NextGen College Investing Plan®
Program Description
and
Participation Agreement

September 26, 2011
CLIENT SELECT SERIES

The NextGen College Investing Plan is a Section 529 Program administered by the Finance Authority of Maine. Merrill Lynch, Pierce, Fenner & Smith Incorporated is the Program Manager of the NextGen College Investing Plan. This Program Description and Participation Agreement contains information you should know before participating in the Program, including information about sales charges, fees, expenses and risks. Please read it before you invest and keep it for future reference.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or passed upon the adequacy of this Program Description and the Participation Agreement. Any representation to the contrary is a criminal offense. These securities have not been registered with the U.S. Securities and Exchange Commission or any state securities commission.

This Program Description and Participation Agreement will be updated from time to time to reflect changes to the Program and is subject to change without notice. The information contained in this Program Description and Participation Agreement amends and supersedes all information contained in prior Program Descriptions and Participation Agreements. Participants should rely only on the information contained in this Program Description and Participation Agreement. No one is authorized to provide information that is different from the information contained in this Program Description and Participation Agreement.

The NextGen College Investing Plan offers a variety of investment options in two separate series – the Client Select Series and the Client Direct Series. Each series offers different investment options, each with its own sales charges, fees and expense structure. Expenses associated with the Client Direct Series will generally be lower than those associated with the Client Select Series. Currently, some of the same investment options are available in each series. The Client Select Series (offered through this Program Description) is available exclusively through financial advisors. The Client Direct Series (offered through a different program description) is available through the Finance Authority of Maine, certain Maine Distribution Agents and on the Internet through www.nextgenplan.com and at www.merrilledge.com.

Program accounts are not bank deposits, are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration, are not debt or obligations of, or guaranteed by, any bank or other financial institution or the Finance Authority of Maine, the State of Maine, the Program Manager, Allianz Global Investors Distributors LLC and Allianz Global Investors Solutions LLC, BlackRock Investment Management LLC, Eaton Vance Management, Franklin Templeton Investments, Massachusetts Financial Services Company, New York Life Investment Management LLC, Thornburg Investment Management, Inc., Maine Distribution Agents or any Merrill Lynch Financial Advisor. Participation in the Program involves investment risks, including the possible loss of principal.

Where to Obtain More Information, Forms or to Ask Questions:

The Program Manager may be contacted at Merrill Lynch, College Plan Services,
P.O. Box 1518, Pennington, NJ 08534-1518, or at (877) 4-NEXTGEN (463-9843).

FAME may be contacted at P.O. Box 949, Augusta, ME 04332-0949, or at (800) 228-3734.

You can also contact your Merrill Lynch Financial Advisor or Maine Distribution Agent,
or visit the Program's Web site located at www.nextgenplan.com.

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

FINANCE AUTHORITY OF MAINE PRIVACY POLICY

Protecting the privacy of your personal information is important to us at the Finance Authority of Maine.

- We collect nonpublic personal information about you from the following sources:
  - **– Information we receive from you on applications, correspondence, communications and other forms.**
  - **– Information about your transactions with respect to your Account.**

- We do not disclose any nonpublic personal information about you or our other current or former customers to anyone, except as permitted by law. **We never rent or sell your name or personal financial information. (We do share such information with our auditors, contractors and agents such as Merrill Lynch and any Maine Distribution Agent for your Account, and as needed to administer your Account transactions in conformance with law.)**

- We restrict access to nonpublic personal information about you to our employees who need to know the information, and to contractors and agents in order to provide service to you. **We maintain physical, electronic and procedural safeguards in compliance with federal regulations to safeguard your nonpublic personal information.**

BANK OF AMERICA PRIVACY NOTICE

Account owners will receive the Bank of America U.S. Consumer Privacy Notice (the "Privacy Notice") at the time a NextGen College Investing Plan Account is opened annually and as required by law. The Privacy Notice describes Bank of America's policies applicable to U.S. consumers across a number of Bank of America companies. Except for Program Accounts opened in connection with a Merrill Lynch Financial Advisor, no Bank of America company (as defined in the Privacy Policy), including but not limited to Merrill Lynch, will use Customer Information provided in connection with Program Accounts to make non-Program direct marketing offers by postal mail, telephone and/or e-mail. Accordingly, for Participants and Designated Beneficiaries with Program Accounts that were not opened in connection with a Merrill Lynch Financial Advisor, no action is required in order to prevent direct marketing offers from such Bank of America companies. You are encouraged to read the complete Privacy Notice as it contains other important information, including how Bank of America collects, manages and protects your Customer Information and what actions you can take. If you would like a copy of the Privacy Notice, please contact your Merrill Lynch Financial Advisor or Maine Distribution Agent or contact 1-888-341-5000 or visit Bank of America's Web site at bankofamerica.com/privacy.

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NEXTGEN COLLEGE INVESTING PLAN®
PROGRAM DESCRIPTION

CLIENT SELECT SERIES

September 26, 2011

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PROGRAM HIGHLIGHTS

The NextGen College Investing Plan was established by the State of Maine to encourage investing to pay for Qualified Higher Education Expenses (as defined below). These Program Highlights only summarize certain features of the Program. More detailed information about the Program, including establishing a NextGen Account, the Portfolios, sales charges, fees and expenses, investment risks, and tax consequences, are described in the pages that follow.

Please read this entire Program Description and the Participation Agreement carefully before investing and keep them for future reference.

Certain Key Terms used in this Program Description and the Participation Agreement are defined beginning on page 10.

		For More Information
Program Administrator	The Finance Authority of Maine administers the Program.	Page 57
Program Manager; Portfolio Servicing Agent	Merrill Lynch is responsible for the day-to-day operation of the Program as well as the marketing and distribution of the Program. Financial Data Services, Inc., an affiliate of Merrill Lynch, provides certain administrative services to the Program.	Page 57
Participant (Account Owner) Eligibility	The Program is available (without restriction on state of residence or income) to: • Individuals who are at least 18 years of age and have a valid social security number. • Custodial and trust accounts and state or local government or tax-exempt organizations described in section 501(c)(3) of the Code or certain other entities, with a valid taxpayer identification number.	Page 13
Designated Beneficiary Eligibility	The Designated Beneficiary (i.e., the individual for whom Qualified Higher Education Expenses are expected to be paid) may be any individual, regardless of age, with a valid social security number, including the Participant.	Page 13
Control of Account	The Participant: • Retains control of how and when Account assets are used. • May change the Designated Beneficiary. • May take Non-Qualified Withdrawals, subject to applicable federal and state income taxes on earnings and a 10% additional federal tax on earnings.	Page 16
Contributions	*Initial Contribution* - $250 minimum (no such minimum when funding an Account through payroll deduction or automated Contributions and in certain other circumstances). *Subsequent Contributions* - $50 minimum.	Page 14
Maximum Contribution Limit	$360,000 per Designated Beneficiary (adjusted periodically).	Page 15
Qualified Withdrawals	Assets in an Account can be used to pay for Qualified Higher Education Expenses (see definition on page 20) at any eligible post-secondary school in the U.S. or abroad.	Page 20
Client Select Series	Available by contacting a Merrill Lynch Financial Advisor, or through certain Maine Distribution Agents.	Page 22
Investment Options	30 investment options managed by Allianz/PIMCO, BlackRock, Eaton Vance, Franklin Templeton, MainStay, MFS and Thornburg, as well as the Principal Plus Portfolio: • 4 Age-Based Diversified Portfolio Options • 10 Diversified Portfolio Options • 15 Single Fund Portfolio Options • 1 Principal Plus Portfolio	Pages 22-24

PROGRAM HIGHLIGHTS

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<tr><td>Client Select Series – S Unit Class</td><td>0.475% - 2.06%</td></tr>
<tr><td>Client Select Series – G Unit Class</td><td>0.475% - 1.66%</td></tr>
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*As a percentage of a Portfolio's average annual net assets.
• Other fees and charges may apply.
• Sales charges may apply to purchases of Client Select Series A Units and C Units and to certain withdrawals of A Units and C Units.
• Underlying Fund expenses are subject to change, affecting Total Annual Asset-Based Fees.</td><td>Pages 25-45</td></tr>
<tr><td>Investment Risks and Other Considerations</td><td>• Assets in an Account are not guaranteed, and an Account may lose money.
• Federal and state tax laws may change and may adversely affect certain tax advantages of an investment in the Program.
• Investment options, Sub-Advisors, sales charges, fees and expenses may change.
• Contributions to an Account may affect the eligibility of the Designated Beneficiary or the Participant for federal and state benefits, such as financial aid or Medicaid.</td><td>Pages 50-55</td></tr>
<tr><td>Federal Tax Treatment</td><td>• Account earnings accrue federal income tax-free.
• No federal income tax on the earnings portion of Qualified Withdrawals.
• No federal gift tax on Contributions up to $65,000 ($130,000 for spouses electing to split gifts) – subject to certain limitations.
• Contributions are generally considered completed gifts for federal gift and estate tax purposes.
• Contributions are generally not included in the Participant's estate for federal estate tax purposes.</td><td>Pages 46-48</td></tr>
<tr><td>Portfolio Performance</td><td>Portfolio performance information as of June 30, 2011 for those Portfolios in operation as of that date is contained in this Program Description. Updated Portfolio performance information for all Portfolios will be available on the Program's Web site at www.nextgenplan.com. Past Portfolio performance is not indicative of future Portfolio performance.
• Allianz/PIMCO Portfolios Performance
• BlackRock Portfolios Performance
• Eaton Vance Portfolio Performance
• Franklin Templeton Portfolios Performance
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<tr><td>State Tax Treatment</td><td>• State tax treatment varies from state to state.
• If Maine is not a Participant's home state, the Participant should contact his or her home state's Section 529 Program to learn more about potential favorable state tax treatment or other benefits offered by such home state for investing in that home state's Section 529 Program.</td><td>Pages 48-49</td></tr>
<tr><td>Maine State Tax Treatment</td><td>• A tax deduction of $250 per Designated Beneficiary for Contributions to any Section 529 Program by Maine taxpayers.</td><td>Page 48</td></tr>
<tr><td>Special Benefits Available to Maine Residents</td><td>State tax deduction, Maine Matching Grant Programs, Harold Alfond College Challenge Grant, Account Maintenance Fee waiver, Maine Administration Fee rebate program and Maine Scholarship Programs.</td><td>Page 56</td></tr>
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KEY TERMS

Note: Other terms are defined elsewhere in this Program Description

"Account"	The repository of all Contributions and Units identified by a formal record of transactions with respect to a particular Participant and Designated Beneficiary.
"Account Application"	The Program application which is used to establish an Account.
"Age-Based Diversified Portfolio"	A Portfolio for which the assets are invested in a combination of Underlying Funds, based on the age of the Designated Beneficiary specified for such Portfolio.
"Cash Allocation Account"	The Cash Allocation Account is a separate account that seeks current income, preservation of capital and liquidity. This account is invested directly in a diversified portfolio of money market securities and Maine CDs.
"CDSC"	A contingent deferred sales charge. The amount deducted from the proceeds of a withdrawal made within a specified time period following certain Contributions to an Account.
"Code"	The Internal Revenue Code of 1986, as amended.
"Contribution"	The amount contributed to an Account by a Participant or other source.
"Designated Beneficiary"	The individual whose Qualified Higher Education Expenses are expected to be paid from the Account, or if the Participant is a state or local government or qualifying tax-exempt organization operating a scholarship program, the recipient of a scholarship paid from the Account.
"Diversified Portfolio"	A Portfolio for which assets are invested in one or more Portfolio Investments, in accordance with a fixed asset allocation specified for such Portfolio.
"Eligible Institutions of Higher Education"	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 which are eligible to participate in certain federal student financial aid programs. This includes certain proprietary institutions, foreign institutions and post-secondary vocational institutions.
"FAME"	The Finance Authority of Maine, which is the administrator of the Program.
"FDS"	Financial Data Services, Inc., an affiliate of Merrill Lynch, which serves as Portfolio Servicing Agent for the Program.
"Initial Sales Charge"	A fee based on a percentage of a Contribution that is deducted from certain Contributions prior to their investment in the Account.
"Investment Fund"	The portion of the Program Fund invested in the Portfolio Investments.
"Maine CDs"	Certificates of deposit issued by Maine financial institutions.
"Maine Distribution Agent"	Participating broker-dealers located in Maine (other than Merrill Lynch).
"Merrill Lynch"	Merrill Lynch, Pierce, Fenner & Smith Incorporated, which serves as Program Manager of the Program.
"Participant"	The individual or entity establishing an Account or any successor to such individual or entity.
"Participation Agreement"	The contract between the Participant and FAME, which establishes the Account and the obligations of FAME and the Participant, as amended.
"Portfolio"	One of the NextGen Portfolios established within the Investment Fund to which Contributions may be allocated, and that are invested in Portfolio Investments.

KEY TERMS

Note: Other terms are defined elsewhere in this Program Description

"Portfolio Investments"	The Underlying Funds and/or the Principal Plus Portfolio Investments, as applicable.
"Principal Plus Portfolio Investments"	The guaranteed investment contracts issued by one or more insurance companies, investments in the Cash Allocation Account, corporate fixed-income investments and/or similar instruments.
"Program"	The Maine College Savings Program (also known as the NextGen College Investing Plan). As of the date of this Program Description, the Program includes the Client Select Series described in this Program Description and a Client Direct Series that is for self directed investors and is described in a separate program description.
"Program Description"	This current NextGen College Investing Plan Client Select Series Program Description and any effective supplements to it.
"Program Fund"	The Maine College Savings Program Fund.
"Program Manager"	The company that is responsible for the day-to-day operation of the Program as well as its marketing and distribution. Currently, Merrill Lynch is the Program Manager.
"Qualified Higher Education Expenses"	Expenses including tuition, fees, and the cost of books, supplies and certain equipment required for the enrollment or attendance of a Designated Beneficiary (including expenses for special needs services in the case of a special needs beneficiary) at an Eligible Institution of Higher Education, along with room and board expenses (for students attending at least half-time, subject to certain limitations under Section 529 of the Code).
"Qualified Withdrawals"	Withdrawals from an Account that are used to pay the Qualified Higher Education Expenses of the Designated Beneficiary.
"Section 529 Program"	A "qualified tuition program" established under and operated in accordance with Section 529 of the Code.
"Single Fund Portfolio"	A Portfolio for which assets are invested in one Underlying Fund.
"Sub-Advisor"	A registered investment adviser, other than the Program Manager, that recommends Underlying Funds and the allocation of such Underlying Funds for one or more Portfolios comprised of Underlying Funds advised by such investment adviser or any of its affiliates.
"Treasurer"	The Treasurer of Maine.
"Underlying Funds"	One or more mutual funds or separate accounts in which assets of Portfolios (other than the Principal Plus Portfolio) are invested.
"Unit Class"	The A, C, G or S Units that represent investments within each of the Portfolios in the Client Select Series, each of which has its own sales charge and expense structure.
"Units"	Interests in a Portfolio that are purchased with Contributions to an Account.

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PARTICIPATION AND ACCOUNTS

Accounts may be established by a Participant with a valid social security or taxpayer identification number without regard to residency, domicile or income level of the Participant or Designated Beneficiary. A Participant must be at least 18 years of age to establish an Account; there is no age restriction for a Designated Beneficiary.

Establishing an Account

Account Application – To establish an Account, a Participant must complete an Account Application and consent and agree to the terms and conditions of the Participation Agreement. Either FAME or the Program Manager may require the completion of certain other documents for an Account to be established. There is no fee or charge for establishing an Account. Accounts will not be established, orders will not be executed, and the Account Application and Contribution amount will be returned if the Account Application is not complete. Signing an Account Application acknowledges receipt of this Program Description and Participation Agreement and acceptance of the terms and conditions of the Participation Agreement. There may be only one Participant and one Designated Beneficiary for each Account. A Successor Participant (defined below) may be identified for an Account on the Account Application. There is no limit to the number of Accounts that a Participant can open.

Identifying a Designated Beneficiary – On the Account Application a Participant (other than a state or local government or tax-exempt organization described in section 501(c)(3) of the Code opening a Scholarship Account as described below) must identify a Designated Beneficiary whose Qualified Higher Education Expenses are expected to be paid from the Account. There is no limit on the number of Accounts that can be opened for the same Designated Beneficiary by a single Participant or different Participants. The Designated Beneficiary may be the Participant or any other individual. There is no requirement that the Participant and Designated Beneficiary be related by blood or marriage.

Accounts Opened by Trustees, Custodians, Guardians, and Conservators – An authorized trustee or custodian must be identified if Contributions to an Account come from an existing trust or custodial account. Trustees opening an Account on behalf of a trust must provide representations or documentation concerning the trustees' authority or such other matters as required by the Program Manager. In addition, guardians and conservators may open an Account provided copies of the applicable governing documents are acceptable to the Program Manager.

Powers of Attorney – A Participant may authorize another individual or entity to exercise his or her rights over an Account or to open an Account through a power of attorney. However, FAME and the Program Manager reserve the right to take instructions from a Participant's agent only if the Participant is incompetent. A copy of the power of attorney must be presented to the Program Manager. If applicable, the power of attorney must be durable, and must include other language acceptable to the Program Manager including the power to make or revoke gifts.

Scholarship Accounts – Accounts may be established by state or local governments or tax-exempt organizations described in section 501(c)(3) of the Code and most types of legal entities, including trusts, whose purposes and powers so permit. As a Participant, a government or tax-exempt organization may establish an Account as part of a scholarship program operated by such government or organization (a "Scholarship Account"). Governments and tax-exempt organizations may designate a Diversified Portfolio, Single Fund Portfolio, an Age-Based Diversified Portfolio or any combination of Portfolios in which Contributions to a Scholarship Account are to be invested. Contributions to such Scholarship Accounts will be permitted even if they cause the balance of the Account to exceed the Program's maximum Contribution limit. Questions regarding the establishment of Scholarship Accounts should be addressed to the Program Manager at (877) 4-NEXTGEN (463-9843) or a Maine Distribution Agent.

Selection of Investment Option(s) – Investment option(s) and the percentage of each Contribution to be allocated to the Portfolio(s) selected must be indicated on the Account Application. The total allocation may not exceed 100%. A Participant investing in the Client Select Series must also indicate on the Account Application the Unit Class in which the initial Contribution should be invested. All subsequent Contributions will be invested in the selected Portfolio(s) and at the designated allocations and Unit Classes until a new designated allocation or Unit Class is selected by the Participant. See "Investment and Account Balances-*Investment Changes*" for information about changing existing investment allocations and/or changing the investment allocation of future Contributions.

Request for Duplicate Statements – A Participant may identify an interested party to receive duplicate Account statements. The interested party cannot initiate, approve or otherwise authorize any transactions or changes to the Account.

Personal Information – Establishment of an Account is subject to acceptance by the Program Manager, including the verification of a Participant's identity and other information in compliance with the requirements of the USA PATRIOT Act and other applicable law. If a Participant does not provide the information as requested on the Account Application, the Program Manager may refuse to open an Account for the Participant. If reasonable efforts to verify this information are unsuccessful, the Program Manager may take certain actions regarding the Account without prior notice to the Participant, including, among others, rejecting Contributions and withdrawal and transfer requests, suspending Account services, or closing the Account. Units redeemed as a result of closing an Account will be valued at the Units' Net Asset Value next calculated after the Program Manager closes the Account. The risk of market loss, tax implications, and any other expenses, as a result of the liquidation, will be solely the Participant's responsibility.

Contributions

Contributions must be made by personal check, cashier's check or money order (collectively, "check"), direct deposit through payroll deduction or through an automated method for making Contributions from a bank account through the Program's Automated Funding Service ("AFS"). All Contributions must be in U.S. dollars. Any applicable Initial Sales Charge will be deducted from each Contribution. A Participant will receive statements confirming the investment of his or her Contributions (and including such other information as may be required by law).

Contributions by Check

- Initial Contributions – A Participant making an initial Contribution by check must generally include an initial minimum amount of $250 with his or her Account Application, and check(s) should be made payable to "NextGen FBO [Name of Designated Beneficiary]". A separate check must be provided for each Account Application. The initial minimum amount will be reduced for a Participant receiving a Maine Initial Matching Grant or waived for an Account receiving a Harold Alfond College Challenge Grant. See "THE PROGRAM AND THE PROGRAM FUND-Special Benefits Available to Maine Residents."

- Subsequent Contributions – A Participant wishing to make subsequent Contributions by check must contribute a minimum of $50 (and must allocate a minimum of $25 per Portfolio) and check(s) should be made payable to "NextGen FBO [NextGen Account Number]". A separate check must be provided for each Account receiving a subsequent Contribution.

- Where to send Contributions – Participants should send or deliver an initial or subsequent Contribution(s) by check to their Merrill Lynch Financial Advisor or Maine Distribution Agent. A Maine resident Participant may also send an initial or subsequent Contribution(s) by check to FAME.

- Returned Checks – A fee of $20, which may be deducted from the Account, is charged for each check returned to the Program due to insufficient funds in an account on which the check is drawn.

Automatic Funds Transfer from Checking/Savings Account

- In General – A Participant may authorize the Program Manager to perform automated, periodic debits to make Contributions to an Account from a checking or savings account at a financial institution (including certain accounts held at Merrill Lynch). An authorization to perform automated, periodic deposits will remain in effect until the Program Manager has received notification of its termination. A Participant or the Program Manager may terminate the enrollment in the Program's AFS at any time. Any termination of such service initiated by a Participant must be in writing and will become effective as soon as the Program Manager has had a reasonable amount of time to act on it. The Program does not impose a fee for enrolling in the Program's AFS; however, the institution from which the funds are being debited may charge a fee. Please check with the institution.

- Initial Contribution – There is no initial Contribution amount required when AFS is established for an Account. To initiate this Contribution method, a Participant must complete the AFS section of the Account Application or request and complete the Merrill Lynch Automated Funds Service Enrollment and Authorization Form.

- Subsequent Contributions – Subsequent automated Contributions must be at least $50 monthly. A Participant electing to have Contributions invested in more than one Portfolio must allocate a minimum of $25 per Portfolio.

Payroll Direct Deposit

- Individuals and employees of employers offering the Program as an employee benefit may make an automatic, periodic Contribution to Account(s) through payroll direct deposit. No initial Contribution is required when a Participant chooses to fund an Account through payroll direct deposit. The minimum Contribution through payroll direct deposit is $50 monthly (required minimum allocation of $25 per Portfolio). Employers willing to process payroll direct deposit Contributions must be able to meet the Program Manager's operational and administrative requirements. Participants who wish to make such Contributions should verify with their employer that the employer is willing to process Contributions through payroll direct deposit.

PARTICIPATION AND ACCOUNTS

Contribution Method	Minimum Initial Contribution	Minimum Subsequent Contribution
Check	$250* (must allocate a minimum of $25 per Portfolio)	$50 (must allocate a minimum of $25 per Portfolio)
Automated Funding Service *or* Payroll direct deposit	None	$50 monthly (must allocate a minimum of $25 per Portfolio)

* The minimum Contribution may be reduced or waived in certain circumstances.

Rollover Contributions

- <u>Rollovers from Another State's Section 529 Program</u> – Rollover Contributions directly from another Section 529 Program to an established Account may be initiated by executing the NextGen College Investing Plan Transfer In Form and providing a statement issued by the distributing Section 529 Program that shows the principal and earnings portions of the Contribution.

  Rollover Contributions from another Section 529 Program sent directly to a Participant must be accompanied by the NextGen College Investing Plan Incoming Rollover Form ("Incoming Rollover Form") and a statement issued by the distributing Section 529 Program that shows the principal and earnings portions of the Contribution.

  Rollover Contributions to an Account from another Section 529 Program are federal income tax-free only if the rollover is into:

  - an Account for the same Designated Beneficiary, and there have been no other Section 529 Program rollovers within the immediately preceding 12 months for the same Designated Beneficiary, or
  - an Account for a Designated Beneficiary who is a Member of the Family (defined below) of the Designated Beneficiary of the rolled-over account (see "TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS – Federal Taxation of Section 529 Programs – *Federal Gift, Estate and Generation – Skipping Transfer Taxes"* for a discussion of possible gift or generation-skipping transfer tax consequences).

- <u>Rollovers from Coverdell Education Savings Accounts</u> – Coverdell Education Savings Account ("Coverdell ESA") assets can be rolled over to an Account. In order to take advantage of a tax-free rollover from a Coverdell ESA, the rollover Contribution must be accompanied by an Incoming Rollover Form. An account statement issued by the financial institution that acted as trustee or custodian of the Coverdell ESA that shows the principal and earnings portions of the rollover Contribution must also be provided to the Program Manager.

- <u>Rollovers from Qualified U.S. Savings Bonds</u> – Assets invested in certain U.S. savings bonds can be rolled-over to an Account.

  In order to take advantage of a tax-free rollover in connection with the liquidation of Series EE or Series I bonds, the rollover Contribution must be accompanied by an Incoming Rollover Form. In addition, an account statement or IRS Form 1099-INT issued by the financial institution that redeemed the bonds showing the interest portion of the redemption proceeds must also be provided to the Program Manager.

- <u>Tax and Other Considerations</u> – Rollovers require the liquidation of assets and the contribution of cash to an Account. Rollover Contributions to an Account must be made within 60 days of the liquidation and withdrawal of such assets from another account. If the Participant effects a qualifying rollover, the withdrawal from the originating Section 529 Program account will not be subject to federal income tax or the 10% additional federal tax on earnings. Until a statement issued by the distributing Section 529 Program, trustee or custodian of the Coverdell ESA or financial institution that redeemed the U.S. savings bonds showing the principal and earnings portion of the Contribution is received, the Program will treat the entire amount of the rollover Contribution as earnings in the receiving Account for tax purposes. A Participant may be required to provide certain documentation to the distributing Section 529 Program.

Maximum Contribution – Currently, Contributions will be permitted if they do not cause the aggregate balance of all Accounts in the Program for the same Designated Beneficiary (regardless of Participant) to exceed $360,000. FAME expects to adjust the Contribution limit annually, effective on or about January 1, but reserves the right to effect adjustments on other dates.

Excess Contributions – The Program Manager may return all or any part of a Contribution or the principal portion of a Contribution, rollover or transfer that exceeds the maximum allowable Contribution limit ("Excess Contribution"). Excess Contributions may be subject to a penalty imposed by FAME, which may be deducted from the Account. The maximum allowable Contribution limit is based on the aggregate balance of all Account(s) for the same Designated Beneficiary (regardless of Participant), not on the aggregate Contributions made to Accounts.

Year-End Contributions – Contributions for any calendar year must be received by the Program Manager by 4:00 P.M. Eastern Local Time on the last business day of the year. Contributions postmarked in a calendar year and received by the Program Manager in the next calendar year will not be included as Contributions in the prior calendar year. Year-end Contributions received by the Program Manager that do not include all necessary documentation in good order will not be credited to an Account for that calendar year.

UGMA/UTMA – Custodians under the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act of any state ("UGMA/UTMA") must execute Account Applications as UGMA/UTMA custodians to contribute UGMA/UTMA property to the Account. All Contributions to an Account held by a UGMA/UTMA custodian will be treated by the Program as being subject to the applicable UGMA/UTMA. Participants who are UGMA/UTMA custodians but also wish to retain control and ownership of other non-UGMA/UTMA assets in the Program, without being subject to the UGMA/UTMA, must establish separate Accounts for such non-UGMA/UTMA assets.

A Participant maintaining an Account as a UGMA/UTMA custodian may not change the Designated Beneficiary of the Account, may not transfer ownership of the Account to anyone other than a successor UGMA/UTMA custodian or the Designated Beneficiary, and must notify the Program Manager when a successor UGMA/UTMA custodian is appointed or when the custodianship terminates under the UGMA/UTMA (at which time the successor custodian or Designated Beneficiary will become the Participant of the Account).

Because only cash Contributions to an Account are permitted, UGMA/UTMA assets outside the Program may need to be liquidated in order to contribute them to an Account, which may have income tax consequences. Also, because the Designated Beneficiary of an Account under the UGMA/UTMA is the sole beneficial owner of the Account, any tax consequences associated with the Account, including any withdrawals from the Account, will be imposed on the Designated Beneficiary (and not the UGMA/UTMA custodian who is the Participant and legal owner of the Account). Accounts maintained by an UGMA/UTMA custodian are subject to the additional restrictions imposed by the relevant UGMA/UTMA statute, and such custodian may wish to consult a tax advisor and/or legal counsel regarding such restrictions and their consequences for transfers or withdrawals from an Account. Neither FAME nor the Program Manager will take any responsibility for, or be liable for any consequences related to, an UGMA/UTMA custodian's proper or improper use, transfer, failure to transfer, or characterization of custodial funds.

Contribution Policies – Following receipt of Contributions by check or by transfer of funds electronically, the Program reserves the right, subject to applicable law, to not allow withdrawals of those funds (or their equivalent) for up to 15 calendar days for checks, and up to 6 business days for electronic transfers.

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

Ownership of Contributions

Under Maine law, the Participant retains ownership of all Contributions made to an Account and all earnings credited to such Account up to the date withdrawn for payment of the Designated Beneficiary's Qualified Higher Education Expenses or otherwise transferred to someone other than the Participant. Special rules apply to Accounts established by UGMA/UTMA custodian Participants. An Eligible Institution of Higher Education obtains ownership of the amounts disbursed from an Account to such Institution with respect to the Qualified Higher Education Expenses paid to the Institution at the time each disbursement is made to the Institution, subject to any applicable refund policy or other policies of the Institution. Although contributions under the Maine Matching Grant Program or the Maine First Step Grant Program or the Harold Alfond College Challenge Grant may appear on a Participant's Account statement and such contributions may be included in the Account's activity or portfolio value, they are not considered to be Contributions held in the Account. Contributions under the Maine Matching Grant Program, the Maine First Step Grant Program, and the Harold Alfond College Challenge Grant are not owned by the Participant, and may only be used to pay the Qualified Higher Education Expenses of the Designated Beneficiary. See "THE PROGRAM AND THE PROGRAM FUND – Special Benefits Available to Maine Residents."

Any individual or entity may make Contributions to an Account. Only the Participant will receive confirmation of Account transactions. Individuals or entities other than the Participant that contribute funds to an Account will have no subsequent control over those Contributions. Only the Participant may direct transfers, rollovers, investment changes (as permitted under federal law), withdrawals and changes in the Participant or Designated Beneficiary.

Change of Designated Beneficiary

General – Section 529 of the Code and the Proposed Regulations (defined on page 46) generally allow for changes of the Designated Beneficiary without federal income tax consequences, so long as the new Designated Beneficiary is a Member of the Family (defined below) of the current Designated Beneficiary. Special rules apply to Accounts established by UGMA/UTMA custodians. In addition, no federal gift tax or any generation-skipping transfer tax will result provided the new Designated Beneficiary is a Member of the Family of the current

Designated Beneficiary and is assigned to the same generation as or a higher generation than the current Designated Beneficiary. Any change of the Designated Beneficiary to an individual who is not a Member of the Family of the current Designated Beneficiary should be treated as a Non-Qualified Withdrawal. See "TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS - Federal Taxation of Section 529 Programs."

To initiate a change of Designated Beneficiary to a Member of the Family of the current Designated Beneficiary, the Participant must complete and provide a NextGen College Investing Plan Change of Designated Beneficiary Form (and any additional required documentation) to the Program Manager. The change will be made upon the Program Manager's acceptance and processing of a properly completed form. A Participant also may achieve a change of Designated Beneficiary by transferring part of the assets in an existing Account to another Account for the benefit of a different Designated Beneficiary. If this is a new Account, this will require completion of an Account Application Form as well as a Change of Designated Beneficiary Form. There is no fee or charge for changing a Designated Beneficiary.

A Participant may choose to reinvest amounts currently held in an Account to any of the available Portfolio(s) when changing the Designated Beneficiary for an Account. If the Participant's Account is currently invested in an Age-Based Diversified Portfolio, the Program Manager will reinvest such amounts in a new Age-Based Diversified Portfolio (of Underlying Funds managed by the same Sub-Advisor) based on the age of the new Designated Beneficiary, unless otherwise instructed by the Participant.

Member of the Family – A Member of the Family is the Designated Beneficiary's:

- Father or mother, or an ancestor of either;
- Son or daughter, or a descendant of either;
- Stepfather or stepmother;
- Stepson or stepdaughter;
- Brother, sister, stepbrother or stepsister;
- Brother or sister of the father or mother;
- Brother-in-law, sister-in-law, son-in-law, daughter-in-law, father-in-law or mother-in-law;
- Son or daughter of a brother or sister;
- Spouse or the spouse of any of the foregoing individuals; or
- First cousin.

For purposes of determining who is a "Member of the Family," a legally adopted child or foster child of an individual is treated as the child of such individual by blood relationship, and a brother or sister includes a brother or sister by half blood.

Successor Participants

Death or Incapacity – A Participant may designate a successor Participant ("Successor Participant"). The Successor Participant shall assume all of the rights, title and interest of the current Participant with respect to an Account (including the right to withdraw assets from the Account or change the Designated Beneficiary) upon the death or incapacity of the current Participant. Such designation must be in writing and is not effective until received by the Program Manager. Special rules apply to UGMA/UTMA Accounts. The Successor Participant will be required to provide the Program Manager with a certified copy of a death certificate in the case of the death of a Participant or an acceptable medical authorization or court order in the case of the incapacity of a Participant and such other information as the Program Manager requires prior to taking any action regarding the Account. A designation of a Successor Participant that is executed by a Participant prior to his or her death or incapacity and is accepted following the Participant's death or incapacity will govern all directions with respect to the Account following (but not prior to) the Program Manager's acceptance of the designation. In the event no Successor Participant is named on the Account Application or on another form accepted by the Program Manager, or the named Successor Participant predeceases the Participant or does not accept ownership of the Account, the surviving spouse of the Participant, provided he or she is the natural or adoptive parent of the Designated Beneficiary, will become the Participant for the Account. In the event the surviving spouse is not the natural or adoptive parent of the Designated Beneficiary and the Designated Beneficiary is not a minor, the Designated Beneficiary will become the Participant for the Account. In the event there is no surviving spouse who is a parent of the Designated Beneficiary and the Designated Beneficiary is a minor, the Designated Beneficiary's custodial guardian will become the Participant for the Account. If the Designated Beneficiary has more than one custodial guardian, the guardian born earlier in the calendar year will become the Participant for the Account. If the Designated Beneficiary predeceases the Participant or dies in a manner that it cannot be determined who died first, the estate of the Designated Beneficiary will become the Participant for the Account.

Lifetime Transfers – A Participant may transfer ownership of an Account, without penalty, to another individual or entity to be the Participant in the Program. A transfer of ownership of an Account does not require a change of the Designated Beneficiary. A transfer of ownership of an Account will only be effective if it is irrevocable and transfers all rights, title, interest and power over the Account. A transfer of ownership of an Account may have income or gift tax consequences; contact a tax advisor before transferring ownership of an Account. To transfer ownership of an Account call the Program Manager at (877) 4-NEXTGEN (463-9843).

Investment of Contributions

The Program Manager will generally credit Contributions to an Account as of the business day received by the Program Manager. Contributions are invested on the next business day following the credit of the Contribution to the Account. The Program Manager will separately maintain each Account, but Contributions to an Account will be commingled with Contributions to other Accounts for purposes of investment. Each

Contribution to an Account in the Client Select Series must be directed to only one Unit Class.

Investment Changes – A Participant may change how previous Contributions (and any earnings thereon) have been allocated among the available Portfolio options for all Accounts in the Program for the same Designated Beneficiary once per calendar year or upon a change of the Designated Beneficiary by contacting your financial advisor. However, the investment allocation of future Contributions can be changed at any time. A Participant holding multiple Accounts for the same Designated Beneficiary must submit investment change instructions, if any, for all such Accounts on the same day, in order for all the changes to count as just one investment change (in the aggregate) for these purposes.

Currently, investment change requests must be in writing on an Investment Change Form; however, the Program Manager may waive this requirement or provide additional means for providing investment change instructions. An investment change will not affect instructions on how additional Contributions to an Account should be allocated. Investment changes may take up to five business days to process after they are received in good form by the Program Manager, particularly during periods of market volatility and at year-end. Account balances moved from one Unit Class of a Portfolio to another Unit Class within the same Portfolio is not a change in investment allocation – so such movements of Account balances are not limited to once per calendar year or upon a change of the Designated Beneficiary. However, Account balances moved from one Unit Class of a Portfolio to another Unit Class within the same Portfolio will be subject to the sales charge and on-going Portfolio fees applicable to the newly selected Unit Class and may be subject to a CDSC related to the original Unit Class. See "PROGRAM FEES, EXPENSES AND SALES CHARGES – Client Select Series."

Net Asset Value – The Program Manager calculates a Net Asset Value for each Unit of a particular Portfolio, after 4:00 P.M. Eastern Local Time, on each day that the New York Stock Exchange is open for trading. "Net Asset Value" is computed by dividing the value of each Portfolio Investment held in a Portfolio, plus any receivables and less any liabilities of such Portfolio, by the number of outstanding Units for each Unit Class of the Client Select Series Portfolios. Each Unit Class of a particular Portfolio within the Client Select Series may have a different Net Asset Value. The Net Asset Value for purposes of calculating the investment or reinvestment of Contributions to an Account will be the Net Asset Value calculated for the business day on which Contributions are invested or reinvested as described in this Program Description.

Statements and Reports

The Program Manager will keep accurate and detailed records of all transactions concerning Accounts and will provide each Participant with periodic statements of each Account.

If a Participant does not write to the Program Manager to object to a statement within 60 days after it has been sent to such Participant, such Participant will be considered to have approved it and to have released FAME and the Program Manager from all responsibility for matters covered by the statement. Each Participant agrees to provide all information FAME or the Program Manager may need to comply with any legal requirements.

Other Provisions

Prohibition Against Assignment, Transfer or Pledging as Security – Neither an Account nor any portion thereof may be assigned, transferred or pledged as security (including as collateral for a loan used to make Contributions to the Account) either by the Participant or the Designated Beneficiary of the Account.

Limitations on Satisfaction of Judgments - Maine Law – Under Maine law, all assets in, or credited to, an Account are not subject to levy, execution, judgment or other operation of law, garnishment or other judicial enforcement, and such assets are not an asset or property of either the Participant or the Designated Beneficiary for purposes of Maine insolvency laws. A Participant, however, should consult an attorney regarding the potential treatment of an Account in a specific situation under Maine or other applicable law.

Treatment of Account Assets under Federal Bankruptcy Law – Federal bankruptcy law provides that Contributions to an Account that are made less than 365 days before the date of the filing of a bankruptcy petition by a Participant are part of the Participant's bankruptcy estate, and thus available to creditors.

Contributions to all Accounts for a single Designated Beneficiary made between 365 days and 720 days before the filing of a bankruptcy petition by a Participant are not considered part of the Participant's bankruptcy estate to the extent the aggregate of such Contributions does not exceed $5,850, and thus such Contributions that do not exceed $5,850 are not generally available to creditors in bankruptcy; provided that (i) such Contributions do not exceed the Program's maximum Contribution limit, and (ii) the Designated Beneficiary of such Accounts is a child, stepchild, grandchild or step grandchild of the Participant (a legally adopted child or a foster child of a Participant is treated as a child of such Participant by blood).

All Contributions to all Accounts for a single Designated Beneficiary listed in the paragraph above, if made at least 720 days before the filing of a bankruptcy petition by a Participant, are not considered part of the Participant's bankruptcy estate, and thus are not generally available to creditors in bankruptcy.

A Participant filing a bankruptcy petition must report to the bankruptcy court any interest that the Participant has in a Section 529 Program.

Account Duration – There is no specific deadline for the use of assets in an Account to pay for Qualified Higher Education Expenses. However, FAME reserves the right to establish a maximum duration for an Account.

Withdrawals

In General – A Participant may direct a withdrawal from an Account at any time by notifying the Program Manager by telephone or in writing. Generally, only the Participant of an Account may direct withdrawals from the Account. The frequency of withdrawals in a single month may be limited. A minimum withdrawal amount may also be established.

To request a withdrawal by telephone, a Participant should contact his or her Merrill Lynch Financial Advisor or Maine Distribution Agent. Certain Accounts or transactions are not eligible for withdrawals by telephone. If an Account or a transaction is not eligible for withdrawals by telephone, a written request for withdrawal may be submitted. To authorize a withdrawal by telephone, a Participant should have the following information available: (i) Account number; (ii) amount to be distributed; and (iii) Portfolios to be liquidated. Written requests for withdrawals from an Account must be submitted on a NextGen College Investing Plan Withdrawal Request Form; however, the Program Manager may waive this requirement or provide additional means for withdrawal requests.

Following the acceptance and processing of a properly completed withdrawal request by the Program Manager, the proceeds delivered to the payee will be calculated at the next Net Asset Value for a Unit of a particular Portfolio applicable to a withdrawal calculated for such Unit of such Portfolio, less any applicable CDSC. In the case of a partial withdrawal, the withdrawal amount may be increased by the Program Manager to offset to the extent possible any CDSC amounts such that the Participant receives the withdrawal amount requested. During periods of market volatility and at year end, withdrawal requests may take up to five business days to process following receipt of a withdrawal request.

When a withdrawal is processed by check, the check will generally be drawn on a bank in New York City, where the Program Manager's headquarters are located and where most securities transactions are settled. If a withdrawal is processed by wire transfer, the Program Manager automatically will charge a fee of $30 for this service in addition to the requested amount. This fee may be deducted from the withdrawal proceeds. Alternatively, this fee may be added to the amount requested to be withdrawn from an Account.

Although a Participant designates the Portfolio(s) from which a particular withdrawal is made, special rules apply if the dollar amount of the withdrawal request is equal to or greater than the market value of the Units held in such Portfolio(s). In such cases, the Program Manager will process the withdrawal request as follows:

1. The Program Manager will sell all of the Units held in the Portfolio(s) selected by the Participant for full withdrawal (starting with the Portfolios with the smallest market value).

2. If the requested withdrawal amount is not satisfied, the Program Manager will sell Units held in the other Portfolio(s) selected by the Participant starting with the Portfolios with the highest market value. If the same withdrawal dollar amount is requested from two or more Portfolios, the Program Manager will sell Units held in the Portfolio with the highest market value, which could result in full liquidation of all Units in such Portfolio or a liquidation of Units only in that Portfolio.

3. In order to satisfy adjustments to a withdrawal request (for example, when the market value of Units has changed between the date of the withdrawal request and the processing date), the Program Manager will sell Units held in the Portfolio(s) selected by the Participant for full withdrawal. In order to satisfy any remaining adjustments, the Program Manager will sell Units held in the other Portfolio(s) selected by the Participant starting with the Portfolio with the highest market value.

4. If the requested withdrawal amount is not satisfied after selling all of the Units held in the Portfolio(s) selected by the Participant, the Program Manager will sell Units in other Portfolio(s) held in the Participant's Account starting with the Portfolio with the highest market value.

If the requested withdrawal amount would not be satisfied after selling all of the Units in all of the Portfolio(s) held in a Participant's Account, the withdrawal request will not be processed and the Participant will be notified that there are insufficient assets in the Account to process the withdrawal request. If at any point in the process outlined above the requested withdrawal amount is satisfied, no further Portfolio Units will be sold.

Accounts maintained by an UGMA/UTMA custodian are subject to the additional restrictions imposed by the relevant UGMA/UTMA statute, and such custodian may wish to consult a tax advisor and/or legal counsel regarding such restrictions and their consequences for transfers or withdrawals from an Account.

Withdrawal requests generally will not be processed on the same day that other withdrawal requests, exchanges among Portfolios or annual Account Maintenance Fee deductions are processed.

Tax Reporting – For purposes of determining whether a withdrawal is taxable and/or subject to the 10% additional federal tax on earnings, the Participant must determine whether the withdrawal is made for the payment of Qualified Higher Education Expenses as defined under the Code and/or fits within certain exceptions as discussed below.

On or before January 31 of each calendar year, the Program will send Form 1099-Q to each distributee for any withdrawals made from an Account in the previous calendar year. If a withdrawal is made payable to the Eligible Institution of Higher Education for the Designated Beneficiary or directly to the Designated Beneficiary, then the Designated Beneficiary is considered the distributee; for all other distributions, the Participant is considered the distributee. Upon receipt of the Form 1099-Q, the taxpayer will need to determine whether the distributions were used for Qualified Higher Education Expenses. If so, there is nothing to report; if the distributions were not used exclusively for Qualified Higher Education Expenses, then the taxpayer will need to report only the earnings portion of any nonqualified distributions on his or her federal income tax forms, and may incur a 10% additional federal tax on such earnings. See "TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS - Federal Taxation of Section 529 Programs - *Contributions, Earnings, and Withdrawals.*"

Recordkeeping – Although the Program Manager does not require any documentation from a Participant directing a withdrawal from an Account other than a NextGen College Investing Plan Withdrawal Request Form, distributees should retain all receipts for Qualified Higher Education Expenses with their other important tax documents. The Program is not responsible for determining whether a withdrawal is a Qualified Withdrawal or Non-Qualified Withdrawal (each as defined below).

Qualified Withdrawals

A withdrawal used to pay Qualified Higher Education Expenses is a Qualified Withdrawal.

Qualified Higher Education Expenses – "Qualified Higher Education Expenses" include:

- tuition, fees and the costs of books, supplies and equipment required for the enrollment or attendance of a Designated Beneficiary at an Eligible Institution of Higher Education;
- the actual costs of room and board of a Designated Beneficiary living in campus owned or operated housing or an amount equal to the allowance for room and board included in the cost of attendance of the Eligible Institution of Higher Education incurred while attending on at least a half-time basis; and
- expenses for special needs services in the case of a special needs Designated Beneficiary which are incurred in connection with enrollment or attendance at an Eligible Institution of Higher Education.

A Designated Beneficiary will be considered to be enrolled at least half-time if the Designated Beneficiary is enrolled for at least half the full-time academic workload for the course of study the Designated Beneficiary is pursuing, as determined under the standards of the Eligible Institution of Higher Education where the Designated Beneficiary 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, as amended through June 7, 2001. The Designated Beneficiary need not be enrolled on at least a half-time basis to use a Qualified Withdrawal to pay for expenses relating to tuition, fees, books, supplies and equipment or, in the case of a special needs Designated Beneficiary, expenses for special needs services.

Eligible Institutions of Higher Education – Generally, an accredited post-secondary educational institution offering credit toward a bachelor's degree, an associate's degree, a graduate level or professional degree, or another recognized post-secondary credential, including certain proprietary institutions, foreign institutions and post-secondary vocational institutions, is an Eligible Institution of Higher Education provided it is eligible to participate in U.S. Department of Education student financial assistance programs.

Non-Qualified Withdrawals and the Additional Tax

General – A "Non-Qualified Withdrawal" is any withdrawal from an Account other than a Qualified Withdrawal or a qualifying rollover. The earnings portion of a Non-Qualified Withdrawal is subject to federal and applicable state income tax and, in most cases, a 10% additional federal tax on earnings.

Exceptions to the Additional Tax – There is an exception to the 10% additional federal tax on earnings imposed for any withdrawal on account of:

- the death of the Designated Beneficiary if paid to the Designated Beneficiary's estate;
- the disability of the Designated Beneficiary within the meaning of section 72(m)(7) of the Code;
- the receipt of a scholarship by the Designated Beneficiary to the extent the amount withdrawn does not exceed the amount of such scholarship;
- the use of Hope Scholarship tax credits (also known as American Opportunity tax credits through 2012) or Lifetime Learning tax credits (together "Education Tax Credits") as allowed under federal income tax law; or
- the attendance of the Designated Beneficiary at certain specified military academies.

Death of Designated Beneficiary – In the event of the death of the Designated Beneficiary, the Participant may exercise one or more of the following options. The Participant may request payment of the Account balance to the Designated Beneficiary's estate in which case the earnings portion will be subject to federal income tax and possibly state income tax on the earnings portion of the withdrawal, without imposition of the 10% additional federal tax on earnings. Alternatively, the Participant can request the return of the Account balance, the earnings portion of which will be subject to federal income tax and may be subject to a 10% additional federal tax. Another option would be to initiate a change of Designated Beneficiary, as described in "Change of Designated Beneficiary." Special rules apply to Accounts established by UGMA/UTMA custodians.

Disability of Designated Beneficiary – If the Designated Beneficiary becomes disabled within the meaning of section 72(m)(7) of the Code, the Participant may exercise one or more of the following options. The Participant may request the return of all or a portion of the Account balance, in which case the earnings portion will be subject to federal income tax and possibly state income tax on the earnings portion of the withdrawal, without imposition of the 10% additional federal tax. Alternatively, the

Participant may initiate a change of Designated Beneficiary, as described in "Change of Designated Beneficiary." Special rules apply to Accounts established by UGMA/UTMA custodians.

Receipt of Scholarship – If the Designated Beneficiary receives a qualified scholarship, Account funds up to the amount of the scholarship can be withdrawn by the Participant, subject to federal income tax and possibly state income tax on the earnings portion of the withdrawal, without imposition of the 10% additional federal tax. Special rules apply to Accounts established by UGMA/UTMA custodians. Under the Proposed Regulations, a qualified scholarship includes certain educational assistance allowances under federal law and certain payments for educational expenses, or attributable to attendance at certain educational institutions, that are exempt from federal income tax. You should consult a qualified tax advisor to determine whether a particular payment or benefit constitutes a qualified scholarship.

Attendance at Certain Specified Military Academies – If the Designated Beneficiary attends the United States Military Academy, the United States Naval Academy, the United States Air Force Academy, the United States Coast Guard Academy, or the United States Merchant Marine Academy, Account funds may be withdrawn, subject to federal income tax and possibly state income tax on the earnings portion of the withdrawal, without imposition of the 10% additional federal tax on earnings to the extent the withdrawal does not exceed the costs of qualifying expenses attributable to such attendance.

Qualifying Rollovers to Other Section 529 Programs

Requests for withdrawals from an Account for the purpose of a rollover to an account in another Section 529 Program must be submitted on a NextGen College Investing Plan Withdrawal Request Form. If the Participant effects a qualifying rollover, the withdrawal will not be subject to federal income tax or the 10% additional federal tax on earnings if properly completed. Special rules apply to Accounts established by UGMA/UTMA custodians.

Residual Account Balances and Termination

Residual Account Balances – If the Designated Beneficiary graduates from an Eligible Institution of Higher Education, or chooses not to pursue higher education, and funds remain in an Account, the Participant has three options. First, the Participant may request that all or any portion of the remaining funds be withdrawn and paid (less any fees and expenses, including any applicable CDSC) to either the Participant or the Designated Beneficiary. This withdrawal may be treated as a Non-Qualified Withdrawal (subject to federal and any applicable state income tax, and possibly the 10% additional federal tax, on earnings). Second, the Participant may authorize a change of Designated Beneficiary for the remaining funds in the Account. See "Change of Designated Beneficiary." Special rules apply to Accounts established by UGMA/UTMA custodians. Third, the Participant may keep the funds in the Account to pay future Qualified Higher Education Expenses, such as graduate or professional school expenses, of the Designated Beneficiary.

Termination – The Participant may at any time close an Account by providing a NextGen College Investing Plan Withdrawal Request Form to the Program Manager, requesting that all the remaining funds be withdrawn and paid (less any fees and expenses, including any applicable CDSC) to either the Participant or the Designated Beneficiary. This withdrawal may be treated as a Non-Qualified Withdrawal (subject to federal and any applicable state income tax, and possibly the 10% additional federal tax, on earnings). FAME may terminate an Account at any time and for any reason, including if it determines that: (i) the Designated Beneficiary of an Account does not attend an Eligible Institution of Higher Education; (ii) a Participant has changed Designated Beneficiaries of an Account primarily to avoid or significantly defer federal or state income tax; or (iii) the assets in an Account are too small to be economically administered. Upon termination of an Account by FAME, the Program Manager shall liquidate the investments in the Account and distribute the balance to the Participant, less any fees and expenses including any applicable CDSC. This withdrawal may be treated as a Non-Qualified Withdrawal (subject to federal and any applicable state income tax and possibly the 10% additional federal tax on earnings).

Community Property

A 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 related Contributions to and withdrawals from Accounts. Community property issues are beyond the scope of this Program Description.

Penalties for Misrepresentations

In the event a Participant makes any material misrepresentations or provides any erroneous information in any communication with FAME or the Program Manager, including, without limitation, on the Account Application or any Account maintenance and servicing form, FAME may terminate a Participant's Account and charge fees or expenses in addition to a 15% penalty on the investment earnings of the Account.

THE NEXTGEN PORTFOLIOS

Contributions made to an Account on behalf of a Designated Beneficiary are invested in one or more Portfolios based on an election on the Account Application (or any change to such election) made by a Participant. Assets of Portfolios are then invested in one or more Portfolio Investments recommended by the Program Manager or a Sub-Advisor that reflect the investment strategies of the respective Portfolios, which FAME reviews and approves. There is no assurance that the strategy of any Portfolio will be successful. Participation in the Program is not considered to be part of an investment advisory service. Accordingly, the Participant will be responsible for monitoring and making investment decisions concerning his or her Account.

A Participant should consider which investment options are most appropriate given the other resources expected to be available to fund the Designated Beneficiary's Qualified Higher Education Expenses, the age of the Designated Beneficiary, and the anticipated date of first use of funds in the Account for the Designated Beneficiary. A Participant should also consider the limited ability to change investment options for Contributions (and any earnings thereon) that have already been invested in an Account.

Portfolios generally invest in one or more mutual funds or separate accounts managed by one of the Client Select Series' seven Sub-Advisors: Allianz Global Investors Solutions LLC or its affiliates ("Allianz"), BlackRock Investment Management LLC, or its affiliates ("BlackRock"), Eaton Vance Management or its affiliates ("Eaton Vance"), Franklin Templeton Investments ("Franklin Templeton"), New York Life Investment Management LLC ("MainStay"), Massachusetts Financial Services Company ("MFS") and Thornburg Investment Management, Inc. ("Thornburg"). An Underlying Fund may be sub-advised by a non-affiliate of a Sub-Advisor. The Principal Plus Portfolio will invest in one or more guaranteed investment contracts issued by one or more insurance companies, the Cash Allocation Account, corporate fixed-income investments and/or similar instruments.

