

COLLEGE SAVINGS

PLANS OF MARYLAND

Save here. Go anywhere.



READY TO START SAVING? HERE'S HOW.

1.

Read this booklet first to get an overview of our two 529 plans.

2.

Choose which plan you want to learn more about. Or look at both.

3.

Here comes the fine print. Read the Disclosure Statement for the plan(s) you pick.

4.

Any questions? You can find your answers by checking the Frequently Asked Questions located in the front of each Disclosure Statement or call us at 1-888-4MD-GRAD (463-4723).

5.

You can enroll online at collegesavingsmd.org OR by filling out the form located in the middle of your Disclosure Statement. Send it in and you're set.

2007-2008 MARYLAND 529 PLANS

**MARYLAND PREPAID COLLEGE TRUST
MARYLAND COLLEGE INVESTMENT PLAN**

COLLEGE SAVINGS

PLANS OF MARYLAND

Dear Friends:

For our children to succeed, a college education is no longer a point of advantage; it's almost mandatory for entry into today's competitive marketplace. But with tuition costs rising faster than most salaries, paying for college is becoming increasingly difficult. Doing so requires thoughtful planning and starting your college savings as early as possible.

It is our mission to help Maryland families give their children a college education without accumulating significant debt. That's why we're pleased to offer the College Savings Plans of Maryland, which offer tax-free earnings, a generous Maryland State income deduction, affordable payment plans, flexible investment options, and many other benefits.

In this booklet, you'll find information about both options offered by the State of Maryland: the Maryland Prepaid College Trust and the Maryland College Investment Plan. Since each is based on a different savings strategy and offers distinct benefits, we've provided easy-to-read charts and tools to help you decide which is best for you. You may even choose to enroll in both of them. When you're finished, you'll also find everything you need to open an account.

Sincerely,

College Savings Plans of Maryland Board

Nancy K. Kopp
State Treasurer
Board Chair

Norman Freidkin, CPA
Board Vice Chair

Thomas H. Price, III, Esq.
Board Secretary

Susan R. Buswell
W. Gary Dorsch

Peter Franchot
State Comptroller

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

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

James Earl Lyons, Sr., Ph.D.
Secretary of Higher Education

Enrolling in the College Savings Plans of Maryland is an important decision for you and your family. Please read the entire Enrollment Kit carefully before deciding to enroll.

Section 529 plans offered by other states may offer tax or other benefits to taxpayers or residents of those states that are not available under the College Savings Plans of Maryland. If you live outside of Maryland, you should consider any college savings program offered by your home state or your Beneficiary's home state prior to making a decision to invest in the College Savings Plans of Maryland.

The College Savings Plans of Maryland.

An easier way to save.

Offering a variety of savings strategies, great tax benefits, and other advantages, the College Savings Plans of Maryland make it easier than ever for you to save for college.

Affordability Because the College Savings Plans of Maryland offer so many choices, you're sure to find an option that suits your budget. You can start saving with as little as \$25, using automatic monthly contributions in the College Investment Plan, or purchase as little as a one-semester plan in the Prepaid College Trust.

Save here, study anywhere The College Savings Plans of Maryland allow you to attend nearly any accredited college nationwide—public or private, two-year or four-year. Your child can also use the money at U.S. schools that have campuses outside the country.

Flexibility The Plans also let you choose when and how you use them. Should you want to delay the start of school, there's flexibility as to when you use your account. And in addition to tuition, we have options you can use to pay for things like room and board and other eligible expenses—even graduate school.

Tax benefits The College Savings Plans of Maryland offer hard-to-beat tax benefits, including tax-free earnings when used toward eligible college costs, plus an annual Maryland State income deduction on contributions of up to \$2,500 per account or beneficiary, depending on the Plan you choose. The College Savings Plans of Maryland are the only 529 plans that offer this State income deduction for Maryland taxpayers.

Within the College Savings Plans of Maryland, there are two State-sponsored options to choose from:

The Maryland Prepaid College Trust

locks in tomorrow's tuition at today's prices, offers affordable payment options and the security of a Legislative Guarantee.

The Maryland College Investment Plan

managed by T. Rowe Price, offers a variety of investment portfolios, flexible contribution amounts, and no sales loads or commissions.

Each Plan is based on a different savings strategy and offers distinct benefits. This Enrollment Kit describes both Plans in detail, along with their similarities and differences, and includes definitions of special terms. This information will help you make the decision that's best for you, whether it's one Plan or a combination of both.

