



KENTUCKY
Education Savings Plan Trust

THE KENTUCKY EDUCATION SAVINGS PLAN TRUST

PROGRAM DISCLOSURE BOOKLET AND PARTICIPATION AGREEMENT

NOVEMBER 2, 2009

**ADMINISTRATOR AND TRUSTEE:
THE BOARD OF DIRECTORS OF THE
KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY**

**PROGRAM MANAGER:
TIAA-CREF TUITION FINANCING, INC.**



**FINANCIAL SERVICES
FOR THE GREATER GOOD®**

No security issued by the Kentucky Higher Education Assistance Authority has been registered with or approved by the United States Securities and Exchange Commission or any state securities commission.

Please read and retain this Disclosure Booklet as an important document with your other records about the Kentucky Education Savings Plan (the **"Program"**). This Disclosure Booklet is also available on the Program's website at www.kysaves.com. You should read and understand this Disclosure Booklet before you make contributions to the Program.

No broker, dealer, salesperson or any other person has been authorized by the Commonwealth of Kentucky (the **"Commonwealth"**), the board of directors of the Kentucky Higher Education Assistance Authority* (**"KHEAA"**), as trustee (the **"Trustee"**) of the Kentucky Education Savings Plan Trust (the **"Trust"**) or TIAA-CREF Tuition Financing, Inc. (**"TFI"** or the **"Program Manager"**), 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 Commonwealth, the Trustee, KHEAA or the Program Manager.

The information in this Disclosure Booklet is subject to change without notice, and neither delivery of this Disclosure Booklet nor any sale made hereunder shall, under any circumstances, create any implication that there have been no changes since the date of this Disclosure Booklet.

This Disclosure Booklet does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of a security in the Program by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Qualified tuition programs developed under Section 529 of the Internal Revenue Code of 1986, as amended (the "IRC"), 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 tax penalties. The tax information contained in this Disclosure Booklet was written to support the promotion and marketing of the Program and was neither written nor intended to be used, and cannot be used, by any taxpayer for the purpose of avoiding federal or state taxes or tax penalties. Taxpayers should seek tax advice from an independent tax advisor based on their own particular circumstances.

* The Board of Directors of KHEAA also administers a qualified tuition program for prepaid accounts. Kentucky's Affordable Prepaid Tuition Plan ("KAPT"). KAPT is not managed by or distributed by the Program Manager or any of its affiliates. This Disclosure Booklet is only intended for use in connection with an Account opened in the Program. It is not intended for use in connection with accounts in KAPT.

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Introduction to the Program

The Commonwealth created and designed the Program to help people save for the costs of education after high school. The Trustee implements and administers the Program. Currently, federal and Kentucky tax benefits enhance the value of investing in the Program. The Program is intended to meet the requirements of a qualified tuition program under IRC Section 529 (“**Section 529**”).

The Program is authorized by the Kentucky Education Savings Plan Trust Act, codified at KRS 164A.300 to 164A.380 of the Kentucky Revised Statutes Annotated (as the same may be amended from time to time, (the “**Statute**”). Under the Statute, the Trustee has those powers as may be reasonably necessary to effect the purposes of the Trust, including the power and authority to make and enter into contracts necessary for the administration of the Trust, to enter into participation agreements with participants, and to promulgate reasonable rules and regulations for the administration of the Trust. For additional information, see “Oversight of the Program.”

TFI manages the Program under the direction of the Trustee. TFI and the Trust have entered into a contract (the “**Management Agreement**”) under which TFI, or its affiliates and subcontractors acting on behalf of TFI, provide services to the Program. For additional information, see “The Program Manager.”

Please note that once you open your Account, you may access information about your Account through the toll-free, automated telephone number for the Program at (877) KY-TRUST (877- 598-7878). If you open your Account as an individual Participant in the Program, you may also access information, process transactions and perform Account maintenance on a password-protected section of the Program’s website. You can change your physical address, bank information, and your e-mail address in the password-protected section of the Program website, or you can download and print appropriate forms from the website for the same purpose (“**Account Forms**”).

To obtain Account Forms or additional information, you can (1) visit the Program’s website at www.kysaves.com; (2) call the Program toll-free at (877) KY-TRUST (877-598-7878); or (3) write to the Kentucky Education Savings Plan Trust, P.O. Box 8100, Boston, MA 02266-8100.

Key Features of the Program

This section provides summary information about certain key features of the Program, but it is important that you read the entire Disclosure Booklet and Participation Agreement for more detailed information about the Program. Capitalized terms used in this section are defined in “Important Defined Terms” or elsewhere in the Disclosure Booklet.

Feature	Description	Additional Information
State Administrator	The Board of Directors of the Kentucky Higher Education Assistance Authority.	<i>Oversight of the Program</i> , page 25.
Program Manager	TIAA-CREF Tuition Financing, Inc.	<i>The Program Manager</i> , page 26.
Eligible Participant	<p>Any U.S. citizen or resident alien with a Social Security Number or federal Taxpayer Identification Number (“TIN”).</p> <p>Accounts may also be opened by the following, although additional restrictions may apply:</p> <ul style="list-style-type: none"> • Custodians for minors under the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act (collectively, “UGMA/UTMA”) with a Social Security Number or TIN; • Corporations, trusts and certain other types of entities with a TIN; and • State or local governments (or agencies or instrumentalities thereof) and certain nonprofit organizations with a TIN. 	<i>Getting Started</i> , page 7.
Eligible Beneficiary	Any U.S. citizen or resident alien with a Social Security Number or TIN, including the Participant. (No Beneficiary is required to be designated for Accounts established by government agencies or nonprofit organizations to fund scholarships.)	<i>Getting Started</i> , page 7.
Minimum Contribution	The minimum initial and subsequent contribution is \$25 per Investment Option (\$15 per Investment Option if made via payroll deduction).	<i>Contributing to Your Account</i> , page 9.
Current Maximum Account Balance Limit	Maximum Account Balance Limit of \$235,000 per Beneficiary — no new contributions may be made to any Account if, at the time of a proposed contribution, the aggregate account balance of the Account and all other Accounts in the Program for the same Beneficiary (as well as the value of any KAPT Contracts for that same Beneficiary) has a market value equal to or in excess of this limit. Accounts that have reached the Maximum Account Balance Limit may continue to accrue earnings.	<i>Contributing to Your Account</i> , page 9.
Withdrawals	<ul style="list-style-type: none"> • Qualified Withdrawals must be used to pay for tuition, certain room and board expenses, fees, and the costs of books, supplies and equipment required for the enrollment or attendance of the Beneficiary at an Eligible Educational Institution. • Taxable Withdrawals are also permitted if due to the Beneficiary’s death, permanent disability of the Beneficiary, the Beneficiary’s receipt of scholarship award or certain other tax-free amounts, or attendance at a Military Academy. The earnings portion of these types of withdrawals will be subject to applicable federal and state income tax, if any, but will not be subject to a 10% additional federal tax (the “Additional Tax”). 	<i>Withdrawals</i> , page 23; <i>Tax Information</i> , page 27.

Feature	Description	Additional Information
Investment Options	<ul style="list-style-type: none"> • A tax-free Rollover to another qualified tuition program for the same Beneficiary or a tax-free Rollover to another Account or another qualified tuition program for a person who is a Member of the Family of the Beneficiary may occur under certain circumstances. • Non-Qualified Withdrawals are withdrawals that do not fall into any of the categories above. Non-Qualified Withdrawals will be subject to applicable federal and state income tax on earnings, if any, and the Additional Tax. • No withdrawal may be taken within 30 days of receipt of the Participant's request to change Account ownership or mailing address unless a medallion signature guarantee is affixed to the applicable Account Form. • A 1% penalty may be imposed by the Program on the earnings portion of Non-Qualified Withdrawals. This penalty is not currently enforced, but could be imposed in the future. • The minimum amount of a Non-Qualified Withdrawal is \$500 unless the Account is closed and all funds are withdrawn. • One age-based option: Contributions invested in the Managed Allocation Option are invested in Institutional Class shares of certain of the TIAA-CREF Funds in a manner that varies according to the Beneficiary's placement in an age-based grouping ("Age Band"). • Four static options: Contributions invested in the Active Equity Option, Equity Index Option, Balanced Option and Fixed Income Option are invested in Institutional Class shares of certain of the TIAA-CREF Funds. • One guaranteed option: Contributions invested in the Guaranteed Option are allocated to a Funding Agreement, which guarantees to the Trust a return of principal plus a minimum rate of interest per annum. 	<p><i>Investment Options</i>, page 16.</p>
Transfers Between Investment Options	<p>The Participant generally may move funds from one Investment Option to another once per calendar year or at any time upon a change in Beneficiary to a Member of the Family of the Beneficiary. A special rule applies for the 2009 calendar year.</p>	<p><i>Transferring Funds</i>, page 10.</p>
Federal Tax Benefits	<ul style="list-style-type: none"> • Qualified Withdrawals are not subject to federal income tax (including the Additional Tax) upon distribution. • Taxable Withdrawals are subject to federal income tax but not the Additional Tax. • No federal gift tax on contributions of up to \$65,000 (single filer) and \$130,000 (married couple) if prorated over five years. • Contributions are generally considered completed gifts to the Beneficiary for federal gift and estate tax purposes. 	<p><i>Tax Information</i>, page 27.</p>
Kentucky Tax Benefits	<ul style="list-style-type: none"> • Qualified Withdrawals and certain Taxable Withdrawals are not subject to Kentucky income tax. • State tax benefits are only available to Kentucky taxpayers. • <i>If you or your Beneficiary reside in, or have taxable income in, a state other than Kentucky, see page 30 for important information about potential consequences of investing in an out-of-state Section 529 program. Consult a qualified advisor</i> 	<p><i>Withdrawals</i>, page 23; <i>Tax Information</i>, page 27.</p>

Feature	Description	Additional Information
Current Fees and Expenses	<p><i>or contact your home state's Section 529 program for more information about that program.</i></p> <p>The total annual asset-based fee for the Managed Allocation Option is 0.65%. This fee will be reduced when total assets in the Program reach certain breakpoint levels. Of that amount, 0.36% to 0.42%, depending on the Age Band within the Managed Allocation Option, is paid to the Program Manager ("Program Manager Fee").</p> <p>The total annual asset-based fee for the four static Investment Options varies from 0.55% to 0.91%, depending on the Investment Option. Of that amount, 0.39% to 0.47% is the Program Manager Fee.</p> <p>The total annual asset-based fee does not apply to the Guaranteed Option.</p>	<p><i>Fees and Expenses, page 13.</i></p>
Performance	<p>Performance data for the Investment Options (updated monthly) can be obtained by visiting the Program's website at www.kysaves.com or by calling the Program at (877) KY-TRUST (877- 598-7878). Past performance is not necessarily indicative of future results. Your investment results may be better or worse than the performance shown.</p>	<p><i>Past Performance, page 20.</i></p>
Risks of Investing in the Program	<ul style="list-style-type: none"> • The value of your Account may decrease. You could lose money, including the principal you invest. • Federal or state tax law changes could negatively affect participation in the Program. • Certain changes could be made to the Program which could make it less favorable to investors, including an increase in existing fees and expenses and/or the addition of new fees and expenses. • KHEAA may change the program manager, change underlying investment vehicles or modify Investment Options and/ or asset allocations. • Contributions to an Account may adversely affect the Participant's or Beneficiary's eligibility for financial aid or other benefits. • Neither the Federal Deposit Insurance Corporation nor any other government agency or entity provides any insurance or guarantee to Participants. • Investment returns, if any, may be less than the rate of increase in the costs of higher education. 	<p><i>Risks of Investing in the Program, page 22.</i></p>
Vesting of Participation Agreements	<p>Beneficiaries who reside in Kentucky for eight continuous years and are designated on a continuously open Account for that eight-year period will qualify for Kentucky resident tuition rates at certain Eligible Educational Institutions in Kentucky. Net contributions of at least \$2,400 must be in the Account at the end of the eight-year period. Additional restrictions apply.</p>	<p><i>Vesting of Participation Agreements, page 12.</i></p>
Contact Information	<p>Call toll-free at (877) KY-TRUST (877-598-7878), visit the Program website at www.kysaves.com or write to the Kentucky Higher Education Savings Plan Trust, P.O. Box 8100, Boston, MA 02266-8100.</p>	<p><i>Introduction to the Program, page 1; Back Cover.</i></p>

Important Defined Terms

The Disclosure Booklet and Participation Agreement are intended to be as clear and understandable as possible. However, certain words and terms used throughout the Disclosure Booklet do carry special meanings in connection with the Program. This Glossary of certain terms is included here for your convenient reference. Refer to the text throughout the Disclosure Booklet for a more complete discussion of these terms.

Account	An account in the Program opened by a Participant to receive contributions and to provide funds for the Qualified Higher Education Expenses of the Beneficiary.
Additional Tax	A 10% additional federal tax imposed on the earnings portion of Non-Qualified Withdrawals.
Beneficiary	The person designated by the Participant as the intended beneficiary of amounts contributed to an Account in the Program and earnings thereon, if any.
Commonwealth	The Commonwealth of Kentucky
Eligible Educational Institutions	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 credential, including certain proprietary institutions and postsecondary technical and vocational schools and certain institutions in foreign countries, which are eligible to participate in a financial aid program under Title IV of the Higher Education Act of 1965.
Funding Agreement	The current funding agreement issued by TIAA-CREF Life to the Trust guarantees a return of principal plus a minimum rate of interest per annum with respect to the Guaranteed Option.
Investment Options	The investment options in the Program to which you may allocate contributions to your Account.
IRC	The Internal Revenue Code of 1986, as amended.
KAPT Contract	A prepaid tuition contract with Kentucky's Affordable Prepaid Tuition Plan that guarantees a certain level of in-state tuition at certain public colleges and universities in Kentucky.
Management Agreement	Agreement pursuant to which Trust has engaged TFI to serve as the Program Manager.
Maximum Account Balance Limit	The aggregate balance of your Account and all other Accounts for the same Beneficiary in the Program (as well as the value of any KAPT Contracts for that same Beneficiary), beyond which you are prohibited from making additional contributions (currently \$235,000).

