



# Montana Family Education Savings Program

2008 Annual Report  
College Savings Bank/Pacific Life Funds  
May 31, 2009



College  
Savings Bank®

Member FDIC

2008 proved to be another successful year for the Montana Family Education Savings Program (MFESP). As the 11-year Program Manager for the MFESP, College Savings Bank (CSB) has crossed new horizons and incorporated new technologies to move the program forward as a successful and well-known 529 plan. With continued support from Pacific Life Funds (PLF), CSB has been able to set higher goals and improve upon the success the MFESP has had over the past 11 years. CSB strives to provide the best possible college savings tools for the program and does so by constantly looking to improve customer communications and creating innovative and useful products, as well as communicate effectively with the MFESP to ensure that each entity of the partnership is complete. 2008 began the move toward a more modernized program with the competitive values to make for a nationwide leader in 529 programs. We plan to continue on this path through 2009 and continue to provide exceptional service to our customers, as well as the MFESP.

CSB's mission statement, adopted in 2006, continues to play an important role in each decision made within the Bank:

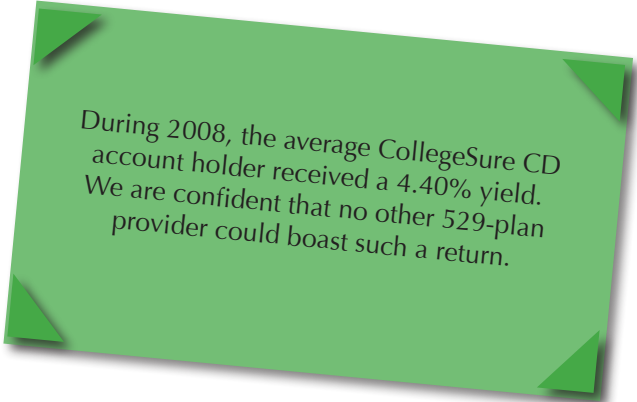
"College Savings Bank is a partner to parents who are preparing their children for higher education. We are in the financial business, but as a partner, we treat all of our beneficiaries like family members — and in such, bring products and services to the market that we would want as parents ourselves."

Everyone at CSB is committed to fulfilling this mission on behalf of the MFESP and to the benefit of account holders and beneficiaries.

During 2008, CSB opened 845 new MT 529 accounts, an increase from 574 accounts in 2007. As of December 31, 2008, CSB had a total of 8,090 MFESP accounts and held \$120 million in assets.

In 2008, PLF opened 1,586 new MT 529 accounts. PLF had 12,957 MFESP accounts in total. Unfortunately, PLF saw its assets under management decrease 23.7% from \$122.4 million to \$93.3 million in 2008.

Since inception, CSB and PLF have combined to establish over 22,500 accounts with over \$277 million in funds for the MFESP. Together, CSB and PLF helped to guide the MFESP through another successful year.



During 2008, the average CollegeSure CD account holder received a 4.40% yield. We are confident that no other 529-plan provider could boast such a return.

# Program Overview

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The MFESP has had many successes throughout 2008. As requested in 2007 by the Oversight Committee, College Savings Bank introduced the InvestorSure CD, an equity indexed certificate of deposit sold without fees and linked to the Standard and Poor's 500 Composite Stock Index ("S&P 500"). The InvestorSure CD features FDIC insurance and principal protection.

The first InvestorSure CD was issued on February 1, 2008 and through the year, the Bank has accepted about \$5.5 million in deposits. CSB originated 437 InvestorSure CD accounts within the MFESP by December 31, 2008.

In addition to the success of the InvestorSure CD, CSB also introduced a suite of Fixed Rate CDs to the MFESP (April 2009). The Fixed Rate CDs also include principal protection and FDIC insurance, and can offer clients competitive rates with 1- and 3-year maturities.

The CollegeSure CD remained our flagship product in 2008, originating 791 accounts and about \$20 million deposits within the MFESP. CSB believes the addition of Fixed Rate CDs and the InvestorSure CD to the long-standing CollegeSure CD produces the most well-rounded college savings program in the market today.

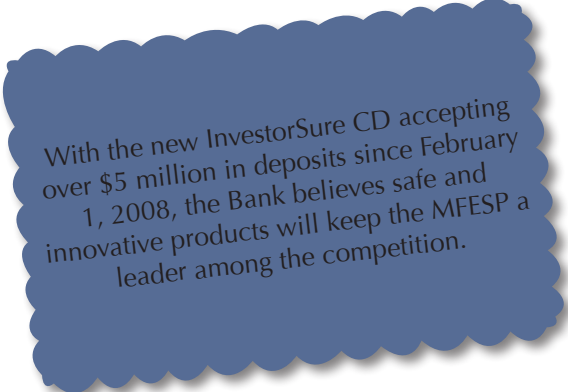
In 2008, College Savings Bank further improved our customer service department as well. With two added customer service representatives, the Bank has been dedicated to working with our existing account holders and prospective customers in order to maximize deposits and provide the most outstanding service possible to those customers.

Our customer service department is focused on maximizing the consumer benefit of the MFESP and delivering a first class experience from a college savings plan. A clear way the Bank measures customer satisfaction is our retention rate. Our goal is to maintain a 99% retention rate year over year. In 2008, we achieved retention rates of greater than 99% of our account holders as well as total deposits.

During 2008, CSB also began the use of electronic checks (E-checks), which allow a customer to make a deposit over the phone or through the Internet. The success of the E-check system has been overwhelming.

CSB also found success through the use of deposit booklet mailings to all of our existing customers. The Bank annually mails a coupon book containing 12 deposit slips for convenient usage throughout the year.

Lastly, during 2008, the Bank was obligated to invest at least \$300,000 in marketing (note: Pacific Life is committed to investing an additional \$300,000 within the MFESP). The Bank doubled that minimum investment in order to grow awareness of the MFESP, generate in-state accounts and deposits, and successfully launch the InvestorSure CD. The past year presented many opportunities for growth, and so it made good business sense to expand the marketing expenditures.



With the new InvestorSure CD accepting over \$5 million in deposits since February 1, 2008, the Bank believes safe and innovative products will keep the MFESP a leader among the competition.

## Tax Rules and Reporting

For the 2008 tax year, CSB filed 1,409 1099Q forms with the IRS. The Bank also reported to the Montana Department of Revenue, \$5,426,658.92 of tax-deductible contributions and \$6,589,565.01 in withdrawals from accounts owned by Montana residents.

## Pacific Life Developments

**In 2008, the PLF completed the following projects:**

- 1) A share class conversion for owners of Class B and Class C individual fund shareholders;
- 2) the addition of two additional assets classes (Small Cap Value and Floating Rate Loan) to further solidify the asset class exposure and diversification of the Portfolio Optimization Funds;
- 3) a direct mail campaign to 75,000 Montana residents.

The conversion to Class A shares was a benefit to all participating shareholders. During the conversion, the account owners maintained ownership in the same fund, only their share class changed. By moving to Class A shares from either Class B or Class C, shareholders received an immediate reduction in net expenses of 0.75% and any remaining sales charges were waived.

