

Payments to CollegeBoundfund® Participants

Some current and former CollegeBoundfund participants are receiving a payment related to the Alliance Fair Fund Distribution Settlement. The payments stem from settlements AllianceBernstein reached with the Securities and Exchange Commission and New York Attorney General to resolve claims of market timing in mutual funds AllianceBernstein advised between January 1, 2001 and September 30, 2003.

The following questions and answers will provide you with more information.

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General Information about the Payments

1. **Why have I received this payment?**
The Rhode Island Higher Education Savings Trust (RIHEST), the trust that holds the assets of CollegeBoundfund, received a reimbursement payment from the Alliance Fair Fund Distribution Settlement. RIHEST has decided to distribute the payment to impacted current and former CollegeBoundfund participants who invested in Portfolios affected by the settlement.
2. **What is the Alliance Fair Fund?**
The Alliance Fair Fund is a restitution fund created by settlements AllianceBernstein reached with the Securities and Exchange Commission (SEC) and the New York Attorney General.
3. **What is market timing?**
Market timing is "the frequent trading into and out of the same mutual fund to take advantage of natural inefficiencies in the pricing of the fund." AllianceBernstein's settlement with the SEC notes that market timing can dilute the value of shares, disrupt the management of a fund's portfolio and/or harm long-term account holders.
4. **How much money in total did the Alliance Fair Fund pay to RIHEST?**
The Alliance Fair Fund paid \$9,672,926.19 to RIHEST, which was a shareholder affected by market timing between January 1, 2001 and September 30, 2003.
5. **Is there a minimum payment amount to individual participants?**
Yes, the minimum payment is \$10. CollegeBoundfund participants who are due \$10 or more will receive a payment.

Investment Products Offered

• Are Not FDIC Insured • May Lose Value • Are Not Bank Guaranteed

6. What are the 10 mutual funds at issue?

The following AllianceBernstein mutual funds were subject to claims of market timing.

AllianceBernstein Global Bond Fund
AllianceBernstein Focused Growth and Income Fund
AllianceBernstein Growth and Income Fund
AllianceBernstein Growth Fund
AllianceBernstein High Income Fund
AllianceBernstein Small/Mid-Cap Growth Fund
AllianceBernstein Large Cap Growth Fund
AllianceBernstein Small Cap Growth Portfolio
AllianceBernstein Small/Mid Cap Value Fund
AllianceBernstein Global Thematic Growth Fund

7. Which CollegeBoundfund portfolios were affected by the payout?

Within CollegeBoundfund, 23 different Portfolios invested some of their assets in one or more of these funds, as part of their overall asset allocation.

The following 23 CollegeBoundfund portfolios held positions in the AllianceBernstein mutual funds at issue (see below):

Former Portfolio Name	Current Portfolio Name
CBF Aggressive Growth Portfolio	CBF Fixed-Allocation: Appreciation Portfolio
CBF Growth Portfolio	CBF Fixed-Allocation: Appreciation Portfolio
CBF Balanced Portfolio	CBF Fixed-Allocation: Balanced Portfolio
CBF Age Based Aggressive Growth Emphasis (<1984)	CBF Age Based Aggressive (<1984)
CBF Age Based Aggressive Growth Emphasis (1984–1986)	CBF Age Based Aggressive (1984–1986)
CBF Age Based Aggressive Growth Emphasis (1987–1989)	CBF Age Based Aggressive (1987–1989)
CBF Age Based Aggressive Growth Emphasis (1990–1992)	CBF Age Based Aggressive (1990–1992)
CBF Age Based Aggressive Growth Emphasis (1993–1995)	CBF Age Based Aggressive (1993–1995)
CBF Age Based Aggressive Growth Emphasis (1996–1998)	CBF Age Based Aggressive (1996–1998)
CBF Age Based Aggressive Growth Emphasis (1999–2001)	CBF Age Based Aggressive (1999–2001)
CBF Age Based Aggressive Growth Emphasis (2002–2004)	CBF Age Based Aggressive (2002–2004)
CBF Age Based Growth Portfolio (< 1984)	CBF Age Based (< 1984)
CBF Age Based Growth Portfolio (1984–1986)	CBF Age Based (1984–1986)
CBF Age Based Growth Portfolio (1987–1989)	CBF Age Based (1987–1989)
CBF Age Based Growth Portfolio (1990–1992)	CBF Age Based (1990–1992)
CBF Age Based Growth Portfolio (1993–1995)	CBF Age Based (1993–1995)
CBF Age Based Growth Portfolio (1996–1998)	CBF Age Based (1996–1998)
CBF Age Based Growth Portfolio (1999–2001)	CBF Age Based (1999–2001)
CBF Age Based Growth Portfolio (2002–2004)	CBF Age Based (2002–2004)
AllianceBernstein Global Technology Portfolio	AllianceBernstein Global Thematic Growth Portfolio
AllianceBernstein Large Cap Growth Portfolio	AllianceBernstein Large Cap Growth Portfolio
AllianceBernstein Mid-Cap Growth Portfolio	AllianceBernstein Small/Mid Cap Growth Portfolio
AllianceBernstein Growth & Income Portfolio	AllianceBernstein Growth & Income Portfolio
JP Morgan 529 Age Based (<1987)	Principal Protection Income
JP Morgan 529 Age Based (1987–1989)	CBF Age Based (1984–1986)
JP Morgan 529 Age Based (1990–1992)	CBF Age Based (1990–1992)
JP Morgan 529 Age Based (1993–1995)	CBF Age Based (1993–1995)
JP Morgan 529 Age Based (1996–1998)	CBF Age Based (1993–1995)
JP Morgan 529 Age Based (1999–2001)	CBF Age Based (1999–2001)
JP Morgan 529 Age Based (2002–2004)	CBF Age Based (1999–2001)

