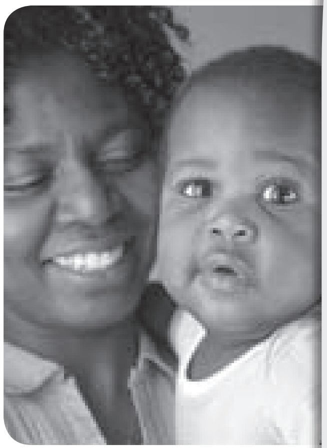

COLLEGE SAVINGS
PLANS OF MARYLAND

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2007 Annual Report

Maryland Prepaid College Trust

Maryland College Investment Plan

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COLLEGE SAVINGS PLANS OF MARYLAND BOARD

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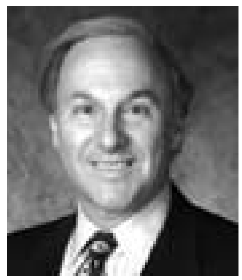

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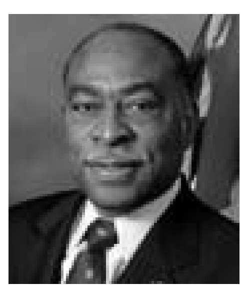


Dr. James Earl Lyons
Secretary of
Higher Education

Lewis A. Robinson
Public Member
Term began October 3, 2007

* *T. Eloise Foster - resigned effective January 29, 2007.*

COLLEGE SAVINGS
PLANS OF MARYLAND

October 31, 2007

Dear Friends,

We are proud to report that the College Savings Plans of Maryland had one of its best years ever in 2007. Total invested assets in the plans grew by nearly $524 million over the past year, which is a one-year growth rate of 36%. As of June 30, 2007, total invested assets were nearly $2 billion on behalf of more than 110,000 beneficiaries.

This significant growth is the result of the convergence of several positive events:

First, our new seven-year contract with T. Rowe Price which became effective on July 1, 2006, features a reduction of fees that enabled the Maryland College Investment Plan to become one of the lowest cost, directly marketed, 529 plans across the nation. We are very pleased that families have taken note of the increased competitiveness of the Plan, which contributed to the opening of nearly 24,000 new accounts in the past year.

Next, Congress made permanent the Federal tax exemption on earnings from all Section 529 plans in August 2006, provided the funds are used for eligible college expenses. This action strongly supports college savings now that families across the country can save with confidence that they will be eligible for tax exempt earnings whenever their children or grandchildren are ready to use their accounts to attend college.

The Maryland Prepaid College Trust experienced another year of increasing its actuarial surplus and is now 114% funded as of June 30, 2007. This actuarial surplus provides added protection for the Trust in an uncertain investment environment and with the continued lack of clarity of long-term tuition increases. More than 2,000 accounts were opened in the past year by families who value the assurance of locking into a price for future tuition benefits that they may ultimately use in Maryland or across the country.

While we are very pleased with our growth, we know that there are many more families who could benefit from opening an account in one or both of our plans. We hope that you will continue to review your own savings strategies and that you consider talking with your extended family and friends about the importance of saving in advance for future college expenses.

Sincerely,

The Board
College Savings Plans of Maryland

TABLE OF CONTENTS

COLLEGE SAVINGS PLANS OF MARYLAND - FEATURES AND BENEFITS

The **College Savings Plans of Maryland** offers affordable and flexible options to help families establish a college savings strategy that can help lessen or even eliminate the need to borrow in the future to finance higher education expenses. 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 **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, allows participants to choose from 13 mutual fund-based portfolios. These options include enrollment based portfolios where investment allocations adjust over time to become more conservatively invested as a child ages, and fixed portfolios with investment allocations that remain relatively static throughout the life of the investment.

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-advantaged 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;
- 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**.

The **Maryland College Investment Plan** was named earlier this year as one of the top 529 plans in the country by Morningstar** due to its low fees, flexible investment options and well managed underlying funds. This award has helped to create an awareness of the **College Investment Plan** both in and out of Maryland as families from around the country are looking to choose a plan that best fits their investment objectives.

The **College Savings Plans of Maryland** is proud to announce our newly re-designed web site which provides current and potential account holders with an easy-to-navigate resource for information about the plans. Expected to launch in November, please visit us at **www.collegesavingsmd.org** and browse the site to experience its new look and exciting features. It will now be easier than ever for account holders to access their accounts, check investment performance and make certain changes. There is also useful information specifically for new parents, grandparents and families who may be thinking about college savings strategies and want to know more about the **College Savings Plans of Maryland**.

**Please read our entire Enrollment Kit before deciding to enroll. If you live outside of Maryland, check with your state to learn if it offers tax or other benefits for investing in its 529 plan.*

***The Maryland College Investment Plan, managed by T. Rowe Price, has been named one of the country's "best 529 college savings plans" by Morningstar, Inc., March 2007, based on investment flexibility, low cost, quality of investments, and account holder friendliness.*

T. Rowe Price Investment Services, Inc. Distributor/Underwriter

MARKET COMMENTARY

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, 2007.*

STOCKS RALLIED SHARPLY

U.S. stocks enjoyed strong results during the 12 months ended June 30, 2007, extending a rally that began in 2003. Despite a notable economic slowdown driven largely by a slumping housing market, stocks generated robust returns amid better than expected earnings and a stable interest rate policy from the Federal Reserve. Substantial merger and acquisition activity, particularly a steady stream of leveraged buyouts from private equity firms, also provided support for stocks.

However, the uncertain economic environment led to increased market volatility toward the end of the period. A sharp downturn in late February was sparked by a plunge in the Chinese stock market and concerns about growing defaults in the sub-prime lending industry. Sub-prime woes resurfaced in mid-June, teaming with higher energy prices to send the market lower. In both cases, though, stocks bounced back, and several of the major stock indexes finished the period near their all-time highs.

Overall, the major stock indexes posted double-digit returns for the one-year period. Large- and mid-cap stocks led the market's advance, while small-cap issues lagged. Value shares continued to outperform growth-oriented stocks in the large- and mid-cap segments of the market, but growth shares narrowly outpaced value among small-cap stocks.

International stocks produced strong returns over the last year as better economic conditions and a declining U.S. dollar boosted foreign markets. Emerging markets were the best performers, led by sizable returns in Latin America. Among developed markets, European bourses (stock exchanges) produced powerful gains, but Japanese shares lagged as the beginning of an economic recovery in the country stalled.

MODERATE GAINS FOR BONDS

U.S. bonds also produced positive results for the reporting period, though more modest than in the equity markets. Economic activity decelerated as weakness in the housing market spread to other sectors of the economy. Meanwhile, inflation stayed above the Federal Reserve's comfort level as energy prices remained stubbornly high, in part because of improving economic conditions overseas. As a result, the Federal Reserve held short-term interest rates steady throughout the one-year period.

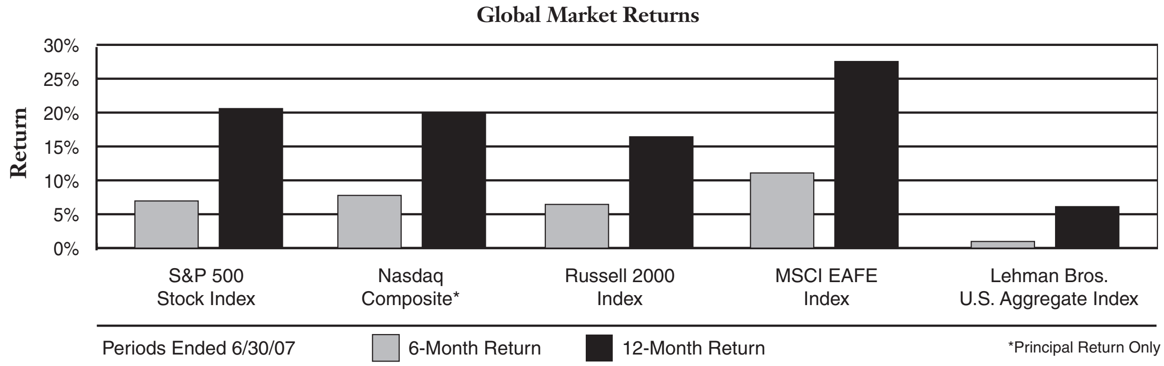
Although bond yields fluctuated in response to the slowing economy, energy price volatility, and financial woes in the sub-prime lending industry, yields ended the period slightly lower overall, producing modest price gains. Yields remained roughly equal across the maturity spectrum, a condition known as a "flat yield curve."

By a wide margin, high-yield corporate bonds were the best performers, posting double-digit gains for the one-year period. Strong demand for yield and resilient credit quality helped boost the high-yield segment of the market. Investment-grade corporate bonds and mortgage-backed securities also fared well, benefiting from their relatively high yields, while Treasury and government agency bonds lagged.

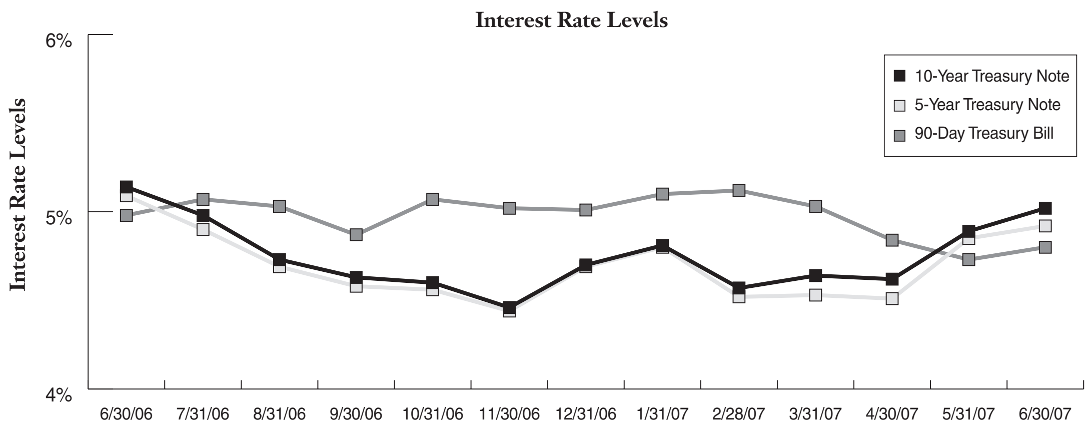
MARKET UNCERTAINTIES

Due to market uncertainties, the overall market value of the investments in the **Prepaid College Trust** and 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 2007-2008 Enrollment Kit.*



Source: T. Rowe Price Investment Services



Source: T. Rowe Price Investment Services

COLLEGE COSTS REVIEW

Nationwide participation in 529 college savings plans rose substantially this past year. Declining costs and improving investment options attracted more investors, but perhaps the biggest factor was the Pension Protection Act of 2006, which President Bush signed into law on August 17, 2006. The Pension Protection Act made permanent one of the key advantages of a 529 plan—all distributions used for qualified educational expenses are exempt from federal taxes. Previous legislation creating this tax advantage was set to expire in 2010.

While the permanence of tax-free distributions from 529 plans is terrific news for college savers, the bad news is that the costs of higher education continue to trend upward.

As the table on the next page shows, the average cost of a four-year public university increased by 5.6% for the 2006–2007 academic year, while the average cost of a four-year private college rose by 5.7%—the first time in five years that private college costs increased at a higher rate than public colleges. The average published cost at a four-year private institution now exceeds $30,000 per year.

