



DISCLOSURE STATEMENT

Enrolling and investing in the Florida College Investment Plan involves certain risks, including the loss of the entire amount of funds invested in the Florida College Investment Plan. You should carefully consider the risk factors beginning on page 26 of this Disclosure Statement before enrolling and investing in the Florida College Investment Plan.

Program Accounts are not deposits or obligations of, or insured or guaranteed by, the State of Florida or any agency, or instrumentality thereof, the United States government, the Florida Prepaid College Board, any financial institution, the Federal Deposit Insurance Corporation, or any other agency, entity, instrumentality or person.

No security issued by the Florida Prepaid College Board has been registered with or approved by the United States Securities and Exchange Commission or any state securities commission.

Effective April 1, 2011

IMPORTANT NOTES TO INVESTORS

No dealer, broker, salesperson or other person has been authorized by the Florida Prepaid College Board (the “**Board**”) to give any information or to make any representations other than those contained in this document and, if given or made, such other information or representations must not be relied upon as having been authorized by the Board.

This Florida College Investment Plan Disclosure Statement (this “**Disclosure Statement**”), and Addendum 1 is not in and of itself a contract with any person enrolling in the Florida College Investment Plan (“**Account Owner**”). The Participation Agreement, attached as Addendum 2, is the contract with an Account Owner. When the Application is signed by the Account Owner and is accepted by the Board, the Application and Participation Agreement, which is incorporated by reference into the Application, shall constitute the contract with the Account Owner.

The information and legal opinions referenced in this Disclosure Statement are subject to change without notice, and neither delivery of this Disclosure Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board or the Florida College Investment Plan since the date of this Disclosure Statement. Statements contained in this Disclosure Statement relate to past performance, are provided for historical purposes only and may not be indicative of future performance. Actual results for future periods could differ significantly from past performance. Investment return and the value of your investment will fluctuate. Your investment when withdrawn may be worth more or less than your contributions.

Neither the Board nor the State of Florida has a legal obligation to ensure pay-out of any or all of the amount of any contribution to the Florida College Investment Plan, or guarantees that there will be any investment return, or investment return at a particular level, with respect to any funds contributed to the Florida College Investment Plan.

This Disclosure Statement does not constitute an offer to sell or the solicitation of an offer to buy any security other than an investment in the Florida College Investment Plan offered hereby, nor does it constitute an offer to sell or the solicitation to any person in any jurisdiction or under any circumstances in which it would be unlawful.

This Disclosure Statement is available as a public record on the Board website at www.myfloridaprepaid.com.

IMPORTANT TAX INFORMATION - Please be advised that the tax advice set forth in this Disclosure Statement is intended to support the marketing of the Florida College Investment Plan. The tax advice herein may not be used for the purpose of avoiding the payment of taxes or penalties under the Internal Revenue Code. Please consult your own tax adviser with respect to your specific situation prior to making any investment decisions in connection with the Florida College Investment Plan.

Internal Revenue Service (“**IRS**”) Circular 230 Disclosures: The information concerning the federal tax consequences of participating in the Florida College Investment Plan is general in nature and does not take into account individual circumstances that may affect the tax treatment for a particular taxpayer. In addition, the information concerning the tax consequences is not a “covered opinion” as that term is defined in IRS Circular 230 and, therefore, it is not intended or written to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code.

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AN OVERVIEW

This overview is a brief summary of the terms of the Florida College Investment Plan. For complete information, you should read this entire Disclosure Statement, including the Addenda, attached hereto.

GENERAL

The Florida College Investment Plan (the “**Program**”), which has been implemented by the Florida Prepaid College Board (the “**Board**”), was created by the State of Florida to provide another method by which to save for the costs of education after high school. The Program provides an investment vehicle to be used to accumulate funds to pay for college expenses. The Board also administers the Florida Prepaid College Plan (“**Prepaid Plan**”) which provides guaranteed funds for the payment of certain prepaid college expenses. This Disclosure Statement does not describe the Prepaid Plan. Both the Program and the Prepaid Plan have been designed to meet the requirements of a qualified tuition program under Section 529 (“**529 Plan**”) of the Internal Revenue Code of 1986, as amended (the “**Internal Revenue Code**”).

One of the benefits of a 529 Plan such as the Program is that the earnings on funds invested in such a plan are not subject to federal income tax when the funds invested are used to pay qualified higher education expenses at certain educational institutions. This Program allows you to save for other qualified college costs not covered by the Prepaid Plan, such as tuition, fees, books, off-campus housing, the additional cost of most private and out-of-state colleges, and even graduate school. There are no Florida state residency or age requirements, and you can open an account for anyone, including yourself. The Program, however, is different from the Prepaid Plan because funds invested in the Program are not guaranteed or insured, and you could lose your entire investment and earnings thereon, if any.

Under the terms of the Program, a person who enrolls in the Program (“**Account Owner**”) receives an account (“**Account**”). Funds deposited in this Account by the Account Owner or any other person are invested in investment options selected by the Account Owner from a list of investment options pre-determined by the Board. The funds held in an Account are intended to

pay for the Account Beneficiary’s “Qualified Higher Education Expenses” at an “Eligible Educational Institution.”

- “**Qualified Higher Education Expenses**” are tuition, fees, room and board, and the cost of books, supplies and equipment required for the enrollment or attendance of a Beneficiary at an Eligible Educational Institution. The amount of room and board expenses that are eligible to be treated as Qualified Higher Education Expenses is subject to certain limitations as described in detail below under “WITHDRAWALS – Qualified Withdrawals.” See “WITHDRAWALS – Qualified Withdrawals” herein for more information regarding Qualified Higher Education Expenses and certain limitations associated therewith.
- In general, “**Eligible Educational Institutions**” are accredited, postsecondary educational institutions offering credit toward a bachelor’s degree, an associate’s degree, a graduate level or professional degree or another recognized postsecondary degree, including certain proprietary institutions and postsecondary vocational schools and certain institutions in foreign countries, provided such institution must be eligible to participate in U.S. Department of Education student aid programs.

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 penalties. Taxpayers may wish to seek advice from an independent tax advisor based on their own particular circumstances.

PROGRAM ADMINISTRATION AND GOVERNANCE

The Program, which is authorized by Section 1009.981, Florida Statutes (the “**Statute**”), is administered by the Board as an agency of the State of Florida, which is under the jurisdiction of the State Board of Administration. Part IV, Chapter 1009, Florida Statutes, provides that the Board shall be comprised of the following seven persons: the Attorney General, the Chief

Financial Officer, the Chancellor of the State University System of Florida, the Chancellor of the Division of Community Colleges, or a designee appointed separately by each officer to represent them, and three members appointed by the Governor of the State of Florida and subject to confirmation by the Florida Senate. Pursuant to Florida law, the Board has the authority to adopt rules to implement and administer the Program and establish investment policies for the Program.

The Board must prepare or cause to be prepared an annual report which includes a financial description of the Program at the close of the fiscal year. The report must be submitted to designated governmental entities and is made available to each benefactor and designated beneficiary. Additionally, the Program is subject to annual audits by the Auditor General of Florida.

INVESTMENT OPTIONS AND PROGRAM FEES

In accordance with Florida law, the Board has adopted an investment policy (the “**Comprehensive Investment Plan**”) for the Program which currently consists of five investment options (the “**Investment Options**”). As of the date of this Disclosure Statement, the Investment Options available to Account Owners in the Program are:

- Fixed Income Investment Option (Option 1): Allocates contributions to the fixed income portfolio;
- U.S. Equity Investment Option (Option 2): Allocates contributions among four equity investment portfolios;
- Balanced Investment Option (Option 3): Allocates contributions equally between Option 1 and Option 2;
- Age Based/Years to Enrollment Investment Option (Option 4): Allocates contributions between Option 1 and Option 2, based on the age of the Beneficiary or the number of years until the anticipated enrollment of the Beneficiary in an Eligible Educational Institution; and
- Money Market Investment Option (Option 5): Allocates contributions to a money market fund.¹

Based upon which Investment Options are selected, the contributions, when made, will be allocated in accordance with the Comprehensive Investment Plan into one or more of the Investment Portfolios associated with those Investment Options. Contributions may be allocated to the Account for investment in any one or a combination of the Investment Options. However, once an investment selection has been made, such contributions and any earnings thereon may be transferred to another Investment Option only once per calendar year or upon a change of Beneficiary. (See “OPENING AND MAINTAINING AN ACCOUNT – Changing the Beneficiary and Transferring Accounts” on page 9 for more information.) An Account Owner may not direct the investment of any contributions to an Account or any earnings on such contributions to an investment other than the Investment Options available under the Program. A Beneficiary cannot direct the investment of any contributions or earnings in an Account.

The Account Balance will fluctuate based on the performance of the Investment Portfolios underlying the choice of Investment Options and any fees applicable to the Account. Investments under the Program are not guaranteed and no one can predict the returns from the investment of the contributions to the Program. The rate of return on funds in the Account during any particular period may be less than the rate of increase in the costs of higher education and may be less than the return on other college savings programs or investment alternatives.

In addition to the nonrefundable application fee, Accounts are subject to the following fees: (a) the Administration Fee of 3/4 of 1% (0.0075 or 75 basis points), based on the Account Balance as calculated and charged daily; (b) the Insufficient Funds Fee of \$20 for each check that is tendered or automatic contribution that is authorized, in payment under the Program that is returned by a financial institution due to insufficient funds; and (c) the Termination Fee of \$50 upon termination of the account other than termination due to the death or disability of the Beneficiary or the Beneficiary’s receipt of a scholarship. The Board has established these fees and may, in its sole discretion, increase or decrease these fees at any time or impose additional fees. For more information regarding these fees, please see the section entitled “FEES APPLICABLE TO AN ACCOUNT.”

¹The Money Market Investment Option is not registered under the Investment Company Act of 1940, as amended and is exempt from registration under this Act. See “RISKS OF INVESTING IN THE PROGRAM – Accounts Not Registered under Securities Laws.”

Investments in the Investment Options are not insured or guaranteed by the State of Florida, the Board, any state agency or instrumentality, the Program, the FDIC, or any federal government or agency. The Comprehensive Investment Plan, Investment Options and Investment Portfolios may be changed by the Board at any time. For additional information about the Investment Options and Investment Portfolios, including limitations and risks, see "HOW CONTRIBUTIONS ARE INVESTED."

ENROLLMENT IN THE PROGRAM

In order to enroll in the Program and open an Account you must (1) complete and sign an Application, which incorporates the Participation Agreement; (2) submit a one-time, **nonrefundable** \$50 application fee (a nonrefundable \$80 application fee if you enroll in both the Program and the Prepaid Plan or a \$30 nonrefundable application fee if you are already enrolled in the Prepaid Plan with the same beneficiary); (3) make a minimum initial contribution of \$250 (or \$25 if monthly payment is made by payroll deduction or under an automatic contribution plan) to the Account; and (4) name a student for whose benefit the Account is to be opened (the "**Beneficiary**").

The rights of the Account Owner and the Beneficiary are established under provisions of Florida law, any administrative rules adopted by the Board, and the Participation Agreement. A copy of the Participation Agreement is set forth in Addendum 2 to this Disclosure Statement.

TRUST FUND

All assets of the Program are deposited and held in the Florida Prepaid College Trust Fund (the "**Trust**"). Contributions under the Program entitle the Account Owner to a share of the assets of the Program held in the Trust, expressed as a number of trust units. The number of Trust units credited to the Account will be based on the amount of contributions and the rate of return on the investment. (See "HOW CONTRIBUTIONS ARE INVESTED — The Investment Portfolios – Trust Unit Value.") Funds contributed to the Program are held in the Trust and are required to be maintained, invested and expended solely for the

purposes of (1) making payments on behalf of Beneficiaries for Qualified Higher Education Expenses, (2) making distributions, including refunds, if any, to an Account Owner upon termination of the Account Owner's participation in the Program, and (3) paying the costs of Program administration and operations.

NO GUARANTEE OF ADMISSION OR SUFFICIENT FUNDS

Enrollment in the Program does not guarantee admission or continued enrollment at an Eligible Educational Institution for the Beneficiary of the Account, nor does it guarantee that funds in the Account, if any, will be sufficient to cover Qualified Higher Education Expenses for the Beneficiary.

SECURITIES LAWS CONSIDERATIONS

Neither the Accounts under, or the Participation Agreement executed in connection with, the Program nor the Trust units allocable thereto have been registered under the Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of the State of Florida or any other jurisdiction. (See "RISKS OF INVESTING IN THE PROGRAM — Accounts Not Registered Under the Securities Laws.")

BANKRUPTCY LAW CONSIDERATIONS

Bankruptcy cases commenced by individuals under Title 11 of the United States Code on or after October 17, 2005 expressly exclude from such individual's bankruptcy estate (and therefore, will not be available for distribution to the individual's creditors), certain funds paid or contributed by such individual to an Account. The bankruptcy protection for these types of Accounts, however, is limited. To be protected, the Beneficiary of the Account must be a child, stepchild, grandchild, or step-grandchild of such individual during the year of such contribution and the funds must have been contributed at least 365 days prior to a bankruptcy filing. This bankruptcy protection also imposes a cap on the amount of funds that may be excluded from such individual's bankruptcy estate.

Effective April 1, 2010, the maximum amount entitled to this bankruptcy exclusion is \$5,850 for payments or contributions made by such individual to the Account for the Beneficiary during the period between 365 and 720 days prior to the bankruptcy filing. Contributions made more than 720 days prior to the bankruptcy filing should not be a part of the bankruptcy estate provided that the aggregate amount contributed by such individual to the Account does not exceed the Maximum Account Balance Limit on Contributions at the time of the bankruptcy filing, as adjusted for changes in the cost of education under a specified index. See "MAXIMUM ACCOUNT BALANCE" on page 8 for more information. This information is not meant to be individual advice and Participants should consult with their own legal advisors concerning their individual circumstances.

TAX CONSIDERATIONS

Federal and State Income Taxes:

The earnings on an Account are deferred for federal income tax purposes until withdrawal. As long as withdrawals from the Account are used for the Beneficiary's Qualified Higher Education Expenses, the earnings portion of the withdrawals will not be subject to federal income taxation. Contributions to the Account and earnings on the Account are exempt from State of Florida taxation.

If you or the Beneficiary of your Account reside in another state or have taxable income in another state, it is important for you to note that if that state has established a qualified tuition plan under Section 529 of the Internal Revenue Code of 1986, that state's program may offer favorable state income tax benefits or other benefits that are only available if you invest in that state's program, and that are not available to you or the Beneficiary if you invest in this Program. These benefits, if any, should be considered before making a decision to invest in the Program. You should consult with a qualified advisor or contact that state's college savings program to find out about such benefits.

Federal Gift, Estate and Generation-Skipping Transfer Taxes:

Contributions to an Account are generally considered completed gifts to the Beneficiary for federal tax purposes and are, therefore, potentially subject to federal gift tax. Generally, if an Account Owner makes contributions to an Account for a Beneficiary, and the contributions, together with all other gifts to the Beneficiary

by the person making the contributions, are less than \$13,000 per year (or \$26,000 for a married individual who elects to split gifts with his or her spouse), no federal gift tax will be imposed on the individual making the contribution for gifts to the Beneficiary during that year. In such case, the filing of a federal gift tax return will not be required unless the individual elected to split gifts with his or her spouse. If a person's contributions to a Beneficiary in a single year exceed \$13,000, the person making the contributions may elect to treat up to \$65,000 of the contributions (or \$130,000 in the case of an electing married couple) as having been made ratably over a five-year period. Such an election is made by filing a federal gift tax return. For 2011 and 2012, each contributor has a \$5,000,000 lifetime exclusion that may be applied to gifts greater than the annual exclusions amounts referenced above (or \$10,000,000 in the case of an electing married couple). Although the IRS requires gift tax returns to be filed for gifts greater than the annual exclusion amount, no gift tax will be due until the lifetime exemptions have been used.

Amounts in an Account that were considered completed gifts by the person making the contribution will not be included in such person's gross estate for federal estate tax purposes. However, if that person elected to treat the gifts as having been made over a five-year period and dies before the end of the five-year period, the portion of the contribution allocable to the remaining years in the five-year period (not including the year in which the person making the contribution died) would be includable in computing said person's gross estate for federal estate tax purposes. Amounts in an Account at the death of a Beneficiary will be included in the Beneficiary's gross estate for federal estate tax purposes.

A permissible change in the Beneficiary of an Account or a permissible transfer to an Account for another Beneficiary will potentially be subject to the federal gift tax if the new Beneficiary is of a younger generation than the Beneficiary being replaced. In addition, if the new Beneficiary is two or more generations below the Beneficiary being replaced, the transfer may be subject to the generation-skipping transfer tax. Under the proposed Treasury regulations, these taxes are imposed on the prior Beneficiary. Under present law, the generation-skipping transfer tax for 2011 and 2012 has a \$5,000,000 exemption. Account Owners should consult their own tax advisors for guidance when considering a change of Beneficiary or a transfer to another Account, and should evaluate the potential gift tax

and generation-skipping transfer tax implications to an existing Beneficiary when considering such a change. In addition, Account Owners and newly designated Account Owners should consult their tax advisors regarding the potential applicability of gift tax or generation-skipping transfer tax as a result of the transfer of ownership of an Account to a new Account Owner.

