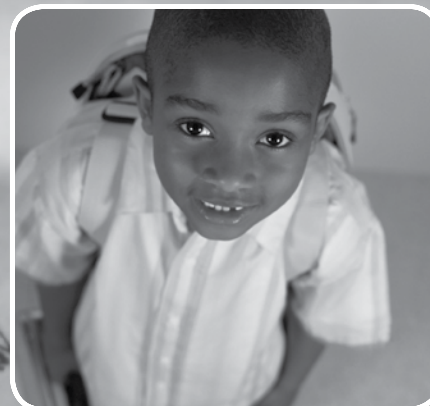

2008 Annual Report

Maryland Prepaid College Trust

Maryland College Investment Plan

COLLEGE SAVINGS

PLANS OF MARYLAND

Save here. Go anywhere.

Martin O'Malley
Governor

Anthony G. Brown
Lt. Governor

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University System
of Maryland

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State Secretary of
Higher Education

Lewis A. Robinson
Public Member

College Savings

PLANS OF MARYLAND

October 31, 2008

Dear Friends,

Despite an uncertain and volatile investing environment, we are pleased to report that Maryland families have "stayed the course" by continuing to save for future college expenses. During the fiscal year, approximately 26,438 new accounts were opened in the Maryland Prepaid College Trust and the Maryland College Investment Plan. Total contributions to both plans were approximately $425 million and the plans had combined assets of approximately $2.3 billion as of June 30, 2008.

We strive to offer Maryland families the best possible range of flexible and affordable ways to save for college. In April 2008, we were gratified to learn that Morningstar, Inc. named the Maryland College Investment Plan as one of the country's "best 529 college savings plans" for the second year in a row. This rating is based on the plan's diversification of underlying investments, seasoned investment managers, low fees, and flexibility to suit an individual investor's risk tolerance and time horizon.

The Prepaid College Trust continued to maintain actuarial soundness. As of June 30, 2008, the Trust had an actuarial surplus of $58.9 million and was 109% funded. This actuarial surplus provides added protection for the Trust in a challenging investment environment.

We are especially proud of the growing number of students who are using their accounts to attend colleges in Maryland and across the country. The families of these students have saved in our plans for as long as ten years in the Prepaid College Trust and six years in the College Investment Plan. Total distributions from both plans grew by about 12% as compared with the prior fiscal year.

In this uncertain and volatile economic environment, we encourage families to continue to place a priority on maintaining a long-term strategy for saving for college. Today, we can see that a long-term savings approach is working for many families. Our goal is to help many more families to realize the value of this approach in the future.

Sincerely,

The Board
College Savings Plans of Maryland

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COLLEGE SAVINGS PLANS OF MARYLAND – FEATURES AND BENEFITS

The **College Savings Plans of Maryland** offers 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) is managed and distributed by T. Rowe Price and allows participants to choose from a variety of 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 one of the country's "best 529 college savings plans" by Morningstar, Inc. in April 2008 for the second year in a row. This rating was based on the Plan's diversification of underlying investments, seasoned investment managers, low fees, and flexibility to suit an individual investor's risk tolerance and time horizon.

Our re-designed Web site – **collegesavingsmd.org** – launched in January 2008. The new design makes it easy for account holders to access their accounts, check investment performance, and make certain changes. We are pleased that the number of unique visitors to our Web site increased by more than 20% compared with the prior fiscal year and encourage all account holders to visit the site if they have not already done so.

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

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, 2008.*

TURBULENCE SANK STOCKS

The broad U.S. stock indexes declined for the 12 months ended June 30, 2008, as market volatility increased sharply. A meltdown in the sub-prime lending market at the beginning of the period led to a deepening credit crunch that wreaked havoc in the financial sector. In addition, the U.S. economy moved toward recession as job growth declined and consumer spending weakened.

The Federal Reserve acted aggressively, lowering short-term interest rates seven times between September 2007 and April 2008, as well as providing liquidity to help shore up the credit markets. However, these efforts were complicated by inflation concerns as soaring energy and food prices boosted the inflation rate to its highest level since 1991.

The combination of slowing economic growth; credit market turmoil; rising energy and raw materials costs; and decelerating corporate profit growth undermined investor confidence, putting downward pressure on stocks. As a result, the broad stock indexes suffered double-digit declines for the 12-month period, with much of the downturn occurring in the last six months. Mid-cap stocks held up the best, while small-cap issues suffered the largest declines. Growth stocks outpaced value shares by a wide margin across all market capitalizations, ending a seven-year losing streak.

Foreign stocks mirrored the domestic market, falling sharply over the past year as the credit crunch and economic slowdown that originated in the U.S. spread to Europe and other parts of the globe. Emerging markets managed to post positive returns for the 12-month period, led by continued strength in Latin America. Among developed markets, countries along the Pacific Rim (excluding Japan) held up the best, while European stocks fell the most.

BONDS ADVANCED

In contrast to the stock market, the U.S. bond market posted solid gains for the 12-month period. Bonds in general and higher-quality securities in particular, attracted significant demand as a relatively safe haven from the slowing economy, credit turmoil, and financial market volatility. The bond market also benefited from the Federal Reserve's seven short-term interest rate cuts, which brought the federal funds rate down from 5.25% to 2.00%—its lowest level in 3½ years.

However, the bond market surrendered some of its gains toward the end of the period as inflation fears drove interest rates higher and bond prices lower. Nonetheless, the broad U.S. bond indexes advanced by more than 7% for the 12-month period.

The biggest beneficiaries of the flight to quality were Treasury bonds, which generated double-digit gains. Government agency and high-quality mortgage-backed securities also performed well. Corporate bond returns were muted by the economic slowdown and credit market turbulence; in particular, high-yield corporate bonds declined amid persistent liquidity challenges, a substantial increase in supply, and expectations of higher default rates.

MARKET UNCERTAINTIES

Due to market uncertainties, the overall market value of 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 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 stock 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 2008-2009 Enrollment Kit.*

COLLEGE COSTS REVIEW*

The past year was an eventful one that brought many changes in the financial environment. However, one thing that did not change was the upward trajectory of the cost of a college education, which continued to rise faster than the inflation rate.

Here are the most recent figures from the College Board on higher education costs for the 2007–2008 academic year (see also the accompanying table):

The average cost of a four-year public university rose by 5.9% from 2006-2007, which is the lowest increase since the 2000–2001 academic year. This marked the fourth consecutive year that the percentage increase declined. Over the past decade, the average cost at a four-year public university rose by 81.9%, which is the highest ten-year increase since 1993.

The average cost of a four-year private college also rose by 5.9% from 2006-2007, the third-highest increase since 2000-2001. The average four-year private university now costs more than $32,000 per year. Over the past ten years, the average cost at four-year private institutions increased by 66.9%, which is approximately twice the inflation rate.

The "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.

It is worth noting, however, that these published costs are not necessarily indicative of the amount students actually pay. For example, nearly one-third of all full-time students attending four-year colleges and universities–including 45% of public-school students–pay less than $6,000 in tuition and fees. In addition, 20% of four-year public college students saw an increase of less than 3% in tuition and fees.

THE CHANGING FACE OF FINANCIAL AID

College students received approximately $131 billion in financial aid during the 2006–2007 school year (the most recent data available). The trend in financial aid over the past 20 years has been a shift from grants to loans–grants used to be the main source of financial aid, but now loans comprise more than half of all college funding. Interestingly, however, grants regained some ground in 2006-2007, increasing from 39% to 43% of all financial aid, while loans shrank from 56% to 52%.

Tightening lending standards and the liquidity crisis in the credit markets over the past 12 months have caused more than 100 financial institutions and lending agencies to suspend or discontinue their student loan programs. This has reduced the availability of both federally subsidized loans and private student loans, the latter of which have grown sharply in recent years and comprised nearly 25% of all student borrowings in 2006–2007.

The federal government has passed legislation designed to help sustain the availability of student loans. Nonetheless, the upheaval in the student lending market highlights the importance of establishing a college savings plan, which can help reduce or possibly eliminate the need for borrowing to finance a child's college education.

** Statistical information provided is from the College Board's "Trends in College Pricing 2007" and "Trends in Student Aid 2007" for the 2007-2008 academic year.*

Published Tuition, Fees, and Room and Board Charges – National Average

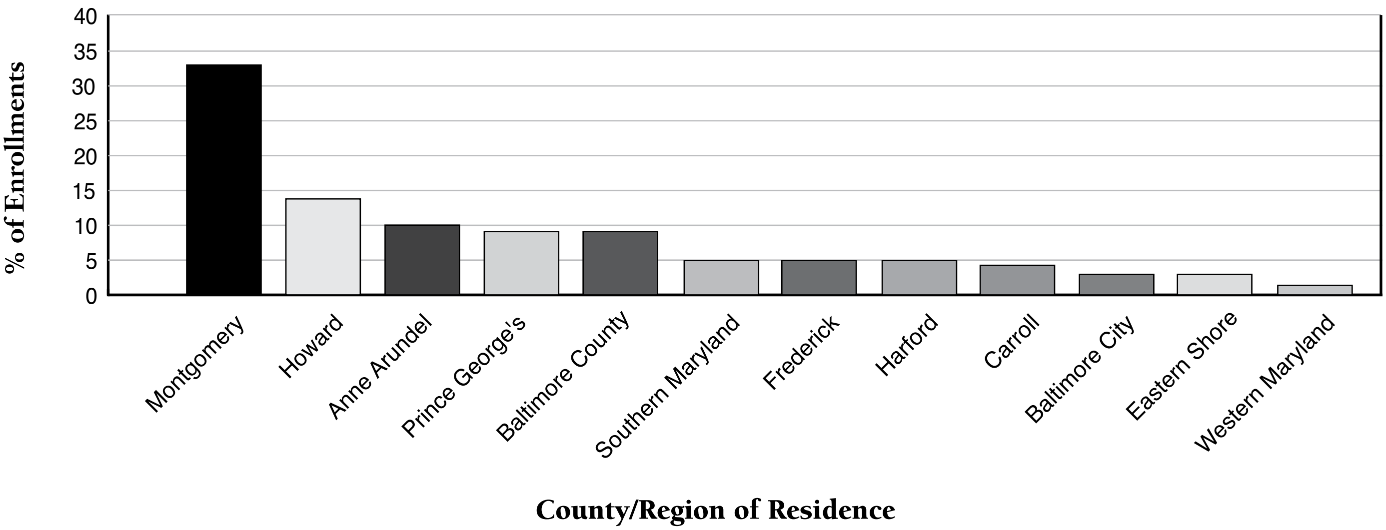
	Four-Year Private College	Four-Year Public College	Consumer Price Index
2007–2008 Academic Year	$32,307	$13,589	N/A
Change from the previous academic year	5.9%	5.9%	5.0%
Change from ten years ago	66.9%	81.9%	34.2%