(“Average cost” consists of tuition, fees, room, and board; it does not include other expenses such as books, supplies, and transportation, which together can add several thousand dollars to annual college costs.)

Over the past decade, the average annual cost of a college education at a four-year public college soared by nearly 80%, reflecting the inability of state and local education funding to keep pace with the growing student population. Although the average annual cost at a four-year private institution rose by 65% over the past decade, lower than the public college increase, it was still more than twice the inflation rate.

According to the College Board, however, these published average costs are not necessarily indicative of what most students pay for college. For example, 42% of all full-time students at four-year colleges and universities—including 58% of public-school students—pay less than $6,000 in tuition and fees. In contrast, only 13% are enrolled in schools with tuition and fees exceeding $24,000.

Another factor is financial aid, which totaled approximately $135 billion in the 2005-2006 academic year. This works out to an average of a little more than $10,000 per student, an increase of 46% over the past decade. Most of this increase, however, has been driven by loans rather than grants. In 1990, grants comprised more than half of all financial aid, but today they make up less than 40%. Loans have replaced grants as students' primary source of college funding, providing 56% of all financial aid.

In addition, federally subsidized loans have declined from 57% of all student lending to 34% in the last 10 years. Much of the slack has been taken up by private loans, which increased more than twelve-fold in the last decade and now make up 20% of all college borrowing.

More and more families are increasingly relying on loans or other borrowing to pay for college—according to a study by student lender Nellie Mae, as many as 1 in 4 undergraduates may have used credit cards to pay a portion of their tuition. As a result, the need for college savings grows more acute. A college savings plan can help reduce the need for borrowing, earn you interest instead of costing you interest, and enable your child to finish college without substantial debt.

PUBLISHED TUITION, FEES, ROOM AND BOARD CHARGES—NATIONAL AVERAGE

	Four Year Private College	Four Year Public College	Consumer Price Index
2006-2007 Academic Year	$30,367	$12,796	N/A
Change from the previous academic year	5.7%	5.6%	2.7%
Change from ten years ago	65.4%	79.2%	30.0%

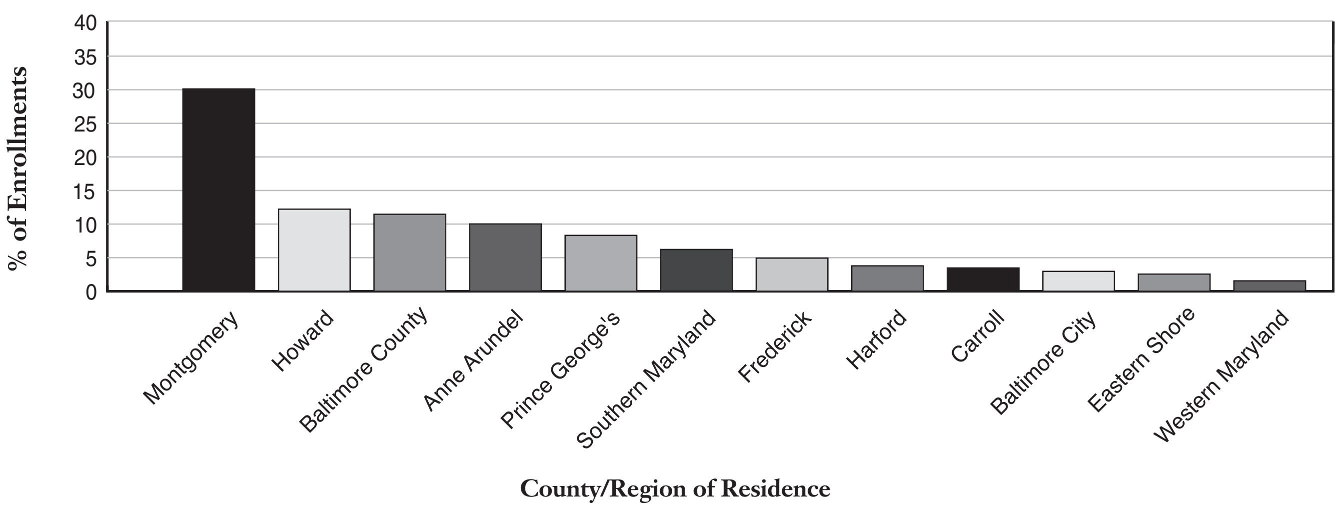
Sources: College Board, Bureau of Labor Statistics

**Statistical information provided in this section is from the College Board's "Trends in College Pricing 2006" and "Trends in Student Aid 2006" for the 2006-2007 academic year.*

MARYLAND PREPAID COLLEGE TRUST

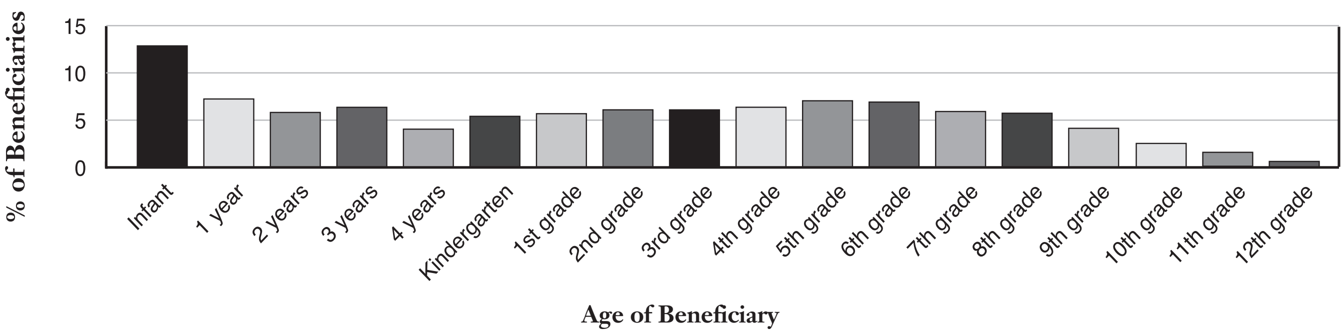
NEW ENROLLMENT BY COUNTY

Of the approximately 2,100 new enrollments that were received in the past year, Montgomery County residents produced the largest number of participants, accounting for nearly 30% of all new enrollments. Howard County was the second largest source of new enrollments (12%) followed by Baltimore (11%) and Anne Arundel (10%) counties, as illustrated in the following chart:



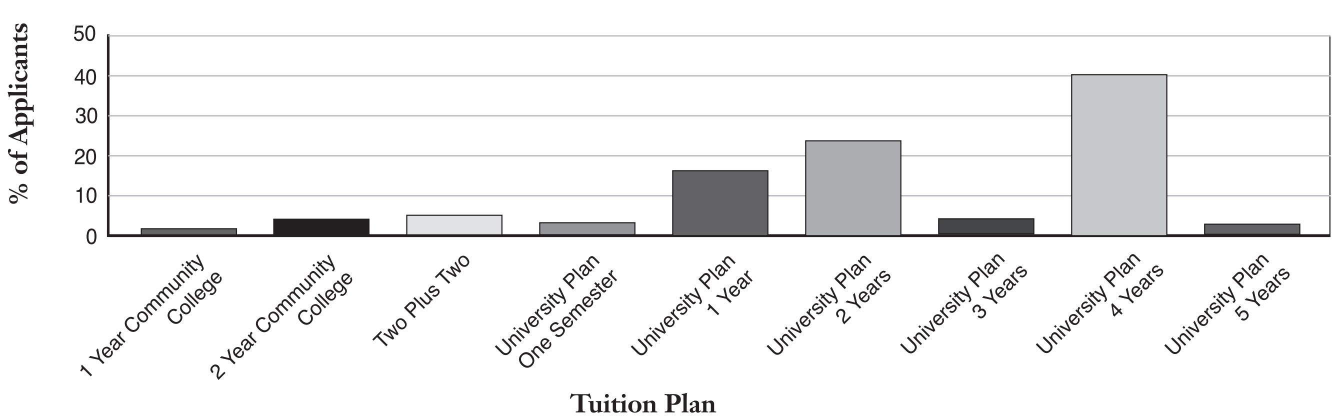
AGE OF BENEFICIARIES AT TIME OF ENROLLMENT

The infant category provided the largest single age group of new enrollments in 2006 – 2007. About 53% of all new enrollments came from children that are in their elementary and middle school years. The average age of all children enrolled this year in the Maryland Prepaid College Trust is about 7 years old.



TUITION PLAN SELECTED

The 4-year University Plan was our most popular enrollment option in 2006 – 2007, with 40% of new enrollments. The second most popular Tuition Plan was the 2-year University Plan with 24% of new enrollments, as illustrated in the chart below:



MORE STUDENTS USE PREPAID COLLEGE TRUST TUITION BENEFITS AT COLLEGES NATIONWIDE

There are a total of 4,448 students eligible to use benefits for the Fall 2007 semester, as compared to approximately 3,300 students who were eligible for the prior academic year. Approximately 63% of eligible beneficiaries, as of October 9, 2007, 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 37% of eligible beneficiaries have yet to claim their Fall 2007 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 5, 2007 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 fiscal year 2006 is the strong growth of the Trust's actuarial surplus. As of June 30, 2007, the Trust was 114% funded, with an actuarial surplus of $87.9 million, which is a substantial improvement over the last fiscal year, when the Trust was 103% funded, with an actuarial surplus of $16.0 million as of June 30, 2006.

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

1. The Trust's investments produced an overall return of 15.5% during fiscal year 2007, as compared with the stated goal of 7.65%. The amount of return above our goal had a positive effect on the actuarial valuation.
2. The weighted average tuition at Maryland's public colleges increased by 1.1% for the 2007-2008 academic year. This actual increase is less than our projection, which was that the weighted average tuition would increase by 7.65% for 2007-2008. Since the actual increase was lower than our projection, this 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 6/30/2007	At 6/30/2006	At 6/30/2005	At 6/30/2004	At 6/30/2003
Actuarial Surplus/(Deficit) (mil)	$87.9	$16.0	$(26.5)	$(75.1)	$(69.9)
Funded Ratio	114%	103%	95%	85%	82%

PRICEWATERHOUSECOOPERS

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

October 5, 2007

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, 2007. 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 30,2007.

A comparison of the assets and liabilities of the trust fund shows that as of June 30, 2007 there is a surplus of $87,945,134 as compared to a surplus of $15,184,294 as of June 30, 2006. The funded status of the program is presently approximately 114%, compared to approximately 103% 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 E. Mielzynski

Michael E. Mielzynski, FCAS, MAAA
Actuarial Manager
PricewaterhouseCoopers LLP

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

2 Hamill Road, Suite 241
West Quadrangle
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 statement of net assets of the Maryland Prepaid College Trust (the Trust), as of June 30, 2007, and the related statements 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 Prepaid College Trust as of June 30, 2007, 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 inquiries 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.

Baltimore, Maryland
October 19, 2007

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, 2007. 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, 2007 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 Prepaid College Trust's financial statements in accordance with the standards issued by the Governmental Accounting Standard 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 2007 from the approximately 2,100 new enrollments during the fiscal year 2006 enrollment period. This is because the lump sum and down payments for these accounts were due on August 1, 2006. In addition, many of the approximately 1,900 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 2006.

Contract Receipts from Participants *(in thousands)*

Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006
$61,663	$70,290

- 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 years of community college and/or semesters or years of university tuition benefits, which become available based on the enrollment semesters 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. In addition, on behalf of the College Savings Plans of Maryland, the Trust receives 4 basis points from the College Investment Plan on assets up to $1 billion and an additional 6 basis points on assets over $1 billion. 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. Fees received from the College Investment Plan have also decreased, due to the elimination of the enrollment fee which was previously assessed for new enrollees. This fee reduction was offset by an increase in the amount paid to the Trust based on a higher number of basis points and the continued growth of Plan assets.