Final regulations related to the gift and estate tax rules, as applied to 529 Plans, have not been issued. Moreover, current estate and gift tax laws may change at any time.

Hope Scholarship or Lifetime Learning Credits:

The use of a Hope Scholarship tax credit or Lifetime Learning tax credit by a qualifying Account Owner and Beneficiary will not affect participation in or benefits from an Account, so long as the Account assets are not used for the same expenses for which the credit was claimed. However, if the Account assets are used for the same expenses for which the tax credit was claimed, the amount of the Beneficiary's Qualified Higher Education Expenses will be reduced by the amount of those expenses. As a result of the reduction, the earnings portion of the Account withdrawal for those expenses may be subject to federal and state income tax (but not the Additional Tax).

For additional tax considerations, see "RISKS RELATING TO CHANGES IN LAW."

HOW TO CONTACT THE BOARD

**You may contact the Florida Prepaid College Board
at P.O. Box 6567, Tallahassee, FL 32314-6567,
1-800-552-GRAD (4723) or via the Internet at
www.myfloridaprepaid.com.**

The remainder of this Disclosure Statement describes the procedure for enrolling in the Program and opening an Account, the Investment Options available under the Program, the Program's investment objectives, and other relevant information about the Program.

OPENING AND MAINTAINING AN ACCOUNT

HOW TO PARTICIPATE IN THE PROGRAM

You may contact the Board to receive an enrollment kit (“**Enrollment Kit**”) for the Program which contains, among other things, an application (“**Application**”), the Disclosure Statement and the Participation Agreement. You may reach the Board by:

- (1) **Calling the Board toll-free at 1-800-552-GRAD (4723)**
- (2) **Accessing the Board website at www.myfloridaprepaid.com or**
- (3) **Writing to the Florida Prepaid College Board at P.O. Box 6567, Tallahassee, FL 32314-6567.**

When you open an Account you must complete and sign an Application, designate a Beneficiary on the Application (who must be a natural person) and mail the Application, along with the \$50 nonrefundable one-time application fee (a \$80 nonrefundable application fee if you enroll in both the Program and the Prepaid Plan, or a \$30 application nonrefundable fee if you are already enrolled in the Prepaid Plan with the same beneficiary) and a check in the amount of at least \$250 for your initial contribution (or \$25 if monthly payment is made by payroll deduction or under an automatic contribution plan) to the following address: Florida Prepaid College Board, P.O. Box 6448, Tallahassee, FL 32314-6448.

Or you may enroll online by accessing the Board’s Website at www.myfloridaprepaid.com. When you sign the Application or enroll online, and it is accepted by the Board, the Application and the Participation Agreement will constitute your contract under the Program.

WHO MAY PARTICIPATE IN THE PROGRAM

Any natural person who is 18 years of age or older and is a U.S. citizen or U.S. resident alien with a valid social security number

or any entity with a U.S. federal taxpayer identification number may open an Account and be an Account Owner. Each Account may have only one Beneficiary.

A Beneficiary must be a natural person who is a U.S. citizen or U.S. resident alien with a valid Social Security number. If you wish to make contributions for more than one Beneficiary, you must complete a separate Application and open a separate Account for each Beneficiary. Other Account Owners may open an Account for the same Beneficiary.

The Account Owner also may designate a contingent benefactor (who must be a natural person at least 18 years of age and a U.S. citizen or U.S. resident alien with a valid social security number or an entity with a U.S. federal taxpayer identification number) (a “**Survivor**”).

- For Accounts established on or after February 1, 2009 (and Accounts established prior to that date where the Account Owner and Survivor have elected to have the Account be subject to the requirements applicable to Accounts established on or after February 1, 2009): (a) the Survivor, together with the Account Owner, must authorize changes in the Beneficiary, Account Owner and Survivor, requests for voluntary termination of the Account, and refund requests if the Account is involuntarily terminated; and (b) the Account Owner and Survivor each enjoy a right of survivorship for each other.
- For accounts established prior to February 1, 2009: (a) the Account Owner may, without the consent or authorization of the Survivor, make all contract changes, requests for voluntary termination of accounts, and refund requests; (b) the Account Owner may remove the Survivor from an Account without the consent of the Survivor; and (c) the Account Owner and Survivor together may irrevocably elect to change the Survivor’s rights to be the same as those for Survivors for Accounts established on or after February 1, 2009, by submitting a written request containing the notarized signatures of the Account Owner and the Survivor.

Corporations, trusts and certain other types of entities with a valid U.S. federal taxpayer identification number may participate in the Program. Such entities, however, will be required to furnish documentation to substantiate the legal status of the entity.

A state or local government (or agency or instrumentality) or organization described in Section 501(c)(3) of the Internal Revenue Code may open an Account to fund scholarships. A Beneficiary need not be designated for a scholarship Account opened by these entities but each person who receives an interest in the Account as a scholarship will be treated as a Beneficiary for that portion of the Account awarded to him or her.

The Program allows custodians for minors under the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act (“**UGMA/UTMA**”) to open Accounts in the Program. These Accounts will be subject to the following restrictions:

- The custodian will be required to sign forms in the custodian’s representative capacity as a custodian.
- The custodian will not be permitted to change the Beneficiary of an Account directly or by means of a Rollover Distribution (as defined in this Disclosure Statement in the Section “WITHDRAWALS — Non-Qualified Withdrawals and Additional Tax – Rollover Distributions”).
- The custodian will not be permitted to change the Account Owner of an Account from the custodian to anyone other than a successor custodian or the Beneficiary without providing the Board with a court order directing the change.
- The custodian will be required to notify the Board when the Beneficiary is legally entitled to take control of the Account and become the registered owner. At that time, the Beneficiary, as Account Owner, would be able to conduct the same Account transactions as non-UGMA/UTMA Account Owners.
- The custodian will be permitted to make a Non-Qualified Withdrawal only in accordance with the UGMA/UTMA rules, which may indicate that any funds withdrawn must be used for the benefit of the Beneficiary.

Custodians, trustees, corporations and other entities should consult a tax advisor about the tax consequences of opening and maintaining Accounts in the Program, as well as legal counsel regarding their rights and responsibilities.

THE PARTICIPATION AGREEMENT – RIGHTS AND OBLIGATIONS; AMENDMENT

To open an Account, you must complete an Application, which incorporates by reference the Participation Agreement. You may invest in one or more of the Investment Options offered under the Program. If you elect to contribute to more than one of the Investment Options, you must specify in the Application how to invest the initial contribution and the percentage of each subsequent contribution you want invested in each Investment Option. For information on how to revise the Investment Option elections for future contributions to the Program, see “OPENING AND MAINTAINING AN ACCOUNT – Selecting and Revising the Investment Options.”

The rights and obligations of an Account Owner are set forth in the Participation Agreement. Each Participation Agreement is an obligation of the Program only, and is not an obligation of the State of Florida. The Program is obligated to make distributions only to the extent of those funds on deposit in an Account at a specific point in time. The amount of funds on deposit in the Account will fluctuate based upon how well or how poorly the Investment Options that have been selected perform. While the Participation Agreement is in effect and the Account is open, funds invested in an Account are exempt from the claims of creditors of the Account Owner, Survivor and Beneficiary pursuant to Section 222.22, Florida Statutes. Any amendments to the Statute or the rules adopted by the Board which govern the Program will automatically amend the Participation Agreement. In addition, any amendments to the operating procedures and policies of the Program will amend the Participation Agreement when such amendments become effective. Account Owners will be notified of any such amendments in due course.

The above discussion is a summary of the Participation Agreement. It does not address all provisions of the Participation Agreement or

all of the rights and obligations of an Account Owner, Survivor or Beneficiary under the Program and is qualified in its entirety by reference to the Participation Agreement which is set forth in Addendum 2 to this Disclosure Statement.

Each person considering an investment in the Program is urged to carefully read the Participation Agreement in its entirety before deciding to invest. It is recommended that each prospective investor review the Participation Agreement with his or her investment and tax advisors, accountants, and attorneys.

CONTRIBUTIONS

Contributions will be credited to an Account only if the documentation received by the Board is complete and has been duly signed by the Account Owner. Contributions will be credited to an Account no later than 10 days (21 days in the months of January and February) after receipt by the Board.

If you have previously selected more than one Investment Option for the Account, the contribution will be invested in accordance with the Investment Options and applicable percentages you previously selected.

If you wish to make a different Investment Option selection or change the percentage allocations for future contributions, you must provide written instructions to the Board. Such requests will be processed no later than 10 days (21 days in the months of January and February) after receipt of the request by the Board.

MINIMUM CONTRIBUTIONS

The minimum initial contribution to an Account is \$250. However, if your employer allows payroll deduction, the minimum contribution to an Account is \$25 per month. Also, the minimum contribution to an Account is \$25 per month if you are in an Automatic Contribution Plan. An "Automatic Contribution Plan" is a method of making contributions to an Account in the Program whereby funds are automatically withdrawn from your bank account on a pre-scheduled, recurring basis.

MAXIMUM ACCOUNT BALANCE

By law, additional contributions to the Account may not be made if at the time of a proposed contribution the total balance of the Account and all other Accounts under the Program and the Prepaid Plan for the same Beneficiary reaches a certain level (the "Maximum Account Balance Limit"). The Maximum Account Balance Limit established by the Board is currently \$394,000, which is based on certain higher education costs. The Board will periodically review the Maximum Account Balance Limit, inform Account Owners in writing of any changes to the Maximum Account Balance Limit, and annually publish the amount of the Maximum Account Balance Limit in the Florida Administrative Weekly. This limitation on Account balances is intended to comply with the federal tax law requirement that the Program have adequate safeguards to prevent contributions to an Account in excess of those necessary to provide for the Qualified Higher Education Expenses of the Account's Beneficiary. The Maximum Account Balance Limit applies regardless of which Investment Option or combination of Investment Options are selected for an Account and takes into account the total balances, including earnings, of all Accounts for the same Beneficiary as well as the redemption value of any advance payment contracts for the Beneficiary in the Prepaid Plan.

Contributions for any Beneficiary will be rejected and returned to the extent the amount of the contribution would cause the total balance for the Account(s) for that Beneficiary in the Program plus the redemption value of any advance payment contract in the Prepaid Plan to exceed the Maximum Account Balance Limit. Accounts that have reached the Maximum Account Balance Limit may continue to accrue earnings.

Even if the combination of contributions and earnings in an Account or Accounts in the Program and an advance payment contract in the Prepaid Plan held for the Beneficiary reaches the Maximum Account Balance Limit, such funds may not be sufficient to pay all Qualified Higher Education Expenses of the Beneficiary.

METHOD OF PAYMENT

Contributions can be made by check, money order, cashier's checks, Automatic Contribution Plan, payroll deduction or through a rollover. Systematic, recurring contributions to an Account may be made by using either payroll deduction or the Automatic Contribution Plan, which automatically deducts scheduled contributions from a bank account. In order to contribute by payroll deduction, please contact the Board for more information. Checks should be made payable to the Florida College Investment Plan. Contributions by check must be drawn on a banking institution located in the United States in U.S. dollars. Traveler's checks are not permitted and third party checks may not exceed \$10,000, unless the third party is distributing funds from an UGMA/UTMA account or for the purposes of a Rollover Distribution to the Program. Contributions by credit card or other means of credit are not permitted.

If your method of payment is the Automatic Contribution Plan, please contact the Board to change the amount of the contributions, to stop making contributions to the Account, or to change your telephone number, address, or banking information. If your method of payment is payroll deduction, please contact your employer to change the amount of the contributions or stop payroll deduction. Please contact the Board for further instructions.

CHANGING THE BENEFICIARY AND TRANSFERRING ACCOUNTS

The Account Owner may make the following changes and transfers relating to the Account:

- Change the Beneficiary of the Account (the approval of the Survivor is also required if the Account was established on or after February 1, 2009, or if the Account was established prior to that date and the Account Owner and Survivor have elected to have the Account be subject to the requirements applicable to Accounts established on or after February 1, 2009),

- Transfer funds between Accounts in the Program that are held for the same Beneficiary (the approval of the Survivor is also required whenever the Account from which the transfer is made will have a balance of zero after the transfer if the Account was established on or after February 1, 2009, or if the Account was established prior to that date and the Account Owner and Survivor have elected to have the Account be subject to the requirements applicable to Accounts established on or after February 1, 2009),
- Transfer funds from an Account to another state's qualified tuition program (the approval of the Survivor is also required when the Account from which the transfer is made will have a balance of zero after the transfer if the Account was established on or after February 1, 2009, or if the Account was established prior to that date and the Account Owner and Survivor have elected to have the Account be subject to the requirements applicable to Accounts established on or after February 1, 2009), and
- Within 60 days of a withdrawal of funds from an Account or from an account in another state's qualified tuition program, make a deposit to a new or existing Account or to an account in another state's qualified tuition program (known as a "Rollover Distribution").

The following tax consequences may apply to these changes or transfers:

- If there is a change of Beneficiary and the new Beneficiary is a "Member of the Family" (as defined below) of the previous Beneficiary, the change or transfer usually is a non-taxable event and will not be subject to the Additional Tax (as defined below). However, you should review the consequences of any change of Beneficiary with your tax advisor.
- Except as described below, if
 - the change, transfer, or Rollover Distribution is to a person who is not a "Member of the Family" or
 - the Rollover Distribution does not occur within 60 days of the original distribution, the earnings on any amounts transferred will be subject to federal taxation including the Additional Tax.

- A transfer of funds between Accounts in the Program owned by different Account Owners for the same Beneficiary is considered a non-taxable event for federal income tax purposes and will not be subject to the Additional Tax.
- The transfer of funds from an account in one qualified tuition program to an account in another qualified tuition program for the same Beneficiary once every 12 months without incurring federal income tax, including the Additional Tax, as long as the transfer occurs within 60 days of the original distribution.

Federal income tax is due on the earnings portion of Non-Qualified Withdrawals at the same income tax rate as other investment earnings, plus an Additional Tax is payable. The “**Additional Tax**” is a 10% charge or tax imposed by the IRS on the earnings portion of Non-Qualified Withdrawals. For more information on the Additional Tax, see “WITHDRAWALS – Non-Qualified Withdrawals and Additional Tax.”

In the event of an IRS inquiry, it is the Account Owner’s responsibility to substantiate that such Rollover Distribution or transfer of funds qualifies for federal tax exemption. Accordingly, the Account Owner should retain documents and information adequate to substantiate that a particular Rollover Distribution or transfer of funds between qualified tuition programs is not subject to federal income tax, including the Additional Tax.

A “Member of the Family” for these purposes is a person related to the Beneficiary as follows: (1) a son or daughter, or a descendant of either; (2) a stepson or stepdaughter; (3) a brother, sister, stepbrother or stepsister; (4) the father or mother, or an ancestor of either; (5) a stepfather or stepmother; (6) a son or daughter of a brother or sister; (7) a brother or sister of the father or mother; (8) a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law; (9) the spouse of any of the foregoing individuals, including the Beneficiary; or (10) a first cousin of the Beneficiary. For this definition, a child includes a legally adopted child and a brother or sister includes a half-brother or half-sister.

If a change of Beneficiary, transfer, or Rollover Distribution causes the sum of the total balance for all Accounts under the Program and the redemption value of the Prepaid Plan for the new Beneficiary to exceed the Maximum Account Balance Limit, the excess amount will be rejected and returned. If the Beneficiary is

changed, or if a transfer of funds or a Rollover Distribution to an Account for a new Beneficiary is made, the funds may be invested in the same or a different Investment Option. For changes of Beneficiary, the same Participation Agreement would apply to the new Beneficiary as applied to the Beneficiary immediately prior to the change of Beneficiary.

If funds are being transferred from a qualified tuition program of another state to an Account in the Program, the program from which funds are being transferred may restrict or prohibit such transfer or impose charges. As a result, you should investigate this change thoroughly before requesting a transfer.

No Rollover Distribution may be made from the Program into the Florida Prepaid College Plan.

See “WITHDRAWALS” on page 13 for a description of your choices if a change or transfer that you want to make does not meet the requirements discussed above.

Please contact the Board for instructions about how to make any of the changes or transfers described above. You should consult your tax, financial, and legal advisors before making any changes, transfers, or Rollover Distributions to your Account.

SELECTING AND REVISING THE INVESTMENT OPTIONS

You may add Investment Options to the Account for future contributions at any time by contacting the Board with appropriate instructions. Future contributions to the Account are not limited to your prior Investment Option elections. Each time a contribution is made to the Account, you may select an Investment Option for that contribution. You may add new Investment Options to the Account, stop making contributions to a particular Investment Option, or increase or decrease the percentage amount of future contributions to a previously selected Investment Option. Such requests will be processed by the Board not later than 10 days (21 days in the months of January and February), after receipt of the request by the Board. The Account Owner may also transfer all or any portion of the funds already invested in a particular Investment Option to another Investment Option only once per calendar year, or as part of the process of changing the Beneficiary of the Account, by contacting the Board for instructions.