Sources: College Board, Bureau of Labor Statistics

PROFILE OF NEW PREPAID COLLEGE TRUST ENROLLMENTS

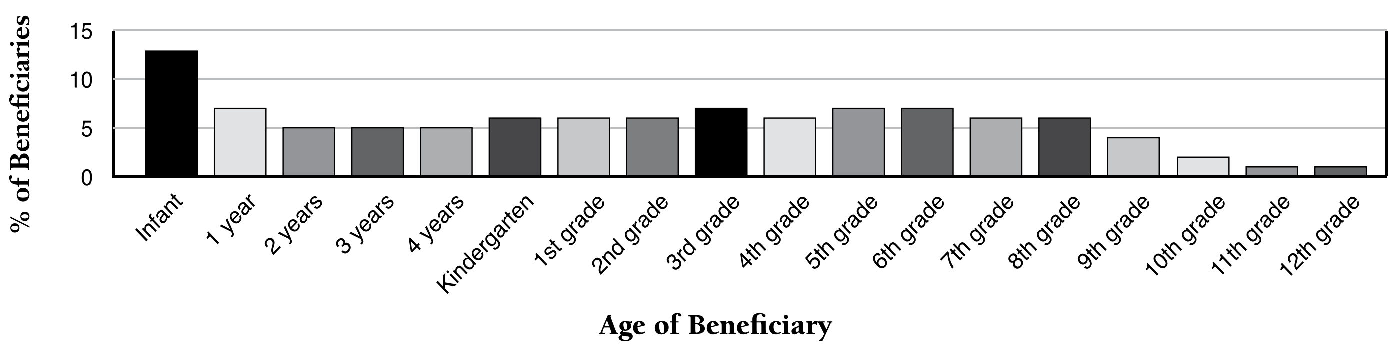
New Enrollment by County/Region

Of the approximately 1,800 new enrollments that were received in the past year, Montgomery County residents produced the largest number of account holders, accounting for one-third of all new enrollments. Howard County was the second largest source of new enrollments (14%) followed by Anne Arundel (10%), Prince George's (9%), and Baltimore (9%) counties, as illustrated in the following chart:



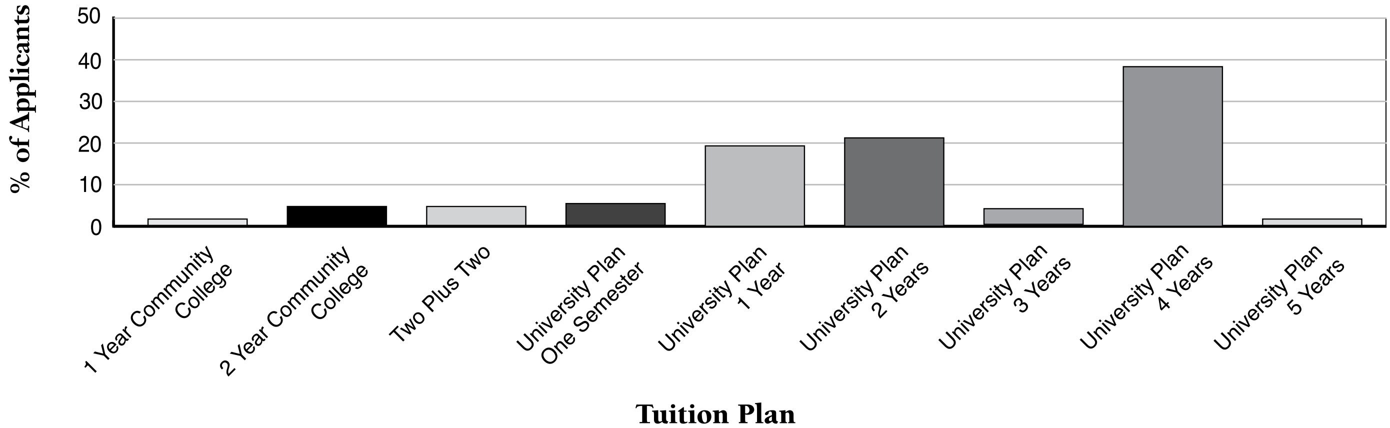
Age of Beneficiaries at Time of Enrollment

The infant category provided the largest single age group of new enrollments in 2007-2008. Together with one-year olds, these two age categories accounted for 20% of new enrollments. Ages 2 – 4 comprised another 16% of new enrollments. For the Kindergarten through 8th grade age groups, enrollments were fairly evenly distributed in that each of these grades accounted for 6 – 7% of new enrollments. Total enrollments in grades 9 – 12 comprised the final 7% of new enrollments.



Tuition Plan Selected

The four-year University Plan was our most popular enrollment option in 2007-2008, with 38% of new enrollments. The next most popular options were the two-year University Plan (22%) and the one-year University Plan (19%). Together, these three tuition plans comprised nearly 80% of total tuition plans purchased.



MORE STUDENTS USE PREPAID COLLEGE TRUST TUITION BENEFITS AT COLLEGES NATIONWIDE

There are a total of 5,872 students eligible to use benefits for the Fall 2008 semester, as compared to approximately 4,450 students who were eligible for the prior academic year. Approximately 59% of eligible beneficiaries, as of October 17, 2008, have claimed their tuition benefits this Fall. Approximately 48% of these students are attending Maryland public colleges, while 52% are attending a wide variety of private and out-of-state colleges across the country. The remaining 41% of eligible beneficiaries have yet to claim their Fall 2008 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 24, 2008 appears on Page 6. 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 2007 is that, while the Trust maintained its actuarial surplus, the amount of the actuarial surplus declined. As of June 30, 2008, the Trust was 109% funded, with an actuarial surplus of $58.9 million, as compared with the previous fiscal year, where the Trust was 114% funded, with an actuarial surplus of $87.9 million.

The primary reason for this decline is that the Trust's investments produced an overall loss of 5.8% during fiscal year 2008, as compared with the stated goal of 7.65%. This had a negative effect on the actuarial valuation.

The investment loss was mitigated by the fact that the weighted average tuition at Maryland's public colleges increased by 1.1% for the 2008-2009 academic year. This actual increase is less than our projected weighted average tuition increase of 7.65% for 2008-2009. Since the actual increase was lower than our projection, this had a positive effect on the actuarial valuation.

The key measures of soundness as of June 30 for each of the most recent five fiscal years are included in the chart below.

	2008	2007	2006	2005	2004
Actuarial Surplus/(Deficit) (mil)	$58.9	$87.9	$16.0	$(26.5)	$(75.1)
Funded Ratio	109%	114%	103%	95%	85%

PRICEWATERHOUSECOOPERS

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Chicago, IL 60606
Telephone (312) 298-2000
Facsimile (312) 298-6805

October 24, 2008

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, 2008. 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, 2008.

A comparison of the assets and liabilities of the trust fund shows that as of June 30, 2008 there is a surplus of $58,937,996 as compared to a surplus of $87,945,134 as of June 30, 2007. The funded status of the program is presently approximately 109%, compared to approximately 114% 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

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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 Accountants' Report

To the College Savings Plans of
Maryland Board

We have audited the accompanying financial statement of net assets of the Maryland College Prepaid Trust (the Trust), as of June 30, 2008, 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 College Prepaid Trust as of June 30, 2008, 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 eight 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 27, 2008

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, 2008. 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 mailing 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, 2008 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 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

- The Prepaid College Trust began receiving payments in fiscal year 2008 from the approximately 2,100 new enrollments during the fiscal year 2007 enrollment period. This is because the lump sum and down payments for these accounts were due on August 1, 2007. In addition, many of the approximately 1,800 new account holders 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 2007.

Contract Receipts from Participants *(in thousands)*

Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007
$57,730	$61,663

- 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 year(s) of community college and/or semester or year(s) of university tuition benefits, which become available based on the enrollment year(s) 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 four basis points (0.04%) from the College Investment Plan on assets up to $1 billion and an additional six basis points (0.06%) on assets over $1 billion. The Trust uses these fees to pay 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 account holders 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 increased 45.1% from 2007 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, 2008	Fiscal Year Ended June 30, 2007
Prepaid College Trust	$ 120	$130
College Investment Plan	923	636
Total	$1,043	$766

• During fiscal year 2008, the Trust continued to invest the contract payments received into its diversified investment portfolio.

Investments *(in thousands)*

	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007
Large Cap Value	$ 64,387	$ 81,949
S&P 500 Core	46,361	53,366
Large Cap Growth	70,064	54,310
Small Cap Value	46,789	54,665
Small/Mid Cap Core	25,432	30,626
Small Cap Core	18,716	27,478
Intermediate Duration Fixed Income	159,302	145,081
Short Duration Fixed Income	27,538	24,081
International Core	53,966	54,129
International Emerging Markets	17,107	16,418
Real Estate	3,000	0
Total investments	$532,662	$542,103

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, 2008. 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, 2008 and June 30, 2007:

(in millions)	As of June 30, 2008	As of June 30, 2007
Assets		
Current	$598.6	$606.3
Noncurrent	113.3	115.8
Total	711.9	722.1
Liabilities		
Current	46.6	39.4
Noncurrent	604.0	592.3
Total	650.6	631.7
Net Assets	$ 61.3	$ 90.4

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% 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, 2008, the net assets of the Trust decreased by $29 million. This was due primarily to two factors. The first and most significant was the negative effect of the Trust's rate of return falling short of its projected return on investments of 7.5%. 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 0.1% and 4.4%, respectively. The Trust had projected a tuition increase of 7% and a mandatory fee increase of 10% for the 2008-2009 academic year. Since these lower increases in tuition and mandatory fees were included in the calculations for contract pricing for the 2007-2008 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 are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Assets. The purpose of this statement is to present both operating and non-operating revenues received by the Trust and the expenses, gains and losses incurred by the Trust.

Operating revenues consist of tuition contract revenue and administrative fees, both of which are primarily 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, 2008 and June 30, 2007:

(in millions)	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007
Operating revenues		
Tuition contracts	$ 51.9	$ 53.3
Administrative fees	2.5	2.0
Total	54.4	55.3
Operating expenses		
Tuition benefits	49.7	51.7
Administrative expenses	2.0	1.8
Total	51.7	53.5
Operating income	2.7	1.8
Non-operating revenues		
Change in unrealized investment (loss) gain	(51.9)	46.7
Change in realized gain	5.1	11.9
Investment income	15.0	14.0
Total	(31.8)	72.6
Change in net assets	$(29.1)	$ 74.4

For the fiscal year ending June 30, 2008, the Trust reported operating income of $2.7 million. The increase in operating income of $0.9 million from the fiscal year ended June 30, 2007 was the result of tuition benefit revenue exceeding tuition contract expense by $2.2 million and net administrative and operating income of $0.5 million. Non-operating revenue includes $51.9 million unrealized investment loss, $5.1 million realized investment gain and $15.0 million of other income. Combined, operating income and non-operating revenue resulted in a decrease in net assets of $29.1 million.

Statement of Cash Flows

The Statement of Cash Flows presents cash flows by the following categories: operating, investing and 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, 2008 and June 30, 2007 is presented below:

(in millions)	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007
Cash provided (used) by:		
Operating activities	$29.2	$ 40.4
Investing activities	(22.2)	(38.4)
Capital and related financing activities	(0.1)	0.0
Net change in cash	6.9	2.0
Cash and cash equivalents, beginning of year	6.4	4.4
Cash and cash equivalents, end of year	$13.3	$ 6.4

Increases in cash were due primarily to contract payments made by account holders as well as income received from the investment portfolio. These increases were primarily used to purchase investments, to make tuition benefit payments, and to pay administrative expenses of the Trust.

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 these assumptions at least annually.

This review includes an analysis of prior year trends in tuition increase and investment performance. Specifically, the Board reviewed the weighted average tuition for Maryland resident students at four-year Maryland public universities, which increased 1.1% from the 2007-2008 academic year and 2.4% from the 2006-2007 academic year. The Board also reviewed the rates of return on the Prepaid College Trust investments, which was a loss of 5.8% for fiscal year 2008 and a gain of 15.5% for fiscal year 2007.

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, 2008.

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 Assets

The Trust had no significant capital asset additions during the fiscal year ended June 30, 2008.

