such delegate in managing a portion of the Portfolio's Covered Assets may conflict with those of Participants.

- Wrapper Agreements do not protect the Portfolio from loss resulting from the default on principal or interest payments or other impairment of any Covered Asset. In most cases, such a loss would reduce the future Crediting Rate. Under certain circumstances, such an asset would no longer be subject to the book value protection provided under any Wrapper Agreement.

- The level and timing of Contributions allocated to, and withdrawals from, the Portfolio by Participants affects the Crediting Rate and can result in a different Crediting Rate, either lower or higher, than would be the case if the level and timing of Contributions and withdrawals were different.

- The Portfolio may enter into Wrapper Agreements that may have significantly different features than those described above and which could therefore have different risks and involve different considerations than those described above.

EDUCATION STRATEGIES PORTFOLIOS AND ALLOCATION PERCENTAGES ADDENDUM

The Education Strategies Portfolios are:

- Age-Based Aggressive Growth
- Age-Based Moderate Growth
- Age-Based Conservative Growth
- Appreciation
- Balanced
- Conservative

The Underlying Portfolios to which Account assets allocated through the Education Strategies Portfolios are invested are indicated in the following Schedule 1, as are the current Target Allocations reflecting the percentages of the assets invested in each of the relevant Underlying Portfolios. For the three Age-Based Education Strategies Portfolios, Schedule 1 also sets forth the age-group categories to which the different Target Allocations pertain. Schedule 2 indicates through January 2, 2017 the Age-Group Category (which determines the Target Allocations among the Underlying Portfolios) for Beneficiaries born in the indicated years. Schedule 3 displays graphically the current Target Allocations.

For Beneficiaries born in a given range of years, the Program Manager will shift the Allocation Percentages gradually over time so that on each date indicated on Schedule 2, the Allocation Percentages will correspond to those shown on Schedule 1 for the relevant Age Group Category. For example, an Account maintained for a Beneficiary born in 1999 invested through an Age-Based Education Strategies Portfolio would have been invested in the Underlying Portfolios in accordance with the Target Allocations applicable for Age-Group Category 5 on January 3, 2011 and would over the next three years gradually shift its Allocation Percentages towards the Target Allocations applicable to Age-Group Category 6. The shift to Age-Group Category 6 would be fully implemented on January 2, 2014.

Adjustments to Target Allocations will therefore be made for most Beneficiaries on a date other than a Beneficiary's birthdate. AllianceBernstein will also allow the Allocation Percentages for each Education Strategies Portfolio to vary from the Target Allocations in response to the markets, but ordinarily only by plus/minus 5% of the Education Strategies Portfolios' assets. Beyond these ranges, AllianceBernstein will generally rebalance the portfolio toward the Target Allocation. There may be occasions when those ranges will expand to 10% due to, among other things, appreciation of one of the asset classes. AllianceBernstein does not intend to make frequent tactical adjustments to the Allocation Percentages or to trade actively among the Underlying Portfolios, other than the adjustments described above. However, as noted above, AllianceBernstein reserves the right to modify the Allocation Percentages of each Education Strategies Portfolio and to substitute other Underlying Portfolios from time to time should circumstances warrant.

SCHEDULE 1: EDUCATION STRATEGIES PORTFOLIOS AND TARGET ALLOCATIONS AT THE DATE OF THIS PROGRAM DESCRIPTION

Education Strategies Portfolio	Applicable Age-Group Category	Underlying Portfolios												
		AllianceBernstein U.S. Value Portfolio	AllianceBernstein U.S. Large Cap Growth Portfolio	AllianceBernstein Small-Mid Cap Value Portfolio	AllianceBernstein Small-Mid Cap Growth Portfolio	AllianceBernstein International Value Portfolio	AllianceBernstein International Growth Portfolio	AllianceBernstein Multi-Asset Real Return Portfolio	AllianceBernstein Volatility Management Portfolio	AllianceBernstein High-Yield Portfolio	AllianceBernstein Intermediate Duration Bond Portfolio	AllianceBernstein Bond Inflation Protection Portfolio	AllianceBernstein Short Duration Bond Portfolio	AllianceBernstein Exchange Reserves
Age-Based Aggressive Growth	1	20.50%	20.50%	6.50%	6.50%	18.00%	18.00%	10.00%	—	—	—	—	—	—
	2	20.50%	20.50%	6.50%	6.50%	18.00%	18.00%	10.00%	—	—	—	—	—	—
	3	19.00%	19.00%	5.00%	5.00%	16.00%	16.00%	10.00%	—	5.00%	2.00%	2.00%	1.00%	—
	4	17.35%	17.35%	4.25%	4.25%	14.40%	14.40%	8.00%	—	5.00%	5.00%	5.00%	5.00%	—
	5	11.75%	11.75%	3.00%	3.00%	10.00%	10.00%	5.50%	10.00%	5.00%	10.00%	10.00%	10.00%	—
	6	9.00%	9.00%	2.25%	2.25%	7.50%	7.50%	2.50%	10.00%	5.00%	10.00%	10.00%	15.00%	10.00%
	7	6.10%	6.10%	1.25%	1.25%	4.90%	4.90%	1.50%	9.00%	4.00%	13.00%	13.00%	17.00%	18.00%
Age-Based Moderate Growth														
	1	19.75%	19.75%	6.00%	6.00%	17.25%	17.25%	9.00%	—	5.00%	—	—	—	—
	2	17.75%	17.75%	5.00%	5.00%	15.25%	15.25%	9.00%	—	5.00%	4.00%	4.00%	2.00%	—
	3	13.50%	13.50%	4.00%	4.00%	11.50%	11.50%	6.00%	11.00%	5.00%	6.00%	6.00%	8.00%	—
	4	9.50%	9.50%	2.75%	2.75%	8.25%	8.25%	4.00%	20.00%	5.00%	10.00%	10.00%	10.00%	—
	5	7.25%	7.25%	1.75%	1.75%	6.00%	6.00%	2.00%	18.00%	5.00%	10.00%	10.00%	15.00%	10.00%
	6	5.00%	5.00%	1.00%	1.00%	4.00%	4.00%	1.00%	14.00%	5.00%	10.00%	10.00%	20.00%	20.00%
	7	2.80%	2.80%	0.50%	0.50%	2.20%	2.20%	1.00%	13.00%	2.00%	13.25%	13.25%	18.50%	28.00%

Education Strategies Portfolio	Applicable Age-Group Category	Underlying Portfolios												
		AllianceBernstein U.S. Value Portfolio	AllianceBernstein U.S. Large Cap Growth Portfolio	AllianceBernstein Small-Mid Cap Value Portfolio	AllianceBernstein Small-Mid Cap Growth Portfolio	AllianceBernstein International Value Portfolio	AllianceBernstein International Growth Portfolio	AllianceBernstein Multi-Asset Real Return Portfolio	AllianceBernstein Volatility Management Portfolio	AllianceBernstein High-Yield Portfolio	AllianceBernstein Intermediate Duration Bond Portfolio	AllianceBernstein Bond Inflation Protection Portfolio	AllianceBernstein Short Duration Bond Portfolio	AllianceBernstein Exchange Reserves
Age-Based Conservative Growth														
	1	13.50%	13.50%	3.50%	3.50%	11.50%	11.50%	6.00%	7.00%	3.75%	7.50%	7.50%	11.25%	—
	2	12.75%	12.75%	3.30%	3.30%	10.70%	10.70%	5.50%	11.00%	3.75%	7.50%	7.50%	11.25%	—
	3	10.50%	10.50%	2.70%	2.70%	8.80%	8.80%	4.00%	12.00%	5.00%	10.00%	10.00%	15.00%	—
	4	7.40%	7.40%	1.75%	1.75%	6.10%	6.10%	1.50%	18.00%	5.00%	10.00%	10.00%	15.00%	10.00%
	5	4.75%	4.75%	1.00%	1.00%	3.75%	3.75%	1.00%	15.00%	5.00%	10.00%	10.00%	20.00%	20.00%
	6	2.20%	2.20%	0.50%	0.50%	1.80%	1.80%	1.00%	15.00%	2.00%	13.25%	13.25%	18.50%	28.00%
	7	1.25%	1.25%	0.25%	0.25%	1.00%	1.00%	—	20.00%	—	12.50%	12.50%	21.00%	29.00%
Fixed Allocation														
Appreciation	N/A	20.50%	20.50%	6.50%	6.50%	18.00%	18.00%	10.00%	—	—	—	—	—	—
Balanced	N/A	9.00%	9.00%	2.00%	2.00%	7.50%	7.50%	3.00%	20.00%	5.00%	10.00%	10.00%	15.00%	—
Conservative	N/A	2.25%	2.25%	0.50%	0.50%	1.75%	1.75%	1.00%	15.00%	2.00%	13.25%	13.25%	18.50%	28.00%

SCHEDULE 2: APPLICABLE AGE-GROUP CATEGORIES FOR AGE-BASED AGGRESSIVE GROWTH, AGE-BASED MODERATE GROWTH AND AGE-BASED CONSERVATIVE EDUCATION STRATEGIES PORTFOLIOS

