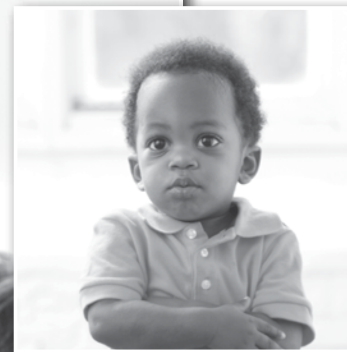
2011 Annual Report

Maryland Prepaid College Trust | Maryland College Investment Plan



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October 31, 2011

Dear Friends,

We are very pleased to report continued strong growth in the College Savings Plans of Maryland during Fiscal Year 2011.

The Maryland Prepaid College Trust experienced significant increases in new accounts, investments, and actuarial surplus during the fiscal year. There were 2,352 new accounts opened, which is 21% higher than in the previous year and helped to increase the total number of beneficiaries in the plan to just over 29,000. We are especially pleased to report that as of June 30, 2011, the Prepaid College Trust was 117% funded with an actuarial surplus of $122.3 million to meet anticipated future tuition payments for our participants. This actuarial surplus resulted primarily from strong investment earnings that were higher than projected, combined with lower than projected tuition increases at Maryland public colleges. One advantage of having an actuarial surplus is that it can help to reduce negative future impacts that may result from either investment earnings that fall below our projection; future tuition increases that exceed our projection; or both.

It was also a very positive year for the Maryland College Investment Plan. The total number of beneficiaries increased to just over 134,000, which is an increase of nearly 12,000 during the fiscal year. A generally positive year in equity and fixed income markets, combined with account holder contributions, enabled total investments in this plan to reach $2.45 billion as of June 30, 2011, which is an increase of approximately $600 million during the fiscal year. In addition, the average account size grew by more than 22% during the fiscal year and reached $15,490 as of June 30, 2011.

With nationwide student loan debt now estimated to exceed $950 billion (www.finaid.org), Maryland families will need to continue to save what they can afford, in order to be able to send their children and grandchildren to college without incurring burdensome levels of debt.

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

Sincerely,

The Board
College Savings Plans of Maryland

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Front Cover Photos
Main photo: Jeffrey (16) and Nancy, College Savings Plans of Maryland Beneficiary and Account Holder

Inset photos, top to bottom: Bryant (21 months), College Savings Plans of Maryland Beneficiary, Shyam, Archana and Anya (10 months), College Savings Plans of Maryland Account Holders and Beneficiary, Troy (6) and Ryan (8), College Savings Plans of Maryland Beneficiaries, Shelby (15) and Stephanie, College Savings Plans of Maryland Beneficiary and Account Holder

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 in the Trust 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.

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 also 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.

Sidney (3),
College Savings Plans of Maryland Beneficiary

In October 2011, we were pleased to learn that the **College Investment Plan** was one of six plans in the country to receive a "Top" rating from Morningstar, Inc. In the report identifying the Plan as "among the best", Morningstar recognized T. Rowe Price as "a top-notch steward of investor capital whose fund managers are well-known for their consistent acumen." This was the second year in a row that the College Investment Plan received Morningstar's "Top" rating.

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; and
- Maryland State income deduction of contributions to either or both plans, up to $2,500 annually per account or beneficiary, depending on the plan. Contributions in excess of $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, 2011.*

STOCKS HEALTHY DESPITE GLOBAL UNCERTAINTIES

U.S. stocks produced excellent returns in the 12-month period ended June 30, 2011, but gains were trimmed by some weakness in May and June, the last two months of the fiscal year. Equities surged in autumn on a stronger economy and stimulus efforts by the U.S. Federal Reserve (Fed). The rally was supported by healthy corporate earnings and merger activity. But as equities climbed to new highs at the end of April, macroeconomic factors began to negatively impact the markets. Turmoil in the Middle East and North Africa, a spike in oil prices, a catastrophic earthquake and tsunami in Japan, and a persistent European debt crisis triggered selling at the end of the reporting period. Softer U.S. economic data in the second quarter also weighed on the markets.

During the reporting period, mid- and small-cap stocks outperformed large-caps, and growth stocks surpassed value stocks. In the large-cap universe, most sectors produced strong positive returns. Energy stocks soared as oil climbed above $100 per barrel for a time amid fears of supply disruptions. Materials surged, and consumer discretionary, telecommunication services, and industrials and business services shares also produced excellent returns. Most remaining sectors modestly lagged the broad market, but financials underperformed significantly due to continued housing market weakness and difficulty adapting to new regulations.

Outside the U.S., stocks in developed markets generated solid returns and performed in line with U.S. stocks over the last year. European markets performed best, helped by stronger European currencies versus the dollar. Developed Asian markets were generally less robust; In Japan, stocks lagged significantly as its economy slumped following the devastating March 11 earthquake and tsunami. Emerging markets also advanced but narrowly lagged developed markets.

POSITIVE RETURNS FOR BONDS AMID VOLATILITY

U.S. bonds struggled with crosscurrents for the past year but ultimately produced positive returns. At the beginning of the period, bond prices rose as sluggish U.S. economic growth and concerns over the European sovereign debt crisis prompted investors to seek the safe haven of U.S. Treasury securities. From late August through the end of March, however, many bond prices fell amid signs of stronger economic growth. In the last three months of the period, increasing economic uncertainty prompted investors to retreat to Treasuries and other less risky investments once again.

High yield bonds significantly outperformed investment-grade issues, partly reflecting strength in corporate fundamentals and also because investors favored securities with a yield advantage in a low interest rate environment. In the investment-grade universe, commercial mortgage-backed securities offered attractive yields and produced strong gains. Investment-grade corporate bonds also did well, but Treasury, asset-backed, municipal, and agency mortgage-backed securities lagged the overall bond market with only mild gains.

A WORD ON MARKET FLUCTUATION

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.

** 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.*

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" of college 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. Below are the most recent figures from the College Board on higher education costs for the 2011–2012 academic year. (See also the accompanying table.)

The average total cost of a four-year public college at in-state rates rose by 6.0% from the previous academic year. Over the decade from 2001–2002 to 2011–2012, published in-state tuition and fees at public four-year colleges increased at an average annual rate of 5.6% beyond the rate of general inflation. This rate of increase compares to 4.5% in the 1980s and 3.2% per year in the 1990s.

The average total cost of a four-year private college rose by 4.4% from the previous academic year. The average four-year private college now costs $38,589 per year. Published tuition and fees at private four-year colleges increased at an average annual rate of 2.6% beyond inflation over the decade from 2001–2002 to 2011–2012. This rate of increase compares to 4.8% per year in the 1980s and 3.1% per year in the 1990s.

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 (these institutions tend to be more costly). The diversity of educational options and the various sources of loans and financial aid have meant that college remains an attainable goal for families. However, it is important to consider the need for consistent, disciplined saving in an appropriate investment vehicle.

THE STATE OF FINANCIAL AID

Undergraduate and graduate students received approximately $227.2 billion in financial aid during the 2010–2011 academic year (the most recent data available), and financial aid remains an important source of funding for many families. This results in an average of $12,455 per full-time equivalent student (FTE).

With the establishment of new federal college affordability programs, grant aid per FTE rose by 7% from the previous year. Nonetheless, the average undergraduate receives about $6,500 in grant aid, and many students receive much less.

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 at private colleges in 2009-2010 have college loans to repay, and among this group, the average debt is approximately $28,000. About 56% of students who earned bachelor's degrees in 2009-2010 from public four-year colleges have loans to repay totaling approximately $28,000.

The good news is that college savings plans across the nation have also grown substantially. Total assets reached an all-time high of nearly $170 billion as of June 30, 2011, as reported by the College Savings Plans Network. This is a 25.6% increase for the fiscal year. The average account size also grew during the period to $16,959, which is nearly equal to the national average total cost for one year at a four-year public college.

**Statistical information provided is from the College Board's "Trends in College Pricing 2011" and "Trends in Student Aid 2011" for the 2011–2012 academic year.*

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

	Four-Year Private College	Four-Year Public College**	Consumer Price Index***
2011–2012 Academic Year	$38,589	$17,131	N/A
Change from the previous academic year	4.4%	6.0%	3.6%
Average annual percentage increase over the past decade	2.4%	4.1%	2.4%

SOURCES: COLLEGE BOARD, BUREAU OF LABOR STATISTICS

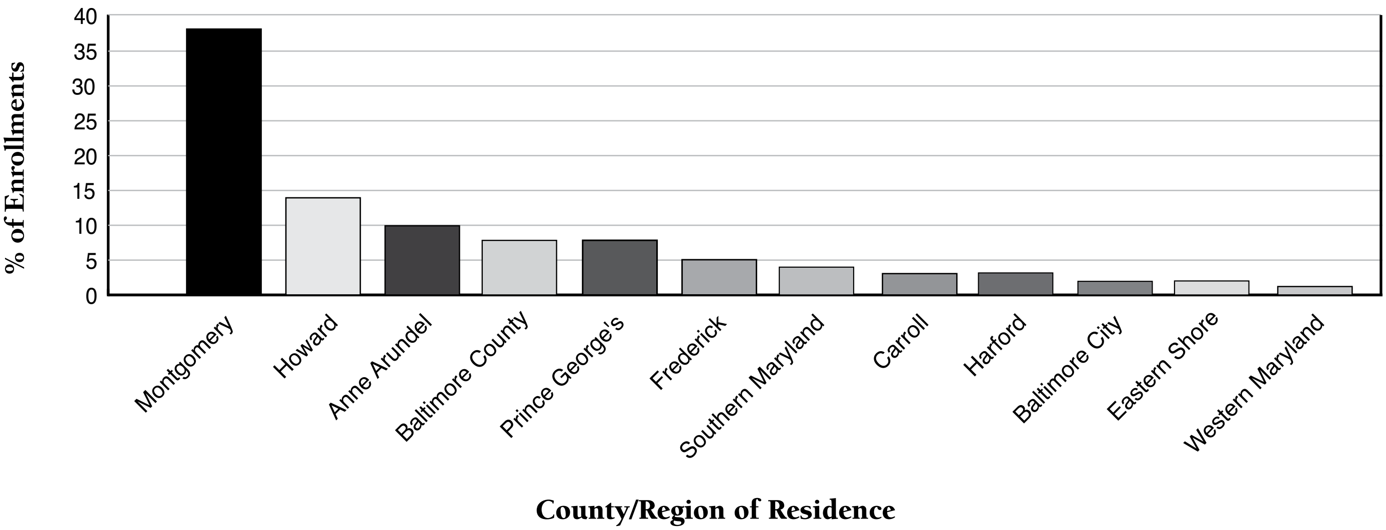
*** In-state Rates*

****As of June 30, 2011*

PROFILE OF NEW PREPAID COLLEGE TRUST ENROLLMENTS

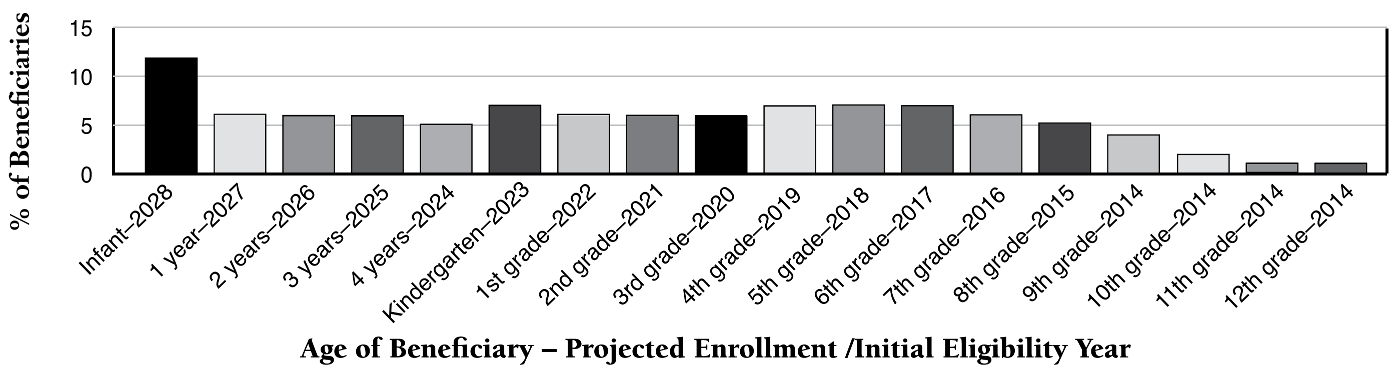
New Enrollment by County/Region

Of the approximately 2,352 new enrollments that were received in the past year, Montgomery County residents produced the largest number of account holders, accounting for 38% of all new enrollments. Howard County was the second largest source of new enrollments (14%), followed by Anne Arundel (10%), then Baltimore (8%) and Prince George's (8%) counties, as illustrated in the following chart:



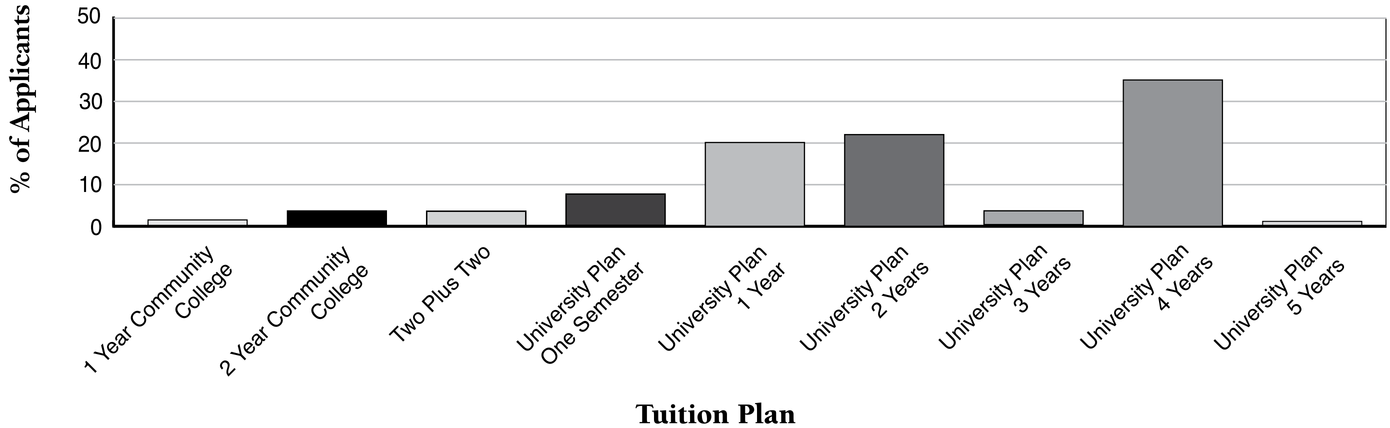
Age of New Beneficiaries at Time of Enrollment

The infant age group provided the largest percentage of new enrollments of any age group in 2010-2011, with 12% of new enrollments. This age group is the only age group that can be enrolled anytime during the year and is not limited to an enrollment period. From age 1 through 9th grade, enrollments are fairly evenly distributed, with each age group accounting for 4-7% of new enrollments. Combined enrollments for older students in the 10th-12th grades provided the remaining 4%.



Tuition Plan Selected

The four-year University Plan was our most popular enrollment option in 2010-2011, with 35% of new enrollments. The next most popular options were the two-year University Plan (22%) and the one-year University Plan (20%). Together, these three tuition plans comprised 77% of total tuition plans purchased.



MORE STUDENTS USE PREPAID COLLEGE TRUST TUITION BENEFITS AT COLLEGES NATIONWIDE

There are a total of 8,835 students eligible to use benefits for the Fall 2011 semester, as compared to approximately 8,043 students who were eligible for the prior academic year. Approximately 56% of eligible beneficiaries, as of October 20, 2011, have claimed their tuition benefits this Fall. Approximately 40% of these students are attending Maryland public colleges, while 60% are attending a wide variety of private and out-of-state colleges across the country. The remaining 44% of eligible beneficiaries have yet to claim their Fall 2011 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 Gabriel Roeder Smith & Company dated October 28, 2011 appears on page 6. The purpose of the actuarial valuation is to assess the future value of the Trust's assets and its liabilities, and is discounted to reflect their present value.

The most significant change from fiscal year 2010 is that the Trust's actuarial surplus in fiscal year 2010 increased significantly in fiscal year 2011. As of June 30, 2011, the Trust was 117% funded with an actuarial surplus of $122.3 million, as compared with the previous fiscal year, where the Trust was 100% funded with an actuarial surplus of $2.5 million.

The primary reason for the increase in the actuarial surplus is that the Trust's investments produced an overall return of 21.0% during fiscal year 2011, 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 3.6% for the 2011-2012 academic year. This actual increase is less than our projected tuition increase of 7% and a mandatory fee increase of 10% for 2011-2012. 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:

	2011	2010	2009	2008	2007
Actuarial Surplus/(Deficit) (mil)	$122.3	$2.5	$(52.4)	$58.9	$87.9
Funded Ratio	117%	100%	92%	109%	114%

GRS

Gabriel Roeder Smith & Company
Consultants & Actuaries

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October 28, 2011

Ms. Nancy Kopp
Board Chair
College Savings Plans of Maryland
217 E. Redwood Street, Suite 1350
Baltimore, MD 21202

Dear Ms. Kopp:

Gabriel, Roeder, Smith & Company ("GRS") has performed an actuarial soundness valuation of the Maryland Prepaid College Trust ("MPCT") as of June 30, 2011. The purpose of this actuarial valuation is to evaluate the financial viability of the program as of June 30, 2011.

This report presents the principal results of the actuarial valuation of the MPCT including the following:

- A comparison of the actuarial present value of the obligations for prepaid tuition contracts purchased through June 30, 2011, with the value of the assets associated with the program as of that same date;
- An analysis of the factors which caused the deficit/surplus to change since the prior actuarial valuation; and
- A summary of the actuarial assumptions and methods utilized in the actuarial calculations.

As of June 30, 2011, the present value of all future tuition obligations under contracts outstanding (and including future administrative expenses) at that date is $700.6 million. Fund assets as of June 30, 2011, including the market value of program assets and the present value of installment contract receivables, is $822.9 million.

The difference between the market value of assets of $822.9 million and program obligations of $700.6 million represents a program surplus of $122.3 million. The comparable program surplus as of the last actuarial valuation as of June 30, 2010, was $2.5 million.

The funded ratio of the program as of June 30, 2011 is 117.5%. This compares with a funded ratio as of June 30, 2010 of 100.4%.

To the best of our knowledge, the information contained in this report is accurate and fairly presents the actuarial position of the Maryland Prepaid College Trust as of June 30, 2011.

The valuation results set forth in this report are based upon data and information, furnished by CSPM, concerning program benefits, financial transactions, and beneficiaries of the MPCT. The major actuarial assumptions used in this analysis were provided by and are the responsibility of CSPM. All calculations have been made in conformity with generally accepted actuarial principles and practices commonly applicable to similar types of arrangements.

Respectfully submitted,
Gabriel, Roeder, Smith and Company

Lance J. Weiss | Amy Williams

Lance Weiss, EA, MAAA, FCA
Senior Consultant

Amy Williams, ASA, MAAA, FCA
Consultant

Gabriel Roeder Smith & Company

SB & COMPANY, LLC
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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, 2011, 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 respective financial position of the Maryland Prepaid College Trust, as of June 30, 2011, 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.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Trust's basic financial statements. The other data and information in the Annual Report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Hunt Valley, Maryland
October 28, 2011

SB & Company, LLC

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, 2011. 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, 2011 have been audited by SB & Company, LLC who are also the independent auditors for the State of Maryland.

Prepaid College Trust Financial Statements

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

Financial Highlights

- The Prepaid College Trust began receiving payments in fiscal year 2011 from approximately 2,200 new enrollments received during fiscal year 2010. This is because the initial payments for these accounts were due on August 1, 2010. The increase in contract receipts, when compared to the prior year, is due primarily to a higher number of new enrollments in fiscal year 2011 who elected to make payments in fiscal year 2011 in advance of their August 1, 2011 due date.

Contract Receipts from Participants *(in thousands)*

Fiscal Year Ended June 30, 2011	Fiscal Year Ended June 30, 2010
$60,603	$53,417

- 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 to 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 35% from 2010 due to the increase in Plan assets.

Enrollment and Administrative Fees *(in thousands)*

	Fiscal Year Ended June 30, 2011	Fiscal Year Ended June 30, 2010
Prepaid College Trust	$ 116	$ 94
College Investment Plan	1,592	1,180
Total	$ 1,708	$ 1,274

• During fiscal year 2011, the Trust continued to invest the contract payments received into its diversified investment portfolio.

Investments *(in thousands)*

	Fiscal Year Ended June 30, 2011	Fiscal Year Ended June 30, 2010
Large Cap Value	$ 68,707	$ 52,447
S&P 500 Core	51,252	39,224
Large Cap Growth	69,934	51,259
Small Cap Value	49,788	38,156
Small/Mid Cap Core	27,811	19,436
Small Cap Core	22,297	15,982
Real Estate	28,532	21,790
Intermediate Duration Fixed Income	186,024	175,793
Short Duration Fixed Income	31,483	30,746
International	57,391	43,905
International Emerging Markets	50,828	30,583
Total investments	$644,047	$519,321

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, 2011. 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, 2011 and June 30, 2010:

(in millions)	As of June 30, 2011	As of June 30, 2010
Assets		
Current	$728.8	$587.3
Noncurrent	113.2	113.9
Total	842.0	701.2
Liabilities		
Current	80.2	65.6
Noncurrent	635.8	630.4
Total	716.0	696.0
Net Assets	$126.0	$ 5.2

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 88% 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, 2011, the net assets of the Trust increased by $120.8 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 7.5%. 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 fees was 3.6%. The Trust had projected a tuition increase of 7% and a mandatory fee increase of 10% for the 2011-2012 academic year. Since these lower increases in tuition and mandatory fees were included in the calculations for contract pricing for the 2010-2011 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 tuition benefits and those expenses paid to acquire goods or services. 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, 2011 and June 30, 2010:

(in millions)	Fiscal Year Ended June 30, 2011	Fiscal Year Ended June 30, 2010
Operating revenues		
Tuition contracts	$ 67.8	$ 54.9
Administrative fees	3.2	2.6
Total	71.0	57.5
Operating expenses		
Tuition benefits	62.8	64.9
Administrative expenses	2.1	2.0
Total	64.9	66.9
Operating income (loss)	6.1	(9.4)
Non-operating revenues		
Change in unrealized investment gain	76.0	36.1
Change in realized gain	22.8	13.3
Investment income	15.9	14.7
Total	114.7	64.1
Change in net assets	$ 120.8	$ 54.7

For the fiscal year ended June 30, 2011, the Trust reported an operating income of $6.1 million. The increase in operating income of $15.5 million from the fiscal year ended June 30, 2010 was the result of tuition contract revenue exceeding tuition benefit expense by $5.0 million and net administrative and operating income of $1.1 million for the fiscal year, as well as the $10.0 million increase in net tuition contract revenue from the fiscal year ended June 30, 2010. Non-operating revenue includes $76.0 million unrealized investment gain, $22.8 million realized investment gain and $15.9 million of other investment income. Combined, operating income and non-operating revenue resulted in an increase in net assets of $120.8 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, 2011 and June 30, 2010 is presented below:

(in millions)	Fiscal Year Ended June 30, 2011	Fiscal Year Ended June 30, 2010
Cash provided (used) by:		
Operating activities	$14.4	$ 13.2
Investing activities	(10.0)	(10.1)
Net change in cash	4.4	3.1
Cash and cash equivalents, beginning of year	11.5	8.4
Cash and cash equivalents, end of year	$15.9	$ 11.5

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 consultant and financial advisor 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 3.5% from the 2010-2011 academic year and 3.0% from the 2009-2010 academic year. The Board also reviewed the rate of return on the Prepaid College Trust investments, which was a gain of 21.0% and 14.0% for fiscal year 2011 and 2010, respectively.

As part of the Board's review of these trends, it consults with its financial advisor and actuary 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, 2011.

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, 2011.

Statement of Net Assets
As of June 30, 2011

(amounts in thousands)

	Tuition and Investments	Administration/ Operating	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 12,396	$3,501	$ 15,897
Investments, at fair value	644,047	0	644,047
Tuition contracts receivable	66,985	0	66,985
Interest receivable	1,361	0	1,361
Accounts receivable	0	489	489
Total current assets	724,789	3,990	728,779
Noncurrent assets:			
Capital assets, net	0	42	42
Tuition contracts receivable, net of current portion	113,198	0	113,198
Total noncurrent assets	113,198	42	113,240
Total assets	837,987	4,032	842,019
LIABILITIES			
Current liabilities:			
Accrued tuition benefits	64,800	0	64,800
Advance tuition contract payments	15,009	0	15,009
Accounts payable and accrued expenses	0	361	361
Compensated absences	0	101	101
Total current liabilities	79,809	462	80,271
Noncurrent liabilities:			
Accrued tuition benefits, net of current portion	635,773	0	635,773
Total noncurrent liabilities	635,773	0	635,773
Total liabilities	715,582	462	716,044
NET ASSETS			
Invested in capital assets	0	42	42
Unrestricted:			
Tuition and investments	121,632	3,528	125,160
Restricted:			
Administration	773	0	773
Total net assets	$122,405	$3,570	$125,975

See accompanying Notes to Financial Statements.

Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2011

(amounts in thousands)

	Tuition and Investments	Administration/ Operating	Total
OPERATING REVENUES			
Tuition contracts	$ 67,837	$ 0	$ 67,837
Management fee	0	1,505	1,505
Maryland College Investment Plan fees	0	1,592	1,592
Enrollment and other fees	0	116	116
Total operating revenues	67,837	3,213	71,050
OPERATING EXPENSES			
Tuition benefits	62,791	0	62,791
Salaries, wages and benefits	0	1,053	1,053
Technical and special fees	0	75	75
Communication	0	101	101
Travel	0	10	10
Marketing	0	214	214
Contractual services	0	450	450
Supplies	0	33	33
Fixed charges	0	167	167
Depreciation	0	19	19
Other expenses	0	16	16
Total operating expenses	62,791	2,138	64,929
Operating income	5,046	1,075	6,121
NON-OPERATING REVENUES			
Change in unrealized gains on investments	76,014	0	76,014
Change in realized gains	22,827	0	22,827
Investment income	15,851	2	15,853
Total non-operating revenues	114,692	2	114,694
Change in net assets	119,738	1,077	120,815
Total net assets, beginning of year	2,667	2,493	5,160
Total net assets, end of year	$122,405	$3,570	$125,975

See accompanying Notes to Financial Statements.

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2011

(amounts in thousands)

Cash Flows from Operating Activities:	
Receipts from:	
Account holders	$ 60,603
Maryland College Investment Plan fees	1,551
Payments to:	
Employees	(1,098)
Marketing	(239)
Contract vendors	(384)
Communication	(88)
Universities and account holders	(45,767)
Other operating expenses	(151)
Net cash from operating activities	14,427
Cash Flows Used for Investing Activities:	
Interest income	6
Purchase of investments	(10,076)
Net cash used for investing activities	(10,070)
Cash Flows Used for Capital and Related Financing Activities:	
Purchase of capital assets	(8)
Net cash from capital financing activities	(8)
Net increase in cash and cash equivalents	4,349
Cash and cash equivalents, beginning of year	11,548
Cash and cash equivalents, end of year	$ 15,897
Reconciliation of operating income to net cash from operating activities:	
Operating income	$ 6,121
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	19
Change in non-cash operating assets and liabilities:	
Increase in accounts payable	76
Increase in other liabilities	11
Decrease in accounts receivable	32
Increase in tuition contracts receivable	(11,797)
Increase in advance contract payments	4,447
Increase in accrued tuition benefits payable	15,518
Net cash from operating activities	$ 14,427

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

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 27, 2011 and issued by Gabriel Roeder Smith & Company, as of June 30, 2011, 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, 2011, 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 ($53,246,167 or 8.3% of net investments as of June 30, 2011).

Tuition Contracts Receivable

Tuition contracts receivable as of June 30, 2011 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, 2011, the carrying amount of the Trust's cash and cash equivalents was $15,897,100. The bank balance totaled $19,576,654 and pooled cash maintained by the State Treasurer totaled $64,209. 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 $14,120,508 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, 2011, 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	$ 5,268	$ 5,268	$ 0	$ 0	$ 0	$ 0
U.S. Treasury notes	46,366	768	31,949	6,019	0	7,630
U.S. Govt. agencies	59,644	1,246	1,265	3,452	5,556	48,125
Corporate bonds	89,327	2,965	30,666	22,733	1,075	31,888
Municipal bonds	7,657	5	527	1,649	0	5,476
Emerging market debt fund	4,715	4,715	0	0	0	0
International fixed income fund	1,434	1,434	0	0	0	0
High-yield fixed income fund	5,501	5,501	0	0	0	0
Global REIT fund	17,535	17,535	0	0	0	0
Common stock	142,163	142,163	0	0	0	0
REITS	2,965	2,965	0	0	0	0
Emerging market equity fund	24,061	24,061	0	0	0	0
Large cap mutual fund	68,707	68,707	0	0	0	0
S&P 500 Index mutual fund	51,252	51,252	0	0	0	0
Small cap mutual fund	22,297	22,297	0	0	0	0
International mutual fund	57,391	57,391	0	0	0	0
Emerging markets mutual fund	26,767	26,767	0	0	0	0
Real estate mutual fund	10,997	10,997	0	0	0	0
Total	$644,047	$446,037	$64,407	$33,853	$6,631	$93,119

Credit Risk

The Investment Policy details the minimum quality standards for it bond portfolios. As of June 30, 2011, 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. The U.S. Government money market fund is not considered to have credit risk and is not rated. All such investments are in mutual fund shares stated at fair value based upon quoted market prices.

As of June 30, 2011, the Trust had the following investments and quality ratings:

Investment Type	Fair Value	Rating	Rating Organization
U.S. Government agencies	$ 106,010	*	*
Bonds	13,938	AAA	Moody's
Bonds	17,378	AA	Moody's
Bonds	20,042	A	Moody's
Bonds	30,474	Less than A	Moody's
Bonds	15,152	Not rated	

**Effective August 5, 2011, Standard and Poor's modified its long-term sovereign credit rating on the United States of America to AA+ and affirmed the A-1+ short-term rating.*

4. INVESTMENTS (CONTINUED)

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.

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, 2011, was as follows (amounts in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets being depreciated:				
Computers	$203	$ 7	$(30)	$ 180
Furniture	18	1	0	19
Equipment	6	0	(1)	5
Software	57	0	0	57
Perpetual software license	561	0	0	561
Total capital assets at historical cost	845	8	(31)	822
Less accumulated depreciation for:				
Computers	193	8	(30)	171
Furniture	14	1	0	15
Equipment	6	0	(1)	5
Software	57	0	0	57
Perpetual software license	522	10	0	532
Total accumulated depreciation	792	19	(31)	780
Capital assets, net	$ 53	$(11)	$ 0	$ 42

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of June 30, 2011, accounts payable and accrued expenses consisted of the following (amounts in thousands)

Due to vendors	$307
Salaries and employee benefits	54
Total	$361

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, 2011, 2010, and 2009. The required annual contributions for the fiscal years ended June 30, 2011, 2010 and 2009, respectively were: $83,311, $64,430, and $55,769. As of June 30, 2011, 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 healthcare 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, 2011, 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, 2011, 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 2011-2012 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 4-year university 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.

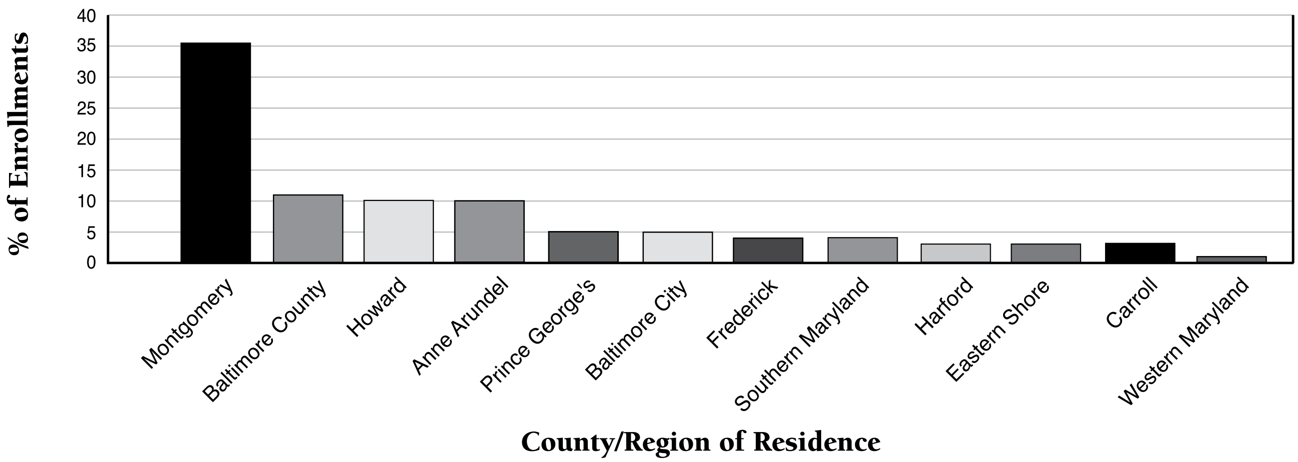
Changes in accrued tuition benefits payable for the year ended June 30, 2011 are as follows (amounts in thousands):

July 1, 2010	Increase	Decrease	June 30, 2011	Amount due within one year
$685,055	$61,285	$45,767	$700,573	$64,800

PROFILE OF NEW COLLEGE INVESTMENT PLAN ENROLLMENTS

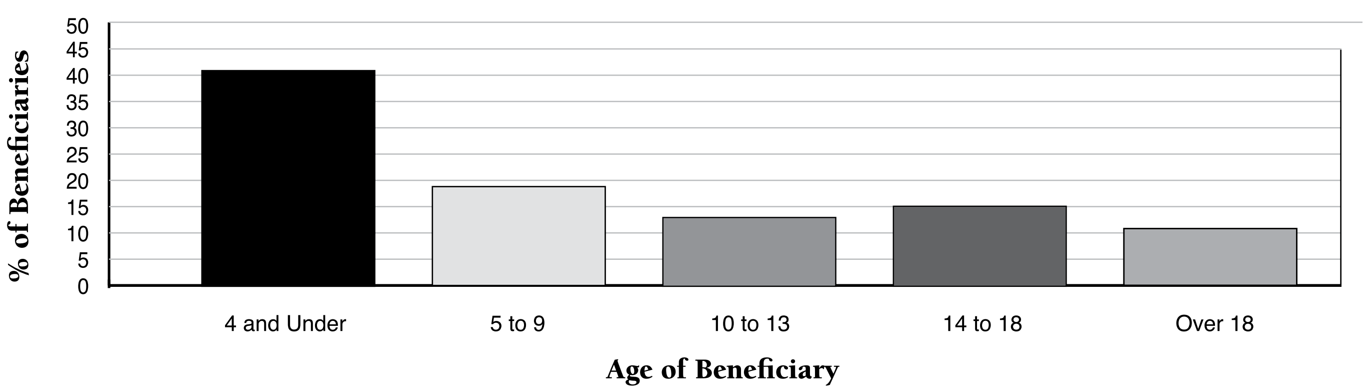
New Enrollment by County/Region

Of the 20,434 new accounts in the College Investment Plan for the year ended June 30, 2011, Montgomery had the highest number of any Maryland county or region at 35% of the total. Approximately 30% of new accounts were concentrated in Baltimore County (11%), Howard County (10%), and Anne Arundel County (10%). The following chart shows a breakdown of the counties and regions of residence for the College Investment Plan Account Holders.



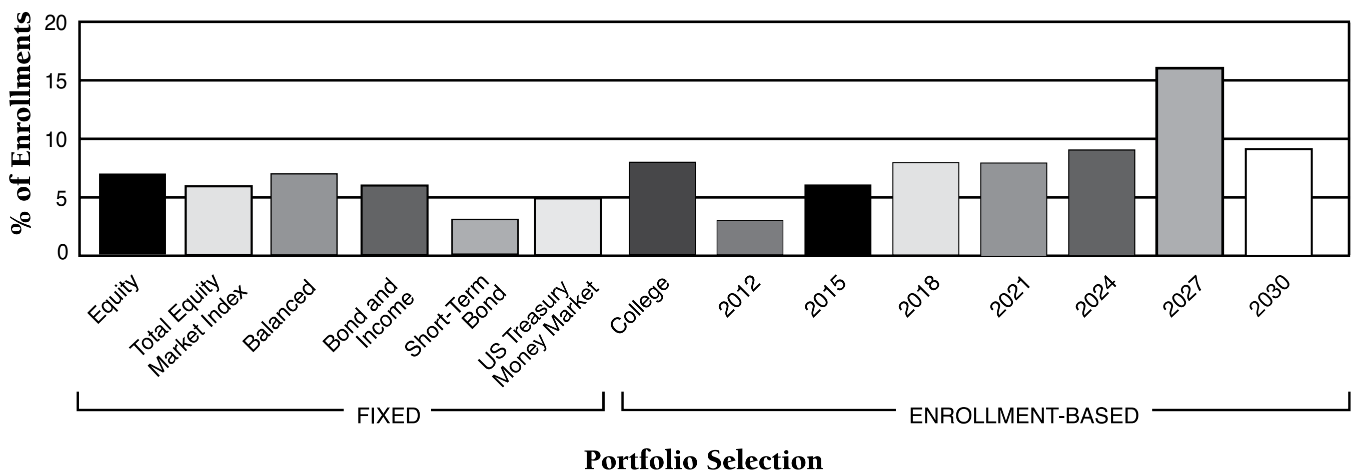
Age of New Beneficiaries at Time of Enrollment

Approximately 41% of all new beneficiaries were 4 years old or younger and approximately 60% of beneficiaries were 9 years old or younger. The College Investment Plan permits beneficiaries of any age, with 11% 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. Portfolio 2027 was selected for 16% of new accounts, the most of any investment portfolio. Among the Fixed Portfolios, each portfolio was selected for 5% – 7% of new accounts, except for the Short-Term Bond Portfolio, which was selected for 3% of new accounts.



SYSTEMATIC INVESTING

Over 45% 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, 2011, distributions have been taken for 16,024 unique beneficiaries totaling approximately $216 million.