Member of the Family	A person related to the Beneficiary as follows: (1) a child or a descendant of a child; (2) a brother, sister, stepbrother or stepsister; (3) the father or mother, or an ancestor of either; (4) a stepfather or stepmother; (5) a son or daughter of a brother or sister; (6) a brother or sister of the father or mother; (7) a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law; (8) the spouse of any of the foregoing individuals or the spouse of the Beneficiary; or (9) a first cousin of the Beneficiary. For this purpose, a child includes a legally adopted child and a stepson or stepdaughter, and a brother or sister includes a half-brother or half-sister.
Military Academy	The United States Military Academy, the United States Naval Academy, the United States Air Force Academy, the United States Coast Guard Academy or the United States Merchant Marine Academy.
Mutual Funds/Funds	Currently, the Institutional Class of certain of the TIAA-CREF Funds.
Non-Qualified Withdrawal	Any withdrawal from your Account other than: (1) a Qualified Withdrawal; (2) a Taxable Withdrawal; or (3) a Rollover.
Participant/You	The owner of an Account in the Program.
Participation Agreement	An agreement by and between a Participant and the Trust. A description of your rights and obligations as a Participant is in your Participation Agreement.
Program	The Kentucky Education Savings Plan Trust.
Program Manager	TIAA-CREF Tuition Financing, Inc. ("TFI").
Qualified Higher Education Expenses	Tuition, certain room and board expenses, fees, books, supplies, and equipment required for the enrollment or attendance of a Beneficiary at an Eligible Educational Institution.
Qualified Withdrawal	Any withdrawal from your Account that is used to pay the Qualified Higher Education Expenses of the Beneficiary.
Statute	Chapter 164A.300 to 164A.380 of the Kentucky Revised Statutes Annotated (as the same may be amended from time to time).
Taxable Withdrawal	Any withdrawal from your Account: (1) paid to a beneficiary of, or the estate of, the Beneficiary on or after the Beneficiary's death or attributable to the permanent disability of the Beneficiary; (2) made on account of the receipt by the Beneficiary of a scholarship award or veterans' or other nontaxable educational assistance (other than gifts or inheritances), but only to the extent of such scholarship or assistance; (3) made on account of the Beneficiary's attendance at a Military Academy, but only to the extent of the costs of education attributable to such attendance; or (4) equal to the amount of the Beneficiary's relevant Qualified Higher Education Expenses taken into account in determining the Beneficiary's Hope Scholarship Credit or Lifetime Learning Credit.
Trust	Kentucky Education Savings Plan Trust.
Trustee	The Board of Directors of the Kentucky Higher Education Assistance Authority, which acts as trustee for the funds invested in the Trust
Unit	A unit of measure used in calculating the value of assets in your Account.

Getting Started

This section offers you an overview of the processes involved with opening your Account in the Program.

Opening Your Account. To open an Account, you must first complete and sign an application (the “**Application**”). The Application incorporates by reference the Participation Agreement and this Disclosure Booklet, and, among other things, will ask you to designate an owner of the Account (the “**Participant**”) and (if you are an individual Participant) a contingent Account owner (the “**Contingent Account Owner**”), select a Beneficiary, and select Investment Options.

You may obtain an Application and enrollment kit by contacting the Program or by accessing the Program’s website. You may complete and submit the Application online on the Program’s website, or you may mail your completed Application to the following address: Kentucky Education Savings Plan Trust, P.O. Box 8100, Boston, Massachusetts 02266-8100. Once the Program receives your completed Application in good order with a check or other authorization for your initial contribution, an Account will be opened for you.

The Participation Agreement is in Appendix II to this Disclosure Booklet. Your rights as the Participant and the rights of your Beneficiary are established under provisions of the Statute, any regulations adopted by the Trustee, and the policies and operating procedures adopted by the Commonwealth and are in your Participation Agreement. However, any amendments to the Statute, or the regulations adopted by the Trustee, or to federal and/or Kentucky tax law, or any amendments to the operating procedures and policies of the Program will amend the Participation Agreement when such amendments become effective.

To help the federal government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an Account. When you open an Account, you will be asked for your name, address, date of birth, Social Security Number and other information that will allow the Program to identify you, such as your home telephone number. Until you provide the information needed, the Program will not be able to open your Account or effect any transactions for you.

Participant Account Ownership. Those eligible to open Accounts and to act as Participants in the Program include:

- Any U.S. citizen or resident alien with a valid Social Security Number or TIN—this may include parents, grandparents, or friends of the Beneficiary, including the Beneficiary;
- A corporation, trust, or certain other type of entity with a TIN;
- A state or local government (or agency or instrumentality thereof);
- An organization described in Section 501(c)(3) of the IRC with a TIN;
- A trustee with a valid Social Security Number or TIN; and
- A custodian for minors under UGMA/UTMA with a valid Social Security Number or TIN.

Accounts opened by entities, organizations, trustees, and custodians are subject to additional restrictions. UGMA/ UTMA custodians are subject to certain limitations on their ability to make changes to their Accounts. The Program sets forth these restrictions and limitations in the Participation Agreement. UGMA/ UTMA custodians and trust representatives should consult a tax advisor about the tax consequences of opening and holding an Account in the Program, as well as legal counsel regarding their rights and responsibilities as custodians and trustees.

You have certain rights as a Participant. Your rights include the right to:

- select and change a Beneficiary;
- select and change the Investment Options in which contributions are invested;
- name a Contingent Account Owner (for an individual Account only);
- change the Participant; and
- request withdrawals.

Naming Your Beneficiary. To complete the Application, you generally must name a Beneficiary. Anyone with a valid Social Security Number or TIN who is a U.S. citizen or resident alien can be named a Beneficiary. Each Account may have only one designated Beneficiary and you may have only one Account for each Beneficiary. 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.

A Beneficiary need not be designated for a scholarship Account opened by a state or local government (or agency or instrumentality thereof) or an organization described in Section 501(c)(3) of the IRC, 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.

After you have completed your Application, you may change your Beneficiary by completing the applicable Account Form. A beneficiary change will be a nontaxable event and will not be subject to the Additional Tax only if the new Beneficiary is a Member of the Family of the previous Beneficiary. Otherwise, the earnings, if any, on your Account will be subject to federal taxation, including the Additional Tax. For changes of beneficiary, the Account for the new Beneficiary will be governed by the same Participation Agreement that applied to the previous Beneficiary. See "Tax Information" for information concerning income, gift, estate and generation-skipping tax consequences of changing the Beneficiary other than to a Member of the Family of the prior Beneficiary.

Choosing Investment Options. The Board has established multiple Investment Options for the Program. To complete your Application, you must select the Investment Option(s) to which your contributions will be allocated. You may select any one or a combination of the Investment Options, subject to certain minimum contribution limits per Investment Option. Future contributions to your Account are not limited to your initial Investment Option elections. See "Investment Options" for summaries of the Investment Options offered under the Program.

After you have completed an Application, you may revise your Investment Option election(s) by: (1) adding new Investment Options; (2) stopping contributions to an Investment Option that you previously selected; or (3) increasing or decreasing future contributions to an Investment Option that you previously selected. You may also transfer funds in your Account, subject to certain limits, to another Investment Option. See "Transferring Funds" for more information.

If you choose to change your Investment Option selections, you must provide the Program with appropriate instructions clearly identifying each change and the amount of your contributions to be allocated to each Investment Option. You must also notify the Program in writing if you are using payroll deduction or the automatic contribution plan and you wish to change your allocation or stop your contributions to any Investment Option. Account Forms are available for these purposes.

Naming a Contingent Account Owner. By completing the appropriate section of the Application, an individual Participant may name a contingent Participant to become the owner of the Account in the event of that Participant's death. If you did not designate a Contingent Account Owner when you established your Account, you may designate a Contingent Account Owner by completing the applicable Account

Form at a later time. You may also change your designation at any time by completing the applicable Account Form. Entity Participants and custodians may not designate a Contingent Account Owner.

Under Kentucky law, if you are a resident of Kentucky at the time of your death, your designated Contingent Account Owner will become the Participant upon your death and the assets of the Account should not be considered assets of your estate or be subject to probate. Participants should seek legal counsel regarding the estate planning implications of naming a Contingent Account Owner. Prior to taking any action regarding the Account following your death, your Contingent Account Owner will be required to provide the Program with the Participant's Social Security Number or TIN and a certified copy of the death certificate identifying the deceased Participant (or other documentation recognized under applicable law and acceptable to the Program) and enter into a new Participation Agreement by signing an Application.

If you are not a resident of Kentucky or if you do not wish to designate a Contingent Account Owner, you should consult with a legal advisor regarding whether your Account will be subject to probate procedures in the event of death.

Changing the Ownership of Your Account. You may change ownership of your Account to another individual or entity that is eligible to be a Participant by submitting the applicable Account Form. When you transfer ownership of your Account, you are not required to change the Beneficiary. Custodial Participants are subject to special limitations on their ability to transfer ownership of the Account. A change in Account ownership may have federal or state tax consequences, and Participants are urged to consult their own tax advisors prior to implementing any such change.

A transfer of the ownership of an Account will be effective only if the assignment: (1) is irrevocable; and (2) transfers all ownership, reversionary rights, powers of appointment and powers to direct the withdrawal of funds. Unless a medallion signature guarantee is affixed to the applicable Account Form, the transfer will result in a 30-day hold on withdrawals from the Account. See "Withdrawals" for more information.

Contributing to Your Account

Who Can Contribute. Anyone (including your friends and family) may make a contribution to your Account. However, any contribution to an Account may have gift or other tax consequences to the contributor or the Participant. Anyone making such a contribution, other than the Participant, will not retain any rights with respect to such contribution — for example, only the Participant may give directions regarding allocations to Investment Options and/or withdrawals from an Account.

Minimum Contributions. The minimum initial and subsequent contribution to an Account is \$25 per Investment Option. However, if your employer allows payroll deduction, the minimum initial and subsequent contributions to your Account may be as low as \$15 per Investment Option per pay period.

How You Can Contribute to Your Account. Your ability to contribute to your Account is limited to the following methods: (1) by check (excluding starter checks); (2) through an automatic contribution plan; (3) by payroll deduction (if your employer provides for it, agrees to submit payroll deductions via Automated Clearing House (ACH) and you complete a payroll deduction form); (4) by electronic funds transfer (including electronic purchase option); (5) through a Rollover. See "Transfer of Funds" below for more information about Rollovers.

Checks should be made payable to the Kentucky Education Savings Plan Trust. Contributions by check must be drawn on a banking institution located in the United States in U.S. dollars. Personal checks (excluding starter checks), bank drafts, teller's checks, and checks issued by a financial institution or brokerage firm payable to the participant or the Beneficiary and endorsed over to the Program by the Participant are permitted, as are third-party personal checks up to \$10,000 that are endorsed over to the Program. Contribution payment methods other than those listed above are not permitted. You must

provide written instructions to the Program with respect to the allocation of your contribution among Investment Options whenever you make a new contribution.

The electronic purchase option enables you to make contributions over the Internet through a password-protected feature on the Program website or by telephone either with a customer service representative or through the Program's automated telephone system. In order to use the electronic purchase option, you must either select the electronic purchase option on your Application, add the electronic purchase option online at the Program website or complete and submit the appropriate Account Form.

If your method of payment is payroll deduction, you can change the amount of your contributions, stop payroll deduction, or reallocate future contributions among Investment Options or multiple Accounts by following the instructions on the applicable Account Form. This will involve contacting your employer.

If your method of payment is the automatic contribution plan, you can completely stop your participation in the automatic contribution plan, or you can stop or change the timing and amount of your contributions to any Investment Option that you selected for your Account, by making these changes online at the Program website by completing and submitting the appropriate Account Form or by calling the Program.

If your method of payment is by a Rollover, complete the appropriate section of the Application and/or the applicable Account Form.

Maximum Account Balance Limit. By law, you may not make additional contributions to your Account if, at the time of a proposed contribution, the aggregate account balance of the Account and all other Accounts in the Program, as well as accounts in KAPT, for the same Beneficiary reaches a certain market value (the "**Maximum Account Balance Limit**"). The Maximum Account Balance Limit is currently \$235,000. Participants will be informed of any changes. 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 Beneficiary. The Maximum Account Balance Limit takes into consideration the total balance, including earnings, if any, of all Accounts in the Program (including accounts established in KAPT) for the same Beneficiary.

The portion of a contribution for any Beneficiary that would cause the total balance of all Accounts held for that Beneficiary to exceed the Maximum Account Balance Limit will be rejected and returned. Accounts that have reached the Maximum Account Balance Limit may continue to accrue earnings.

Transferring Funds

You may make the following transfers related to your Account:

- Transfers, subject to certain limits, among Investment Options (see "Getting Started" above); and
- Rollovers.

Certain of these transfers may be subject to different federal and state tax consequences. See "Withdrawals" and "Kentucky Tax Treatment" for additional information.

You may transfer all or any portion of the funds already invested in a particular Investment Option, subject to certain limits, to another Investment Option once per calendar year (twice during 2009) or upon a change of the Beneficiary of your Account to a Member of the Family of the Beneficiary.

A Rollover (“**Rollover**”) is a transfer of funds by any of the following methods:

Rollovers into the Program

- a direct transfer from an account in another qualified tuition program for a beneficiary under that program to an Account for (1) that beneficiary (provided that you have not made a similar transfer to any qualified tuition program for the benefit of that beneficiary within the previous 12 months) or (2) a person who is a Member of the Family of that beneficiary or
- a withdrawal of funds from an account in another qualified tuition program for a beneficiary under that program, followed within 60 days of that withdrawal by a contribution of those funds to an Account for (1) that beneficiary (provided that you have not made a similar transfer to any qualified tuition program for the benefit of that beneficiary within the previous 12 months) or (2) a person who is a Member of the Family of that beneficiary;

Rollovers out of the Program

- a direct transfer from your Account for a Beneficiary to an account in another qualified tuition program for (1) the same Beneficiary (provided that you have not made a similar transfer to any qualified tuition program for the benefit of that Beneficiary within the previous 12 months) or (2) a person who is a Member of the Family of that Beneficiary or
- a withdrawal of funds from your Account for a Beneficiary, followed within 60 days of that withdrawal by a contribution of those funds to an account in another qualified tuition program for (1) the same Beneficiary (provided that you have not made a similar transfer to any qualified tuition program for the benefit of that Beneficiary within the previous 12 months) or (2) a person who is a Member of the Family of that Beneficiary.

Intra-Program Rollovers

- a direct transfer from your Account for a Beneficiary to an Account for a person who is a Member of the Family of that Beneficiary or
- a withdrawal of funds from your Account for a Beneficiary, followed within 60 days of that withdrawal by a contribution of those funds to an Account for a person who is a Member of the Family of that Beneficiary.

Subject to the foregoing limitations, you may transfer funds to either an Account that is owned by you or an Account that is owned by another Participant. A transfer of funds from your Account to an Account that is owned by another Participant may have federal or state tax consequences, and Participants are urged to consult their own tax advisors prior to implementing any such transfer. If a change of Beneficiary or transfer of funds causes the aggregate balance of all Accounts in the Program and all KAPT Contracts for the same Beneficiary to exceed the Maximum Account Balance Limit, the excess amount will be rejected and returned.

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

Unit Value

Contributions to your Account purchase Units of the Investment Option(s) you select (other than the Guaranteed Option). The Program will process Account transaction requests (e.g., contributions, withdrawals, and transfers) at the Unit value of the applicable Investment Option determined on the day your Account transaction request and any required paperwork are received in good order if they are received before the close of regular trading (usually 4:00 p.m., Eastern time) on the New York Stock

Exchange (“NYSE”) and are accepted by the Program. The Program will process Account transaction requests received after the close of regular trading or on a day when the NYSE is not open for trading at the Unit value of the applicable Investment Option determined on the next day of regular trading on the NYSE. The Program will not process Account transaction requests on holidays or other days when the NYSE is closed for any reason. The Program also reserves the right to refrain from processing Account transaction requests during any time when trading is restricted by the Securities and Exchange Commission or under any emergency circumstances.

The value of a Unit in each Investment Option other than the Guaranteed Option (for purposes of this discussion, each Age Band in the Managed Allocation Option is considered a separate Investment Option) is computed by dividing (a) an Investment Option’s assets less any liabilities (Program Manager Fee) allocated to that Investment Option by (b) the number of outstanding Units of such Investment Option.