With the way tuition costs are going up, investing in the Maryland Prepaid College Trust makes perfect sense. Fifteen years from now, when Kendall's ready for college, we'll pay for it based on today's prices. How great is that?

**ED & MARJORIE JENKINS
WITH SON KENDALL**



Maryland Prepaid College Trust.

Tomorrow's tuition at today's prices.

With the Maryland Prepaid College Trust, you lock in future college tuition at today's prices, and your account can be used at nearly any college nationwide! You also get impressive Maryland State and federal tax benefits and peace of mind knowing that the Prepaid College Trust is backed by a Maryland Legislative Guarantee.

Lock in today's prices Over the last decade, we've seen tuition costs more than double at public and private colleges. Even though these costs may continue to change dramatically by the time your child is ready for college, your account will pay for the number of years purchased as follows:

At a Maryland public college

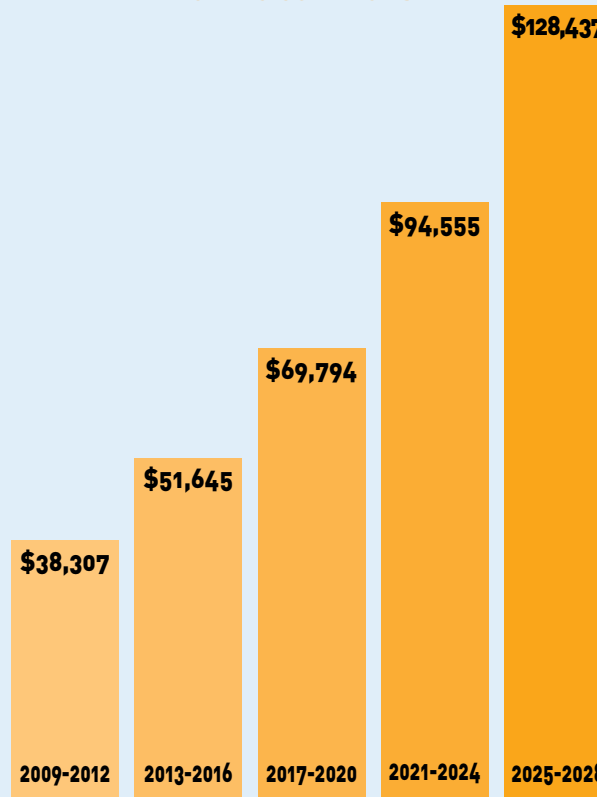
- Full in-state or in-county tuition and mandatory fees, as defined in the Disclosure Statement

At an eligible private or out-of-state college or graduate school

- Up to that year's Weighted Average Tuition of the Maryland public colleges toward the tuition and mandatory fees at the selected college

And don't worry, if your child receives a scholarship or grant, you can use your account toward other eligible college expenses such as room and board, books, course-specific fees, etc.

PROJECTED 4-YEAR AVERAGE TUITION COST MARYLAND PUBLIC COLLEGES



This chart shows the anticipated Weighted Average Tuition for four years at a four-year college based on our projected Weighted Average Tuition for 2008-2009 of \$7,927 at Maryland's public colleges, which is a 7% increase in tuition over the prior year. This chart assumes future annual increases in tuition of 7% annually for each following academic year. A projected 10% annual increase in mandatory fees is also included. Using these assumptions, the Weighted Average Tuition for four years of college beginning in 2009 would be \$38,307, while the four-year Weighted Average Tuition starting in 2024 would be \$128,437.

Flexible tuition plans and payment options

The Prepaid College Trust offers you a variety of tuition plans, which include payment of tuition and mandatory fees.

University Plan: Purchase one semester or one, two, three, four, or five years at a four-year college or university.

Community College Plan: Purchase one or two years at a Community College.

Two-Plus-Two Plan: Purchase two years at a Community College and two years at a four-year college.

The Prepaid College Trust also offers several payment options to help you find one to fit your budget.

Lump Sum: A one-time payment.

Annual: Equal yearly payments.

Five-Year Monthly: 60 equal monthly payments.

Extended Monthly: Equal monthly payments that continue through July 1 of the projected year of the child's college enrollment (or initial year of eligible use for current 10th-12th graders).

Down Payments: 25%, 40%, or 55% of the lump sum, with the remaining amount paid by monthly or annual payments, as described above.

Legislative Guarantee: In the event that the Trust ever experiences a financial shortfall, Maryland law requires the Governor to include funds in the State budget to allow the Trust to pay your full benefits. As with the State budget every year, the Maryland General Assembly has final approval.



“The Maryland Prepaid College Trust gives us a big tax break and a Legislative Guarantee. And by putting our grandkids through college, we’re giving their parents one less thing to worry about.

