

December 15, 2010

RE: Great News for College Savers – 10% Fee Reduction

Dear CollegeCounts 529 Investor,

CollegeCounts keeps getting better for college savers. Morningstar, in their ratings October 2010 stated:

“Union Bank & Trust took over this plan in June 2010 from Van Kampen and immediately upgraded their program.”

“In the end, both options (Direct and Advisor Plan) are much improved following changes to underlying funds and lowered fees.”

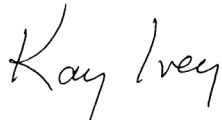
We are proud to share this recognition with our Program Manager, Union Bank and Trust. Additionally, **we are pleased to announce the plan will have a 10% reduction in fees.** This means there will be more dollars directed toward your investment. We have attached a Supplement to the Program Disclosure Statement which reflects that detailed information. Please review this information and keep it with your important plan papers.

We encourage you to share this information with your friends and family. The State of Alabama provides up to a \$5,000 (\$10,000 if married filing jointly) state income tax deduction for contributions to the plan. There is still time to sign up in 2010—but time is running out. Go online (www.collegecounts529.com) or send in your check soon as contributions must be made or postmarked on or before Friday, December 31, 2010. Mail your checks to the address below or call 866-529-2228.

CollegeCounts 529 Fund
P.O. Box 85290
Lincoln, NE 68501-5290

Thank you for allowing us to work with you!

Sincerely,



Kay Ivey
Alabama State Treasurer
Chairman, Alabama CollegeCounts 529 Board



Offered by the State of Alabama

COLLEGECOUNTS 529 FUND PROGRAM DISCLOSURE STATEMENT

Supplement dated December 22, 2010
to the Program Disclosure Statement dated July 30, 2010

The CollegeCounts 529 Fund Program Disclosure Statement dated July 30, 2010, is hereby amended as follows:

❖ **Reduction in Fees**

Effective as of December 22, 2010, the "Total Annual Asset-Based Fees" on 5 of the 6 Target Portfolios; 12 of the 15 Age-Based Portfolios; and 10 of the 19 Individual Fund Portfolios will be reduced. **The following "Fees & Expense Table" replaces in its entirety the current table on page 18.**

Annual Asset-Based Fees					
	Estimated Underlying Fund Expenses*	Program Management Fees	State Fee	Total Annual Asset-Based Fees	Account Fee (waived for Alabama Residents)
Target Portfolios					
Fund 100	0.09%	0.25%	none	0.34%	\$12
Fund 80	0.09%	0.25%	none	0.34%	\$12
Fund 60	0.08%	0.25%	none	0.33%	\$12
Fund 40	0.08%	0.25%	none	0.33%	\$12
Fund 20	0.08%	0.25%	none	0.33%	\$12
Fixed Income Fund	0.09%	0.25%	none	0.34%	\$12
Age-Based Portfolios					
Aggressive Portfolio					
Ages 0 - 8	0.09%	0.25%	none	0.34%	\$12
Ages 9 - 12	0.09%	0.25%	none	0.34%	\$12
Ages 13 - 16	0.08%	0.25%	none	0.33%	\$12
Ages 17 - 20	0.08%	0.25%	none	0.33%	\$12
Ages 21 +	0.08%	0.25%	none	0.33%	\$12
Moderate Portfolio					
Ages 0 - 8	0.09%	0.25%	none	0.34%	\$12
Ages 9 - 12	0.08%	0.25%	none	0.33%	\$12
Ages 13 - 16	0.08%	0.25%	none	0.33%	\$12
Ages 17 - 20	0.08%	0.25%	none	0.33%	\$12
Ages 21 +	0.09%	0.25%	none	0.34%	\$12
Conservative Portfolio					
Ages 0 - 8	0.08%	0.25%	none	0.33%	\$12
Ages 9 - 12	0.08%	0.25%	none	0.33%	\$12
Ages 13 - 16	0.08%	0.25%	none	0.33%	\$12
Ages 17 - 20	0.09%	0.25%	none	0.34%	\$12
Ages 21 +	0.10%	0.25%	none	0.35%	\$12

