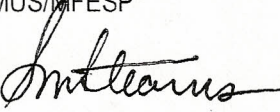




MONTANA UNIVERSITY SYSTEM
OFFICE OF THE COMMISSIONER OF HIGHER EDUCATION

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Date: October 12, 2010
To: Bruce Marks, MUS/MFESP
From: Sheila Stearns 
RE: Approval to change mapping instructions

By this memo, and by the authority granted to me by the Board of Regents on August 26, 2010, you are authorized to provide updated mapping instructions to Pacific Life-per the explanation described in detail below:

The Pacific Life Portfolio Optimization Conservative Fund (Conservative Fund), which had been mapped to a bonus rate (or super) savings account at College Savings Bank (CSB), will now be mapped to the regular College Savings Bank savings account (i.e. no bonus interest rate will be paid).

Explanation and History

Finding an appropriate product to map the Pacific Life Conservative Fund investors to has been a difficult process. Vanguard does not have a product with similar risk tolerance compared to the Pacific Life Conservative Fund. An initial option had the Conservative Fund mapped to the Vanguard LifeStrategy Conservative Growth Fund. That option would have doubled the investment risk compared to the Pacific Life Fund, so that option was rejected. Consideration was next given to place these accounts into a CSB certificate of deposit with the early withdrawal penalties waived. Unfortunately CSB was unable to waive the penalties due to FDIC regulations. It was decided, therefore, to move these accounts to the CSB savings account and pay these particular accounts a higher rate which would be subsidized by the MFESP. This mapping to the bonus savings account was approved by the Board of Regents at its May 2010 meeting. At the time these decisions were made, Upromise Investments was not yet under contract with CSB. However, once Upromise became involved in the transfer, its legal counsel began expressing concerns that paying a subset of investors a bonus rate would create potential liability for the MFESP. This concern was one of the many issues that factored into the decision to delay our October conversion. The team (the State, CSB and Upromise) requested, and I hereby approve, that all investors placed into a CSB savings account be paid the same (or regular) rate. By moving the Conservative Fund to the CSB regular Savings Account, it will help us to ensure the conversion happens this year, that the trust is protected, and that all legal requirements of our program manager and Upromise are satisfied.

CSB will proactively contact this group of Conservative investors once the transfer is complete to ensure the account owners are fully aware that their accounts have been mapped to the savings accounts. CSB will work to help the account owners understand the new investment options in order for the investors to make informed decisions regarding their current situations and future college savings goals.

A copy of this memo will be presented as a Board of Regent informational item at the next scheduled Board of Regent meeting (conference call October 21, 2010) and will be entered into the official minutes.