CATHY GRAYSON
WITH GRANDCHILDREN, CORA & COLIN

Maryland College Investment Plan.

Customize your own plan with a variety of invest

The College Investment Plan is a great way to give students more educational options and offers many advantages, including attractive investment options with professional management by T. Rowe Price, a leader in no-load mutual funds with 70 years of experience devoted to investment management excellence, world-class service and guidance.

Which investment track is best for you?

There's no single investment strategy perfect for everyone. We all have different financial needs and priorities. That's why the College Investment Plan offers a variety of investment options, including Enrollment-Based Portfolios and Fixed Portfolios. You can invest in either investment track or use a combination of both.

ENROLLMENT-BASED PORTFOLIOS

Plan	Portfolio 2027	Portfolio 2024	Portfolio 2021	Portfolio 2018	Portfolio 2015	Portfolio 2012	Portfolio 2009	Portfolio for College
Target Asset Allocations	100% Stocks	100% Stocks	92% Stocks 8% Bonds and Income	77% Stocks 23% Bonds and Income	60% Stocks 40% Bonds and Income	50% Bonds and Income 43% Stocks 7% Conservative Fixed Income	45% Bonds and Income 29% Conservative Fixed Income 26% Stocks	40% Bonds 40% Conservative Fixed Income 20% Stocks



Target asset allocations as of October 1, 2007.

Enrollment-Based Portfolios Enrollment-Based Portfolios are tailored to a student's expected year of college enrollment and are periodically adjusted to become more conservatively invested as the student gets closer to entering college. There are eight Enrollment-Based Portfolios, ranging from 100% stock funds designed for students who are 17 years or more away from college enrollment to a conservative allocation designed for students already in or about to enter college.

FIXED PORTFOLIOS

Plan	Equity Portfolio	Total Equity Market Index Portfolio	Balanced Portfolio	Bond and Income Portfolio	Short-Term Bond Portfolio
Target Asset Allocations	100% Stocks	100% Stocks	60% Stocks 40% Bonds and Income	100% Bonds and Income	100% Bonds

Fixed Portfolios Fixed Portfolios invest in a pre-determined mix of stocks and/or bonds, and the investment mix remains constant. There are five Fixed Portfolios to choose from: Equity, Total Equity

Market Index, Balanced, Bond and Income, and Short-Term Bond. Depending on your own goals and risk tolerance, choose a more aggressively invested Equity Portfolio, a more conservative Short-Term Bond Portfolio, or something in between.

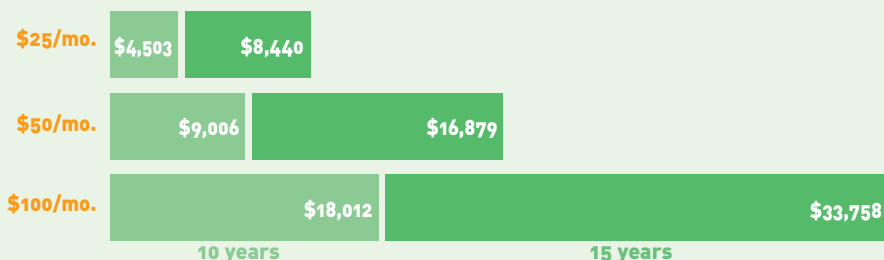


I love saving for Matthew's future, but as a physician I don't have the time to constantly monitor my account. By automatically adjusting as he gets older, the Maryland College Investment Plan does a lot of the work for me. **ALLISON HABAS WITH SON, MATTHEW**

ment options.

The power of compound earnings By regularly saving even a modest amount—and by starting as soon as possible—the power of compound earnings can help increase your account’s value. As shown below, investing \$50 per month for 10 years could result in an account value of \$9,006, assuming a hypothetical 8% return and a 0.28% annual program fee. If you can allow a 15-year investing horizon, your account could grow to \$16,879, using the same assumptions. That’s a significant increase for five additional years of investing.

MONTHLY CONTRIBUTION COMPARISON



Assumes an 8% hypothetical rate of return compounded monthly, a combined federal and state effective tax rate of 29%, and a 0.28% annual program fee charged to administer the College Investment Plan account. The combined federal and state effective tax rate does not include the additional benefits of the Maryland State income deduction. This chart is for illustrative purposes only. It does not represent the return earned by any specific investment option. Investment returns in the College Investment Plan will vary and may be higher or lower than in this example. Making automatic monthly contributions does not assure a profit or protect against loss during varying market conditions.