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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, 2011, 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 respective financial position of the Maryland College Investment Plan, as of June 30, 2011, 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.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The other data and information, including the individual portfolio statements of net assets as of June 30, 2011 and the individual portfolio statements of operations and changes in net assets for the year then ended, in the Annual Report, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Hunt Valley, Maryland
October 28, 2011

SB + Company, LLC

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, 2011. 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, 2011 have been audited by SB & Company, who are also 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, 2011*

General commentary on benchmarks

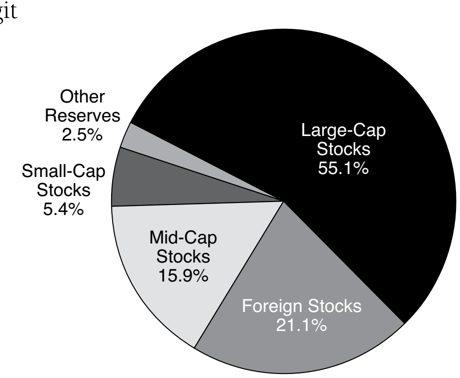
To assist in reviewing the performance of the portfolios, we have established a weighted benchmark for each portfolio. Each asset class benchmark is selected as an appropriate representation of the assets in underlying mutual funds and is weighted at the strategic neutral allocation of the asset class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

PORTFOLIO 2030

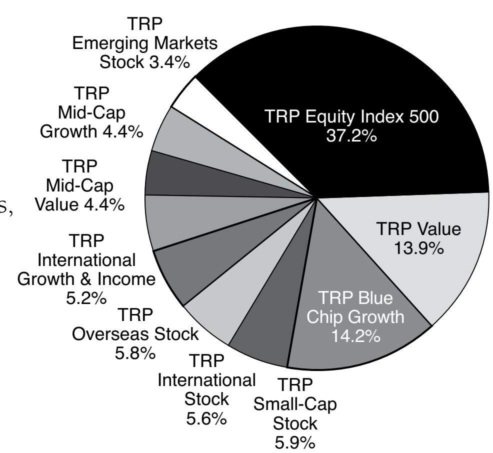
Portfolio 2030 had a positive return for the six months ended June 30, 2011, and a double-digit gain for the 12 months ended June 30, 2011. The Portfolio underperformed its weighted benchmark over the six-month period and outperformed over the 12-month period. Among U.S. equity holdings, the Portfolio's investments had positive returns for the six months ended June 30, 2011, and solid gains for the 12 months ended June 30, 2011. For the 12-month period, the Small-Cap Stock Fund, Value Fund, and Blue Chip Growth Fund outperformed their benchmarks and had strong positive absolute returns. The Mid-Cap Growth Fund and Mid-Cap Value Fund had strong positive absolute returns but underperformed their benchmarks due to stock selection in the industrials & business services and financials sectors. In the last six months of the reporting period, the Small-Cap Stock Fund, Mid-Cap Growth Fund, and Mid-Cap Value Fund produced strong absolute performance. The Small-Cap Stock Fund contributed to relative results, while the Mid-Cap Stock Fund and Mid-Cap Value Fund detracted primarily due to stock selection.

Among international equity holdings, the Overseas Stock Fund, International Growth & Income Fund, and International Stock Fund generated strong gains for the year and outperformed their respective benchmarks. The Emerging Markets Stock Fund was a positive absolute contributor for the 12-month period, 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 all contributed to absolute results, with only the International Stock Fund underperforming its benchmark. The Emerging Markets Stock Fund had a positive return for the six months ended June 30, 2011, but underperformed on a relative basis primarily due to sector allocation.

ASSET CLASS ALLOCATION



MUTUAL FUND ALLOCATION



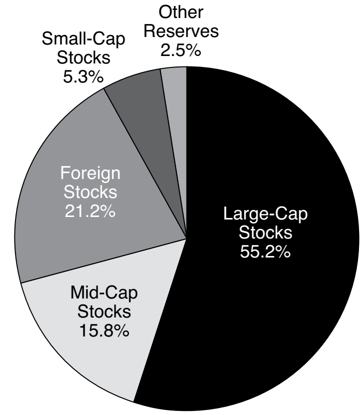
Performance Comparison as of June 30, 2011

	6 MONTHS	12 MONTHS	SINCE INCEPTION**
PORTFOLIO 2030	5.92%	32.69%	15.11%
Weighted Benchmark*	6.09%	32.39%	15.11%

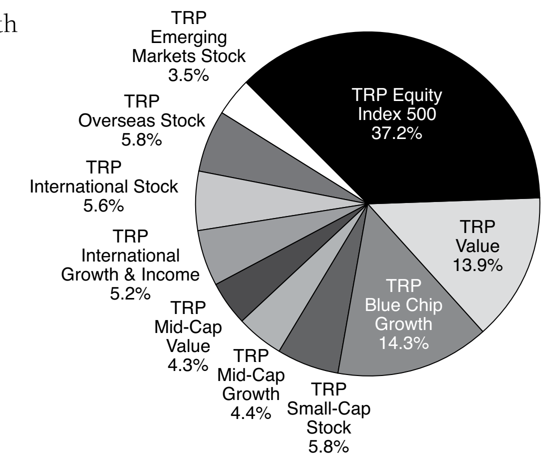
PORTFOLIO 2027

Portfolio 2027 had a positive return for the six months ended June 30, 2011, and a double-digit gain for the 12 months ended June 30, 2011. The Portfolio underperformed its weighted benchmark over the six-month period and outperformed over the 12-month period. Among U.S. equity holdings, the Portfolio's investments had positive returns for the six months ended June 30, 2011, and solid gains for the 12 months ended June 30, 2011. For the 12-month period, the Small-Cap Stock Fund, Value Fund, and Blue Chip Growth Fund outperformed their benchmarks and had strong positive absolute returns. The Mid-Cap Growth Fund and Mid-Cap Value Fund had strong positive absolute returns but underperformed their benchmarks due to stock selection in the industrials & business services and financials sectors. In the last six months of the reporting period, the Small-Cap Stock Fund, Mid-Cap Growth Fund, and Mid-Cap Value Fund produced strong absolute performance. The Small-Cap Stock Fund contributed to relative results, while the Mid-Cap Stock Fund and Mid-Cap Value Fund detracted primarily due to stock selection.

ASSET CLASS ALLOCATION



MUTUAL FUND ALLOCATION



Among international equity holdings, the Overseas Stock Fund, International Growth & Income Fund, and International Stock Fund generated strong gains for the year and outperformed their respective benchmarks. The Emerging Markets Stock Fund was a positive absolute contributor for the 12-month period, 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 all contributed to absolute results, with only the International Stock Fund underperforming its benchmark. The Emerging Markets Stock Fund had a positive return for the six months ended June 30, 2011, but underperformed on a relative basis primarily due to sector allocation.

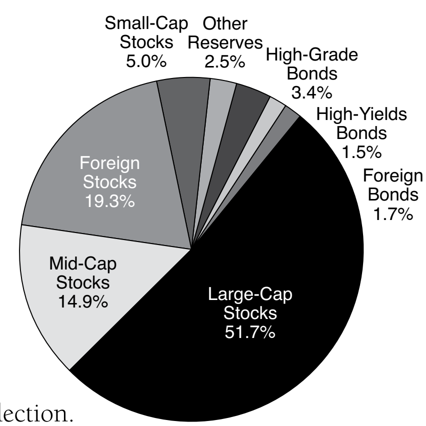
Performance Comparison as of June 30, 2011

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
PORTFOLIO 2027	5.97%	32.52%	3.54%
Weighted Benchmark*	6.09%	32.39%	3.16%

PORTFOLIO 2024

Portfolio 2024 had a positive return for the six months ended June 30, 2011, and a double-digit gain for the 12 months ended June 30, 2011. The Portfolio performed in line with its weighted benchmark over the six-month period and outperformed over the 12-month period.

ASSET CLASS ALLOCATION



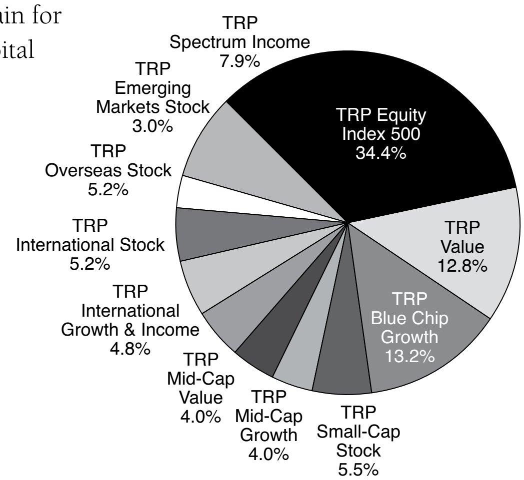
Among U.S. equity holdings, the Portfolio's investments had positive returns for the six months ended June 30, 2011 and solid gains for the 12 months ended June 30, 2011. For the 12-month period, the Small-Cap Stock Fund, Value Fund, and Blue Chip Growth Fund outperformed their benchmarks and had strong positive absolute returns. The Mid-Cap Growth Fund and Mid-Cap Value Fund had strong positive absolute returns but underperformed their benchmarks due to stock selection in the industrials & business services and financials sectors. In the last six months of the reporting period, the Small-Cap Stock Fund, Mid-Cap Growth Fund, and Mid-Cap Value Fund produced strong absolute performance. The Small-Cap Stock Fund contributed to relative results, while the Mid-Cap Stock Fund and Mid-Cap Value Fund detracted primarily due to stock selection.

Among international equity holdings, the Overseas Stock Fund, International Growth & Income Fund, and International Stock Fund generated strong gains for the year and outperformed their respective benchmarks. The Emerging Markets Stock Fund was a positive absolute contributor for the 12-month period, 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 all contributed to absolute results, with only the International Stock Fund underperforming its benchmark. The Emerging Markets Stock Fund had a positive return for the six months ended June 30, 2011, but underperformed on a relative basis primarily due to sector allocation.

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, 2011, and outperformed its benchmark, the Barclays Capital U.S. Aggregate Index. Its exposure to high yield bonds, non-U.S. dollar denominated bonds, and dividend-paying stocks benefited relative performance over the 12-month period. Absolute returns were in the single digits for the last six months of the reporting period and the Fund continued to outperform relative to its benchmark. Relative returns over the six-month period were helped by allocations to non-U.S. dollar and high yield bonds, which are diversifying sectors that are not included in the Fund's benchmark.

MUTUAL FUND ALLOCATION



Performance Comparison as of June 30, 2011

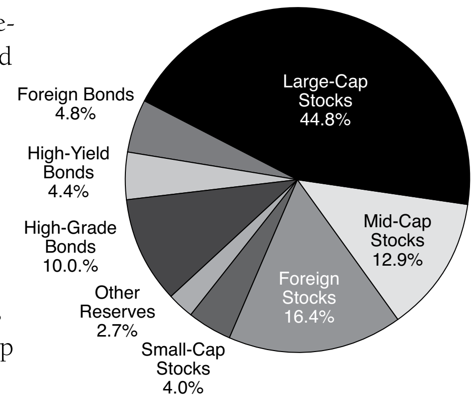
	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
PORTFOLIO 2024	5.84%	31.44%	6.12%
Weighted Benchmark*	5.84%	30.27%	5.97%

PORTFOLIO 2021

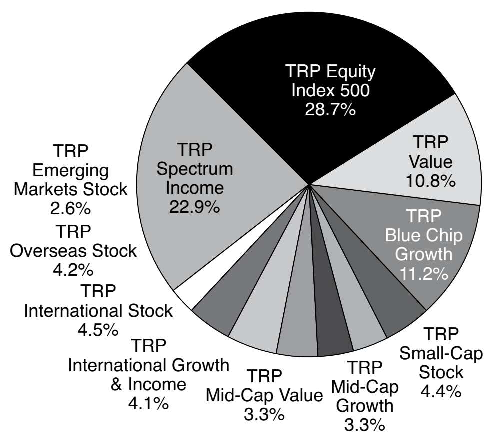
Portfolio 2021 had a positive return for the six months ended June 30, 2011, and a double-digit gain for the 12 months ended June 30, 2011. The Portfolio outperformed its weighted benchmark over the six- and 12-month periods.

Among U.S. equity holdings, the Portfolio's investments had positive returns for the six months ended June 30, 2011 and solid gains for the 12 months ended June 30, 2011. For the 12-month period, the Small-Cap Stock Fund, Value Fund, and Blue Chip Growth Fund outperformed their benchmarks and had strong positive absolute returns. The Mid-Cap Growth Fund and Mid-Cap Value Fund had strong positive absolute returns but underperformed their benchmarks due to stock selection in the industrials & business services and financials sectors. In the last six months of the reporting period, the Small-Cap Stock Fund, Mid-Cap Growth Fund, and Mid-Cap Value Fund produced strong absolute performance. The Small-Cap Stock Fund contributed to relative results, while the Mid-Cap Stock Fund and Mid-Cap Value Fund detracted primarily due to stock selection.

