

College Savings Bank®



InvestorSure® CD Product Disclosure



**College
Savings Bank®**
Member FDIC

Because losing principal in the market is a risk...

The InvestorSure CD offers the upside of the S&P 500 without the risk of principal loss.

Offered exclusively from College Savings Bank, the InvestorSure CD is a variable rate certificate of deposit indexed to the Standard & Poor's® 500 Composite Stock Index (S&P 500®). Unlike many investments, the InvestorSure CD does not risk principal.

Should the value of the S&P 500 decline over the investment period, you will receive your full investment back at maturity. Funds held to maturity will also receive at least 85 percent of the average increase in the S&P 500 based on a formula*.

The InvestorSure CD is...

- **FDIC insured up to \$250,000 per depositor****, so your principal is protected.
- **affordable with multiple deposit options.** You can mail in deposits of as little as \$500, or sign up for a direct deposit program. Direct deposits from your bank or brokerage account are as low as \$250 a month. Payroll direct deposits are as little as \$100 per pay period. Investors must contribute at least \$1,000 to purchase an InvestorSure CD.
- **free of enrollment fees or other management charges that may erode your investment.**
- **designed for families that value hard earned money.** The InvestorSure CD protects your child's college investment and therefore safeguards their future. Losing principal in the stock market is a real risk, but not with the InvestorSure CD.
- **offered with a 5-year maturity.** At maturity, you can use the funds to pay qualified higher education expenses, re-invest in another InvestorSure CD, or move the funds to another college savings product until your child is ready to pay for school. Early withdrawals are permitted once a year, but a 10% principal penalty will apply in addition to penalties imposed by federal and state income tax law or regulation.
- **historically profitable.** While historical rates of return are never a guarantee of future performance - if the InvestorSure CD was available, the previous 80 maturing CDs (ending May 2008) would have produced an average annual percentage yield (APY) of at least 5.40%.



How the InvestorSure CD works.

InvestorSure CDs will pay, based on a formula, between 85 and 100% of the increase in the S&P 500 at maturity; featuring a calculated average of 20 quarterly measurement points throughout the term of the CD. The averaging further protects your investment from wide swings in the S&P 500 as your investment approaches maturity. The 85 to 100% participation rate will be announced on the day the CD is issued.

safe, affordable and offering the rewards of the stock market, the InvestorSure CD from College Savings Bank.

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I. ABOUT YOUR INVESTMENT

A. InvestorSure Certificate of Deposit Terms and Conditions

The Bank issues InvestorSure CDs, which are certificates of deposit tied to the performance of the S&P 500 Index to help investors fund future college costs. The InvestorSure CD requires a minimum deposit of \$1,000 before a certificate will be issued.

Certificates are issued up to four times a year on specific Issue Dates (see Issue Dates below). For account owners who do not intend to contribute \$1,000 at one time, the Bank accepts smaller amounts. All deposits are held in accounts at the Bank called "Accumulator" accounts until the balance reaches \$1,000 and until the next Issue Date. Once the funds in the Accumulator Account total at least \$1,000 and upon an Issue Date, the funds are used to purchase an InvestorSure CD for the benefit of the account owner's designated beneficiary.

All funds will initially be placed in an Accumulator account. Funds must be received by the Bank 5-business days prior to a CD Issue Date to be considered for that specific issue. Funds received less than five days prior to a CD Issue Date will be held in an Accumulator account until the next issue date.

If you use direct deposit from a financial institution, you may contribute \$250 or more monthly. You may also mail-in deposits of \$500 or more by check.

You may use direct deposit from payroll if your employer offers this service. This plan allows you to have \$100 or more deducted from each paycheck and deposited each pay period.

Each InvestorSure CD is governed by the statutes, rules and regulations of the State of New Jersey and the FDIC, the Bank's certificate of incorporation and by-laws, the regulations, rules and practices adopted by the Bank and general savings bank practices.

InvestorSure CD Guarantee. At maturity, you will receive a sum of money at least equal to the principal amount of the certificate of deposit.

FDIC Insurance. Each depositor's principal and earned interest held in the same right and capacity with the Bank are insured by the FDIC and backed by the full faith and credit of the U.S. Government up to \$250,000. On October 3, 2008, FDIC deposit insurance temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009. The Upside Payment in an InvestorSure CD is not earned until maturity. The FDIC has taken the position that payments similar to Upside Payments are not subject to FDIC insurance until the CD matures.

Issue Date. The InvestorSure CD is issued four times a year on the first Exchange Business Day of the following months: February, May, August and November. An ("Exchange Business Day") is a trading day of the New York Stock Exchange.

In the future, the Bank may issue certificates on a monthly basis. The Bank will notify account holders of a change to monthly issue dates prior to such change.

Certificate Term. The term for a certificate is five years (60 months) from the Issue Date. The Maturity Date of a certificate is the first Exchange Business Day of the month that is five years from the Issue Date. For example, if a certificate is issued on February 1, 2008, the certificate will mature on February 1, 2013.