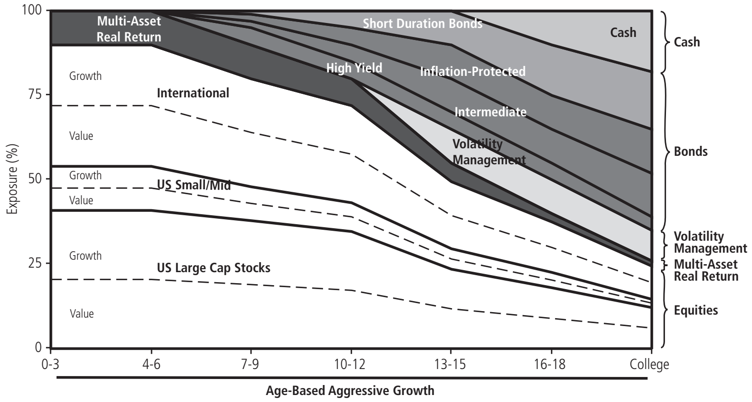
Beneficiary's Year of Birth*	**January 3, 2011**	**January 2, 2014**	**January 2, 2017****
2011-2013	1	2	3
2008-2010	2	3	4
2005-2007	3	4	5
2002-2004	4	5	6
1999-2001	5	6	7
1996-1998	6	7	7
Pre-1996	7	7	7

* Beneficiaries born after 2013 will, in turn, be first allocated to Age-Group Category 1 and thereafter treated in a manner corresponding to that reflected in this schedule.

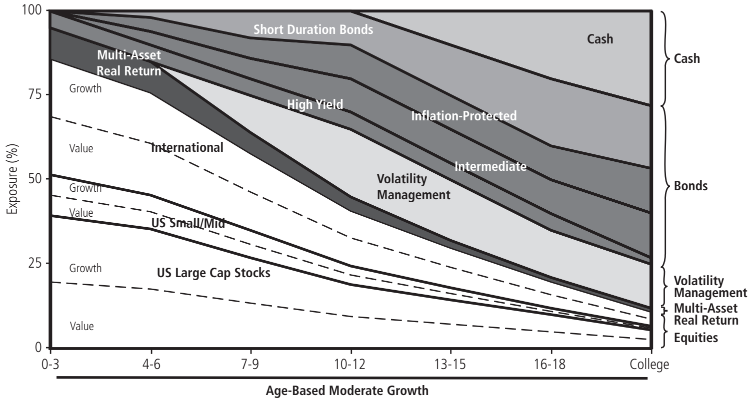
** The progressive changes towards Age-Group Category 7 for Beneficiaries born between 1999 and 2013 will proceed on a corresponding schedule.

SCHEDULE 3: GRAPHIC REPRESENTATION OF TARGET ALLOCATIONS AT THE DATE OF THIS PROGRAM DESCRIPTION

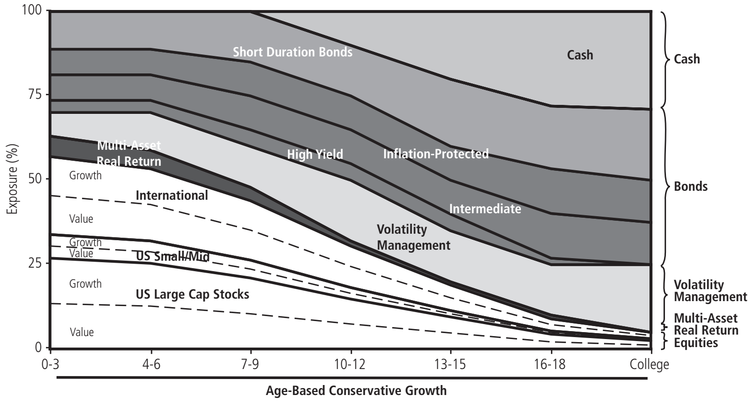
Age-Based Aggressive Growth



Age-Based Moderate Growth

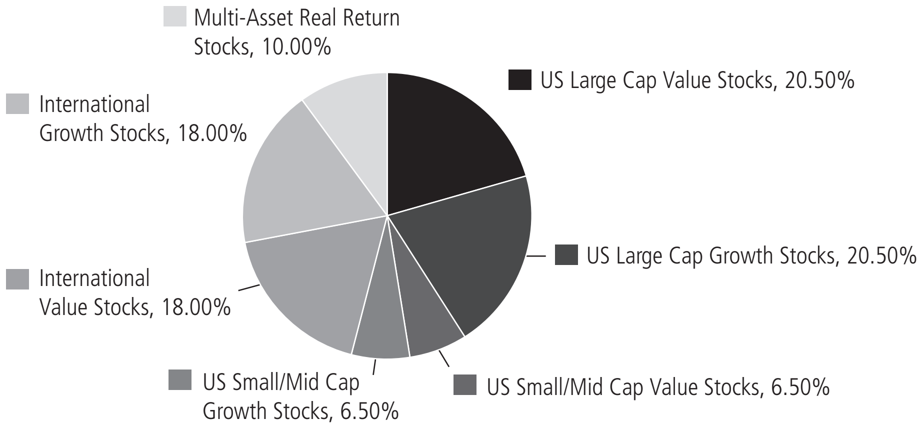


Age-Based Conservative Growth

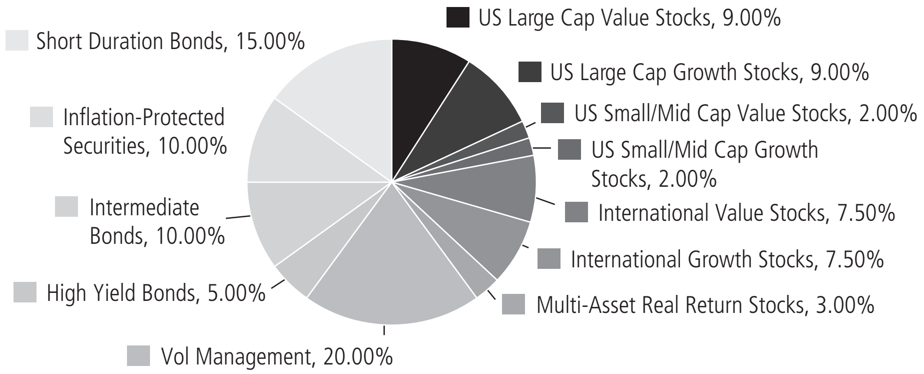


SCHEDULE 3: GRAPHIC REPRESENTATION OF TARGET ALLOCATIONS AT THE DATE OF THIS PROGRAM DESCRIPTION (continued)

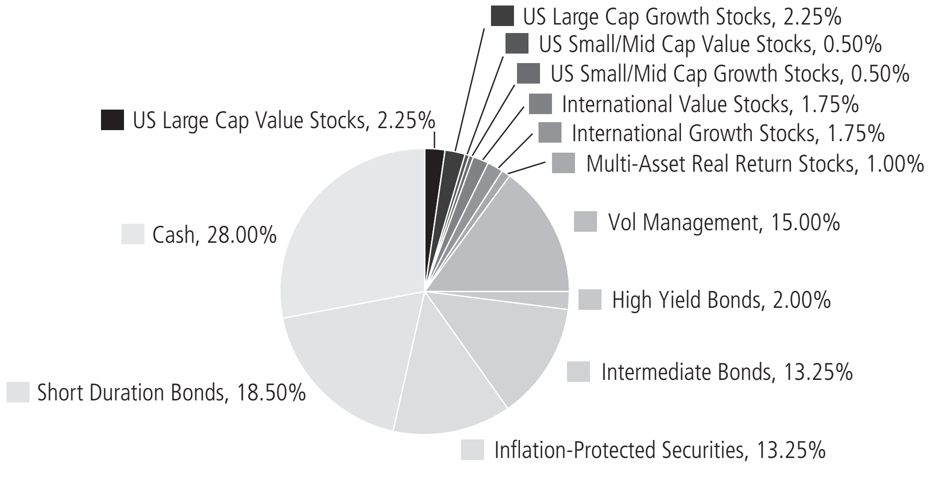
Appreciation



Balanced



Conservative



PORTFOLIO INVESTMENT PERFORMANCE ADDENDUM

Portfolio Investment Performance. The tables in this Addendum show the average annual total returns for the various fee structures of each Portfolio as of June 30, 2011, for the periods indicated and since inception. The performance information in these tables does not reflect imposition of any account maintenance fee, and the returns shown would be lower if it did. To obtain up-to-date performance information for any Portfolio, please call (888) 324-5057, or visit the Program's website at www.collegeboundfund.com. **Past performance information is not, and should not be viewed as, indicative or predictive of the future performance of any Portfolio.**

Performance information for the Appreciation Portfolio includes the performance of the former Growth Portfolio, which shares the same investment strategy as the Appreciation Portfolio and commenced operations on February 8, 2002. Performance information for the Age-Based Conservative Growth Portfolio is not reflected in the tables below because the Portfolio had not commenced operations as of the date of this Program Description.