ASSET CLASS ALLOCATION



MUTUAL FUND ALLOCATION



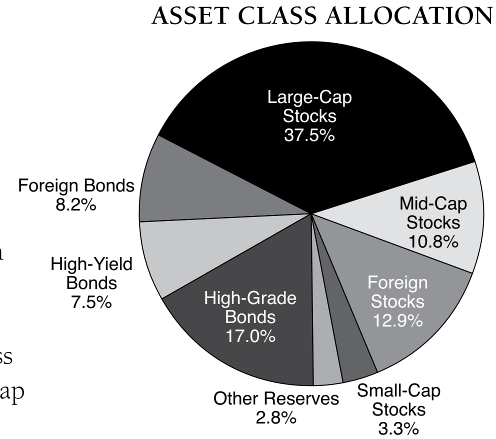
The Portfolio's fixed income holdings in the Spectrum Income Fund posted a strong gain for the full year ended June 30, 2011, and outperformed its benchmark, the Barclays Capital U.S. Aggregate Index. Its exposure to high yield bonds, non-U.S. dollar denominated bonds, and dividend-paying stocks benefited relative performance over the 12-month period. Absolute returns were in the single digits for the last six months of the reporting period and the Fund continued to outperform relative to its benchmark. Relative returns over the six month period were helped by allocations to non-U.S. dollar and high yield bonds, which are diversifying sectors that are not included in the Fund's benchmark.

Among international equity holdings, the Overseas Stock Fund, International Growth & Income Fund, and International Stock Fund generated strong gains for the year and outperformed their respective benchmarks. The Emerging Markets Stock Fund was a positive absolute contributor for the 12-month period, 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 all contributed to absolute results, with only the International Stock Fund underperforming its benchmark. The Emerging Markets Stock Fund had a positive return for the six months ended June 30, 2011, but underperformed on a relative basis primarily due to sector allocation.

Performance Comparison as of June 30, 2011

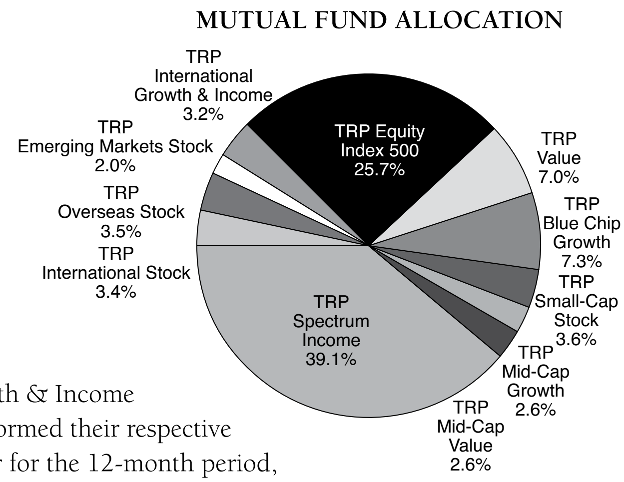
	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
PORTFOLIO 2021	5.50%	28.06%	4.80%
Weighted Benchmark*	5.34%	25.79%	5.00%

PORTFOLIO 2018



Portfolio 2018 had a positive return for the six months ended June 30, 2011, and a double-digit gain for the 12 months ended June 30, 2011. The Portfolio outperformed its weighted benchmark over the six- and 12-month periods.

Among U.S. equity holdings, the Portfolio's investments had positive returns for the six months ended June 30, 2011, and solid gains for the 12 months ended June 30, 2011. For the 12-month period, the Small-Cap Stock Fund, Value Fund, and Blue Chip Growth Fund outperformed their benchmarks and had strong positive absolute returns. The Mid-Cap Growth Fund and Mid-Cap Value Fund had strong positive absolute returns but underperformed their benchmarks due to stock selection in the industrials & business services and financials sectors. In the last six months of the reporting period, the Small-Cap Stock Fund, Mid-Cap Growth Fund, and Mid-Cap Value Fund produced strong absolute performance. The Small-Cap Stock Fund contributed to relative results, while the Mid-Cap Stock Fund and Mid-Cap Value Fund detracted primarily due to stock selection.



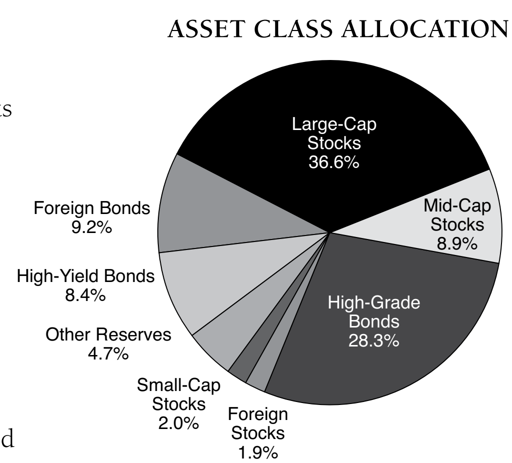
The Portfolio's fixed income holdings in the Spectrum Income Fund posted a strong gain for the full year ended June 30, 2011, and outperformed its benchmark, the Barclays Capital U.S. Aggregate Index. Its exposure to high yield bonds, non-U.S. dollar denominated bonds, and dividend-paying stocks benefited relative performance over the 12-month period. Absolute returns were in the single digits for the last six months of the reporting period and the Fund continued to outperform relative to its benchmark. Relative returns over the six-month period were helped by allocations to non-U.S. dollar and high yield bonds, which are diversifying sectors that are not included in the fund's benchmark.

Among international equity holdings, the Overseas Stock Fund, International Growth & Income Fund, and International Stock Fund generated strong gains for the year and outperformed their respective benchmarks. The Emerging Markets Stock Fund was a positive absolute contributor for the 12-month period, 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 all contributed to absolute results, with only the International Stock Fund underperforming its benchmark. The Emerging Markets Stock Fund had a positive return for the six months ended June 30, 2011, but underperformed on a relative basis primarily due to sector allocation.

Performance Comparison as of June 30, 2011

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
PORTFOLIO 2018	5.17%	24.45%	4.97%
Weighted Benchmark*	4.81%	21.14%	5.10%

PORTFOLIO 2015



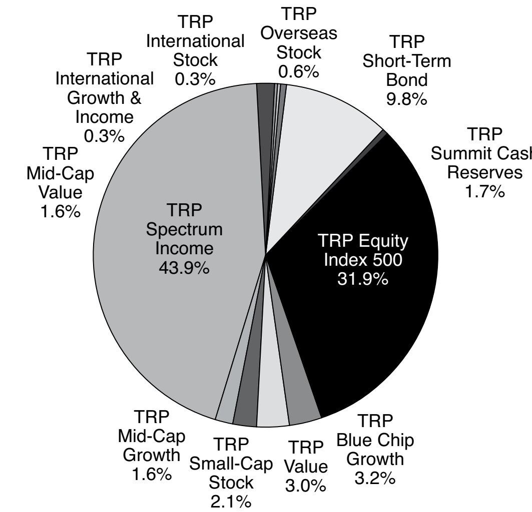
Portfolio 2015 had a positive return for the six months ended June 30, 2011, and a double-digit gain for the 12 months ended June 30, 2011. The Portfolio outperformed its weighted benchmark over the six- and 12-month periods.

The Portfolio's fixed income holdings in the Spectrum Income Fund posted a strong gain for the full year ended June 30, 2011, and outperformed its benchmark, the Barclays Capital U.S. Aggregate Index. Its exposure to high yield bonds, non-U.S. dollar denominated bonds, and dividend-paying stocks benefited relative performance over the 12-month period. Absolute returns were in the single digits for the last six months of the reporting period and the Fund continued to outperform relative to its benchmark. Relative returns over the six-month period were helped by allocations to non-U.S. dollar and high yield bonds, which are diversifying sectors that are not included in the Fund's benchmark.

PORTFOLIO 2015, CONTINUED

Among U.S. equity holdings, the Portfolio's investments had positive returns for the six months ended June 30, 2011, and solid gains for the 12 months ended June 30, 2011. For the 12-month period, the Small-Cap Stock Fund, Value Fund, and Blue Chip Growth Fund outperformed their benchmarks and had strong positive absolute returns. The Mid-Cap Growth Fund and Mid-Cap Value Fund had strong positive absolute returns but underperformed their benchmarks due to stock selection in the industrials & business services and financials sectors. In the last six months of the reporting period, the Small-Cap Stock Fund, Mid-Cap Growth Fund, and Mid-Cap Value Fund produced strong absolute performance. The Small-Cap Stock Fund contributed to relative results, while the Mid-Cap Stock Fund and Mid-Cap Value Fund detracted primarily due to stock selection.

MUTUAL FUND ALLOCATION



Performance Comparison as of June 30, 2011

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
PORTFOLIO 2015	4.58%	20.35%	5.15%
Weighted Benchmark*	3.99%	16.15%	5.13%

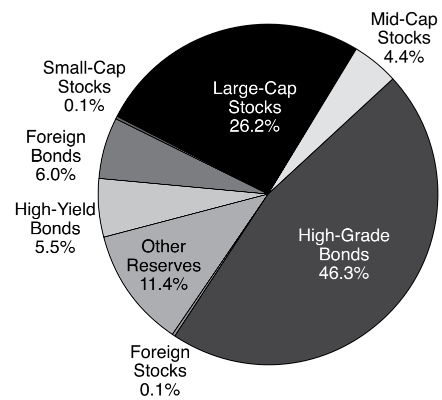
PORTFOLIO 2012

Portfolio 2012 had a positive return for the six months ended June 30, 2011, and a double-digit gain for the 12 months ended June 30, 2011. The Portfolio outperformed its weighted benchmark over the six- and 12-month periods.

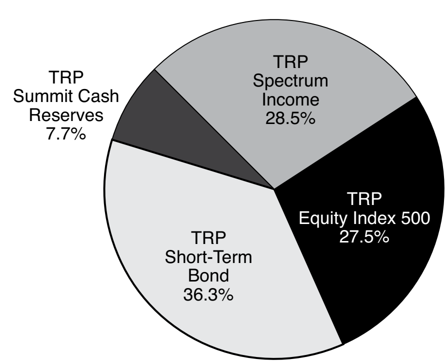
The Portfolio's fixed income holdings in the Spectrum Income Fund posted a strong gain for the full year ended June 30, 2011, and outperformed its benchmark, the Barclays Capital U.S. Aggregate Index. Its exposure to high yield bonds, non-U.S. dollar denominated bonds, and dividend-paying stocks benefited relative performance over the 12-month period. Absolute returns were in the single digits for the last six months of the reporting period and the Fund continued to outperform relative to its benchmark. Relative returns over the six-month period were helped by allocations to non-U.S. dollar and high yield bonds, which are diversifying sectors that are not included in the Fund's benchmark. The Portfolio's position in the Short-Term Bond Fund also contributed positively to absolute and relative performance over the six- and 12-month periods ended June 30, 2011.

Among U.S. equity holdings, the Portfolio's investments had strong gains for the 12 months ended June 30, 2011, and positive returns for the six months ended June 30, 2011. All U.S. equity holdings in this Portfolio are contained in the Equity Index 500 Fund, which lagged its benchmark for the six- and 12-month periods reflecting the Fund's expenses.

ASSET CLASS ALLOCATION



MUTUAL FUND ALLOCATION



Performance Comparison as of June 30, 2011

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
PORTFOLIO 2012	3.35%	13.91%	5.03%
Weighted Benchmark*	2.62%	10.00%	4.76%

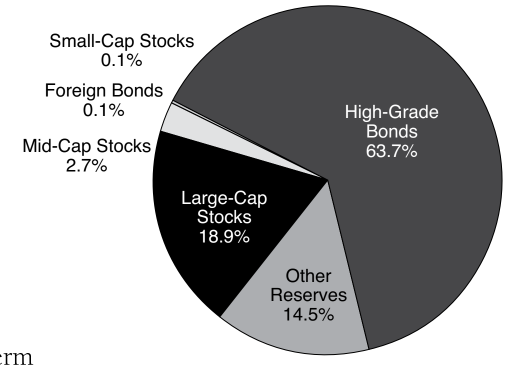
PORTFOLIO FOR COLLEGE

The Portfolio for College posted a small gain for the six months ended June 30, 2011, due to limited equity exposure in this Portfolio, and a gain for the 12 months ended June 30, 2011. Results for the six- and 12-month periods outperformed the Portfolio's weighted benchmark.

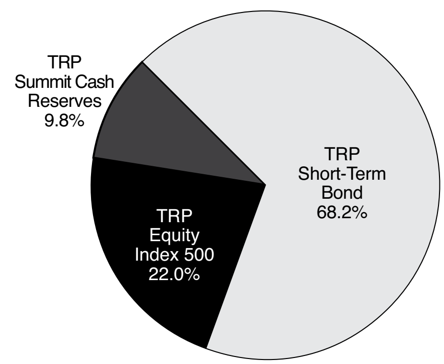
Over the 12-month period, the Portfolio's overweight to equity relative to fixed income was the primary contributor to absolute and relative performance as the stock market outperformed fixed income markets. Over the last six months of the reporting period, equities contributed positively to the Portfolio's performance.