Statement of Net Assets
As of June 30, 2008

(amounts in thousands)

	Tuition and Investments	Administration/ Operating	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 11,665	$1,600	$ 13,265
Investments, at fair value	532,662	0	532,662
Tuition contracts receivable	51,022	0	51,022
Interest receivable	1,224	0	1,224
Accounts receivable	0	441	441
Total current assets	596,573	2,041	598,614
Noncurrent assets:			
Capital assets, net	0	136	136
Tuition contracts receivable, net of current portion	113,159	0	113,159
Total noncurrent assets	113,159	136	113,295
Total assets	709,732	2,177	711,909
LIABILITIES			
Current liabilities:			
Accrued tuition benefits	39,118	0	39,118
Advance tuition contract payments	7,045	0	7,045
Accounts payable and accrued expenses	0	406	406
Other liabilities	0	65	65
Total current liabilities	46,163	471	46,634
Noncurrent liabilities:			
Accrued tuition benefits, net of current portion	603,954	0	603,954
Total noncurrent liabilities	603,954	0	603,954
Total liabilities	650,117	471	650,588
NET ASSETS			
Invested in capital assets	0	136	136
Unrestricted:			
Tuition and investments	58,842	1,570	60,412
Restricted:			
Administration	773	0	773
Total net assets	$ 59,615	$1,706	$ 61,321

See accompanying notes to financial statements.

Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2008

(amounts in thousands)

	Tuition and Investments	Administration/ Operating	Total
OPERATING REVENUES			
Tuition contracts	$51,932	$ 0	$51,932
Management fee	0	1,431	1,431
Maryland College Investment Plan fees	0	923	923
Enrollment and other fees	0	120	120
Total operating revenues	51,932	2,474	54,406
OPERATING EXPENSES			
Tuition benefits	49,676	0	49,676
Salaries, wages and benefits	0	908	908
Technical and special fees	0	19	19
Communication	0	107	107
Travel	0	8	8
Marketing	0	241	241
Contractual services	0	452	452
Supplies	0	29	29
Fixed charges	0	157	157
Depreciation	0	52	52
Other expenses	0	16	16
Total operating expenses	49,676	1,989	51,665
Operating income	2,256	485	2,741
NON-OPERATING REVENUES			
Change in unrealized loss on investments	(51,940)	0	(51,940)
Change in realized gain	5,091	0	5,091
Investment income	14,972	16	14,988
Total non-operating revenues	(31,877)	16	(31,861)
Change in net assets	(29,621)	501	(29,120)
Total net assets, beginning of year	89,236	1,205	90,441
Total net assets, end of year	$59,615	$1,706	$61,321

See accompanying notes to financial statements.

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2008

(amounts in thousands)

Cash Flows from Operating Activities:	
Receipts from:	
Account holders	$ 57,730
Maryland College Investment Plan fees	928
Payments to:	
Employees	(909)
Marketing	(242)
Contract vendors	(515)
Communication	(104)
Universities and account holders	(27,544)
Other operating expenses	(130)
Net cash from operating activities	29,214
Cash Flows Used for Investing Activities:	
Investment income	33,209
Interest income	413
Purchase of investments	(55,802)
Net cash used for investing activities	(22,180)
Cash Flows Used for Capital and Related Financing Activities:	
Purchase of capital assets	(154)
Net increase in cash and cash equivalents	6,880
Cash and cash equivalents, beginning of year	6,385
Cash and cash equivalents, end of year	$ 13,265
Reconciliation of operating income to net cash from operating activities:	
Operating income	$ 2,741
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	52
Change in non-cash operating assets and liabilities:	
Increase in accounts payable	191
Increase in other liabilities	6
Increase in accounts receivable	(156)
Decrease in tuition contracts receivable	7,694
Decrease in advance contract payments	(1,931)
Increase in accrued tuition benefits payable	20,617
Net cash from operating activities	$ 29,214
Non-cash Transactions:	
Unrealized loss on investments	$(51,940)

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2008

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 four-year public colleges and universities and in-county rates for Maryland community colleges. Contract benefits 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 Code Annotated (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 General Fund of the State of Maryland. 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 24, 2008 and issued by Richard M. Kaye & Associates, in conjunction with PricewaterhouseCoopers LLP, as of June 30, 2008, 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, 2008, 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 taxpayers participating in the Trust. All contributions made by an account holder to the Trust may be deducted from Maryland State income in an amount up to $2,500 for each contract annually. Beginning January 1, 2002, earnings on contributions are tax free for Federal and State purposes when used toward eligible qualified higher education expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus and Basis of Accounting

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The Trust follows 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.

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 are recognized in the Trust's operations each year. Investments are valued on a daily basis except for fixed income and debt funds. These funds are valued no less frequently than monthly ($14,995,000 or 0.8% of net investments at June 30, 2008).

Tuition Contracts Receivable

Tuition contracts receivable as of June 30, 2008 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 and with a useful life in excess of one year.

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 600 hours, are eligible to receive compensation, at the current rate of employee pay, on termination of State employment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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, 2008, the carrying amount of the Trust's cash and cash equivalents was $13,265,305. The bank balance totaled $16,331,485 and pooled cash maintained by the State Treasurer totaled $403,324. Of the bank balances $101,194 represents deposits covered by federal depository insurance and $14,459,744 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 foreign 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.

4. INVESTMENTS (continued)

As of June 30, 2008, 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	$ 8,941	$ 8,941	$ 0	$ 0	$ 0	$ 0
U.S. Treasury notes	19,494	1,822	4,896	6,368	1,618	4,790
U.S. Govt. agencies	35,613	1,587	0	0	5,906	28,120
Corporate bonds	107,125	2,369	23,805	7,416	1,032	72,503
Municipal bonds	6,672	1,445	1,366	1,480	484	1,897
Emerging market debt fund	5,540	5,540	0	0	0	0
International fixed income fund	5,114	5,114	0	0	0	0
High yield fixed income fund	4,341	4,341	0	0	0	0
Common stock	150,426	150,426	0	0	0	0
Preferred stock	220	220	0	0	0	0
REITS	4,356	4,356	0	0	0	0
Large cap mutual fund	64,387	64,387	0	0	0	0
S&P 500 Index mutual fund	46,361	46,361	0	0	0	0
International mutual fund	53,966	53,966	0	0	0	0
Emerging markets mutual fund	17,106	17,106	0	0	0	0
Real estate mutual fund	3,000	3,000	0	0	0	0
Total	$532,662	$370,981	$30,067	$15,264	$9,040	$ 107,310

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 on 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 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, 2008, the Trust had the following investments and quality ratings:

Investment Type	Fair Value	Rating	Rating Organization
U.S. Government agencies	$ 55,107	Not rated	
Bonds	39,953	AAA	Moody's
Bonds	9,450	AA	Moody's
Bonds	15,981	A	Moody's
Bonds	19,644	Less than A	Moody's
Bonds	28,769	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.

4. INVESTMENTS (continued)

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, 2008 was as follows (amounts in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets being depreciated:				
Computers	$110	$ 87	$ (4)	$ 193
Furniture	17	1	0	18
Equipment	12	0	0	12
Software	57	0	0	57
Perpetual software license	495	66	0	561
Total capital assets at historical cost	691	154	(4)	841
Less accumulated depreciation for:				
Computers	88	40	(4)	124
Furniture	6	2	0	8
Equipment	11	1	0	12
Software	57	0	0	57
Perpetual software license	495	9	0	504
Total accumulated depreciation	657	52	(4)	705
Capital assets, net	$ 34	$102	$ 0	$ 136

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of June 30, 2008, accounts payable and accrued expenses consisted of the following (amounts in thousands):

Due to vendors	$370
Salaries and employee benefits	36
Total	$406

7. OTHER LIABILITIES

As of June 30, 2008, other liabilities consisted of the following (amounts in thousands):

Compensated Absences	$63
Workers' Compensation	2
Total	$65

8. PENSION AND POST-RETIREMENT 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). 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, 2008, 2007, and 2006. The amounts contributed for fiscal years ended June 30, 2008, 2007, and 2006, respectively were: $57,903; $40,528; and $32,532.

8. PENSION AND POST-RETIREMENT BENEFITS (continued)

As of June 30, 2008, there were no retirees from the Trust. 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 2009-2009 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.

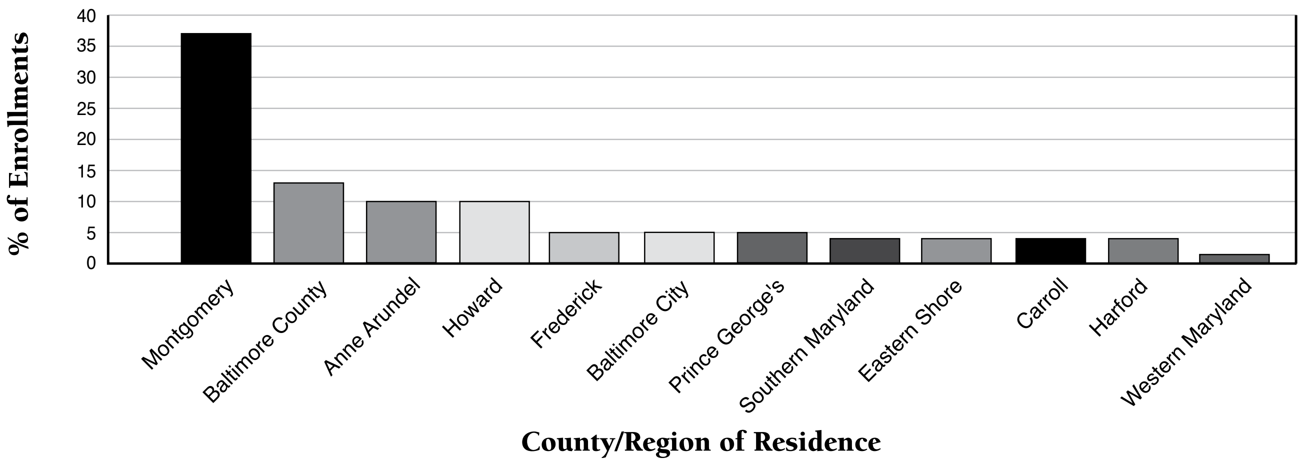
Changes in accrued tuition benefits payable for the year ended June 30, 2008 are as follows (amounts in thousands):

July 1, 2007	Increase	Decrease	June 30, 2008	Amount due within one year
$622,455	$48,161	$27,544	$643,072	$39,118

PROFILE OF NEW COLLEGE INVESTMENT PLAN ENROLLMENTS

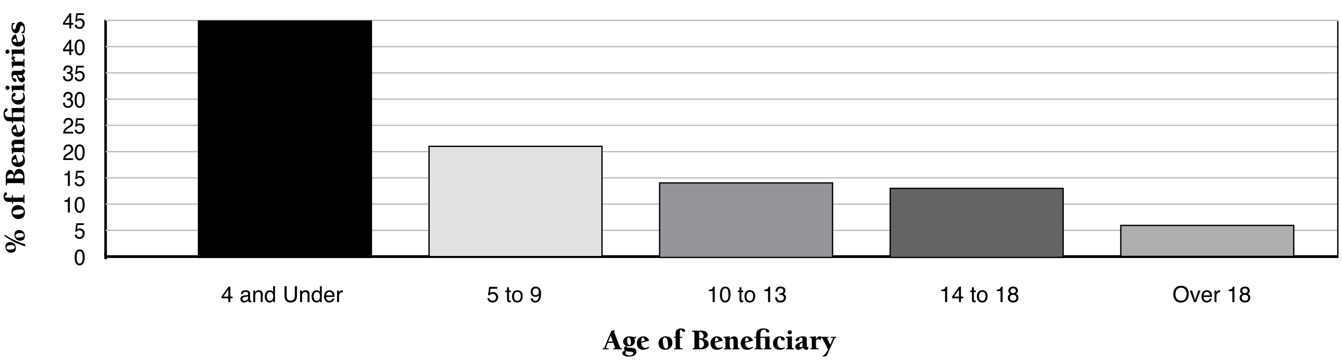
New Enrollment by County/Region

Of the 24,671 new accounts in the College Investment Plan as of June 30, 2008, enrollments have been concentrated in Montgomery (37%), Baltimore (13%), Anne Arundel (10%) and Howard (10%) counties. However, there have been modest 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.