Investment Options

The Client Select Series currently consists of 4 Age-Based Diversified Portfolio options, 10 Diversified Portfolio options, 15 Single Fund Portfolio options and a Principal Plus Portfolio. A Participant may choose from among one or more of the Portfolios. None of the Portfolios has been designed to provide any particular total return over any particular time period or investment horizon.

Age-Based Diversified Portfolios – The Age-Based Diversified Portfolios are invested in a manner that seeks to balance risk and expected returns of the Underlying Funds with the time periods remaining until a typical Designated Beneficiary is expected to need assets for Qualified Higher Education Expenses. The Age-Based Diversified Portfolios for the benefit of younger Designated Beneficiaries (for example, the BlackRock Age-Based 0-7 Years Portfolio) generally are more heavily invested in Underlying Funds that invest in equity securities, while Age-Based Diversified Portfolios for older Designated Beneficiaries (for example, the BlackRock Age-Based 20+ Years Portfolio) generally are more heavily invested in Underlying Funds that invest in fixed income securities, including money market securities. Please note that the age ranges in the names of the Age-Based Diversified Portfolios indicate the ages of the Designated Beneficiaries for whom such Portfolios may be appropriate; they do not refer to the number of years remaining until a typical Designated Beneficiary is expected to need such assets for Qualified Higher Education Expenses. There is no guarantee that investing in the Age-Based Diversified Portfolios will ensure investment gain, or protect against investment losses over time. For a description of the current Underlying Funds in each respective Age-Based Diversified Portfolio, see "NEXTGEN PORTFOLIOS-PERFORMANCE AND INVESTMENTS."

If the Designated Beneficiary is likely to need Portfolio assets at an earlier or later date than a typical Designated Beneficiary is expected to need Portfolio assets, you may want to consider whether the Age-Based Diversified Portfolios are appropriate for your Designated Beneficiary.

Diversified Portfolios – The Diversified Portfolios are invested in a combination of Portfolio Investments that is consistent with the sector allocation of each Portfolio. Within the equity securities segment of a Diversified Portfolio, if any, investments will be allocated among Portfolio Investments investing in domestic equity and international equity investments. Within the fixed income segment of a Diversified Portfolio, if any, investments will be allocated among Portfolio Investments investing in investment grade debt, non-investment grade debt and money market securities. Currently, the investments in one Diversified Portfolio are allocated among Portfolio Investments investing in alternative investments. For a description of the current Portfolio Investments in each respective Diversified Portfolio, see "NEXTGEN PORTFOLIOS-PERFORMANCE AND INVESTMENTS."

Single Fund Portfolios – The Single Fund Portfolios are invested in only one Underlying Fund. For a description of the current Portfolio Investment in each respective Single Fund Portfolio, see "NEXTGEN PORTFOLIOS-PERFORMANCE AND INVESTMENTS."

Principal Plus Portfolio – Prior to November 20, 2010, the Principal Plus Portfolio invested exclusively in a single guaranteed investment contract ("GIC") issued by an insurance company. Thereafter, the Principal Plus Portfolio began allocating a portion of its assets to the Cash Allocation Account, although the Principal Plus Portfolio retains the ability to invest in one or more other GICs issued by other insurance companies, corporate fixed-income investments and/or similar instruments.

A Participant may choose to invest new Contributions in any of the investment options, but may only change how previous Contributions (and any earnings thereon) have been allocated among the available Portfolio options for all Accounts for the same Designated Beneficiary once per calendar year or upon a change of the Designated Beneficiary. Portfolios may merge, terminate, reorganize or cease accepting new Contributions. See "PROGRAM AND PORTFOLIO RISKS AND OTHER CONSIDERATIONS – Program and Portfolio Risks and Other Considerations – *Limitations on Investment Direction.*"

For more details concerning each Age-Based Diversified Portfolio, Diversified Portfolio, Single Fund Portfolio and Principal Plus Portfolio, see "NEXTGEN PORTFOLIOS-PERFORMANCE AND INVESTMENTS."

Portfolio Series

The Program offers a variety of investment options through two separate series – the Client Select Series (offered through this Program Description) and the Client Direct Series (offered through a different program description). Each series offers different Portfolios, each with its own sales charges, fees and expense structure. Expenses associated with the Client Direct Series will generally be lower than those associated with the Client Select Series. A particular series may not offer some or all of the Portfolios available through the other series, although currently the BlackRock Age-Based Diversified Portfolios, several of the Diversified Portfolios, and the Principal Plus Portfolio are offered in both series. Information about the Client Direct Series is available by telephone at (877) 4-NEXTGEN (463-9843), on the Internet through www.nextgenplan.com and at www.merrilledge.com, by contacting FAME, or through certain Maine Distribution Agents – for a Maine Participant or other Participant opening Account(s) for Maine Designated Beneficiaries.

Each series may be offered through additional or different distribution channels, as determined by FAME and the Program Manager.

Portfolio Allocations

FAME is responsible for structuring the Portfolios, the assets of which are part of the Investment Fund. The Program Manager or a Sub-Advisor provides recommendations as to both the investment sectors in which assets of each Portfolio are allocated and the specific Portfolio Investments for each such sector of each Portfolio. For this purpose, the investment sectors are: alternative investments, domestic equity, international equity, investment grade debt, non-investment grade debt and money market securities. The Program Manager or a Sub-Advisor may recommend a Portfolio Investment with a global investment objective for use in the international equity investment sector. In accordance with the investment strategies described in this Program Description, certain Portfolios may only be invested in one or a limited number of specific sectors. Currently, one Single Fund Portfolio invests in an Underlying Fund which may invest in a combination of one or more of the investment sectors.

Under the Program Management Agreement, FAME may: (i) approve any proposed sector allocation or combination of Portfolio Investments recommended by the Program Manager or a Sub-Advisor; (ii) request that the Program Manager or a Sub-Advisor deliver a revised proposed sector allocation or a different combination of proposed Portfolio Investments; or (iii) object to any proposed sector allocation or combination of Portfolio Investments. In the event that the Program Manager or a Sub-Advisor and FAME disagree as to any proposed sector allocation or a combination of Portfolio Investments, the parties must mutually agree upon a third party arbiter who shall recommend a proposed sector allocation or a combination of Portfolio Investments. Unless FAME objects to the arbiter's recommendation of sector allocations or Portfolio Investments, such recommendations will become the approved allocation or approved Portfolio Investments. If FAME objects to the arbiter's recommendation, FAME will determine the sector allocations or combination of Portfolio Investments.

It is anticipated that the sector allocations and combination of Portfolio Investments will be reviewed annually and may change from year to year. In particular, the current target Underlying Fund allocation and current target asset allocation may be changed at any time. The asset allocation of a Portfolio may vary from its target allocation, and may be re-balanced periodically and from time to time to its target allocations. The Program Manager or a Sub-Advisor may from time to time recommend a revised sector allocation or a revised combination of Portfolio Investments. FAME will determine whether to approve any such recommendation. It is anticipated that Portfolios will be re-balanced to reflect each new allocation.

Portfolio Investments

Underlying Funds – The assets of each Portfolio are invested in Underlying Funds in accordance with the sector allocation and Underlying Fund determinations made by FAME.

Under the terms of the Program Management Agreement and Sub-Advisory Agreements, the Underlying Funds proposed by the Program Manager or any Sub-Advisor for the Investment Fund are expected to be mutual funds or separate accounts managed by a Sub-Advisor. See "THE PROGRAM MANAGEMENT AGREEMENT." FAME may select Underlying Funds that are not managed by a Sub-Advisor if there are no available Underlying Funds managed by a Sub-Advisor within a particular investment sector that meet certain performance standards set forth in the Program Management Agreement.

FAME has approved one Underlying Fund, the Cash Allocation Account, for the Principal Plus Portfolio as well as Portfolios investing in cash equivalent securities. The assets of the Cash Allocation Account are invested in a diversified portfolio of money market securities and Maine CDs. BlackRock is responsible for the selection and management of the money market securities in the Cash Allocation Account, other than Maine CDs. The Treasurer will select the financial institutions from which any Maine CDs are purchased and is responsible for ensuring that any Maine CDs are insured by the Federal Deposit Insurance Corporation or are fully collateralized. The Treasurer will also determine the percentage of the assets of the Cash Allocation Account that is invested in Maine CDs. Currently, it is anticipated that a maximum of 10 percent (10%) of the assets of the Cash Allocation Account will be invested in Maine CDs. The Cash Allocation Account is not a registered mutual fund.

Principal Plus Portfolio Investments – The assets of the Principal Plus Portfolio are invested in Principal Plus Portfolio Investments selected by FAME. Prior to November 20, 2010, the Principal Plus Portfolio invested exclusively in a single guaranteed investment contract ("GIC") issued by an insurance company. Thereafter, the Principal Plus Portfolio began allocating a portion of its assets to the Cash Allocation Account, although the Principal Plus Portfolio retains the ability to invest in one or more other GICs issued by other insurance companies, corporate fixed-income investments and/or similar instruments. The Program Manager provides administrative services with respect to the Principal Plus Portfolio and performs credit analyses on the issuers of GICs.

Portfolio Selection

A Participant may select one or more Age-Based Diversified Portfolio, Diversified Portfolio, Single Fund Portfolio or Principal Plus Portfolio investment options for Contributions made to his or her Account(s). For more information about the Portfolio options currently available, see "NEXTGEN PORTFOLIOS-PERFORMANCE AND INVESTMENTS."

Age-Based Diversified Portfolios
Allianz Age-Based Portfolios
BlackRock Age-Based Portfolios
Franklin Templeton Age-Based Portfolios
MFS Age-Based Portfolios
Diversified Portfolios
Allianz Capital Growth and Income Portfolio
Allianz Capital Income Portfolio
BlackRock 100% Equity Portfolio
BlackRock 75% Equity Portfolio
BlackRock Fixed Income Portfolio
Franklin Templeton Balanced Portfolio
Franklin Templeton Growth and Income Portfolio
Franklin Templeton Growth Portfolio
MFS Equity Portfolio
MFS Fixed Income Portfolio
Single Fund Portfolios
Allianz NFJ Dividend Value Portfolio
BlackRock Global Allocation Portfolio
BlackRock Large Cap Core Portfolio
BlackRock Large Cap Growth Portfolio
Eaton Vance Large-Cap Value Portfolio
Franklin Templeton Global Bond Portfolio
Franklin Templeton Mutual Shares Portfolio
Franklin Templeton Small Cap Value Portfolio
Franklin Templeton Small-Mid Cap Growth Portfolio
MainStay Large Cap Growth Portfolio
MFS Research International Portfolio
MFS Value Portfolio
PIMCO Real Return Portfolio
PIMCO Total Return Portfolio
Thornburg International Value Portfolio
Principal Plus Portfolio
Principal Plus Portfolio

PROGRAM FEES, EXPENSES AND SALES CHARGES

Each Account bears certain on-going Portfolio fees, which are charged against the assets of the Portfolios, to provide for the costs associated with the distribution, servicing and administration of the Account. These Portfolio fees will reduce the value of the Account as they are incurred. Shares of Underlying Funds held by a Portfolio may be liquidated to pay Portfolio fees charged to the Portfolio. Accounts also will indirectly bear the fees and expenses, if any, of the Portfolio Investments in which the Portfolios invest. In addition to these fees and expenses, certain Accounts will bear an annual Account maintenance fee of $50 (the “Account Maintenance Fee”), which may be waived in certain circumstances, and whole or fractional Units in the Accounts may be liquidated to pay the annual Account Maintenance Fee.

The Portfolio fees, expenses and sales charges described below are subject to change from time to time.

Portfolio Investment Fees and Expenses

Each Portfolio indirectly bears its proportional share of the fees and expenses incurred by the Portfolio Investments in which it invests. Accordingly, each Portfolio’s investment return will be net of both the fees and expenses of the Portfolio Investments and the Portfolio fees described herein.

Annual Asset-Based and Other Fees

Underlying Fund Expenses – All Client Select Series Portfolios (except the Principal Plus Portfolio, which does not invest in mutual funds) invest in the Class A shares (with the initial sales charge waived) of their Underlying Funds. For Portfolios that invest in more than one Underlying Fund, the Underlying Fund expenses are based on a weighted average of each Underlying Fund’s expense ratio that corresponds to the Portfolio’s target asset allocation. Each Portfolio’s target asset allocation for Portfolio Investments is effective as of the Program Description date, and each Portfolio’s fees and expenses are based on the most recent fiscal year reported upon in the Underlying Fund(s) most recent prospectus as of June 30, 2011, unless noted otherwise.

Management, Portfolio Servicing and Maine Administration Fees – Merrill Lynch is entitled to receive a management fee for acting as Program Manager (the “Management Fee”). FDS is entitled to receive a portfolio servicing fee for acting as Portfolio Servicing Agent to the Program (the “Portfolio Servicing Fee”). The Program Manager may also receive compensation from Sub-Advisors or from Portfolio Investments. In addition, FAME receives an administration fee for acting as administrator of the Program (the “Maine Administration Fee”).

Annual Account Maintenance Fee and Other Fees – There is a $50 annual Account Maintenance Fee, waived under certain circumstances described below. However, the Account Maintenance Fee is $25 if the NextGen plan is offered as an employee benefit by the Participant's employer. For purposes of calculating the Account Maintenance Fee, a “fee year” is used. Each fee year begins on the first day of the calendar quarter in which the Account is established and ends on the day before the anniversary of that date. For example, if the Account is established on April 14, the fee year would begin on April 1 and end on March 31. The Account Maintenance Fee is charged approximately 30 days after the end of the fee year.

The Account Maintenance Fee may be waived for certain Accounts, including: (i) all Accounts established where either the Participant or the Designated Beneficiary is a resident of Maine; (ii) if total Contributions to the Account made during a fee year are at least $2,500; or (iii) the value of the Account at the end of a fee year is at least $20,000. Employees of the Program Manager or its affiliates who have identified their Accounts to the Program Manager (“Program Manager Employees”) are not charged the Account Maintenance Fee. The Account Maintenance Fee may be waived or reduced in other instances as determined by the Program Manager.

If an Account that is subject to an Account Maintenance Fee is closed or transferred before the Account Maintenance Fee is charged, the Account Maintenance Fee for such year will be $12.50 for each whole or partial calendar quarter of the final fee year. When the fees described in this paragraph are charged and an Account holds Units of more than one Portfolio, the largest Portfolio position, based on dollar value, will be liquidated first. Accounts with $50 or less will be closed to pay the Account Maintenance Fee. See “PARTICIPATION AND ACCOUNTS-Contributions-*Deposits by Check-Returned Checks*” and “PARTICIPATION AND ACCOUNTS-Withdrawals-*In General*.”

Account Maintenance Fee	**$50**
Non-Sufficient Funds Fee	**$20**
Wire Transfer Fee	**$30**

Sales Charges

The Client Select Series offers a choice of Unit Classes, each with its own sales charge and Portfolio fee structure, allowing each Participant to invest in the way that best suits his or her investment goals. When choosing a Unit Class a Participant should consider, among other factors, when Contributions are to be made to the Account, the amounts of the Contributions, how long Contributions will be held in the Account before withdrawals are directed, and the age of the Designated Beneficiary. Due to differing sales charges and Portfolio fee structures among the Unit Classes, the Net Asset Value of Portfolio Unit Classes and the investment return on an equivalent Contribution invested in a particular Unit Class may be more or less than it would be by investing in a different Unit Class. A Merrill Lynch Financial Advisor or Maine Distribution Agent can help a Participant determine which Unit Class is best suited to his or her investment goals. If more than one Unit Class is held in an Account, withdrawals, transfer and rollover requests will be made from the Unit Class designated by the Participant to the Program Manager.

Summary of Sales Charge Features

The S and G Unit Classes are no longer offered for sale.

	A UNIT CLASS	C UNIT CLASS
Initial Sales Charge	***Portfolios (other than Principal Plus Portfolio)*** **Yes.** The Contribution amount less the Initial Sales Charge, if any, is invested in the A Unit Class.[1] ***Principal Plus Portfolio*** **No.** Entire Contribution is invested in the A Unit Class.	**No.** Entire Contribution is invested in the C Unit Class.
Contingent Deferred Sales Charge	***Portfolios (other than Principal Plus Portfolio)*** **No.** Except if the Initial Sales Charge has been waived.[2] ***Principal Plus Portfolio*** **Yes.** Deducted from amounts withdrawn, transferred or rolled over from an Account within one year of a Contribution.	**Yes.** Deducted from amounts withdrawn, transferred or rolled over from an Account within one year of a Contribution.

[1] Lower Initial Sales Charges are available for larger Eligible Asset balances: see definition of Eligible Assets on page 27, waived for certain Participants.

[2] For the explanation of this exception, see "A Unit Class-*Contingent Deferred Sales Charge*" on page 27.

A Unit Class

Initial Sales Charge – A Participant who chooses to invest Contributions in the A Unit Class of all Portfolios, except the Principal Plus Portfolio, will pay an Initial Sales Charge at the time of Contribution. The maximum Initial Sales Charge is 5.75%. The Initial Sales Charge decreases as a Participant's Eligible Assets increase. Only the amount of the Contribution reduced by the applicable Initial Sales Charge will be invested in the Account. While an Initial Sales Charge does not apply to purchases of the A Unit Class in the Principal Plus Portfolio, transfers from the A Unit Class of the Principal Plus Portfolio to the A Unit Class of any other Portfolio will be assessed the appropriate Initial Sales Charge at the time of such transfer.

	All Portfolios[1] (except the Fixed Income Portfolios[2] and the Principal Plus Portfolio)	**Fixed Income Portfolios[2]**
If a Participant's Eligible Assets[3] are	The Participant will pay the following Initial Sales Charge[4]	
Less than or equal to $49,999	5.75%	4.50%
$50,000 - $99,999	4.50%	4.00%
$100,000 - $249,999	3.50%	3.50%
$250,000 - $999,999	2.75%	2.75%
$1,000,000 or greater[5]	0.00%	0.00%

[1] Contributions to the Principal Plus Portfolio are not subject to an initial sales charge.

[2] The Fixed Income Portfolios are the Allianz Capital Income Portfolio, BlackRock Fixed Income Portfolio, Franklin Templeton Global Bond Portfolio, MFS Fixed Income Portfolio, PIMCO Real Return Portfolio and PIMCO Total Return Portfolio.

[3] The maximum Contribution limit per Designated Beneficiary is currently $360,000.

[4] Expressed as a percentage of the Contribution amount.

[5] A contingent deferred sales charge (CDSC) may apply.

The following example illustrates how the Initial Sales Charge percentage is determined and applied.

EXAMPLE: Tonia contributes $1,000 into an Account, for which Makayla is the Designated Beneficiary, and purchases the A Unit Class of the BlackRock 100% Equity Portfolio. Previously, Contributions to this Account were $23,000, and the current value of this Account is $49,000. Tonia has a second Account for which Charles is the Designated Beneficiary. Tonia previously contributed $47,500 to the second Account, and the current value of that second Account is $42,000. Tonia's spouse also has an Account for which Charles is the Designated Beneficiary; previously Contributions to this Account were $65,000, and the current value of this Account is $59,000. Tonia's Eligible Assets for purposes of calculating the Initial Sales Charge percentage applicable to the new $1,000 Contribution is $162,500, calculated as follows: the sum of (a) $1,000, (b) $96,500 ($49,000 + $47,500) and (c) $65,000. Based on the Eligible Assets calculated with respect to this particular Contribution and the Initial Sales Charge schedule above, Tonia would be assessed a 3.50% Initial Sales Charge on this particular Contribution, or $35 (3.50% x $1,000), and would invest $965 in the A Unit Class of the BlackRock 100% Equity Portfolio ($1,000 – $35). *This example is for illustrative purposes only, and does not reflect the past performance of any investment in the Program nor does it guarantee future performance of any investment in the Program.*

The Initial Sales Charge that a Participant pays on each Contribution invested in the A Unit Class of all Portfolios, except the Principal Plus Portfolio, is based on the amount of the Participant's Eligible Assets as set forth below.

"Eligible Assets" used to determine the applicable Initial Sales Charge for each Contribution are calculated based on assets invested in Client Direct Series Portfolios and the A, C, G and S Unit Classes in Client Select Series Portfolios as follows:

(a) ***The Contribution:*** the amount to be invested (before deducting the Initial Sales Charge), **PLUS**

(b) ***Participant's Accounts:*** the *greater* of (determined on an Account by Account basis)

- (x) the *original amounts* of the Contributions previously made by the Participant to the Participant's Accounts in the Program, or
- (y) the *current* value of all of the Participant's Accounts in the Program (excluding the new Contribution), **PLUS**

(c) ***Other Participants' Accounts for same Designated Beneficiary:*** the *greater* of (determined on an Account by Account basis)

- (x) the *original amounts* of the Contributions made to all Accounts in the Program with the same Designated Beneficiary as the Designated Beneficiary of the Account to which the Contribution is being made, or
- (y) the *current* value of all Accounts in the Program with the same Designated Beneficiary as the Designated Beneficiary of the Account to which the Contribution is being made; **MINUS**

(d) ***Withdrawals:*** the aggregate amount of all *withdrawals* from

- (x) all of the Participant's Accounts in the Program, and
- (y) all Accounts in the Program with the same Designated Beneficiary as the Designated Beneficiary of the Account to which the Contribution is being made.

To prevent double counting of asset balances, the following three rules apply when calculating Eligible Assets.

1. The current Contribution is not included in the balances of Accounts maintained by the Participant for the Designated Beneficiary calculated pursuant to (b) above.
2. The balances of Accounts maintained by the Participant for the Designated Beneficiary are not included in the balances of Accounts maintained by another Participant for the same Designated Beneficiary calculated pursuant to (c) above.
3. Withdrawals from Accounts maintained by the Participant for the Designated Beneficiary are not included in withdrawals from Accounts maintained by another Participant for the same Designated Beneficiary calculated pursuant to (d) above.

Only Eligible Assets will be considered when determining the appropriate Initial Sales Charge percentage applicable to a particular Contribution. Eligible Assets are recalculated each time a Contribution is made to an Account. The procedure for calculating Eligible Assets may result in the Participant receiving a lower Initial Sales Charge percentage for a particular Contribution due to Account balances contributed to an Account opened by another Participant for the same Designated Beneficiary. Likewise, a Participant other than the Participant making a Contribution to an Account may receive a lower Initial Sales Charge percentage for a particular Contribution due to the Account balances in an Account opened by such other Participant for the same Designated Beneficiary.

The Initial Sales Charge applicable at the time of purchase of the A Unit Class of all Portfolios, except the Principal Plus Portfolio, may be reduced or waived for Program Manager Employees and investors with certain levels of Eligible Assets as described above. Each of FAME and the Program Manager reserves the right to amend or modify the Initial Sales Charge breakpoints, reductions or waivers described herein at any time.

Contingent Deferred Sales Charge (CDSC) – A CDSC may be deducted from the proceeds of (a) withdrawals directed by a Participant who is not a Program Manager Employee and whose

Eligible Assets at the time of purchase of the A Unit Class of all Portfolios, except the Principal Plus Portfolio, were $1,000,000 or greater; (b) reallocations of Account balances to a different Unit Class; and (c) withdrawals from the Principal Plus Portfolio. If an Initial Sales Charge is not assessed at the time the Contribution is invested in the A Unit Class, when the Participant directs a withdrawal from the A Unit Class of any Portfolio held in the Account, or a transfer or rollover is made from the Account to another Section 529 Program, within one year after the Contribution, a CDSC is deducted from the amount withdrawn and paid to the Program Manager. The CDSC is 0.50% (except for the Principal Plus Portfolio which is 0.25%) of the lesser of the original amount of the Contribution or the current value of the Contribution. Each purchase of the A Unit Class has its own CDSC period, and the CDSC is determined by presuming that Contributions are withdrawn in the order in which they were made. The CDSC does not apply to earnings on any Contribution. No CDSC will be deducted from the proceeds of withdrawals from the A Unit Class of (a) any Portfolio due to the death or disability of the Designated Beneficiary or (b) to pay the Account Maintenance Fee.

Eligibility to Purchase A Unit Class – Any Participant may choose to purchase the A Unit Class.

Program Manager Employees – Employees of Merrill Lynch or its affiliates are eligible to purchase the A Unit Class without paying an Initial Sales Charge.

CLIENT SELECT SERIES A UNIT CLASS

Unless waived, a $50 Annual Account Maintenance Fee Applies[1]

	Portfolios incur the following Annual Asset-Based Fees[2]					Additional Investor Expenses
	Estimated Underlying Fund Expenses[3]	Management Fee[4]	Portfolio Servicing Fee	Maine Administration Fee[5]	Total Annual Asset-Based Fees[6]	Maximum Initial Sales Charge[7]
Allianz/PIMCO Portfolios						
Allianz Age-Based 0-8 Years Portfolio	1.23%	0.00%	0.10%	0.15%	1.48%	5.75%
Allianz Age-Based 9-11 Years Portfolio	1.17%	0.00%	0.10%	0.15%	1.42%	5.75%
Allianz Age-Based 12-14 Years Portfolio	0.96%	0.00%	0.10%	0.15%	1.21%	5.75%
Allianz Age-Based 15-16 Years Portfolio	0.87%	0.00%	0.10%	0.15%	1.12%	5.75%
Allianz Age-Based 17-18 Years Portfolio	0.78%	0.00%	0.10%	0.15%	1.03%	5.75%
Allianz Age-Based 19+ Years Portfolio	0.72%	0.00%	0.10%	0.15%	0.97%	5.75%
Allianz Capital Growth and Income Portfolio	1.23%	0.00%	0.10%	0.15%	1.48%	5.75%
Allianz Capital Income Portfolio	0.84%	0.00%	0.10%	0.15%	1.09%	4.50%
Allianz NFJ Dividend Value Portfolio	1.07%	0.00%	0.10%	0.15%	1.32%	5.75%
PIMCO Real Return Portfolio	0.88%	0.00%	0.10%	0.15%	1.13%	4.50%
PIMCO Total Return Portfolio	0.86%	0.00%	0.10%	0.15%	1.11%	4.50%

1 The Account Maintenance Fee is $25 if the Program is offered as an employee benefit by the Participant's employer. This fee may be waived in certain circumstances.

2 Expressed as an annual percentage of the average daily net assets of each Portfolio.

3 For Portfolios that invest in more than one Underlying Fund, the Underlying Fund expenses are based on a weighted average of each Underlying Fund's expense ratio that corresponds to the Portfolio's target asset allocation. Each Portfolio's target asset allocation for Portfolio Investments is effective as of the Program Description date, and each Portfolio's fees and expenses are based on the Underlying Fund's or Funds' most recent prospectus as of June 30, 2011. Underlying Fund fee and expense information may change from time to time. Updated expense information, if any, will be available on the Internet at www.nextgenplan.com or from the Program Manager by calling (877) 4-NEXTGEN (463-9843).

4 The Management Fee for any Portfolio may be voluntarily reduced at any time on a temporary or permanent basis by the Program Manager.

5 A rebate approximately equal to the Maine Administration Fee may be provided in certain circumstances. See **Maine Administration Fee Rebate Program** on page 56.

6 Annual Asset-Based Fees are subject to change at any time, and are assessed against assets over the course of the year and do not include sales charges or the annual Account Maintenance Fee. **See "Investment Cost Charts" on page 38 for the approximate cost of investing in the Program's Portfolios over 1-, 3-, 5- and 10-year periods.**

7 Payable at the time of purchase of the A Unit Class of all Portfolios, except the Principal Plus Portfolio. The Initial Sales Charge decreases as a Participant's Eligible Assets increase and may be waived for certain Participants. A maximum contingent deferred sales charge of 0.50% may be charged, and partially waived in limited circumstances, for Contributions not subject to an Initial Sales Charge that are withdrawn, transferred or rolled over from an Account within one year of the Contribution.

CLIENT SELECT SERIES A UNIT CLASS

Unless waived, a $50 Annual Account Maintenance Fee Applies[1]

	Portfolios incur the following Annual Asset-Based Fees[2]					Additional Investor Expenses
	Estimated Underlying Fund Expenses[3]	Management Fee[4]	Portfolio Servicing Fee	Maine Administration Fee[5]	Total Annual Asset-Based Fees[6]	Maximum Initial Sales Charge[7]
BlackRock Portfolios BlackRock Age-Based 0-7 Years Portfolio	1.11%	0.00%	0.10%	0.15%	1.36%	5.75%
BlackRock Age-Based 8-10 Years Portfolio	1.16%	0.00%	0.10%	0.15%	1.41%	5.75%
BlackRock Age-Based 11-13 Years Portfolio	1.16%	0.00%	0.10%	0.15%	1.41%	5.75%
BlackRock Age-Based 14-16 Years Portfolio	1.16%	0.00%	0.10%	0.15%	1.41%	5.75%
BlackRock Age-Based 17-19 Years Portfolio	1.02%	0.00%	0.10%	0.15%	1.27%	5.75%
BlackRock Age-Based 20+ Years Portfolio	0.53%	0.00%	0.10%	0.15%	0.78%	5.75%
BlackRock 100% Equity Portfolio	1.06%	0.00%	0.10%	0.15%	1.31%	5.75%
BlackRock 75% Equity Portfolio	1.06%	0.00%	0.10%	0.15%	1.31%	5.75%
BlackRock Fixed Income Portfolio	1.11%	0.00%	0.10%	0.15%	1.36%	4.50%
BlackRock Global Allocation Portfolio	1.17%	0.00%	0.10%	0.15%	1.42%	5.75%
BlackRock Large Cap Core Portfolio	1.14%	0.00%	0.10%	0.15%	1.39%	5.75%
BlackRock Large Cap Growth Portfolio	1.30%	0.00%	0.10%	0.15%	1.55%	5.75%
Eaton Vance Portfolio Eaton Vance Large-Cap Value Portfolio	0.98%	0.00%	0.10%	0.15%	1.23%	5.75%

[1] The Account Maintenance Fee is $25 if the Program is offered as an employee benefit by the Participant's employer. This fee may be waived in certain circumstances.
[2] Expressed as an annual percentage of the average daily net assets of each Portfolio.
[3] For Portfolios that invest in more than one Underlying Fund, the Underlying Fund expenses are based on a weighted average of each Underlying Fund's expense ratio that corresponds to the Portfolio's target asset allocation. Each Portfolio's target asset allocation for Portfolio Investments is effective as of the Program Description date, and each Portfolio's fees and expenses are based on the Underlying Fund's or Funds' most recent prospectus as of June 30, 2011, or, if the Underlying Fund was recently involved in a fund reorganization, the pro forma expenses for the combined fund disclosed in the Combined Prospectus/Proxy Statement dated May 16, 2011. Underlying Fund fee and expense information may change from time to time. Updated expense information, if any, will be available on the Internet at www.nextgenplan.com or from the Program Manager by calling (877) 4-NEXTGEN (463-9843).
[4] The Management Fee for any Portfolio may be voluntarily reduced at any time on a temporary or permanent basis by the Program Manager.
[5] A rebate approximately equal to the Maine Administration Fee may be provided in certain circumstances. See **Maine Administration Fee Rebate Program** on page 56.
[6] Annual Asset-Based Fees are subject to change at any time, and are assessed against assets over the course of the year and do not include sales charges or the annual Account Maintenance Fee. **See "Investment Cost Charts" on page 38 for the approximate cost of investing in the Program's Portfolios over 1-, 3-, 5- and 10-year periods.**
[7] Payable at the time of purchase of the A Unit Class of all Portfolios, except the Principal Plus Portfolio. The Initial Sales Charge decreases as a Participant's Eligible Assets increase and may be waived for certain Participants. A maximum contingent deferred sales charge of 0.50% may be charged, and partially waived in limited circumstances, for Contributions not subject to an Initial Sales Charge that are withdrawn, transferred or rolled over from an Account within one year of the Contribution.

CLIENT SELECT SERIES A UNIT CLASS

Unless waived, a $50 Annual Account Maintenance Fee Applies[1]

	Portfolios incur the following Annual Asset-Based Fees[2]					Additional Investor Expenses
	Estimated Underlying Fund Expenses[3]	Management Fee[4]	Portfolio Servicing Fee	Maine Administration Fee[5]	Total Annual Asset-Based Fees[6]	Maximum Sales Charge[7] *(Initial unless noted)*
Franklin Templeton Portfolios						
Franklin Templeton Age-Based 0-8 Years Portfolio	1.15%	0.00%	0.10%	0.15%	1.40%	5.75%
Franklin Templeton Age-Based 9-12 Years Portfolio	1.04%	0.00%	0.10%	0.15%	1.29%	5.75%
Franklin Templeton Age-Based 13-16 Years Portfolio	0.92%	0.00%	0.10%	0.15%	1.17%	5.75%
Franklin Templeton Age-Based 17-20 Years Portfolio	0.81%	0.00%	0.10%	0.15%	1.06%	5.75%
Franklin Templeton Age-Based 21+ Years Portfolio	0.70%	0.00%	0.10%	0.15%	0.95%	5.75%
Franklin Templeton Balanced Portfolio	0.92%	0.00%	0.10%	0.15%	1.17%	5.75%
Franklin Templeton Global Bond Portfolio	0.92%	0.00%	0.10%	0.15%	1.17%	4.50%
Franklin Templeton Growth Portfolio	1.15%	0.00%	0.10%	0.15%	1.40%	5.75%
Franklin Templeton Growth and Income Portfolio	1.04%	0.00%	0.10%	0.15%	1.29%	5.75%
Franklin Mutual Shares Portfolio	1.15%	0.00%	0.10%	0.15%	1.40%	5.75%
Franklin Small Cap Value Portfolio	1.30%	0.00%	0.10%	0.15%	1.55%	5.75%
Franklin Small-Mid Cap Growth Portfolio	1.05%	0.00%	0.10%	0.15%	1.30%	5.75%
MainStay Portfolio						
MainStay Large Cap Growth Portfolio	1.18%	0.00%	0.10%	0.15%	1.43%	5.75%
MFS Portfolios						
MFS Age-Based 0-5 Years Portfolio	1.12%	0.00%	0.10%	0.15%	1.37%	5.75%
MFS Age-Based 6-10 Years Portfolio	1.05%	0.00%	0.10%	0.15%	1.30%	5.75%
MFS Age-Based 11-13 Years Portfolio	0.92%	0.00%	0.10%	0.15%	1.17%	5.75%
MFS Age-Based 14-15 Years Portfolio	0.82%	0.00%	0.10%	0.15%	1.07%	5.75%
MFS Age-Based 16-17 Years Portfolio	0.80%	0.00%	0.10%	0.15%	1.05%	5.75%
MFS Age-Based 18+ Years Portfolio	0.72%	0.00%	0.10%	0.15%	0.97%	5.75%
MFS Equity Portfolio	1.12%	0.00%	0.10%	0.15%	1.37%	5.75%
MFS Fixed Income Portfolio	0.90%	0.00%	0.10%	0.15%	1.15%	4.50%
MFS Research International Portfolio	1.24%	0.00%	0.10%	0.15%	1.49%	5.75%
MFS Value Portfolio	0.98%	0.00%	0.10%	0.15%	1.23%	5.75%
Principal Plus Portfolio						
Principal Plus Portfolio	N/A	0.25%	0.10%	0.125%	0.475%	0.25%[8]
Thornburg Portfolio						
Thornburg International Value Portfolio	1.33%	0.00%	0.10%	0.15%	1.58%	5.75%

1 The Account Maintenance Fee is $25 if the Program is offered as an employee benefit by the Participant's employer. This fee may be waived in certain circumstances.

2 Expressed as an annual percentage of the average daily net assets of each Portfolio.

3 For Portfolios that invest in more than one Underlying Fund, the Underlying Fund expenses are based on a weighted average of each Underlying Fund's expense ratio that corresponds to the Portfolio's target asset allocation. Each Portfolio's target asset allocation for Portfolio Investments is effective as of the Program Description date, and each Portfolio's fees and expenses are based on the Underlying Fund's or Funds' most recent prospectus as of June 30, 2010, or, if the Underlying Fund was recently involved in a fund reorganization, the pro forma expenses for the combined fund disclosed in the Combined Prospectus/Proxy Statement dated May 16, 2011. Underlying Fund fee and expense information may change from time to time. Updated expense information, if any, will be available on the Internet at www.nextgenplan.com or from the Program Manager by calling (877) 4-NEXTGEN (463-9843).

4 The Management Fee for any Portfolio may be voluntarily reduced at any time on a temporary or permanent basis by the Program Manager.

5 A rebate approximately equal to the Maine Administration Fee may be provided in certain circumstances. See **Maine Administration Fee Rebate Program** on page 56.

6 Annual Asset-Based Fees are subject to change at any time, and are assessed against assets over the course of the year and do not include sales charges or the annual Account Maintenance Fee. **See "Investment Cost Charts" on page 38 for the approximate cost of investing in the Program's Portfolios over 1-, 3-, 5- and 10-year periods.**

7 The Initial Sales Charge is payable at the time of purchase of the A Unit Class of all Portfolios, except the Principal Plus Portfolio. The Initial Sales Charge decreases as a Participant's Eligible Assets increase and may be waived for certain Participants. A maximum contingent deferred sales charge of 0.50% (0.25% on the Principal Plus Portfolio) may be charged, and partially waived in limited circumstances, for Contributions not subject to an Initial Sales Charge that are withdrawn, transferred or rolled over from an Account within one year of the Contribution.

8 A maximum contingent deferred sales charge of 0.25% will be deducted from amounts withdrawn, transferred or rolled over from the A Unit Class of the Principal Plus Portfolio within one year of Contribution.

Selling Compensation – The Program Manager or a Maine Distribution Agent is compensated for its sales/distribution efforts out of the Initial Sales Charges on the A Class Units and ongoing compensation from the Underlying Funds. With regard to the Principal Plus Portfolio, the Program Manager and Maine Distribution Agents do not receive any up-front selling compensation on purchases of the A Unit Class, but receive ongoing compensation only. Merrill Lynch Financial Advisors and persons associated with Maine Distribution Agents receive a portion of this compensation. Former Merrill Lynch Financial Advisors and persons formerly associated with a Maine Distribution Agent who originated Accounts as a Merrill Lynch Financial Advisor or through a Maine Distribution Agent and continue to service those Accounts through a broker-dealer with whom FAME has a distribution agent agreement also receive a portion of such compensation. The Program Manager or the Maine Distribution Agents receive the following compensation:

	All Portfolios (except the Fixed Income Portfolios[1] and the Principal Plus Portfolio)		Fixed Income Portfolios[1]		Principal Plus Portfolio	
If a Participant's Eligible Assets are	Up-front Selling Compensation[2]	On-going Compensation[3]	Up-front Selling Compensation[2]	On-going Compensation[3]	Up-front Selling Compensation[2]	On-going Compensation[3]
Less than or equal to $49,999	5.00%	0.25%	3.75%	0.25%	None	0.25%
$50,000 - $99,999	3.75%	0.25%	3.25%	0.25%	None	0.25%
$100,000 - $249,999	2.75%	0.25%	2.75%	0.25%	None	0.25%
$250,000 - $999,999	2.25%	0.25%	2.25%	0.25%	None	0.25%
$1,000,000 or greater	0.50%	0.25%	0.50%	0.25%	None	0.25%

[1] The Fixed Income Portfolios are the Allianz Capital Income Portfolio, BlackRock Fixed Income Portfolio, Franklin Templeton Global Bond Portfolio, MFS Fixed Income Portfolio, PIMCO Real Return Portfolio and PIMCO Total Return Portfolio.

[2] Expressed as a percentage of the Contribution amount.

[3] Expressed as an annual percentage of the average daily net assets invested in the A Unit Class in an Account.

C Unit Class

Sales Charges – No Initial Sales Charge is imposed on any Contribution used to purchase the C Unit Class. The full amount of each Contribution is invested in the Account. However, a Contingent Deferred Sales Charge (CDSC), which is deducted from the amount withdrawn, is imposed on withdrawals from the C Unit Class of any Portfolio held in an Account, or reallocations of Account balances to a different Unit Class, or transfers or rollovers from the Account to another Section 529 Program, within one year of the Contribution and paid to the Program Manager. The CDSC is 1.00% (on all Portfolios, except the Principal Plus Portfolio) or 0.25% (on the Principal Plus Portfolio) of the lesser of the original amount of the Contribution or the value of the Contribution at the time of withdrawal. Each Contribution has its own CDSC period, and the CDSC is determined by deeming that Contributions are withdrawn in the order in which they were made. The CDSC does not apply to earnings on any Contribution. No CDSC will be imposed on withdrawals from the C Unit Class of any Portfolio (a) due to the death or disability of the Designated Beneficiary, or (b) to pay the Account Maintenance Fee. See "PARTICIPATION AND ACCOUNTS – *Withdrawals - In General.*"

The following example illustrates how the CDSC is charged.

EXAMPLE: Beth makes two Contributions to an Account – an initial Contribution of $3,000 in August 2008, and a subsequent Contribution of $8,000 in April 2009. The full $11,000 is invested in the C Unit Class of the Franklin Templeton Balanced Portfolio. Beth withdraws $5,000 in November 2009 (the Account balance has grown to $13,000). Based on the CDSC schedule, Beth (a) is not assessed a CDSC with respect to $3,000 of the withdrawal request since the first Contribution was invested for more than one year, (b) is assessed a CDSC of $20 (1.00% X $2,000) with respect to the remaining $2,000 of the withdrawal request since the second Contribution was invested for less than one year, and (c) receives $4,980 in withdrawal proceeds ($5,000-$20). Note: The amount received by Beth is net of the CDSC amount assessed. *This example is for illustrative purposes only, and does not reflect the past performance of any investment in the Program nor does it guarantee future performance of any investment in the Program.*

Eligibility to Purchase the C Unit Class – Any Participant (other than a Program Manager Employee) is eligible to purchase the C Unit Class.

PROGRAM FEES, EXPENSES AND SALES CHARGES

CLIENT SELECT SERIES C UNIT CLASS

Unless waived, a $50 Annual Account Maintenance Fee Applies[1]

	Portfolios incur the following Annual Asset-Based Fees[2]					Additional Investor Expenses
	Estimated Underlying Fund Expenses[3]	Management Fee[4]	Portfolio Servicing Fee	Maine Administration Fee[5]	Total Annual Asset-Based Fees[6]	Maximum Contingent Deferred Sales Charge[7]
Allianz/PIMCO Portfolios						
Allianz Age-Based 0-8 Years Portfolio	1.23%	0.65%	0.20%	0.15%	2.23%	1.00%
Allianz Age-Based 9-11 Years Portfolio	1.17%	0.65%	0.20%	0.15%	2.17%	1.00%
Allianz Age-Based 12-14 Years Portfolio	0.96%	0.65%	0.20%	0.15%	1.96%	1.00%
Allianz Age-Based 15-16 Years Portfolio	0.87%	0.65%	0.20%	0.15%	1.87%	1.00%
Allianz Age-Based 17-18 Years Portfolio	0.78%	0.65%	0.20%	0.15%	1.78%	1.00%
Allianz Age-Based 19+ Years Portfolio	0.72%	0.65%	0.20%	0.15%	1.72%	1.00%
Allianz Capital Growth and Income Portfolio	1.23%	0.65%	0.20%	0.15%	2.23%	1.00%
Allianz Capital Income Portfolio	0.84%	0.65%	0.20%	0.15%	1.84%	1.00%
Allianz NFJ Dividend Value Portfolio	1.07%	0.65%	0.20%	0.15%	2.07%	1.00%
PIMCO Real Return Portfolio	0.88%	0.65%	0.20%	0.15%	1.88%	1.00%
PIMCO Total Return Portfolio	0.86%	0.65%	0.20%	0.15%	1.86%	1.00%
BlackRock Portfolios						
BlackRock Age-Based 0-7 Years Portfolio	1.11%	0.65%	0.20%	0.15%	2.11%	1.00%
BlackRock Age-Based 8-10 Years Portfolio	1.16%	0.65%	0.20%	0.15%	2.16%	1.00%
BlackRock Age-Based 11-13 Years Portfolio	1.16%	0.65%	0.20%	0.15%	2.16%	1.00%
BlackRock Age-Based 14-16 Years Portfolio	1.16%	0.65%	0.20%	0.15%	2.16%	1.00%
BlackRock Age-Based 17-19 Years Portfolio	1.02%	0.65%	0.20%	0.15%	2.02%	1.00%
BlackRock Age-Based 20+ Years Portfolio	0.53%	0.65%	0.20%	0.15%	1.53%	1.00%
BlackRock 100% Equity Portfolio	1.06%	0.65%	0.20%	0.15%	2.06%	1.00%
BlackRock 75% Equity Portfolio	1.06%	0.65%	0.20%	0.15%	2.06%	1.00%
BlackRock Fixed Income Portfolio	1.11%	0.65%	0.20%	0.15%	2.11%	1.00%
BlackRock Global Allocation Portfolio	1.17%	0.65%	0.20%	0.15%	2.17%	1.00%
BlackRock Large Cap Core Portfolio	1.14%	0.65%	0.20%	0.15%	2.14%	1.00%
BlackRock Large Cap Growth Portfolio	1.30%	0.65%	0.20%	0.15%	2.30%	1.00%
Eaton Vance Portfolio						
Eaton Vance Large-Cap Value Portfolio	0.98%	0.65%	0.20%	0.15%	1.98%	1.00%

[1] The Account Maintenance Fee is $25 if the Program is offered as an employee benefit by the Participant's employer. This fee may be waived in certain circumstances.

[2] Expressed as an annual percentage of the average daily net assets of each Portfolio.

[3] For Portfolios that invest in more than one Underlying Fund, the Underlying Fund expenses are based on a weighted average of each Underlying Fund's expense ratio that corresponds to the Portfolio's target asset allocation. Each Portfolio's target asset allocation for Portfolio Investments is effective as of the Program Description date, and each Portfolio's fees and expenses are based on the Underlying Fund's or Funds' most recent prospectus as of June 30, 2011, or, if the Underlying Fund was recently involved in a fund reorganization, the pro forma expenses for the combined fund disclosed in the Combined Prospectus/Proxy Statement dated May 16, 2011. Underlying Fund fee and expense information may change from time to time. Updated expense information, if any, will be available on the Internet at www.nextgenplan.com or from the Program Manager by calling (877) 4-NEXTGEN (463-9843).

[4] The Management Fee for any Portfolio may be voluntarily reduced at any time on a temporary or permanent basis by the Program Manager.

[5] A rebate approximately equal to the Maine Administration Fee may be provided in certain circumstances. See **Maine Administration Fee Rebate Program** on page 56.

[6] Annual Asset-Based Fees are subject to change at any time, and are assessed against assets over the course of the year and do not include sales charges or the annual Account Maintenance Fee. **See "Investment Cost Charts" on page 38 for the approximate cost of investing in the Program's Portfolios over 1-, 3-, 5- and 10-year periods.**

[7] A Contingent Deferred Sales Charge is imposed on withdrawals from the C Unit Class of any Portfolio, or reallocations of Account balances to a different Unit Class, or transfers or rollovers from the Account to another Section 529 Program, within one year of the Contribution. This charge may be waived in certain circumstances.

CLIENT SELECT SERIES C UNIT CLASS

Unless waived, a $50 Annual Account Maintenance Fee Applies[1]

	Portfolios incur the following Annual Asset-Based Fees[2]					Additional Investor Expenses
	Estimated Underlying Fund Expenses[3]	Management Fee[4]	Portfolio Servicing Fee	Maine Administration Fee[5]	Total Annual Asset-Based Fees[6]	Maximum Contingent Deferred Sales Charge[7]
Franklin Templeton Portfolios						
Franklin Templeton Age-Based 0-8 Years Portfolio	1.15%	0.65%	0.20%	0.15%	2.15%	1.00%
Franklin Templeton Age-Based 9-12 Years Portfolio	1.04%	0.65%	0.20%	0.15%	2.04%	1.00%
Franklin Templeton Age-Based 13-16 Years Portfolio	0.92%	0.65%	0.20%	0.15%	1.92%	1.00%
Franklin Templeton Age-Based 17-20 Years Portfolio	0.81%	0.65%	0.20%	0.15%	1.81%	1.00%
Franklin Templeton Age-Based 21+ Years Portfolio	0.70%	0.65%	0.20%	0.15%	1.70%	1.00%
Franklin Templeton Balanced Portfolio	0.92%	0.65%	0.20%	0.15%	1.92%	1.00%
Franklin Templeton Global Bond Portfolio	0.92%	0.65%	0.20%	0.15%	1.92%	1.00%
Franklin Templeton Growth Portfolio	1.15%	0.65%	0.20%	0.15%	2.15%	1.00%
Franklin Templeton Growth and Income Portfolio	1.04%	0.65%	0.20%	0.15%	2.04%	1.00%
Franklin Mutual Shares Portfolio	1.15%	0.65%	0.20%	0.15%	2.15%	1.00%
Franklin Small Cap Value Portfolio	1.30%	0.65%	0.20%	0.15%	2.30%	1.00%
Franklin Small-Mid Cap Growth Portfolio	1.05%	0.65%	0.20%	0.15%	2.05%	1.00%
MainStay Portfolio						
MainStay Large Cap Growth Portfolio	1.18%	0.65%	0.20%	0.15%	2.18%	1.00%
MFS Portfolios						
MFS Age-Based 0-5 Years Portfolio	1.12%	0.65%	0.20%	0.15%	2.12%	1.00%
MFS Age-Based 6-10 Years Portfolio	1.05%	0.65%	0.20%	0.15%	2.05%	1.00%
MFS Age-Based 11-13 Years Portfolio	0.92%	0.65%	0.20%	0.15%	1.92%	1.00%
MFS Age-Based 14-15 Years Portfolio	0.82%	0.65%	0.20%	0.15%	1.82%	1.00%
MFS Age-Based 16-17 Years Portfolio	0.80%	0.65%	0.20%	0.15%	1.80%	1.00%
MFS Age-Based 18+ Years Portfolio	0.72%	0.65%	0.20%	0.15%	1.72%	1.00%
MFS Equity Portfolio	1.12%	0.65%	0.20%	0.15%	2.12%	1.00%
MFS Fixed Income Portfolio	0.90%	0.65%	0.20%	0.15%	1.90%	1.00%
MFS Research International Portfolio	1.24%	0.65%	0.20%	0.15%	2.24%	1.00%
MFS Value Portfolio	0.98%	0.65%	0.20%	0.15%	1.98%	1.00%
Principal Plus Portfolio						
Principal Plus Portfolio	N/A	0.25%	0.10%	0.125%	0.475%	0.25%
Thornburg Portfolio						
Thornburg International Value Portfolio	1.33%	0.65%	0.20%	0.15%	2.33%	1.00%

1 The Account Maintenance Fee is $25 if the Program is offered as an employee benefit by the Participant's employer. This fee may be waived in certain circumstances.

2 Expressed as an annual percentage of the average daily net assets of each Portfolio.

3 For Portfolios that invest in more than one Underlying Fund, the Underlying Fund expenses are based on a weighted average of each Underlying Fund's expense ratio that corresponds to the Portfolio's target asset allocation. Each Portfolio's target asset allocation for Portfolio Investments is effective as of the Program Description date, and each Portfolio's fees and expenses are based on the Underlying Fund's or Funds' most recent prospectus as of June 30, 2011. Underlying Fund fee and expense information may change from time to time. Updated expense information, if any, will be available on the Internet at www.nextgenplan.com or from the Program Manager by calling (877) 4-NEXTGEN (463-9843).

4 The Management Fee for any Portfolio may be voluntarily reduced at any time on a temporary or permanent basis by the Program Manager.

5 A rebate approximately equal to the Maine Administration Fee may be provided in certain circumstances. See **Maine Administration Fee Rebate Program** on page 56.

6 Annual Asset-Based Fees are subject to change at any time, and are assessed against assets over the course of the year and do not include sales charges or the annual Account Maintenance Fee. **See "Investment Cost Charts" on page 38 for the approximate cost of investing in the Program's Portfolios over 1-, 3-, 5- and 10-year periods.**

7 A Contingent Deferred Sales Charge is imposed on withdrawals from the C Unit Class of any Portfolio, or reallocations of Account balances to a different Unit Class, or transfers or rollovers from the Account to another Section 529 Program, within one year of the Contribution. This charge may be waived in certain circumstances.

Selling Compensation – The Program Manager or a Maine Distribution Agent is compensated for its sales/distribution efforts out of the Management Fee and Portfolio Servicing Fee on the C Class Units and ongoing compensation from the Underlying Funds. Merrill Lynch Financial Advisors and persons associated with Maine Distribution Agents receive a portion of this compensation. Former Merrill Lynch Financial Advisors and persons formerly associated with a Maine Distribution Agent who originated Accounts as a Merrill Lynch Financial Advisor or through a Maine Distribution Agent and continue to service those Accounts through a broker-dealer with whom FAME has a distribution agent agreement also receive a portion of such compensation. The Program Manager or a Maine Distribution Agent receives the following compensation:

	All Portfolios (except the Principal Plus Portfolio)	Principal Plus Portfolio
Advance Selling Compensation[1]	1.00%	0.00%
On-going Compensation[2]	1.00%	0.25%

[1] Expressed as a percentage of the Contribution amount, but not deducted from the Contribution amount.

[2] Expressed as an annual percentage of the average daily net assets invested in the C Unit Class in an Account. Ongoing compensation begins in the 13th month after a Contribution is made, except that ongoing compensation for the Principal Plus Portfolio begins immediately upon a Contribution.

S Unit Class

The S Unit Class is no longer offered for sale, but may be obtained through permitted exchanges of S Units. See "Exchanges of Existing Account Assets to Another Portfolio." No CDSC is imposed as a percentage of any withdrawal of assets invested in the S Unit Class.

Selling Compensation – The Program Manager receives on-going compensation out of the Management Fee and Portfolio Servicing Fee on the S Class Units and from the Underlying Funds. On-going compensation received by the Program Manager equals 1.00% (expressed as an annual percentage of the average daily net assets) of the S Unit Class held in all Portfolios whose target equity allocation is 40% or more, and 0.50% (expressed as an annual percentage of the average daily net assets) of the S Unit Class held in all Portfolios whose target equity allocation is less than 40%. Ongoing compensation received by the Program Manager for the Principal Plus Portfolio equals 0.25% (expressed as an annual percentage of the average daily net assets) of the S Unit Class held in such Portfolio. Ongoing compensation begins in the 13th month after a Contribution is made, except that ongoing compensation for the Principal Plus Portfolio begins immediately upon a Contribution. Merrill Lynch Financial Advisors receive a portion of such compensation.