CHANGING THE ACCOUNT OWNER

Ownership of the Account may be changed, without the Account Owner being subject to State of Florida or federal tax, including the Additional Tax, to another individual or entity that is eligible to be an Account Owner in the Program. If the Account is established on or after February 1, 2009 (or if the Account was established prior to that date and Account Owner and Survivor have elected to have the Account be subject to the requirements applicable to Accounts established on or after February 1, 2009), the change in ownership of the Account also requires the approval of the Survivor. When ownership of an Account is transferred, a change of the Beneficiary is not required.

An Account Owner may change the ownership of an Account established prior to February 1, 2009, by submitting a notarized, written request transferring the ownership of the Account to a person who is at least 18 years of age and is a citizen or resident alien of the United States together with an Application executed by the person to whom the Account is to be transferred. The written request must also include the notarized signature of the Survivor if the Account was established on or after February 1, 2009, (or if the Account was established prior to that date and the Account Owner and Survivor have elected to have the Account subject to the requirements applicable to Accounts established on or after February 1, 2009).

NAMING A SURVIVOR

An individual Account Owner may designate a Survivor. Designation of a Survivor is optional. The Survivor must be at least 18 years of age and either a U.S. citizen or resident alien. To designate your Survivor, complete the appropriate section of the Application. The designation of a Survivor is not revocable by will or codicil.

- If the Account was established on or after February 1, 2009 (or if the Account was established prior to that date and the Account Owner and Survivor have elected to have the Account subject to the requirements applicable to Accounts established on or after February 1, 2009), the Account Owner and the Survivor each will enjoy a right of survivorship for each other.

- If the Account was established prior to February 1, 2009 (unless the Account Owner and Survivor have elected to have the Account subject to the requirements applicable to Accounts established on or after February 1, 2009), the Survivor will automatically become the new Account Owner upon the death of the Account Owner.

In either circumstance, funds in the Account will not be considered assets of the decedent's estate and will not be subject to probate.

Subject to any applicable limitations associated with the Account Owner acting in a custodial capacity, the name of the person designated to be the Survivor may be changed. If the Account was established on or after February 1, 2009, a change of the person designated as the Survivor may be accomplished by submitting a written request to the Board which contains the notarized signatures of the current Account Owner and the current Survivor. If the Account was established prior to February 1, 2009, the Account Owner may change the Survivor at any time without the consent of the Survivor by submitting to the Board a written request signed by the Account Owner, unless the Account Owner and Survivor have elected to have the Account subject to the requirements applicable to Accounts established on or after February 1, 2009.

To effectuate a change in ownership of the Account after the death of the Account Owner or Survivor, the survivor of them will be required to submit to the Board a certified copy of the death certificate or other legally recognized proof of death that is acceptable to the Board and a change of ownership request.

FEES APPLICABLE TO AN ACCOUNT

ADMINISTRATION FEE

The Account is subject to an administration fee (“**Administration Fee**”). The Administration Fee is a periodic charge expressed as a basis point charge against the Account Balance or as a percentage of your Account Balance. The Administration Fee will be deducted automatically from the Account on a daily basis. See Direct Fee Structure table below:

DIRECT FEE STRUCTURE						
INVESTMENT OPTIONS	ANNUAL ASSET-BASED PROGRAM FEES					ADDITIONAL INVESTOR EXPENSE
	ESTIMATED UNDERLYING FUND EXPENSES	PROGRAM ADMINISTRATION FEE	STATE FEE	MISC. FEE	TOTAL ANNUAL ASSET-BASED FEES	ANNUAL ACCOUNT MAINTENANCE FEE
Fixed Income Investment Option	N/A	.0075	N/A	N/A	.0075	N/A
U.S. Equity Investment Option	N/A	.0075	N/A	N/A	.0075	N/A
Balanced Investment Option	N/A	.0075	N/A	N/A	.0075	N/A
Age Based/Years to Enrollment Investment Option	N/A	.0075	N/A	N/A	.0075	N/A
Money Market Investment Option	N/A	.0075	N/A	N/A	.0075	N/A

As of the date of this Disclosure Statement, the Administration Fee is 3/4 of 1% (0.0075 or 75 basis points) of the Account Balance. The Board will determine the amount of the Administration Fee annually and will publish the amount of the fee in the Florida Administrative Weekly. The Board determines the amount of the Administration Fee based on the total amount invested in the Program by all Account Owners, the amounts of the fees that the Board must pay for investment management services, trustee services, records administration services, marketing services, customer services and the annual budget of the Board, which has been approved by the State Board of Administration of Florida.

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

- A \$10,000 investment invested for the time periods shown
- A 5% annually compounded rate of return on the amount invested throughout the period
- All units are redeemed at the end of the period shown for qualified higher education expenses (the table does not consider the impact of any potential state or federal taxes on the redemption)

- Total annual asset-based fees remain the same as those shown in the Direct Fee Structure table

APPROXIMATE COST OF \$10,000 INVESTMENT				
INVESTMENT OPTIONS	ONE YEAR	THREE YEARS	FIVE YEARS	TEN YEARS
Fixed Income Investment Option	\$79	\$246	\$428	\$955
U.S. Equity Investment Option	\$79	\$246	\$428	\$955
Balanced Investment Option	\$79	\$246	\$428	\$955
Age Based/Years to Enrollment Investment Option	\$79	\$246	\$428	\$955
Money Market Investment Option	\$79	\$246	\$428	\$955

ADDITIONAL FEES

There is a one-time, nonrefundable \$50 application fee (a nonrefundable \$80 application fee if you enroll in both the Program and the Prepaid Plan or a \$30 nonrefundable application fee if you are already enrolled in the Prepaid Plan). The Board will impose a \$20 fee for all payments to the Board or to the Program which are returned for insufficient funds (“**Insufficient Funds Fee**”). If a contribution to the Account is returned due to insufficient funds, the Insufficient Funds Fee will be deducted from the Account.

The Board also will impose a \$50 fee for the termination of the Account, except (1) when a request for a distribution of all funds in the Account is submitted so that the Account Balance is zero (other than a Rollover Distribution), (2) when an Account is terminated due to the death or disability of the Beneficiary, or (3) the receipt by the Beneficiary of a scholarship; provided in any such case that the Board receives sufficient documentation of those circumstances. See Additional Fees Table below:

ADDITIONAL FEES	DOLLARS
Application Fee	\$50
Termination Fee	\$50
Insufficient Funds Fee	\$20

WITHDRAWALS

The Account Owner may direct withdrawals from an Account. For accounts established on or after February 1, 2009 (and Accounts established prior to that date where the Account Owner and Survivor have elected to have the Account subject to the requirements applicable to Accounts established on or after February 1, 2009), the approval of the Survivor is also required for a withdrawal whenever the Account will have a balance of zero after the withdrawal.

A withdrawal from the Account will be classified as:

(a) a Qualified Withdrawal, (b) a withdrawal due to the death or disability of, or scholarship award to, the Beneficiary, (c) a Non-Qualified Withdrawal, or (d) a Rollover Distribution.

A withdrawal may be requested by submitting a written request to the Board. If the Account in the Program is invested in more than one Investment Option and a withdrawal is requested, the amount withdrawn will be deducted from each of the Account's Investment Options. The withdrawal will be made from each of the Investment Options in proportion to the market value of each of the Investment Options as it relates to the market value of the overall Account, prior to the withdrawal. Please contact the Board for instructions about how to complete this transaction.

QUALIFIED WITHDRAWALS

A **"Qualified Withdrawal"** is a distribution from the Account that is used to pay the Qualified Higher Education Expenses of the Beneficiary. The distribution may be made payable to the Account Owner, or the Beneficiary, or the Eligible Education Institution. By law, such expenses are defined to include only tuition, fees, the cost of books, supplies and equipment required for the enrollment or attendance of a Beneficiary at an Eligible Educational Institution and room and board in some cases. Qualified Higher Education Expenses include certain additional enrollment and attendance costs of special needs Beneficiaries. The earnings portion of withdrawals from an Account will not be includable in the federal taxable income of the recipient of the withdrawals as long as the withdrawals are used for the Beneficiary's Qualified Higher Education Expenses. Although

there are no current regulations regarding the timing of Qualified Withdrawals, the IRS could promulgate rules or take the position that Qualified Higher Education Expenses be paid in the same taxable year a Qualified Withdrawal is made. **See "RISKS RELATED TO CHANGES IN LAW" for more information.**

Unlike expenses for tuition, fees, books, supplies and equipment, the cost of room and board may be treated as Qualified Higher Education Expenses only if the Beneficiary is enrolled for at least half time. Half time is defined as half of a full-time academic workload for the course of study the student is pursuing based on the standard at the Beneficiary's Eligible Educational Institution. The Eligible Educational Institution's standard for a full-time workload must equal or exceed the standard established by the U.S. Department of Education under the Higher Education Act of 1965.

The amount that may be treated as a Qualified Higher Education Expense is generally limited to the room and board allowance (applicable to the student) that is included by the Eligible Educational Institution in its "cost of attendance" for purposes of determining eligibility for federal financial aid for that year. For students living in housing owned or operated by the Eligible Educational Institution, if the actual invoice amount charged by the Eligible Educational Institution for room and board is higher than the "cost of attendance" figure, then the actual invoice amount may be treated as qualified room and board costs. Please contact the Board to obtain more information regarding the treatment of room and board expenses. Other restrictions may apply to other types of housing arrangements.

Eligible Educational Institutions generally are accredited postsecondary educational institutions offering credit toward a bachelor's degree, an associate's degree, a graduate level or professional degree, or another recognized postsecondary degree. Some proprietary institutions and postsecondary vocational institutions and some institutions located in foreign countries also are Eligible Educational Institutions. To be an Eligible Educational Institution, the aforementioned institutions must be eligible to participate in U.S. Department of Education student aid programs.

Please contact the Board for more information when the Beneficiary of the Account is accepted at an Eligible Educational Institution and you are ready to request a Qualified Withdrawal.

The Account Owner should retain receipts, invoices or other documents and information adequate to substantiate that a particular expense is a Qualified Higher Education Expense of the Beneficiary. It is the Account Owner's responsibility to provide the IRS with proof with respect to any expense claimed on the Account Owner's federal income tax returns as a Qualified Higher Education Expense.

NON-QUALIFIED WITHDRAWALS AND ADDITIONAL TAX

A "Non-Qualified Withdrawal" is any withdrawal from an Account other than (1) a Qualified Withdrawal, (2) a withdrawal because of the death or disability of, or scholarship award to, the Beneficiary, or (3) a Rollover Distribution (as described below). An Additional Tax of 10% payable through an Account Owner's federal income tax return to the United States Treasury will apply to the earnings portion of any Non-Qualified Withdrawal.

In addition, the earnings portion of Non-Qualified Withdrawals will be subject to federal income tax liability of the Account Owner.

WITHDRAWAL DUE TO DEATH, DISABILITY, OR SCHOLARSHIP

Withdrawals resulting from the death or disability of, or scholarship award to, the Beneficiary generally are not subject to the Additional Tax applicable to Non-Qualified Withdrawals. However, the earnings portion of such withdrawals will be subject to federal income tax liability of the recipient of the withdrawal (i.e., the Account Owner or the Beneficiary). The portion of such withdrawal that is attributable to earnings will not be included in income for state personal income tax purposes in Florida because the State of Florida does not impose an income tax. If the Account Owner is a resident of a state other than Florida, then the Account Owner should consult their tax advisor to determine if

the portion of such withdrawal that is attributable to earnings is subject to state income taxation in the Account Owner's state.

A scholarship includes certain educational assistance allowances under Section 25A(g)(2) of the Internal Revenue Code. To the extent the amount withdrawn exceeds the amount of the scholarship and is not used for Qualified Higher Education Expenses, such amount will be subject to the Additional Tax.

Contact the Board for more information about a withdrawal due to the death or disability of, or a scholarship award to, the Beneficiary. It is the Account Owner's responsibility to substantiate the reason for such a withdrawal with the IRS. Accordingly, the Account Owner should retain receipts, invoices or other documents and information adequate to substantiate that a particular withdrawal was made on account of the death or disability of, or scholarship award to, the Beneficiary.

REFUNDS OF PAYMENTS OF QUALIFIED HIGHER EDUCATION EXPENSES

If an Eligible Educational Institution refunds to a Beneficiary any portion of an amount withdrawn from the Account that the institution receives under the Program for the payment of Qualified Higher Education Expenses, the Account Owner must treat the refund as a Non-Qualified Withdrawal for purposes of federal income tax, the earnings portion of which will be subject to both the Additional Tax and federal income tax, unless the amount of the refund is allocated to other Qualified Higher Education Expenses or the refund was made due to the death or disability of, or scholarship award to, the Beneficiary. If the refund is allocated to other Qualified Higher Education Expenses, the earnings portion of the refund will not be subject to federal income tax or the Additional Tax. If a refund due to the death or disability of, or a scholarship award to, the Beneficiary is received and it is not allocated to other Qualified Higher Education Expenses, the earnings portion of the refund will be subject to federal income tax only. In the event the refund is allocated to other Qualified Higher Education Expenses or the refund was made due to the death or disability of, or scholarship award to, the Beneficiary, the Account Owner should retain receipts, invoices or other documents and information adequate to substantiate this allocation or reason for the withdrawal in the event of an inquiry by the IRS.

ROLLOVER DISTRIBUTIONS

A request for a Rollover Distribution of the entire Account Balance is considered a request to voluntarily terminate the Account and the Participation Agreement. A Rollover Distribution of the entire Account Balance may be requested by submitting a written and notarized request to the Board. For Accounts established on or after February 1, 2009 (and Accounts established prior to that date where the Account Owner and Survivor have elected to be subject to the requirements for Accounts established on or after February 1, 2009), the request must contain the notarized signature of the Account Owner and Survivor. For Accounts established prior to February 1, 2009, the request must contain the notarized signature of the Account Owner, unless the Account Owner and Survivor have elected to have the Account subject to the requirements applicable to Accounts established on or after February 1, 2009. The request must indicate the qualified tuition program to which the Rollover Distribution is to be made. The Termination Fee of \$50 applies to such Rollover Distributions.

The Account Owner may request a Rollover Distribution of a portion of the Account Balance by submitting a written request to the Board which indicates the qualified tuition program to which the Rollover Distribution is to be made. There is no Termination Fee for partial rollovers. For a description of the requirements and tax considerations relating to (1) a withdrawal from an Account and a deposit within 60 days of the withdrawal to a new Account or (2) a withdrawal from an Account in one state's qualified tuition program and a deposit within 60 days of the withdrawal to an Account in another state's qualified tuition program, see "OPENING AND MAINTAINING AN ACCOUNT – Changing the Beneficiary and Transferring Accounts" above. No Rollover Distributions may be made from any 529 Plan (Qualified Tuition Plan) into the Florida Prepaid College Plan.

REQUESTING WITHDRAWALS

An Account Owner may request a withdrawal by submitting a written request to the Board.

If a withdrawal is requested and the remaining Account Balance is zero, the withdrawal request will be deemed to be a request to voluntarily terminate the Account and the Participation Agreement. However, the Account and the Participation Agreement may be reactivated at any time by making a contribution to the Account.

TERMINATING AN ACCOUNT

VOLUNTARY TERMINATION

The Account Owner may voluntarily terminate an Account and the Participation Agreement at any time by providing a notarized, written request to the Board to terminate the Participation Agreement and to distribute all Account funds. If the Account was established on or after February 1, 2009 (or if the Account was established prior to that date and the Account Owner and Survivor have elected to be subject to the requirements for Accounts established on or after February 1, 2009), the request also must contain the notarized signature of the Survivor. If an Account is terminated, it will be subject to the Termination Fee of \$50 and the funds will be subject to taxes and penalties if the funds distributed are deemed to be a Non-Qualified Withdrawal. See "WITHDRAWALS – Non-Qualified Withdrawals and Additional Tax." In addition, if a written, notarized request for a Rollover Distribution of the entire Account Balance of an Account is submitted, the Account and the Participation Agreement will be deemed to have been voluntarily terminated and the Account will be subject to the Termination Fee of \$50; certain tax consequences also may apply. See "WITHDRAWALS – Rollover Distributions."

Finally, if a written request for a distribution from the Account that reduces the Account Balance to zero, the Account and the Participation Agreement will be deemed to have been voluntarily terminated, although the Account and the Participation Agreement may be reactivated at any time if a new contribution to the Account is received. No Termination Fee applies in this instance. Various penalties, fees and tax consequences may apply when an Account is voluntarily terminated. Accordingly, you should consult your own tax, financial, and legal advisors prior to voluntarily terminating your Account.

All refunds of the Account Balance as a result of the voluntary termination of an Account are made payable solely to the Account Owner.