Enrollment and Administrative Fees *(in thousands)*

	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006
Prepaid College Trust	$ 130	$ 152
College Investment Plan	636	777
Total	$ 766	$ 929

- During fiscal year 2007, the Trust continued to invest the contract payments received into its diversified investment portfolio.

Investments *(in thousands)*

	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006
Large Cap Value	$ 81,949	$ 65,988
S&P 500 Core	53,366	44,268
Large Cap Growth	54,310	42,869
Small Cap Value	54,665	45,984
Small/Mid Cap Core	30,626	22,283
Small Cap Core	27,478	21,870
Intermediate Duration Fixed Income	145,081	122,875
Short Duration Fixed Income	24,081	21,843
International	54,129	35,619
International Emerging markets	16,418	8,933
Total investments	$542,103	$432,532

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, 2007. Net assets are defined as total assets less total liabilities. The Statement of Net Assets, 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 Statement of Net Assets as of June 30, 2007 and June 30, 2006:

(in millions)	As of June 30, 2007	As of June 30, 2006
Assets		
Current	$606.3	$496.4
Noncurrent	115.8	123.6
Total	722.1	620.0
Liabilities		
Current	39.4	34.6
Noncurrent	592.3	569.4
Total	631.7	604.0
Net Assets	$ 90.4	$ 16.0

The Trust classifies assets and liabilities as current and noncurrent. Current assets consist primarily of investments, tuition contracts receivable as well as cash and cash equivalents. Of these amounts, investments comprise approximately 89.4% of current assets. Tuition contracts receivable represent virtually all of the noncurrent 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. Noncurrent liabilities consist of accrued tuition benefits.

For the fiscal year ended June 30, 2007, the net assets of the Trust increased by $74 million. This increase was due primarily to two factors. The first and most significant was the positive effect of the Trust's rate of return exceeding its projected return on investments of 7.65%. The second 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 0.2% and 4.4%, respectively. The Trust had projected a tuition increase of 7% and a mandatory fee increase of 10% for the 2007-2008 academic year. Since these lower increases in tuition and mandatory fees were included in the calculations for contract pricing for the 2006-2007 enrollment period and the previous soundness evaluation, net assets were positively impacted.

Statement of Revenues, Expenses and Changes in Net Assets

Changes in net assets as 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 Statement of Revenues, Expenses and Changes in Net Assets for the fiscal years ended June 30, 2007 and June 30, 2006:

(in millions)	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006
Operating revenues		
Tuition contracts	$53.3	$59.8
Administrative fees	2.0	2.4
Total	55.3	62.2
Operating expenses		
Tuition benefits	51.7	48.8
Administrative expenses	1.8	1.8
Total	53.5	50.6
Operating income	1.8	11.6
Non-operating revenues		
Change in unrealized investment gain	46.7	13.3
Change in realized gain	11.9	5.8
Investment income	14.0	11.7
Total	72.6	30.8
Change in net assets	$74.4	$42.4

For the fiscal year ended June 30, 2007, the Trust reported an operating income of $1.8 million. The decrease in operating income of $9.8 million from the fiscal year ended June 30, 2006 was the result of tuition benefit revenue exceeding tuition contract expense by $1.6 million and net administrative and operating income of $0.2 million. Non-operating revenue includes $46.7 million unrealized investment gain, $11.9 million realized investment gain and $14.0 million of other income. Combined, operating income and non-operating revenue resulted in an increase in net assets of $74.4 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 Statement of Cash Flows for the fiscal years ended June 30, 2007 and June 30, 2006 is presented below:

(in millions)	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2006
Cash provided (used) by:		
Operating activities	$ 40.4	$ 56.5
Investing activities	(38.4)	(55.4)
Capital and related financing activities	0.0	(0.2)
Net change in cash	2.0	0.9
Cash and cash equivalents, beginning of year	4.4	3.5
Cash and cash equivalents, end of year	$ 6.4	$ 4.4

Increases in cash were due primarily to contract payments made by account holders. These increases were primarily used to purchase investments and make tuition benefit 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 2.4% from the 2006-2007 academic year and 1.5% from the 2005-2006 academic year. The Board also reviewed the rate of return on the Prepaid College Trust's investments, which was 15.5% for fiscal year 2007 and 8.0% for fiscal year 2006.

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, 2007.

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 6%, 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, 2007.

Statement of Net Assets
As of June 30, 2007

(amounts in thousands)

	Tuition and Investments	Administration/ Operating	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 5,225	$1,160	$ 6,385
Investments, at fair value	542,103	0	542,103
Tuition contracts receivable	56,148	0	56,148
Interest receivable	1,464	0	1,464
Accounts receivable	0	285	285
Total current assets	604,940	1,445	606,385
Noncurrent assets:			
Capital assets, net	0	34	34
Tuition contracts receivable, net of current portion	115,727	0	115,727
Total noncurrent assets	115,727	34	115,761
Total assets	720,667	1,479	722,146
LIABILITIES			
Current liabilities:			
Accrued tuition benefits	30,144	0	30,144
Advance tuition contract payments	8,976	0	8,976
Accounts payable and accrued expenses	0	215	215
Other liabilities	0	59	59
Total current liabilities	39,120	274	39,394
Noncurrent liabilities:			
Accrued tuition benefits, net of current portion	592,311	0	592,311
Total noncurrent liabilities	592,311	0	592,311
Total liabilities	631,431	274	631,705
NET ASSETS			
Invested in capital assets	0	34	34
Unrestricted:			
Tuition and investments	88,463	1,171	89,634
Restricted:			
Administration	773	0	773
Total net assets	$ 89,236	$1,205	$ 90,441

See accompanying notes to financial statements

Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2007

(amounts in thousands)

	Tuition and Investments	Administration/ Operating	Total
OPERATING REVENUES			
Tuition contracts	$53,304	$ 0	$53,304
Management fee	0	1,302	1,302
Maryland College Investment Plan fees	0	636	636
Enrollment and other fees	0	130	130
Total operating revenues	53,304	2,068	55,372
OPERATING EXPENSES			
Tuition benefits	51,748	0	51,748
Salaries, wages and benefits	0	845	845
Technical and special fees	0	34	34
Communication	0	97	97
Travel	0	6	6
Marketing	0	241	241
Contractual services	0	288	288
Supplies	0	33	33
Equipment	0	0	0
Fixed charges	0	152	152
Depreciation	0	85	85
Other expenses	0	12	12
Total operating expenses	51,748	1,793	53,541
Operating income	1,556	275	1,831
NON-OPERATING REVENUES			
Change in unrealized gain on investments	46,668	0	46,668
Change in realized gain	11,892	0	11,892
Investment income	14,036	12	14,048
Total non-operating revenues	72,596	12	72,608
Change in net assets	74,152	287	74,439
Total net assets, beginning of year	15,084	918	16,002
Total net assets, end of year	$89,236	$1,205	$90,441

See accompanying notes to financial statements

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2007

(amounts in thousands)

Cash Flows from Operating Activities:	
Receipts from:	
Participants	$ 61,663
Maryland College Investment Plan fees	652
Payments to:	
Employees	(867)
Marketing	(303)
Contract vendors	(249)
Communication	(87)
Universities and participants	(20,102)
Other operating expenses	(233)
Net cash from operating activities	40,474
Cash Flows from Investing Activities:	
Investment income	24,477
Purchase of investments	(62,902)
Net cash from investing activities	(38,425)
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(32)
Net Increase in cash and cash equivalents	2,017
Cash and cash equivalents, beginning of year	4,368
Cash and cash equivalents, end of year	$ 6,385
Reconciliation of operating income to net cash from operating activities:	
Operating income	$ 1,831
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	85
Change in non-cash operating assets and liabilities:	
Increase in accounts payable	12
Increase in other liabilities	9
Increase in account receivable	(36)
Increase in tuition contracts receivable	10,910
Increase in accrued tuition benefits payable	27,663
Net cash from operating activities	$ 40,474
Non-cash Transactions:	
Unrealized gain on investments	$ 46,566

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2007

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 therein. Based on information contained within the Actuarial Soundness Report dated October 5, 2007 and issued by Richard M. Kaye & Associates, in conjunction with PricewaterhouseCoopers LLP, as of June 30, 2007, 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, 2007, 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. The Federal exemption was made permanent by the Pension Protection Act of 2006.

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 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 the contract is 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 June 30, 2007 as 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 $5,000,000 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, 2007, the carrying amount of the Trust's cash and cash equivalents was $6,385,499. The bank balance totaled $5,813,721 and pooled cash maintained by the State Treasure totaled $247,575. Of the bank balances, $139,379 represents deposits covered by federal depository insurance and $5,674,342 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, domestic and international 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, 2007, the Trust had the following investment 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**
U.S. Govt. money market mutual fund	$ 13,133	$ 13,133	$ 0	$ 0	$ 0	$ 0
U.S. Treasury notes	22,418	0	14,655	250	1,842	5,671
U.S. Govt. agencies	33,109	450	1,519	0	3,057	28,083
Corporate bonds	95,820	2,655	14,277	6,861	753	71,274
Municipal bonds	7,537	25	1,984	2,256	802	2,470
Common stocks	158,870	158,870	0	0	0	0
Preferred Stock	446	446	0	0	0	0
REITs	4,908	4,908	0	0	0	0
Large cap mutual fund	81,949	81,949	0	0	0	0
S&P 500 Index mutual fund	53,366	53,366	0	0	0	0
International mutual fund	54,129	54,129	0	0	0	0
Emerging markets mutual fund	16,418	16,418	0	0	0	0

Credit Risk

The Investment Policy details the minimum quality standards for it bond portfolios. The average rating in each portfolio must be "A" or better by either the 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. The U.S. Government money market mutual fund is not considered to have credit risk. All such investments are in mutual fund shares stated at fair value based upon quoted market prices.

As of June 30, 2007, the Trust's has the following investments and quality ratings:

Investment Type	**Fair Value**	**Rating**	**Rating Organization**
U.S. Government agencies	$ 55,527	-	-
Bonds	39,757	AAA	Moody's
Bonds	5,716	AA	Moody's
Bonds	10,634	A	Moody's
Bonds	18,081	Less than A	Moody's
Bonds	29,169	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 the bond portfolio's market value, except U.S. Treasury notes and bonds. It also limits a single investment to 10% of the 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, 2007 was as follows (amounts in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets being depreciated:				
Computers	$ 85	$ 29	$ (4)	$ 110
Furniture	17	0	0	17
Equipment	12	0	0	12
Software	57	0	0	57
Perpetual software license	495	0	0	495
Total capital assets at historical cost	666	29	(4)	691
Less accumulated depreciation for:				
Computers	80	12	(4)	88
Furniture	5	1	0	6
Equipment	10	1	0	11
Software	57	0	0	57
Perpetual software license	424	71	0	495
Total accumulated depreciation	576	85	(4)	657
Capital assets, net	$ 90	$ (56)	$ 0	$ 34

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of June 30, 2007, accounts payable and accrued expenses consisted of the following (amounts in thousands):

Due to vendors	$ 187
Salaries and employee benefits	28
Total	$ 215

7. OTHER LIABILITIES

As of June 30, 2007, other liabilities consisted of the following (amounts in thousands):

Compensated absences	$ 56
Workers' compensation	3
Total	$ 59

8. PENSION 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 (the System) and are also entitled to certain healthcare benefits upon retirement. This 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 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, 2007, 2006 and 2005. These contributions amounted to $40,528, $32,532 and $24,914 for the fiscal years ended June 30, 2007, 2006 and 2005, 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 the WAT for Maryland public universities and community colleges is projected to increase 6% per annum and the mandatory fee component of the WAT is projected to increase 10% per annum.