Average Annual Total Returns Through June 30, 2011—Alternative RI*

	Year-to-Date Returns	One-Year Returns	Three-Year Annualized Returns	Five-Year Annualized Returns	Average Annualized Returns Since Inception	Inception Date
Age Based Education Strategies Portfolios						
Age-Based Moderate Growth (for beneficiaries born:)						
Before 1984	3.34%	13.90%	4.57%	4.31%	3.74%	8/27/10
1984-1986	3.28%	13.72%	4.16%	4.07%	3.30%	8/27/10
1987-1989	3.28%	13.82%	4.10%	4.01%	3.07%	8/27/10
1990-1992	3.28%	13.72%	4.27%	4.25%	3.30%	8/27/10
1993-1995	3.41%	14.42%	3.96%	4.00%	2.94%	8/27/10
1996-1998	3.56%	17.15%	3.61%	3.77%	2.95%	8/27/10
1999-2001	3.72%	19.98%	3.07%	3.36%	2.76%	8/27/10
2002-2004	3.82%	22.52%	2.37%	2.77%	5.20%	8/27/10
2005-2007	3.96%	24.83%	1.11%	1.92%	3.88%	8/27/10
2008-2010	4.00%	27.61%	0.58%	N/A	-1.15%	8/27/10
2011-2013	N/A	N/A	N/A	N/A	N/A	3/10/11
Age-Based Aggressive Growth (for beneficiaries born:)						
Before 1987	3.48%	15.16%	3.90%	3.94%	3.35%	8/27/10
1987-1989	3.41%	15.19%	4.00%	3.96%	3.46%	8/27/10
1990-1992	3.39%	15.16%	4.17%	4.23%	3.24%	8/27/10
1993-1995	3.50%	16.11%	2.98%	3.42%	2.93%	8/27/10
1996-1998	3.80%	20.15%	2.59%	3.01%	2.58%	8/27/10
1999-2001	4.01%	24.02%	2.12%	2.62%	2.46%	8/27/10
2002-2004	3.97%	26.27%	0.76%	1.58%	5.26%	8/27/10
2005-2007	4.03%	28.27%	0.08%	1.04%	3.31%	8/27/10
2008-2010	4.32%	31.65%	0.63%	N/A	0.44%	8/27/10
2011-2013	N/A	N/A	N/A	N/A	N/A	2/22/11
Fixed Allocation Education Strategies Portfolios						
Appreciation	3.88%	30.87%	0.37%	1.22%	2.09%	8/27/10
Balanced	3.42%	21.27%	3.11%	3.27%	3.15%	8/27/10
Conservative	3.08%	13.36%	3.96%	3.97%	4.18%	8/27/10
Individual Fund Portfolios						
Growth						
Large Cap Growth Portfolio	6.68%	33.64%	8.67%	6.89%	4.36%	8/27/10
Small/Mid Cap Growth Portfolio	14.05%	60.28%	13.75%	6.94%	9.03%	8/27/10
Small Cap Growth Portfolio	13.36%	56.95%	12.33%	8.29%	9.01%	8/27/10
Global Thematic Growth Portfolio	-1.12%	30.79%	5.81%	6.68%	3.20%	8/27/10
Value						
Growth and Income Portfolio	9.71%	34.37%	2.55%	1.79%	3.36%	8/27/10
Value Portfolio	4.96%	26.92%	-0.23%	-2.09%	2.71%	8/27/10
International Value Portfolio	1.84%	28.74%	-8.42%	-3.74%	7.25%	8/27/10
Small/Mid Cap Value Portfolio	3.79%	33.67%	9.85%	6.16%	9.60%	8/27/10
Fixed Income						
Intermediate Bond Portfolio	2.98%	6.22%	7.62%	6.67%	5.28%	8/27/10
Stable Value						
Principal-Protection Income Portfolio	1.75%	3.56%	2.98%	3.38%	3.82%	8/27/10
Index						
Vanguard Total Stock Market Index Portfolio	6.35%	32.05%	3.75%	3.28%	4.13%	8/27/10

* For periods prior to August 27, 2010, performance information shown reflects performance of Alternative R. On that date, Alternative R interests held by Rhode Island Accounts were redesignated as Alternative RI.

Average Annual Total Returns Through June 30, 2011—Alternative RA

	Year-to-Date Returns	One-Year Returns	Three-Year Annualized Returns	Five-Year Annualized Returns	Average Annualized Returns Since Inception	Inception Date
Age Based Education Strategies Portfolios						
Age-Based Moderate Growth (for beneficiaries born:)						
Before 1984	3.22%	13.62%	4.29%	4.07%	3.46%	01/17/01
1984-1986	3.21%	13.46%	3.90%	3.80%	3.21%	01/09/01
1987-1989	3.22%	13.56%	3.87%	3.76%	3.03%	01/09/01
1990-1992	3.22%	13.49%	4.02%	4.00%	3.18%	01/04/01
1993-1995	3.26%	14.26%	3.72%	3.78%	2.99%	01/04/01
1996-1998	3.42%	16.87%	3.37%	3.53%	3.40%	12/22/00
1999-2001	3.51%	19.65%	2.80%	3.11%	2.72%	01/23/01
2002-2004	3.76%	22.26%	2.15%	2.55%	4.81%	03/11/02
2005-2007	3.79%	24.38%	0.81%	1.63%	3.87%	02/22/05
2008-2010	3.93%	27.01%	0.24%	N/A	-0.66%	02/15/08
2011-2013	N/A	N/A	N/A	N/A	N/A	04/21/11
Age-Based Aggressive Growth (for beneficiaries born:)						
Before 1984	3.34%	14.95%	3.62%	3.66%	3.32%	01/08/01
1984-1986	3.25%	14.91%	3.73%	3.71%	3.14%	02/16/01
1987-1989	3.28%	14.86%	3.74%	3.69%	3.27%	12/04/00
1990-1992	3.25%	14.86%	3.92%	3.97%	3.31%	12/15/00
1993-1995	3.35%	15.79%	2.70%	3.16%	3.32%	12/04/00
1996-1998	3.64%	19.81%	2.34%	2.78%	3.21%	12/04/00
1999-2001	3.79%	23.63%	1.86%	2.35%	2.78%	12/06/00
2002-2004	3.87%	25.87%	0.52%	1.34%	4.61%	03/05/02
2005-2007	3.87%	28.54%	-0.13%	0.81%	2.94%	02/25/05
2008-2010	4.24%	31.29%	0.40%	N/A	0.55%	03/06/08
2011-2013	N/A	N/A	N/A	N/A	N/A	04/25/11
Fixed Allocation Education Strategies Portfolios:						
Appreciation Portfolio	3.81%	30.43%	0.11%	0.97%	2.61%	12/26/00
Balanced Portfolio	3.43%	21.14%	2.88%	3.03%	2.97%	01/31/01
Conservative Portfolio	2.96%	13.09%	3.69%	3.70%	3.84%	09/21/05
Individual Fund Portfolios:						
Growth						
Large Cap Growth Portfolio	6.58%	33.30%	8.46%	6.65%	3.96%	03/01/02
Small/Mid Cap Growth Portfolio	13.86%	59.93%	13.44%	6.66%	8.85%	04/26/02
Small Cap Growth Portfolio	13.21%	56.53%	12.08%	8.04%	8.26%	04/26/02
Global Thematic Growth Portfolio	-1.22%	30.40%	5.55%	6.42%	2.20%	03/05/02
Value						
Growth and Income Portfolio	9.50%	34.19%	2.30%	1.54%	2.92%	02/25/02
Value Portfolio	4.83%	26.63%	-0.50%	-2.35%	2.52%	02/22/02
International Value Portfolio	1.72%	28.51%	-8.62%	-3.97%	6.40%	03/27/02
Small/Mid Cap Value Portfolio	3.67%	33.35%	9.56%	5.90%	9.22%	02/26/02
Fixed Income						
Intermediate Bond Portfolio	2.85%	6.01%	7.40%	6.43%	5.22%	03/27/02
Stable Value						
Principal-Protection Income Portfolio	1.62%	3.30%	2.72%	3.12%	3.58%	03/15/02