CLIENT SELECT SERIES S UNIT CLASS

Unless waived a $50 Annual Account Maintenance Fee Applies[1]

	Portfolios incur the following Annual Asset-Based Fees[2]					Additional Investor Expenses
	Estimated Underlying Fund Expenses[3]	Management Fee[4]	Portfolio Servicing Fee	Maine Administration Fee[5]	Total Annual Asset-Based Fees[6]	
BlackRock Portfolios BlackRock Age-Based 0-7 Years Portfolio	1.11%	0.55%	0.20%	0.15%	2.01%	none
BlackRock Age-Based 8-10 Years Portfolio	1.16%	0.55%	0.20%	0.15%	2.06%	none
BlackRock Age-Based 11-13 Years Portfolio	1.16%	0.55%	0.20%	0.15%	2.06%	none
BlackRock Age-Based 14-16 Years Portfolio	1.16%	0.25%	0.20%	0.15%	1.76%	none
BlackRock Age-Based 17-19 Years Portfolio	1.02%	0.25%	0.20%	0.15%	1.62%	none
BlackRock Age-Based 20+ Years Portfolio	0.53%	0.25%	0.20%	0.15%	1.13%	none
BlackRock 100% Equity Portfolio	1.06%	0.55%	0.20%	0.15%	1.96%	none
BlackRock 75% Equity Portfolio	1.06%	0.55%	0.20%	0.15%	1.96%	none
BlackRock Fixed Income Portfolio	1.11%	0.25%	0.20%	0.15%	1.71%	none

[1] The Account Maintenance Fee is $25 if the Program is offered as an employee benefit by the Participant's employer. This fee may be waived in certain circumstances.

[2] Expressed as an annual percentage of the average daily net assets of each Portfolio.

[3] For Portfolios that invest in more than one Underlying Fund, the Underlying Fund expenses are based on a weighted average of each Underlying Fund's expense ratio that corresponds to the Portfolio's target asset allocation. Each Portfolio's target asset allocation for Portfolio Investments is effective as of the Program Description date, and each Portfolio's fees and expenses are based on the Underlying Fund's or Funds' most recent prospectus as of June 30, 2011, or, if the Underlying Fund was recently involved in a fund reorganization, the pro forma expenses for the combined fund disclosed in the Combined Prospectus/Proxy Statement dated May 16, 2011. Underlying Fund fee and expense information may change from time to time. Updated expense information, if any, will be available on the Internet at www.nextgenplan.com or from the Program Manager by calling (877) 4-NEXTGEN (463-9843).

[4] The Management Fee for any Portfolio may be voluntarily reduced at any time on a temporary or permanent basis by the Program Manager.

[5] A rebate approximately equal to the Maine Administration Fee may be provided in certain circumstances. See **Maine Administration Fee Rebate Program** on page 56.

[6] Annual Asset-Based Fees are subject to change at any time, and are assessed against assets over the course of the year and do not include sales charges or the annual Account Maintenance Fee. **See "Investment Cost Charts" on page 38 for the approximate cost of investing in the Program's Portfolios over 1-, 3-, 5- and 10-year periods.**

CLIENT SELECT SERIES S UNIT CLASS

Unless waived, a $50 Annual Account Maintenance Fee Applies[1]

	Portfolios incur the following Annual Asset-Based Fees[2]					Additional Investor Expenses
	Estimated Underlying Fund Expenses[3]	Management Fee[4]	Portfolio Servicing Fee	Maine Administration Fee[5]	Total Annual Asset-Based Fees[6]	
Franklin Templeton Portfolios Franklin Templeton Age-Based 0-8 Years Portfolio	1.15%	0.55%	0.20%	0.15%	2.05%	none
Franklin Templeton Age-Based 9-12 Years Portfolio	1.04%	0.55%	0.20%	0.15%	1.94%	none
Franklin Templeton Age-Based 13-16 Years Portfolio	0.92%	0.55%	0.20%	0.15%	1.82%	none
Franklin Templeton Age-Based 17-20 Years Portfolio	0.81%	0.25%	0.20%	0.15%	1.41%	none
Franklin Templeton Age-Based 21+ Years Portfolio	0.70%	0.25%	0.20%	0.15%	1.30%	none
Franklin Templeton Growth Portfolio	1.15%	0.55%	0.20%	0.15%	2.05%	none
Franklin Templeton Growth and Income Portfolio	1.04%	0.55%	0.20%	0.15%	1.94%	none
Franklin Templeton Balanced Portfolio	0.92%	0.55%	0.20%	0.15%	1.82%	none
MFS Portfolios MFS Age-Based 0-5 Years Portfolio	1.12%	0.55%	0.20%	0.15%	2.02%	none
MFS Age-Based 6-10 Years Portfolio	1.05%	0.55%	0.20%	0.15%	1.95%	none
MFS Age-Based 11-13 Years Portfolio	0.92%	0.55%	0.20%	0.15%	1.82%	none
MFS Age-Based 14-15 Years Portfolio	0.82%	0.55%	0.20%	0.15%	1.72%	none
MFS Age-Based 16-17 Years Portfolio	0.80%	0.55%	0.20%	0.15%	1.70%	none
MFS Age-Based 18+ Years Portfolio	0.72%	0.25%	0.20%	0.15%	1.32%	none
MFS Equity Portfolio	1.12%	0.55%	0.20%	0.15%	2.02%	none
MFS Fixed Income Portfolio	0.90%	0.25%	0.20%	0.15%	1.50%	none
Principal Plus Portfolio Principal Plus Portfolio	N/A	0.25%	0.10%	0.125%	0.475%	none

1 The Account Maintenance Fee is $25 if the Program is offered as an employee benefit by the Participant's employer. This fee may be waived in certain circumstances.

2 Expressed as an annual percentage of the average daily net assets of each Portfolio.

3 For Portfolios that invest in more than one Underlying Fund, the Underlying Fund expenses are based on a weighted average of each Underlying Fund's expense ratio that corresponds to the Portfolio's target asset allocation. Each Portfolio's target asset allocation for Portfolio Investments is effective as of the Program Description date, and each Portfolio's fees and expenses are based on the Underlying Fund's or Funds' most recent prospectus as of June 30, 2011. Underlying Fund fee and expense information may change from time to time. Updated expense information, if any, will be available on the Internet at www.nextgenplan.com or from the Program Manager by calling (877) 4-NEXTGEN (463-9843).

4 The Management Fee for any Portfolio may be voluntarily reduced at any time on a temporary or permanent basis by the Program Manager.

5 A rebate approximately equal to the Maine Administration Fee may be provided in certain circumstances. See **Maine Administration Fee Rebate Program** on page 56.

6 Annual Asset-Based Fees are subject to change at any time, and are assessed against assets over the course of the year and do not include sales charges or the annual Account Maintenance Fee. **See "Investment Cost Charts" on page 38 for the approximate cost of investing in the Program's Portfolios over 1-, 3-, 5- and 10-year periods.**

G Unit Class

The G Unit Class is no longer offered for sale, but may be obtained through permitted exchanges of G Units. See "Exchanges of Existing Account Assets to Another Portfolio." No CDSC is imposed as a percentage of any withdrawal of assets invested in the G Unit Class.

Selling Compensation – The Program Manager receives on-going compensation out of the Management Fee and Portfolio Servicing Fee on the G Class Units and from the Underlying Funds. On-going compensation received by the Program Manager equals (beginning in the 13th month after a Contribution is made) 0.50% (expressed as an annual percentage of the average daily net assets) of the G Unit Class held in all Portfolios except the Principal Plus Portfolio, and 0.25% (expressed as an annual percentage of the average daily net assets) of the G Unit Class held in the Principal Plus Portfolio. Merrill Lynch Financial Advisors receive a portion of such compensation.

CLIENT SELECT SERIES G UNIT CLASS

Unless waived, a $50 Annual Account Maintenance Fee Applies[1]

	Portfolios incur the following Annual Asset-Based Fees[2]					Additional Investor Expenses
	Estimated Underlying Fund Expenses[3]	Management Fee[4]	Portfolio Servicing Fee	Maine Administration Fee[5]	Total Annual Asset-Based Fees[6]	
BlackRock Portfolios BlackRock Age-Based 0-7 Years Portfolio	1.11%	0.15%	0.20%	0.15%	1.61%	none
BlackRock Age-Based 8-10 Years Portfolio	1.16%	0.15%	0.20%	0.15%	1.66%	none
BlackRock Age-Based 11-13 Years Portfolio	1.16%	0.15%	0.20%	0.15%	1.66%	none
BlackRock Age-Based 14-16 Years Portfolio	1.16%	0.15%	0.20%	0.15%	1.66%	none
BlackRock Age-Based 17-19 Years Portfolio	1.02%	0.15%	0.20%	0.15%	1.52%	none
BlackRock Age-Based 20+ Years Portfolio	0.53%	0.15%	0.20%	0.15%	1.03%	none
BlackRock 100% Equity Portfolio	1.06%	0.15%	0.20%	0.15%	1.56%	none
BlackRock 75% Equity Portfolio	1.06%	0.15%	0.20%	0.15%	1.56%	none
BlackRock Fixed Income Portfolio	1.11%	0.15%	0.20%	0.15%	1.61%	none

[1] The Account Maintenance Fee is $25 if the Program is offered as an employee benefit by the Participant's employer. This fee may be waived in certain circumstances.

[2] Expressed as an annual percentage of the average daily net assets of each Portfolio.

[3] For Portfolios that invest in more than one Underlying Fund, the Underlying Fund expenses are based on a weighted average of each Underlying Fund's expense ratio that corresponds to the Portfolio's target asset allocation. Each Portfolio's target asset allocation for Portfolio Investments is effective as of the Program Description date, and each Portfolio's fees and expenses are based on the Underlying Fund's or Funds' most recent prospectus as of June 30, 2011, or, if the Underlying Fund was recently involved in a fund reorganization, the pro forma expenses for the combined fund disclosed in the Combined Prospectus/Proxy Statement dated May 16, 2011. Underlying Fund fee and expense information may change from time to time. Updated expense information, if any, will be available on the Internet at www.nextgenplan.com or from the Program Manager by calling (877) 4-NEXTGEN (463-9843).

[4] The Management Fee for any Portfolio may be voluntarily reduced at any time on a temporary or permanent basis by the Program Manager.

[5] A rebate approximately equal to the Maine Administration Fee may be provided in certain circumstances. See **Maine Administration Fee Rebate Program** on page 56.

[6] Annual Asset-Based Fees are subject to change at any time, and are assessed against assets over the course of the year and do not include sales charges or the annual Account Maintenance Fee. **See "Investment Cost Charts" on page 38 for the approximate cost of investing in the Program's Portfolios over 1-, 3-, 5- and 10-year periods.**

CLIENT SELECT SERIES G UNIT CLASS

Unless waived, a $50 Annual Account Maintenance Fee Applies[1]

	Portfolios incur the following Annual Asset-Based Fees[2]					Additional Investor Expenses
	Estimated Underlying Fund Expenses[3]	Management Fee[4]	Portfolio Servicing Fee	Maine Administration Fee[5]	Total Annual Asset-Based Fees[6]	
Franklin Templeton Portfolios Franklin Templeton Age-Based 0-8 Years Portfolio	1.15%	0.15%	0.20%	0.15%	1.65%	none
Franklin Templeton Age-Based 9-12 Years Portfolio	1.04%	0.15%	0.20%	0.15%	1.54%	none
Franklin Templeton Age-Based 13-16 Years Portfolio	0.92%	0.15%	0.20%	0.15%	1.42%	none
Franklin Templeton Age-Based 17-20 Years Portfolio	0.81%	0.15%	0.20%	0.15%	1.31%	none
Franklin Templeton Age-Based 21+ Years Portfolio	0.70%	0.15%	0.20%	0.15%	1.20%	none
Franklin Templeton Growth Portfolio	1.15%	0.15%	0.20%	0.15%	1.65%	none
MFS Portfolio MFS Fixed Income Portfolio	0.90%	0.15%	0.20%	0.15%	1.40%	none
Principal Plus Portfolio Principal Plus Portfolio	N/A	0.15%	0.20%	0.125%	0.475%	none

1 The Account Maintenance Fee is $25 if the Program is offered as an employee benefit by the Participant's employer. This fee may be waived in certain circumstances.

2 Expressed as an annual percentage of the average daily net assets of each Portfolio.

3 For Portfolios that invest in more than one Underlying Fund, the Underlying Fund expenses are based on a weighted average of each Underlying Fund's expense ratio that corresponds to the Portfolio's target asset allocation. Each Portfolio's target asset allocation for Portfolio Investments is effective as of the Program Description date, and each Portfolio's fees and expenses are based on the Underlying Fund's or Funds' most recent prospectus as of June 30, 2011. Underlying Fund fee and expense information may change from time to time. Updated expense information, if any, will be available on the Internet at www.nextgenplan.com or from the Program Manager by calling (877) 4-NEXTGEN (463-9843).

4 The Management Fee for any Portfolio may be voluntarily reduced at any time on a temporary or permanent basis by the Program Manager.

5 A rebate approximately equal to the Maine Administration Fee may be provided in certain circumstances. See **Maine Administration Fee Rebate Program** on page 56.

6 Annual Asset-Based Fees are subject to change at any time, and are assessed against assets over the course of the year and do not include sales charges or the annual Account Maintenance Fee. **See "Investment Cost Charts" on page 38 for the approximate cost of investing in the Program's Portfolios over 1-, 3-, 5- and 10-year periods.**

Adjustment of Management Fee

If FAME exercises its rights in any Program year (July 1 – June 30) to approve a combination of Portfolio Investments (the "Approved Portfolio Investments") for a Portfolio that is different than the combination of Portfolio Investments proposed by the Program Manager (the "Proposed Portfolio Investments"), the Management Fee payable during the next Program year with respect to such Portfolio may be adjusted either (i) downwards by the amount that the aggregate expense ratio of the Approved Portfolio Investments exceeds the aggregate expense ratio of the Proposed Portfolio Investments, but not in excess of 0.15%, or (ii) upwards by the amount that the aggregate expense ratio of the Proposed Portfolio Investments exceeds the aggregate expense ratio of the Approved Portfolio Investments, but not in excess of 0.15%.

Other Compensation

FAME and the Treasurer have authorized the Program Manager and/or its affiliates, with the prior notice to each of FAME and the Treasurer, to receive certain payments from the Sub-Advisors or from Portfolio Investments or the providers of the Principal Plus Portfolio Investments for a variety of services with respect to Program assets invested in the Underlying Funds or Principal Plus Portfolio Investments. The Program Manager provides various sub-transfer agency and other related administrative services with respect to Underlying Funds positions. These services include, for example, processing purchases, redemptions, and exchanges, dividend reinvestments, consolidated statements, tax reporting, and other recordkeeping. The Program Manager also provides a variety of marketing services and other support to Sub-Advisors. These services include, but are not limited to, support personnel for Merrill Lynch Financial Advisors with knowledge of specific Underlying Funds; work stations of Merrill Lynch Financial Advisors with information regarding Underlying Funds; review and implementation of features of Underlying Funds; strategic planning support to assist Sub-Advisors; making available Merrill Lynch Financial Advisors or other employees for education regarding Underlying Funds; sales related reports and other information and Merrill Lynch branch office support, such as phone systems, computers, conference rooms and other facilities and support personnel. In consideration for these services, the Program Manager receives compensation from Sub-Advisors, Portfolio Investments or the providers of the Principal Plus Portfolio Investments of up to 0.30% of the average annual amount invested by the Portfolios in the Portfolio Investments. Because different Sub-Advisors and Portfolio Investments may be subject to different fee arrangements, the Program Manager has agreed to advise FAME and the Treasurer in writing of each specific fee arrangement prior to the initiation or amendment thereof and to provide FAME and the Treasurer with such additional information as either may reasonably request with respect to any such arrangement.

Investment Cost Charts

The following tables compare the approximate costs of investing in the Client Select Series Portfolios (other than the Principal Plus Portfolio). As a result of changes in fees and expenses over time, a Participant's actual cost may be higher or lower. The following table is based on the following assumptions:

- A $10,000 Contribution invested for the time periods shown.
- Reflects Portfolio Fees and the Underlying Fund expenses.
- A 5% annually compounded rate of return on the net amount invested throughout each period shown.
- The fees and expenses described in this Program Description apply for all periods shown and no waivers or reductions of sales charges apply.
- The $50 annual Account Maintenance Fee is not included.
- All Units are redeemed at the end of the period shown for Qualified Higher Education Expenses (these tables do not consider the impact of any potential state or federal taxes on the redemption).

Cost of a $10,000 Contribution in A Unit Class:

Client Select Series	1 Year	3 Years	5 Years	10 Years
Allianz/PIMCO Portfolios				
Allianz Age-Based 0-8 Years Portfolio	$722	$1,030	$1,361	$2,291
Allianz Age-Based 9-11 Years Portfolio	$716	$1,012	$1,330	$2,227
Allianz Age-Based 12-14 Years Portfolio	$695	$947	$1,219	$1,993
Allianz Age-Based 15-16 Years Portfolio	$686	$919	$1,172	$1,891
Allianz Age-Based 17-18 Years Portfolio	$677	$893	$1,127	$1,796
Allianz Age-Based 19+ Years Portfolio	$671	$875	$1,095	$1,727
Allianz Capital Growth and Income Portfolio	$722	$1,030	$1,361	$2,291
Allianz Capital Income Portfolio	$559	$790	$1,040	$1,752
Allianz NFJ Dividend Value Portfolio	$706	$981	$1,277	$2,116
PIMCO Real Return Portfolio	$563	$803	$1,061	$1,799
PIMCO Total Return Portfolio	$561	$797	$1,051	$1,776
BlackRock Portfolios				
BlackRock Age-Based 0-7 Years Portfolio	$709	$993	$1,297	$2,158
BlackRock Age-Based 8-10 Years Portfolio	$715	$1,009	$1,324	$2,214
BlackRock Age-Based 11-13 Years Portfolio	$714	$1,008	$1,322	$2,211
BlackRock Age-Based 14-16 Years Portfolio	$715	$1,009	$1,324	$2,215
BlackRock Age-Based 17-19 Years Portfolio	$700	$965	$1,250	$2,058
BlackRock Age-Based 20+ Years Portfolio	$652	$816	$994	$1,507
BlackRock 100% Equity Portfolio	$705	$978	$1,272	$2,105
BlackRock 75% Equity Portfolio	$705	$979	$1,274	$2,108
BlackRock Fixed Income Portfolio	$587	$875	$1,185	$2,060
BlackRock Global Allocation Portfolio	$716	$1,012	$1,329	$2,224
BlackRock Large Cap Core Portfolio	$713	$1,002	$1,313	$2,192
BlackRock Large Cap Growth Portfolio	$728	$1,051	$1,395	$2,364
Eaton Vance Portfolio				
Eaton Vance Large-Cap Value Portfolio	$697	$954	$1,230	$2,017
Franklin Templeton Portfolios				
Franklin Templeton Age-Based 0-8 Years Portfolio	$713	$1,005	$1,318	$2,201
Franklin Templeton Age-Based 9-12 Years Portfolio	$702	$971	$1,260	$2,079
Franklin Templeton Age-Based 13-16 Years Portfolio	$691	$937	$1,201	$1,955
Franklin Templeton Age-Based 17-20 Years Portfolio	$680	$903	$1,143	$1,831
Franklin Templeton Age-Based 21+ Years Portfolio	$669	$868	$1,084	$1,703
Franklin Templeton Balanced Portfolio	$691	$937	$1,201	$1,955
Franklin Templeton Global Bond Portfolio	$567	$815	$1,083	$1,844
Franklin Templeton Growth Portfolio	$713	$1,005	$1,318	$2,201
Franklin Templeton Growth and Income Portfolio	$702	$971	$1,260	$2,079
Franklin Templeton Mutual Shares Portfolio	$714	$1,005	$1,318	$2,203
Franklin Templeton Small Cap Value Portfolio	$728	$1,051	$1,395	$2,364
Franklin Templeton Small-Mid Cap Growth Portfolio	$704	$975	$1,267	$2,094

Cost of a $10,000 Contribution in A Unit Class:

Client Select Series	1 Year	3 Years	5 Years	10 Years
MainStay Portfolio				
MainStay Large Cap Growth Portfolio	$717	$1,015	$1,334	$2,235
MFS Portfolios				
MFS Age-Based 0-5 Years Portfolio	$710	$996	$1,302	$2,169
MFS Age-Based 6-10 Years Portfolio	$703	$974	$1,265	$2,089
MFS Age-Based 11-13 Years Portfolio	$691	$935	$1,199	$1,949
MFS Age-Based 14-15 Years Portfolio	$681	$906	$1,149	$1,844
MFS Age-Based 16-17 Years Portfolio	$679	$899	$1,137	$1,817
MFS Age-Based 18+ Years Portfolio	$671	$873	$1,092	$1,721
MFS Equity Portfolio	$710	$996	$1,302	$2,169
MFS Fixed Income Portfolio	$566	$810	$1,074	$1,826
MFS Research International Portfolio	$722	$1,033	$1,365	$2,300
MFS Value Portfolio	$697	$954	$1,230	$2,017
Thornburg Portfolio				
Thornburg International Value Portfolio	$731	$1,060	$1,411	$2,396

Cost of a $10,000 Contribution in C Unit Class:

Client Select Series	1 Year	3 Years	5 Years	10 Years
Allianz/PIMCO Portfolios				
Allianz Age-Based 0-8 Years Portfolio	$334	$722	$1,236	$2,645
Allianz Age-Based 9-11 Years Portfolio	$328	$703	$1,204	$2,581
Allianz Age-Based 12-14 Years Portfolio	$306	$635	$1,091	$2,352
Allianz Age-Based 15-16 Years Portfolio	$296	$606	$1,041	$2,251
Allianz Age-Based 17-18 Years Portfolio	$287	$579	$996	$2,157
Allianz Age-Based 19+ Years Portfolio	$281	$559	$963	$2,089
Allianz Capital Growth and Income Portfolio	$334	$722	$1,236	$2,645
Allianz Capital Income Portfolio	$293	$597	$1,027	$2,221
Allianz NFJ Dividend Value Portfolio	$317	$671	$1,150	$2,472
PIMCO Real Return Portfolio	$297	$610	$1,049	$2,266
PIMCO Total Return Portfolio	$295	$604	$1,038	$2,244
BlackRock Portfolios				
BlackRock Age-Based 0-7 Years Portfolio	$321	$683	$1,170	$2,513
BlackRock Age-Based 8-10 Years Portfolio	$327	$699	$1,198	$2,569
BlackRock Age-Based 11-13 Years Portfolio	$327	$698	$1,196	$2,565
BlackRock Age-Based 14-16 Years Portfolio	$327	$700	$1,198	$2,569
BlackRock Age-Based 17-19 Years Portfolio	$312	$654	$1,122	$2,416
BlackRock Age-Based 20+ Years Portfolio	$260	$498	$859	$1,873
BlackRock 100% Equity Portfolio	$316	$667	$1,145	$2,461
BlackRock 75% Equity Portfolio	$317	$669	$1,146	$2,465
BlackRock Fixed Income Portfolio	$322	$685	$1,174	$2,520
BlackRock Global Allocation Portfolio	$328	$702	$1,203	$2,579
BlackRock Large Cap Core Portfolio	$325	$693	$1,187	$2,547
BlackRock Large Cap Growth Portfolio	$342	$743	$1,272	$2,716
Eaton Vance Portfolio				
Eaton Vance Large-Cap Value Portfolio	$308	$642	$1,102	$2,375
Franklin Templeton Portfolios				
Franklin Templeton Age-Based 0-8 Years Portfolio	$326	$696	$1,192	$2,556
Franklin Templeton Age-Based 9-12 Years Portfolio	$314	$660	$1,132	$2,435
Franklin Templeton Age-Based 13-16 Years Portfolio	$302	$624	$1,072	$2,314
Franklin Templeton Age-Based 17-20 Years Portfolio	$290	$589	$1,013	$2,192
Franklin Templeton Age-Based 21+ Years Portfolio	$278	$553	$951	$2,066
Franklin Templeton Balanced Portfolio	$302	$624	$1,072	$2,314
Franklin Templeton Global Bond Portfolio	$302	$623	$1,070	$2,309
Franklin Templeton Growth Portfolio	$326	$696	$1,192	$2,556
Franklin Templeton Growth and Income Portfolio	$314	$660	$1,132	$2,435
Franklin Templeton Mutual Shares Portfolio	$326	$696	$1,192	$2,557
Franklin Templeton Small Cap Value Portfolio	$342	$743	$1,272	$2,716
Franklin Templeton Small-Mid Cap Growth Portfolio	$315	$664	$1,139	$2,450

Cost of a $10,000 Contribution in C Unit Class:

Client Select Series	1 Year	3 Years	5 Years	10 Years
MainStay Portfolio				
MainStay Large Cap Growth Portfolio	$329	$705	$1,208	$2,589
MFS Portfolios (redemption)				
MFS Age-Based 0-5 Years Portfolio	$322	$686	$1,176	$2,524
MFS Age-Based 6-10 Years Portfolio	$315	$663	$1,137	$2,446
MFS Age-Based 11-13 Years Portfolio	$301	$623	$1,069	$2,308
MFS Age-Based 14-15 Years Portfolio	$292	$592	$1,019	$2,204
MFS Age-Based 16-17 Years Portfolio	$289	$585	$1,006	$2,178
MFS Age-Based 18+ Years Portfolio	$280	$558	$960	$2,084
MFS Equity Portfolio	$322	$686	$1,176	$2,524
MFS Fixed Income Portfolio	$300	$618	$1,061	$2,292
MFS Research International Portfolio	$335	$724	$1,240	$2,653
MFS Value Portfolio	$308	$642	$1,102	$2,375
Thornburg Portfolio				
Thornburg International Value Portfolio	$345	$753	$1,287	$2,748

Cost of a $10,000 Contribution in S Unit Class:

The S Unit Class is no longer offered for sale, but may be obtained through permitted exchanges of S Units.

Client Select Series	1 Year	3 Years	5 Years	10 Years
BlackRock Portfolios				
BlackRock Age-Based 0-7 Years Portfolio	$211	$651	$1,117	$2,406
BlackRock Age-Based 8-10 Years Portfolio	$216	$668	$1,145	$2,462
BlackRock Age-Based 11-13 Years Portfolio	$216	$667	$1,143	$2,458
BlackRock Age-Based 14-16 Years Portfolio	$185	$572	$985	$2,135
BlackRock Age-Based 17-19 Years Portfolio	$170	$527	$907	$1,975
BlackRock Age-Based 20+ Years Portfolio	$118	$369	$639	$1,410
BlackRock 100% Equity Portfolio	$206	$636	$1,091	$2,353
BlackRock 75% Equity Portfolio	$206	$637	$1,093	$2,357
BlackRock Fixed Income Portfolio	$180	$558	$960	$2,083
Franklin Templeton Portfolios				
Franklin Templeton Age-Based 0-8 Years Portfolio	$215	$664	$1,139	$2,449
Franklin Templeton Age-Based 9-12 Years Portfolio	$203	$628	$1,079	$2,327
Franklin Templeton Age-Based 13-16 Years Portfolio	$191	$592	$1,018	$2,204
Franklin Templeton Age-Based 17-20 Years Portfolio	$148	$461	$796	$1,742
Franklin Templeton Age-Based 21+ Years Portfolio	$136	$424	$733	$1,610
Franklin Templeton Balanced Portfolio	$191	$592	$1,018	$2,204
Franklin Templeton Growth Portfolio	$215	$664	$1,139	$2,449
Franklin Templeton Growth and Income Portfolio	$203	$628	$1,079	$2,327
MFS Portfolios				
MFS Age-Based 0-5 Years Portfolio	$212	$654	$1,123	$2,417
MFS Age-Based 6-10 Years Portfolio	$204	$631	$1,084	$2,338
MFS Age-Based 11-13 Years Portfolio	$191	$591	$1,016	$2,199
MFS Age-Based 14-15 Years Portfolio	$181	$561	$965	$2,093
MFS Age-Based 16-17 Years Portfolio	$179	$553	$952	$2,067
MFS Age-Based 18+ Years Portfolio	$138	$430	$742	$1,629
MFS Equity Portfolio	$212	$654	$1,123	$2,417
MFS Fixed Income Portfolio	$158	$490	$846	$1,846

Cost of a $10,000 Contribution in G Unit Class:

The G Unit Class is no longer offered for sale, but may be obtained through permitted exchanges of G Units.

Client Select Series	1 Year	3 Years	5 Years	10 Years
BlackRock Portfolios				
BlackRock Age-Based 0-7 Years Portfolio	$169	$524	$902	$1,964
BlackRock Age-Based 8-10 Years Portfolio	$174	$540	$931	$2,023
BlackRock Age-Based 11-13 Years Portfolio	$174	$539	$929	$2,019
BlackRock Age-Based 14-16 Years Portfolio	$174	$540	$931	$2,023
BlackRock Age-Based 17-19 Years Portfolio	$159	$495	$853	$1,862
BlackRock Age-Based 20+ Years Portfolio	$108	$337	$584	$1,291
BlackRock 100% Equity Portfolio	$164	$508	$876	$1,909
BlackRock 75% Equity Portfolio	$164	$509	$878	$1,913
BlackRock Fixed Income Portfolio	$170	$526	$906	$1,971
Franklin Templeton Portfolios				
Franklin Templeton Age-Based Age 0-8 Years Portfolio	$173	$536	$924	$2,009
Franklin Templeton Age-Based Age 9-12 Years Portfolio	$161	$500	$863	$1,882
Franklin Templeton Age-Based Age 13-16 Years Portfolio	$149	$464	$802	$1,754
Franklin Templeton Age-Based Age 17-20 Years Portfolio	$138	$429	$741	$1,626
Franklin Templeton Age-Based Age 21+ Years Portfolio	$126	$392	$678	$1,493
Franklin Templeton Growth Portfolio	$173	$536	$924	$2,009
MFS Portfolio				
MFS Fixed Income Portfolio	$147	$458	$791	$1,732

PROGRAM FEES, EXPENSES AND SALES CHARGES

Cost Example – Principal Plus Portfolio

The following table shows the approximate costs of investing in the Principal Plus Portfolio offered in the Client Select Series. A Participant's actual cost may be higher or lower. The following table is based on the following assumptions:

- A $10,000 Contribution invested for the time periods shown.
- Reflects Portfolio Fees.
- A 3.00% annually compounded rate of return on the net amount invested throughout each period shown.
- The fees and expenses described in this Program Description apply for all periods shown and no waivers of sales charges apply.
- The $50 annual Account Maintenance Fee is not included.
- All Units are redeemed at the end of the period shown for Qualified Higher Education Expenses (this table does not consider the impact of any potential state or federal taxes on the redemption).

Cost of a $10,000 Contribution:

Principal Plus Portfolio	1 Year	3 Years	5 Years	10 Years
Client Select Series – A Unit Class	$73	$148	$250	$519
Client Select Series – C Unit Class	$73	$148	$250	$519
Client Select Series – S Unit Class	$48	$148	$250	$519
Client Select Series – G Unit Class	$48	$148	$250	$519

Exchanges of Existing Account Assets to Another Portfolio

Current Account assets may be reallocated once each calendar year or upon a change of the Designated Beneficiary. Exchanges of Client Select Series Units between different Portfolios can be made as follows:

These Units in a Portfolio	May only be exchanged for these Units in another Portfolio
Client Select Series – G Unit Class *For Grandfathered Participants[1] only*	Client Select Series – G Unit Class
Client Select Series – A Unit Class	Client Select Series – A Unit Class
Client Select Series – C Unit Class	Client Select Series – C Unit Class
Client Select Series – S Unit Class	• Client Select Series Units – S Unit Class • Client Select Series Units – C Unit Class of any Portfolio in which an S Unit Class is not available. • Client Select Series Units – C Unit Class of Single Fund Portfolios

[1] "Grandfathered Participants" are Client Select Series Participants who had an active Account as of November 3, 2000.

Unit Class Changes Within the Same Portfolio

Unit Class changes within the same Portfolio (for example: BlackRock 75% Equity Portfolio S Units to BlackRock 75% Equity Portfolio A Units) are not restricted to one reallocation per calendar year or a change of the Designated Beneficiary of the NextGen Account. If Units of a particular Unit Class (old Unit Class) are changed for Units in another Unit Class (new Unit Class), the redemption of the old Unit Class may be subject to a CDSC, if applicable, and the purchase of the new Unit Class is subject to the sales charges and Portfolio fee structure of the new Unit Class. See "PARTICIPATION AND ACCOUNTS – Investment and Account Balances – *Investment Changes.*"

These Units in a Portfolio	May only have Unit Class Exchanges into these Unit Classes
Client Select Series –G Unit Class *For Grandfathered Participants[1] only*	Client Select Series – A Unit Class or C Unit Class *Unit Class Changes out of G Units held by Grandfathered Participants[1] are ONLY permitted into C Unit Class Portfolios that are NOT offered in the G Units.*
Client Select Series – A Unit Class	Client Select Series – C Unit Class
Client Select Series – C Unit Class	Client Select Series – A Unit Class
Client Select Series – S Unit Class	Client Select Series – A Unit Class

[1] "Grandfathered Participants" are Client Select Series Participants who had an active Account as of November 3, 2000.

TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS

This Program Description (i) is not intended as individual tax advice to any person (including any Participant or Designated Beneficiary), (ii) is provided as general information in connection with the promotion or marketing of the Program and (iii) is not provided or intended to be used, and cannot be used, by any taxpayer, for the purpose of avoiding U.S. tax penalties. A taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

General

The following discussion is a summary of certain aspects of federal and state income taxation and federal and state estate and gift taxation relating to contributions to and withdrawals from Section 529 Programs. It is not exhaustive and is not intended as tax advice. The federal and state tax consequences associated with an investment in the Program are complex, and a Participant should consult a tax advisor regarding the application of the pertinent tax rules to his or her particular circumstances.

The IRS issued Proposed Regulations on August 24, 1998 (the "Proposed Regulations"), which will remain pending until withdrawn or until final regulations are issued under Section 529 of the Code. The Program as described in this Program Description and Participation Agreement has been designed to comply with Section 529 of the Code and the Proposed Regulations (to the extent not inconsistent with subsequent tax legislation and guidance from the IRS). The preamble that accompanied the Proposed Regulations states that taxpayers may rely on the Proposed Regulations. However, the Proposed Regulations do not reflect significant changes made to Section 529 of the Code since their issuance and subsequent guidance from the IRS on Section 529 Programs. Consequently, it is not likely that the Proposed Regulations will be issued as final regulations in their current form. It is not possible to predict the effect of amendment or withdrawal of the Proposed Regulations upon the Program or when final regulations may be issued. On January 18, 2008, the IRS issued an Advance Notice of Proposed Rulemaking with respect to Section 529 of the Code. However, this Advance Notice did not specify when final regulations would be issued or provide new separate guidance from the IRS.

FAME has received a private letter ruling from the IRS that the Program is a qualified tuition program and exempt from federal income tax under Section 529 of the Code. (A copy of the letter ruling may be obtained on the Program's Web site at www.nextgenplan.com.) The ruling expressly states that final regulations have not been issued under Section 529 and that such regulations, when issued, could affect the validity of the ruling. If necessary, FAME and the Program Manager intend to modify the Program within the constraints of applicable law to enable the Program to continue to meet the requirements of Section 529 of the Code.

Federal Taxation of Section 529 Programs

The following discussion is based on the Code, Proposed Regulations, IRS published guidance and interpretations of applicable federal and Maine law existing on the date of this Program Description and Participation Agreement. It is possible that Congress, the Treasury Department, the IRS, or the courts may take actions that will affect the Code and Proposed Regulations and interpretations thereof. FAME and the Program Manager intend to modify the Program from time to time within the constraints of applicable law to enable the Program to continue to meet the requirements of Section 529 of the Code. In the event that the Program, as currently structured or as subsequently modified, does not meet the requirements of Section 529 of the Code for any reason, the tax consequences to Participants and Designated Beneficiaries will differ from those described below. Future state legislation may likewise affect the state tax treatment of Participants and Designated Beneficiaries in connection with the Program. See "Taxation by Other States."

Contributions, Earnings and Withdrawals – Contributions to Section 529 Programs are not deductible for federal income tax purposes. Earnings that accumulate in an account and are not withdrawn are not subject to federal income tax. In addition, earnings on contributions are not subject to federal income tax to the extent that they are withdrawn from an account and used for Qualified Higher Education Expenses of the designated beneficiary.

While qualified withdrawals are exempt from federal income tax, the earnings portion of non-qualified withdrawals will generally be subject to federal income tax and a 10% additional federal tax on earnings. If the amount withdrawn exceeds the designated beneficiary's Qualified Higher Education Expenses, the amount includible 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 amount withdrawn as the designated beneficiary's Qualified Higher Education Expenses paid by the withdrawal from the account bears to the amount of such withdrawal.

Withdrawals not used for Qualified Higher Education Expenses consist of two parts for federal income tax purposes. A part of the withdrawal will be treated as a non-taxable return of principal and the remainder will be treated as a taxable withdrawal of earnings. The earnings portion of a withdrawal will be treated as income to the individual who is considered to have received the distribution. A 10% additional federal tax also will be imposed on the earnings portion of the non-qualified withdrawal; however, there are certain exceptions to the imposition of the additional tax. The exceptions are: (i) withdrawals paid to the designated beneficiary's estate made on account of the death of the designated beneficiary; (ii) withdrawals made on account of the disability (within the meaning of section 72(m)(7) of the Code) of the designated beneficiary; (iii) withdrawals made on account of a scholarship received by the designated beneficiary, provided withdrawals do not exceed the amount of the scholarship; (iv) withdrawals made on account of a reduction in the amount of Qualified Higher Education Expenses solely because of expenses taken into account in determining the Education Tax Credits allowed under federal income tax law and (v) withdrawals made on account of the attendance of the designated beneficiary at certain specified military academies. Qualifying rollovers are not subject to federal income tax or the 10% additional federal tax on earnings. See "PARTICIPATION AND ACCOUNTS - Non-Qualified Withdrawals and the Additional Tax."

For purposes of calculating the earnings portion of withdrawals from an account, withdrawals from all of the account owner's accounts of which an individual is a designated beneficiary will be treated as one account and, except to the extent provided by the IRS, all withdrawals during a taxable year will be treated as one withdrawal. The calculation of earnings is made at the time each withdrawal is made.

Rollovers between Section 529 Programs – A Section 529 Program account owner may roll over all or part of the balance of an account to another Section 529 Program that accepts rollovers without subjecting the rollover amount to federal income tax, provided certain conditions are met: (i) the amount withdrawn must be placed in another Section 529 Program within 60 days of the withdrawal; and (ii) the designated beneficiary of the receiving Section 529 Program account must be the same designated beneficiary (with no other rollover to a Section 529 Program having occurred for the same designated beneficiary in the preceding 12 months) or a Member of the Family of the current designated beneficiary. Provided appropriate documentation is received by the Section 529 Program receiving the rollover, the portion of the rollover which represents earnings will be added to the earnings portion of the receiving account and amounts representing contributions will be added to the Contribution portion of the receiving Section 529 Program account. See "PARTICIPATION AND ACCOUNTS - Change of Designated Beneficiary" for the definition of Member of the Family and see "*Federal Gift, Estate and Generation – Skipping Transfer Taxes*" for certain additional information about changes of designated beneficiaries.

Rollovers from Coverdell Education Savings Accounts – The Code provides that for purposes of determining whether a distribution from a Coverdell ESA is includible in gross income, any amount contributed to a Section 529 Program may be treated as a qualified education expense of the designated beneficiary. Therefore, amounts held in a Coverdell ESA may be rolled over to a Section 529 Program account for the same designated beneficiary without subjecting the rollover amount to federal income tax or penalties. Provided appropriate documentation is received by the Section 529 Program receiving the rollover, the portion of the rollover representing earnings in the Coverdell ESA will be added to the earnings portion of the receiving account and the portion representing contributions will be added to the contributions portion of the account.

Series EE and Series I Bonds – Interest on Series EE bonds issued after December 31, 1989, as well as interest on all Series I bonds, may be completely or partially excluded from federal income tax if bond proceeds are used to pay certain Qualified Higher Education Expenses at an Eligible Institution of Higher Education or are contributed to a Section 529 Program or a Coverdell ESA in the same calendar year the bonds are redeemed. Certain income and other limitations apply, and you should consult with a qualified tax adviser. If appropriate documentation is received by the Section 529 Program receiving the proceeds of the sale of Series EE or Series I bonds, the original purchase price of the bonds redeemed and contributed to the Section 529 Program will be added to the contributions portion of the receiving account, with the interest added to earnings.

Federal Gift, Estate and Generation-Skipping Transfer Taxes – contributions (other than most rollover Contributions) to a Section 529 Program are generally considered completed gifts to the designated beneficiary for federal gift, estate and generation-skipping transfer ("GST") tax purposes and are thus eligible for the annual gift and GST tax exclusions, which is currently $13,000 per recipient per year (or $26,000 per recipient per year, in the case of a married couple electing to split gifts on a duly filed gift tax return). Except as described in the following paragraph, if the contributor were to die while assets remained in an account, the value of the account would not be included in the contributor's gross estate.

In general, contributions (other than rollover contributions) to a Section 529 Program are completed gifts in the year of contribution that qualify for the gift tax annual exclusion and GST tax exclusion, currently $13,000 per year per beneficiary, available under the Code. However, if a contribution in a single year is greater than $13,000, the contributor may elect to prorate the contribution against the annual exclusion ratably over a five-year period. Thus, a contributor who makes a $65,000 ($130,000 in the case of a married couple electing to split gifts on a duly filed gift tax return) contribution in a year, makes the election and makes no other gifts to the designated beneficiary during that calendar year or the next four calendar years would not incur a gift or GST tax as a result of the contribution. Any excess over the $65,000 (or $130,000, as the case may be) would be treated as a taxable gift in the calendar year of the contribution. However, if a contributor dies before the first day of the fifth calendar year, the portion of the contribution allocable to the calendar years after that of the contributor's death would be includible in the contributor's estate for federal estate tax and, if applicable, GST tax purposes.

The gift tax annual exclusion is periodically adjusted for inflation. If the $13,000 annual exclusion is increased during the five-year period after an election is made an additional contribution can be made in any one or more of the remaining years without gift or GST tax consequences up to the difference between the adjusted exclusion amount and the pro-rated amount of the original contribution attributed to such year. The five-year election must be made on a federal gift tax return by a contributor (and his or her spouse with respect to a contribution considered to be made one-half by each spouse) for the calendar year in which the contribution is made.

If the designated beneficiary for an account is changed to, or amounts in an account are rolled over to an account for, a new designated beneficiary who is a Member of the Family of the current designated beneficiary and is assigned to the same or higher generation as the current designated beneficiary for GST tax purposes, there will be no gift or GST tax consequences. If the new designated beneficiary is a Member of the Family of the current designated beneficiary but is assigned to a younger generation than the current designated beneficiary for GST tax purposes, the change of designated beneficiary will be deemed a gift from the current designated beneficiary to the new designated beneficiary for federal gift and GST tax purposes, in which case the five-year election discussed above may be available for such purposes. (If the new designated beneficiary is not a Member of the Family of the current designated beneficiary, the income and transfer tax consequences are uncertain but may be substantial and adverse, and the Program will not knowingly permit a change of Designated Beneficiary to, or a rollover to an Account for, someone who is not a Member of the Family of the current Designated Beneficiary.)

The gross estate of a designated beneficiary of a Section 529 Program may include the value of any interest the designated beneficiary has in the Section 529 Program or amounts distributed on account of the designated beneficiary's death. If the account owner and the designated beneficiary are the same person, the value of the account will be includible in the account owner/designated beneficiary's gross estate.

Coverdell ESAs and Education Tax Credits – Amounts may be contributed to a Coverdell ESA and a Section 529 Program in the same year for the account of the same designated beneficiary without imposition of a penalty. Taxpayers meeting certain income threshold and other requirements may be eligible to take an Education Tax Credit against their federal income tax liability for certain education expenses. Taxpayers receiving tax-free distributions from a Section 529 Program for qualified education expenses will not be able to claim an Education Tax Credit for the same expenses. Furthermore, expenses used in determining the allowed Education Tax Credits will reduce the amount of a designated beneficiary's Qualified Higher Education Expenses to be paid from a Section 529 Program account and may result in a taxable withdrawal. A Participant should consult a tax advisor regarding his or her eligibility to contribute to a Coverdell ESA, the availability of Education Tax Credits and the coordination of rules applicable to Coverdell ESAs, Section 529 Programs and the Education Tax Credits.

Unless further action is taken by Congress, after December 31, 2012, a 6% excise tax would apply to contributions made to a Coverdell ESA in the same year as a contribution to a Section 529 Program for the same designated beneficiary.

Taxation by Maine

Under Maine law, the assets of the Program Fund, all Program earnings and income from operations are exempt from all taxation by the State of Maine or any of its political subdivisions. Maine law also provides that a deposit to any Account, transfer of that Account to a Successor Participant, designation of a successor Designated Beneficiary of that Account, credit of Program earnings to that Account or distribution from that Account used for the purposes of paying Qualified Higher Education Expenses of the Designated Beneficiary of that Account does not subject that Participant, the estate of that Participant or any Designated Beneficiary to any Maine income or estate tax liability. Maine law further provides, however, that, in the event of cancellation or termination of a Participation Agreement and distribution of funds to a Participant, the increase in value over the amount deposited in the Account by the Participant may be taxable to that Participant in the year distributed.

Individuals who file individual Maine state income tax returns will be able to deduct up to $250 per Designated Beneficiary per tax year for their total, combined Contributions to any Section 529 Program during that tax year. The deduction is not available to taxpayers with federal adjusted gross income over $100,000 (single or married filing separately) or $200,000 (married filing jointly or head of household).

Taxation by Other States

If the Program is not the home state plan of both the Participant and the Designated Beneficiary, the Participant should be aware of the following:

- **Depending upon the laws of the Participant's home state or the Designated Beneficiary's home state, favorable state tax treatment or other benefits offered by such home state for investing in Section 529 Programs may be available only if the Participant invests in that home state's Section 529 Program.**
- **Any state-based benefits offered with respect to a particular Section 529 Program should be one of the many appropriately weighted factors to be considered in making an investment decision.**
- **The Participant should consult with tax or other advisors to learn more about how state-based benefits (including any limitations) would apply to the Participant's specific circumstances and the Participant may also wish to contact the Participant's home state or any other Section 529 Program to learn more about the features, benefits and limitations of that state's Section 529 Program.**

Designated Beneficiaries and/or other distributees should likewise consult tax or other advisors with respect to state-based benefits and state tax treatment. The consequences to a Participant or Designated Beneficiary of taking withdrawals from an Account, and the treatment of earnings that accumulate in an Account and are not withdrawn, will vary from state to state.

In general, if a state's income tax law conforms to the federal income tax law, a Participant who is a resident of the state should not recognize income on earnings that accumulate in an Account and are not withdrawn. When assets are withdrawn from an Account, the earnings portion should be tax-free to the extent used to pay the Qualified Higher Education Expenses of the Designated Beneficiary. However, it is possible that a state whose income tax laws otherwise conform to the federal income tax law may assess state tax on withdrawals, transfers and/or rollovers differently than under federal income tax law.

If a state's definition of taxable income or adjusted gross income does not conform to the federal definition and the state does not have an explicit provision addressing the tax consequences of Section 529 Programs, the tax consequences to a Participant, other contributor (if any) or Designated Beneficiary may be unclear. In such cases, the earnings on an Account may be included in the Participant's or Designated Beneficiary's state taxable income when earned or withdrawn.

Tax Reports and Filings

The Program Manager will report all distributions from an Account to the IRS, the Participant and any other required persons, if any, to the extent required by federal, state or local law. Under federal law, the Program Manager will report to the IRS on IRS Form 1099-Q gross distributions from an Account during the calendar year along with information regarding the earnings and basis (i.e., Contributions) portions of the amount distributed. By January 31 of the year following the distribution, the Participant (or Designated Beneficiary, in the case of distributions made directly to the Designated Beneficiary or to an Eligible Educational Institution for the benefit of the Designated Beneficiary) will receive a copy of such Form 1099-Q or an acceptable substitute statement. Participants and Designated Beneficiaries should check with their tax advisors about the tax impact to them of any distributions from an Account and about what, if any, information must be reported on a tax return. Because it is the responsibility of the distributee receiving Form 1099-Q to determine whether distributions from an Account result in federal and/or state tax liability and/or the 10% additional federal tax on earnings, Participants and Designated Beneficiaries should retain adequate records, invoices or other documents and information to support any exemption from federal and/or state taxes as well as any exemption from the 10% additional federal tax on earnings, as applicable.

PROGRAM AND PORTFOLIO RISKS AND OTHER CONSIDERATIONS

A Participant should carefully consider the matters set forth below in addition to the other information contained or referred to in this Program Description and the Participation Agreement in evaluating the establishment of an Account and the making of Contributions. The contents of this Program Description or the Participation Agreement should not be construed as legal, financial or tax advice. A Participant should consult his or her own attorneys and financial and tax advisors as to legal, financial and tax advice.

Program and Portfolio Risks and Other Considerations

Accounts are subject to certain risks associated with participation in the Program. In addition, certain Portfolios are more subject to certain risks than are other Portfolios. Portfolios investing in Underlying Funds are subject to certain risks associated with investing in Underlying Funds. See "Investment Risks of Underlying Funds." Portfolios investing in Principal Plus Portfolio Investments are subject to certain risks associated with investing in Principal Plus Portfolio Investments. See "Investment Risks of Principal Plus Portfolio Investments."

A Participant should consider such risks in light of the possibility that they may arise at any time during the period an Account is open. Except to the extent permitted by federal tax law, a Participant cannot direct the investment of Contributions to an Account. Non-Qualified Withdrawals are subject to income taxes and may be subject to the 10% additional federal tax on earnings.

No Guarantee of Income or Principal – The investments made by a Participant or others in Accounts are subject to market, interest rate and other investment risks, including the loss of principal. Due to different Portfolio fee structures among investment options in the Program, the Net Asset Value of each Unit and the investment return on an equivalent Contribution invested in a particular Unit may be more or less than it would be by investing in a Unit of a different Unit Class. The value of an Account may increase or decrease, based on the return of the Portfolio(s) to which Contributions have been allocated, and the value of an Account may be more or less than the total Contributions to the Account. None of the State of Maine, FAME, the Treasurer, any agency or instrumentality of Maine, Merrill Lynch, FDS, or any Sub-Advisor or any of their affiliates, any agent or representative retained in connection with the Program or any other person, is an insurer of, 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.

Limitations on Investment Direction – FAME, not a Participant, determines the investment allocations for the Portfolio(s) to which Contributions are allocated and selects Portfolio Investments for such Portfolio(s). These determinations are effected from time to time as described under "THE NEXTGEN PORTFOLIOS – PORTFOLIO ALLOCATIONS" and "NEXTGEN PORTFOLIOS – PERFORMANCE AND INVESTMENTS." Any Portfolio may at any time be merged, terminated, reorganized or cease issuing new Units. Any sales charge or Portfolio Fee structure may at any time be terminated or modified. Any such action affecting a Portfolio may result in a Participant's Contributions being reinvested in a Portfolio or Unit Class different from the Portfolio or Unit Class in which Contributions were originally invested. With certain limited exceptions, the Participant is not permitted to withdraw funds from the Account without imposition of federal and applicable state income tax, any applicable CDSC, and the 10% additional federal tax on earnings, except for application to the Qualified Higher Education Expenses of the Designated Beneficiary.

Effect of Investment Strategy and Inflation on Qualified Higher Education Expenses – Contributions to an Account are limited to amounts projected to be sufficient to permit all Accounts established for a Designated Beneficiary to fund Qualified Higher Education Expenses for such Designated Beneficiary for a five-year period of undergraduate attendance and a two year period of graduate attendance. However, the balance in an Account or Accounts maintained on behalf of a Designated Beneficiary may or may not be adequate to cover the Qualified Higher Education Expenses of that Designated Beneficiary, even if Contributions to an Account are made in the allowable amount per Designated Beneficiary permitted under the Program. In addition, 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 Portfolios over the corresponding periods. There is no obligation on the part of any educational institution to maintain a rate of increase in Qualified Higher Education Expenses which is in any way related to Portfolio investment results.

The investment strategy of the Age-Based Diversified Portfolio investment options seeks to balance risk and expected returns of the Portfolio Investments with the time periods remaining until a typical Designated Beneficiary is expected to need assets for Qualified Higher Education Expenses. In general, the asset allocation strategy for each of the Age-Based Diversified Portfolio investment options is expected to become increasingly conservative over time.

The investment strategies of the Diversified Portfolio, Single Fund Portfolio and Principal Plus Portfolio investment options vary significantly from each other and from that of the Age-Based Diversified Portfolio investment options. The strategies of the Diversified Portfolio, Single Fund Portfolio and Principal Plus Portfolio investment options are not currently expected to change over time. Further, Diversified Portfolio, Single Fund Portfolio and

Principal Plus Portfolio investment options may have more concentration risk. None of the Diversified Portfolios and Single Fund Portfolios investing exclusively in Underlying Funds that invest in equity securities will provide for capital preservation at any particular time and the Diversified Portfolio and Single Fund Portfolios investing exclusively in Underlying Funds that invest in fixed income securities will not seek capital appreciation. Portfolios that primarily invest in Underlying Funds investing in equity securities may underperform certain other Portfolios, particularly if equity securities generally underperform other asset classes for any particular period of time. Portfolios that primarily invest in Underlying Funds investing in fixed income securities may underperform certain other Portfolios, particularly if fixed income securities generally underperform other asset classes for any particular period of time.