Options at Maturity. The Bank will provide written notification to investors at least 60 days before the Maturity Date. The Account Owner must provide the Bank written instructions at least 30 days

prior to the Maturity Date if it desires the proceeds upon Maturity to be invested other than in accordance with the default actions described. If the Bank does not receive such instructions, the Bank will take one of the following Default Actions:

- If the beneficiary's date of entry into college is five years or more after the Maturity Date, the Bank will transfer the matured funds to a new InvestorSure CD issued under the then current terms and conditions for issuing InvestorSure CDs;
- If the beneficiary's date of entry into college is more than one year and less than five years after the Maturity Date, the Bank will transfer the matured funds to a CollegeSure CD with a maturity date of July 31 preceding the expected year of matriculation under the then current terms and conditions applicable to CollegeSure CDs; and
- If the beneficiary's date of entry into college is one year or less after the Maturity Date (or neither of the two preceding options applies), the Bank will hold the matured funds in a Savings Account until the funds are required for qualified higher education expenses at an eligible educational institution, or until the Account Owner is permitted to and does provide other permitted investment instructions.

At Maturity, the matured funds will be applied using one of the Default Actions, unless the account owner chooses one of the following pursuant to written instructions:

- Transfer the matured funds to a CollegeSure CD;
- Re-invest the matured funds in another InvestorSure CD under the then current terms and conditions;
- Roll over the matured funds to another 529 plan investment;
- Hold the matured funds in a Savings Account; or
- Withdraw the funds

Market Measure. The Market Measure for the InvestorSure CD is the S&P 500 Index. This Index is published by Standard and Poor's ("S&P"), a division of The McGraw-Hill Companies, Inc. It is a widely used index to indicate the movement in common stock prices. The stocks that comprise the Index account for approximately 75% of the United States equities market, based on market capitalization. The Index is the quotient of the total float adjusted market capitalization of the Index's constituent stocks and its divisor. The divisor is adjusted periodically by S&P to account for changes in the constituent stocks' share capital, including share buybacks and spin-offs. The level of the Index is relative to the aggregate average value of similar stocks during a base period in the 1940s.

The constituent stocks in the Index meet certain criteria, including U.S. domicile, a minimum market capitalization and representation of the various industry sectors to the extent such sectors are represented in the larger common stock population. As of September 30, 2008, the following sectors are represented in the Index (with the percentage weight in parentheses):

Financials (14.25%)	Consumer Staples (10.79%)
Information Technology (16.44%)	Consumer Discretionary (8.12%)
Energy (16.22%)	Telecom Services (3.32%)
Health Care (11.92%)	Utilities (3.99%)
Industrials (11.12%)	Materials (3.83%)

S&P may from time to time, in its sole discretion, add companies to the Index or delete companies from the Index if certain constituent companies substantially violate the criteria for inclusion. However, S&P strives to minimize unnecessary turnover in index membership.

The InvestorSure CD (the "Product") is not sponsored, endorsed, sold, or promoted by Standard & Poor's. S&P makes no representa

tion or warranty, express or implied, to the owners of this Product or any member of the public regarding the advisability of investing in this Product, or the ability of the S&P 500 Index to track general stock market performance. S&P's only relationship to the Bank is the licensing of certain trademarks and trade names of S&P and of the S&P 500 Index which is determined, composed and calculated by S&P without regard to the Bank or this Product. S&P has no obligation to take the needs of the Bank or the owners of this Product into consideration in determining, composing or calculating the S&P 500 Index. S&P is not responsible for and has not participated in the determination of the prices and amount of this Product or in the determination or calculation of the equation by which this Product is to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of this Product.

S&P does not guarantee the accuracy and/or the completeness of the S&P 500 Index or any data included therein and S&P shall have no liability for any errors, omissions, or interruptions therein. S&P makes no warranty, expressed or implied, as to results to be obtained by the Bank, owners of the product, or any other person or entity from the use of the S&P 500 index or any data included therein. S&P makes no expressed or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the S&P 500 index or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

“Standard & Poor’s®” “S&P®” “S&P 500®” “Standard & Poor’s 500” and “500” are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use by the Bank. This Product is not sponsored, endorsed, sold, or promoted by Standard and Poor’s and Standard and Poor’s makes no representation regarding the advisability of investing in this Product.

Investment Return. The Investment Return for the InvestorSure CD is not predetermined at a set rate as of the Issue Date, but rather is the Market Rate as determined by the Market Measure.

The Investment Return is computed as the difference between the Closing Market Value (“CMV”) and the Starting Market Value (“SMV”) divided by the Starting Market Value (“SMV”) and then multiplied by the Market Participation Factor (“MPF”). The Investment Return is not an annualized rate, but rather the return generated during the entire term of the CD. The Investment Return can be zero. The Investment Return is represented by the following equation:

$$\text{MPF} * (\text{CMV} - \text{SMV}) / \text{SMV}$$

The Market Participation Factor will be 85%. The Bank, in its sole discretion, may establish an MPF higher than 85% up to 100%. However, your decision to invest in the InvestorSure CD should be based on the assumption that the MPF will be 85%. An 85% MPF will result in a lower investment return compared to a 100% MPF.