PLF believes that asset allocation is what differentiates them from most funds and this is the added value that PLF can deliver to the MFESP. PLF believes that asset allocation funds are an ideal fit for 529 accounts, because the different model options provide alternatives for investors of all ages and time horizons, unlike age based portfolios that assume risk based on age. PLF models also minimize risk in a declining market, which is typically not the case with funds tied to an index.

In 2008, CSB took its most aggressive approach to marketing the MFESP to date. This included a sustained effort throughout the year both in-state and nationally, as well as a fourth quarter advertising effort that included broadcast, outdoor and print media. The Bank accepted over \$20 million in deposits and generated 845 new accounts on behalf of the program.

As in years previous, CSB put strong efforts into reaching the residents of Montana through a combination of robust Internet presence, electronic marketing and media relations campaigns, as well as direct mail, targeted print advertising and organizational sponsorships which created positive awareness and media for the MFESP.

College Savings Bank and Pacific Life Funds are committed to providing account owners ongoing access to enrollment tools in an effort to increase visibility of the MFESP. All enrollment materials are available on the CSB and PLFs' Websites, providing ease and flexibility for individuals wanting to open a MFESP account. Individuals can also contact CSB and PLF's customer service directly to request an enrollment kit.

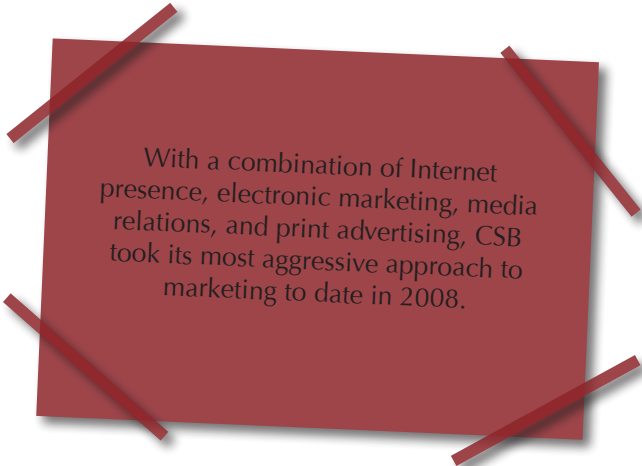
It is our goal to build upon successful media efforts and also identify new outlets that may allow us to reach a wider audience, cost effectively, with increased frequency. Below summarizes the Bank's 2008 communication platform.

#### Internet:

The MFESP Web site has increasingly become more successful over the past few years. Early in 2008, CSB re-designed, re-wrote and published <http://montana.collegesavings.com>. It is the Bank's policy to evaluate and revise the site every two years. The previous design was launched in 2006. The updated site was designed to capitalize on newer technologies and best practices when presenting a consumer facing Web site. We developed the site to maximize search engine optimization, have a defined flow and a clear call to action. Most importantly, on each and every page visitors can 1) chat with a college savings adviser, and/or 2) request additional information from the Bank in the form of our "information kit".

As the Bank has learned through previous years, the Web site not only helps to generate business, but also helps to manage existing customer relationships, all while reducing costs.

Results of our new Web site are overwhelming. Overall site traffic increased from 14,500 visitors in 2007 to nearly 30,000 in 2008. Page views increased from 50,000 to 100,000. Montana-specific page views rose from 18,612 visitors to 22,080 visitors. On average, during 2007 Montana site visitors viewed less than 2.5 pages on the Web site. This increased to over 3 pages in 2008.



*With a combination of Internet presence, electronic marketing, media relations, and print advertising, CSB took its most aggressive approach to marketing to date in 2008.*

**More importantly, the Bank made two changes to our Web site in 2008 that resulted in an immediate and positive impact:**

**E-Check:**

In June 2008, CSB began accepting electronic checks through <http://montana.collegesavings.com> to both open a new account as well as to accept additional deposits from existing account holders. By December, more than 30% of the Bank's total deposits were being received through this platform.

**Enhanced Online Enrollment Form:**

In December 2008, we introduced a more user friendly, database driven online enrollment process. The new system breaks down the typically cumbersome form into five simple steps. Users are asked a series of questions that complete the form. Importantly, we also offer the ability now for applicants to begin a form, save it and return to complete it at a later time.

**Electronic Marketing:**

CSB has become very proficient at utilizing electronic marketing, both paid and unpaid, to generate site traffic, awareness and qualified leads. As in years past, we maintained year-long key word advertising on major search engines such as the following:

- [www.savingsforcollege.com](http://www.savingsforcollege.com) • [www.AmericaOnline.com](http://www.AmericaOnline.com) • [www.CompuServe.com](http://www.CompuServe.com) • [www.Netscape.com](http://www.Netscape.com)
- [www.AT&TWorldnet.com](http://www.AT&TWorldnet.com) • [www.Earthlink.com](http://www.Earthlink.com) • [www.Sympatico.com](http://www.Sympatico.com) • [www.NYPost.com](http://www.NYPost.com) • [www.Macworld.com](http://www.Macworld.com)
- [www.JavaWorld.com](http://www.JavaWorld.com) • [www.LinuxWorld.com](http://www.LinuxWorld.com) • [www.HowStuffWorks.com](http://www.HowStuffWorks.com) • [www.Infospace.com](http://www.Infospace.com) • [www.Altavista.com](http://www.Altavista.com)
- [www.CSN.com](http://www.CSN.com) • [www.Disney.com](http://www.Disney.com) • [www.Yahoo.com](http://www.Yahoo.com) • [www.BankRate.com](http://www.BankRate.com)

Further, our search engine optimization tactics have continued to prove successful – evident by the site traffic and page view numbers highlighted earlier. The Bank has also tracked softer indicators of site performance over the previous two years that are also positive indications. On Google, users that search “saving for college”, will see CSB appear second in search results (ahead of [www.savingforcollege.com](http://www.savingforcollege.com)). Our site is the 700,000th most popular in the United States. Alone this is not an impressive statistic until you consider that several years ago we were ranked higher than 3 millionth. The site's search engine saturation numbers reached as high as 11,836 during 2008 (indicating the number of sites that either link to or utilize content from our site). When we began tracking this number three years ago it was 570.

In less than 6 months of availability, CSB accepted more than 30% of the Bank's total deposits through the use of our new E-Check system.

Finally, link popularity numerically represents a site's pages that are cataloged by major search engines. A site with a link popularity number in excess of 10,000 is identified as having an above average presence. In 2008, College Savings Bank's web site reached 9,779 (up from 450 three years ago).

#### Media Relations:

For the Bank, it has always been important to utilize the media in creating awareness around saving for college. Highlights of our 2008 media relations efforts include press releases sent both in-state and nationally nearly each month through the year. Some included credits for our releases were The Wall Street Journal, Yahoo! Finance, Smart Money Magazine, Structured Retail Products and Savingforcollege.com.

On behalf of the MFESP, College Savings Bank issued a press release announcing the launch of the InvestorSure CD. We also publicized articles discussing the current economic environment, the benefits of saving for college early and the Bank's ranking as one of the largest in the state of NJ. We issued year-end releases and media alerts about the state tax deduction and made outbound calls to reporters throughout the state pitching this story.