Investment Return: The actuarial valuation of the Trust Fund was determined using an assumed 7.65% rate of return on investments. It is further assumed that the Trust fund 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 2007-2008 WAT with a 8% 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 8% bias load used relates to the estimated percentage increase in expenditures by the Trust over 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.

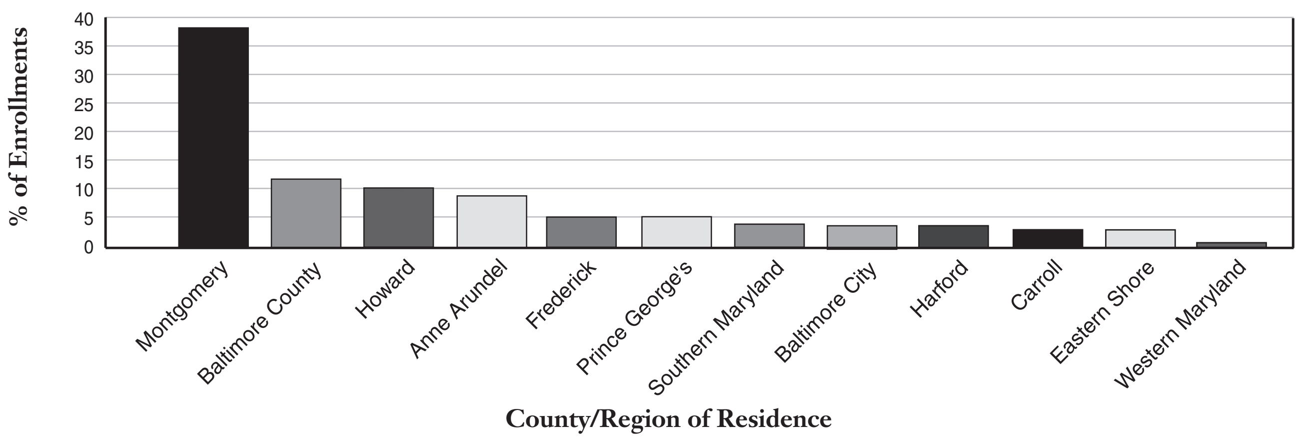
Change in accrued tuition benefits payable for the year ended June 30, 2007 is as follows (amounts in thousands):

July 1, 2006	Increase	Decrease	June 30, 2007	Amount due within one year
$ 592,111	$ 51,748	$ 21,404	$ 622,455	$ 30,144

PROFILE OF NEW COLLEGE INVESTMENT PLAN ENROLLMENTS

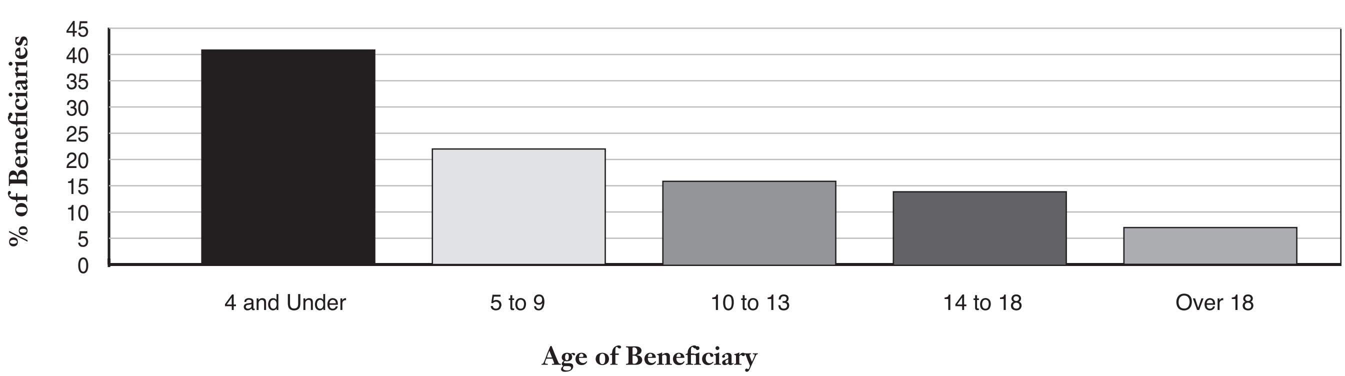
Enrollment by County

Of the 23,749 new accounts in the College Investment Plan as of June 30, 2007, enrollments have been concentrated in Montgomery (38%), Baltimore (12%) and Howard (10%) counties. However, there have been gains in Plan participation in other parts of the State. The following chart shows a breakdown of the counties and regions of residence for the College Investment Plan participants.



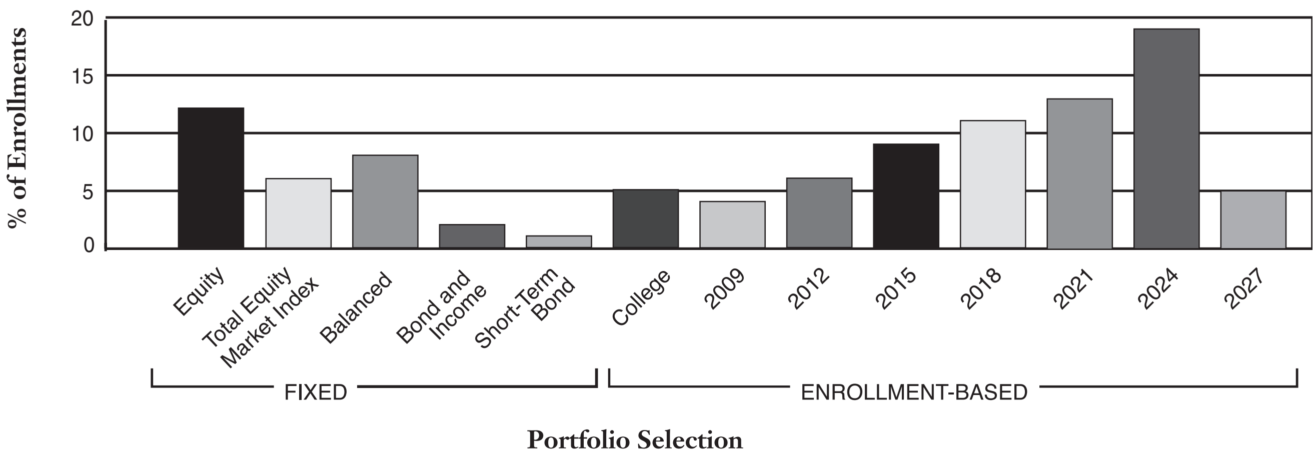
Age of Beneficiaries at Time of Enrollment

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 7% 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 19% of total accounts, Portfolio 2024 was the most popular selection among 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

Over 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, 2006, distributions have been taken for 4,170 unique beneficiaries totaling approximately $45.9 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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West Quadrangle
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(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

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, 2007, and the individual portfolio statements of net assets (the Portfolios), as of June 30, 2007, 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 Investment Plan as of June 30, 2007, 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 35 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 inquiries 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.

Baltimore, Maryland
October 19, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

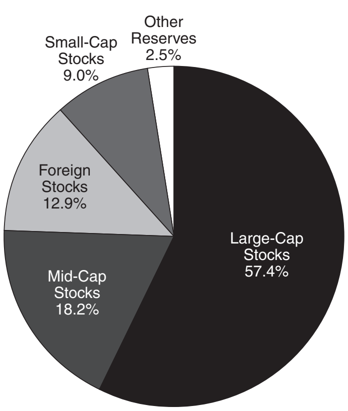
Our discussion and analysis of the **College Investment Plan's** financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2007. This discussion is designed to provide a general overview of the College Investment Plan operations and the Board's insight 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 36. 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, 2007 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 42.

Financial Highlights By Portfolio - as of June 30, 2007**

ASSET CLASS ALLOCATION

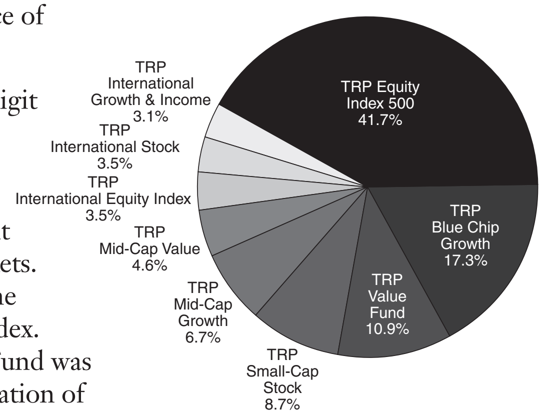


PORTFOLIO 2027

Portfolio 2027 generated robust returns for the six and 12 months ended June 30, 2007. The portfolio returns for both time periods outpaced the performance of its weighted benchmark.

Every holding in the portfolio posted double-digit gains over the past 12 months, with all but one returning more than 20%. Overall, the best-performing segment of the portfolio was its international position, reflecting a third straight year of outsized results in overseas equity markets. However, the international equity portion of the portfolio underperformed the MSCI EAFE Index. In early 2007, the International Equity Index Fund was added to the portfolio, increasing the diversification of its foreign holdings.

MUTUAL FUND ALLOCATION

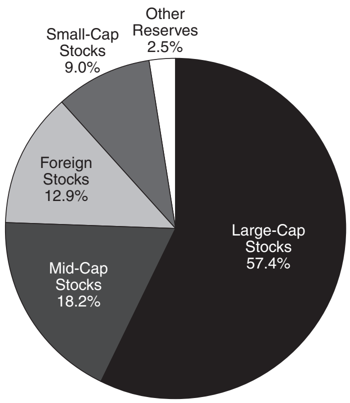


The Value and Mid-Cap Value Funds were the top performers among the portfolio's domestic equities, and were the strongest contributors to the portfolio's relative performance. In contrast, the Small-Cap Stock Fund lagged and underperformed its counterpart in the benchmark.

Performance Comparison as of June 30, 2007

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
PORTFOLIO 2027	8.33%	20.90%	20.90%
Weighted Benchmark*	7.69%	20.85%	20.85%

ASSET CLASS ALLOCATION

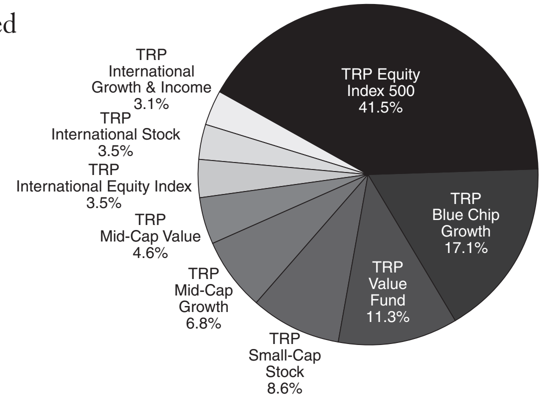


PORTFOLIO 2024

Portfolio 2024 posted sizable gains for the six and 12 months ended June 30, 2007. Both the six- and 12-month results for the portfolio surpassed the performance of its weighted benchmark.