Starting Market Value. The Starting Market Value is the closing value of the S&P 500 Index three (3) Exchange Business Days prior to the Issue Date. For example, a CD issued on February 1, 2008 has a Starting Market Value equal to the closing value of the S&P 500 Index on January 29, 2008.

The Closing Market Value. The Closing Market Value is the arithmetic average of the closing values of the S&P index on the Valuation Dates. The Valuation Dates are the Exchange Business Days coinciding with 20 quarterly observations between Issue Date and the Maturity Date. For example if the day of the month of the

Starting Market Value is January 29, 2008, the Valuation Dates will include each April 29, July 29, October 29 and January 29 between the Starting Market Value Date and the Maturity Date. If the exact day of the month is not an Exchange Business Day, the Valuation Date that month is the first preceding Exchange Business Day.

The table (Table 1:page 3) at the end of this section examples how the Investment Return will be calculated by using historical data and assuming that a five-year InvestorSure CD is issued on November 1, 2002 and matures on November 1, 2007.

Impact of Averaging. You are advised that the Closing Market Value is not determined by calculating the closing value of the S&P 500 Index on one particular day (such as the Maturity Date or the Valuation Date immediately preceding the Maturity Date (“Last Valuation Date”). Averaging the closing value of the Index over the 20 quarterly observations between Starting Market Value and the Maturity Date of the InvestorSure CD moderates fluctuations in the value of the Index.

Thus, the Investment Return is different than the Investment Return that would be obtained if the Closing Market Value were the value of the Index on a single day. If the value of the Index on the Last Valuation Date is lower than the previous 19 Valuation Dates, than the Investment Return is higher by using averaging compared to an Investment Return using only the Index value on the Last Valuation Date. Conversely, if the value of the Index on the Last Valuation Date is higher than the previous 19 Valuation Dates, than the Investment Return may be lower by using averaging compared to an Investment Return using only the Index value on the Last Valuation Date.

Upside Payment. The Upside Payment on the certificate will be the Investment Return multiplied by the principal amount of the certificate. Because the Closing Market Value is determined by any number of market factors affecting the S&P 500 Index, the Investment Return of the InvestorSure CD may be more or less than a fixed rate of interest earned from other standard CDs. If there is no change, or if there is a decrease, in the Market Measure from Starting Market Value to the Closing Market Value, you will not be paid an Upside Payment. The Bank does not guarantee any specific rate of interest, and offers no warranties, either expressed or implied, that the InvestorSure CD will result in any Upside Payment. The Bank disclaims any liability for damages incurred by you as a result of the purchase of an InvestorSure CD, including compensatory, punitive, indirect or consequential damages (including lost profits).

Early Redemption Penalties. Redemption of the InvestorSure CD prior to the Maturity Date is permitted. Early withdrawals will be assessed a penalty of 10% of the principal. This is in addition to any state or tax consequences for which you may be liable.

Therefore, the redemption amount could be less than the original amount of principal, notwithstanding increases in the value of the Market Measure since the Issue Date. Holders of certificates that are redeemed prior to the Maturity Date are not guaranteed return of 100% of the principal amount of the certificate but will receive at least 90% of the principal amount of the CD.

Investors are cautioned that under certain circumstances of early redemption the InvestorSure CD may not qualify for an Upside Payment. Investors should contact the Bank for the specific circumstances under which this may occur.

The Bank may also credit your account with an upside payment which will be computed as follows:

The Bank will record the cost of the underwriter’s option at the time of the purchase of the InvestorSure CD. Should an early withdrawal

take place, the Bank will return the principal amount of the CD less the 10% penalty. Additionally, the Bank will pay to the investor any difference (to the positive) between the cost of the underwriter's option and the amount the underwriter returns at the time of early withdrawal.

For example, if an investor purchases a \$1,000 InvestorSure CD and decides to withdrawal the funds after one year, that investor will receive \$900 of principal (\$1,000 minus the 10% penalty). Additionally, if the underwriter returns more than the original cost of the InvestorSure CD option (as an example, \$250), funds exceeding the original \$250 cost of the option will be paid to the investor. Note: This is an example only as each option cost will vary based on market conditions at the time of purchase.

Depositors may redeem a certificate, in whole or in part only on the anniversary date of the certificate's Issue Date. The Depositor must provide the Bank written notice at least 30 days prior to the date of withdrawal. A Bank check will be issued for the funds withdrawn.

The Bank retains the right to terminate an InvestorSure CD if the withdrawals of principal from the CD would result in the amount remaining in the account being less than \$1,000.