A large position in the Short-Term Bond Fund also contributed positively to absolute performance in both the six- and 12-month periods ended June 30, 2011. The Short-Term Bond Fund benefited from its allocation to corporate bonds and outperformed its benchmark for the six- and 12-month periods.

ASSET CLASS ALLOCATION



MUTUAL FUND ALLOCATION



Performance Comparison as of June 30, 2011

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
PORTFOLIO FOR COLLEGE	2.17%	7.56%	3.34%
Weighted Benchmark*	1.65%	6.54%	3.40%

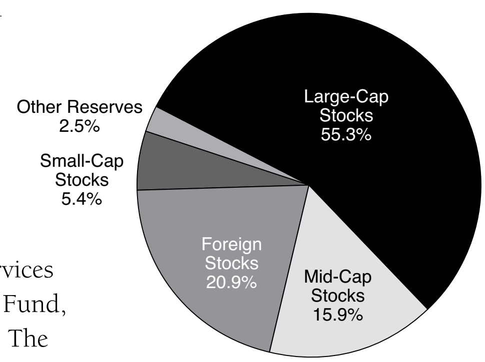
EQUITY PORTFOLIO

The Equity Portfolio posted a positive return for the six months ended June 30, 2011, and a double-digit gain for the 12 months ended June 30, 2011. In the second half of the fiscal year, the Portfolio underperformed its weighted benchmark, although the 12-month return outperformed the Portfolio's benchmark.

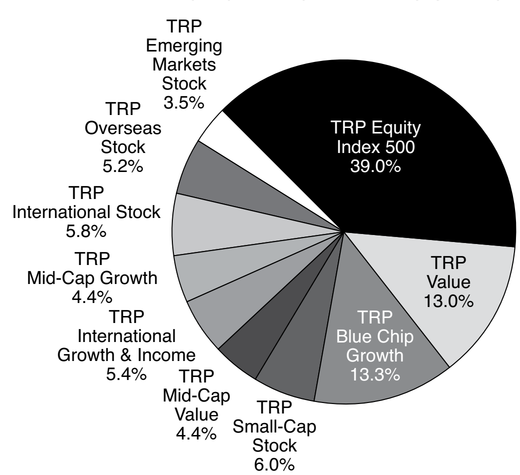
Among U.S. equity holdings, the Portfolio's investments had positive returns for the six months ended June 30, 2011, and solid gains for the 12 months ended June 30, 2011. For the 12-month period, the Small-Cap Stock Fund, Value Fund, and Blue Chip Growth Fund outperformed their benchmarks and had strong positive absolute returns. The Mid-Cap Growth Fund and Mid-Cap Value Fund had strong positive absolute returns but underperformed their benchmarks due to stock selection in the industrials & business services and financials sectors. In the last six months of the reporting period, the Small-Cap Stock Fund, Mid-Cap Growth Fund, and Mid-Cap Value Fund produced strong absolute performance. The Small-Cap Stock Fund contributed to relative results, while the Mid-Cap Stock Fund and Mid-Cap Value Fund detracted primarily due to stock selection.

Among international equity holdings, the Overseas Stock Fund, International Growth & Income Fund and International Stock Fund generated strong gains for the year and outperformed their respective benchmarks. The Emerging Markets Stock Fund was a positive absolute contributor for the 12-month period, 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 all contributed to absolute results, with only the International Stock Fund underperforming its benchmark. The Emerging Markets Stock Fund had a positive return for the six months ended June 30, 2011, but underperformed on a relative basis primarily due to sector allocation.

ASSET CLASS ALLOCATION



MUTUAL FUND ALLOCATION



Performance Comparison as of June 30, 2011

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
EQUITY PORTFOLIO	5.92%	32.48%	4.75%
Weighted Benchmark*	6.08%	32.38%	4.86%

TOTAL EQUITY MARKET INDEX PORTFOLIO

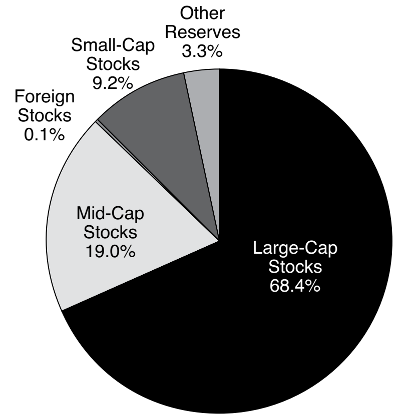
The Total Equity Market Index Portfolio had a positive return for the six months ended June 30, 2011, and a double-digit gain for the 12 months ended June 30, 2011. The Portfolio underperformed its benchmark for the six- and 12-month periods, reflecting the Portfolio's expenses.

Mid- and small-cap stocks modestly outperformed large-caps for the six-month period and significantly outperformed large-caps for the 12-month period. Growth stocks outperformed value stocks across all market capitalizations, particularly among small- and mid-cap shares, in both periods.

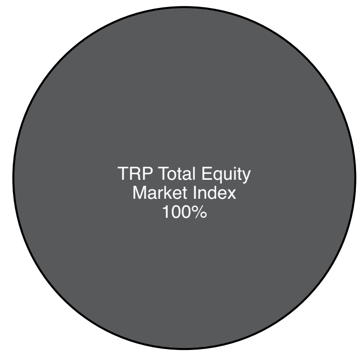
For the year, all sectors produced solid returns. Energy and materials stocks posted standout absolute performance. Consumer discretionary, industrials & business services, and information technology stocks also performed well. Financials was the weakest-performing sector, largely due to uncertainty surrounding reform legislation, but still generated a double-digit gain.

During the last six months of the reporting period, stocks corrected sharply. The health care, energy, and utilities sectors performed best, while the financials sector was the only sector to post a loss during this period.

ASSET CLASS ALLOCATION



MUTUAL FUND ALLOCATION



Performance Comparison as of June 30, 2011

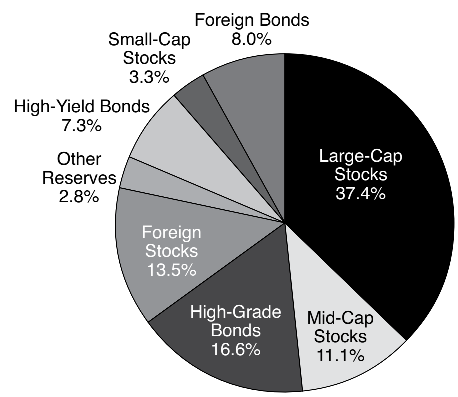
	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
TOTAL EQUITY MARKET INDEX PORTFOLIO	5.92%	31.56%	3.07%
S&P Total Market Index	6.28%	32.39%	3.38%

BALANCED PORTFOLIO

The Balanced Portfolio had a positive return for the six months ended June 30, 2011, and a double-digit gain for the 12 months ended June 30, 2011. The Portfolio outperformed its benchmark over the six- and 12-month periods.

Among U.S. equity holdings, the Portfolio's investments had positive returns for the six months ended June 30, 2011, and solid gains for the 12 months ended June 30, 2011. For the 12-month period, the Small-Cap Stock Fund, Value Fund, and Blue Chip Growth Fund outperformed their benchmarks and had strong positive absolute returns. The Mid-Cap Growth Fund and Mid-Cap Value Fund had strong positive absolute returns but underperformed their benchmarks due to stock selection in the industrials & business services and financials sectors. In the last six months of the reporting period, the Small-Cap Stock Fund, Mid-Cap Growth Fund, and Mid-Cap Value Fund produced strong absolute performance. The Small-Cap Stock Fund contributed to relative results, while the Mid-Cap Stock Fund and Mid-Cap Value Fund detracted primarily due to stock selection.

ASSET CLASS ALLOCATION



The Portfolio's fixed income holdings in the Spectrum Income Fund posted a strong gain for the full year ended June 30, 2011, and outperformed its benchmark, the Barclays Capital U.S. Aggregate Index. Absolute returns were in the single digits for the last six months of the reporting period and the Fund continued to outperform relative to its benchmark. Relative returns over the six-month period were helped by allocations to non-U.S. dollar and high yield bonds, which are diversifying sectors that are not included in the Fund's benchmark.

Among international equity holdings, the Overseas Stock Fund, International Growth & Income Fund and International Stock Fund generated strong gains for the year and outperformed their respective benchmarks. The Emerging Markets Stock Fund was a positive absolute contributor for the 12-month period, although it lagged its benchmark. For the last six months of the reporting period, the

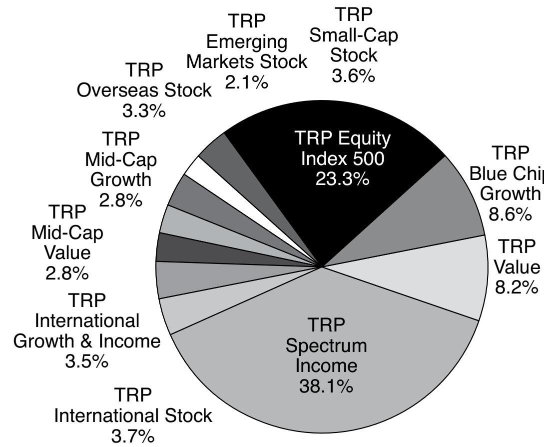
BALANCED PORTFOLIO, CONTINUED

International Stock Fund, Overseas Stock Fund, and International Growth & Income Fund all contributed to absolute results, with only the International Stock Fund underperforming its benchmark. The Emerging Markets Stock Fund had a positive return for the six months ended June 30, 2011, but underperformed on a relative basis primarily due to sector allocation.

Performance Comparison as of June 30, 2011

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
BALANCED PORTFOLIO	5.16%	24.02%	5.83%
Weighted Benchmark*	4.77%	20.55%	5.51%

MUTUAL FUND ALLOCATION



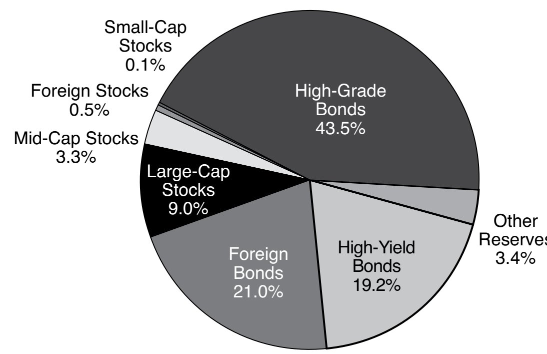
BOND AND INCOME PORTFOLIO

The Bond and Income Portfolio posted a positive return for the six months ended June 30, 2011, and a double-digit gain for the 12 months ended June 30, 2011. The Portfolio outperformed its benchmark, the Barclays Capital U.S. Aggregate Index, over the six- and 12-month periods.

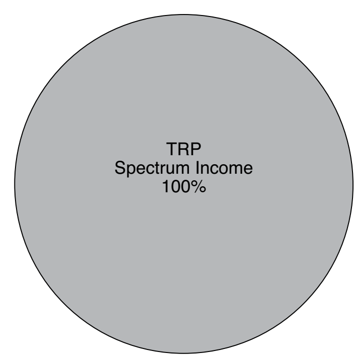
The Spectrum Income Fund invests in a diverse array of fixed income mutual funds, blending core investment-grade securities that are included in the benchmark with securities from diversifying sectors, such as high yield bonds, non-U.S dollar denominated bonds, emerging market bonds, and dividend-paying stocks. In the second half of 2010, when higher-risk market sectors were rallying, the Spectrum Income Fund generated strong absolute and relative performance versus its benchmark.

The Spectrum Income Fund posted a double digit gain for the full year ended June 30, 2011, and performance was positive compared with its benchmark. Its exposure to high yield bonds, non-U.S dollar denominated bonds, and dividend-paying stocks benefited relative performance over the 12-month period. Results were positive over the last six months of the reporting period and the Fund continued to outperform relative to its benchmark. The Fund's allocations to non-U.S. dollar and high yield bonds, which are diversifying sectors that are not in the benchmark, caused relative outperformance.

ASSET CLASS ALLOCATION



MUTUAL FUND ALLOCATION



Performance Comparison as of June 30, 2011

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
BOND & INCOME PORTFOLIO	3.67%	11.09%	6.78%
Barclays Capital U.S. Aggregate Index	2.72%	3.90%	5.43%

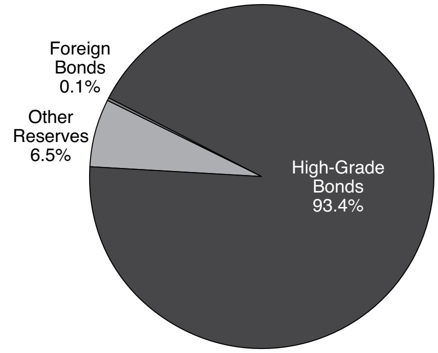
SHORT-TERM BOND PORTFOLIO

The Short-Term Bond Portfolio posted a modest gain for the six months ended June 30, 2011, and a slightly higher gain for the 12 months ended June 30, 2011. The Portfolio outperformed the Barclays Capital 1-3 Year U.S. Government/Credit Index over the last six- and 12-month periods.