The value of the portion of your Account that is invested in the Guaranteed Option is equal to (a) all of your contributions allocated to the Guaranteed Option; plus (b) guaranteed interest credited to your Account accumulation in the Guaranteed Option on a daily basis at an annual rate then in effect; plus (c) any additional interest credited to your Account in excess of the guaranteed interest as declared in advance by TIAA-CREF Life Insurance Company (“**TIAA-CREF Life**”); less (d) any state and local premium tax incurred by TIAA-CREF Life applicable to your contributions allocated to the Guaranteed Option and any interest credited thereon; less (e) the amount of any withdrawals, rollovers and/or transfers of funds.

Use of Your Account

No Pledging of Account Assets. Neither you nor your Beneficiary may use any part of any Account or other interest in the Program as security for a loan.

Bankruptcy and Related Matters. The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 expressly excludes from an individual debtor’s bankruptcy estate (and, therefore, will not be available for distribution to such 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. The bankruptcy protection also imposes a cap on the amount of funds that may be excluded from such individual’s bankruptcy estate. The maximum amount entitled to the bankruptcy exclusion is \$5,475 for payments or contributions made by such individual to the Account and all other Accounts in the Program for the same Beneficiary during the period between 365 and 720 days prior to the bankruptcy filing. This information is not meant to be individual advice, and Participants should consult with their own advisors concerning their individual circumstances.

Kentucky law generally provides an exemption from execution or attachments by creditors of a Participant or Beneficiary on contributions and earnings that are invested in an educational savings program account. Pursuant to Kentucky law, contributions and earnings that are invested in an Account will be exempt from execution, attachment, garnishment, distress for rent, or fee bill by a creditor seeking payment of a debt owed by the Participant or the Beneficiary of the Account, provided that such Participant or Beneficiary resides in Kentucky. This exemption, however, may not be enforceable or available to exempt an individual’s interest in the Account in such individual’s bankruptcy proceedings in other states where other laws may apply. Also, it is not clear how or whether such exemption will be applied in a proceeding commenced against such individual in a court located in Kentucky. In any event, this provision does not apply in other states.

Vesting of Participation Agreements. If your Beneficiary is a resident of Kentucky for eight continuous years and is designated as the Beneficiary of your Participation Agreement that is in “full force and effect” for that entire eight-year period, then your Participation Agreement will become a vested Participation Agreement. A Beneficiary of a vested Participation Agreement who enrolls in an Eligible Educational

Institution in Kentucky will qualify for state resident tuition rates, if available. The naming of a Beneficiary does not guarantee that the Beneficiary will be a resident of Kentucky for tuition purposes.

A Participation Agreement will be considered to be in “full force and effect” if, at the end of the eight-year period, the total net contributions remaining in the Account total at least \$2,400 and the Participation Agreement has not been cancelled at the time that the Beneficiary first enrolls in an Eligible Educational Institution. Once a Participation Agreement is vested, it will remain vested even if the Beneficiary leaves the Commonwealth prior to enrollment at an Eligible Educational Institution.

In order to establish a vested Participation Agreement, you will be required to submit to the Trustee evidence of the Beneficiary’s residence in Kentucky during the eight-year vesting period. For more information on submitting evidence of residence, including a list of documentation that will be accepted, contact the Trustee. Although you may change the Beneficiary under your Participation Agreement, the residency status acquired by a Beneficiary of a vested Participation Agreement cannot be used to confer residency status on a substituted Beneficiary. Any Participant interested in vesting their Participation Agreement for the purpose of obtaining residential tuition rates for their Beneficiary should contact KHEAA directly at (502) 696-7383.

Fees and Expenses

The following table describes the Program’s fees and expenses. Except for the fees listed below, there are currently no other fees, charges or penalties imposed by or payable by the Program in connection with opening or maintaining your Account. The Commonwealth reserves the right to change the current fees, or to impose new or additional fees, expenses, charges or penalties in the future.

For purposes of this section, each of the Age Bands in the Managed Allocation Option is considered a separate Investment Option.

Fee Table

ANNUAL ASSET-BASED FEES				
Investment Option	Program Manager Fee ⁽¹⁾⁽²⁾	Estimated Underlying Mutual Fund Expenses⁽³⁾	State Fee	Total Annual Asset- Based Fees ⁽⁴⁾
Managed Allocation Option⁽⁵⁾				
Age Band 1 (0-3 Years)	0.39%	0.26%	None	0.65%
Age Band 2 (4-7 Years)	0.38%	0.27%	None	0.65%
Age Band 3 (8-11 Years)	0.37%	0.28%	None	0.65%
Age Band 4 (12-14 Years)	0.36%	0.29%	None	0.65%
Age Band 5 (15-17 Years)	0.38%	0.27%	None	0.65%
Age Band 6 (18 and Over)	0.42%	0.23%	None	0.65%
Active Equity Option	0.39%	0.52%	None	0.91%
Equity Index Option	0.47%	0.08%	None	0.55%
Balanced Option	0.47%	0.25%	None	0.72%
Fixed Income Option	0.47%	0.33%	None	0.80%
Guaranteed Option	None ⁽⁶⁾	None	None	None

(1) The Program Manager Fee is the only fee deducted from Program assets. This fee may change at any time. Although there are no fees that are deducted from your Account, when you invest in the Program, you indirectly bear a pro rata portion of the Program expenses because when fees are deducted from Program assets, the value of the Program Units is reduced.

(2) Each Investment Option (with the exception of the Guaranteed Option) pays TFI an annualized Program Manager Fee equal to the stated percentage of the average daily net assets held by that Investment Option. However, for the Managed Allocation Option and the Active Equity Option, the percentages listed in this column may fluctuate because generally, if the underlying Fund expenses increase, then the Program Manager Fee decreases.

(3) For each Investment Option (with the exception of the Guaranteed Option), the figures in this column are based on a weighted average of the expenses of each underlying Fund's expense ratio as of February 1, 2009, in accordance with the Investment Option's asset allocation among its underlying Funds. Each Investment Option (with the exception of the Guaranteed Option) indirectly bears its pro rata

portion of the underlying Funds' expenses because when fees are deducted from an underlying Fund's assets, the value of the underlying Fund's shares is reduced.

- (4) The Total Annual Asset-Based Fees ("**Total Fees**") equal the Estimated Underlying Fund Expenses plus the Program Manager Fee. The portion of Total Fees attributable to the Program Manager Fee is assessed over the course of the year against assets in each Investment Option (with the exception of the Guaranteed Option). The portion of Total Fees attributable to Estimated Underlying Fund Expenses is indirectly borne by each Investment Option as discussed in footnote (3). You should refer to the Investment Cost Example for the total assumed investment cost over 1-, 3-, 5-, and 10-year periods.
- (5) If the total assets in the Program become equal to or greater than \$150 million, the Total Fees for the Managed Allocation Option will be reduced by 0.05%.
- (6) The Guaranteed Option does not pay a Program Manager Fee. TFI does, however, receive from TIAA-CREF Life, the issuer of the Funding Agreement, an annual asset based fee to pay TFI for distribution, administration, and other services that TFI provides for this Investment Option. TIAA-CREF Life may discontinue this fee at any time.

Investment Cost Example

The example in the following table is intended to help you compare the cost of investing in the different Investment Options over various periods of time. This example assumes that:

- You invest \$10,000 in an Account for the time periods shown below.
- Your investment has a 5% compounded return each year, except for the Guaranteed Option, which is assumed to have a 3% compounded return each year.
- You withdraw the assets from your Account at the end of the specified periods for Qualified Higher Education Expenses.
- Total annual asset-based fees remain the same as shown in the Fee Table above.
- The example does not consider the impact of any potential state or federal taxes on the withdrawal.

Although your actual costs may be higher or lower, based on the above assumptions your costs would be:

INVESTMENT OPTIONS	APPROXIMATE COST OF \$10,000 INVESTMENT			
	One Year	Three Years	Five Years	Ten Years
Managed Allocation Option				
Age Band 1 (0-3 Years)	\$67	\$209	\$363	\$812
Age Band 2 (4-7 Years)	\$67	\$209	\$363	\$812
Age Band 3 (8-11 Years)	\$67	\$209	\$363	\$812
Age Band 4 (12-14 Years)	\$67	\$209	\$363	\$812
Age Band 5 (15-17 Years)	\$67	\$209	\$363	\$812
Age Band 6 (18 and over)	\$67	\$209	\$363	\$812
Active Equity Option	\$93	\$291	\$506	\$1123
Equity Index Option	\$56	\$177	\$308	\$691
Balanced Option	\$74	\$231	\$402	\$897
Fixed Income Option	\$82	\$256	\$446	\$993
Guaranteed Option	\$0	\$0	\$0	\$0

Investment Options

Choosing Your Investment Options and How the Investment Options Are Invested. Building a Section 529 account that is right for you takes planning. You need to consider your college savings goals, understand your Investment Options, and select options suitable to your investment needs. This section helps you to understand the types of Investment Options offered under the Program, the risks involved in investing in such options, and the type of investor for whom each Investment Option may be appropriate.

The Investment Options are authorized by the Trustee. The Trustee may add or remove Investment Options or change the investment allocations of, or the investments held by, any Investment Option at any time. The Program will have a commercially reasonable period to implement any such changes. The allocation tables accompanying the Investment Option descriptions below indicate how contributions will be allocated to the Mutual Funds underlying each Investment Option. Note that contributions received on or after the date of this Disclosure Booklet will be allocated in accordance with the asset allocation percentages in these allocation tables unless otherwise indicated.

You may allocate your contributions to any of the Investment Options, or you may choose to allocate your contributions to more than one Investment Option. Although Participants may choose among these Investment Options for contributions made to their Accounts, under federal law, neither Participants nor Beneficiaries may direct the investment of any Investment Option. **Please be aware that amounts in an Account may be transferred on a tax-free basis to another Investment Option only once per calendar year (twice during 2009) by the Participant or upon a change of the Beneficiary to a**

Member of the Family of the previous Beneficiary. See “Getting Started” and “Transferring Funds” above for information about changing Investment Option elections.

With the exception of the Guaranteed Option, each of the Investment Options described below is invested in one or more Mutual Funds. Summaries of the underlying investments, including the Mutual Funds and the risks associated with investments in the Mutual Funds, appear in Appendix I to this Disclosure Booklet. See Appendix I for additional information about the Mutual Funds. Please note that an investment in an Investment Option in the Program is not an investment in the underlying Mutual Funds.

These investment approaches are not recommendations and do not take into consideration your personal goals or preferences. After evaluating information you consider important in making an investment choice, the ultimate investment decision is up to you.

Conversion of the Program. The Program’s investment strategies were significantly restructured as of October 1, 1999 in connection with the engagement of the Program Manager. Contributions made to the Program prior to October 1, 1999 were invested in low-risk investments with a minimum rate of return of 4% guaranteed by the Trust. For contributions made to the Program on or after October 1, 1999, neither investments in the Program nor earnings, if any, from investments in the Program are insured or guaranteed (except to the extent of the guarantee by TIAA-CREF Life to the Trust under the Funding Agreement for the Guaranteed Option) by the Commonwealth (or any agency or instrumentality thereof), the Program, the Trustee, the Federal Deposit and Insurance Corporation, any federal government agency, the Program Manager or its affiliates.

Managed Allocation Option (Risk level shifts from Aggressive to Conservative)

The Managed Allocation Option is designed to take into account the Beneficiary’s current age and the number of years before the Beneficiary turns 18 and is expected to enter college. Allocations to the Managed Allocation Option will be placed in one of six Age Bands, as determined by the Beneficiary’s current age. Each Age Band has a different investment objective and investment strategy, which are matched to the Beneficiary’s expected investment time horizon.

The Age Bands for younger Beneficiaries seek a favorable long-term return by investing primarily in Mutual Funds that invest in equity or real estate-related securities, which carry a high level of risk, but offer potentially greater returns than could be achieved, by investing in more conservative investments. As a Beneficiary nears college age, your investments attributable to the Managed Allocation Option will be moved to more conservatively-invested Age Bands. The Age Bands for older Beneficiaries allocate less to Mutual Funds that invest in equity and real estate-related securities and allocate more heavily to Mutual Funds that invest in fixed-income and money market securities to preserve capital.

As the Beneficiary ages, assets in your Account that are attributable to this option are moved from one Age Band to the next on the first “rolling date” following the Beneficiary’s fourth, eighth, twelfth, fifteenth and eighteenth birthdays. The rolling dates are March 20, June 20, September 20 and December 20 (or the first business day thereafter).

Asset Allocations for the Managed Allocation Option

The following table provides the percentage of assets of each Age Band within the Managed Allocation Option allocated to each Mutual Fund.

<u>Age Bands</u>	<u>Age of Beneficiary</u>	<u>Large-Cap Growth Index Fund</u>	<u>Large-Cap Value Index Fund</u>	<u>Equity Index Fund</u>	<u>S&P 500 Index Fund</u>	<u>Small-Cap Blend Index Fund</u>	<u>International Equity Fund</u>	<u>Real Estate Securities Fund</u>	<u>Bond Fund</u>	<u>Inflation-Linked Bond Fund</u>	<u>Money Market Fund</u>
1	0-3	5.20%	5.20%	25.74%	13.52%	2.34%	20.00%	8.00%	15.00%	5.00%	0.00%
2	4-7	3.90%	3.90%	19.30%	10.14%	1.76%	15.00%	6.00%	30.00%	10.00%	0.00%
3	8-11	3.25%	3.25%	16.09%	8.45%	1.46%	12.50%	5.00%	37.50%	12.50%	0.00%
4	12-14	2.60%	2.60%	12.87%	6.76%	1.17%	10.00%	4.00%	45.00%	15.00%	0.00%
5	15-17	1.95%	1.95%	9.65%	5.07%	0.88%	7.50%	3.00%	41.25%	13.75%	15.00%
6	18 and over	0.98%	0.98%	4.82%	2.53%	0.44%	3.75%	1.50%	30.00%	10.00%	45.00%

Active Equity Option (Risk level — Aggressive)

This Investment Option seeks to provide a favorable long-term total return, mainly from capital appreciation, by investing in a combination of actively managed equity Mutual Funds.

Assets in this Investment Option are allocated to Mutual Funds that invest heavily in domestic and foreign equity securities, which carry a high level of risk, but offer potentially greater returns than could be achieved by investing in more conservative investments. Because of the high exposure to domestic and foreign equities, and the corresponding high degree of risk, this Investment Option may be appropriate for you if you already have substantial college savings from less volatile investments (e.g., fixed-income) or you have a long investment horizon and you can tolerate a higher level of risk.

Asset Allocations for the Active Equity Option

The following table provides the percentage of assets of the Active Equity Option allocated to each Mutual Fund.

<u>Large-Cap Growth Fund</u>	<u>Large-Cap Value Fund</u>	<u>Small-Cap Equity Fund</u>	<u>International Equity Fund</u>
34.50%	34.50%	6.00%	25.00%

Equity Index Option (Risk level — Aggressive)

This Investment Option seeks to provide a favorable long-term total return, mainly from capital appreciation, by investing in equity index Mutual Funds. Because of the high exposure to domestic and foreign equities, and the corresponding high degree of risk, this Investment Option may be appropriate for you if you already have substantial college savings from less volatile investments (e.g., fixed-income) or you have a long investment horizon and you can tolerate a higher level of risk.