Section Notes:

- See InvestorSure Accumulator Terms and Conditions - page 4
- See Applicability of FDIC Insurance - page 4
- See Early Withdrawal - Plan Disclosure
- See Once-In-A-Calendar-Year Rule - Plan Disclosure

Table 1		
An example how the investment return will be calculated by using historical data and assuming that a five-year InvestorSure CD is issued on November 1, 2002 and matures on November 1, 2007.		
SMV (closing Index value as of October 29, 2002)		882.15
1st Valuation Date	1/29/03	864.36
2nd Valuation Date	4/29/03	917.84
3rd Valuation Date	7/29/03	989.28
4th Valuation Date	10/29/03	1,048.11
5th Valuation Date	1/29/04	1,134.11
6th Valuation Date	4/29/04	1,113.89
7th Valuation Date	7/29/04	1,100.43
8th Valuation Date	10/29/04	1,130.20
9th Valuation Date	1/28/05	1,171.36
10th Valuation Date	4/29/05	1,156.85
11th Valuation Date	7/29/05	1,234.18
12th Valuation Date	10/28/05	1,198.41
13th Valuation Date	1/27/06	1,283.72
14th Valuation Date	4/28/06	1,310.61
15th Valuation Date	7/28/06	1,278.55
16th Valuation Date	10/27/06	1,377.34
17th Valuation Date	1/29/07	1,420.62
18th Valuation Date	4/27/07	1,494.07
19th Valuation Date	7/27/07	1,458.95
20th Valuation Date	10/29/07	1,540.98
Total		24,223.86
Divided by		20
CMV		1,211.19
Return = 85% (MPF) * (1,211.19 (CMV) – 882.15(SMV)) / 882.15 = 31.70%		

B. Accumulator Terms and Conditions

The Bank offers the Accumulator Account as a special service to direct deposit participants. This savings account provides a convenient way to reach the minimum required for a CD. When the minimum is reached, a CD is automatically purchased.

Deposits held in an Accumulator Account are governed by the statutes, rules and regulations of the United States (including the FDIC), and the State of New Jersey, the Bank's certificate of incorporation and by-laws, the regulations, rules and practices adopted by the Bank, and general savings bank practices.

Each depositor's principal and earned interest held in the same right and capacity are insured by the FDIC up to \$250,000 per depositor.

The Accumulator Account earns a variable interest rate equal to the Federal Funds Target Rate. Your interest rate and annual percentage yield may change without notice, however the Bank will send account owners a notice at least 30 days prior to a change in the terms that govern this account, including a change in the index (currently Federal Funds Target Rate), or a change in the manner in which this account yields interest.

Interest is credited and compounded quarterly on January 31, April 30 and July 31, October 31. Interest is calculated using the daily-balance method which applies a daily periodic rate to the principal in the account each day. All savings deposits begin to accrue interest by the next business day they are received by the Bank.

Section Notes:

- See Applicability of FDIC Insurance - page 4
- See Contributing to an Account - Plan Disclosure

C. Savings Account Terms and Conditions

The Bank offers a savings account as a special service to hold matured certificate of deposit (CD) funds greater than \$250 when the expected withdrawal to pay qualified higher education expenses is sooner than one year after the maturity date of the CD.

Deposits held in this savings account are governed by the statutes, rules and regulations of the United States (including the FDIC), and the State of New Jersey, the Bank's certificate of incorporation and by-laws, the regulations, rules and practices adopted by the Bank, and general savings bank practices.

Each depositor's principal and earned interest held in the same right and capacity are insured by the FDIC up to \$250,000.

The Savings Account earns a variable interest rate equal to the Federal Funds Target Rate. Your interest rate and annual percentage yield may change without notice, however the Bank will send account owners a notice at least 30 days prior to a change in the terms that govern this account, including a change in the index (currently Federal Funds Target Rate), or a change in the manner in which this account yields interest.

Interest is credited and compounded quarterly on January 31, April 30 and July 31, October 31. Interest is calculated using the daily-balance method which applies a daily periodic rate to the principal in the account each day. All savings deposits begin to accrue interest by the next business day they are received by the Bank.

D. Applicability of FDIC Insurance

Deposits in the Bank are insured to the full extent provided by law by the Federal Deposit Insurance Corporation, an agency of the United States Government. FDIC's deposit insurance obligations are backed by the full faith and credit of the United States. The Bank has obtained two letters from the FDIC, which state that Bank CDs; including revocable trust accounts and other accounts are insured by

FDIC. A copy of the letters may be obtained at <http://www.college-savings.com>. Additionally, the FDIC has adopted a final rule, which clarifies that the fund structure adopted by our state sponsored 529 plans subsequent to the issuance of these letters will not affect the applicability of FDIC insurance. A copy of the final rule may also be obtained at <http://www.collegesavings.com>. The FDIC has taken the position that a payment similar to the Upside Payment in the account is not insured by the FDIC.