TERMINATION OF THE ACCOUNT BY THE BOARD

An Account and the Participation Agreement will be terminated by the Board if a material misrepresentation is made in the Application submitted to the Board or a material misrepresentation

is made by you or on your behalf in any communication to the Board regarding the Program or the Account. A material misrepresentation includes, but is not limited to, providing an invalid social security number or taxpayer identification number, providing false certification that a person is a "Member of the Family" of the Beneficiary, or falsely certifying that a person is a citizen or resident alien of the United States.

In addition, the Board will terminate an Account and the Participation Agreement if there are no contributions or distributions from an Account for a continuous period of 25 calendar years (not including any time that the Beneficiary spends as an active duty member of the United States armed services).

For accounts established prior to April 1, 2005, the Board also will terminate an Account and the Participation Agreement if the amount deposited is less than \$250.00 on the first day of any calendar month that is more than 27 consecutive months after the Program received the Application and initial contribution for the Account, unless the Board receives a special petition seeking waiver of this rule pursuant to Rule 19B-12.001 and subsection 19B-12.003(2), F.A.C. For accounts established after April 1, 2005, the Board will terminate the Account and Participation Agreement if the amount deposited is less than \$250.00 on the first day of any calendar month that is more than 24 consecutive months after the Program received the Application and initial contribution for the Account, unless the Board receives a special petition seeking waiver of this rule pursuant to Rule 19B-12.001 and subsection 19B-12.003(3), F.A.C.

If the Board terminates an Account and the Participation Agreement, the Account Owner (together with the Survivor, if the Account was established on or after February 1, 2009, or if the Account was created prior to that date and the Account Owner and Survivor have elected to be subject to the requirements for Accounts established on or after February 1, 2009) may request a refund of the Account Balance. Any such distribution will be a Non-Qualified Withdrawal and will be subject to the tax treatment described under "WITHDRAWALS – Non-Qualified Withdrawals and Additional Tax."

All refunds of the Account Balance as a result of the termination of an Account by the Board are made payable solely to the Account Owner.

HOW CONTRIBUTIONS ARE INVESTED

The Board has the authority and the responsibility to formulate and oversee investment policies for the Program. Contributions allocated to the Investment Options, together with any earnings on such funds, are invested in accordance with the Comprehensive Investment Plan established by the Board. With the approval of the State Board of Administration of Florida, the Board may change the Comprehensive Investment Plan at any time. The Board will review the number and range of Investment Options offered to Program participants periodically. The Investment Options offered under the Program, as well as the investment managers and other contractors selected by the Board, may change during the period the Account is open. During the period the Account is open, the Board may offer different Investment Options and retain different investment managers and contractors.

As of the date of this Disclosure Statement, the Investment Options provided under the Program are:

- (a) Fixed Income Investment Option (Option 1),
- (b) U.S. Equity Investment Option (Option 2),
- (c) Balanced Investment Option (Option 3),
- (d) Age Based/Years to Enrollment Investment Option (Option 4), and
- (e) Money Market Investment Option (Option 5).

Each of the five Investment Options offered by the Board utilizes a different investment strategy. Contributions may be allocated to any or all of the Investment Options. Notwithstanding the foregoing, under federal and Florida law, the Account Owner and Survivor may not direct the investment of any contribution to an Account or any earnings on the contributions into an investment other than the Investment Options then available under the Program. A Beneficiary may not direct the investment of any contributions to an Account or any earnings of such contributions. Once made, contributions (and earnings thereon, if any) only may be transferred to another Investment Option once per calendar year or upon a change of the Beneficiary of your Account. See "OPENING AND MAINTAINING AN ACCOUNT – Selecting and Revising the Investment Options" for information about revising Investment Option elections.

The Program does not guarantee a minimum rate of return or

preservation of principal and neither the Program nor any Participation Agreement is guaranteed or insured by the State of Florida, the Board, or any other governmental agency or party. Neither the Board, the Program, nor their employees are registered investment advisors or broker/dealers. Accordingly, they cannot offer investment advice or make recommendations with respect to enrolling in the Program or the selection of Investment Options, and they do not assume any responsibility for investment performance.

Therefore, it is critical that you fully understand each Investment Option and the risks associated with each Investment Option before making a selection and that you consult your own tax, financial, and legal advisors before enrolling in the Program and selecting any of the Investment Options.

Each Investment Option seeks to achieve its investment objectives by allocating its assets among one or a combination of the following investment portfolios ("**Investment Portfolios**") managed by investment managers selected by the Board.

The Board contracts with Callan Associates, Inc. to provide investment consultant services, to measure investment manager performance, to assist the Board in the development of the Program's Comprehensive Investment Plan, to prepare reports for the Board, and to advise the Board concerning investment performance. The Board's contract with Callan Associates, Inc. expires on June 30, 2014.

As of the date of this Disclosure Statement, the Investment Portfolios and investment managers are:

Investment Portfolios

Investment Managers

The Fixed Income Investment Portfolio	Columbia Management Investment Advisers, LLC (existing contract expires 9/30/2011)
The Domestic Large Capitalization Growth-Oriented Equity Investment Portfolio	Deutsche Investment Management Americas, Inc. (existing contract expires 3/31/2012)
The Domestic Large Capitalization Value-Oriented Equity Investment Portfolio	Quantitative Management Associates, LLC (existing contract expires 5/1/2013)
The S&P 500 Index Equity Investment Portfolio	Northern Trust Investments, N.A. (existing contract expires 9/30/2011)
The Domestic Small Capitalization Investment Portfolio	Fiduciary Management, Inc. (existing contract expires 9/30/2011)
The Money Market Fund	Federated Investment Counseling (no expiration date) ²

²The Board is transitioning the investment management of the Money Market Fund from StableRiver Capital Management, LLC, to Florida PRIME, the Local Government Surplus Fund Trust Fund, managed by Federated Investment Counseling, the investment manager retained by the Florida State Board of Administration for Florida PRIME. The transition began January 1, 2011, and is expected to be completed by June 1, 2011. As of April 1, 2011, approximately 79 percent of the assets of the Money Market Investment Option had been transferred to Florida PRIME.

Except with respect to Quantitative Management Associates, LLC and Federated Investment Counseling, the Board has contracted with each investment manager through a competitive procurement process. The State Board of Administration, on behalf of and pursuant to a contract with the Board, has contracted with Quantitative Management Associates, LLC and Federated Investment Counseling. The terms of the contracts are specific, and each contract, except for the State Board of Administration’s contract with Federated Investment Counseling, expires on the dates indicated above (although one or more contract extension(s) may or may not be available under the contract terms). The contracts may also be terminated by the Board by giving the investment manager 30 days’ written notice. In the event a contract is terminated or expires, the Board is required under Florida law to obtain any replacement investment management services by means of a further competitive procurement process, or, under certain circumstances, may retain the services of an investment manager through an agreement with the State Board of Administration.

The performance of each Investment Option will depend on the performance of the Investment Portfolios which comprise the Investment Option. The performance of each of the Investment Portfolios, in turn, depends on the performance of the stock, bond, and money markets in the United States included in the particular Investment Portfolio, which may be changed daily. The value of each Investment Option will vary from day to day, reflecting changes in the value of the underlying securities within each Investment Portfolio.

The Investment Options have been designed to provide a range of investment strategies for families saving for Qualified Higher Education Expenses for their Beneficiaries. Whether you consider yourself an aggressive or conservative investor, or somewhere in between, the Board has attempted to provide you with an option that will meet your higher education investment goals. You should evaluate each option carefully in the context of your overall financial situation and college investment goals and consult your own tax, financial, and legal advisors to determine which, if any, Investment Option is suitable for you.

CHOOSING THE INVESTMENT OPTIONS

Establishing an Account that meets your or your family’s specific goals requires planning. As part of your planning, you should consider your college savings goals and your financial situation, as well as other factors applicable to your personal situation, understand your investment options, and select an Investment Option or Investment Options suitable for you. The information included below is intended to provide assistance with understanding the types of Investment Options offered under the Program and the risks involved in investing in such options. Please note that, once an Investment Option selection is made, contributions and any earnings thereon may be transferred to another Investment Option only once per calendar year or upon a change of Beneficiary. Before enrolling in the Program or selecting any

Investment Option, you should consult your tax, financial, and legal advisors. Enrolling in the Program and investing funds in the Investment Options involves a high degree of risk. There is a risk that all funds, including any earnings on those funds, deposited in an Account could be lost. Moreover, there is no guarantee that the Account Balance will be sufficient to cover the Beneficiary's Qualified Higher Education Expenses, even if the Account Balance of the Account plus the redemption value of any advance payment contract in the Prepaid Plan for the same Beneficiary has reached the Maximum Account Balance Limit.

OVERVIEW OF THE INVESTMENT OPTIONS AND OBJECTIVES

Set forth below is an overview of each of the five Investment Options available under the Program as of the date of this Disclosure Statement. Following this Section is a brief description of the Investment Portfolios which make up the Investment Options.

- **Fixed Income Investment Option (Option 1):** Funds from an Account allocated to Option 1 will be invested in the Fixed Income Investment Portfolio. The objective of the Fixed Income Investment Option is to out-perform the Barclays Capital U.S. Aggregate Bond Index with low risk over the long-term while providing participants with a low risk, low volatility option for their college savings needs. The portfolio will invest in U.S. Treasury and U.S. Government Agency obligations and in investment grade debt securities issued by corporations including, but not limited to, corporate bonds and commercial mortgage-backed and asset-backed securities.
- **U.S. Equity Investment (Option 2):** Account contributions under this investment Option will be allocated among the four equity Investment Portfolios in accordance with the Comprehensive Investment Plan adopted by the Board. The objective of the U.S. Equity Investment Option is to provide participants an opportunity for growth of capital over a long investment horizon through participation in equity investments. The U.S. Equity Investment Option is a diversified investment style, and considers a 90% weight among: a Domestic Large Capitalization Growth-Oriented Equity Investment Portfolio

(30%), a Domestic Large Capitalization Value-Oriented Equity Investment Portfolio (30%), as well as an S&P 500 Index Equity Investment Portfolio (30%). The remaining 10% weight is to a Domestic Small Capitalization Core-Oriented Equity Investment Portfolio. By allocating contributions among the four equity styles of management, the objective is to reduce the total volatility, while enhancing the total return for the U.S. Equity Investment Option.

Contributions into the U.S. Equity Investment Option will be rebalanced among the equity Investment Portfolios as discussed in Addendum 1. Although equity investments can produce long-term returns above those of fixed income investments, they do not perform well in every type of market. For that reason, the U.S. Equity Investment Option is not for everyone.

- **Balanced Investment Option (Option 3):** Under this Investment Option, 50% of a contribution will be invested in the Fixed Income Investment Portfolio. The remaining 50% of a contribution will be invested among: the Domestic Large Capitalization Growth-Oriented Equity Investment Portfolio (15%), the Domestic Large Capitalization Value-Oriented Equity Investment Portfolio (15%), the S&P 500 Index Equity Investment Portfolio (15%) and the Domestic Small Capitalization Core-Oriented Equity Investment Portfolio (5%). The objective of the Balanced Investment Option is to provide participants with an opportunity to generate long-term growth of capital, but with less short-term volatility than that found in Option 2. Allocations to the underlying Fixed Income Portfolio and the four Equity Portfolios will be rebalanced periodically as discussed in Addendum 1 in the section entitled "Rebalancing."

It is important to note that the allocation of contributions to the Investment Portfolios which make up Option 1, Option 2, Option 3, and Option 5 will not be changed to reflect the age of the Beneficiary, unlike the Age Based/Years to Enrollment Option (Option 4) described below, where the allocation between Investment Portfolios changes as the Beneficiary approaches the date of his/her expected enrollment in an Eligible Educational Institution.

- Age Based/Years to Enrollment Investment Option (Option 4): Account contributions under Option 4 will be invested in the Fixed Income Investment Portfolio, the Domestic Large Capitalization Growth-Oriented Equity Investment Portfolio, the Domestic Large Capitalization Value-Oriented Equity Investment Portfolio, the S&P 500 Index Equity Investment Portfolio, and the Domestic Small Capitalization Core-Oriented Equity Investment Portfolio or a combination thereof based on the age of the Beneficiary or the number of years remaining before the Beneficiary plans to enroll in college. Beneficiaries are grouped into one of five bands. The table and charts contained in Addendum 1 summarize the targeted asset allocations based on the Beneficiary's age or years to enrollment. In the early years of a Beneficiary's life or years to enrollment, a larger percentage of contributions is allocated to equity investments. However, as the Beneficiary ages or gets nearer to the planned enrollment date, a declining percentage of funds will be allocated to equity investments and an increasing percentage of funds will be allocated to fixed income investments.

The objective of the Age Based/Years to Enrollment Investment Option is to provide the Account Owner with an asset allocation profile that links the amount of volatility in the portfolio to the investment horizon of the Beneficiary. Portfolios for the benefit of younger Beneficiaries are more heavily invested in equities, which have the potential for higher return, but have a higher risk and greater volatility. As the Beneficiary approaches the date at which the Account Balance will be used for college expenses, a lower tolerance for risk is assumed and the amount allocated to equity investments is reduced accordingly.

- Money Market Investment Option (Option 5): Under this Investment Option, contributions are invested in Florida PRIME, the Local Government Surplus Funds Trust Fund operated by the Florida State Board of Administration³. The objectives of the Money Market Investment Option are, in priority order, safety, liquidity, and competitive returns with minimization of risks through investments in short-term, high-quality, fixed income securities. It is important to note that the allocation mix for this Investment Option will not be changed to reflect the age of the Beneficiary, unlike the Age Based/Years to Enrollment Investment Option where the allocation changes as your Beneficiary approaches the date of his/her expected enrollment in an Eligible Educational Institution.

The Investment Options above may not be successful in meeting their respective objectives. Actual results could differ. Further, these investment approaches are not recommendations and do not take into consideration your personal goals, financial situation, or preferences. Accordingly, you should consult your tax, financial, and legal advisors to determine the appropriate mix of Investment Options in light of your particular circumstances, financial situation, and investment goals prior to selecting any of the Investment Options.

THE INVESTMENT PORTFOLIOS⁴

The following summarizes the various Investment Portfolios in which the Program will invest the contributions made to the Program. An investment in the Program is not the same as an investment in the Investment Portfolios. Specifically, under the Program, an investment in the Investment Options is pooled with the investments of all other Account Owners. Each investment is allocated to the Investment Portfolios for the respective Investment Options in the percentages identified in Addendum 1. For more information about the Investment Portfolios, contact the Board.

³The Board is transitioning the investment management of the Money Market Fund from StableRiver Capital Management, LLC, to Florida PRIME, the Local Government Surplus Fund Trust Fund, managed by Federated Investment Counseling, the investment manager retained by the Florida State Board of Administration for Florida PRIME. The transition began January 1, 2011, and is expected to be completed by June 1, 2011. As of April 1, 2011, approximately 79 percent of the assets of the Money Market Investment Option had been transferred to Florida PRIME.

⁴The information in this section regarding the different types of Investment Portfolios and the information set forth below in the section entitled "TOTAL RETURN AND YIELD INFORMATION" are derived from information provided by, reviewed and approved by the respective Portfolio Manager. The Board has not independently verified the information contained in either section.

The Fixed Income Investment Portfolio

Manager: Columbia Management Investment Advisers, LLC

The Fixed Income Investment Portfolio is an actively managed bond portfolio whose performance will be measured against the Barclays Capital U.S. Aggregate Bond Index. The primary investment objective of the portfolio is to provide a level of current interest income consistent with low risk of capital and maintenance of liquidity. Capital appreciation is a secondary objective of the portfolio.

The portfolio is primarily invested in fixed income securities issued or guaranteed by the U.S. Government, its agencies, or instrumentalities, and corporate debt instruments, including but not limited to asset-backed and mortgage-backed securities rated not less than BAA/BBB by two nationally recognized rating services. Limits are placed on duration of the securities that are held, yield curve positions, sectors and credit ratings relative to the benchmark in order to balance and diversify the portfolio and to reduce risk.

There is no limit on the dollar-weighted average portfolio maturity or on the maximum maturity of a particular security. The average portfolio maturity is managed in light of current market and economic conditions to provide a competitive current yield and reasonable principal volatility. In selecting particular investments, Columbia Management Investment Advisers, LLC, looks for securities that offer relative value, based on an assessment of real interest rates and the yield curve, and that have the potential for moderate price appreciation.

The prices of fixed income securities respond to economic developments, particularly interest rate changes, as well as to perceptions about the creditworthiness of individual issuers, including governments and governmental agencies. Generally, fixed income securities will decrease in value if interest rates rise, and the price volatility of lower-rated securities is greater than that of higher-rated securities.

U.S. government securities are not guaranteed against price movements due to changing interest rates. Obligations issued by some U.S. Government agencies are backed by the U.S. Department of Treasury, while others are backed solely by the ability of the agency to borrow from the U.S. Department of Treasury or by the U.S. Government agency's own resources.

