2010 Annual Report

Maryland Prepaid College Trust | Maryland College Investment Plan

College Savings
Plans of Maryland

Save here. Go anywhere.®

collegesavingsmd.org | 1.888.4MD.GRAD (463.4723)

Martin O'Malley
Governor

Anthony G. Brown
Lt. Governor

COLLEGE SAVINGS PLANS OF MARYLAND BOARD

Nancy K. Kopp
Board Chair
State Treasurer

Thomas H. Price, III, Esq.
Board Vice Chair
Public Member

Lewis A. Robinson
Board Secretary
Public Member

Susan R. Buswell
Public Member

W. Gary Dorsch
Public Member

Peter Franchot
State Comptroller

Helene Grady
Public Member

Nancy S. Grasmick, Ph.D.
State Superintendent
of Schools

William E. Kirwan, Ph.D.
Chancellor
University System
of Maryland

Dr. James Earl Lyons
State Secretary of
Higher Education

College Savings
PLANS OF MARYLAND

October 31, 2010

Dear Friends,

We are pleased that during Fiscal Year 2010, tens of thousands of Maryland families are saving for future higher education expenses, despite a significant level of uncertainty and volatility in investment markets, combined with the lingering effects of the recession. Our account holders are to be commended for remaining focused on their families' educational goals, since the time frame for accumulating college savings is typically shorter than the time frame for saving for retirement.

For the Maryland Prepaid College Trust, 1,943 new accounts were opened, which is 4% higher than in the previous year and brings the total number of beneficiaries in this plan to nearly 28,000. We are also pleased to report that as of June 30, 2010, the Prepaid College Trust was 100% funded to meet anticipated future tuition payments for our participants. This actuarial soundness resulted primarily from higher than projected investment earnings, combined with lower than projected tuition increases at Maryland public colleges. Total investments in this plan exceeded $500 million at the end of the fiscal year.

For the Maryland College Investment Plan, 12,059 new beneficiaries were enrolled during the fiscal year, bringing the total number of beneficiaries in this plan to just over 122,000. Total contributions to accounts in this plan were approximately $348 million, which was approximately $28 million more than the previous fiscal year. In addition, more favorable investment markets helped to increase the average account size in this plan to $12,637 as of June 30, 2010, which is 17% higher than as of June 30, 2009. Total investments in this plan were approximately $1.85 billion as of June 30, 2010.

With nationwide student loan debt reaching nearly $830 billion in June 2010, surpassing credit card and other revolving debt for first time by more than $3 billion*, there has probably never been a more important time for families to save for college.

Thank you for making college savings a priority in your family's budget and for your participation in the College Savings Plans of Maryland.

Sincerely,

The Board
College Savings Plans of Maryland

*Baltimore Sun, "Growing concern of students overwhelmed by education loans", 9/13/2010

TABLE OF CONTENTS

COLLEGE SAVINGS PLANS OF MARYLAND – FEATURES AND BENEFITS

The **College Savings Plans of Maryland** offers affordable and flexible options to help families save for higher education expenses that can help lessen or even eliminate the need to borrow in the future to finance a college education. By choosing one or both plans, families are likely to find an option that suits their individual investing style, comfort level and budget.* Both plans can be used at nearly any public or private college nationwide – hence our marketing slogan – "Save Here. Go Anywhere.®"

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. Families can purchase as little as a 1-semester University Plan or a 1-year Community College Plan and can then purchase additional semesters or years at nearly any time at prices in effect at the time of purchase. Account holders can purchase as many as seven years of University tuition benefits, although no more than five years can be purchased on a single account. The Trust is open to 12th graders or younger, including newborns, although beneficiaries must be enrolled for at least three years before they can begin to use their tuition benefits.

The **Maryland College Investment Plan** (sometimes referred to as College Investment Plan or Plan) is administered by the College Savings Plans of Maryland Board and managed and distributed by T. Rowe Price. It 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. Flexible contribution amounts start at $25 per month with automatic monthly contributions. In addition, the Plan has no sales loads, commissions, or enrollment fee.

Two additional investment options were made available to Plan investors as of January 4, 2010. Portfolio 2030 was added as another Enrollment-Based Portfolio and is designed for today's youngest beneficiaries who are expected to enter college around 2030. This Portfolio opened with a 100% allocation to T. Rowe Price equity funds. At the other end of the risk spectrum, the U.S. Treasury Money Market Portfolio was added as an additional Fixed Portfolio and contains a 100% allocation to the T. Rowe Price U.S. Treasury Money Fund.

The **College Investment Plan** is open for enrollment year-round and is available to children and adults of any age. While most accounts are established for beneficiaries who are 18 years old or younger, the Plan can be a good choice for adults who wish to save for their own future higher education at the undergraduate or graduate level. This Plan can also be used towards eligible trade and technical schools. Accounts can even be opened for a child who is not yet born. A future parent or grandparent can open an Account with him/herself as both the Account Holder and Beneficiary. When the child or grandchild is born, the Beneficiary can be changed to be the newborn child. This allows an early head start on saving for college.

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**.

**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. In addition, you should periodically assess and, if appropriate, adjust your Section 529 plan investment choices with your time horizon, risk tolerance and investment objectives in mind.*

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, 2010.*

A STRONG YEAR, DESPITE A LATE STUMBLE

Over the past year, the stock market continued to experience significant volatility in the wake of the 2008 - 2009 financial crisis. For the first three quarters of the fiscal year ended June 30, 2010, market gains partly reflected improvements in the financial system and economy and partly reflected a rebound from excessively low valuations.

But these gains were followed by a sharp correction—traditionally defined as a drop of at least 10%—in May and June. The correction was initially triggered by the emergence of a severe Greek debt crisis. But losses accelerated as more troubling news emerged, including weak U.S. economic data, continued poor employment figures, and the massive Gulf of Mexico oil spill. U.S. financials sector reform efforts, on top of recently passed health care reforms, also increased investor uncertainty.

Despite this stumble, most broad segments of the U.S. market posted double digit gains for the 12-month period. Mid- and small-cap stocks notably outperformed large-caps, while value stocks consistently outperformed growth, especially early in the period when cyclical stocks were benefiting from improvements in the business cycle. Growth-oriented sectors, including information technology and health care, lagged and natural resources trailed as well.

Developed overseas markets generated solid but comparatively modest results. Europe's markets were hit hard by the Greek debt crisis and fears that it could spread to other debt-laden European economies. Emerging markets, however, remained relatively unaffected by the various financial and economic crises consuming many developed markets and posted the top results for the period.

** 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 current College Savings Plans of Maryland Enrollment Kit.*

A BENEFICIAL ENVIRONMENT FOR BONDS

Broadly speaking, bonds gained ground throughout the period and posted strong results for the fiscal year ended June 30, 2010.

Of course, many segments of the bond market (except short-term Treasuries) were severely affected by the financial crisis of late 2008 through early 2009. Since the spring of 2009, bonds have been retracing many of these losses. This is particularly true for what are known as "credit" sectors – that is, corporate and other types of bonds that can suffer from defaults in a poor economy. Early in the period, when investors were confident in economic recovery, high quality bonds and high-yield bonds especially, posted very strong gains.

When conditions worsened in the spring of 2010, investors turned to bonds with higher credit quality, particularly long-term Treasuries. Agency and mortgage-backed bonds with some measure of default protection also fared well. High-yield corporates gained some ground, but lower-quality and high-yield bonds fell behind other fixed income asset classes.

With economic growth uncertain and no sign of inflation, the Federal Reserve kept interest rates on short-term securities almost at 0% (ranging between 0% and 0.25%). The Federal Reserve has indicated that rates are likely to remain in this range until the economy shows more durable signs of recovery, which presents a generally positive backdrop for the bond market.

MARKET UNCERTAINTIES

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

COLLEGE COSTS REVIEW*

Over the previous academic year, college costs rose faster than the rate of inflation, consistent with a 30-year trend. The "average total 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. Here are the most recent figures from the College Board on higher education costs for the 2009–2010 academic year (see also the accompanying table):

The average total cost of a four-year public university rose by 5.9% from the previous academic year. Published tuition and fees at public four-year colleges from 1999-2000 to 2009-2010 increased at an average annual rate of 4.9% *on top of* the annual inflation rate. The total cost over this period, increased a hefty 45.7% as states struggled with budget deficits and increasingly cut education-related funding.

The average total cost of a four-year private college rose by 4.3% from the previous academic year, rising to almost $36,000 per year. Published tuition and fees at private four-year colleges increased at an average annual rate of 2.6% *above inflation* from 1999-2000 to 2009-2010. Over this period, the cost of private secondary education increased at a lower rate than that of public, but still showed a significant 28.5% rise.

College costs vary considerably, depending on factors such as public or private, in-state or out-of-state, and whether the college grants doctorate degrees. Approximately 24% of all full-time students attended four-year colleges with tuitions lower than $6,000 per year in the last school year. Only one student in five of those enrolled in private colleges paid more than $36,000 in tuition. College remains an attainable goal for families, but it is important to consider the need for consistent, disciplined saving in an appropriate investment vehicle.

THE STATE OF FINANCIAL AID

College students received approximately $168 billion in financial aid during the 2008–2009 academic year (the most recent data available), and financial aid remains an important source of funding for many families. In 2009-2010, for families of four with one child in college and no assets, only those with incomes of about $95,000 or higher would be expected to pay the published price of tuition, fees, room, and board at the average public four-year college without financial aid. About 28% of families meet those income standards.

Financial aid has also been affected by the passage of the Health Care and Education Reconciliation Act of 2010. Pell Grants will be modestly expanded, and more capital will be made available to privately-managed college loan programs.

Most families are still required to pay a significant amount "out of pocket" for annual college costs and the majority of financial aid continues to come in the form of loans. Approximately 66% of bachelor's degree recipients have college loans to repay, with average debt of approximately $20,000.

Although federal student loan availability became more robust in 2009 as compared to 2008, loans from other sources proved to be more scarce. Students saw a 15% increase in federal loans during 2008-2009, while sources of nonfederal loans declined approximately 50%. As the number of students attending college increases and availability of funding sources remains uncertain, the importance of establishing a plan to save for college, which can help reduce or possibly eliminate the need for borrowing to finance a child's college education, becomes paramount.

**Statistical information provided is from the College Board's "Trends in College Pricing 2009" and "Trends in Student Aid 2009" for the 2009-2010 academic year.*

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

	Four-Year Private College	Four-Year Public College	Consumer Price Index
2009–2010 Academic Year	$35,636	$15,213	N/A
Change from the previous academic year	4.3%	5.9%	1.2%[1]
Change from ten years ago	28.5%	45.7%	26.4%

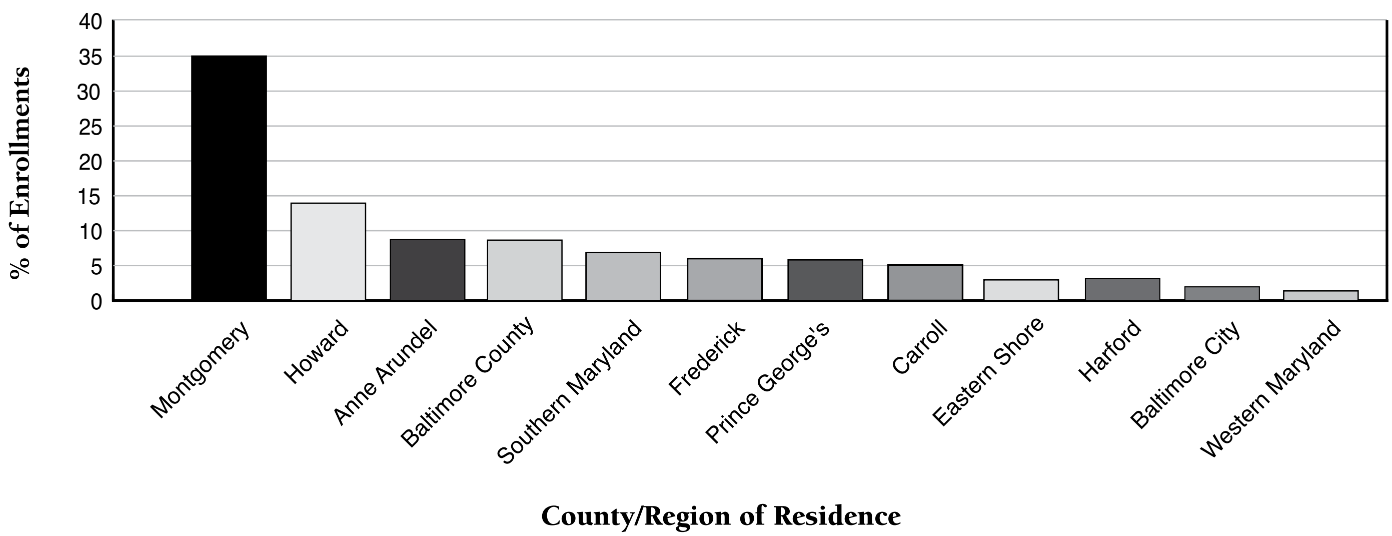
SOURCES: COLLEGE BOARD, BUREAU OF LABOR STATISTICS

[1]*As of July 2010*

PROFILE OF NEW PREPAID COLLEGE TRUST ENROLLMENTS

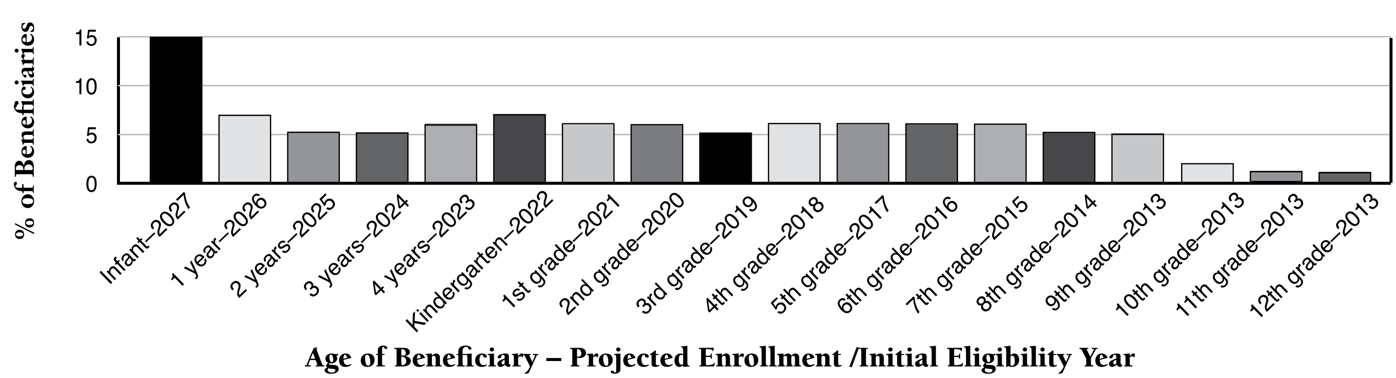
New Enrollment by County/Region

Of the approximately 1,943 new enrollments that were received in the past year, Montgomery County residents produced the largest number of account holders, accounting for 35% of all new enrollments. Howard County was the second largest source of new enrollments (14%) followed by Baltimore (9%) and Anne Arundel (9%) counties, as illustrated in the following chart:



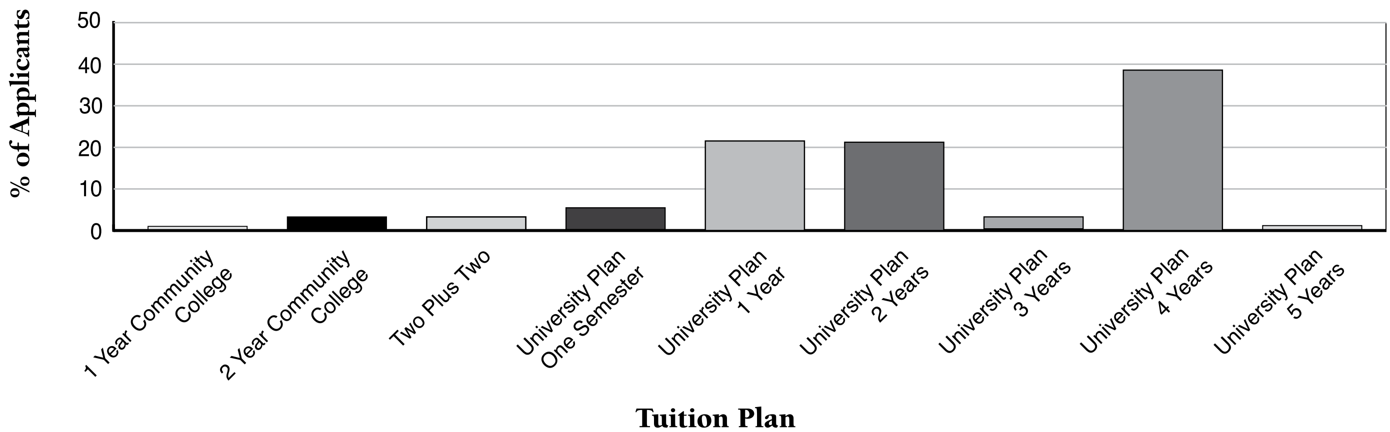
Age of New Beneficiaries at Time of Enrollment

The infant category provided the largest single age group of new enrollments in 2009-2010, with 15% of new enrollments. From age 1 through 9th grade, enrollments were remarkably evenly distributed, with each age category accounting for 5-7% of new enrollments. Combined enrollments for older students in 10th-12th grades provided the remaining 4%.



Tuition Plan Selected

The four-year University Plan was our most popular enrollment option in 2009-2010, with 39% of new enrollments. The next most popular options were the one-year University Plan (21%) and the two-year University Plan (21%). Together, these three tuition plans comprised 81% of total tuition plans purchased.



MORE STUDENTS USE PREPAID COLLEGE TRUST TUITION BENEFITS AT COLLEGES NATIONWIDE

There are a total of 8,043 students eligible to use benefits for the Fall 2010 semester, as compared to approximately 7,086 students who were eligible for the prior academic year. Approximately 59% of eligible beneficiaries, as of October 20, 2010, have claimed their tuition benefits this Fall. Approximately 33% of these students are attending Maryland public colleges, while 67% 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 2010 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 25, 2010 appears on page 6. (See also the summary issued by PricewaterhouseCoopers LLP that appears in Appendix A on page 52.) 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 2009 is that the Trust's actuarial deficit in fiscal year 2009 became an actuarial surplus in fiscal year 2010. As of June 30, 2010, the Trust was 100% funded with an actuarial surplus of $2.5 million, as compared with the previous fiscal year, where the Trust was 92% funded with actuarial deficit of $52.4 million.

The primary reason for the actuarial surplus is that the Trust's investments produced an overall return of 14.0% during fiscal year 2010, as compared with the stated goal of 7.65%. This had a positive effect on the actuarial valuation.

In addition, the weighted average tuition at Maryland's public 4-year colleges increased by 3.0% for the 2010-2011 academic year. This actual increase is less than our projected weighted average tuition increase of 7.7% for 2010-2011. 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.

	2010	2009	2008	2007	2006
Actuarial Surplus/(Deficit) (mil)	$2.5	$(52.4)	$58.9	$87.9	$16.0
Funded Ratio	100%	92%	109%	114%	103%

Richard M. Kaye & Associates
Actuarial Consulting

PricewaterhouseCoopers Plaza
1900 St. Antoine Street
Detroit, Michigan 48226-2263
Telephone: 313-394-3942
Fax: 858-923-0360

October 25, 2010

Ms. Nancy Kopp, Board Chair
College Savings Plans of Maryland
217 E. Redwood Street, Suite 1350
Baltimore, MD 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, 2010. 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, 2010.

A comparison of assets and liabilities of the trust fund shows that as of June 30, 2010 there is an estimated surplus of $2,486,894 as compared to an estimated deficit of $52,406,730 as of June 30, 2009. The funded status of the program is presently approximately 100.4%, compared to approximately 92.0% 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. This letter certifies that the amounts presented in the report have been appropriately determined according to the actuarial assumptions stated herein.

Respectfully submitted,

RM Kaye

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

SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of
College Savings Plans of Maryland

We have audited the accompanying statement of net assets of the Maryland Prepaid College Trust (the Trust) as of June 30, 2010, and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Maryland Prepaid College Trust as of June 30, 2010, and the changes in its financial position and its 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 8 through 13 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and we express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The other data and information in the Annual Report are presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

SB & Company, LLC

Hunt Valley, Maryland
October 29, 2010

200 International Circle • Suite 5500 • Hunt Valley • Maryland 21030 • P 410-584-0060 • F 410-584-0061

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, 2010. 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, 2010 have been audited by SB & Company, LLC 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 Standards Board (GASB). Financial statements provide information about the operation of the Trust as a whole and present a long-term view of the Trust's finances.

Financial Highlights

- The Prepaid College Trust began receiving payments in fiscal year 2010 from approximately 1,900 new enrollments received during fiscal year 2009. This is because the initial payments for these accounts were due on August 1, 2009. The decrease in contract receipts, when compared to the prior year, is due to a lower number of new enrollments in fiscal year 2010 who elected to make payments in fiscal year 2010 in advance of their August 1, 2010 due date.

Contract Receipts from Participants *(in thousands)*

Fiscal Year Ended June 30, 2010	Fiscal Year Ended June 30, 2009
$53,417	$54,873

- Each account holder enters into a contract with the Prepaid College Trust for the prepayment of tuition. Each contract is for one or two years of community college and/or a 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 uses fees from three sources to pay administrative expenses of the College Savings Plans of Maryland:

  (1) A percent of all contract payments made to the Prepaid College Trust – this fee has been 2.5% of contract payments on all enrollments received since the 2001 enrollment period;

  (2) Enrollment and other fees paid to the Prepaid College Trust; and

  (3) Payments from the Program Manager of the College Investment Plan as follows: 4 basis points (.04%) on College Investment Plan assets up to $1 billion and an additional 6 basis points (.06%) on assets over $ 1 billion.

  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 Prepaid College Trust.

Additionally, revenues from enrollment fees have decreased due the continuation of a reduced enrollment fee of $50 for enrollments received via the internet and a continued trend of increases in the number of account holders paying a $20 enrollment fee for additional semesters or years. Fees received from the College Investment Plan increased approximately 56% from 2009 due to the increase in Plan assets.

Enrollment and Administrative Fees *(in thousands)*

	Fiscal Year Ended June 30, 2010	Fiscal Year Ended June 30, 2009
Prepaid College Trust	$ 94	$ 100
College Investment Plan	1,180	756
Total	$ 1,274	$ 856

• During fiscal year 2010, the Trust continued to invest the contract payments received into its diversified investment portfolio.

Investments *(in thousands)*

	Fiscal Year Ended June 30, 2010	Fiscal Year Ended June 30, 2009
Large Cap Value	$ 52,447	$ 45,473
S&P 500 Core	39,224	34,271
Large Cap Growth	51,259	44,585
Small Cap Value	38,156	32,396
Small/Mid Cap Core	19,436	16,109
Small Cap Core	15,982	12,761
Real Estate	21,790	17,953
Intermediate Duration Fixed Income	175,793	153,166
Short Duration Fixed Income	30,746	28,787
International Core	43,905	42,522
International Emerging Markets	30,583	16,972
Total investments	$519,321	$444,995

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, 2010. 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, 2010 and 2009:

(in millions)	As of June 30, 2010	As of June 30, 2009
Assets		
Current	$587.3	$507.0
Noncurrent	113.9	113.7
Total	701.2	620.7
Liabilities		
Current	65.6	56.2
Noncurrent	630.4	614.0
Total	696.0	670.2
Net Assets	$ 5.2	$ (49.5)

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, 2010, the net assets of the Trust increased by $54.7 million. This was due primarily to two factors. The first and most significant was the positive effect of the Trust's rate of return on its investments surpassing the projected return of 7.65%. The second was the continuation of the positive effect of lower than projected increases in tuition and mandatory fees for the current academic year at the University System of Maryland. The actual rate of increase in tuition and mandatory fess was 1.9% and 6.3%, respectively. The Trust had projected a tuition increase of 7% and a mandatory fee increase of 10% for the 2010-2011 academic year. Since these lower increases in tuition and mandatory fees were included in the calculations for contract pricing for the 2009-2010 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, 2010 and 2009:

(in millions)	Fiscal Year Ended June 30, 2010	Fiscal Year Ended June 30, 2009
Operating revenues		
Tuition contracts	$ 54.9	$ 54.0
Administrative fees	2.6	2.2
Total	57.5	56.2
Operating expenses		
Tuition benefits	64.9	52.5
Administrative expenses	2.0	2.0
Total	66.9	54.5
Operating income	(9.4)	1.7
Non-operating revenues		
Change in unrealized investment gain (loss)	36.1	(74.8)
Change in realized gain (loss)	13.3	(55.9)
Investment income	14.7	18.2
Total	64.1	(112.5)
Change in net assets	$ 54.7	$(110.8)

For the fiscal year ended June 30, 2010, the Trust reported an operating loss of $9.4 million. The decrease in operating income of $11.1 million from the fiscal year ended June 30, 2009 was the result of tuition benefit expense exceeding tuition contract revenue by $10.0 million and net administrative and operating income of $0.6 million. Non-operating revenue includes a $36.1 million unrealized investment gain, a $13.3 million realized investment gain and $14.7 million of other income. Combined, operating income and non-operating revenue resulted in an increase in net assets of $54.7 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, 2010 and 2009 is presented below:

(in millions)	Fiscal Year Ended June 30, 2010	Fiscal Year Ended June 30, 2009
Cash provided (used) by:		
Operating activities	$13.2	$ 20.2
Investing activities	(10.1)	(25.1)
Net change in cash	3.1	(4.9)
Cash and cash equivalents, beginning of year	8.4	13.3
Cash and cash equivalents, end of year	$11.5	$ 8.4

Increases in cash were due primarily to contract payments made by account holders as well as income received from the Trust's 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 the assumptions at least annually.

This review includes an analysis of prior year trends in tuition increases and investment performance. Specifically, the Board reviewed the weighted average tuition for Maryland resident students at four-year Maryland public universities, which increased 3.0% from the 2009-2010 academic year and 1.2% from the 2008-2009 academic year. The Board also reviewed the rate of return on the Prepaid College Trust investments, which was a gain of 14.0% for fiscal year 2010 and a loss of 20.4% for fiscal year 2009.

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, 2010.

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 the Actuarial Soundness Report 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, 2010.

Statement of Net Assets
As of June 30, 2010

(amounts in thousands)

	Tuition and Investments	Administration/ Operating	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 9,254	$2,294	$ 11,548
Investments, at fair value	519,321	0	519,321
Tuition contracts receivable	54,593	0	54,593
Interest receivable	1,323	0	1,323
Accounts receivable	0	521	521
Total current assets	584,491	2,815	587,306
Noncurrent assets:			
Capital assets, net	0	53	53
Tuition contracts receivable, net of current portion	113,793	0	113,793
Total noncurrent assets	113,793	53	113,846
Total assets	698,284	2,868	701,152
LIABILITIES			
Current liabilities:			
Accrued tuition benefits	54,665	0	54,665
Advance tuition contract payments	10,562	0	10,562
Accounts payable and accrued expenses	0	285	285
Compensated absences	0	90	90
Total current liabilities	65,227	375	65,602
Noncurrent liabilities:			
Accrued tuition benefits, net of current portion	630,390	0	630,390
Total noncurrent liabilities	630,390	0	630,390
Total liabilities	695,617	375	695,992
NET ASSETS			
Invested in capital assets	0	53	53
Unrestricted:			
Tuition and investments	1,894	2,440	4,334
Restricted:			
Administration	773	0	773
Total net assets	$2,667	$2,493	$ 5,160

See accompanying Notes to Financial Statements.

Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2010

(amounts in thousands)

	Tuition and Investments	Administration/ Operating	Total
OPERATING REVENUES			
Tuition contracts	$54,882	$ 0	$54,882
Management fee	0	1,329	1,329
Maryland College Investment Plan fees	0	1,180	1,180
Enrollment and other fees	0	94	94
Total operating revenues	54,882	2,603	57,485
OPERATING EXPENSES			
Tuition benefits	64,907	0	64,907
Salaries, wages and benefits	0	946	946
Technical and special fees	0	67	67
Communication	0	101	101
Travel	0	7	7
Marketing	0	208	208
Contractual services	0	446	446
Supplies	0	28	28
Fixed charges	0	167	167
Depreciation	0	47	47
Other expenses	0	18	18
Total operating expenses	64,907	2,035	66,942
Operating (loss) income	(10,025)	568	(9,457)
NON-OPERATING REVENUES			
Change in unrealized gain on investments	36,100	0	36,100
Change in realized gain	13,342	0	13,342
Investment income	14,689	3	14,692
Total non-operating revenues	64,131	3	64,134
Change in net assets	54,106	571	54,677
Total net assets, beginning of year	(51,439)	1,922	(49,517)
Total net assets, end of year	$2,667	$2,493	$ 5,160

See accompanying Notes to Financial Statements.

