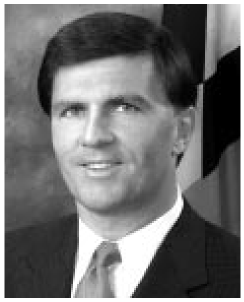
2006
ANNUAL REPORT

COLLEGE SAVINGS
PLANS OF MARYLAND

What's your plan?

Maryland Prepaid College Trust *Maryland College Investment Plan*



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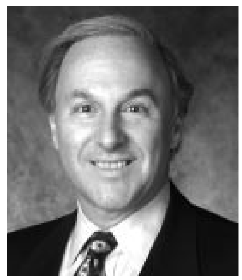

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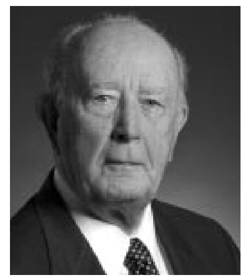

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of Schools

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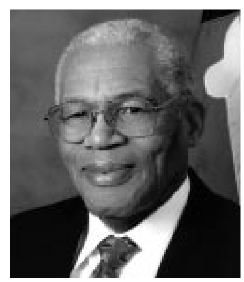
University System of Maryland



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* *Donald C. Linton - term ended: March 12, 2006.*

COLLEGE SAVINGS
PLANS OF MARYLAND

October 31, 2006

Dear Friends,

We are very pleased to report that this past year has been another year of continued strong growth in the College Savings Plans of Maryland. Total invested assets in the plans exceeded $1.4 billion on behalf of more than 93,000 beneficiaries as of June 30, 2006.

Several additional milestones have also been attained just beyond the conclusion of this fiscal year that help to make these plans even more attractive to Maryland families. The developments outlined below should encourage all Maryland families who have college dreams for their children to have a college savings strategy and to consider fully participating in the College Savings Plans of Maryland. Key developments over the past year include:

- On July 1, 2006, our new contract with T. Rowe Price became effective for an initial term of seven years. With this new contract, participants are now realizing fee reductions and portfolio enhancements to the Maryland College Investment Plan. Based on the projected cost of a $10,000 investment over 10 years, these fee reductions would result in an average savings of $200 - $300, helping investors to potentially accumulate more money for future college savings. With these fee reductions, the College Investment Plan is now positioned among the lowest cost, directly marketed, in-State 529 plans in the nation.
- The Maryland Prepaid College Trust eliminated its actuarial deficit from prior years and is now 103% funded as of June 30, 2006. Also, effective July 1, 2006, Federal financial aid treatment of prepaid tuition programs like the Prepaid College Trust is now the same as for 529 savings plans like the College Investment Plan.
- Congress has made permanent the Federal tax exemption for Section 529 plans as part of the Pension Protection Act (H.R.4) that was signed into law by the President on August 17, 2006. This means that for people who withdraw funds from the plans to pay for their children's college education after January 1, 2011, the distributions will be exempt from Federal taxes.

With these new improvements, the College Savings Plans of Maryland are a great way to financially prepare for future college costs. We stand with you in your efforts to save in an easy, convenient, and affordable way with these plans, while reducing or even eliminating the need to incur burdensome debt.

Sincerely,

The Board
College Savings Plans of Maryland

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COLLEGE SAVINGS PLANS OF MARYLAND - FEATURES AND BENEFITS

The **College Savings Plans of Maryland** offers dynamic features and benefits designed to help families get a jump start on saving for future higher education expenses. **The Maryland Prepaid College Trust** (sometimes referred to as Prepaid College Trust or Trust) allows participants to lock in future college tuition at today's prices and is backed by the security of a Maryland Legislative Guarantee. **The Maryland College Investment Plan** (sometimes referred to as College Investment Plan or Plan), managed and distributed by T. Rowe Price, offers the opportunity to choose from a variety of investment options ranging from conservative to aggressive with no sales commissions or loads. By choosing one or both plans, families are likely to find an option within the **College Savings Plans of Maryland** that suits their individual investing style, comfort level and budget.* Both plans can also be used towards eligible college expenses at nearly any college in the country.

The **Prepaid College Trust** and the **College Investment Plan** are Section 529 plans – named after the section of the Internal Revenue Code that permits states to establish and administer tax-deferred college savings plans. Both plans offer generous Federal and Maryland State tax benefits including:

- Tax-deferred growth at the Federal and Maryland State level;
- Tax-free earnings at the Federal and Maryland State level provided the funds are used for eligible college expenses; and
- Maryland State income deduction of contributions to either or both plans, up to $2,500 annually per account or beneficiary, depending on the plan. Excess contributions beyond $2,500 annually in either plan may be carried forward and deducted in future years.

Tax-deferred growth and Federally tax-free earnings are features of all 529 plans, but the ability to deduct contributions from Maryland State income applies exclusively to the **College Savings Plans of Maryland**.

Families have responded favorably to the plans. The **Prepaid College Trust** enrolled approximately 2,300 new participants in the past year to bring the total number of accounts to approximately 26,000. The **College Investment Plan** continues to exceed participation expectations. As of June 30, 2006, assets of approximately $1.02 billion were invested on behalf of approximately 69,000 beneficiaries. As of June 30, 2006, the two plans together had total invested assets of over $1.4 billion, a true testament to the commitment that participants are making to help pay for future higher education expenses.

Online enrollment continues to be very popular among new participants in both plans and is available by visiting **collegesavingsmd.org.** Account holders may also view their account information any time at the "Customer Corner" section of our web site. Thousands of participants have already logged on and are using this excellent resource. Please continue to visit our web site frequently as the site is updated on a regular basis.

**Enrolling in the College Savings Plans of Maryland is an important decision for you and your family. Please read our entire Enrollment Kit before deciding to enroll. Enrollment and account maintenance fees may apply.*

Market performance has a direct effect on the overall performance of investments in the College Savings Plans of Maryland. The following is designed to provide a summary of market performance for the 12 months ended June 30, 2006.*

STOCKS ENJOYED FURTHER GAINS

U.S. stocks remained on an upward trajectory during the 12 months ended June 30, 2006. In general, the stock market drew support from a healthy U.S. economy and surprisingly strong corporate earnings growth. With the exception of a slowdown in late 2005-resulting from the devastating Gulf Coast hurricanes-the economy continued to expand at a solid clip during the 12-month period. The favorable economic backdrop provided a lift to corporate earnings-the S&P 500 Index extended its streak of double-digit profit growth to 16 consecutive quarters.

Stocks rallied steadily and consistently through April 2006, but the market gave up some of its gains in May and June. Inflation concerns surfaced as government reports revealed a sharp rise in the inflation rate, and the Federal Reserve responded by indicating that further interest rate increases were likely. The combination of higher inflation and rising interest rates put downward pressure on stocks in the last two months of the period.

Despite setbacks in May and June, the major U.S. stock indexes produced solid returns overall, as shown in the chart on the following page. Small- and mid-cap stocks led the market's advance with double-digit gains, while large-company shares lagged. Value stocks generally outpaced growth issues, but by varying degrees-value won out by a substantial margin among large-cap stocks, but outperformance was fairly narrow in the mid- and small-cap segments of the market.

Stock markets outside the U.S. posted significantly higher returns over the past year. Improving global economic growth and a weaker U.S. dollar combined to lift overseas stocks. Emerging markets produced the best results, with many developing markets-especially in Latin America-surging by 40% or more as of June 30, 2006. Among developed countries, Japanese stocks rose sharply amid signs that the Japanese economy was emerging from a decade-long slumber.

BONDS LOST GROUND

The factors benefiting stocks worked against the U.S. bond market, which declined modestly for the 12-month period ending June 30, 3006. A strong economy and rising energy prices led the Federal Reserve to extend its program of short-term interest rate increases. The Federal Reserve raised interest rates eight times in 12 months, for a total of 17 rate hikes in the past two years. By the end of the period, the Federal funds rate was 5.25%, its highest level since March 2001.

In this environment, bond yields rose across the board, with short-term rate rising faster than long-term rates. By the end of the period, bond yields were roughly even across the maturity spectrum, as shown in the chart on the following page.

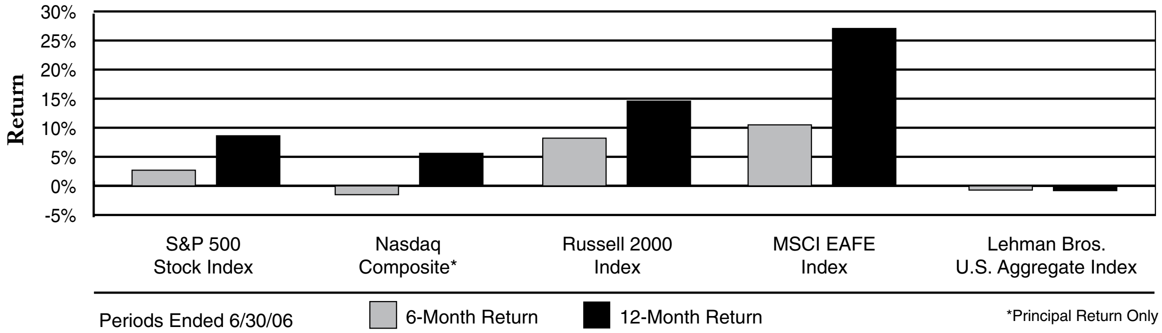
High-yield corporate bonds posted the best results, benefiting from the healthy corporate earnings and balance sheets. Mortgage-based securities also held up well amid investor demand for both higher yields and higher credit quality. Treasury and investment-grade corporate bonds, which are the most sensitive to interest rate fluctuations, posted the largest declines.

MARKET UNCERTAINTIES

Due to market uncertainties, the overall value of the investments in the Prepaid College Trust and the investments in the College Investment Plan are likely to be highly volatile and could be subject to wide fluctuations in response to factors such as regulatory or legislative changes, worldwide political uncertainties, and general economic conditions, including inflation and unemployment rates. All of these factors are beyond our control and may cause the overall value of the investments in the Prepaid College Trust and investments in the College Investment Plan to decrease regardless of our performance. Any decrease in value could result in an actual or actuarial (unrealized) loss.

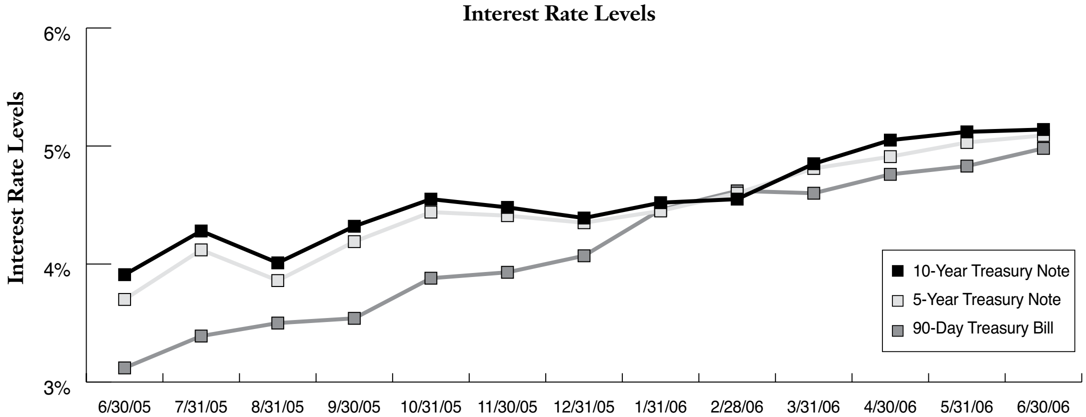
** This discussion is not a comprehensive discussion of all market performance. It is also not intended to be a comprehensive discussion of risks associated with the College Savings Plans of Maryland. For a more detailed discussion of these risks, see the College Savings Plans of Maryland 2006-2007 Enrollment Kit.*

Global Market Returns



Source: T. Rowe Price Investment Services

Interest Rate Levels



Source: T. Rowe Price Investment Services

COLLEGE COSTS REVIEW

Much has changed in the world of college savings plans over the past five years. The amount of money invested in 529 college savings plans (including prepaid tuition plans) has increased sixfold-from just over $15 billion to about $90 billion, according to the College Savings Plan Network. More than 8.5 million children are enrolled in the 529 college savings plans offered by all 50 States and the District of Columbia.

Unfortunately, one thing that has not changed in the past five years is the upward trend of college education costs, which have risen faster than the inflation rate in each of the last 25 years.

As the table on the following page shows, the national average cost of a four-year private college (tuition, fees, room, and board) for the 2005-2006 academic year increased by 5.7% from the previous year, while the average cost of a four-year public university went up by 6.6%. Although this marked the fourth straight year that public college costs rose at a faster rate than private schools, it was the lowest increase for four-year public universities since the 2000-2001 academic year, reflecting better fiscal conditions at the State level.

Over the past five years, the cost of an education at the average four-year public college in the U.S. rose by nearly 44%, its highest increase in 20 years. On an inflation-adjusted basis, the public college costs grew more rapidly than in any other five-year period since 1970-1975. At four-year private institutions nationwide, average costs saw their biggest five-year jump since 1995.

It is important to note that these figures do not factor in other expenses, such as books, supplies, and transportation. The College Board estimates that these items can add $3,000-$4,000 more to annual college costs.

Although higher education costs can be daunting, there are some mitigating factors that help reduce the financial burden. First of all, most college students pay less than the published average costs. For example, two-thirds of all full-time students at four-year colleges pay less than $9,000 a year in tuition and fees.

In addition, financial aid has grown by 65% in the past five years-a higher rate than college cost increases. Last year, students received nearly $130 billion in financial aid, an increase of 8% over the previous year. Although grants were historically the primary source of financial aid for undergraduates, they have declined as a percentage of the total aid every year since 2001. In contrast, the percentage of loans has increased as students and parental borrowing surged by 85% over the past five years.

On average, financial aid covered just under a third of college costs for the 2005-2006 academic year. How will you handle the remaining two-thirds? Funding a college savings plan is an excellent place to start. For a helpful tool to estimate how much you may need to save, use our College Cost Calculator at **collegesavingsmd.org**.