In addition to general credit risk and interest rate risk, investment in mortgage-backed securities is also subject to prepayment risk. The mortgages underlying mortgage-backed securities may be paid off early, which makes it difficult to determine their actual maturity and therefore calculate how they will respond to changes in interest rates. If the mortgages are repaid early, the repaid amounts from those mortgages may have to be reinvested at lower interest rates.

The Domestic Large Capitalization Growth-Oriented Equity Investment Portfolio Manager: Deutsche Investment Management Americas, Inc.

This large capitalization growth-oriented equity investment portfolio is an actively managed U.S. equity portfolio whose performance will be measured against the Russell 1000® Growth Index, an index of large capitalization U.S. stocks with higher than average earnings growth prospects. The primary investment objective of the portfolio is to provide superior, long term returns, primarily through capital appreciation. Current income is not a primary investment objective of the large cap growth portfolio.

The investment process used for this strategy blends macroeconomic views, in-depth company research, secular themes and a proprietary quantitative screening process for idea generation. The goal of this approach is to take advantage of two sources of potential return: favorable sector trends and strong security performance. By blending these two components, Deutsche Investment Management Americas, Inc. believes that they can offer risk managed exposure to the large cap growth universe through a portfolio that offers style consistency, low volatility, low turnover and consistent out performance. Their process comprises four key steps:

(1) Rank universe for ideas: Deutsche Investment Management Americas, Inc. conducts an initial screen of the investable universe with a proprietary, transparent, multi-factor model. The model incorporates various factors, including but not limited to, valuation, profitability and earnings revisions. This disciplined screening process filters the universe to a list of potential purchase candidates.

(2) Identify high-potential candidates: From the purchase candidates identified by Deutsche Investment Management Americas, Inc.'s quantitative ranking process, Deutsche Investment Management Americas, Inc. then determines those that stand to benefit from secular or cyclical trends and/or a strong product cycle. These high-potential candidates will be subject to rigorous fundamental analysis.

(3) Portfolio construction: Deutsche Investment Management Americas, Inc. conducts further fundamental research at the company level to ensure idea validation and appropriateness of investment. Stock weightings are determined by the team's level of conviction and the fit within the overall portfolio. The result of this process is a portfolio of between 50 and 70 stocks focused on high quality, diversification, risk management and style consistency.

(4) Risk monitoring: Throughout the investment process, Deutsche Investment Management Americas, Inc. conducts real-time monitoring of the portfolio's characteristics, including positioning versus the benchmark and broader markets, real-time performance, style consistency, historical risk/return, contribution by sector and stock and adherence to client guidelines. This Investment Portfolio only invests in securities which are traded on a U.S. exchange or on the over-the-counter market.

The Domestic Large Capitalization Value-Oriented Equity Investment Portfolio

Manager: Quantitative Management Associates LLC

This large capitalization value equity investment portfolio is an actively managed U.S. equity portfolio whose performance will be measured against the Russell 1000® Value Index.

Quantitative Management Associates LLC (**QMA**) employs a bottom-up, quantitative approach. The manager seeks attractive, undervalued companies in order to exploit the pricing discrepancies that exist between high- and low-expectation stocks. QMA seeks to capture this outperformance potential in a disciplined manner, with diversified portfolios that make small active bets on a large number of stocks.

The strategy used by QMA begins with constructing a historical operating earnings database of all companies in the Value Equity investment universe (the S&P 500 Index) in order to obtain a

clear picture of each company's continuing operating earnings. Using these earnings, the model calculates a normalized price-earnings ("P/E") ratio for each stock in the universe and ranks the universe from lowest to highest P/E ratio. Based on the P/E rankings, buy and sell candidates are identified. Relative performance screens then confirm that buy candidates are not only attractively valued, but are also out-of-favor.

The portfolio management team confirms that the quantitative data is reasonable and that stock specific information not included in the data is considered. Constraints on individual stock, industry and sector weightings are applied to reduce risk relative to the benchmark.

The S&P 500 Index Equity Investment Portfolio **Manager: Northern Trust Investments, N.A.**

The S&P 500 Index Equity Investment Portfolio is a passively managed U.S. equity portfolio. The investment objective of the portfolio is to provide investment results that closely approximate the return performance and risk characteristics of the securities in the S&P 500 Index at minimal cost.

This Investment Portfolio is typically constructed using cost-sensitive replication techniques that mimic the composition of the S&P 500 Index. Security positions are weighted proportionately to their weights in the underlying benchmark, and major changes to the index are incorporated in a cost efficient manner as soon as practicable into this Investment Portfolio. In so doing, Northern Trust Investments, N.A. attempts to match sector and industry exposure under this Investment Portfolio to that of the S&P 500 Index. This Investment Portfolio only invests in securities which are traded on a U.S. exchange or on the over-the-counter market.

The Domestic Small Capitalization Core-Oriented Equity Investment Portfolio **Manager: Fiduciary Management, Inc.**

This small capitalization core-oriented equity investment portfolio is an actively managed U.S. equity portfolio whose performance will be measured against the Russell 2000 Index, an index of small capitalization U.S. stocks. The primary investment objective of the portfolio is to provide superior, long-term returns, primarily through capital appreciation. Current income is not an

investment objective of the small cap core portfolio. Fiduciary Management, Inc.'s ("**Fiduciary**") equity philosophy takes a "business owner's" approach to investing, which means they approach the valuation of each potential investment as if they were to purchase the company or business outright. Fiduciary's goal is to invest in companies that have a solid business franchise, but are trading below their intrinsic value (or the price a business owner or private buyer might pay for this company). As long-term investors, Fiduciary buys into a company when there is uncertainty and they wait for the uncertainty to lift and the fundamentals to turn, realizing their returns that way. Fiduciary's security selection process is driven by their desire to own fundamentally strong and durable business franchises. For Fiduciary, this means the business is understandable and typically has a recurring revenue element, in which the customer base keeps coming back to that product or service.

The initial universe of stocks Fiduciary generally selects from is namely companies with less than \$5 billion in market capitalization. In order to work the universe down to a more reasonable number, Fiduciary puts filters on their screens to eliminate companies from industry groups that do not meet their good business criteria. Fiduciary is very methodical in their research process and portfolio construction is driven in a bottom-up fashion. Simply put, they want to find the best values for the portfolio. All members of the investment team are involved in conducting fundamental research and the three primary areas they focus on when looking at a company are: 1) Evaluation of the Business Model, 2) Financial Analysis, and 3) Assessment of the Company Management.

This Investment Portfolio only invests in securities which are traded on a U.S. exchange or on the over-the-counter market.

The Money Market Fund

Manager: Federated Investment Counseling⁵

The investment objectives of the Money Market Fund are, in priority order, safety, liquidity and competitive returns with minimization of risks. The fund invests exclusively in short-term, high-quality fixed income securities rated in the highest short-term rating category by one or more of the nationally recognized

statistical rating organizations, or of comparable quality. The fund seeks to maintain a stable net asset value of \$1.00 and a weighted average maturity of 60 days or less, with the maximum maturity of any investment limited to 397 days. Performance of the portfolio is evaluated by the Florida State Board of Administration on a monthly basis against the Standard & Poor's U.S. AAA & AA GIP All 30 Day Net Yield Index .

Federated Investment Consulting, the manager for Florida PRIME, the Local Government Surplus Funds Trust Fund operated by the Florida State Board of Administration pursuant to Chapters 215 and 218, Florida Statutes, seeks to target a dollar-weighted average maturity range for Florida PRIME based on the Manager's interest rate outlook. The Manager will formulate its interest rate outlook by analyzing a variety of factors, such as current and expected U. S. economic growth, current and expected interest rates and inflation, and the Federal Reserve Board's monetary policy and will generally shorten Florida PRIME's dollar-weighted average maturity when it expects interest rates to fall. The Manager will exercise reasonable care to maintain a dollar-weighted average maturity of 60 days or less and will manage credit risk by purchasing only high quality securities. The Manager performs a credit analysis to develop a database of issuers and securities that meet the Manager's standard for minimal credit risk and monitors the credit risk of all of Florida PRIME's securities on an ongoing basis by regularly reviewing financial data, issuer news and developments and ratings by nationally recognized statistical rating organizations.

The Board reviews performance of the Money Market Fund against a composite 90 day Treasury Bill Index and a universe of other money market funds.

The Investment Portfolios above may not be successful in meeting their respective investment objectives. Actual results could differ significantly from the stated investment objectives of each Investment Portfolio.

⁵The Board is transitioning the investment management of the Money Market Fund from StableRiver Capital Management, LLC, to Florida PRIME, the Local Government Surplus Fund Trust Fund, managed by Federated Investment Counseling, the investment manager retained by the Florida State Board of Administration for Florida PRIME. The transition began January 1, 2011, and is expected to be completed by June 1, 2011. As of April 1, 2011, approximately 79 percent of the assets of the Money Market Investment Option had been transferred to Florida PRIME.

TOTAL RETURN AND YIELD INFORMATION

Set forth below is a table which provides information regarding the investment returns for Investment Portfolios for the last one-year, three-year, five-year, seven-year and since inception periods.

INVESTMENT PORTFOLIO RETURNS FOR PERIODS ENDING DECEMBER 31, 2010*					
	1-YEAR	3-YEAR	5-YEAR	7-YEAR	Since Inception
Fixed Income Portfolio	6.8%	6.7%	6.4%	5.6%	5.4%
Large Capitalization Growth Portfolio	16.9%	1.2%	4.9%	4.2%	6.0%
Large Capitalization Value Portfolio	14.8%	-2.3%	1.4%	2.9%	5.8%
S&P 500 Indexed Portfolio	14.8%	-2.6%	2.5%	4.0%	6.1%
Small Capitalization Core-Oriented Portfolio**	23.5%	9.6%	9.0%	N/A	9.4%
Money Market Portfolio	0.4%	1.6%	3.1%	2.9%	2.8%

* The investment returns for the Investment Options are provided as general information only and are not intended to provide investment or other advice. Past performance is no guarantee of future performance. The inception date of each portfolio is January 1, 2003, unless otherwise stated.

** The inception date of the Small Capitalization Core-Oriented Portfolio is September 30, 2005.

TOTAL RETURN INFORMATION BY OPTION

The Investment Options, like the Investment Portfolios, have been created specifically for the Program and were offered for the first time to investors through the Program. Actual historical performance data information is available for eight years. The information in the table below summarizes the investment return for each of the Investment Options for the last full calendar year (January-December 2010), for the last three years (January 2008-December 2010), for the last five years (January 2006-December 2010), the last seven years (January 2004 – December 2010) and since inception (January 2003-December 2010) net of administrative fees, offered under the Florida College Investment Plan. The administrative fee is 3/4 of 1 percent (0.0075 or 75 basis points) of the Account Balance.

INVESTMENT OPTION	Investment Returns for the Periods Ending 12/31/2010*				
	1-YEAR	3-YEAR	5-YEAR	7-YEAR	Since Inception
Fixed Income Portfolio	6.0%	5.9%	5.6%	4.8%	4.6%
U.S. Equity Investment Option	15.6%	-1.0%	2.7%	3.5%	6.0%
Balanced Investment Option	11.3%	3.5%	4.9%	4.7%	5.8%
Age Based/Years to Enrollment Investment Options:					
Age 0-4 Years/14 or More Years to Enrollment	15.6%	-1.0%	2.7%	3.5%	6.0%
Age 5-8 Years/10-13 Years to Enrollment	13.3%	1.5%	3.9%	4.2%	6.0%
Age 8-12 Years/6-9 Years to Enrollment	11.0%	3.4%	4.8%	4.6%	5.7%
Age 13-15 Years/3-5 Years to Enrollment	8.5%	4.8%	5.3%	4.8%	5.2%
Age 16 & Above/0-2 Years to Enrollment	6.0%	5.9%	5.6%	4.8%	4.6%
Money Market Investment Option	0.3%	1.0%	2.5%	2.2%	2.1%

* The investment returns for the Investment Options are provided as general information only and are not intended to provide investment or other advice. Past performance is no guarantee of future performance. The investment return shown for each Investment Option reflects the composite returns for the institutional portfolios comprising the investment options available to participants in the Florida College Investment Plan. The assets of the Florida College Investment Plan are currently invested by Deutsche Investment Management Americas, Inc., Northern Trust Investments, N.A., StableRiver Capital Management, LLC, Federated Investment Counseling, Fiduciary Management, Inc., Quantitative Management Associates LLC, and Columbia Management Investment Advisers, LLC in accordance with the guidelines contained in the Comprehensive Investment Policy for the Florida College Investment Plan. The Board is transitioning the investment management of the Money Market Fund from StableRiver Capital Management, LLC, to Florida PRIME, the Local Government Surplus Fund Trust Fund, managed by Federated Investment Counseling, the investment manager retained by the Florida State Board of Administration for Florida PRIME. The transition began January 1, 2011, and is expected to be completed by June 1, 2011. As of April 1, 2011, approximately 79 percent of the assets of the Money Market Investment Option had been transferred to Florida PRIME.

Investment returns shown in the table above were calculated by Callan Associates, Inc., the Board's investment consultant, by computing the percentage change in the trust unit value of each Investment Option. The unit values for the Investment Options were calculated by the Plan's Custodian, The Northern Trust Company, and provided to Callan Associates, Inc., for computing the investment returns. The investment periods covered for the Investment Options are from January 1, 2010 through December 31, 2010, from January 1, 2008 through December 31, 2010, from January 1, 2006 through December 31, 2010, from January 1, 2004 through December 31, 2010 and from January 1, 2003 through December 31, 2010 (annualized).

TRUST UNIT VALUE

A contribution will entitle the Account Owner to a share of the assets held by the Program, expressed as a number of “trust units.”

The value of a trust unit in each Investment Option will be based on the net asset value (the “NAV”) per share of each of the Investment Portfolios in which your funds have been invested within a particular Investment Option. For purposes of this discussion, each Age Band in the Age Based/Years to Enrollment Investment Option is considered a separate Investment Option.

The NAV per share of each Investment Portfolio is determined on each day the New York Stock Exchange is open for business. NAV is calculated at the time when trading closes on the New York Stock Exchange.

Each Investment Portfolio’s NAV per share is calculated by dividing the value of each respective Investment Portfolio’s assets less its liabilities, by the number of outstanding shares of that Investment Portfolio. Individual securities held by an Investment Portfolio are valued using market quotations or

independent pricing services. If market quotations or independent pricing services are not readily available, or if events that have a significant effect on the value of an investment occur between the time when its price is determined and the time a portfolio’s NAV per share is calculated, the Investment Portfolio may use a security’s “fair value” as determined in good faith.

The trust unit value of each Investment Option is computed by dividing (a) an Investment Option’s assets less any liabilities (including management and oversight fees) allocated to that Investment Option, by (b) the number of outstanding trust units in such Investment Option.

Trust unit value is calculated immediately after the NAV for the portfolio(s) underlying the Investment Option is calculated. The value of the Account will increase or decrease depending on an increase or decrease in the NAV per share of the shares of the Investment Portfolio(s) comprising the Investment Option in which the Account is invested.

PURCHASE AND WITHDRAWAL OF TRUST UNITS

A contribution received by the Board will be credited at the trust unit value of the applicable Investment Option determined on the day the contribution is processed after receipt in good order. Contributions in good order processed after the close of trading on the New York Stock Exchange, or on a day other than a business day, will be credited at the trust unit value of the appropriate Investment Option determined on the next business day.

The trust unit value used to calculate the value of a withdrawal from an Account for any of the Investment Options will be the one next computed after a completed withdrawal request in good order is processed by the Board.

An Account Owner may request a withdrawal by submitting a written request to the Board. (If the withdrawal reduces the Account balance to zero, the request will be deemed to be a request to voluntarily terminate the Account; see the section titled “WITHDRAWALS” for the requirements to voluntarily terminate an Account.)

OVERSIGHT OF THE PROGRAM BY THE BOARD

The Board is an agency of the State of Florida, created by Statute, and its primary purpose is to administer The Stanley G. Tate Florida Prepaid College Program and the Florida College Investment Plan. At present, the Board consists of the Attorney General, the Chief Financial Officer, the Chancellor of the State University System of Florida, the Chancellor of the Division of Community Colleges, or their designees, and three members appointed by the Governor of the State of Florida and subject to confirmation by the Florida Senate. The members of the Board serve without compensation but are reimbursed for certain expenses incurred in connection with the performance of their official duties.

The Statute provides that the Board will administer the Program and in doing so will have the power to carry out the provisions of the Statute, including the power to: (1) invest the contributions in a manner appropriate to achieve the objectives of the Program; (2) establish agreements with federal, state and local agencies, including state universities and community colleges; (3) receive and hold all payments, deposits and contributions to the Program, as well as gifts, bequests, endowments, federal, state or local grants, any other source of funds, and all earnings; (4) solicit and contract for investment consultants to advise it regarding investment management and performance; (5) contract for necessary goods and services; (6) delegate responsibility for administering the Comprehensive Investment

Plan; and (7) adopt rules and regulations to implement the Program. In addition, the Board is authorized and required to appoint an executive director who is responsible for overseeing the daily operations of the Program.