Overall, the top absolute performers in the portfolio over the past 12 months were the international components as foreign equity markets generated the best returns for the third consecutive fiscal year. However, the international equity portion of the portfolio underperformed the MSCI EAFE Index. In early 2007, the International Equity Index Fund was added to the portfolio, increasing the diversification of its foreign holdings.

MUTUAL FUND ALLOCATION

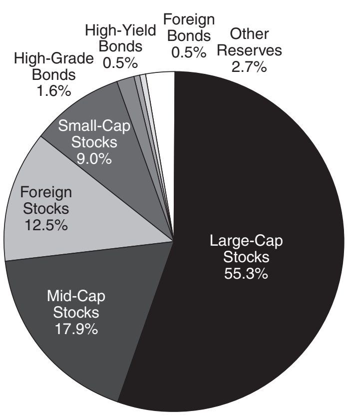


Among the portfolio's domestic equity components, the Value and Mid-Cap Value Funds enjoyed robust returns and were the strongest relative contributors. The only holding in the portfolio that returned less than 20% for the 12 months was the Small-Cap Stock Fund, which posted more modest double-digit gains.

Performance Comparison as of June 30, 2007

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
PORTFOLIO 2024	8.35%	21.07%	13.86%
Weighted Benchmark*	7.69%	20.85%	14.32%

ASSET CLASS ALLOCATION

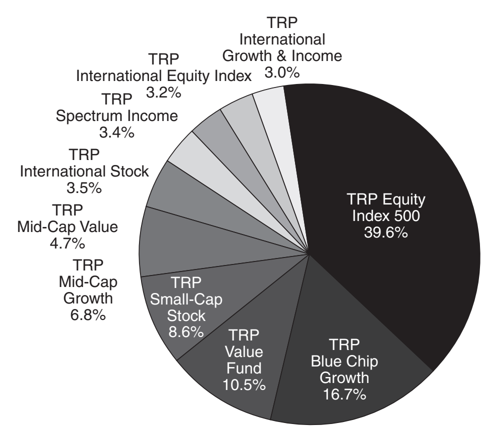


PORTFOLIO 2021

Portfolio 2021 produced strong gains for the six and 12 months ended June 30, 2007, outperforming its weighted benchmark over both time periods. The portfolio's domestic equity holdings generated healthy gains and were the best contributors to relative performance in both periods.

The Value and Mid-Cap Value Funds were the strongest relative contributors. The laggard in the portfolio was the Small-Cap Stock Fund, which nonetheless delivered a double-digit gain. International equity markets outperformed domestic stocks over the past year but the international equity portion of the portfolio lagged the MSCI EAFE Index.

MUTUAL FUND ALLOCATION

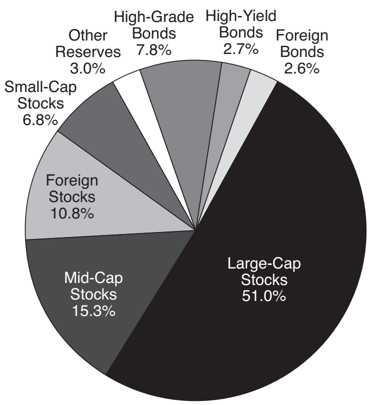


During the last six months of the period, a modest fixed-income position was added to the portfolio. This segment of the portfolio contributed favorably to performance as exposure to a diversified mix of income-producing investments added relative value.

Performance Comparison as of June 30, 2007

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
PORTFOLIO 2021	8.23%	20.91%	8.49%
Weighted Benchmark*	7.38%	20.34%	9.12%

ASSET CLASS ALLOCATION

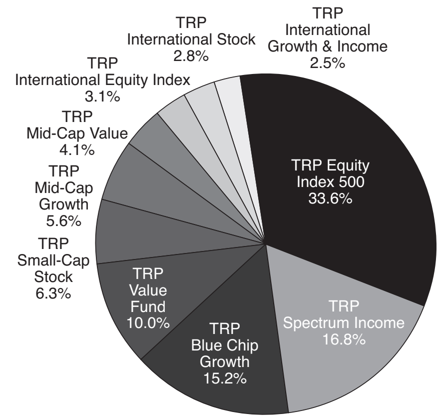


PORTFOLIO 2018

Portfolio 2018 generated robust returns for the six and 12 months ended June 30, 2007. The portfolio's six- and 12-month returns outpaced the performance of its weighted benchmark. An overweight to equity holdings and an underweight in fixed income contributed to absolute and relative results.

Every holding within the equity portion of the portfolio posted more than 20% gains over the past 12 months, except the Small-Cap Stock Fund, which returned more than 14%. Overall, the best-performing segment of the portfolio was its international position, reflecting a third straight year of outsized performance in overseas equity markets. However, the international equity portion of the portfolio trailed the MSCI EAFE benchmark. The Value and Mid-Cap Value Funds posted strong relative contributions and the best absolute performance among the portfolio's domestic equities.

MUTUAL FUND ALLOCATION

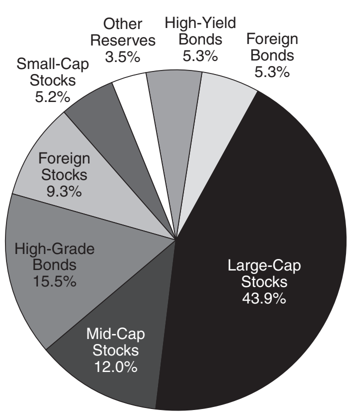


The portfolio's fixed-income component posted solid absolute gains and was largely responsible for the portfolio's outperformance because of its allocation to dividend paying stocks and high-yield corporate bonds.

Performance Comparison as of June 30, 2007

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
PORTFOLIO 2018	7.37%	19.27%	7.98%
Weighted Benchmark*	6.36%	17.98%	8.32%

ASSET CLASS ALLOCATION

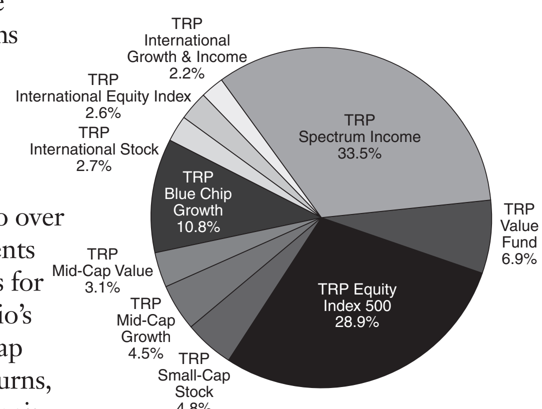


PORTFOLIO 2015

Portfolio 2015 delivered a solid gain for the six months ended June 30, 2007, and a double-digit return for the 12 months ended June 30, 2007. The portfolio's returns surpassed the performance of its weighted benchmark over both time periods. An overweight to equity holdings and an underweight in fixed income contributed to absolute and relative results.

Overall, the top absolute performers in the portfolio over the past 12 months were the international components as foreign equity markets generated the best returns for the third consecutive fiscal year. Among the portfolio's domestic equity components, the Value and Mid-Cap Value Funds posted robust absolute and relative returns, while the Small-Cap Stock Fund posted the lowest gains.

MUTUAL FUND ALLOCATION



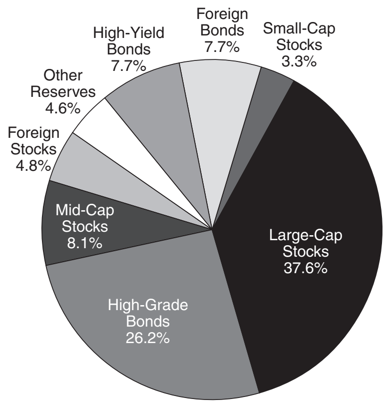
The portfolio's bond component also advanced, though at a more modest pace than the equity holdings, and was a strong contributor to the portfolio's relative performance. The Spectrum Income Fund's holdings in dividend-paying stocks and high-yield corporate bonds, as well as a modest allocation in emerging market bonds, bolstered the Fund's relative returns.

Performance Comparison as of June 30, 2007

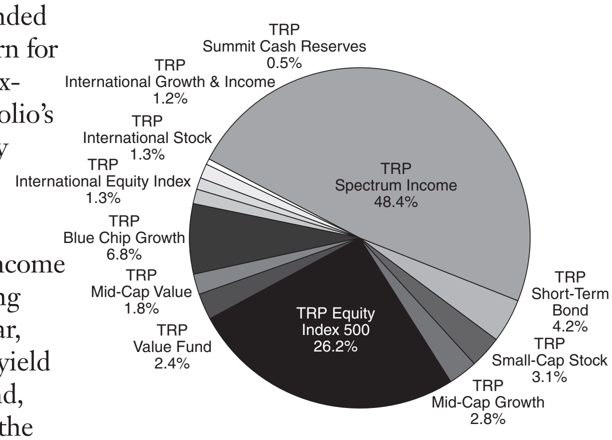
	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
PORTFOLIO 2015	6.39%	17.37%	7.51%
Weighted Benchmark*	5.23%	15.63%	7.37%

PORTFOLIO 2012

ASSET CLASS ALLOCATION



MUTUAL FUND ALLOCATION



Portfolio 2012 advanced for the six months ended June 30, 2007, and posted a double-digit return for the 12 months ended June 30, 2007. Both the six- and 12-month results outperformed the portfolio's weighted benchmark. An overweight to equity holdings and an underweight in fixed income contributed to absolute and relative results.

Diversification boosted the portfolio's fixed-income position as its broad array of income-producing investments generated solid gains. In particular, exposure to dividend-paying stocks and high-yield corporate bonds in the Spectrum Income Fund, both of which posted double-digit gains over the past 12 months, boosted returns.

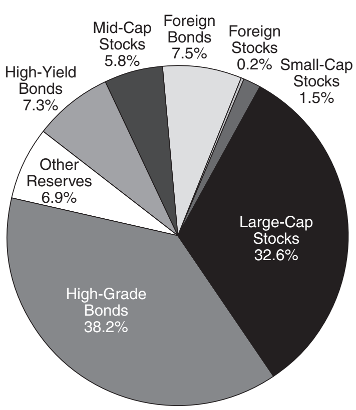
In the equity portion of the portfolio, the international components were the best overall absolute performers but the international equity portion of the portfolio underperformed its benchmark, the MSCI EAFE Index. The portfolio's domestic equity holdings—led by the Value and Mid-Cap Value Funds—were the strongest contributors to the portfolio's relative performance. The laggard in the portfolio was the small-cap stock position, which generated a double-digit return but was a modest relative performance detractor.

Performance Comparison as of June 30, 2007

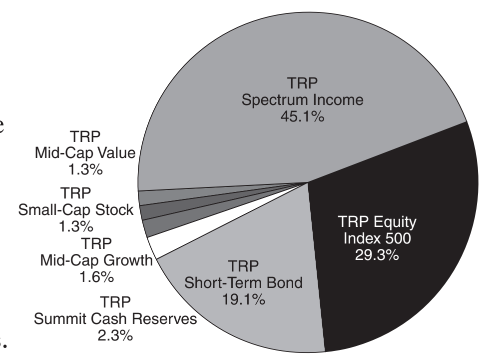
	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
PORTFOLIO 2012	5.11%	14.84%	7.23%
Weighted Benchmark*	3.97%	12.75%	6.52%

PORTFOLIO 2009

ASSET CLASS ALLOCATION



MUTUAL FUND ALLOCATION



Portfolio 2009 posted a modest gain for the six months ended June 30, 2007, and a solid advance for the 12 months ended June 30, 2007. The portfolio outpaced the returns of its weighted benchmark in both time periods. An overweight to equity holdings and an underweight in fixed income contributed to absolute and relative results.