TUITION, FEES, ROOM AND BOARD CHARGES—NATIONAL AVERAGE

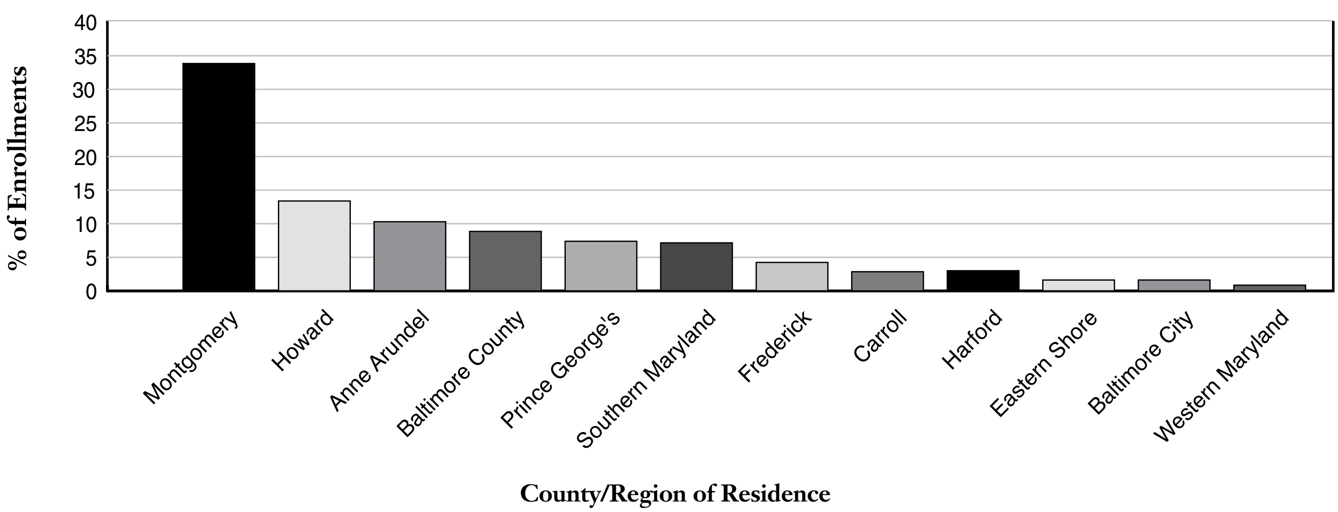
	Four Year Private College	Four Year Public College	Consumer Price Index
2005-2006 Academic Year	$29,000	$12,100	N/A
Change from the previous academic year	5.7%	6.6%	3.1%
Change from five years ago	30.5%	43.7%	11.9%

All statistical information provided in this section has been prepared by the College Board in its 2006 report.

MARYLAND PREPAID COLLEGE TRUST

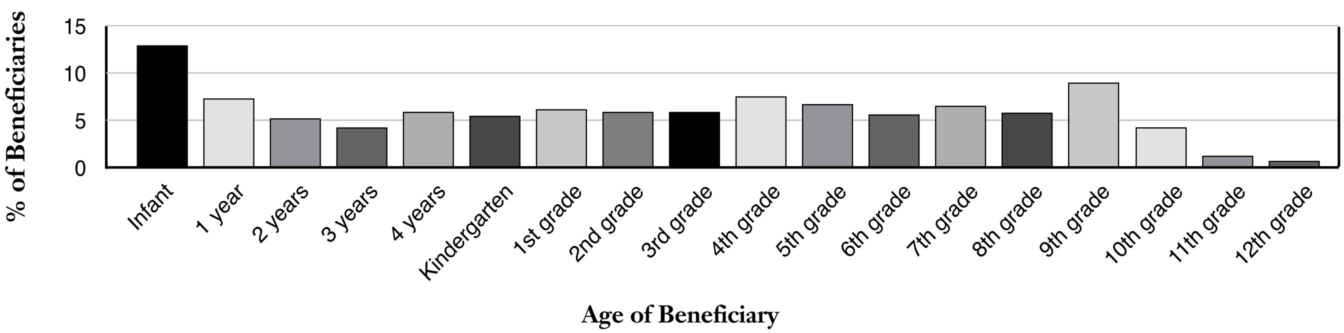
NEW ENROLLMENT BY COUNTY

Of the approximately 2,200 new enrollments that were received in the past year, Montgomery County residents produced the largest number of participants, accounting for nearly 35% of all new enrollments. Howard County was the second largest source of new enrollments (14%), followed by Anne Arundel (10%) and Baltimore (9%) counties, as illustrated in the following chart:



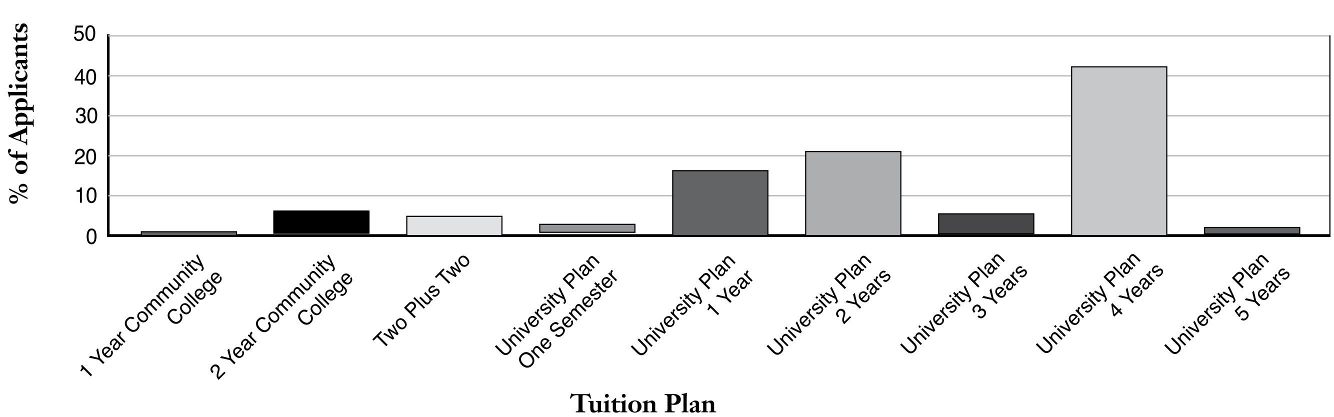
AGE OF BENEFICIARIES AT TIME OF ENROLLMENT

The infant category provided the largest single age group of new enrollments in 2005–2006. However, the majority of all new enrollments came from children that are in their elementary and early middle school years. The average age of all children enrolled this year in the Maryland Prepaid College Trust is about 7 years old. The 2005-2006 enrollment period was the second enrollment period opened to beneficiaries in each of the 10th, 11th, and 12th grades, which is reflected in the data below.



TUITION PLAN SELECTED

The 2005–2006 enrollment period marked the second time that the Trust offered a 1-semester University Plan option. However, the overwhelming majority of new enrollments were for the 4-year University Plan, as illustrated below:



MORE STUDENTS USE PREPAID COLLEGE TRUST TUITION BENEFITS AT COLLEGES NATIONWIDE

There are a total of 3,287 students eligible to use benefits for the Fall 2006 semester, as compared to approximately 2,400 students who were eligible for the prior academic year. Approximately 70% or 2,292 of eligible beneficiaries, as of October 12, 2006, have claimed their tuition benefits this fall. Approximately 49% of these students are attending Maryland public colleges, while 51% are attending a wide variety of private and out-of-state colleges across the country. The remaining 995 (or 30% of eligible beneficiaries) have yet to claim their Fall 2006 tuition benefits or have decided to defer using their tuition benefits until a future semester.

ACTUARIAL SOUNDNESS REPORT

The summary of the actuarial valuation issued by Richard M. Kaye & Associates in conjunction with PricewaterhouseCoopers LLP dated October 11, 2006 appears on page 7. The purpose of the actuarial valuation is to assess the future value of the Trust's assets and its liabilities, and is discounted to reflect their present value.

The most significant change from the Fiscal Year 2005 is the elimination of the Trust's actuarial deficit. At June 30, 2006, the Trust was 103% funded, with an actuarial surplus of $16.0 million. This is a substantial improvement over the last fiscal year, when the Trust was 95% funded and had an actuarial deficit of $26.5 million at June 30, 2005.

There are two key reasons for this significant improvement. In each case, the positive effect on the actuarial valuation resulted in a decrease in the actuarial deficit from what it would have been otherwise.

1. The weighted average tuition at Maryland's public colleges increased by 1.5% for the 2006-2007 academic year. This actual increase is less than our projection, which was that the weighted average tuition would increase by 7% for 2006-2007. Since the actual increase was lower than our projection, this had a positive effect on the actuarial valuation.

2. The Prepaid College Trust's investments produced an overall return of 8.0% during Fiscal Year 2006, as compared with our stated goal of 7.65%. The amount of return above our goal had a positive effect on the actuarial valuation.

The key measures of soundness for the most recent five fiscal years are included in the chart below.

	At 6/30/2006	At 6/30/2005	At 6/30/2004	At 6/30/2003	At 6/30/2002
Actuarial Surplus/(Deficit) ($mil)	$16.0	$(26.5)	$(75.1)	$(69.9)	$(31.4)
Funded Ratio	103%	95%	85%	82%	88%

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
One North Wacker
Chicago, IL 60606
Telephone (312) 298-2000
Facsimile (312) 298-6805

October 11, 2006

Ms. Nancy Kopp, Board Chair
c/o College Savings Plans of Maryland
217 East Redwood Street
Suite 1350
Baltimore, Maryland 21202

Dear Ms. Kopp:

Richard M. Kaye & Associates in conjunction with PricewaterhouseCoopers LLP has performed an actuarial valuation of the Maryland Prepaid College Trust as of June 30, 2006. The valuation compares the value of the assets of the prepaid program to the value of expected future tuition payments to beneficiaries. The following pages summarize the actuarial valuation of the trust fund as of June 30, 2006.

A comparison of the assets and liabilities of trust fund shows that as of June 30, 2006 there is a surplus of $15,184,294 as compared to a deficit of $26,618,194 as of June 30, 2005. The funded status of the program is presently approximately 103%, compared to approximately 95% one year ago.

The actuarial valuation was performed based upon generally accepted actuarial principles, and tests were performed as considered necessary to ensure the accuracy of the results. We certify that the amounts presented in the following pages have been appropriately determined according to the actuarial assumptions stated herein.

Respectfully submitted,

Richard M. Kaye

Richard M. Kaye, FSA, CPA
Richard M. Kaye & Associates

Michael Mielzynski

Michael Mielzynski, FCAS, MAAA
Actuarial Manager
PricewaterhouseCoopers LLP

Abrams, Foster, Nole & Williams, P.A.
Certified Public Accountants

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Member: American Institute of Certified Public Accountants
and Maryland Association of Certified Public Accountants

Independent Public Accountant's Report

To the College Savings Plans of
Maryland Board

We have audited the accompanying financial statement of net assets of the Maryland College Prepaid Trust (the Trust), as of June 30, 2006, and the related statement of revenue, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Maryland College Prepaid Trust as of June 30, 2006, and the changes in the Trust's financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 9 through 13 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We have not audited the other data included in the Annual Report and accordingly, we express no opinion thereon.

Abrams, Foster, Nole & Williams, P.A

Abrams, Foster, Nole & Williams, P.A.
Certified Public Accountants
Baltimore, Maryland
October 17, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the **Prepaid College Trust's** financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2006. This discussion is designed to provide a general overview of the Trust's operations and the College Savings Plans of Maryland management's analysis of its financial statements. The discussion should be read in conjunction with the Trust's financial statements and notes, which begin on page 14. Inquiries may be directed to the Trust at **collegesavingsmd.org** or by delivering your request to 217 E. Redwood Street, Suite 1350, Baltimore, MD 21202. The financial statements of the Trust for the fiscal year ended June 30, 2006 have been audited by Abrams, Foster, Nole & Williams, P.A. who are also the auditors for the State of Maryland.

Prepaid College Trust Financial Statements

We have prepared the Trust's financial statements in accordance with the standards issued by the Governmental Accounting Standards Board (GASB). Financial statements provide information about the operation of the Trust as a whole and present a long-term view of the Trust's finances.

Financial Highlights

- Total assets of the Prepaid College Trust continued to increase as a result of receiving payments in fiscal year 2006 from the approximately 2,500 new enrollments received during the fiscal year 2005 enrollment period. This is because the lump sum and down payments for these accounts were due on August 1, 2005. In addition, many of the approximately 2,100 new participants in the Trust elected to make payments in advance of their due dates. The decrease in contract receipts, when compared to the prior year, is due to a lower number of new enrollments in fiscal year 2005 offset by an increase in contract prices.

Contract Receipts from Participants *(in thousands)*

Fiscal Year Ended June 30, 2006	Fiscal Year Ended June 30, 2005
$70,290	$78,541

- Each account holder enters into a contract with the Prepaid College Trust for the prepayment of tuition. Each contract is for a specified number of semesters or years of community college or university tuition benefits, which become available based on the enrollment semester or years purchased and after the contract has matured for at least three years. The Trust receives the entire enrollment fee for enrollments in the Trust and $45 of each $75 enrollment fee received from the College Investment Plan account holders. In addition, and also on behalf of the College Savings Plans of Maryland, the Trust receives 3 basis points from the College Investment Plan on assets up to $1 billion and 5 basis points on assets between $1-1.5 billion. One hundred basis points equals one percent. The Trust uses these fees to pay the administrative expenses of the College Savings Plans of Maryland. Enrollment and other fees, as well as administrative expenses of the College Savings Plans of Maryland are accounted for in the financial statements of the Trust.

Additionally, revenues from enrollment fees have decreased due to a lower level of new enrollments and a continued trend of increases in the number of participants paying a reduced enrollment fee for additional semesters or years, and an overall lower number of new accounts opened in the Prepaid College Trust and the College Investment Plan. Although enrollment fees have decreased in the College Investment Plan, the overall fees from the Plan increased due to the continued growth of Plan assets.

Enrollment and Administrative Fees *(in thousands)*

	Fiscal Year Ended June 30, 2006	Fiscal Year Ended June 30, 2005
Prepaid College Trust	$ 152	$ 173
College Investment Plan	777	535
Total	$ 929	$ 708

- During fiscal year 2006, the Trust continued to invest the contract payments received into its diversified investment portfolio.

Investments *(in thousands)*

	As of June 30, 2006	As of June 30, 2005
Large Cap Value	$ 65,988	$ 51,282
S&P 500 Index	44,268	40,757
Large Cap Growth	42,869	37,922
Small/Mid Cap Core	44,153	43,821
Small Cap Value	45,984	33,903
Intermediate Term Bond	122,875	91,638
Short Term Bond	21,843	16,109
International	35,619	26,284
Emerging markets	8, 933	4,596
Total investments	$ 432,532	$ 346,312

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the Trust as of June 30, 2006. Net assets are defined as total assets less total liabilities. The Statement of Net Assests, along with all of the Trust's financial statements, is prepared using the accrual basis of accounting. Under this method of accounting, revenues and assets are recognized when the enrollment materials are received in good order, benefit distributions and refunds are recognized when paid, and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The following chart presents the condensed Statements of Net Assets as of June 30, 2006 and June 30, 2005:

(in millions)	As of June 30, 2006	As of June 30, 2005
Assets		
Current	$ 496.4	$ 403.1
Non-current	123.6	128.6
Total	620.0	531.7
Liabilities		
Current	34.6	16.2
Non-current	569.4	541.9
Total	604.0	558.1
Net Assets		
Unrestricted	15.9	(26.5)
Invested in capital assets	.1	.1
Total	$ 16.0	$ (26.4)

The Trust classifies assets and liabilities as current and non-current. Current assets consist primarily of investments, tuition contracts receivable as well as cash and cash equivalents. Of these amounts, investments comprise approximately 87.2% of current assets. Tuition contracts receivable represent 99.9% of the non-current assets.

Current liabilities consist of accounts payable and accrued expenses. The current portion of the Trust's accrued tuition benefits is also included in this category. Non-current liabilities consist of accrued tuition benefits.