The Board contracts with Intuition Systems, Inc. to provide records administration services to the Program. Records administration services include, but are not limited to, application and processing enrollment, customer services, contribution tracking and processing, telephone services, correspondence, finance services, lockbox services, system administration, reporting, and tax reporting. The contract with Intuition Systems, Inc. expires on June 30, 2014.

The Board also contracts with The Northern Trust Company to provide trustee services for the Program. The contract expires on September 30, 2011. Trustee services include, but are not limited to, custody services of all securities and other certificates evidencing investments of the program, management of the lending of the securities held in the Board's portfolios, establishment of procedures to adequately and timely communicate and interact with the Board, Board staff, Investment Consultant, Investment Managers, and the Board's records administrator, and presentation of reports to the Board regarding trustee services and securities lending performance.

RISK OF INVESTING IN THE PROGRAM

Set forth below are some of the risks associated with opening an Account and investing in the Program. Please carefully review and consider the following risks as well as other information contained in this Disclosure Statement (and in the Addenda) before deciding to enroll in the Program or invest any funds pursuant to any of the Investment Options available under the Program.

INVESTMENT RISK

Although the primary investment objective of the Program is to achieve investment returns over the applicable investment period

that are at least equal to the rate of increase in the costs of higher education expenses over that period, there is no guarantee that the Program's investment objective will be realized. The Program does not guarantee principal or a minimum rate of return from contributions to the Program. No one can predict the returns from the investment of the contributions to the Program. The rate of return from an Account may be less than the rate of increase in the costs of higher education over the same period, and may decrease or not increase at all. There is a risk that any Account Owner could lose all or a part of the value of his or her Account and that the funds in an Account Owner's Account will not be sufficient to cover the Qualified Higher Education Expenses of the Beneficiary.

The value of any Account may increase or decrease each day, and the rate of return on an Account will vary, based on the investment performance of the Investment Options in which the Account is then invested. Investment risk can have a material impact on the value of an Account.

Investing in the Investment Options involves various risks, including, but not limited to, the following general risks:

- **Market Risk** – This is the risk that stock and bond prices overall will decline. Markets for stocks and bonds tend to move in cycles, with periods of rising prices and periods of falling prices due to changing conditions in the financial markets.
- **Interest Rate Risk** – This is the risk that a bond's or stock's value may decline if interest rates change. For example, a rise in interest rates usually causes the market value of fixed-rate securities (e.g., bonds) to go down.
- **Credit Risk** – This is the risk that an issuer of bonds or other debt securities will not be able to pay principal and interest on such securities when the same are due, or that negative perceptions of the issuer's ability to make such payments or negative perceptions regarding a company's, or other issuer's, financial soundness may cause the security's value to decline.
- **Call/Prepayment Risk** – This is the risk that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. The Investment Options with exposures to bonds would lose potential price appreciation and would be forced to reinvest the unanticipated proceeds at lower interest rates resulting in a decline in the Investment Option's performance. For mortgage-backed securities, this is known as prepayment risk.
- **Derivatives Risk** – If approved by the Board, some of the Investment Portfolios may invest, to a limited extent, in derivatives. Generally speaking, a derivative is a financial contract whose value is based on the value of a financial asset (such as a stock, bond, or currency), a physical asset (such as gold), or a market index (such as the Standard & Poor's 500 Index). Investments in derivatives have the potential to subject the investment portfolios to risks different from, and possibly greater than, those of the underlying securities, assets, or market indexes. The investment portfolios will not use derivatives for speculation or for the purpose of leveraging (magnifying) investment returns.

- **Income Fluctuation Risk** – This is the risk that an Investment Portfolio's quarterly income distributions will fluctuate considerably more than the income distributions of a typical bond fund.

- **Income Risk** – This is the risk that falling interest rates will cause an Investment Portfolio's income to decline. Income risk is generally high for short-term bond funds, moderate for intermediate-term bond funds, and low for long-term bond funds.

- **Index Sampling Risk** – This is the risk that the securities selected for an Investment Portfolio using the sampling method of indexing will not provide investment performance matching that of the target index.

- **Industry-Concentration Risk** – This is the risk that there will be overall problems affecting a particular industry in which an Investment Portfolio invests a significant portion of its assets. Thus, an Investment Portfolio that invests a significant portion of its assets in a particular industry will have its performance depend to a greater extent on the overall condition of that industry.

- **Inflation Risk** – This is the risk that increases in the cost of living may reduce or eliminate the value of the returns on a particular investment.

- **Investment Style Risk** – This is the chance that returns from the types of stocks in which an Investment Portfolio invests will trail returns from the overall stock market. Specific types of stocks (for instance, value or growth stocks, small- or large-capitalization stocks) tend to go through cycles of doing better – or worse – than the stock market in general. These periods have, in the past, lasted for as long as several years.

- **Manager Risk** – This is the risk that poor security selection will cause an Investment Portfolio to underperform relevant benchmarks or other funds with a similar investment objective.

ACCOUNTS NOT REGISTERED UNDER THE SECURITIES LAWS

Neither the Accounts under, nor the Participation Agreements to be executed in connection with, the Program will be registered under the Securities Act or with the securities regulatory authority of any state. To the extent that registration of the Accounts or Participation Agreements is required, or registration of the Board or its officers and employees is required in order to offer or sell the Accounts or Participation Agreements, and the Accounts or Participation Agreements are offered and sold without the proper registration(s): (1) the Board could be required to cease and desist operating the Program and to terminate the Program, (2) monetary penalties could be imposed, or (3) both. The Board has obtained written opinions of legal counsel that in the view of such counsel the Program does not need to register the Accounts or the Participation Agreements under the Securities Act, the Trust Indenture Act of 1939, as amended or the Florida Securities and Investor Protection Act. The Board has also obtained legal opinions that in the view of such counsel the Board is exempt from the registration requirements of the Investment Company Act of 1940, as amended, and that the Board, its officers and employees are exempt from the registration requirements of the Investment Advisers Act of 1940, as amended. Finally, the Board has obtained legal opinions that in the view of such counsel the Board, and its officers and employees, do not need to register as brokers or municipal securities dealers under the Securities Exchange Act of 1934, as amended, in order to offer and sell the Participation Agreements and Accounts. Copies of these legal opinions are available by contacting the Board at the address below.

NO GUARANTEE OF ATTENDANCE OR ADEQUATE FUNDS TO PAY EDUCATION EXPENSES

There is no guarantee that a Beneficiary will be accepted for admission to any institution of higher education, including an Eligible Educational Institution, or if admitted, will graduate or receive a degree, or otherwise be permitted to continue to

attend an Eligible Educational Institution. Even if the balance of an Account plus the redemption value of any advance payment contract in the Prepaid Plan for the same Beneficiary has reached the Maximum Account Balance Limit, the Account funds may not be sufficient to cover the Beneficiary's Qualified Higher Education Expenses. Future inflation in Qualified Higher Education Expenses is uncertain. Recently, Qualified Higher Education Expenses have grown more rapidly than increases in the general cost of living. Increases in Qualified Higher Education Expenses could exceed the rate of return under any or all of the Investment Options over the same period.

RISKS RELATED TO CHANGES IN LAW

The proposed federal tax regulations that have been issued under Section 529 of the Internal Revenue Code provide guidance and requirements for the establishment and operation of the Program, but do not provide guidance on certain aspects of the Program. Final regulations or other administrative guidance or court decisions might be issued that could adversely impact the federal tax consequences or requirements with respect to the Program or contributions to, or withdrawals from, Accounts. Congress also could amend Section 529 of the Internal Revenue Code or other federal law in a manner that would materially change or eliminate the federal tax treatment described in this Disclosure Statement. Such changes in federal law could materially affect the state tax treatment of Account contributions, earnings and distributions. The Florida State Legislature also could make changes to Florida's tax law which could materially affect the State of Florida tax treatment of the Program or changes to the Statute which could terminate or otherwise adversely affect the Program. Changes in the law governing the federal and/or state tax consequences described in this Disclosure Statement might necessitate material changes to the Program for the anticipated tax consequences to apply. The Program is established pursuant to the Statute, the applicable Florida laws and applicable securities laws. Changes to the Statute or such Florida or securities laws may affect the continued operation of the Program as contemplated in this Disclosure Statement.

Notably, on January 17, 2008, the U.S. Department of the Treasury released the 2008 Advance Notice which indicated that the IRS intends to re-propose the initial Section 529 regulations

proposed in 1998. The re-proposed regulations described in the 2008 Advance Notice have not yet been published, and the exact content of such new proposed regulations, and the ultimate content of the final Section 529 regulations, is not known. The 2008 Advance Notice indicates that the new regulations, when promulgated, will generally apply prospectively and that there will be a grace period of no less than 15 months for programs to implement most of the regulatory changes. There is no certainty that the specific provisions described in the 2008 Advance Notice will become effective nor is it clear whether, if and when any such provisions become effective, any of such provisions will be applicable to Accounts established prior to the effective date of the regulations or to amounts contributed to Accounts prior to such effective date.

The specific provisions in the Advance Notice include, among others:

- A distribution for the payment of Qualified Higher Education Expenses must occur in the same calendar year as the applicable Qualified Higher Education Expenses are incurred; in the case of Qualified Higher Education Expenses incurred on or before March 31 of a calendar year, the distribution also may occur in the calendar year preceding such expenses.
- Investment losses in Accounts may be deducted only as miscellaneous itemized deductions, which are deductible only if in excess of 2% of adjusted gross income.
- Amounts withdrawn by an Account Owner that correspond to contributions to the Account by a person other than the Account Owner may be taxed as income to the Account Owner, even if they would otherwise be treated as a non-taxable return of the investment.
- A new anti-abuse regulation will deny favorable gift tax, estate tax and generation-skipping tax treatment to contributions to Accounts that are deemed to be made for purposes other than providing for the Qualified Higher Education Expenses of the designated Beneficiary.
- Liability for payment of gift tax due upon an Account Owner's designation of a new Beneficiary of a lower generation than the prior Beneficiary will be shifted from the prior Beneficiary to the Account Owner.

- In the case of Accounts for which the contributor also is the designated Beneficiary, any subsequent change in the designated Beneficiary will be treated as a distribution to the contributor and a gift by the contributor to the new Beneficiary.
- Account ownership may be restricted to individuals.

OPINION AS TO QUALIFICATION OF THE FLORIDA COLLEGE INVESTMENT PLAN UNDER SECTION 529 OF THE INTERNAL REVENUE CODE AS A QUALIFIED TUITION PLAN

Pursuant to Statute, the Board has received a legal opinion prior to commencing the Program that the Program constituted a "qualified tuition program" within the meaning of Section 529 of the Internal Revenue Code of 1986, as amended. A copy of that opinion is available by contacting the Board at the address below.

RISKS RELATED TO ILLIQUIDITY

Investment in the Program involves the risk of reduced liquidity regarding your investment. Once an Account for a Beneficiary is opened, the circumstances under which funds may be withdrawn from the Account without the imposition of federal income tax and Additional Tax are limited. See "WITHDRAWALS" above for further information about these restrictions. In addition to these restrictions, no part of an Account may be pledged as security for a loan or otherwise, nor may it be assigned or transferred, except for transfers described above under "OPENING AND MAINTAINING AN ACCOUNT – Changing the Beneficiary and Transferring Accounts."

PLAN CHANGES AND TERMINATION

The Board reserves the right to make changes or enhancements to the Program at any time. Account Owners who have established

Accounts prior to the time an enhancement is made available, may be precluded by federal tax law from participating in such enhancement. Although the Board currently has no plans to do so, the Board is not required by law to continue the Program, to accept additional contributions to existing Accounts, or to allow new Accounts to be opened.

The Program shall continue indefinitely until its existence is terminated by law, if ever. If the Program is terminated, all contributions and earnings thereon, if any, shall be returned to Account Owners to the extent financially feasible. Any unclaimed Account funds shall be treated as abandoned property and shall revert to the State of Florida in accordance with Florida law.

In addition, it is possible that the State of Florida or the Board may determine that the Program is not financially feasible and may discontinue it after adequate provision is made for the return of contributions and earnings thereon, if any, to Account Owners. If the Program is discontinued, the Board shall refund to Account Owners their contributions plus any investment earnings or minus any investment losses. There is a possibility, due to poor performance of the Investment Options selected by the Account Owner, that the Account Balance may be zero or significantly lower than the amount of funds contributed to the Account. Termination of the Program may result in a Non-Qualified Withdrawal by Account Owners for which tax and penalties may be assessed.

POTENTIAL IMPACT ON FINANCIAL AID AND MEDICAID ELIGIBILITY

The eligibility of the Beneficiary for financial aid will depend upon the circumstances of the Beneficiary's family at the time the Beneficiary enrolls in school, as well as on the policies of the governmental agencies, school, or private organizations to which the Beneficiary and/or the Beneficiary's family applies for financial assistance. Because saving for college will increase the financial resources available to the Beneficiary, it most likely will have some effect on the Beneficiary's eligibility. However, because these policies vary at different institutions and can change over time, the Board cannot say with certainty how the federal financial aid program, or the school the Beneficiary applies to, will treat an Account. Ownership of an Account could have an impact on

eligibility for Medicaid. Although the results may vary from state to state, assets in an Account may be considered available assets for determining Medicaid eligibility. Please consult your own financial, tax and legal advisors for advice on your particular situation.

DURATION OF PARTICIPATION AGREEMENT

The Board will terminate an Account Owner's Participation Agreement and Account when no contributions to, or withdrawals from, the Account Owner's Account have been made for 25 consecutive years. After notice to the Account Owner, the Account will be declared unclaimed and abandoned property, subject to disposition as such. Time expended by a Beneficiary as an active duty member of the armed services of the United States is not included when calculating the 25 year period. The Board will extend the time period for 10 calendar years if it receives a written request from the Account Owner.

TERMINATION OF PARTICIPATION AGREEMENT FOR MISREPRESENTATION

The Board will terminate an Account Owner's Participation Agreement upon a determination by the Board that the Account Owner has made a material misrepresentation in the Application submitted to the Board by the Account Owner or in any communication on behalf of the Account Owner to the Board regarding the Program. A "material misrepresentation" includes, but is not limited to, providing an invalid social security number or taxpayer identification number, falsely certifying that the Account Owner is a citizen or resident alien of the United States, or providing a false certification that a person is a Member of the Family of the Beneficiary. See "TERMINATING AN ACCOUNT – Termination of the Account by the Board."

TERMINATION OF PARTICIPATION AGREEMENT FOR INADEQUATE CONTRIBUTIONS TO ACCOUNT

For Accounts established prior to April 1, 2005, the Board will terminate an Account Owner's Participation Agreement if the amount deposited in the Account is less than \$250.00 on the first day of any calendar month that is more than 27 months

following the date the Board received the Account Owner's Application and initial contribution to the Program, unless the Board receives a special petition seeking waiver of this requirement pursuant to Rule 19B-12.001 and Rule 19B-12.003 (2), Florida Administrative Code. For Accounts established after April 1, 2005, the Board will terminate the Account and Participation Agreement if the amount deposited is less than \$250.00 on the first day of any calendar month that is more than 24 consecutive months after the Program received the Application and initial contribution, unless the Board receives a special petition seeking waiver of this rule pursuant to Rule 19B-12.001 and subsection 19B-12.003(2), F.A.C.

REPORTING

ACCOUNT STATEMENTS

The Board maintains separate records for each Account and will mail to the Account Owner quarterly statements indicating:

- Contributions to each selected Investment Option made to the Account during the period and the calendar year.
- Withdrawals from each selected Investment Option from the Account made during the period and the calendar year.
- Changes between the Investment Options for the Account during the period and the calendar year.
- The total value of the Account at the end of the period and the calendar year.
- The investment performance of each Investment Option, including the investment performance of each Age Band in Age Based/Years to Enrollment Investment Option, during the period and the calendar year.

The Account Owner is responsible for reviewing each quarterly statement and for verifying the information contained on each quarterly statement, mailed by the Board to them. If the Account Owner fails to notify the Board in writing of any error on the quarterly statement sent to him or her within 60 days after the last day of the period to which the quarterly statement relates,

the information pertaining to the Account contained on the quarterly statement is deemed to be correct, the Account Owner will be considered to have approved the information contained on the quarterly statement and its inclusion on subsequent quarterly statements, and to have released the Board from all liability for any error contained on the quarterly statement.

TAX REPORTS

Withdrawals and other matters will be reported to the IRS, the State of Florida, distributees and other persons, if any, as required by law.

TAX WITHHOLDING

Under proposed federal tax regulations, withdrawals from Accounts are not subject to back-up withholding.

FINANCIAL STATEMENTS

The Board will prepare annual financial statements for the Program. Each year, the Program will be audited by an independent certified public accounting firm.