Asset Allocations for the Equity Index Option

The following table provides the percentage of assets of the Equity Index Option that will be allocated to each Mutual Fund.

<u>Equity Index Fund</u>	<u>International Equity Index Fund</u>
75.00%	25.00%

Balanced Option (Risk level — Moderate)

This Investment Option seeks to provide favorable returns that reflect the broad investment performance of the financial markets through capital appreciation and investment income by investing in a balanced combination of equity and fixed-income Mutual Funds (at this time, approximately 60% is invested in equity funds and 40% is invested in fixed-income funds). This Investment Option may be appropriate for you if you have a medium to long investment horizon and can tolerate a moderate level of risk.

Asset Allocation for the Balanced Option

The following table provides the percentage of assets of the Balanced Option allocated to each Mutual Fund.

<u>Mid-Cap Growth Fund</u>	<u>Mid-Cap Value Fund</u>	<u>Small-Cap Equity Fund</u>	<u>S&P 500 Index Fund</u>	<u>International Equity Index Fund</u>	<u>Real Estate Securities Fund</u>	<u>Bond Fund</u>	<u>Inflation-Linked Bond Fund</u>
2.73%	2.73%	3.12%	30.42%	15.00%	6.00%	30.00	10.00%

Fixed Income Option (Risk level — Moderate)

This Investment Option seeks to provide preservation of capital along with a moderate rate of return by allocating assets to Mutual Funds that invest in a diversified mix of fixed-income investments. This Investment Option may be appropriate for you if you have a medium to short investment horizon and can tolerate a moderate level of risk.

Asset Allocations for the Fixed Income Option

The following table provides the percentage of assets of the Fixed Income Option allocated to each Mutual Fund.

<u>Bond Fund</u>	<u>Inflation-Linked Bond Fund</u>
75.00%	25.00%

Guaranteed Option (Risk level — Conservative)

This Investment Option seeks to preserve capital and provide a stable return. It may be appropriate for you if you have a short investment horizon and are looking for a conservative investment with a low level of risk. The contributions invested in this Investment Option are allocated to a Funding Agreement issued by TIAA-CREF Life to the Trust, which is the policyholder under the agreement. The Funding Agreement provides for a return of principal plus a guaranteed rate of interest and allows for the possibility that additional interest may be credited as declared periodically by TIAA-CREF Life. The interest rate guarantee is made only to the Trust, and not to Participants or Beneficiaries. The rate of any additional interest is declared in advance for a period of up to 12 months and is not guaranteed for any future periods. The term of the Funding Agreement is intended to coincide with the term of the Management Agreement.

For more information on the Funding Agreement, please see “Summary of the TIAA-CREF Life Insurance Company Funding Agreement” in Appendix I.

Past Performance

The tables below show the returns of each Investment Option over the time period(s) indicated, calculated from the day on which funds were first invested in each Age Band or Investment Option after it was made available (the “**Inception Date**”). (For purposes of this discussion, each Age Band in the Managed Allocation Option is considered a separate Investment Option.) The tables compare the returns of each Investment Option (other than the Guaranteed Option) to the returns of a customized index benchmark (“**Blended Index**”). A Blended Index combines the benchmarks for each of the underlying Mutual Funds held by an Investment Option during the relevant time period weighted according to the allocations to those Mutual Funds and adjusted to reflect any changes in the allocations and the benchmarks during the relevant time period.

The performance data shown below for each Blended Index does not reflect deductions of any fees or expenses. The performance data shown below for each Investment Option, however, is quoted net of all fees and expenses. All figures in the tables represent the average annual compound rate of return.

The Balanced Option is a new Investment Option, therefore, no performance is included.

Total returns and the principal value of investments in your Account will fluctuate based on the investment performance of the Mutual Funds in which the Investment Options (other than the Guaranteed Option, which does not invest in mutual funds) have been invested, so your investment may be worth more or less than its original value when you withdraw your money. Past performance is not necessarily indicative of future results. Performance may be substantially affected over time by changes in the allocations and in the underlying investments.

For the most current performance information, which is updated monthly, visit the Program’s website at www.kysaves.com or call the Program toll-free at (877) KY-TRUST (877-598-7878).

Managed Allocation Option

Average Annual Total Returns For the Period Ended September 30, 2009

Age Band	Age of Beneficiary	1 Year	3 Year	5 Year	Since Inception	Inception Date
1	0-3	-3.45%	-3.10%	2.68%	2.42%	January 16, 2004
	Blended Index	-2.75%	-2.84%	3.32%	3.19%	
2	4-7	-0.48%	-1.12%	3.14%	2.95%	January 16, 2004
	Blended Index	0.74%	-0.37%	3.96%	3.80%	
3	8-11	1.84%	0.13%	3.47%	3.30%	January 16, 2004
	Blended Index	2.38%	0.74%	4.20%	4.09%	
4	12-14	3.00%	0.82%	3.46%	3.48%	January 16, 2004
	Blended Index	3.94%	1.66%	4.36%	4.38%	
5	15-17	2.78%	1.43%	3.40%	3.40%	January 16, 2004
	Blended Index	4.17%	2.30%	4.25%	4.24%	
6	18 and over	3.07%	2.42%	3.31%	3.22%	January 16, 2004
	Blended Index	3.59%	2.95%	3.87%	3.77%	

Additional Investment Options

Average Annual Total Returns For the Period Ended September 30, 2009

Option	1 Year	3 Year	5 Year	Since Inception	Inception Date
Active Equity Option	-3.32%	N/A	N/A	-8.99%	September 5, 2008
Blended Index	-4.03%	N/A	N/A	-9.86%	
Equity Index Option ⁽¹⁾	-6.38%	-4.71%	2.27%	0.31%	February 23, 2001
Blended Index	-4.48%	-4.95%	2.10%	0.84%	
Fixed Income Option	8.15%	N/A	N/A	4.52%	September 9, 2008
Blended Index	9.41%	N/A	N/A	5.66%	
Guaranteed Option	3.28%	3.48%	3.36%	3.28%	May 15, 2003

⁽¹⁾ Effective November 3, 2008, the investment strategy of the Equity Index Option was changed. The current investment strategy focuses on investing in equity index Mutual Funds, while the prior strategy

focused on investing in a combination of actively managed equity Mutual Funds and equity index Mutual Funds.

Risks of Investing in the Program

Prospective Participants should carefully consider, along with other matters referred to in this Disclosure Booklet, the following risks of investing in the Program.

Investment Risks. With any Investment Option, there is a possibility that the investment returns over the applicable investment period will be less than the rate of increase in the costs of higher education during that period. There is a risk that you could lose part or all of the value of your Account.

No Guarantee of Attendance or Expense. 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. Increases in Qualified Higher Education Expenses could exceed the rate of return under the Program over the same time period. Even if the value of all Accounts held for a Beneficiary, combined with the value of any KAPT Contracts for the same Beneficiary, reaches or exceeds the Maximum Account Balance Limit, those funds may not be sufficient to pay all Qualified Higher Education Expenses of the Beneficiary.

Changes in Law. The Program is established pursuant to the Statute, applicable Commonwealth law, applicable securities laws and Section 529 of the IRC. Changes to the Statute or such Commonwealth and securities laws may affect the continued operation of the Program as contemplated in this Disclosure Booklet. Congress could also amend Section 529 of the IRC or other federal laws in a manner that would materially change or eliminate the federal tax treatment described in this Disclosure Booklet. The Commonwealth could also make changes to Kentucky tax law that could materially affect the state tax treatment of the Program or make changes to the Statute that could terminate or otherwise adversely affect the Program. Changes in the law governing the federal and/or Kentucky tax consequences described in this Disclosure Booklet might necessitate material changes to the Program. Certain proposed federal tax regulations that have been issued under Section 529 of the IRC provide guidance, but only for the establishment and operation of 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.

Risks Related to Illiquidity. Investment in the Program involves the risk of limited liquidity because the circumstances under which funds may be withdrawn from your Account without incurring adverse tax consequences are limited. Additionally, in certain circumstances, your ability to withdraw funds may be restricted for up to 30 days. See “Withdrawals” and “Tax Information” below and “Getting Started” above for further information about these restrictions. Contributions must be on deposit for at least 10 days before being withdrawn. In addition, no part of an Account may be assigned, transferred or pledged as security for a loan or otherwise, except for transfers described above under “Transferring Funds.”

Limitations on Investment Selection. You may transfer funds among Investment Options only once per calendar year (twice during 2009), and at any time upon a change in the Beneficiary of the Account to a Member of the Family of the Beneficiary being replaced. You may not direct the investment of any Investment Option or of any underlying Mutual Fund.

Not a Direct Investment in Mutual Funds or Registered Securities. Although contributions to your Account will be invested (with the exception of contributions to the Guaranteed Option) in Investment Options that invest in Mutual Funds, none of the Program’s Investment Options is a mutual fund. An investment in the Program is considered an investment in “municipal fund securities” that are issued and offered by the Program. These securities are not registered with the U.S. Securities and Exchange Commission (the “SEC”) or any state, nor are the Program, or any of the Program’s Investment Options registered as investment companies with the SEC or any state.

Potential Change of the Program Manager and Other Program Changes. The Trustee may change the Program Manager in the future or add program managers and/or investment managers. If this happens (or even if it does not), there is no assurance that you would not experience a material change to certain terms and conditions of your Participation Agreement, including the fees charged under the Program. If TFI ceases to be the Program Manager, you may have to open a new Account in the Program with the successor program manager in order to make future contributions on behalf of your Beneficiary. If such were to occur, your assets in the Program would be transferred to the new Account with the successor program manager. However, if such were to occur, there is no guarantee that you would be permitted to choose an allocation for the transferred assets from among the investment options offered by the successor program manager. There is also no guarantee that the investment options offered by the successor program manager would correspond exactly with those described in this Disclosure Booklet and offered through TFI under the Program.

The Trustee may at any time modify the Program to provide additional or different Investment Options or make other changes to the Program, including the termination of Investment Options. The Commonwealth may terminate the Program by giving written notice to the Participant, but the assets in the Account may not thereby be diverted from the exclusive benefit of the Participant and the Beneficiary.

Potential Impact on Financial Aid and Medicaid Eligibility. The eligibility of your 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 may have some effect on the Beneficiary's eligibility. However, because these policies vary at different institutions and can change over time, the Program cannot say with certainty how the federal financial aid program, or the school your Beneficiary applies to, will treat your Account. Currently, no student loan program, student grant program, or any program administered by the Commonwealth, except as provided by federal law, shall consider amounts available for the payment of higher education costs under the Program in determining need and eligibility for student aid.

The eligibility of a Participant for Medicaid assistance could be impacted by the Participant's ownership of a college savings account in a qualified tuition program. Although the result is not clear and may vary from state to state, it is possible that the assets in a Participant's Account may be considered available assets of the Participant for determining Medicaid assistance eligibility. Medicaid laws and regulations may change and Participants should consult their own financial and/or tax advisors for advice on their own particular situation.

Suitability; Investment Alternatives. The Trustee and the Program Manager, except as required by law, make no representations regarding the appropriateness of the Investment Options as an investment. Other types of investments may be more appropriate depending upon an individual's residence, financial status, tax situation, risk tolerance or age. Various qualified tuition programs other than the Program, including programs designed to provide prepaid tuition, are currently available, as are other investment alternatives. The investments, fees, expenses, eligibility requirements, tax and other consequences and features of these alternatives may differ from those of the Program. Before investing in the Program, you may wish to consider these alternatives and should consult a tax or investment advisor.

No Insurance or Guarantee. Neither investments in the Program nor earnings, if any, from investments in the Program are insured or guaranteed (except to the extent of the guarantee by TIAA-CREF Life to the Trust under the Funding Agreement for the Guaranteed Option) by the Commonwealth, any State agency or instrumentality, the Program, the Trustee, the Federal Deposit Insurance Corporation, any federal government agency, the Program Manager or its affiliates.

Withdrawals

Only you, as the Participant, may direct withdrawals from your Account. To request a withdrawal, you must complete the appropriate Account Form. The Unit value used to calculate the value of a withdrawal

from your Account will be the one next computed after a completed withdrawal request is received in good order by the Program. See "Unit Value" above for more information. If your Account is invested in more than one Investment Option, you may select the Investment Option from which your funds are to be withdrawn to the extent permitted by Section 529 of the IRC. You will not be able to withdraw a contribution until 10 days after receipt of that contribution by the Program. If you make a change to your mailing address or transfer the Account to a new Participant and fail to provide a medallion signature guarantee on the request form, no withdrawals can be made from the Account for 30 days after the Program has received the request form. You may get a medallion signature guarantee from a bank or trust company, savings bank, savings and loan association or member of a national stock exchange. A notary public cannot provide a medallion signature guarantee.

Each withdrawal you make from your Account will fall into one of the following categories:

- (1) a Qualified Withdrawal;
- (2) a Taxable Withdrawal;
- (3) a Rollover; or
- (4) a Non-Qualified Withdrawal.

Qualified Withdrawals. A Qualified Withdrawal is a withdrawal from your Account that is used to pay for any Qualified Higher Education Expenses of the Beneficiary at an Eligible Educational Institution. By law, such expenses are defined to include tuition, certain room and board expenses, fees, books, supplies and equipment required for the enrollment or attendance of a Beneficiary at an Eligible Educational Institution. Qualified Higher Education Expenses include certain additional enrollment and attendant costs of special needs beneficiaries.

Unlike other expenses, the cost of room and board may be treated as Qualified Higher Education Expenses only if it is incurred during an academic period during which the Beneficiary is enrolled or accepted for enrollment in a degree, certificate, or other program which leads to a recognized educational credential awarded by an Eligible Educational Institution, and during which the Beneficiary is enrolled 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 amount of room and board expenses 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 education assistance 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. The definition of Qualified Higher Education Expenses has been expanded by federal statute to cover amounts paid in 2009 and 2010 for the purchase of computer equipment or software (other than software designed for sports, games or hobbies, unless such software is primarily educational in nature) or for Internet access and related services. The purchased equipment, software or services must be used by the Beneficiary (including the Beneficiary's family) during any of the years that the Beneficiary is enrolled at an Eligible Educational Institution.

No portion of a Qualified Withdrawal is subject to federal taxation or the Additional Tax.

Taxable Withdrawals. A Taxable Withdrawal is any withdrawal from your Account that is not a Qualified Withdrawal, but that is: (1) paid to a beneficiary of, or the estate of, the Beneficiary on or after the Beneficiary's death or attributable to the permanent disability of the Beneficiary; (2) made on account of the receipt by the Beneficiary of a scholarship award or veterans' or other nontaxable educational assistance (other than gifts or inheritances), but only to the extent of such scholarship or assistance; (3) made on account of the Beneficiary's attendance at a Military Academy, but only to the extent of the costs

of education attributable to such attendance; or (4) equal to the amount of the Beneficiary's relevant Qualified Higher Education Expenses taken into account in determining the Beneficiary's Hope Scholarship Credit or Lifetime Learning Credit.