Average Annual Total Returns Through June 30, 2011—Alternative RZ

	Year-to-Date Returns (at NAV)	One-Year Returns (at NAV)	One-Year Returns (including sales charge)	Three-Year Annualized Returns (at NAV)	Three-Year Annualized Returns (including sales charge)	Five-Year Annualized Returns (at NAV)	Five-Year Annualized Returns (including sales charge)	Average Annualized Returns Since Inception	Inception Date
Age-Based Education Strategies Portfolios:									
Age-Based Moderate Growth (for beneficiaries born:)									
Before 1984	3.35%	13.83%	9.29%	N/A	N/A	N/A	N/A	13.70%	11/14/08
1984-1986	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1987-1989	3.28%	13.69%	9.13%	N/A	N/A	N/A	N/A	16.04%	11/20/08
1990-1992	3.35%	13.71%	9.16%	N/A	N/A	N/A	N/A	13.22%	11/12/08
1993-1995	3.41%	14.50%	9.90%	N/A	N/A	N/A	N/A	13.56%	11/13/08
1996-1998	3.57%	17.17%	12.44%	N/A	N/A	N/A	N/A	14.70%	11/13/08
1999-2001	3.72%	19.98%	15.13%	N/A	N/A	N/A	N/A	17.46%	11/12/08
2002-2004	3.81%	22.50%	17.57%	N/A	N/A	N/A	N/A	18.44%	11/12/08
2005-2007	3.97%	24.78%	19.78%	N/A	N/A	N/A	N/A	19.03%	11/12/08
2008-2010	4.01%	27.39%	22.33%	N/A	N/A	N/A	N/A	20.00%	11/14/08
2011-2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	03/17/11
Age-Based Aggressive Growth (for beneficiaries born:)									
Before 1984	3.40%	15.25%	10.61%	N/A	N/A	N/A	N/A	13.93%	11/14/08
1984-1986	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1987-1989	3.41%	15.19%	10.63%	N/A	N/A	N/A	N/A	14.00%	11/14/08
1990-1992	3.39%	15.16%	10.54%	N/A	N/A	N/A	N/A	14.06%	11/12/08
1993-1995	3.57%	16.20%	11.54%	N/A	N/A	N/A	N/A	13.91%	11/13/08
1996-1998	3.80%	20.15%	15.29%	N/A	N/A	N/A	N/A	17.79%	11/12/08
1999-2001	4.01%	24.02%	19.01%	N/A	N/A	N/A	N/A	19.29%	11/12/08
2002-2004	3.97%	26.27%	21.18%	N/A	N/A	N/A	N/A	17.23%	11/13/08
2005-2007	4.03%	28.79%	23.63%	N/A	N/A	N/A	N/A	18.42%	11/13/08
2008-2010	4.32%	31.52%	26.28%	N/A	N/A	N/A	N/A	19.80%	12/31/08
2011-2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	02/23/11
Fixed Allocation Education Strategies Portfolios:									
Appreciation Portfolio	3.88%	30.77%	25.55%	N/A	N/A	N/A	N/A	22.17%	11/12/08
Balanced Portfolio	3.50%	21.40%	16.51%	N/A	N/A	N/A	N/A	18.02%	11/12/08
Conservative Portfolio	3.08%	13.37%	8.81%	N/A	N/A	N/A	N/A	12.43%	11/13/08
Individual Fund Portfolios:									
Growth									
Large Cap Growth Portfolio	6.75%	33.73%	28.42%	N/A	N/A	N/A	N/A	15.10%	02/02/10
Small/Mid Cap Growth Portfolio	14.04%	60.36%	53.96%	N/A	N/A	N/A	N/A	41.73%	02/02/10
Small Cap Growth Portfolio	13.34%	56.94%	50.69%	N/A	N/A	N/A	N/A	34.92%	05/14/10
Global Thematic Growth Portfolio	-1.14%	30.64%	25.46%	N/A	N/A	N/A	N/A	10.42%	10/21/09
Value									
Growth and Income Portfolio	9.71%	34.31%	29.17%	N/A	N/A	N/A	N/A	26.80%	11/21/08
Value Portfolio	4.96%	27.04%	22.00%	N/A	N/A	N/A	N/A	12.86%	02/16/10
International Value Portfolio	1.90%	28.81%	23.63%	N/A	N/A	N/A	N/A	22.29%	11/21/08
Small/Mid Cap Value Portfolio	3.79%	33.69%	28.38%	N/A	N/A	N/A	N/A	20.76%	02/02/10
Fixed Income									
Intermediate Bond Portfolio	2.98%	6.22%	1.95%	N/A	N/A	N/A	N/A	7.29%	01/25/10
Stable Value									
Principal-Protection Income Portfolio	1.75%	3.56%	-0.58%	N/A	N/A	N/A	N/A	2.89%	11/12/08

* Returns reflected at net asset value (NAV) do not take into account any initial sales charge or contingent redemption charge. Returns reflecting sales charges take into account the maximum initial sales charge for Alternative RZ of 4.00%. See pages 96-98 for more details concerning Alternative RZ's initial sales charge structure, including initial sales charge reduction programs that may be available.

EXPENSE RATIO ADDENDUM

The tables below set forth the annualized estimated initial and ongoing fees and expenses associated with an investment in the Program. Each table shows estimated fees and expenses for each of the Education Strategies Portfolios and for the Individual Fund Portfolios. Expense ratios for mutual funds available through the Individual Fund Portfolios measure the annual operating expenses of each fund as a percentage of the fund's average daily net assets. These mutual fund expense ratios are derived (except in the case of AllianceBernstein Principal-Protection Income Portfolio) from the funds' statutory prospectuses and are for the same class of shares owned and/or hereafter to be acquired by the Trust for the Accounts.

The tables below also set forth additional investor expenses, including the annual account maintenance fee charged by RIHEAA, when applicable, the annual distribution fee assessed on each Account's aggregate average daily balance and the sales charges that apply to an investment in the Program. Table 1 shows the fee structure that would apply to Alternative RI, which represents an Account which is usually established without the involvement of a financial advisor. Tables 2 and 3 show the respective fee structures that would apply to Alternative RA and Alternative RZ, each of which represents an Account established with the involvement of a financial advisor.

For more information about the annual distribution fee and the sales charge structures available through the Program, see the "SALES CHARGES AND DISTRIBUTION FEES ADDENDUM". The Program does not charge any additional state fees or miscellaneous fees at this time (see "PROGRAM MANAGER'S COMPENSATION; SALES CHARGES AND DISTRIBUTION FEES; OTHER FEES AND PENALTIES–Other Fees and Penalties).

The fees and expenses shown below are subject to change at any time.

Table 1: Alternative RI Fee Structure

	Aggregate Underlying Portfolio Expenses and Program Management Fee*	State Fee	Misc. Fee	Annual Distribution Fee	Total Annual Asset-Based Fees	Maximum Initial Sales Charge	Annual Account Maintenance Fee
Age-Based Education Strategies Portfolios							
Age-Based Aggressive Growth							
2011-2013	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
2008-2010	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
2005-2007	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
2002-2004	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
1999-2001	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
1996-1998	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
1993-1995	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
1990-1992	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
1987-1989	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
Pre-1987	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
Age-Based Moderate Growth							
2011-2013	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
2008-2010	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
2005-2007	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
2002-2004	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
1999-2001	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
1996-1998	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
1993-1995	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
1990-1992	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
1987-1989	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
1984-1986	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
Pre-1984	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
Age-Based Conservative Growth							
2011- 2013	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
2008- 2010	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
2005-2007	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
2002- 2004	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
1999-2001	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
1996-1998	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
Pre-1996	0.20%	0.00%	0.00%	0.00%	0.20%	0.00%	$0
Fixed Allocation Education Strategies Portfolios							
Appreciation	0.94%	0.00%	0.00%	0.00%	0.94%	0.00%	$0
Balanced	0.80%	0.00%	0.00%	0.00%	0.80%	0.00%	$0
Conservative	0.72%	0.00%	0.00%	0.00%	0.72%	0.00%	$0

* Expenses shown include the investment advisory fees (if any), administrative costs, transfer agency and custodian costs, and other expenses of the Underlying Portfolios, as reflected in each Underlying Portfolio’s most recently published Annual or Semi-Annual Report to shareholders. These Underlying Portfolio expenses may fluctuate over time. The program management fee only applies to Education Strategies Portfolios.

Table 1: Alternative RI Fee Structure (continued)

	Aggregate Underlying Portfolio Expenses and Program Management Fee*	State Fee	Misc. Fee	Annual Distribution Fee	Total Annual Asset-Based Fees	Maximum Initial Sales Charge	Annual Account Maintenance Fee
Individual Fund Portfolios							
AllianceBernstein Large Cap Growth Portfolio	1.15%	0.00%	0.00%	0.00%	1.15%	0.00%	$0
AllianceBernstein Small/Mid Cap Growth Portfolio	1.06%	0.00%	0.00%	0.00%	1.06%	0.00%	$0
AllianceBernstein Small Cap Growth Portfolio	1.09%	0.00%	0.00%	0.00%	1.09%	0.00%	$0
AllianceBernstein Global Thematic Growth Portfolio	1.29%	0.00%	0.00%	0.00%	1.29%	0.00%	$0
AllianceBernstein Growth & Income Portfolio	0.88%	0.00%	0.00%	0.00%	0.88%	0.00%	$0
AllianceBernstein Value Portfolio	0.80%	0.00%	0.00%	0.00%	0.80%	0.00%	$0
AllianceBernstein International Value Portfolio	1.12%	0.00%	0.00%	0.00%	1.12%	0.00%	$0
AllianceBernstein Small/Mid Cap Value Portfolio	0.85%	0.00%	0.00%	0.00%	0.85%	0.00%	$0
AllianceBernstein Intermediate Bond Portfolio	0.55%	0.00%	0.00%	0.00%	0.55%	0.00%	$0
AllianceBernstein Principal-Protection Income Portfolio	0.70%	0.00%	0.00%	0.00%	0.70%	0.00%	$0
Vanguard Total Bond Market Index Portfolio	0.11%	0.00%	0.00%	0.00%	0.11%	0.00%	$0
Vanguard Total International Stock Index Portfolio	0.19%	0.00%	0.00%	0.00%	0.19%	0.00%	$0
Vanguard Total Stock Market Index Portfolio	0.06%	0.00%	0.00%	0.00%	0.06%	0.00%	$0

* Expenses shown include the investment advisory fees (if any), administrative costs, transfer agency and custodian costs, and other expenses of the Underlying Portfolios, as reflected in each Underlying Portfolio's most recently published Annual or Semi-Annual Report to shareholders. These Underlying Portfolio expenses may fluctuate over time. The program management fee only applies to Education Strategies Portfolios.