8. **Were CollegeBoundfund portfolios affected directly by the market timing?**

No. Only some of the CollegeBoundfund portfolios that invested in any of the 10 AllianceBernstein mutual funds listed in Question 6 were affected by market timing.

9. **What will happen to the amount that isn't paid out?**

The rest of the funds will be deposited into the existing underlying portfolios in which the affected CollegeBoundfund Portfolios invest. The deposit will increase the net asset value of the existing CollegeBoundfund Portfolios, benefiting all participants invested at the time of the deposit.

10. **Am I eligible to receive a payment?**

If you invested in any of the 23 CollegeBoundfund Portfolios listed in Question 7 any time between January 1, 2001 and September 30, 2003, you could be eligible to receive a payment.

11. **What if I didn't receive a payment?**

Participants who invested in one of the 23 CollegeBoundfund Portfolios between January 1, 2001 and September 30, 2003, and whose share of the distribution is at least \$10, are eligible to receive a payment. If you didn't receive a payment, records indicate you weren't invested in one of the affected CollegeBoundfund Portfolios during that time OR your share of the distribution was less than \$10.

12. **What if I think I should have gotten a payment, or if I disagree with the amount of my payment?**

Please contact CollegeBoundfund at 1.888.324.5057.

13. **Do I have to do anything to receive a payment?**

No. Eligible CollegeBoundfund participants will receive a payment either by check or with a credit to their current CollegeBoundfund account. There's no need to submit any paperwork.

14. **How was my payment calculated?**

Your payment was based on the number of shares you owned in one of the CollegeBoundfund Portfolios listed

in Question 7, and the impact on that Portfolio from its investment(s) in one or more of the 10 underlying mutual funds affected by the market timing.

15. **How will payments be distributed?**

Current CollegeBoundfund participants will receive a credit into their account. Former participants will receive a check.

16. **Will Portfolio fees increase because of this payment?**

No, Portfolio fees will not increase because of the payment.

About the Alliance Fair Fund Distribution Settlement

17. **Who decided how the Alliance Fair Fund payments should be distributed?**

The SEC required AllianceBernstein to appoint an independent expert to determine how to distribute Fair Fund payments to mutual fund shareholders.

Dr. Marshall Blume is the Independent Distribution Consultant. Dr. Blume is the Howard Butcher III Professor of Financial Management, Director of the Rodney L. White Center for Financial Research, and past Chairman of the Finance Department at the Wharton School, which is the business school of the University of Pennsylvania. The SEC approved Prof. Blume's distribution plan in May 2008.

18. **Can I get a copy of the Alliance Fair Fund Distribution Settlement Plan of Distribution?**

A copy of the Plan of Distribution is available at www.abfairfund.com. Remember, the Plan determined the amount that RIHEST received, as a shareholder in the mutual funds at issue. The Plan did not calculate your specific portion of the payment.

19. **Why has this process taken so long?**

The analysis underlying the Plan of Distribution was highly complex. The SEC also reviewed the Independent Distribution Consultant's Plan carefully before approving it.

Former CollegeBoundfund Participants Receiving a Check(s) Paid to “Trustee of the 529 Plan FBO...”

20. Why does the check indicate that it’s payable to “TRUSTEE OF THE 529 PLAN FBO PARTICIPANT/ACCOUNT OWNER”?

It’s made payable this way so that you can send it to the Section 529 college-savings program in which you currently have an account. You can simply instruct that program to deposit the check into the account and treat it as investment earnings, not a contribution. The check is valid for 180 days from the date on the check.

