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State Treasurer



News Release

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New College Savings Plan “Cheaper and Better”

Edwards says lower fees, top-quality funds, and more investment options give Oregonians “one of the best college savings plans in the country.”

Portland – The Oregon 529 College Savings Board today approved a five-year contract with OppenheimerFunds, Inc., to manage the Oregon College Savings Plan. Oppenheimer will replace Strong Capital Management, which the Board fired last fall after the firm and its founding chairman came under fire for improper trading practices. Oppenheimer will be available to investors when it takes over management of the Plan in late August.

“We’re offering Oregonians one of the best 529 college savings plans in the country,” said State Treasurer and Board Chair Randall Edwards. “We have teamed Oppenheimer and Vanguard – two of the best mutual fund providers in the country – and expanded investment options. And we’ve cut the fees investors pay by nearly a third, with additional reductions coming later. A great college savings program just got better.”

The Plan will continue to offer age-based portfolios, meaning investors can select among five aggressive, moderate, or conservative portfolios of investments, depending on the age of their children. In addition, the Plan now will offer a number of stand-alone funds. Four will be index funds managed by The Vanguard Group, including funds with all domestic stocks, all international stocks, all bonds, and a balance of stocks and bonds. All of the funds are among the highest-rated funds Oppenheimer and Vanguard offer.

Investor fees will be substantially lower under Oppenheimer. The average annual fee with Strong managing the Plan was 1.25%. Under Oppenheimer, annual fee averages will range from 1.04% down to 0.40%, depending on the product. An investor in the age-based program for more than ten years will pay an average annual fee of about 0.87%.

Many state-based 529 college savings plans around the country have average annual fees above 1.00%. “We’re offering Oregonians products at prices they won’t find anywhere else,” said Edwards.

The annual fee for three of the four Vanguard funds will be only 0.40%; the annual fee for the fourth fund will be 0.61%.

As with the prior plan, investors will not pay annual account maintenance fees on any of the Plan funds, and will be eligible for an annual \$2000 state tax deduction and state and federal tax-free withdrawals.

The new contract with Oppenheimer also incorporates the fee disclosure guidelines adopted recently by the national College Savings Plans Network. Investors in the Plan now will get clearer, more detailed information on fees and what they pay for.

The Board expects to complete the transition to Oppenheimer by late August. Until then, Strong will continue to manage the Oregon College Savings Plan during an orderly transition. Investors can continue to contribute to their accounts during the transition and remain confident that their money is being invested properly. Investors will continue to receive regular statements and may call Strong to get account information. The transition to Oppenheimer will be seamless, and investors will incur no additional cost. At transition time, all money invested currently in the Plan will be rolled into similar investments under Oppenheimer, and the new investment options will become available. Investors will receive information about the new mutual funds prior to the transition, as well as notification after the transition is complete. For updates, go to www.oregon529network.com.

Nearly \$285 million has been invested in over 50,000 accounts in plans within the Oregon 529 College Savings Network. The largest of the plans, the Oregon College Savings Plan, began in January 2001 and holds \$160 million in assets in nearly 30,000 accounts. All three plans in the Network provide a number of investment choices with significant state and federal tax advantages and more flexibility than most other college savings programs. Money saved in the Plan may be used for a broad range of higher education expenses, including tuition, fees, books, and room and board, at any eligible university, college, professional or vocational institution nationwide.