Table 2: Alternative RA Fee Structure

	Aggregate Underlying Portfolio Expenses and Program Management Fee*	State Fee	Misc. Fee	Annual Distribution Fee**	Total Annual Asset-Based Fees	Maximum Initial Sales Charge	Annual Account Maintenance Fee
Age-Based Education Strategies Portfolios							
Age-Based Aggressive Growth							
2011-2013	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
2008-2010	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
2005-2007	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
2002-2004	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
1999-2001	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
1996-1998	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
1993-1995	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
1990-1992	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
1987-1989	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
1984-1986	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
Pre-1984	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
Age-Based Moderate Growth							
2011-2013	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
2008-2010	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
2005-2007	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
2002-2004	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
1999-2001	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
1996-1998	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
1993-1995	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
1990-1992	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
1987-1989	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
1984-1986	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
Pre-1984	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
Age-Based Conservative Growth							
2011- 2013	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
2008- 2010	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
2005-2007	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
2002- 2004	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
1999-2001	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
1996-1998	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
Pre-1996	0.20%	0.00%	0.00%	0.25%	0.45%	0.00%	$0
Fixed Allocation Education Strategies Portfolios							
Appreciation	0.94%	0.00%	0.00%	0.25%	1.19%	0.00%	$0
Balanced	0.80%	0.00%	0.00%	0.25%	1.05%	0.00%	$0
Conservative	072%	0.00%	0.00%	0.25%	0.97%	0.00%	$0

* Expenses shown include the investment advisory fees (if any), administrative costs, transfer agency and custodian costs, and other expenses of the Underlying Portfolios, as reflected in each Underlying Portfolio's most recently published Annual or Semi-Annual Report to shareholders. These Underlying Portfolio expenses may fluctuate over time. The program management fee only applies to Education Strategies Portfolios.

** See page 98 for a description of this fee.

Table 2: Alternative RA Fee Structure (continued)

	Aggregate Underlying Portfolio Expenses and Program Management Fee*	State Fee	Misc. Fee	Annual Distribution Fee**	Total Annual Asset-Based Fees	Maximum Initial Sales Charge	Annual Account Maintenance Fee
Individual Fund Portfolios							
AllianceBernstein Large Cap Growth Portfolio	1.15%	0.00%	0.00%	0.25%	1.40%	0.00%	$0
AllianceBernstein Small/Mid Cap Growth Portfolio	1.06%	0.00%	0.00%	0.25%	1.31%	0.00%	$0
AllianceBernstein Small Cap Growth Portfolio	1.09%	0.00%	0.00%	0.25%	1.34%	0.00%	$0
AllianceBernstein Global Thematic Growth Portfolio	1.29%	0.00%	0.00%	0.25%	1.54%	0.00%	$0
AllianceBernstein Growth & Income Portfolio	0.88%	0.00%	0.00%	0.25%	1.13%	0.00%	$0
AllianceBernstein Value Portfolio	0.80%	0.00%	0.00%	0.25%	1.05%	0.00%	$0
AllianceBernstein International Value Portfolio	1.12%	0.00%	0.00%	0.25%	1.37%	0.00%	$0
AllianceBernstein Small/Mid Cap Value Portfolio	0.85%	0.00%	0.00%	0.25%	1.10%	0.00%	$0
AllianceBernstein Intermediate Bond Portfolio	0.55%	0.00%	0.00%	0.25%	0.80%	0.00%	$0
AllianceBernstein Principal-Protection Income Portfolio	0.70%	0.00%	0.00%	0.25%	0.95%	0.00%	$0

* Expenses shown include the investment advisory fees (if any), administrative costs, transfer agency and custodian costs, and other expenses of the Underlying Portfolios, as reflected in each Underlying Portfolio's most recently published Annual or Semi-Annual Report to shareholders. These Underlying Portfolio expenses may fluctuate over time. The program management fee only applies to Education Strategies Portfolios.

** See page 98 for a description of this fee.

Table 3: Alternative RZ Fee Structure

	Aggregate Underlying Portfolio Expenses and Program Management Fee*	State Fee	Misc. Fee	Annual Distribution Fee	Total Annual Asset-Based Fees	Maximum Initial Sales Charge**	Annual Account Maintenance Fee
Age-Based Education Strategies Portfolios							
Age-Based Aggressive Growth							
2011-2013	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
2008-2010	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
2005-2007	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
2002-2004	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
1999-2001	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
1996-1998	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
1993-1995	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
1990-1992	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
1987-1989	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
1984-1986	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
Pre-1984	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
Age-Based Moderate Growth							
2011-2013	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
2008-2010	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
2005-2007	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
2002-2004	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
1999-2001	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
1996-1998	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
1993-1995	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
1990-1992	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
1987-1989	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
1984-1986	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
Pre-1984	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
Age-Based Conservative Growth							
2011- 2013	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
2008- 2010	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
2005-2007	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
2002- 2004	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
1999-2001	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
1996-1998	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
Pre-1996	0.20%	0.00%	0.00%	0.00%	0.20%	4.00%	$0
Fixed Allocation Education Strategies Portfolios							
Appreciation	0.94%	0.00%	0.00%	0.00%	0.94%	4.00%	$0
Balanced	0.80%	0.00%	0.00%	0.00%	0.80%	4.00%	$0
Conservative	0.72%	0.00%	0.00%	0.00%	0.72%	4.00%	$0

* Expenses shown include the investment advisory fees (if any), administrative costs, transfer agency and custodian costs, and other expenses of the Underlying Portfolios, as reflected in each Underlying Portfolio's most recently published Annual or Semi-Annual Report to shareholders. These Underlying Portfolio expenses may fluctuate over time. The program management fee only applies to Education Strategies Portfolios.

** See pages 96-98 for a description of this initial sales charge.

Table 3: Alternative RZ Fee Structure (continued)

	Aggregate Underlying Portfolio Expenses and Program Management Fee*	State Fee	Misc. Fee	Annual Distribution Fee	Total Annual Asset-Based Fees	Maximum Initial Sales Charge**	Annual Account Maintenance Fee
Individual Fund Portfolios							
AllianceBernstein Large Cap Growth Portfolio	1.15%	0.00%	0.00%	0.00%	1.15%	4.00%	$0
AllianceBernstein Small/Mid Cap Growth Portfolio	1.06%	0.00%	0.00%	0.00%	1.06%	4.00%	$0
AllianceBernstein Small Cap Growth Portfolio	1.09%	0.00%	0.00%	0.00%	1.09%	4.00%	$0
AllianceBernstein Global Thematic Growth Portfolio	1.29%	0.00%	0.00%	0.00%	1.29%	4.00%	$0
AllianceBernstein Growth & Income Portfolio	0.88%	0.00%	0.00%	0.00%	0.88%	4.00%	$0
AllianceBernstein Value Portfolio	0.80%	0.00%	0.00%	0.00%	0.80%	4.00%	$0
AllianceBernstein International Value Portfolio	1.12%	0.00%	0.00%	0.00%	1.12%	4.00%	$0
AllianceBernstein Small/Mid Cap Value Portfolio	0.85%	0.00%	0.00%	0.00%	0.85%	4.00%	$0
AllianceBernstein Intermediate Bond Portfolio	0.55%	0.00%	0.00%	0.00%	0.55%	4.00%	$0
AllianceBernstein Principal-Protection Income Portfolio	0.70%	0.00%	0.00%	0.00%	0.70%	4.00%	$0

* Expenses shown include the investment advisory fees (if any), administrative costs, transfer agency and custodian costs, and other expenses of the Underlying Portfolios, as reflected in each Underlying Portfolio's most recently published Annual or Semi-Annual Report to shareholders. These Underlying Portfolio expenses may fluctuate over time. The program management fee only applies to Education Strategies Portfolios.

** See pages 96-98 for a description of this initial sales charge.

APPROXIMATE COST OF $10,000 INVESTMENT

The following table compares the approximate cost of investing in the Program over different periods of time. Your actual costs may be higher or lower. The table is based on the following assumptions:

- A $10,000 investment invested for the time periods shown
- A 5% annually compounded rate of return on the net amount invested throughout the period
- Except where noted, 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)
- Total annual asset-based fees remain the same as those shown in the fee tables on pages 86-91.
- For Accounts established with the involvement of a financial advisor under Alternative RZ, the investor pays the maximum initial sales charge of 4.00% of each contribution.