The earnings portion of a Taxable Withdrawal is subject to federal taxation, but no portion of a Taxable Withdrawal is subject to the Additional Tax.

Rollovers. A Rollover from an Account includes:

Rollovers out of the Program

- a direct transfer from your Account for a Beneficiary to an account in another qualified tuition program for (1) the same Beneficiary (provided that you have not made a similar transfer to any qualified tuition program for the benefit of that Beneficiary within the previous 12 months) or (2) a person who is a Member of the Family of that Beneficiary or
- a withdrawal of funds from your Account for a Beneficiary, followed within 60 days of that withdrawal by a contribution of those funds to an account in another qualified tuition program for (1) the same Beneficiary (provided that you have not made a similar transfer to any qualified tuition program for the benefit of that Beneficiary within the previous 12 months) or (2) a person who is a Member of the Family of that Beneficiary.

Intra-Program Rollovers

- a withdrawal of funds from your Account for a Beneficiary, followed within 60 days of that withdrawal by a contribution of those funds to an Account for a person who is a Member of the Family of that Beneficiary.

No portion of a Rollover from an Account is subject to federal taxation (including the Additional Tax).

Non-Qualified Withdrawals. A Non-Qualified Withdrawal is any withdrawal that does not meet the requirements of being: (1) a Qualified Withdrawal; (2) a Taxable Withdrawal; or (3) a Rollover Distribution. The earnings portion of a Non-Qualified Withdrawal is subject to federal income taxation, and the Additional Tax. The minimum amount of a Non-Qualified Withdrawal is \$500 unless you close the Account and withdraw all of the funds. In addition, the Program is authorized to assess a 1% penalty on the earnings portion of a Non-Qualified Withdrawal. Although this penalty is not currently enforced by the Program, it may be imposed in the future.

Information regarding the Kentucky income taxation of withdrawals from an Account may be found in "Tax Information" below. You should consult a qualified tax advisor regarding how both state and federal tax laws may apply to your particular circumstances.

Oversight of the Program

The purpose of the Program is to encourage and make possible the attainment of higher education by the greatest number of persons by encouraging the investment of funds for future educational use. The Statute provides that the Trustee shall have the power and authority to carry out the duties and obligations of the Trust and shall have all powers necessary to carry out and effectuate the purposes, objectives, and provisions of the Statute, including the power to administer the funds of the Trust. The Statute further provides that the Trustee may make and enter into contracts necessary for the administration of the Trust, enter into agreements as required for the effectuation of its rights and duties under the Statute, enter into participation agreements with participants, appoint a program administrator and engage investment advisors to assist in the investment of Trust assets.

Pursuant to these powers, the Trustee has engaged TFI to serve as Program Manager under the Management Agreement. See "The Program Manager."

The Program Manager

The Program Manager is TFI, a wholly owned, indirect subsidiary of Teachers Insurance and Annuity Association of America (“**TIAA**”). TIAA, together with its companion organization, the College Retirement Equities Fund (“**CREF**”), forms one of America’s leading financial services organizations and one of the world’s largest pension systems, based on assets under management. Over three million participants are now accumulating future pension benefits with the TIAA-CREF group of companies. While the focus of the TIAA-CREF group of companies has traditionally been institutionally sponsored retirement plans, the organization has offered savings and insurance products to individuals since 1918.

Management Agreement. TFI has entered into a Management Agreement dated as of November 2, 2009 with the Trust under which TFI, or its affiliates and subcontractors acting on behalf of TFI, is responsible for providing investment management, administration, recordkeeping, reporting, marketing and other services for the Program.

TFI’s Term as Program Manager. TFI’s current contract to serve as Program Manager is for a five-year term expiring November 2, 2014. This term will be automatically extended for an additional two years, and may be extended for additional two-year terms following the first extension, subject to certain rights of the Trust to terminate any such extensions. The Management Agreement is also subject to the possibility of earlier termination at the discretion of the Trust or TFI under specified circumstances, such as a material breach to the Management Agreement.

Reporting

Account Statements. You will receive quarterly and annual statements indicating:

- Contributions to each Investment Option, if any, made to your Account during the period and aggregate contributions, if any, year-to-date.
- Withdrawals from each selected Investment Option from your Account made during the period.
- The total value of your Account at the end of the period.

Tax Reports. The Program will report withdrawals and other matters to the IRS, the Commonwealth, distributees and other persons, if any, to the extent required pursuant to federal, state, or local law, regulation or ruling. Under federal law, a separate report will be filed by the Program with the IRS reporting withdrawals from an Account to each distributee reflecting, among other information, the earnings portion withdrawn during the calendar year to which the report pertains. By January 31 of the following year, each distributee (which is deemed to be the Participant unless the withdrawal is paid directly to the Beneficiary or to an Eligible Educational Institution on behalf of the Beneficiary) will receive a copy of the report or a corresponding statement.

Continuing Disclosure. To promote compliance with Rule 15c2-12(b)(5) under the Securities Exchange Act of 1934, as amended, the Program Manager, on behalf of the Program, executed a Continuing Disclosure Certificate for the benefit of Participants. Under the Continuing Disclosure Certificate, the Program will provide certain financial information and operating data (“**Annual Information**”) relating to the Program and notices of the occurrence of certain events enumerated in the Continuing Disclosure Certificate. The Annual Information and notices of certain enumerated events will be filed by the Program with the Municipal Securities Rulemaking Board.

Financial Statements. Each year, annual financial statements will be prepared for the Program. A nationally recognized independent certified public accounting firm will annually audit the financial statements in accordance with generally accepted accounting principles. The complete audited financial statements and the Annual Information provided to regulatory authorities as described above under

“Continuing Disclosure” are available to Participants on request by calling the Program toll-free at (877) KY-TRUST (877-598-7878) or writing to the Kentucky Education Savings Plan Trust, P.O. Box 8100, Boston, Massachusetts 02266-8100.

Tax Information

The federal and Kentucky tax rules applicable to the Program are complex, and some of the rules have not yet been finalized. Their application to any particular person may vary according to facts and circumstances specific to that person. You should consult a qualified tax advisor about how the laws apply to your circumstances.

Federal Income Tax Treatment

IRS Notice

On January 17, 2008, the IRS issued an Advance Notice of Proposed Rulemaking (the “**Notice**”), which details issues on which the IRS intends to issue new regulations under IRC Section 529 (the “**New Regulations**”). As described in the Notice, a principal component of the New Regulations will be an anti-abuse rule intended to deny the favorable federal tax treatment provided by Section 529 to the extent that transactions involving an Account are inconsistent with the education-savings purpose of Section 529 (for example, use of an Account to avoid gift or generation-skipping transfer taxes, as a retirement plan, or for other purposes inconsistent with the intent of Section 529). Although the Notice provides that the New Regulations generally will be prospective in effect, the Notice also states that the anti-abuse rule may be applied retroactively. The following discussion relates to current law and does not further discuss the Notice or the New Regulations.

Contributions

Contributions to an Account will not result in taxable income to the Beneficiary. A contributor may not deduct the contribution from income for purposes of determining federal income taxes. If a contribution is made to an Account by a Rollover, the entire contribution will be treated as consisting of earnings unless certain documentation is received by the Program with respect to the originating Account or qualified tuition program. That documentation generally will be automatically provided to the Program if the Rollover involves a direct transfer of funds from the originating Account or qualified tuition program.

Withdrawals

The federal income tax treatment of withdrawals from an Account is described in “Withdrawals” above. Only the earnings portion of a withdrawal is ever subject to income tax or the Additional Tax. All withdrawals are treated as attributable partially to contributions made to the Account and partially to earnings, if any. The proportion of contributions and earnings for each withdrawal is determined by the Program based on the relative portions of total earnings and contributions as of the withdrawal date for all Investment Options of all Accounts with the same Beneficiary and same Participant and all KAPT Contracts with the same Beneficiary and same Participant.

Refunds of Payments of Qualified Higher Education Expenses

If an Eligible Educational Institution refunds to you any portion of an amount previously withdrawn from an Account and treated as a Qualified Withdrawal, you may be required to treat the refund as a Non-Qualified Withdrawal or Taxable Withdrawal (depending on the reason for the refund) for purposes of federal income tax, unless you allocate the amount to other Qualified Higher Education Expenses of the Beneficiary or use the refund to make a qualifying Rollover.

Coordination with Other Income Tax Incentives for Education

In addition to the income tax benefits provided to Participants and Beneficiaries under Section 529, benefits are provided by several other provisions of the IRC for education-related investments or expenditures. These include Coverdell Education Savings Accounts (“**Coverdell ESAs**”), Hope Scholarship Credits, Lifetime Learning Credits, and “qualified United States savings bonds” described in IRC Section 135 (“**qualified U.S. savings bonds**”). Each of these incentives is subject to specific rules and limitations, and there are particular coordination provisions applicable to the interaction of these provisions and Section 529. The treatment of these incentives under Kentucky income tax law may differ from the treatment under federal income tax law.

In general, if certain requirements are satisfied, amounts derived from Coverdell ESAs and qualified U.S. savings bonds may be used to make contributions to an Account without the imposition of federal income taxes under the provisions applicable to those Coverdell ESAs and bonds. However, some or all of the deferred income taxes may be recognized at the time of a subsequent withdrawal from an Account, depending on whether that withdrawal is a Qualified Withdrawal, a Taxable Withdrawal or a Non-Qualified Withdrawal. A Participant who intends to make a contribution to an Account from a Coverdell ESA or a qualified U.S. savings bond should consult a qualified tax advisor with respect to the applicable federal and state income tax effects.

Qualified Higher Education Expenses of a Beneficiary may be paid on a tax-free basis (subject to certain limitations) with funds from an Account, a Coverdell ESA established for the benefit of the Beneficiary, or a qualified U.S. savings bond applicable to the Beneficiary. For purposes of determining what portion of a withdrawal from an Account constitutes a Qualified Withdrawal and is therefore exempt from federal income taxes, the following rules generally apply with regard to the interaction of the federal income tax education-incentive provisions under the IRC:

- The amount of a Beneficiary’s Qualified Higher Education Expenses in any tax year will be reduced by the aggregate amount: (1) of the Beneficiary’s expenses used for such tax year to qualify for the Hope Scholarship Credit and/or Lifetime Learning Credit; and (2) received by the Beneficiary as a result of certain qualified scholarships, allowances or payments (not including amounts derived from the redemption of qualified U.S. savings bonds).
- If the sum of withdrawals from the Program, all other qualified tuition programs and all Coverdell ESAs for the benefit of the Beneficiary, in any tax year exceed the Beneficiary’s Qualified Higher Education Expenses for the year (after the reduction described above), then the Beneficiary’s Qualified Higher Education Expenses generally must be allocated proportionately among the withdrawals to determine the amount of withdrawals that will be treated as used for Qualified Higher Education Expenses. Any amount of withdrawals from an Account in excess of the Qualified Higher Education Expenses allocated to those withdrawals will not be treated as used for the payment of such expenses and therefore will be treated as either a Taxable Withdrawal or a Non-Qualified Withdrawal, depending on all the facts. Participants should consult a qualified tax advisor regarding the interaction under the IRC of the federal income tax education-incentive provisions concerning Account withdrawals.

Substantiation

The Participant and/or the Beneficiary have the responsibility under federal and Kentucky income tax law to substantiate their treatment of contributions to, withdrawals from, and other transactions involving an Account. They should retain receipts, invoices and other documents and information adequate to substantiate their treatment of such transactions and the treatment of education expenses as Qualified Higher Education Expenses.

Federal Gift, Estate and Generation-Skipping Transfer Tax Treatment

Contributions to the Program are generally considered completed gifts for federal tax purposes and therefore are potentially subject to federal gift tax. Generally, if a contributor's contributions to an Account or Accounts for a Beneficiary, together with all other gifts by the contributor to the Beneficiary, are less than the current annual exclusion of \$13,000 per year (\$26,000 for married contributors), no federal gift tax will be imposed on the contributor for gifts to the Beneficiary during that year. This annual exclusion amount is indexed for inflation in \$1,000 increments and may therefore increase in future years.

If a contributor's contributions to an Account or Accounts for a Beneficiary in a single year exceed \$13,000 (\$26,000 for married contributors), the contributor may elect to treat up to \$65,000 of the contribution (\$130,000 in the case of a consenting married couple or a community property gift) as having been made ratably over a five-year period. (For purposes of determining the amount of gifts made by the contributor to that Beneficiary in the four-year period following the year of contribution, the contributor will have to take into account the ratable portion of the Account contribution allocated to that year.)

In addition, to the extent not previously used, each contributor has a \$1,000,000 lifetime exemption that will be applied to gifts in excess of the annual exclusion amounts referred to above. A married couple may elect to split gifts and apply their combined exemption of \$2,000,000 to gifts by either of them. Accordingly, while federal gift tax returns are required for gifts in excess of the annual exclusion amounts referred to above (including gifts that the contributor elects to treat as having been made ratably over a five-year period), no federal gift tax will be due until the lifetime exemption has been used. The top gift tax rate is currently 45% and is set to be reduced to 35% in 2010. A potential contributor should consult with his or her own tax advisor regarding the current lifetime exemptions and the gift tax filing requirements.

Amounts in an Account that are considered completed gifts by the contributor generally will not be included in the contributor's gross estate for federal estate tax purposes. However, if the contributor elects 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 contributor died) would be includible in computing the contributor'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 to the extent such amounts are distributed to a beneficiary of, or the estate of, the Beneficiary. The top estate tax rate is currently 45%.

A change of the Beneficiary of an Account or a transfer of funds from an Account to an Account for another Beneficiary will potentially be subject to federal gift tax if the new Beneficiary is in a younger generation than the generation of the Beneficiary being replaced or is not a Member of the Family of that Beneficiary. In addition, if the new Beneficiary is in a generation two or more generations younger than the generation of the prior Beneficiary, the transfer may be subject to the generation-skipping transfer tax discussed below. Under the existing Section 529 proposed regulations, these taxes are imposed on the prior Beneficiary and not the Participant, but treatment of such transactions under the current provisions of Section 529 is unclear. Participants should consult their own tax advisors for guidance when considering a change of Beneficiary or a transfer of funds to another Account. Furthermore, prior to a transfer of ownership of an Account from an existing Participant to a new Participant, the transferor and transferee, Participants should consult their tax advisors regarding the potential applicability of income tax, gift tax or generation-skipping transfer tax provisions of the IRC to such transfer.

Because contributions to an Account are treated as completed gifts for federal transfer tax purposes, a contributor may also need to be concerned about the generation-skipping transfer tax. This tax may apply to contributions in excess of the amount that may be elected to be ratably spread over the above-referenced five-year period where the Beneficiary is in a generation more than one generation younger than the generation of the contributor. Each taxpayer has a \$3,500,000 generation-skipping transfer tax exemption that will be allocated to transfers that are subject to the generation-skipping transfer tax unless certain elections are made. The generation-skipping transfer tax is imposed at a 45% flat rate. The

application of the generation-skipping transfer tax is very complex, and a potential contributor concerned about application of the tax should consult with his or her own tax advisor.

