

What You Can Expect from Fidelity.

Activate your account today and start taking advantage of all the benefits of the new, enhanced ScholarShare Plan.



▶ **More than 60 years of investment experience.**

Fidelity currently manages or administers trillions of dollars for more than 20 million customers including more than \$8.1 billion in college savings dollars in 600,000 accounts nationwide.

▶ **Outstanding customer service.**

You can access Fidelity online, contact a Fidelity Representative by phone 24/7, or visit one of 22 Fidelity Investor Center locations in California.

▶ **Powerful online tools and education.**

Fidelity can provide you with the tools and information you need to be a successful investor.

▶ **Complimentary investment guidance.¹**

Non-commissioned Fidelity Representatives can help you with your important financial planning decisions.

▶ **Opportunity for additional savings.**

Supplement your college savings with a Fidelity Investments 529 College Rewards[®] American Express[®] Card.

¹ Guidance is provided by Fidelity Representatives through the use of Fidelity's suite of guidance tools. These tools are educational tools and not intended to serve as the primary or sole basis for your investment or tax-planning decisions.

ScholarShare[®] College Savings Plan

Important Account Activation Information

Now that the ScholarShare[®] College Savings Plan has been transferred to Fidelity Investments, your next step is to activate your account. Once your account is activated, you can continue to contribute, make withdrawals, and view your account online. We've included step-by-step instructions making it quick and easy for you to activate your account today.

ScholarShare and Fidelity are excited to bring these changes and new benefits to California families.

If you have questions about the transition or your account activation, please visit www.ScholarShare.com or call a dedicated Fidelity Representative at 1-800-544-5248, and press 2.



Fidelity offers a wide range of investment options for the savings in your ScholarShare Account.

Age-Based Strategy designed around the age of your child.

With an Age-Based Strategy, you are invested in a portfolio that's been developed by Fidelity fund managers specifically around your beneficiary's birth year. The portfolio is then professionally managed to change its allocation over time — starting out aggressively but automatically becoming more conservative as the child nears college age.

Actively Managed Funds vs. Index Funds.

There are two types of Age-Based Options to choose from, one in which the portfolios invest in Actively Managed Funds and one in which the portfolios invest in Index Funds.

- Actively Managed Funds invest in a variety of stocks or bonds. These funds seek to outperform a major market index over the long term through active management and therefore may carry greater risk than Index Funds. These mutual funds are managed by dedicated portfolio managers who are making investment decisions backed by Fidelity's proprietary investment research.

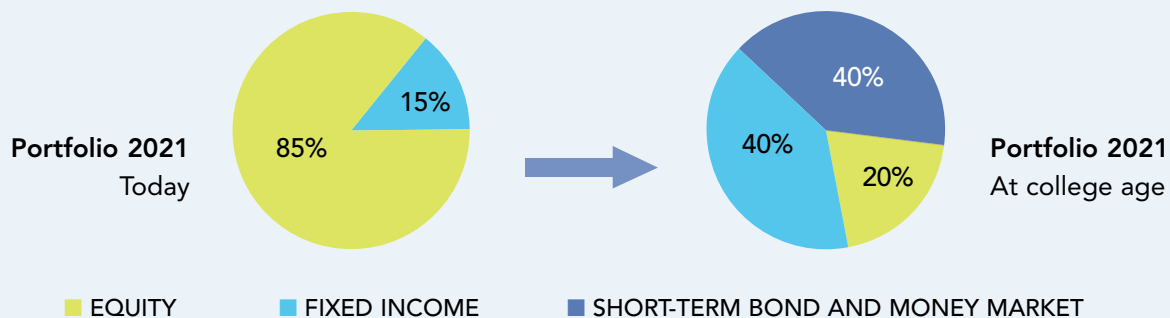
- Index Funds invest in stocks or bonds that are included in a specific index (such as the Standard & Poor's 500® Index). These funds seek to track the performance of a major market index over the long term. Index Funds are generally able to keep transaction costs and other expenses relatively low because the portfolio manager is not engaged in active trading to try to outperform the index.

Custom Strategies that let you invest the way you want.

With a Custom Strategy, you have the flexibility to choose from several investment approaches that may more directly match your tolerance for risk, your time horizon, or other factors. You can create your own asset allocation strategy by selecting from Static Portfolios, Individual Fund Portfolios, and the Social Choice Portfolio Options.

Static Portfolios include both Actively Managed and Index Fund Portfolios, which maintain a fixed allocation that doesn't change over time. Put a percentage of your assets in any combination of Static Portfolios, Individual Fund Portfolios or the Social Choice Portfolio — as long as the total allocation equals 100%. You can change the way you invest future contributions at any time.

How a sample Age-Based Portfolio target allocation will change as the child nears college age.



Allocations will change over time. For illustrative purposes only. Not representative of any specific asset allocation model.

To learn more about your new ScholarShare investments, visit www.ScholarShare.com or call a Fidelity Representative at 1-800-544-5248, press 2.

Frequently Asked Questions

Q. What happens with my account and existing investments during the transition?

- A.** When the account transfer takes place, both your existing investments and future contributions will automatically be directed toward the most similar investments in the new plan. If you have an existing Age-Based Option, you will default to the appropriate Age-Based Index Portfolio. For details on how to change your investments, refer to "How do I change my investments?" below.