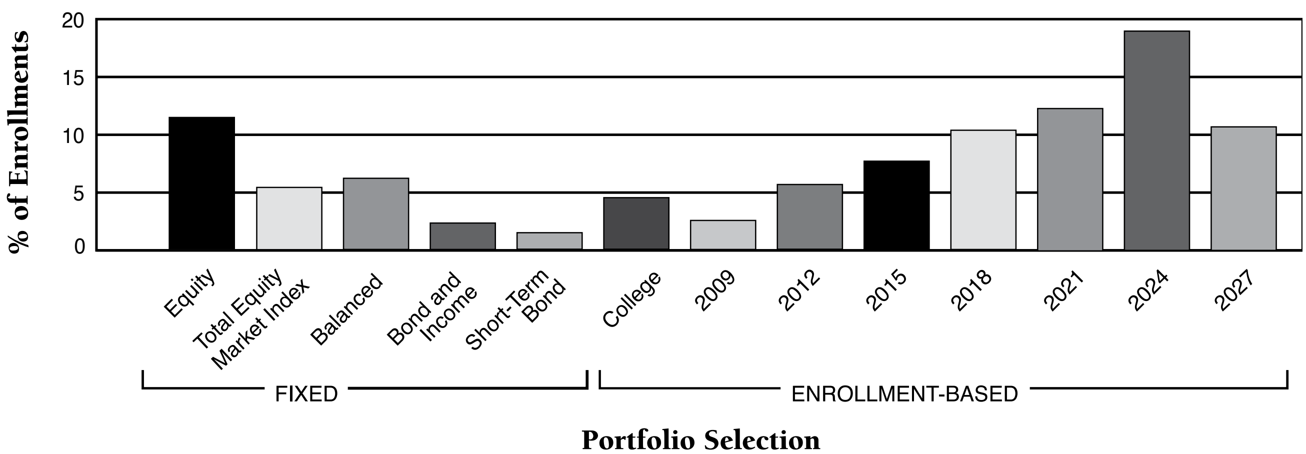
Age of Beneficiaries at Time of Enrollment

The College Investment Plan had a broad distribution of new accounts for beneficiaries in a wide range of age groups. The trend indicates that Maryland families are starting to save for beneficiaries at an earlier age. Over 65% of beneficiaries are under 9 years of age, with more than two-thirds of those age 4 or under at the time of enrollment. The College Investment Plan allows beneficiaries of any age, with more than 6% of new beneficiaries over 18 years of age, as shown in the chart below.



Investment Portfolio Selections

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. Portfolio 2024, which represented nearly 19% of total accounts, was the most popular selection among Enrollment-Based Portfolios. Among the Fixed Portfolios, the Equity Portfolio was the most popular investment choice with more than 11% of total accounts.



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 opening and contributing to accounts. However, distributions began to occur shortly after the launch of the Plan. Since July 1, 2007, distributions have been taken for 6,105 unique beneficiaries totaling approximately $71 million. There is no minimum amount of time that funds need to be invested in the College Investment Plan before an account holder can request a distribution.

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

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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 Accountants' 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, 2008, and the individual portfolio statements of net assets (the Portfolios), as of June 30, 2008, 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, 2008, 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 27, 2008

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, 2008. 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 mailing 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, 2008 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, 2008

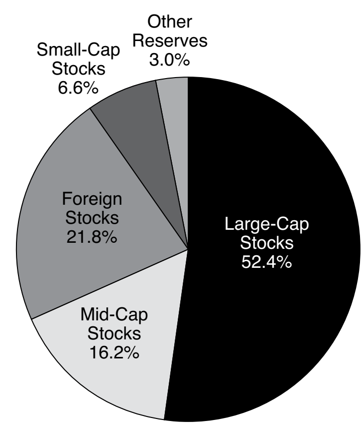
PORTFOLIO 2027

Portfolio 2027 posted double-digit declines for the six and 12 months ended June 30, 2008. The six-month return modestly lagged the performance of the portfolio's weighted benchmark, while the 12-month returns performed in line with the weighted benchmark.

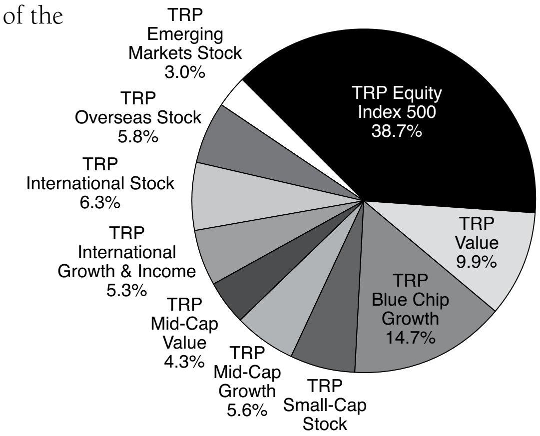
Each underlying fund held by the portfolio for the entire 12-month period generated a negative return. Among the portfolio's domestic equity holdings, the Value Fund and the Small-Cap Stock Fund produced the weakest absolute returns, although the Value Fund contributed to the portfolio's performance in comparison with its benchmark. Among domestic equity holdings, the Mid-Cap Growth Fund generated the best absolute and relative returns in the portfolio, while the Blue Chip Growth Fund held up well in absolute terms but detracted from relative performance.

Within the international portion of the portfolio, the Overseas Stock Fund and the International Stock Fund detracted from relative results. The International Growth & Income Fund was a relative contributor for the period. In December 2007, the portfolio began adding greater diversification to its international holdings with the addition of the Emerging Markets Stock Fund.

Asset Class Allocation



Mutual Fund Allocation



Performance Comparison as of June 30, 2008

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
PORTFOLIO 2027	-11.13%	-12.82%	2.66%
Weighted Benchmark*	-10.85%	-12.83%	2.64%

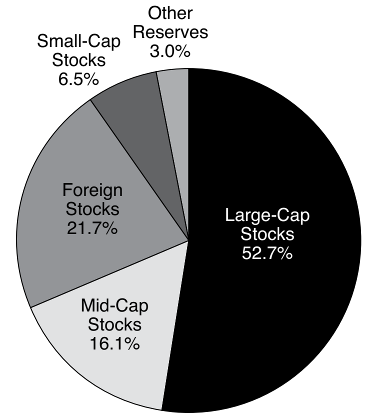
PORTFOLIO 2024

Portfolio 2024 posted double-digit declines for the six and 12 months ended June 30, 2008. Returns in both periods lagged the performance of its weighted benchmark.

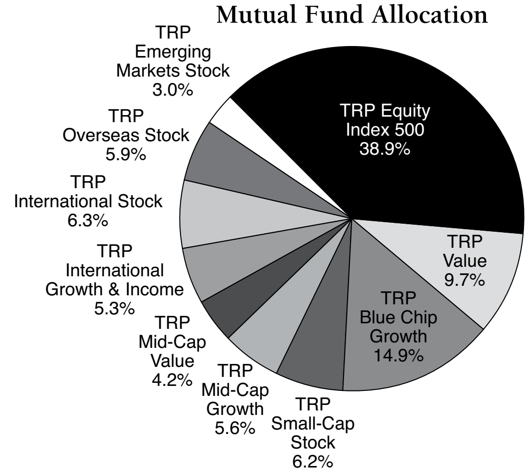
Each underlying fund held by the portfolio for the entire 12-month period generated a negative return. In domestic equities, the Value Fund and the Small-Cap Stock Fund produced the weakest absolute returns, although the Value Fund contributed to the portfolio's performance in comparison with its benchmark. Among the domestic equity holdings, the Mid-Cap Growth Fund generated the best absolute and relative returns in the portfolio, while the Blue Chip Growth Fund held up well in absolute terms but detracted from relative performance.

Among the portfolio's international components, the Overseas Stock Fund and the International Stock Fund detracted from relative results. The International Growth & Income Fund was a relative contributor for the period. In December 2007, the portfolio began adding greater diversification to its international holdings with the addition of the Emerging Markets Stock Fund.

Asset Class Allocation



Mutual Fund Allocation



Performance Comparison as of June 30, 2008

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
PORTFOLIO 2024	-11.21%	-12.87%	7.51%
Weighted Benchmark*	-10.85%	-12.83%	7.86%

PORTFOLIO 2021

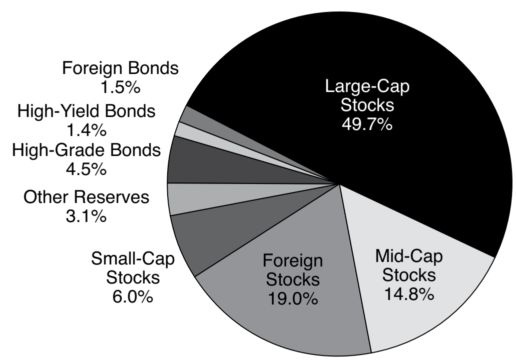
Portfolio 2021 posted double-digit declines for the six and 12 months ended June 30, 2008. Both the six- and 12-month returns trailed the performance of the portfolio's weighted benchmark.

Both the domestic and international equity portions of the portfolios underperformed for the 12-month period relative to their respective benchmarks. Among the portfolio's domestic equity holdings, the Mid-Cap Growth Fund was the strongest contributor to performance relative to its benchmark. The Small-Cap Stock Fund detracted from both absolute and relative performance.

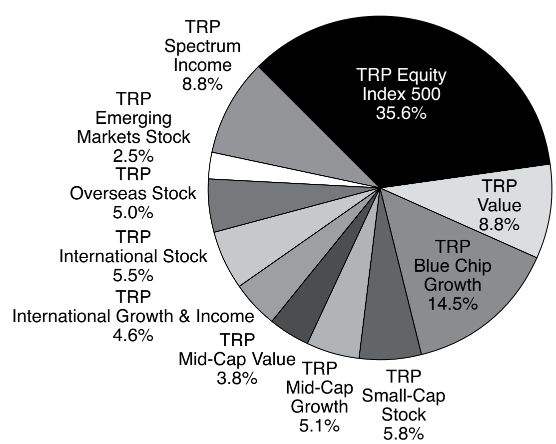
Within the international equities component, the International Growth & Income Fund was the strongest relative contributor. Conversely, the Overseas Stock Fund and the International Stock Fund were the primary detractors from relative performance. In December 2007, the portfolio began adding greater diversification to its international holdings with the addition of the Emerging Markets Stock Fund.

The portfolio's small fixed-income position advanced modestly but lagged on a relative basis. The Spectrum Income Fund invests in a diverse array of income-producing securities, but two of these diversifying elements—dividend-paying stocks and high-yield corporate bonds—declined during the period.