A Participant selecting Portfolios that invest in Underlying Funds investing in equity securities should carefully review the investment risks applicable to Underlying Funds investing in equity securities. See "Investment Risks of Underlying Funds - *Underlying Funds Investing in Equity Securities."* A Participant selecting Portfolios that invest in Underlying Funds investing in fixed income securities should carefully review the investment risks applicable to Underlying Funds investing in fixed income securities. See "Investment Risks of Underlying Funds - *Underlying Funds Investing in Fixed Income Securities (Including Money Market Securities).*" A Participant selecting the Principal Plus Portfolio should carefully review the investment risks described under the heading "Investment Risks of Principal Plus Portfolio Investments."

Education Savings and Investment Alternatives – A number of other Section 529 Programs and education savings and investment programs are currently available to a Participant. These programs may offer benefits, including state tax benefits, to some or all Participants or Designated Beneficiaries that are not available under the terms of the Program or applicable law. See "TAX TREATMENT OF INVESTMENTS AND WITHDRAWALS - Taxation by Other States." If a Participant or Designated Beneficiary is not a Maine resident, the state(s) where he or she lives or pays taxes may offer one or more direct sold, advisor/broker sold or prepaid tuition Section 529 Programs, and those programs may offer the Participant or Designated Beneficiary state or local income tax or other benefits not available through the Program. For instance, several states offer unlimited state income tax deductions for contributions to their own state's Section 529 Program. Such deductions may not be available for Contributions under this Program. Other Section 529 Programs may involve fees and expenses that are more or less than those borne by Accounts under the Program and may involve investment consequences (such as recapture of deductions previously taken) that differ. Accordingly, a Participant should consider other investment alternatives before establishing an Account in the Program. Investment options also differ by Section 529 Programs.

Amounts may currently be contributed in the same year to an Account and a Coverdell ESA for the same Designated Beneficiary, without imposition of a penalty. However, unless Congress enacts legislation to the contrary, after December 31, 2012, a 6% excise tax would apply to Contributions made to a Coverdell ESA in the same year as a Contribution to an Account for the same Designated Beneficiary.

Potential Program Enhancements/Changes – FAME may offer changes to the Program, including additional investment options. A Participant who has established Accounts prior to the time an enhancement is made available may be limited in his or her ability to participate in any such enhancement. The Portfolio fees and other charges described in this Program Description and the Participation Agreement are subject to change at any time.

Status of Applicable Law and Regulations – Final regulations under Section 529 of the Code or other administrative guidance or court decisions might be issued which could adversely impact the federal tax consequences or requirements with respect to the Program or Contributions to, or distributions from, Accounts. Congress could also amend Section 529 of the Code or other federal law, and states could amend state law, in a manner that would materially change or eliminate the federal or state tax treatment described in this Program Description. There can be no assurance that such changes in law will not adversely affect the value to any Participant or Designated Beneficiary of participation in the Program. It is not possible to determine the effects, if any, on the Program of such changes. Under certain circumstances, neither FAME nor the Program Manager is required to continue the Program. Changes in the law governing the federal and/or state tax consequences described above might necessitate material changes to the Program for the anticipated federal tax consequences to apply.

Treatment for Federal, State and Institutional Financial Aid Purposes – The treatment of Account assets may have a material adverse effect on the Designated Beneficiary's eligibility to receive assistance under various federal, state, and institutional financial aid programs. For federal financial aid purposes, beginning July 1, 2009 (pursuant to the College Cost Reduction and Access Act of 2007), 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. For purposes of financial aid programs offered by states and educational institutions, the treatment of Account assets may follow or differ from the treatment described above for federal financial aid purposes. Participants and Designated Beneficiaries are advised to 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.

Medicaid and Other Federal and State Non-Educational Benefits – The effect of owning Account balances on eligibility for Medicaid or other state and federal benefits is uncertain. It is possible that assets held in an Account will be viewed as a "countable resource" in determining a Participant's financial eligibility for Medicaid. Withdrawals from an Account during certain periods may also have the effect of delaying the disbursement of Medicaid payments. A Participant should consult a tax advisor to determine how assets held in an Account may affect eligibility for Medicaid or other state and federal non-educational benefits.

No Guarantee of Performance – Performance information for the Portfolios should not be viewed as a prediction of future performance of any Portfolio. In view of the anticipated periodic determinations of investment allocations and Portfolio Investments for each Portfolio, the future investment results of any Portfolio cannot be expected, for any period, to be similar to the past performance of any other Portfolios or combination of Underlying Funds.

Certain Considerations in Connection with the Termination of the Program Management Agreement and Successor Program Managers – A new Program Manager and Portfolio Servicing Agent may be appointed either upon expiration of the current term of the Program Management Agreement or earlier in the event Merrill Lynch, FDS or FAME terminates the Program Management Agreement prior to its current term. See "THE PROGRAM MANAGEMENT AGREEMENT." Merrill Lynch would be eligible for selection as the new Program Manager after the end of the term. Regardless of whether Merrill Lynch or some other entity is the new Program Manager, the fee and compensation structure of the new Program Manager and Portfolio Servicing Agent might be higher or different, respectively, than the Management Fee and Portfolio Servicing Fee. In addition, a successor Program Manager may achieve different investment results than might have been achieved by Merrill Lynch.

No Guarantees by an Eligible Institution of Higher Education – There is no guarantee that: (i) any Designated Beneficiary will be admitted to any Eligible Institution of Higher Education; (ii) assuming a Designated Beneficiary is admitted to an Eligible Institution of Higher Education, that the Designated Beneficiary will be permitted to continue to attend such institution; (iii) any Designated Beneficiary will be treated as a state resident of any state for tuition or any other purpose; or (iv) any Designated Beneficiary will graduate or receive a degree from an Eligible Institution of Higher Education.

Investment Risks of Underlying Funds

Accounts are subject to a variety of investment risks which will vary based on the sector allocations of the different Portfolios and the particular Underlying Funds selected by FAME for the Portfolios. Set forth below is a summary of certain investment risks to which specific categories of Underlying Funds may be subject, followed by a summary of general risks to which Underlying Funds may be subject. The Underlying Funds may be subject to additional risks that are not set forth below. A Participant should review the principal risks to which particular Underlying Funds may be subject, described in "NEXTGEN PORTFOLIOS – PERFORMANCE AND INVESTMENTS" in this Program Description. Additionally, each Underlying Fund's current prospectus and statement of additional information contains additional information not set forth in this Program Description, which may identify additional principal risks to which the respective Underlying Fund may be subject. You may request a copy of any Underlying Fund's current prospectus and statement of additional information, or an Underlying Fund's most recent semi-annual or annual report, by contacting the Sub-Advisor directly. Information on how to do so with respect to each Sub-Advisor is included in "NEXTGEN PORTFOLIOS – PERFORMANCE AND INVESTMENTS" in this Program Description.

Underlying Funds Investing in Equity Securities

- <u>Market and Selection Risk</u> – Market risk is the risk that the stock markets will go down in value, including the possibility that the markets will go down sharply and unpredictably. Selection risk is the risk that the investments an Underlying Fund selects will underperform the market or other funds with similar investment objectives and investment strategies. The investment advisors of the Underlying Funds may emphasize a particular investment style (such as growth or value style investing). The success of these styles varies at different times and the style of a particular advisor may lead to investments that decline in value or do not achieve anticipated results.

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

- <u>Risk of Small Capitalization and Emerging Growth Securities</u> – Small capitalization or emerging growth companies may have limited product lines or markets. They may be less financially secure than larger, more established companies. They may depend on a small number of key personnel. If a product fails, or if management changes, or there are other adverse developments, an Underlying Fund's investment in a small cap or emerging growth company may lose substantial value. Small capitalization or emerging growth securities generally trade in lower volumes and are subject to greater and more unpredictable price changes than larger capitalization securities or the stock market as a whole.

- Risk of Middle Capitalization Securities – Middle capitalization company stocks can be more volatile than stocks of larger companies due to limited product lines, financial and management resources, and market and distribution channels. Their shares can be less liquid than those of larger companies, especially during market declines.

- Geographic Concentration Risk – An Underlying Fund that invests a substantial amount of its assets in issuers located in a single country or a limited number of countries assumes the risk that economic, political and social conditions in those countries will have a significant impact on its investment performance.

- Emerging Markets Risk – Foreign investment risk may affect the prices of securities issued by foreign companies located in developing countries more than those in countries with mature economies. For example, many developing countries have, in the past, experienced high rates of inflation, expropriated assets or sharply devalued currencies against the U.S. dollar, thereby causing the value of investments in companies located in those countries to decline. Transaction costs are often higher in developing countries and there may be delays in settlement procedures.

- Investing in a Master Portfolio – Investors in a feeder fund will acquire an indirect interest in the corresponding master portfolio. Each portfolio accepts investments from other feeder funds, and all the feeders of a given portfolio bear the portfolio's expenses in proportion to their assets. This structure may enable the funds to reduce costs through economies of scale. A larger investment portfolio may also reduce certain transaction costs to the extent that contributions to and redemptions from the portfolio from different feeders may offset each other and produce a lower net cash flow. However, each feeder can set its own transaction minimums, fund-specific expenses, and other conditions. This means that one feeder could offer access to the same portfolio on more attractive terms, or could experience better performance, than another feeder. In addition, large purchases or redemptions by one feeder fund could negatively affect the performance of other feeder funds that invest in the same portfolio. Whenever a portfolio holds a vote of its feeder funds, the fund investing in that portfolio will pass the vote through to its own shareholders. Smaller feeder funds may be harmed by the actions of larger feeder funds. For example, a larger feeder fund could have more voting power than a smaller feeder fund over the operations of its portfolio. A fund may withdraw from its master portfolio at any time and may invest all of its assets in another pooled investment vehicle or retain an investment adviser to manage the fund's assets directly.

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

- Market and Selection Risk – Underlying Funds investing in fixed income securities are subject to both market risk and selection risk as described above.

- Credit Risk – Credit risk is the risk that an issuer will be unable to pay interest or repay principal when due. The degree of credit risk depends on both the financial condition of the issuer and the terms of the obligation.

- Interest Rate Risk – Interest rate risk is the risk that prices of bonds generally increase when interest rates decline and decrease when interest rates increase. Prices of longer-term obligations generally change more in response to interest rate changes than prices of shorter-term obligations. Generally, a rise in interest rates will cause the market value of a fixed rate obligation to fall, while a decline in interest rates will cause the market value of a fixed rate obligation to rise. Debt securities purchased at a premium or discount from their principal amount may respond differently to changes in interest rates.

- Redemption and Prepayment Risk – A bond's issuer may call a bond for redemption before it matures. If this happens to a bond the Underlying Fund holds, the Underlying Fund may lose income and may have to invest the proceeds in bonds with lower yields. This risk, which is known as "prepayment risk," may particularly affect asset-backed securities. In a period of declining interest rates, borrowers may pay what they owe on the underlying assets more quickly than anticipated.

- Extension Risk – Extension risk is the risk that, when interest rates rise, certain obligations will be paid off more slowly than anticipated and the value of these securities will fall.

- Short Sale Risk – Potential losses from a short sale are unlimited if the short sale cannot be closed out.

- Risk of Non-investment Grade Bonds – Non-investment grade bonds (also referred to as "junk bonds") are debt securities that are rated below investment grade by the rating agencies or are unrated securities that an Underlying Fund's management believes are of comparable quality. Although non-investment grade bonds generally pay higher rates of interest than investment grade bonds, they are high-risk investments that may cause income and principal losses for the Underlying Fund. Non-investment grade bonds generally experience more price volatility than higher rated debt securities. In the event of an issuer's bankruptcy, claims of other creditors may have priority over the claims of non-investment grade bond holders, leaving few or no assets available to repay non-investment grade bond holders. Non-investment grade bonds may be subject to greater prepayment risk than higher rated debt securities. Underlying Funds investing in the non-investment grade bonds may invest in distressed securities, which are securities that are subject to bankruptcy proceedings or are in default, or are at risk of being in default.

- Considerations Relating to the Cash Allocation Account – As described under "BLACKROCK PORTFOLIOS – Cash Allocation Account," a portion of the assets of the Cash Allocation Account may be invested in Maine CDs. Such investments are generally limited to not more than 10% of the assets of the Cash Allocation Account, but there is no prescribed limit on such investments. To the extent that the yield on Maine CDs is less than the yield on the money market securities in which the assets of the Cash Allocation Account would otherwise be invested, the yield of Portfolios investing in the Cash Allocation Account will be reduced.

- Mortgage Securities and Asset-Backed Securities Risk – Mortgage securities differ from conventional debt securities because principal is paid back over the life of the security rather than at maturity. An Underlying Fund may receive unscheduled prepayments of principal before the security's maturity date due to voluntary prepayments, refinancing or foreclosure on the underlying mortgage loans. To the Underlying Fund this means a loss of anticipated interest and a portion of its principal investment represented by any premium the Underlying Fund may have paid. Mortgage prepayments generally increase when interest rates fall.

  Mortgage securities also are subject to extension risk. An unexpected rise in interest rates could reduce the expected rate of prepayments on mortgage securities and extend their anticipated life. This could cause the price of the mortgage securities and the Underlying Fund's share price to fall and would make the mortgage securities more sensitive to interest rate changes.

  Issuers of asset-backed securities may have limited ability to enforce the security interest in the underlying assets, and credit enhancements provided to support the securities, if any, may be inadequate to protect investors in the event of default. Like mortgage securities, asset-backed securities are subject to prepayment and extension risks.

- Maturity Risk – Fixed income securities with shorter maturities will generally be less volatile but provide lower returns than fixed income securities with longer maturities. The average maturity of an Underlying Fund's fixed income investments will affect the volatility of the Underlying Fund's share price.

General Investment Risks Applicable to the Underlying Funds

- Index Fund Selection Risk and Other Index Fund Considerations – Index funds are subject to a special selection risk. This is the risk that the funds, which may not fully replicate the relevant index, may perform differently from the securities in the index. Index funds generally do not attempt to hedge against adverse market movements and may decline in value more than other mutual funds in the event of a general market decline. In addition, an index fund has operating and other expenses that an index does not have. As a result, an index fund will tend to underperform the index to some degree over time.

- Foreign Investment Risk – Investments by an Underlying Fund outside the United States involve special risks not present in U.S. investments that can increase the chances that an Underlying Fund will lose money. In particular, changes in foreign currency exchange rates will affect the value of securities denominated in a particular currency. Investments in foreign markets also may be affected by economic or political developments or by governmental actions such as the imposition of capital controls, expropriation of assets or the imposition of punitive taxes. Other foreign market risks include foreign exchange control, settlement and custody issues, the limited size of many trading markets and the limited availability of legal remedies to investors.

- Risk of Illiquid Securities – An Underlying Fund may invest a portion of its assets in securities that lack a secondary trading market or are otherwise considered illiquid. Liquidity of a security relates to the ability to easily dispose of the security and the price to be obtained upon disposition of the security, which may be less than would be obtained for a comparable more liquid security. Such investments may affect the Underlying Fund's ability to realize its net asset value in the event of a voluntary or involuntary liquidation of its assets.

- Risk of Borrowing and Leverage – Certain Underlying Funds may borrow for investment purposes or for temporary emergency purposes including to meet redemptions. Borrowing may exaggerate changes in the net asset value of the Underlying Fund's shares and in the return on the Underlying Fund's investments. Borrowing will cost the Underlying Fund interest expense and other fees. The costs of borrowing may reduce the Underlying Fund's return. Certain securities that the Underlying Funds buy may create leverage including, for example, options.

- Derivatives – An Underlying Fund may use derivative instruments, including futures, forwards, options, indexed securities, inverse securities and swaps. Derivatives are financial instruments whose value is derived from another security, a commodity (such as oil or gas) or an index such as the Standard & Poor's 500 Composite Stock Price Index. Derivatives allow an Underlying Fund to increase or decrease its risk exposure more quickly and efficiently than other types of instruments. Derivatives are volatile and involve significant risks, including credit, currency, leverage, liquidity and interest rate risks.

- Non-diversification Risk – A non-diversified Underlying Fund may invest a greater percentage of its assets in the obligations of a single issuer than a diversified Underlying Fund, and consequently is more susceptible than a diversified Underlying Fund to any economic, political or regulatory occurrence that affects an individual issuer.

- Risk of Indexed and Inverse Floating Rate Securities – An Underlying Fund may invest in securities whose potential returns are directly related to changes in an underlying index or interest rate, known as indexed securities. An Underlying Fund also may invest in securities whose return is inversely related to changes in an interest rate (inverse floaters). In general, income on inverse floaters will decrease when interest rates increase and increase when interest rates decrease. Indexed securities and inverse floaters are derivative securities and can be considered speculative. Indexed and inverse securities involve credit risk, and certain indexed and inverse securities may involve currency risk, leverage risk and liquidity risk. As a result, the market value of such securities will generally be more volatile than that of fixed rate securities.

- Frequent or Active Trading Risk – Short-term or active trading may increase a Fund's expenses and have adverse tax consequences for the Fund. It can also cause a greater amount of the Fund's distributions to be ordinary income rather than long term capital gains. Active trading also involves market risk and selection risk.

Investment Risks of Principal Plus Portfolio Investments

Accounts investing in the Principal Plus Portfolio are subject to a variety of investment risks based on the particular Principal Plus Portfolio Investments selected by FAME. Set forth below is a summary of certain investment risks to which Principal Plus Portfolio Investments may be subject.

- Non-diversification – Because the Principal Plus Portfolio invested exclusively in a single guaranteed investment contract ("GIC") prior to November 20, 2010, and thereafter is expected to continue to maintain its investment in that GIC, the Principal Plus Portfolio is non-diversified. A non-diversified Portfolio has more risk than a diversified Portfolio.

- No Third-Party Guarantees – None of the State of Maine, FAME, the Treasurer, the Program or the Program Manager guarantee the principal of Contributions to the Principal Plus Portfolio, returns thereon or any rate of return.

- Failure to Perform – There is a risk that an insurance company could fail to perform its obligations under a GIC for financial or other reasons. Such a failure could result in a loss by an affected Participant of all or part of his or her Account balances invested in the Principal Plus Portfolio.

- No Minimum Rate of Return – While a GIC is designed to provide a minimum rate of return on the amount invested in the GIC before the deduction of fees and expenses, because the Principal Plus Portfolio does not invest exclusively in GICs, the Principal Plus Portfolio will not provide a minimum overall rate of return.

- In addition to the applicable investment risks described above, because the Principal Plus Portfolio may allocate a portion of its assets to the Cash Allocation Account, it may be subject to the risks described above in ***Underlying Funds Investing in Fixed Income Securities (Including Money Market Securities),*** including but not limited to Considerations Relating to the Cash Allocation Account.

THE PROGRAM AND THE PROGRAM FUND

The Program

The Program was established to encourage the investment of funds to be used for higher education expenses at Eligible Institutions of Higher Education.

The Program Fund

Current Maine law provides that the Treasurer shall invest and reinvest the Program Fund for the benefit of the Program on behalf of Participants and Designated Beneficiaries, under the direction of FAME and with the advice of the Advisory Committee. The Treasurer is the chair of the Advisory Committee. Effective July 1, 2012, FAME will invest and reinvest the Program Fund for the benefit of the Program on behalf of Participants and Designated Beneficiaries with the advice of the Advisory Committee. Amounts paid into the Program Fund generally consist of Contributions made by a Participant to the Accounts in the Investment Fund, Program Fund earnings, and any other money that has been appropriated, granted, gifted or otherwise made available for deposit in the Program Fund. All money in the Program Fund is required to be continuously applied by FAME to administer the Program and for no other purpose. Under Maine law, assets of the Program Fund must at all times be preserved, invested and expended only for purposes of the Program and must be held for the benefit of Participants and Designated Beneficiaries. Assets may not be transferred or used by the State of Maine or FAME for any purposes other than the purposes of the Program.

Maine law provides that FAME may use amounts in the Program Fund to administer the Program, including to rebate fees paid by a Participant or any class of Participants, to match Contributions by a Participant or any class of Participants or to provide scholarships to certain Designated Beneficiaries. See "Special Benefits Available to Maine Residents."

The Investment Fund

The Investment Fund is the portion of the Program Fund invested in Underlying Funds through Contributions to Accounts. Accounts are established by a Participant pursuant to a Participation Agreement for purposes of investing Contributions in one or more Portfolios. Interests in Portfolios purchased with Contributions are represented by Units. See "PROGRAM FEES, EXPENSES AND SALES CHARGES."

Special Benefits Available to Maine Residents

Any program that provides a benefit to Maine residents may at any time be modified, added or terminated, without prior notice.

State Tax Deduction – Individuals who file individual Maine state income tax returns will be able to deduct up to $250 per Designated Beneficiary per tax year for their total, combined contributions to any Section 529 Program during that tax year. The deduction is not available to taxpayers with federal adjusted gross incomes over $100,000 (single or married filing separately) or $200,000 (married filing joint or head of household).

Maine First Step Grant Program – This benefit is no longer available for babies born on or after January 1, 2009.

Maine Matching Grant Program – If either the Participant or the Designated Beneficiary is a Maine resident, the Account may be eligible for the following grants under the Maine Matching Grant Program.

- An Account opened after January 1, 2011 for a new Designated Beneficiary who is not eligible for the Harold Alfond College Challenge Grant may receive an Initial Matching Grant if the Account is opened with at least $50. No initial Contribution is required to obtain the Initial Matching Grant if subsequent Contributions are made through payroll deduction or Automatic Funds Transfer. (For Accounts opened in 2010, the Participant's family federal adjusted gross income must have been $75,000 or less for the previous tax year to receive the Initial Matching Grant, and the Participant must submit an application for the Initial Matching Grant to FAME within one year of Account opening.)
- An Account opened after January 1, 2011 for a new Designated Beneficiary may receive the NextStep Matching Grant on Contributions made to the Account in the first two years after Account opening, up to a maximum of $400.
- An Account opened after January 1, 2011 for a new Designated Beneficiary may receive a one-time Automated Funding Grant by choosing any automated funding option currently available to Participants.

Grant amounts are determined annually by FAME and are subject to available funding. Other terms and conditions apply.

Harold Alfond College Challenge Grant – A $500 grant is available from the Alfond Scholarship Foundation for each Maine resident child named as the Designated Beneficiary of an Account before the child's first birthday. No initial or additional Contribution is required to receive the Harold Alfond College Challenge Grant. Other conditions apply.

Account Maintenance Fee Waived for Maine Residents – The $50 annual Account Maintenance Fee is waived on Accounts when either the Participant or the Designated Beneficiary is a Maine resident.

Maine Administration Fee Rebate Program – If either the Participant or the Designated Beneficiary is a Maine resident, an amount approximately equal to the Maine Administration Fee paid during the year is automatically rebated to the Account in the following year, if such amount is at least $2.00. On the last business day of the calendar year, the Account must have a balance of at least $1,000 and include a Portfolio subject to the Maine Administration Fee to receive the rebate. The minimum rebate is $2.00; amounts less than $2.00 will not be paid.

Maine Scholarship Programs – FAME has opened Accounts to provide scholarships to eligible Maine students, to certain individuals in Maine's incumbent workforce seeking to save for additional education, including training and retraining, and to the dependant child or children of Maine resident members of the U.S. armed services killed while deployed in support of combat operations in Iraq or Afghanistan during certain periods of time.

Investments in Maine Financial Institutions– A percentage of the cash portion of the Investment Fund is invested in Maine CDs.

For more information about special benefits available to Maine residents, call FAME at 1-800-228-3734.

PROGRAM MANAGEMENT AND ADMINISTRATION

General

FAME administers the Program. Maine law requires that amounts deposited in the Program Fund be invested in a reasonable manner to achieve the objectives of the Program and with the discretion and care of a prudent person in similar circumstances with similar objectives. Maine law also requires that due consideration be given to rate of return, term or maturity, diversification and liquidity of investments within the Program Fund or any account in the Program Fund pertaining to the projected disbursements and expenditures from the Program Fund and the expected payments, deposits, contributions and gifts to be received. FAME is authorized under Maine law to enter into contracts for any services it determines necessary for the effective and efficient operation of the Program, which may include investment advisory and managerial services. Merrill Lynch has been selected to serve as the Program Manager.

Finance Authority of Maine

FAME was established by statute in 1983 as a body corporate and politic and a public instrumentality of the State of Maine. It consists of 15 voting members, as follows: the Commissioner of Economic and Community Development; the Treasurer; one natural resources commissioner designated by the Governor; and twelve members appointed by the Governor (including a certified public accountant, an attorney, a commercial banker, two veterans, two persons knowledgeable in the field of natural resources enterprises or financing; an individual knowledgeable in the field of student financial assistance and an individual knowledgeable in the field of higher education), which appointments are subject to confirmation by the Maine legislature. The chief executive officer of FAME is nominated by the Governor and confirmed by the Maine legislature. The exercise by FAME of its powers is "deemed and held to be the performance of essential governmental functions." FAME has been entrusted by the Maine legislature with responsibility for the administration of numerous programs that are important to the economy of Maine in addition to the Program. Other than a Participant's right to access the assets in his or her Account, no Participant or Designated Beneficiary has access or rights to any assets of FAME or the State of Maine. The principal office of FAME is located in Augusta, Maine. FAME has established rules for the implementation of the Program, which are set forth in Chapter 611 of the Rules of FAME, as amended from time to time (the "Rule").

The Treasurer

The Treasurer is an officer of the State of Maine established in the Maine Constitution. The Treasurer is chosen biennially, at the first session of the Maine legislature, by a joint ballot of the Maine Senators and Representatives in convention, and serves until his or her successor is elected. In general, the Treasurer is the Maine officer responsible for investment, debt and cash management.

Advisory Committee

The Advisory Committee provides advice to FAME on the operation of the Program and investment of the Program Fund. The Advisory Committee consists of seven members including the Treasurer who is the chair. Currently, the other six members are Governor appointments as follows: two members with experience and knowledge of institutional investment of funds, two members representing institutions of higher education with experience in and knowledge of higher education financial and investment matters, one member with knowledge of student financial assistance, and one member from at large. Pursuant to a recent change in Maine law, upon expiration of the term of the member with knowledge of student financial assistance, or vacancy, that position will be filled with an additional at large member appointed by the Governor and upon expiration of the terms of the members representing institutions of higher education, or vacancy, those positions will be filled with an additional member with experience in and knowledge of institutional investment of funds appointed by the Governor, and one of the voting members of FAME other than the Treasurer, to be appointed by the chair of the voting members of FAME.

Merrill Lynch and FDS

Merrill Lynch and FDS are wholly-owned subsidiaries of Bank of America Corporation.

Merrill Lynch provides investment management, securities brokerage, investment banking and numerous other financial services, with more than $1.5 trillion in total client assets as of June 30, 2011. Merrill Lynch offers individual securities, mutual funds, annuities, life insurance, trusts and various types of retirement vehicles and is a leading provider of 401(k) retirement savings plan services and Individual Retirement Accounts ("IRAs"). Merrill Lynch is a registered broker-dealer and investment adviser, a member of industry self-regulatory organizations, including the Financial Industry Regulatory Authority, the New York Stock Exchange and other exchanges, and is a member of the Securities Investor Protection Corporation ("SIPC"). Merrill Lynch is also regulated by the U.S. Securities and Exchange Commission ("SEC") and by each state's securities regulator.

FDS is a Florida corporation with its principal place of business located in Jacksonville, Florida. FDS is a transfer agent registered with the SEC and performs transfer agent and shareholder servicing functions for Merrill Lynch and its affiliates.

Neither Merrill Lynch nor FDS is a bank, and securities offered by Merrill Lynch, unless otherwise indicated, are not backed or guaranteed by any bank, nor are they insured by the Federal Deposit Insurance Corporation ("FDIC").

Sub-Advisors

Currently, the Client Select Series has seven Sub-Advisors: Allianz Global Investors Solutions, BlackRock, Eaton Vance, Franklin Templeton, MainStay, MFS, and Thornburg. FAME may terminate the Sub-Advisory Agreement with any of the Sub-Advisors at any time.

Merrill Lynch distributes certain products and services sponsored or advised by BlackRock, Inc. under a global distribution agreement. An executive officer of Merrill Lynch serves on the board of directors of BlackRock, Inc.

THE PROGRAM MANAGEMENT AGREEMENT

Services and Terms

On May 27, 1999, FAME, the Treasurer, Merrill Lynch and FDS entered into the Program Management Agreement (the "Program Management Agreement"), which provides that Merrill Lynch and FDS will serve as the Program Manager and the Portfolio Servicing Agent, respectively, through June 30, 2014. Under the Program Management Agreement, Merrill Lynch and FDS will perform certain administrative, recordkeeping and investment services, and will market and distribute the Program (collectively, the "Services"). Merrill Lynch and FDS are permitted to delegate certain of their responsibilities to their affiliates without the prior consent of FAME or the Treasurer. Merrill Lynch has duly delegated certain of its investment advisory responsibilities to BlackRock. Merrill Lynch has delegated certain fund accounting and custody services to Bank of America, N.A. ("BANA"), an affiliate of Bank of America Corporation. No delegation or assignment by Merrill Lynch or FDS shall relieve Merrill Lynch and FDS of any of their responsibilities under the Program Management Agreement.

Merrill Lynch has irrevocably and unconditionally guaranteed to FAME and the Treasurer: (i) the full and prompt payment when due of any payments required to be credited or made by FDS under the Program Management Agreement to any Account, or to FAME and the Treasurer, when the same shall become due and payable under the Program Management Agreement; and (ii) the full and prompt performance and observance of all obligations on the part of FDS and BANA pursuant to the Program Management Agreement.

Merrill Lynch may periodically propose to FAME and the Treasurer that the Program be amended to include one or more additional Portfolios.

Standard of Care

Merrill Lynch, FDS and the Sub-Advisors are responsible for, and must apply due diligence to effect, the performance of the Services under the Program Management Agreement in accordance with certain applicable legal requirements and the more favorable of certain Merrill Lynch and FDS practices or of certain financial services industry practices.

Termination of Agreement

Each of FAME, FDS and Merrill Lynch may terminate the Program Management Agreement at any time, in response to a material breach, after providing notice and an opportunity to cure. FAME may also terminate in the event subsequent federal legislation makes it unreasonable for FAME or the Treasurer to continue the Program. Merrill Lynch or FDS may also terminate if: (i) Maine adopts legislation providing that FAME, or any successor to its functions, shall no longer be authorized to administer the Program and the Program Fund; or (ii) subsequent Maine legislation adversely affects the ability of Merrill Lynch or FDS to continue to provide the Services or to receive applicable fees. See "PROGRAM AND PORTFOLIO RISKS AND OTHER CONSIDERATIONS - Program and Portfolio Risks and Other Considerations - *Certain Considerations in Connection with the Termination of the Program Management Agreement and Successor Program Managers.*" The Sub-Advisory Agreements with each of the Sub-Advisors of the Portfolios may be terminated upon 60 days' notice.

Audits

Pursuant to the Program Management Agreement and the Sub-Advisory Agreements, Merrill Lynch, FDS, the Sub-Advisors and FAME have agreed to cooperate to generate annual audited financial statements of the Portfolios and the Investment Fund. Beginning with the year ending June 30, 2010, such audited financial statements are provided by PricewaterhouseCoopers LLP, an independent public accountant. Prior thereto, such audited financial statements were provided by another independent public accountant. A copy of the Program's most recent Annual Report is available by request from the Program Manager at (877) 4-NEXTGEN (463-9843), and is available on the Program's Web site located at www.nextgenplan.com.

MISCELLANEOUS

Securities Laws

The staff of the SEC has advised FAME that it will not recommend any enforcement action to the Commission if, among other things, the Participation Agreements and the interests in the Program represented by Accounts which are established thereby are distributed in reliance upon the exemption from registration provided in section 3(a)(2) under the Securities Act of 1933, as amended, in reliance on an opinion of counsel to that effect.

Method of Offering

Participation Agreements and Investment Fund interests may be offered by FAME and the Program Manager's registered sales agents, and by Maine Distribution Agents. Certain officers and employees of FAME and of the Office of the Treasurer may, in the course of their official duties and without compensation, offer and sell Participation Agreements and Investment Fund interests without registering with the SEC as a broker-dealer. A Participant whose Accounts are established as a result of an offer by FAME or Maine Distribution Agents will be considered a broker-dealer customer of the Program Manager to the extent required by law.

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 ("Rule 15c2-12"), FAME has executed a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") for the benefit of Participants. Under the Continuing Disclosure Certificate, FAME will provide certain financial information and operating data (the "Annual Information") relating to the Program, and FAME will provide notices of the occurrence of certain enumerated events set forth in the Continuing Disclosure Certificate, if material. The Annual Information will be filed by or on behalf of the Program with each Nationally Recognized Municipal Securities Information Repository (the "NRMSIRs") and with any Maine information depository. Notices of certain enumerated events will be filed by or on behalf of the Program with the NRMSIRs or the Municipal Securities Rulemaking Board and with any Maine information depository.

The respective directors, officers, members and employees of FAME shall have no liability for any act or failure to act under the Continuing Disclosure Certificate. FAME reserves the right to modify its provisions for release of information pursuant to the Continuing Disclosure Certificate to the extent not inconsistent with the valid and effective provisions of Rule 15c2-12.

SIPC Insurance and Additional Coverage

The securities and cash held in an Account are protected by the Securities Investor Protection Corporation (SIPC) for up to $500,000 (inclusive of up to a maximum of $100,000 cash).

In addition, Merrill Lynch has obtained "excess-SIPC" coverage from Lloyd's of London. The Lloyd's policy provides further protection for each customer (including up to $1 billion for cash), subject to an aggregate loss limit of $600 million for all customer claims.

Neither SIPC protection nor the additional "excess-SIPC" coverage applies to deposits made through a bank deposit program or to other assets that are not securities.

Each Account held by a separate customer (as defined by applicable law) is treated separately for purposes of the above protection.

You may obtain further information about SIPC, including the SIPC Brochure, via SIPC's website at http://www.sipc.org or calling SIPC at (202) 371-8300.

Obtaining Additional Information About the Program

References made herein to certain documents and reports are summaries thereof which are not complete or definitive, and reference is made to those documents and reports for full and complete information as to the contents thereof.

Individuals or entities having questions concerning the Program, including procedures for opening an Account, or wishing to request Account Applications, Account maintenance forms or a copy of the Program's most recent Annual Report should call the Program Manager toll free at (877) 4-NEXTGEN (463-9843), access the Program's Web site at www.nextgenplan.com or contact their Merrill Lynch Financial Advisor or Maine Distribution Agent. Questions or requests for information also may be addressed in writing to Merrill Lynch, College Plan Services, P.O. Box 1518, Pennington, NJ 08534-1518. FAME may be contacted at P.O. Box 949, Augusta, ME 04332-0949. For information about benefits available to Maine residents, contact FAME at (800) 228-3734.

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NEXTGEN PORTFOLIOS – PERFORMANCE AND INVESTMENTS

General

Each Portfolio offers a separate investment strategy. The Program's investment alternatives currently consist of Age-Based Diversified Portfolio options, Diversified Portfolio options, Single Fund Portfolio options and the Principal Plus Portfolio. The performance of each Portfolio (other than the Principal Plus Portfolio, which invests in Principal Plus Portfolio Investments) depends on the weighted average performance of the Underlying Funds in which it invests. The value of Units in each Portfolio varies from day to day. A Participant does not have any direct beneficial interests in the Underlying Fund(s) held by a Portfolio and, accordingly, has no rights as an owner or shareholder of such Underlying Fund(s).

Age-Based Diversified Portfolios

Selecting Age-Based Diversified Portfolios will provide for a changing investment allocation based on the age of the Designated Beneficiary that appears on the Account Application. Participants that are state or local governments or tax-exempt organizations described in section 501(c)(3) of the Code may select any Age-Based Diversified Portfolio without designating a beneficiary. The assets of each Age-Based Diversified Portfolio are expected to be invested in a combination of Underlying Funds that is periodically adjusted. Contributions to an Age-Based Diversified Portfolio will remain assigned to that Portfolio until the Designated Beneficiary's age has exceeded the maximum age for that particular Age-Based Diversified Portfolio. At that time, Units in that Age-Based Diversified Portfolio are automatically redeemed and reinvested in the next Age-Based Diversified Portfolio in the applicable Age-Based Diversified Portfolio sequence on the business day prior to the birthday of the Designated Beneficiary (an "Age-Based Exchange"). Units in the new Age-Based Diversified Portfolio will be posted in the Account on the Designated Beneficiary's birthday. If the Designated Beneficiary's birthday falls on a weekend or holiday, then the Units in the new Age-Based Diversified Portfolio will be posted in the Account on the first business day after the Designated Beneficiary's birthday.

For the five business days prior to an Age-Based Exchange, Contributions that are made to an Age-Based Diversified Portfolio within an Account will be held and invested in the next Age-Based Diversified Portfolio in the Age-Based Diversified Portfolio sequence.

For the two business days prior to an Age-Based Exchange, a Participant may not:

- move any Account assets to another Program Account;
- move any assets invested in another Program Account into the Account;
- direct any Unit Class changes within any Portfolio in the Account;
- direct any withdrawals from any Portfolio in the Account;
- roll any Account assets into another Section 529 Program.

Age-Based Exchanges will continue until Units of an Age-Based Diversified Portfolio are exchanged for an equal dollar value of Units of the last Age-Based Diversified Portfolio in the sequence, in which assets will remain invested until withdrawn or reinvested.

The assets held within each Age-Based Diversified Portfolio will be invested in different investment sectors depending on the ages of the Designated Beneficiaries assigned to that Portfolio. For example, an Age-Based Diversified Portfolio designed for very young Designated Beneficiaries will typically invest most of its assets in equity Underlying Funds. By contrast, an Age-Based Diversified Portfolio designed for Designated Beneficiaries close to college age will typically invest a smaller portion of its assets in equity Underlying Funds and a greater portion of its assets in fixed income Underlying Funds.

Diversified Portfolios

Diversified Portfolios may invest in designated allocations of Underlying Funds. Each Diversified Portfolio will have a different investment strategy. The Underlying Funds in which the Diversified Portfolios invest and the percentage of assets targeted for equity, fixed income, cash equivalent, or alternative investment Underlying Funds are reviewed at least annually and may change.

Single Fund Portfolios

Single Fund Portfolios invest in a single Underlying Fund. Each Single Fund Portfolio will have a different investment strategy. Each Single Fund Portfolio is reviewed at least annually.

Principal Plus Portfolio

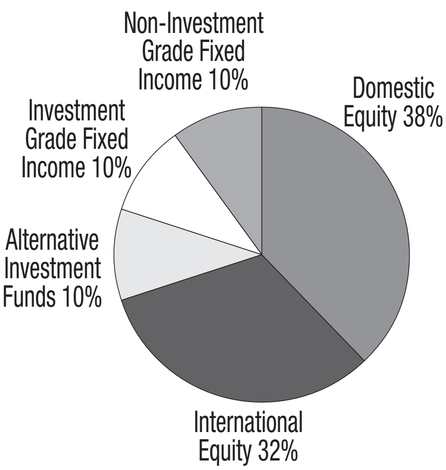
The Principal Plus Portfolio invests in guaranteed investment contracts issued by one or more insurance companies, the Cash Allocation Account, corporate fixed-income investments and/or similar instruments.

ALLIANZ/PIMCO PORTFOLIOS

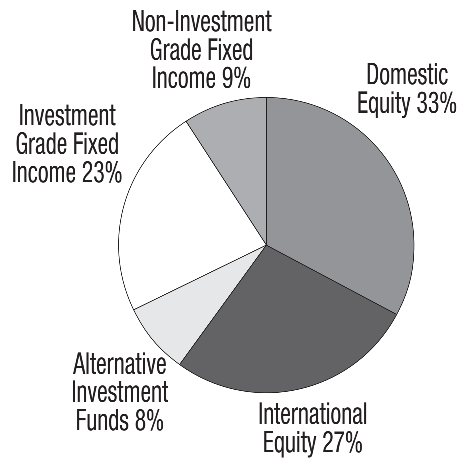
General – Substantially all of the assets of each Allianz/PIMCO Portfolio are invested in Class A shares of the Underlying Fund(s) that are recommended by Allianz Global Investors Solutions LLC for that Portfolio and approved by FAME for use in the Allianz/PIMCO Portfolios. A portion of certain Allianz/PIMCO Portfolios may be held in the Cash Allocation Account as described under "THE NEXTGEN PORTFOLIOS."

All of the Underlying Funds in which Allianz/PIMCO Portfolios invest (except the Cash Allocation Account) are currently managed by Allianz Global Investors Solutions LLC ("Allianz"), or its affiliates. As of June 30, 2011, Allianz and its affiliates had $1.4 trillion in assets under management. Allianz and its affiliate currently manage over 127 mutual funds registered under the Investment Company Act of 1940.

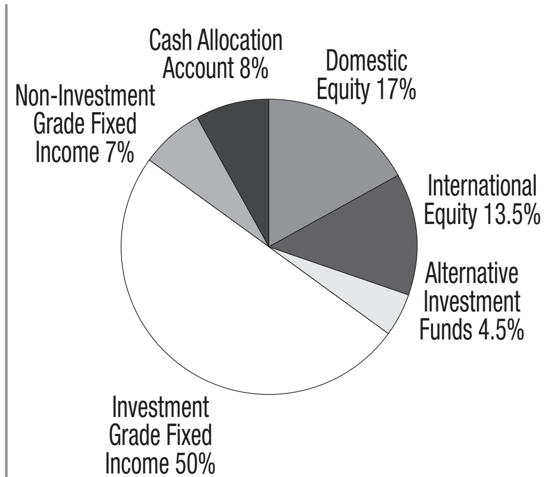
The following charts illustrate the current target asset allocation of each Allianz/PIMCO Portfolio.



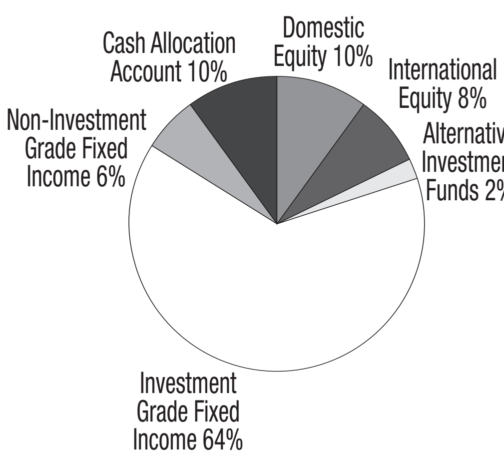
Allianz Age-Based 0-8 Years Portfolio



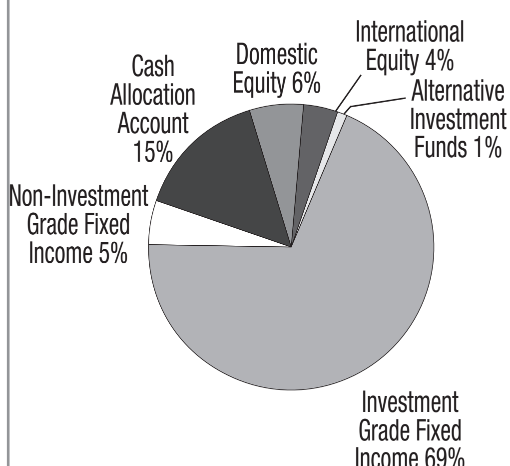
Allianz Age-Based 9-11 Years Portfolio



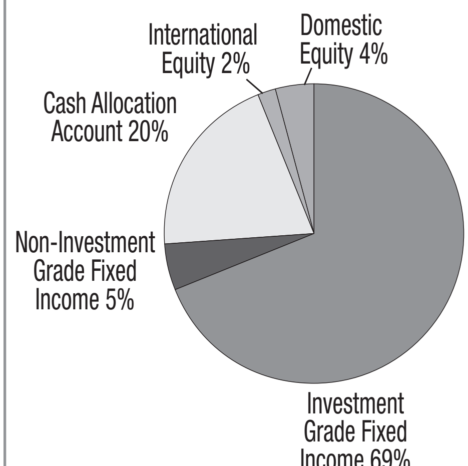
Allianz Age-Based 12-14 Years Portfolio



Allianz Age-Based 15-16 Years Portfolio

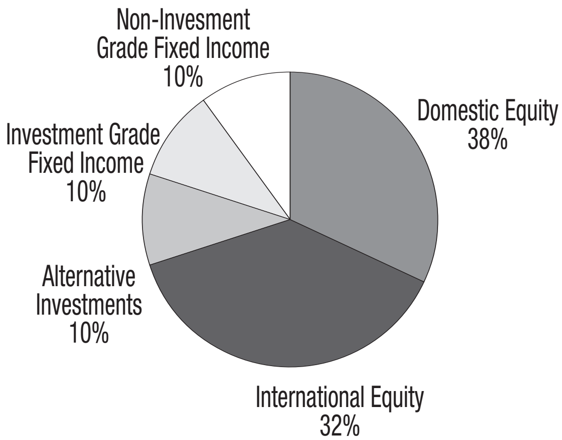


Allianz Age-Based 17-18 Years Portfolio

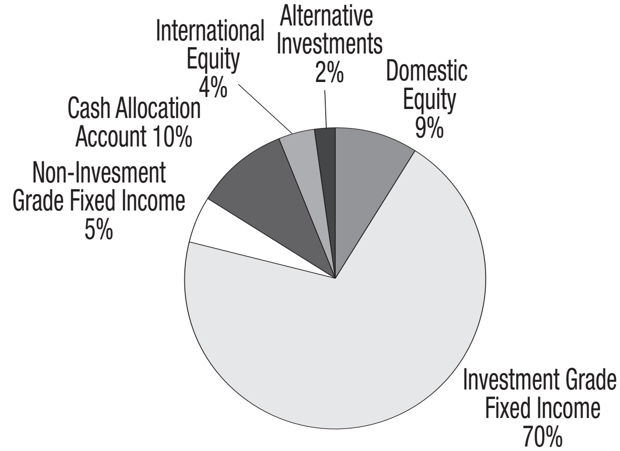


Allianz Age-Based 19+ Years Portfolio

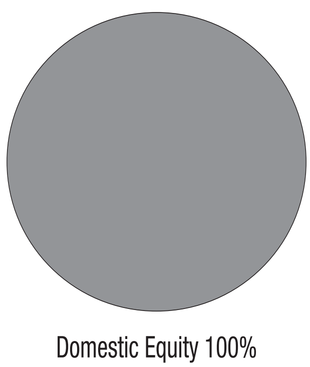
ALLIANZ/PIMCO PORTFOLIOS



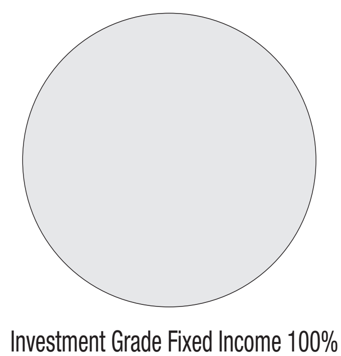
Allianz Capital Growth and Income Portfolio



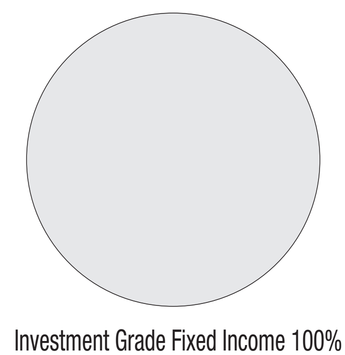
Allianz Capital Income Portfolio



Allianz
NFJ Dividend Value Portfolio



PIMCO
Real Return Portfolio



PIMCO
Total Return Portfolio

ALLIANZ/PIMCO PORTFOLIOS

Current Target Underlying Fund Allocations – The following charts illustrate the current target asset allocations and the current target Underlying Fund allocations within those target asset allocations for the Allianz/PIMCO Portfolios. This information is presented for informational purposes only.

Underlying Funds (Class A Shares)	Allianz/PIMCO Age-Based 0-8 Years Portfolio	Age-Based 9-11 Years Portfolio	Age-Based 12-14 Years Portfolio	Age-Based 15-16 Years Portfolio	Age-Based 17-18 Years Portfolio	Age-Based 19+ Years Portfolio
Domestic Equity Funds						
Allianz AGIC Income & Growth Fund	5.00%	4.50%	2.00%	1.00%	1.00%	0.00%
Allianz AGIC Opportunity Fund	2.50%	2.00%	1.50%	1.00%	0.00%	0.00%
Allianz AGIC U.S. Emerging Growth Fund	2.50%	2.00%	1.50%	1.00%	0.00%	0.00%
Allianz NFJ Dividend Value Fund	7.00%	6.00%	3.00%	2.00%	2.00%	2.00%
Allianz NFJ Renaissance Fund	6.00%	5.50%	3.00%	2.00%	1.00%	0.00%
Allianz RCM Disciplined Equity Fund	10.00%	9.00%	4.00%	2.00%	1.00%	1.00%
Allianz RCM Large-Cap Growth Fund	5.00%	4.00%	2.00%	1.00%	1.00%	1.00%
International Equity Funds						
Allianz AGIC Emerging Markets Opportunities Fund	5.00%	4.50%	2.50%	1.00%	0.00%	0.00%
Allianz AGIC International Fund	10.00%	7.00%	3.00%	2.00%	0.00%	0.00%
Allianz AGIC International Growth Opportunities Fund	5.00%	4.50%	2.00%	1.00%	1.00%	1.00%
Allianz NFJ International Value Fund	12.00%	11.00%	6.00%	4.00%	3.00%	1.00%
Alternative Investment Funds						
Allianz RCM Global Commodity Equity Fund	2.00%	1.50%	1.00%	0.00%	0.00%	0.00%
PIMCO CommoditiesPLUS™ Strategy Fund	5.00%	4.00%	2.00%	1.00%	1.00%	0.00%
PIMCO Real Estate Real Return Strategy Fund	3.00%	2.50%	1.50%	1.00%	0.00%	0.00%
Investment Grade Fixed Income Funds						
PIMCO Foreign Bond Fund (U.S. Dollar Hedged)	0.00%	3.00%	6.00%	7.00%	7.00%	7.00%
PIMCO Income Fund	0.00%	0.00%	6.00%	7.00%	7.00%	7.00%
PIMCO Real Return Fund	10.00%	12.00%	13.00%	15.00%	15.00%	15.00%
PIMCO Short-Term Fund	0.00%	5.00%	15.00%	20.00%	25.00%	30.00%
PIMCO Total Return Fund	0.00%	3.00%	10.00%	15.00%	15.00%	10.00%
Non-Investment Grade Fixed Income Fund						
PIMCO Floating Income Fund	10.00%	9.00%	7.00%	6.00%	5.00%	5.00%
Cash Allocation Account						
Cash Allocation Account	0.00%	0.00%	8.00%	10.00%	15.00%	20.00%

ALLIANZ/PIMCO PORTFOLIOS

Current Target Underlying Fund Allocations – The following chart illustrates the current target asset allocations and the current target Underlying Fund allocations within those target asset allocations for the Allianz/PIMCO Portfolios. This information is presented for informational purposes only.

Underlying Fund (Class A Shares)	Allianz/PIMCO				
	Real Return Portfolio	Total Return Portfolio	NFJ Dividend Value Portfolio	Capital Growth and Income Portfolio	Capital Income Portfolio
Domestic Equity Funds					
Allianz AGIC Income & Growth Fund	0.00%	0.00%	0.00%	5.00%	2.00%
Allianz AGIC Opportunity Fund	0.00%	0.00%	0.00%	2.50%	1.00%
Allianz AGIC U.S. Emerging Growth Fund	0.00%	0.00%	0.00%	2.50%	0.00%
Allianz NFJ Dividend Value Fund	0.00%	0.00%	100.00%	7.00%	2.00%
Allianz NFJ Renaissance Fund	0.00%	0.00%	0.00%	6.00%	2.00%
Allianz RCM Disciplined Equity Fund	0.00%	0.00%	0.00%	10.00%	2.00%
Allianz RCM Large-Cap Growth Fund	0.00%	0.00%	0.00%	5.00%	0.00%
International Equity Funds					
Allianz AGIC Emerging Markets Opportunities Fund	0.00%	0.00%	0.00%	5.00%	0.00%
Allianz AGIC International Fund	0.00%	0.00%	0.00%	10.00%	0.00%
Allianz NFJ International Value Fund	0.00%	0.00%	0.00%	12.00%	4.00%
Alternative Investment Funds					
Allianz AGIC International Growth Opportunities Fund	0.00%	0.00%	0.00%	5.00%	0.00%
Allianz RCM Global Commodity Equity Fund	0.00%	0.00%	0.00%	2.00%	0.00%
PIMCO CommoditiesPLUS™ Strategy Fund	0.00%	0.00%	0.00%	5.00%	2.00%
PIMCO Real Estate Real Return Strategy Fund	0.00%	0.00%	0.00%	3.00%	0.00%
Investment Grade Fixed Income Funds					
PIMCO Foreign Bond Fund (U.S. Dollar Hedged)	0.00%	0.00%	0.00%	0.00%	10.00%
PIMCO Income Fund	0.00%	0.00%	0.00%	0.00%	11.00%
PIMCO Real Return Fund	100.00%	0.00%	0.00%	10.00%	15.00%
PIMCO Short-Term Fund	0.00%	0.00%	0.00%	0.00%	20.00%
PIMCO Total Return Fund	0.00%	100.00%	0.00%	0.00%	14.00%
Non-Investment Grade Fixed Income Fund					
PIMCO Floating Income Fund	0.00%	0.00%	0.00%	10.00%	5.00%
Cash Allocation Account					
Cash Allocation Account	0.00%	0.00%	0.00%	0.00%	10.00%

Historical Investment Performance – The following tables summarize the average annual total return after deducting ongoing Portfolio fees of each Allianz/PIMCO Portfolio as of June 30, 2011. Sales charges related to investments in Allianz/PIMCO Client Select Series Portfolios are not reflected in the returns set forth below. Also, the $50 annual Account Maintenance Fee ($25 if the Program is offered as an employee benefit by the Participant's employer), which is waived in certain circumstances, is not included in the returns set forth below. If these sales charges and fees were reflected, returns would be less than those shown. Updated performance data will be available on the Internet at www.nextgenplan.com or from the Program Manager by calling (877) 4-NEXTGEN (463-9843). Each Allianz/PIMCO Portfolio's fiscal year runs from July 1 to June 30, which also is the Program's fiscal year. The assets invested in the Age-Based Diversified Portfolios on behalf of particular Designated Beneficiaries are automatically transferred to a successive Portfolio when the Designated Beneficiary reaches a given age, and may not have been invested in the referenced Portfolio for the entire period reported. **The performance data relating to the Allianz/PIMCO Portfolios set forth below is for the limited time period presented and is not indicative of the future performance of the Allianz/PIMCO Portfolios.**

Client Select Series - A Unit Class

	Average Annual Total Return* as of June 30, 2011 (Without Sales Charges)		
	1 Year	**Since Inception**	**Inception Date**
Age-Based Diversified Portfolios			
Allianz Age-Based 0-8 Years Portfolio	N/A	12.50%	09/29/10
Allianz Age-Based 9-11 Years Portfolio	N/A	7.60%	10/18/10
Allianz Age-Based 12-14 Years Portfolio	N/A	3.90%	10/13/10
Allianz Age-Based 15-16 Years Portfolio	N/A	2.20%	10/15/10
Allianz Age-Based 17-18 Years Portfolio	N/A	1.70%	11/19/10
Allianz Age-Based 19+ Years Portfolio	N/A	1.20%	11/15/10
Diversified Portfolios			
Allianz Capital Growth and Income Portfolio	27.50%	13.29%	11/17/09
Allianz Capital Income Portfolio	7.85%	7.96%	12/08/09
Single Fund Portfolios			
Allianz NFJ Dividend Value Portfolio	31.05%	14.42%	11/23/09
PIMCO Real Return Portfolio	7.16%	6.54%	11/17/09
PIMCO Total Return Portfolio	5.24%	6.29%	11/16/09

* Average annual total return is a hypothetical rate of return that, if achieved annually, would have produced the same cumulative total return if performance had been constant over the entire period. (Cumulative total return reflects actual change in the value of an investment over a given period.) Average annual total return smoothes out variations in performance; it is not the same as actual year-by-year results. Returns covering periods of less than one year represent cumulative total returns.