The FDIC generally insures, with respect to each FDIC-insured institution, deposit accounts (including accrued and unpaid interest) that are held in the same right and capacity up to \$250,000 per depositor. (See 12 C.F.R. §330.3(a)). For example, a depositor may have \$250,000 of FDIC insurance on a deposit held in his or her own name and an additional \$250,000 of FDIC insurance for deposits held in other capacities such as the settlor of a revocable trust. (See 12 C.F.R. §330.6(a), §330.7(b) and §330.10(a)).

529 Plan Accounts established at the Bank are generally treated as revocable trust accounts, established by the owner for the benefit of the designated beneficiary.

The balance of deposit accounts, including accrued but unpaid interest, established by each individual in favor of each separately-named beneficiary will be insured up to \$250,000 for each beneficiary. (See 12 C.F.R. §330.10). Under the FDIC regulations, only accounts that have the same owner and the same designated beneficiary will be combined for purposes of the \$250,000 limitation.

Accounts with beneficiaries established through the Bank will be separately insured from any other accounts (other than additional revocable trust accounts established by the same person for the same beneficiary) held by the account owner in the Bank and, of course, separately from any bank accounts held in any other insured financial institution. (See 12 C.F.R. §330.3(b)). Thus, for example, an account owner may also establish an account in his or her own name, and one account in the name of the child under UTMA and each account would be insured up to \$250,000.

The UTMA account is aggregated for insurance coverage with all other accounts held by the minor in the same institution.

Under the FDIC's regulations, if an account is jointly owned by spouses and held for the benefit of a beneficiary, the respective interest of each spouse (assuming the interest is equal) is separately insured up to \$250,000. Therefore, if two parents set up a joint account with their child as a designated beneficiary, that account could be insured up to \$500,000.

In the event account owners, such as parents or grandparents, open a joint account for a designated beneficiary and one of the joint account owners dies, the other account owner will become the sole account owner and the child will remain the beneficiary. Deposit insurance on the account will then be limited to \$250,000. In the event the account in question exceeds the \$250,000 deposit insurance limit available for single-ownership revocable trust account, following the death of one joint revocable trust account owner, the surviving account owner will have six months from the date of the death of his or her joint owner to restructure the account in such a way as to provide, if possible, additional deposit insurance. (See 12 C.F.R. §330.3(j)).

Accounts may be established in the name of a child or grandchild under an UTMA or similar statute. Under UTMA, the money in the account belongs to the child outright when the child reaches the age of majority. FDIC separately insures accounts held under UTMA from all other accounts held by the custodian and from accounts held in revocable trusts for the same child, but the UTMA account is aggregated with all other accounts in the same institution held by the minor. (See 12 C.F.R. §330.7(a) and (b)).

In certain cases, if a parent or grandparent who owns an account dies before the funds are used for the designated beneficiary's education, the child (i.e., the designated beneficiary) becomes the account owner if the child has reached the age of majority. If, however, the child is under the age of majority, the account will be legally owned by the legal guardian as custodian. In either event, the FDIC insurance on the funds will be based on the beneficiary and be added to all other funds held by the beneficiary in his or her own name or under an UTMA statute and insured up to \$250,000 in the aggregate.

The preceding summary includes:

- a discussion of revocable trust accounts that is based upon an emergency proposed regulation which went into effect immediately on September 26, 2008 and may be subject to change.
- an October 3, 2008 FDIC ruling to temporarily increase deposit insurance from \$100,000 to \$250,000 per depositor through December 31, 2009.

For information on additional changes consult the FDIC website at <http://www.fdic.gov>.

For more information on FDIC insurance and how it relates to our accounts, please refer to the FDIC's booklet on deposit insurance, which can be found at <http://www.fdic.gov/deposit/deposits/insured/index.html>.

Section Notes:

- See FDIC Insurance - Plan Disclosure
- See InvestorSure Terms and Conditions - page 1

II. PRODUCT RISK FACTORS

A. Uncertainty of an Investment Return

Because the Closing Market Value is determined by any number of market factors affecting the S&P 500 Index, the Investment Return of the InvestorSure CD may be more or less than a fixed rate of interest earned from other standard CDs. **If there is no change, or if there is a decrease, in the Market Measure from Starting Market Value to the Closing Market Value, you will not be paid an Upside Payment. The Bank does not guarantee any specific rate of interest, and offers no warranties, either expressed or implied, that the InvestorSure Cd will result in any Upside Payment. The Bank disclaims any liability for damages incurred by you as a result of the purchase of an InvestorSure CD, including compensatory, punitive, indirect or consequential damages (including lost profits).**

B. Different Investment Return Compared to an S&P 500 Index Mutual Fund

The InvestorSure CD is different from an investment in a mutual fund that consists of component stocks included in the S&P 500 Index. A return on an investment in such a mutual fund includes dividends paid on the component stocks and reflects direct changes in the prices of such stocks. Returns from an InvestorSure CD do not include dividends. Further, the return on an InvestorSure CD could be lower than the return on an S&P 500 mutual fund because the InvestorSure CD moderates its return by averaging the index value used to compute the Investment Return and reduces the Investment Return by applying a Market Percentage Factor of less than 100%.