For the fiscal year ended June 30, 2006, the net assets of the Trust increased by $42.4 million. This was due primarily to two factors. The first and most significant was the positive effect of lower than projected increases in tuition and mandatory fees for the current year at the University System of Maryland. The actual rate of increase in tuition and mandatory fees was .1% and 6.9%, respectively. The Trust had projected a tuition increase of 7% and a mandatory fee increase of 10% for the 2006-2007 academic year. Since these lower increases in tuition and mandatory fees were not included in the calculation for contract pricing for the 2005-2006 enrollment period and the previous soundness evaluation, net assets were positively impacted. Secondly, the Trust's rate of return exceeded its projected return on investments of 7.65%.

Statement of Revenues, Expenses and Changes in Net Assets

Changes in net assets are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Assets. The purpose of this statement is to present both operating and non-operating revenues received by the Trust and the expenses, gains and losses incurred by the Trust.

Operating revenues consist of tuition contract revenue and administrative fees, both of which are generated by new enrollments in the Trust. Operating expenses are those expenses paid to acquire goods or services and tuition benefits. Non-operating revenues are primarily revenues received from investments.

The chart below presents the condensed Statements of Revenues, Expenses and Changes in Net Assets for the fiscal years ended June 30, 2006 and June 30, 2005:

(in millions)	Fiscal Year Ended June 30, 2006	Fiscal Year Ended June 30, 2005
Operating revenues		
Tuition contracts	$ 59.8	$ 85.7
Administrative fees	2.4	2.6
Total	62.2	88.3
Operating expenses		
Tuition benefits	48.8	62.4
Administrative expenses	1.8	1.7
Total	50.6	64.1
Operating income	11.6	24.2
Non-operating revenues		
Change in unrealized investment gain	13.3	12.1
Change in realized gain	5.8	3.3
Investment income	11.7	9.0
Total	30.8	24.4
Change in net assets	$ 42.4	$ 48.6

For the fiscal year ended June 30, 2006, the Trust reported an operating income of $11.6 million. The decrease of $12.6 million from the fiscal year ended June 30, 2005 was the result of tuition benefit revenue exceeding tuition contract expense by $11.1 million and net administrative and operating income of $ 0.5 million. Non-operating revenue includes $13.3 million unrealized investment gain, $5.8 million realized investment gain and $11.7 million of other income. Combined, Operating income and Non-operating revenue resulted in an increase in net assets of $ 42.4 million.

Statement of Cash Flows

The Statement of Cash Flows presents cash flows by the following categories: operating, investing, capital and related financing, and non-capital and related financing activities. The net cash provided by or used by the Trust by category is also presented.

The condensed Statements of Cash Flows for the fiscal years ended June 30, 2006 and June 30, 2005 is presented below:

(in millions)	Fiscal Year Ended June 30, 2006	Fiscal Year Ended June 30, 2005
Cash provided (used) by:		
Operating activities	$ 56.5	$ 69.6
Investing activities	(55.4)	(67.6)
Capital and related financing activities	(0.2)	(0.1)
Net change in cash	.9	1.9
Cash and cash equivalents, beginning of year	3.5	1.6
Cash and cash equivalents, end of year	$ 4.4	$ 3.5

Increases in cash were due primarily to contract payments made by account holders. These increases were primarily used to purchase investments and make tuition payments.

BUDGETARY CONTROL AND FINANCIAL OVERSIGHT

The Prepaid College Trust is administered by the College Savings Plans of Maryland, an independent State agency that does not receive an appropriation from the State of Maryland. The Board, however, in accordance with the enabling legislation for the Prepaid College Trust, prepares and submits an annual budget to the Maryland General Assembly for informational purposes. Also, in accordance with its fiduciary obligations, each quarter, the Board reviews a comparison of actual and budgeted expenses in connection with its administration of the Trust.

ECONOMIC FACTORS

Long-term variances in projections, particularly for tuition and investment returns, can affect the Trust's financial position. The Board and its actuarial consultants and investment advisors review the assumptions at least annually.

This review includes prior year trends in tuition increases and investment performance. Specifically, the Board reviewed the weighted average tuition for Maryland resident students at 4-year Maryland public universities, which increased 1.5% from the 2005-2006 academic year and increased 3.5% for the 2004-2005 academic year. The Board also reviewed the rate of return on the Prepaid College Trust's investments, which was 8.0% for fiscal year 2006 and 8.4% for fiscal year 2005.

As part of the Board's review of these trends, it consults with its investment advisor and actuaries and thoroughly reviews various potential scenarios when developing future projections that it believes to be reasonable. This year's projections were used in developing the Actuarial Soundness Report as of June 30, 2006.

While both the Actuarial Soundness Report and the contract prices are based on many projections, two key projections are those for future tuition increases and investment returns. Key projections selected by the Board for tuition included average annual tuition increases of 7% for the 2007 academic year and 6% for years thereafter, with mandatory fees increasing at an annual rate of 10%. The Board selected a projected 7.65% annual rate of return for the Actuarial Soundness Report and used a slightly more conservative 7.5% rate of return to calculate prices. The Board believes that these key projections, while subject to sudden and unexpected changes in the future, are reasonable.

CAPITAL ASSET AND DEBT ADMINISTRATION

The Trust had no significant capital asset additions or disposals during the fiscal year ended June 30, 2006. The Trust continued to repay its outstanding loan balance to the State. During the fiscal year ended June 30, 2006, the Trust made a payment on the loan in the amount of $160,000, which completely satisfied the outstanding loans.

Statement of Net Assets
As of June 30, 2006

(amounts in thousands)

	Tuition and Investments	Administration/ Operating	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 3,535	$ 833	$ 4,368
Investments, at fair value	432,532	0	432,532
Tuition contracts receivable	59,212	0	59,212
Accounts receivable	0	248	248
Total current assets	495,279	1,081	496,360
Non-current assets:			
Capital assets, net	0	90	90
Tuition contracts receivable, net of current portion	123,573	0	123,573
Total non-current assets	123,573	90	123,663
Total assets	618,852	1,171	620,023
LIABILITIES			
Current liabilities:			
Accrued tuition benefits	22,670	0	22,670
Advance tuition contract payments	11,657	0	11,657
Accounts payable and accrued expenses	0	203	203
Other liabilities	0	50	50
Total current liabilities	34,327	253	34,580
Non-current liabilities:			
Accrued tuition benefits, net of current portion	569,441	0	569,441
Total non-current liabilities	569,441	0	569,441
Total liabilities	603,768	253	604,021
NET ASSETS			
Invested in capital assets	0	90	90
Unrestricted:			
Tuition and investments	14,329	1,601	15,930
Total unrestricted	14,329	1,601	15,930
Restricted:			
Administration	755	(773)	(18)
Total restricted	755	(773)	(18)
Total net assets	$ 15,084	$ 918	$ 16,002

See accompanying notes to financial statements

Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2006

(amounts in thousands)

	Tuition and Investments	Administration/ Operating	Total
OPERATING REVENUES			
Tuition contracts	$ 59,791	$ 0	$ 59,791
Management fee	0	1,440	1,440
Maryland College Investment Plan fees	0	777	777
Enrollment and other fees	0	152	152
Total operating revenues	59,791	2,369	62,160
OPERATING EXPENSES			
Tuition benefits	48,746	0	48,746
Salaries, wages and benefits	0	765	765
Technical and special fees	0	55	55
Communication	0	122	122
Travel	0	11	11
Marketing	0	323	323
Contractual services	0	250	250
Supplies	0	26	26
Equipment	0	36	36
Fixed charges	0	126	126
Depreciation	0	89	89
Other expenses	0	24	24
Total operating expenses	48,746	1,827	50,573
Operating income	11,045	542	11,587
NON-OPERATING REVENUES			
Unrealized gain on investments	13,327	0	13,327
Realized gain	5,802	0	5,802
Investment income	11,664	8	11,672
Total non-operating revenues	30,793	8	30,801
Change in net assets	41,838	550	42,388
Total net assets, beginning of year	(26,754)	368	(26,386)
Total net assets, end of year	$ 15,084	$ 918	$ 16,002

See accompanying notes to financial statements

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2006

(amounts in thousands)

Cash Flows from Operating Activities:	
Receipts from:	
Participants	$ 70,290
Maryland College Investment Plan fees	702
Payments to:	
Employees	(755)
Marketing	(291)
Contract vendors	(124)
Communication	(106)
Universities and participants	(12,868)
Other operating expenses	(383)
Net cash from operating activities	56,465
Cash Flows from Investing Activities:	
Investment income	17,474
Purchase of investments	(72,893)
Net cash from investing activities	(55,419)
Cash Flows from Capital and Related Financing Activities:	
Repayment of Maryland Higher Education Commission loan	(160)
Purchase of capital assets	(17)
Net cash from capital financing activities	(177)
Net Increase in cash and cash equivalents	869
Cash and cash equivalents, beginning of year	3,499
Cash and cash equivalents, end of year	$ 4,368
Reconciliation of operating income to net cash from operating activities:	
Operating income	$ 11,587
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	89
Change in non-cash operating assets and liabilities:	
Increase in accounts payable	38
Increase in other liabilities	5
Increase in account receivable	(41)
Increase in tuition contracts receivable	(1,215)
Increase in accrued tuition benefits payable	46,002
Net cash from operating activities	$ 56,465
Non-cash Transactions:	
Unrealized gain on investments	$ 13,327

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2006

1. ORGANIZATION AND PURPOSE

The purpose of the Maryland Prepaid College Trust (the Trust) is to provide a means for payment of the cost of tuition and mandatory fees in advance of enrollment at eligible institutions of higher education. It provides for the payment of tuition and mandatory fees based in part on current costs of Maryland public colleges and universities. A purchaser enters into a contract for the future payment of tuition and mandatory fees for a designated beneficiary. When the beneficiary enrolls in college, the Trust will pay the contract benefits. Following graduation from high school, the beneficiary has ten years plus the number of years purchased to use the contract benefits. This time period may be extended by any time served in active military duty. The contract benefits are based on State of Maryland resident rates for Maryland public colleges and universities, but can be used towards these costs at any accredited, non-profit, degree granting, private or out-of-state college or university.

The Maryland General Assembly created the Trust during the 1997 legislative session. The Trust is a program of the College Savings Plans of Maryland, a component unit and independent agency of the State of Maryland, authorized by the Maryland Annotated Code (Code), Education Article, Section 18, Subtitle 19 (Enabling Legislation). The College Savings Plans of Maryland Board (Board) directs the Trust. The Board consists of ten members; five of which are ex-officio members. The ex-officio members are the Comptroller of the State of Maryland, the Treasurer of the State of Maryland, the Secretary of the Maryland Higher Education Commission, the Maryland State Superintendent of Schools and the Chancellor of the University System of Maryland. The five remaining members are public members appointed by the Governor of the State of Maryland.

By law, the Trust's funds are not considered moneys of the State and may not be deposited into the Maryland State Treasury. Funds remaining in the Trust at the end of any fiscal year remain in the Trust rather than reverting to the State General Fund. In addition, all administrative costs for the College Savings Plans of Maryland (including the Maryland College Investment Plan) are accounted for in the financial statements of the Trust.

Legislation passed in 2000 established an additional financial guarantee that requires the Governor to include in his budget the amount of any shortfall of Trust assets to pay current contract liabilities. As with all aspects of the Governor's budget, the Maryland General Assembly has final approval of any amount included. Based on information contained within the Actuarial Soundness Report dated October 11, 2006 and issued by Richard M. Kaye & Associates, in conjunction with PricewaterhouseCoopers LLP, as of June 30, 2006, the Governor would not be required to include an amount in his future budgets. If a future appropriation would be required and the Maryland General Assembly does not fully fund the budget request, the Board may adjust the terms of subsequent or current contracts to ensure continued actuarial soundness of the Trust. As of June 30, 2006, the Trust assets exceeded its discounted estimated liability for future tuition and mandatory fee payments.

Legislation passed in 1998 and 1999 established tax incentives for Maryland residents participating in the Trust. All contributions made by an account holder to the Trust may be deducted from Maryland State income in an amount up to $2,500 for each contract annually. Beginning January 1, 2002 earnings on contributions are tax free for Federal and State purposes when used toward eligible qualified higher education expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus and Basis of Accounting

The activities operated by the Trust are accounted for as an enterprise fund. An enterprise fund focuses on the flow of economic resources, which, together with the maintenance of equity, is an important financial indicator. Therefore, the accompanying financial statements have been prepared on the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of cash flows.

As permitted by Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Trust has elected not to adopt Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, unless GASB specifically adopts such FASB statements or interpretations.

Effective July 1, 2004, the Trust adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, an amendment of GASB Statement No. 3 *Deposits with Financial Institutions*, *Investments (including Repurchase Agreements)*, *and Reverse Repurchase Agreements*". GASB 40 requires disclosure of information regarding investments; interest risk, concentration of credit risk and custodial credit risk. This new statement has no impact on the Trust's financial position or results of operations.

The Trust's tuition and investment net assets are classified as unrestricted assets. It distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Trust's principal ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the Trust are tuition contract payments and enrollment fees.

Revenue Recognition

The Trust records revenue for tuition contracts in the year the Trust enters into contracts with the account holder. Tuition contracts receivable is recorded at the present value of future expected contract payments. The Trust uses a 7.5% discount rate, which is based on the anticipated rate of return on investments over the life of the prepaid contract. The Trust recognizes revenue for enrollment fees when an enrollment fee is received and accepted by the Board.

Investments

Investments are stated at fair value as provided in GASB Statement No. 31. Unrealized appreciation and depreciation on investments due to changes in fair value is recognized in the Trust's operations each year. Investments are valued on a daily basis.

Tuition Contracts Receivable

Tuition contracts receivable as of the fiscal year end, reported on the Statement of Net Assets, represents management's best estimate of the present value of future contract payments. This is calculated by using a 7.5% discount rate.

Capital Assets

Capital assets are stated at cost less accumulated depreciation. Capital assets are depreciated on a straight-line basis over the following useful lives:

Computers	3 years
Furniture	10 years
Equipment	5 years
Software	3 years
Perpetual Software License	7 years

The capitalization threshold for all capital assets is $500.

Compensated Absences

The Trust accrues for obligations that may arise in connection with compensated absences for annual leave at the current rate of employee pay. Employees fully vested in all earned but unused annual leave, up to a maximum of 400 hours, are eligible to receive compensation, at the current rate of employee pay, on termination of State employment.

Risk Management

The Trust is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to and illness of employees; and natural disasters. The Trust participates in the State's various self-insurance programs. The State is self-insured for general liability, property and casualty, workers compensation, environmental and anti-trust liabilities and certain employee health benefits.

The State allocates the cost of providing claims servicing and claims payment by charging a "premium" to the Trust based on a percentage of the Trust's estimated current-year payroll or based on the average loss experienced by the Trust. This charge considers recent trends in actual claims experience of the State as a whole and makes provisions for catastrophic losses.

The Trust is also exposed to various risks of loss related to securities fraud. The College Savings Plans of Maryland and its Board, individually and collectively, are insured under a Directors and Officers liability insurance policy. The amount of the coverage is $3,000,000 per annum.

There have been no significant reductions in insurance coverage from the prior year. There have never been any insurance claims against the Trust; therefore, the amount of settlements have not exceeded insurance coverage in the past three fiscal years.