The Economic Growth and Tax Relief Reconciliation Act of 2001 (“**EGTRRA**”) provided that the estate tax and the generation-skipping transfer tax (but not the gift tax) are scheduled to be repealed in 2010. The pre-EGTRRA estate and generation-skipping transfer tax rules will be reinstated in 2011 unless further legislation is enacted to extend the repeal or to make additional modifications. A potential contributor should consult with a tax advisor regarding applicable federal tax law.

Kentucky Tax Treatment

The following discussion applies only with respect to Kentucky taxes. Kentucky state tax benefits offered in connection with the Program are available only to Kentucky taxpayers. You should consult with a qualified tax advisor regarding the application of Kentucky state tax benefits to your particular circumstances.

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 program under Section 529, 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. Those benefits, if any, should be one of the many appropriately weighted factors you consider before making a decision to invest in this Program. You should consult with a qualified advisor or contact that state’s qualified tuition program to find out more about such benefits (including any applicable limitations) and to learn how the features, benefits and limitations of that state’s program may apply to your specific circumstances.

Contributions

Contributions to an Account by a Participant do not result in Kentucky taxable income to the Beneficiary. Contributions to an Account are not deductible for Kentucky income tax purposes.

Withdrawals

Earnings from the investment of contributions to an Account generally will not be subject to Kentucky income tax until funds are withdrawn in whole or in part from the Account. The Kentucky income tax treatment of withdrawals is described below.

- Qualified Withdrawals

The earnings portion of a Qualified Withdrawal will not be subject to Kentucky income tax.

- Taxable Withdrawals

The earnings portion of certain Taxable Withdrawals will be subject to Kentucky income tax. Earnings that are refunded to the Participant due to death or disability or mental incapacity of the Beneficiary or the Beneficiary’s receipt of a scholarship or veterans or certain other educational assistance will not be included in computing the Kentucky income tax for either the Participant or the Beneficiary to the extent the amount refunded does not exceed the amount of the scholarship, allowance or payment. The earnings portion of any withdrawal made on account of the Beneficiary’s attendance at one of the Military Academies will be included in income for Kentucky tax purposes. The earnings portion of any such withdrawal made on account of the Beneficiary’s attendance at one of the military Academies will also be subject to a 1% penalty, which may be imposed by KHEAA.

- Non-Qualified Withdrawals

The earnings portion of a Non-Qualified Withdrawal will be subject to Kentucky income tax. The earnings portion of Non-Qualified Withdrawals will be subject to a 1% penalty, which may be imposed by KHEAA.

Taxes Imposed by Other Jurisdictions

Prospective Participants should consider the potential impact of income taxes imposed by jurisdictions other than Kentucky. It is possible that other state or local taxes apply to withdrawals from and/or accumulated earnings within the Program. Participants and Beneficiaries should consult their tax advisors about the applicability, if at all, of state or local taxes of other jurisdictions.

APPENDIX I

**to the Disclosure Booklet for the
Kentucky Education Savings Plan**

Summaries of the Underlying Investments

The following provides a summary of the Mutual Funds (each a “Fund”) in which certain of the Investment Options invest. The Mutual Funds are managed by Teachers Advisors, Inc., an affiliate of the Program Manager. If you would like more information on the Mutual Funds, then please consult the Mutual Funds’ prospectus. For copies of the prospectus, please contact the Program Manager or visit www.tiaa-cref.org/prospectuses/index.html.

Summary of Mutual Fund Investment Objectives and Strategies

	<u>Fund Name</u>	<u>Investment Objective</u>	<u>Principal Investment Strategies</u>
Active Equity Funds	Large-Cap Growth Fund	The Fund seeks a favorable long-term return, mainly through capital appreciation, primarily from equity securities.	Under normal circumstances, the Fund invests at least 80% of its assets in large-cap equity securities. The Fund will invest primarily in large-cap equity securities that the Fund’s investment adviser believes present the opportunity for growth. Generally, these equity securities will be those of large capitalized companies in new and emerging areas of the economy and companies with distinctive products or promising markets. The Fund may invest in large, well-known, established companies, particularly when, the Fund’s investment adviser believes that the companies offer new or innovative products, services, or processes that may enhance their future earnings. The Fund may invest up to 20% of its assets in foreign investments.
	Large-Cap Value Fund	The Fund seeks a favorable long-term return, mainly through capital appreciation, primarily from equity securities of large domestic companies.	Under normal circumstances, the Fund invests at least 80% of its assets in large-cap equity securities. The Fund will invest primarily in equity securities of large domestic companies that the Fund’s investment adviser believes appear undervalued by the market based on an evaluation of their potential wealth. The Fund may invest up to 20% of its assets in foreign investments.
	Mid-Cap Growth Fund	The Fund seeks a favorable long-term total return, mainly through capital appreciation, primarily from equity securities of medium-sized domestic companies.	Under normal circumstances, the Fund invests at least 80% of its assets in mid-cap equity securities. The Fund will invest primarily in equity securities of medium-sized domestic companies that the Fund’s adviser believes presents the opportunity for growth. The Fund’s adviser looks for equity securities of companies that it believes have prospects for strong earnings or sales growth. The Fund invests in equity securities of companies that are in new areas of the economy, that have distinctive products or services and that are growing faster than the overall equity market. The Fund may also invest in companies that the Fund’s advisor believes to be undervalued based on current earnings, assets or growth prospects. These investments could include companies likely to benefit from prospective acquisitions, reorganizations, corporate restructurings or other special situations.
	Mid-Cap Value Fund	The Fund seeks a favorable long-term total return, mainly through capital appreciation, primarily from equity securities of medium-sized domestic companies.	Under normal circumstances, the Fund invests at least 80% of its assets in mid-cap equity securities. The Fund will invest primarily in equity securities of medium-sized domestic companies that the Fund’s adviser believes appear undervalued by the market based on an evaluation of their potential worth. The Fund may invest up to 20% of its assets in foreign investments.

	<u>Fund Name</u>	<u>Investment Objective</u>	<u>Principal Investment Strategies</u>
	Small-Cap Equity Fund	The Fund seeks a favorable long-term total return, mainly through capital appreciation, primarily from equity securities of smaller domestic companies.	Under normal circumstances, the Fund invests at least 80% of its assets in small-cap equity securities. The Fund will invest primarily in equity securities of smaller domestic companies across a wide range of sectors, growth rates and valuations that appear to have favorable prospects for significant long-term capital appreciation. The Fund's strategy is based upon the Fund adviser's understanding of the interplay of market factors and does not assure successful investment. The markets or the prices of individual securities may be affected by factors not taken into account in the Fund adviser's analysis.
	International Equity Fund	The Fund seeks a favorable long-term total return, mainly through capital appreciation, primarily from equity securities of foreign issuers.	Under normal circumstances, the Fund invests at least 80% of its assets in equity securities of foreign issuers. The Fund has a policy of maintaining investments of equity securities of foreign issuers in at least three countries other than the United States. The Fund may invest in emerging markets to varying degrees, depending on the prevalence of stock specific opportunities. The Fund may sometimes hold a significant amount of stocks of smaller, lesser-known companies.
Equity Index Funds	Large-Cap Growth Index Fund	The Fund seeks a favorable long-term total return, mainly through capital appreciation, by investing primarily in a portfolio of equity securities of large domestic growth companies based on a market index.	The Fund is designed to track various U.S. or foreign equity markets as a whole or a segment of these markets. The Fund primarily invests its assets in equity securities selected to track a designated stock market index. Under normal circumstances, the Fund invests at least 80% of its assets in securities of its respective benchmark index and in large-cap securities.
	Large-Cap Value Index Fund	The Fund seeks a favorable long-term total return, mainly through capital appreciation, by investing primarily in a portfolio of equity securities of large domestic value companies based on a market index.	The Fund is designed to track various U.S. or foreign equity markets as a whole or a segment of these markets. The Fund primarily invests its assets in equity securities selected to track a designated stock market index. Under normal circumstances, the Fund invests at least 80% of its assets in securities of its respective benchmark index and in large-cap securities.
	Equity Index Fund	The Fund seeks a favorable long-term total return, mainly from capital appreciation, by investing primarily in a portfolio of equity securities selected to track the overall U.S. equity markets based on a market index.	The Fund is designed to track various U.S. or foreign equity markets as a whole or a segment of these markets. The Fund primarily invests its assets in equity securities selected to track a designated stock market index. Under normal circumstances, the Fund invests at least 80% of its assets in securities of its respective benchmark index and in large-, mid- and small-cap securities.
	S&P 500 Index Fund	The Fund seeks a favorable long-term total return, mainly through capital appreciation, by investing primarily in a portfolio of equity securities of large domestic companies selected to track U.S. equity markets based on a market index.	The Fund is designed to track various U.S. or foreign equity markets as a whole or a segment of these markets. The Fund primarily invests its assets in equity securities selected to track a designated stock market index. Under normal circumstances, the Fund invests at least 80% of its assets in securities of its respective benchmark index in large-cap securities.
	Small-Cap Blend Index Fund	The Fund seeks a favorable long-term total return, mainly through capital appreciation, by investing primarily in a portfolio of equity securities in smaller domestic companies based on a market index.	The Fund is designed to track various U.S. or foreign equity markets as a whole or a segment of these markets. The Fund primarily invests its assets in equity securities selected to track a designated stock market index. Under normal circumstances, the Fund invests at least 80% of its assets in securities of its respective benchmark index and in small-cap securities.

	<u>Fund Name</u>	<u>Investment Objective</u>	<u>Principal Investment Strategies</u>
	International Equity Index Fund	The Fund seeks a favorable long-term total return, mainly through capital appreciation, by investing primarily in a portfolio of foreign equity securities based on a market index.	The Fund is designed to track various U.S. or foreign equity markets as a whole or a segment of these markets. The Fund primarily invests its assets in equity securities selected to track a designated stock market index. Under normal circumstances, the Fund invests at least 80% of its assets in securities of its respective benchmark index and in large-, mid- and small-cap securities.
Real Estate Securities Fund	Real Estate Securities Fund	The Fund seeks to obtain a favorable long-term total return through both capital appreciation and current income, by investing primarily in equity securities of companies principally engaged in or related to the real estate industry.	Under normal circumstances, the Fund invests at least 80% of its assets in the securities of companies that are principally engaged in or related to the real estate industry, including those that own significant real estate assets, such as real estate investment trusts ("REITs"). The Fund will invest primarily in equity securities of such companies. The Fund does not invest directly in real estate. The Fund concentrates its investments in the real estate industry. The Fund also may invest up to 15% of its assets in real estate securities of foreign issuers and up to 20% of its assets in equity (including preferred stock) and debt securities of issuers that are not engaged in or related to the real estate industry.
Fixed-Income Funds	Bond Fund	The Fund seeks as favorable a long-term total return through income as is consistent with preserving capital, primarily from investment-grade fixed-income securities.	Under normal circumstances, the Fund invests at least 80% of its assets in bonds. The Fund will primarily invest in a broad range of investment-grade bonds and fixed-income securities, including, but not limited to U.S. Government securities, corporate bonds and mortgage-backed or other asset backed securities. The Fund also invests in other fixed-income securities. The Fund may invest up to 15% of its assets in fixed-income securities of foreign issuers. The Fund's investments in mortgage-backed securities can include pass-through securities sold by private, governmental and government-related organizations and collateralized mortgage obligations. The Fund may use an investment strategy called "mortgage rolls" (also referred to as "dollar rolls"), in which the Fund sells securities for delivery in the current month and simultaneously contracts with a counterparty to repurchase similar (same type, coupon and maturity) but not identical securities on a specified future date. The Fund may also engage in duration-neutral relative value trading, a strategy in which the Fund buys and sells government bonds of identical credit quality but different maturity dates in an attempt to take advantage of spread differentials along the yield curve (i.e., differences in yield between short-term and long-term securities).
	Inflation-Linked Bond Fund	The Fund seeks a long-term rate of return that outpaces inflation, primarily through investment in inflation-linked bonds.	Under normal circumstances, the Fund invests at least 80% of its assets in fixed-income securities whose returns are designed to track a specified inflation index over the life of the security. Typically, the Fund will invest in U.S. Treasury Inflation-Indexed Securities. The Fund can also invest in (1) other inflation-indexed bonds issued or guaranteed by the U.S. Government or its agencies, by corporations and other U.S. domiciled issuers, as well as foreign governments, and (2) money market instruments or other short-term securities. The Fund may also invest in inflation-indexed bonds issued or guaranteed by foreign governments and their agencies, as well as other foreign issuers. Under most circumstances, the Fund's investments in inflation-linked bonds of foreign issuers are generally less than 25% of its assets. The Fund also may invest in any of the fixed-income securities in which the Bond Fund invests, provided that no more than 5% of its assets are invested in fixed-income securities rated below investment-grade.

	<u>Fund Name</u>	<u>Investment Objective</u>	<u>Principal Investment Strategies</u>
Money Market Fund	Money Market Fund	The Fund seeks high current income consistent with maintaining liquidity and preserving capital.	The Fund invests primarily in high-quality, short-term money market instruments. Generally, the Fund seeks to maintain a share value of \$1.00 per share. The Money Market Fund limits its investments to securities that present minimal credit risk and are rated in the highest rating categories for short-term instruments. The Fund can also invest up to 30% of its assets in money market and debt instruments of foreign issuers denominated in U.S. dollars. <i>An investment in the Money Market Fund, like the other Funds, is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1 per share, it is possible for investors to lose money by investing in the Fund.</i>

Summary of Risks of the Mutual Funds

RISK CATEGORY	Inter-national Equity Fund	Large-Cap Growth Fund	Large-Cap Value Fund	Mid-Cap Growth Fund	Mid-Cap Value Fund	Small-Cap Equity Fund	Large-Cap Growth Index Fund	Large-Cap Value Index Fund	Equity Index Fund	S&P 500 Index Fund	Small-Cap Blend Index Fund	Inter-national Equity Index Fund	Real Estate Securities Fund	Bond Fund	Inflation-Linked Bond Fund	Money Market Fund
Active Management Risk	●	●	●	●	●	●							●	●	●	
Call Risk															●	
Company Risk	●	●	●	●	●	●			●	●	●	●	●	●		●
Concentration Risk													●			
Credit Risk														●		
Current Income Risk																●
Downgrade Risk														●		
Risks of Equity & Mortgage REITs													●			
Foreign Investment Risk	●	●	●	●	●	●						●	●	●		●
Income Volatility Risk													●	●		●
Index Risk							●	●	●	●	●	●				
Interest Rate Risk													●	●		●
Large-Cap Risk		●	●	●	●	●	●	●	●	●	●	●	●	●		●
Market Risk	●	●	●	●	●	●							●	●		●
Market Volatility and Liquidity Risk															●	
Mortgage Roll Risk														●		
Risks of Ownership of Real Estate													●			
Prepayment/Extension Risk														●		●
Style Risks	Growth Investing	●		●			●									
	Value Investing		●		●			●								
Quantitative Analysis Risk	Small-Cap		●	●	●	●										
	Mid-Cap				●	●										
Tax Risk																●