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2010

(amounts in thousands)

Cash Flows from Operating Activities:	
Receipts from:	
Account holders	$ 53,417
Maryland College Investment Plan fees	1,145
Payments to:	
Employees	(983)
Marketing	(212)
Contract vendors	(354)
Communication	(95)
Universities and account holders	(39,307)
Other operating expenses	(393)
Net cash from operating activities	13,218
Cash Flows Used for Investing Activities:	
Interest income	9
Purchase of investments	(10,120)
Net cash used for investing activities	(10,111)
Cash Flows Used for Capital and Related Financing Activities:	
Purchase of capital assets	(5)
Net cash from capital financing activities	(5)
Net increase in cash and cash equivalents	3,102
Cash and cash equivalents, beginning of year	8,446
Cash and cash equivalents, end of year	$ 11,548
Reconciliation of operating income to net cash from operating activities:	
Operating income	$ (9,457)
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	47
Change in non-cash operating assets and liabilities:	
Increase in accounts payable	14
Increase in other liabilities	15
Increase in accounts receivable	(111)
Increase in tuition contracts receivable	(3,009)
Increase in advance contract payments	1,449
Increase in accrued tuition benefits payable	24,270
Net cash from operating activities	$ 13,218
Non-cash Transactions:	
Unrealized gain on investments	$ 36,100

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2010

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. An account holder 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 U.S. 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 (State), authorized by the Maryland Annotated Code (Code), Education Article, Section 18, Subtitle 19 (Enabling Legislation). The College Savings Plans of Maryland Board (Board) directs the Trust. The Board consists of ten members; five of which are ex-officio members. The ex-officio members are the Comptroller of the State of Maryland, the Treasurer of the State of Maryland, the Secretary of the Maryland Higher Education Commission, the Maryland State Superintendent of Schools and the Chancellor of the University System of Maryland. The five remaining members are public members appointed by the Governor.

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 25, 2010 and issued by Richard M. Kaye & Associates, in conjunction with PricewaterhouseCoopers LLP, as of June 30, 2010, the Governor would not be required to include an amount in any future budget. 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, 2010, the Trust assets exceeded its discounted estimated liability for future tuition and mandatory fee payments.

Legislation passed in 1998 and 1999 established tax incentives for Maryland residents participating in the Trust. All contributions made by an account holder to the Trust may be deducted from Maryland State adjusted gross income in an amount up to $2,500 for each contract annually. Contributions made in excess of $2,500 per account in a single year may be carried forward and deducted from an account holder's State adjusted gross income in consecutive future years until the full amount contributed to the account has been deducted. 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 is recognized in the Trust's operations each year. Investments are valued on a daily basis except for fixed income, debt, emerging markets equity funds and the global REIT fund. These funds are valued no less frequently than monthly ($34,332,871 or 6.6% of net investments as of June 30, 2010).

Tuition Contracts Receivable

Tuition contracts receivable as of June 30, 2010 as reported on the Statement of Net Assets represents management's best estimate of the present value of future contract payments. This is calculated by using a 7.5% discount rate.

Capital Assets

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

Computers	3 years
Furniture	10 years
Equipment	5 years
Software	3 years
Perpetual software license	7 years

The capitalization threshold for all capital assets is $500.

Compensated Absences

The Trust accrues for obligations that may arise in connection with compensated absences for annual leave at the current rate before any adjustments due to temporary salary reductions outlined in Executive Order 01.01.2010.11. 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 before any adjustments due to temporary salary reductions outlined in Executive Order 01.01.2010.11, 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 health benefits.

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

The Trust is also exposed to various risks of loss related to securities fraud. The College Savings Plans of Maryland and its Board, individually and collectively, are insured under a Directors and Officers liability insurance policy. The amount of the coverage is $5,000,000 per annum.

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

3. DEPOSITS AND INVESTMENTS

Custodial Risk

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

As of June 30, 2010, the carrying amount of the Trust's cash and cash equivalents was $11,548,112. The bank balance totaled $13,272,608 and pooled cash maintained by the State Treasurer totaled $159,365. The Prepaid College Trust periodically deposits funds into pooled cash accounts maintained by the State Treasurer for the purpose of paying Prepaid College Trust administrative expenses. Of the bank balances, $250,000 represents deposits covered by federal depository insurance and $9,448,894 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, foreign 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 target of the Trust. It is management's practice to have no investments with longer maturities than what is expected to fund tuition obligations based on actuarial projections.

4. INVESTMENTS (CONTINUED)

As of June 30, 2010, 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	$ 15,807	$ 15,807	$ 0	$ 0	$ 0	$ 0
U.S. Treasury notes	34,998	827	18,322	10,234	0	5,615
U.S. Govt. agencies	54,766	791	2,448	3,723	3,528	44,276
Corporate bonds	87,759	5,283	30,609	15,526	677	35,664
Municipal bonds	4,456	0	341	658	418	3,039
Emerging market debt fund	4,449	4,449	0	0	0	0
International fixed income fund	1,273	1,273	0	0	0	0
High-yield fixed income fund	5,312	5,312	0	0	0	0
Global REIT fund	13,478	13,478	0	0	0	0
Common stock	102,704	102,704	0	0	0	0
REITS	3,866	3,866	0	0	0	0
Emerging market equity fund	9,820	9,820	0	0	0	0
Large cap mutual fund	52,447	52,447	0	0	0	0
S&P 500 Index mutual fund	39,224	39,224	0	0	0	0
Small cap mutual fund	15,983	15,983	0	0	0	0
International mutual fund	43,905	43,905	0	0	0	0
Emerging markets mutual fund	20,763	20,763	0	0	0	0
Real estate mutual fund	8,311	8,311	0	0	0	0
Total	$519,321	$344,243	$51,720	$30,141	$4,623	$88,594

Credit Risk

The Investment Policy details the minimum quality standards for its bond portfolios. As of June 30, 2010 the average rating in each portfolio must be "AA-" or better. The Trust's mutual fund investments, excluding repurchase agreements that are treated as cash equivalents, are not subject to classification by credit risk because the Trust owns units rather than specific securities. All such investments are in mutual fund shares stated at fair value based upon quoted market prices.

As of June 30, 2010, the Trust's has the following investments and quality ratings:

Investment Type	Fair Value	Rating	Rating Organization
U.S. Government agencies	$ 89,764	Not rated	
U.S. Government money market fund	15,807	Not rated	
Bonds	14,979	AAA	Moody's
Bonds	12,630	AA	Moody's
Bonds	18,918	A	Moody's
Bonds	33,419	Less than A	Moody's
Bonds	12,269	Not rated	Moody's
Fixed income & debt funds	11,034	Not rated	

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 each bond portfolio's market value, except U.S. Treasury notes and bonds. It also limits a single investment to 7.5% 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, 2010 was as follows (amounts in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets being depreciated:				
Computers	$200	$ 5	$ (2)	$ 203
Furniture	18	0	0	18
Equipment	6	0	0	6
Software	57	0	0	57
Perpetual software license	561	0	0	561
Total capital assets at historical cost	842	5	(2)	845
Less accumulated depreciation for:				
Computers	160	35	(2)	193
Furniture	10	2	0	12
Equipment	7	1	0	8
Software	57	0	0	57
Perpetual software license	513	9	0	522
Total accumulated depreciation	747	47	(2)	792
Capital assets, net	$ 95	$(42)	$ 0	$ 53

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of June 30, 2010, accounts payable and accrued expenses consisted of the following (amounts in thousands):

Due to vendors	$241
Salaries and employee benefits	44
Total	$285

7. 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 73B 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 benefits is its required annual contribution, which it has funded 100 percent during the years ended June 30, 2010, 2009, and 2008. The required annual contributions for the fiscal years ended June 30, 2010, 2009 and 2008, respectively were: $64,430, $55,769, and $57,903. As of June 30, 2010, 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. In addition, the plan is included in the State's Comprehensive Annual Report (CAFR), which can be obtained from the Comptroller of Maryland, Goldstein Treasury Building, Annapolis, Maryland 21404.

7. PENSION AND POST-RETIREMENT BENEFITS (CONTINUED)

Eligible employees of the Trust, as employees of the State, are also entitled to certain health care benefits upon retirement. These other post employment benefits are administered by the State Office of Personnel through a trust established by the State to accumulate funds to pay benefits as a cost sharing multiple employer plan. Under the plan, retired employees are able to purchase health insurance benefits with the State paying a portion of the cost. The Trust is not required to make contributions to the plan. As of June 30, 2010, there were no retirees from the Trust. The Other Post Employment Trust of the State of Maryland prepares separate audited financial statements and the plan is included in the State's CAFR, both of which can be obtained from the Comptroller of Maryland.

8. 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.

9. 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. For the fiscal year ended June 30, 2010, 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 2010-2011 WAT with an 8% bias load added to university plan contracts.

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 1990-1991 U.S. Life Tables.

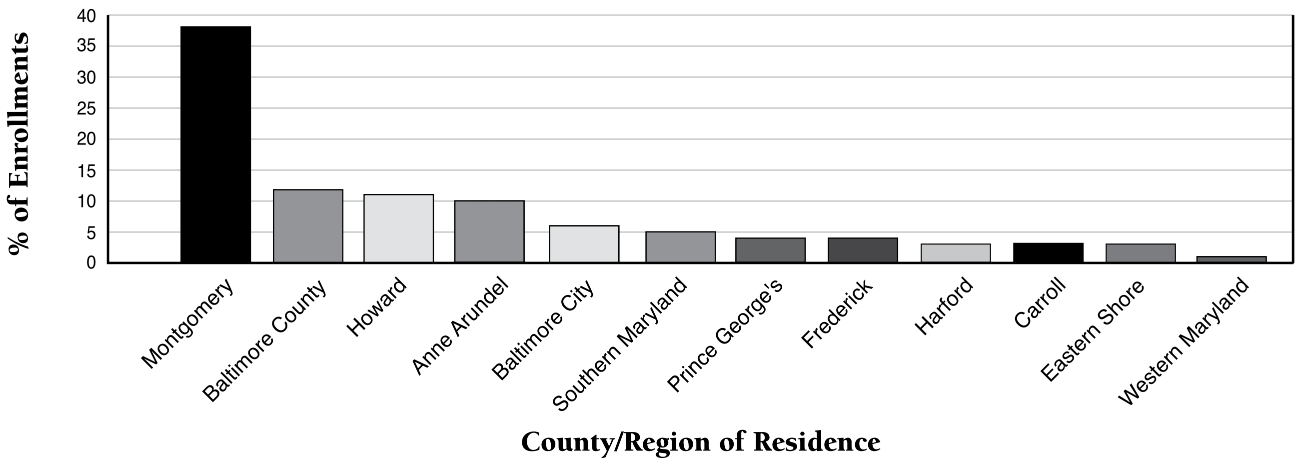
Changes in accrued tuition benefits payable for the year ended June 30, 2010 are as follows (amounts in thousands):

July 1, 2009	Increase	Decrease	June 30, 2010	Amount due within one year
$660,785	$63,577	$39,307	$685,055	$54,665

PROFILE OF NEW COLLEGE INVESTMENT PLAN ENROLLMENTS

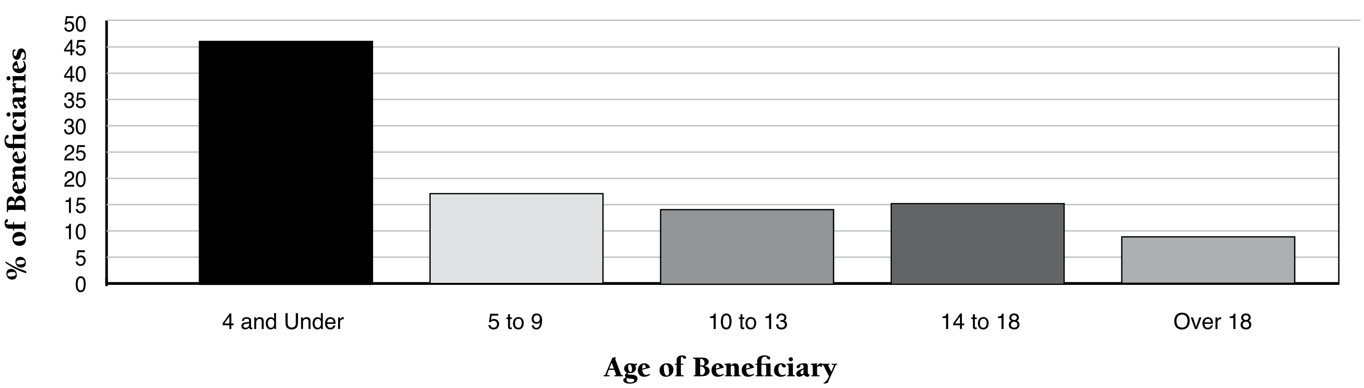
New Enrollment by County/Region

Of the 16,965 new accounts in the College Investment Plan for the year ended June 30, 2010, enrollments have been concentrated in Montgomery (38%), Baltimore (12%), Howard (11%) and Anne Arundel (10%) counties. The following chart shows a breakdown of the counties and regions of residence for the College Investment Plan Account Holders.



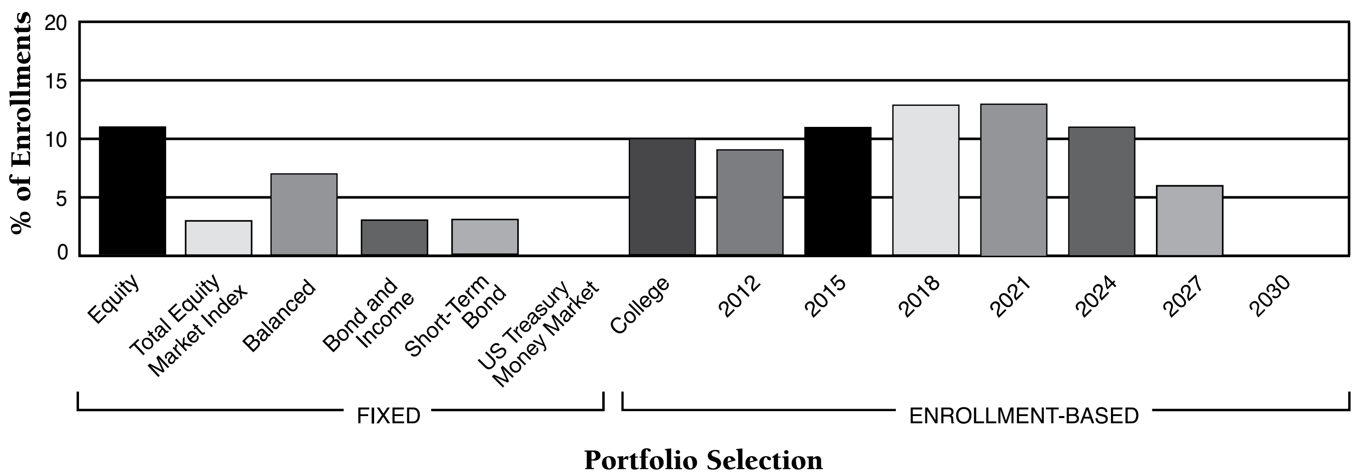
Age of New Beneficiaries at Time of Enrollment

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 saving for beneficiaries at an early age. Approximately 46% of all new beneficiaries were 4 years old or younger and more than 60% were 9 years old or younger. The College Investment Plan permits beneficiaries of any age, with 8% of new beneficiaries over 18 years of age, as shown in the chart below.