In addition, the Bank released two issues of the CollegeSure Investor Newsletter in 2008. The CollegeSure Investor Newsletter reaches existing customers as well as prospects, and features articles about account updates, news about the college saving industry, happenings at College Savings Bank, college saving tips and education related information. The newsletter is another way in which CSB strives to make a personal relationship with their existing customers while providing a prompt to make additional deposits or enroll in a savings account.

#### Direct Mail:

Direct mail has and will continue to be a staple communication for the Bank. We issue 4 direct mail pieces per year revolving around the April 15 tax deadline, the end of the school year, the start of the school year and the year-end 529 plan contribution deadline. 2008 was no exception. We delivered direct mail pieces to highlight new products, and promote college savings, as well as plan tax incentives. Further, during the fourth quarter of 2008 we utilized direct mail to piggyback other outlets of advertising including outdoor and media outlets such as magazine and newspaper. During 2008, the Bank mailed more than 100,000 direct mail pieces within the state and an additional 100,000 pieces nationally. These campaigns targeted both parents and grandparents, and included both letters and dimensional mailers.

## Advertising:

Also during the active fourth quarter, the Bank focused the majority of its media dollars through a mix of media outlets, including newspaper, magazine, trade publications and outdoor advertising. CSB strives to gain the most versatile and beneficial advertisement space to bring the most brand awareness as possible to the MFESP. Specific placements include the following:

### Magazine Ads:

- Montanan (Annual Placement) • Montana Chamber of Commerce Newsletter (Annual Placement)

### Billboards:

- Butte • Missoula • Kalispell • Helena • Great Falls • Billings • Bozeman

### Small Space Newspaper Ads:

- Anaconda: Anaconda Leader • Baker: Fallon County Times • Belgrade: Belgrade News • Bigfork: Bigfork Eagle
- Big Sandy: The Mountaineer • Big Sky: Lone Peak Lookout • Big Sky: Big Sky Weekly • Big Timber: Big Timber Pioneer
- Billings: Billings Gazette • Billings: Billings Outpost • Billings: Billings Times • Boulder: Boulder Monitor
- Bozeman: Bozeman Daily Chronicle • Bozeman: The Sun • Broadus: Powder River Examiner • Browning: Glacier-Reporter
- Butte: The Montana Standard • Butte: Butte Weekly • Cascade: Cascade Courier • Chester: Liberty County Times
- Chinook: Blaine County Journal • Choteau: The Choteau Acantha • Circle: Circle Banner • Clancy: Jefferson County Courier
- Columbia Falls: Hungry Horse News • Columbus: Stillwater County News • Conrad: Independent Observer • Culbertson: The Searchlight
- Cut Bank: Cut Bank Pioneer Press • Deer Lodge: Silver State Post • Dillon: Dillon Tribune • Ekalaka: The Ekalaka Eagle
- Ennis: The Madisonian • Eureka: Tobacco Valley News • Fairfield: Sun Times • Forsyth: The Independent Press
- Fort Benton: The River Press • Glasgow: Glasgow Courier • Glendive: Ranger-Review • Great Falls: Great Falls Tribune
- Hamilton: Ravalli Republic • Hardin: Big Horn County News • Harlowton: The Times-Clarion • Havre: Havre Daily News
- Helena: Independent Record • Helena: Queen City News • Huntley: Yellowstone County News • Hysham: Hysham Echo
- Jordan: Jordan Tribune • Kalispell: The Daily Inter Lake • Laurel: Laurel Outlook • Lewistown: Lewistown News-Argus
- Libby: The Montanian • Libby: The Western News • Livingston: Livingston Enterprise • Malta: Phillips County News
- Miles City: Miles City Star • Missoula: The Missoulian • Missoula: The Missoula Independent • Pablo: Char-Koosta News
- Philipsburg: The Philipsburg Mail • Plains: Valley Press • Plentywood: Sheridan County News • Polson: Lake County Leader
- Red Lodge: Carbon County News • Ronan: Valley Journal • Roundup: Roundup Record • Scobey: Daniels County Leader
- Seeley Lake: Seeley-Swan Pathfinder • Shelby: Shelby Promoter • Sidney: Sidney Herald • Sidney: The Roundup
- Stanford: Judith Basin Press • Stevensville: The Bitterroot Star • Superior: Clark Fork Chronicle • Superior: Clark Fork Chronicle
- Superior: Mineral Independent • Terry: The Terry Tribune • Thompson Falls: Sanders County Ledger • Three Forks: Three Forks Herald
- Townsend: The Townsend Star • Valier: The Valierian • West Yellowstone: News • Whitefish: Whitefish Free Press
- Whitefish: Whitefish Pilot • Whitehall: Whitehall Ledger • White Sulphur Springs: The Meagher County News
- Wibaux: The Wibaux Pioneer-Gazette • Wolf Point: The Herald-News

## **PLF Marketing Updates:**

PLF added 28 Broker Dealers to its mutual fund distribution network, bringing the total to 657 firms. 51 of the firms have an active presence in Montana. Pacific Life had a team of 105 Field Wholesalers serving registered representatives across the nation. As of December 31, 2008, over 2,000 registered representatives have invested in the Montana 529 Plan with PLF, 200 new representatives since one year prior.

Pacific Life Funds also continued to maintain its 529 materials and web site with current data and relevant messages, such as the 4 cap rating awarded by savingforcollege.com.

In 2008, PLF's customer service team supported inbound calls from both representatives and shareholders between the hours of 6:00 am to 5:00 pm, Monday through Friday, PST. In 2008, PLF Customer Service received approximately 9,600 calls in support of the MT 529 Plan.

During the fourth quarter of 2008, PLF distributed a direct mail brochure to 75,000 Montana residents within a defined demographic to maximize the mailings effectiveness. The brochure focused on the dream of going to college and that dreams can come true. In conjunction with the brochure a 529 Contribution Certificate was placed on the website to encourage giving the gift of education during the holidays.

PLF also hosts a dedicated College Savings section on its website ([www.pacificlife.com](http://www.pacificlife.com)). The section provides 529 plan information, PLF product information, forms, and a 529 College Savings Calculator to assist users with their 529 investment. The site also offers account owners the ability to securely view their account online and inquire about their general account information, account balance, historical transactions, and quarterly statements.

As a saving for college institution, CSB feels that one of the most attractive benefits our customers will find with us is excellent customer service. Because we cater primarily to the families of future college graduates, we realize how important it is to remain family oriented, have a strong and positive brand image and provide service that is not only efficient but convenient for busy families as well. With this philosophy for customer retention, CSB focuses on building long-term, sustainable relationships with our customers and we treat each customer as an individual, with unique goals, challenges and resources.

During 2008, CSB improved even further our customer service department by utilizing the “live chat” feature on the website and by dedicating a customer service department to work directly with customers over the phone, and online.