The power of tax deferral With college costs rapidly rising, it’s important to take advantage of opportunities to increase your savings potential. The money in your account grows tax-deferred, so any earnings have a chance to compound faster than in a taxable account. In addition, any earnings are Maryland and federally tax-free when used toward eligible college expenses.

TAX-DEFERRED GROWTH OVER 18 YEARS



This chart assumes an initial investment of \$5,000 and a \$100 contribution each month for 18 years, at an 8% hypothetical rate of return compounded monthly, a combined federal and state effective tax rate of 29% (for the taxable account), and a 0.28% annual program fee charged to administer the College Investment Plan account. The effective tax rate does not include the additional benefits of the Maryland State income deduction. This chart is for illustrative purposes only. It does not represent the return earned by any specific investment option. Investment returns in the College Investment Plan will vary and may be higher or lower than in this example.

Choose your contribution amount The minimum amount required to open an account is \$250, or you can contribute as little as \$25 with automatic monthly contributions. Once you have opened an account, the maximum that can be invested for a student (regardless of the number of accounts or account holders) cannot exceed \$320,000. This account balance may grow above \$320,000 due to earnings, but no additional contributions can be made at that point.

Use the College Cost Calculator at collegesavingsmd.org to understand the future cost of college and to estimate how much you will need to save to reach your college investment goal.

Compare both options within the College Savings Plans of Maryland.

How can I use the Plans?

What's unique about each Plan?

What are the Maryland tax benefits?

Are there federal tax benefits?

What are the age requirements?

Do I have to live in Maryland?


When can I enroll?

What are my Plan options?

What are my payment choices?

How much can I contribute?

What are the fees
and expenses?



For Chandler, college is only seven years away. Fear of not having enough money when she's ready to start is what got us to open an account. We're investing in both plans. Now I know we'll be ready.

OVEETA & HAYDEN MOORE
WITH DAUGHTER, CHANDLER

Maryland Prepaid College Trust

Maryland College Investment Plan

Use it to pay the full in-state or in-county tuition and mandatory fees at any Maryland public college or up to the Weighted Average Tuition toward nearly any private or out-of-state college.	Use it at nearly any public, private, or technical college nationwide for any eligible higher education expenses such as tuition, fees, room and board, books, course-specific fees or supplies.
It lets you lock in tomorrow's tuition at today's prices, and it is backed by a Maryland Legislative Guarantee.	You can choose from 13 different investment options — ranging from more aggressive to more conservative investment strategies. Your investment return and principal value will vary, depending on the investment option you choose.
The earnings are Maryland tax-free when used toward eligible college expenses. Each account holder can deduct up to \$2,500 of payments each year from Maryland income <u>per account</u> — \$5,000 for two, \$7,500 for three, etc. Payments in excess of \$2,500 per account can be deducted in future years until the full amount of payments has been deducted.	The earnings are Maryland tax-free when used toward eligible college expenses. Each account holder can deduct up to \$2,500 of contributions each year from Maryland income <u>per beneficiary</u> — \$5,000 for two, \$7,500 for three, etc. Contributions in excess of \$2,500 can be deducted for up to the next 10 years. Contributions in following years could be eligible for deduction; however, you cannot deduct more than \$2,500 per beneficiary in any year or extend the 10-year limit on each year's contribution.
Yes, any earnings are federally tax-free when used toward eligible college expenses.	Yes, any earnings are federally tax-free when used toward eligible college expenses.
Enrollment is open to children from newborn through 12 th grade, although accounts must be open for at least three years before tuition benefits can be paid.	Enrollment is open to children or adults of any age.
Either the account holder or child must reside in Maryland or Washington, D.C., when the account is opened.	No, there are no State residency requirements.
December, 2007 through April 4, 2008 — year-round for newborns.	Any time.
There are a variety of tuition plans. Select from one semester or one to five years at a four-year college, one or two years at a community college, or a combination. You may change your tuition plan at nearly any time.	You can invest in multiple portfolios. You can move your investment among portfolios once per calendar year for each student.
There are seven different payment options. You can select one that's right for your family budget. The cost is fixed by number of years purchased, age of child, and payment plan selected. You may change your payment options at any time.	See "How much can I contribute?"
See "What are my payment choices?"	You can invest up to a maximum account balance of \$320,000 per student. You will need to make a minimum investment — \$250 by check or \$25 per portfolio through automatic monthly contributions.
The "Prices and Fees" section of the Prepaid College Trust Disclosure Statement contains information on all applicable fees and expenses.	The "Fees and Expenses" section of the College Investment Plan Disclosure Statement contains information on all applicable fees and expenses.