Investment Portfolio Selections

Trends in investment selection by new Account Holders during the fiscal year show that the Enrollment-Based Portfolios, with investment mixes that automatically adjust to be more conservative over time, continue to be a popular choice. Among the Fixed Portfolios, the Equity Portfolio was the most popular investment choice with approximately 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 bank account or making an after-tax payroll deduction.

STUDENTS USING ACCOUNTS TOWARD COLLEGE EXPENSES

Many beneficiaries who were enrolled in the College Investment Plan in the initial years after the Plan's launch in December 2001 are now reaching college age. Since July 1, 2009, distributions have been taken for 16,068 unique beneficiaries totaling approximately $94 million.

SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of
College Savings Plans of Maryland

We have audited the accompanying statement of fiduciary net assets of the Maryland College Investment Plan (the Plan) as of June 30, 2010, and the related statement of changes in fiduciary 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, 2010, and the changes in its 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 37 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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 we express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The other data and information, including the individual portfolio statements of net assets as of June 30, 2010 and the individual portfolio statements of operations and changes in net assets for the year then ended, in the Annual Report are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

SB & Company, LLC

Hunt Valley, Maryland
October 29, 2010

200 International Circle • Suite 5500 • Hunt Valley • Maryland 21030 • P 410-584-0060 • F 410-584-0061

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, 2010. 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 38. 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, 2010 have been audited by SB & Company, LLC. 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 44.

FINANCIAL HIGHLIGHTS BY PORTFOLIO – AS OF JUNE 30, 2010*

General commentary on benchmarks

To assist in reviewing the performance of the portfolios, we have established a weighted benchmark for each portfolio. Each asset class benchmark is selected as an appropriate representation of the assets in underlying mutual funds and is weighted at the strategic neutral allocation of the asset class within each fund. Additionally, the portfolios invest in securities that are outside of the designated benchmark that have been strategically incorporated due to their capability to potentially add long-term performance benefits while also helping to dampen portfolio volatility.

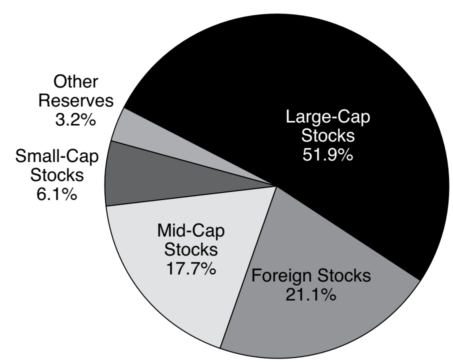
PORTFOLIO 2030

At the end of 2009, the Maryland College Investment Plan added Portfolio 2030. The six-month period since inception was a down market for stocks, which led to losses for the Portfolio. In this difficult market environment, the Portfolio modestly underperformed its weighted benchmark due primarily to several underperforming funds.

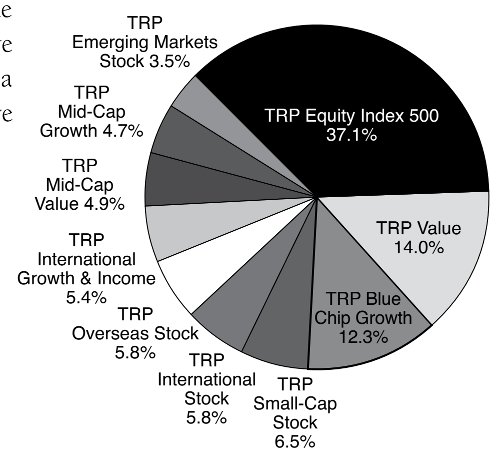
Among U.S. equity holdings, the Portfolio's investments had negative returns for the six months ended June 30, 2010. For the six-month period, the Mid-Cap Growth Fund and the Small-Cap Stock Fund outperformed their benchmarks although they had negative absolute returns. The Blue Chip Growth Fund, Value Fund, and Mid-Cap Value Fund also had negative absolute returns and underperformed their benchmarks due to weak stock selection, primarily in the financials sector.

The International Stock Fund, Overseas Stock Fund, and International Growth & Income Fund had negative absolute returns over the six-month period, but contributed to relative returns as they outperformed their benchmarks. The Emerging Markets Stock Fund had a negative return for the six months ended June 30, 2010, and underperformed on a relative basis primarily due to weak stock selection in Taiwan and Russia.

ASSET CLASS ALLOCATION



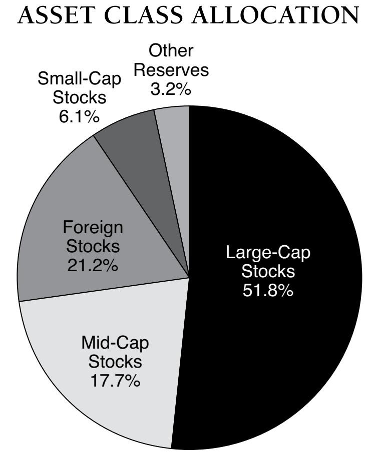
MUTUAL FUND ALLOCATION



Performance Comparison as of June 30, 2010

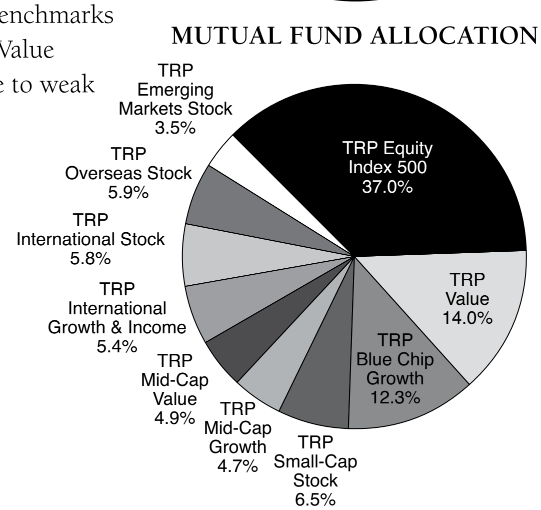
	6 MONTHS	12 MONTHS	SINCE INCEPTION**
PORTFOLIO 2030	-7.00%	N/A	-7.00%
Weighted Benchmark*	-6.79%	N/A	-6.79%

PORTFOLIO 2027



Portfolio 2027 had a negative return for the six months ended June 30, 2010, and a double digit gain for the 12 months ended June 30, 2010. The Portfolio underperformed its weighted benchmark over the six-month period and performed in line with its benchmark over the 12-month period.

Among U.S. equity holdings, the Portfolio's investments had negative returns for the six months ended June 30, 2010, and solid gains for the 12 months ended June 30, 2010. For the six-month period, the Mid-Cap Growth Fund and Small-Cap Stock Fund outperformed their benchmarks although they had negative absolute returns. The Blue Chip Growth Fund, Value Fund, and Mid-Cap Value Fund also had negative absolute returns and underperformed their benchmarks due to weak stock selection, primarily in the financials sector. For the 12-month period, the Value Fund, Mid-Cap Growth Fund, and Small-Cap Stock Fund outperformed their benchmarks and had strong positive absolute returns. The Blue Chip Growth Fund and Mid-Cap Value Fund had strong positive absolute returns but underperformed their benchmarks due to weak stock selection in financials.

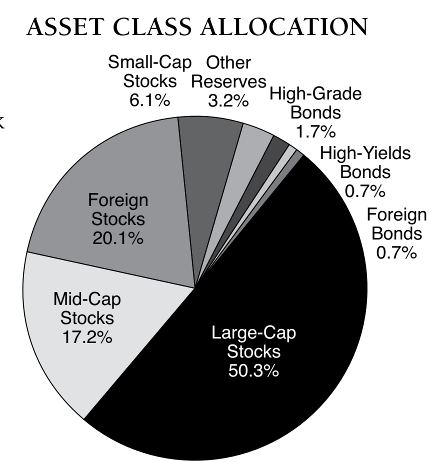


The International Stock Fund, Overseas Stock Fund, and International Growth & Income Fund generated strong gains for the year and outperformed their respective benchmarks. The Emerging Markets Stock Fund was a positive contributor for the 12-month period on an absolute basis, although it lagged its benchmark. For the last six months of the reporting period, the International Stock Fund, Overseas Stock Fund, and International Growth & Income Fund had negative absolute returns but contributed to relative returns as they outperformed their benchmarks. The Emerging Markets Stock Fund had a negative return for the six months ended June 30, 2010, and underperformed on a relative basis primarily due to weak stock selection in Taiwan and Russia.

Performance Comparison as of June 30, 2010

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
PORTFOLIO 2027	-7.04%	15.13%	-2.65%
Weighted Benchmark*	-6.79%	15.19%	-3.08%

PORTFOLIO 2024



Portfolio 2024 had a negative return for the six months ended June 30, 2010, and a double digit gain for the 12 months ended June 30, 2010. The Portfolio underperformed its weighted benchmark over the six- and 12-month periods.

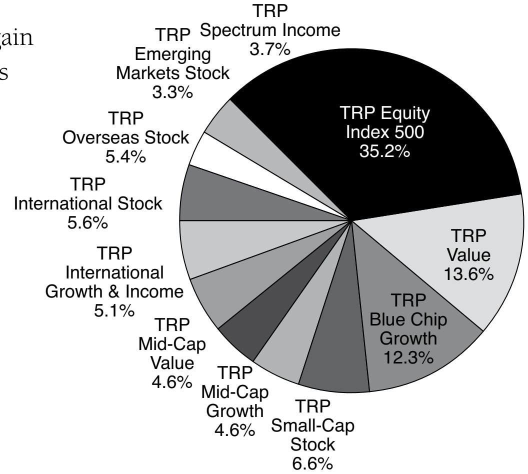
Among U.S. equity holdings, the Portfolio's investments had negative returns for the six months ended June 30, 2010, and solid gains for the 12 months ended June 30, 2010. For the six-month period, the Mid-Cap Growth Fund and Small-Cap Stock Fund outperformed their benchmarks although they had negative absolute returns. The Blue Chip Growth Fund, Value Fund, and Mid-Cap Value Fund also had negative absolute returns and underperformed their benchmarks due to weak stock selection, primarily in the financials sector. For the 12-month period, the Value Fund, Mid-Cap Growth Fund, and Small-Cap Stock Fund outperformed their benchmarks and had strong positive absolute returns. The Blue Chip Growth Fund and Mid-Cap Value Fund had strong positive absolute returns but underperformed their benchmarks due to weak stock selection in financials.

The International Stock Fund, Overseas Stock Fund, and International Growth & Income Fund generated strong gains for the year and outperformed their respective benchmarks. The Emerging Markets Stock Fund was a positive contributor for the 12-month period on an absolute basis, although it lagged its benchmark. For the last six months of the reporting period, the International Stock Fund, Overseas Stock Fund, and International Growth & Income Fund had negative absolute returns but contributed to relative returns as they outperformed their benchmarks. The Emerging Markets Stock Fund had a negative return for the six months ended June 30, 2010, and underperformed on a relative basis primarily due to weak stock selection in Taiwan and Russia.

PORTFOLIO 2024, CONTINUED

The Portfolio's fixed income holdings in the Spectrum Income Fund posted a strong gain for the full year ended June 30, 2010, and performance was positive compared with its benchmark. Its exposure to high-yield bonds, emerging market bonds, and dividend-paying stocks benefited relative performance over the 12-month period. Results were less positive over the last six months, and the Spectrum Income Fund underperformed relative to its benchmark. Relative returns over the six-month period were hurt by exposure to high-yield and international bonds and dividend-paying stocks, all of which are not included in the fund's benchmark, the Barclays Capital U.S. Aggregate Index.

MUTUAL FUND ALLOCATION



Performance Comparison as of June 30, 2010

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
PORTFOLIO 2024	-6.69%	15.51%	2.76%
Weighted Benchmark*	-6.13%	15.68%	2.74%

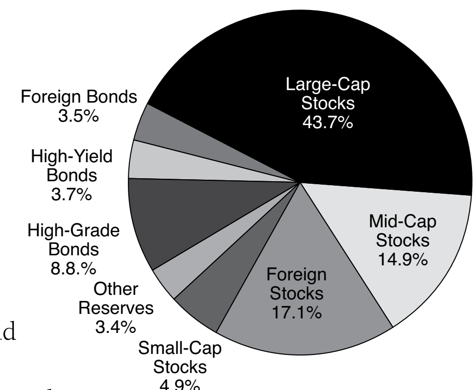
PORTFOLIO 2021

Portfolio 2021 had a negative return for the six months ended June 30, 2010, and a double digit gain for the 12 months ended June 30, 2010. The Portfolio underperformed its weighted benchmark over the six-month period but outperformed its benchmark over the 12-month period.

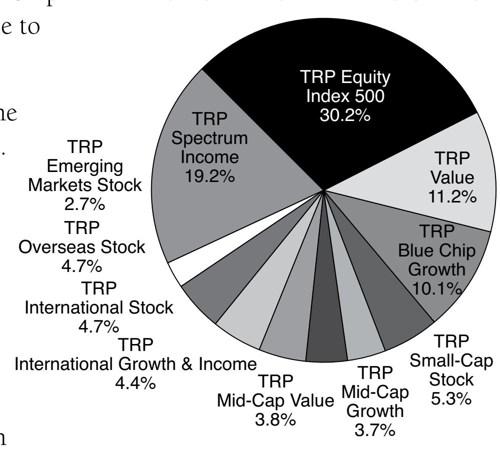
Among U.S. equity holdings, the Portfolio's investments had negative returns for the six months ended June 30, 2010, and solid gains for the 12 months ended June 30, 2010. For the six-month period, the Mid-Cap Growth Fund and Small-Cap Stock Fund outperformed their benchmarks although they had negative absolute returns. The Blue Chip Growth Fund, Value Fund, and Mid-Cap Value Fund also had negative absolute returns and underperformed their benchmarks due to weak stock selection, primarily in the financials sector. For the 12-month period, the Value Fund, Mid-Cap Growth Fund, and Small-Cap Stock Fund outperformed their benchmarks and had strong positive absolute returns. The Blue Chip Growth Fund and Mid-Cap Value Fund continued to underperform their benchmarks due to weak stock selection in financials, but had strong positive absolute returns.