**Existing customer communications include:**

- Customer Satisfaction Survey
- Coupon Deposit Booklets
- Semi-annual CollegeSure Newsletter
- Maintaining a Gift Card and Refer a Friend Program
- Quarterly Statements
- Sending Beneficiary Birthday Cards
- Outbound Call Campaign
- E-mail Announcements
- Providing Customers a Yearly Portfolio Analysis
- A Special Incentive to Help Promote the Bank’s Direct Deposit Program
- Distributing Quarterly Deposit Slips

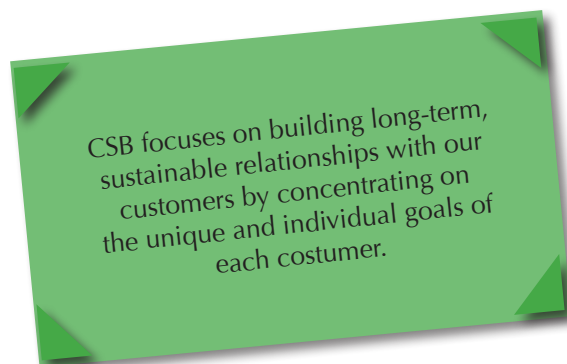
CSB believes that through these communication techniques and with our Customer Service Department, existing customers receive outstanding service. The communications support customer retention, as well as reminders for additional deposits.

The clearest measure of the Bank’s customer satisfaction is prevalent through our retention rates. More than 99% of CSB customers remained CSB customers in 2008, and only about 0.3% rolled funds into another qualified 529 plan. Our primary customer satisfaction goal is simple - “achieve customer retention rates of 99% or greater”.

Further supporting the Bank’s customer service record is our policy on customer complaints. All customer contact is initially routed through the Bank’s in-house customer service department. Any customer issues are managed first at that level. If a resolution cannot be reached, the customer is transferred to the Bank’s Sales and Service Manager. Customer complaints that are unresolvable through the Sales and Service Manager are documented and brought to the attention of Bank Senior Management as well as the Board of Directors. During 2008, Bank Senior Management was not advised of a single unresolved customer complaint. Zero unresolved customer complaints is a goal of our service department.

During 2007, we issued our first customer satisfaction survey. It was a paper survey and included a business reply envelope. The results of this survey were impressive, as was the response rate. More than 200 Bank customers returned completed surveys. For 2008, we issued our second customer satisfaction survey. This time however, the survey was published to our Web site, and promoted within several communications throughout the year. Unfortunately, the number of respondents in 2008 (20 in total), made it impossible to draw any reasonable conclusions about Bank performance.

During 2009, in spite of the low response rate, we will again publish the survey online, and utilize additional means to drive existing customers to the form. This may include outbound calls, promotions and strategically placed links within our Web site.



CSB focuses on building long-term, sustainable relationships with our customers by concentrating on the unique and individual goals of each customer.

Our existing customers represent the single most important asset of CSB. We have adopted a strict and innovative customer service policy that includes and involves the following departments; Marketing, Customer Service and Operations. In 2008, all customer related marketing documents were evaluated and revised where necessary. This includes forms, letters, legal documents and sales pieces. Our effort has been to simplify these items as much as possible while still conveying (and collecting) the necessary information.

The Bank has also adopted an outbound calling policy through our Customer Service Department. It is our responsibility to reach out to each and every customer throughout the course of a year. These outbound calls are designed to inform existing customers of new products and services at the Bank, tax changes as well as to simply discuss their existing account. To date this effort has been very successful in establishing stronger relationships with our customers, and building the bonds that we view as mission critical. The greatest indication of our efforts is when a customer calls the Bank and asks for a Customer Service Representative by name.

The Operations Department is also making great strides to improve overall satisfaction at CSB. First and foremost we are making better use of our Web site to communicate and transact with our customers. They can now make additional deposits online, access all account maintenance forms and speak directly with CSB through live chat. We are also adhering to strict time policies on mailing communications to customers including form requests, deposit confirmations and distributions. Each, and especially the Web enhancements, have been very well received.

CSB hosts a dedicated customer service department working directly with customers over the phone and online. Throughout 2008, the customer service department worked with new technology such as the "live chat" feature and our online enrollment forms. During the past year, communication between the Bank and customers has become more efficient and has had great results from customer account retention and new account generation. Our goal through 2008 was to continue to enable customers to quickly and easily receive information over the phone, through the Web site and through our frequent mailings to customers – keeping them updated on their accounts and what's new at the Bank.

Each step forward in communications and each new tool used by the Bank, we believe further enhances the convenience for the customers of the MFESP. Our goal as a company is to provide MFESP customers with the widest array of tools to prepare them for the rising costs of higher education. CSB has an annual budget of \$300,000 for marketing the Montana 529 plan. With this budget we believe CSB has provided continual and comprehensive results.

## Broker/Dealers:

During 2008, CSB continued to develop and improve upon the existing relationships with Broker/Dealers (BD) and began expanding our network for these relationships. CSB, feels that a BD network is the next step for CSB to continue growth as a financial institution and to put our products into the hands of more customers than ever before.

Both Jason Thielman, our Vice President of Business Development and Rebecca Gaskin, our Business Development Coordinator, will play a part in establishing and maintaining these relationships. In addition, 2008 marked the beginning of the construction of a new Web site related directly to BDs so that they may obtain information about CSB or the MFESP. With this new network in place, CSB believes that the MFESP will reach more customers nationwide and brand awareness will also increase for the program.

## **A complete list of active sales agreements is below:**

- 3 Point Financial
- BFT Financial Group
- Cohler Financial Associates
- Laser Tax
- Cadenet, Grant & Co.
- FMN Capital Corp.
- Geneos Wealth Management
- Grennen Financial
- DFS&A Insurance Agency, Inc.
- Ruby Valley National Bank
- MEA-MFT
- Independence Capital Company Inc.
- Michael A Langlois
- Steven-Blake Investments
- Sunset Financial Services
- Bel Air Planning Association
- Berthel Fisher & Co Financial Services
- Larry Goldberg, CPA
- Sigma Financial Group
- Raymond James
- Kovack Securities
- Steven Schneider
- Sunset Financial
- Multifinancial Securities
- Maine Securities Corporation
- Walnut Street Securities
- Saffer Insurance & Investments
- Steve Cohn
- 529 Solutions
- Securian Financial Services Inc.
- Mutual Service Corporation
- New England Securities
- NFP Securities
- Paul Feinberg & Associates
- Sammons Securities Corp.
- Provenance Wealth Advisors
- Purshe Kaplan Sterling Investment
- Paul Laude CFP
- Securities America
- Security Assurance Services, Inc.
- D.A. Davidson
- Princor/Principle Financial

## Payroll Savings Plan:

In addition to the BD network, CSB has also maintained support for our Payroll Savings Plan throughout 2008. Our Payroll Savings Plan is an important contributor to deposits made annually. CSB works to build strong and lasting relationships with companies interested in the plan and those already involved. As of the date of this report, the Bank has more than 130 companies participating in our payroll savings plan.

## **Several are highlighted below:**

- State of Montana
- Bayonne Med Center
- City of Billings
- Butte - Silver Bow
- Liz Claiborne, Inc.
- Sun Chemical
- Kimball Medical Center
- Polson Schools
- Penske Truck
- St. Francis
- AT&T
- St. James Healthcare
- Montana Rail
- Pacific Life
- Country Wide
- Lockheed Martin
- State of Montana
- Berkshire Hathaw
- Honda Of America
- Bayshore Comm. Hospital
- Cascade Public Schools
- Community Med. Center
- Miami Township
- Kraft Foods
- Hunderdon Medical Center
- University of MT
- Meridian Hospital
- Montana Tech
- Billings Clinic
- Blue Cross Blue Shield
- MSU-Billings
- Deaconess Billings Clinic
- MSU-Bozeman
- Boeing
- Match.com
- Macy's
- PPL Montana
- Nissan

## Partnership Agreements:

Further, during 2008 CSB signed agreements with the Student Assistance Foundation of Montana, the Montana Bankers Association and the Minor League Baseball Association in Montana. All three of these agreements will provide unique benefits to the MFESP throughout 2009 and beyond. College Saving Bank believes it is important to continue building and strengthening relationships with businesses in the State of Montana, as well as nationally. This task not only represents a good business decision, it is a mandated goal within our agreement with the state.

