



Virginia College Savings PlanSM

January 12, 2009

Dear **Highlands Portfolio** Holder:

As you may recall, the Highlands Portfolio's asset allocation was to evolve to a 100% fixed income (stable value fund) in January 2009. The purpose of this letter is to inform you, as a holder of a Highlands Portfolio account, that this final evolution (from 25% equities and 75% fixed income) has been postponed.

As outlined in the Program Description, the Virginia College Savings Plan (VCSP) may alter the rate of change in the allocation strategy of any Age-based Portfolio depending on market conditions and other factors. Due to recent volatility in the capital markets and other market conditions, the VCSP has determined that it is not in the best interests of Highlands Portfolio holders to liquidate positions in equities and certain fixed income funds at this time to complete the planned evolution. Such a course of action potentially exposes Highlands Portfolio holders to significant losses. The VCSP continues to carefully monitor asset values and allocations and will proceed with the evolution in 2009 gradually in an attempt to minimize adverse effects due to market conditions. There is a possibility that the alteration in the timing of the re-allocation strategy could result in losses in market value that would not occur with an immediate shift to a 100% stable value allocation.

You have several options at this time, which are outlined below. We strongly encourage you to consult your financial adviser as you decide which is the best option for you.

1. Remain in the Highlands Portfolio, with the phased shift to a 100% stable value asset allocation during 2009. No action is required if you choose this option.
2. Retain your current investment in the Highlands Portfolio and open a new account in another VEST portfolio (Age-based or non-evolving, including the 100% stable value Piedmont Portfolio) or other Virginia 529 product, for future contributions. New VEST application fees will be waived should you choose this option. Use the following Code when opening a new account: **HIGHLANDS**
3. Exercise an Investment Direction change to liquidate your current position in the Highlands Portfolio and purchase an interest in another VEST portfolio (Age-based or non-evolving, including the 100% stable value Piedmont Portfolio) or other Virginia 529 product.

Please note that, pursuant to guidance provided recently by the Department of the Treasury, 529 participants are allowed to make two Investment Direction changes in 2009. If you have any questions regarding your account or wish to make a change to your account, please contact us at 1-888-567-0540 or visit us online at www.Virginia529.com.

Sincerely,

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