Q. How do I activate my ScholarShare Plan Account at Fidelity?

- A.** Log on to www.ScholarShare.com to activate your account online. Follow the instructions on the enclosed Quick Start Guide and you will receive an online notification that you have successfully activated your account. If you need help, call us at 1-800-544-5248, press 2.

Q. Do I have to activate my account?

- A.** Yes, you must activate your account to make new contributions, change investment options, make a withdrawal, or take another action.

Q. Do I have to activate my account online? What if I don't have access to a computer?

- A.** Online activation is fast and easy and should take no longer than 10 minutes. If you do not have access to a computer, contact Fidelity at 1-800-544-5248, press 2, and we will mail you an activation application.

Q. How do I change my investments?

- A.** You may change your investments beginning November 16, once you activate your account. If you choose to change your investments following the transition, keep in mind that Federal tax law allows ScholarShare account holders to change your investment allocations once a calendar year per account or upon any beneficiary change. If you have already made an exchange in 2006, you will not be able to make another exchange until 2007. Log on to Fidelity.com to download an Investment Instructions form or contact Fidelity directly.

Non-commissioned Fidelity Representatives are available 24 hours a day, 7 days a week, to help you review the broad range of investment options available through the ScholarShare Plan, and to help you determine the best investment strategy for your college planning needs and provide investment guidance on a number of financial goals. To speak to a Fidelity Representative, visit any of the 22 Investor Center locations throughout California, call 1-800-544-5248, press 2, or go online at www.ScholarShare.com.

Q. Can I access my account online during the transition?

- A.** As is typical when this type of plan conversion takes place, there will be a short period of time when certain transactions and account access are unavailable.

From November 10 through November 15, you will have neither account access nor the ability to transact in your account. You will have full access beginning at 12 a.m. on November 16, once you have activated your account. All account owners will need to register for online account access following the transition.

Q. What if I need to make a withdrawal during the transition period?

- A.** Withdrawal requests made between November 3 and November 15 will not be processed until November 16.

Q. What will happen with my account that is funded by payroll deductions?

- A.** If you currently contribute to your account through your employer's payroll deduction, you will receive a special notification and a Direct Deposit Form from Fidelity. You must fill out this form and mail it back to your employer. Contributions made through your employer will stop if you do not send in a completed Direct Deposit Form within 60 days after the transition date.

If you work for the State of California, the University of California, or UC Labs, your payroll deductions will automatically be transitioned to Fidelity Investments. During the transition period your payroll deductions will be received by Fidelity and will be posted to your account at the end of the transition period.

Q. Will the automatic contributions I make to the plan from my bank account continue? Will they happen as scheduled during the transition period?

A. If you made arrangements for automatic contributions through the Automated Contribution Plan at TFI, these instructions will carry over to Fidelity and be processed through Fidelity Automatic Account Builder,[®] a similar program that processes regular contributions. Automatic contributions will not be processed during the transition period, but will resume following the transition when all pending transactions will be processed.

Q. What will happen to my money invested in the Guaranteed Option?

A. Existing participants may remain in their Guaranteed Option through the ScholarShare Plan, but will not be able to invest new money. The new Fidelity-managed Plan will not offer a Guaranteed Option. However, for those interested in a conservative investment strategy, Fidelity offers Fidelity Cash Reserves (Money Market) Portfolio. You may move money from the Guaranteed Option to another investment option at any time.

Q. When will I receive my next statement?

A. You will receive a November statement from Fidelity that will arrive in early December. You will receive your last statement from TFI on or around November 20, 2006.



NEW, PERMANENT TAX ADVANTAGES

Currently, withdrawals from 529 college savings plans are Federal income tax free when used for qualified higher education expenses. Previously set to expire in 2010, the Pension Protection Act of 2006 makes this tax advantage permanent. This helps make 529 plans one of the best ways to save for college.



Founded in 1946, Fidelity Investments has since grown to become one of the world's largest providers of financial services and offers a wide variety of products and services to 21 million individuals and institutions. The firm is the largest mutual fund company in the United States, the number one provider of workplace retirement savings plans, one of the largest mutual fund supermarkets, and a leading online brokerage firm.

The S&P 500® Index is a registered service mark of The McGraw-Hill Companies, Inc., and has been licensed for use by Fidelity Distributors Corporation and its affiliates. It is an unmanaged index of the common stock prices of 500 widely held U.S. stocks that includes the reinvestment of dividends.

The ScholarShare® College Savings Plan is offered by the ScholarShare Investment Board, an agency of the State of California, and managed by Fidelity Investments. If you or the designated beneficiary are not a California resident, you may want to consider, before investing, whether your or the designated beneficiary's home state offers its residents a plan with alternate state tax advantages or other benefits.

Units of the Portfolios are municipal securities and may be subject to market volatility and fluctuation.

Neither the principal deposited nor the investment return, if any, of the ScholarShare College Savings Plan is guaranteed by the State of California, the ScholarShare Investment Board, Fidelity Investments or any of its affiliates, or the federal government or any agency thereof.

Please carefully consider the plan's investment objectives, risks, charges, and expenses before investing. For this and other information on any 529 college savings plan managed by Fidelity, call or write to Fidelity or visit Fidelity.com for a free Fact Kit. Read it carefully before you invest.