Within PLF, 58 employers have established a payroll deduction plan to invest into the MT 529 Plan via PLF. Of the 58 companies, 25 are domiciled in Montana. The following Montana employers have established an employer sponsored program:

- Brady Public School
- First Interstate
- Montana Professional Assistance
- St. Labre Indian School
- City of Missoula
- Nement Telephone Coop
- Keil Lawfirm PC
- Scenic City Trucking
- St. Vincent Health Care
- Culver Insurance
- Ravalli County
- St. Luke Community Healthcare
- Miles City Unified School District
- East Bench Irrigation District
- Montana Family Practice
- Newland & Co.
- St. Patrick Hospital
- Whitewater School
- MSE Inc.
- CTA Architects
- Brelek & Young Advisors, Inc.
- Glasgow School District 1A
- Billings Public Schools
- Frenchtown School District
- Sorco Inc.

33 employers from outside the state have signed agreements with PLF to offer an employer sponsored payroll deduction plan:

- Pacific Life
- Santa Rosa County Schools
- Classic Party Rental
- The Bohren Groups
- Fire King International Inc.
- Brasseler USA
- Hat Trick Bakeries
- Iteration Software
- Isaacson and Raymond
- River Road ISD
- City of Greenwood
- KVC Behavioral Health
- Modesto City School
- Nephrology & Internal Medicine
- Patriot Fire Protection
- Liberty Candy USA, Inc.
- Avalon Park Group Management
- Bonham ISD
- Anna ISD
- Fehr & Peers Associates
- DSM Desotech
- Town of Apple Valley
- Information Systems
- Tetra Tech EM, Inc.
- Good News Church
- Monsanto
- Scibal Associates
- Bomi Institute
- Flint Genesee Economy
- Deft, Inc.
- Costaff
- St. Mary Mercy Hospital
- Heritage Homes

## Financial Planners:

Montana residents have the ability to purchase directly from PLF at Net Asset Value. In addition, the plan is accessible to individuals across the country by investing through an investment professional. As of December 31, 2008, the list of active MT BDs with offices in MT includes:

- 1st Global Capital
- Intersecurities Inc.
- Allstate Financial Services LLC
- Investment Centers of America
- Capital Financial Services
- Securities America Inc
- Financial Network Invest Corp
- The ON Equity Sales Company
- FSC Securities Corp.
- Wells Fargo Investments LLC
- ING Financial Partners
- World Group Securities Inc.
- Investacorp Inc.
- KMS Financial Services Inc.
- MML Investor Services
- Citigroup Financial Markets
- Mutual Securities Inc.
- First Clearing Corporation
- Next Financial Group Inc.
- H.D. Vest Financial Services
- Prospera Financial Services
- Linso/Private Ledger
- National Financial Services LLC
- Pacific West Securities
- Questar Capital Corporation
- Royal Alliance Associates Inc.
- Valic Financial Advisors, Inc.
- D.A. Davidson
- US Bancorp Investments
- Transamerica Financial Svcs
- Sigma Financial Corporation
- First Command Financial Planning Inc.
- Invest Financial Corporation
- Investors Capital Inc.
- MetLife Securities Inc.
- Mutual of Omaha Investor Svcs
- New England Securities Corp
- PrimeVest Financials Services
- Raymond James Financial
- S G Long & Company
- Summit Brokerage Services
- UBS Financial Services
- Woodbury Financial Services Inc.
- RBC Dain Rauscher
- Morgan Stanley Dean Witter
- Citigroup Global Markets, Inc.
- Fintegra, LLC
- First Wall Street Corp.
- Independent Financial Group LLC
- National Planning Corporation
- Northwest Investment ADVS, Inc.
- Northwestern Mutual Investment Services LLC
- US Bancorp Investments Inc.

## Fee Generation:

College Savings Bank did not charge any fees to its customers in 2008; PLF collects a \$25 annual maintenance fee (pro-rated for accounts less than 1 year old) on the last Friday of each April. The fee is waived for accounts with balances greater than \$25,000, accounts with an active preauthorized investment plan or payroll deduction and accounts that are opened at Net Asset Value, which includes accounts opened by Montana residents purchasing the 529 plan directly from PLF. In 2008, the cumulative fee collected by PLF on behalf of Montana was \$114,660, which was wired in its entirety to the Montana's Office of the Commissioner of Higher Education in May of 2008.

The Bank views 2008 as a remarkably successful and progressive year for the MFESP. Moving forward into 2009, the Bank's marketing goals are not only designed to build upon the previous year, but to venture into new medias, take on more sponsorships and create more brand awareness throughout the State of Montana, as well as nationally. The Bank plans to generate more leads through Web traffic and information kit requests, as well as phone inquiries from both in-state and out-of-state prospects, with our array of products. It is our expectation that College Savings Bank will continue to show growth levels similar to that of 2008. We are projecting over 1,000 accounts and \$20 million in deposits in 2009.

In 2008, the MFESP added the InvestorSure CD to the program. The Bank plans to continue to promote newly added products, explore additional CDs and most importantly, launch an age based investment model that features exclusively FDIC insured savings products. Further, we will complete our custom online banking experience, enhance our online offerings further and seek to provide value-added services, such as a life-insurance wrapper and innovative distribution vehicles.

The Bank's main goal for 2009 is to further develop institutional relationships with financial advisers, banks, accountants, trade associations and retail establishments within the State of Montana. As a result, we have added a business development department in late 2008, and our Business Development Manager spent four of the first eight weeks of 2009 within the State of Montana. We feel that building connections to these outlets will open up a new realm of customers and infinitely expand the number of 'touch points' we have to speak to Montana residents.

As in 2008, 2009 will represent an important time to place efforts in building grassroots relationships designed to reach parents through the schools, hospitals and other targeted channels. We will seek sponsorships and affinity relationships with such organizations as well as seek to host educational seminars presenting the value of saving for higher education. Currently the Bank has become sponsor for the 2009 Minor League Baseball season and will be participating in on-field giveaways, signage and radio promotions.

The Bank also plans to continue to make advancements in electronic marketing and online banking next year. We expect to see increases in measurable business indicators such as site traffic, page views, online enrollments and share of online voices. Continuous updating and enriching of site content as well as providing new tools and resources for our customers and prospects are goals for 2009. Also, the Bank plans to launch a Financial Adviser and Broker specific site as well as a CollegeSure Kids section to the existing site.

In 2007, CSB established a new brand message where the Bank speaks to parents about the hopes and dreams they have for their children's future, as opposed to a competitive landscape that is strictly 'selling investments'. During the past year, many parents have felt the effects of an economy in turmoil. We feel that more now than ever, parents can relate to our mission as a company, to provide a safe means of saving for higher education. The Bank reaches out to customers with the idea that money for higher education is not money to be gambled, but to be saved with a guarantee of that child's future expenses being manageable.