Select one or both plans. It's a smart choice any way you look at it.

Frequently asked questions about the College Savings Plans of Maryland.

Does my child have to attend a Maryland public college?

No. You can use your accounts toward the costs of nearly any public or private, 2-year or 4-year college nationwide, as long as the student is enrolled in a U.S.-accredited college, university, or technical school that is eligible to participate in U.S. Department of Education student financial aid programs. In fact, many U.S. colleges and universities now have campuses or locations outside of the country, where money from your College Savings Plans of Maryland accounts can be used. The College Savings Plans of Maryland can also be used for nearly any graduate school, medical school, or law school, among others, nationwide.

Can I open more than one account per beneficiary?

Yes. You can open multiple accounts per beneficiary. In the Prepaid College Trust you can purchase contracts for up to five years of college. In the College Investment Plan, you can invest in one or more of the 13 different investment options. You cannot have multiple beneficiaries, however, on the same account.

Do the College Savings Plans of Maryland offer any tax benefits? Yes. The College Savings Plans of Maryland offer hard-to-beat Maryland State and federal tax benefits, starting with tax-deferred savings and a Maryland State income deduction for Maryland residents. Any earnings are Maryland and federally tax-free when used toward eligible college expenses.

If we enroll in the College Savings Plans of Maryland, can we still apply for financial aid? Yes. Participation in the College Savings Plans of Maryland does not limit your ability to apply for financial aid or a student's receipt of merit-based financial aid, including academic or athletic scholarships. Like most investments, however, it may affect your ability to receive need-based financial aid.

What happens if my child receives a scholarship or grant?

There are several options you can choose from:

- Use your account to pay any tuition and fees not covered by the scholarship or grant;
- Apply your account toward other eligible expenses such as room and board, books, or course-specific fees (Prepaid College Trust accounts are first used to pay remaining tuition and mandatory fees);
- Transfer your account to another member of the student's family;
- Keep any unused funds or benefits in your account to pay for future eligible educational expenses, including graduate school; or
- Withdraw any unused funds or benefits up to the amount of the scholarship or grant without penalty. (Income taxes on earnings may apply).

Can I change the child/beneficiary that is listed on the account? Yes. You can transfer your account to any member of the beneficiary's family, as defined by the Internal Revenue Service, without incurring any taxes or penalties. The definition currently includes:

Child or Stepchild, Sibling, Stepsibling or Halfsibling, Parent or Stepparent, Grandparent, Grandchild, Niece or Nephew, Aunt or Uncle, First Cousin, Mother- or Father-in-law, Son- or Daughter-in-law, Brother- or Sister-in-law, Spouse of any individual listed (except first cousin).

What if my child does not go to college immediately after high school? The College Savings Plans of Maryland do not require the child to attend college immediately after graduating high school. The Prepaid College Trust allows up to a 10-year delay (plus time served in active U.S. military service) before you have to start using your benefits. With the College Investment Plan, there are no restrictions on when the account can be used to pay for college expenses. But with both Plans, you also have the following options:

- Transfer your account to another member of the beneficiary's family, or
- Take a withdrawal or reduced refund from your account (penalties and/or income taxes on earnings may apply).

What if the beneficiary or I move out of Maryland after I open an account? You can continue your account, and your beneficiary can still use the account to attend any eligible college or graduate school in the country. However, if you move out of state and no longer pay Maryland income tax, you will no longer receive the Maryland State tax benefits. With the Prepaid College Trust, if the child is no longer a Maryland resident but decides to attend a Maryland public college, we will still pay the full in-state or in-county tuition and mandatory fees. You or the child would be responsible for any out-of-state tuition charges. If you also have a College Investment Plan account, you could apply it toward any other eligible higher education expenses.

What if I experience a financial hardship and need to withdraw the funds for a purpose other than college expenses? You may request a distribution or refund at any time. If the funds are not used for college expenses, Maryland State and federal taxes, plus a 10% federal penalty, will apply to any earnings portion of your distribution or refund. For details about specific tax and other penalties for each Plan, please read the "Certain Federal Tax Considerations" and "Certain State Tax Considerations" sections in each of the enclosed Disclosure Statements.

Enroll now.

What if I already have a 529 plan? Can I transfer my account to the College Savings Plans of Maryland?