Approximate Cost of $10,000 Investment

	One Year			Three Years			Five Years			Ten Years			Fifteen Years		
Fee Structure	**RI**	**RA**	**RZ**	**RI**	**RA**	**RZ**	**RI**	**RA**	**RZ**	**RI**	**RA**	**RZ**	**RI**	**RA**	**RZ**
Age-Based Education Strategies Portfolios															
Age-Based Aggressive Growth															
2011-2013	$20	$46	$420	$64	$144	$462	$113	$252	$508	$255	$567	$645	$435	$960	$818
2008-2010	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818
2005-2007	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818
2002-2004	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818
1999-2001	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818
1996-1998	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818
1993-1995	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818
1990-1992	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818
1987-1989	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818
Pre-1987	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818
Age-Based Moderate Growth															
2011-2013	20	46	420	64	144	462	113	252	508	255	567	645	435	960	$818
2008-2010	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818
2005-2007	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818
2002-2004	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818
1999-2001	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818
1996-1998	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818
1993-1995	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818
1990-1992	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818
1987-1989	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818
1984-1986	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818
Pre-1984	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818
Age-Based Conservative Growth															
2011-2013	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818
2008-2010	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818

	One Year			Three Years			Five Years			Ten Years			Fifteen Years		
Fee Structure	**RI**	**RA**	**RZ**	**RI**	**RA**	**RZ**	**RI**	**RA**	**RZ**	**RI**	**RA**	**RZ**	**RI**	**RA**	**RZ**
2005-2007	$ 20	$46	$420	$64	$144	$462	$113	$252	$508	$255	$567	$645	$435	$960	$818
2002-2004	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818
1999-2001	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818
1996-1998	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818
Pre-1996	20	46	420	64	144	462	113	252	508	255	567	645	435	960	818
Fixed Allocation Education Strategies Portfolios															
Appreciation	96	121	492	300	378	688	520	654	899	1,155	1,443	1,509	1,929	2,394	2,252
Balanced	82	107	478	255	334	645	444	579	826	990	1,283	1,350	1,660	2,136	1,994
Conservative	74	99	471	230	309	621	401	536	785	894	1,190	1,259	1,504	1,986	1,843
Individual Fund Portfolios															
AllianceBernstein Large Cap Growth Portfolio	117	143	513	365	443	751	633	766	1,008	1,398	1,680	1,742	2,321	2,770	2,628
AllianceBernstein Small / Mid-Cap Growth Portfolio	108	133	504	337	415	724	585	718	961	1,294	1,579	1,642	2,155	2,611	2,469
AllianceBernstein Small Cap Growth Portfolio	111	136	507	347	425	733	601	734	977	1,329	1,613	1,676	2,210	2,664	2,522
AllianceBernstein Global Thematic Growth Portfolio	131	157	526	409	486	793	708	839	1,079	1,556	1,834	1,894	2,575	3,014	2,872
AllianceBernstein Growth & Income Portfolio	90	115	486	281	359	669	488	622	868	1,084	1,375	1,441	1,814	2,284	2,142
AllianceBernstein Value Portfolio	82	107	478	255	334	645	444	579	826	990	1,283	1,350	1,660	2,136	1,994
AllianceBernstein International Value Portfolio	114	139	510	356	434	742	617	750	992	1,363	1,646	1,709	2,266	2,717	2,575
AllianceBernstein Small/Mid Cap Value Portfolio	87	112	483	271	350	660	471	606	852	1,049	1,340	1,407	1,757	2,229	2,087
AllianceBernstein Intermediate Bond Portfolio	56	82	454	176	255	569	307	444	695	689	990	1,062	1,164	1,660	1,518
AllianceBernstein Principal-Protection Income Portfolio	72	97	469	224	303	615	390	525	774	871	1,166	1,236	1,464	1,948	1,806
Vanguard Total Bond Market Index Portfolio	11	NA	NA	35	NA	NA	62	NA	NA	141	NA	NA	241	NA	NA
Vanguard Total International Stock Index Portfolio	19	NA	NA	61	NA	NA	107	NA	NA	243	NA	NA	414	NA	NA
Vanguard Total Stock Market Index Portfolio	6	NA	NA	19	NA	NA	34	NA	NA	77	NA	NA	132	NA	NA

SALES CHARGES AND DISTRIBUTION FEES ADDENDUM

There are three alternative sales charge structures for Rhode Island Accounts, each of which involves different charges. Participants should indicate on the Participation Agreement establishing the Account the applicable structure and, if applicable, the name of your financial intermediary. A Participant or a Participant's duly authorized financial intermediary who wishes to establish a new Account under a different alternative structure for which the Participant is eligible may do so by contacting ABI toll free at (888) 324-5057 or by writing in a format acceptable to ABI at College-Bound*fund*®, P.O. Box 786004, San Antonio, Texas, 78278-6004.

WHAT IS A FINANCIAL INTERMEDIARY?

A financial intermediary is a firm that receives compensation for Contributions made to an Account established by one of its clients. Financial intermediaries may include, among others, your broker, your financial planner or advisor, banks and insurance companies. Financial intermediaries employ individual financial advisors who deal with you and other contributors on an individual basis.

THE ALTERNATIVE STRUCTURES AND THEIR EXPENSES

This section describes each structure and how it differs from the other structures.

Alternative RI

Investments made under Alternative RI are not subject to any sales charges or distribution fees.

Alternative RI is available to Rhode Island Accounts established by investors who wish to participate in the Program without the involvement of a financial advisor and to certain other investors described in the paragraph below.

Alternative RI is also available to the following other Rhode Island Accounts: (i) Rhode Island Accounts established by (a) officers, directors and full-time employees of the Program Manager, ABI and their affiliates; (b) officers, directors and full-time employees of selected dealers or agents who have entered into an agreement with ABI; or (c) the spouse or a sibling, direct ancestor or direct descendant of any such person; (ii) Rhode Island Accounts established by persons participating in a fee-based program, sponsored and maintained by a registered broker-dealer or other financial intermediary and approved by ABI pursuant to which such persons pay an asset-based fee to such broker-dealer or financial intermediary, or its affiliate or agent, for services in the nature of investment advisory or administrative services; (iii) Rhode Island Accounts for which a Sponsored Contribution Plan is selected when the Accounts are established if the Participant is then an employee of an employer who has entered into a special arrangement with ABI to provide employee assistance and education concerning Tuition Savings Programs; and (iv) Rhode Island Accounts established with the involvement of a financial intermediary that is a member of the same affiliated group of which AllianceBernstein and ABI are members.

Alternative RZ

Initial Sales Charge. Under Alternative RZ, except as discussed below, an initial sales charge is imposed as a percentage of each Contribution to the Account made by the Participant or any other contributor. The amount of the sales charge will vary based on the aggregate Contributions to the Participant's Accounts. Only the amount of the Contribution reduced by this charge is invested in the Account. Alternative RZ's initial sales charge structure is as follows:

Amount of Aggregate Contribution	Charge as a Percentage of Contribution	Charge as a Percentage of Net Amount Invested in the Account
Up to $100,000	4.00%	4.17%
$100,000 up to $250,000	3.00%	3.09%
$250,000 up to $500,000	2.00%	2.04%
$500,000 up to $1,000,000	1.50%	1.52%
$1,000,000 or more	0.00%	0.00%

Initial Sales Charge Reduction Programs. Listed below are several ways that you can reduce the initial sales charge that you might otherwise pay under Alternative RZ.

Volume Discounts. In order to receive the volume discounts described in the table above, you can aggregate a current Contribution with the aggregate value (at the time of the current Contribution) of certain investments. Investments that may be aggregated for this purpose ("Aggregate Contributions") include your current Contribution and the following:

- the aggregate value of a Participant's Accounts (without regard to the structure under which Contributions to such Accounts were made and without regard to the Beneficiaries of such Accounts);
- the aggregate net asset value of all of a Participant's accounts and the accounts of the Participant's spouse, his or her domestic partner or child under the age of 21 years in the AllianceBernstein Mutual Funds, including, but not limited to, the Underlying Portfolios (a "Retail Account"); provided that the Participant or the Participant's financial intermediary notifies ABI of any such assets held by those parties in omnibus accounts;
- the aggregate value of Accounts in the Program for which a Participant's spouse, his or her domestic partner or child under the age of 21 years (a "minor child") are the Participants; provided that the Participant has notified ABI in writing of his or her relationship to that spouse, domestic partner or minor child; and
- any Gifts to Minors Act Accounts for which the Participant serves as custodian, provided that Participant has notified ABI in writing that he or she is the custodian of such Accounts.

In order for a Participant to take advantage of sales charge reductions, a Participant or his or her financial intermediary must notify ABI in writing prior to making a Contribution that the Participant qualifies for a reduction. For example, a Participant may have to provide information or records to his or her financial intermediary or ABI to verify eligibility for volume discounts or other sales charge reductions. In order to receive a volume discount for any Accounts or Retail Accounts of a Participant's spouse, domestic partner or minor child or Gifts to Minors Act Accounts of which the Participant is custodian, ABI must receive written notice of the Accounts, Retail Accounts and a Participant's relationship to such spouse, domestic partner or minor child and/or the Participant's status as custodian of a Gifts to Minors Act Account.

Other information that may be required includes the Participant's or other related parties' account statements.

Notwithstanding the above, the following investments may not be aggregated to reduce initial sales charges:

- the value of Contributions made through a Sponsored Contribution Plan (described below);
- the value of Contributions that have been withdrawn from the Program;
- the value of Contributions made to another state's 529 plan; or
- the value of Contributions made to other Accounts by a non-Participant contributor to a Participant's Account(s).