C. Lack of Immediate Liquidity

An investment in an account is not the equivalent of a demand deposit in a checking account. An account owner may seek to withdraw funds annually from an Account. However, a Bank check for the amount withdrawn (after reduction for early withdrawal penalty, if applicable) may be issued 30 days after the Bank receives written notice of the request for the withdrawal. Bank penalties for early redemption may apply.

Section Notes:

- See Early Withdrawal - Plan Disclosure

D. Uncertainty of Nonqualified Distributions Earnings

It is not clear how an InvestorSure CD must be valued for purposes of determining the earnings ratio for nonqualified distributions from other accounts with the same account owner and same designated beneficiary. Absent formal or informal guidance from the IRS, the Bank expects to value InvestorSure CDs at the greater of the purchase price or the amount that would have been payable (after the 10% penalty) on the last preceding date on which an Early Redemption would have been permitted.

III. ABOUT COLLEGE SAVINGS BANK

College Savings Bank, which began operations in Sept. 1987, has been helping families fund education for more than 20 years. Our mission is simple:

“To be a partner to parents who are preparing their children for higher education. We are in the financial business, but as a partner, we treat all of our beneficiaries like family members - and in as such, deliver products and services to the market that we would want as parents ourselves.”

The Bank originates and markets the CollegeSure CD and the Investor-Sure CD, as well as a series of Fixed Rate CDs. Each is an innovative, unique saving-for-college investment featuring FDIC insurance up to \$250,000 per depositor and principal protection.

At College Savings Bank we believe our first priority is to preserve investor assets, therefore protect a child’s future. The Bank’s CDs guarantee principal at maturity. And market conditions cannot affect the pledge we make to our families.

The Bank’s success to date can be measured in part by its nationwide customer base, its distribution arrangements with nationally recognized broker/dealers, financial planners, employee benefit programs of national companies. Further, the Bank is the program manager for several tax-advantaged, section 529 programs.

The Bank is strongly capitalized and operates under a conservative investment policy. On June 30, 2008, the Bank had regulatory capital ratio of Tier 1 (or core) capital to total assets of 6.4%.

The Bank invests primarily in high-grade, adjustable-rate mortgage-backed securities, the majority of which are guaranteed by the U.S. government or its agencies as well as student loans through the Federal Student Loan Program. The Bank limits its investments in this manner in order to avoid the types of credit risks that have often financially impaired other banks. The Bank designs its investment portfolio and updates that portfolio periodically to match the interest rate sensitivities of its assets and liabilities. It pursues this matching to avoid the extreme interest rate exposure that has adversely affected many other banks.

A measure of the exceptionally high quality of the Bank’s investment portfolio is found in the Bank’s Tier 1 capital-to-risk-weighted-asset ratio under the FDIC’s risk-based capital guidelines. On June 30, 2008 this ratio was 23.2%, as compared to the statutory minimum requirement of 4.00%.

College Savings Bank is a member of the Federal Deposit Insurance Corporation, which means that the Bank’s deposits are insured by the Bank Insurance Fund of the FDIC up to \$250,000 per depositor.

The combination of FDIC insurance, the Bank’s high Tier 1 capital-to-total-asset and risk-based capital ratios as well as the Bank’s conservative investment policy ensures the safety of your deposits. We believe no other financial institution offers its customers a more complete college funding solution.

IV. COLLEGE SAVINGS BANK PRIVACY POLICY

- We do not sell information about you.
- We do not share your information with anyone else for marketing purposes.
- We use your personal information only to help transact the business you have with us.

Privacy Notice to Our Customers

As our customer, you trust us to help you achieve financial success and security. We provide this notice because you have a right to know how we protect the privacy of the personal information you share with us. Your knowledge of our privacy principles and practices will confirm the trust you have placed in us.

What Personal Information Do We Collect?

The type of information that we collect depends on the type of product or service you request. This includes:

- Information you provide on an application or other form (for example, name, address, social security number, or income).
- Information about your business and history with us, our affiliates, or others.

Most of the personal information we collect is obtained from you. We collect personal information needed only to service and administer your business with us.

How Do We Use and Disclose Your Information?

The main use of your information is to confirm your identity in the course of business that we perform at your request. We also use your information to service your accounts with us.

Information may be disclosed to other entities that provide business services to us related to our transactions with you. This includes, but is not limited to, audit, accounting and legal services. Further and with regard to our loan customers, we may disclose nonpublic personal information about you to third parties to assist us in processing your student loan application or servicing your student loan account with us, to governmental agencies in response to subpoenas, and to credit bureaus. We may also share information within our corporate family to service your business. These entities must keep the information private.

If necessary, we disclose information when it is required by law. For example, we may have to share information regarding large cash transactions. We may also disclose certain information to other entities to help us report or prevent fraud. Examples are reports to a regulatory or law enforcement agency.