	Estimated Underlying Fund Expenses *	Program Management Fees	State Fee	Total Annual Asset-Based Fees	Account Fee (waived for Alabama Residents)
Individual Fund Portfolios					
Vanguard Prime Money Market 529 Portfolio	0.10%	0.25%	none	0.35%	\$12
PIMCO Short-Term 529 Portfolio	0.45%	0.25%	none	0.70%	\$12
Vanguard Int. - Term Bond Index 529 Portfolio	0.12%	0.25%	none	0.37%	\$12
Vanguard Total Bond Market Index 529 Portfolio	0.07%	0.25%	none	0.32%	\$12
PIMCO Total Return 529 Portfolio	0.47%	0.25%	none	0.72%	\$12
Vanguard Inflation-Protected Securities 529 Portfolio	0.12%	0.25%	none	0.37%	\$12
T. Rowe Price Balanced 529 Portfolio	0.71%	0.25%	none	0.96%	\$12
Vanguard REIT Index 529 Portfolio	0.14%	0.25%	none	0.39%	\$12
Vanguard Value Index 529 Portfolio	0.14%	0.25%	none	0.39%	\$12
Vanguard 500 Index 529 Portfolio	0.07%	0.25%	none	0.32%	\$12
Vanguard Total Stock Market Index 529 Portfolio	0.06%	0.25%	none	0.31%	\$12
Vanguard Growth Index 529 Portfolio	0.14%	0.25%	none	0.39%	\$12
Vanguard Mid-Cap Index 529 Portfolio	0.14%	0.25%	none	0.39%	\$12
Vanguard Extended Market Index 529 Portfolio	0.13%	0.25%	none	0.38%	\$12
Fidelity Advisor Mid Cap II 529 Portfolio	0.95%	0.25%	none	1.20%	\$12
Vanguard Small-Cap Value Index 529 Portfolio	0.28%	0.25%	none	0.53%	\$12
Vanguard Small-Cap Index 529 Portfolio	0.14%	0.25%	none	0.39%	\$12
Vanguard Small-Cap Growth Index 529 Portfolio	0.28%	0.25%	none	0.53%	\$12
Vanguard Total International Stock Index 529 Portfolio	0.15%	0.25%	none	0.40%	\$12

* For registered mutual funds, in the absence of a change that would materially affect the information, based on the most recent prospectus available prior to the date of this Supplement to the Program Disclosure Statement, and for Portfolios invested in multiple registered mutual funds, based on a weighted average of each fund's total annual operating expenses, in accordance with the Portfolio's asset allocation as of the date of this Supplement.

❖ **The following replaces the "Program Costs" summary table of the Program Disclosure Statement.**

<u>Underlying Fund Costs</u>	<u>Range</u>	<u>Average</u>
Age-Based Portfolios	0.08% - 0.10%	0.08%
Target Portfolios	0.08% - 0.09%	0.08%
Individual Fund Portfolios	0.06% - 0.95%	0.25%

Other Annual Costs

Program Management Fee	0.25%
Annual Account Fee	\$12

The annual account fee is waived if either the Account Owner or the Designated Beneficiary is an Alabama resident.

❖ **The following replaces in its entirety the Hypothetical Expense Example on pages 19 and 20 of the Program Disclosure Statement.**

The following table compares the approximate cost of investing in the Plan over different periods of time. Your actual costs may be higher or lower. The hypothetical chart assumes an initial \$10,000 investment in a Plan Portfolio and a 5% annual rate of return, compounded annually. All expense ratios and asset allocations are assumed to remain the same for the duration of the periods.

The chart assumes that all withdrawals are made for Higher Education Costs and, therefore, does

not reflect the impact of potential federal, state, or local taxes. This hypothetical does not reflect actual expenses or performance from the past or future. Actual expenses may be higher or lower than those shown. The \$12 annual account fee is waived if either the Account Owner or Designated Beneficiary is an Alabama resident. **Non-Alabama residents need to add an additional \$12 to the One Year number; \$36 to the Three Year number; \$60 to the Five Year number; and, \$120 to the Ten Year number in the Hypothetical Expense Table.**

Approximate Cost of a \$10,000 Investment				
	One Year	Three Years	Five Years	Ten Years
Target Portfolios				
Fund 100	\$35	\$109	\$191	\$431
Fund 80	\$35	\$109	\$191	\$431
Fund 60	\$34	\$106	\$186	\$419
Fund 40	\$34	\$106	\$186	\$419
Fund 20	\$34	\$106	\$186	\$419
Fixed Income Fund	\$35	\$109	\$191	\$431
Age-Based Portfolios				
Aggressive Portfolio				
Ages 0 - 8	\$35	\$109	\$191	\$431
Ages 9 - 12	\$35	\$109	\$191	\$431
Ages 13 - 16	\$34	\$106	\$186	\$419
Ages 17 - 20	\$34	\$106	\$186	\$419
Ages 21 +	\$34	\$106	\$186	\$419
Moderate Portfolio				
Ages 0 - 8	\$35	\$109	\$191	\$431
Ages 9 - 12	\$34	\$106	\$186	\$419
Ages 13 - 16	\$34	\$106	\$186	\$419
Ages 17 - 20	\$34	\$106	\$186	\$419
Ages 21 +	\$35	\$109	\$191	\$431
Conservative Portfolio				
Ages 0 - 8	\$34	\$106	\$186	\$419
Ages 9 - 12	\$34	\$106	\$186	\$419
Ages 13 - 16	\$34	\$106	\$186	\$419
Ages 17 - 20	\$35	\$109	\$191	\$431
Ages 21 +	\$36	\$113	\$197	\$444