Client Select Series - C Unit Class

	Average Annual Total Return* as of June 30, 2011 (Without Sales Charges)		
	1 Year	Since Inception	Inception Date
Age-Based Diversified Portfolios			
Allianz Age-Based 0-8 Years Portfolio	N/A	13.10%	09/22/10
Allianz Age-Based 9-11 Years Portfolio	N/A	11.10%	09/22/10
Allianz Age-Based 12-14 Years Portfolio	N/A	5.20%	09/28/10
Allianz Age-Based 15-16 Years Portfolio	N/A	2.90%	09/29/10
Allianz Age-Based 17-18 Years Portfolio	N/A	1.40%	09/29/10
Allianz Age-Based 19+ Years Portfolio	N/A	0.60%	09/28/10
Diversified Portfolios			
Allianz Capital Growth and Income Portfolio	26.34%	13.60%	11/20/09
Allianz Capital Income Portfolio	7.13%	6.86%	11/24/09
Single Fund Portfolios			
Allianz NFJ Dividend Value Portfolio	30.36%	13.67%	11/23/09
PIMCO Real Return Portfolio	6.31%	5.76%	11/17/09
PIMCO Total Return Portfolio	4.40%	5.52%	11/16/09

* Average annual total return is a hypothetical rate of return that, if achieved annually, would have produced the same cumulative total return if performance had been constant over the entire period. (Cumulative total return reflects actual change in the value of an investment over a given period.) Average annual total return smoothes out variations in performance; it is not the same as actual year-by-year results. Returns covering periods of less than one year represent cumulative total returns.

Summary of Investment Objectives and Policies of the Underlying Funds for the Allianz/PIMCO Portfolios – The following descriptions summarize the investment goals and policies of the Underlying Funds in which the Allianz/PIMCO Portfolios are currently invested. The Cash Allocation Account is described on page 93. The descriptions also identify certain principal risks to which particular Underlying Funds may be subject. Additional discussion of risks related to the various categories of Underlying Funds is set forth under "PROGRAM AND PORTFOLIO RISKS AND OTHER CONSIDERATIONS." The investment objective of each Underlying Fund may be changed without Account Owner approval. The investment strategy and policies of each Underlying Fund is also subject to change.

These summaries are qualified in their entirety by reference to the detailed information included in each Underlying Fund's current prospectus and statement of additional information, which contain additional information not summarized herein and which may identify additional principal risks to which the respective Underlying Fund may be subject. You may request a copy of any Allianz Underlying Fund's current prospectus and statement of additional information, or an Underlying Fund's most recent semi-annual or annual report by calling Allianz Global Investors at 1-800-988-8380 or by locating it on Allianz's Web site at www.allianzinvestors.com. For PIMCO Underlying Funds, you can call 1-800-426-0107 or locate the information on PIMCO's Web site at www.pimcoinvestments.com.

DOMESTIC EQUITY FUNDS

Allianz AGIC Income & Growth Fund

Investment Objectives, Strategy and Policies – This Fund's primary investment objective is total return comprised of current income, current gains and capital appreciation. The Fund seeks to achieve its objective by investing primarily in a combination of common stocks and other equity securities, debt securities and convertible securities. The allocation of the Fund's investments across asset classes will vary substantially from time to time. The Fund's investments in each asset class are based upon the portfolio managers' assessment of economic conditions and market factors, including equity price levels, interest rate levels and their anticipated direction. The portfolio managers will select common stocks by utilizing a fundamental, bottom-up research process intended to identify issuers whose financial fundamentals are expected to improve, and will select convertible or debt securities using a credit analysis that focuses on income producing characteristics. It is expected that a substantial portion of the Fund's investments in debt securities and convertible securities will be rated below investment grade or unrated and determined to be of similar quality ("high-yield securities" or "junk bonds"). The Fund may invest in issuers of any market capitalization (with a focus on $3 billion and above) and may invest a portion of its assets in non-U.S. securities (including emerging market securities). Normally the Fund will employ a strategy of writing (selling) call options on the common stocks it holds; such strategy is intended to enhance Fund distributions and reduce overall portfolio risk, though there is no assurance that it will succeed. In addition to equity securities (such as preferred stocks and warrants), the Fund may invest in unregistered securities and may utilize foreign currency exchange contracts, options, stock index futures contracts and other derivative instruments. Effective August 25, 2010, the Fund changed its name from "Allianz NACM Income & Growth Fund" in connection with the Fund's previous sub-adviser, Nicholas-Applegate Capital Management LLC, transferring its advisory business to the Fund's current sub-adviser.

Principal Risks of Investing – Among the principal risks of investing in the Fund, which could adversely affect its net asset value, yield and total return, are management risk, issuer risk, market risk, equity securities risk, smaller company risk, derivatives risk, high yield risk, convertible securities risk, interest rate risk, credit risk, focused investment risk, leveraging risk, liquidity risk, non-U.S. investment risk, emerging markets risk, currency risk and turnover risk.

Allianz AGIC Opportunity Fund

Investment Objective, Strategy and Policies – This Fund's primary investment objective is capital appreciation; no consideration is given to income. The Fund seeks to achieve its objective by normally investing at least 65% of its assets in common stocks of "growth" companies with market capitalizations of less than $2 billion. The portfolio managers' investment process focuses on bottom-up, fundamental analysis. The portfolio managers consider "growth" companies to include companies that they believe to have above-average growth prospects (relative to companies in the same industry or the market as a whole). In seeking to identify these companies, the portfolio managers will consider fundamental characteristics such as revenue growth, volume and pricing trends, profit margin behavior, margin expansion opportunities, financial strength, cash flow growth, asset value growth and earnings growth. The investment process includes both quantitative and qualitative analysis. Once a potential investment is identified, the portfolio managers conduct a quantitative analysis to determine if the security is reasonably priced with respect to its peer group on a historical and current basis. Then fundamental research is conducted, focusing on a review of financial statements and third-party research. The portfolio managers seek to diversify the portfolio among different industries. The Fund may invest in securities issued in initial public offerings (IPOs) and up to 15% of its assets in non-U.S. securities (without limit in American Depositary Receipts (ADRs)). Effective August 25, 2010, the Fund changed its name from "Allianz OCC Opportunity Fund" in connection with the Fund's previous sub-adviser, Oppenheimer Capital LLC, transferring its advisory business to the Fund's current sub-adviser.

Principal Risks of Investing – Among the principal risks of investing in the Fund, which could adversely affect its net asset value, yield and total return, are management risk, issuer risk, market risk, equity securities risk, smaller company risk, credit risk, focused investment risk, IPO risk, liquidity risk, non-U.S. investment risk, currency risk and turnover risk.

Allianz AGIC U.S. Emerging Growth Fund

Investment Objective, Strategy and Policies – This Fund's primary investment objective is maximum long-term capital appreciation. The Fund seeks to achieve its investment objective by normally investing at least 80% of its net assets (plus borrowings made for investment purposes) in equity securities of U.S. companies. The Fund currently defines "U.S. companies" as those companies that (i) are incorporated in the U.S., (ii) derive at least 50% of their revenue or profits from business activities in the U.S. or (iii) maintain at least 50% of their assets in the U.S. The Fund expects to invest typically in companies with a market capitalization similar to the Russell 2000® Growth Index (between $39 million and $2.5 billion as of June 30, 2010). The portfolio managers follow a disciplined, fundamental bottom-up research process focusing on companies undergoing positive fundamental change, with sustainable growth characteristics. The portfolio managers look for what they believe to be the best risk-reward candidates within the investment universe, defined as equities that are expected to appreciate based on accelerating fundamental performance, rising expectations and related multiple expansion. Company-specific research includes industry and competitive analysis, revenue model analysis, profit analysis and balance sheet assessment. Once the portfolio managers believe that positive fundamental change is occurring and will likely lead to accelerating fundamental performance, they seek evidence that performance will be a longer-term sustainable trend. Lastly, the portfolio managers determine if the investment is timely with regard to relative valuation and price strength, exploiting stocks that are under-priced relative to their potential. The Fund may have a high portfolio turnover rate, which may be up to 200% or more. In addition to common stocks and other equity securities (such as preferred stocks and convertible securities), the Fund may invest in securities issued in initial public offerings (IPOs), and may utilize foreign currency exchange contracts, options, stock index futures contracts, warrants and other derivative instruments. Although the Fund did not invest significantly in derivative instruments as of the most recent fiscal year end, it may do so at any time. Effective August 25, 2010, the Fund changed its name from "Allianz NACM Emerging Growth Fund" in connection with the Fund's previous sub-adviser, Nicholas-Applegate Capital Management LLC, transferring its advisory business to the Fund's current sub-adviser. Following this it was named "Allianz AGIC Emerging Growth Fund" until recently changing to its current name.

Principal Risks of Investing – Among the principal risks of investing in the Fund, which could adversely affect its net asset value, yield and total return, are management risk, issuer risk, market risk, equity securities risk, smaller company risk, credit risk, derivatives risk, focused investment risk, IPO risk, leveraging risk, liquidity risk and turnover risk.

Russell 2000® Growth Index is a registered trademark of Russell Investments.

Allianz NFJ Dividend Value Fund

Investment Objective, Strategy and Policies – This Fund's primary investment objective is long-term growth of capital and income. The Fund seeks to achieve its investment objective by normally investing at least 80% of its net assets (plus borrowings made for investment purposes) in common stocks and other equity securities of companies that pay or are expected to pay dividends. Under normal conditions, the Fund will invest primarily in common stocks of companies with market capitalizations greater than $3.5 billion. The portfolio managers use a value investing style focusing on companies whose securities the portfolio managers believe are undervalued. The portfolio managers use quantitative factors to screen the Fund's initial selection universe. To further narrow the universe, the portfolio managers analyze factors such as price momentum (i.e., changes in security price relative to changes in overall market prices), earnings estimate revisions (i.e., changes in analysts' earnings-per-share estimates) and fundamental changes. The portfolio managers also identify what they believe to be undervalued securities in each industry to determine potential holdings for the Fund representing a broad range of industry groups. In addition, a portion of the securities selected for the Fund are identified primarily on the basis of their dividend yields. After narrowing the universe through a combination of qualitative analysis and fundamental research, the portfolio managers select securities for the Fund. In addition to common stocks and other equity securities (such as preferred stocks, convertible securities and warrants), the Fund may invest in real estate investment trusts (REITs) and in non-U.S. securities, including emerging market securities.

Principal Risks of Investing – Among the principal risks of investing in the Fund, which could adversely affect its net asset value, yield and total return, are management risk, issuer risk, market risk, equity securities risk, credit risk, focused investment risk, liquidity risk, non-U.S. investment risk, emerging markets risk, currency risk, REIT risk and turnover risk.

Allianz NFJ Renaissance Fund

Investment Objective, Strategy and Policies – This Fund's primary investment objective is long-term growth of capital and income. The Fund seeks to achieve its objective by normally investing primarily in common stocks and other equity securities of companies that the portfolio managers believe are trading at attractive valuations. Although the Fund typically invests in companies with small to medium market capitalizations (between $1 billion and $15 billion), it may invest in companies in any capitalization range. The Fund normally invests significantly in securities that the portfolio managers expect will generate income (for example, by paying dividends). The portfolio managers use a value investing style focusing on companies whose securities the portfolio managers believe are undervalued. The portfolio managers use quantitative factors to screen the Fund's initial selection universe. To further narrow the universe, the portfolio managers analyze factors such as price momentum (i.e., changes in security price relative to changes in overall market prices), earnings estimate revisions (i.e., changes in analysts' earnings-per-share estimates) and fundamental changes. The portfolio managers also identify what they believe to be undervalued securities in each industry to determine potential holdings for the Fund representing a broad range of industry groups. After narrowing the universe through a combination of qualitative analysis and fundamental research, the portfolio managers select securities for the Fund. In addition to common stocks and other equity securities (such as preferred stocks, convertible securities and warrants), the Fund may invest up to 25% of its assets in non-U.S. securities, including emerging market securities (without limit in American Depositary Receipts (ADRs)) and may invest up to 20% of its assets in real estate investment trusts (REITs).

Principal Risks of Investing – Among the principal risks of investing in the Fund, which could adversely affect its net asset value, yield and total return, are management risk, issuer risk, market risk, equity securities risk, equity securities risk, smaller company risk, credit risk, focused investment risk, liquidity risk, non-U.S. investment risk, emerging markets risk, currency risk, REIT risk and turnover risk.

DOMESTIC EQUITY FUNDS

Allianz RCM Disciplined Equity Fund

Investment Objective, Strategy and Policies – This Fund's primary investment objective is long-term capital appreciation. The Fund seeks to achieve its objective by normally investing at least 80% of its net assets (plus borrowings made for investment purposes) in equity securities and equity-related instruments. The Fund invests primarily in U.S. companies with market capitalizations of at least $1.5 billion. The Fund may also invest up to 20% of its assets in non-U.S. securities (but no more than 10% in companies organized or headquartered in any one non-U.S. country or 10% in emerging market securities). The portfolio manager ordinarily looks for several of the following characteristics: strong potential for capital appreciation; substantial capacity for growth in revenue, cash flow or earnings through either an expanding market or market share; a strong balance sheet; superior management; strong commitment to research and product development; and differentiated or superior products and services or a steady stream of new products and services. Investments are not restricted to companies with a record of dividend payments. In addition to equity securities (such as preferred stocks, convertible securities and warrants) and equity-related instruments, the Fund may invest in securities issued in initial public offerings (IPOs), and may utilize foreign currency exchange contracts, options, stock index futures contracts and other derivative instruments. Although the Fund did not invest significantly in derivative instruments as of the most recent fiscal year end, it may do so at any time.

Principal Risks of Investing – Among the principal risks of investing in the Fund, which could adversely affect its net asset value, yield and total return, are management risk, issuer risk, market risk, equity securities risk, smaller company risk, credit risk, non-U.S. investment risk, emerging markets risk, currency risk, derivatives risk, focused investment risk, IPO risk, leveraging risk, liquidity risk and turnover risk.

Allianz RCM Large-Cap Growth Fund

Investment Objective, Strategy and Policies – This Fund's primary investment objective is long-term capital appreciation. The Fund seeks to achieve its objective by normally investing at least 80% of its net assets (plus borrowings made for investment purposes) in common stocks and other equity securities of U.S. companies with market capitalizations of at least $5 billion. The Fund may also invest up to 20% of its assets in non-U.S. securities (but no more than 10% in any one non-U.S. country or 10% in companies organized or headquartered in emerging market countries). At times, the Fund may also invest significantly in a small number of business sectors or industries. In analyzing specific companies, the portfolio managers ordinarily look for the following characteristics: higher than average growth and strong potential for capital appreciation; substantial capacity for growth in revenue, cash flow or earnings through an expanding market or market share; a strong balance sheet; superior management; strong commitment to research and product development; and differentiated or superior products and services or a steady stream of new products and services. In addition to common stocks and other equity securities (such as preferred stocks, convertible securities and warrants), the Fund may utilize foreign currency exchange contracts, options, stock index futures contracts and other derivative instruments. Although the Fund may invest in derivatives of any kind, it expects to write (sell) put and call options on securities for hedging, risk management or other purposes.

Principal Risks of Investing – Among the principal risks of investing in the Fund, which could adversely affect its net asset value, yield and total return, are management risk, issuer risk, market risk, equity securities risk, credit risk, derivatives risk, focused investment risk, leveraging risk, liquidity risk, non-U.S. investment risk, emerging markets risk, currency risk and turnover risk.

INTERNATIONAL EQUITY FUNDS

Allianz AGIC Emerging Markets Opportunities Fund

Investment Objective, Strategy and Policies – This Fund's primary investment objective is maximum long-term capital appreciation. The Fund seeks to achieve its objective by normally investing at least 80% of its net assets (plus borrowings made for investment purposes) in securities of companies that are tied economically to countries with emerging securities markets–that is, countries with securities markets which are, in the opinion of the portfolio managers, less sophisticated than more developed markets in terms of participation by investors, analyst coverage, liquidity and regulation. The Fund will normally invest primarily in companies located in the countries represented in the Fund's benchmark, the MSCI Emerging Markets Index, and have exposure to at least 5 emerging market countries. The portfolio managers use a dynamic quantitative process combined with a fundamentals-based, actively-managed security selection process to make individual security, industry sector and country selection decisions. The Fund normally invests primarily in common stocks, either directly or indirectly through depositary receipts. The Fund may invest up to 20% of its assets in securities of U.S. companies and may utilize foreign currency exchange contracts, options, stock index futures contracts and other derivative instruments. Although the Fund did not invest significantly in derivative instruments as of the most recent fiscal year end, it may do so at any time. Effective August 25, 2010, the Fund changed its name from "Allianz NACM Emerging Markets Opportunities Fund" in connection with the Fund's previous sub-adviser, Nicholas-Applegate Capital Management LLC, transferring its advisory business to the Fund's current sub-adviser.

Principal Risks of Investing – Among the principal risks of investing in the Fund, which could adversely affect its net asset value, yield and total return, are management risk, issuer risk, market risk, equity securities risk, smaller company risk, non-U.S. investment risk, emerging markets risk, currency risk, credit risk, derivatives risk, focused investment risk, leveraging risk, liquidity risk and turnover risk.

Allianz AGIC International Fund

Investment Objective, Strategy and Policies – This Fund's primary investment objective is maximum long-term capital appreciation. The Fund seeks to achieve its objective by normally investing at least 75% of its net assets in equity securities of companies located in the developed countries represented in the Fund's benchmark, the MSCI EAFE Index. The Fund also normally invests at least 80% of its net assets in non-U.S. securities. The portfolio managers use a dynamic quantitative process combined with a fundamentals-based, actively-managed security selection process to make individual security, industry sector and country selection decisions. The Fund may utilize foreign currency exchange contracts, options, stock index futures contracts and other derivative instruments. Although the Fund did not invest significantly in derivative instruments as of the most recent fiscal year end, it may do so at any time. Effective August 25, 2010, the Fund changed its name from "Allianz NACM International Fund" in connection with the Fund's previous sub-adviser, Nicholas-Applegate Capital Management LLC, transferring its advisory business to the Fund's current sub-adviser.

Principal Risks of Investing – Among the principal risks of investing in the Fund, which could adversely affect its net asset value, yield and total return, are management risk, issuer risk, market risk, equity securities risk, smaller company risk, non-U.S. investment risk, currency risk, credit risk, derivatives risk, focused investment risk, leveraging risk, liquidity risk and turnover risk.

Allianz AGIC International Growth Opportunities Fund

Investment Objective, Strategy and Policies – This Fund's primary investment objective is maximum long-term capital appreciation. The Fund seeks to achieve its objective by normally investing primarily in equity securities of companies with smaller market capitalizations and with above-average earnings growth that, in the opinion of the portfolio managers, are positioned in strong growth areas, offer sustainable advantages through positive issuer-specific developments and provide timely investment opportunities that are not yet fully reflected in market prices. The Fund normally invests at least 75% of its net assets in common stock. The Fund ordinarily allocates its investments among a number of different countries, ordinarily in more than ten countries outside of the U.S., and normally invests at least 80% of its assets in non-U.S. securities. The Fund normally focuses its non-U.S. investments in developed countries, but may also invest in emerging market securities. The Fund currently considers companies with smaller market capitalizations to be those with market capitalizations below $5 billion, though the Fund may invest in companies of any size. The portfolio managers focus on a bottom-up, growth oriented analysis of the financial conditions and competitiveness of individual companies worldwide and ordinarily look for several of the following characteristics: above-average earnings growth; high return on invested capital; a healthy balance sheet; sound financial and accounting policies and overall financial strength; strong competitive advantages; effective research and product development and marketing; development of new technologies; efficient service; pricing flexibility; strong management; and other successful general operating characteristics. The Fund may have a high portfolio turnover rate, which may be up to 100% or more. In addition to common stocks and other equity securities (such as preferred stocks, convertible securities and warrants), the Fund may invest in securities issued in initial public offerings (IPOs), and may utilize foreign currency exchange contracts, options, stock index futures contracts and other derivative instruments. Although the Fund did not invest significantly in derivative instruments as of the most recent fiscal year end, it may do so at any time. Effective August 25, 2010, the Fund changed its name from "Allianz NACM International Growth Opportunities Fund" in connection with the Fund's previous sub-adviser, Nicholas-Applegate Capital Management LLC, transferring its advisory business to the Fund's current sub-adviser.

Principal Risks of Investing – Among the principal risks of investing in the Fund, which could adversely affect its net asset value, yield and total return, are management risk, issuer risk, market risk, equity securities risk, smaller company risk, non-U.S. investment risk, emerging markets risk, currency risk, credit risk, derivatives risk, focused investment risk, IPO risk, leveraging risk, liquidity risk and turnover risk.

Allianz NFJ International Value Fund

Investment Objective, Strategy and Policies – This Fund's primary investment objective is long-term growth of capital and income. The Fund seeks to achieve its objective by normally investing at least 65% of its net assets (plus borrowings made for investment purposes) in common stocks and other equity securities (such as preferred stocks, convertible securities and warrants) of non-U.S. companies with market capitalizations greater than $1 billion. The Fund normally invests significantly in securities that the portfolio managers expect will generate income (for example, by paying dividends). The Fund may invest up to 50% of its assets in emerging market securities. The Fund may also achieve its exposure to non-U.S. equity securities through investing in American Depositary Receipts (ADRs). The

INTERNATIONAL EQUITY FUNDS

portfolio managers use a value investing style focusing on companies whose securities the portfolio managers believe are undervalued. The portfolio managers use quantitative factors to screen the Fund's initial selection universe. To further narrow the universe, the portfolio managers analyze factors such as price momentum (i.e., changes in security price relative to changes in overall market prices), earnings estimate revisions (i.e., changes in analysts' earnings-per-share estimates) and fundamental changes. The portfolio managers also identify what they believe to be undervalued securities in each industry to determine potential holdings for the Fund representing a broad range of industry groups. After narrowing the universe through a combination of qualitative analysis and fundamental research, the portfolio managers select securities for the Fund.

Principal Risks of Investing – Among the principal risks of investing in the Fund, which could adversely affect its net asset value, yield and total return, are management risk, issuer risk, market risk, equity securities risk, smaller company risk, non-U.S. investment risk, emerging markets risk, currency risk, credit risk, focused investment risk, liquidity risk and turnover risk.

ALTERNATIVE INVESTMENT FUNDS

Allianz RCM Global Commodity Equity Fund

Investment Objective, Strategy and Policies - This Fund's primary investment objective is long-term capital appreciation. The Fund seeks to achieve its investment objective by normally investing at least 80% of its net assets (plus borrowings made for investment purposes) in equity securities of companies principally engaged in the research, development, manufacturing, extraction, distribution or sale of materials, energy or goods related to the Agriculture, Energy, Materials or Commodity-Related Industrials sectors. The Fund considers (i) the Agriculture sector to include products such as grain, vegetable oils, livestock and agricultural-type products such as coffee; (ii) the Energy sector to include products such as coal, natural gas, oil, alternative energy and electricity; (iii) the Materials sector to include products such as chemicals & fertilizers, constructions materials, industrial metal, precious metal, steel, minerals and paper products; and (iv) the Commodity-Related Industrials sector to include industrial firms that manufacture tools, equipment and goods used in the development and production of commodities or that maintain infrastructure used in their transportation. Under normal conditions, the portfolio managers seek to allocate investments such that the Fund has exposure to a diverse range of commodities within each of the three primary commodity sectors of Agriculture, Energy and Materials. The Fund expects to invest most of its assets in U.S. and non-U.S. common stocks. Under normal circumstances, the Fund will invest a minimum of 1/3 of its assets in non-U.S. securities and will invest in companies organized or headquartered in at least eight countries including the United States. The Fund's portfolio managers will evaluate the relative attractiveness of individual commodity cycles, including supply-demand fundamentals, pricing outlook and impact on U.S. and non-U.S. macroeconomic indicators like inflation. In addition, the portfolio managers may make use of internally and externally developed forecasts of economic growth, inflation and interest rates to help identify industry sectors, regions and individual countries (including emerging market countries) that the portfolio managers believe are likely to offer the best investment opportunities. The portfolio managers seek to evaluate the degree to which companies' earnings are linked to the price changes of the commodities to which those companies are exposed, as well as companies' fundamental value and prospects for growth. The portfolio managers focus on those companies that they expect will appreciate in value as relevant commodity prices increase and have higher than average rates of growth and/or strong potential for capital appreciation independent of underlying commodity price inflation. During periods of low expected inflation for an individual commodity, the portfolio managers will give more weight to non-inflation criteria for companies linked to that commodity. The portfolio managers sell securities as the portfolio managers deem appropriate in accordance with sound investment practices and the Fund's investment objectives and as necessary for redemption purposes. In addition to traditional research activities, the portfolio managers use GrassrootsSM Research, which prepares research reports based on field interviews with customers, distributors and competitors of the companies in which the Fund invests or contemplates investing, and provides a "second look" at potential investments and checks marketplace assumptions about market demand for particular products and services.

The Fund may utilize foreign currency exchange contracts, options, stock index futures contracts and other derivative instruments. Although the Fund did not invest significantly in derivative instruments as of the most recent fiscal year end, it may do so at any time. The Fund may also invest up to 10% of its net assets in securities issued by other investment companies, included exchange-traded funds ("ETFs"). In response to unfavorable market and other conditions, the Fund may deviate from its principal strategies by making temporary investments of some or all of its assets in high-quality fixed income securities, cash and cash equivalents. The Fund may be less likely to achieve its investment objective when it does so.

Principal Risks of Investing – Among the principal risks of investing in the Fund, which could adversely affect its net asset value, yield and total return, are management risk, issuer risk, market risk, equity securities risk, smaller company risk, focused investment risk, non-U.S. investment risk, emerging markets risk, currency risk, credit risk, derivatives risk, leveraging risk, liquidity risk and turnover risk.

PIMCO CommoditiesPLUS™ Strategy Fund

Investment Objective, Strategy and Policies – This Fund's primary investment objective is total return which exceeds that of its benchmark, consistent with prudent investment management. The Fund seeks to achieve its investment objective by investing under normal circumstances in commodity-linked derivative instruments backed by an actively managed, low volatility portfolio of fixed income instruments. "Fixed income instruments" include bonds, debt securities and other similar instruments issued by various U.S. and non-U.S. public- or private-sector entities. The Fund invests in commodity-linked derivative instruments, including swap agreements, futures, options on futures, commodity index-linked notes and commodity options that provide exposure to the investment returns of the commodities futures markets. Commodities are assets that have tangible properties, such as oil, metals, and agricultural products. The value of commodity-linked derivative instruments may be affected by overall market movements and other factors affecting the value of a particular industry or commodity, such as weather, disease, embargoes, or political and regulatory developments.

The Fund will seek to gain exposure to the commodity futures markets primarily through investments in swap agreements and futures, and through investments in the PIMCO Cayman Commodity Fund III Ltd., a wholly-owned subsidiary of the Fund organized under the laws of the Cayman Islands (the "Subsidiary"). The Subsidiary is advised by PIMCO, and has the same investment objective as the Fund. As discussed in greater detail elsewhere in the Fund's prospectus, the Subsidiary (unlike the Fund) may invest without limitation in commodity-linked swap agreements and other commodity-linked derivative instruments. The derivative instruments in which the Fund and the Subsidiary primarily intend to invest are instruments linked to certain commodity indices and instruments linked to the value of a particular commodity or commodity futures contract, or a subset of commodities or commodity futures contracts. These instruments may specify exposure to commodity futures with different roll dates, reset dates or contract months than those specified by a particular commodity index. As a result, the commodity-linked derivatives component of the Fund's portfolio may deviate from the returns of any particular commodity index. The Fund or the Subsidiary may over-weight or under-weight its exposure to a particular commodity index, or a subset of commodities, such that the Fund has greater or lesser exposure to that index than the value of the Fund's net assets, or greater or lesser exposure to a subset of commodities than is represented by a particular commodity index. Such deviations will frequently be the result of temporary market fluctuations, and under normal circumstances the Fund will seek to maintain notional exposure to one or more commodity indices within 5% (plus or minus) of the value of the Fund's net assets.

The Fund may also invest in leveraged or unleveraged commodity index-linked notes, which are derivative debt instruments with principal and/or coupon payments linked to the performance of commodity indices. These commodity index-linked notes are sometimes referred to as "structured notes" because the terms of these notes may be structured by the issuer and the purchaser of the note. The value of these notes will rise or fall in response to changes in the underlying commodity or related index of investment.

Assets not invested in commodity-linked derivative instruments or the Subsidiary may be invested in fixed income instruments, including derivative fixed income instruments. The Fund is non-diversified, which means that it may invest its assets in a smaller number of issuers than a diversified fund. In addition, the Fund may invest its assets in particular sectors of the commodities futures market.

The average portfolio duration of the fixed income portion of this Fund will vary based on PIMCO's forecast for interest rates and under normal market conditions is not expected to exceed one year. Duration is a measure of the expected life of a fixed income security that is used to determine the sensitivity of a security's price to changes in interest rates. The Fund may invest in investment grade securities that are rated at least Baa, including up to 10% of its total assets in securities rated below A, by Moody's Investors Service, Inc., or equivalently rated by Standard & Poor's Rating Services or Fitch, Inc., or, if unrated, determined by PIMCO to be of comparable quality. The Fund may invest up to 10% of its total assets in securities denominated in foreign currencies and may invest without limit in U.S. dollar denominated securities of foreign issuers. The Fund will normally limit its foreign currency exposure (from non-U.S. dollar denominated securities or currencies) to 5% of its total assets. The Fund may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy back or dollar rolls). The Fund may purchase and sell securities on a when-issued, delayed delivery or forward commitment basis and may engage in short sales.

Principal Risks of Investing – Among the principal risks of investing in the Fund, which could adversely affect its net asset value, yield and total return, are interest rate risk, credit risk, market risk, issuer risk, liquidity risk, derivatives risk, commodity

ALTERNATIVE INVESTMENT FUNDS

risk, mortgage-related and other asset-backed risk, foreign (non-U.S.) investment risk, issuer non-diversification risk, leveraging risk, management risk, tax risk, subsidiary risk and short sale risk.

PIMCO Real Estate Real Return Strategy Fund

Investment Objective, Strategy and Policies – This Fund's primary investment objective is maximum real return consistent with prudent investment management. The Fund seeks to achieve its investment objective by investing under normal circumstances in real estate-linked derivative instruments backed by a portfolio of inflation-indexed securities and other fixed income instruments. The Fund may invest in real estate-linked derivative instruments, including swap agreements, options, futures, options on futures and structured notes. The value of real estate-linked derivative instruments may be affected by risks similar to those associated with direct ownership of real estate. Real estate values can fluctuate due to losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, property tax rates, regulatory limitations on rents, zoning laws and operating expenses. The Fund may also invest directly in real estate investment trusts ("REIT") and in common and preferred stocks as well as convertible securities of issuers in real estate-related industries. The Fund may also invest in exchange traded funds.

The Fund typically will seek to gain exposure to the real estate market by investing in REIT total return swap agreements. In a typical REIT swap agreement, the Fund will receive the price appreciation (or depreciation) of a REIT index or portion of an index, from the counterparty to the swap agreement in exchange for paying the counterparty an agreed-upon fee. Investments in REIT swap agreements may be susceptible to additional risks, similar to those associated with direct investment in REITs, including changes in the value of underlying properties, defaults by borrowers or tenants, revisions to the Internal Revenue Code of 1986, as amended, changes in interest rates and poor performance by those managing the REITs. Assets not invested in real estate-linked derivative instruments may be invested in inflation-indexed securities and other fixed income instruments, including derivative fixed income instruments. In addition, Index derivatives may be purchased with a fraction of the assets that would be needed to purchase the securities directly, so that the remainder of the assets may be invested in fixed income instruments. The Fund is non-diversified, which means that it may invest its assets in a smaller number of issuers than a diversified fund.

The average portfolio duration of the fixed income portion of this Fund will vary based on Pacific Investment Management Company LLC's ("PIMCO") forecast for interest rates and under normal market conditions is not expected to exceed ten years. Duration is a measure of the expected life of a fixed income security that is used to determine the sensitivity of a security's price to changes in interest rates. The Fund may invest up to 10% of its total assets in high yield securities ("junk bonds") rated B or higher by Moody's, or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality. The Fund may invest up to 10% of its total assets in securities and instruments that are economically tied to emerging market countries. The Fund may invest up to 30% of its total assets in securities denominated in foreign currencies and may invest beyond this limit in U.S. dollar denominated securities of foreign issuers. The Fund will normally limit its foreign currency exposure (from non-U.S. dollar-denominated securities or currencies) to 20% of its total assets. The Fund may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buybacks or dollar rolls). The Fund may also invest up to 10% of its total assets in preferred stocks. The Fund may invest, without limitation, in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage- or asset-backed securities, subject to applicable law and any other restrictions described in the Fund's prospectus or Statement of Additional Information. The Fund may purchase or sell securities on a when-issued, delayed delivery or forward commitment basis and may engage in short sales.

Principal Risks of Investing – Among the principal risks of investing in the Fund, which could adversely affect its net asset value, yield and total return, are interest rate risk, credit risk, high yield risk, market risk, issuer risk, liquidity risk, derivatives risk, equity risk, mortgage-related and other asset-backed risk, foreign (non-U.S.) investment risk, real estate risk, emerging markets risk, currency risk, issuer non-diversification risk, leveraging risk, management risk and short sale risk.

INVESTMENT GRADE FIXED INCOME FUNDS

PIMCO Foreign Bond Fund (U.S. Dollar-Hedged)

Investment Objective, Strategy and Policies – This Fund's primary investment objective is maximum total return, consistent with preservation of capital and prudent investment management. The Fund seeks to achieve its investment objective by investing under normal circumstances at least 80% of its assets in fixed income instruments that are economically tied to foreign (non-U.S.) countries, representing at least three foreign countries, which may be represented by forwards or derivatives such as options, future contracts or swap agreements. "Fixed income instruments" include bonds, debt securities and other similar instruments issued by various U.S. and non-U.S. public- or private-sector entities. The Fund will normally limit its foreign currency exposure (from non-U.S. dollar-denominated securities or currencies) to 20% of its total assets.

PIMCO selects the Fund's foreign country and currency compositions based on an evaluation of various factors, including, but not limited to relative interest rates, exchange rates, monetary and fiscal policies, trade and current account balances. The Fund may invest, without limitation, in securities and instruments that are economically tied to emerging market countries. The average portfolio duration of this Fund normally varies within three years (plus or minus) of the duration of the JPMorgan GBI Global ex-US Index Hedged in USD, which as of June 30, 2011 was 7.09 years. Duration is a measure of the expected life of a fixed income security that is used to determine the sensitivity of a security's price to changes in interest rates. The Fund invests primarily in investment grade debt securities, but may invest up to 10% of its total assets in high yield securities ("junk bonds") rated B or higher by Moody's, or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality. The Fund is non-diversified, which means that it may invest its assets in a smaller number of issuers than a diversified fund.

The Fund may invest, without limitation in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage or asset-backed securities, subject to applicable law and any other restrictions described in the Fund's prospectus or Statement of Additional Information. The Fund may purchase or sell securities on a when-issued, delayed delivery or forward commitment basis and may engage in short sales. The Fund may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or dollar rolls). The "total return" sought by the Fund consists of income earned on the Fund's investments, plus capital appreciation, if any, which generally arises from decreases in interest rates, foreign currency appreciation, or improving credit fundamentals for a particular sector or security. The Fund may also invest up to 10% of its total assets in preferred stocks.

Principal Risks of Investing – Among the principal risks of investing in the Fund, which could adversely affect its net asset value, yield and total return, are interest rate risk, credit risk, high yield risk, market risk, issuer risk, liquidity risk, derivatives risk, equity risk, mortgage-related and other asset-backed risk, foreign (non-U.S.) investment risk, emerging markets risk, currency risk, issuer non-diversification risk, leveraging risk, management risk and short sale risk.

PIMCO Income Fund

Investment Objective, Strategy and Policies – This Fund's primary investment objective is to maximize current income. Long-term capital appreciation is a secondary objective. The Fund seeks to achieve its investment objectives by investing under normal circumstances at least 65% of its total assets in a multi-sector portfolio of fixed income instruments of varying maturities, which may be represented by forwards or derivatives such as options, futures contracts or swap agreements. "Fixed income instruments" include bonds, debt securities and other similar instruments issued by various U.S. and non-U.S. public- or private-sector entities. The Fund will seek to maintain a high and consistent level of dividend income by investing in a broad array of fixed income sectors and utilizing income efficient implementation strategies. The capital appreciation sought by the Fund generally arises from decreases in interest rates or improving credit fundamentals for a particular sector or security.

The Fund will generally allocate its assets among several investment sectors, which may include, without limitation: (i) high yield securities ("junk bonds") and investment grade corporate bonds of issuers located in the United States and non-U.S. countries, including emerging market countries; (ii) fixed income securities issued by U.S. and non-U.S. governments (including emerging market governments), their agencies and instrumentalities; (iii)mortgage-related and other asset backed securities; and (iv) foreign currencies, including those of emerging market countries. However, the Fund is not required to gain exposure to any one investment sector, and the Fund's exposure to any one investment sector will vary over time. The average portfolio duration of this Fund normally varies from two to eight years based on PIMCO's forecast for interest rates. Duration is a measure of the expected life of a fixed income security that is used to determine the sensitivity of a security's price to changes in interest rates.

The Fund may invest up to 50% of its total assets in high yield securities rated below investment grade but rated at least Caa by Moody's, or equivalently rated by S&P or Fitch, or if unrated, determined by PIMCO to be of comparable quality (except such limitation shall not apply to the Fund's investments in mortgage- and asset-backed securities). In addition, the Fund may invest, without limitation, in securities denominated in foreign currencies. The Fund may invest up to 20% of its total assets in securities and instruments that are economically tied to emerging market countries. The Fund will normally limit its foreign currency exposure (from non-U.S. dollar denominated securities or currencies) to 10% of its total assets. The Fund is non-diversified, which means that it may invest its assets in a smaller number of issuers than a diversified fund.

The Fund may invest, without limitation, in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage- or asset-backed securities, subject to applicable law and any other restrictions described in the Fund's prospectus or Statement of Additional Information. The

Fund may purchase or sell securities on a when-issued, delayed delivery or forward commitment basis and may engage in short sales. The Fund may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or dollar rolls). The Fund may also invest up to 10% of its total assets in preferred stocks.

Principal Risks of Investing – Among the principal risks of investing in the Fund, which could adversely affect its net asset value, yield and total return, are interest rate risk, credit risk, high yield risk, market risk, issuer risk, liquidity risk, derivatives risk, equity risk, mortgage-related and other asset-backed risk, foreign (non-U.S.) investment risk, emerging markets risk, currency risk, issuer non-diversification risk, leveraging risk, management risk and short sale risk.

PIMCO Real Return Fund

Investment Objective, Strategy and Policies – This Fund's primary investment objective is maximum real return, consistent with preservation of capital and prudent investment management. The Fund seeks its investment objective by investing under normal circumstances at least 80% of its net assets in inflation-indexed bonds of varying maturities issued by the U.S. and non-U.S. governments, their agencies or instrumentalities, and corporations, which may be represented by forwards or derivatives such as options, futures contracts or swap agreements. Assets not invested in inflation-indexed bonds may be invested in other types of fixed income instruments. "Fixed income instruments" include bonds, debt securities and other similar instruments issued by various U.S. and non-U.S. public- or private sector entities. Inflation-indexed bonds are fixed income securities that are structured to provide protection against inflation. The value of the bond's principal or the interest income paid on the bond is adjusted to track changes in an official inflation measure. The U.S. Treasury uses the Consumer Price Index for Urban Consumers as the inflation measure. Inflation-indexed bonds issued by a foreign government are generally adjusted to reflect a comparable inflation index, calculated by that government. "Real return" equals total return less the estimated cost of inflation, which is typically measured by the change in an official inflation measure. Duration is a measure of the expected life of a fixed income security that is used to determine the sensitivity of a security's price to changes in interest rates. Effective duration takes into account that for certain bonds expected cash flows will fluctuate as interest rates change and is defined in nominal yield terms, which is market convention for most bond investors and managers. Because market convention for bonds is to use nominal yields to measure duration, duration for real return bonds, which are based on real yields, are converted to nominal durations through a conversion factor. The resulting nominal duration typically can range from 20% and 90% of the respective real duration. All security holdings will be measured in effective (nominal) duration terms. Similarly, the effective duration of the Barclays Capital U.S. TIPS Index will be calculated using the same conversion factors. The effective duration of this Fund normally varies within three years (plus or minus) of the effective duration of the Barclays Capital U.S. TIPS Index which as of June 30, 2011, as converted, was 5.92 years.

The Fund invests primarily in investment grade securities, but may invest up to 10% of its total assets in high yield securities ("junk bonds") rated B or higher by Moody's Investors Service, Inc., or equivalently rated by Standard & Poor's Rating Services or Fitch, Inc., or, if unrated, determined by PIMCO to be of comparable quality. The Fund also may invest up to 30% of its total assets in securities denominated in foreign currencies, and may invest beyond this limit in U.S. dollar denominated securities of foreign issuers. The Fund may invest up to 10% of its total assets in securities and instruments that are economically tied to emerging market countries. The Fund will normally limit its foreign currency exposure (from non-U.S. dollar-denominated securities or currencies) to 20% of its total assets. The Fund is non-diversified, which means that it may invest its assets in a smaller number of issuers than a diversified fund.

The Fund may invest, without limitation, in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage- or asset-backed securities, subject to applicable law and any other restrictions described in the Fund's prospectus or Statement of Additional Information. The Fund may purchase or sell securities on a when-issued, delayed delivery or forward commitment basis and may engage in short sales. The Fund may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or dollar rolls). The Fund may also invest up to 10% of its total assets in preferred stocks.

Principal Risks of Investing – Among the principal risks of investing in the Fund, which could adversely affect its net asset value, yield and total return, are interest rate risk, credit risk, high yield risk, market risk, issuer risk, liquidity risk, derivatives risk, equity risk, mortgage-related and other asset-backed risk, foreign (non-U.S.) investment risk, emerging markets risk, currency risk, issuer non-diversification risk, leveraging risk, management risk and short sale risk.

PIMCO Short-Term Fund

Investment Objective, Strategy and Policies – This Fund's primary investment objective is maximum current income, consistent with preservation of capital and daily liquidity. The Fund seeks to achieve its investment objective by investing under normal circumstances at least 65% of its total assets in a diversified portfolio of fixed income instruments of varying maturities, which may be represented by forwards or derivatives such as options, futures contracts or swap agreements. "Fixed income instruments" include bonds, debt securities and other similar instruments issued by various U.S. and non-U.S. public- or private-sector entities. The average portfolio duration of this Fund will vary based on PIMCO's forecast for interest rates and will normally not exceed one year. Duration is a measure of the expected life of a fixed income security that is used to determine the sensitivity of a security's price to changes in interest rates. In addition, the dollar-weighted average portfolio maturity of the Fund, under normal circumstances, is expected not to exceed three years.

The Fund invests primarily in investment grade debt securities, but may invest up to 10% of its total assets in high yield securities ("junk bonds") rated B or higher by Moody's Investors Service, Inc., or equivalently rated by Standard & Poor's Rating Services or Fitch, Inc., or, if unrated, determined by PIMCO to be of comparable quality. The Fund may invest up to 10%of its total assets in securities denominated in foreign currencies, and may invest beyond this limit in U.S. dollar- denominated securities of foreign issuers. The Fund will normally limit its foreign currency exposure (from non-U.S. dollar-denominated securities or currencies) to 20% of its total assets.

The Fund may invest, without limitation, in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage- or asset-backed securities, subject to applicable law and any other restrictions described in the Fund's prospectus or Statement of Additional Information. The Fund may purchase or sell securities on a when-issued, delayed delivery or forward commitment basis and may engage in short sales. The Fund may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or dollar rolls). The Fund may also invest up to 10% of its total assets in preferred stocks.

Principal Risks of Investing – Among the principal risks of investing in the Fund, which could adversely affect its net asset value, yield and total return, are interest rate risk, credit risk, high yield risk, market risk, issuer risk, liquidity risk, derivatives risk, equity risk, mortgage-related and other asset-backed risk, foreign (non-U.S.) investment risk, currency risk, leveraging risk, management risk and short sale risk.

PIMCO Total Return Fund

Investment Objective, Strategy and Policies – This Fund's primary investment objective is maximum total return, consistent with preservation of capital and prudent investment management. The Fund seeks to achieve its investment objective by investing under normal circumstances at least 65% of its total assets in a diversified portfolio of fixed income instruments of varying maturities, which may be represented by forwards or derivatives such as options, futures contracts, or swap agreements. Fixed Income Instruments" in the Fund's prospectus for additional information. The average portfolio duration of this Fund normally varies within two years (plus or minus) of the duration of the Barclays Capital U.S. Aggregate Index, which as of June 30, 2011 was 5.19 years. Duration is a measure of the expected life of a fixed income security that is used to determine the sensitivity of a security's price to changes in interest rates.

The Fund invests primarily in investment-grade debt securities, but may invest up to 10% of its total assets in high yield securities ("junk bonds") rated B or higher by Moody's Investors Service, Inc., or equivalently rated by Standard & Poor's Ratings Services or Fitch, Inc., or, if unrated, determined by PIMCO to be of comparable quality. The Fund may invest up to 30% of its total assets in securities denominated in foreign currencies, and may invest beyond this limit in U.S. dollar denominated securities of foreign issuers. The Fund may invest up to 15% of its total assets in securities and instruments that are economically tied to emerging market countries. The Fund will normally limit its foreign currency exposure (from non-U.S. dollar-denominated securities or currencies) to 20% of its total assets.

The Fund may invest, without limitation, in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage- or asset-backed securities, subject to applicable law and any other restrictions described in the Fund's prospectus or Statement of Additional Information. The Fund may purchase or sell securities on a when-issued, delayed delivery or forward commitment basis and may engage in short sales. The Fund may invest up to 10% of its total assets in preferred stock, convertible securities and other equity related securities. The Fund may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or dollar rolls). The "total return" sought by the Fund consists of income earned on the Fund's investments, plus capital appreciation, if any, which generally arises from decreases in interest rates, foreign currency appreciation, or improving credit fundamentals for a particular sector or security.

Principal Risks of Investing – Among the principal risks of investing in the Fund, which could adversely affect its net asset value, yield and total return, are interest rate risk, credit risk, high yield risk, market risk, issuer risk, liquidity risk, derivatives risk, equity risk, mortgage-related and other asset-back risk, foreign (non-U.S.) investment risk, emerging markets risk, currency risk, leveraging risk, management risk, short sale risk and convertible securities risk.

NON-INVESTMENT GRADE FIXED INCOME FUND

PIMCO Floating Income Fund

Investment Objective, Strategy and Policies – This Fund's primary investment objective is maximum current yield consistent with prudent investment management. The Fund seeks to achieve its investment objective by investing under normal circumstances at least 80% of its assets in a diversified portfolio of investments that effectively enable the Fund to achieve a floating rate of income, including, but not limited to, variable and floating-rate fixed income instruments, Fixed Income Instruments with durations of less than or equal to one year, and fixed-rate fixed income instruments with respect to which the Fund has entered into derivative instruments to effectively convert the fixed-rate interest payments into floating-rate interest payments, each of which may be represented by forwards or derivatives such as options, futures contracts or swap agreements. The average portfolio duration of this Fund will vary based on PIMCO's forecast for interest rates and will normally not exceed one year. Duration is a measure of the expected life of a fixed income security that is used to determine the sensitivity of a security's price to changes in interest rates. The Fund may also invest in other Fixed Income Instruments. Variable and floating-rate Fixed Income Instruments generally pay interest at rates that adjust whenever a specified interest rate changes and/or reset on predetermined dates (such as the last day of a month or calendar quarter).

The Fund may invest all of its assets in high yield securities ("junk bonds") rated at least Caa by Moody's, or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality, subject to a maximum of 10% of its total assets in securities rated below B by Moody's, or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality. In addition, the Fund may invest, without limitation, in securities and instruments that are economically tied to emerging market countries. The Fund may invest, without limitation, in securities denominated in foreign currencies and in U.S.-dollar-denominated securities of foreign issuers.

The Fund may invest, without limitation, in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage- or asset-backed securities, subject to applicable law and any other restrictions described in the Fund's prospectus or Statement of Additional Information. The Fund may purchase or sell securities on a when-issued, delayed delivery or forward commitment basis and may engage in short sales. The Fund may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy-backs or dollar rolls). The Fund may also invest up to 10% of its total assets in preferred stocks.

Principal Risks of Investing – Among the principal risks of investing in the Fund, which could adversely affect its net asset value, yield and total return, are interest rate risk, credit risk, high yield risk, market risk, issuer risk, liquidity risk, derivatives risk, equity risk, mortgage-related and other asset-backed risk, foreign (non-U.S.) investment risk, emerging markets risk, currency risk, leveraging risk, management risk and short sale risk.

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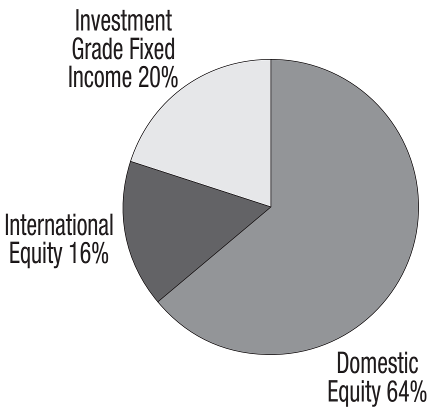
BLACKROCK PORTFOLIOS

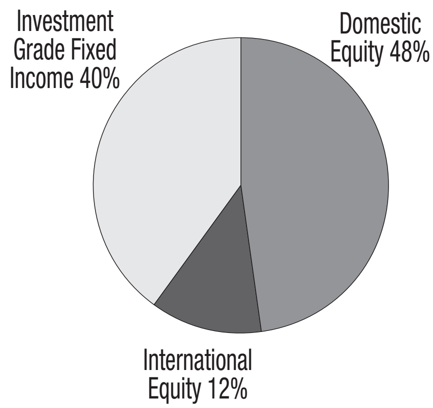
General – Substantially all of the assets of each BlackRock Portfolio are invested in Underlying Fund(s) that are recommended by BlackRock for that Portfolio and approved by FAME for use in the BlackRock Portfolios. A portion of certain BlackRock Portfolios may be held in the Cash Allocation Account as described under "THE NEXTGEN PORTFOLIOS."

All of these Underlying Funds in which BlackRock Portfolios invest are currently managed by BlackRock. BlackRock and its affiliates had approximately $3.66 trillion in assets under management as of June 30, 2011. BlackRock manages 114 open-end funds and 94 closed-end funds as of June 30, 2011.

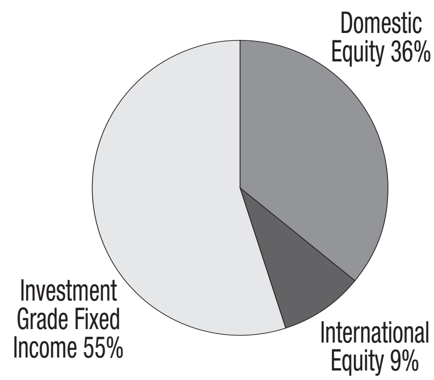
The following charts illustrate the current target asset allocation of each BlackRock Age-Based Diversified Portfolio.