The equity component of the portfolio consisted primarily of the Equity Index 500 Fund, which gained 20% for the 12-month period. However, small positions in mid- and small-cap stocks added value, outperforming the broad market benchmarks.

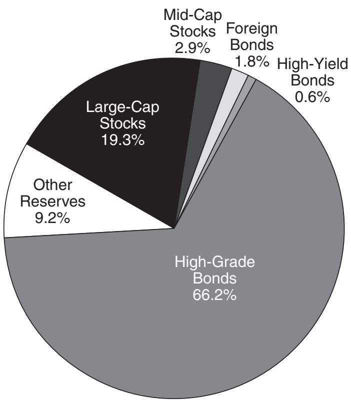
The portfolio's fixed-income component generated a solid return for the 12-month period and contributed favorably to performance relative to the benchmark. The portfolio's allocation to the Spectrum Income Fund generated solid gains as several diversifying elements—most notably, dividend-paying stocks, high-yield corporate bonds, and emerging market securities—performed well.

Performance Comparison as of June 30, 2007

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
PORTFOLIO 2009	3.94%	12.10%	6.74%
Weighted Benchmark*	3.10%	10.30%	5.66%

PORTFOLIO FOR COLLEGE

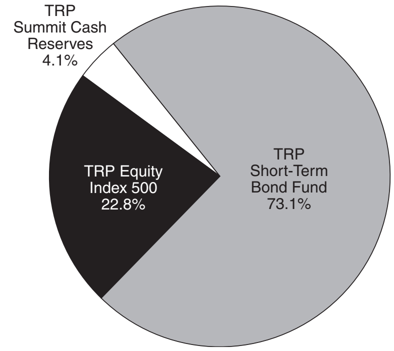
ASSET CLASS ALLOCATION



The Portfolio for College generated modestly positive results for the six months ended June 30, 2007, and a respectable gain for the 12 months ended June 30, 2007. Although the portfolio's six-month return underperformed its weighted benchmark, the 12-month results were in line with those of the benchmark.

The portfolio's modest equity position posted a gain of just over 20% for the 12-month period due to strong results from commodity-driven sectors of the stock market, particularly energy and materials. However, the Equity Index 500 Fund slightly lagged its benchmark, primarily because of fees.

MUTUAL FUND ALLOCATION



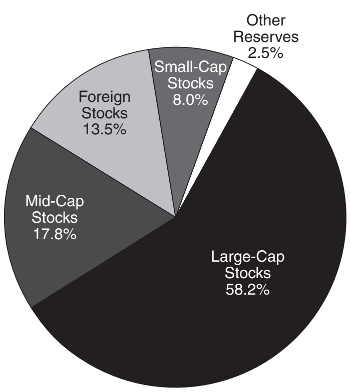
Over the last six months of the period, we shifted nearly all of the money market assets into the portfolio's Short-Term Bond Fund, which comprised nearly 75% of the portfolio as of June 30, 2007. Short-term bonds lagged money market securities, and that significantly detracted from relative performance. This repositioning reflected our expectations of stable to declining short-term interest rates.

Performance Comparison as of June 30, 2007

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
PORTFOLIO FOR COLLEGE	3.01%	8.18%	3.54%
Weighted Benchmark*	3.16%	8.16%	3.90%

EQUITY PORTFOLIO

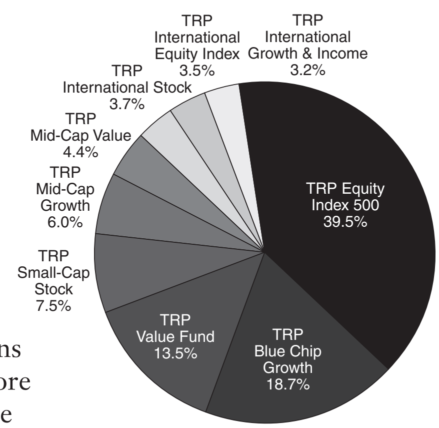
ASSET CLASS ALLOCATION



The Equity Portfolio generated robust returns for the six and 12 months ended June 30, 2007. The portfolio's six- and 12-month returns outpaced the performance of its weighted benchmark.

The Value and Mid-Cap Value Funds were the top performers among the portfolio's domestic equities and were key contributors to the portfolio's outperformance of its benchmark. In contrast, the Small-Cap Stock Fund lagged and underperformed its counterpart in the benchmark.

MUTUAL FUND ALLOCATION



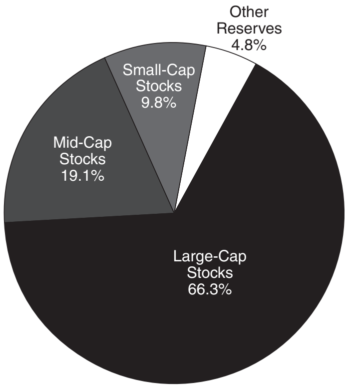
Every holding in the portfolio posted double-digit gains over the past 12 months, with all but one returning more than 20%. Overall, the best-performing segment of the portfolio was its international position, reflecting a third straight year of outsized performance in overseas equity markets. However, the international holdings trailed their benchmarks and detracted from relative results. In early 2007, the International Equity Index Fund was added to the portfolio, increasing the diversification of its foreign holdings.

Performance Comparison as of June 30, 2007

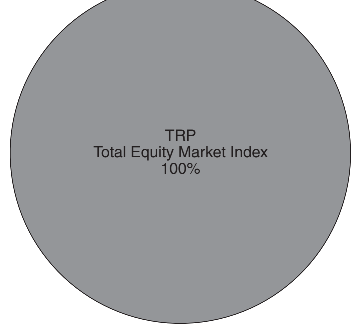
	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
EQUITY PORTFOLIO	8.41%	21.17%	8.54%
Weighted Benchmark*	7.68%	20.89%	9.12%

TOTAL EQUITY MARKET INDEX PORTFOLIO

ASSET CLASS ALLOCATION



MUTUAL FUND ALLOCATION



The Total Equity Market Index Portfolio produced robust returns for both the six and 12 months ended June 30, 2007. The portfolio's returns for both periods lagged the performance of its benchmark, primarily because of fees. The official benchmark of the Total Equity Market Index Fund was changed to the S&P Total Market Index effective April 30, 2007. Benchmark returns are a blend of the Wilshire 5000 Composite Index return from the start of each time period through April 30, 2007, after which it is comprised of the S&P Total Market Index.

Every sector of the portfolio generated double-digit gains for the 12-month period, led by the telecommunication services sector. The energy and materials sectors also posted strong results due to rising energy and commodity prices. Utilities stocks also benefited somewhat from higher energy prices, while the information technology sector rebounded as investors increasingly shifted their attention toward growth stocks after years of neglect.

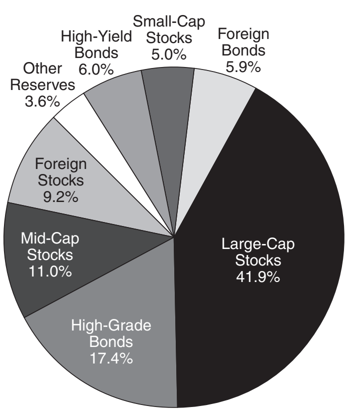
The weakest performers in the portfolio were financials and consumer staples stocks. In particular, financials declined over the last six months of the period amid rising interest rates and a shakeout in the subprime mortgage lending industry.

Performance Comparison as of June 30, 2007

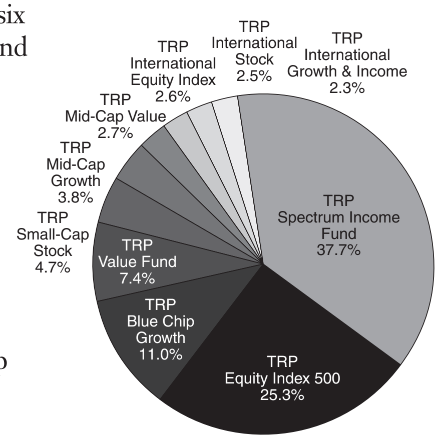
	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
TOTAL EQUITY MARKET INDEX PORTFOLIO	7.35%	19.70%	19.70%
Weighted Benchmark*	7.47%	20.30%	20.30%

BALANCED PORTFOLIO

ASSET CLASS ALLOCATION



MUTUAL FUND ALLOCATION



The Balanced Portfolio enjoyed solid results for both the six and 12 months ended June 30, 2007. The portfolio's six- and 12-month returns outperformed its weighted benchmark. For the year, an overweight in equity holdings, at the expense of fixed income, added to performance on both a relative and absolute basis.

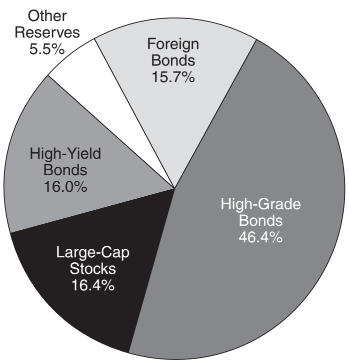
The portfolio's domestic equity holdings generated strong relative contributions, especially the Value and Mid-Cap Value Funds. The Blue Chip Growth and Mid-Cap Growth Funds also outperformed their benchmarks (the Russell 1000 Growth and Russell Midcap Growth Indexes, respectively), while small-cap stock holdings posted the lowest gains.

In the equity portion of the portfolio, the international components were the best overall absolute performers as foreign equity markets generated robust returns for a third consecutive fiscal year. However, their relative performance lagged the MSCI EAFE Index. The portfolio's fixed-income component produced solid absolute and relative returns for the 12-month period, and outperformed the Lehman Brothers U.S. Aggregate Index.

Performance Comparison as of June 30, 2007

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
BALANCED PORTFOLIO	6.16%	16.64%	8.37%
Weighted Benchmark*	5.04%	14.90%	7.61%

ASSET CLASS ALLOCATION

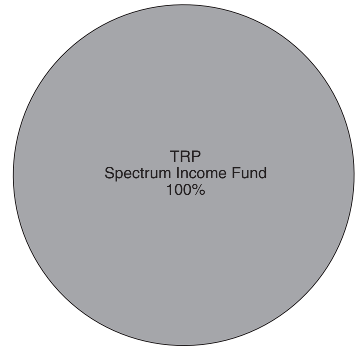


BOND AND INCOME PORTFOLIO

The Bond and Income Portfolio posted a modest gain for the six months ended June 30, 2007, and a solid advance for the 12 months ended June 30, 2007. The portfolio outperformed its benchmark, the Lehman Brothers U.S. Aggregate Index, over both time periods.

Diversification was the key behind the portfolio's superior relative performance as its broad array of income-producing investments generated solid gains. In particular, the Spectrum Income Fund's exposure to dividend-paying stocks and high-yield corporate bonds, both of which posted double-digit gains over the past 12 months, boosted returns. The portfolio's position in foreign bonds also added relative value during the period.

MUTUAL FUND ALLOCATION



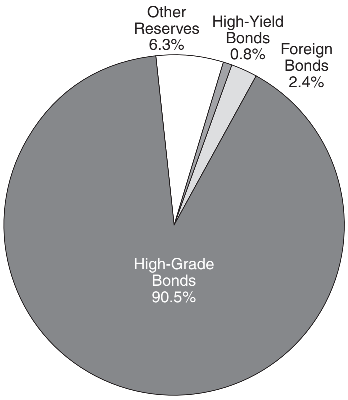
Within the portfolio's high-grade bonds holdings, we took advantage of the weakness in long-term Treasury by increasing our position in this segment of the bond market. We concurrently trimmed exposure in high-yield bonds, following a strong multi-year run, and GNMA, due to concerns about the subprime market, and reallocated assets to short-term and foreign bonds during the period.