NOTICES

You can contact the Florida Prepaid College Board by telephone at 1-800-552-GRAD (4723) or by mail at P.O. Box 6567, Tallahassee, FL 32314-6567.

ADDENDUM 1

To the Disclosure Statement for the Florida College Investment Plan

ALLOCATION GUIDELINES FOR THE FIXED INCOME INVESTMENT OPTION (Option 1)

Fixed Income Investment Portfolio (Base Percentage of Assets)
100%

ALLOCATION GUIDELINES FOR U.S. EQUITY INVESTMENT OPTION (Option 2)

Large-Cap Growth Equity Portfolio (Base Percentage of Assets)⁷	Large-Cap Value Equity Portfolio (Base Percentage of Assets)⁷	S&P 500 Index Equity Portfolio (Base Percentage of Assets)⁷	Small-Cap Core Equity Portfolio (Base Percentage of Assets)⁸
30%	30%	30%	10%

⁷ The actual percentages are to be in a range within 3% of the base percentages indicated.

ALLOCATION GUIDELINES FOR BALANCED INVESTMENT OPTION (Option 3)

Large-Cap Growth Equity Portfolio (Base Percentage of Assets)⁸	Large-Cap Value Equity Portfolio (Base Percentage of Assets)⁸	S&P 500 Index Equity Portfolio (Base Percentage of Assets)⁸	Small-Cap Core Equity Portfolio (Base Percentage of Assets)⁸	Fixed Income Portfolio (Base Percentage of Assets)⁸
15%	15%	15%	5%	50%

⁸ The actual percentages are to be in a range within 2% of the base percentages indicated.

**ALLOCATION GUIDELINES FOR AGE BASED/YEARS
TO ENROLLMENT INVESTMENT OPTION
(Option 4)**

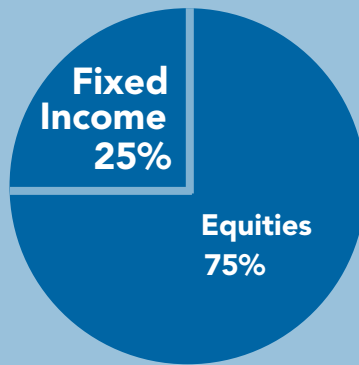
Asset Allocation

<u>Age Bracket</u>	<u>Years to Enrollment</u>	<u>Option 1</u>	<u>Option 2</u>
Age 0-4	14 or More Years	0%	100%
Age 5-8	10-13 Years	25%	75%
Age 9-12	6-9 Years	50%	50%
Age 13-15	3-5 Years	75%	25%
Age 16 & Above	0-2 Years	100%	0%

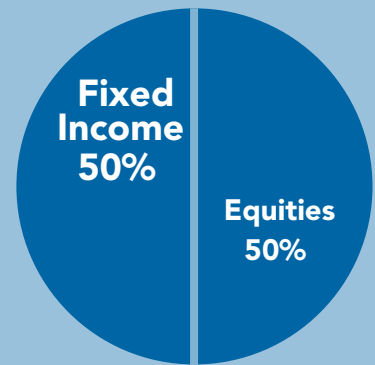
AGE BASED/YEARS TO ENROLLMENT INVESTMENT OPTION



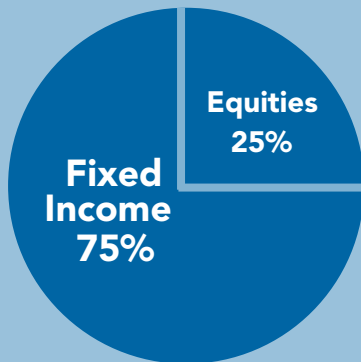
**0-4 Years Old
14 or More years
to Enrollment**



**5-8 Years Old
10-13 Years to Enrollment**



**9-12 Years Old
6-9 Years to Enrollment**



**13-15 Years Old
3-5 Years to Enrollment**



**16 Years Old and Above
0-2 Years to Enrollment**

ALLOCATION GUIDELINES FOR MONEY MARKET INVESTMENT OPTION (OPTION 5)

Money Market Fund (Base Percentage of Assets)

100%

REBALANCING

In order to maintain the level of risk the Board has established for each respective option, the asset class allocation within the U.S. Equity Investment Option (Option 2) and the Balanced Investment Option (Option 3) will be monitored daily and rebalanced to the specified target when the allowable ranges are exceeded. The portfolio will be brought back into compliance within three business days. The following ranges will apply:

U.S. EQUITY INVESTMENT OPTION (Option 2)

	<u>Target Weight</u>	<u>Allowable Range</u>
Domestic Large Capitalization Growth-Oriented Equity Investment Portfolio	30%	27% - 33%
Domestic Large Capitalization Value-Oriented Equity Investment Portfolio	30%	27% - 33%
S&P 500 Index Equity Investment Portfolio	30%	27% - 33%
Domestic Small Capitalization Core-Oriented Equity Investment Portfolio	10%	8% - 12%

BALANCED INVESTMENT OPTION (Option 3)

	<u>Target Weight</u>	<u>Allowable Range</u>
Fixed Income Portfolio (Option 1)	50%	48 - 52%
U.S. Equity Investment Portfolio (Option 2)	50%	48 - 52%

AGE BASED/YEARS TO ENROLLMENT OPTION (OPTION 4)

Portfolio balances within the Age Based/Years to Enrollment Option (Option 4) will require rebalancing both with respect to the equity/fixed income mix within each age bracket and with respect to the targeted mix as a beneficiary moves from one age bracket to the next.

Age Bracket	Years to Enrollment	Targeted Equity Allocation	Allowable Equity Range	Targeted Fixed Income Allocation	Allowable Fixed Income Range
0 - 4 years	14 or more years	100%	98% - 100%	0%	0% - 2%
5 - 8 years	10 - 13 years	75%	73% - 77%	25%	23% - 27%
9 - 12 years	6 - 9 years	50%	48% - 52%	50%	48% - 52%
13 - 15 years	3 - 5 years	25%	23% - 27%	75%	73% - 77%
Age 16 & Above	0 - 2 years	0%	0% - 2%	100%	98% - 100%

Beneficiary account balances shall be moved to the next age bracket on the day following their birth date during which they reach age 5, 9, 13 and 16. Accounts established based on years to enrollment will move to the next age bracket on the day following the Beneficiary's birth date when their projected enrollment year is 13, 9, 5, and 2 years from enrollment.

ADDENDUM 2

To the Disclosure Statement for the Florida College Investment Plan

PARTICIPATION AGREEMENT

By submitting an Application for the Florida College Investment Plan, I understand, acknowledge and agree that the provisions of this Florida College Investment Plan Participation Agreement (and as supplemented and amended from time to time; this "Participation Agreement") will apply to my Account and agree, represent and warrant to the Florida Prepaid College Board (the "Board"), as administrator of the Florida College Investment Plan (the Florida College Savings Program established under s.1009.981, Florida Statutes; hereinafter the "Program"), as set forth below.

Each capitalized term used but not defined in this Participation Agreement shall have the meaning ascribed to such term in s. 1009.981, Florida Statutes, and Rule Chapter 19B-16, Florida Administrative Code.

1. GENERAL

I have received, read and understand the Florida College Investment Plan Disclosure Statement (the "Disclosure Statement"). I understand, acknowledge and agree that: (a) the Florida College Investment Plan Application (the "Application") that I completed, signed and submitted to the Board and the Disclosure Statement is incorporated by reference and made a part of this Participation Agreement; (b) I am the Benefactor named in the Application and as such, I am the owner of all funds deposited into the associated Account in the Program; (c) if the Account was established on or after February 1, 2009, and a Contingent Benefactor has been designated for the Account (or if the Account was established prior to February 1, 2009 and the Contingent Benefactor and I have elected to have the Account be subject to the requirements for Accounts established on or after February 1, 2009), that the Contingent Benefactor's agreement will be required for all changes of the Benefactor, Contingent Benefactor or Beneficiary, requests for voluntary termination of the Account or refund requests associated with the involuntary termination of the Account; (d) this Participation Agreement shall become effective upon the execution and acceptance of this Participation Agreement, acceptance of my completed Application by the Board, the receipt of good funds by the Board, and the opening of the Account on the records of the Board; (e) neither

contributions nor investment returns in the Account may be used as security for a loan by myself or the Designated Beneficiary; (f) contributions can be made at any time; (g) all contributions to the Account must be made by check, cashier's check, money order, rollover distribution, electronic funds transfer, Automatic Contribution Plan or employer payroll deduction; and (h) contributions may not be made by credit cards or other means of credit, third party checks of \$10,000.00 or more, or traveler's checks. If the Account was established prior to February 1, 2009, I further understand, acknowledge and agree that: (a) I and the Contingent Benefactor together may irrevocably elect to change the Contingent Benefactor's rights to be the same as those for Contingent Benefactors of Accounts established on or after February 1, 2009, by submitting a written request to the Board containing my notarized signature and the notarized signature of the Contingent Benefactor; and (b) if I and the Benefactor make said election, I and the Contingent Benefactor each will enjoy a right of survivorship in the event of the death of the other and changes to the Benefactor, Contingent Benefactor and Beneficiary, requests for voluntary termination of the Account or refund requests associated with the involuntary termination to the Account must contain the notarized signature of both the Benefactor and the Contingent Benefactor. I certify that I am opening this Account to provide funds for the Qualified Higher Education Expenses of the Designated Beneficiary named in the Application that I completed and submitted to the Board.

2. INVESTMENT RISKS

As required by s. 1009.973, Florida Statutes, investments made by the Program with funds remitted to the Program from Benefactors will be managed in accordance with the Comprehensive Investment Plan for the Program. I understand, acknowledge and agree that the investment of contributions and of investment returns in the Account involves certain risks and that investment returns in my Account will fluctuate. I have taken into consideration and understand the risk factors related to these investments, including those set forth in the Florida College Investment Plan Disclosure Statement. I understand, acknowledge and agree that the contributions and investment returns in the Account are not guaranteed and that I could lose my entire investment. I have

sufficient business and investment experience on my own, or I have consulted with my financial advisor, investment advisor, tax or accounting advisor and I have determined that an investment in the Program is suitable for me and that I am able to bear the risk of an entire loss of my investment in the Program and any funds in my Account. I understand, acknowledge and agree that: (a) I, the Contingent Benefactor, if any, and the Designated Beneficiary are not, or will not be, permitted to exercise any investment direction over the Account other than the initial selection of Investment Options for the Account and my right to change that selection once per year; (b) once invested in a particular Investment Option, contributions and any earnings thereon, may not be transferred to another Investment Option other than once every calendar year or upon a change of the Designated Beneficiary of the Account; (c) changes by me to the selected Investment Options are effective only upon actual receipt by the Board of a request for such changes; and (d) the Board may change the Investment Options available under the Program at any time and that such a change could result in a lower return on my investment or the loss of my entire investment.

3. NO GUARANTEES

I understand, acknowledge and agree that: (a) there is no guarantee that the Program's investment objectives will be achieved; (b) this Participation Agreement is only an obligation of the Program and is not otherwise an obligation of the State of Florida or the Board; (c) participation in the Program does not guarantee admission to or continued enrollment at an Eligible Educational Institution; (d) participation in the Program does not guarantee sufficient funds will be available in the Account to cover all Qualified Higher Education Expenses of the Designated Beneficiary; and (e) contributions and investment returns allocated to the Account are not guaranteed by any government, person, entity, or governmental agency, including, but not limited to, the State of Florida or the Board and their vendors, contractors, investment advisors, investment consultants or investment managers, or any agents, subcontractors, or representative of any of the foregoing, the Federal Deposit Insurance Corporation (the "FDIC"), or any governmental agency or financial institution. I further understand, acknowledge and agree that, with respect to each Investment Option in the Program, there is no guarantee or commitment whatsoever from the State of Florida, the Board or any other person or entity that: (a) actual Qualified Higher Education Expenses will be equal to projections and estimates

provided by the Program; (b) upon admission of the Designated Beneficiary to an Eligible Educational Institution, state residency will be created for tuition, tax, financial aid eligibility, or any other purpose for my Designated Beneficiary; (c) the Designated Beneficiary will graduate or receive a degree from any educational institution; or (d) contributions and investment returns in the Account will be sufficient to cover all of the Qualified Higher Education Expenses of my Designated Beneficiary.

4. MAXIMUM ACCOUNT BALANCE LIMIT

I understand, acknowledge and agree that in accordance with Section 529 of the Internal Revenue Code, the Program has adopted a Maximum Account Balance Limit applicable to all Accounts opened for the Designated Beneficiary in the Program and for any advance payment contract established for that same beneficiary under the Florida Prepaid College Plan and that the sum of any contributions that I make to the Program on behalf of the Designated Beneficiary (either directly or by means of a Rollover Distribution) plus the Account Balance of an Account in the Program for the Beneficiary and the redemption value of any advance payment contract in the Florida Prepaid College Plan for a qualified beneficiary that is the same as the Designated Beneficiary of the Account that are in excess of this Maximum Account Balance Limit will be returned to the contributor.

5. CHANGE OF DESIGNATED BENEFICIARY

I understand, acknowledge and agree that: (a) in accordance with Section 529 of the Internal Revenue Code, I may change the Designated Beneficiary of the Account at any time, provided that the new Designated Beneficiary is a "Member of the Family" of the previous Designated Beneficiary, by submitting a written, notarized request signed by the Benefactor to the Board; and (b) if the Designated Beneficiary is changed to an individual who is not a "Member of the Family" of the previous Designated Beneficiary, the transaction may be a Non-Qualified Distribution subject to federal taxation and the penalty referred to in Paragraph 11 of this Participation Agreement. I understand, acknowledge and agree that the consent of the Contingent Benefactor is required for all changes of the Designated Beneficiary if the Account was established on or after February 1, 2009 (or if the Account was established prior to that date and the Contingent Benefactor and I have elected to have the Account be subject to the requirements applicable to Accounts established on or after February 1, 2009).

6. CONTINGENT BENEFACTOR

For Accounts established on or after February 1, 2009 (and for Accounts established prior to that date if the Benefactor and the Contingent Benefactor have elected to have the Account be subject to the requirements applicable to Accounts established on or after February 1, 2009), I understand, acknowledge and agree that if I designated a survivor for the Account either in the Application submitted to the Board or later in another document submitted to the Board: (a) that person, as the Contingent Benefactor, and I each will enjoy a right of survivorship for each other; (b) that I, together with the Contingent Benefactor, must authorize changes in the Beneficiary, Benefactor and Contingent Benefactor, requests for voluntary termination of the Account, and refund requests associated with the involuntary termination of the Account; and (c) the Contingent Benefactor is not permitted to terminate the Account or to conduct any transactions on the Account while I am alive (or while the Benefactor, if an entity or trust, continues to exist), including, but not limited to, changing the Designated Beneficiary or requesting distributions from the Account. For Accounts established prior to February 1, 2009, I understand, acknowledge and agree that if I designated a survivor in the Application that I submitted to the Board: (a) that person, as the Contingent Benefactor, will enjoy only a survivorship interest in the Account and in the event of my death will automatically become the Benefactor after submission to the Board of a certified death certificate and an application executed by the Contingent Benefactor; (b) I can change the individual named as the Contingent Benefactor at any time, without the consent of the Contingent Benefactor; and (c) the Contingent Benefactor is not permitted to terminate the Account or to conduct any transactions on the Account while I am alive (or while the Benefactor, if an entity or trust, continues to exist), including, but not limited to, changing the Designated Beneficiary or requesting distributions from the Account.

7. PROGRAM CHANGES

I understand, acknowledge and agree that: (a) the investment options offered under the Program as well as the investment managers and other contractors selected by the Board may change during the period the Account is open and that, in the future, the Board may offer different Investment Options and retain different investment managers and contractors; and (b) if this

occurs, or even if it does not occur, the terms and conditions of the Participation Agreement may change materially, and that any such changes, including, but not limited to, an increase in the Administration Fee or other fees charged by the Board, could have a material effect on my investment in the Program and my Account. I understand, acknowledge and agree that the Board may establish greater or lower fees for the Program.

8. NO INVESTMENT ADVICE

I understand, acknowledge and agree that I have not been advised by the State of Florida, the Board or any employee, agent, independent contractor, or affiliate or any vendor, contractor, investment advisor, investment consultant, or investment manager of the State of Florida or the Board to invest, or to refrain from investing, in the Program or a particular Investment Option.