The Bank believes we are in a unique position to speak in this voice due to the inherent security of our products and we can use this as our unique selling point. This will continue to be the approach the Bank will take in marketing materials and Web site content. It will also be the overall direction that will continue to grow the Bank—from the products and services we bring to the market, to the relationships and affiliations we secure.

# Lead Generation

		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Region	ZIP	CSB	CSB	CSB	CSB	CSB	CSB	CSB	CSB	CSB	CSB	CSB Total
Kalispell	599	236	162	192	58	53	63	24	131	287	124	1,330
Missoula	598	499	515	388	175	110	104	49	267	399	237	2,743
Butte	597	482	294	433	168	100	105	44	263	467	207	2,563
Helena	596	320	260	346	107	77	79	45	214	278	107	1,833
Great Falls	594	394	256	305	95	59	60	39	191	248	107	1,754
Havre	595	89	74	62	33	7	13	6	44	63	21	412
Billings	590/591	563	452	450	142	105	111	76	188	495	166	2,748
Wolf Point	592	69	56	56	19	7	8	11	33	72	21	352
Miles City	593	103	68	45	13	21	13	9	57	83	20	432
CSB LEADS MT		2,755	2,137	2,277	810	539	556	303	1,482	2,392	1,010	14,167
CSB LEADS NAT'L		5,133	3,302	6,248	7,216	3,239	2,250	1,680	969	849	1,071	31,957
CSB TOTAL LEADS		7,888	5,439	8,525	8,026	3,778	2,806	1,983	2,451	3,241	2,081	46,218
PLF LEADS MT		n/a	n/a	n/a	2,290	2,709	234	328	197	214	91	6,063
PLF LEADS NAT'L		n/a	n/a	n/a	21,817	13,102	1,726	2,072	6,903	13,747	8,004	67,371
PLF TOTAL LEADS		n/a	n/a	n/a	24,107	15,811	1,960	2,400	7,100	13,961	8,095	73,434
MFESP TOTAL LEADS		7,888	5,439	8,525	32,133	19,589	4,766	4,383	9,551	17,202	10,176	119,652

## Site Traffic

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	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>Total</b>
In-State Visitors	2,500	4,500	4,000	11,000
In-State Page Views	9,000	18,500	22,000	49,500
Page Views Per Visitor	3.60	4.11	5.50	
Average Time on Site	3.23 minutes	4.06 minutes	4.32 minutes	
Total Visitors	8,000	14,500	30,000	52,500
Total Page Views	26,000	50,000	100,000	176,000
Page Views Per Visitor	3.25	3.45	3.33	
Average Time on Site	2.55 minutes	2.57 minutes	2.38 minutes	

# Customer Acquisition

		1999*	2000*	2001*	2002*	2003*	2004*	2005*	2006	2007	2008	
Region	ZIP	CSB	CSB	CSB	CSB	CSB	CSB	CSB	CSB	CSB	CSB	CSB Total
Kalispell	599	45	22	51	86	12	34	25	35	36	34	380
Missoula	598	110	139	157	165	89	68	26	65	92	84	995
Butte	597	115	98	149	151	113	47	23	102	107	101	1,006
Helena	596	87	78	136	149	48	62	3	52	71	68	754
Great Falls	594	64	67	89	80	69	13	4	33	57	46	522
Havre	595	11	27	26	22	1	8	3	9	2	4	113
Billings	590/591	80	93	181	169	123	71	15	85	93	83	993
Wolf Point	592	5	7	10	12	11	9	4	7	8	16	89
Miles City	593	14	3	16	11	12	6	4	17	8	14	159
CSB ACCOUNTS MT		531	534	815	845	478	318	107	405	474	450	5,541
CSB ACCOUNTS NAT'L		325	240	516	1,168	510	155	160	152	100	395	4,033
CSB TOTAL ACCOUNTS		856	774	1,331	2,013	988	473	267	557	574	845	9,574
		1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Region	Zip	PLF	PLF	PLF	PLF	PLF	PLF	PLF	PLF	PLF	PLF	PLF Total
Kalispell	599				34	131	91	94	105	127	1	583
Missoula	598				90	186	131	130	99	203	0	810
Butte	597				92	134	108	140	135	168	27	804
Helena	596				68	86	97	77	79	127	3	537
Great Falls	594				56	104	69	97	86	106	0	507
Havre	595				1	22	10	22	29	18	14	116
Billings	590/591				146	316	208	198	183	279	19	1,331
Wolf Point	592				14	13	35	21	15	16	0	102
Miles City	593				22	25	43	26	4	50	0	159
PLF ACCOUNTS MT					523	1,017	792	805	735	1,094	240	5,206
PLF ACCOUNTS NAT'L					624	1,110	65	9	16	4,581	1,346	7,751
PLF TOTAL ACCOUNTS					1,147	2,127	857	814	751	5,675	1,586	12,957
MFESP TOTAL ACCTS		856	774	1,331	3,160	3,115	1,330	1,081	1,308	6,249	2,431	22,531

\* Number of CSB accounts is net of all accounts closed as a result of full withdrawal.

# Contributions

In-State vs. Out-of-State Deposits							
YEAR	CSB	CSB	CSB	PLF	PLF	PLF	Combined
	Mt Res	Out-of-State	Total	Mt Res	Out-of-State	Total	Total
1999	\$2,158,118	\$4,079,840	\$6,237,958	n/a	n/a	n/a	\$6,237,958
2000	2,938,644	3,146,945	6,085,589	n/a	n/a	n/a	6,085,589
2001	4,759,226	8,639,973	13,399,199	n/a	n/a	n/a	13,399,199
2002	6,842,784	21,394,871	28,237,655	\$1,761,540	\$4,898,203	\$6,659,743	34,897,398
2003	7,670,921	14,081,688	21,752,609	5,376,019	9,013,201	14,389,220	36,141,829
2004	11,277,217	11,960,612	23,237,829	10,988,669	5,012,800	16,001,469	39,239,298
2005	4,412,959	8,726,121	13,139,080	6,719,397	2,418,256	9,137,652	22,276,732
2006	7,169,873	6,937,157	14,107,030	8,604,638	6,249,691	14,854,329	28,961,359
2007	10,807,351	10,055,516	20,862,867	9,742,475	18,242,931	27,985,406*	48,848,273
2008	7,045,386	12,573,018	19,618,404	7,191,916	14,730,649	21,922,565	41,540,965
Total	\$65,082,479	\$101,595,741	\$166,678,220	\$50,384,654	\$60,565,731	\$110,950,384	
Grand Total							\$277,628,604