3. DEPOSITS AND INVESTMENTS

Custodial Risk

Cash and cash equivalents consist of amounts maintained in a bank account controlled by the Trust, pooled cash maintained by the Maryland State Treasurer and overnight investments with original maturities of 90 days or less. Cash deposits of the Trust are made in accordance with the Code, which requires depositories to give security in the form of collateral as provided in the Code, for the safekeeping, when required, of these deposits.

As of June 30, 2006, the carrying amount of the Trust's cash and cash equivalents was $4,367,988. The bank balance totaled $4,185,353 and pooled cash maintained by the State Treasurer totaled $57,113. Of the bank balances, $317,689 represents deposits covered by Federal depository insurance and $3,867,664 represents repurchase agreements categorized as uninsured and unregistered (with securities held by the pledging financial institution's agent but not in the Trust's name).

4. INVESTMENTS

Interest Rate Risk

The Maryland Prepaid College Trust Statement of Investment Policy (Investment Policy), adopted by the Board as required by the Enabling Legislation, allows the Trust to purchase investments including domestic and international equities, investment grade and high yield bonds, and other governmental agency instruments, as well as money market deposits based on the Investment Policy's specified portfolio allocation.

The Investment Policy specifies the portfolio allocation, which considers the investment safety and liquidity characteristics while aiming for the specified yield targets of the Trust. It is management's practice to have no investments with longer maturities than what is expected to fund tuition obligations.

As of June 30, 2006, the Trust had the following investments and maturities (amounts in thousands):

		Investment Maturities (in Years)				
Investment Type	**Fair Value**	**Less than 1**	**1-5**	**6-10**	**11-15**	**More than 15**
Money market	$ 13,248	$ 13,248	$ 0	$ 0	$ 0	$ 0
U.S. Treasury notes	20,111	1,302	8,528	6,675	0	3,606
U.S. Govt. agencies	26,223	0	2,229	122	2,273	21,599
Corporate bonds	88,049	1,232	15,968	9,357	3,034	58,458
Municipal bonds	6,864	568	2,221	1,780	812	1,483
Preferred stocks	60	60	0	0	0	0
Common stocks	118,467	118,467	0	0	0	0
REITs	4,702	4,702	0	0	0	0
Large cap mutual fund	65,988	65,988	0	0	0	0
S&P 500 Index mutual fund	44,268	44,268	0	0	0	0
International mutual fund	35,619	35,619	0	0	0	0
Emerging markets mutual fund	8,933	8,933	0	0	0	0

Credit Risk

The Investment Policy details the minimum quality standards for its bond portfolios. The average rating in each portfolio must be “A” or better by either S&P or Moody’s. The Trust’s mutual fund investments, excluding repurchase agreements that are treated as cash equivalents, are not subject to classification by credit risk because the Trust owns units rather than specific securities. All such investments are in mutual fund shares stated at fair value based upon quoted market prices.

At June 30, 2006, the Trust had the following investments and quality ratings (amounts in thousands):

Investment Type	**Fair Value**	**Rating**	**Rating Organization**
U.S. Government agencies	$ 46,335	-	-
Bonds	30,655	AAA	Moody’s
Bonds	3,418	AA	Moody’s
Bonds	12,655	A	Moody’s
Bonds	19,554	Less than A	Moody’s
Bonds	28,630	Not rated by Moody’s	

Concentration of Credit Risk

The Trust’s policy for reducing the risk of loss is detailed in the Investment Policy. The Investment Policy limits a single investment to 5% of a bond portfolio’s market value, except U.S. Treasury notes and bonds. It also limits a single investment to 10% of an equity portfolio’s market value. Furthermore, the Investment Policy defines the maximum allowed in a single sector.

Custodial Risk

The Trust’s securities are issued in the Trust's name and are maintained in separate accounts held by M&T bank, the Trust's custodian.

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2006 was as follows (amounts in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets being depreciated:				
Computers	$ 81	$ 4	$ 0	$ 85
Furniture	12	10	(5)	17
Equipment	9	3	0	12
Software	57	0	0	57
Perpetual Software License	495	0	0	495
Total capital assets at historical cost	654	17	(5)	666
Less accumulated depreciation for:				
Computers	67	13	0	80
Furniture	7	3	(5)	5
Equipment	9	1	0	10
Software	55	2	0	57
Perpetual Software License	354	70	0	424
Total accumulated depreciation	492	89	(5)	576
Capital assets, net	$ 162	$ (72)	$ 0	$ 90

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of June 30, 2006, accounts payable and accrued expenses consisted of the following (amounts in thousands):

Due to vendors	$ 181
Salaries and employee benefits	22
Total	$ 203

7. OTHER LIABILITIES

As of June 30, 2006, other liabilities consisted of the following (amounts in thousands):

Compensated Absences	$ 46
Workers' Compensation	4
Total	$ 50

8. PENSION AND POSTRETIREMENT BENEFITS

Eligible employees of the Trust, as employees of the State, are covered under the retirement plans of the State Retirement and Pension System of Maryland (System) and are also entitled to certain healthcare benefits upon retirement. The system is a cost sharing multiple-employer defined benefit pension plan administered by the System Board of Trustees in accordance with Article 73 B of the Code. Eligible employees are required to contribute to the System a fixed percentage of their regular salaries and wages that exceed the Social Security wage base. The Trust is required to make contributions to the System based on actuarial valuations. The contribution requirements of eligible employees and the Trust are established and may be amended by the System's Board of Trustees. The Trust's only liability for retirement and post employment benefits is its required annual contribution, which it has fully funded during the years ended June 30, 2006, 2005 and 2004. These contributions amounted to $32,532, $24,914, and $21,236 for the fiscal years ended June 30, 2006, 2005 and 2004, respectively. The System prepares a separate audited Comprehensive Annual Financial Report, which can be obtained from the State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, Maryland 21202.

9. TAX EXEMPT STATUS

The Trust is exempt from Federal taxation in accordance with Section 529 of the Internal Revenue Code. Additionally, the Trust is exempt from State and local taxation in accordance with the Enabling Legislation.

10. ACCRUED TUITION BENEFITS

The Trust's consulting actuary independently determines the Trust's actuarial present value of future contract tuition benefit payments. The actuarial calculation is based on the present value of estimated future tuition benefit payments to be made from the Trust, which includes assumptions for future tuition and mandatory fee increases and contract terminations that are determined by the Board and its actuaries. A 7.5% discount rate is used in determining the value of the future contract tuition benefits.

The significant assumptions used for this calculation are discussed below:

Tuition and Mandatory Fee Increases: The Weighted Average Tuition (WAT) is the in-state or in-county tuition and mandatory fees at each Maryland public college times the number of full-time equivalent in-state or in-county students enrolled at that college, added together. This total is then divided by the number of full-time equivalent in-state or in-county students enrolled at all Maryland public colleges. The tuition component of WAT for Maryland public universities and community colleges is projected to increase 7% for 2007 and 6% per annum thereafter, and the mandatory fee component is projected to increase 10% per annum.

Investment Return: The actuarial valuation of the Trust was determined using an assumed 7.65% rate of return on investments. It is further assumed that the Trust is exempt from Federal income tax.

Enrollment of Trust Beneficiaries: It is assumed that beneficiaries will attend college full-time, commencing with their expected matriculation date. Contract beneficiaries are assumed to attend the various colleges and universities in the same proportion as the headcount information that was used to determine the 2006-2007 WAT with a 6% bias load added.

Bias Load: The term *bias load* is a reference to the expectation that more beneficiaries of the Trust will attend a Maryland public college with tuition and mandatory fees that are higher than the WAT. The 6% bias load actually used relates to the estimated percentage increase in expenditures by the Trust over and above the WAT as a result of the attendance by beneficiaries at these colleges.

Death and Disabilities: Mortality rates for beneficiaries are assumed to follow the 1990 U.S. Life Tables.

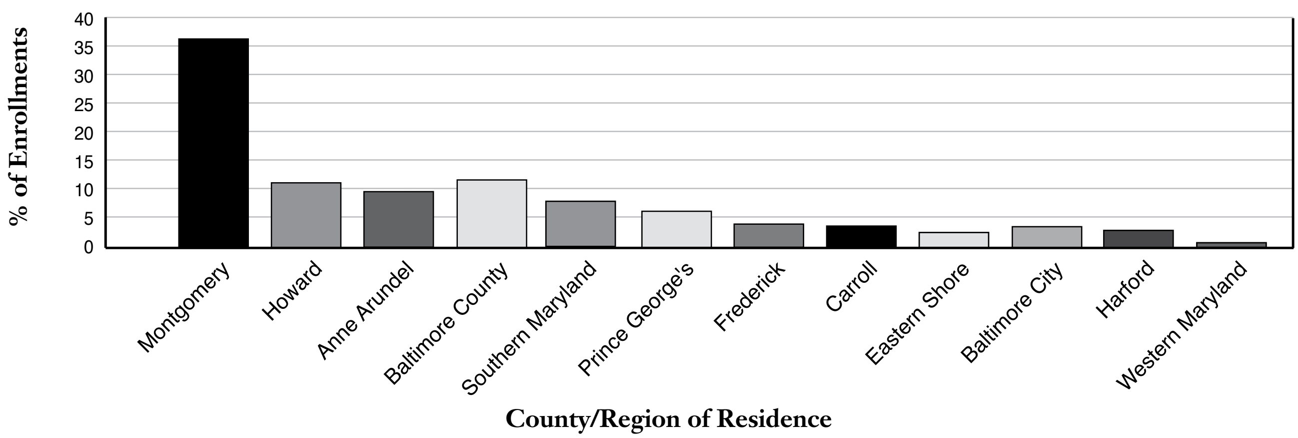
Changes in accrued tuition benefits payable for the fiscal year ended June 30, 2006 are as follows (amounts in thousands):

July 1, 2005	Increases	Decreases	June 30, 2006	Amount due within one year
$ 557,766	$ 48,746	$ 14,401	$ 592,111	$ 22,670

PROFILE OF NEW COLLEGE INVESTMENT PLAN ENROLLMENTS

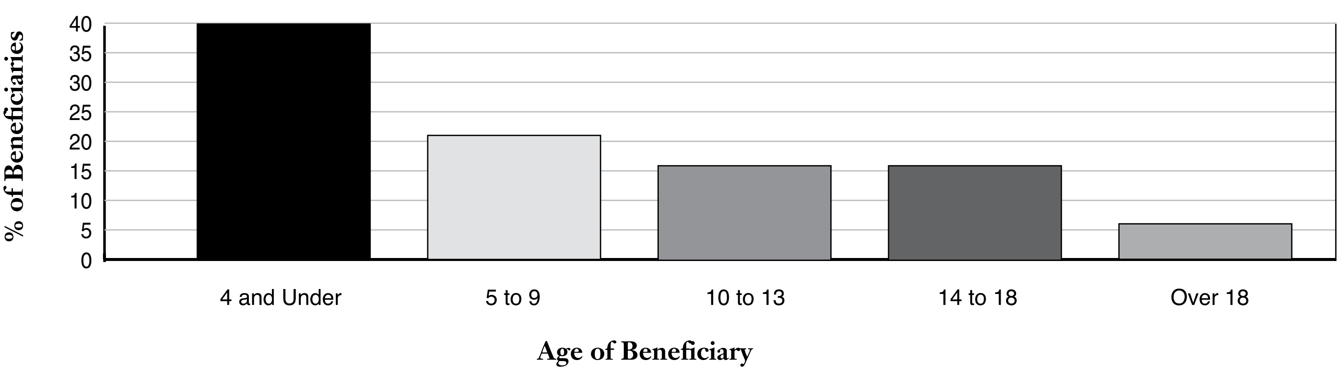
Enrollment by County

Of the 15,190 new accounts in the College Investment Plan as of June 30, 2006, enrollments have been concentrated in Montgomery (37%), Baltimore (12%) and Howard (11%) counties. However, there have been gains in Plan participation in other parts of the State, most notably in Southern Maryland. The following chart shows a breakdown of the counties and regions of residence for the College Investment Plan participants.



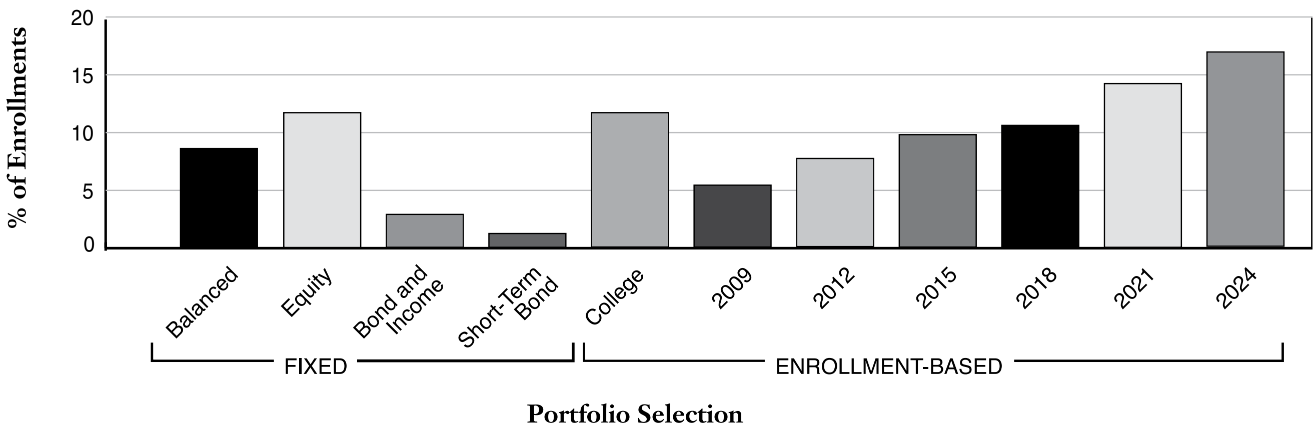
Age of Beneficiaries at Time of Enrollment

The College Investment Plan has experienced a broad distribution of accounts for beneficiaries among a wide range of age groups. The trend indicates that Maryland families are starting to save for beneficiaries at an earlier age. Over 60% of beneficiaries are under 9 years of age, with nearly two-thirds of those age 4 or under at the time of enrollment. The College Investment Plan allows beneficiaries of any age, with more than 6% of new beneficiaries over 18 years of age, as shown in the chart below.



Investment Portfolio Selected

Account holder trends in investment selection show that the Enrollment-Based Portfolios, with investment mixes that automatically adjust to be more conservative over time, continue to be a popular choice in the College Investment Plan. With a participation rate of nearly 17% of total accounts, Portfolio 2024 was the most popular selection in Enrollment-Based Portfolios. Within the Fixed Portfolio classification, the Equity Portfolio is the most popular investment choice, with an approximate 12% participation rate.



SYSTEMATIC INVESTING

Nearly 40% of accounts in the College Investment Plan are funded by the automatic monthly contribution feature. Automatic monthly contributions are made by automatically debiting a checking or savings account or making an after-tax payroll deduction.

STUDENTS USING ACCOUNTS TOWARD COLLEGE EXPENSES

Since the launch of the College Investment Plan in December 2001, most account holders have been focused on creating and contributing to accounts. However, distributions began to occur since shortly after the launch of the Plan. Since July 1, 2005, distributions have been taken for 2,777 unique beneficiaries totaling approximately $39.6 million. There is no minimum amount of time that funds need to be invested in the College Investment Plan before they can be used for eligible higher education expenses.