Asset Class Allocation



Mutual Fund Allocation



Performance Comparison as of June 30, 2008

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
PORTFOLIO 2021	-10.49%	-11.93%	5.11%
Weighted Benchmark*	-9.75%	-11.24%	5.75%

PORTFOLIO 2018

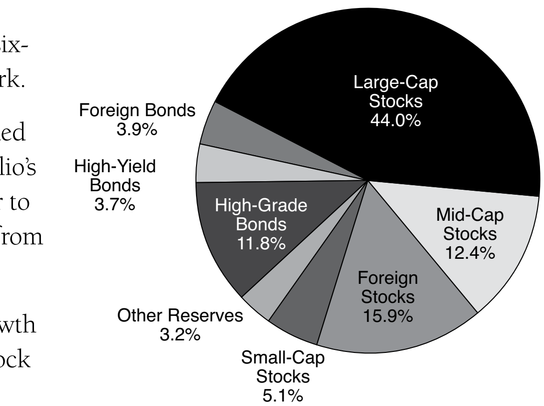
Portfolio 2018 declined for the six and 12 months ended June 30, 2008. Both the six- and 12-month returns trailed the performance of the portfolio's weighted benchmark.

Both the domestic and international equity portions of the portfolios underperformed for the 12-month period relative to their respective benchmarks. Among the portfolio's domestic equity holdings, the Mid-Cap Growth Fund was the strongest contributor to performance relative to its benchmark, while the Small-Cap Stock Fund detracted from both absolute and relative returns.

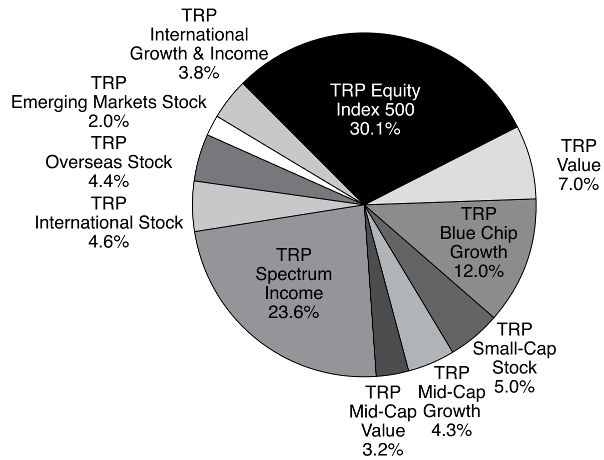
Within the international equities component of the portfolio, the International Growth & Income Fund was the strongest relative contributor. Conversely, the Overseas Stock Fund and the International Stock Fund were the primary detractors. In December 2007, the portfolio began adding greater diversification to its international holdings with the addition of the Emerging Markets Stock Fund.

The portfolio's fixed-income position advanced modestly but lagged on a relative basis. The Spectrum Income Fund invests in a diverse array of income-producing securities, but two of these diversifying elements—dividend-paying stocks and high-yield corporate bonds—declined during the period.

Asset Class Allocation



Mutual Fund Allocation



Performance Comparison as of June 30, 2008

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
PORTFOLIO 2018	-9.06%	-9.70%	5.09%
Weighted Benchmark*	-7.94%	-8.22%	5.63%

PORTFOLIO 2015

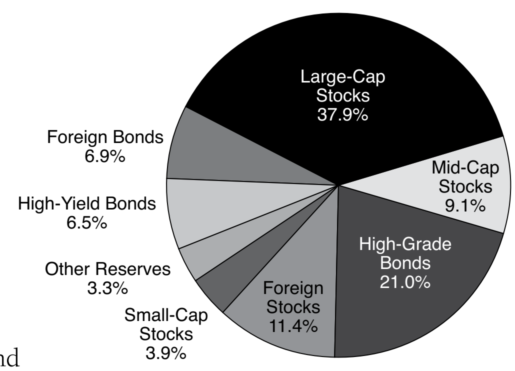
Portfolio 2015 declined for the six and 12 months ended June 30, 2008. Both the six- and 12-month returns trailed the performance of the portfolio's weighted benchmark.

Both the domestic and international equity portions of the portfolios underperformed their respective benchmarks for the period. Among the portfolio's domestic equity holdings, the Mid-Cap Growth Fund was the strongest performer relative to its benchmark, while the Small-Cap Stock Fund detracted from both absolute and relative performance.

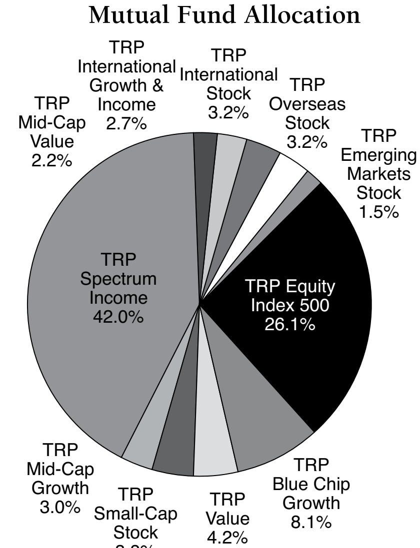
Within the international equities component, the International Growth & Income Fund was the strongest relative performance contributor. Conversely, the Overseas Stock Fund and the International Stock Fund were the primary detractors from relative results. In December 2007, the portfolio began adding greater diversification to its international holdings with the addition of the Emerging Markets Stock Fund.

The portfolio's fixed-income position posted gains for the 12-month period but lagged on a relative basis. The Spectrum Income Fund invests in a diverse array of income-producing securities, but two of these diversifying elements—dividend-paying stocks and high-yield corporate bonds—declined during the period.

Asset Class Allocation



Mutual Fund Allocation



Performance Comparison as of June 30, 2008

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
PORTFOLIO 2015	-7.38%	-7.22%	5.13%
Weighted Benchmark*	-5.81%	-4.76%	5.43%

PORTFOLIO 2012

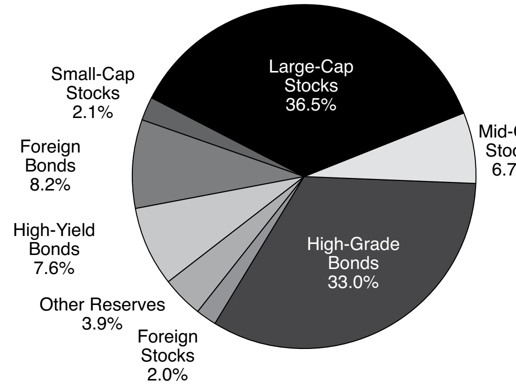
Portfolio 2012 declined for the six and 12 months ended June 30, 2008. Both the six- and 12-month returns trailed the performance of the portfolio's weighted benchmark.

The portfolio's underperformance of its benchmark resulted primarily from its fixed-income position, which advanced on an absolute basis for the 12-month period but was hurt by performance relative to its benchmark. The Spectrum Income Fund invests in a diverse array of income-producing securities, but two of these diversifying elements—dividend-paying stocks and high-yield corporate bonds—declined during the period.

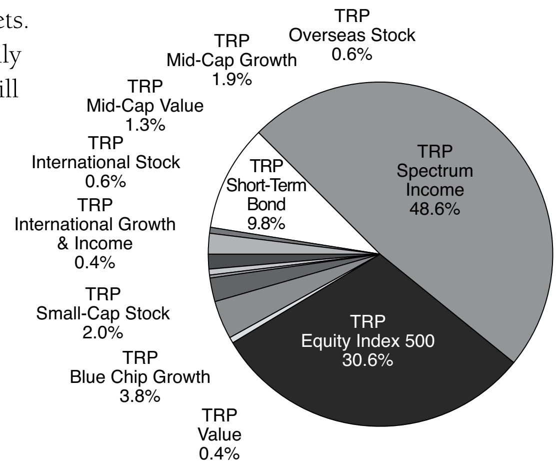
The equity portion of the portfolio underperformed its respective benchmark for the period. The bulk of the portfolio's equity component consisted of the Equity Index 500 Fund, which suffered a double-digit decline for the 12-month period.

The Short-Term Bond Fund added value on an absolute basis as short-term bonds enjoyed increased demand as a safe haven from the upheaval in the financial markets. The conservative fixed income portion of the portfolio, which was invested primarily in the Short-Term Bond Fund, is benchmarked to the Citigroup 90-Day Treasury Bill Index and is representative of the cash allocation in the portfolio.

Asset Class Allocation



Mutual Fund Allocation



Performance Comparison as of June 30, 2008

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
PORTFOLIO 2012	-5.66%	-4.68%	5.33%
Weighted Benchmark*	-3.93%	-1.65%	5.25%

PORTFOLIO 2009

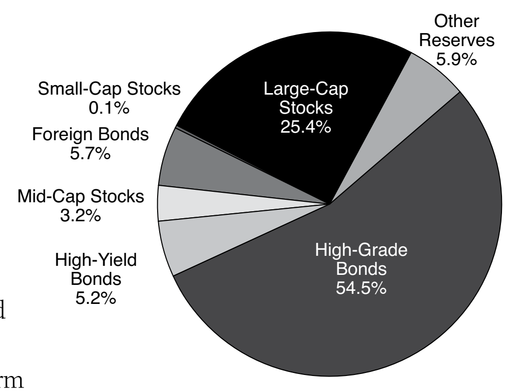
Portfolio 2009 declined modestly for the six and 12 months ended June 30, 2008. Both the six- and 12-month returns trailed the performance of the portfolio's weighted benchmark.

The portfolio's underperformance of its benchmark resulted primarily from its fixed-income position, which advanced on an absolute basis for the 12-month period but was hurt by performance relative to its benchmark. The Spectrum Income Fund invests in a diverse array of income-producing securities, but two of these diversifying elements—dividend-paying stocks and high-yield corporate bonds—declined during the period.

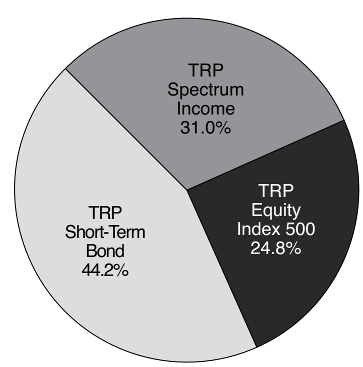
The Short-Term Bond Fund added value on an absolute basis as short-term bonds enjoyed increased demand as a safe haven from the upheaval in the financial markets. The conservative fixed income portion of the portfolio, which was invested primarily in the Short-Term Bond Fund, is benchmarked to the Citigroup 90-Day Treasury Bill Index and is representative of the cash allocation in the portfolio.

The portfolio's equity component, represented by the Equity Index 500 Fund, suffered a double-digit decline for the 12-month period. Much of the decline was driven by the financials sector, which fell sharply amid the turmoil in the mortgage and credit markets.

Asset Class Allocation



Mutual Fund Allocation



Performance Comparison as of June 30, 2008

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
PORTFOLIO 2009	-3.35%	-1.52%	5.44%
Weighted Benchmark*	-2.08%	1.44%	5.01%

PORTFOLIO FOR COLLEGE

The Portfolio for College declined modestly for the six months ended June 30, 2008, and advanced modestly for the 12 months ended June 30, 2008. Both the six- and 12-month returns trailed the performance of the portfolio's weighted benchmark.

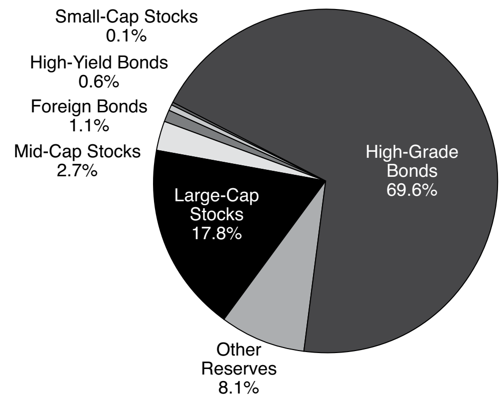
The Short-Term Bond Fund contributed to absolute performance but was hurt by performance relative to its benchmark. Short-term bonds enjoyed strong demand from risk-averse investors seeking a safe haven from the upheaval in the financial markets. The portfolio's relative returns were hurt by an underweight position in Treasury securities, which were the best performers in the bond market.