With regard to 529 Plan customers, we may provide information about you and about contributions and distributions to comply with our duties as Program Manager for the various state programs, and to

service these accounts. This information may be shared with the following entities when required by law or contract. It is used by them for their official government functions:

- Trustees to the respective 529 plan, such as State Boards of Regents of Higher Education and Commissions for Postsecondary Education
- State Departments of Revenue
- Internal Revenue Service

How Do We Protect the Security of Your Information?

We have policies to maintain physical, electronic, and procedural safeguards to protect the confidentiality of your personal information. Access to personal information is available only to those people who need to know it in order to service your business.

Should your relationship with us end, we will continue to follow the privacy policies described in this notice to the extent that we retain information about you. If we no longer need to retain that information, we will dispose of it in a secure manner.

Do You Need to Do Anything?

It is not necessary for you to take any action. This is because we do not share your information except to service the business you have requested from us. You do not need to “opt-out” or “opt-in” as you may have done with other financial companies.

How Can You See and Correct Your Information

Generally, you have the right to review the personal information we have about you. You must request this in writing. We will not disclose information we have collected in connection with a claim or lawsuit. If you believe that any of the information we have is in error, you may write to us and request a correction. Where justified, corrections will be made.

Please direct inquiries about accessing or correcting your information to the address below:

**College Savings Bank
PO Box 3769
Princeton, NJ 08543**

College Savings Bank will send you a copy of our Privacy Notice annually.

Questions?

If you have questions about the College Savings Bank Privacy Notice, please call us toll-free at 800-888-2723.

Effective date 10/08

V. 10-Year History of the InvestorSure CD

While historical rates of return are never a guarantee of future performance — if the InvestorSure CD was available, the previous 40 maturing CDs (ending August 2008) are represented in the Chart below.

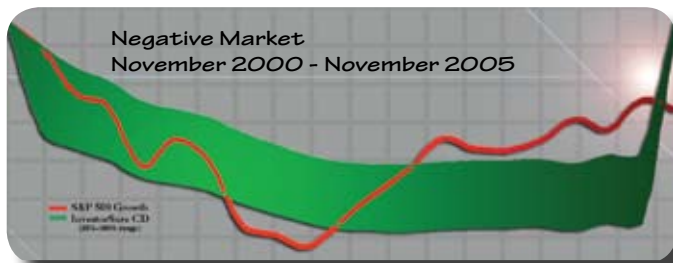
InvestorSure CD			
Issue Date	Maturity Date	Upside Payment	APY
Aug 1, 2003	Aug 1, 2008	24.44%	4.47%
May 1, 2003	May 1, 2008	31.69%	5.66%
Feb 1, 2003	Feb 1, 2008	36.56%	6.43%
Nov 1, 2002	Nov 1, 2007	31.71%	5.66%
Aug 1, 2002	Aug 1, 2007	26.41%	4.80%
May 1, 2002	May 1, 2007	5.53%	1.08%
Feb 1, 2002	Feb 1, 2007	2.18%	0.43%
Nov 1, 2001	Nov 1, 2006	2.72%	0.54%
Aug 1, 2001	Aug 1, 2006	0.00%	0.00%
May 1, 2001	May 1, 2006	0.00%	0.00%
Feb 1, 2001	Feb 1, 2006	0.00%	0.00%
Nov 1, 2000	Nov 1, 2005	0.00%	0.00%
Aug 1, 2000	Aug 1, 2005	0.00%	0.00%
May 1, 2000	May 1, 2005	0.00%	0.00%
Feb 1, 2000	Feb 1, 2005	0.00%	0.00%
Nov 1, 1999	Nov 1, 2004	0.00%	0.00%
Aug 1, 1999	Aug 1, 2004	0.00%	0.00%
May 1, 1999	May 1, 2004	0.00%	0.00%
Feb 1, 1999	Feb 1, 2004	0.00%	0.00%
Nov 1, 1998	Nov 1, 2003	9.00%	1.74%
Aug 1, 1998	Aug 1, 2003	3.91%	0.77%
May 1, 1998	May 1, 2003	8.13%	1.58%
Feb 1, 1998	Feb 1, 2003	19.13%	3.56%
Nov 1, 1997	Nov 1, 2002	26.33%	4.79%
Aug 1, 1997	Aug 1, 2002	23.77%	4.36%
May 1, 1997	May 1, 2002	47.97%	8.15%
Feb 1, 1997	Feb 1, 2002	46.42%	7.92%
Nov 1, 1996	Nov 1, 2001	57.73%	9.54%
Aug 1, 1996	Aug 1, 2001	71.16%	11.35%
May 1, 1996	May 1, 2001	61.63%	10.08%
Feb 1, 1996	Feb 1, 2001	64.84%	10.51%
Nov 1, 1995	Nov 1, 2000	71.18%	11.35%
Aug 1, 1995	Aug 1, 2000	69.17%	11.09%
May 1, 1995	May 1, 2000	77.08%	12.11%
Feb 1, 1995	Feb 1, 2000	83.67%	12.93%
Nov 1, 1994	Nov 1, 1999	76.84%	12.08%
Aug 1, 1994	Aug 1, 1999	73.79%	11.69%
May 1, 1994	May 1, 1999	65.47%	10.60%
Feb 1, 1994	Feb 1, 1999	49.41%	8.36%
Nov 1, 1993	Nov 1, 1998	46.01%	7.86%

College Savings Bank helps families everywhere save for higher education.