9. VOLUNTARY TERMINATION BY BENEFACTOR

I understand, acknowledge and agree that: (a) I (together with the Contingent Benefactor, if the Account was established on or after February 1, 2009, and a Contingent Benefactor has been designated for the Account, or if the Account was established prior to that date and the Contingent Benefactor and I have elected to have the Account be subject to the requirements applicable to Accounts established on or after February 1, 2009) or, upon my death, the Contingent Benefactor, if any, may voluntarily terminate this Participation Agreement at any time by providing a notarized, written request to the Board to terminate the Participation Agreement and to distribute all Account funds; (b) any time that I (together with the Contingent Benefactor, if the Account was established on or after February 1, 2009, and a Contingent Benefactor has been designated for the Account, or if the Account was established prior to that date and the Contingent Benefactor and I have elected to have the Account be subject to the requirements applicable to Accounts established on or after February 1, 2009) submit a written, notarized request for a rollover distribution of the entire balance of an Account that indicates the Qualified Tuition Program to which said rollover distribution is to be made, this Participation Agreement will be deemed voluntarily terminated; (c) any time that I (together with the Contingent Benefactor, if the Account was established on or after February 1, 2009, and a Contingent Benefactor has been designated for the Account, or if the Account was established prior to that date and the Contingent

Benefactor and I have elected to have the Account be subject to the requirements applicable to Accounts established on or after February 1, 2009) make a written request for a distribution from my Account that reduces the Account balance to zero, this Participation Agreement will be deemed to have been voluntarily terminated although the Account may be reactivated by making a new contribution to the Account at any time; (d) voluntary termination of this Participation Agreement may be accomplished by a distribution to pay the Qualified Higher Education Expenses of the Designated Beneficiary (a "Qualified Distribution") or by a distribution for any purpose other than to pay the Designated Beneficiary's Qualified Higher Education Expenses or as the result of the death or disability of or scholarship award to the Designated Beneficiary (a "Non-Qualified Distribution"); and (e) the Designated Beneficiary cannot terminate this Participation Agreement. In the event of a Non-Qualified Distribution, I understand, acknowledge and agree that the earnings portion of such distribution may result in adverse tax consequences and may be subject to the penalty referenced in Paragraph 11 of this Participation Agreement.

10. INVOLUNTARY TERMINATION

I understand, acknowledge and agree that this Participation Agreement shall be involuntarily terminated by the Board if one of the following events occurs: (a) the Board determines that I made a material misrepresentation in the Application or in any communication to the Board regarding the Program or my Account; (b) I fail to make any contributions or take any distributions from the Account for a continuous period of 25 calendar years (not including any time that the Designated Beneficiary spent as an active duty member of the United States armed services); (c) if the Account was established prior to April 1, 2005, and the Amount deposited in my Account is less than \$250.00 on the first day of any calendar month that is more than 27 consecutive months after the Program has received my Application and initial contribution to the Program, unless the Board receives a special petition seeking waiver or this rule pursuant to Rule 19B-12.001 and subsection 19B-12.003(2), F.A.C.; or (d) if the Account was established after April 1, 2005, and the amount deposited is less than \$250.00 on the first day of any calendar month that is more than 24 consecutive months after the Program received the Application and initial contribution, unless the Board receives a special petition seeking waiver of this rule pursuant to Rule

19B-12.001 and subsection 19B-12.003(2), F.A.C. I understand, acknowledge and agree that a material misrepresentation includes, but is not limited to, providing an invalid social security number or taxpayer identification number, providing false certification that a person is a "Member of the Family" of a Designated Beneficiary, or falsely certifying that the Benefactor is a citizen or resident alien of the United States. I further understand, acknowledge and agree that in the event of termination of this Participation Agreement, as provided in Paragraph 10, and the submission of a written request for a refund containing my notarized signature (together with that of the Contingent Benefactor, if the Account was established on or after February 1, 2009, or if the Account was established prior to that date and the Contingent Benefactor and I have elected to have the Account be subject to the requirements applicable to Accounts established on or after February 1, 2009), I will receive a distribution of all Account funds, as a Non-Qualified Distribution, the earnings portion of which will be subject to federal taxation and the penalty referred to in Paragraph 11 of this Participation Agreement would apply.

11. FEDERAL TAX PENALTIES

I understand, acknowledge and agree that: (a) pursuant to Section 529 of the Internal Revenue Code, I will be subject to an additional tax of 10% of the earnings portion of a Non-Qualified Distribution that is payable through my federal income tax return to the United States Department of Treasury (the "Additional Tax"); (b) the rate of this Additional Tax may be changed at any time; and (c) I will promptly pay any of the foregoing penalties.

12. FEES

I understand, acknowledge and agree that: (a) the Account is subject to the Administration Fee and that the Administration Fee currently is 3/4 of 1% (0.0075 or 75 basis points) of the Account Balance; (b) the Board annually will determine the amount of the administration fee; (c) the amount of the administration fee will be published annually in the Florida Administrative Weekly; (d) the Board will determine the amount of the administration fee based on the total amount invested in the Program by all benefactors, the amounts of the fees that the Board must pay for investment management services, trustee services, records administration services, marketing services and customer services and the annual budget of the Board, which has been approved by the State Board of Administration of Florida; (e) the administration

fee is a periodic charge that is expressed as a basis point charge against the account balance or as a percentage of the Account Balance; and (f) the Administration Fee will be deducted from each Account automatically on a daily basis. I also understand, acknowledge and agree that the Account is subject to the following fees: (a) a \$50 nonrefundable application fee is due at the time the Application is submitted; (b) if the Benefactor named on the Application has a Florida Prepaid College Plan contract and the qualified beneficiary of that contract is the same as the Designated Beneficiary named in the Application, a \$30 nonrefundable application fee is due at the time the Application is submitted; (c) if the Application is for the Program and the Florida Prepaid College Plan, an \$80 application fee is due at the time the Application is submitted; (d) a \$20 fee for all payments returned for insufficient funds will be deducted from the Account; and (e) a \$50 fee for all terminations of an Account, except when a distribution of all funds in the Account has been requested so that the Account Balance is zero (other than a Rollover Distribution) and except when an Account is terminated due to the death or disability of the Designated Beneficiary or the receipt by the Designated Beneficiary of a scholarship; provided the Board receives documentation of those circumstances. I understand, acknowledge and agree: (a) the Administration Fee that applies or may apply to the Account is subject to change; (b) I am subject to all fees, charges and penalties imposed by the Board; (c) I may be subject to other fees, charges or penalties in the future, if imposed by the Board and (d) I will promptly pay any of the foregoing fees.

13. NECESSITY OF QUALIFICATION

I understand, acknowledge and agree that: (a) the Program is intended to be a Qualified Tuition Program under Section 529 of the Internal Revenue Code; and (b) the Board may make changes to the Program and this Participation Agreement at any time if it is determined that such changes are necessary for the continuation of the federal income tax treatment provided by Section 529 or any similar successor legislation, and I agree to be bound by any such changes.

14. STATUTE AND RULES

I understand, acknowledge and agree that: (a) the Account and this Participation Agreement are subject to future changes to the Program, Part IV, Chapter 1009, Florida Statutes, as amended,

and to Rule Chapter 19B-16, Florida Administrative Code (or any similar successor rule), as amended; (b) all Account transactions, including but not limited to, changing ownership of the Account (changing the name of the Benefactor for the Account), changing the Designated Beneficiary, changing the name of any Contingent Benefactor, requesting a Rollover Distribution, or requesting any other distributions are subject to such rules and policies as the Board may adopt in accordance with federal law and Florida law; and (c) all references in this Participation Agreement to ss. 1009.981 and 1009.981(6), Florida Statutes, or Part IV, Chapter 1009, Florida Statutes, include any similar successor statutes. Further, I agree to be bound by such changes.

15. ACCOUNT STATEMENTS

I understand, acknowledge and agree that: (a) the Board maintains separate records for each Account and will mail to the Benefactor quarterly statements indicating the contributions to each selected Investment Option made to the Account during the period and the calendar year, withdrawals from each selected Investment Option from the Account made during the period and the calendar year, changes between Investment Options for the Account during the period and the calendar year, the total value of the Account at the end of the period and the calendar year and the investment performance of each Investment Option, including the investment performance of each Age Band in Age Based/Years to Enrollment Investment Option, for the period and the calendar year; (b) I, as the Benefactor named in the Application, am responsible for reviewing each quarterly statement mailed by the Board to me and verifying the information contained on each quarterly statement mailed by the Board to me; (c) the Board will mail the quarterly statement to the address for me which is indicated on the Application I submitted to the Board or, if I have provided a new address to the Board, to the most recent address for me that I have provided to the Board; (d) I must notify the Board in writing if I believe that the quarterly statement sent to me contains any error concerning any of the information pertaining to the Account, not later than 60 days after the last day of the period to which the quarterly statement relates; and (e) if I fail to notify the Board in writing of any error on the quarterly statement sent to me within 60 days after the last day of the period to which the quarterly statement relates, the information pertaining to the account contained on the quarterly statement shall be deemed to be correct, I will be considered to have approved

the information contained on the quarterly statement and its inclusion on subsequent quarterly statements, and I will be considered to have released the Board, and any vendors, contractors, investment advisors, investment consultants or investment managers selected by the Board, and any agents, representatives, or successors of any of the foregoing, from and against any and all loss, damage, liability or expense, including reasonable attorney's fees, related to, by reason of, or in connection with, any error contained on the quarterly statement.

16. INDEMNITY

I understand, acknowledge and agree: (a) that the establishment of the Account will be based upon my agreements, representations and warranties set forth in this Participation Agreement and the Application; (b) to indemnify and hold harmless the Board, any vendors, contractors, investment advisors, investment consultants or investment managers selected by the Board, and any agents, representatives, or successors of any of the foregoing, from and against any and all loss, damage, liability or expense, including reasonable attorney's fees, that any of them may incur by reason of, or in connection with, any misstatement or misrepresentation made by me herein or otherwise with respect to my Account, and any breach by me of any of the agreements, representations or warranties contained in this Participation Agreement or the Application; and (c) that the Board may terminate this Participation Agreement and liquidate my Account in accordance with Paragraph 10 of this Participation Agreement. All of my acknowledgements, agreements, representations and warranties shall survive the termination of this Participation Agreement.

17. DISPUTES

Any controversy or claim arising out of or relating to this Participation Agreement, or the breach, termination or validity thereof, shall be resolved in an administrative proceeding conducted pursuant to the provisions of Chapter 120, Florida Statutes.

18. BINDING NATURE; THIRD-PARTY BENEFICIARIES

This Participation Agreement shall survive my death (or sale, liquidation, bankruptcy or receivership in the case of a Benefactor that is an entity) and shall be binding upon my personal representatives, legal representatives, heirs, successors and assigns.

19. WITHDRAWALS

The Benefactor may request a distribution by submitting a written request to the Board at any time. Distributions may be made from an Account by any method allowed pursuant to s. 529 of the Internal Revenue Code.

20. AMENDMENT; TERMINATION OF THE PROGRAM

At any time, and from time to time, the Board may amend this Participation Agreement or the Disclosure Statement, or the Program may be suspended or terminated, but except as permissible under applicable law, the Account may not thereby be diverted from the exclusive benefit of the Benefactor. In addition, the Account may be terminated in accordance with Rule Chapter 19B-16, Florida Administrative Code, and Paragraphs 9 and 10 of this Participation Agreement.

21. ABANDONED FUNDS

I understand, acknowledge and agree that in accordance with Rule Chapter 19B-16, Florida Administrative Code, if, after receipt of notice from the Program, I fail to provide the Program with a directive regarding distribution of the funds in the Account, such funds will be declared unclaimed and abandoned property subject to disposition by the State of Florida pursuant to applicable law.

22. FLORIDA PREPAID COLLEGE TRUST FUND

Pursuant to Part IV, Chapter 1009, Florida Statutes, all funds remitted in accordance with this Participation Agreement will be deposited into the Florida Prepaid College Trust Fund and will be invested and reinvested in a manner consistent with the purposes of the Program, expended on expenses incurred by the operation and management of the Program or refunded to the Benefactor.

23. GOVERNING LAW

This Participation Agreement is governed by and shall be construed under, the laws of the State of Florida. Venue for any proceeding arising from or related to this Participation Agreement is in Leon County, Florida. All appeals shall be to the First District Court of Appeal of Florida.

24. CREDITORS' CLAIMS

Funds paid into or out of the Program by or on behalf of the Benefactor or the Designated Beneficiary of this Participation Agreement which Account has not been terminated, are exempt, as provided by s. 222.22, Florida Statutes, from all claims of creditors of the Benefactor, Contingent Benefactor or the Designated Beneficiary.

25. STATE PLEDGE

Pursuant to s. 1009.981(9), Florida Statutes, the State of Florida pledges to the Benefactors and Designated Beneficiaries of the Program that the State of Florida will not limit or alter the rights under s. 1009.981, Florida Statutes, which are vested in the Program until such obligations are met and discharged. However, s. 1009.981(9), Florida Statutes, does not preclude such limitation if adequate provision is made by law for the protection of the Benefactors and Designated Beneficiaries pursuant to the obligations of the Board, and if the State of Florida or the Board determines that the Program is not financially feasible, the State of Florida or the Board may discontinue the Program. If the Program is discontinued, the Board shall refund to Benefactors their contributions to the Program, plus any investment earnings or minus any investment losses. I understand, acknowledge and agree that such refund may be less than the amount of the contributions made to the Account and could be zero and that I might incur tax penalties as a result of such discontinuation.

26. CONFIDENTIALITY

Pursuant to s. 1009.981(6), Florida Statutes, information that identifies the Benefactor or the Designated Beneficiary of any Account in the Program and information regarding Account activities conducted through the Program are confidential and exempt from disclosure from the provisions of s. 119.07(1), Florida Statutes and s. 24(a), Article I of the Florida Constitution. However, the Board may authorize the release of such information to a community college, college or university in which the Designated Beneficiary may enroll or is enrolled. Community colleges, colleges and universities are required to maintain the confidentiality of such information.

27. THE PROVISIONS OF THIS PARAGRAPH APPLY EXCLUSIVELY TO ACCOUNTS WITH A BENEFACTOR THAT IS AN ENTITY (I.E., A TRUST, ESTATE, CORPORATION, PARTNERSHIP, ASSOCIATION, INTERNAL REVENUE CODE SECTION 501(C)(3) ORGANIZATION, OR A STATE OR LOCAL GOVERNMENT AGENCY):

I understand, acknowledge and agree that: (a) the entity named as the Benefactor in the Application that I completed, signed and submitted on behalf of the Benefactor to the Board is the owner of all funds deposited into the Account referred to in this Participation Agreement; (b) I have been authorized by the entity to act on its behalf in entering into and performing this Participation Agreement; (c) for every transaction conducted on this Account, including the execution of the Application to open the Account, the entity Benefactor must submit documentation substantiating the legal status of the entity Benefactor, authorization by the entity Benefactor to conduct the transaction, and authorization by the entity Benefactor for the individual signing the applicable form to act on behalf of the entity Benefactor.

28. THE PROVISIONS OF THIS PARAGRAPH APPLY EXCLUSIVELY TO ACCOUNTS WITH A BENEFACTOR WHO IS ACTING IN A CUSTODIAL CAPACITY:

I have full power and authority to enter into and perform this Participation Agreement on behalf of the Designated Beneficiary named in the Application I completed, signed and submitted to the Board. I understand, acknowledge and agree that: (a) I, as the named Benefactor for this Account, will be required to sign forms and conduct transactions for this Account in a Custodial Capacity as the guardian or custodian acting for the benefit of the Designated Beneficiary; (b) I am not permitted to change the Designated Beneficiary of this Account either directly or by means of a Rollover Distribution; (c) I am not permitted to name a Contingent Benefactor or to change ownership of this Account without providing the Board with a court order directing the change, unless I am naming a successor custodian pursuant to the Uniform Gifts/Transfers to Minors Act of a state of the United States; (d) I must provide with any request for a distribution from the Account a certification that I am the guardian of the Designated Beneficiary under a court order or I am a custodian pursuant to the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act and (except with respect to a distribution due to the

death of the Designated Beneficiary or a Qualified Distribution) that the distribution is properly authorized and is necessary for the welfare of the Designated Beneficiary; (e) I am required to notify the Board when the guardianship has been terminated or, in the case of a custodianship pursuant to the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act, I am required to notify the Board when the Designated Beneficiary has reached the age of majority or is otherwise legally authorized to assume ownership of the Account; (f) at that time, the Designated Beneficiary can be registered as the Benefactor and take control of the Account after he or she submits an executed application to the Board and at that time, the Designated Beneficiary would be able to conduct the same transactions on the Account as any other Benefactor that is not acting in a Custodial Capacity; and (g) if the guardianship or custodianship is extended, I must notify the Board of the termination of the custodianship at such later time.

29. CAPTIONS

The captions contained in this Participation Agreement are for reference purposes only and are not part of this Agreement.



P.O. BOX 6567 – TALLAHASSEE, FL 32314-6567
1-800-552-GRAD – WWW.MYFLORIDAPREPAID.COM

FOR MORE INFORMATION

IF YOU HAVE ADDITIONAL QUESTIONS OR WANT TO REQUEST A
FLORIDA COLLEGE INVESTMENT PLAN ENROLLMENT KIT, INCLUDING AN
APPLICATION, CALL TOLL-FREE 1-800-552-GRAD (4723) TO REACH A CUSTOMER
SERVICE REPRESENTATIVE OR GO TO WWW.MYFLORIDAPREPAID.COM.

FPCB DS 2010-4