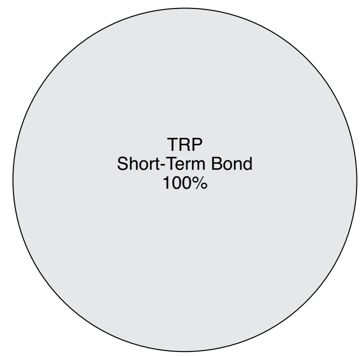
Over the past 12 months, the Short-Term Bond Portfolio's investment strategy emphasized investment-grade corporate bonds over short-term U.S. Treasuries due to the better yields available on corporate debt. The Portfolio over-weighted corporate bonds based on attractive valuations in the wake of a slowly improving economic environment.

Over the last six months of the reporting period, the Portfolio outperformed its benchmark. Corporate bonds posted better returns than Treasury bonds as the Federal Reserve continued its policy of maintaining very low interest rates. The Portfolio also benefited from an allocation to mortgage-backed securities, which are not in the Fund's benchmark.

ASSET CLASS ALLOCATION



MUTUAL FUND ALLOCATION



Performance Comparison as of June 30, 2011

	6 MONTHS	12 MONTHS	ANNUALIZED SINCE INCEPTION**
SHORT-TERM BOND PORTFOLIO	1.34%	2.31%	3.35%
Barclays Capital 1–3 Year Government/Credit Index	1.05%	1.90%	3.57%

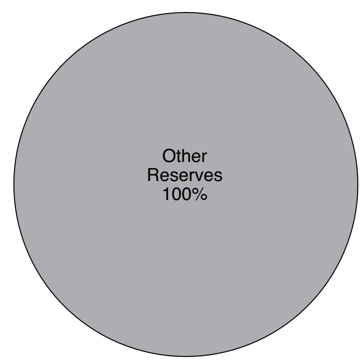
U.S. TREASURY MONEY MARKET PORTFOLIO

In an extremely low interest rate environment, the Portfolio posted no return for the six- and 12-month periods ended June 30, 2011. The Portfolio's results slightly underperformed its benchmark, the Citigroup 90-Day Treasury Bill Index, reflecting the Portfolio's expenses.

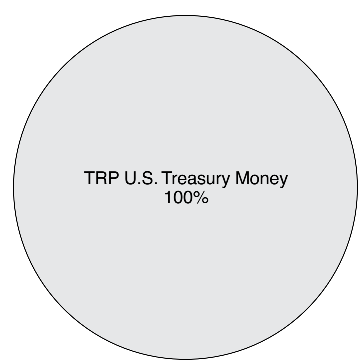
An unchanged Federal Reserve policy, which has targeted a fed funds rate of 0.00% to 0.25% since late 2008, continues to compress money market rates. All money market instruments trade in a very narrow range around the fed funds target rate. The result has been paltry yields for money market fund investors. Yields are expected to remain at extremely low levels until the Fed 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 it is entitled to receive from the Portfolio. For the six-month period ended June 30, 2011, the total amount of the Program Fee waived was $10,366.68. 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

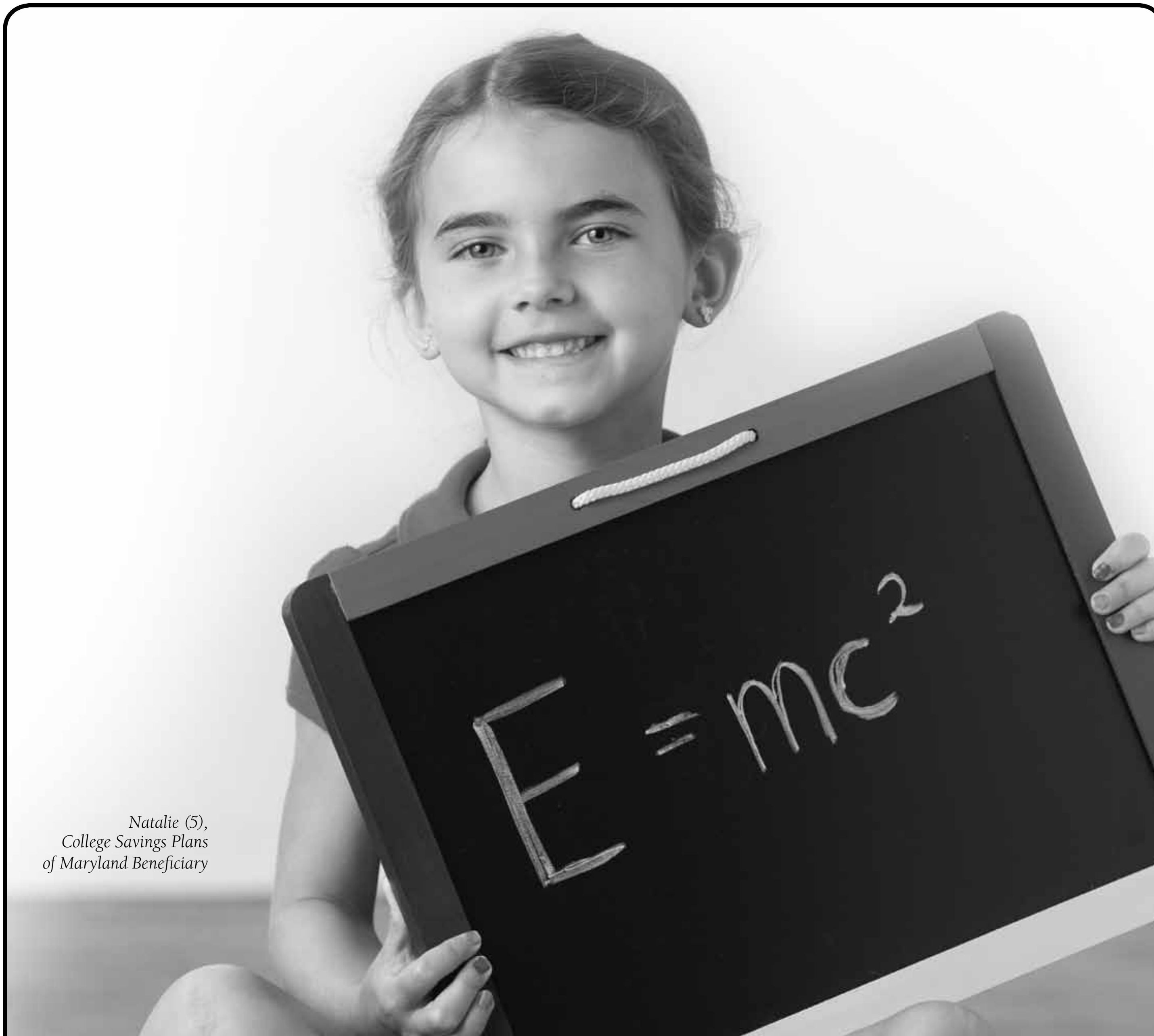


MUTUAL FUND ALLOCATION



Performance Comparison as of June 30, 2011

	6 MONTHS	12 MONTHS	SINCE INCEPTION**
U.S. TREASURY MONEY MARKET PORTFOLIO	0.00%	0.00%	0.00%
Citigroup 90-Day Treasury Bill Index	0.06%	0.14%	0.13%



Natalie (5),
College Savings Plans
of Maryland Beneficiary

For the most recent College Investment Plan investment performance, please visit our website 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. 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.*

Jacob (1 week old),
College Savings Plans
of Maryland Beneficiary

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, 2011. 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 20,434 new accounts, $401 million in contributions and $413 million in net investment income. Deductions from net assets include $216 million in distributions for the fiscal year. This resulted in an increase in net assets of $598 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 0.20% per year of the assets of each investment portfolio. Payment of the program fee by a portfolio is already reflected in the portfolio's net asset value.

The College Investment Plan's aggregate program fees plus its pro-rata share of expenses from the underlying mutual funds may not exceed 0.87% of the College Investment Plan's average net assets in any year. If necessary to remain at the 0.87% 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 0.87% 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, 2011.

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, 2011
(amounts in thousands)

ASSETS	
Current assets:	
Investments, at fair value	$2,449,120
LIABILITIES	
Current liabilities:	
Other liabilities	395
NET ASSETS	
Restricted held in trust for:	
Individuals and organizations	2,448,725
TOTAL NET ASSETS	$2,448,725

See accompanying Notes to Financial Statements.

Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2011

(amounts in thousands)

ADDITIONS

Contributions:	
Total Contributions	$ 400,914
Investment Income:	
Net increase in fair value of investments	369,785
Investment income	43,270
Net investment income	413,055
Total Additions	813,969

DEDUCTIONS

Total payments	216,467
Net change in net assets	597,502
Net assets, beginning of year	1,851,223
Net assets, end of year	$2,448,725

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

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, fund-of-funds, and/or money market mutual funds (Underlying Mutual Funds) managed by Price Associates and/or its affiliated investment advisors. 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, 2011, 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	$ 123,882	$ 44,377	$ 168,259
T. Rowe Price Equity Index 500 Fund	558,786	120,515	679,301
T. Rowe Price Mid-Cap Growth Fund	36,235	19,976	56,211
T. Rowe Price Mid-Cap Value Fund	42,460	13,696	56,156
T. Rowe Price Small-Cap Stock Fund	50,484	25,214	75,698
T. Rowe Price Total Equity Market Index Fund	43,008	6,354	49,362
T. Rowe Price Value Fund	127,434	35,594	163,028
Total domestic stock funds	982,289	265,726	1,248,015
International stock funds			
T. Rowe Price Emerging Markets Stock Fund	28,809	10,347	39,156
T. Rowe Price Int'l Growth & Income Fund	49,974	13,181	63,155
T. Rowe Price International Stock Fund	50,611	17,193	67,804
T. Rowe Price Overseas Stock Fund	59,922	5,720	65,642
Total international stock funds	189,316	46,441	235,757
Domestic bond funds			
T. Rowe Price Short-Term Bond Fund	316,347	7,378	323,725
Blended asset funds			
T. Rowe Price Spectrum Income Fund	538,471	42,687	581,158
Money market funds			
T. Rowe Price Summit Cash Reserves Fund	47,106	0	47,106
T. Rowe Price U.S. Treasury Money Fund	13,359	0	13,359
Total money market funds	60,465	0	60,465
Total Investments in Mutual Funds	$2,086,888	$ 362,232	$2,449,120

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, 2011(in years):

	Weighted Average Maturity	Weighted Average Duration
Domestic bond funds		
T. Rowe Price Short-Term Bond Fund	2.46	1.74
Blended asset funds		
T. Rowe Price Spectrum Income Fund	7.84	4.97

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 and its affiliates provide investment management, recordkeeping and account servicing, administrative, distribution and marketing, custodial, and certain other services to the Plan. Price Associates and/or its affiliated investment advisors 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 0.20% of each Portfolio's average daily net assets. As of June 30, 2011, program fees payable by the Portfolios totaled $393,000.

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, 2011, the Program Manager paid the Board $1,592,000 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, 2011, the Underlying Mutual Funds incurred $4,348,000 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.

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 0.87% 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, 2011, 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, $16,000 of the Money Market Portfolio's program fee was waived during the year ended June 30, 2011, 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.