Summary Descriptions of Risks of the Mutual Funds

- **Active Management Risk** —The performance of Funds that are actively managed reflects in part the ability of the portfolio manager(s) to make active, qualitative investment decisions that are suited to achieving the Fund's investment objective. As a result of active management, such Fund could underperform other mutual funds with similar investment objectives.
- **Call Risk** — The risk that an issuer will redeem a fixed-income security prior to maturity. This often happens when prevailing interest rates are lower than the rate specified for the fixed-income security. If a fixed-income security is called early, a Fund may not be able to benefit fully from the increase in value that other fixed-income securities experience when interest rates decline. Additionally, a Fund would likely have to reinvest the payoff proceeds at current yields, which are likely to be lower than the fixed-income securities in which the Fund originally invested, resulting in a decline in income.
- **Company Risk (often called Financial Risk)** — The risk that the issuer's earnings prospects and overall financial position will deteriorate, causing a decline in the security's value over short or extended periods of time. In times of market turmoil, perceptions of a company's credit risk can quickly change and even large, well-established companies may fail rapidly with little or no warning.
- **Concentration Risk** — When a Fund concentrates its investments in only one industry, such as the real estate industry, and holds securities of relatively few issuers, the value of its portfolio is likely to experience greater fluctuations and may be subject to a greater risk of loss than those of other mutual funds.
- **Credit Risk (a type of Company Risk)** — The risk that a decline in a company's financial position may prevent it from making principal and interest payments on fixed-income securities when due. Credit risk relates to the ability of an issuer of a fixed-income security to pay principal and interest on the security on a timely basis and is the risk that the issuer could default on its obligations, thereby causing a Fund to lose its investment in the security. This risk is heightened in the case of investments in lower-rated, high-yield fixed-income securities. Further, in times of market turmoil, perceptions of a company's credit risk can quickly change and even large, well-established companies may fail rapidly with little or no warning.
- **Current Income Risk** — The risk that the income a Fund receives may fall as a result of a decline in interest rates.
- **Downgrade Risk** — Securities originally rated "investment grade" are sometimes subsequently downgraded, should the Fund's adviser and/or a ratings agency like Moody's Investors Service, Inc. or Standard & Poor's believe the issuer's business outlook or creditworthiness has deteriorated. Lower-rated bonds can at times be harder to sell than investment-grade bonds, and their prices can be more volatile and more difficult to determine than the prices of higher-quality securities.
- **Equity and Mortgage REITs Risks** — Equity REITs may be affected by changes in the value of the underlying property of the trusts, while mortgage REITs may be affected by changes in the quality of any credit extended. Both equity and mortgage REITs are dependent upon management skill and may not be diversified. REITs are also subject to heavy cash flow dependency, defaults by borrowers, self-liquidation, and the possibility of failing to qualify for special tax treatment under the IRC or failing to meet other applicable regulatory requirements. Finally, certain REITs may be self-liquidating, meaning that a specific term of existence is provided for in their trust documents. In acquiring the securities of REITs, a Fund runs the risk that it will sell them at an inopportune time.
- **Extension Risk** — The risk that during periods of rising interest rates, borrowers pay off their mortgage loans later than expected, preventing a Fund from reinvesting principal proceeds at higher interest rates, resulting in less income than potentially available. These risks are normally present in mortgage-backed securities and other asset-backed securities. For example, homeowners have the option to prepay their mortgages. Therefore, the duration of a security backed by home mortgages can lengthen depending on homeowner prepayment activity. A decline in the prepayment rate and the resulting increase in duration of fixed-income securities held by a Fund can result in losses to investors in the Fund.

- **Foreign Investment Risk** — The risk of investing in foreign investments, which may include securities of foreign issuers, securities or contracts traded or acquired in non-U.S. markets or on non-U.S. exchanges, or securities or contracts payable or denominated in non-U.S. currencies can involve special risks that arise from the following events or circumstances: (1) changes in currency exchange rates; (2) possible imposition of market controls or currency exchange controls; (3) possible imposition of withholding taxes on dividends and interest; (4) possible seizure, expropriation or nationalization of assets; (5) more limited foreign financial information or difficulties interpreting it because of foreign regulations and accounting standards; (6) lower liquidity and higher volatility in some foreign markets; (7) the impact of political, social or diplomatic events; (8) the difficulty of evaluating some foreign economic trends; and (9) the possibility that a foreign government could restrict an issuer from paying principal and interest to investors outside the country. Brokerage commissions and custodial and transaction costs are often higher for foreign investments, and it may be harder to use foreign laws and courts to enforce financial or legal obligations. The risks described above often increase in countries with emerging markets. For example, these countries may have more unstable governments than developed countries, and their economies may be based on only a few industries. Because their securities markets may be very small, share prices may be volatile and difficult to determine. In addition, foreign investors such as the Funds are subject to a variety of special restrictions in many such countries.
- **Income Volatility Risk** — Income volatility refers to the degree and speed with which changes in prevailing market interest rates diminish the level of current income from a portfolio of fixed-income securities. The risk of income volatility is the risk that the level of current income from a portfolio of fixed-income securities declines in certain interest rate environments.
- **Index Risk** — The risk that an Index Fund's performance will not correspond to its benchmark index for any period of time. Although each Index Fund attempts to use the investment performance of its respective index as a baseline, an Index Fund may not duplicate the exact composition of its index. In addition, unlike a mutual fund, the returns of an index are not reduced by investment and other operating expenses, and therefore, the ability of an Index Fund to match the performance of its index is adversely affected by the costs of buying and selling investments as well as other expenses. Therefore, none of the Index Funds can guarantee that its performance will match its index for any period of time.
- **Interest Rate Risk** (a type of **Market Risk**) — The risk that the value or yield of fixed-income securities may decline if interest rates change. In general, when prevailing interest rates decline, the market value of fixed-income securities (particularly those paying a fixed rate of interest) tends to increase. Conversely, when prevailing interest rates increase, the market value of fixed-income securities (particularly those paying a fixed rate of interest) tends to decline. Depending on the timing of the purchase of a fixed-income security and the price paid for it, changes in prevailing interest rates may increase or decrease the security's yield.
- **Large-Cap Risk** — The risk that, by focusing on securities of larger companies, the Fund may have fewer opportunities to identify securities that the market misprices and that these companies may grow more slowly than the economy as a whole or not at all. Also, larger companies may fall out of favor with the investing public for reasons unrelated to their businesses or economic fundamentals.
- **Market Risk** — The risk that the price of equity securities may decline in response to general market and economic conditions or events, including conditions and developments outside of the equity markets such as significant changes in interest and inflation rates and the availability of credit. Accordingly, the value of the equity securities that a Fund holds may decline over short or extended periods of time. Any stock is subject to the risk that the stock market as a whole may decline in value, thereby depressing the stock's price. Equity markets tend to be cyclical, with periods when prices generally rise and periods when prices generally decline. Foreign equity markets tend to reflect local economic and financial conditions and, therefore, trends often vary from country to country and region to region. During periods of unusual volatility or turmoil in the equity markets, a Fund may undergo an extended period of decline.
- **Market Volatility and Liquidity Risk** (types of **Market Risk**) — Trading activity in fixed-income securities in which the Funds invest may be dramatically reduced or cease at any time, whether due to general market turmoil, problems experienced by a single company or a market sector or other factors. In such cases, it may be difficult for a Fund to properly value assets represented by such securities.
- **Mortgage Roll Risk** — Under the mortgage roll investment strategy, there is a risk that a Fund's adviser will not correctly predict mortgage prepayments and interest rates, which will diminish the investment performance of the Fund compared with what such performance would have been without the use of the strategy.

- **Risks of Ownership of Real Estate** — These risks include, among others: declines in the value of real estate, negative changes in the climate for real estate, risks related to general and local economic conditions, overbuilding and increased competition, decreases in property revenues, increases in property taxes and operating expenses, changes in zoning laws, casualty or condemnation losses, limitations on rents, changes in neighborhood values, the appeal of properties to tenants, leveraging of interests in real estate, increases in prevailing interest rates, and costs resulting from the cleanup of environmental problems.
- **Prepayment Risk** — The risk that during periods of falling interest rates, borrowers pay off their mortgage loans sooner than expected, forcing a Fund to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in income. These risks are normally present in mortgage-backed securities and other asset-backed securities. For example, homeowners have the option to prepay their mortgages. Therefore, the duration of a security backed by home mortgages can shorten depending on homeowner prepayment activity. A rise in the prepayment rate and the resulting decline in duration of fixed-income securities held by a Fund can result in losses to investors in the Fund.
- **Quantitative Analysis Risk** —The risk that securities selected using quantitative analysis can perform differently from the market as a whole based on the model and the factors used in the analysis, the weight placed on each factor and changes in the factor's historical trends.
- **Small-Cap/Mid-Cap Risk** — Securities of small and mid-sized companies may experience greater fluctuations in price than the securities of larger companies. They may also have to be sold at a discount from their current market prices or in small lots over an extended period, since they may be harder to sell than larger-cap securities. In addition, such companies may be subject to certain business risks due to their smaller size, limited markets and financial resources, narrow product lines and frequent lack of depth of management.
- **Style Risk** — The risk that equity securities representing a growth investing or a value investing style may be out of favor in the marketplace for various periods of time. When this occurs, investors, such as the Funds, holding such securities may experience significant declines in the value of their portfolios.

The Funds that are managed according to a growth investment style are subject to:

- **Risks of Growth Investing** — Due to their relatively high valuations, growth stocks are typically more volatile than value stocks. For example, the price of a growth stock may experience a larger decline on a forecast of lower earnings, or a negative event or market development, than would a value stock. Because the value of growth companies is often a function of their expected earnings growth, there is a risk that such earnings growth may not occur or cannot be sustained.

The Funds that are managed according to a value investment style are subject to:

- **Value Investing Risks** — Securities believed to be undervalued are subject to the risks that: (1) the issuer's potential business prospects are not realized; (2) their potential values are never recognized by the market; and (3) due to unanticipated or unforeseen problems associated with the issuer or industry, they were appropriately priced (or overpriced) when acquired and therefore do not perform as anticipated.
- **Tax Risk** — Periodic adjustments for inflation to the principal amount of an inflation-indexed bond held by the Inflation-Linked Bond Fund may give rise to original issue discount, which will be included in the Fund's gross income. Due to original issue discount, the Fund may be required to make annual distributions to shareholders that exceed the cash received, which may cause the Fund to liquidate certain investments when it is not advantageous to do so. Also, if the principal value of an inflation-indexed bond is adjusted downward due to deflation, amounts previously distributed in the taxable year of the adjustment may be characterized in some circumstances as a return of capital.

Summary of the TIAA-CREF Life Insurance Company Funding Agreement

Contributions to the Guaranteed Option are allocated to the Funding Agreement issued by TIAA-CREF Life. TIAA-CREF Life is a wholly owned subsidiary of TIAA that is regulated as a life insurance company by many states, including the Commonwealth of Kentucky. TIAA-CREF Life is also an affiliate of the Program Manager.

The term of the Funding Agreement is intended to correspond with the term of the Management Agreement, subject to earlier termination by the Trust. The Trust may make withdrawals under the Funding Agreement at any time without penalty to cover distributions from Accounts that have invested in the Guaranteed Option.

The Funding Agreement guarantees to the Trust a return of principal and a minimum rate of interest per annum on contributions. The current Funding Agreement guarantees to the Trust a return of principal and a minimum rate of return of 3% per annum. As of January 4, 2010, it is anticipated that a new Funding Agreement will replace the current Funding Agreement, subject to approval by

the Kentucky Department of Insurance and the New York State Insurance Department. The minimum rate on the new Funding Agreement will be reset each July 1 and will neither be less than 1% nor greater than 3% at any time.

Periodically, TIAA-CREF Life will announce whether it will pay additional interest in excess of the guaranteed interest rate. Any such additional interest rates will be declared in advance by TIAA-CREF Life for a period of up to 12 months and are not guaranteed for future periods. If TIAA-CREF Life is required to pay premium taxes on the Funding Agreement, it may deduct the amount of the premium tax when incurred from any contributions paid by the Program to the Funding Agreement.

The Program will post the current declared rate on the Program's website. You may also obtain this information by calling the Program.

There is a risk that TIAA-CREF Life could fail to perform its obligations under the Funding Agreement for financial or other reasons. The Funding Agreement provides the guarantee described above to Trust for the benefit of the Participants who have selected the Guaranteed Option, but the guarantee is not made directly to Participants or Beneficiaries. Neither the Guaranteed Option nor any Account invested in this Investment Option is guaranteed by the Commonwealth or any agency or instrumentality thereof, the Program, the Trust, the Trustee, the Program Manager or any other person or entity. The Funding Agreement is not guaranteed or insured by any person or entity other than TIAA-CREF Life.

**APPENDIX II
to the Disclosure Booklet for the
Kentucky Education Savings Plan**

PARTICIPATION AGREEMENT

Each capitalized term used but not defined in this Participation Agreement has the meaning set forth in the Disclosure Booklet, and such meanings are incorporated into this Participation Agreement as if they were set forth herein.

I hereby enter into this Participation Agreement with the Trust in order to establish, as the designated Participant or on behalf of the designated Participant, an Account in the Program. I understand that the Account shall represent an interest in the Program. I understand and agree that this Participation Agreement is subject to and incorporates by reference all of the information set forth in the Disclosure Booklet and Application. I understand that my signature on the Application signifies my acceptance of the terms of this Participation Agreement.

For purposes of this Participation Agreement, "I" or "me" shall refer to the designated Participant or a duly appointed representative of the Participant, as applicable. As indicated on the Application, I certify that I am either:

- a United States citizen or resident alien establishing the Account as the Participant or on behalf of the Participant by completing an Account Application for an individual Account;
- acting on behalf of a corporation, trust or other entity domiciled in the United States of America and otherwise eligible to open the Account by completing an Account Application for an entity Account;
- acting on behalf of a state or local government (or agency or instrumentality thereof) or organization described in Section 501(c)(3) of the IRC by completing an Account Application for an entity Account; or
- a custodian for a minor under UGMA/UTMA with full power and authority to act as the custodian for the Account submitting an Application for a Custodial Account.

A. Agreements, Representations and Warranties of the participant. I hereby agree with, and represent and warrant to the Trust, as follows:

1. I have received, read and understand the Disclosure Booklet as currently in effect. I have been given the opportunity to obtain answers to all of my questions concerning the Program, my Account and this Participation Agreement. I acknowledge that there have been no representations or other information about the Program relied upon in entering into this Participation Agreement, whether oral or written, other than as set forth in the Disclosure Booklet and this Participation Agreement. I understand that this Participation Agreement shall become effective upon the opening of the Account on the records of the Program.
2. I certify that I am opening this Account in order to provide funds for the Qualified Higher Education Expenses of the Beneficiary, if any, of the Account. I certify that I have full power and authority to enter into and perform under this Participation Agreement either for myself as Participant or on behalf of the individual or entity named in the Application as Participant, as applicable. This Participation Agreement constitutes the legal, valid and binding obligation of the Participant.