Yes. Maryland will accept a rollover of your account with another 529 plan into the College Savings Plans of Maryland. There may be many benefits to moving your account into either the Prepaid College Trust or the College Investment Plan. Foremost among these could be the impact on your Maryland State taxes. If you are a Maryland taxpayer and have an account in another 529 plan, you are not eligible to take the Maryland State income deduction. (All 529 plans offer the same federal tax benefits.) Please contact a customer service representative at 1-888-4MD-GRAD for details. You may also have to contact the sponsor of your current 529 plan for additional details on rolling over your account.

When can I enroll a newborn? A newborn infant can be enrolled in either Plan from the date of his/her birth. An infant under the age of one year can be enrolled in the Prepaid College Trust any time during the year until his/her first birthday at prices that are in effect when the enrollment is completed. You may also enroll in the College Investment Plan and name yourself as the Beneficiary in anticipation of the birth or adoption of a new child or grandchild.

Do my contributions to the College Savings Plans of Maryland qualify as a gift under federal law?

Yes. The Internal Revenue Code provides that payments to an account in the College Savings Plans of Maryland are a completed gift for federal gift tax purposes. You can contribute up to \$60,000 immediately (\$120,000 for married couples) and, under certain conditions, average the total out over five years to remain within the \$12,000 annual gift-tax exclusion. Please consult your tax advisor for more information.

What are the risks involved? As with any investment, there are risks involved in investing in the College Savings Plans of Maryland. To learn about the risks, please read and carefully consider the "Risk Factors" section in the Prepaid College Trust Disclosure Statement and the "General Risks" and "Investment Risks" sections of the College Investment Plan Disclosure Statement.

Saving for college with the College Savings Plans of Maryland is easy. Just follow these simple steps.

For the Maryland Prepaid College Trust:

- Choose a tuition plan for your desired number of semesters or years of college.
- Choose the payment plan that best fits your family's budget.
- Complete an enrollment form for each child you want to enroll by the end of the enrollment period (April 4, 2008).

For the Maryland College Investment Plan:

- Choose one or more investment options.
- Choose how much and how often you wish to contribute.
- Complete an enrollment form for each student you wish to enroll.

You'll find all the information you need in the Disclosure Statements included with this booklet.

Enrollment Methods:

Enroll online at collegesavingsmd.org or by using the forms we've included, which you may mail or hand deliver. You may also copy these forms for multiple enrollments. Enrolling online may require use of a credit card to pay the enrollment fee(s) for the Prepaid College Trust. This is the only time the College Savings Plans of Maryland will accept a credit card.

Payment Methods:

For monthly payment plans, you can pay by check, money order, automatic monthly contributions from your bank account or payroll deduction from a participating employer.

To take advantage of the Maryland income deduction for the 2007 tax year, your completed enrollment form and contribution must be postmarked by December 31, 2007.

COLLEGE SAVINGS
PLANS OF MARYLAND

Save here. Go anywhere.

maryland prepaid college trust
maryland college investment plan

COLLEGE SAVINGS

PLANS OF MARYLAND

Save here. Go anywhere.

Administrator

217 East Redwood Street, Suite 1350, Baltimore, MD 21202 Telephone: 410.767.2024
Monday through Friday – 8:30 a.m. to 5:00 p.m.

collegesavingsmd.org • 1.888.4MD.GRAD

MARYLAND PREPAID COLLEGE TRUST

Baltimore

217 East Redwood Street, Suite 1350
Baltimore, MD 21202
Monday through Friday – 8:30 a.m. to 5:00 p.m.

For General Inquiries:
mpct@collegesavingsmd.org

For Existing Account Holders:
accounts@collegesavingsmd.org

Fax: 410.333.2295

MARYLAND COLLEGE INVESTMENT PLAN

Mailing Address

P.O. Box 17479
Baltimore, MD 21297-1479

info@marylandcollegeinvestmentplan.org

Fax: 410.581.5184

T. Rowe Price Associates, Inc., Program
Manager and Investment Adviser
T. Rowe Price Investment Services, Inc.,
Distributor/Underwriter

WHERE TO FIND MORE INFORMATION

	Prepaid College Trust Disclosure Statement	College Investment Plan Disclosure Statement
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This Highlights Booklet is part of the College Savings Plans of Maryland Enrollment Kit. The Enrollment Kit consists of this Highlights Booklet and Disclosure Statements for the College Investment Plan and the Prepaid College Trust, with accompanying Enrollment Forms. The Enrollment Kit has been identified by the College Savings Plans of Maryland as the Offering Materials intended to provide substantive disclosure of the terms and conditions of an investment in the College Savings Plans of Maryland. The Enrollment Kit is designed to comply with the Disclosure Principles Statement No. 2, adopted by the College Savings Plans Network on July 26, 2005.

