

Annual Highlights

through December 31, 2005



Direct Portfolio

Director's Message

The Direct Portfolio college savings plan was launched in October 2004 with investment management by The Vanguard Group. Over 32,600 Scholars Choice direct accounts totaling over \$235.5 million were transferred to the Direct Portfolio Plan on October 22, 2004.

By December 31, 2005, the number of accounts opened increased by approximately 11,400 to approximately 44,000 accounts and the amount invested increased by approximately \$173.0 million to approximately \$408.4 million.

During 2005, Direct Portfolio received the highest rating (5-cap) for Colorado residents from savingforcollege.com, the influential website founded by independent college savings expert Joe Hurley. Additionally, Money's August 2005 issue listed Direct Portfolio as one of its recommended 529 plans after reviewing the tax benefits, expenses, and investment management for sixty-three 529 plans across the country.*

We were pleased to announce that as of July 2005 investments in Colorado's CollegeInvest 529 College Savings Program topped \$2 billion in total assets. The Program is made up of three college savings plans, including Direct Portfolio.

We're confident that you will continue to find Direct Portfolio competitive to other plans to save for college with comparable features and look forward to continuing to help you meet your college savings goals. If you have any questions, please call one of our college savings specialists at 1-800-997-4295 or email savings@collegeinvest.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Debra L. DeMuth".

Debra L. DeMuth, Director
CollegeInvest

Administrator of the Direct Portfolio College Savings Plan

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2005 Highlights and Updates

- CollegeInvest awarded over \$15,000 through the Matching Grant Program to qualified CollegeInvest account owners. The program is designed to help middle- to lower-income Colorado families save for higher education, this Matching Grant Program can provide eligible account owners with matching funds - \$1 for \$1, up to \$500 per year (subject to the availability of funds) in a CollegeInvest 529 Program account. Call 1-800-478-5651 or visit www.collegeinvest.org/MatchingGrant for more information.
- Ten thoughtful Colorado grandparents won \$5,000 each in the form of a CollegeInvest college savings plan for their grandchild through the \$50,000 CollegeInvest Grandparent's Essay Contest this past fall. Read more about it at www.collegeinvest.org.
- CollegeInvest introduces online exchanges and withdrawals. More and more account owners are turning to the CollegeInvest website to handle common transactions. In fact, nearly 50% of all Direct Portfolio participants currently access their account online. We are committed to providing easy access to your account, and we are pleased to announce that we have recently expanded our online capabilities – you now have the ability to complete an annual exchange and certain qualified withdrawal transactions directly through the Direct Portfolio website. Login to your account today at www.collegeinvest.org and find out how you can take advantage of these, and other online account options such as establishing automatic contributions to your Direct Portfolio account from your checking or savings account.
- *Save for college through payroll deduction* - During 2005, we began allowing participants to request payroll deduction as a means of contributing to their Direct Portfolio account. If you would like to contribute to your account this way, check with your employer or call us for more information.

Direct Portfolio Plan
Audited Statement of Fiduciary Net Assets*
As of June 30, 2005
(dollar amounts expressed in thousands)

Assets:

Investments, at fair value	\$ 333,516
Receivables and other assets	<u>520</u>
Total fiduciary assets	334,036
Total liabilities	<u>206</u>
Total fiduciary net assets, held in trust	\$ <u>333,830</u>

Direct Portfolio Plan
Audited Statement of Changes in Fiduciary Net Assets*
For the Year Ended June 30, 2005
(dollar amounts expressed in thousands)

Additions:

Net Investment income	\$ 19,151
Participant contributions	<u>89,625</u>
Total additions	<u>108,776</u>

Deductions:

Benefits paid to participants and withdrawals	9,109
Administrative fees and operating expenses	<u>1,560</u>
Total deductions	<u>10,669</u>

Net change in fiduciary net assets

before transfers	98,107
Intraprogram administrative fee transfer	237
Transfer from Scholars Choice Fund	235,486
Fiduciary net assets, beginning of year	<u>-</u>
Fiduciary net assets, end of year	<u>\$333,830</u>

Financial Results as of December 31, 2005

During the six months ended December 31, 2005, the Plan received approximately \$70.7 million in contributions and reflected an overall unaudited net increase in fiduciary net assets of approximately \$71.3 million.

Average Tuition vs. Actual Tuition

The chart below demonstrates Colorado Average Tuition for the 2005/2006 school year compared to a sample of colleges and universities¹ in Colorado. The chart below is for information only and not intended to reflect the value of any account.

Colorado Average Tuition	University of Colorado Boulder	Metropolitan State College of Denver	Front Range Community College
\$3,577	\$4,446	\$2,387	\$2,182

¹ Colleges listed have the largest student population of Colorado schools in the categories of: Public 4-Year University, Public 4-Year College, and Public Community College. Please note this is the cost of tuition only and not the total cost of attendance at each college.

Additional Savings With Upromise® Rewards

CollegeInvest makes saving for college even easier with the Upromise rewards service, a free service that helps you save by giving back a percentage of your qualified spending with hundreds of America's leading companies – such as Eddie Bauer, Bed Bath & Beyond, and many of your favorite local grocery and drug stores, including King Soopers, Safeway, and Albertsons. In fact, Upromise participating companies have contributed over \$750,000 to Direct Portfolio accounts – join the thousands of Direct Portfolio participants who are already taking advantage of this free service at www.collegeinvest.org/upromise. *

*Upromise is a free rewards service offered by Upromise, Inc. and is separate from CollegeInvest. Specific terms and conditions apply for each company's contribution. Participating companies, contribution levels, terms and conditions subject to change without notice. Upromise is an online service. Email access is required. Upromise and the Upromise logo are registered trademarks of Upromise Inc.



Investments in The Plan are not insured or guaranteed by the FDIC, the State of Colorado, CollegeInvest, Vanguard or Upromise. Account Owners assume all investment risks, including the potential for loss of principal, as well as responsibility for federal and state tax consequences.

*These financial statements are condensed and do not include any disclosures or certain additional statements required by Generally Accepted Accounting Principles. Complete audited financial statements of the Plan for the year ended June 30, 2005 are available upon request or can be found on the Fund web site, www.collegeinvest.org.