Approximate Cost of a \$10,000 Investment (continued)

	One Year	Three Years	Five Years	Ten Years
Individual Fund Portfolios				
Vanguard Prime Money Market 529 Portfolio	\$36	\$113	\$197	\$444
PIMCO Short-Term 529 Portfolio	\$72	\$225	\$391	\$873
Vanguard Int.-Term Bond Index 529 Portfolio	\$38	\$119	\$208	\$469
Vanguard Total Bond Market Index 529 Portfolio	\$33	\$103	\$180	\$406
PIMCO Total Return 529 Portfolio	\$74	\$231	\$402	\$897
Vanguard Inflation-Protected Securities 529 Portfolio	\$38	\$119	\$208	\$469
T. Rowe Price Balanced 529 Portfolio	\$98	\$307	\$533	\$1,182
Vanguard REIT Index 529 Portfolio	\$40	\$126	\$219	\$494
Vanguard Value Index 529 Portfolio	\$40	\$126	\$219	\$494
Vanguard 500 Index 529 Portfolio	\$33	\$103	\$180	\$406
Vanguard Total Stock Market Index 529 Portfolio	\$32	\$100	\$174	\$394
Vanguard Growth Index 529 Portfolio	\$40	\$126	\$219	\$494
Vanguard Mid-Cap Index 529 Portfolio	\$40	\$126	\$219	\$494
Vanguard Extended Market Index 529 Portfolio	\$39	\$122	\$214	\$481
Fidelity Advisor Mid Cap II 529 Portfolio	\$123	\$383	\$663	\$1,461
Vanguard Small-Cap Value Index 529 Portfolio	\$54	\$170	\$297	\$666
Vanguard Small-Cap Index 529 Portfolio	\$40	\$126	\$219	\$494
Vanguard Small-Cap Growth Index 529 Portfolio	\$54	\$170	\$297	\$666
Vanguard Total International Stock Index 529 Portfolio	\$41	\$129	\$225	\$506

❖ **The following replaces in its entirety the current table on page 37.**

MUTUAL FUND TICKER SYMBOLS AND EXPENSE RATIOS

The following table sets forth the ticker symbols and the total operating expenses, as disclosed in each fund's most recent prospectus dated prior to December 15, 2010, of the underlying investment funds in which the Portfolios invest. Certain of the share classes in which the Plan's Investment Portfolios invest have changed. Accordingly, all references in the Program Disclosure Statement to the share class of the underlying investment funds are hereby amended to reflect the share class corresponding to the ticker symbols below.

Underlying Mutual Fund	Ticker Symbol	Expense Ratio
Vanguard Prime Money Market Fund (Instl)	VMRXX	0.10%
PIMCO Short-Term Fund (Instl)	PTSHX	0.45%
Vanguard Intermediate-Term Bond Index Fund (Signal)	VIBSX	0.12%
Vanguard Total Bond Market Index Fund (Instl)	VBTIX	0.07%
PIMCO Total Return Fund (Instl)	PTRX	0.47%
Vanguard Inflation-Protected Securities Fund (Admiral)	VAIPX	0.12%
T. Rowe Price Balanced Fund	RPBAX	0.71%
Vanguard REIT Index Fund (Signal)	VGRSX	0.14%
Vanguard Value Index Fund (Signal)	VVISX	0.14%
Vanguard 500 Index Fund (Signal)	VIFSX	0.07%
Vanguard Total Stock Market Index Fund (Instl)	VITSX	0.06%
Vanguard Growth Index Fund (Signal)	VIGSX	0.14%
Vanguard Mid-Cap Index Fund (Signal)	VMISX	0.14%
Vanguard Extended Market Index Fund (Signal)	VEMSX	0.13%
Fidelity Advisor Mid Cap II Fund (Instl)	FIIMX	0.95%
Vanguard Small-Cap Value Index Fund (Investor)	VISVX	0.28%
Vanguard Small-Cap Index Fund (Signal)	VSISX	0.14%
Vanguard Small-Cap Growth Index Fund (Investor)	VISGX	0.28%
Vanguard Total International Stock Index Fund (Instl)	VTSNX	0.15%