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Maryland Prepaid College Trust

Disclosure Statement and Enrollment Form

2007–2008

Enrollment Period: December 1, 2007 – April 4, 2008



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Section 529 plans offered by other states may offer tax or other benefits to taxpayers or residents of those states that are not available under the Maryland Prepaid College Trust. If you live outside of Maryland, you should consider any college savings program offered by your home state or your Beneficiary's home state prior to making a decision to invest in the Maryland Prepaid College Trust.

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Many capitalized terms used in this Disclosure Statement can be found in the Contract starting on page 15.

This Disclosure Statement is part of the College Savings Plans of Maryland Enrollment Kit. The Enrollment Kit consists of a Highlights Booklet and Disclosure Statements for the Maryland Prepaid College Trust and the Maryland College Investment Plan, with accompanying Enrollment Forms. The Enrollment Kit has been identified by the College Savings Plans of Maryland as the Offering Materials intended to provide substantive disclosure of the terms and conditions of an investment in the College Savings Plans of Maryland. The Enrollment Kit is designed to comply with the Disclosure Principles Statement No. 2, adopted by the College Savings Plans Network on July 26, 2005.

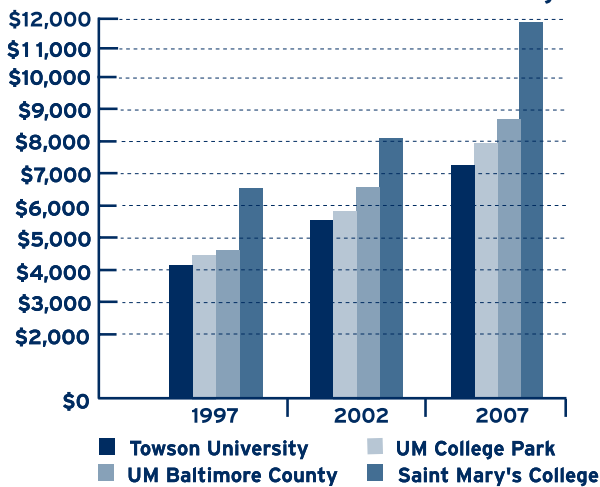
FREQUENTLY ASKED QUESTIONS

Why should I consider the Maryland Prepaid College Trust?

Because by enrolling in the Prepaid College Trust now, you are locking in tomorrow's college education for your child at today's prices. College costs have increased dramatically over the past decade. The chart below shows that tuition and mandatory fees at the University of Maryland College Park, for example, were \$4,460 in 1997 for a full-time, in-state student. By 2002, these costs had increased to \$5,898, and for the 2007-2008 Academic Year, tuition and mandatory fees increased to \$7,968. That's a 79% increase in just 10 years. Increases have occurred at private colleges as well, as shown in the chart to the right. At Johns Hopkins University, the tuition and mandatory fees in 1997 were \$21,700. By 2002, these costs had increased to

Academic Year Tuition & Mandatory Fees

MD Public Colleges



\$27,390, and for the 2007-2008 Academic Year, Johns Hopkins' tuition and mandatory fees have risen to \$35,900. That's a 65% increase over the last 10 years. With the Prepaid College Trust, you can purchase tuition and mandatory fees for 1 semester or 1, 2, 3, 4, or 5 years at a 4-year college; 1 or 2 years at a community college; or a combination of a community college and a 4-year college.

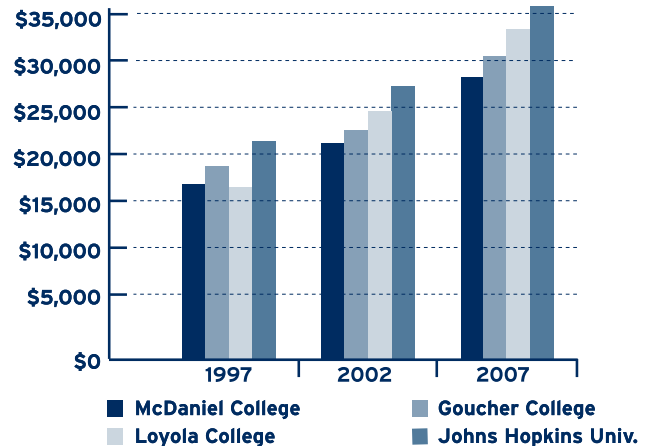
The Prepaid College Trust invests your payments based on our projections that tuition at Maryland public colleges will increase by 7% annually. We project mandatory fees to increase at a rate of 10% annually. We also set a long-term objective of earning an average annual investment return of 7.5%.

What are the fees associated with the Prepaid College Trust?

