

CollegeBoundfundSM

Dear CollegeBoundfundSM Participant:

Please accept our warm welcome as a new investor in one of the nation's leading college savings programs – CollegeBoundfundSM. By investing in the program, you are putting to use one of the most powerful college savings tools available today. We congratulate you on your choice, and wish you well as you begin the journey of sending a loved one to college.

To help you with this important task, we are pleased to introduce new changes to CollegeBoundfundSM. Due to a combination of tax law changes and program enhancements, CollegeBoundfundSM now offers tax-free earnings growth, tax-free withdrawals for qualified expenses,* higher contribution limits and – effective February 8, 2002 – additional investment options. These are just a few of the added advantages that give you more flexibility and control than ever before over your CollegeBoundfundSM investment.

Please take a moment to read through the enclosed Program Description to find out more about these new benefits. For questions, please call toll-free (888) 324-5057. One of our CollegeBoundfundSM representatives will be glad to help you. Alternatively, the program's web site, www.collegeboundfund.com, contains complete information about these program enhancements.

In closing, we thank you for choosing CollegeBoundfundSM, and look forward to helping you achieve your college savings goals in the years ahead.

CollegeBoundfundSM

** Under a "sunset provision," the tax exemption for earnings on qualified withdrawals is scheduled to expire on December 31, 2010, unless extended by Congress. As with all tax-related decisions, consult your tax advisor.*

A Word About Risk

There is no guarantee that any investment portfolio will achieve its investment goals. The value of your CollegeBoundfundSM account will fluctuate, as the value of the mutual fund shares in which it invests fluctuate, so that your investment, when it is withdrawn, may be worth more or less than its original cost. For more complete information on CollegeBoundfundSM, including a description of fees, expenses and risks, see the Program Description.

The investments in CollegeBoundfundSM are not guaranteed by the State of Rhode Island, the Rhode Island Higher Education Assistance Authority, the State Investment Commission or any other instrumentality thereof.

Alliance Fund Distributors, Inc., the principal underwriter of the Alliance mutual funds and an affiliate of Alliance Capital Management L.P., the manager of the Program and the investment advisor of the mutual funds, is a member of the NASD.



AllianceCapital 
The Investment Professional's Choice