\*PLF chart contributions exclude rollovers from Arizona plan

## Deposit Totals by Maturity

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College Savings Bank - Dollars on Deposit		
Year	Montana Residents	Out-of-State
Savings	\$2,519,641	\$2,428,403
2009	6,160,994	12,329,898
2010	4,763,422	9,384,803
2011	4,958,322	7,776,185
2012	3,186,536	6,476,723
2013	InvestorSure CD 1,010,558	4,582,204
	CollegeSure CD 2,614,818	5,826,537
2014	2,406,618	5,044,123
2015	2,229,791	4,612,053
2016	1,874,824	4,052,653
2017	1,855,207	3,908,151
2018	1,771,530	3,104,353
2019	1,490,673	2,768,540
2020	1,570,020	2,380,321
2021	1,089,233	1,527,542
2022	828,409	1,153,179
2023	717,983	624,420
2024	474,147	382,551
2025	399,272	204,732
2026	94,140	116,122
2027	30,472	71,993
2028	12,730	17,236
2029	4,154	2,756
Total Montana Residents	\$42,063,494	
Total Out-of-State		\$78,775,478

## Funds Investments by Month

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Pacific Life Funds - Investment by Month							
Mo/Yr	Mt Res	Out-of-State	Total	Mo/Yr	Mt Res	Out-of-State	Total
1/08	\$1,292,176	\$2,210,193	\$3,502,369	1/07	\$2,161,246	\$1,220,564	\$3,381,809
2/08	626,853	1,323,576	1,950,429	2/07	513,752	959,409	1,473,161
3/08	489,604	1,294,977	1,784,581	3/07	799,037	792,530	1,591,568
4/08	738,513	1,350,410	2,088,923	4/07	560,143	1,100,545	1,660,688
5/08	435,634	1,336,492	1,772,126	5/07	492,105	1,450,276	1,942,381
6/08	475,419	1,390,510	1,865,929	6/07	581,373	1,767,565	2,348,938
7/08	449,366	1,059,758	1,509,124	7/07	613,040	2,562,405	3,175,445
8/08	360,532	1,114,550	1,475,082	8/07	608,615	1,780,676	2,389,291
9/08	482,720	1,381,201	1,863,921	9/07	543,106	1,392,008	1,935,114
10/08	482,455	744,781	1,227,236	10/07	611,331	1,224,273	1,835,604
11/08	348,209	841,835	1,190,044	11/07	607,359	1,629,101	2,236,460
12/08	1,010,434	682,365	1,692,799	12/07	1,651,367	2,363,579	4,014,947
Inception through 12/06					28,485,977	25,809,874	54,295,851
Total					\$44,760,366	\$58,783,453	\$104,203,820

## Withdrawals

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Year	CSB	Amount	PLF	Amount
1999	33	\$163,942	n/a	n/a
2000	62	269,245	n/a	n/a
2001	113	512,327	n/a	n/a
2002	313	1,244,926	2	\$1,881
2003	476	2,199,500	63	531,173
2004	785	4,342,881	164	1,384,427
2005	1,116	7,434,791	700	2,133,449
2006	1,257	11,486,257	273	4,397,756
2007	1,712	14,151,976	472	4,961,953
2008	1,742	15,737,342	782	8,409,289
Total	7,609	\$57,543,187*	2,455	\$21,819,928
Combined Total				\$79,363,115

\* Excludes transferred accounts (\$605,883) to the Pacific Life Funds 529 Plan since inception.

# Expenditures

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College Savings Bank Expenditures		Pacific Life Funds Expenditures	
Year	Expenditure	Year	Expenditure
1998	\$317,183	1998	n/a
1999	394,242	1999	n/a
2000	398,902	2000	n/a
2001	391,026	2001	n/a
2002	376,048	2002	\$241,532
2003	317,058	2003	\$32,262
2004	300,924	2004	23,344
2005	398,917	2005	97,900
2006	460,933	2006	16,970
2007	804,148	2007	1,096,781
2008	662,598	2008	1,363,353
Total	\$4,821,979	Total	\$2,872,142
Grand Total \$7,694,121			

## College Savings Bank

<b>CSB Legal Services</b>	\$24,792
a. Legal and Compliance	
b. Trademark Registration and Maintenance	
<b>CSB Customer Service Support</b>	\$33,858
a. Phone System,	
b. Internet Access	
c. Online Chat Capabilities	
<b>CSB Print Fulfillment Printed or Reprinted</b>	\$88,409
<small>(Estimates below are printing costs only. Costs do not take into account legal/compliance costs, planning, postage, creative writing, design, pre-production, typesetting costs or salaries unless noted.)</small>	
a. Marketing Collateral	
b. Existing Customer Communication	
c. Business Documents/Forms	
<b>CSB Direct Mail</b>	\$30,397
a. Print Production	
b. Mail Shop Services	
c. List Services	
<b>CSB Media</b>	\$70,821
a. Magazines	
b. Newspaper	
c. Banner Ads	
d. Search Engine Key Words	
e. Outdoor	
<b>CSB Internet</b>	\$21,285
a. Hosting & Maintenance	
b. Creative/Updates/Services/Maintenance	
<b>CSB Public Relations</b>	\$7,769
a. News Release Services	
b. PSAs	
c. Press Release Mailings	
d. Clipping Service	
<b>CSB Overhead, Operations and Fulfillment</b>	\$127,985
a. Fulfillment Processing and Postage*	
<b>CSB Deposit Processing</b>	\$255,282
a. Visa/MC charge fees	
<b>CSB TOTAL</b>	<b>\$660,598</b>

\* Includes inbound postage from business reply envelopes.

## Pacific Life Funds

### Marketing Fulfillment

a. Postage and Handling	\$54,641
b. Inventory	\$2,304

### Print Expenses for MT 529

a. Quarterly Performance	\$52,469
b. MT 529 invest in your Grandchild	
c. MT 529 Plan Graduated with 4 caps	
d. 529 Client guide	
e. MT 529 Mailer	
f. MT application (direct and national)	
g. MT mailer	
h. MT mailer	

### Operational Support

a. Annual Account Maintenance	\$383,398
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### Administrative Expenses

a. PL Employee expense	\$748,590
b. Business supplies	
c. Business equipment	

### Account Owner Announcements (List)

a. Postage	\$23,248
b. Printing	\$89,074
a. PLF Prospectus (July)	
b. PLF Proxy	
c. PLF 529 shareholder direct mail brochure	
d. PLF Annual Report	
e. PLF Manager Change announcement	
f. PLF Semi-annual report	
g. PLF Account owner announcement	

### Customer Service

a. Inbound Calls	\$9,629
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### PLF Total

**\$1,363,353**

### Grand Total for both CSB and PLF

**\$2,023,951**

# Board of Regents Earnings

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College Savings Bank				Pacific Funds	
Year	App Fee	Early Withdrawal	Non-Qual Distrib	Year	Fee Generation
1999	\$10,760	\$3,300	\$166	1999	n/a
2000	0	6,200	705	2000	n/a
2001	0	10,400	1,838	2001	n/a
2002	0	7,200	0	2002	none
2003	0	4,300	0	2003	\$6,430
2004	0	0	0	2004	30,227
2005	0	0	0	2005	40,852
2006	0	0	0	2006	49,315
2007	0	0	0	2007	58,805
2008	0	0	0	2008	114,660
Total	\$10,760	\$31,400	\$2,709	Total	\$300,289
Grand Total \$345,158					