Letter of Intent. A Participant whose Aggregate Contributions do not currently exceed $100,000 may still reduce or eliminate the initial sales charge otherwise applicable under Alternative RZ by means of a written Letter of Intent, which expresses the Participant's intention to make Aggregate Contributions in excess of $100,000 within 13 months. The initial sales charge assessed will be the initial sales charge applicable to a purchase in the full amount indicated.

Participants qualifying for the volume discounts described above may make Aggregate Contributions under a single Letter of Intent. For example, if at the time a Participant signs a Letter of Intent to make Aggregate Contributions of at least $100,000 under Alternative RZ, the Participant and his or her spouse or domestic partner each make Contributions of $20,000 (for a total of $40,000), it will only be necessary to make additional Contributions of $60,000 during the following 13 months to Accounts under the Program, or to any Retail Account, to qualify for the 3.00% sales charge on the total amount being invested (the sales charge applicable to a Contribution of $100,000).

The Letter of Intent is not a binding obligation upon the Participant to contribute the full amount indicated. The minimum initial Contribution under a Letter of Intent is 4.00% of such amount. This minimum initial Contribution will be held in escrow to secure payment of the higher initial sales charge applicable to the amount contributed if the full indicated Contribution is not made during the 13-month period. When the Participant makes the full indicated Contribution, the escrow will be released.

Participants wishing to enter into a Letter of Intent in conjunction with their initial Contribution under Alternative RZ should complete the appropriate portion of the Participation Agreement. Participants who have already made Contributions under Alternative RZ and who wish to enter into a Letter of Intent can do so by contacting ABI toll free at (888) 324-5057.

Sponsored Contribution Plans. ABI will waive the initial sales charge otherwise applicable under Alternative RZ for Contributions to an Account made by the Participant of the Account or another contributor through a Sponsored Contribution Plan if, when the Account is established, the employer (or other organization with which the Participant or other contributor is associated) of the Participant or other contributor (i) is headquartered or has its principal place of business in Rhode Island, or (ii) has otherwise been approved by ABI as eligible for such waiver. Employers or other organizations interested in permitting their employees or members to contribute through a Sponsored Contribution Plan involving the waiver of the otherwise applicable Alternative RZ initial sales charge should call ABI toll free at (888) 324-5057. ABI may also waive the initial sales charge otherwise applicable under Alternative RZ for Contributions to an Account established with the involvement of a financial intermediary that is a member of the same affiliated group of which AllianceBernstein and ABI are members and for Contributions to an Account by certain charitable, educational and religious organizations that have entered into special arrangements with ABI.

Affiliated Program Sponsors. In addition, ABI will also waive the initial sales charge otherwise applicable under Alternative RZ for Contributions to an Account made by the Participant of the Account or another contributor through an Automatic Contribution Plan if the Plan is established in connection with a membership organization, an affinity group or some other relationship sponsor or tie-in which has entered into a Program sponsorship affiliation with ABI. Organizations, groups and others desiring to establish such a sponsorship affiliation should call ABI toll free at (888) 324-5057.

Contingent Redemption Charge. A contingent redemption charge of 1.00% (computed in the same manner as described in the box on page 101 will be deducted from the amount withdrawn if the initial sales charge has been waived for a Contribution made under Alternative RZ and, within one year of the time such Contribution is made to an Account, a Qualified Withdrawal or a Non-Qualified Withdrawal is made with respect to such Contribution, or a Transfer or a Rollover is made from the Account to Another Program. The contingent redemption charge will not be imposed on DD&S Withdrawals (as defined below) or on any Withdrawals from Accounts established through certain affiliates of ABI. This redemption charge is imposed in addition to any applicable 10% Additional Tax.

General. Each of AllianceBernstein, RIHEAA, the SIC and the Program reserves the right to amend or eliminate the sales charge reductions or waivers described above at any time by amending the Program Description.

Alternative RA

Distribution fees apply only to Rhode Island Accounts established with the involvement of a financial advisor under Alternative RA. These Rhode Island Accounts are subject to a daily Account charge payable to ABI at an annual rate of 0.25% of the aggregate average daily balance of the Account. This charge is to fund compensation payable in the same amount by ABI to a financial advisor after an Account has been open at least one year in exchange for the advisor's services. The Participant is to indicate who the financial advisor is on the applicable Participation Agreement and, by doing so, authorizes these asset-based charges.

Contribution Following Withdrawal—Alternative RZ

A Participant who has made a Withdrawal from an Account under the Alternative RZ structure may thereafter make a Contribution (up to the amount of the Withdrawal) to that Account, or to any other Account under the Alternative RZ structure, without any sales charges, if (i) the amount of the new Contribution is at least $500 and (ii) the new Contribution is made within 120 calendar days after the date of the Withdrawal.

Neither the Contribution following the Withdrawal, nor any waiver of sales charges pursuant to this privilege, will undo or cancel the original Withdrawal. Therefore, neither the Contribution nor any waiver of sales charges will undo or offset any earnings or losses, administrative fees, tax consequences, or other consequences associated with the original Withdrawal. Likewise, the Contribution will be subject to the rules, limitations, and tax or other consequences associated with Contributions generally. See "OPENING AND OPERATION OF ACCOUNTS" and "CERTAIN TAX CONSEQUENCES".

Contribution Following Redemption of Certain Mutual Funds Owned Outside Program—Alternative RZ

A person who has redeemed Class A shares of certain AllianceBernstein mutual funds owned outside the Program may thereafter make a Contribution (up to the amount of the redemption) to an Account under the Alternative RZ structure, without any sales charges, if (i) the amount of the Contribution is at least $500, (ii) the new Contribution is made within 120 calendar days after the date of the redemption, and (iii) ABI has approved, at its discretion, the waiver of any sales charges in connection with the Contribution. A person who has redeemed Class B shares of certain AllianceBernstein mutual funds owned outside the Program may thereafter make a Contribution (up to the amount of the redemption) to an Account under the Alternative RZ structure, without any sales charges, if (i) the amount of the Contribution is at least $500, (ii) the new Contribution is made within 120 calendar days after the date of the redemption, (iii) a contingent deferred sales charge was paid in connection with the redemption, and (iv) ABI has approved, at its discretion, the waiver of any sales charges in connection with the Contribution.

Participants and other potential contributors may request from the Program a listing of AllianceBernstein mutual funds to which the waivers of sales charges described above may apply, in the case of a redemption described above. As a condition of any such waiver, the Program or ABI may require sufficient evidence regarding the date and amount of the redemption of mutual fund shares owned outside the Program; and without limiting ABI's discretion above, any such waiver may be denied if the same redemption of shares owned outside the Program has previously been used as the basis for other sales charge waivers, whether within or outside the Program.

Neither the Contribution following the redemption of mutual fund shares owned outside the Program, nor any waiver of sales charges pursuant to this privilege, will undo or cancel the original redemption. Therefore, neither the Contribution nor any waiver of sales charges will undo or offset any gains or losses, administrative fees, tax consequences, or other consequences associated with the redemption; and persons who own mutual fund shares outside the Program are advised to consult the appropriate mutual fund prospectus with respect to any redemption of such shares. Likewise, the Contribution will be subject to the rules, limitations, and tax and other consequences associated with Contributions generally. See "OPENING AND OPERATION OF ACCOUNTS" and "CERTAIN TAX CONSEQUENCES".

Contribution By Exchange Of Certain Mutual Funds Owned Outside Program—Alternative RZ

A person who owns, outside the Program, Class A shares of certain AllianceBernstein mutual funds may be permitted to exchange such shares into a Contribution to an Account under the Alternative RZ structure, in which case no sales charges will be imposed with respect to the Contribution. Also, in such cases, the particular AllianceBernstein mutual fund may waive any contingent deferred sales charges that would otherwise be imposed on the sale of such Class A shares outside the Program.

An exchange described above must be made directly from the AllianceBernstein mutual fund outside the Program to the Account within the Program, pursuant to instructions from the owner of the shares outside the Program. The waivers and treatments described above with respect to exchanges will not apply if the owner of the shares outside the Program actually receives the sale proceeds from those shares, even if those proceeds are in turn contributed to an Account within the Program. (However, in those cases, a waiver described above under "Contribution Following Redemption of Certain Mutual Funds Owned Outside Program" may be available.)

In addition, before requesting any exchange described above, the owner of the shares outside the Program should confirm, both with the particular AllianceBernstein mutual fund and with the Program, whether the waivers and/or treatments described above will apply to the particular exchange under consideration. Any such waivers and/or treatments described above may be denied or discontinued by the Program or by the particular AllianceBernstein mutual fund (as the case may be) at any time, in its sole discretion. Participants and other potential contributors may request from the Program a listing of AllianceBernstein mutual funds to which the waivers and/or treatments described above would apply, in the case of an exchange described above, but the Program shall not be responsible for verifying the accuracy of any such listing or similar information as it relates to any waivers granted by the AllianceBernstein mutual funds themselves. Nothing herein shall be construed to modify or otherwise affect the provisions of any prospectus or other offering document for any AllianceBernstein mutual fund.