The InvestorSure CD is designed to offer investors the upside potential of the S&P 500 index without the risk of principal loss. The following charts demonstrate return on investment in both a positive market and a negative market.



For the period measured, the S&P 500 grew from 882.15 to 1540.98. The InvestorSure CD would have yielded a 37.29% return at full participation or 31.71% at 85% participation. The taxable equivalent (APY) within a 529 plan, at maturity, would have been as high as 9.00% for investors in the 28% tax bracket*.



For the period measured, the S&P 500 declining from 1,379.58 to 1,178.90. In a down market where the S&P 500 Index is lower on maturity date than issue date, investor's principal is fully protected and returned.

College Savings Bank was founded in 1987 to meet the education funding needs of parents. As the exclusive provider of both the CollegeSure CD and InvestorSure CD, the Bank is solely dedicated to helping families save for higher education.

As a member of the Federal Deposit Insurance Corporation, your deposits at the Bank are insured by the FDIC up to \$250,000 per depositor**. At College Savings Bank we believe our first priority is to preserve investor assets, therefore protect a child's future. Our certificates of deposit guarantee principal at maturity. And market conditions cannot affect the pledge we make to our families.

Through nearly 20-years of business, College Savings Bank has helped more than 25,000 families save for higher education, and everyone at the Bank shares in a common goal — “help parents afford to see their children graduate from the higher education institution of their choice.”

Issue Date Range	Maturity Date Range	Number of CDs Issued	Average APY @ 100%		Average APY @ 85%	
			Average APY	Taxable Equivalent*	Average APY	Taxable Equivalent*
July 83 - April 03	July 88 - April 08	80	6.24%	8.67%	5.40%	7.49%
July 93 - April 03	July 98 - April 08	40	6.35%	8.82%	5.49%	7.62%
July 98 - April 03	July 03 - April 08	20	1.68%	2.34%	1.44%	2.00%

*Taxable equivalent analysis assumes the product is within a 529 plan and the investor is within the 28% federal tax bracket.

Getting Started Is Easy. Enroll Today!

- Read the Disclosure Statement carefully before you invest or send money.
- Complete the enrollment form.
- Enclose your deposit check of \$500 or more (\$1,000 to assure your investment will be converted to an InvestorSure CD on the next issue date). If you enroll in a direct deposit program, the initial deposit minimum will be waived.
- For more information, log onto <http://www.collegesavings.com>. You may also enroll online using a credit card, debit card or electronic check.



College Savings Bank
PO Box 3769 • Princeton • NJ • 08543

ph: 800-888-2723

fax: 609-987-3760

e-mail: info@collegesavings.com

Website: <http://www.collegesavings.com>
(or return to an authorized representative)

Information is accurate as of October 2008. Prices and yields may change. Recent and historical rates of return may not be indicative of future rates of return and cannot be used to predict rates of return for future investment periods. Substantial penalty for early withdrawal. Read the Disclosure Statement carefully before you invest or send money.

BECAUSE THE CLOSING MARKET VALUE IS DETERMINED BY ANY NUMBER OF MARKET FACTORS AFFECTING THE S&P 500 INDEX, THE INVESTMENT RETURN OF THE INVESTORSURE CD MAY BE MORE OR LESS THAN A FIXED RATE OF INTEREST EARNED FROM OTHER STANDARD CDS. IF THERE IS NO CHANGE OR A DECREASE IN THE MARKET MEASURE OF THE S&P 500 INDEX FROM STARTING MARKET VALUE (ISSUE DATE) TO THE CLOSING MARKET VALUE (MATURITY DATE), YOU WILL NOT RECEIVE AN UPSIDE PAYMENT. THE BANK DOES NOT GUARANTEE ANY SPECIFIC RATE OF INTEREST, AND OFFERS NO WARRANTIES, EITHER EXPRESS OR IMPLIED, THAT THE INVESTORSURE CD WILL RESULT IN ANY UPSIDE PAYMENT. THE BANK DISCLAIMS ANY LIABILITY FOR DAMAGES INCURRED BY YOU AS A RESULT OF THE PURCHASE OF AN INVESTORSURE CD, INCLUDING COMPENSATORY, PUNITIVE, INDIRECT OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS).

S&P 500 is a registered trademark, used with permission of the Standard and Poor's Corporation. InvestorSure and CollegeSure are registered trademarks of College Savings Bank. © 2008 College Savings Bank. **Member FDIC.** All rights reserved.

*The Formula used to determine the upside payment of each InvestorSure CD is explained in the Terms and Conditions within this Disclosure Statement.

**On October 3, 2008, FDIC deposit insurance temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009.