Abrams, Foster, Nole & Williams, P.A.
Certified Public Accountants

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Baltimore, MD 21210-1886
(410) 433-6830 / Fax (410) 433-6871

Member: American Institute of Certified Public Accountants
and Maryland Association of Certified Public Accountants

Independent Public Accountant's Report

To the College Savings Plans of
Maryland Board

We have audited the accompanying financial statements of fiduciary net assets of the Maryland College Investment Plan (the Plan), as of June 30, 2006, and the individual portfolio statements of net assets (the Portfolios), as of June 30, 2006, and the related statements of changes in fiduciary net assets and portfolio statements of operations and changes in the net assets for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Maryland College Prepaid Trust as of June 30, 2006, and the changes in the Plan's financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 26 through 32 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We have not audited the other data included in the Annual Report and accordingly, we express no opinion thereon.

Abrams, Foster, Nole & Williams, P.A.

Abrams, Foster, Nole & Williams, P.A.
Certified Public Accountants
Baltimore, Maryland
September 14, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

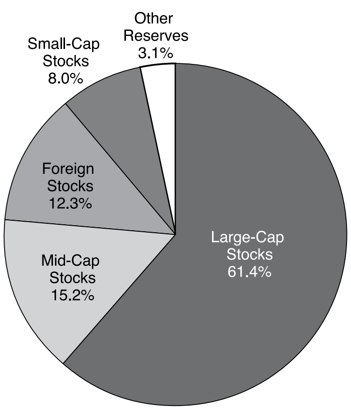
Our discussion and analysis of the College Investment Plan's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2006. This discussion is designed to provide a general overview of the College Investment Plan operations and the Board's insight into its financial statements. This discussion was prepared by the College Savings Plans of Maryland and should be read in conjunction with the Maryland College Investment Plan's financial statements and notes, which begin on page 35. Inquiries may be directed to the College Investment Plan at **collegesavingsmd.org** or by delivering your request to 217 E. Redwood Street, Suite 1350, Baltimore, MD 21202. The financial statements of the Plan for the fiscal year ended June 30, 2006 have been audited by Abrams, Foster, Nole & Williams, P.A. who are also the auditors for the State of Maryland.

College Investment Plan Financial Statements and Other Financial Information

The College Investment Plan financial statements were prepared in accordance with standards issued by GASB. The financial statements contained in this Annual Report provide information about the activities of the College Investment Plan as a whole and present a long-term view of the Plan's finances. Portfolio financial statements are presented as Supplementary Information beginning on page 41.

Financial Highlights By Portfolio - as of June 30, 2006**

ASSET CLASS ALLOCATION

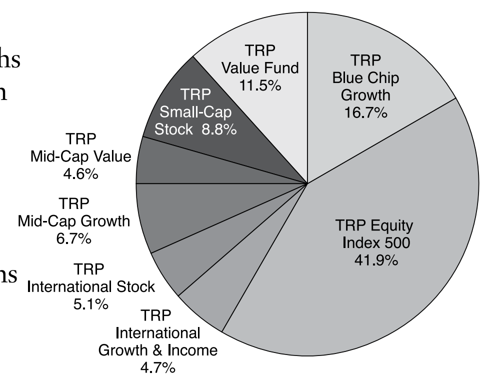


PORTFOLIO 2024

Portfolio 2024 posted a modest gain for the six months ended June 30, 2006, and posted a double digit return for the 12 months ended June 30, 2006. However, both the six- and 12-month results for the all-stock portfolio trailed the performance of its weighted benchmark.

International stocks delivered the best absolute returns over the past 12 months. The portfolio's domestic holdings also performed well as its small- and mid-cap positions produced double-digit gains. The value components registered similarly strong results, while the portfolio's large-cap growth holdings posted the weakest absolute returns.

MUTUAL FUND ALLOCATION

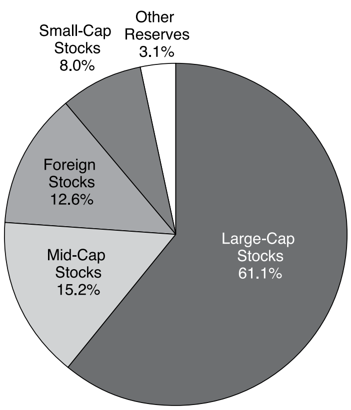


Despite favorable absolute performance, the International Stock Fund, the Mid-Cap Value Fund, and the Value Fund trailed their respective counterparts in the benchmark and led to the portfolio's overall underperformance. Both stock selection and sector weightings detracted from the International Stock Fund's performance, while stock selection in materials and overweighting the consumer discretionary sector hurt relative results for the Mid-Cap Value and Value Funds. The Equity Index 500 Fund closely tracks the S&P 500 Index but lagged slightly for the year because of expenses.

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
PORTFOLIO 2024	2.94%	11.03%	11.27%
Weighted Benchmark*	4.34%	11.75%	11.95%

PORTFOLIO 2021

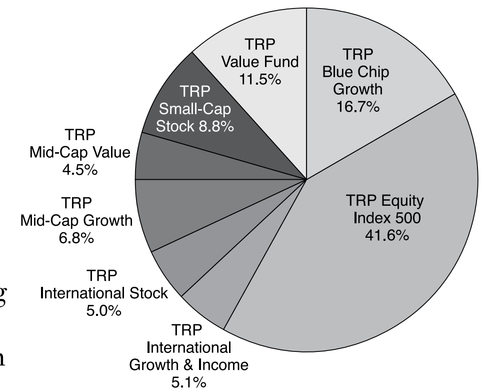
ASSET CLASS ALLOCATION



Portfolio 2021 posted a modest gain for the six months ended June 30, 2006, and produced larger gains for the 12 months ended June 30, 2006. Both the six- and 12-month returns, however, lagged the performance of the portfolio's weighted benchmark.

The portfolio consists entirely of stocks, and the top performers over the past 12 months were its international holdings. The remaining components of the portfolio also enjoyed positive absolute performance, with small- and mid-cap stocks leading the way. The portfolio's value positions performed well on an absolute basis, while the large-cap growth component lagged the remaining segments of the portfolio.

MUTUAL FUND ALLOCATION



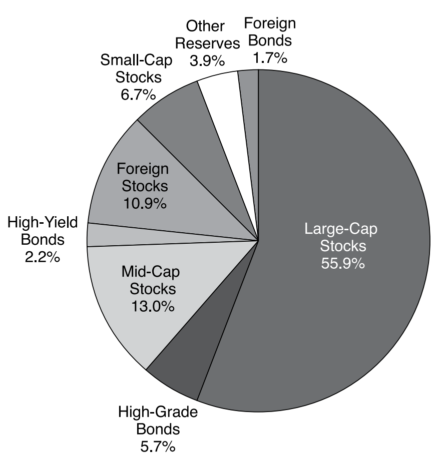
Despite the favorable absolute performance, the International Stock Fund and the two value components—the Mid-Cap Value Fund and the Value Fund—trailed their respective counterparts in the benchmark. Both stock selection and sector weightings detracted from the International Stock Fund's performance, while stock selection in materials and overweighting the consumer discretionary sector hurt relative results for the Mid-Cap Value and Value Funds. The Equity Index 500 Fund closely tracks the S&P 500 Index but lagged slightly for the year because of expenses. Consequently, these components were responsible for the portfolio underperforming its benchmark.

Performance Comparison as of June 30, 2006

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
PORTFOLIO 2021	2.94%	11.15%	5.96%
Weighted Benchmark*	4.34%	11.75%	6.82%

PORTFOLIO 2018

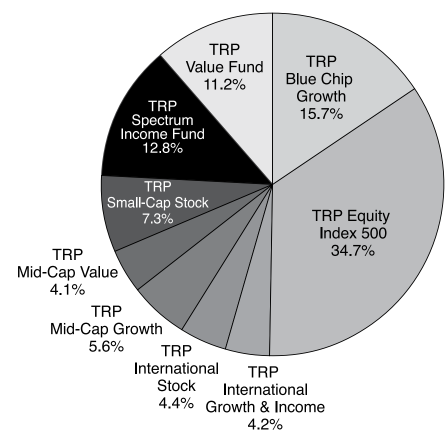
ASSET CLASS ALLOCATION



Portfolio 2018 posted positive results for the six months ended June 30, 2006, and a double-digit gain for the 12 months ended June 30, 2006. Although the portfolio's six-month return trailed the performance of its weighted benchmark, the 12-month results were in line with those of the benchmark.

The portfolio's equity holdings, which made up 85%–90% of the portfolio during the 12-month period, contributed favorably to absolute performance. Foreign stocks produced the best returns during the period, gaining approximately 25%. On the domestic side, small-cap stocks and mid-cap growth stocks outperformed their comparative benchmarks, while large-cap issues primarily lagged vs. their benchmarks. Value-oriented stocks also fared well in absolute terms but trailed their comparable benchmark indexes, as did the International Stock Fund. Stock selection in materials and overweighting the consumer discretionary sector hurt relative results for the Mid-Cap Value and Value Funds. Both stock selection and sector weightings detracted from the International Stock Fund's performance.

MUTUAL FUND ALLOCATION

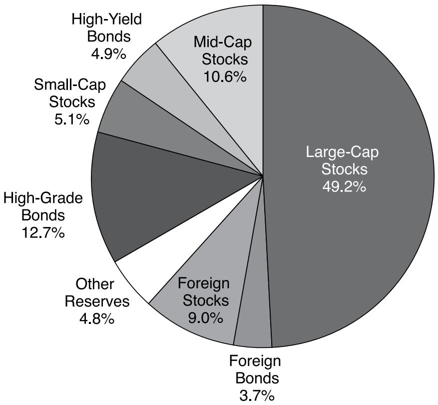


Performance Comparison as of June 30, 2006

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
PORTFOLIO 2018	2.68%	10.02%	5.67%
Weighted Benchmark*	3.57%	10.07%	6.31%

PORTFOLIO 2015

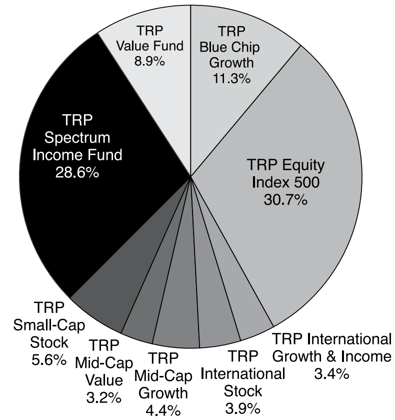
ASSET CLASS ALLOCATION



Portfolio 2015 posted a slight gain for both the six and 12 months ended June 30, 2006. The portfolio's 12-month return outperformed its weighted benchmark, but trailed the benchmark over the last six months.

Within the equity portion of the portfolio, which comprised 70%–75% of the portfolio over the past 12 months, every Fund enjoyed positive performance. The international components of the portfolio produced the best absolute results, while small- and mid-cap positions were the best performers among the portfolio's domestic holdings.

MUTUAL FUND ALLOCATION



Despite strong absolute returns, however, the International Stock Fund and the Mid-Cap Value and Value Funds detracted from results relative to the benchmark. Both stock selection and sector weightings detracted from the International Stock Fund's performance, while stock selection in materials and overweighting in the consumer discretionary sector hurt relative results for the Mid-Cap Value and Value Funds.

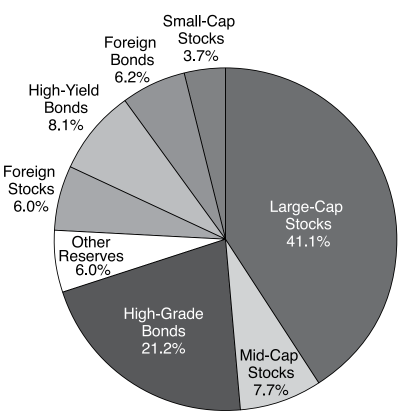
The portfolio's fixed-income component overcame rising interest rates to post positive results, and it was the main factor behind the portfolio's overall outperformance of the benchmark for the 12-month period.

Performance Comparison as of June 30, 2006

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
PORTFOLIO 2015	2.48%	8.75%	5.47%
Weighted Benchmark*	2.86%	8.17%	5.64%

PORTFOLIO 2012

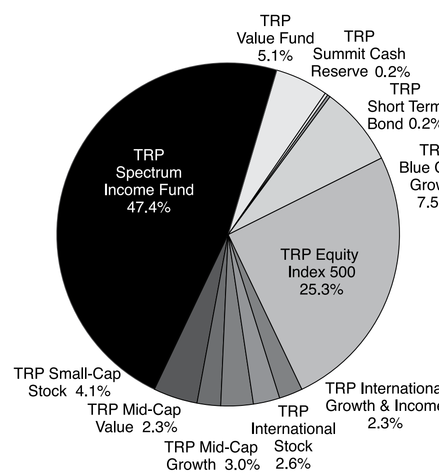
ASSET CLASS ALLOCATION



Portfolio 2012 posted a modest gain for the six and 12 months ended June 30, 2006. Both the six- and 12-month results surpassed the performance of the portfolio's weighted benchmark.

Each of the portfolio's stock components enjoyed positive absolute performance over the past 12 months, led by the international stock holdings. The portfolio's small- and mid-cap stock holdings also fared well, as did its value-oriented positions. However, the International Stock Fund and the Mid-Cap Value and Value Funds trailed their comparable benchmark indexes, due primarily to both stock selection and sector weightings.

MUTUAL FUND ALLOCATION

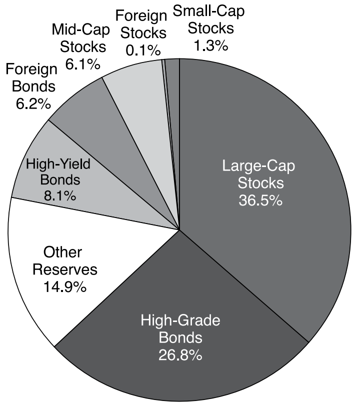


Although the portfolio's stock holdings posted the best absolute returns, the portfolio's outperformance of its benchmark was driven by the fixed-income portion, which advanced while the broader bond market declined. Exposure to diversifiers with less interest rate sensitivity, such as high-yield corporate securities and international bonds, helped sustain the portfolio's fixed-income position as interest rates rose.

Performance Comparison as of June 30, 2006

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
PORTFOLIO 2012	2.24%	7.28%	5.64%
Weighted Benchmark*	1.93%	5.89%	5.20%

ASSET CLASS ALLOCATION

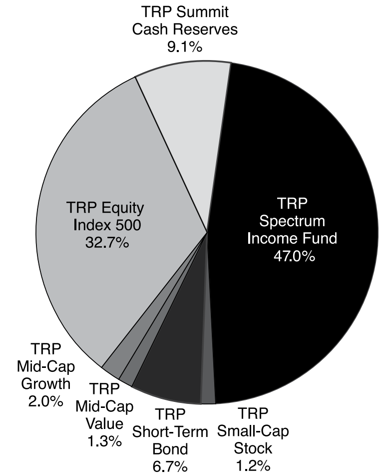


PORTFOLIO 2009

Portfolio 2009 posted positive results for both the six and 12 months ended June 30, 2006. The portfolio outpaced the returns of its weighted benchmark in both time periods.