3. I understand that all assets in the Account will be held exclusively for my benefit and the benefit of the Beneficiary, if any. I understand and agree that contributions to the Account shall not be in real or personal property other than cash. I understand that any contribution, or portion of a contribution, made by me that causes the aggregate account balance of the Account, all other Accounts for the same Beneficiary and the value of any KAPT Contracts for the same Beneficiary to exceed the current applicable Maximum Account Balance Limit will be rejected and returned.
4. I recognize that the investment of contributions and earnings, if any, in my Account involves certain risks, and I have taken into consideration and understand the risk factors related to these investments, including, but not limited to, those set forth in the Disclosure Booklet. I understand that neither I, nor any Beneficiary is or will be permitted to direct the investment of the Account other than through the selection of Investment Options. However, I understand and acknowledge that once invested in a particular Investment Option, contributions and any earnings thereon may only be transferred to another Investment Option once per calendar year (twice in 2009) or upon a change of the Beneficiary of the Account to a Member of the Family of the Beneficiary being replaced.
5. With respect to each Investment Option, I understand and acknowledge that neither contributions to, nor earnings, if any, on my Account are guaranteed or insured by any person or entity, including but not limited to, the Commonwealth, the Trustee, the Program Manager and its subcontractors and affiliates, any vendors, contractors, investment advisors or investment managers selected or approved by the Trustee or any agents, representatives or successors of the foregoing (except to the extent of the guarantee by TIAA-CREF Life to the Trust under the Funding Agreement for the Guaranteed Option). I understand that there is no guarantee that the Program's investment objectives will be achieved.
6. I understand and acknowledge that with respect to each Investment Option in the Program, there is no guarantee or commitment whatsoever from the Commonwealth, the Trustee, the Trust, the Program Manager or any other person or entity that: (i) actual Qualified Higher Education Expenses will be equal to projections and estimates provided by the Program; (ii) the Beneficiary will be admitted to any institution (including an Eligible Educational Institution); (iii) upon admission to an institution, the Beneficiary will be permitted to continue to attend; (iv) upon admission to an institution, state residency will be created for tuition, tax, financial aid eligibility or any other purpose for the Beneficiary unless the Participation Agreement is vested as defined by Kentucky administrative regulations; (v) the Beneficiary will graduate or receive a degree from any institution; or (vi) contributions and investment returns in this Account will be sufficient to cover the Qualified Higher Education Expenses of the Beneficiary.
7. I understand that neither the Commonwealth, the Trustee, the Program Manager or any affiliate thereof, or any other person or entity makes any guarantee that I will not suffer a loss of any amount invested in my Account or that I will receive a particular return of any amount in my Account.
8. I understand that TIAA-CREF Tuition Financing, Inc. will not necessarily continue as the Program Manager for the entire period my Account is open and that the Trustee may retain in the future additional and/or different program managers or investment manager(s) for the Program. I acknowledge that if this occurs, or even if it does not, there is no assurance that I would not experience a material change to certain terms and conditions of the current Participation Agreement, including to the investment options offered by the Program and the Program Manager Fee. I

understand that if TFI ceases to be the Program Manager, I may have to open a new Account in the Program with the successor program manager in order to make future contributions on behalf of the Beneficiary.

9. I acknowledge that no part of my Account or any other interest in the Program can be used by me or my Beneficiary as security for a loan.
10. I understand that I will retain ownership of or custody over, as applicable, contributions made to my Account and earnings thereon, if any, until distribution.
11. I understand and acknowledge that I have not been advised by the Commonwealth, the Trustee, the Trust or any other agency or instrumentality of the Commonwealth, TFI or any of its affiliates or any agent or representative retained in connection with the Program to invest, or to refrain from investing, in a particular Investment Option.
12. I understand that I may cancel this Participation Agreement at any time by written notice to the Program. I also understand that a cancellation may be accomplished by a Qualified Withdrawal, a Taxable Withdrawal, a Rollover, or a Non-Qualified Withdrawal and that a Taxable Withdrawal or a Non-Qualified Withdrawal will be subject to federal income tax and may be subject to Kentucky income tax. I understand that if I take a Non-Qualified Withdrawal, the penalty referred to below in paragraph C of this Participation Agreement may apply.

B. Restrictions on Certain Types of Accounts. I understand that a Participant who is a custodian for a minor under UGMA/UTMA or a trust representative will be subject to the following additional requirements and restrictions:

- A Participant who is a trustee will be required to provide the Program with an original, signed certificate, a certified copy of material portions of the trust instrument, or a certified copy of a court order, that confirms the creation of a trust naming a minor as the trust beneficiary, identifies the trustee and authorizes the trustee to act on behalf of the trust beneficiary in opening and maintaining an Account
- A Participant who is a custodian for a minor or a trustee is required to sign forms and conduct transactions for the Account in a representative capacity as the custodian or trustee acting for the benefit of the Beneficiary;
- A Participant who is a custodian for a minor or a trust representative is not permitted to change the Beneficiary of the Account either directly or by means of a Rollover, including a transfer of funds to another Account for a different Beneficiary;
- A Participant who is a custodian for a minor or a trustee is not permitted to name a Contingent Account Owner, or to change ownership of the Account other than to a successor custodian or trustee, without providing the Program with a court order directing the change (or as otherwise allowed under UGMA/UTMA);
- Any request for a withdrawal from the Account by a participant who is a custodian for a minor or a trustee must be accompanied by a certification that the Participant is the custodian of the Account pursuant to UGMA/UTMA or the trustee pursuant to a trust instrument naming a minor as the beneficiary and (except with respect to a withdrawal due to the death of the Beneficiary or a Qualified Withdrawal) that the withdrawal is authorized under UGMA/UTMA or

the trust instrument, respectively, and is necessary for the welfare of the Beneficiary; and

- A Participant who is a custodian for a minor or a trustee is required to notify the Program when the Beneficiary has reached the age of majority or is otherwise legally authorized to assume ownership of the Account so that the Beneficiary can be registered as the owner of the Account and take control of the Account.

Any requested transaction conducted on an Account owned by a Participant that is an entity must be accompanied by documentation substantiating the following:

- the legal status of the entity,
- authorization of the transaction by the entity; and
- authorization for the individual conducting the transaction to act on behalf of the entity.

- C. Penalties and Fees. I understand and agree that I will be penalized for making Non-Qualified Withdrawals and that the Program may assess a 1% penalty on the earnings portion of a Non-Qualified Withdrawal. I acknowledge that I will be subject to federal income tax and an Additional Tax of 10% on the earnings portion of a Non-Qualified Withdrawal and that the Additional Tax may be payable through my or my Beneficiary's federal income tax return to the United States Treasury. I acknowledge that the rate of the Additional Tax may be changed, as described in the Disclosure Booklet. I acknowledge and agree that my Account is potentially subject to other fees, charges or penalties in the future, as explained in the Disclosure Booklet. I also understand and agree that I may be subject to state income tax on the earnings portion of a Non-Qualified Withdrawal.
- D. Limitations on Certain Distributions from Account. I acknowledge that if I change the Participant of my Account or change my mailing address, and fail to provide a medallion signature guarantee of my signature on the request form, no distributions can be made from my Account within 30 days after receipt by the Program of the request form. I understand that I cannot withdraw a contribution for 10 days after receipt by the Program of that contribution.
- E. Necessity of Qualification. I understand that the Program is intended to be a "qualified tuition program" under Section 529 of the IRC and the Program is intended to receive favorable federal and state tax treatment under Kentucky law. I agree that the Commonwealth and the Trustee may make changes to the Program, this Agreement and the Disclosure Booklet 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 the favorable state tax treatment provided by Kentucky law or any similar successor legislation.
- F. Statutes, Policies and Operating Procedures; Amendment. The Account and this Agreement are subject to, and incorporate by reference, the Statute, any regulations, policies and operating procedures adopted for the Trust by the Trustee, any amendments to the Statute, other applicable statutes or these policies and operating procedures, and any rules or regulations as the Commonwealth may promulgate in accordance with Kentucky law, including provisions under the Statute to prevent contributions on behalf of a Beneficiary in excess of the Maximum Account Balance Limit (including amounts deposited in a KAPT Contract for the same Beneficiary). Any amendments to relevant statutes or regulations, or any amendments to policies or operating procedures of the Program, shall amend this Agreement when such amendments become effective.

- G. Indemnity. I understand that the establishment of my Account will be based upon the agreements, representations and warranties set forth in this Agreement. I agree to indemnify and hold harmless the Commonwealth, its agencies or instrumentalities, the Trustee, the Trust, TIAA-CREF Tuition Financing, Inc. and its subcontractors and affiliates, any vendors, contractors, investment advisors or investment managers selected or approved by the Commonwealth, and any agents, representatives, or successors of any of the foregoing, from and against any and all loss, damage, liability or expense, including reasonable attorneys' fees, that any of them may incur by reason of, or in connection with, any misstatement or misrepresentation made by me in this Agreement or otherwise with respect to my Account, and any breach by me of any of the agreements, representations or warranties contained in this Agreement. All of my agreements, representations and warranties shall survive the termination of this Agreement.
- H. Binding Nature: Third-Party Beneficiary. This Agreement shall survive the death of any individual Participant and shall be binding upon any personal representatives, heirs, successors or assigns, as applicable. The Program Manager is a third-party beneficiary of the agreements, representations and warranties in this Agreement.
- I. Transfer. I understand that I may transfer this Agreement to another Participant at any time as described more fully in the Disclosure Booklet, subject to the policies and operating procedures promulgated for the Program. Such transfer will not be effective until written notice is received by the Program.
- J. Vested Participation Agreements. For vested participation agreements, as such term may be defined by Kentucky administrative regulation, the Beneficiary shall be considered a resident of the Commonwealth for tuition purposes if the Beneficiary enrolls in an institution of higher education in the Commonwealth.
- K. Amendment. I understand that the Trust may, at any time, and from time to time, amend this Participation Agreement or the Disclosure Booklet.
- L. Termination of the Program. I understand that 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 Participant or the Beneficiary.
- M. Governing Law. This Agreement is governed by Kentucky law.

APPENDIX III

to the Disclosure Booklet for the Kentucky Education Savings Plan

TIAA-CREF TUITION FINANCING, INC.'S PRIVACY POLICY

Please read this notice carefully. It gives you important information about how TIAA-CREF Tuition Financing, Inc. (“TFI”) handles nonpublic personal information it may receive about you in connection with the Program. It applies to all past, present and future participants in the Program.

Information We May Collect

We, on behalf of a Program, may collect personal information about you from various sources to provide information requested by you about the Program, as well as to service and maintain your account in the Program.

We may obtain this personal information (which may include your Social Security Number) in any of the following ways:

- you provide it on the Program enrollment form (“Application”);
- you provide it on other Program forms;
- you provide it on the Program website;
- you provide it during consultations; or
- we obtain it to complete your requested transactions.

How Your Information Is Used

TFI does not disclose your personal information to anyone for marketing purposes. TFI discloses your personal information only to those service providers, affiliated and non-affiliated, who need the information to respond to your inquiries and/or to service and maintain your account. In addition, TFI may be required to disclose your personal information to government agencies and other regulatory bodies (for example, for tax reporting purposes or to report suspicious transactions).

The affiliated and non-affiliated service providers who receive your personal information may use it to:

- process your Program transactions;
- provide you with Program materials;
- mail you Program account statements; and
- enhance your Program benefits.

These service providers provide services at TFI’s direction and include fulfillment companies, printing and mailing facilities.

- Under their agreements with TFI, these service providers are required to keep your personal information confidential and to use it only for providing the contractually required services.

Security of Your Information

TFI protects the personal information you provide against unauthorized access, disclosure, alteration,

destruction, loss or misuse. Your personal information is protected by physical, electronic and procedural safeguards in accordance with federal and state standards. These safeguards include appropriate procedures for access and use of electronic data, provisions for the secure transmission of sensitive personal information on the Program's website, and telephone system authentication procedures.

Changes in Our Privacy Policy

TFI periodically reviews this Privacy Policy and its related practices and procedures. You will be notified of any material amendments to this Privacy Policy.

Notice About Online Privacy

The personal information that you provide through the Program website is handled in the same way as the personal information that you provide by any other means, as described above. This section of the notice gives you additional information about the way in which personal information that is obtained online is handled.

Online Enrollment, Account Access, and Online Transactions

When you visit the Program website, you can go to pages that are open to the general public or log onto protected pages to enroll in the Program, access information about your account, or conduct certain transactions on your account. Once you have opened an account in the Program, access to the secure pages of the Program website is permitted only after you have created a User ID and Password by supplying your Social Security Number or Taxpayer Identification Number and Account Number. The User ID and Password must be supplied each time you want to access your account information online. This information serves to verify your identity.

When you enter personal data into the Program website (including your Social Security Number or Taxpayer Identification Number and your password) to enroll or access your account online, you will log into secure pages where we use Secure Sockets Layer (SSL) protocol for protecting information.

To use this section of the Program website you need a browser that supports encryption and dynamic Web page construction.

If you provide personal information to effect transactions on the Program website, a record of the transactions that you have performed while on the site is retained by the Program.

Other Personal Information Provided by You on the Program Website

If you decide not to enroll online and you want to request Program materials to be mailed to you, or you want to subscribe to the Program e-mail newsletter, you can click on another section of the Program website (i.e., the Request Enrollment Kit page of the Enroll Today section) to provide your name, mailing address and e-mail address, respectively. The personal information that you provide on that page of the site will be stored and used to market the Program more effectively. Although that page of the Program website does not use SSL encryption protocol, your information will be safeguarded in accordance with federal and state privacy laws and industry norms.

The Program Cares about Your Privacy

We use cookies on the Program website to measure marketing results for the Program. This process renders all visitors to the Program website anonymous and will not personally identify you.

NOTICE OF PRIVACY POLICY FOR KENTUCKY EDUCATION SAVINGS PLAN TRUST

It is important that you read this explanation.

Protecting the privacy of your personal information is important to us at the Kentucky Education Savings Plan Trust. We respect the right to privacy and recognize our obligation to keep information about you secure and confidential. We do not sell or share information about you with outside marketers.

This Notice uses the term “nonpublic personal information.” This means personal information about you that identifies you and is not available from public sources.

Kentucky Education Savings Plan Trust’s Privacy Policy

We may collect nonpublic personal information about you from the following sources:

- Applications, correspondence, communications, or other forms we receive from you.
- Transactions you conduct with us, or others, such as your school(s), organizations providing services to the Kentucky Education Savings Plan Trust, state and federal officials, their agents, information clearinghouses that serve the financial aid industry, and other entities as otherwise authorized by your Application(s) or Participation Agreement(s) and applicable law; and/or
- Individuals or organizations in the course of locating you or the Beneficiary, disbursing your Account(s), servicing your Account(s), or providing benefits to the Participant/Beneficiary.

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law.

We restrict access to nonpublic personal information about you to our employees, contractors, or agents who need to know that information in order to provide service to you, such as for the processing, disbursing, and servicing of your Kentucky Education Savings Plan Trust Account(s). We maintain physical, electronic, and procedural safeguards that comply with federal regulations to safeguard your nonpublic information.



KENTUCKY
Education Savings Plan Trust

OBTAINING ADDITIONAL INFORMATION

Learn more about the Program by visiting our website: www.kysaves.com.

You may reach a customer service representative to answer your questions, complaints or request an Application by calling the Program toll-free at (877) KY-TRUST (877-598-7878). Questions, complaints and requests may also be sent in writing to the Kentucky Education Savings Plan Trust, P.O. Box 8100, Boston, Massachusetts 02266-8100.