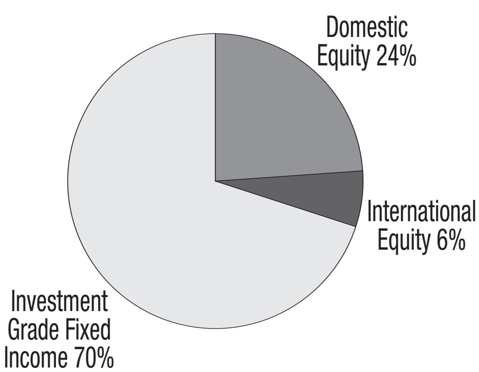
BlackRock Age-Based 0-7 Years Portfolio



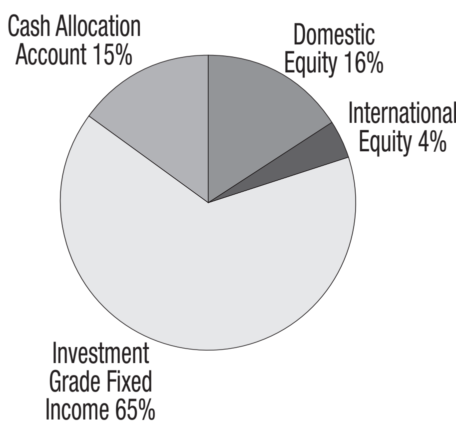
BlackRock Age-Based 8-10 Years Portfolio



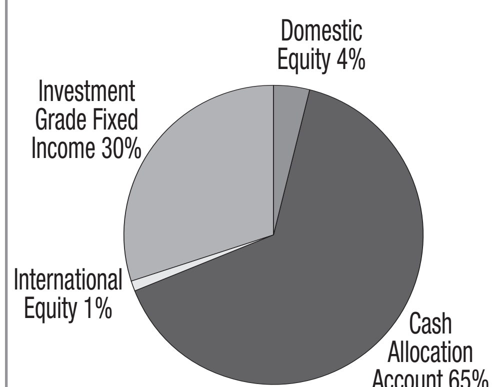
BlackRock Age-Based 11-13 Years Portfolio



BlackRock Age-Based 14-16 Years Portfolio



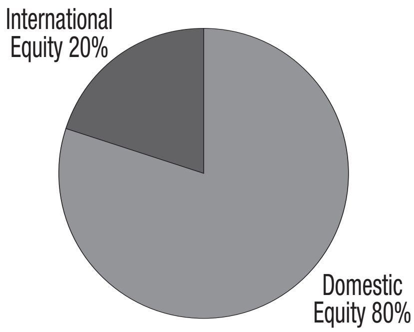
BlackRock Age-Based 17-19 Years Portfolio



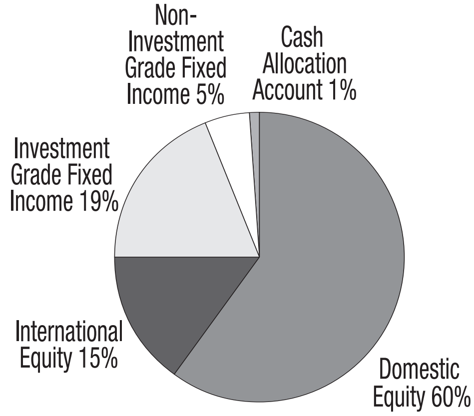
BlackRock Age-Based 20+ Years Portfolio

BLACKROCK PORTFOLIOS

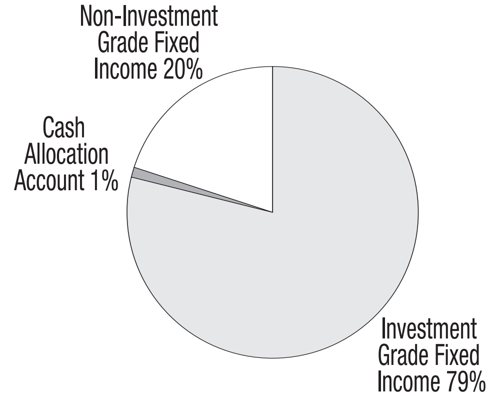
The following charts illustrate the current target asset allocation of each BlackRock Diversified Portfolio and Single Fund Portfolio.



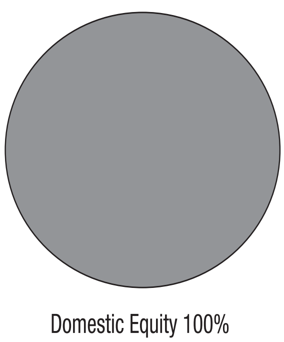
BlackRock 100% Equity Portfolio



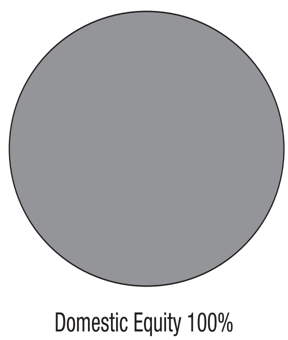
BlackRock 75% Equity Portfolio



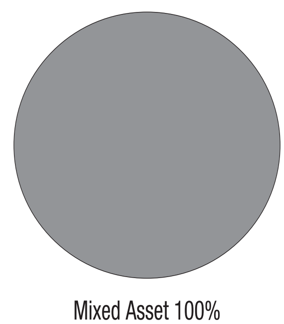
BlackRock Fixed Income Portfolio



BlackRock Large Cap Core Portfolio



BlackRock Large Cap Growth Portfolio



BlackRock Global Allocation Portfolio[1]

[1] The Underlying Fund may invest in the Domestic Equity, International Equity, Investment Grade Debt, Non-Investment Grade Debt and Money Market Securities investment sectors.

Current Target Underlying Fund Allocations – The following charts illustrate the current target asset allocations and the current target Underlying Fund allocations within those target asset allocations for the BlackRock Portfolios. This information is presented for informational purposes only.

Underlying Fund (Class A Shares)	BlackRock Age-Based 0-7 Years Portfolio	BlackRock Age-Based 8-10 Years Portfolio	BlackRock Age-Based 11-13 Years Portfolio	BlackRock Age-Based 14-16 Years Portfolio	BlackRock Age-Based 17-19 Years Portfolio	BlackRock Age-Based 20+ Years Portfolio
Domestic Equity Funds						
BlackRock Basic Value Fund	9.50%	7.00%	5.50%	3.50%	2.50%	0.50%
BlackRock Capital Appreciation Fund	9.50%	7.00%	5.50%	3.50%	2.50%	0.50%
BlackRock Equity Dividend Fund	9.50%	7.00%	5.50%	3.50%	2.50%	0.50%
BlackRock Large Cap Growth Fund	9.50%	7.00%	5.50%	3.50%	2.50%	0.50%
BlackRock S&P 500® Index Fund[1]	14.00%	10.00%	7.00%	5.00%	3.00%	2.00%
BlackRock Value Opportunities Fund	6.00%	5.00%	3.50%	2.50%	1.50%	0.00%
BlackRock Small Cap Growth Fund II	6.00%	5.00%	3.50%	2.50%	1.50%	0.00%
International Equity Funds						
BlackRock International Fund	4.00%	3.00%	2.00%	1.50%	1.00%	0.00%
BlackRock International Index Fund	8.00%	6.00%	5.00%	3.00%	2.00%	1.00%
BlackRock International Opportunities Fund	4.00%	3.00%	2.00%	1.50%	1.00%	0.00%
Investment Grade Fixed Income Funds						
BlackRock Core Bond Portfolio	0.00%	5.00%	20.00%	35.00%	0.00%	0.00%
BlackRock Low Duration Fund	0.00%	0.00%	0.00%	0.00%	30.00%	20.00%
BlackRock Total Return Fund	20.00%	35.00%	35.00%	35.00%	35.00%	10.00%
Cash Allocation Account						
Cash Allocation Account	0.00%	0.00%	0.00%	0.00%	15.00%	65.00%

[1] S&P 500 is a registered trademark of The McGraw-Hill Companies.

BLACKROCK PORTFOLIOS

Current Target Underlying Fund Allocations – The following charts illustrate the current target asset allocations and the current target Underlying Fund allocations within those target asset allocations for the BlackRock Portfolios. This information is presented for informational purposes only.

Underlying Fund (Class A Shares)	BlackRock 100% Equity Portfolio	BlackRock 75% Equity Portfolio	BlackRock Fixed Income Portfolio	BlackRock Large Cap Core Portfolio	BlackRock Large Cap Growth Portfolio	BlackRock Global Allocation Portfolio
Domestic Equity Funds						
BlackRock Basic Value Fund	12.00%	9.00%	0.00%	0.00%	0.00%	0.00%
BlackRock Capital Appreciation Fund	12.00%	9.00%	0.00%	0.00%	0.00%	0.00%
BlackRock Equity Dividend Fund	12.00%	9.00%	0.00%	0.00%	0.00%	0.00%
BlackRock Large Cap Core Fund	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%
BlackRock Large Cap Growth Fund	12.00%	9.00%	0.00%	0.00%	100.00%	0.00%
BlackRock S&P 500® Index Fund[1]	16.00%	12.00%	0.00%	0.00%	0.00%	0.00%
BlackRock Value Opportunities Fund	8.00%	6.00%	0.00%	0.00%	0.00%	0.00%
BlackRock Small Cap Growth Fund II	8.00%	6.00%	0.00%	0.00%	0.00%	0.00%
International Equity Funds						
BlackRock International Fund	5.00%	3.50%	0.00%	0.00%	0.00%	0.00%
BlackRock International Index Fund	10.00%	8.00%	0.00%	0.00%	0.00%	0.00%
BlackRock International Opportunities Fund	5.00%	3.50%	0.00%	0.00%	0.00%	0.00%
Mixed Asset Fund (The Fund may invest in the Domestic Equity, International Equity, Investment Grade Fixed Income, Non-Investment Grade Fixed Income and Money Market Securities investment sectors)						
BlackRock Global Allocation Fund, Inc.	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Investment Grade Fixed Income Funds						
BlackRock Low Duration Fund	0.00%	9.00%	39.00%	0.00%	0.00%	0.00%
BlackRock Total Return Fund[2]	0.00%	10.00%	40.00%	0.00%	0.00%	0.00%
Non-Investment Grade Fixed Income Fund						
BlackRock High Income Fund[2]	0.00%	5.00%	20.00%	0.00%	0.00%	0.00%
Cash Allocation Account						
Cash Allocation Account	0.00%	1.00%	1.00%	0.00%	0.00%	0.00%

1 S&P 500 is a registered trademark of The McGraw-Hill Companies.

2 At print time, BlackRock High Income Fund was seeking shareholder approval to merge into BlackRock High Yield Bond Portfolio. If shareholders approve or have approved the merger, the assets of the BlackRock Portfolios formerly allocated to BlackRock High Income Fund will be reallocated to BlackRock High Yield Bond Portfolio in connection with the effectiveness of the merger. In connection with the effectiveness of any merger, the target Underlying Fund allocations are revised to eliminate any allocation to BlackRock High Income Fund, the reference to BlackRock High Income Fund is replaced with BlackRock High Yield Bond Portfolio, and the description of BlackRock High Income Fund on page 92 is removed and replaced with the description of the BlackRock High Yield Bond Portfolio.

Historical Investment Performance – The following tables summarize the average annual total return after deducting on-going Portfolio fees of each BlackRock Portfolio as of June 30, 2011. Sales charges related to investments in BlackRock Client Select Series Portfolios are not reflected in the returns set forth below. Also, the $50 annual Account Maintenance Fee ($25 if the Program is offered as an employee benefit by the Participant's employer), which is waived in certain circumstances, is not included in the returns set forth below. If these sales charges and fees were reflected, returns would be less than those shown. Updated performance data will be available on the Internet at www.nextgenplan.com or from the Program Manager by calling (877) 4-NEXTGEN (463-9843). Each BlackRock Portfolio's fiscal year runs from July 1 to June 30, which also is the Program's fiscal year. The assets invested in the Age-Based Diversified Portfolios on behalf of particular Designated Beneficiaries are automatically transferred to a successive Portfolio when the Designated Beneficiary reaches a given age, and may not have been invested in the referenced Portfolio for the entire period reported. **The performance data relating to the BlackRock Portfolios set forth below is for the limited time period presented and is not indicative of the future performance of the BlackRock Portfolios.**

Client Select Series - A Unit Class

	Average Annual Total Return* as of June 30, 2011 (Without Sales Charges)				
	1 Year	3 Years	5 Years	Since Inception	Inception Date
Age-Based Diversified Portfolios					
BlackRock Age-Based 0-7 Years Portfolio	28.01%	2.23%	2.29%	5.12%	09/20/04
BlackRock Age-Based 8-10 Years Portfolio	22.58%	2.68%	2.65%	4.86%	09/20/04
BlackRock Age-Based 11-13 Years Portfolio	17.40%	2.89%	2.91%	4.60%	09/20/04
BlackRock Age-Based 14-16 Years Portfolio	12.29%	2.84%	3.00%	4.13%	09/20/04
BlackRock Age-Based 17-19 Years Portfolio	8.71%	2.82%	3.14%	3.78%	09/20/04
BlackRock Age-Based 20+ Years Portfolio	2.48%	1.40%	2.36%	2.71%	09/20/04
Diversified Portfolios					
BlackRock 100% Equity Portfolio	32.84%	2.32%	2.28%	5.40%	09/20/04
BlackRock 75% Equity Portfolio	26.22%	3.55%	3.18%	5.31%	09/20/04
BlackRock Fixed Income Portfolio	6.23%	5.89%	4.82%	4.09%	09/20/04
Single Fund Portfolios					
BlackRock Global Allocation Portfolio	18.92%	3.63%	6.61%	7.80%	08/01/05
BlackRock Large Cap Core Portfolio	34.18%	3.06%	1.05%	4.85%	09/21/04
BlackRock Large Cap Growth Portfolio	35.21%	5.69%	N/A	-0.35%	10/01/07

* Average annual total return is a hypothetical rate of return that, if achieved annually, would have produced the same cumulative total return if performance had been constant over the entire period. (Cumulative total return reflects actual change in the value of an investment over a given period.) Average annual total return smoothes out variations in performance; it is not the same as actual year-by-year results. Returns covering periods of less than one year represent cumulative total returns.

Client Select Series - C Unit Class

	Average Annual Total Return* as of June 30, 2011 (Without Sales Charges)				
	1 Year	3 Years	5 Years	Since Inception	Inception Date
Age-Based Diversified Portfolios					
BlackRock Age-Based 0-7 Years Portfolio	26.97%	1.46%	1.52%	4.38%	09/22/04
BlackRock Age-Based 8-10 Years Portfolio	21.68%	1.91%	1.88%	3.97%	09/21/04
BlackRock Age-Based 11-13 Years Portfolio	16.52%	2.13%	2.15%	3.84%	09/22/04
BlackRock Age-Based 14-16 Years Portfolio	11.57%	2.08%	2.25%	3.40%	09/23/04
BlackRock Age-Based 17-19 Years Portfolio	7.83%	2.04%	2.36%	3.05%	09/27/04
BlackRock Age-Based 20+ Years Portfolio	1.70%	0.62%	1.56%	1.95%	10/15/04
Diversified Portfolios					
BlackRock 100% Equity Portfolio	31.88%	1.57%	1.51%	4.66%	09/22/04
BlackRock 75% Equity Portfolio	25.19%	2.76%	2.41%	4.55%	09/22/04
BlackRock Fixed Income Portfolio	5.51%	5.11%	4.03%	3.29%	09/22/04
Single Fund Portfolios					
BlackRock Global Allocation Portfolio	17.99%	2.84%	5.80%	6.96%	08/01/05
BlackRock Large Cap Core Portfolio	33.13%	2.28%	0.29%	4.13%	09/30/04
BlackRock Large Cap Growth Portfolio	34.13%	4.85%	N/A	-1.11%	10/01/07

Client Select Series - G Unit Class

	Average Annual Total Return* as of June 30, 2011 (Without Sales Charges)					
	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Age-Based Diversified Portfolios						
BlackRock Age-Based 0-7 Years Portfolio	27.60%	1.98%	2.04%	3.47%	3.29%	8/12/99
BlackRock Age-Based 8-10 Years Portfolio	22.24%	2.41%	2.39%	3.63%	3.50%	8/05/99
BlackRock Age-Based 11-13 Years Portfolio	17.15%	2.64%	2.66%	3.67%	3.64%	8/05/99
BlackRock Age-Based 14-16 Years Portfolio	12.03%	2.58%	2.74%	3.39%	3.52%	8/05/99
BlackRock Age-Based 17-19 Years Portfolio	8.46%	2.57%	2.88%	3.11%	3.54%	8/05/99
BlackRock Age-Based 20+ Years Portfolio	2.22%	1.13%	2.09%	2.32%	2.76%	8/17/99
Diversified Portfolios						
BlackRock 100% Equity Portfolio	32.42%	2.05%	2.02%	3.40%	1.95%	12/06/99
BlackRock 75% Equity Portfolio	25.84%	3.26%	2.91%	3.89%	2.84%	12/06/99
BlackRock Fixed Income Portfolio	6.00%	5.63%	4.55%	4.63%	4.68%	12/08/99

* Average annual total return is a hypothetical rate of return that, if achieved annually, would have produced the same cumulative total return if performance had been constant over the entire period. (Cumulative total return reflects actual change in the value of an investment over a given period.) Average annual total return smoothes out variations in performance; it is not the same as actual year-by-year results. Returns covering periods of less than one year represent cumulative total returns.

Client Select Series - S Unit Class
(Prior to September 20, 2004, this Unit Class was an undesignated Unit Class of the Client Select Series.)

	Average Annual Total Return* as of June 30, 2011 (Without Sales Charges)					
	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Age-Based Diversified Portfolios						
BlackRock Age-Based 0-7 Years Portfolio	27.15%	1.58%	1.63%	3.08%	2.41%	11/20/00
BlackRock Age-Based 8-10 Years Portfolio	21.87%	2.02%	1.99%	3.24%	2.90%	11/22/00
BlackRock Age-Based 11-13 Years Portfolio	16.68%	2.22%	2.24%	3.28%	2.97%	11/20/00
BlackRock Age-Based 14-16 Years Portfolio	11.62%	2.17%	2.34%	2.99%	2.83%	11/20/00
BlackRock Age-Based 17-19 Years Portfolio	8.30%	2.45%	2.78%	3.02%	3.11%	12/01/00
BlackRock Age-Based 20+ Years Portfolio	2.06%	1.03%	1.98%	2.22%	2.42%	11/27/00
Diversified Portfolios						
BlackRock 100% Equity Portfolio	32.06%	1.66%	1.62%	3.00%	1.79%	11/16/00
BlackRock 75% Equity Portfolio	25.33%	2.86%	2.51%	3.50%	2.73%	11/16/00
BlackRock Fixed Income Portfolio	5.89%	5.51%	4.44%	4.54%	4.75%	11/27/00

* Average annual total return is a hypothetical rate of return that, if achieved annually, would have produced the same cumulative total return if performance had been constant over the entire period. (Cumulative total return reflects actual change in the value of an investment over a given period.) Average annual total return smoothes out variations in performance; it is not the same as actual year-by-year results. Returns covering periods of less than one year represent cumulative total returns.

Summary of Investment Objectives and Policies of the Underlying Funds for the BlackRock Portfolios – The following descriptions summarize the investment goals and policies of the Underlying Funds in which the BlackRock Portfolios are currently invested. The Cash Allocation Account is described on page 93. The descriptions also identify certain principal risks to which particular Underlying Funds may be subject. Additional discussion of risks related to the various categories of Underlying Funds is set forth under "PROGRAM AND PORTFOLIO RISKS AND OTHER CONSIDERATIONS." The Underlying Funds' investment strategies are subject to change.

These summaries are qualified in their entirety by reference to the detailed information included in each Underlying Fund's current prospectus and statement of additional information, which contain additional information not summarized herein and which may identify additional principal risks to which the respective Underlying Fund may be subject. You may request a copy of any Underlying Fund's current prospectus and statement of additional information, or an Underlying Fund's most recent semi-annual or annual report by calling (800) 441-7762 or by locating it on BlackRock's Web site at www.blackrock.com.

For each Fund identified below (a "feeder fund") that invests all its assets into another fund (a "master fund") which has the same investment objectives and strategies, the term "Fund" shall include both the master fund and the feeder fund.

DOMESTIC EQUITY FUNDS

BlackRock Basic Value Fund

Investment Objectives, Strategy and Policies – The Fund's investment objective is to seek capital appreciation and, secondarily, income by investing in securities, primarily equity securities, that management of the Fund believes are undervalued and therefore represent basic investment value. The Fund invests all of its assets in Master Basic Value LLC (the Master Portfolio). The Master Portfolio has the same investment objective and strategies as the Fund. The Fund tries to achieve its objective by investing in a diversified portfolio consisting primarily of equity securities, which includes common stock, preferred stock, securities convertible into common stock, or securities or other instruments whose price is linked to the value of common stock. Fund management places particular emphasis on companies with below-average price/earnings ratios that may pay above-average dividends. Fund management also may determine that a company is undervalued if its stock price is down because of temporary factors from which Fund management believes the company will recover. As a result, the Fund may invest a large portion of its net assets in stocks that have weak research ratings. The Fund focuses its investments on companies with a market capitalization over $5 billion. The Fund invests primarily in common stock of U.S. companies, but may invest up to 25% of its total assets in the securities of foreign companies.

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments, as well as the special risks of value investments and foreign securities.

DOMESTIC EQUITY FUNDS

BlackRock Capital Appreciation Fund

Investment Objectives, Strategy and Policies – The Fund's investment objective is to seek long-term growth of capital. The Fund tries to achieve its objective by investing in a diversified portfolio consisting primarily of common stock of U.S. companies that Fund management believes have shown above-average growth rates in earnings over the long term. The Fund generally invests at least 65% of its total assets in the following equity securities: (i) common stock; (ii) convertible preferred stock; (iii) securities convertible into common stock; and (iv) rights to subscribe to common stock. Of these securities the Fund generally invests in common stock. The Fund may invest in companies of any size but emphasizes common stock of companies that have a medium to large stock market capitalization (current, approximately $2 billion or more).

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments, as well as the special risks of growth investments and mid-cap securities.

BlackRock Equity Dividend Fund

Investment Objectives, Strategy and Policies – The Fund's investment objective is to seek long-term total return and current income. The Fund seeks to achieve its objective by investing primarily in a diversified portfolio of equity securities. Under normal circumstances, the Fund will invest at least 80% of its assets in equity securities and at least 80% of its assets in dividend paying securities. The Fund will focus on issuers that have good prospects for capital appreciation and current income. Although the Fund invests primarily in dividend paying securities, portions of the distributions paid by the Fund may not be subject to the lower income tax rates applicable to dividends. The Fund may invest in securities of companies with any market capitalization, but will generally focus on large cap securities. The Fund's portfolio, in the aggregate, will be structured in a manner designed to seek long-term capital appreciation as well as net portfolio yield in excess of the average yield of mutual funds invested primarily in U.S. equities. The Fund may also invest in securities convertible into common stock and non-convertible preferred stock. The Fund may invest up to 25% of its total assets in securities of foreign issuers from any country. The Fund may invest in securities denominated in both U.S. dollars and non-U.S. dollar currencies.

Principal Risks of Investing – TThe Fund is subject to the market and selection risks of equity investments, convertible securities risks, the risks of investment in foreign securities and income producing stock availability risk.

BlackRock Large Cap Core Fund

Investment Objectives, Strategy and Policies – The investment objective of the Fund is to seek long-term capital growth. The Fund invests all of its assets in the Master Large Cap Core Portfolio of the Master Large Cap Series LLC (the Master Portfolio). The Master Portfolio has the same investment objective and strategies as the Fund. The Fund tries to achieve its objective by investing primarily in a diversified portfolio of equity securities of large cap companies located in the United States. Equity securities consist primarily of common stock, preferred stock, securities convertible into common stock and securities or other instruments whose price is linked to the value of common stock. The Fund uses an investment approach that emphasizes a blend of both growth and value. Under normal circumstances, the Fund invests at least 80% of its assets in equity securities of large cap companies that Fund management selects from among those that are, at the time of purchase, included in the Fund's benchmark, the Russell 1000® Index.

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments.

BlackRock Large Cap Growth Fund

Investment Objectives, Strategy and Policies – The investment objective of the Fund is to seek long-term capital growth. The Fund invests all of its assets in the Master Large Cap Growth Portfolio of the Master Large Cap Series LLC (the Master Portfolio). The Master Portfolio has the same investment objective as the Fund. The Fund tries to achieve its objective by investing at least 80% of its assets in equity securities, primarily common stock, of large cap companies located in the United States that management selects from among those that are, at the time of purchase, included in the Fund's benchmark, the Russell 1000® Growth Index. Equity securities consist primarily of common stock, preferred stock, securities convertible into common stock and securities or other instruments whose price is linked to the value of common stock. Large cap companies are companies that at the time of purchase have a market capitalization equal to or greater than the top 80% of the companies that comprise the Russell 1000® Index. The market capitalizations of companies in the index change with market conditions and the composition of the index.

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments as well as the special risks of growth investments.

BlackRock S&P 500® Index Fund

Investment Objectives, Strategy and Policies – The investment objective of the Fund is to match the performance of the Standard & Poor's 500® Composite Stock Price Index (the "S&P 500") as closely as possible before the deduction of Fund expenses. The Fund invests all of its assets in the Master S&P 500 Index Series of the Quantitative Master Series LLC, which has the same investment objective and strategies as the Fund. The S&P 500 is a market-weighted index composed of 500 common stocks issued by large-capitalization U.S. companies in a wide range of businesses. The Fund may also invest in derivative instruments linked to the S&P 500. At times the Fund may not invest in all of the common stocks in the S&P 500, or in the same weightings as in the S&P 500. At those times, the Fund chooses investments so that the market capitalizations, industry weighting and other fundamental characteristics of the stocks and derivative instruments chosen are similar to the S&P 500 as a whole.

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments as well as the risks and special considerations associated with investing in an index fund.

BlackRock Value Opportunities Fund

Investment Objectives, Strategy and Policies – The investment objective of the Fund is to seek long term growth of capital by investing in a diversified portfolio of securities, primarily common stock, of relatively small companies that Fund management believes have special investment value and emerging growth companies regardless of size. The Fund invests all of its assets in the Master Value Opportunities LLC, which has the same investment objective and strategies as the Fund. Fund management will look for companies that have long-term potential to grow in size or to become more profitable or that the stock market may value more highly in the future. Fund management seeks to invest in small companies that are trading at the low end of their historical price-book value or enterprise value-sales ratios, and that possess a specific catalyst for stock price appreciation. Fund management also seeks to invest in emerging growth companies that occupy dominant positions in developing industries, have strong management and demonstrate successful product development and marketing capabilities. The Fund may invest in derivative instruments the values of which are based on a common stock or group of common stocks. The Fund will invest primarily in U.S. companies that do most of their business in the United States, but may invest a portion of its assets in foreign companies and foreign securities.

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments as well as the special risks of investing in smaller and emerging growth companies and foreign securities and derivatives.

BlackRock Small Cap Growth Fund II

Investment Objectives, Strategy and Policies – The investment objective of the Fund is to seek long-term capital growth. Current income from dividends and interest will not be an important consideration in selecting portfolio securities. The Fund invests all of its assets in the BlackRock Master Small Cap Growth Portfolio, a series of BlackRock Master LLC, which has the same objective and strategies as the Fund. The Fund tries to achieve its objective by investing, under normal circumstances, at least 80% of its assets in equity securities of small cap companies and at least 80% of its assets in securities or instruments of issuers located in the United States. In selecting securities, the Fund emphasizes those securities that Fund management believes have above average prospects for earnings growth. The Fund also may invest in securities that Fund management believes are undervalued. In addition, the Fund may invest a portion of its assets in stocks of companies of any market capitalization located outside the United States. Normally, foreign investments will represent 10% or less of the Fund's assets. The Fund's evaluation of the prospects for a company's industry or market sector is an important factor in evaluating a particular company's earnings prospects. A company's stock is considered to be undervalued when its price is less than what Fund management believes it is worth. The Fund may purchase common stock, preferred stock, convertible securities and derivative securities or other instruments the value of which is based on a common stock or group of common stocks.

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments as well as the special risks of investing in smaller and emerging growth companies, convertible securities, derivatives and foreign securities.

Russell 1000® Index and Russell 1000® Growth Index are registered trademarks of Russell Investments.

INTERNATIONAL EQUITY FUNDS

BlackRock International Fund

Investment Objectives, Strategy and Policies – The Fund's investment objective is to seek long-term capital growth through investments primarily in a diversified portfolio of equity securities of companies located outside the United States. The Fund emphasizes those securities that Fund management believes are undervalued or have good prospects for earnings growth. Current income from dividends and interest will not be an important consideration in selecting portfolio securities. The Fund will invest at least 75% of its total assets in global equity securities of any market capitalization, selected for their above-average return potential. The Fund primarily buys common stock but may also invest in preferred stock and convertible securities. The Fund will allocate its assets among various regions and countries, including the United States (but in no less than three different countries). Under normal circumstances, the Fund will allocate a substantial amount (approximately 40% or more of its total assets in securities (i) of foreign government issuers, (ii) of issuers organized or located outside the U.S., (iii) of issuers which primarily trade in a market located outside the U.S., or (iv) of issuers doing a substantial amount of business outside the U.S., which the Fund considers to be companies that derive at least 50% of their revenue or profits from business outside the U.S. or have at least 50% of their sales or assets outside the U.S. For temporary defensive purposes the Fund may deviate very substantially from the allocation described above. The Fund may invest up to 25% of total assets in global fixed income securities, including corporate bonds, U.S. government debt securities, non-U.S. government and supranational debt securities, asset-backed securities, mortgage-backed securities, emerging market debt securities and non-investment grade debt securities (high yield or junk bonds).

The Fund may buy or sell options or futures on a security or an index of securities and may buy options on a currency or a basket of currencies, or enter into foreign currency transactions, including swaps (collectively, commonly known as derivatives). The Fund typically uses derivatives as a substitute for taking a position in the underlying asset and/or as part of a strategy designed to reduce exposure to other risks, such as currency risk. The Fund may also use derivatives to enhance returns, in which case their use would involve leveraging risk. The Fund may seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as reverse repurchase agreements or dollar rolls). The Fund may also use forward foreign currency exchange contracts (obligations to buy or sell a currency at a set rate in the future). The Fund may, but under normal market conditions generally does not intend to, use derivatives for speculation to increase returns.

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investment and to the risk of investment in foreign securities. In addition, the Fund is subject to risks associated with emerging markets, derivatives, geographic concentration and mid-cap securities.

BlackRock International Index Fund

Investment Objectives, Strategy and Policies – The investment objective of the Fund is to match the performance of the Morgan Stanley Capital International ("MSCI") Europe, Australasia and Far East (Capitalization Weighted) Index (the "EAFE Index") in U.S. dollars with net dividends as closely as possible before the deduction of Fund expenses. The Fund invests in a statistically selected sample of equity securities included in the EAFE Index and in derivative instruments correlated with components of the EAFE Index. The Fund will, under normal circumstances, invest in all of the countries represented in the EAFE Index. The Fund may not, however, invest in all of the companies within a country represented in the EAFE Index, or in the same weightings as in the EAFE Index.

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments as well as the risks and special considerations associated with investing in an index fund. The Fund may also invest in foreign securities and is subject to risks associated with investments in these securities. In addition, as a non-diversified fund, the Fund may have more risk than diversified funds.

BlackRock International Opportunities Fund

Investment Objectives, Strategy and Policies – The Fund's investment objective is to seek long-term capital appreciation. Under normal market conditions, the Fund invests at least 80% of its net assets in equity securities issued by foreign companies of any market capitalization. The Fund will allocate its assets among various regions and countries (but in no less than three different countries). For temporary defensive purposes the Fund may deviate very substantially from the allocation described above. The Fund may invest up to 30% of its net assets in stocks of issuers in emerging market countries. The Fund primarily buys common stock but can also invest in preferred stock and convertible securities. From time to time the Fund may invest in shares of companies through IPOs. The Fund may buy or sell options or futures on a security or an index of securities and may buy options on a currency or a basket of currencies, or enter into foreign currency transactions, including swaps (collectively, commonly known as derivatives). The Fund typically uses derivatives as a substitute for taking a position in the underlying asset and/or as part of a strategy designed to reduce exposure to other risks, such as currency risk. The Fund may also use derivatives to enhance returns, in which case their use would involve leveraging risk. The Fund may seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other

INTERNATIONAL EQUITY FUNDS

investment techniques (such as reverse repurchase agreements or dollar rolls). The Fund may also use forward foreign currency exchange contracts (obligations to buy or sell a currency at a set rate in the future). The Fund may, but under normal market conditions generally does not intend to, use derivatives for speculation to increase returns.

The Fund considers a variety of factors when choosing investments, such as companies that appear to have above-average earnings growth potential, companies and industries that appear to have the potential for above-average long-term performance based on projections of supply and demand of a resource and the state of the market and companies that are expected to show above-average return potential based on factors such as relative value and earnings estimate revisions, depending on market conditions. The Fund does not limit its investments to companies of any particular size, and may invest in securities of companies with small to large capitalizations.

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investment and to the risk of investment in foreign securities. In addition, the Fund is subject to risks associated with convertible securities, derivatives, emerging markets, small- and mid-cap securities and new issues.

MIXED ASSET FUND

BlackRock Global Allocation Fund, Inc.

Investment Objectives, Strategy and Policies – The Fund's investment objective is to provide high total investment return through a fully managed investment policy utilizing United States and foreign equity securities, debt, cash and cash equivalents, the combination of which will be varied from time to time both with respect to types of securities and markets in response to changing market and economic trends.

The Fund invests in a portfolio of equity and debt securities, cash and cash equivalents. Generally, the Fund's portfolio will include both equity and debt securities. At any given time, however, the Fund may emphasize either debt securities or equity securities. In selecting equity investments, the Fund mainly seeks securities that Fund management believes are undervalued. The Fund may buy debt securities of varying maturities. The Fund may invest in high yield or junk bonds. When choosing investments, Fund management considers various factors, including opportunities for equity or debt investments to increase in value, expected dividends and interest rates. The Fund generally seeks diversification across markets, industries and issuers as one of its strategies to reduce volatility. The Fund may invest in the securities of companies of any market capitalization. The Fund may also invest in Real Estate Investment Trusts.

Generally, the Fund will invest primarily in the securities of corporate and governmental issuers located in North and South America, Europe, Australia and the Far East. The Fund may invest in both developed and emerging markets. The Fund may emphasize foreign securities when Fund management expects these investments to outperform U.S. securities. When choosing investment markets, Fund management considers various factors, including economic and political conditions, potential for economic growth and possible changes in currency exchange rates. Fund management may also, from time to time, identify certain real assets, such as real estate or precious metals-related securities, that Fund management believes will increase in value because of economic trends and cycles or political or other events.

The Fund may invest a portion of its assets in securities related to those real assets such as stock, bonds or convertible bonds issued by real estate investment trusts or companies that mine precious metals.

The Fund may seek to provide exposure to the investment returns of real assets that trade in the commodity markets through investment in commodity-linked derivative instruments and investment vehicles that exclusively invest in precious metals, which are designed to provide this exposure without direct investment in physical commodities or commodities futures contracts. The Fund may also gain exposure to commodity markets by investing up to 25% of its total assets in BlackRock Cayman Global Allocation Fund I, Ltd. (the "Subsidiary"), a wholly owned subsidiary of the Fund formed in the Cayman Islands, which invests primarily in commodity-related instruments. The Subsidiary (unlike the Fund) may invest without limitation in commodity-related instruments. However, the Subsidiary is otherwise subject to the same fundamental, non-fundamental and certain other investment restrictions as the Fund.

The Fund may engage in short sales. The Fund may make short sales of securities, either as a hedge against potential declines in value of a portfolio security or to realize appreciation when a security that the Fund does not own declines in value. The Fund will not make a short sale if, after giving effect to such sale, the market value of all securities sold short exceeds 20% of the value of its total assets.

Principal Risks Of Investing – As with any fund, the value of the Fund's investments – and therefore the value of Fund shares – may fluctuate. These changes may occur because a particular market in which the Fund invests is rising or falling. In addition, there are specific factors that may affect the value of a particular investment. Also, Fund management may select securities that underperform the markets, the relevant indices or securities selected by other funds with similar investment objectives and investment strategies. Changes in the value of the Fund's debt investments may also occur in response to interest rate movements – generally, when interest rates go up, the value of debt securities goes down.

The Fund's investments in debt securities are also subject to interest rate risk, credit risk and call and redemption risk. In addition, high yield bonds may be volatile and subject to liquidity and leverage risk and heightened credit risk.

The Fund is subject to the market and selection risks of equity

MIXED ASSET FUND

investments as well as the special risks of smaller and emerging growth companies, real estate investment trusts, derivatives, corporate loans and commodities-related investments

The Fund may invest a substantial portion of its assets in foreign securities. Foreign investing involves special risks – including foreign currency risk and the possibility of substantial volatility due to adverse political, economic or other developments. Foreign securities may also be less liquid and harder to value than U.S. securities. These risks are greater for investments in emerging markets.

Short Sales – Because making short sales in securities that it does not own exposes the Fund to risks associated with those securities, such short sales involve speculative exposure risk. The Fund will incur a loss as a result of a short sale if the price of the security increases between the date of the short sale and the date on which the Fund replaces the borrowed security. The Fund will realize a gain if the security declines in price between those dates. As a result, if the Fund makes short sales in securities that increase in value, it will likely underperform similar mutual funds that do not make short sales in securities they do not own. There can be no assurance that the Fund will be able to close out a short sale position at any particular time or at an acceptable price. Although the Fund's gain is limited to the amount at which it sold a security short, its potential loss is limited only by the maximum attainable price of the security, less the price at which the security was sold. The Fund may also pay transaction costs and borrowing fees in connection with short sales.

INVESTMENT GRADE FIXED INCOME FUNDS

BlackRock Core Bond Portfolio

Investment Objectives, Strategy and Policies – The investment objective of the Fund is to seek to maximize total return, consistent with income generation and prudent investment management. The Fund normally invests at least 80% of its assets in bonds and maintains an average portfolio duration that is within ±20% of the duration of its benchmark. As of December 31, 2010, the average duration of the benchmark was 4.98 years. The Fund may invest up to 10% of its assets in non-dollar denominated bonds of issuers located outside of the United States. The Fund's investment in non-dollar denominated bonds may be on a currency hedged or unhedged basis. The Fund only buys securities that are rated investment grade at the time of purchase by at least one major rating agency or determined by the fund management team to be of similar quality. The management team selects bonds from several sectors including: U.S. Treasuries and agency securities, commercial and residential mortgage-backed securities, collateralized mortgage obligations ("CMOs"), asset-backed securities and corporate bonds. Mortgage-backed securities are asset-backed securities based on a particular type of asset, a mortgage. The Fund may invest up to 10% of its assets in non-dollar denominated bonds and bonds of emerging market issuers. The Fund may buy or sell options or futures on a security or an index of securities, or enter into credit default swaps and interest rate or foreign currency transactions, including swaps (collectively, commonly known as derivatives). The Fund may seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as reverse repurchase agreements or dollar rolls). The Fund may engage in active and frequent trading of portfolio securities to achieve its investment strategies.

Principal Risks of Investing – The Fund is subject to the risks of fixed income investments, including borrowing risk, dollar rolls risk, emerging markets risk, interest rate risk, leverage risk, liquidity risk, market and selection risk, credit risk and U.S. government issuer risk. The Fund may invest in mortgage-backed and asset-backed securities. In addition to the normal fixed income investment risks, these securities are subject to prepayment risk and extension risk, and may involve more volatility than other bonds of similar maturities. The Fund is also subject to the special risks associated with foreign securities, emerging markets, derivatives and sovereign debt. High portfolio turnover resulting from active and frequent trading results in higher mark ups and other transaction costs and can result in a greater amount of dividends from ordinary income rather than capital gains.

BlackRock Low Duration Fund

Investment Objectives, Strategy and Policies – The Fund's investment objective is to seek to maximize total return, consistent with income generation and prudent investment management. The Fund invests primarily in investment grade bonds and maintains an average portfolio duration that is within ±1 year of the duration of the benchmark. The benchmark has an average duration between 1 and 3 years. Investment grade bonds are bonds rated in the four highest categories by at least one of the major rating agencies or determined by the management team to be of similar quality. The Fund may invest up to 10% of its assets in each of non-investment grade bonds (high yield or junk bonds), non-dollar denominated bonds of issuers located outside of the United States and emerging market debt securities. The Fund may also invest up to 5% of its assets in convertible securities with a minimum rating of B. The management team selects bonds from several sectors including: U.S. Treasuries and agency securities, commercial and residential mortgage-backed securities, collateralized mortgage obligations ("CMOs"), asset-backed securities and corporate bonds.

The Fund may buy or sell options or futures on a security or an index of securities, or enter into credit default swaps and interest rate or foreign currency transactions, including swaps (collectively, commonly known as derivatives). The Fund may seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as reverse repurchase agreements or dollar rolls). The Fund may engage in active and frequent trading of portfolio securities to achieve its investment strategies.

Principal Risks of Investing – The Fund is subject to the risks of fixed income investments, including borrowing risk, dollar rolls risk, emerging markets risk, interest rate risk, leverage risk, liquidity risk, market and selection risk, credit risk and U.S. government issuer risk. The Fund may invest in mortgage-backed and asset-backed securities. In addition to the normal fixed income investment risks, these securities are subject to prepayment risk and extension risk, and may involve more volatility than other bonds of similar maturities. The Fund is also subject to the special risks associated with foreign securities, emerging markets, derivatives and sovereign debt. High portfolio turnover resulting from active and frequent trading results in higher mark ups and other transaction costs and can result in a greater amount of dividends from ordinary income rather than capital gains.

BlackRock Total Return Fund

Investment Objectives, Strategy and Policies – The investment objective of the Total Return Fund is to realize a total return that exceeds that of the Barclays Capital U.S. Aggregate Bond Index. The Fund invests all of its assets in the Master Total Return Portfolio, a series of the Master Bond LLC, which has the same investment objectives and strategies as the Fund. The Fund typically invests more than 90% of its assets in a diversified portfolio of fixed income securities such as corporate bonds and notes, mortgage-backed securities, asset-backed securities, convertible securities, preferred securities and government obligations. Both U.S. and foreign companies and governments may issue these securities.

Under normal circumstances, the Fund invests at least 80% of its assets in bonds and invests primarily in investment grade fixed-income securities. The Fund may invest in fixed income securities of any duration or maturity. The Fund will invest most of its assets in securities issued by U.S. issuers, but may also invest a portion of its assets in securities issued by foreign issuers. The Fund may also invest in derivative securities for hedging purposes or to increase the return on its investments. The Fund may also enter into dollar rolls.

The Fund may invest up to 20% of its net assets in fixed-income securities that are rated below investment grade by at least one of the recognized rating agencies or in unrated securities of equivalent credit quality.

Principal Risks of Investing – The Fund is subject to the risks of fixed income investments, such as interest rate and credit risk. The Fund may invest in mortgage-backed and asset backed securities, which may be subject to prepayment risk (when interest rates fall) or extension risk (when interest rates rise). The Fund is also subject to the special risks associated with investments in foreign securities, derivatives, junk bonds and sovereign debt.

NON-INVESTMENT GRADE FIXED INCOME FUND

BlackRock High Income Fund[1]

Investment Objectives, Strategy and Policies – The investment objective of the Fund is to provide shareholders with as high a level of current income as is consistent with the investment policies of the Fund. The Fund also seeks capital appreciation when consistent with its primary objective. The Fund typically invests more than 90% of its assets in a diversified portfolio of fixed-income securities such as corporate bonds and notes, mortgage-backed securities, asset-backed securities, convertible securities, preferred securities and government obligations. Both U.S. and foreign companies and governments may issue these securities. Under normal circumstances, the Fund invests at least 80% of its assets primarily in a diversified portfolio of fixed income securities that are rated in the lower rating categories of the recognized rating agencies (Baa or lower by Moody’s or BBB or lower by S&P or Fitch), or unrated securities that Fund management believes are of comparable quality. Securities rated below Baa by Moody's or below BBB by S&P or Fitch are commonly known as “junk bonds.” The Fund may also invest in foreign securities and secondary market purchases of corporate loans. The Fund may invest in fixed income securities of any duration or maturity. The Fund may invest in derivative securities for hedging purposes or to increase the return on investments.

Principal Risks of Investing – The Fund may invest its assets in foreign securities, which may involve additional risks beyond those of U.S. securities, such as changes in foreign currency exchange rates, liquidity risk, and political, social and economic instability. In addition, because the Fund may invest a substantial portion of its assets in derivative instruments, the Fund is exposed to the risks associated with such investments. Derivatives may be volatile and involve significant risks, including credit risk, counterparty risk (the risk that the counterparty in a transaction will be unable to honor its obligations), leverage risk (the risk that relatively small market movements may result in large changes in the value of an investment) and liquidity risk (the risk that certain securities may be difficult or impossible to sell at the time or price that the seller would like).The Fund is subject to the general risks of fixed income investments such as interest rate risk and credit risk and to the separate risks associated with junk bonds. The Fund is also subject to the risk of investing in corporate loans.

BlackRock High Yield Bond Portfolio[1]

Investment Objectives, Strategy and Policies – The Fund’s investment objective is to seek to maximize total return, consistent with income generation and prudent investment management. The

[1] At print time, BlackRock High Income Fund was seeking shareholder approval to merge into BlackRock High Yield Bond Portfolio. If shareholders approve or have approved the merger, in connection with the effectiveness of the merger, the assets of the BlackRock Portfolios formerly allocated to the BlackRock High Income Fund will be reallocated to BlackRock High Yield Bond Portfolio and the description of BlackRock High Income Fund is removed and replaced with the description of the BlackRock High Yield Bond Portfolio, above.

Fund invests primarily in non-investment grade bonds with maturities of ten years or less. The Fund normally invests at least 80% of its assets in high yield bonds. The high yield securities (commonly called "junk bonds") acquired by the High Yield Fund will generally be in the lower rating categories of the major rating agencies (BB or lower by Standard & Poor's or Ba or lower by Moody's) or will be determined by the Fund management team to be of similar quality. Split rated bonds will be considered to have the higher credit rating. The Fund may invest up to 30% of its assets in non-dollar denominated bonds of issuers located outside of the United States. The Fund may also invest in preferred securities. The Fund's investment in non-dollar denominated bonds may be on a currency hedged or unhedged basis. The management team can invest in a wide range of securities including corporate bonds, mezzanine investments, collateralized bond obligations, bank loans and mortgage-backed and asset-backed securities. The Fund can also invest, to the extent consistent with its investment objective, in non-U.S. and emerging market securities and currencies. The Fund may invest up to 10% of its assets in distressed securities that are in default or the issuers of which are in bankruptcy. The Fund may buy or sell options or futures on a security or an index of securities, or enter into credit default swaps and interest rate or foreign currency transactions, including swaps (collectively, commonly known as derivatives). The Fund may seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as reverse repurchase agreements or dollar rolls). The Fund may engage in active and frequent trading of portfolio securities to achieve its principal investment strategies.

Principal Risks of Investing – The Fund is subject to the risks of fixed income investments, including dollar rolls risk, emerging markets risk, interest rate risk, leverage risk, liquidity risk, market and selection risk and credit risk. The Fund may invest in mortgage-backed and asset-backed securities. In addition to the normal fixed income investment risks, these securities are subject to prepayment risk and extension risk, and may involve more volatility than other bonds of similar maturities. The Fund is also subject to the special risks associated with foreign securities, mezzanine securities, preferred securities, emerging markets, collateralized bond obligations, derivatives and distressed securities. High portfolio turnover resulting from active and frequent trading results in higher mark ups and other transaction costs and can result in a greater amount of dividends from ordinary income rather than capital gains.

CASH ALLOCATION ACCOUNT

Many of the Portfolios invest in the Cash Allocation Account.

Investment Objectives – The Cash Allocation Account is a separate account that seeks current income, preservation of capital and liquidity. This Account is invested directly in a diversified portfolio of money market securities, and Maine CDs. The Cash Allocation Account is not a registered mutual fund.

Principal Risks of Investing – An investment in the Cash Allocation Account is not insured or guaranteed by any government agency, the Program Manager, the Sub-Advisors or FAME and involves credit and interest rate risks. Investment in Maine CDs involve some of the special considerations discussed under "PROGRAM AND PORTFOLIO RISKS AND OTHER CONSIDERATIONS-Investment Risks of Underlying Funds - *Underlying Funds Investing in Fixed Income Securities (Including Money Market Securities).*"

Composition – Since September 5, 2001, the Cash Allocation Account has been invested in securities substantially similar to those held by the Retirement Reserves Money Fund (the "Money Fund"), and Maine CDs.

Average Annual Total Return as of June 30, 2011

	1 Year	3 Years	5 Years	Since Inception	Inception Date
Cash Allocation Account	0.02%	0.61%	2.13%	1.88%	09/05/2001

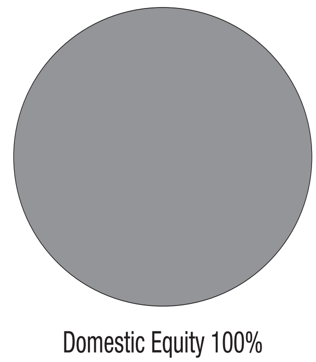
* From August 5, 1999 through September 4, 2001, the Cash Allocation Account was invested in Class II shares of the Money Fund. For the period August 5, 1999 through September 4, 2001, the average annual total return of the Money Fund's Class II shares was 5.28%.

EATON VANCE PORTFOLIO

General – All of the assets of the Eaton Vance Large-Cap Value Portfolio are invested in Class A shares of the Underlying Fund that is recommended by Eaton Vance and approved by FAME for use in the Eaton Vance Portfolio.

The Eaton Vance Large-Cap Value Portfolio is currently managed by Eaton Vance, which had $200 billion in assets under management as of June 30, 2011. Eaton Vance currently manages over 90 mutual funds registered under the Investment Company Act of 1940.

The following chart illustrates the current target asset allocation of the Eaton Vance Large-Cap Value Portfolio.



Eaton Vance Large-Cap Value Portfolio

Current Target Underlying Fund Allocation – The following chart illustrates the current target asset allocation and the current target Underlying Fund allocation for the Eaton Vance Large-Cap Value Portfolio. This information is presented for informational purposes only.

Underlying Fund	Eaton Vance Large-Cap Value Portfolio
Domestic Equity Fund	
Eaton Vance Large-Cap Value Fund	100%

Historical Investment Performance – The following tables summarize the average annual total return after deducting ongoing Portfolio fees of the Eaton Vance Portfolio as of June 30, 2011. Sales charges related to investments in the Eaton Vance Portfolio are not reflected in the returns set forth below. Also, the $50 annual Account Maintenance Fee ($25 if the Program is offered as an employee benefit by the Participant's employer), which is waived in certain circumstances, is not included in the returns set forth below. If these sales charges and fees were reflected, returns would be less than those shown. Updated performance data will be available on the Internet at www.nextgenplan.com or from the Program Manager by calling (877) 4-NEXTGEN (463-9843). The Eaton Vance Portfolio's fiscal year runs from July 1 to June 30, which also is the Program's fiscal year. **The performance data relating to the Eaton Vance Portfolio set forth below is for the limited time period presented and is not indicative of the future performance of the Eaton Vance Portfolio.**

Client Select Series - A Unit Class

	Average Annual Total Return* as of June 30, 2011 (Without Sales Charges)		
	1 Year	Since Inception	Inception Date
Single Fund Portfolio			
Eaton Vance Large-Cap Value Fund	22.79%	7.59%	11/16/09

* Average annual total return is a hypothetical rate of return that, if achieved annually, would have produced the same cumulative total return if performance had been constant over the entire period. (Cumulative total return reflects actual change in the value of an investment over a given period.) Average annual total return smoothes out variations in performance; it is not the same as actual year-by-year results. Returns covering periods of less than one year represent cumulative total returns.

Client Select Series - C Unit Class			
	Average Annual Total Return* as of June 30, 2011 (Without Sales Charges)		
	1 Year	Since Inception	Inception Date
Single Fund Portfolio			
Eaton Vance Large-Cap Value Fund	22.02%	6.88%	11/16/09

* Average annual total return is a hypothetical rate of return that, if achieved annually, would have produced the same cumulative total return if performance had been constant over the entire period. (Cumulative total return reflects actual change in the value of an investment over a given period.) Average annual total return smoothes out variations in performance; it is not the same as actual year-by-year results. Returns covering periods of less than one year represent cumulative total returns.

Summary of Investment Objectives and Policies of the Underlying Fund for the Eaton Vance Large-Cap Value Portfolio – The following description summarizes the investment goals and policies of the Underlying Fund in which the Eaton Vance Large-Cap Value Portfolio is currently invested. The description also identifies certain principal risks to which the Underlying Fund may be subject. Additional discussion of risks related to the various categories of the Underlying Fund is set forth under "PROGRAM AND PORTFOLIO RISKS AND OTHER CONSIDERATIONS." The investment strategy and risks of the Underlying Fund is subject to change.

The summary is qualified in its entirety by reference to the detailed information included in Eaton Vance Large-Cap Value Fund's current prospectus and statement of additional information, which contain additional information not summarized herein and which may identify additional principal risks to which the respective Fund may be subject. You may request a copy of the Underlying Fund's current prospectus or statement of additional information, or the Underlying Fund's most recent semi-annual or annual report by calling Eaton Vance at 1-800-225-6265 or by locating it on Eaton Vance's Web site at www.eatonvance.com.

DOMESTIC EQUITY FUND

Eaton Vance Large-Cap Value Fund

Investment Objectives, Strategy and Policies – The Eaton Vance Large-Cap Value Fund's investment objective is to seek total return. The Fund seeks to meet its objective by investing in Large-Cap Value Portfolio (the Master Portfolio), which has the same investment objective and policies as the Fund. Under normal market conditions, the Master Portfolio invests primarily in value stocks of large-cap companies. Value stocks are common stocks that, in the opinion of the investment adviser, are inexpensive or undervalued relative to the overall stock market. The portfolio manager generally considers large-cap companies to be those companies having market capitalizations equal to or greater than the median capitalization of companies included in the Russell 1000® Value Index. The Master Portfolio normally invests at least 80% of its net assets in equity securities of large-cap companies. The Master Portfolio primarily invests in dividend-paying stocks but may also invest in non-income producing stocks. If Fund (and class) expenses exceed income, Fund shareholders will not receive income distributions. The Master Portfolio may invest in convertible debt securities (including securities rated below investment grade). The Master Portfolio may also invest in real estate investment trusts and may lend its securities..