21. Are there tax implications from receiving a check?

If you deposit the check into another state’s section 529 plan and instruct the plan to treat the deposit as earnings, not a contribution, it should not represent a taxable event. You’ll also receive an IRS Form 1099-Q with the “trustee-to-trustee transfer” box checked to indicate that the distribution was transferred to another state’s section 529 college-savings plan. A copy of the 1099-Q will also be filed with the Internal Revenue Service. Please consult with a tax advisor to find out how this will impact your specific tax situation.

22. Can I cash the check?

The check is designed to be deposited into another Section 529 plan. You can request that CollegeBoundfund have the check reissued as payable to the participant or beneficiary. Download the Fair Fund Check Reissue form from the literature and forms section of www.collegeboundfund.com. Or call CollegeBoundfund at 1.888.324.5057 for help. Please consult with a tax advisor to find out how this will impact your specific tax situation.

Former CollegeBoundfund Participants Receiving a Check(s) Paid to “Participant/Account Owner”

23. Why is the check made payable to the “PARTICIPANT/ACCOUNT OWNER”?

According to our records your account was closed by way of distribution as either Qualified or Non-

Qualified. As such we have made the check payable so that you may deposit the check directly into your bank account. The check is valid for 180 days. Be advised that the entire amount is considered Earnings for tax reporting purposes.

24. What are the tax implications from receiving a check made to the “PARTICIPANT/ACCOUNT OWNER”?

Please consult with a tax advisor to find out how this will impact your specific tax situation.

General Check Questions

25. If I want to use the check to start a new account with CollegeBoundfund, will I still have to meet a minimum investment requirement?

Yes, minimum investment requirements apply to all new accounts. Please go to www.collegeboundfund.com to find out more on specific minimums.

26. My account has been closed for some time. How do I know the check is accurate?

The payment is based on historical transaction data from the mutual funds’ transfer agent and financial intermediaries.

27. What if I need a new check because...

...I don’t have another 529 account to deposit the payment into and I want it reissued in my name

...I don’t have another 529 account to deposit the payment into and I want it reissued in the beneficiary’s name*

...I didn’t use my check within 180 days from the date printed on the check

...I received the check and it’s damaged

...I lost the check

...my legal name changed

We can reissue the check for any of the reasons above. You can get a reissued check by:

*Please note if we reissue the check to you or a beneficiary, the recipient will receive an IRS Form 1099-Q.

- Downloading the Fair Fund Check Reissue form from the literature and forms section of www.collegeboundfund.com and return it the address provided on the form
- Or call *CollegeBoundfund* at 1.888.324.5057 for help.

28. **How long will it take for me to receive a reissued check?**

You should receive your reissued check within 5 to 7 business days.

CollegeBoundfund Participants Receiving an Account Credit

29. **Will the payment affect contributions or earnings in my account? What are the tax implications?**

The entire amount of the credit is considered investment earnings. You won't receive a tax form for this credit.

30. **How does the payment affect the value of my account?**

The credit will increase the number of shares in your account.

31. **I also have shares in another *CollegeBoundfund* Portfolio, but that Portfolio doesn't appear to be included in my distribution. Why?**

Not all *CollegeBoundfund* Portfolios had investments in the 10 underlying AllianceBernstein mutual funds during the period covered by the Alliance Fair Fund Distribution Settlement.

If you have any further questions or need additional information,
please call *CollegeBoundfund* at 1.888.324.5057 or visit
our website at www.collegeboundfund.com

You should consider the investment objectives, risks, charges and expenses of *CollegeBoundfund* carefully before investing. For a free copy of the Program Description, which contains this and other information, visit our website at www.collegeboundfund.com, or call your financial representative or AllianceBernstein Investments at 888.324.5057. Please read the Program Description carefully before you invest.

If you are not a Rhode Island resident or if you have taxable income in another state, please note that depending on the laws of your or your beneficiary's home state, favorable state tax treatment or other benefits offered by such home state for investing in 529 college savings plans may be available only for investments in the home state's 529 plan. Any state-based benefit offered with respect to this plan should be one of many appropriately weighted factors to be considered before making an investment decision. Please consult your financial, tax or other advisor to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances. You may also wish to contact your home state or another state's 529 plan to learn more about its features, benefits and limitations before investing. Statements in this material concerning taxation are not offered as individual tax advice.

The investments in *CollegeBoundfund* are not guaranteed by the State of Rhode Island, the Rhode Island Higher Education Assistance Authority (which established and implemented *CollegeBoundfund* and makes rules and regulations governing the program), the Rhode Island State Investment Commission (which oversees the investments of the assets of *CollegeBoundfund*), the Federal Deposit Insurance Corporation (FDIC) or any instrumentality thereof. *CollegeBoundfund* is managed by AllianceBernstein L.P. and distributed by AllianceBernstein Investments, Inc., member of FINRA.



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