The portfolio's equity component, represented by the Equity Index 500 Fund, suffered a double-digit decline for the 12-month period. Much of the decline was driven by the financials sector, which fell sharply amid the turmoil in the mortgage and credit markets. The commodity-driven energy and materials sectors generated the best absolute returns.

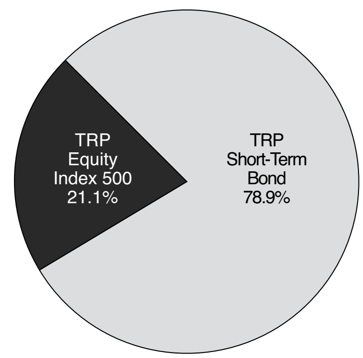
Performance Comparison as of June 30, 2008

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
PORTFOLIO FOR COLLEGE	-1.39%	0.75%	3.11%
Weighted Benchmark*	-0.33%	3.06%	3.77%

Asset Class Allocation



Mutual Fund Allocation



EQUITY PORTFOLIO

The Equity Portfolio posted double-digit declines for the six and 12 months ended June 30, 2008. Both the domestic and international equity portions of the portfolio underperformed versus their benchmarks.

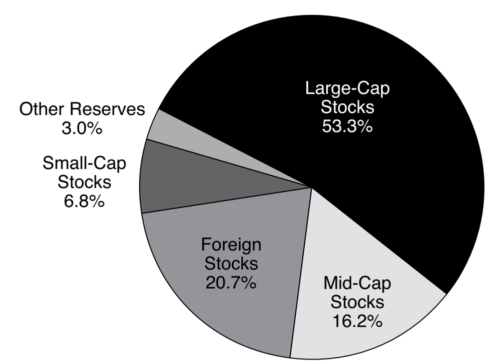
Each underlying fund held by the portfolio for the entire 12-month period generated a negative return. The Value Fund and the Small-Cap Stock Fund produced the weakest absolute returns, although the Value Fund contributed positively to the portfolio's performance in comparison with its benchmark. The Mid-Cap Growth Fund and the International Growth & Income Fund generated the best relative returns in the portfolio.

The Blue Chip Growth Fund held up well in absolute terms but detracted from relative performance. The Overseas Stock Fund and the International Stock Fund also detracted from relative results. In December 2007, the portfolio began adding greater diversification to its international holdings with the addition of the Emerging Markets Stock Fund.

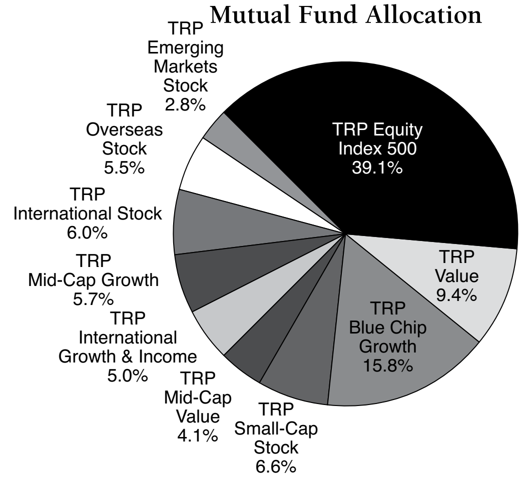
Performance Comparison as of June 30, 2008

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
EQUITY PORTFOLIO	-11.18%	-12.76%	5.01%
Weighted Benchmark*	-10.84%	-12.73%	5.48%

Asset Class Allocation



Mutual Fund Allocation



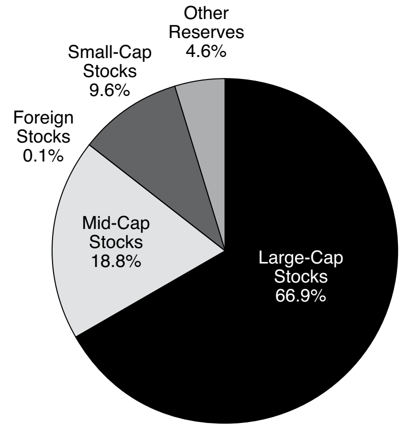
TOTAL EQUITY MARKET INDEX PORTFOLIO

The Total Equity Market Index Portfolio posted double-digit declines for the six and 12 months ended June 30, 2008. The portfolio's returns for both periods modestly trailed the performance of its benchmark, the S&P Total Market Index, largely because of fees.

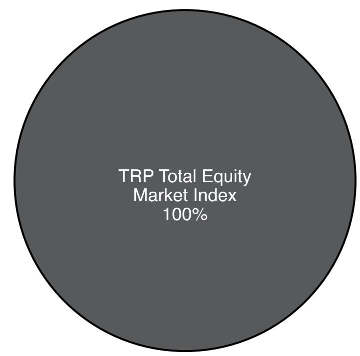
The portfolio's overall decline was driven primarily by the financials and consumer discretionary sectors. Financials fell sharply amid losses stemming from the turmoil in the mortgage and credit markets, and the consumer discretionary sector slid as the sluggish economy and soaring gas prices weighed on consumer spending. The telecommunication services, industrials, and business services sectors of the portfolio also declined during the period.

Just two sectors of the portfolio advanced for the 12-month period—energy and materials—both of which benefited from a surge in commodity prices. Consumer staples, a traditionally defensive sector that typically outperforms in a weak economic environment, also held up well.

Asset Class Allocation



Mutual Fund Allocation



Performance Comparison as of June 30, 2008

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
TOTAL EQUITY MARKET INDEX PORTFOLIO	-11.27%	-13.20%	1.93%
S&P Total Market Index	-11.08%	-12.88%	2.38%

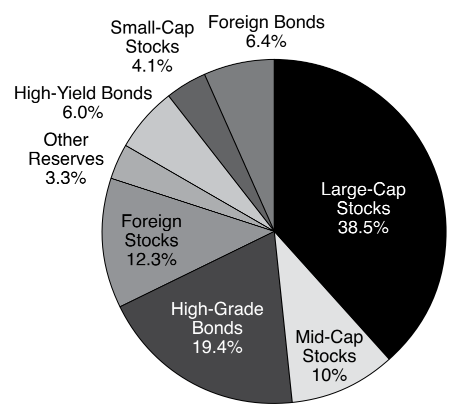
BALANCED PORTFOLIO

The Balanced Portfolio declined for the six and 12 months ended June 30, 2008. Both the six- and 12-month returns trailed the performance of the portfolio's weighted benchmark.

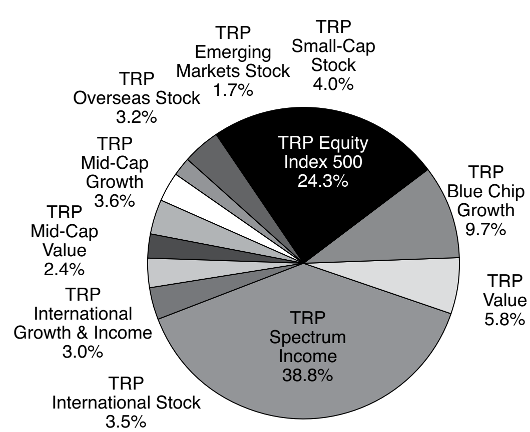
Among the portfolio's equity holdings, the Mid-Cap Growth Fund and the International Growth & Income Fund were the strongest contributors to performance relative to their benchmarks. The Small-Cap Stock Fund, as well as the Overseas Stock Fund and the International Stock Fund, were significant detractors from both absolute and relative performance. In December 2007, the portfolio began adding greater diversification to its international holdings with the addition of the Emerging Markets Stock Fund.

The portfolio's underperformance of its benchmark resulted primarily from its fixed-income position, which advanced for the 12-month period but lagged on a relative basis. The Spectrum Income Fund invests in a diverse array of income-producing securities, but two of these diversifying elements—dividend-paying stocks and high-yield corporate bonds—declined during the period.

Asset Class Allocation



Mutual Fund Allocation



Performance Comparison as of June 30, 2008

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
BALANCED PORTFOLIO	-7.41%	-7.19%	5.85%
Weighted Benchmark*	-6.02%	-4.96%	5.60%

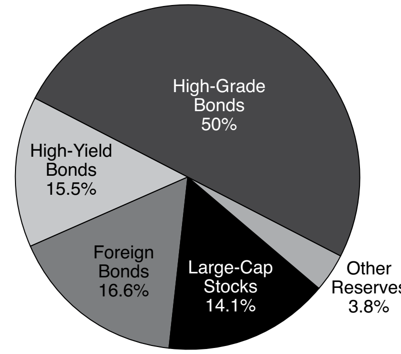
BOND AND INCOME PORTFOLIO

The Bond and Income Portfolio declined modestly for the six months ended June 30, 2008, and advanced modestly for the 12 months ended June 30, 2008. However, the portfolio underperformed its benchmark, the Lehman Brothers U.S. Aggregate Index, over both time periods.

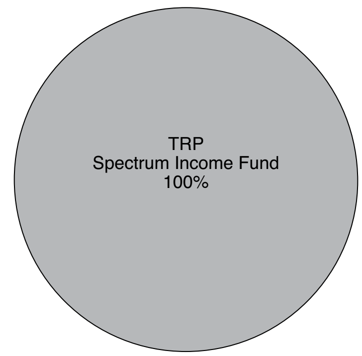
The Spectrum Income Fund invests in a diverse array of income-producing securities, but two of these diversifying elements—dividend-paying stocks and high-yield corporate bonds—declined during the period, contributing the bulk of the portfolio's under performance versus the benchmark.

The portfolio's positions in long-term Treasury securities and international bonds both generated double-digit gains for the 12-month period. Other contributors to performance relative to the benchmark included high-quality mortgage-backed securities, which produced positive returns, and short-term bonds, which enjoyed strong demand from risk-averse investors seeking a safe haven from the volatility in the financial markets.

Asset Class Allocation



Mutual Fund Allocation



Performance Comparison as of June 30, 2008

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
BOND & INCOME PORTFOLIO	-1.43%	1.91%	6.39%
Lehman Brothers U.S. Aggregate Index	1.13%	7.12%	4.96%

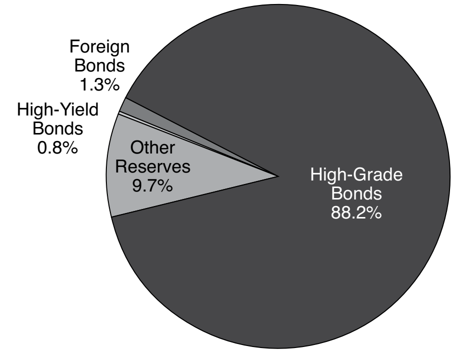
SHORT-TERM BOND PORTFOLIO

The Short-Term Bond Portfolio advanced for the six and 12 months ended June 30, 2008. However, returns for both periods trailed the performance of the portfolio's benchmark, the Lehman Brothers 1- to 3-Year U.S. Government/Credit Index.

Short-term bonds posted solid gains over the past 12 months as the two-year Treasury note yield fell from 4.9% to 2.6%. A downturn in the U.S. economy, combined with turmoil in the mortgage and credit markets, led the Federal Reserve to lower short-term interest rates aggressively. The Fed cut rates seven times during the period, bringing the federal funds rate down to its lowest level since December 2004.

The portfolio's underperformance of its benchmark resulted primarily from a strategic underweight position in Treasury securities, which were the best performers in the bond market during the period. The portfolio's exposure to corporate bonds also detracted from relative results.