Principal Risks of Investing – The value of Fund shares is sensitive to stock market volatility. The Master Portfolio may invest up to 25% of its total assets in foreign companies, some of which may be located in emerging market countries, and may invest in convertible debt securities (including securities rated below investment grade), which are subject to additional risks. As an alternative to holding foreign stocks directly, the Master Portfolio may invest in dollar-denominated securities of foreign companies that trade on U.S. exchanges or in the over-the-counter market (including depository receipts which evidence ownership in underlying foreign stocks). The Master Portfolio may engage in derivative transactions that may expose the Fund to increased risk of principal loss. The Fund is intended for long-term investors and is not meant to be a complete investment program.

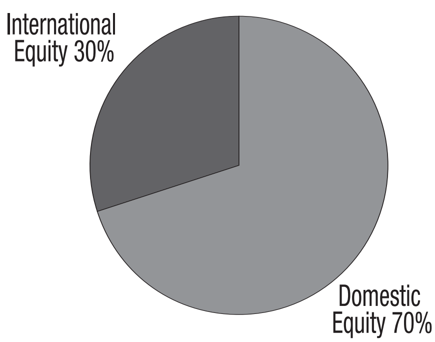
Russell 1000® Value Index is a registered trademark of Russell Investments.

FRANKLIN TEMPLETON PORTFOLIOS

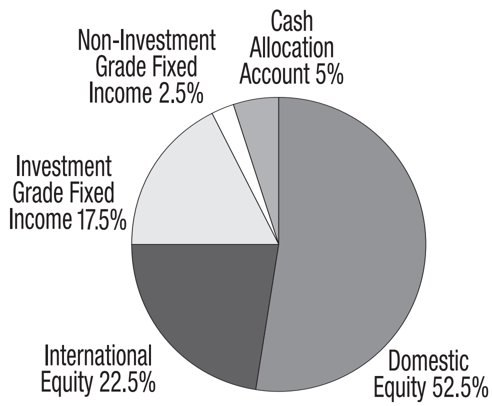
General – Substantially all of the assets of each Franklin Templeton Portfolio are invested in Class A shares of the Underlying Fund(s) that are recommended by Franklin Templeton for that Portfolio and approved by FAME for use in the Franklin Templeton Portfolios. A portion of certain Franklin Templeton Portfolios may be held in the Cash Allocation Account as described under "THE NEXTGEN PORTFOLIOS."

All of these Underlying Funds (excluding the Cash Allocation Account) in which Franklin Templeton Portfolios invest are currently managed by the advisory subsidiaries of Franklin Resources, Inc. (NYSE: BEN), an investment organization operating as Franklin Templeton Investments, which had $734.2 billion in assets under management as of June 30, 2011. Franklin Templeton currently manages over 132 mutual funds registered under the Investment Company Act of 1940.

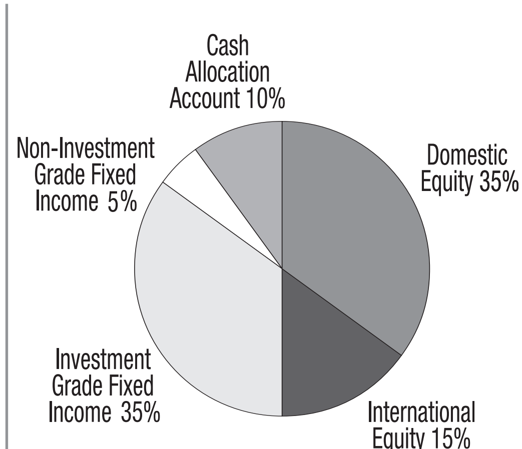
The following charts illustrate the current target asset allocation of each Franklin Templeton Age-Based Diversified Portfolio.



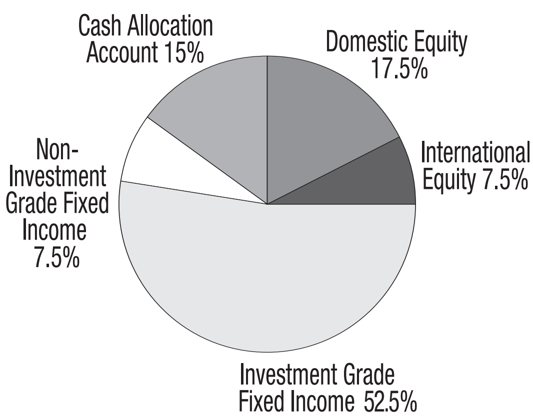
Franklin Templeton Age-Based 0-8 Years Portfolio



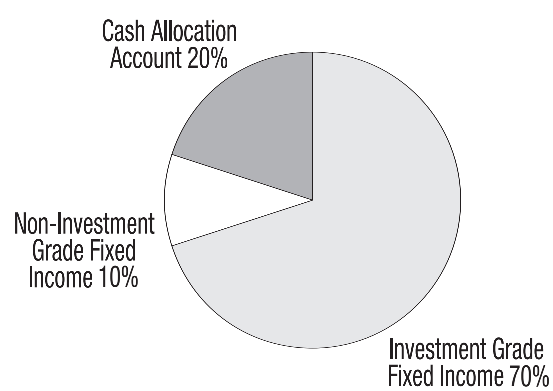
Franklin Templeton Age-Based 9-12 Years Portfolio



Franklin Templeton Age-Based 13-16 Years Portfolio



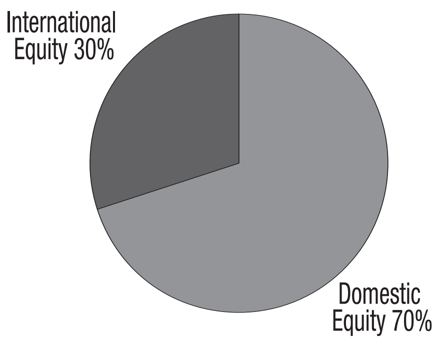
Franklin Templeton Age-Based 17-20 Years Portfolio



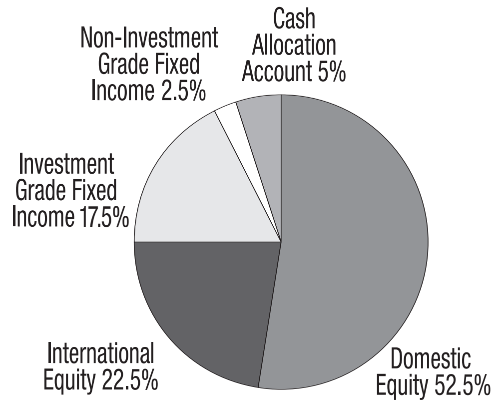
Franklin Templeton Age-Based 21+ Years Portfolio

FRANKLIN TEMPLETON PORTFOLIOS

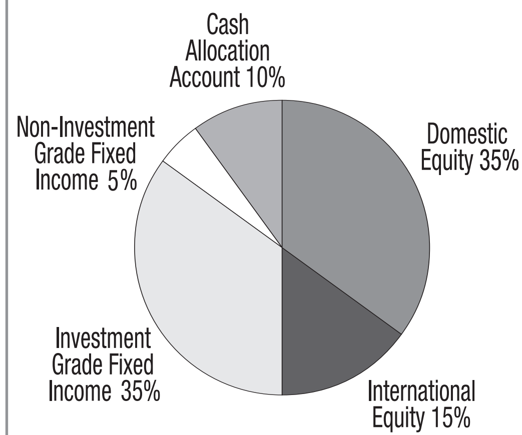
The following charts illustrate the current target asset allocation of each Franklin Templeton Diversified Portfolio and Single Fund Portfolio.



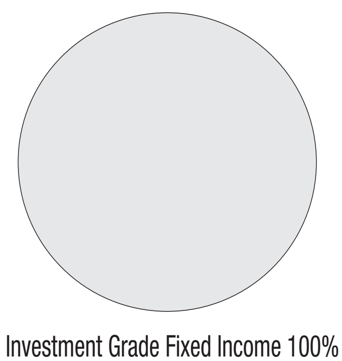
Franklin Templeton Growth Portfolio



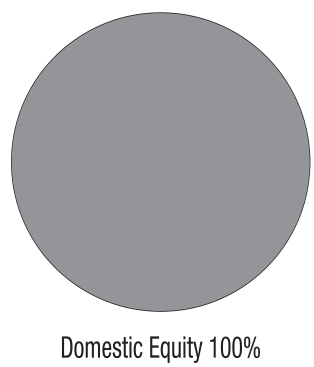
Franklin Templeton Growth and Income Portfolio



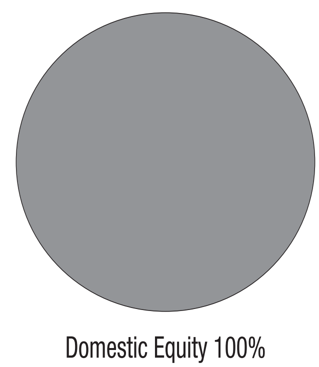
Franklin Templeton Balanced Portfolio



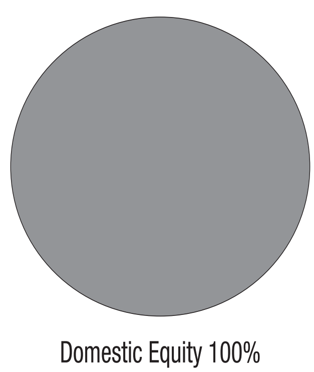
Franklin Templeton Global Bond Portfolio



Franklin Templeton Mutual Shares Portfolio



Franklin Templeton Small Cap Value Portfolio



Franklin Templeton Small-Mid Cap Growth Portfolio

FRANKLIN TEMPLETON PORTFOLIOS

Current Target Underlying Fund Allocations **–** The following charts illustrate the current target asset allocations and the current target Underlying Fund allocations within those target asset allocations for the Franklin Templeton Portfolios. This information is presented for informational purposes only.

Underlying Fund (Class A Shares)	Franklin Templeton Age-Based 0-8 Years Portfolio	Age-Based 9-12 Years Portfolio	Age-Based 13-16 Years Portfolio	Age-Based 17-20 Years Portfolio	Age-Based 21+ Years Portfolio
Domestic Equity Funds					
Franklin Flex Cap Growth Fund	25.00%	18.75%	12.50%	6.25%	0.00%
Franklin Small-Mid Cap Growth Fund	25.00%	18.75%	12.50%	6.25%	0.00%
Mutual Shares Fund	20.00%	15.00%	10.00%	5.00%	0.00%
International Equity Funds					
Mutual European Fund	21.00%	15.75%	10.50%	6.00%	0.00%
Templeton Foreign Fund	9.00%	6.75%	4.50%	1.50%	0.00%
Investment Grade Fixed Income Funds					
Franklin Total Return Fund	0.00%	5.00%	10.00%	15.00%	20.00%
Franklin U.S. Government Securities Fund	0.00%	10.00%	20.00%	30.00%	40.00%
Templeton Global Bond Fund	0.00%	2.50%	5.00%	7.50%	10.00%
Non-Investment Grade Fixed Income Fund					
Franklin Strategic Income Fund	0.00%	2.50%	5.00%	7.50%	10.00%
Cash Allocation Account					
Cash Allocation Account	0.00%	5.00%	10.00%	15.00%	20.00%

Underlying Fund (Class A Shares)	Franklin Templeton Growth Portfolio	Growth and Income Portfolio	Balanced Portfolio	Global Bond Portfolio	Mutual Shares Portfolio	Small Cap Value Portfolio	Small-Mid Cap Growth Portfolio
Domestic Equity Funds							
Franklin Flex Cap Growth Fund	25.00%	18.75%	12.50%	0.00%	0.00%	0.00%	0.00%
Franklin Small-Mid Cap Growth Fund	25.00%	18.75%	12.50%	0.00%	0.00%	0.00%	100.00%
Franklin Small Cap Value Fund	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%
Mutual Shares Fund	20.00%	15.00%	10.00%	0.00%	100.00%	0.00%	0.00%
International Equity Funds							
Mutual European Fund	21.00%	15.75%	10.50%	0.00%	0.00%	0.00%	0.00%
Templeton Foreign Fund	9.00%	6.75%	4.50%	0.00%	0.00%	0.00%	0.00%
Investment Grade Fixed Income Funds							
Franklin Total Return Fund	0.00%	5.00%	10.00%	0.00%	0.00%	0.00%	0.00%
Franklin U.S. Government Securities Fund	0.00%	10.00%	20.00%	0.00%	0.00%	0.00%	0.00%
Templeton Global Bond Fund	0.00%	2.50%	5.00%	100.00%	0.00%	0.00%	0.00%
Non-Investment Grade Fixed Income Fund							
Franklin Strategic Income Fund	0.00%	2.50%	5.00%	0.00%	0.00%	0.00%	0.00%
Cash Allocation Account							
Cash Allocation Account	0.00%	5.00%	10.00%	0.00%	0.00%	0.00%	0.00%

FRANKLIN TEMPLETON PORTFOLIOS

Historical Investment Performance – The following tables summarize the average annual total return after deducting on-going Portfolio fees of each Franklin Templeton Portfolio as of June 30, 2011. Sales charges related to investments in Franklin Templeton Client Select Series Portfolios are not reflected in the returns set forth below. Also, the $50 annual Account Maintenance Fee ($25 if the NextGen plan is offered as an employee benefit by the Participant's employer), which is waived in certain circumstances, is not included in the returns set forth below. If these sales charges and fees were reflected, returns would be less than those shown. Updated performance data will be available on the Internet at www.nextgenplan.com or from the Program Manager by calling (877) 4-NEXTGEN (463-9843). Each Franklin Templeton Portfolio's fiscal year runs from July 1 to June 30, which also is the Program's fiscal year. **The performance data relating to the Franklin Templeton Portfolios set forth below is for the limited time period presented and is not indicative of the future performance of the Franklin Templeton Portfolios.**

Client Select Series - A Unit Class

	Average Annual Total Return* as of June 30, 2011 (Without Sales Charges)				
	1 Year	**3 Years**	**5 Years**	**Since Inception**	**Inception Date**
Age-Based Diversified Portfolios					
Franklin Templeton Age-Based 0-8 Years Portfolio	30.22%	4.78%	4.47%	6.95%	09/20/04
Franklin Templeton Age-Based 9-12 Years Portfolio	24.03%	5.80%	5.35%	6.87%	09/20/04
Franklin Templeton Age-Based 13-16 Years Portfolio	17.90%	6.38%	5.91%	6.53%	09/20/04
Franklin Templeton Age-Based 17-20 Years Portfolio	11.64%	6.55%	6.15%	5.92%	09/20/04
Franklin Templeton Age-Based 21+ Years Portfolio	5.57%	6.39%	6.11%	5.12%	09/20/04
Diversified Portfolios					
Franklin Templeton Growth Portfolio	30.14%	4.75%	4.46%	6.94%	09/20/04
Franklin Templeton Growth and Income Portfolio	24.03%	5.80%	5.35%	6.87%	09/20/04
Franklin Templeton Balanced Portfolio	17.90%	6.38%	5.91%	6.53%	09/21/04
Single Fund Portfolios					
Franklin Templeton Global Bond Portfolio	13.43%	N/A	N/A	10.39%	11/16/09
Franklin Templeton Mutual Shares Portfolio	23.00%	2.59%	N/A	-2.97%	10/01/07
Franklin Templeton Small Cap Value Portfolio	34.19%	5.50%	N/A	1.16%	10/01/07
Franklin Templeton Small-Mid Cap Growth Portfolio	42.24%	8.19%	N/A	0.72%	10/08/07

* Average annual total return is a hypothetical rate of return that, if achieved annually, would have produced the same cumulative total return if performance had been constant over the entire period. (Cumulative total return reflects actual change in the value of an investment over a given period.) Average annual total return smoothes out variations in performance; it is not the same as actual year-by-year results. Returns covering periods of less than one year represent cumulative total returns.

FRANKLIN TEMPLETON PORTFOLIOS

Client Select Series - C Unit Class

	Average Annual Total Return* as of June 30, 2011 (Without Sales Charges)				
	1 Year	**3 Years**	**5 Years**	**Since Inception**	**Inception Date**
Age-Based Diversified Portfolios					
Franklin Templeton Age-Based 0-8 Years Portfolio	29.21%	3.98%	3.67%	6.21%	09/22/04
Franklin Templeton Age-Based 9-12 Years Portfolio	23.09%	5.00%	4.55%	6.15%	09/24/04
Franklin Templeton Age-Based 13-16 Years Portfolio	17.07%	5.59%	5.12%	5.76%	09/22/04
Franklin Templeton Age-Based 17-20 Years Portfolio	10.78%	5.75%	5.36%	5.13%	10/20/04
Franklin Templeton Age-Based 21+ Years Portfolio	4.83%	5.58%	5.31%	4.29%	10/26/04
Diversified Portfolios					
Franklin Templeton Growth Portfolio	29.25%	3.99%	3.69%	6.25%	09/23/04
Franklin Templeton Growth and Income Portfolio	23.15%	5.01%	4.56%	6.12%	09/22/04
Franklin Templeton Balanced Portfolio	17.04%	5.58%	5.12%	5.78%	09/24/04
Single Fund Portfolios					
Franklin Templeton Global Bond Portfolio	12.63%	N/A	N/A	10.12%	11/16/09
Franklin Templeton Mutual Shares Portfolio	21.91%	1.83%	N/A	-3.71%	10/01/07
Franklin Templeton Small Cap Value Portfolio	33.20%	4.71%	N/A	0.40%	10/01/07
Franklin Templeton Small-Mid Cap Growth Portfolio	41.13%	7.36%	N/A	-0.13%	10/11/07

Client Select Series - G Unit Class

	Average Annual Total Return* as of June 30, 2011 (Without Sales Charges)				
	1 Year	**3 Years**	**5 Years**	**Since Inception**	**Inception Date**
Age-Based Diversified Portfolios					
Franklin Templeton Age-Based 0-8 Years Portfolio	29.94%	4.50%	4.17%	5.09%	08/01/05
Franklin Templeton Age-Based 9-12 Years Portfolio	23.72%	5.51%	5.08%	5.49%	08/01/05
Franklin Templeton Age-Based 13-16 Years Portfolio	17.57%	6.12%	5.65%	5.66%	08/01/05
Franklin Templeton Age-Based 17-20 Years Portfolio	11.35%	6.30%	5.87%	5.52%	08/01/05
Franklin Templeton Age-Based 21+ Years Portfolio	5.32%	6.10%	5.83%	5.14%	08/01/05
Diversified Portfolio					
Franklin Templeton Growth Portfolio	29.86%	4.52%	4.21%	6.53%	10/07/04

* Average annual total return is a hypothetical rate of return that, if achieved annually, would have produced the same cumulative total return if performance had been constant over the entire period. (Cumulative total return reflects actual change in the value of an investment over a given period.) Average annual total return smoothes out variations in performance; it is not the same as actual year-by-year results. Returns covering periods of less than one year represent cumulative total returns.

Client Select Series - S Unit Class
(Prior to September 20, 2004, this Unit Class was an undesignated Unit Class of the Client Select Series.)

	Average Annual Total Return* as of June 30, 2011 (Without Sales Charges)					
	1 Year	**3 Years**	**5 Years**	**10 Years**	**Since Inception**	**Inception Date**
Age-Based Diversified Portfolios						
Franklin Templeton Age-Based 0-8 Years Portfolio	29.35%	4.11%	3.80%	4.05%	2.88%	11/08/00
Franklin Templeton Age-Based 9-12 Years Portfolio	23.24%	5.12%	4.67%	4.51%	3.46%	11/07/00
Franklin Templeton Age-Based 13-16 Years Portfolio	17.16%	5.70%	5.22%	4.78%	4.53%	11/27/00
Franklin Templeton Age-Based 17-20 Years Portfolio	11.22%	6.18%	5.76%	5.16%	5.11%	11/27/00
Franklin Templeton Age-Based 21+ Years Portfolio	5.25%	6.02%	5.74%	5.05%	5.17%	12/07/00
Diversified Portfolios						
Franklin Templeton Growth Portfolio	29.42%	4.10%	3.78%	4.05%	2.83%	11/08/00
Franklin Templeton Growth and Income Portfolio	23.23%	5.12%	4.68%	4.54%	4.00%	11/13/00
Franklin Templeton Balanced Portfolio	17.15%	5.68%	5.22%	4.79%	4.34%	11/14/00

* Average annual total return is a hypothetical rate of return that, if achieved annually, would have produced the same cumulative total return if performance had been constant over the entire period. (Cumulative total return reflects actual change in the value of an investment over a given period.) Average annual total return smoothes out variations in performance; it is not the same as actual year-by-year results. Returns covering periods of less than one year represent cumulative total returns.

Summary of Investment Objectives and Policies of the Underlying Funds for the Franklin Templeton Portfolios – The following descriptions summarize the investment goals and policies of the Underlying Funds in which the Franklin Templeton Portfolios are currently invested. The Cash Allocation Account is described on page 93. The descriptions also identify certain principal risks to which particular Underlying Funds may be subject. Additional discussion of risks related to the various categories of Underlying Funds is set forth under "PROGRAM AND PORTFOLIO RISKS AND OTHER CONSIDERATIONS." The investment strategy of each Underlying Fund is subject to change.

These summaries are qualified in their entirety by reference to the detailed information included in each Underlying Fund's current prospectus and statement of additional information, which contain additional information not summarized herein and which may identify additional principal risks to which the respective Underlying Fund may be subject. You may request a copy of any Underlying Fund's current prospectus or statement of additional information, or the Underlying Fund's most recent semi-annual or annual report by calling Franklin Templeton Investments at 1-800/DIAL BEN® (1-800/342-5236) or by locating it on Franklin Templeton's Web site at www.franklintempleton.com.

DOMESTIC EQUITY FUNDS

Franklin Flex Cap Growth Fund

Investment Objectives, Strategy and Policies – The Fund's investment goal is capital appreciation. The Fund seeks to meet this goal by investing, under normal market conditions, in equity securities of companies the manager believes have the potential for capital appreciation. The Fund has the flexibility to invest in companies located, headquartered, or operating inside and outside the United States, across the entire market capitalization spectrum from small, emerging growth companies to well-established, large companies. A substantial portion of the Fund's investments may be in smaller and mid-sized companies. When suitable opportunities are available, the Fund may invest in initial public offerings of securities.

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments. The Fund is also subject to the special risks of investing in smaller, mid-sized, and emerging growth companies. Historically, smaller and mid-sized company securities have been more volatile in price than larger company securities, especially over the short-term. As a result, general market and economic conditions as well as other risks specific to the financial services industry may impact the Fund's investments and performance. The Fund's investment in technology sectors may be subject to abrupt or erratic price movements and may be more volatile, especially over the short-term, due to the rapid pace of product change and development affecting such companies. To the extent that the Fund has significant investments in one or a few sectors, it bears more risk than a fund which maintains broad sector diversification. Growth stock prices reflect projections of future earnings or revenues and can, therefore, fall dramatically if the company fails to meet those projections. Prices of these companies' securities may be more volatile than other securities, especially over the short term.

Franklin Small-Mid Cap Growth Fund

Investment Objectives, Strategy and Policies – The Fund's investment goal is long-term capital growth. The Fund seeks to meet its goal, under normal market conditions, by investing at least 80% of its net assets in the equity securities of small-capitalization and mid-capitalization companies. For this fund, small cap companies are companies within the Russell 2500™ Index, at the time of purchase, and mid cap companies are companies within the Russell Midcap® Index, at the time of purchase. In most instances, the manager intends to hold an investment for further capital growth opportunities even if, through market appreciation, the company's market capitalization value exceeds the small or mid capitalization measures described above. In addition to its main investments, the Fund may invest in equity securities of larger companies. The Fund, from time to time, may have significant portions of its assets in particular sectors such as technology (including health care technology, technology services and electronic technology).

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments as well as the special risks of investing in smaller, mid-size and emerging growth companies. To the extent that the Fund has significant investments in one or a few sectors, it bears more risk than a fund which maintains broad sector diversification. The Fund's investment in the electronic technology and technology services sectors may be subject to abrupt or erratic price movements and may be more volatile, especially over the short term, due to the rapid pace of product change and development affecting such companies. Growth stock prices reflect projections of future earnings or revenues, and can, therefore, fall dramatically if the company fails to meet those projections. Prices of these companies' securities may be more volatile than other securities, especially over the short term.

Russell 2500™ Index and Russell Midcap® Index are registered trademarks of Russell Investments.

DOMESTIC EQUITY FUNDS

Franklin Small Cap Value Fund

Investment Objectives, Strategy and Policies – The Fund's investment goal is long-term total return. The Fund seeks to meet this goal by investing, under normal market conditions, at least 80% of its net assets in investments of small-capitalization companies. Small capitalization companies are companies with market capitalizations (the total market value of a company's outstanding stock) under $3.5 billion at the time of purchase. The Fund generally invests in equity securities that the Fund's manager believes are currently undervalued and have the potential for capital appreciation. The Fund may invest up to 15% of its total assets in foreign securities.

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments as well as the special risks of investing in smaller and emerging growth companies. The Fund may also invest in foreign securities and is subject to risks associated with investment in these securities. The Fund is subject to the special risk of value investments, since these investments may not increase in price as anticipated by the manager, and may decline even further if other investors favor investing in faster-growing companies, or if factors that the Fund's manager believes will increase the price do not occur.

Mutual Shares Fund

Investment Objectives, Strategy and Policies – The Fund's principal investment goal is capital appreciation, which may occasionally be short-term, with a secondary goal of income. The Fund seeks to meet its goal, under normal market conditions, by investing primarily in equity securities (including securities convertible into, or that the manager expects to be exchanged for, common or preferred stock) of companies the manager believes are available at market prices less than their value based on certain recognized or objective criteria (intrinsic value). Following this value-oriented strategy the Fund primarily invests in Undervalued Stocks (stocks trading at a discount to intrinsic value). To a lesser extent, the Fund also invests in securities of companies that are involved in restructurings and securities of companies that are, or are about to be, involved in reorganizations, financial restructurings, or bankruptcy. The Fund's investments in restructuring and distressed companies typically involve the purchase of bank debt, lower-rated or defaulted debt securities, comparable unrated debt securities, or other indebtedness. The Fund invests primarily in mid- and large-capitalization companies with market capitalization values greater than $1.5 billion. The Fund also may invest a portion of its assets in small-capitalization companies. The Fund may also engage from time to time in an "arbitrage" strategy. When engaging in an arbitrage strategy, the Fund typically buys one security while at the same time selling short another security. The Fund generally buys the security that the manager believes is either cheap relative to the price of the other security or otherwise undervalued, and sells short the security that the manager believes is either expensive relative to the price of the other security or otherwise overvalued. In doing so, the Fund attempts to profit from a perceived relationship between the value of the two securities. The Fund generally engages in an arbitrage strategy in connection with an announced corporate restructuring, such as a merger, acquisition or tender offer, or other corporate action or event. The Fund may also invest up to 35% of its total assets in foreign securities.

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments as well as the special risks of investing in smaller and emerging growth companies. The Fund may also invest in foreign securities and is subject to risks associated with investment in these securities. The Fund is subject to the special risk of value investments, since these investments may not increase in price as anticipated by the manager, and may decline even further if other investors favor investing in faster-growing companies, or if factors that the Fund's manager believes will increase the price do not occur. The Fund is also subject to the risk of fixed income investments, including interest rate risk, income risk and prepayment risk, and the risk of convertible securities. In addition, Fund investments may include companies engaged in mergers, reorganizations or liquidations, as well as lower-rated or defaulted bonds that entail higher credit risks. Changes in an issuer's financial strength or in a security's credit rating may affect a security's value, and thus, impact fund performance.

INTERNATIONAL EQUITY FUNDS

Mutual European Fund

Investment Objectives, Strategy and Policies – The Fund's principal investment goal is capital appreciation, which may occasionally be short-term, with a secondary goal of income. The Fund seeks to meet its objective, under normal market conditions, by investing at least 80% of its net assets in securities of European companies the manager believes are available at market prices less than their value based on certain recognized or objective criteria (intrinsic value). Following this value-oriented strategy the Fund primarily invests in undervalued stocks (stocks trading at a discount to intrinsic value). To a lesser extent, the Fund also invests in securities of companies that are involved in restructurings and securities of companies that are, or are about to be, involved in reorganizations, financial restructurings, or bankruptcy. The Fund's investments in restructuring and distressed companies typically involve the purchase of bank debt, lower-rated or defaulted debt securities, comparable unrated debt securities, or other indebtedness. The Fund will normally invest in securities from at least five different countries, although, from time to time, it may invest all of its assets in a single country. The Fund invests primarily in mid- and large-capitalization companies with market capitalization values greater than $1.5 billion. The Fund also may invest a significant portion of its assets in small-capitalization companies. The Fund may also engage from time to time in an "arbitrage" strategy. When engaging in an arbitrage strategy, the Fund typically buys one security while at the same time selling short another security. The Fund generally buys the security that the manager believes is either cheap relative to the price of the other security or otherwise undervalued, and sells short the security that the manager believes is either expensive relative to the price of the other security or otherwise overvalued. In doing so, the Fund attempts to profit from a perceived relationship between the value of the two securities. The Fund generally engages in an arbitrage strategy in connection with an announced corporate restructuring, such as a merger, acquisition or tender offer, or other corporate action or event. The Fund may also invest up to 20% of its total assets in securities of U.S. issuers, as well as in securities of issuers from Levant, the Middle East and the remaining regions of the world. The Fund generally seeks to hedge (protect) against currency risks, largely using forward currency exchange contracts.

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments as well as the special risks of investing in smaller and emerging growth companies. The Fund may also invest in foreign securities and is subject to risks associated with investment in these securities. The Fund is subject to the special risk of value investments, since these investments may not increase in price as anticipated by the manager, and may decline even further if other investors favor investing in faster-growing companies, or if factors that the Fund's manager believes will increase the price do not occur. The Fund is subject to greater risk of adverse events which occur in Europe and may experience greater volatility than a fund that is more broadly diversified geographically. In addition, Fund investments may include companies engaged in mergers, reorganizations or liquidations, as well as lower-rated or defaulted bonds that entail higher credit risks. Changes in an issuer's financial strength or in a security's credit rating may affect a security's value, and thus, impact fund performance.

Templeton Foreign Fund

Investment Objectives, Strategy and Policies – The Fund's investment goal is long-term capital growth. The Fund seeks to meet its goal, under normal market conditions, by investing at least 80% of its net assets in "foreign securities," which may include emerging markets. "Foreign securities" means those securities issued by companies: (1) whose principal securities trading markets are outside the U.S.; (2) that derive more than 50% of their total revenue from either goods or services produced or sales made in markets outside the U.S.; (3) that have more than 50% of their assets outside the U.S.; (4) that are linked to non-U.S. dollar currencies; or (5) that are organized under the laws of, or with principal offices in, another country. The Fund also invests in American, European and global depository receipts. The Fund may, from time to time, have significant investments in one or more countries or in particular sectors such as technology (including computer hardware and software, electronics, and telecommunications) and financial institutions. Depending upon current market conditions, the Fund generally invests a portion of its total assets in debt securities of companies and governments located anywhere in the world. The Fund may use various derivative strategies and may invest up to 5% of its total assets in swap agreements.

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments and to the risk of investment in foreign securities. There is a special risk of investing in foreign companies located in developing countries. Value stock prices are considered "cheap" relative to the company's perceived value and are often out of favor with other investors. If investors fail to recognize the company's value (and do not become buyers, of if they become sellers or favor investing in faster growing companies), value stocks may not increase in value as anticipated by the investment manager and may even decline in value.

INVESTMENT GRADE FIXED INCOME FUNDS

Franklin Total Return Fund

Investment Objectives, Strategy and Policies – The Fund's principal investment goal is to provide high current income, consistent with preservation of capital. Its secondary goal is capital appreciation over the long term. The Fund seeks to achieve its goal, under normal market conditions, by investing at least 80% of its assets in investment grade debt securities. The Fund focuses on government and corporate debt securities and mortgage and asset-backed securities. The mortgage securities purchased by the Fund are generally issued or guaranteed by the U.S. government, its agencies or instrumentalities. These securities may be fixed-rate or adjustable rate mortgage securities (ARMS). The Fund may invest up to 20% of total assets in non-investment grade debt securities, including up to 5% in securities rated lower than B by Standard & Poor's® (S&P®) or Moody's, which may include defaulted securities. The Fund may invest up to 20% of its total assets in foreign securities and up to 10% of its total assets in non-U.S. dollar denominated securities. The Fund may also buy and sell financial futures contracts or options on such contracts in order to help manage risk relating to interest rates and other market factors, to increase liquidity, to invest in particular instruments in a more efficient or less expensive way, or to quickly and efficiently cause cash to be invested in the securities markets. The Fund may invest in mortgage dollar rolls, a transaction in which the Fund sells mortgage securities for delivery in the current month and simultaneously contracts to repurchase substantially similar (sale type, coupon and maturity) securities on a specified future date.

Principal Risks of Investing – The Fund is subject to the general risks of fixed income investments, including interest rate risk, income risk and prepayment risk, and credit risk. There are separate risks associated with lower-rated securities which generally have more risk than higher-rated securities. The Fund is also subject to a special risk associated with mortgage securities and asset-backed securities. The Fund is subject to the risk of investment in foreign securities. There is a special risk of investing in foreign companies located in developing countries. The Fund is also subject to risks from the use of derivatives and mortgage dollar rolls.

Franklin U.S. Government Securities Fund

Investment Objectives, Strategy and Policies – The Fund's investment goal is income. Under normal market conditions, the Fund invests at least 80% of its net assets in U.S. government securities. The Fund presently invests substantially all of its assets in Government National Mortgage Association obligations (Ginnie Maes). The Fund may also invest in other U.S. government securities which are backed by the full faith and credit of the U.S. government, such as U.S. Treasury STRIPS, bills, bonds and notes, and in repurchase agreements collateralized by U.S. government securities. The Fund's short-term investments include short-term government securities and cash. The fund may also invest in mortgage dollar rolls in which the Fund sells mortgage backed securities for delivery in the current month and simultaneously contracts to repurchase substantially similar (same type, coupon and maturity) securities on a specified future date.

Principal Risks of Investing – The Fund is subject to the risks of Ginnie Maes, including risks of unscheduled prepayments of principal and changes in the values of such prepayments. The Fund is also subject to the risk of fixed income investments, including interest rate risk, income risk, prepayment risk and mortgage dollar rolls.

Templeton Global Bond Fund

Investment Objectives, Strategy and Policies – The Fund's investment goal is current income with capital appreciation and growth of income. Under normal market conditions, the Fund invests at least 80% of its net assets in "bonds." "Bonds" include debt securities of any maturity, such as bonds, notes and debentures. The Fund invests predominantly in bonds issued by governments and government agencies located around the world. Under normal conditions, the Fund expects to invest at least 40% of its assets in foreign securities. In addition, the Fund's assets will be invested in issuers located in at least three countries (including the U.S.).

Although the Fund may buy bonds rated in any category, it focuses on "investment grade" bonds. The Fund may invest up to 25% of its total assets in bonds that are rated below investment grade. The Fund also may invest a significant portion of its assets in emerging markets.

The manager allocates the Fund's assets based upon its assessment of changing market, political and economic conditions. It will consider various factors, including evaluation of interest and currency exchange rate changes and credit risks. The Fund regularly enters into currency-related transactions involving certain derivative instruments including currency and cross currency forwards, and currency and currency index futures.

When the manager believes market or economic conditions are unfavorable for investors, the manager may invest up to 100% of the Fund's assets in a temporary defensive manner by holding all or a substantial portion of its assets in cash, cash equivalents or other high quality short-term investments.

Principal Risks of Investing – The Fund is subject to the general risks of fixed income investments and the separate risks associated with lower-rated securities. These securities generally have more risk than higher-rated securities. The Fund is subject to the risk of investing in foreign securities funds and the special risk of investing in bonds issued by less developed countries, sometimes called emerging markets. This Fund is a non-diversified fund, meaning it may invest a greater portion of its assets in the securities of one or more issuers than a diversified fund. As a result, non-diversified funds have more risk than diversified funds. Because the Fund may from time to time have significant investments in one or a few sectors, it will have more risk than a Fund which always maintains

INVESTMENT GRADE FIXED INCOME FUNDS

broad diversification among sectors. The manager's attempt to keep the Fund's portfolio of bonds at an optimum level of interest rate sensitivity may cause the Fund's portfolio turnover rate to be high. High turnover will increase the Fund's transaction costs. The Fund is also subject to the risks associated with investing in derivatives. Derivative instruments involve costs, may be volatile, and may involve a small initial investment relative to the risk assumed.

NON-INVESTMENT GRADE FIXED INCOME FUND

Franklin Strategic Income Fund

Investment Objectives, Strategy and Policies – The Fund's principal investment goal is to earn a high level of current income with a secondary goal of capital appreciation over the long term. The Fund seeks to meet this objective by investing, under normal market conditions, at least 65% of its assets in U.S. and foreign debt securities including those of emerging markets. The Fund shifts its investments among: (1) high yield and investment grade corporate bonds and preferred stocks of issuers located in the U.S. and foreign countries, including emerging markets; (2) developed country (non-U.S.) government and agency bonds; (3) emerging market government and agency bonds; (4) U.S. government and agency bonds; (5) mortgage securities and other asset-backed securities; and (6) convertible securities, including bonds and preferred stocks. The Fund may invest significantly in floating and variable interest rate investments and may also invest a portion of its assets in bank loans and loan participations. The Fund may invest up to 100% of its total assets in bonds that are rated below investment grade, sometimes called "junk bonds." The Fund generally invests in bonds rated at least Caa by Moody's Investors Service, Inc. or CCC by Standard & Poor's® Rating Group. The Fund is a non-diversified fund, which means it may invest a greater portion of its assets in the securities of one issuer than a diversified fund. The Fund may have significant investments in one or a few sectors, such as telecommunications.

Principal Risks of Investing – The Fund is subject to the general risks of fixed income investments and the separate risks associated with lower-rated securities. These securities generally have more risk than higher-rated securities. The Fund is subject to the risk of investing in foreign securities funds and the special risk of investing in foreign companies located in emerging markets. The Fund is also subject to a special risk associated with mortgage securities and asset-backed securities. In addition, non-diversified funds have more risk than diversified funds. Because the Fund may from time to time have significant investments in one or a few sectors, it will have more risk than a fund which always maintains broad diversification among sectors. The Fund is also subject to the risks associated with investing in derivatives. Derivative instruments involve costs, may be volatile, and may involve a small initial investment relative to the risk assumed.

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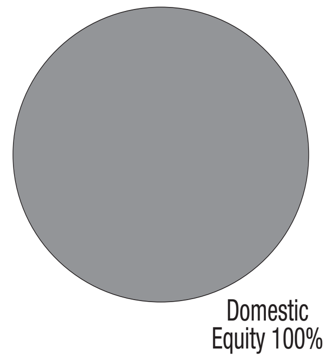
MAINSTAY PORTFOLIO

General – All of the assets of the MainStay Large Cap Growth Portfolio are invested in Class A shares of the Underlying Fund that is recommended by MainStay and approved by FAME for use in the MainStay Large Cap Growth Portfolio.

The MainStay Large Cap Growth Portfolio is currently managed by MainStay, which had $301.2 billion in assets under management as of June 30, 2011. MainStay currently manages over 46 mutual funds registered under the Investment Company Act of 1940.

The following chart illustrates the current target asset allocation of the MainStay Large Cap Growth Portfolio.



MainStay Large Cap Growth Portfolio

Current Target Underlying Fund Allocation – The following chart illustrates the current target asset allocation and the current target Underlying Fund allocation for the MainStay Large Cap Growth Portfolio. This information is presented for informational purposes only.

Underlying Fund	MainStay	
		MainStay Large Cap Growth Portfolio
Domestic Equity Fund		
MainStay Large Cap Growth Fund		100%

Historical Investment Performance – The following tables summarize the average annual total return after deducting ongoing Portfolio fees of the MainStay Portfolio as of June 30, 2011. Updated performance data will be available on the Program's website at www.nextgenplan.com or from the Program Manager by calling (877) 4-NEXTGEN (463-9843). **Past performance information for the MainStay Portfolio is not indicative of the future performance of the MainStay Portfolio.**

Client Select Series - A Unit Class

	Average Annual Total Return* as of June 30, 2011 (Without Sales Charges)		
	1 Year	**Since Inception**	**Inception Date**
Single Fund Portfolio			
MainStay Large Cap Growth Portfolio	N/A	18.90%	09/30/10

Client Select Series - C Unit Class

	Average Annual Total Return* as of June 30, 2011 (Without Sales Charges)		
	1 Year	**Since Inception**	**Inception Date**
Single Fund Portfolio			
MainStay Large Cap Growth Portfolio	N/A	17.80%	09/29/10

Summary of Investment Objectives and Policies of the Underlying Fund for the MainStay Large Cap Growth Portfolio – The following description summarizes the investment goals and policies of the Underlying Fund in which the MainStay Large Cap Growth Portfolio is currently invested. The description also identifies certain principal risks to which the Underlying Fund may be subject. Additional discussion of risks related to the various categories of the Underlying Fund is set forth under "PROGRAM AND PORTFOLIO RISKS AND OTHER CONSIDERATIONS." The investment strategy and risks of the Underlying Fund are subject to change.

The summary is qualified in its entirety by reference to the detailed information included in the current prospectus and statement of additional information, which contain additional information not summarized herein and which may identify additional principal risks to which the Underlying Fund may be subject. You may request a copy of the Underlying Fund's current prospectus or statement of additional information, or the Underlying Fund's most recent semi-annual or annual report by calling MainStay Investments at 1-888-474-7725 or by locating it on MainStay's Web site at www.mainstayfunds.com.

DOMESTIC EQUITY FUND

MainStay Large Cap Growth Fund

Investment Objectives, Strategy and Policies – The Fund's investment objective is to seek long-term growth of capital. Under normal circumstances, the Fund invests at least 80% of its assets (net assets plus any borrowings for investment purposes) in large capitalization companies, which are companies having a market capitalization in excess of $4 billion at the time of purchase. Typically, Winslow Capital Management, Inc., the Fund's sub-advisor, invests substantially all of the Fund's investable assets in domestic securities. However, the Fund is permitted to invest up to 20% of its net assets in foreign securities, which are generally securities issued by companies organized outside the U.S. and traded primarily in markets outside the U.S.

Investment Process: The Fund invests in those companies that the sub-advisor believes will provide an opportunity for achieving superior portfolio returns (i.e., returns in excess of the returns of the average stock mutual fund) over the long term. The sub-advisor seeks to invest in companies that have the potential for above-average future earnings growth with management focused on shareholder value.

When purchasing stocks for the Fund, the sub-advisor looks for companies typically having some or all of the following attributes: addressing markets with growth opportunities; favorable market share; identifiable and sustainable competitive advantages; a management team that can perpetuate the firm's competitive advantages; and, attractive, and preferably rising, returns on invested capital.

The sub-advisor takes a "bottom-up" investment approach when selecting investments. This means it bases investment decisions on company specific factors, not general economic conditions. Under normal market conditions, the sub-advisor employs a sell discipline pursuant to which it will sell some or all of its position in a stock when a stock becomes fully valued or a position exceeds 5% of the Fund, and/or the fundamental business prospects are deteriorating.

Principal Risks of Investing – Loss of Money Risk: Before considering an investment in the Fund, you should understand that you could lose money.

Market Changes Risk: The value of the Fund's investments may change because of broad changes in the markets in which the Fund invests, which could cause the Fund to underperform other funds with similar objectives. From time to time, markets may experience periods of acute stress that may result in increased volatility. Such market conditions tend to add significantly to the risk of short-term volatility in the net asset value of the Fund's shares.

Management Risk: The investment strategies, practices and risk analysis used by the Fund's sub-advisor may not produce the desired results.

Equity Securities Risk: Investments in common stocks and other equity securities are particularly subject to the risk of changing economic, stock market, industry and company conditions and the risks inherent in the portfolio managers' ability to anticipate such changes that can adversely affect the value of the Fund's holdings. Opportunity for greater gain often comes with greater risk of loss.

Growth Stock Risk: If growth companies do not increase their earnings at a rate expected by investors, the market price of the stock may decline significantly, even if earnings show an absolute increase. Growth company stocks also typically lack the dividend yield that can cushion stock prices in market downturns.

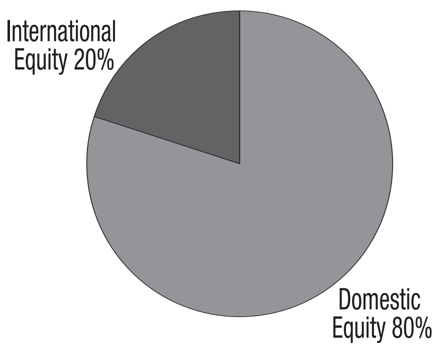
Foreign Securities Risk: Investments in foreign securities are subject to risks that differ from those of U.S. issuers. These risks may include: fluctuating currency values; less liquid trading markets; greater price volatility; political and economic instability; less publicly available information about issuers; changes in U.S. or foreign tax or currency laws; and changes in monetary policy. Foreign securities may be more difficult to sell than U.S. securities. These risks may be greater in emerging market countries than in more developed countries.

MFS PORTFOLIOS

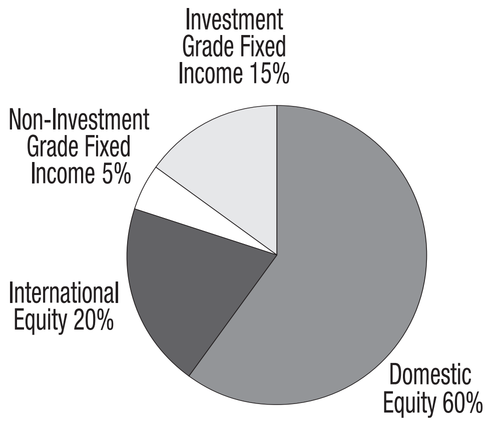
General – Substantially all of the assets of each MFS Portfolio are invested in Class A shares of the Underlying Fund(s) that are recommended by MFS for that Portfolio and approved by FAME for use in the MFS Portfolios. A portion of certain MFS Portfolios may be held in the Cash Allocation Account as described under "THE NEXTGEN PORTFOLIOS."

All of these Underlying Funds (excluding the Cash Allocation Account) in which MFS Portfolios invest are currently managed by MFS or its affiliates. MFS is America's oldest mutual fund organization. MFS and its affiliates had approximately $239.8 billion in assets under management as of June 30, 2011. MFS and its affiliates currently manage over 132 investment companies registered under the Investment Company Act of 1940.

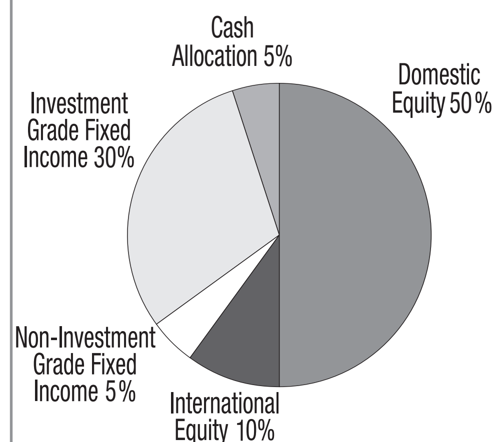
The following charts illustrate the current target asset allocation of each MFS Age-Based Diversified Portfolio.



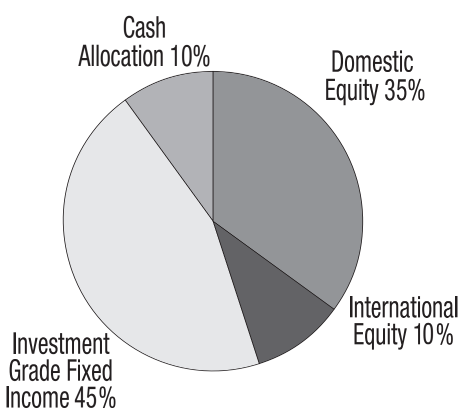
MFS Age-Based 0-5 Years Portfolio



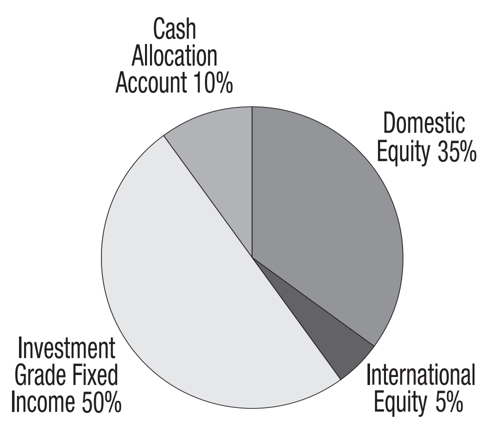
MFS Age-Based 6-10 Years Portfolio



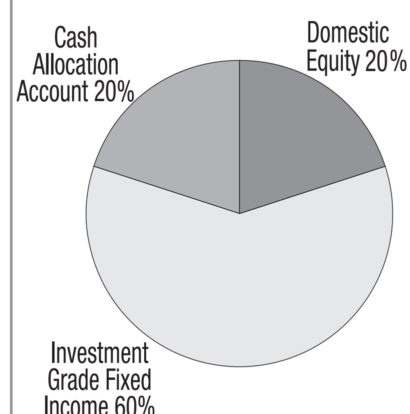
MFS Age-Based 11-13 Years Portfolio



MFS Age-Based 14-15 Years Portfolio



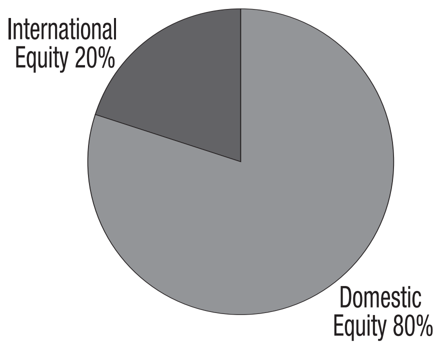
MFS Age-Based 16-17 Years Portfolio



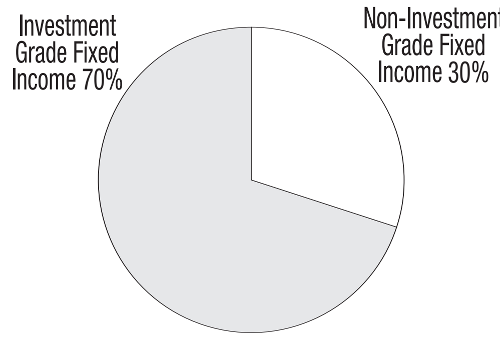
MFS Age-Based 18+ Years Portfolio

MFS PORTFOLIOS

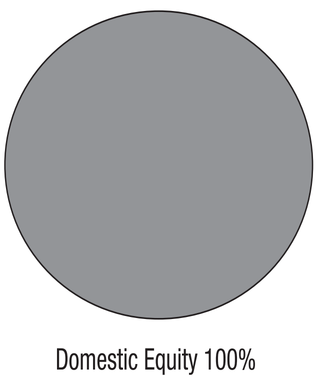
The following charts illustrate the current target asset allocation of each MFS Diversified Portfolio and Single Fund Portfolio.



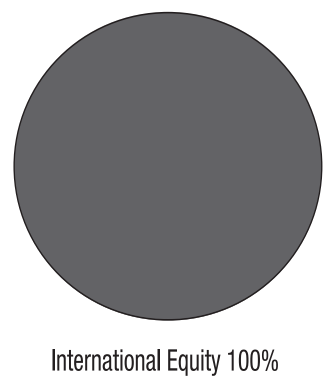
MFS Equity Portfolio



MFS Fixed Income Portfolio



MFS Value Portfolio



MFS Research International Portfolio

MFS PORTFOLIOS

Current Target Underlying Fund Allocations. The following charts illustrate the current target asset allocations and the current target Underlying Fund allocations within those target asset allocations for the MFS Portfolios. This information is presented for informational purposes only.