Performance Comparison as of June 30, 2007

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
BOND & INCOME PORTFOLIO	2.46%	9.43%	7.21%
Lehman Brothers U.S. Aggregate Index	0.98%	6.12%	4.58%

SHORT-TERM BOND PORTFOLIO

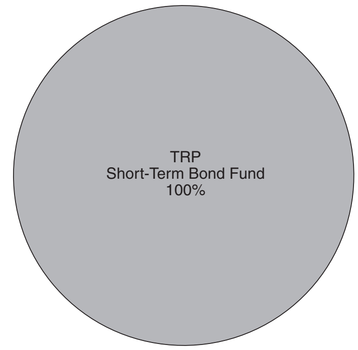
ASSET CLASS ALLOCATION



The Short-Term Bond Portfolio generated positive results for both the six and 12 months ended June 30, 2007. 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 fees.

The portfolio's increased exposure to high-quality commercial mortgage-backed securities added value and contributed meaningfully to an increase in the portfolio's yield. Although the portfolio's position in corporate bonds was reduced, it remained overweight in this underperforming sector compared with the benchmark, which hurt relative results.

MUTUAL FUND ALLOCATION



Short-term bonds rallied modestly over the past 12 months as the two-year Treasury note yield fell from 5.2% to 4.9%. For most of the period, economic growth moderated as the housing market slumped, and short-term bonds rallied in anticipation of an interest rate cut from the Federal Reserve. However, short-term bonds gave up some of their gains late in the period as economic conditions appeared to improve.

Performance Comparison as of June 30, 2007

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION
SHORT-TERM BOND PORTFOLIO	1.87%	5.01%	2.38%
Lehman Brothers 1- To 3-Year Government/Credit Index	2.16%	5.34%	2.76%

** 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 2027 and the Total Equity Market Index Portfolio is June 30, 2006. Benchmark performance commenced on the same date.*

Inception date for Portfolio 2024 and the Short-Term Bond Portfolio is October 31, 2003. Benchmark performance commenced on the same date.

Inception date for all other portfolios is November 26, 2001. Benchmark performance for these portfolios commenced on 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, 2007. 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, 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 more than $412 million. This increase was due to the addition of approximately 23,700 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 noncurrent. Current assets consist primarily of investments, which comprise in excess of 99% of current assets. Noncurrent 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 contribution 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, 2007.

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 only. 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, 2007
(amounts in thousands)

ASSETS	
Current assets:	
Investments, at fair value	$1,433,292
LIABILITIES	
Current liabilities:	
Other liabilities	(331)
NET ASSETS	
Restricted held in trust for:	
Individuals and organizations	1,432,961
TOTAL NET ASSETS	$1,432,961

See accompanying notes to financial statements

Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2007

(amounts in thousands)

ADDITIONS	
Contributions:	
Account holders	$ 319,831
Investment income:	
Net increase in fair value of investments	160,414
Net investment income	23,962
Total investment income	184,376
DEDUCTIONS	
Payments in accordance with trust agreements	(92,001)
Net additions to net assets	412,206
Net assets, beginning of year	1,020,755
Net assets, end of year	$1,432,961

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2007

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 five 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 Code Annotated 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. The Federal exemption was made permanent by the Pension Protection Act of 2006.

All administrative costs for the College Savings Plan of Maryland, including the Plan, are accounted for in the financial statements of the Maryland 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, 2007, 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	$ 121,576	$ 33,266	$ 154,842
T. Rowe Price Equity Index 500 Fund	341,794	100,064	441,858
T. Rowe Price Mid-Cap Growth Fund	44,338	15,933	60,271
T. Rowe Price Mid-Cap Value Fund	31,737	11,027	42,764
T. Rowe Price Small-Cap Stock Fund	53,610	16,989	70,599
T. Rowe Price Total Equity Market Index Fund	7,884	715	8,599
T. Rowe Price Value Fund	68,595	31,422	100,017
Total domestic stock funds	669,534	209,416	878,950
International stock funds			
T. Rowe Price International Equity Index Fund	29,325	2,399	31,724
T. Rowe Price Intl. Growth & Income Fund	13,985	13,941	27,926
T. Rowe Price International Stock Fund	18,438	13,415	31,853
Total international stock funds	61,748	29,755	91,503
Domestic bond funds			
T. Rowe Price Short-Term Bond Fund	116,940	81	117,021
Blended asset funds			
T. Rowe Price Spectrum Income Fund	324,065	13,489	337,554
Money market funds			
T. Rowe Price Summit Cash Reserves Fund	8,264	0	8,264
Total Investments in Mutual Funds	$1,180,551	$252,741	$1,433,292

Each Underlying Mutual Fund that invests in bonds is subject to interest rate risk, which is 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, 2007:

	Weighted Average Maturity *(in years)*	Weighted Average Duration *(in years)*
Domestic bond funds		
T. Rowe Price Short-Term Bond Fund	2.60	1.94
Blended asset funds		
T. Rowe Price Spectrum Income Fund	7.35	4.69

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 Maryland 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, recordkeeping 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, 2007, the program fee totaled 0.28% of each Portfolio's average daily net assets. The program fee will be reduced to 0.25% of average daily net assets once aggregate Plan average net assets exceed $2 billion. Program fees payable by the Portfolios as of June 30, 2007 totaled $329,000. 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 recordkeeping 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.

Effective July 1, 2006, Price Associates agreed to limit the ratio of the Plan's direct and indirect expenses to average net assets (Plan's effective expense ratio) to 0.95% per year (expense limit). 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 during the fiscal year ended June 30, 2007, and there were no amounts subject to future repayment by the Portfolios as of June 30, 2007.

The Program Manager has agreed to pay the Board as trustee, from total program fees earned, an amount to support certain administrative and marketing efforts provided by the Board to the Plan. This agreement provides that the Board is to receive an amount equal to 0.04% of Plan assets for average monthly assets between $750 million and $1 billion and an additional 0.06% on Plan assets greater than $1 billion. Pursuant to the agreement, the Program Manager paid the Trustee $636,000 for administrative and marketing costs during the year ended June 30, 2007.

Effective July 1, 2006, the Plan no longer charges an enrollment fee.

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.

SUPPLEMENTARY INFORMATION

MARYLAND COLLEGE INVESTMENT PLAN

Fiscal Year Ended June 30, 2007

Amounts in thousands, except net asset value per unit

	PORTFOLIO 2027			PORTFOLIO 2024			PORTFOLIO 2021		
Statements of Net Assets	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	17.3%	28,746	$ 1,118	17.1%	255,735	$ 9,948	16.7%	686,768	$ 26,715
T. Rowe Price Equity Index 500 Fund	41.7%	66,763	2,691	41.5%	600,146	24,186	39.6%	1,574,645	63,458
T. Rowe Price International Equity Index Fund	3.5%	14,075	227	3.5%	127,724	2,062	3.2%	324,865	5,243
T. Rowe Price International Growth & Income Fund	3.1%	10,247	199	3.1%	91,957	1,787	3.0%	250,446	4,866
T. Rowe Price International Stock Fund	3.5%	12,475	228	3.5%	112,389	2,053	3.5%	305,173	5,576
T. Rowe Price Mid-Cap Growth Fund	6.7%	7,042	435	6.8%	63,685	3,937	6.8%	176,083	10,886
T. Rowe Price Mid-Cap Value Fund	4.6%	10,472	293	4.6%	95,218	2,669	4.7%	273,073	7,654
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	8.7%	15,186	558	8.6%	136,186	5,002	8.6%	377,039	13,849
T. Rowe Price Spectrum Income Fund	0.0%	0	0	0.0%	0	0	3.4%	445,845	5,417
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	10.9%	23,579	700	11.3%	220,563	6,546	10.5%	566,725	16,820
Total Investments at value	100.0%		6,449	100.0%		58,190	100.0%		160,484
Other Assets Less Liabilities	0.0%		0	0.0%		(13)	0.0%		(37)
NET ASSETS	**100.0%**		**$ 6,449**	**100.0%**		**$ 58,177**	**100.0%**		**$ 160,447**
Composition of Net Assets:									
Paid-in capital			$ 6,039			$ 48,894			$ 117,714
Retained earnings			$ 410			$ 9,283			$ 42,733
Units Outstanding			533			3,616			9,247
NET ASSET VALUE PER UNIT[1]			**$ 12.09**			**$ 16.09**			**$ 17.35**
Investments at cost			$ 6,088			$ 50,814			$ 125,595

[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**
15.2%	774,094	$ 30,112	10.8%	531,130	$ 20,661	6.8%	319,183	$ 12,416	0.0%	0	$ 0
33.6%	1,653,244	66,626	28.9%	1,377,395	55,509	26.2%	1,193,934	48,116	29.3%	1,021,994	41,186
3.1%	375,733	6,064	2.6%	305,726	4,934	1.3%	146,094	2,358	0.0%	0	0
2.5%	248,955	4,837	2.2%	218,409	4,244	1.2%	111,817	2,173	0.0%	0	0
2.8%	303,969	5,553	2.7%	280,343	5,122	1.3%	127,736	2,334	0.0%	0	0
5.6%	180,683	11,170	4.5%	140,651	8,695	2.8%	83,944	5,189	1.6%	37,685	2,330
4.1%	290,754	8,150	3.1%	215,669	6,045	1.8%	119,560	3,351	1.3%	66,380	1,861
0.0%	0	0	0.0%	0	0	4.2%	1,628,924	7,623	19.1%	5,739,120	26,859
6.3%	340,696	12,514	4.8%	252,992	9,292	3.1%	155,187	5,700	1.3%	48,510	1,782
16.8%	2,739,417	33,284	33.5%	5,295,381	64,339	48.4%	7,304,594	88,751	45.1%	5,222,602	63,455
0.0%	0	0	0.0%	0	0	0.5%	860,299	860	2.3%	3,164,006	3,164
0.0%	0	0	0.0%	0	0	0.0%	0	0	0.0%	0	0
10.0%	666,717	19,788	6.9%	450,965	13,385	2.4%	151,735	4,504	0.0%	0	0
100.0%		198,098	100.0%		192,226	100.0%		183,375	100.0%		140,637
0.0%		(45)	0.0%		(44)	0.0%		(42)	0.0%		(33)
100.0%		**$ 198,053**	**100.0%**		**$ 192,182**	**100.0%**		**$ 183,333**	**100.0%**		**$ 140,604**
		$ 143,676			$ 142,560			$ 138,716			$ 109,601
		$ 54,377			$ 49,622			$ 44,617			$ 31,003
		11,717			11,654			11,283			8,877
		$ 16.90			**$ 16.49**			**$ 16.25**			**$ 15.84**
		$ 155,249			$ 155,435			$ 155,774			$ 124,766