The International Stock Fund, Overseas Stock Fund, and International Growth & Income Fund generated strong gains for the year and outperformed their respective benchmarks. The Emerging Markets Stock Fund was a positive contributor for the 12-month period on an absolute basis, although it lagged its benchmark. For the last six months of the reporting period, the International Stock Fund, Overseas Stock Fund, and International Growth & Income Fund had negative absolute returns but contributed to relative returns as they outperformed their benchmarks. The Emerging Markets Stock Fund had a negative return for the six months ended June 30, 2010, and underperformed on a relative basis primarily due to weak stock selection in Taiwan and Russia.

ASSET CLASS ALLOCATION



MUTUAL FUND ALLOCATION



The Portfolio's fixed income holdings in the Spectrum Income Fund posted a strong gain for the full year ended June 30, 2010, and performance was positive compared with its benchmark. Its exposure to high-yield bonds, emerging market bonds, and dividend-paying stocks benefited relative performance over the 12-month period. Results were less positive over the last six months, and the Spectrum Income Fund underperformed relative to its benchmark. Relative returns over the six-month period were hurt by exposure to high-yield and international bonds and dividend-paying stocks, all of which are not included in the Fund's benchmark, the Barclays Capital U.S. Aggregate Index.

Performance Comparison as of June 30, 2010

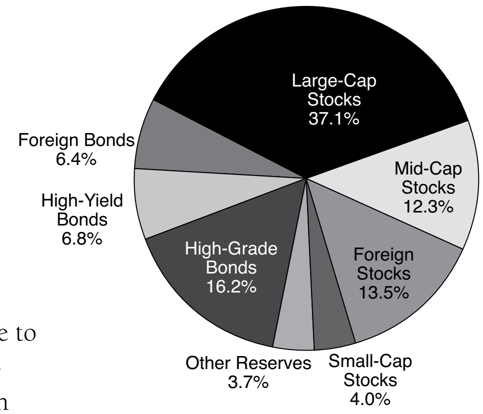
	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
PORTFOLIO 2021	-5.34%	15.52%	2.39%
Weighted Benchmark*	-4.27%	15.02%	2.81%

PORTFOLIO 2018

Portfolio 2018 had a negative return for the six months ended June 30, 2010, and a double digit gain for the 12 months ended June 30, 2010. The Portfolio underperformed its weighted benchmark over the six-month period but outperformed its benchmark over the 12-month period.

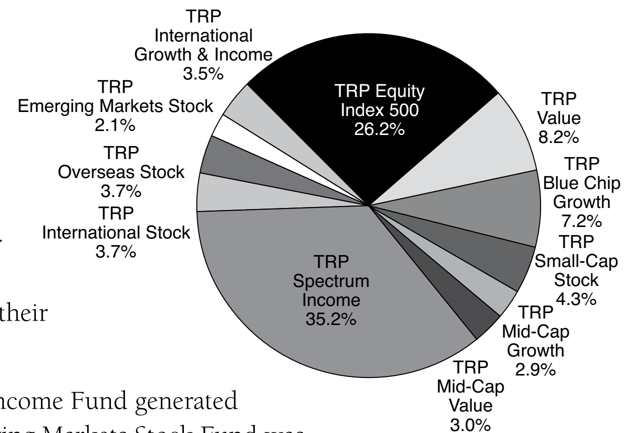
The Portfolio's fixed income holdings in the Spectrum Income Fund posted a strong gain for the full year ended June 30, 2010, and performance was positive compared with its benchmark. Its exposure to high-yield bonds, emerging market bonds, and dividend-paying stocks benefited relative performance over the 12-month period. Results were less positive over the last six months, and the Spectrum Income Fund underperformed relative to its benchmark. Relative returns over the six-month period were hurt by exposure to high-yield and international bonds and dividend-paying stocks, all of which are not included in the Fund's benchmark, the Barclays Capital U.S. Aggregate Index.

ASSET CLASS ALLOCATION



Among U.S. equity holdings, the Portfolio's investments had negative returns for the six months ended June 30, 2010, and solid gains for the 12 months ended June 30, 2010. For the six-month period, the Mid-Cap Growth Fund and Small-Cap Stock Fund outperformed their benchmarks although they had negative absolute returns. The Blue Chip Growth Fund, Value Fund, and Mid-Cap Value Fund also had negative absolute returns and underperformed their benchmarks due to weak stock selection, primarily in the financials sector. For the 12-month period, the Value Fund, Mid-Cap Growth Fund, and Small-Cap Stock Fund outperformed their benchmarks and had strong positive absolute returns. The Blue Chip Growth Fund and Mid-Cap Value Fund had strong positive absolute returns but underperformed their benchmarks due to weak stock selection in financials.

MUTUAL FUND ALLOCATION



The International Stock Fund, Overseas Stock Fund, and International Growth & Income Fund generated strong gains for the year and outperformed their respective benchmarks. The Emerging Markets Stock Fund was a positive contributor for the 12-month period on an absolute basis, although it lagged its benchmark. For the last six months of the reporting period, the International Stock Fund, Overseas Stock Fund, and International Growth & Income Fund had negative absolute returns, but contributed to relative returns as they outperformed their benchmarks. The Emerging Markets Stock Fund had a negative return for the six months ended June 30, 2010, and underperformed on a relative basis primarily due to weak stock selection in Taiwan and Russia.

Performance Comparison as of June 30, 2010

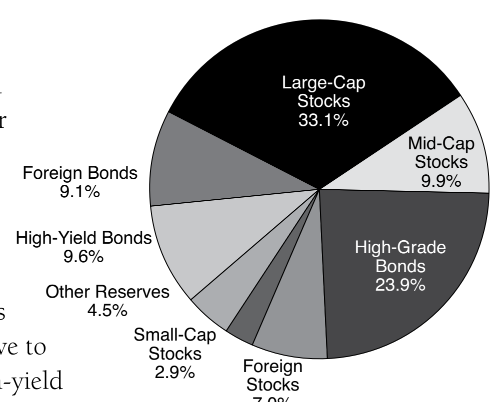
	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
PORTFOLIO 2018	-3.89%	15.23%	2.91%
Weighted Benchmark*	-2.37%	14.22%	3.37%

PORTFOLIO 2015

Portfolio 2015 had a negative return for the six months ended June 30, 2010, and a double digit gain for the 12 months ended June 30, 2010. The Portfolio underperformed its weighted benchmark over the six-month period but outperformed its benchmark over the 12-month period.

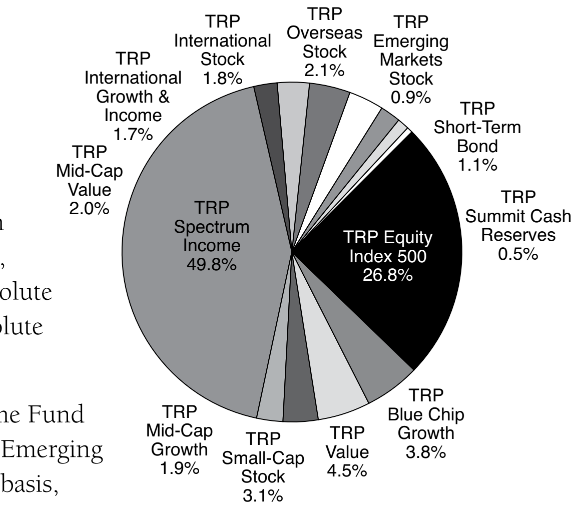
The Portfolio's fixed income holdings in the Spectrum Income Fund posted a strong gain for the full year ended June 30, 2010 and performance was positive compared with its benchmark. Its exposure to high-yield bonds, emerging market bonds, and dividend-paying stocks benefited relative performance over the 12-month period. Results were less positive over the last six months, and the Spectrum Income Fund underperformed relative to its benchmark. Relative returns over the six-month period were hurt by exposure to high-yield and international bonds and dividend-paying stocks, all of which are not included in the Fund's benchmark, the Barclays Capital U.S. Aggregate Index.

ASSET CLASS ALLOCATION



PORTFOLIO 2015, CONTINUED

MUTUAL FUND ALLOCATION



Among U.S. equity holdings, the Portfolio's investments had negative returns for the six months ended June 30, 2010, and solid gains for the 12 months ended June 30, 2010. For the six-month period, the Mid-Cap Growth Fund and Small-Cap Stock Fund outperformed their benchmarks although they had negative absolute returns. The Blue Chip Growth Fund, Value Fund, and Mid-Cap Value Fund also had negative absolute returns and underperformed their benchmarks due to weak stock selection, primarily in the financials sector. For the 12-month period, the Value Fund, Mid-Cap Growth Fund, and Small-Cap Stock Fund outperformed their benchmarks and had strong positive absolute returns. The Blue Chip Growth Fund and Mid-Cap Value Fund had strong positive absolute returns but underperformed their benchmarks due to weak stock selection in financials.

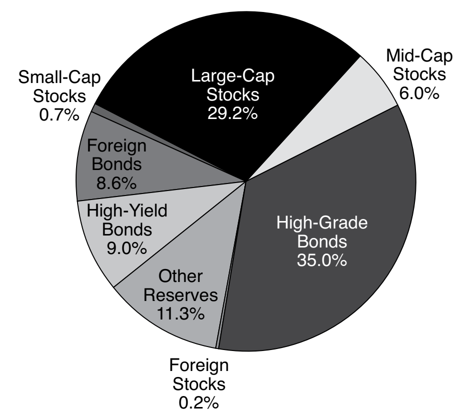
The International Stock Fund, Overseas Stock Fund, and International Growth & Income Fund generated strong gains for the year and outperformed their respective benchmarks. The Emerging Markets Stock Fund was a positive contributor for the 12-month period on an absolute basis, although it lagged its benchmark. For the last six months of the reporting period, the International Stock Fund, Overseas Stock Fund, and International Growth & Income Fund had negative absolute returns but contributed to relative returns as they outperformed their benchmarks. The Emerging Markets Stock Fund had a negative return for the six months ended June 30, 2010, and underperformed on a relative basis primarily due to weak stock selection in Taiwan and Russia.

Performance Comparison as of June 30, 2010

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
PORTFOLIO 2015	-2.31%	15.10%	3.51%
Weighted Benchmark*	-0.38%	13.46%	3.92%

PORTFOLIO 2012

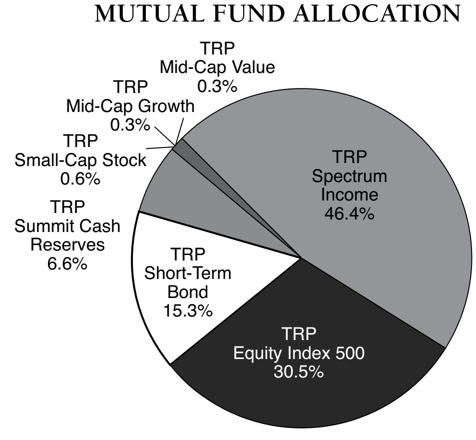
ASSET CLASS ALLOCATION



Portfolio 2012 had a negative return for the six months ended June 30, 2010, and a double digit gain for the 12 months ended June 30, 2010. The Portfolio underperformed its weighted benchmark over the six-month period but outperformed its benchmark over the 12-month period.

The Portfolio's fixed income holdings in the Spectrum Income Fund posted a strong gain for the full year ended June 30, 2010, and performance was positive compared with its benchmark. Its exposure to high-yield bonds, emerging market bonds, and dividend-paying stocks benefited relative performance over the 12-month period. Results were less positive over the last six months, and the Spectrum Income Fund underperformed relative to its benchmark. Relative returns over the six-month period were hurt by exposure to high-yield and international bonds and dividend-paying stocks, all of which are not included in the Fund's benchmark, the Barclays Capital U.S. Aggregate Index.

MUTUAL FUND ALLOCATION



Among U.S. equity holdings, the Portfolio's investments had negative returns for the six months ended June 30, 2010, and solid gains for the 12 months ended June 30, 2010. For the six-month period, the Mid-Cap Growth Fund and Small-Cap Stock Fund outperformed their benchmarks although they had negative absolute returns. The Blue Chip Growth Fund, Value Fund, and Mid-Cap Value Fund also had negative absolute returns and underperformed their benchmarks due to weak stock selection, primarily in the financials sector. For the 12-month period, the Value Fund, Mid-Cap Growth Fund, and Small-Cap Stock Fund outperformed their benchmarks and had strong positive absolute returns. The Blue Chip Growth Fund and Mid-Cap Value Fund had strong positive absolute returns but underperformed their benchmarks due to weak stock selection in financials.

PORTFOLIO 2012, CONTINUED

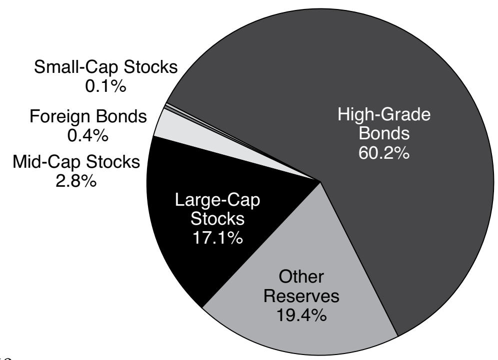
The Portfolio's position in the Short-Term Bond Fund and cash contributed positively to absolute and relative performance over the 12 months ended June 30, 2010. The Short-Term Bond Fund produced gains but modestly underperformed its benchmark for the six months ended June 30, 2010.

Performance Comparison as of June 30, 2010

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
PORTFOLIO 2012	-0.77%	13.09%	4.04%
Weighted Benchmark*	0.70%	10.61%	4.17%

PORTFOLIO FOR COLLEGE

ASSET CLASS ALLOCATION

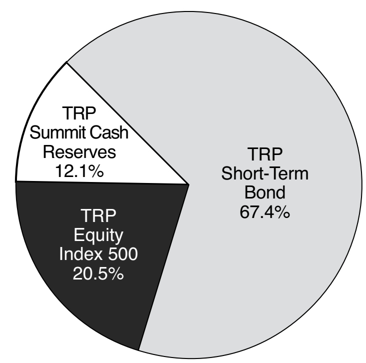


The Portfolio for College posted a modest loss for the six months ended June 30, 2010 due to the limited equity exposure in this Portfolio, and a solid gain for the 12 months ended June 30, 2010. Results for six months and the full year outpaced the Portfolio's weighted benchmark.

Over the 12-month period, the Portfolio's equity component, represented by the Equity Index 500 Fund, was the primary contributor to absolute and relative performance as the stock market recovered from the economic downturn experienced in 2008 and early 2009. Over the last six months of the reporting period, equity markets contributed negatively to the Portfolio's performance.

A large position in the Short-Term Bond Fund and cash contributed positively to absolute performance in both the six- and 12-month periods ended June 30, 2010. The Short-Term Bond Fund benefited from its allocation to corporate bonds and outperformed its benchmark for the 12-month period. Over the six-month period, the Short-Term Bond Fund modestly underperformed its benchmark as corporate bonds lagged Treasury bonds when market volatility and risk aversion increased in the spring. The Portfolio benefited from an allocation to mortgage-backed securities, which are not in the Fund's benchmark, and performed well over the six months ended June 30, 2010.