MARYLAND COLLEGE INVESTMENT PLAN

As of June 30, 2011

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	23,337	$ 948	353,221	$ 14,344	658,225	$ 26,731
T. Rowe Price Emerging Markets Stock Fund	6,519	231	99,958	3,536	173,362	6,134
T. Rowe Price Equity Index 500 Fund	69,930	2,487	1,051,067	37,386	1,964,191	69,866
T. Rowe Price International Growth & Income Fund	24,562	351	366,657	5,236	690,754	9,864
T. Rowe Price International Stock Fund	25,466	378	380,184	5,650	715,499	10,632
T. Rowe Price Mid-Cap Growth Fund	4,640	292	69,771	4,386	129,394	8,134
T. Rowe Price Mid-Cap Value Fund	11,639	292	174,057	4,365	326,864	8,197
T. Rowe Price Overseas Stock Fund	43,221	385	649,869	5,797	1,176,085	10,491
T. Rowe Price Short-Term Bond Fund	0	0	0	0	0	0
T. Rowe Price Small-Cap Stock Fund	10,650	398	157,444	5,885	298,243	11,148
T. Rowe Price Spectrum Income Fund	0	0	0	0	1,275,422	16,032
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	37,839	933	568,784	14,021	1,053,883	25,978
Total Investments at Value		6,695		100,606		203,207
Other assets less liabilities		(1)		(16)		(32)
NET ASSETS		**$6,694**		**$100,590**		**$203,175**
Composition of Net Assets:						
Paid-in capital		$ 6,269		$ 83,024		$ 169,169
Retained earnings		425		17,566		34,006
Units Outstanding		542,459		8,454,980		12,892,783
NET ASSET VALUE PER UNIT[1]		**$ 12.34**		**$ 11.90**		**$ 15.76**
Investments at cost		$ 6,304		$ 83,123		$ 177,963

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

PORTFOLIO 2021		PORTFOLIO 2018		PORTFOLIO 2015		PORTFOLIO 2012		PORTFOLIO FOR COLLEGE	
Shares	**Value**	**Shares**	**Value**	**Shares**	**Value**	**Shares**	**Value**	**Shares**	**Value**
850,466	$ 34,537	652,510	$ 26,498	266,168	$ 10,809	0	$ 0	0	$ 0
225,016	7,961	203,923	7,215	2,571	91	0	0	0	0
2,498,277	88,864	2,644,687	94,071	3,057,420	108,753	2,175,336	77,377	1,236,849	43,995
897,162	12,811	816,708	11,663	70,958	1,013	0	0	0	0
926,275	13,764	845,727	12,567	71,493	1,062	0	0	0	0
163,001	10,246	151,988	9,554	89,426	5,621	0	0	0	0
410,392	10,293	377,100	9,458	223,661	5,610	0	0	0	0
1,454,863	12,977	1,426,424	12,724	224,451	2,002	0	0	0	0
0	0	0	0	6,843,185	33,258	21,031,341	102,212	28,033,225	136,242
363,177	13,576	355,547	13,290	190,720	7,129	0	0	0	0
5,644,548	70,952	11,379,461	143,040	11,917,285	149,800	6,372,756	80,106	0	0
0	0	0	0	5,715,518	5,716	21,767,184	21,767	19,623,169	19,623
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
1,355,233	33,407	1,040,157	25,640	412,952	10,179	0	0	0	0
	309,388		365,720		341,043		281,462		199,860
	(49)		(59)		(55)		(46)		(33)
	$309,339		**$365,661**		**$340,988**		**$281,416**		**$199,827**
	$242,531		$279,165		$256,658		$211,724		$ 159,570
	66,808		86,496		84,330		69,692		40,257
	17,930,313		20,886,091		19,151,696		15,980,873		13,253,997
	$ 17.25		**$ 17.51**		**$ 17.80**		**$ 17.61**		**$ 15.08**
	$253,740		$303,799		$295,667		$253,783		$ 181,901

MARYLAND COLLEGE INVESTMENT PLAN

As of June 30, 2011

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	976,685	$ 39,663	0	$ 0	362,684	$ 14,729
T. Rowe Price Emerging Markets Stock Fund	295,528	10,456	0	0	99,839	3,532
T. Rowe Price Equity Index 500 Fund	3,274,510	116,474	0	0	1,125,326	40,028
T. Rowe Price International Growth & Income Fund	1,137,124	16,238	0	0	418,679	5,979
T. Rowe Price International Stock Fund	1,175,995	17,475	0	0	422,315	6,276
T. Rowe Price Mid-Cap Growth Fund	208,297	13,094	0	0	77,704	4,884
T. Rowe Price Mid-Cap Value Fund	521,772	13,086	0	0	193,579	4,855
T. Rowe Price Overseas Stock Fund	1,753,318	15,640	0	0	630,752	5,626
T. Rowe Price Short-Term Bond Fund	0	0	0	0	0	0
T. Rowe Price Small-Cap Stock Fund	482,555	18,038	0	0	166,777	6,234
T. Rowe Price Spectrum Income Fund	0	0	0	0	5,194,023	65,289
T. Rowe Price Summit Cash Reserves Fund	0	0	0	0	0	0
T. Rowe Price Total Equity Market Index Fund	0	0	3,284,207	49,362	0	0
T. Rowe Price U.S. Treasury Money Fund	0	0	0	0	0	0
T. Rowe Price Value Fund	1,577,040	38,874	0	0	567,789	13,996
Total Investments at Value		299,038		49,362		171,428
Other assets less liabilities		(48)		(8)		(28)
NET ASSETS		**$298,990**		**$ 49,354**		**$171,400**
Composition of Net Assets:						
Paid-in capital		$221,390		$ 42,436		$122,226
Retained earnings		77,600		6,918		49,174
Units Outstanding		17,409,836		4,244,491		9,046,708
NET ASSET VALUE PER UNIT[1]		**$ 17.17**		**$ 11.63**		**$ 18.95**
Investments at cost		$233,474		$ 43,008		$140,214

[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.

	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	4,143,296	$ 168,259
	0	0	0	0	0	0	1,106,716	39,156
	0	0	0	0	0	0	19,097,593	679,301
	0	0	0	0	0	0	4,422,604	63,155
	0	0	0	0	0	0	4,562,954	67,804
	0	0	0	0	0	0	894,221	56,211
	0	0	0	0	0	0	2,239,064	56,156
	0	0	0	0	0	0	7,358,983	65,642
	0	0	10,702,291	52,013	0	0	66,610,042	323,725
	0	0	0	0	0	0	2,025,113	75,698
	4,450,228	55,939	0	0	0	0	46,233,723	581,158
	0	0	0	0	0	0	47,105,871	47,106
	0	0	0	0	0	0	3,284,207	49,362
	0	0	0	0	13,358,987	13,359	13,358,987	13,359
	0	0	0	0	0	0	6,613,677	163,028
		55,939		52,013		13,359		2,449,120
		(12)		(8)		0		(395)
		$ 55,927		**$52,005**		**$13,359**		**$2,448,725**
		$ 36,930		$ 45,911		$ 13,359		$ 1,890,362
		18,997		6,094		0		558,363
		2,710,316		4,041,988		13,358,876		159,905,407
		$ 20.63		**$ 12.87**		**$ 1.00**		
		$ 50,040		$ 50,513		$ 13,359		$ 2,086,888

MARYLAND COLLEGE INVESTMENT PLAN

For the Fiscal Year Ended June 30, 2011

Amounts in thousands

Statements of Operations and Changes in Net Assets	PORTFOLIO 2030	PORTFOLIO 2027	PORTFOLIO 2024	PORTFOLIO 2021	PORTFOLIO 2018	PORTFOLIO 2015
Operations						
Net investment income						
Income distributions from Underlying Mutual Funds	$ 34	$ 993	$ 2,504	$ 5,167	$ 7,796	$ 8,620
Program management expense fee	6	158	345	542	648	614
Expenses waived by program manager	0	0	0	0	0	0
Net investment income	28	835	2,159	4,625	7,148	8,006
Net realized and unrealized gain (loss)						
Net realized gain (loss)						
Sales of Underlying Mutual Fund shares	(1)	(420)	1,218	(1,513)	(970)	6,082
Capital gain distributions from Underlying Mutual Funds	8	335	756	1,125	1,293	1,030
Net realized gain (loss)	7	(85)	1,974	(388)	323	7,112
Change in unrealized gain (loss)	442	18,714	38,855	58,200	59,047	38,864
Net realized and unrealized gain (loss)	449	18,629	40,829	57,812	59,370	45,976
Increase (decrease) in net assets from operations	477	19,464	42,988	62,437	66,518	53,982
Unit Transactions*						
Units issued						
Account holder contributions	5,744	30,317	35,419	41,114	46,788	43,684
Units redeemed						
Account holder distributions	(125)	(2,420)	(4,282)	(8,767)	(10,436)	(13,848)
Increase (decrease) in net assets from unit transactions	5,619	27,897	31,137	32,347	36,352	29,836
NET ASSETS						
Increase (decrease) during period	6,096	47,361	74,125	94,784	102,870	83,818
Beginning of period	598	53,229	129,050	214,555	262,791	257,170
End of period	**$6,694**	**$100,590**	**$203,175**	**$309,339**	**$365,661**	**$340,988**
***Unit information**						
Units outstanding, beginning of period	64	5,929	10,762	15,925	18,682	17,391
Units issued	489	2,749	2,425	2,548	2,840	2,579
Units redeemed	(11)	(223)	(294)	(543)	(636)	(818)
Units outstanding, end of period	542	8,455	12,893	17,930	20,886	19,152

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	TOTAL
$ 7,247	$ 4,065	$ 3,446	$ 520	$ 3,755	$ 2,245	$ 1,260	$ 1	$ 47,653
529	403	538	80	311	105	103	17	4,399
0	0	0	0	0	0	0	(16)	(16)
6,718	3,662	2,908	440	3,444	2,140	1,157	0	43,270
1,986	2,437	(1,701)	(166)	(471)	(12)	235	0	6,704
364	0	1,228	0	620	170	0	0	6,929
2,350	2,437	(473)	(166)	149	158	235	0	13,633
24,264	8,674	68,685	9,391	28,155	3,113	(252)	0	356,152
26,614	11,111	68,212	9,225	28,304	3,271	(17)	0	369,785
33,332	14,773	71,120	9,665	31,748	5,411	1,140	0	413,055
34,455	40,597	37,663	14,516	26,234	13,709	16,894	13,780	400,914
(25,166)	(69,348)	(26,338)	(3,484)	(18,389)	(11,560)	(17,882)	(4,422)	(216,467)
9,289	(28,751)	11,325	11,032	7,845	2,149	(988)	9,358	184,447
42,621	(13,978)	82,445	20,697	39,593	7,560	152	9,358	597,502
238,795	213,805	216,545	28,657	131,807	48,367	51,853	4,001	1,851,223
$281,416	**$199,827**	**$298,990**	**$49,354**	**$171,400**	**$55,927**	**$52,005**	**$13,359**	**$2,448,725**
15,445	15,249	16,707	3,240	8,624	2,604	4,122	4,001	
2,034	2,757	2,380	1,331	1,472	690	1,327	13,780	
(1,498)	(4,752)	(1,677)	(327)	(1,049)	(584)	(1,407)	(4,422)	
15,981	13,254	17,410	4,244	9,047	2,710	4,042	13,359	

MARYLAND COLLEGE INVESTMENT PLAN

For the Fiscal Year Ended June 30, 2011

For a unit outstanding throughout the period

Financial Highlights	PORTFOLIO 2030	PORTFOLIO 2027	PORTFOLIO 2024	PORTFOLIO 2021	PORTFOLIO 2018	PORTFOLIO 2015
Net Asset Value [1]						
Beginning of period	$ 9.30	$ 8.98	$11.99	$13.47	$14.07	$ 14.79
Investment activities [2]						
Net investment income [3]	0.11	0.12	0.18	0.27	0.36	0.44
Net realized and unrealized gain (loss)	2.93	2.80	3.59	3.51	3.08	2.57
Total from investment activities	3.04	2.92	3.77	3.78	3.44	3.01
Net Asset Value [1]						
End of period	**$12.34**	**$11.90**	**$15.76**	**$17.25**	**$17.51**	**$17.80**
RATIOS [5]						
Total Return	**32.69 %**	**32.52 %**	**31.44 %**	**28.06 %**	**24.45 %**	**20.35 %**
Ratio of expenses to average net assets	0.20 %	0.20 %	0.20 %	0.20 %	0.20 %	0.20 %
Ratio of net investment income to average net assets	0.92 %	1.06 %	1.25 %	1.70 %	2.21 %	2.61 %
Portfolio turnover rate	3.4 %	4.0 %	7.6 %	9.0 %	9.3 %	18.4 %
SUPPLEMENTAL INFORMATION						
Weighted-average expense ratio of the Underlying Mutual Funds [6]	0.65 %	0.65 %	0.65 %	0.66 %	0.65 %	0.59 %
Effective expense ratio	0.85 %	0.85 %	0.85 %	0.86 %	0.85 %	0.79 %
Net assets, end of period (in millions)	$ 6.7	$ 100.6	$203.2	$309.3	$365.7	$341.0

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 Includes the effect of voluntary management fee waivers of 0.19% of average net assets. See Note 5 to the Financial Statements for details.

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

6 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.

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
$15.46	$14.02	$12.96	$ 8.84	$15.28	$ 18.57	$12.58	$1.00
0.43	0.27	0.17	0.12	0.39	0.81	0.29	0[4]
1.72	0.79	4.04	2.67	3.28	1.25	0	0
2.15	1.06	4.21	2.79	3.67	2.06	0.29	0
$17.61	**$15.08**	**$17.17**	**$11.63**	**$18.95**	**$20.63**	**$12.87**	**$1.00**
13.91 %	**7.56 %**	**32.48 %**	**31.56 %**	**24.02 %**	**11.09 %**	**2.31 %**	**0.00 %**[4]
0.20 %	0.20 %	0.20 %	0.20 %	0.20 %	0.20 %	0.20 %	0.01 %[4]
2.54 %	1.82 %	1.08 %	1.10 %	2.21 %	4.07 %	2.24 %	0.00 %[4]
29.7 %	10.9 %	6.9 %	2.0 %	9.1 %	9.3 %	14.8 %	15.1 %
0.51 %	0.47 %	0.64 %	0.40 %	0.66 %	0.69 %	0.54 %	0.18 %[4]
0.71 %	0.67 %	0.84 %	0.60 %	0.86 %	0.89 %	0.74 %	0.19 %[4]
$281.4	$199.8	$299.0	$ 49.4	$171.4	$ 55.9	$ 52.0	$13.4

NOTES

NOTES

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