SUPPLEMENTARY INFORMATION

MARYLAND COLLEGE INVESTMENT PLAN

Fiscal Year Ended June 30, 2007

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	18.7%	1,026,648	$ 39,937
T. Rowe Price Equity Index 500 Fund	22.8%	587,574	23,679	0.0%	0	0	39.5%	2,095,524	84,450
T. Rowe Price International Equity Index Fund	0.0%	0	0	0.0%	0	0	3.5%	470,041	7,587
T. Rowe Price International Growth & Income Fund	0.0%	0	0	0.0%	0	0	3.2%	353,327	6,865
T. Rowe Price International Stock Fund	0.0%	0	0	0.0%	0	0	3.7%	427,937	7,818
T. Rowe Price Mid-Cap Growth Fund	0.0%	0	0	0.0%	0	0	6.0%	206,137	12,743
T. Rowe Price Mid-Cap Value Fund	0.0%	0	0	0.0%	0	0	4.4%	334,290	9,370
T. Rowe Price Short-Term Bond Fund	73.1%	16,255,445	76,075	0.0%	0	0	0.0%	0	0
T. Rowe Price Small-Cap Stock Fund	0.0%	0	0	0.0%	0	0	7.5%	435,144	15,983
T. Rowe Price Spectrum Income Fund	0.0%	0	0	100.0%	2,854,527	34,682	0.0%	0	0
T. Rowe Price Summit Cash Reserves Fund	4.1%	4,239,644	4,240	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	13.5%	974,368	28,919
Total Investments at value	100.0%		103,994	100.0%		34,682	100.0%		213,672
Other Assets Less Liabilities	0.0%		(24)	0.0%		(7)	0.0%		(49)
NET ASSETS	**100.0%**		**$103,970**	**100.0%**		**$34,675**	**100.0%**		**$ 213,623**
Composition of Net Assets:									
Paid-in capital			$ 91,680			$26,324			$ 147,445
Retained earnings			$ 12,290			$ 8,351			$ 66,178
Units Outstanding			7,781			2,135			12,278
NET ASSET VALUE PER UNIT[1]			**$ 13.36**			**$ 16.24**			**$ 17.40**
Investments at cost			$ 98,307			$31,875			$ 158,931

[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	11.0%	358,217	$ 13,935	0.0%	0	$ 0	10.8%	3,980,521	$ 154,842
0.0%	0	0	25.3%	792,978	31,957	0.0%	0	0	30.8%	10,964,197	441,858
0.0%	0	0	2.6%	201,319	3,249	0.0%	0	0	2.2%	1,965,577	31,724
0.0%	0	0	2.3%	152,051	2,955	0.0%	0	0	1.9%	1,437,209	27,926
0.0%	0	0	2.5%	173,459	3,169	0.0%	0	0	2.2%	1,743,481	31,853
0.0%	0	0	3.8%	79,040	4,886	0.0%	0	0	4.2%	974,950	60,271
0.0%	0	0	2.7%	120,267	3,371	0.0%	0	0	3.0%	1,525,683	42,764
100.0%	1,381,333	6,464	0.0%	0	0	0.0%	0	0	8.2%	25,004,822	117,021
0.0%	0	0	4.7%	161,157	5,919	0.0%	0	0	4.9%	1,922,097	70,599
0.0%	0	0	37.7%	3,919,854	47,626	0.0%	0	0	23.6%	27,782,220	337,554
0.0%	0	0	0.0%	0	0	0.0%	0	0	0.6%	8,263,949	8,264
0.0%	0	0	0.0%	0	0	100.0%	523,032	8,599	0.6%	523,032	8,599
0.0%	0	0	7.4%	315,191	9,355	0.0%	0	0	7.0%	3,369,843	100,017
100.0%		6,464	100.0%		126,422	100.0%		8,599	100%		1,433,292
0.0%		(2)	0.0%		(33)	0.0%		(2)	0.0%		(331)
100.0%		**$ 6,462**	**100.0%**		**$ 126,389**	**100.0%**		**$ 8,597**	**100.0%**		**$1,432,961**
		$ 6,095			$ 93,226			$ 7,852			$ 1,079,822
		$ 367			$ 33,163			$ 745			$ 353,139
		593			7,329			718			87,761
		$ 10.90			**$ 17.24**			**$ 11.97**			
		$ 6,511			$ 103,322			$ 7,884			$ 1,180,551

SUPPLEMENTARY INFORMATION

MARYLAND COLLEGE INVESTMENT PLAN

Fiscal Year Ended June 30, 2007

Amounts in thousands

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 Mutual Funds	$ 26	$ 434	$ 1,459	$ 2,652	$ 3,604	$ 4,646
Expenses						
Program fee	7	112	364	460	454	443
Shareholder servicing fees	14	164	314	333	303	264
Shareholder servicing fees reimbursed by Underlying Mutual Funds	(14)	(164)	(314)	(333)	(303)	(264)
Total expenses	7	112	364	460	454	443
Net investment income	19	322	1,095	2,192	3,150	4,203
Net realized and unrealized gain (loss)						
Net realized gain (loss)						
Sale of Underlying Mutual Funds	0	250	753	1,194	911	2,550
Capital gain distributions from Underlying Mutual Funds	30	775	2,674	3,103	2,674	2,083
Net realized gain (loss)	30	1,025	3,427	4,297	3,585	4,633
Change in unrealized gain (loss)	361	6,194	19,999	22,225	18,840	12,565
Net realized and unrealized gain (loss)	391	7,219	23,426	26,522	22,425	17,198
Increase (decrease) in net assets from operations	410	7,541	24,521	28,714	25,575	21,401
Unit Transactions*						
Units issued						
Participant contributions	6,256	26,794	36,132	39,312	38,478	34,691
Units redeemed						
Participant distributions	(317)	(1,152)	(4,043)	(5,167)	(6,773)	(6,689)
Increase (decrease) in net assets from unit transactions	5,939	25,642	32,089	34,145	31,705	28,002
NET ASSETS						
Increase (decrease) during period	6,349	33,183	56,610	62,859	57,280	49,403
Beginning of period	100	24,994	103,837	135,194	134,902	133,930
End of period	**$ 6,449**	**$ 58,177**	**$ 160,447**	**$ 198,053**	**$ 192,182**	**$ 183,333**
*Unit information (number of units)						
Units outstanding, beginning of period	10	1,880	7,234	9,538	9,598	9,462
Units issued						
Participant contributions	552	1,814	2,269	2,510	2,498	2,258
Units redeemed						
Participant distributions	(29)	(78)	(256)	(331)	(442)	(437)
Units outstanding, end of period	533	3,616	9,247	11,717	11,654	11,283

PORTFOLIO 2009	PORTFOLIO FOR COLLEGE	BOND AND INCOME PORTFOLIO	EQUITY PORTFOLIO	SHORT-TERM BOND PORTFOLIO	BALANCED PORTFOLIO	TOTAL EQUITY MARKET INDEX PORTFOLIO	TOTAL
$ 4,432	$ 3,800	$ 1,480	$ 1,914	$ 238	$ 2,621	$ 43	$ 27,349
349	276	89	504	15	303	12	3,388
197	206	85	319	14	224	18	2,455
(197)	(206)	(85)	(319)	(14)	(224)	(18)	(2,455)
349	276	89	504	15	303	12	3,388
4,083	3,524	1,391	1,410	223	2,318	31	23,961
126	85	(20)	1,319	(8)	635	(1)	7,794
842	0	237	3,536	0	1,687	0	17,641
968	85	217	4,855	(8)	2,322	(1)	25,435
8,839	4,145	1,164	28,084	43	11,806	715	134,980
9,807	4,230	1,381	32,939	35	14,128	714	160,415
13,890	7,754	2,772	34,349	258	16,446	745	184,376
26,138	23,635	7,527	41,464	3,663	27,616	8,125	319,831
(8,043)	(27,692)	(5,374)	(14,062)	(1,760)	(10,556)	(373)	(92,001)
18,095	(4,057)	2,153	27,402	1,903	17,060	7,752	227,830
31,985	3,697	4,925	61,751	2,161	33,506	8,497	412,206
108,619	100,273	29,750	151,872	4,301	92,883	100	1,020,755
$ 140,604	**$ 103,970**	**$ 34,675**	**$ 213,623**	**$ 6,462**	**$ 126,389**	**$ 8,597**	**$ 1,432,961**
7,685	8,116	2,004	10,577	414	6,282	10	
1,726	1,829	475	2,601	344	1,708	742	
(534)	(2,164)	(344)	(900)	(165)	(661)	(34)	
8,877	7,781	2,135	12,278	593	7,329	718	

SUPPLEMENTARY INFORMATION

MARYLAND COLLEGE INVESTMENT PLAN

Fiscal Year Ended June 30, 2007

Amounts in thousands, except net asset value per unit

	PORTFOLIO 2027	PORTFOLIO 2024	PORTFOLIO 2021	PORTFOLIO 2018	PORTFOLIO 2015	PORTFOLIO 2012
Net Asset Value [1]						
Beginning of period	$ 10.00	$ 13.29	$ 14.35	$ 14.17	$ 14.05	$ 14.15
Investment activities [2]						
Net investment income [3]	0.09	0.12	0.13	0.21	0.30	0.41
Net realized and unrealized gain (loss)	2.00	2.68	2.87	2.52	2.14	1.69
Total from investment activities	2.09	2.80	3.00	2.73	2.44	2.10
Net Asset Value [1]						
End of period	**$ 12.09**	**$ 16.09**	**$ 17.35**	**$ 16.90**	**$ 16.49**	**$ 16.25**
RATIOS [4]						
Total Return	**20.90%**	**21.07%**	**20.91%**	**19.27%**	**17.37%**	**14.84%**
Ratio of expenses to average net assets	0.28%	0.28%	0.28%	0.28%	0.28%	0.28%
Ratio of net investment income to average net assets	0.79%	0.80%	0.84%	1.33%	1.93%	2.64%
Portfolio turnover rate	10.1 %	4.0 %	7.6 %	7.8 %	9.6 %	9.8 %
SUPPLEMENTAL INFORMATION						
Weighted-average expense ratio of the Underlying Mutual Funds in which each Portfolio invests [5]	0.62%	0.62%	0.63%	0.64%	0.64%	0.63%
Effective expense ratio	0.90%	0.90%	0.91%	0.92%	0.92%	0.91%
Net assets, end of period	$ 6,449	$ 58,177	$ 160,447	$ 198,053	$ 192,182	$ 183,333

[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 2009	PORTFOLIO FOR COLLEGE	BOND AND INCOME PORTFOLIO	EQUITY PORTFOLIO	SHORT-TERM BOND PORTFOLIO	BALANCED PORTFOLIO	TOTAL EQUITY MARKET INDEX PORTFOLIO
$ 14.13	$ 12.35	$ 14.84	$ 14.36	$ 10.38	$ 14.78	$ 10.00
0.49	0.46	0.69	0.12	0.44	0.34	0.08
1.22	0.55	0.71	2.92	0.08	2.12	1.89
1.71	1.01	1.40	3.04	0.52	2.46	1.97
$ 15.84	**$ 13.36**	**$ 16.24**	**$ 17.40**	**$ 10.90**	**$ 17.24**	**$ 11.97**
12.10%	**8.18%**	**9.43%**	**21.17%**	**5.01%**	**16.64%**	**19.70%**
0.28%	0.28%	0.28%	0.28%	0.28%	0.28%	0.28%
3.26%	3.53%	4.36%	0.78%	4.09%	2.13%	0.71%
14.6 %	32.4 %	7.2 %	5.8 %	16.4 %	6.5 %	2.9 %
0.56%	0.49%	0.69%	0.63%	0.55%	0.66%	0.40%
0.84%	0.77%	0.97%	0.91%	0.83%	0.94%	0.68%
$ 140,604	$ 103,970	$ 34,675	$ 213,623	$ 6,462	$ 126,389	$ 8,597

NOTES

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