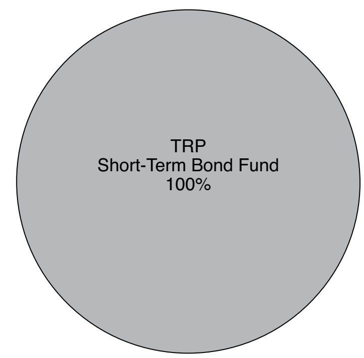
Asset Class Allocation



Performance Comparison as of June 30, 2008

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
SHORT-TERM BOND PORTFOLIO	1.69%	5.05%	2.95%
Lehman Brothers 1- To 3-Year U.S. Government/Credit Index	2.07%	6.74%	3.60%

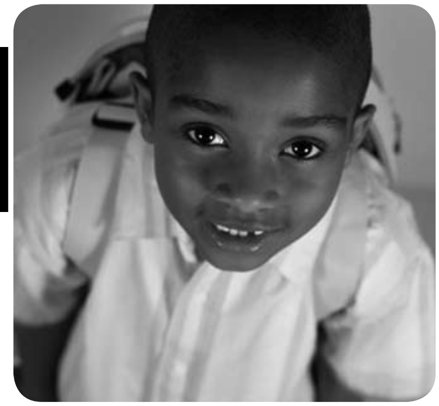
Mutual Fund Allocation



Please see our Web site at **collegesavingsmd.org** for the most recent College Investment Plan investment performance. This information includes annualized three- and five-year returns.

** The Weighted Benchmark, which varies by portfolio, is an unmanaged composite of the 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, 2008. 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.

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 or losses, net of distributions from accounts.

Additions to net assets resulted from nearly 24,700 new accounts, $367 million in contributions and $125 million in net investment losses. Deductions from net assets include $108 million in distributions for the fiscal year. This resulted in an increase in net assets of nearly $134 million for the Plan.

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 account contributions, increases or decreases in the fair value of investments, and distributions from the Plan.

Additions represent contributions to accounts in the College Investment Plan and investment income. Deductions represent distributions from accounts.

Portfolio Financial Statements

The Statements of Net Assets, the Statements of Operations and Changes in Net Assets and the Financial Highlights for each portfolio 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, 2008.

The Statements of Net Assets detail the investments and net assets of 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 Statements of Operations and Changes in Net Assets report the net 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, 2008

(amounts in thousands)

ASSETS	
Current assets:	
Investments, at fair value	$1,566,862
Accounts receivable	1,347
Total	$1,568,209
LIABILITIES	
Current liabilities:	
Other liabilities	1,712
NET ASSETS	
Restricted held in trust for:	
Individuals and organizations	1,566,497
TOTAL NET ASSETS	$1,566,497

See accompanying notes to financial statements.

Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2008

(amounts in thousands)

ADDITIONS	
Contributions:	
Account holders	$ 367,037
Investment income and change in fair value:	
Net decrease in fair value of investments	(158,496)
Net investment income	33,333
Net investment loss	(125,163)
DEDUCTIONS	
Payments in accordance with trust agreements	(108,338)
Net additions to net assets	133,536
Net assets, beginning of year	1,432,961
Net assets, end of year	$1,566,497

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2008

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 of 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. Each Underlying Mutual Fund is registered with the Securities and Exchange Commission under the Investment Company Act of 1940.

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. Effective 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 Plans 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, distributions from, and exchanges between Portfolios of the Plan are recorded upon receipt of account holder instructions in good order, based on the next determined net asset value per unit. Net investment income and net realized gains/losses accumulate in the net asset value of each Portfolio and are not separately distributed to account holders or beneficiaries.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 an investor is 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, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* 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. Changes in unrealized gain/loss resulting from changes in the fair values of investments are recognized daily in each Portfolio's net asset value per unit and, for the fiscal year, are reflected in the Plan's accompanying Statement of Changes in Fiduciary Net Assets.

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.

On June 30, 2008, 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	$ 117,197	$ 20,824	$ 138,021
T. Rowe Price Equity Index 500 Fund	431,504	26,781	458,285
T. Rowe Price Mid-Cap Growth Fund	43,304	7,708	51,012
T. Rowe Price Mid-Cap Value Fund	37,829	(372)	37,457
T. Rowe Price Small-Cap Stock Fund	59,244	(425)	58,819
T. Rowe Price Total Equity Market Index Fund	17,850	(1,481)	16,369
T. Rowe Price Value Fund	69,339	8,546	77,885
Total domestic stock funds	776,267	61,581	837,848
International stock funds			
T. Rowe Price Emerging Markets Stock Fund	24,967	(1,839)	23,128
T. Rowe Price Int'l Growth & Income Fund	36,373	6,714	43,087
T. Rowe Price International Stock Fund	45,017	6,275	51,292
T. Rowe Price Overseas Stock Fund	51,817	(3,737)	48,080
Total international stock funds	158,174	7,413	165,587
Domestic bond funds			
T. Rowe Price Short-Term Bond Fund	173,796	1,205	175,001
Blended asset funds			
T. Rowe Price Spectrum Income Fund	390,129	(1,703)	388,426
Total Investments in Mutual Funds	$1,498,366	$68,496	$1,566,862

3. INVESTMENTS (continued)

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 on June 30, 2008 (in years):

	Weighted Average Maturity	Weighted Average Duration
Domestic bond funds		
T. Rowe Price Short-Term Bond Fund	3.00	2.12
Blended asset funds		
T. Rowe Price Spectrum Income Fund	7.52	4.80

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, 2008, 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 the Plan's average net assets exceed $2 billion. As of June 30, 2008, program fees payable by the Portfolios totaled $369,000.

Price Associates has agreed to remit a portion of the program fees earned to the Board, as trustee, to support certain administrative and marketing efforts provided by the Board to the Plan. Under this agreement, the Board receives an annual amount equal to the greater of: (1) $636,000 or (2) 0.04% of the average monthly net assets of the Plan (average Plan assets) when such assets are between $750 million and $1 billion and an additional 0.06% of average Plan assets greater than $1 billion. For the fiscal year ended June 30, 2008, the Program Manager paid the Board $923,000 in accordance with this agreement.

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. The costs associated with recordkeeping and related account servicing for the Portfolios are borne by each Underlying Mutual Fund in proportion to the average daily value of its shares owned by the Portfolios. For the fiscal year ended June 30, 2008, the Underlying Mutual Funds incurred $3,422,000 related to services provided to Plan accounts. 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.

5. RELATED PARTIES (continued)

Price Associates has agreed to limit the overall 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. During the fiscal year ended June 30, 2008, there were no waivers or repayments of program fees pursuant to this limit and there were no amounts subject to future repayment by the Portfolios at year-end.

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.

MARYLAND COLLEGE INVESTMENT PLAN

As of June 30, 2008

Dollars in thousands, except net asset values per unit

Statements of Net Assets	PORTFOLIO 2027 Percent of Net Assets	Shares	Value	PORTFOLIO 2024 Percent of Net Assets	Shares	Value	PORTFOLIO 2021 Percent of Net Assets	Shares	Value
Investments at Value									
T. Rowe Price Blue Chip Growth Fund	14.7%	71,333	$ 2,559	14.9%	344,758	$12,366	14.5%	703,733	$ 25,243
T. Rowe Price Emerging Markets Stock Fund	3.0%	14,083	519	3.0%	67,396	2,486	2.5%	117,339	4,327
T. Rowe Price Equity Index 500 Fund	38.7%	196,019	6,725	38.9%	938,431	32,198	35.6%	1,809,552	62,086
T. Rowe Price International Growth & Income Fund	5.3%	59,037	919	5.3%	282,967	4,403	4.6%	512,367	7,972
T. Rowe Price International Stock Fund	6.3%	72,476	1,091	6.3%	346,915	5,224	5.5%	636,279	9,582
T. Rowe Price Mid-Cap Growth Fund	5.6%	18,141	977	5.6%	86,122	4,637	5.1%	165,406	8,906
T. Rowe Price Mid-Cap Value Fund	4.3%	35,778	738	4.2%	169,628	3,501	3.8%	320,490	6,615
T. Rowe Price Overseas Stock Fund	5.8%	106,568	1,012	5.9%	509,484	4,840	5.0%	928,566	8,821
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	6.4%	40,260	1,101	6.2%	189,007	5,167	5.8%	370,217	10,122
T. Rowe Price Spectrum Income Fund	0.0%	0	0	0.0%	0	0	8.8%	1,323,251	15,456
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	9.9%	74,837	1,726	9.7%	347,824	8,021	8.8%	668,262	15,410
Total Investments at Value	100.0%		17,367	100.0%		82,843	100.0%		174,540
Other Liabilities, net	0.0%		(2)	0.0%		(19)	0.0%		(41)
NET ASSETS	**100.0%**		**$17,365**	**100.0%**		**$82,824**	**100.0%**		**$174,499**
Composition of Net Assets:									
Paid-in capital			$ 18,814			$84,032			$153,790
Retained earnings			$ (1,449)			$ (1,208)			$ 20,709
Units Outstanding			1,648			5,906			11,420
NET ASSET VALUE PER UNIT[1]			**$ 10.54**			**$ 14.02**			**$ 15.28**
Investments at cost			$18,925			$88,262			$165,857

[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 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**
12.0%	720,705	$ 25,852	8.1%	473,756	$ 16,994	3.8%	216,726	$ 7,774	0.0%	0	$ 0
2.0%	114,886	4,237	1.5%	84,768	3,126	0.0%	0	0	0.0%	0	0
30.1%	183,412	64,620	26.1%	1,598,505	54,845	30.6%	1,814,157	62,244	24.8%	1,100,849	37,770
3.8%	531,972	8,277	2.7%	373,233	5,808	0.4%	49,326	767	0.0%	0	0
4.6%	651,555	9,812	3.2%	443,086	6,673	0.6%	85,871	1,293	0.0%	0	0
4.3%	171,307	9,223	3.0%	117,337	6,317	1.9%	71,080	3,827	0.0%	0	0
3.2%	335,403	6,923	2.2%	230,447	4,756	1.3%	132,545	2,736	0.0%	0	0
4.4%	991,038	9,415	3.2%	701,660	6,666	0.6%	119,269	1,133	0.0%	0	0
0.0%	0	0	0.0%	0	0	9.8%	4,246,163	20,042	44.2%	14,224,908	67,142
5.0%	394,527	10,786	3.8%	289,372	7,911	2.0%	150,394	4,112	0.0%	0	0
23.6%	4,349,031	50,797	42.0%	7,547,473	88,154	48.6%	8,455,496	98,760	31.0%	4,028,128	47,048
0.0%	0	0	0.0%	0	0	0.0%	0	0	0.0%	0	0
7.0%	655,269	15,111	4.2%	383,564	8,845	0.4%	33,053	762	0.0%	0	0
100.0%		215,053	100.0%		210,095	100.0%		203,450	100.0%		151,960
0.0%		(51)	0.0%		(49)	0.0%		(47)	0.0%		(35)
100.0%		**$215,002**	**100.0%**		**$210,046**	**100.0%**		**$203,403**	**100.0%**		**$151,925**
		$182,616			$176,217			$168,564			$ 123,431
		$ 32,386			$ 33,829			$ 34,839			$ 28,494
		14,092			13,729			13,127			9,740
		$ 15.26			**$ 15.30**			**$ 15.49**			**$ 15.60**
		$201,525			$198,260			$196,330			$ 146,055