MUTUAL FUND ALLOCATION

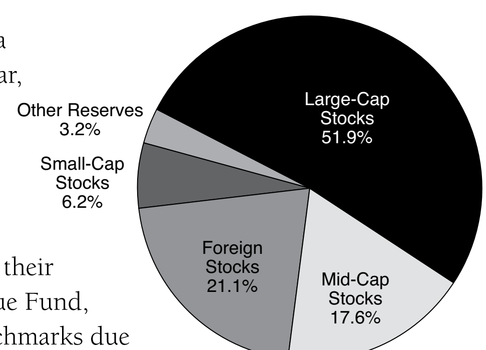


Performance Comparison as of June 30, 2010

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
PORTFOLIO FOR COLLEGE	-0.14%	6.86%	2.86%
Weighted Benchmark*	-0.45%	4.55%	3.04%

EQUITY PORTFOLIO

ASSET CLASS ALLOCATION



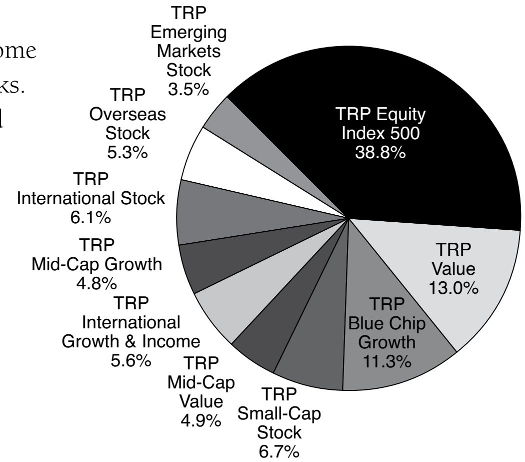
The Equity Portfolio posted a negative return for the six months ended June 30, 2010, and a double digit gain for the 12 months ended June 30, 2010. In the second half of the fiscal year, the Portfolio underperformed its weighted benchmark, and the 12-month return matched the Portfolio's benchmark.

Among U.S. equity holdings, the Portfolio's investments had negative returns for the six months ended June 30, 2010, and solid gains for the 12 months ended June 30, 2010. For the six-month period, the Mid-Cap Growth Fund and Small-Cap Stock Fund outperformed their benchmarks although they had negative absolute returns. The Blue Chip Growth Fund, Value Fund, and Mid-Cap Value Fund also had negative absolute returns and underperformed their benchmarks due to weak stock selection, primarily in the financials sector. For the 12-month period, the Value Fund, Mid-Cap Growth Fund, and Small-Cap Stock Fund outperformed their benchmarks and had strong positive absolute returns. The Blue Chip Growth Fund and Mid-Cap Value Fund had strong positive absolute returns but underperformed their benchmarks due to weak stock selection in financials.

EQUITY PORTFOLIO, CONTINUED

The International Stock Fund, Overseas Stock Fund, and International Growth & Income Fund generated strong gains for the year and outperformed their respective benchmarks. The Emerging Markets Stock Fund was a positive contributor for the 12-month period on an absolute basis, although it lagged its benchmark. For the last six months of the reporting period, the International Stock Fund, Overseas Stock Fund, and International Growth & Income Fund had negative absolute returns, but contributed to relative returns as they outperformed their benchmarks. The Emerging Markets Stock Fund had a negative return for the six months ended June 30, 2010, and underperformed on a relative basis primarily due to weak stock selection in Taiwan and Russia.

MUTUAL FUND ALLOCATION



Performance Comparison as of June 30, 2010

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
EQUITY PORTFOLIO	-7.03%	15.20%	1.93%
Weighted Benchmark*	-6.78%	15.20%	2.05%

TOTAL EQUITY MARKET INDEX PORTFOLIO

The Total Equity Market Index Portfolio had a negative return for the six months ended June 30, 2010, and a double digit gain for the 12 months ended June 30, 2010. Portfolio returns for the six- and 12-–month periods generally lagged the benchmark index slightly, reflecting Portfolio expenses.

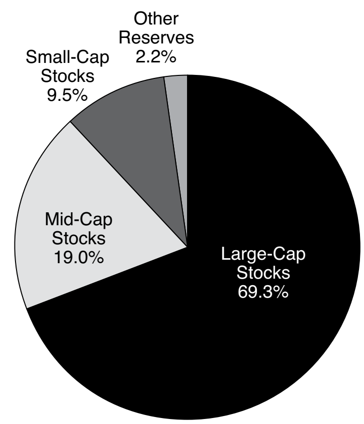
U.S. stocks rose strongly in the 12-month period, but the market's gains were partly offset by a sharp correction—traditionally defined as a drop of at least 10%—during the second quarter of 2010.

Mid- and small-cap shares significantly outperformed large-caps for the last six months and year. In addition, value stocks outperformed growth stocks across all market capitalizations, particularly among small- and mid-cap shares in both periods.

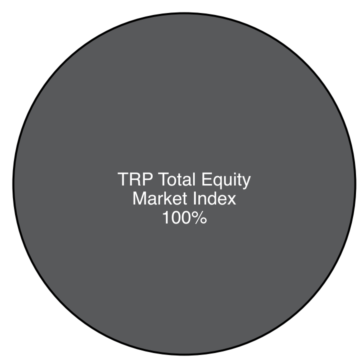
For the year, all sectors produced positive returns. Consumer discretionary and industrials and business services stocks benefited strongly from an apparent economic turnaround, and financials and information technology shares also performed well. The health care sector underperformed, partly in response to the uncertainty surrounding the health care reform legislation.

In the last six months of the reporting period, all sectors posted losses, primarily due to the sharp market correction in May and June. The Portfolio's materials, energy, and information technology sectors posted the largest declines, while industrials and business services, consumer discretionary, and consumer staples holdings held up the best.

ASSET CLASS ALLOCATION



MUTUAL FUND ALLOCATION



Performance Comparison as of June 30, 2010

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
TOTAL EQUITY MARKET INDEX PORTFOLIO	-6.16%	15.56%	-3.04%
S&P Total Market Index	-5.83%	15.97%	-2.82%

BALANCED PORTFOLIO

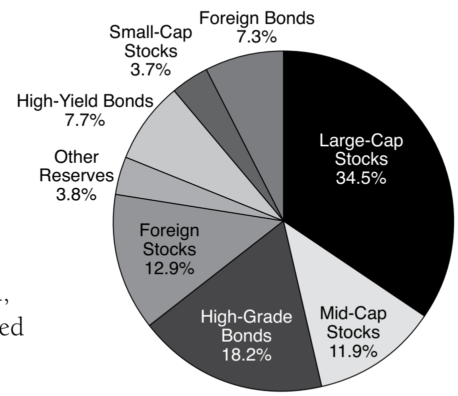
The Balanced Portfolio had a negative return for the six months ended June 30, 2010, and a double digit gain for the 12 months ended June 30, 2010. The Portfolio underperformed its weighted benchmark over the six-month period but outperformed its benchmark over the 12-month period.

Among U.S. equity holdings, the Portfolio's investments had negative returns for the six months ended June 30, 2010, and solid gains for the 12 months ended June 30, 2010. For the six-month period, the Mid-Cap Growth Fund and Small-Cap Stock Fund outperformed their benchmarks although they had negative absolute returns. The Blue Chip Growth Fund, Value Fund, and Mid-Cap Value Fund also had negative absolute returns and underperformed their benchmarks due to weak stock selection, primarily in the financials sector. For the 12-month period, the Value Fund, Mid-Cap Growth Fund, and Small-Cap Stock Fund outperformed their benchmarks and had strong positive absolute returns. The Blue Chip Growth Fund and Mid-Cap Value Fund had strong positive absolute returns but underperformed their benchmarks due to weak stock selection in financials.

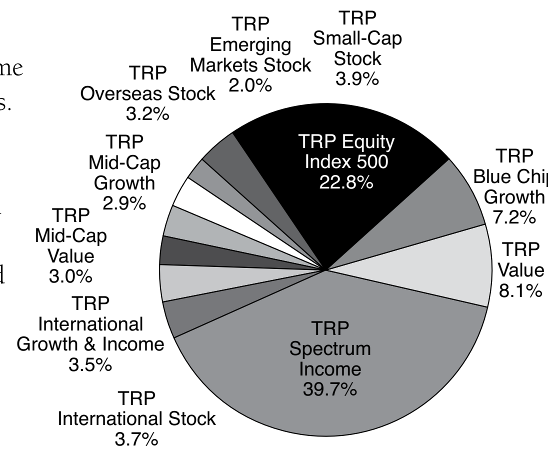
The International Stock Fund, Overseas Stock Fund, and International Growth & Income Fund generated strong gains for the year and outperformed their respective benchmarks. The Emerging Markets Stock Fund was a positive contributor for the 12-month period on an absolute basis, although it lagged its benchmark. For the last six months of the reporting period, the International Stock Fund, Overseas Stock Fund, and International Growth & Income Fund had negative absolute returns but contributed to relative returns as they outperformed their benchmarks. The Emerging Markets Stock Fund had a negative return for the six months ended June 30, 2010, and underperformed on a relative basis primarily due to weak stock selection in Taiwan and Russia.

The Portfolio's fixed income holdings in the Spectrum Income Fund posted a strong gain for the full year ended June 30, 2010, and performance was positive compared with its benchmark. Results were less positive over the last six months of the reporting period, and the Spectrum Income Fund underperformed relative to its benchmark. Relative returns over the six-month period were hurt by exposure to high-yield and international bonds and dividend-paying stocks, all of which are not included in the Fund's benchmark, the Barclays Capital U.S. Aggregate Index.

ASSET CLASS ALLOCATION



MUTUAL FUND ALLOCATION



Performance Comparison as of June 30, 2010

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
BALANCED PORTFOLIO	-3.54%	14.71%	3.90%
Weighted Benchmark*	-1.86%	13.32%	3.88%

BOND AND INCOME PORTFOLIO

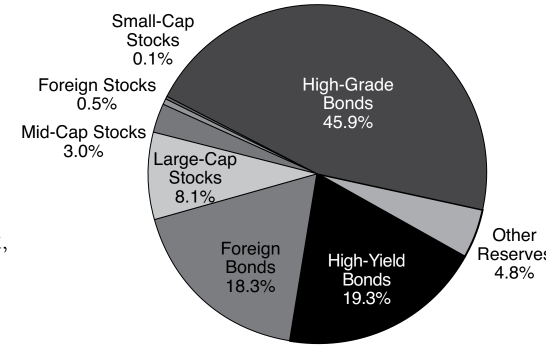
The Bond and Income Portfolio posted a positive return for the six months ended June 30, 2010, and a double digit gain for the 12 months ended June 30, 2010. The Portfolio underperformed its weighted benchmark over the six-month period but outperformed its benchmark over the 12-month period.

The Spectrum Income Fund invests in a diverse array of income-producing securities, blending core investment-grade securities that are included in the benchmark with securities from diversifying sectors, such as high-yield and international bonds and dividend paying stocks. In the second half of 2009, when higher-risk market sectors were rallying, the Spectrum Income Fund generated strong absolute and relative performance versus its benchmark, the Barclays Capital U.S. Aggregate Index.

BOND AND INCOME PORTFOLIO, CONTINUED

The Spectrum Income Fund posted a strong gain for the full year ended June 30, 2010, and performance was positive compared with its benchmark. Its exposure to high-yield bonds, emerging market bonds, and dividend-paying stocks benefited relative performance over the 12-month period. Results were less positive over the last six months, and the Spectrum Income Fund underperformed relative to its benchmark. Relative returns over the six-month period were hurt by exposure to high-yield and international bonds and dividend-paying stocks, all of which are not included in the Fund's benchmark, the Barclays Capital U.S. Aggregate Index.

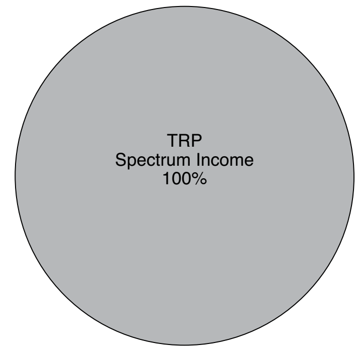
ASSET CLASS ALLOCATION



Performance Comparison as of June 30, 2010

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
BOND & INCOME PORTFOLIO	2.15%	13.37%	6.28%
Barclays Capital U.S. Aggregate Index	5.33%	9.50%	5.61%

MUTUAL FUND ALLOCATION



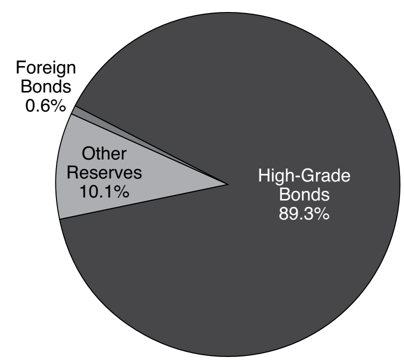
SHORT-TERM BOND PORTFOLIO

The Short-Term Bond Portfolio posted a modest gain for the six months ended June 30, 2010, and a solid gain for the 12 months ended June 30, 2010. The Portfolio underperformed the Barclays Capital 1-3 Year U.S. Government/Credit Index over the last six months but outperformed the index over the last 12 months.

Over the past 12 months, the Short-Term Bond Portfolio's investment strategy emphasized investment-grade corporate bonds over short-term U.S. Treasuries due to better yields available on corporate debt. The Portfolio overweighted corporate bonds based on attractive valuations in the wake of the 2008–2009 financial crisis.

Over the last six months, the Portfolio underperformed its benchmark as corporate bonds lagged Treasury bonds when market volatility and risk aversion increased in the spring. The Portfolio benefited from an allocation to mortgage-backed securities, which are not in the Fund's benchmark, and performed well over the six months ended June 30, 2010.

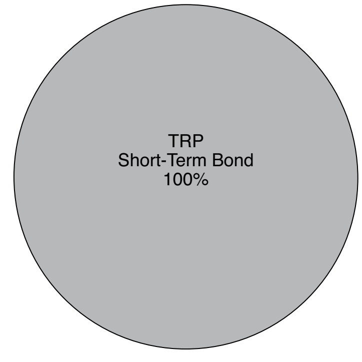
ASSET CLASS ALLOCATION



Performance Comparison as of June 30, 2010

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
SHORT-TERM BOND PORTFOLIO	1.86%	5.18%	3.50%
Barclays Capital 1- to 3-Year Government/Credit Index	1.95%	3.77%	3.82%

MUTUAL FUND ALLOCATION



U.S. TREASURY MONEY MARKET PORTFOLIO

At the end of 2009, the Maryland College Investment Plan added the U.S. Treasury Money Market Portfolio. In an extremely low interest-rate environment, the Portfolio posted flat results for the six-month period since its inception through June 30, 2010. The Portfolio's results largely performed in line with its benchmark, the Citigroup 90 Day Treasury Bill Index.