The fixed-income portion, which comprised just less than half of the portfolio, generated positive returns and was the primary reason for the portfolio's outperformance of the benchmark. In an environment of rising interest rates, the portfolio's exposure to diversifiers with limited interest-rate sensitivity—including high-yield corporate securities and international bonds—produced positive results. The portfolio's "conservative fixed income" position benefited from its significant exposure to money market securities, but some assets were shifted back into short-term bonds late in the period. Modest positions in small- and mid-cap stocks, which produced double-digit gains for the year, provided a lift to the portfolio's equity component.

MUTUAL FUND ALLOCATION



Performance Comparison as of June 30, 2006

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
PORTFOLIO 2009	1.87%	5.37%	5.60%
Weighted Benchmark*	1.21%	3.85%	4.65%

PORTFOLIO 2006

For the period from June 30, 2005 to May 31, 2006, Portfolio 2006 posted positive results and outpaced its weighted benchmark. The portfolio's outperformance of its benchmark was derived primarily from the fixed-income portion, which delivered gains while the broader bond market declined.

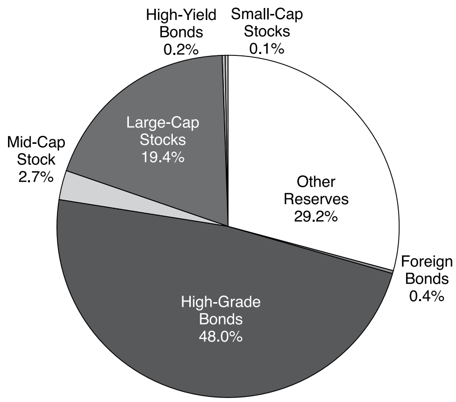
Throughout this period, the portfolio's asset allocation was very similar to that of the Portfolio for College, and on June 9, 2006, Portfolio 2006 was merged into the Portfolio for College as it reached its target date. The portfolio's equity component, which makes up a little over 20% of the portfolio, produced the best absolute returns as a healthy economy boosted the stock market. The money market position benefited from the Federal Reserve's eight interest rate increases during the past 12 months, while those same rate hikes weighed on the portfolio's short-term bond position. With expectations that the Federal Reserve is nearing the end of its rate-raising cycle, the portfolio's management team shifted some assets late in the performance period from its money market holdings into short-term bonds.

Performance Comparison as of May 31, 2006

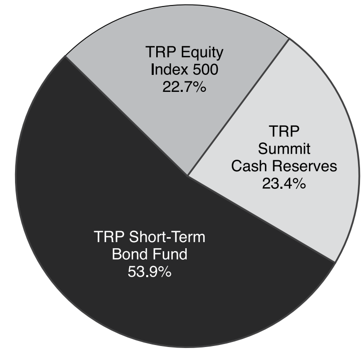
	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
PORTFOLIO 2006	1.80%	3.74%	4.78%
Weighted Benchmark*	1.88%	3.52%	4.04%

PORTFOLIO FOR COLLEGE

ASSET CLASS ALLOCATION



MUTUAL FUND ALLOCATION



The Portfolio for College posted modest gains for both the six and 12 months ended June 30, 2006. The portfolio underperformed its weighted benchmark over both time periods, primarily because of the Program Fee.

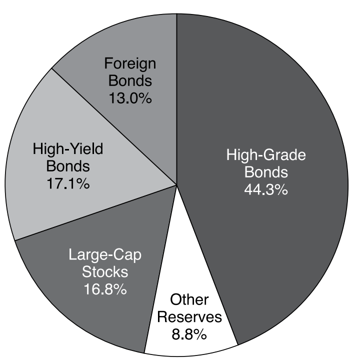
The portfolio's equity component, which makes up a little over 20% of the portfolio, produced the best absolute returns as a healthy economy boosted the stock market. The money market position benefited from the Federal Reserve's eight interest rate increases during the past 12 months, while those same rate hikes weighed on the portfolio's short-term bond position. With expectations that the Federal Reserve is nearing the end of its rate-raising cycle, the portfolio's management team shifted some assets late in the performance period from its money market holdings into short-term bonds.

Performance Comparison as of June 30, 2006

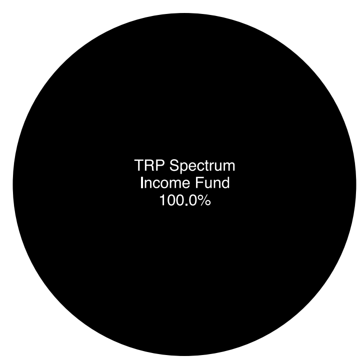
	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
PORTFOLIO FOR COLLEGE	1.56%	3.52%	2.55%
Weighted Benchmark*	1.81%	3.96%	3.00%

BOND AND INCOME PORTFOLIO

ASSET CLASS ALLOCATION



MUTUAL FUND ALLOCATION



The Bond and Income Portfolio posted positive results for both the six and 12 months ended June 30, 2006. The portfolio outperformed its benchmark, the Lehman Brothers U.S. Aggregate Index, which was negative for both time periods.

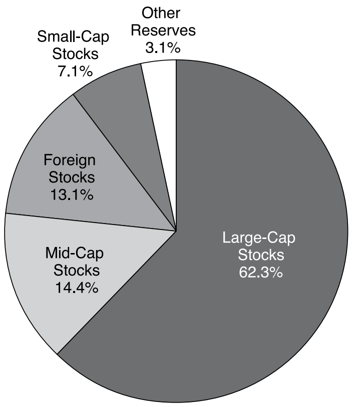
Diversification was the key to the portfolio's outperformance of its benchmark. In an environment of rising interest rates, the portfolio's exposure to diversifiers—including dividend-paying stocks, high-yield corporate securities, and international bonds—with limited sensitivity to U.S. interest rates produced positive results. A notable cash position also enhanced performance as the Federal Reserve's series of interest rate hikes boosted money market rates. Long-term Treasury bonds and investment-grade corporate bonds, with their heightened interest-rate sensitivity, were the weakest performers in the portfolio.

Performance Comparison as of June 30, 2006

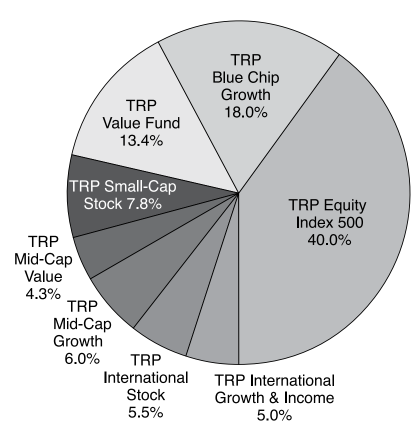
	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
BOND & INCOME PORTFOLIO	1.16%	2.34%	6.74%
Lehman Brothers U.S. Aggregate Index	(0.72)%	(0.81)%	4.25%

EQUITY PORTFOLIO

ASSET CLASS ALLOCATION



MUTUAL FUND ALLOCATION



The Equity Portfolio posted modestly positive results for the six months ended June 30, 2006, and a double-digit gain for the 12 months ended June 30, 2006. However, both the six- and 12-month returns trailed the performance of the portfolio's weighted benchmark.

Every Fund in the portfolio enjoyed positive absolute performance during the past 12 months. The international Funds were the best performers, delivering returns of approximately 25%. The performance leaders among the portfolio's domestic holdings were its small- and mid-cap positions, although the value holdings in the portfolio also produced double digit returns.

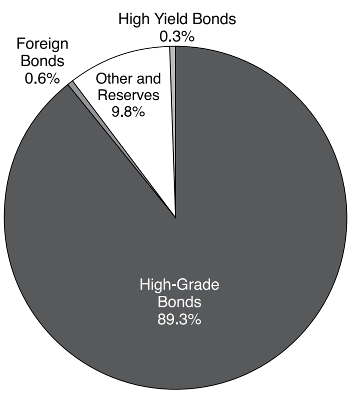
Despite their strong absolute performance, several portfolio holdings—including the International Stock Fund, the Mid-Cap Value Fund, and the Value Fund—lagged their respective counterparts when measured against the benchmark, accounting for the portfolio's overall underperformance. Both stock selection and sector weightings detracted from International Stock Fund's performance, while stock selection in materials and overweighting the consumer discretionary sector hurt relative results for the Mid-Cap Value and Value Funds.

Performance Comparison as of June 30, 2006

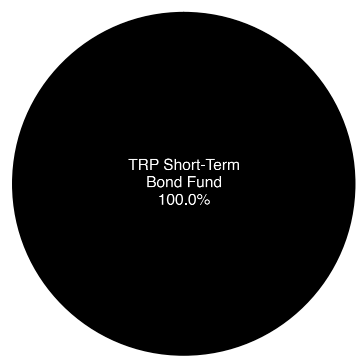
	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
EQUITY PORTFOLIO	3.01%	11.15%	5.98%
Weighted Benchmark*	4.27%	11.65%	6.71%

SHORT-TERM BOND PORTFOLIO

ASSET CLASS ALLOCATION



MUTUAL FUND ALLOCATION

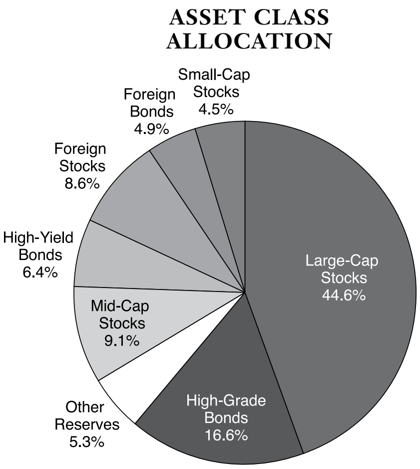


The Short-Term Bond Portfolio posted modestly positive results for both the six and 12 months ended June 30, 2006. The portfolio's six- and 12-month returns trailed the performance of its benchmark, the Lehman Brothers 1- to 3-Year Government/Credit Index, largely because of the Program Fee.

Short-term bond yields continued to rise over the past 12 months. Eight short-term interest rate hikes by the Federal Reserve pushed the two-year Treasury note yield up from 3.7% to 5.2% as of June 30, 2006. The portfolio benefited from its overweight in mortgage-backed securities, which performed well during the 12-month period amid demand for both higher yields and higher credit quality. The portfolio's relatively large position in money market securities, whose yields rose along with the Federal Reserve's rate hikes, also strengthened performance. In contrast, an overweight in intermediate-term Treasury securities detracted from performance.

Performance Comparison as of June 30, 2006

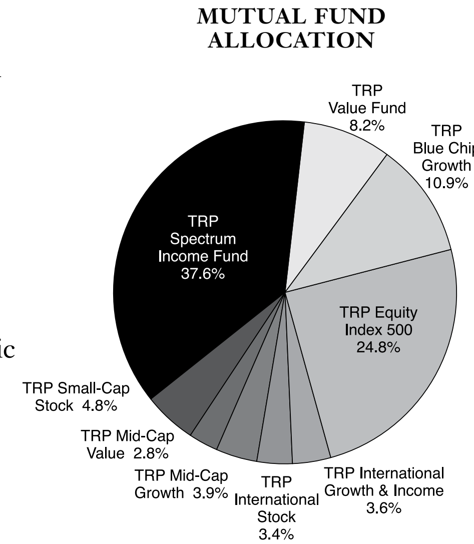
	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
SHORT TERM BOND PORTFOLIO	0.97%	1.47%	1.41%
Lehman Bros. 1-to 3-Year Government/Credit Index	1.11%	1.93%	1.82%



BALANCED PORTFOLIO

The Balanced Portfolio posted a gain for both the six and 12 months ended June 30, 2006. The portfolio's 12-month return surpassed the performance of its weighted benchmark, while its six-month return was in line with the benchmark's return.

The top performing securities in the portfolio over the past 12 months were its international stock holdings. Each of the portfolio's domestic stock components also enjoyed positive absolute performance, led by its small- and mid-cap stock holdings. Value stocks posted solid gains, while large-cap growth Funds lagged their benchmarks.



The main reason for the portfolio's outperformance of its benchmark was the fixed-income portion, which advanced while the broader bond market declined. Exposure to diversifiers such as high-yield corporate securities and international bonds, which have less interest rate sensitivity, helped sustain the portfolio's significant fixed-income position as interest rates rose.

Performance Comparison as of June 30, 2006

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
BALANCED PORTFOLIO	2.35%	7.88%	6.64%
Weighted Benchmark*	2.36%	6.76%	6.08%

** The Weighted Benchmark is a composite of each benchmark associated with each asset class and investment style contained within the portfolio.*

***Inception date for Portfolio 2024 and Short-Term Bond Portfolio is October 31, 2003. Inception date for all other portfolios is November 26, 2001.*

Benchmark performance inception date for Portfolio 2024 and Short-Term Bond Portfolio is October 31, 2003. Benchmark performance inception date for all other portfolios is November 30, 2001.

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

Statement of Fiduciary Net Assets

The Statement of Fiduciary Net Assets presents the assets, liabilities, and net assets of the College Investment Plan as of June 30, 2006. This statement, along with the College Investment Plan's Statement of Changes in Fiduciary Net Assets, is prepared using the accrual basis of accounting. Under this method of accounting, revenues and assets are recognized when enrollment materials are received in good order (including the payment of the required enrollment fee), distributions from an account are recognized when paid, and expenses and liabilities are recognized when services are provided, regardless of when cash is exchanged.

The net assets of the College Investment Plan increased by $244 million. This was due to the addition of approximately 14,400 new accounts as well as the additional investments made into existing Plan accounts.

The College Investment Plan Statement of Fiduciary Net Assets includes assets, liabilities and net assets. We classify assets as current and non-current. Current assets consist primarily of investments. Of these amounts, investments comprise in excess of 99% of current assets. Non-current assets are less than 1% of all assets and are detailed in the Portfolio Financial Statements contained in the Supplementary Information.

Net assets consist primarily of contributions to accounts and investment earnings, net of distributions from accounts.

Statement of Changes in Fiduciary Net Assets

Changes in net assets as presented on the Statement of Changes in Fiduciary Net Assets are based on the activity of the College Investment Plan. The purpose of this statement is to present the account contributions and increases or decreases in the fair value of investments of the College Investment Plan and the payments or distributions made by the Plan.

Additions are the result of contributions to accounts in the College Investment Plan. Deductions are those payments or distributions made from accounts.

Portfolio Financial Statements

The Statement of Net Assets by Portfolio, the Statement of Operations and Changes in Net Assets and the Financial Highlights are included in this Annual Report as supplementary statements. These statements contain certain information for each of the portfolios within the College Investment Plan as of June 30, 2006.

The Statement of Net Assets by Portfolio details the investments and net assets for each portfolio. This statement also contains information regarding the investments in the underlying mutual funds for each of the portfolios. Net assets consist of account contributions and investment earnings and losses, net of distributions from accounts.

The Statement of Operations and Changes in Net Assets reports the investment income and the realized and unrealized gains and losses for each portfolio. This statement also includes information regarding account contributions and distributions from accounts for each portfolio. An account holder's interest in a portfolio is represented as a number of units.