Underlying Fund (Class A Series)	MFS					
	Age-Based 0-5 Years Portfolio	Age-Based 6-10 Years Portfolio	Age-Based 11-13 Years Portfolio	Age-Based 14-15 Years Portfolio	Age-Based 16-17 Years Portfolio	Age-Based 18+ Years Portfolio
Domestic Equity Funds						
MFS Growth Fund	15%	10%	5%	0%	0%	0%
MFS New Discovery Fund	5%	0%	0%	0%	0%	0%
MFS Value Fund	15%	15%	15%	15%	15%	10%
Massachusetts Investors Growth Stock Fund	20%	15%	10%	5%	5%	0%
Massachusetts Investors Trust	10%	10%	15%	15%	15%	10%
MFS Mid Cap Value Fund	15%	10%	5%	0%	0%	0%
International Equity Funds						
MFS Research International Fund	10%	15%	10%	10%	5%	0%
MFS International New Discovery Fund	10%	5%	0%	0%	0%	0%
Investment Grade Fixed Income Funds						
MFS Limited Maturity Fund	0%	0%	0%	15%	20%	20%
MFS Government Securities Fund	0%	5%	10%	10%	10%	15%
MFS Research Bond Fund	0%	10%	20%	20%	20%	25%
Non-Investment Grade Fixed Income Fund						
MFS High Yield Opportunities Fund	0%	5%	5%	0%	0%	0%
Cash Allocation Account						
Cash Allocation Account	0%	0%	5%	10%	10%	20%

Underlying Fund (Class A Shares)	MFS			
	Equity Portfolio	Fixed Income Portfolio	Value Portfolio	Research International Portfolio
Domestic Equity Funds				
MFS Growth Fund	15%	0%	0%	0%
MFS New Discovery Fund	5%	0%	0%	0%
MFS Value Fund	15%	0%	100%	0%
Massachusetts Investors Growth Stock Fund	20%	0%	0%	0%
Massachusetts Investors Trust	10%	0%	0%	0%
MFS Mid Cap Value Fund	15%	0%	0%	0%
International Equity Funds				
MFS International New Discovery Fund	10%	0%	0%	0%
MFS Research International Fund	10%	0%	0%	100%
Investment Grade Fixed Income Funds				
MFS Government Securities Fund	0%	30%	0%	0%
MFS Research Bond Fund	0%	40%	0%	0%
Non-Investment Grade Fixed Income Fund				
MFS High Yield Opportunities Fund	0%	30%	0%	0%

Historical Investment Performance – The following tables summarize the average annual total return after deducting on-going Portfolio fees of each MFS Portfolio as of June 30, 2011. Sales charges related to investments in MFS Client Select Series Portfolios are not reflected in the returns set forth below. Also, the $50 annual Account Maintenance Fee ($25 if the Program is offered as an employee benefit by the Participant's employer), which is waived in certain circumstances, is not included in the returns set forth below. If these sales charges and fees were reflected, returns would be less than those shown. Updated performance data will be available on the Internet at www.nextgenplan.com or from the Program Manager by calling (877) 4-NEXTGEN (463-9843). Each MFS Portfolio's fiscal year runs from July 1 to June 30, which also is the Program's fiscal year. The assets invested in the Age-Based Diversified Portfolios on behalf of particular Designated Beneficiaries are automatically transferred to a successive Portfolio when the Designated Beneficiary reaches a given age, and may not remain invested in the referenced Portfolio for a portion of the period reported. **The performance data relating to the MFS Portfolios set forth below is for the limited time period presented and is not indicative of the future performance of the MFS Portfolios.**

Client Select Series - A Unit Class

	Average Annual Total Return* as of June 30, 2011 (Without Sales Charges)				
	1 Year	**3 Years**	**5 Years**	**Since Inception**	**Inception Date**
Age-Based Diversified Portfolios					
MFS Age-Based 0-5 Years Portfolio	33.07%	3.54%	4.08%	6.22%	09/20/04
MFS Age-Based 6-10 Years Portfolio	26.98%	4.00%	4.53%	6.23%	09/21/04
MFS Age-Based 11-13 Years Portfolio	20.37%	4.87%	5.07%	6.05%	09/21/04
MFS Age-Based 14-15 Years Portfolio	14.83%	4.35%	4.75%	5.36%	09/20/04
MFS Age-Based 16-17 Years Portfolio	13.22%	4.52%	4.23%	4.37%	09/20/04
MFS Age-Based 18+ Years Portfolio	7.51%	4.52%	4.54%	4.47%	09/20/04
Diversified Portfolios					
MFS Equity Portfolio	33.07%	3.54%	4.07%	6.22%	09/20/04
MFS Fixed Income Portfolio	7.47%	8.33%	6.86%	5.51%	09/20/04
Single Fund Portfolios					
MFS Research International Portfolio	34.84%	-0.91%	N/A	-3.74%	10/01/07
MFS Value Portfolio	26.42%	1.93%	N/A	-2.37%	10/01/07

* Average annual total return is a hypothetical rate of return that, if achieved annually, would have produced the same cumulative total return if performance had been constant over the entire period. (Cumulative total return reflects actual change in the value of an investment over a given period.) Average annual total return smoothes out variations in performance; it is not the same as actual year-by-year results. Returns covering periods of less than one year represent cumulative total returns.

MFS PORTFOLIOS

Client Select Series - C Unit Class

	Average Annual Total Return* as of June 30, 2011 (Without Sales Charges)				
	1 Year	**3 Years**	**5 Years**	**Since Inception**	**Inception Date**
Age-Based Diversified Portfolios					
MFS Age-Based 0-5 Years Portfolio	32.02%	2.76%	3.30%	5.57%	09/23/04
MFS Age-Based 6-10 Years Portfolio	26.09%	3.23%	3.77%	5.54%	09/24/04
MFS Age-Based 11-13 Years Portfolio	19.51%	4.09%	4.27%	5.33%	09/24/04
MFS Age-Based 14-15 Years Portfolio	13.99%	3.60%	3.97%	4.67%	09/27/04
MFS Age-Based 16-17 Years Portfolio	12.47%	3.75%	3.46%	3.63%	09/28/04
MFS Age-Based 18+ Years Portfolio	6.78%	3.74%	3.76%	3.67%	10/06/04
Diversified Portfolios					
MFS Equity Portfolio	32.02%	2.76%	3.30%	5.57%	09/23/04
MFS Fixed Income Portfolio	6.72%	7.55%	6.08%	4.72%	09/23/04
Single Fund Portfolios					
MFS Research International Portfolio	33.81%	-1.64%	N/A	-4.46%	10/01/07
MFS Value Portfolio	25.56%	1.15%	N/A	-3.09%	10/01/07

Client Select Series - G Unit Class

	Average Annual Total Return* as of June 30, 2011 (Without Sales Charges)				
	1 Year	**3 Years**	**5 Years**	**Since Inception**	**Inception Date**
Diversified Portfolio					
MFS Fixed Income Portfolio	7.18%	8.06%	6.60%	5.20%	10/25/04

Client Select Series - S Unit Class
(Prior to September 20, 2004, this Unit Class was an undesignated Unit Class of the Client Select Series.)

	Average Annual Total Return* as of June 30, 2011 (Without Sales Charges)					
	1 Year	**3 Years**	**5 Years**	**10 Years**	**Since Inception**	**Inception Date**
Age-Based Diversified Portfolios						
MFS Age-Based 0-5 Years Portfolio	32.10%	3.59%	3.84%	1.98%	0.34%	11/16/00
MFS Age-Based 6-10 Years Portfolio	26.20%	3.34%	3.88%	2.74%	1.42%	11/16/00
MFS Age-Based 11-13 Years Portfoli	19.61%	4.22%	4.39%	3.81%	2.89%	11/16/00
MFS Age-Based 14-15 Years Portfolio	14.11%	3.72%	4.09%	3.75%	3.33%	11/22/00
MFS Age-Based 16-17 Years Portfolio	12.91%	4.16%	3.86%	3.75%	3.64%	11/22/00
MFS Age-Based 18+ Years Portfolio	7.17%	4.17%	4.19%	3.63%	3.56%	11/21/00
Diversified Portfolios						
MFS Equity Portfolio	32.08%	2.88%	3.41%	1.77%	0.16%	11/16/00
MFS Fixed Income Portfolio	7.11%	7.97%	6.50%	5.25%	5.23%	11/16/00

* Average annual total return is a hypothetical rate of return that, if achieved annually, would have produced the same cumulative total return if performance had been constant over the entire period. (Cumulative total return reflects actual change in the value of an investment over a given period.) Average annual total return smoothes out variations in performance; it is not the same as actual year-by-year results. Returns covering periods of less than one year represent cumulative total returns.

Summary of Investment Objectives and Policies of the Underlying Funds for the MFS Portfolios – The following descriptions summarize the investment goals and policies of the Underlying Funds in which the MFS Portfolios are currently invested. The Cash Allocation Account is described on page 93. The descriptions also identify certain principal risks to which particular Underlying Funds may be subject. Additional discussion of risks related to the various categories of Underlying Funds is set forth under "PROGRAM AND PORTFOLIO RISKS AND OTHER CONSIDERATIONS." The investment objective of each Underlying Fund may be changed without shareholder approval. The investment strategy and policies of each Underlying Fund is also subject to change.

These summaries are qualified in their entirety by reference to the detailed information included in each Underlying Fund's current prospectus and statement of additional information, which contain additional information not summarized herein and which may identify additional principal risks to which the respective Underlying Fund may be subject. You may request a copy of any Underlying Fund's current prospectus and statement of additional information, or an Underlying Fund's most recent semi-annual or annual report by calling MFS at 1-800-225-2606 or by locating it on MFS' Web site at www.mfs.com.

DOMESTIC EQUITY FUNDS

Massachusetts Investors Growth Stock Fund

Investment Objective, Strategy and Policies – The Fund's investment objective is to seek capital appreciation. MFS, the Fund's investment adviser, normally invests at least 80% of the Fund's net assets in equity securities. Equity securities include common stocks, preferred stocks, securities convertible into stocks, and depository receipts for those securities. MFS focuses on investing the Fund's assets in the stocks of companies it believes to have above average earnings growth potential compared to other companies (growth companies). Growth companies tend to have stock prices that are high relative to their earnings, dividends, book value, or other financial measures. While MFS may invest the Fund's assets in companies of any size, MFS generally focuses on companies with large capitalizations. MFS may invest the Fund's assets in foreign securities.

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments, to growth style investing risk, to active or frequent trading risk and to the risks of investment in foreign securities.

Massachusetts Investors Trust

Investment Objective, Strategy and Policies – The Fund's investment objective is to seek capital appreciation. MFS, the Fund's investment adviser, normally invests the Fund's assets primarily in equity securities. Equity securities include common stocks, preferred stocks, securities convertible into stocks, and depository receipts for those securities. In selecting investments for the Fund, MFS is not constrained to any particular investment style. MFS may invest the Fund's assets in the stocks of companies it believes to have above average earnings growth potential compared to other companies (growth companies), in the stocks of companies it believes are undervalued compared to their perceived worth (value companies), or in a combination of growth and value companies. While MFS may invest the Fund's assets in companies of any size, MFS generally focuses on companies with large capitalizations. MFS may invest the Fund's assets in foreign securities.

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments, to active or frequent trading risk, and to the risks of investment in foreign securities.

MFS Growth Fund

Investment Objective, Strategy and Policies – The Fund's investment objective is to seek capital appreciation. MFS, the Fund's investment adviser, normally invests the Fund's assets primarily in equity securities. Equity securities include common stocks, preferred stocks, securities convertible into stocks, and depository receipts for those securities. MFS focuses on investing the Fund's assets in the stocks of companies it believes to have above average earnings growth potential compared to other companies (growth companies). Growth companies tend to have stock prices that are high relative to their earnings, dividends, book value, or other financial measures. MFS may invest the Fund's assets in companies of any size. MFS may invest the Fund's assets in foreign securities.

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments, to growth style investing risk, to active or frequent trading risk and to the risks of investment in foreign securities.

MFS New Discovery Fund

Investment Objective, Strategy and Policies – The Fund's investment objective is to seek capital appreciation. MFS, the Fund's investment adviser, normally invests the Fund's assets primarily in equity securities. Equity securities include common stocks, preferred stocks, securities convertible into stocks, and depository receipts for those securities. MFS focuses on investing the Fund's assets in the stock of companies it believes to have above average earnings growth potential compared to other companies (growth companies). Growth companies tend to have stock prices that are high relative to their earnings, dividends, book value, or other financial measures. While MFS may invest the Fund's assets in companies of any size, MFS generally focuses on companies with small capitalizations. MFS may invest the Fund's assets in foreign securities. MFS may use

DOMESTIC EQUITY FUNDS

derivatives for any investment purpose, including to earn income and enhance returns, to increase or decrease exposure to a particular market, to manage or adjust the risk profile of the Fund, or as alternatives to direct investments.

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments, to growth style investing risk, to active or frequent trading risk and to the risks of investment in foreign securities and derivatives. In addition, there are special risks of investing in small-cap companies.

MFS Mid Cap Value Fund

Investment Objective, Strategy and Policies – The Fund's investment objective is to seek capital appreciation. MFS, the Fund's investment adviser, normally invests at least 80% of the Fund's net assets in issuers with medium market capitalizations. MFS generally defines medium market capitalization issuers as issuers within the range of the Russell Midcap® Value Index over the last 13 months at the time of purchase. Issuers whose market capitalizations fall outside this range after purchase continue to be considered to have a medium market capitalization for purposes of the 80% policy. MFS normally invests the Fund's assets primarily in equity securities. Equity securities include common stocks, preferred stocks, securities convertible into stocks, and depository receipts for those securities. MFS focuses on investing the fund's assets in the stock of companies that it believes are undervalued compared to their perceived worth (value companies). Value companies tend to have stock prices that are low relative to their earnings, dividends, assets, or other financial measures. MFS may invest the Fund's assets in foreign securities. MFS may use derivatives for any investment purpose, including to earn income and enhance returns, to increase or decrease exposure to a particular market, to manage or adjust the risk profile of the Fund, or as alternatives to direct investments.

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments, to value style investing risk, to active or frequent trading risk and to the risks of investment in foreign securities and derivatives. In addition, there are special risks of investing in mid-cap companies.

Russell Midcap® Value Index is a registered trademark of Russell Investments.

MFS Value Fund

Investment Objective, Strategy and Policies – The Fund's investment objective is to seek capital appreciation. MFS, the Fund's investment adviser, normally invests the Fund's assets primarily in equity securities. Equity securities include common stocks, preferred stocks, securities convertible into stocks, and depository receipts for those securities. MFS focuses on investing the Fund's assets in the stock of companies that it believes are undervalued compared to their perceived worth (value companies). Value companies tend to have stock prices that are low relative to their earnings, dividends, assets, or other financial measures. While MFS may invest the Fund's assets in companies of any size, MFS generally focuses on companies with large capitalizations. MFS may invest the Fund's assets in foreign securities. MFS may use derivatives for any investment purpose, including to earn income and enhance returns, to increase or decrease exposure to a particular market, to manage or adjust the risk profile of the Fund, or as alternatives to direct investments.

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments, to value style investing risk, to active and frequent trading risk, and to the risks of investment in foreign securities and derivatives.

INTERNATIONAL EQUITY FUNDS

MFS International New Discovery Fund

Investment Objective, Strategy and Policies – The Fund's investment objective is to seek capital appreciation. MFS, the Fund's investment adviser, normally invests the Fund's assets primarily in foreign equity securities, including emerging market equity securities. Equity securities include common stocks, preferred stocks, securities convertible into stocks, and depository receipts for those securities. MFS may invest a relatively high percentage of the Fund's assets in securities of issuers in a single country, a small number of countries or a particular geographic region. MFS focuses on investing the Fund's assets in the stock of companies it believes to have above average earnings growth potential compared to other companies (growth companies). Growth companies tend to have stock prices that are high relative to their earnings, dividends, book value, or other financial measures. While MFS may invest the Fund's assets in companies of any size, MFS generally focuses on companies with small to medium capitalizations. MFS may use derivatives for any investment purpose, including to earn income and enhance returns, to increase or decrease exposure to a particular market, to manage or adjust the risk profile of the Fund, or as alternatives to direct investments.

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments, to growth style investing risk, to active and frequent trading risk, to the risks of investment in foreign securities, including emerging markets securities, to derivative risk, and to geographic concentration risk. In addition, there are special risks of investing in mid and small-cap companies.

INTERNATIONAL EQUITY FUNDS

MFS Research International Fund

Investment Objective, Strategy and Policies – The Fund's investment objective is to seek capital appreciation. MFS, the Fund's investment adviser, normally invests the Fund's assets primarily in foreign equity securities, including emerging market equity securities. Equity securities include common stocks, preferred stocks, securities convertible into stocks, and depository receipts for those securities. MFS may invest a relatively high percentage of the fund's assets in securities of issuers in a single country, a small number of countries, or a particular geographic region. In selecting investments for the Fund, MFS is not constrained to any particular investment style. MFS may invest the Fund's assets in the stock of companies it believes to have above average earnings growth potential compared to other companies (growth companies), in the stock of companies it believes are undervalued compared to their perceived worth (value companies), or in a combination of growth and value companies. MFS may invest the Fund's assets in companies of any size. MFS may use derivatives for any investment purpose, including to earn income and enhance returns, to increase or decrease exposure to a particular market, to manage or adjust the risk profile of the Fund, or as alternatives to direct investments. A team of research analysts selects investments for the Fund. MFS allocates the Fund's assets to analysts by broad market sectors.

Principal Risks of Investing – The Fund is subject to the market and selection risks of equity investments, to the risks of investment in foreign securities, including emerging markets securities, to active and frequent trading risk, to derivative risk, and to geographic concentration risk.

INVESTMENT GRADE FIXED INCOME FUNDS

MFS Limited Maturity Fund

Investment Objective, Strategy and Policies – The Fund's investment objective is to seek total return with an emphasis on current income, but also considering capital preservation. MFS, the Fund's investment advisor, invests the Fund's assets primarily in debt instruments. Debt instruments represent obligations of corporations, governments, and other entities to repay money borrowed. The Fund's dollar-weighted average effective maturity will normally not exceed five years. In determining an instrument's effective maturity, MFS uses the instrument's stated maturity or, if applicable, an earlier date on which MFS believes it is probable that a maturity-shortening device (such as a call, put, pre-refunding, prepayment or redemption provision, or an adjustable coupon) will cause the instrument to be repaid. Such an earlier date can be substantially shorter than the instrument's stated maturity. MFS generally invests substantially all of the Fund's assets in investment grade instruments. MFS may invest the Fund's assets in U.S. dollar-denominated foreign securities. MFS may use derivatives for any investment purpose, including to earn income and enhance returns, to increase or decrease exposure to a particular market, to manage or adjust the risk profile of the Fund, or as alternatives to direct investments.

Principal Risks of Investing – The Fund is subject to the risk of fixed income investments, including interest rate, credit, maturity, and prepayment risk, to active or frequent trading risk, as well as the special risks of municipal instruments, inflation-adjusted debt instruments, foreign securities, and derivative securities.

MFS Government Securities Fund

Investment Objective, Strategy and Policies – The Fund's investment objective is to seek total return with an emphasis on current income, but also considering capital appreciation. MFS, the Fund's investment adviser, normally invests at least 80% of the Fund's net assets in U. S. Government securities. U.S. Government securities are securities issued or guaranteed by the U.S. Treasury, by an agency or instrumentality of the U.S. Government, or by a U.S. Government-sponsored entity. Certain U.S. Government securities are not supported as to the payment of principal and interest by the full faith and credit of the U.S. Treasury or the ability to borrow from the U.S. Treasury. Some U.S. Government securities are supported as to the payment of principal and interest only by the credit of the entity issuing or guaranteeing the security. MFS generally invests substantially all of the Fund's assets in investment grade debt instruments. Debt instruments represent obligations of corporations, governments, and other entities to repay money borrowed. MFS may invest a relatively large percentage of the Fund's assets in the debt instruments of a single issuer or a small number of issuers. While MFS may use derivatives for any investment purpose, to the extent MFS uses derivatives, MFS expects to use derivatives primarily to increase or decrease exposure to a particular market, segment of the market, or security, to increase or decrease interest rate exposure or as alternatives to direct investments.

Principal Risks of Investing – The Fund is subject to the risk of fixed income investments, including interest rate, credit, maturity and prepayment risk, to issuer focused risk and to active and frequent trading risk, as well as the special risks of mortgage-backed securities, inflation-adjusted debt instruments and derivative securities. In addition, government guarantees apply to the underlying securities only and not to the prices and yields of the managed fund.

MFS Research Bond Fund

Investment Objective, Strategy and Policies – The Fund's

INVESTMENT GRADE FIXED INCOME FUNDS

investment objective is to seek total return with an emphasis on current income, but also considering capital appreciation. MFS, the Fund’s investment adviser, normally invests at least 80% of the Fund’s net assets in debt instruments. Debt instruments represent obligations of corporations, governments, and other entities to repay money borrowed. MFS primarily invests the Fund’s assets in investment grade debt instruments, but may also invest in lower quality debt instruments. MFS may invest the Fund’s assets in foreign securities, including emerging market securities. MFS may use derivatives for any investment purpose, including to earn income and enhance returns, to increase or decrease exposure to a particular market, to manage or adjust the risk profile of the Fund, or as alternatives to direct investments. A team of investment research analysts selects investments for the Fund. MFS allocates the Fund's assets to analysts by sectors of the debt market.

Principal Risks of Investing –The Fund is subject to the risk of fixed income investments, including interest rate, credit, maturity, and prepayment risk, to active or frequent trading risk, as well as the special risks of lower-rated securities, foreign securities, including emerging market securities, derivative securities, inflation-adjusted debt instruments and municipal instruments.

NON-INVESTMENT GRADE FIXED INCOME FUND

MFS High Yield Opportunities Fund

Investment Objectives, Strategy and Policies – The Fund’s investment objective is to seek total return with an emphasis on high current income, but also considering capital appreciation. MFS, the Fund's investment advisor, normally invests at least 80% of the Fund’s net assets in high income debt instruments. MFS may invest the Fund’s assets in other types of debt instruments and equity securities. Debt instruments represent obligations of corporations, governments, and other entities to repay money borrowed. Equity securities include common stocks, preferred stocks, securities convertible into stocks, and depository receipts for those securities. MFS may invest up to 100% of the Fund's assets in lower quality debt instruments. MFS may invest the Fund’s assets in foreign securities, including emerging market securities. While MFS may use derivatives for any investment purpose, to the extent MFS uses derivatives, MFS expects to use derivatives to increase or decrease exposure to a particular market, segment of the market, or security, to increase or decrease interest rate or currency exposure or as alternatives to direct investments.

Principal Risks of Investing – The Fund is subject to the general risks of fixed income investments, including interest rate, credit, maturity and prepayment risk and to active or frequent trading risk, as well as the special risks of investing in lower-rated securities, derivative securities and foreign securities, including emerging market securities. The Fund is also subject to the market and selection risks of equity investments.

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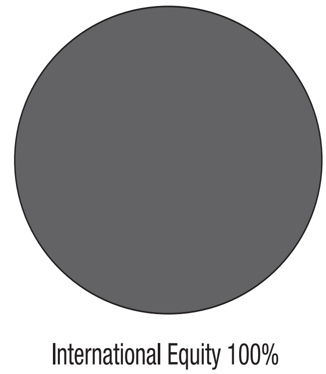
THORNBURG PORTFOLIO

General – All of the assets of the Thornburg International Value Portfolio are invested in Class A shares of the Underlying Fund that is recommended by Thornburg and approved by FAME for use in the Thornburg Portfolio.

The Thornburg International Value Portfolio is currently managed by Thornburg Investment Management, Inc., which had $83.0 billion in assets under management as of June 30, 2011. Thornburg currently manages 16 mutual funds registered under the Investment Company Act of 1940.

The following chart illustrates the current target asset allocation of the Thornburg International Value Portfolio.



Thornburg International Value Portfolio

Current Target Underlying Fund Allocation – The following chart illustrates the current target asset allocation and the current target Underlying Fund allocation for the Thornburg International Value Portfolio. This information is presented for informational purposes only.

Underlying Fund	Thornburg International Value Portfolio
International Equity Fund	
Thornburg International Value Fund	100%

Historical Investment Performance – The following tables summarize the average annual total return after deducting ongoing Portfolio fees of the Thornburg Portfolio as of June 30, 2011. Sales charges related to investments in the Thornburg Portfolio are not reflected in the returns set forth below. Also, the $50 annual Account Maintenance Fee ($25 if the Program is offered as an employee benefit by the Participant's employer), which is waived in certain circumstances, is not included in the returns set forth below. If these sales charges and fees were reflected, returns would be less than those shown. Updated performance data will be available on the Internet at www.nextgenplan.com or from the Program Manager by calling (877) 4-NEXTGEN (463-9843). The Thornburg Portfolio's fiscal year runs from October 1 to September 30, which also is the Program's fiscal year. **The performance data relating to the Thornburg Portfolio set forth below is for the limited time period presented and is not indicative of the future performance of the Thornburg Portfolio.**

Client Select Series - A Unit Class

	Average Annual Total Return* as of June 30, 2011 (Without Sales Charges)		
	1 Year	Since Inception	Inception Date
Single Fund Portfolio			
Thornburg International Value Portfolio	29.31%	10.10%	11/16/09

Client Select Series - C Unit Class

	Average Annual Total Return* as of June 30, 2011 (Without Sales Charges)		
	1 Year	Since Inception	Inception Date
Single Fund Portfolio			
Thornburg International Value Portfolio	28.59%	9.35%	11/16/09

* Average annual total return is a hypothetical rate of return that, if achieved annually, would have produced the same cumulative total return if performance had been constant over the entire period. (Cumulative total return reflects actual change in the value of an investment over a given period.) Average annual total return smoothes out variations in performance; it is not the same as actual year-by-year results. Returns covering periods of less than one year represent cumulative total returns.

INTERNATIONAL EQUITY FUND

Summary of Investment Objectives and Policies of the Underlying Fund for the Thornburg International Value Portfolio – The following description summarizes the investment goals and policies of the Underlying Fund in which the Thornburg International Value is currently invested. The description also identifies certain principal risks to which the Underlying Fund may be subject. Additional discussion of risks related to the various categories of the Underlying Fund is set forth under "PROGRAM AND PORTFOLIO RISKS AND OTHER CONSIDERATIONS." The investment strategy and risks of the Underlying Fund are subject to change.

The summary is qualified in its entirety by reference to the detailed information included in the current prospectus and statement of additional information, which contain additional information not summarized herein and which may identify additional principal risks to which the respective Underlying Fund may be subject. You may request a copy of the Underlying Fund's current prospectus or statement of additional information, or the Underlying Fund's most recent semi-annual or annual report by calling Thornburg Investment Management at 1-800-533-9337 or by locating it on Thornburg's Web site at www.thornburg.com.

Thornburg International Value Fund

Investment Objectives, Strategy and Policies – The Fund's investment objective is to seek long-term capital appreciation by investing in equity and debt securities of all types. As a secondary consideration, the Fund also seeks some current income. The Fund pursues its objectives by investing primarily in foreign securities and, under normal conditions, invests at least 75% of its assets in foreign securities or depository receipts of foreign securities. The Fund may not achieve its investment objectives.

The Fund invests on an opportunistic basis, where it believes there is intrinsic value. The Fund's investment advisor ("Thornburg") primarily uses individual company and industry analysis to make investment decisions for the Fund, and uses a variety of current and projected measures to identify undervalued securities. The Fund's investments are typically diversified to include basic value stocks and stocks that, in Thornburg's opinion, provide value in a broader or different context, including the stocks of companies with consistent earnings characteristics and those of emerging franchises, when these issues are value priced. The relative proportions of these different types of stocks will vary over time. The Fund ordinarily invests in stocks that may be depressed or reflect unfavorable market perceptions of company or industry fundamentals. The Fund may invest in companies of any size, but invests primarily in the large and middle range of public company market capitalizations. The Fund may invest in developing countries.

Debt obligations will be considered for investment when Thornburg believes them to be more attractive than equity alternatives. The Fund may purchase debt obligations of any maturity and of any quality.

Principal Risks of Investing – The Fund is subject to market and selection risk, and the value of the Fund's investments consequently varies from day to day, generally reflecting changes in market conditions, political and economic news, declines in corporate dividends, industry and technological developments, changes in interest rates, and developments affecting specific companies and other issuers of securities. The value of the Fund's investments may be reduced by unsuccessful investment strategies, poor selection of equity securities and debt obligations, changes in industry leadership, poor economic growth, market volatility, and political and legal developments. The Fund is subject to foreign investment and emerging markets risks and the risks associated with investments in small and middle capitalization securities, and emerging growth securities. Principal foreign investment risks include changes in currency exchange rates which may adversely affect the Fund's investments, economic and political instability, confiscation, inability or delays in selling foreign investments and reduced legal protections for investments. These risks may be more pronounced for investments in developing countries. Investments in smaller companies involve additional risks because of limited product lines, limited access to markets and financial resources, greater vulnerability to competition and changes in markets, increased volatility in share price and possible difficulty in selling shares. The Fund's investments in debt obligations are subject to the risks described above, and are also subject to credit risk, interest rate risk, redemption and prepayment risk, and the risks of investment in non-investment grade bonds. When interest rates increase, the value of the Fund's investments in debt obligations ordinarily declines. This effect is more pronounced for any intermediate term or longer term debt obligations owned by the Fund. Decreases in market interest rates may result in prepayments of debt obligations the Fund acquires, requiring the Fund to reinvest at lower interest rates. Debt obligations owned by the Fund also may be subject to default or delays in payment, or could be downgraded by rating agencies, reducing the value of the Fund's investment in these obligations. Lower rated securities (including particularly "high yield" or "junk" bonds) are more vulnerable to default, downgrades and market volatility.

PRINCIPAL PLUS PORTFOLIO

Investment Objective, Strategy and Policies – The Principal Plus Portfolio seeks to provide current income while maintaining stability of principal. The investments of the Principal Plus Portfolio will consist of one or more GICs, investments in the Cash Allocation Account, corporate fixed-income investments and/or similar instruments ("Principal Plus Portfolio Investments"). While a GIC is designed to provide a minimum rate of return on the amount invested in the GIC before the deduction of fees and expenses, because the Principal Plus Portfolio does not invest exclusively in one or more GICs, the Principal Plus Portfolio does not provide a minimum overall rate of return. The Principal Plus Portfolio's investment objective is subject to change. There can be no assurance that the Principal Plus Portfolio's investment strategy will be successful.

Under a GIC issued to the Investment Fund, an insurance company guarantees principal, accumulated interest and a future interest rate on amounts invested in that GIC. The guarantees available through such GICs are made by the insurance company to the Investment Fund, not to an individual Participant. A GIC is not a registered mutual fund. None of FAME, the Treasurer, the Program or Merrill Lynch guarantee the principal, accumulated interest or the future interest rate.

The GIC purchased as an investment underlying the Principal Plus Portfolio was issued by Transamerica Life Insurance Company ("Transamerica"). Transamerica guarantees principal, accumulated interest and a future interest rate. Transamerica currently holds a credit rating as to its financial strength from Moody's Investors Service, Inc. of A1 and from Standard & Poor's Rating Group of AA-.[1] Every March 1, June 1, September 1 and December 1, Transamerica announces the interest rate that it will pay for the next three month period under the GIC for all existing account balances and Contributions during the period. Transamerica sets the interest rate each period. Transamerica's commitment to the Program is based solely on its ability to pay its obligations from its general account. The commitment to the Program is not secured by any collateral.

Merrill Lynch manages the Principal Plus Portfolio and performs credit analyses on Transamerica. Certain fees (including the Management Fee, the Portfolio Servicing Fee and the Maine Administration Fee) will be charged against the assets of the Principal Plus Portfolio.

Principal Risks of Investing – Any GIC in which the Principal Plus Portfolio invests is subject to the risks of an investment that is non-diversified, has no third-party guarantees, is subject to a failure to perform by the issuer of the GIC investment and termination of the GIC by the issuer. The Principal Plus Portfolio is also subject to the risks associated with the Cash Allocation Account. See "PROGRAM AND PORTFOLIO RISKS AND OTHER CONSIDERATIONS - Investment Risks of Principal Plus Portfolio Investments."

[1] According to Moody's Investors Service, Inc.'s publications, "A1" is the fifth-highest of 21 ratings and is assigned to insurance companies that offer excellent financial security. Standard & Poor's publications report that the "AA-" rating, the fourth-highest of 21 ratings, is assigned to insurance companies that have very strong financial security. Neither Moody's nor Standard & Poor's makes any representation regarding an investment in the Portfolio.

Historical Investment Performance – Principal Plus Portfolio – The following table summarizes the average annual total return after deducting on-going Portfolio fees of each Unit Class of the Principal Plus Portfolio as of June 30, 2011. Sales charges related to investments in the Principal Plus Portfolio are not reflected in the returns set forth below. Also, the $50 annual Account Maintenance Fee ($25 if the Program is offered as an employee benefit by the Participant's employer), which is waived in certain circumstances, is not included in the returns set forth below. If these sales charges and fees were reflected, returns would be less than those shown. Updated performance data will be available on the Internet at www.nextgenplan.com or from the Program Manager by calling (877) 4-NEXTGEN (463-9843). The Principal Plus Portfolio's fiscal year runs from July 1 to June 30, which also is the Program's fiscal year. **The performance data relating to the Principal Plus Portfolio set forth below is for the limited time period presented and is not indicative of the future performance of the Principal Plus Portfolio. Until November 19, 2010, the Principal Plus Portfolio was invested exclusively in a single GIC issued by an insurance company. Effective November 20, 2010, the Principal Plus Portfolio added the Cash Allocation Account as a Principal Plus Portfolio Investment and began investing new Contributions in the Cash Allocation Account, while maintaining the investment in the GIC. If a portion of the Principal Plus Portfolio had been invested in the Cash Allocation Account during the periods prior to November 20, 2010, the performance of the Principal Plus Portfolio would have been lower.**

Principal Plus Portfolio - Client Select Series

	Average Annual Total Return * as of June 30, (A Unit Class - Sales Charges Not Applicable / C Unit Class - Without Sales Charges)				
	1 Year	**3 Years**	**5 Years**	**Since Inception**	**Inception Date**
A Unit Class	1.72%	2.83%	3.27%	3.27%	09/20/04
C Unit Class	1.42%	2.53%	2.97%	2.96%	09/28/04
G Unit Class[1]	1.68%	2.76%	3.23%	3.15%	09/08/03
S Unit Class[2]	1.38%	2.52%	2.97%	2.91%	09/16/03

* Average annual total return is a hypothetical rate of return that, if achieved annually, would have produced the same cumulative total return if performance had been constant over the entire period. (Cumulative total return reflects actual change in the value of an investment over a given period.) Average annual total return smoothes out variations in performance; it is not the same as actual year-by-year results.

[1] This Unit Class is not offered for sale.

[2] This Unit Class is not offered for sale. All existing Units in the Client Select Series Portfolio held by Participants, except Program Manager employees, as of September 20, 2004 were automatically converted to S Units. Prior to September 20, 2004, this Unit Class was an undesignated Unit Class.

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NEXTGEN COLLEGE INVESTING PLAN®
PARTICIPATION AGREEMENT

September 26, 2011

MAINE COLLEGE SAVINGS PROGRAM

A Section 529 Qualified Tuition Program

NextGen College Investing Plan®

Participation Agreement

THIS PARTICIPATION AGREEMENT contains the terms governing the Account to be established by you pursuant to the Maine College Savings Program (the "NextGen College Investing Plan" or the "Program") of the Finance Authority of Maine ("FAME"). The Program has been designed to qualify for treatment as a qualified tuition program within the meaning of Section 529 of the Internal Revenue Code of 1986, as amended ("Section 529 Program"). *By signing the NextGen College Investing Plan Account Application (the "Account Application"), you agree to be bound by the terms of this Participation Agreement.*

1. **<u>Definitions.</u>** In this Participation Agreement, the words "you," "your," or "Participant" mean the individual who, or entity on whose behalf an individual, has signed the Account Application. The term "Designated Beneficiary" means (i) the individual identified by you, or (ii) if you are a governmental entity or a tax-exempt organization described in section 501(c)(3) of the Code, the Designated Beneficiary is the individual or individuals named by you at the time you initiate a qualified withdrawal from the Account. The term "Merrill Lynch" means Merrill Lynch, Pierce, Fenner & Smith Incorporated and its affiliates. The term "Act" means Chapter 417-E of Title 20-A of the Maine Revised Statutes Annotated of 1964, as amended. The term "Program Manager" means Merrill Lynch or any successor program manager appointed by FAME. The term "Rule" means Chapter 611 of the Rules of FAME, as amended from time to time. Other capitalized terms used but not defined in this Participation Agreement shall have the same meaning as in the NextGen College Investing Plan Client Select Series Program Description, as amended from time to time (the "Program Description"). Unless the context otherwise requires, the term "Agreement" shall include the Program Description, to the extent not inconsistent with this Participation Agreement.

2. **<u>Contributions.</u>** Contributions to your Account may be made by check or by electronic funds transfer acceptable to the Program Manager and FAME. Rollover Contributions to your Account must be accompanied by a rollover certification in a form approved by FAME and the Program Manager. Individuals or entities other than you that contribute funds to your Account will have no subsequent control over the Contributions. Only you may direct transfers, rollovers, investment changes (as permitted under federal law), withdrawals and changes in the Designated Beneficiary.

   (a) The minimum initial Contribution to an Account is $250, and the minimum subsequent Contribution is $50. If you are eligible for an Initial Matching Grant from FAME, the minimum initial and subsequent Contribution is $50. If you are eligible for the Harold Alfond College Challenge Grant, that grant amount may be used to fulfill the minimum initial Contribution requirement. If automatic, periodic Contributions are made through the Program's AFS or through payroll direct deposit, the minimum Contribution is $50 monthly and no minimum initial Contribution amount is required to open an Account. A Participant electing to have Contributions invested in more than one Portfolio must allocate a minimum of $25 per Portfolio.

   (b) Contributions with respect to all Accounts for the same Designated Beneficiary will not be permitted if they would cause the aggregate balance of all Accounts for the same Designated Beneficiary (regardless of Participant) to exceed the maximum amount periodically established by FAME as the maximum Account balance for a Designated Beneficiary. Any Excess Contribution will be returned by the Program Manager to the contributor. FAME reserves the right to establish a minimum Account balance.

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

3. **<u>Investment of Contributions.</u>** Your Account will be established by the Program Manager so that Contributions are automatically allocated to the Unit Class and the Portfolio(s) selected on the Account Application. For each Diversified Portfolio, Single Fund Portfolio, or Principal Plus Portfolio investment option selected, the Program Manager will automatically invest Contributions to the designated Diversified Portfolio, Single Fund Portfolio or Principal Plus Portfolio

investment option(s). For each Age-Based investment option selected, the Program Manager will automatically invest Contributions to the applicable Age-Based Diversified Portfolio based upon the date of birth of the Designated Beneficiary (or, if so approved by the Program Manager and FAME, upon the anticipated date of intended use specifically identified by you with respect to the current Designated Beneficiary) that appears on the Account Application (or that is otherwise certified by you). State or local governmental entities or tax-exempt organizations described in section 501(c)(3) of the Code may designate a Diversified Portfolio, a Single Fund Portfolio, an Age-Based Diversified Portfolio, the Principal Plus Portfolio, or any combination of Portfolios in which Contributions are to be invested. FAME reserves the right, but is not obligated, to reassign investments in an Age-Based Diversified Portfolio on the basis of the intended use specifically identified by you with respect to the current Designated Beneficiary (or as otherwise certified by you) if it receives satisfactory assurance that such reassignment would not disqualify the affected Accounts or the Program from treatment, for federal tax purposes, as a Section 529 Program. Initial and subsequent Contributions to your Account will be invested in accordance with the Portfolio(s) selected, and allocations chosen, by you, as described in the Program Description, and Units of the Portfolio(s) (or any successor Portfolio(s)) selected will be allocated to your Account. Your Account will be separately maintained by the Program Manager, but Contributions to your Account will be commingled with amounts credited to other Accounts for purposes of investment. Except to the extent permitted by federal tax law, you may not direct the investment of Contributions to your Account. You are the owner of all Contributions and all Program earnings credited to your Account under this Agreement. However, you understand and agree that you are not the owner of any Maine Matching Grant or Harold Alfond College Challenge Grant contributions and earnings thereon credited to your Account.

4. **<u>Withdrawals from Account.</u>** Any amount you, your Designated Beneficiary or another person receives from your Account, as directed by you, is called a "withdrawal." Withdrawals will be made from your Account after (i) your verbal authorization confirmed via telephone; (ii) your submission of a NextGen College Investing Plan Withdrawal Request Form (and any additional required documentation); or (iii) or other form of withdrawal request authorized by the Program Manager and its acceptance by the Program Manager. Rules and limitations on withdrawals are described in the Program Description under the section titled "PARTICIPATION AND ACCOUNTS."

5. **<u>Change of Designated Beneficiary.</u>** You may request that an individual who is a Member of the Family of your current Designated Beneficiary be substituted as your new Designated Beneficiary by submitting a Change of Designated Beneficiary Form (and any additional required documentation) to the Program Manager. The change will be made upon the Program Manager's acceptance of the request.

6. **<u>Fees and Expenses.</u>**
   (a) Certain fees (which may be rebated, reduced, waived or changed from time to time) will be charged against the assets of the Portfolios to provide for the costs of administration of the Program and the Accounts. These fees include fees of the Program Manager, Portfolio Servicing Agent and FAME, as more fully described in the Program Description. Accounts will indirectly bear expenses of the Underlying Funds in which the Portfolios invest. In addition, each Account will be subject to such other fees and charges (which may be rebated, reduced, waived or changed from time to time) as described in the Program Description. On-going Portfolio fees and other charges are subject to change at any time. Whole or fractional Units in your Account may be liquidated to pay any fees, expenses or liabilities owed to the Program Manager or FAME.
   (b) The Client Select Series currently offers the Unit Classes described in the Program Description. The fees and expenses associated with each Unit Class differ. Certain Participants may not be eligible to invest in a particular Unit Class. A Participant who invests in the Client Select Series may be required to pay an Initial Sales Charge or Contingent Deferred Sales Charge. The Initial Sales Charges and Contingent Deferred Sales Charges vary depending on the Unit Class selected and the particular investment option(s) you select for your Account Contributions. The Initial Sales Charge may be reduced or waived under the circumstances described in the Program Description.

7. **<u>Statements and Reports.</u>** The Program Manager will keep accurate and detailed records of all transactions concerning your Account and will provide periodic statements of your Account to you. FAME and the Program Manager will cause reports to be sent to you, the Internal Revenue Service and such other regulatory authorities as required by law. If you do not write to the Program Manager to object to a statement or report within 60 days after it has been sent to you, you will be considered to have approved it and to have released FAME and the Program Manager from all responsibility for matters covered by the statement or report. You

agree to provide all information FAME or the Program Manager may need to comply with any legal statement or reporting requirements. You will continue to be responsible for filing your federal tax return and any other reports required of you by law.

8. **Participant's Representations.** You represent as follows:

(a) You have received and read the most current version of the Program Description (including any applicable amendments thereto), have carefully reviewed the information it contains, and agree that its terms are incorporated into this Participation Agreement as if they were set forth herein.

(b) You have not relied on any representations or other information, whether oral or written, and whether made by any agent or representative of FAME, the Program Manager, or otherwise, other than as set forth in the Program Description (including any applicable amendments thereto) and in this Participation Agreement.

(c) You are opening this Account to provide funds for Qualified Higher Education Expenses of the Designated Beneficiary of the Account.

(d) **YOU UNDERSTAND THAT THE VALUE OF YOUR ACCOUNT MAY INCREASE OR DECREASE, BASED ON THE INVESTMENT PERFORMANCE OF THE PORTFOLIO(S) TO WHICH CONTRIBUTIONS TO YOUR ACCOUNT HAVE BEEN ALLOCATED, THAT THE VALUE OF YOUR ACCOUNT MAY BE MORE OR LESS THAN THE AMOUNT CONTRIBUTED TO YOUR ACCOUNT, AND THAT NO PERSON MAKES ANY GUARANTEE THAT YOU WILL NOT SUFFER A LOSS OF THE AMOUNT CONTRIBUTED TO THE ACCOUNT OR THAT THE VALUE OF YOUR ACCOUNT WILL BE ADEQUATE TO FUND ACTUAL HIGHER EDUCATION EXPENSES.**

(e) You understand that: (i) all Portfolio asset allocation and investment decisions will be made by the Treasurer and FAME; (ii) except to the extent permitted by federal law, you cannot direct the investment of any Contributions to your Account (or the earnings on Contributions); and (iii) each Portfolio will invest in Portfolio Investments or Maine CDs.

(f) You understand that: (i) the state(s) where you or your Designated Beneficiary reside or pay taxes may offer one or more direct sold, advisor/broker sold or prepaid tuition plans under Section 529 of the Code (each, an "In-State Plan"); and (ii) such In-State Plans may offer you state income tax or other benefits not available to you through the Program. The Program Description, this Participation Agreement, the Account Application, and the other forms approved for use in connection with the Program do not address taxes imposed by a state other than Maine, or the applicability of state or local taxes other than the Maine income tax to the Program, the Investment Fund, your participation in the Program, your investment in the Investment Fund or your Account.

(g) You have considered investing in an In-State Plan and consulted with your tax advisor regarding the state tax consequences of investing in the Program if realizing state or local income tax or other benefits is important to you.

(h) You have considered: (i) the availability of alternative education savings and investment programs including other Section 529 Programs available through the Program Manager; (ii) the Unit Classes offered by the Program; (iii) the identity and contract term of the Program Manager; (iv) the impact an investment in the Program may have on eligibility for federal and state financial aid and non-educational benefits, such as Medicaid; (v) the risks and other considerations of investing in the Program; (vi) limitations on Contributions, withdrawals and transfers among the Portfolios; (vii) the Program's sales charges, fees and expenses; and (viii) the federal, state and local estate and gift tax implications of investing in the Program.

(i) You understand that: (i) each of the Diversified Portfolio, Single Fund Portfolio, Principal Plus Portfolio and the Age-Based Diversified Portfolio investment options may not be suitable; and (ii) the Program may not be suitable, for all investors as a means of investing for higher education costs.

(j) You understand that: (i) any Portfolio may at any time be merged, terminated, reorganized or cease accepting new Contributions, in FAME's sole discretion; (ii) any such action affecting a Portfolio may result in your Contributions being reinvested in a Portfolio different from the Portfolio in which your Contributions were originally invested, in FAME's sole discretion; and (iii) FAME and Merrill Lynch may at any time terminate or modify the sales charge and Portfolio fee structures or Unit Classes.

(k) You understand that although you own interests in a Portfolio, you do not have a direct beneficial interest in the Portfolio Investment or Maine CDs held by that Portfolio and, therefore, you do not have the rights of an owner or shareholder of such mutual funds or the other instruments or certificates of deposit.

(l) You understand that: (i) once a Contribution is made to an Account, your ability to withdraw funds without penalty or adverse tax consequences will be limited; (ii) the earnings portion of Non-Qualified Withdrawals may be subject to taxes and/or penalties; and (iii) withdrawals may be subject to federal and state income tax withholding.

(m) You understand that participation in the Program does not guarantee that any Designated Beneficiary: (i) will be accepted as a student by any Eligible Institution of Higher Education; (ii) if accepted, will be permitted to continue as a student; (iii) will be treated as a state resident of any state for tuition purposes; (iv) will graduate from any Eligible Institution of Higher Education; or (v) will receive any particular treatment under applicable state or federal financial aid programs.

(n) You understand that FAME or the Program Manager may ask you to provide additional documentation that may be required by applicable law or the Rule, including anti-money laundering laws, in connection with your participation in the Program and you agree to promptly comply with any such requests for additional documents.

(o) You have accurately and truthfully completed the Account Application and any other documentation that you have furnished or subsequently furnish in connection with the opening or maintenance of, or any withdrawals from, the Account.

(p) You understand that any false statements made by you in connection with the opening of the Account or otherwise will be deemed to be unsworn falsification within the meaning of 17-A Maine Revised Statutes Annotated Section 453 and that FAME and the Program Manager may take such action as is permitted by the Act and the Rule, including termination and distribution of your Account.

(q) You understand that purchases and sales of Units held in your Account may be confirmed to you on periodic Account statements in lieu of an immediate confirmation. Only the Participant, and persons designated by the Participant, will receive confirmation of Account transactions.

(r) You understand that any Contributions credited to your Account will be deemed by FAME and the Program Manager to have been received from you and that Contributions by third parties may result in adverse tax or other consequences to you or such third parties.

(s) You understand that if you open your Account through a Maine Distribution Agent, FAME or the Program Manager may periodically provide such distributor with information regarding your Account.

(t) You affirm that if you are entering into this Participation Agreement on behalf of a non-natural person, you have the authority to open your Account for the Designated Beneficiary.

(u) You understand that, unless otherwise provided in a written agreement between you and your financial advisor, or between you and FAME or the Program Manager, no part of your participation in the Program will be considered the provision of an investment advisory service.

(v) You understand that you should retain adequate records relating to withdrawals from the Account for your own tax reporting purposes.

(w) You understand that if the person establishing the Account is a legal entity, in addition to the items set forth herein, the individual signing the Account Application and entering into this Participation Agreement for the entity represents and warrants that: (i) the entity may legally become, and thereafter be, the Participant; (ii) he or she is duly authorized to so act for the entity; (iii) the Program Description may not discuss tax consequences and other aspects of the Program of particular relevance to the entity and individuals having an interest therein; and (iv) the entity has consulted with and relied on a professional advisor, as deemed appropriate by the entity before becoming a Participant.

(x) You understand that in order to help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an Account. When you open an Account, the Program Manager and/or FAME will ask for your name, address, date of birth and other information that will allow the Program Manager and FAME to identify you. The Program Manager or FAME may also ask to see your driver's license or other identifying documents.

(y) You (i) are aware that the Program's investment options are offered in two separate series, each with its own sales charges, expense structure and investment options, and that some investment options may be offered in both series, (ii) are aware that the expenses associated with the Client Direct Series (offered through a different program description) will generally be lower than those associated with the Client Select Series (offered through this Program Description), and (iii) believe that the Client Select Series is suitable for you.

9. **Limitation on Liability.** You recognize that FAME, the Treasurer and the Program Manager are relying upon your representations set forth in this Participation Agreement and the Account Application. You agree to repay FAME, the Treasurer or the Program Manager for any liabilities or expenses they may incur as the result of

any misstatement or misrepresentation made by you or your Designated Beneficiary, any breach by you or your Designated Beneficiary of the representations contained in this Participation Agreement or any breach by you or your Designated Beneficiary of this Participation Agreement, other than those arising out of FAME's or the Program Manager's failure to perform their duties specified in this Participation Agreement or the Program Description. All of your statements, representations, and agreements shall survive the termination of this Participation Agreement.

10. **Duties of FAME, the Treasurer and the Program Manager.** None of FAME, the Treasurer or the Program Manager has a duty to perform any action other than those specified in this Participation Agreement or the Program Description. FAME and the Program Manager may accept and rely conclusively on any instructions or other communications reasonably believed to have been given by you or another authorized person and may assume that the authority of any other authorized person continues in effect until they receive written notice to the contrary. None of FAME, the Treasurer or the Program Manager has any duty to determine or advise you of the investment, tax or other consequences of your actions, of their actions in following your directions, or of their failing to act in the absence of your directions.

11. **Transfers and Assignments.** Transfers of an Account by you to another Participant may only be made in compliance with the Program Description and with applicable law. No Account may be used as security for a loan, and any attempt to do so shall be void.

12. **Rules and Regulations.** The Account and this Agreement are subject to the Act and the Rule.

13. **Effectiveness of this Participation Agreement.** This Participation Agreement shall become effective upon the Program Manager's acceptance of your Account Application on behalf of FAME, subject to FAME's right to reject your Account Application if, in processing the Account Application, it is determined that the Account Application has not been fully and properly completed.

14. **Amendment/Termination.** FAME may at any time: (i) amend the Program or this Participation Agreement (including, but not limited to, any amendment required for the Program to qualify for favorable federal tax treatment as a Section 529 Program) by giving written notice to you, which amendment shall be effective upon the date specified in the notice; or (ii) terminate the Program or this Participation Agreement or cause a distribution to be made from your Account to satisfy applicable laws, including anti-money laundering laws, by giving written notice to you. No provision of this Participation Agreement can be amended or waived except in writing signed by an authorized representative of FAME and the Program Manager. A termination of the Program or this Participation Agreement or such distribution from your Account by FAME may result in a Non-Qualified Withdrawal, unless certain exceptions apply, for which tax on the earnings portion thereof and penalties may be assessed.

15. **Binding Nature.** This Participation Agreement shall be binding upon the parties and their respective heirs, successors, beneficiaries and permitted assigns. You agree that all of your representations and obligations under this Participation Agreement shall inure to the benefit of the Program Manager as well as to FAME either of whom can rely upon and enforce your representations and obligations contained in this Participation Agreement.

16. **Communications.** Communications may be sent to you at your permanent address appearing on your Account Application or at such other permanent address as you give to the Program Manager in writing. All communications so sent, whether by mail, facsimile, e-mail, messenger or otherwise, will be considered to have been given to you personally upon such sending, whether or not you actually receive them. FAME and Merrill Lynch, to the extent permitted by FAME, may direct mailings to you or your Designated Beneficiary regarding products or services other than the Program.

17. **Extraordinary Events.** FAME and the Program Manager shall not be liable for loss caused directly or indirectly by government restrictions, exchange or market rulings, suspension of trading, war, acts of terrorism, strikes or other conditions beyond their control.

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

19. **Headings.** The heading of each provision of this Agreement is for descriptive purposes only and shall not be deemed to modify or qualify any of the rights or obligations set forth in each such provision.

20. **Governing Law.** THIS PARTICIPATION AGREEMENT WILL BE GOVERNED BY MAINE LAW, WITHOUT REGARD TO THE COMMUNITY PROPERTY LAWS OR CHOICE OF LAW RULES OF ANY STATE.

21. **Lawsuits Involving Your Account.** Except as to controversies arising between you or your Designated Beneficiary and FAME or the Program Manager, FAME or the Program Manager may apply to a court at any time for judicial settlement of any matter involving your Account. If FAME or the Program Manager does so, they must give you or your Designated Beneficiary the opportunity to participate in the court proceeding, but they also can involve other persons. Any expense incurred by FAME or the Program Manager in legal proceedings involving your Account, including attorney's fees and expenses, are chargeable to your Account and payable by you or your Designated Beneficiary if not paid from your Account.

22. **Disputes.** In the event of a dispute between you or your Designated Beneficiary and the chief executive officer of FAME, the dispute may be resolved in accordance with the procedures set forth in Section 15 of the Rule. You hereby submit (on behalf of yourself and your Designated Beneficiary) to exclusive jurisdiction of courts in Maine for all legal proceedings arising out of or relating to this Agreement. In any such proceeding, you (on behalf of yourself and your Designated Beneficiary) and FAME each agree to waive your rights to a trial by jury.

23. **Arbitration. This Participation Agreement contains a predispute arbitration clause; by signing the Account Application you (on behalf of yourself and your Designated Beneficiary) agree as follows:**
    - **You; your Designated Beneficiary and Merrill Lynch (each, a "party") are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.**
    - **Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.**
    - **The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.**
    - **The arbitrators do not have to explain the reason(s) for their award.**
    - **The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.**
    - **The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.**
    - **The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.**

You agree (on behalf of yourself and your Designated Beneficiary) that all controversies that may arise between you or your Designated Beneficiary and Merrill Lynch involving any transaction in your Accounts with the Program or the construction, performance or breach of this Participation Agreement shall be determined by arbitration.

Any arbitration pursuant to this provision shall be conducted only before the New York Stock Exchange, Inc., an arbitration facility provided by any other exchange of which Merrill Lynch is a member, or the National Association of Securities Dealers, Inc., but if you fail to make such election by registered letter or telegram addressed to Merrill Lynch at the office where you maintain your Account before the expiration of five days after receipt of a written request from Merrill Lynch to make such election, then Merrill Lynch may make such election.

Judgment upon the award of the arbitrators may be entered in any court, state or federal, having jurisdiction.

No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; (ii) the class is decertified; or (iii) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this Participation Agreement except to the extent stated herein.

September 26, 2011

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Merrill Lynch, Pierce, Fenner & Smith Incorporated, Program Manager

Program Administrator

L-09-11

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