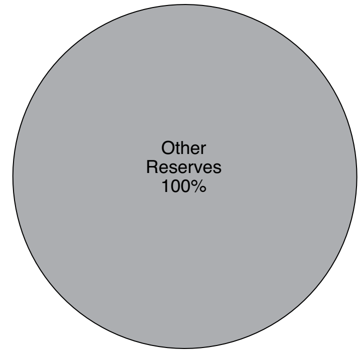
Although the bond market was volatile, the U.S. economy has showed some signs of recovery over the last six months. However, short-term interest rates remain at near-zero levels. The Federal Reserve has indicated that it is prepared to maintain the federal funds target rate in a range between 0% and 0.25% for an extended period of time.

A set of disappointing economic data in May and June validated the Federal Reserve's view that it will take time for the economy to work through the factors that precipitated the 2008 - 2009 financial crisis. Inflation readings near the end of the period also remained low despite recent economic gains, suggesting that the threat of deflation has not yet been diffused.

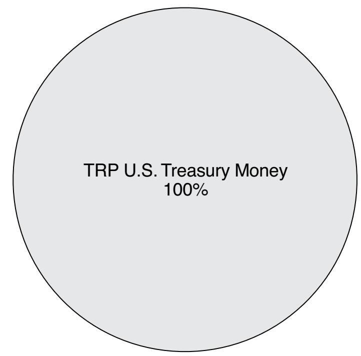
Yields are expected to remain at extremely low levels until the Federal Reserve sees consistent improvement in the U.S. economy.

In an effort to maintain a zero or positive net yield for the Portfolio, T. Rowe Price voluntarily waived a portion of the Program Fee, which it is entitled to receive from the Portfolio. For the six months ended June 30, 2010, the total amount of the Program Fee waived was approximately $3,000. A fee waiver has the effect of increasing the Portfolio's net yield. This voluntary waiver is in addition to any contractual expense ratio limitation in effect for the Portfolio and may be amended or terminated at any time without prior notice. Please see the Plan Disclosure Document for more details.

ASSET CLASS ALLOCATION



MUTUAL FUND ALLOCATION



Performance Comparison as of June 30, 2010

	6 MONTHS	12 MONTHS	SINCE INCEPTION**
U.S. TREASURY MONEY MARKET PORTFOLIO	0.00%	N/A	0.00%
Citigroup 90 Day Treasury Bill Index	0.05%	N/A	0.05%

For the most recent College Investment Plan investment performance, please visit our Web site at **collegesavingsmd.org.** This information includes annualized three and five year returns. For descriptions of the mutual funds in each investment portfolio, please see the College Investment Plan Disclosure Statement, **Investment Information,** *The Underlying Fund Characteristics.*

** 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 2030 and the U.S. Treasury Money Market Portfolio is December 31, 2009. For investment portfolios less than one year old, the returns are cumulative and not annualized. Benchmark performance commenced on the same date. 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, 2010. 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 and contributions 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. 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 17,000 new accounts, $348 million in contributions and $192 million in net investment income. Deductions from net assets include $168 million in distributions for the fiscal year. This resulted in an increase in net assets of $371 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.

COLLEGE INVESTMENT PLAN FEES

The College Investment Plan charges fees to Account Holders including fees of the underlying mutual funds and a program fee. For additional information, see footnote 5 of the Notes to Financial Statements on page 42 and the Supplementary Information beginning on page 44.

Each investment portfolio indirectly bears its pro-rata share of the fees and expenses of the underlying mutual funds in which it invests. These fees are not charged directly to a portfolio, but are included in the net asset value of the mutual funds held by the College Investment Plan. The pro-rata share of the fees and expenses is calculated based on the amount that each portfolio invests in a mutual fund and the expense ratio (the ratio of expenses to average net assets) of that mutual fund.

Each portfolio is charged a program fee for administration and management of the College Investment Plan. T. Rowe Price Associates, Inc. (Program Manager) receives the program fee, which equals 0.28% per year of the assets of each investment portfolio. This fee will be reduced to 0.25% once total assets in the College Investment Plan exceed $2 billion. Payment of the program fee by a portfolio is already reflected in the portfolio's net asset value.

Certain fees were reduced effective July 1, 2010. For additional information, see footnote 7 of the Notes to Financial Statements on page 43.

COLLEGE INVESTMENT PLAN FEES (continued)

The College Investment Plan's aggregate program fees plus its pro-rata share of expenses from the underlying mutual funds may not exceed 0.95% of the College Investment Plan's average net assets in any year. If necessary to remain at the 0.95% limit, the Program Manager will reduce the rate of the program fee charged to each portfolio. Program fees reduced in any year will be repaid by the College Investment Plan to the Program Manager in the following years if repayment would not cause the College Investment Plan's effective expense ratio to exceed the 0.95% limit.

PORTFOLIO FINANCIAL STATEMENTS

The Statements of Net Assets, the Statement 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, 2010.

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, 2010
(amounts in thousands)

ASSETS	
Current assets:	
Investments, at fair value	$1,851,612
Accounts receivable	1,504
Total	$1,853,116
LIABILITIES	
Current liabilities:	
Other liabilities	1,893
NET ASSETS	
Restricted held in trust for:	
Individuals and organizations	1,851,223
TOTAL NET ASSETS	$1,851,223

See accompanying Notes to Financial Statements.

Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2010

(amounts in thousands)

ADDITIONS	
Contributions:	
Total Contributions	$ 347,541
Investment Income:	
Net increase in fair value of investments	155,863
Investment income	35,704
Net investment income	191,567
Total Additions	539,108
DEDUCTIONS	
Total payments	168,125
Total deductions	168,125
Net change in net assets	370,983
Net assets, beginning of year	1,480,240
Net assets, end of year	$1,851,223

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2010

1. ORGANIZATION AND PURPOSE

The Maryland College Investment Plan (Plan) was established under the Maryland College Investment Trust (Trust) to allow investors to save for qualified higher education expenses on a tax-advantaged basis in accordance with the provisions of Section 529 of the Internal Revenue Code. The Plan is a private purpose trust fund, used to account for resources legally held in trust for individual investors. The College Savings Plans of Maryland Board (Board) serves as trustee for the Trust, and T. Rowe Price Associates, Inc. (Price Associates or the Program Manager), serves as the program manager. The Plan is marketed directly to investors without sales charges and offers eight enrollment-based and six 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; it consists of 10 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 Program Manager believes that estimates and valuations of the Underlying Mutual Funds are appropriate; however, actual results may differ from those estimates, and the valuations reflected in the accompanying financial statements may differ from the value ultimately received upon sale of the Underlying Mutual Funds. 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 participant instructions in good order, based on the next determined net asset value per unit. For all Portfolios other than the U.S. Treasury Money Market Portfolio, net investment income and net realized gains accumulate in the net asset value of the Portfolio and are not separately distributed to participants. The U.S. Treasury Money Market Portfolio declares a daily dividend of net investment income, which is automatically reinvested in the participant's account monthly.

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, 2010, 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	$ 102,672	$ 4,173	$ 106,845
T. Rowe Price Equity Index 500 Fund	520,828	(21,895)	498,933
T. Rowe Price Mid-Cap Growth Fund	37,325	6,719	44,044
T. Rowe Price Mid-Cap Value Fund	42,978	2,300	45,278
T. Rowe Price Small-Cap Stock Fund	59,256	4,666	63,922
T. Rowe Price Total Equity Market Index Fund	31,701	(3,037)	28,664
T. Rowe Price Value Fund	119,643	1,383	121,026
Total domestic stock funds	914,403	(5,691)	908,712
International stock funds			
T. Rowe Price Emerging Markets Stock Fund	26,442	3,496	29,938
T. Rowe Price Int'l Growth & Income Fund	51,826	(2,680)	49,146
T. Rowe Price International Stock Fund	50,327	2,436	52,763
T. Rowe Price Overseas Stock Fund	63,287	(12,232)	51,055
Total international stock funds	191,882	(8,980)	182,902
Domestic bond funds			
T. Rowe Price Short-Term Bond Fund	227,517	7,943	235,460
Blended asset funds			
T. Rowe Price Spectrum Income Fund	464,863	12,808	477,671
Money market funds			
T. Rowe Price Summit Cash Reserves Fund	42,866	0	42,866
T. Rowe Price U.S. Treasury Money Fund	4,001	0	4,001
Total money market funds	46,867	0	46,867
Total Investments in Mutual Funds	$1,845,532	$ 6,080	$1,851,612

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, 2010 (in years):

	Weighted Average Maturity	Weighted Average Duration
Domestic bond funds		
T. Rowe Price Short-Term Bond Fund	2.16	1.59
Blended asset funds		
T. Rowe Price Spectrum Income Fund	6.63	4.39

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. The program fee is 0.28% of each Portfolio's average daily net assets when the Plan's average net assets are $2 billion or less and 0.25% of each Portfolio's average daily net assets when the Plan's average net assets exceed $2 billion. During the year ended June 30, 2010, the effective program fee rate was 0.27% of each Portfolio's average daily net assets. As of June 30, 2010, program fees payable by the Portfolios totaled $389,000.

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 (Program Manager Contribution). 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. During the year ended June 30, 2010, the Program Manager paid the Board $1,180,000 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 (indirect expenses). 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. During the year ended June 30, 2010, the Underlying Mutual Funds incurred $3,869,000 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 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, direct expenses are the program fees charged to the Portfolios and indirect expenses reflect 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. The expense limit has no effect on the computation of the Program Manager Contribution. During the fiscal year ended June 30, 2010, 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.

Price Associates has further agreed to limit the direct and indirect expenses of the U.S. Treasury Money Market Portfolio (the Money Market Portfolio). Price Associates will waive all or a portion of the program fees charged to the Money Market Portfolio to the extent payment of the program fee would result in a negative return for the Money Market Portfolio. Program fees waived under this arrangement are subject to later repayment by the Money Market Portfolio to the extent that repayment would not cause a negative return. Further, when any part of the program fee is waived, the Program Manager will not include the Money Market Portfolio assets in the calculation for the Program Manager Contribution until the Program Manager has recovered the full amount of the program fee previously waived. Pursuant to this arrangement, $3,000 of the Money Market Portfolio's program fee was waived during the year ended June 30, 2010, and remains subject to future repayment.

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.

6. PORTFOLIO CHANGES

On December 31, 2009, Portfolio 2030 and the U.S. Treasury Money Market Portfolio were each seeded with a $100,000 investment by Price Associates and commenced operations. The Portfolios were available for investment by the public on January 4, 2010.

7. SUBSEQUENT EVENTS

Effective July 1, 2010, the program fee rate has been reduced to 0.20% of each Portfolio's average daily net assets.

Effective July 1, 2010, the Program Manager has agreed to lower the Plan's expense limit from 0.95% to 0.87% per year. All other terms of the expense limit remain as described in Note 5.

MARYLAND COLLEGE INVESTMENT PLAN

As of June 30, 2010

Dollars in thousands, except net asset values per unit

Statements of Net Assets	PORTFOLIO 2030 Shares	PORTFOLIO 2030 Value	PORTFOLIO 2027 Shares	PORTFOLIO 2027 Value	PORTFOLIO 2024 Shares	PORTFOLIO 2024 Value
Investments at Value						
T. Rowe Price Blue Chip Growth Fund	2,452	$ 74	218,522	$ 6,551	527,831	$ 15,824
T. Rowe Price Emerging Markets Stock Fund	746	21	66,784	1,879	150,654	4,238
T. Rowe Price Equity Index 500 Fund	7,977	221	709,607	19,706	1,641,748	45,591
T. Rowe Price International Growth & Income Fund	2,975	32	265,622	2,855	614,482	6,606
T. Rowe Price International Stock Fund	3,076	35	273,222	3,098	637,429	7,228
T. Rowe Price Mid-Cap Growth Fund	595	28	53,318	2,519	124,589	5,886
T. Rowe Price Mid-Cap Value Fund	1,464	29	130,562	2,588	302,663	5,999
T. Rowe Price Overseas Stock Fund	5,166	35	466,657	3,141	1,029,280	6,927
T. Rowe Price Short-Term Bond Fund	0	0	0	0	0	0
T. Rowe Price Small-Cap Stock Fund	1,451	39	128,439	3,459	315,272	8,490
T. Rowe Price Spectrum Income Fund	0	0	0	0	404,298	4,779
T. Rowe Price Summit Cash Reserves Fund	0	0	0	0	0	0
T. Rowe Price Total Equity Market Index Fund	0	0	0	0	0	0
T. Rowe Price U.S. Treasury Money Fund	0	0	0	0	0	0
T. Rowe Price Value Fund	4,344	83	386,724	7,444	909,588	17,510
Total Investments at Value		597		53,240		129,078
Other Liabilities, net		1		(11)		(28)
NET ASSETS		**$598**		**$ 53,229**		**$129,050**
Composition of Net Assets:						
Paid-in capital		$ 650		$ 55,127		$138,032
Retained earnings		(52)		(1,898)		(8,982)
Units Outstanding		64		5,929		10,762
NET ASSET VALUE PER UNIT[1]		**$9.30**		**$ 8.98**		**$ 11.99**
Investments at cost		$648		$ 54,471		$142,689

[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 NAV per share on the date of valuation. Totals may not calculate due to rounding.