The Financial Highlights statement includes net asset value information, total return and various ratios for each individual portfolio.

Budgetary Control and Financial Oversight

The College Investment Plan is administered by the College Savings Plans of Maryland. The Board, in accordance with the enabling legislation for the College Investment Plan, prepares and submits an annual budget to the Maryland Governor and the General Assembly for informational purposes. In accordance with its fiduciary obligations, each quarter, the Board reviews a comparison of actual and budgeted expenses in connection with its administration of the College Savings Plans of Maryland.

Statement of Fiduciary Net Assets
As of June 30, 2006
(amounts in thousands)

ASSETS	
Current assets:	
Investments, at fair value	$1,021,112
Other assets	664
Total current assets	1,021,776
LIABILITIES	
Current liabilities:	
Other liabilities	1,021
NET ASSETS	
Restricted held in trust for:	
Individuals and organizations	1,020,755
Total net assets	$1,020,755

See accompanying notes to financial statements

Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2006

(amounts in thousands)

ADDITIONS	
Contributions:	
Account holders	$ 297,474
Investment income:	
Net increase in fair value of investments	49,576
Investment income	16,332
Total investment income	65,908
DEDUCTIONS	
Payments in accordance with trust agreements	119,775
Net additions to net assets	243,607
Net assets, beginning of year	777,148
Net assets, end of year	$1,020,755

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2006

1. ORGANIZATION AND PURPOSE

The Maryland College Investment Plan (Plan) was established under the Maryland College Investment Trust (Trust) to allow investors to save for qualified higher education expenses on a tax-advantaged basis in accordance with the provisions of Section 529 of the Internal Revenue Code. The Plan is a private purpose trust fund, used to account for resources legally held in trust for individual investors. The College Savings Plans of Maryland Board (Board) serves as trustee for the Trust, and T. Rowe Price Associates, Inc. (Price Associates or the Program Manager) serves as the program manager. The Plan is marketed directly to investors without sales charges, and offers eight enrollment-based and four fixed investment portfolios (individually, a Portfolio and collectively, the Portfolios). Each Portfolio invests in predetermined underlying equity, fixed-income, and/or money market mutual funds (Underlying Mutual Funds) managed by Price Associates or T. Rowe Price International, Inc., a wholly owned subsidiary of Price Associates.

The Maryland General Assembly passed House Bill 11, which created the Plan, during the 2000 legislative session. The Plan is a separate program, authorized by the Maryland Annotated Code Education Article, Section 18, Subtitle 19A (Enabling Legislation). The Board directs the Trust. The Board consists of ten members, five of whom are ex-officio members. The ex-officio members are the State Comptroller, the State Treasurer, the State Secretary of the Maryland Higher Education Commission, the State Superintendent of Schools, and the Chancellor of the University System of Maryland. The five remaining members are public members appointed by the Governor.

The Enabling Legislation allows that all contributions made by an account holder to the Plan may be deducted from Maryland State income in an amount up to $2,500 for each beneficiary annually. Beginning January 1, 2002, earnings on contributions are tax free for Federal and State purposes when used toward eligible qualified higher education expenses.

All administrative costs for the College Savings Plan of Maryland (including the Plan) are accounted for in the financial statements of the Prepaid College Trust.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The accompanying Plan financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, which require the use of estimates. The financial statements of the Plan use an economic resources measurement focus and the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of cash flows.

As permitted by Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Plan has elected not to adopt Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, unless GASB specifically adopts such FASB statements or interpretations.

Units

Each investor's beneficial interest in the net assets of a Portfolio is represented by units, an unlimited number of which are authorized. Contributions to and distributions from the Plan are recorded upon receipt of participant instructions in good order, based on the next determined net asset value per unit. Net investment income and net realized gains accumulate in the net asset value of each Portfolio and are not separately distributed to participants.

Investment Income and Transactions

Income and capital gain distributions from the Underlying Mutual Funds are recorded on the ex-dividend date, which is the date that you are required to be a shareholder of record in order to receive the dividend. Investment transactions in shares of the Underlying Mutual Funds are accounted for on the trade date. Realized gains and losses are reported on the identified cost basis.

3. INVESTMENTS

The Plan is not restricted in its investments by legal or contractual provisions. Investments are stated at fair value as provided in GASB Statement No. 31. The Plan invests solely in mutual funds, which are valued at each Underlying Mutual Fund's closing net asset value per share on the date of valuation. Unrealized appreciation/depreciation on investments due to changes in fair value is recognized in the Plan's operations each year.

The Plan's investments in mutual funds expose it to market risk in the form of equity price risk – that is, the potential future loss of value that would result from a decline in the fair values of the Underlying Mutual Funds. Each Underlying Mutual Fund and its underlying net assets are also subject to market risk that may arise from changes in equity prices, credit ratings, foreign currency exchange rates, and interest rates. The Plan's investments in mutual fund shares are not subject to classification by credit risk.

As of June 30, 2006, the Plan held the following aggregate investments in mutual funds (amounts in thousands):

	Aggregate Cost	Unrealized Gain/(Loss)	Aggregate Fair Value
Domestic stock funds			
T. Rowe Price Blue Chip Growth Fund	$ 95,971	$ 9,490	$ 105,461
T. Rowe Price Equity Index 500 Fund	279,251	38,888	318,139
T. Rowe Price Mid-Cap Growth Fund	31,950	9,212	41,162
T. Rowe Price Mid-Cap Value Fund	23,082	6,202	29,284
T. Rowe Price Small-Cap Stock Fund	38,905	13,151	52,056
T. Rowe Price Total Equity Market Index Fund	100	0	100
T. Rowe Price Value Fund	60,837	16,092	76,929
Total domestic stock funds	530,096	93,035	623,131
International stock funds			
T. Rowe Price Intl. Growth & Income Fund	19,164	11,504	30,668
T. Rowe Price International Stock Fund	22,992	9,627	32,619
Total international stock funds	42,156	21,131	63,287
Domestic bond funds			
T. Rowe Price Short-Term Bond Fund	66,413	(598)	65,815
Blended asset funds			
T. Rowe Price Spectrum Income Fund	231,119	4,193	235,312
Money market funds			
T. Rowe Price Summit Cash Reserves Fund	33,567	0	33,567
Total Investments in Mutual Funds	$903,351	$117,761	$1,021,112

Each Underlying Mutual Fund that invests in bonds is subject to interest rate risk, the decline in bond prices that usually accompanies a rise in interest rates. The weighted average maturity and weighted average effective duration of the underlying net assets of applicable Underlying Mutual Funds were as follows as of June 30, 2006:

	Weighted Average Maturity *(in years)*	Weighted Average Duration *(in years)*
Domestic bond funds		
T. Rowe Price Short-Term Bond Fund	2.4	1.8
Blended asset funds		
T. Rowe Price Spectrum Income Fund	7.2	4.4

4. TAX EXEMPT STATUS

The Plan is exempt from Federal taxation in accordance with Section 529 of the Internal Revenue Code and is exempt from State and local taxation in accordance with the Enabling Legislation. Accordingly, the Plan makes no provision for income taxes.

5. RELATED PARTIES

Price Associates is a wholly owned subsidiary of T. Rowe Price Group, Inc. Price Associates and its wholly owned subsidiaries provide investment management, record keeping and account servicing, administrative, distribution and marketing, custodial, and certain other services to the Plan. Price Associates and its wholly owned subsidiaries also serve as investment manager for each of the Underlying Mutual Funds, and certain officers and directors of Price Associates and its subsidiaries are also officers and directors of the Underlying Mutual Funds.

Each Portfolio pays an all-inclusive program fee to Price Associates, which is accrued daily and paid monthly. During the year ended June 30, 2006 the program fee totaled 0.35% of each Portfolio's average daily net assets. Effective July 1, 2006, the program fee was reduced to no more than 0.28% of average daily net assets. Program fees payable by the Portfolios as of June 30, 2006 totaled $315,000. In addition, each Portfolio indirectly bears its pro-rata share of the fees and expenses of the Underlying Mutual Funds in which it invests.

The Portfolios pay no investment management fees; however, Price Associates receives asset-based management fees from the Underlying Mutual Funds in which the Portfolios invest. Shareholder servicing costs associated with record keeping and related unit holder servicing for the Portfolios are passed to each Underlying Mutual Fund in proportion to the average daily value of its shares owned by the Portfolios. The impact of Portfolio-related costs borne by the Underlying Mutual Funds is reflected in the valuations of the Underlying Mutual Funds, which, in turn, affect the net asset values of the Portfolios.

Through June 30, 2006, Price Associates has agreed to limit the ratio of the Plan's direct and indirect expenses to average net assets (Plan's effective expense ratio) to 1.05% per year (expense limit). Effective July 1, 2006 the expense limit was reduced to 0.95% per year. For purposes of the limitation, expenses include the program fee charged to the Portfolios as well as the effect of the weighted average expense ratios of the Underlying Mutual Funds in which the Portfolios invest. Expenses in excess of the limit are borne by Price Associates (expense waivers) in the form of reduced program fees paid by each Portfolio to Price Associates. Expense waivers are allocated to the Portfolios on the basis of relative average net assets and are subject to later repayment by the Portfolios to the extent that repayment would not cause the Plan's effective expense ratio to exceed the expense limit. Pursuant to this limit, there were no waivers or repayments of program fees to Price Associates during the fiscal year ended June 30, 2006, and there are no amounts subject to future repayment by the Portfolios as of June 30, 2006.

The staff of the Board supports Price Associates' management of the Plan in accordance with applicable laws and regulations, Board policy, and the Board's contract with Price Associates. Employees of the Board review and obtain Board approval of all Plan disclosure documents, review and approve all marketing initiatives in accordance with the approved marketing plan, and monitor the implementation and employee training of operational procedures. The Trust coordinates several contracts between the Board and its service providers for services to both the Trust and the Plan. The Board receives compensation for services that the Board and its staff render on behalf of the Plan, in the amount of $45 of each $75 enrollment fee received from College Investment Plan account holders. This compensation is recorded in the financial statements of the Maryland Prepaid College Trust. Effective July 1, 2006, the Plan no longer charges an enrollment fee.

6. PORTFOLIO CHANGES

As scheduled, Portfolio 2006 matured at the close of business on June 9, 2006. All investments were sold and all outstanding units were exchanged into the Portfolio for College at the net asset value per unit on that date.

7. SUBSEQUENT EVENT

Portfolio 2027 and the Total Equity Market Index Portfolio commenced on June 30, 2006 and were available for investment by the public on July 1, 2006.

SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

MARYLAND COLLEGE INVESTMENT PLAN

Fiscal Year Ended June 30, 2006

Amounts in thousands, except net asset value per unit

Statements of Net Assets	PORTFOLIO 2027			PORTFOLIO 2024			PORTFOLIO 2021		
	Percent of Net Assets	Shares	Value	Percent of Net Assets	Shares	Value	Percent of Net Assets	Shares	Value
Investments at value									
T. Rowe Price Blue Chip Growth Fund	17.0%	1	$ 17	16.7%	129	$ 4,178	16.7%	537	$ 17,345
T. Rowe Price Equity Index 500 Fund	42.0%	1	42	41.9%	308	10,487	41.6%	1,268	43,231
T. Rowe Price International Growth & Income Fund	5.0%	0	5	4.7%	75	1,186	5.1%	335	5,267
T. Rowe Price International Stock Fund	5.0%	0	5	5.1%	82	1,263	5.0%	337	5,173
T. Rowe Price Mid-Cap Growth Fund	7.0%	0	7	6.7%	30	1,666	6.8%	128	7,026
T. Rowe Price Mid-Cap Value Fund	4.0%	0	4	4.6%	47	1,144	4.5%	194	4,753
T. Rowe Price Short-Term Bond Fund	0.0%	0	0	0.0%	0	0	0.0%	0	0
T. Rowe Price Small-Cap Stock Fund	9.0%	0	9	8.8%	63	2,201	8.8%	262	9,102
T. Rowe Price Spectrum Income Fund	0.0%	0	0	0.0%	0	0	0.0%	0	0
T. Rowe Price Summit Cash Reserves Fund	0.0%	0	0	0.0%	0	0	0.0%	0	0
T. Rowe Price Total Equity Market Index Fund	0.0%	0	0	0.0%	0	0	0.0%	0	0
T. Rowe Price Value Fund	11.0%	0	11	11.5%	117	2,877	11.5%	486	11,972
Total Investments at value	100.0%		100	100.0%		25,002	100.0%		103,869
Other Assets Less Liabilities	0.0%		0	0.0%		(8)	0.0%		(32)
NET ASSETS	**100.0%**		**$ 100**	**100.0%**		**$ 24,994**	**100.0%**		**$ 103,837**
Composition of Net Assets:									
Paid-in capital			$ 100			$ 23,252			$ 85,625
Retained earnings			$ 0			$ 1,742			$ 18,212
Units Outstanding			10			1,880			7,234
NET ASSET VALUE PER UNIT[1]			**$ 10.00**			**$ 13.29**			**$ 14.35**
Investments at cost			$ 100			$ 23,820			$ 88,979

[1] The net asset value per unit (NAV) is calculated at the close of the New York Stock Exchange on each day the exchange is open for business. Each Portfolio's NAV is computed by dividing the value of its assets by the number of Portfolio units outstanding. A Portfolio's investments in the Underlying Mutual Funds are valued at each Underlying Mutual Fund's closing net asset value per share on the date of the valuation.