Important Note: Even though an exchange described above is made directly from the AllianceBernstein mutual fund outside the Program to the Account within the Program, the exchange will be treated, for tax purposes (including, without limitation, for purposes of Section 529), as two separate transactions: namely, (i) a sale of the shares owned outside the Program, for cash, in a taxable transaction, followed by (ii) a Contribution of the cash proceeds to the Account within the Program. Such an exchange is not, and shall not be considered for tax or any other purposes as, a contribution of mutual fund shares to the Account within the Program, which would be impermissible under Section 529. Both the sale and the Contribution described in clauses (i) and (ii) of this paragraph will be subject to the tax and other consequences, limitations, and rules generally applicable to such sales and Contributions, respectively, except for any waivers and treatments which are described above and applicable to the particular exchange. See “OPENING AND OPERATION OF ACCOUNTS” and “CERTAIN TAX CONSEQUENCES”.

DEATH, DISABILITY AND SCHOLARSHIP WITHDRAWALS

You will not pay any contingent redemption charge on the following types of Withdrawals: (i) Withdrawals paid to the Beneficiary of the Account (or to the estate of the Beneficiary) on or after the death of the Beneficiary, (ii) Withdrawals attributable to the Beneficiary’s disability, and (iii) Withdrawals made on account of a Scholarship received by the Beneficiary to the extent the amount withdrawn does not exceed the Scholarship, or amounts that are the subject of a Transfer or Rollover from one Account to another Account (the Withdrawals described in clauses (i), (ii) and (iii) being referred to as “DD&S Withdrawals”).

In addition to the certification as to the nature of a Withdrawal to be given on each Withdrawal request (see “OPENING AND OPERATION OF ACCOUNTS—Withdrawal Procedure”), the Program Manager may require substantiation of the nature of Withdrawals to determine whether or not a redemption charge applies. The charge may also be waived by the Program Manager in certain circumstances at its discretion.

HOW IS THE CONTINGENT REDEMPTION CHARGE CALCULATED?

The contingent redemption charge is computed by multiplying the applicable percentage by the lesser of (i) the current value or (ii) original amount of the applicable Contribution 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 or to appreciation on any Contribution while in a CollegeBound*fund*® Account. In computing the charge, Transfers or Rollovers from one Account to another Account for a Beneficiary who is a Member of the Family of the 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 in the Qualified Tuition Program of another state are treated as new Contributions.

OTHER FACTORS TO CONSIDER; THE "PROS" AND "CONS" OF THE ALTERNATIVE STRUCTURES

There can be significant cost differentials among the alternative structures depending on whether a financial adviser is used, how large the Contributions are, when they are made, and the length of time amounts are to be held in the Account before Withdrawals from the Account are to be made to pay Qualified Higher Education Expenses or otherwise. In evaluating the Alternatives, a Participant should discuss these and other factors considered relevant with his or her financial advisor and/or other advisor. Keep in mind that you may be able to achieve cost savings by investing more of your assets with CollegeBound*fund*® and certain other AllianceBernstein-related products.

If you are making an investment without the involvement of a financial advisor, Alternative RI is available and your investment will not be subject to any sales charges or distribution fees.

If a financial advisor assists you in establishing your Account and you are making a large investment that qualifies for a reduced initial sales charge, you might consider Alternative RZ over Alternative RA. As Alternative RZ does not have a distribution fee, it is designed for investors with a long-term investing time frame. Although investors who choose Alternative RA do not pay an initial sales charge, your cumulative expenses under Alternative RA can be more costly than under Alternative RZ over the long run due to its annual distribution fee. Under certain limited circumstances where the initial sales charge is waived, a contingent redemption fee may apply.

If you have a shorter-term investment horizon, you should consider establishing an Account under Alternative RA because Contributions under Alternative RA are not charged an initial sales charge.

Participants may select one of the structures for each Account they establish, and the structure selected may differ as between Accounts.

If you establish an Account through a financial intermediary, you should consult your financial advisor for assistance in choosing a structure.

Your financial intermediary may receive differing compensation depending on the structure selected. You can learn more about payments to financial intermediaries, including your financial intermediary and individual financial advisor under "Payments to Financial Advisors and their Firms" below. Whether there is any transaction, service, administrative or other fee charged directly by a financial intermediary with respect to the Account is a matter between the Participant and the financial intermediary and is not a feature of the Program.

PAYMENTS TO FINANCIAL ADVISORS AND THEIR FIRMS

Your financial intermediary receives compensation from you and ABI in several ways and from various sources, which include some or all of the following:

- upfront sales commissions
- distribution fees that are deducted from an Account
- additional distribution support, and
- defrayal of costs for educational seminars and training.

Please read the Program Description carefully for information on this compensation.

Financial intermediaries market CollegeBound*fund*®. Financial intermediaries employ financial advisors and receive compensation based on Contributions made to the Accounts they establish. Your individual financial advisor may receive some or all of the amounts paid to the financial intermediary that employs him or her.

Under Alternative RA, an amount up to 100% of the distribution fee assessed daily at the annual rate of 0.25% on your aggregate daily Account balance each year may be paid to the financial intermediary, including your financial advisor, who established the Account under Alternative RA. At the same time, ABI pays to the financial intermediary an additional amount at an annual rate of 0.25% of the aggregate average daily balance of the Account. In addition, even though no initial sales charge is imposed as a percentage of any Contribution to the Account, in connection with each Contribution, ABI pays to the financial intermediary a percentage of the amount contributed. For Contributions to Accounts established under Alternative RA, this percentage is 1.00%.

Under Alternative RZ, up to 100% of the initial sales charges that you pay on Contributions may be paid by ABI to the financial intermediary that established your Account under Alternative RZ. When ABI waives the otherwise applicable initial sales charge on an Account, ABI may pay the financial intermediary that established the Account a fee of up to 1.00% of the amount of each Contribution to the Account.

In addition, even though no distribution fee is assessed against Accounts established under Alternative RZ, ABI pays to the financial intermediary an amount at an annual rate of 0.25% of the aggregate daily balance of the Account.

OTHER PAYMENTS FOR DISTRIBUTION SERVICES AND EDUCATIONAL SUPPORT

In addition to the commissions paid to financial intermediaries at the time of your Contributions and the distribution fees described above, some or all of which may be paid to financial intermediaries (and, in turn, to your individual financial advisor), ABI, at its expense, currently provides additional payments to firms that establish Accounts and solicit Contributions. Although the individual components may be higher and the total amount of payments made to each qualifying firm in any given year may vary, the total amount paid to a financial intermediary in connection with established Accounts and Contributions to those Accounts will generally not exceed the sum of (a) 0.25% of the current year's sales of AllianceBernstein mutual funds by that firm and (b) 0.10% of average daily net assets attributable to that firm over the year. These sums include payments to reimburse directly or indirectly the costs incurred by these firms and their employees in connection with educational seminars and training efforts about CollegeBound*fund*® for the firms' employees and/or their clients and potential clients. The costs and expenses associated with these efforts may include travel, lodging, entertainment and meals.

For 2011, ABI's additional payments to these firms for distribution services and educational support related to CollegeBound*fund*® are expected to be approximately 0.04% of the average monthly assets of CollegeBound*fund*® Accounts, or approximately $3.3 million. In 2010, ABI paid approximately 0.04% of the average monthly assets of CollegeBound*fund*® Accounts or approximately $2.9 million for distribution services and educational support related to CollegeBound*fund*®.

A number of factors are considered in determining the additional payments, including the amount of Contributions made to and retained in Accounts established by the firm, and the willingness and ability of the firm to give ABI access to its financial advisors for educational and marketing purposes. In some cases, firms will include CollegeBound*fund*® on a "preferred list." ABI's goal is to make the financial advisors who interact with current and prospective investors more knowledgeable about CollegeBound*fund*® so that they can provide suitable information and advice about the fund and related investor services.

> If one 529 plan program manager provides greater distribution assistance payments than another, your financial advisor and his or her firm may have an incentive to recommend one 529 program over another. Similarly, if your financial advisor or his or her firm receives more distribution assistance for one structure versus another, then they may have an incentive to recommend that structure.
>
> Please speak with your financial advisor to learn more about the total amounts paid to your financial advisor and his or her firm by you and ABI and by managers of other 529 programs that he or she may recommend to you. You should also consult disclosures made by your financial advisor at the time of purchase.

As of the date of this Program Description, ABI anticipates that the firms that will receive additional payments for distribution services and/or educational support related to CollegeBound*fund*® include:

Advisor Group, Inc.
Ameriprise Financial Services
AXA Advisors
Cadaret, Grant & Co.
CCO Investment Services
Chase Investment Services
Commonwealth Financial Network
Donegal Securities
Financial Network Investment Corporation
LPL Financial Corporation
Merrill Lynch
Morgan Stanley Smith Barney
Multi Financial Securities Corporation
Northwestern Mutual Investment Services
PrimeVest Financial Services
Raymond James
RBC Wealth Management
Robert W. Baird
Wells Fargo Advisors

Although mutual funds advised by AllianceBernstein may use brokers who market CollegeBound*fund*® to effect portfolio transactions, the mutual funds do not consider that marketing when selecting brokers to effect portfolio transactions.

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CollegeBound*fund*®

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