PORTFOLIO 2021		PORTFOLIO 2018		PORTFOLIO 2015		PORTFOLIO 2012		PORTFOLIO FOR COLLEGE	
Shares	**Value**	**Shares**	**Value**	**Shares**	**Value**	**Shares**	**Value**	**Shares**	**Value**
719,481	$ 21,570	632,762	$ 18,970	329,203	$ 9,869	0	$ 0	0	$ 0
204,687	5,758	192,449	5,414	80,639	2,268	0	0	0	0
2,324,608	64,554	2,482,790	68,947	2,482,745	68,946	2,625,144	72,900	1,579,085	43,851
887,598	9,542	846,205	9,097	410,516	4,413	0	0	0	0
892,953	10,126	849,858	9,637	410,555	4,656	0	0	0	0
169,498	8,007	163,977	7,746	104,856	4,953	13,567	641	0	0
412,426	8,174	403,482	7,997	262,464	5,202	39,195	777	0	0
1,494,770	10,060	1,456,441	9,802	785,750	5,288	0	0	0	0
0	0	0	0	599,740	2,915	7,532,436	36,608	29,644,651	144,073
423,992	11,418	422,748	11,384	293,197	7,896	57,044	1,536	0	0
3,493,797	41,297	7,807,659	92,287	10,830,445	128,016	9,360,877	110,646	0	0
0	0	0	0	1,203,667	1,204	15,737,464	15,737	25,924,808	25,925
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
1,251,653	24,094	1,120,247	21,565	602,488	11,598	0	0	0	0
	214,600		262,846		257,224		238,845		213,849
	(45)		(55)		(54)		(50)		(44)
	$214,555		**$262,791**		**$257,170**		**$238,795**		**$213,805**
	$210,184		$242,813		$226,822		$202,435		$188,321
	4,371		19,978		30,348		36,360		25,484
	15,925		18,682		17,391		15,445		15,249
	$ 13.47		**$ 14.07**		**$ 14.79**		**$ 15.46**		**$ 14.02**
	$217,152		$259,972		$250,712		$235,430		$204,564

MARYLAND COLLEGE INVESTMENT PLAN

As of June 30, 2010

Dollars in thousands, except net asset values per unit

Statements of Net Assets	EQUITY PORTFOLIO		TOTAL EQUITY MARKET INDEX PORTFOLIO		BALANCED PORTFOLIO	
	Shares	Value	Shares	Value	Shares	Value
Investments at Value						
T. Rowe Price Blue Chip Growth Fund	818,083	$ 24,526	0	0	315,566	$ 9,461
T. Rowe Price Emerging Markets Stock Fund	272,325	7,661	0	0	95,959	2,699
T. Rowe Price Equity Index 500 Fund	3,032,362	84,209	0	0	1,080,585	30,008
T. Rowe Price International Growth & Income Fund	1,119,257	12,032	0	0	424,968	4,569
T. Rowe Price International Stock Fund	1,155,352	13,102	0	0	430,432	4,881
T. Rowe Price Mid-Cap Growth Fund	219,719	10,380	0	0	82,221	3,884
T. Rowe Price Mid-Cap Value Fund	531,327	10,531	0	0	200,850	3,981
T. Rowe Price Overseas Stock Fund	1,718,525	11,565	0	0	629,601	4,237
T. Rowe Price Short-Term Bond Fund	0	0	0	0	0	0
T. Rowe Price Small-Cap Stock Fund	538,860	14,511	0	0	192,693	5,189
T. Rowe Price Spectrum Income Fund	0	0	0	0	4,422,067	52,269
T. Rowe Price Summit Cash Reserves Fund	0	0	0	0	0	0
T. Rowe Price Total Equity Market Index Fund	0	0	2,477,393	28,664	0	0
T. Rowe Price U.S. Treasury Money Fund	0	0	0	0	0	0
T. Rowe Price Value Fund	1,458,451	28,075	0	0	553,601	10,657
Total Investments at Value		216,592		28,664		131,835
Other Liabilities, net		(47)		(7)		(28)
NET ASSETS		**$216,545**		**$28,657**		**$131,807**
Composition of Net Assets:						
Paid-in capital		$210,065		$31,404		$114,381
Retained earnings		6,480		(2,747)		17,426
Units Outstanding		16,707		3,240		8,624
NET ASSET VALUE PER UNIT[1]		**$ 12.96**		**$ 8.84**		**$ 15.28**
Investments at cost		$219,713		$31,701		$128,776

[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 NAV per share on the date of valuation.

BOND AND INCOME PORTFOLIO		SHORT-TERM BOND PORTFOLIO		U.S. TREASURY MONEY MARKET PORTFOLIO		TOTAL	
Shares	**Value**	**Shares**	**Value**	**Shares**	**Value**	**Shares**	**Value**
0	$ 0	0	$ 0	0	$ 0	3,563,900	$ 106,845
0	0	0	0	0	0	1,064,243	29,938
0	0	0	0	0	0	17,966,651	498,933
0	0	0	0	0	0	4,571,623	49,146
0	0	0	0	0	0	4,652,877	52,763
0	0	0	0	0	0	932,340	44,044
0	0	0	0	0	0	2,284,433	45,278
0	0	0	0	0	0	7,586,190	51,055
0	0	10,671,458	51,864	0	0	48,448,285	235,460
0	0	0	0	0	0	2,373,696	63,922
4,092,778	48,377	0	0	0	0	40,411,921	477,671
0	0	0	0	0	0	42,865,939	42,866
0	0	0	0	0	0	2,477,393	28,664
0	0	0	0	4,000,861	4,001	4,000,861	4,001
0	0	0	0	0	0	6,287,096	121,026
	48,377		51,864		4,001		1,851,612
	(10)		(11)		0		(389)
	$ 48,367		**$51,853**		**$4,001**		**$1,851,223**
	$ 34,781		$ 46,899		$4,001		$ 1,705,915
	13,586		4,954		0		145,308
	2,604		4,122		4,001		138,745
	$ 18.57		**$ 12.58**		**$ 1.00**		
	$ 45,591		$ 50,112		$4,001		$ 1,845,532

MARYLAND COLLEGE INVESTMENT PLAN

For the Fiscal Year Ended June 30, 2010

Amounts in thousands

Statements of Operations and Changes in Net Assets	PORTFOLIO 2030[1]	PORTFOLIO 2027	PORTFOLIO 2024	PORTFOLIO 2021	PORTFOLIO 2018	PORTFOLIO 2015
Operations						
Net investment income						
Income distributions from Underlying Mutual Funds	$ 1	$ 568	$ 1,606	$ 3,679	$ 5,751	$ 6,874
Program management expense fee	0	122	329	562	686	666
Expenses waived by program manager	0	0	0	0	0	0
Net investment income	1	446	1,277	3,117	5,065	6,208
Net realized and unrealized gain (loss)						
Net realized gain (loss)						
Sales of Underlying Mutual Fund shares	(2)	(542)	(139)	(4,671)	(6,435)	(4,676)
Capital gain distributions from Underlying Mutual Funds	0	12	35	79	118	131
Net realized gain (loss)	(2)	(530)	(104)	(4,592)	(6,317)	(4,545)
Change in unrealized gain (loss)	(51)	3,353	11,456	25,457	31,029	27,905
Net realized and unrealized gain (loss)	(53)	2,823	11,352	20,865	24,712	23,360
Increase (decrease) in net assets from operations	(52)	3,269	12,629	23,982	29,777	29,568
Unit Transactions*						
Units issued						
Account holder contributions	766	22,849	31,409	35,622	40,477	37,645
Units redeemed						
Account holder distributions	(116)	(1,593)	(4,380)	(5,971)	(8,118)	(8,329)
Increase (decrease) in net assets from unit transactions	650	21,256	27,029	29,651	32,359	29,316
NET ASSETS						
Increase (decrease) during period	598	24,525	39,658	53,633	62,136	58,884
Beginning of period	0	28,704	89,392	160,922	200,655	198,286
End of period	**$598**	**$53,229**	**$129,050**	**$214,555**	**$262,791**	**$257,170**
***Unit information**						
Units outstanding, beginning of period	0	3,681	8,610	13,796	16,436	15,435
Units issued	75	2,417	2,502	2,558	2,812	2,517
Units redeemed	(11)	(169)	(350)	(429)	(566)	(561)
Units outstanding, end of period	64	5,929	10,762	15,925	18,682	17,391

[1] The Portfolio commenced operations on December 31, 2009 and was available for investment by the public on January 4, 2010. See Note 6 to the financial statements for details.

PORTFOLIO 2012	PORTFOLIO FOR COLLEGE	EQUITY PORTFOLIO	TOTAL EQUITY MARKET INDEX PORTFOLIO	BALANCED PORTFOLIO	BOND AND INCOME PORTFOLIO	SHORT-TERM BOND PORTFOLIO	U.S. TREASURY MONEY MARKET PORTFOLIO[1]	TOTAL
$ 6,925	$ 5,355	$ 2,838	$ 393	$ 3,229	$ 1,919	$ 1,423	$ 0	$40,561
620	596	603	71	356	117	129	3	4,860
0	0	0	0	0	0	0	(3)	(3)
6,305	4,759	2,235	322	2,873	1,802	1,294	0	35,704
(3,387)	(616)	(3,425)	(174)	(2,671)	(77)	207	0	(26,608)
96	0	66	0	66	36	0	0	639
(3,291)	(616)	(3,359)	(174)	(2,605)	(41)	207	0	(25,969)
22,306	10,306	27,834	2,587	15,630	3,207	813	0	181,832
19,015	9,690	24,475	2,413	13,025	3,166	1,020	0	155,863
25,320	14,449	26,710	2,735	15,898	4,968	2,314	0	191,567
33,772	38,069	32,573	8,245	23,834	13,903	23,721	4,656	347,541
(13,854)	(58,907)	(22,244)	(1,479)	(17,893)	(7,159)	(17,427)	(655)	(168,125)
19,918	(20,838)	10,329	6,766	5,941	6,744	6,294	4,001	179,416
45,238	(6,389)	37,039	9,501	21,839	11,712	8,608	4,001	370,983
193,557	220,194	179,506	19,156	109,968	36,655	43,245	0	1,480,240
$238,795	**$213,805**	**$216,545**	**$28,657**	**$131,807**	**$48,367**	**$51,853**	**$4,001**	**$1,851,223**
14,163	16,782	15,949	2,505	8,257	2,237	3,615	0	
2,187	2,726	2,394	893	1,523	766	1,922	4,656	
(905)	(4,259)	(1,636)	(158)	(1,156)	(399)	(1,415)	(655)	
15,445	15,249	16,707	3,240	8,624	2,604	4,122	4,001	

MARYLAND COLLEGE INVESTMENT PLAN

For the Fiscal Year Ended June 30, 2010

For a unit outstanding throughout the period

Financial Highlights	PORTFOLIO 2030 [6]	PORTFOLIO 2027	PORTFOLIO 2024	PORTFOLIO 2021	PORTFOLIO 2018	PORTFOLIO 2015
Net Asset Value [1]						
Beginning of period	$10.00	$7.80	$10.38	$11.66	$12.21	$ 12.85
Investment activities [2]						
Net investment income [3]	0.03	0.09	0.13	0.21	0.29	0.38
Net realized and unrealized gain (loss)	(0.73)	1.09	1.48	1.60	1.57	1.56
Total from investment activities	(0.70)	1.18	1.61	1.81	1.86	1.94
Net Asset Value [1]						
End of period	**$ 9.30**	**$8.98**	**$11.99**	**$13.47**	**$14.07**	**$14.79**
RATIOS [4]						
Total Return	**(7.00)%**	**15.13%**	**15.51 %**	**15.52 %**	**15.23 %**	**15.10 %**
Ratio of expenses to average net assets	0.26 %[7]	0.27 %	0.27 %	0.27 %	0.27 %	0.27 %
Ratio of net investment income to average net assets	.56 %[7]	0.99 %	1.06 %	1.51 %	2.02 %	2.54 %
Portfolio turnover rate	30.5 %	4.4 %	8.4 %	11.8 %	13.1 %	16.3 %
SUPPLEMENTAL INFORMATION						
Weighted-average expense ratio of the Underlying Mutual Funds [5]	0.68 % [7]	0.68 %	0.68 %	0.68 %	0.68 %	0.66 %
Effective expense ratio	0.94 % [7]	0.95 %	0.95 %	0.95 %	0.95 %	0.93 %
Net assets, end of period (in millions)	$ 0.6	$ 53.2	$129.1	$214.6	$262.8	$257.2

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 the dividend declarations by the Underlying Mutual Funds in which the Portfolios invest.

4 Ratios reflect the activity of each Portfolio, and does not include the activity of the Underlying Mutual Funds in which the Portfolios invest.

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.

6 The Portfolio commenced operations on December 31, 2009 and was available for investment by the public on January 4, 2010. See Note 6 to the financial statements for details.

7 Annualized.

8 Includes the effect of voluntary program management fee waivers of 0.12% of average net assets. See Note 5 to the financial statements for details.

PORTFOLIO 2012	PORTFOLIO FOR COLLEGE	EQUITY PORTFOLIO	TOTAL EQUITY MARKET INDEX PORTFOLIO	BALANCED PORTFOLIO	BOND AND INCOME PORTFOLIO	SHORT-TERM BOND PORTFOLIO	U.S. TREASURY MONEY MARKET PORTFOLIO [6]
$13.67	$13.12	$11.25	$7.65	$13.32	$16.38	$11.96	$1.00
0.43	0.30	0.14	0.11	0.34	0.76	0.34	0[8]
1.36	0.60	1.57	1.08	1.62	1.43	0.28	0
1.79	0.90	1.71	1.19	1.96	2.19	0.62	0
$15.46	**$14.02**	**$12.96**	**$8.84**	**$15.28**	**$18.57**	**$12.58**	**$1.00**
13.09 %	**6.86 %**	**15.20 %**	**15.56 %**	**14.71 %**	**13.37 %**	**5.18 %**	**0.00 %**[8]
0.27 %	0.27 %	0.27 %	0.27 %	0.27 %	0.27 %	0.27 %	0.01 %[7, 8]
2.78 %	2.19 %	1.01 %	1.23 %	2.20 %	4.18 %	2.74 %	0.00 %[7, 8]
16.2 %	17.6 %	7.2 %	1.8 %	12.8 %	5.1 %	13.3 %	13.8 %
0.57 %	0.53 %	0.67 %	0.40 %	0.69 %	0.71 %	0.60 %	0.24 %[7, 8]
0.84 %	0.80 %	0.94 %	0.67 %	0.96 %	0.98 %	0.87 %	0.25 %[7, 8]
$238.8	$213.8	$216.6	$28.7	$131.8	$48.4	$51.9	$4.0

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
One North Wacker
Chicago, IL 60606
Telephone (312) 298-2000
Facsimile (312) 298-2001

October 25, 2010

Rick Kaye, Owner
Richard M.Kaye & Associates
PricewaterhouseCoopers Plaza
1900 St. Antoine Street
Detroit, MI 48226

Dear Mr. Kaye:

PricewaterhouseCoopers LLP has performed an actuarial valuation of the Maryland Prepaid College Trust (MPCT or the Trust) as of June 30, 2010. 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 as of June 30, 2010.

A comparison of the assets and liabilities of the Trust shows that as of June 30, 2010 there is an estimated surplus of $2,486,894 as compared to an estimated deficit of $52,406,730 as of June 30, 2009. The funded ratio of the program is presently approximately 100.4%, compared to approximately 92% one year ago.

The actuarial valuation was performed based upon generally accepted actuarial principles, using assumptions as specified by the Board of the College Savings Plans of Maryland.

Respectfully submitted,

Christopher Walker, FCAS, MAAA
Principal
PricewaterhouseCoopers LLP

Michael E. Mielzynski

Michael E. Mielzynski, FCAS, MAAA
Manager
PricewaterhouseCoopers LLP

PRICEWATERHOUSECOOPERS

NOTES

NOTES

COLLEGE SAVINGS
PLANS OF MARYLAND

217 East Redwood Street
Suite 1350
Baltimore, MD 21202

1.888.4MD.GRAD

collegesavingsmd.org

Save here. Go anywhere.®