MARYLAND COLLEGE INVESTMENT PLAN

As of June 30, 2008

Dollars in thousands, except net asset values per unit

Statements of Net Assets	PORTFOLIO FOR COLLEGE			EQUITY PORTFOLIO			TOTAL EQUITY MARKET INDEX 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	15.8%	965,815	$ 34,644	0.0%	0	$ 0
T. Rowe Price Emerging Markets Stock Fund	0.0%	0	0	2.8%	168,208	6,204	0.0%	0	0
T. Rowe Price Equity Index 500 Fund	21.1%	605,382	20,770	39.1%	2,491,487	85,483	0.0%	0	0
T. Rowe Price International Growth & Income Fund	0.0%	0	0	5.0%	707,160	11,003	0.0%	0	0
T. Rowe Price International Stock Fund	0.0%	0	0	6.0%	865,686	13,037	0.0%	0	0
T. Rowe Price Mid-Cap Growth Fund	0.0%	0	0	5.7%	231,690	12,474	0.0%	0	0
T. Rowe Price Mid-Cap Value Fund	0.0%	0	0	4.1%	438,131	9,043	0.0%	0	0
T. Rowe Price Overseas Stock Fund	0.0%	0	0	5.5%	1,260,079	11,971	0.0%	0	0
T. Rowe Price Short-Term Bond Fund	78.9%	16,462	77,701	0.0%	0	0	0.0%	0	0
T. Rowe Price Small-Cap Stock Fund	0.0%	0	0	6.6%	528,604	14,452	0.0%	0	0
T. Rowe Price Spectrum Income 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	100%	1,162,588	16,369
T. Rowe Price Value Fund	0.0%	0	0	9.4%	887,492	20,466	0.0%	0	0
Total Investments at Value	100.0%		98,471	100.0%		218,777	100.0%		16,369
Other Liabilities, net	0.0%		(22)	0.0%		(53)	0.0%		(4)
NET ASSETS	**100.0%**		**$98,449**	**100.0%**		**$218,724**	**100.0%**		**$16,365**
Composition of Net Assets:									
Paid-in capital			$85,417			$183,005			$17,671
Retained earnings			$13,032			$ 35,719			$(1,306)
Units Outstanding			7,312			14,407			1,576
NET ASSET VALUE PER UNIT[1]			**$ 13.46**			**$ 15.18**			**$ 10.39**
Investments at cost			$95,586			$200,821			$17,850

[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 valuation.

BALANCED PORTFOLIO			BOND AND INCOME PORTFOLIO			SHORT-TERM BOND 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**
9.7%	350,946	$ 12,589	0.0%	0	$ 0	0.0%	0	$ 0	8.8%	3,847,772	$ 138,021
1.7%	60,441	2,229	0.0%	0	0	0.0%	0	0	1.5%	627,121	23,128
24.3%	919,384	31,544	0.0%	0	0	0.0%	0	0	29.2%	11,657,178	458,285
3.0%	253,075	3,938	0.0%	0	0	0.0%	0	0	2.7%	2,769,137	43,087
3.5%	304,132	4,580	0.0%	0	0	0.0%	0	0	3.3%	3,406,000	51,292
3.6%	86,391	4,651	0.0%	0	0	0.0%	0	0	3.3%	947,474	51,012
2.4%	152,359	3,145	0.0%	0	0	0.0%	0	0	2.4%	1,814,781	37,457
3.2%	444,463	4,222	0.0%	0	0	0.0%	0	0	3.1%	5,061,127	48,080
0.0%	0	0	0.0%	0	0	100.0%	2,143,215	10,116	11.2%	20,630,743	175,001
4.0%	189,027	5,168	0.0%	0	0	0.0%	0	0	3.7%	2,151,408	58,819
38.8%	4,316,349	50,415	100.0%	3,235,988	37,796	0.0%	0	0	24.8%	33,255,716	388,426
0.0%	0	0	0.0%	0	0	0.0%	0	0	1.0%	1,162,588	16,369
5.8%	327,136	7,544	0.0%	0	0	0.0%	0	0	5.0%	3,377,437	77,885
100.0%		130,025	100.0%		37,796	100.0%		10,116	100%		1,566,862
0.0%		(31)	0.0%		(8)	0.0%		(3)	0.0%		(365)
100.0%		**$129,994**	**100.0%**		**$37,788**	**100.0%**		**$10,113**	**100.0%**		**$1,566,497**
		$106,758			$ 28,821			$ 9,386			$ 1,338,522
		$ 23,236			$ 8,967			$ 727			$ 227,975
		8,125			2,283			883			104,248
		$ 16.00			**$ 16.55**			**$ 11.45**			
		$122,325			$ 36,445			$ 10,125			$ 1,498,366

MARYLAND COLLEGE INVESTMENT PLAN

For the Fiscal Year Ended June 30, 2008

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	$ 153	$ 936	$ 2,556	$ 4,265	$ 5,450	$ 6,414
Expenses						
Program fee	32	202	477	589	574	550
Net investment income	121	734	2,079	3,676	4,876	5,864
Net realized and unrealized gain (loss)						
Net realized gain (loss)						
Sales of Underlying Mutual Funds	(352)	(345)	(2,426)	(1,264)	3	1,758
Capital gain distributions from Underlying Mutual Funds	291	1,915	4,529	4,918	4,284	3,081
Net realized gain (loss)	(61)	1,570	2,103	3,654	4,287	4,839
Change in unrealized gain (loss)	(1,919)	(12,795)	(26,206)	(29,321)	(24,956)	(20,481)
Net realized and unrealized gain (loss)	(1,980)	(11,225)	(24,103)	(25,667)	(20,669)	(15,642)
Increase (decrease) in net assets from operations	(1,859)	(10,491)	(22,024)	(21,991)	(15,793)	(9,778)
Unit Transactions*						
Units issued						
Account holder contributions	13,555	36,825	41,101	43,720	40,240	37,755
Units redeemed						
Account holder distributions	(780)	(1,687)	(5,025)	(4,780)	(6,583)	(7,907)
Increase (decrease) in net assets from unit transactions	12,775	35,138	36,076	38,940	33,657	29,848
NET ASSETS						
Increase (decrease) during period	10,916	24,647	14,052	16,949	17,864	20,070
Beginning of period	6,449	58,177	160,447	198,053	192,182	183,333
End of period	**$17,365**	**$82,824**	**$174,499**	**$215,002**	**$210,046**	**$203,403**
*Unit information (number of units)						
Units outstanding, beginning of period	533	3,616	9,247	11,717	11,654	11,283
Units issued	1,184	2,400	2,474	2,667	2,480	2,334
Units redeemed	(69)	(110)	(301)	(292)	(405)	(490)
Units outstanding, end of period	1,648	5,906	11,420	14,092	13,729	13,127

PORTFOLIO 2009	PORTFOLIO FOR COLLEGE	EQUITY PORTFOLIO	TOTAL EQUITY MARKET INDEX PORTFOLIO	BALANCED PORTFOLIO	BOND AND INCOME PORTFOLIO	SHORT-TERM BOND PORTFOLIO	TOTAL
$ 5,613	$ 3,720	$ 2,830	$ 188	$ 3,410	$ 1,714	$ 344	$ 37,593
417	276	618	36	364	102	23	4,260
5,196	3,444	2,212	152	3,046	1,612	321	33,333
1,262	101	(1,655)	(7)	(320)	(45)	1	(3,289)
999	0	5,769	0	2,747	505	0	29,038
2,261	101	4,114	(7)	2,427	460	1	25,749
(9,966)	(2,802)	(36,785)	(2,196)	(15,400)	(1,456)	38	(184,245)
(7,705)	(2,701)	(32,671)	(2,203)	(12,973)	(996)	39	(158,496)
(2,509)	743	(30,459)	(2,051)	(9,927)	616	360	(125,163)
26,562	25,287	49,170	10,528	26,905	9,362	6,027	367,037
(12,732)	(31,551)	(13,610)	(709)	(13,373)	(6,865)	(2,736)	(108,338)
13,830	(6,264)	35,560	9,819	13,532	2,497	3,291	258,699
11,321	(5,521)	5,101	7,768	3,605	3,113	3,651	133,536
140,604	103,970	213,623	8,597	126,389	34,675	6,462	1,432,961
$151,925	**$98,449**	**$218,724**	**$16,365**	**$129,994**	**$37,788**	**$10,113**	**$1,566,497**
8,877	7,781	12,278	718	7,329	2,135	593	
1,663	1,866	2,945	920	1,585	562	534	
(800)	(2,335)	(816)	(62)	(789)	(414)	(244)	
9,740	7,312	14,407	1,576	8,125	2,283	883	

MARYLAND COLLEGE INVESTMENT PLAN

For the Fiscal Year Ended June 30, 2008

Financial Highlights	PORTFOLIO 2027	PORTFOLIO 2024	PORTFOLIO 2021	PORTFOLIO 2018	PORTFOLIO 2015	PORTFOLIO 2012
Net Asset Value [1]						
Beginning of period	$12.09	$16.09	$17.35	$16.90	$16.49	$ 16.25
Investment activities [2]						
Net investment income [3]	0.12	0.15	0.20	0.29	0.38	0.48
Net realized and unrealized gain (loss)	(1.67)	(2.22)	(2.27)	(1.93)	(1.57)	(1.24)
Total from investment activities	(1.55)	(2.07)	(2.07)	(1.64)	(1.19)	(0.76)
Net Asset Value [1]						
End of period	**$10.54**	**$14.02**	**$15.28**	**$15.26**	**$15.30**	**$15.49**
RATIOS [4]						
Total Return	**(12.82)%**	**(12.87)%**	**(11.93)%**	**(9.70)%**	**(7.22)%**	**(4.68)%**
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	1.04 %	1.02 %	1.22 %	1.75 %	2.38 %	2.99 %
Portfolio turnover rate	18.8 %	16.7 %	17.7 %	13.4 %	11.9 %	11.3 %
SUPPLEMENTAL INFORMATION						
Weighted-average expense ratio of the Underlying Mutual Funds [5]	0.62 %	0.62 %	0.63 %	0.63 %	0.63 %	0.60 %
Effective expense ratio	0.90 %	0.90 %	0.91 %	0.91 %	0.91 %	0.88 %
Net assets, end of period (in millions)	$ 17.4	$ 82.8	$174.5	$215.0	$210.0	$203.4

[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 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 the 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	EQUITY PORTFOLIO	TOTAL EQUITY MARKET INDEX PORTFOLIO	BALANCED PORTFOLIO	BOND AND INCOME PORTFOLIO	SHORT-TERM BOND PORTFOLIO
	$15.84	$13.36	$17.40	$11.97	$17.24	$16.24	$10.90
	0.56	0.47	0.17	0.13	0.40	0.74	0.45
	(0.80)	(0.37)	(2.39)	(1.71)	(1.64)	(0.43)	0.10
	(0.24)	0.10	(2.22)	(1.58)	(1.24)	0.31	0.55
	$15.60	**$13.46**	**$15.18**	**$10.39**	**$16.00**	**$16.55**	**$11.45**
	(1.52)%	**0.75 %**	**(12.76)%**	**(13.20)%**	**(7.19)%**	**1.91 %**	**5.05 %**
	0.28%	0.28 %	0.28 %	0.28 %	0.28 %	0.28 %	0.28 %
	3.49 %	3.49 %	1.00 %	1.18 %	2.34 %	1.24 %	4.05 %
	23.8 %	17.5 %	14.5 %	0.8 %	11.2 %	9.2 %	16.3 %
	0.56 %	0.51 %	0.63 %	0.40 %	0.65 %	0.68 %	0.55 %
	0.84 %	0.79 %	0.91 %	0.68 %	0.93 %	0.96 %	0.83 %
	$151.9	$ 98.4	$218.7	$ 16.4	$130.0	$ 37.8	$ 10.1

NOTES

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