Pacific Life Funds and Portfolio Optimization Funds and Comparable Indices Returns through 12/31/08 Class A Shares (Load Waived)		
Fund Name	1 Year Cumulative Return	3 Year Cumulative Return
PL Portfolio Optimization Conservative A LW	-10.26%	0.18%
PL Portfolio Optimization Moderate-Conservative A LW	-18.76%	-2.13%
PL Portfolio Optimization Moderate A LW	-26.73%	-4.39%
PL Portfolio Optimization Moderate-Aggressive A LW	-33.85%	-6.97%
PL Portfolio Optimization Aggressive A LW	-40.02%	-9.18%
S&P 500 TR	-37.00%	-8.36%
ML 3M US Treasury Bill Yld	1.24%	3.49%
BarCap US Agg Bond TR USD	5.24%	5.51%
MSCI EAFE USD	-45.09%	-9.69%

# Pacific Life Funds Fee Comparison

		Low Cost Competitor	Mid Cost Competitor	High Cost Competitor	
529 Plan		Montana	Utah	Indiana	Nebraska
Investment Provider		Pacific Life Funds	Vanguard Funds	JP Morgan Funds	AIM Funds
Sales Leads	Class A	5.50% maximum front-end sales load	No-Load	5.25% maximum front-end sales load	5.50% maximum front-end sales load
	Class B	No front-end sales load; 7 year CDSC starting at 5%	N/A	No front-end sales load; 6 year CDSC starting at 5%	No front-end sales load; 6 year CDSC starting at 5%
	Class C	No front-end sales load; 1% CDSC within 12 months	N/A	No front-end sales load; 1% CDSC within 12 months	No front-end sales load; 1% CDSC within 12 months
Additional Fees (included in totals)		A \$25 annual maintenance fee, waived for MT Direct accounts, accounts with payroll deduction or automated investment plan, and accounts w/ balance > \$25,000.	There is up to a \$15 annual maintenance fee, which is waived for UT residents.	Non-residents pay a \$20 annual maintenance fee; IN residents pay a \$10 annual maintenance fee. Fees for both residents and non-residents are waived for accounts with an automated investment plan, and for accounts w/ balance >\$25,000	A \$25 annual maintenance fee, waived for accounts with an automated investment plan, and for accounts w/ balance >\$25,000.
Total Fund Expenses		PL Portfolio Optimization Conservative: 1.19%-1.94%	Expense Ratio Range: 0.22%-0.35%	Age-Based Portfolios: 0.91%-1.68%	Enrollment-Based Portfolios: 1.35%-2.36%
		PL Portfolio Optimization Moderate-Conservative: 1.26%-2.01%	There are nine investment options, including five age-based options	Lifestyle Portfolios 0.85%-2.33%	Lifestyle Portfolios 1.44%-2.45%
		PL Portfolios Optimization Moderate: 1.32%-2.07%	(Which invest in underlying Vanguard Funds), and the UT State Treasurer's		
		PL Portfolio Optimization Moderate-Aggressive: 1.37%-2.12%	Investment Fund, and a savings account held at Zions Bank		
		PL Portfolio Optimization Aggressive: 1.42%-2.17%			

## History of CollegeSure CDs Issued

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Description	Issuance Dates	Margin	Minimum APY	Actual APYs for twelve months ended July 31,**				
				2008	2007	2006	2005	2004
CollegeSure	11/01/97-08/02/02	0	4.00	5.49	6.02	5.74	5.62	5.35
CollegeSure	08/03/02-02/28/03	1.00	3.00	4.49	5.02	4.74	4.62	4.35
CollegeSure	03/01/03-08/01/03	2.00	2.00	3.49	4.02	3.74	3.62	3.35
CollegeSure	08/02/03-01/31/06	3.00	2.00	2.49	3.02	2.74	2.62	2.35
CollegeSure	02/01/06-03/14/08	1.50	2.00	3.99	4.52	4.24	N/A	N/A
CollegeSure	03/15/08 or after	3.00	2.00	2.49	N/A	N/A	N/A	N/A

\*\* Interest Rate: Each CollegeSure® CD pays interest on July 31 each year it remains outstanding, at an interest rate which may change, equal to the rate of college inflation, as measured by the change in the Independent College 500 Index minus a stepped-rate margin, subject to a minimum interest rate. Given a constant level of college inflation, each year's interest rate increases over the term of the CD. Consequently, the actual APYs in the above table are for CDs, at the midpoint of their term to maturity.

## Hypothetical 10-Year History, InvestorSure CD

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InvestorSure CD			
Issue Date	Maturity Date	Upside Payment	APY
Feb 1, 2004	Feb 1, 2009	38.25%	6.69%
Nov 1, 2003	Nov 1, 2008	17.82%	3.33%
Aug 1, 2003	Aug 1, 2008	24.44%	4.47%
May 1, 2003	May 1, 2008	31.69%	5.66%
Feb 1, 2003	Feb 1, 2008	36.56%	6.43%
Nov 1, 2002	Nov 1, 2007	31.71%	5.66%
Aug 1, 2002	Aug 1, 2007	26.41%	4.80%
May 1, 2002	May 1, 2007	5.53%	1.08%
Feb 1, 2002	Feb 1, 2007	2.18%	0.43%
Nov 1, 2001	Nov 1, 2006	2.72%	0.54%
Aug 1, 2001	Aug 1, 2006	0.00%	0.00%
May 1, 2001	May 1, 2006	0.00%	0.00%
Feb 1, 2001	Feb 1, 2006	0.00%	0.00%
Nov 1, 2000	Nov 1, 2005	0.00%	0.00%
Aug 1, 2000	Aug 1, 2005	0.00%	0.00%
May 1, 2000	May 1, 2005	0.00%	0.00%
Feb 1, 2000	Feb 1, 2005	0.00%	0.00%
Nov 1, 1999	Nov 1, 2004	0.00%	0.00%
Aug 1, 1999	Aug 1, 2004	0.00%	0.00%
May 1, 1999	May 1, 2004	0.00%	0.00%
Feb 1, 1999	Feb 1, 2004	0.00%	0.00%
Nov 1, 1998	Nov 1, 2003	9.00%	1.74%
Aug 1, 1998	Aug 1, 2003	3.91%	0.77%
May 1, 1998	May 1, 2003	8.13%	1.58%
Feb 1, 1998	Feb 1, 2003	19.13%	3.56%
Nov 1, 1997	Nov 1, 2002	26.33%	4.79%
Aug 1, 1997	Aug 1, 2002	23.77%	4.36%
May 1, 1997	May 1, 2002	47.97%	8.15%
Feb 1, 1997	Feb 1, 2002	46.42%	7.92%
Nov 1, 1996	Nov 1, 2001	57.73%	9.54%
Aug 1, 1996	Aug 1, 2001	71.16%	11.35%
May 1, 1996	May 1, 2001	61.63%	10.08%
Feb 1, 1996	Feb 1, 2001	64.84%	10.51%
Nov 1, 1995	Nov 1, 2000	71.18%	11.35%
Aug 1, 1995	Aug 1, 2000	69.17%	11.09%
May 1, 1995	May 1, 2000	77.08%	12.11%
Feb 1, 1995	Feb 1, 2000	83.67%	12.93%
Nov 1, 1994	Nov 1, 1999	76.84%	12.08%
Aug 1, 1994	Aug 1, 1999	73.79%	11.69%
May 1, 1994	May 1, 1999	65.47%	10.60%