PORTFOLIO 2018			PORTFOLIO 2015			PORTFOLIO 2012			PORTFOLIO 2009		
Percent of Net Assets	**Shares**	**Value**	**Percent of Net Assets**	**Shares**	**Value**	**Percent of Net Assets**	**Shares**	**Value**	**Percent of Net Assets**	**Shares**	**Value**
15.7%	657	$ 21,215	11.3%	472	$ 15,236	7.5%	311	$ 10,047	0.0%	0	$ 0
34.7%	1,376	46,912	30.7%	1,215	41,414	25.3%	994	33,891	32.7%	1,043	35,572
4.2%	358	5,635	3.4%	293	4,612	2.3%	194	3,056	0.0%	0	0
4.4%	385	5,905	3.9%	342	5,257	2.6%	230	3,524	0.0%	0	0
5.6%	139	7,621	4.4%	108	5,930	3.0%	72	3,973	2.0%	40	2,208
4.1%	224	5,488	3.2%	177	4,346	2.3%	124	3,043	1.3%	56	1,364
0.0%	0	0	0.0%	0	0	0.2%	47	218	6.7%	1,560	7,239
7.3%	285	9,899	5.6%	218	7,561	4.1%	160	5,536	1.2%	39	1,350
12.8%	1,484	17,352	28.6%	3,297	38,544	47.4%	5,445	63,654	47.0%	4,368	51,067
0.0%	0	0	0.0%	0	0	0.2%	217	217	9.1%	9,852	9,853
0.0%	0	0	0.0%	0	0	0.0%	0	0	0.0%	0	0
11.2%	617	15,211	8.9%	489	12,054	5.1%	277	6,820	0.0%	0	0
100.0%		135,238	100.0%		134,954	100.0%		133,979	100.0%		108,653
0.0%		(44)	0.0%		(52)	0.0%		(49)	0.0%		(34)
100.0%		**$ 135,194**	**100.0%**		**$ 134,902**	**100.0%**		**$ 133,930**	**100.0%**		**$ 108,619**
		$ 109,531			$ 110,855			$ 110,714			$ 91,506
		$ 25,663			$ 24,047			$ 23,216			$ 17,113
		9,538			9,598			9,462			7,685
		$ 14.17			**$ 14.05**			**$ 14.15**			**$ 14.13**
		$ 114,614			$ 117,003			$ 118,943			$ 101,621

SUPPLEMENTARY INFORMATION

MARYLAND COLLEGE INVESTMENT PLAN

Fiscal Year Ended June 30, 2006

Amounts in thousands, except net asset value per unit

Statements of Net Assets	PORTFOLIO FOR COLLEGE			BOND AND INCOME PORTFOLIO			EQUITY PORTFOLIO		
	Percent of Net Assets	Shares	Value	Percent of Net Assets	Shares	Value	Percent of Net Assets	Shares	Value
Investments at value									
T. Rowe Price Blue Chip Growth Fund	0.0%	0	$ 0	0.0%	0	$ 0	18.0%	846	$ 27,315
T. Rowe Price Equity Index 500 Fund	22.7%	667	22,751	0.0%	0	0	40.0%	1,783	60,776
T. Rowe Price International Growth & Income Fund	0.0%	0	0	0.0%	0	0	5.0%	480	7,552
T. Rowe Price International Stock Fund	0.0%	0	0	0.0%	0	0	5.5%	544	8,343
T. Rowe Price Mid-Cap Growth Fund	0.0%	0	0	0.0%	0	0	6.0%	166	9,080
T. Rowe Price Mid-Cap Value Fund	0.0%	0	0	0.0%	0	0	4.3%	267	6,560
T. Rowe Price Short-Term Bond Fund	53.9%	11,650	54,056	0.0%	0	0	0.0%	0	0
T. Rowe Price Small-Cap Stock Fund	0.0%	0	0	0.0%	0	0	7.8%	343	11,889
T. Rowe Price Spectrum Income Fund	0.0%	0	0	100.1%	2,547	29,777	0.0%	0	0
T. Rowe Price Summit Cash Reserves Fund	23.4%	23,497	23,497	0.0%	0	0	0.0%	0	0
T. Rowe Price Total Equity Market Index Fund	0.0%	0	0	0.0%	0	0	0.0%	0	0
T. Rowe Price Value Fund	0.0%	0	0	0.0%	0	0	13.4%	828	20,405
Total Investments at value	100.0%		100,304	100.1%		29,777	100.0%		151,920
Other Assets Less Liabilities	0.0%		(31)	(0.1)%		(27)	0.0%		(48)
NET ASSETS	**100.0%**		**$100,273**	**100.0%**		**$29,750**	**100.0%**		**$151,872**
Composition of Net Assets:									
Paid-in capital			$ 95,737			$24,171			$120,043
Retained earnings			$ 4,536			$ 5,579			$ 31,829
Units Outstanding			8,116			2,004			10,577
NET ASSET VALUE PER UNIT[1]			**$ 12.35**			**$ 14.84**			**$ 14.36**
Investments at cost			$ 98,762			$28,134			$125,263

[1] The net asset value per unit (NAV) is calculated at the close of the New York Stock Exchange on each day the exchange is open for business. Each Portfolio's NAV is computed by dividing the value of its assets by the number of Portfolio units outstanding. A Portfolio's investments in the Underlying Mutual Funds are valued at each Underlying Mutual Fund's closing net asset value per share on the date of the valuation.

SHORT-TERM BOND PORTFOLIO			BALANCED PORTFOLIO			TOTAL EQUITY MARKET INDEX PORTFOLIO			TOTAL		
Percent of Net Assets	Shares	Value	Percent of Net Assets	Shares	Value	Percent of Net Assets	Shares	Value	Percent of Net Assets	Shares	Value
0.0%	0	$ 0	10.9%	313	$10,108	0.0%	0	$ 0	10.3%	3,266	$ 105,461
0.0%	0	0	24.8%	677	23,063	0.0%	0	0	31.2%	9,332	318,139
0.0%	0	0	3.6%	213	3,355	0.0%	0	0	3.0%	1,948	30,668
0.0%	0	0	3.4%	205	3,149	0.0%	0	0	3.2%	2,125	32,619
0.0%	0	0	3.9%	67	3,651	0.0%	0	0	4.0%	750	41,162
0.0%	0	0	2.8%	105	2,582	0.0%	0	0	2.9%	1,194	29,284
100.0%	927	4,302	0.0%	0	0	0.0%	0	0	6.5%	14,184	65,815
0.0%	0	0	4.8%	130	4,509	0.0%	0	0	5.1%	1,500	52,056
0.0%	0	0	37.6%	2,987	34,918	0.0%	0	0	23.0%	20,128	235,312
0.0%	0	0	0.0%	0	0	0.0%	0	0	3.3%	33,566	33,567
0.0%	0	0	0.0%	0	0	100.0%	7	100	0	7	100
0.0%	0	0	8.2%	308	7,579	0.0%	0	0	7.5%	3,122	76,929
100.0%		4,302	100.0%		92,914	100.0%		100	100.0%		1,021,112
0.0%		(1)	0.0%		(31)	0.0%		0	0.0%		(357)
100.0%		**$4,301**	**100.0%**		**$92,883**	**100.0%**		**$ 100**	**100.0%**		**$1,020,755**
		$4,192			$76,166			$ 100			
		$ 109			$16,717			$ 0			
		414			6,282			10			
		$10.38			**$ 14.78**			**$10.00**			
		$4,392			$ 81,620			$ 100			$ 903,351

Statements of Operations and Changes in Net Assets	PORTFOLIO 2027	PORTFOLIO 2024	PORTFOLIO 2021	PORTFOLIO 2018	PORTFOLIO 2015	PORTFOLIO 2012
Operations						
Net investment income						
Income distributions from underlying funds	$ 0	$ 185	$ 952	$ 1,705	$ 2,303	$ 3,130
Expenses						
Program fee	0	60	309	416	414	418
Shareholder servicing fees	0	57	203	228	212	190
Shareholder servicing fees reimbursed by Underlying Mutual Funds	0	(57)	(203)	(228)	(212)	(190)
Total expenses	0	60	309	416	414	418
Net investment income	0	125	643	1,289	1,889	2,712
Net realized and unrealized gain (loss)						
Net realized gain (loss)						
Sale of underlying funds	0	119	219	275	247	777
Capital gain distributions from Underlying Mutual Funds	0	234	1,415	1,714	1,470	1,091
Net realized gain (loss)	0	353	1,634	1,989	1,717	1,868
Change in unrealized gain (loss)	0	831	6,109	7,212	5,681	3,356
Net realized and unrealized gain (loss)	0	1,184	7,743	9,201	7,398	5,224
Increase (decrease) in net assets from operations	0	1,309	8,386	10,490	9,287	7,936
Unit Transactions						
Units issued						
Participant contributions	0	14,810	27,852	29,552	29,768	27,651
Seed money contribution from trust	100	0	0	0	0	0
Transfer from maturing portfolio	0	0	0	0	0	0
Total units issued	100	14,810	27,852	29,552	29,768	27,651
Units redeemed						
Participant distributions	0	(436)	(2,597)	(3,352)	(3,234)	(4,106)
Transfer from maturing portfolio	0	0	0	0	0	0
Total units redeemed	0	(436)	(2,597)	(3,352)	(3,234)	(4,106)
Increase (decrease) in net assets from unit transactions	100	14,374	25,255	26,200	26,534	23,545
NET ASSETS						
Increase (decrease) during period	100	15,683	33,641	36,690	35,821	31,481
Beginning of period	0	9,311	70,196	98,504	99,081	102,449
End of period	**$100**	**$24,994**	**$103,837**	**$135,194**	**$134,902**	**$133,930**
Unit information (number of units)						
Units outstanding, beginning of period	0	778	5,436	7,646	7,669	7,765
Units issued						
Participant contributions	0	1,135	1,984	2,133	2,162	1,989
Seed money contribution from trust	10	0	0	0	0	0
Transfer from maturing portfolio	0	0	0	0	0	0
Total units issued	10	1,135	1,984	2,133	2,162	1,989
Units redeemed						
Participant distributions	0	(33)	(186)	(241)	(233)	(292)
Transfer from maturing portfolio	0	0	0	0	0	0
Total units redeemed	0	(33)	(186)	(241)	(233)	(292)
Units outstanding, end of period	10	1,880	7,234	9,538	9,598	9,462

MARYLAND COLLEGE INVESTMENT PLAN Fiscal Year Ended June 30, 2006 Amounts in thousands

PORTFOLIO 2009	PORTFOLIO 2006	PORTFOLIO FOR COLLEGE	BOND AND INCOME PORTFOLIO	EQUITY PORTFOLIO	SHORT-TERM BOND PORTFOLIO	BALANCED PORTFOLIO	TOTAL EQUITY MARKET INDEX PORTFOLIO	TOTAL
$ 3,144	$ 1,781	$ 1,552	$ 1,218	$ 1,447	$ 147	$ 1,945	$ 0	$ 19,509
342	188	154	97	474	14	291	0	3,177
146	93	96	66	211	8	151	0	1,661
(146)	(93)	(96)	(66)	(211)	(8)	(151)	0	(1,661)
342	188	154	97	474	14	291	0	3,177
2,802	1,593	1,398	1,121	973	133	1,654	0	16,332
2,332	4,326	(105)	(31)	407	(16)	178	0	8,728
570	42	0	94	2,160	0	896	0	9,686
2,902	4,368	(105)	63	2,567	(16)	1,074	0	18,414
(756)	(4,010)	362	(512)	9,714	(57)	3,232	0	31,162
2,146	358	257	(449)	12,281	(73)	4,306	0	49,576
4,948	1,951	1,655	672	13,254	60	5,960	0	65,908
22,962	9,546	11,359	7,645	33,781	1,863	21,955	0	238,744
0	0	0	0	0	0	0	100	200
0	0	58,530	0	0	0	0	0	58,530
22,962	9,546	69,889	7,645	33,781	1,863	21,955	100	297,474
(4,877)	(8,561)	(12,359)	(4,793)	(8,691)	(1,230)	(7,009)	0	(61,245)
0	(58,530)	0	0	0	0	0	0	(58,530)
(4,877)	(67,091)	(12,359)	(4,793)	(8,691)	(1,230)	(7,009)	0	(119,775)
18,085	(57,545)	57,530	2,852	25,090	633	14,946	100	177,699
23,033	(55,594)	59,185	3,524	38,344	693	20,906	100	243,607
85,586	55,594	41,088	26,226	113,528	3,608	71,977	0	777,148
$108,619	**$ 0**	**$100,273**	**$29,750**	**$151,872**	**$4,301**	**$92,883**	**$100**	**$1,020,755**
6,384	4,246	3,443	1,809	8,788	353	5,252	0	
1,650	712	931	520	2,405	181	1,512	0	
0	0	0	0	0	0	0	10	
0	0	4,759	0	0	0	0	0	
1,650	712	5,690	520	2,405	181	1,512	10	
(349)	(638)	(1,017)	(325)	(616)	(120)	(482)	0	
0	(4,320)	0	0	0	0	0	0	
(349)	(4,958)	(1,017)	(325)	(616)	(120)	(482)	0	
7,685	0	8,116	2,004	10,577	414	6,282	10	

SUPPLEMENTARY INFORMATION

MARYLAND COLLEGE INVESTMENT PLAN

Fiscal Year Ended June 30, 2006

Amounts in thousands, except net asset value per unit

	PORTFOLIO 2024	PORTFOLIO 2021	PORTFOLIO 2018	PORTFOLIO 2015	PORTFOLIO 2012	PORTFOLIO 2009
Net Asset Value [1]						
Beginning of period	$ 11.97	$ 12.91	$ 12.88	$ 12.92	$ 13.19	$ 13.41
Investment activities [2]						
Net investment income [3]	0.10	0.10	0.15	0.22	0.31	0.40
Net realized and unrealized gain (loss)	1.22	1.34	1.14	0.91	0.65	0.32
Total from investment activities	1.32	1.44	1.29	1.13	0.96	0.72
Net Asset Value [1]						
End of period	**$ 13.29**	**$ 14.35**	**$ 14.17**	**$ 14.05**	**$ 14.15**	**$ 14.13**
RATIOS [4]						
Total Return	**11.03%**	**11.15%**	**10.02%**	**8.75%**	**7.28%**	**5.37%**
Ratio of expenses to average net assets	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%
Ratio of net investment income to average net assets	0.74%	0.73%	1.08%	1.59%	2.26%	2.86%
Portfolio turnover rate	8.1%	9.6%	10.1%	10.8%	10.2%	17.0%
SUPPLEMENTAL INFORMATION						
Weighted-average expense ratio of the underlying mutual funds in which each portfolio invests [5]	0.65%	0.66%	0.66%	0.66%	0.66%	0.58%
Effective expense ratio	1.00%	1.01%	1.01%	1.01%	1.01%	0.93%
Net assets, end of period (in thousands)	$24,994	$103,837	$135,194	$134,902	$133,930	$108,619

[1] The net asset value per unit (NAV) is calculated at the close of the New York Stock Exchange on each day the exchange is open for business. Each Portfolio's NAV is computed by dividing the value of its net assets by the number of Portfolio units outstanding. A Portfolio's investments in the Underlying Mutual Funds are valued at each Underlying Mutual Fund's closing net asset value per share on the date of the valuation.

[2] Per unit amounts were calculated based on average units outstanding during the fiscal year.

[3] Recognition of the Portfolios' net investment income is affected by the timing of dividend declarations by the Underlying Mutual Funds in which the Portfolios invest.

[4] Ratios reflect the activity of each Portfolio, and do not include the activity of the Underlying Mutual Funds in which each Portfolio invests.

[5] Reflects the indirect expense impact to the Portfolio from its investment(s) in the Underlying Mutual Funds, based on the actual expense ratio of each Underlying Mutual Fund weighted for the Portfolio's relative average investment therein.

For a unit outstanding throughout the period

PORTFOLIO FOR COLLEGE	BOND AND INCOME PORTFOLIO	EQUITY PORTFOLIO	SHORT-TERM BOND PORTFOLIO	BALANCED PORTFOLIO
$ 11.93	$ 14.50	$ 12.92	$10.23	$ 13.70
0.38	0.59	0.10	0.35	0.29
0.04	(0.25)	1.34	(0.20)	0.79
0.42	0.34	1.44	0.15	1.08
$ 12.35	**$ 14.84**	**$ 14.36**	**$10.38**	**$ 14.78**
3.52%	**2.34%**	**11.15%**	**1.47%**	**7.88%**
0.35%	0.35%	0.35%	0.35%	0.35%
3.19%	4.04%	0.72%	3.44%	1.99%
29.7%	7.7%	9.8%	25.5%	8.7%
0.47%	0.70%	0.66%	0.55%	0.67%
0.82%	1.05%	1.01%	0.90%	1.02%
$100,273	$29,750	$151,872	$4,301	$92,883

NOTES

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Plans of Maryland

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Suite 1350
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