The operating expenses of the Prepaid College Trust are covered by 2.5% of Contract payments. In addition, each new Prepaid College Trust Account is charged a \$75 Enrollment Fee. If you purchase additional years of Tuition for the same Beneficiary, or open an Account for a Beneficiary for whom you already have a Maryland College Investment Plan account, you pay a reduced Enrollment Fee of \$20. We must receive your Enrollment Fee before your Account can be opened. A complete Schedule of Fees can be found on page 7.

Academic Year Tuition & Mandatory Fees

MD Private Colleges



What will the Prepaid College Trust pay when my child attends college?

The Prepaid College Trust will pay the full in-state or in-county tuition and mandatory fees (Tuition) at any Maryland public college, regardless of how much the cost has increased from today when:

- Your child (Beneficiary) enrolls in college in the future,
- At least 3 years have passed since their enrollment in the Prepaid College Trust, and
- All payments have been satisfied on the Account.

If your Beneficiary selects a private or out-of-state college, the Prepaid College Trust will pay Tuition up to the Weighted Average Tuition (you would have to make up the difference, if any).

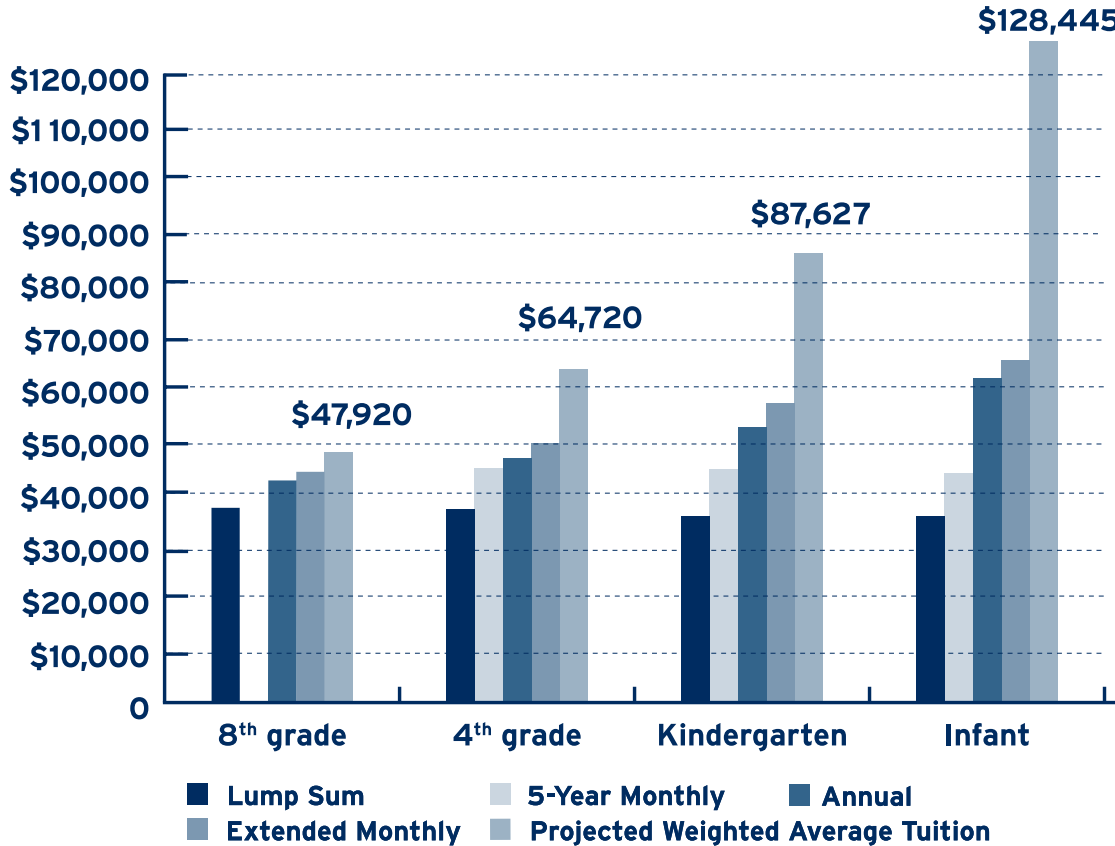
What is the Weighted Average Tuition?

The Weighted Average Tuition is the in-state or in-county Tuition 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. There is a separate calculation for the 4-year public colleges and the 2-year public community colleges in Maryland. The Board calculates the Weighted Average Tuition once each year, typically in the fall for the following year by applying its projected increase for tuition and mandatory fees to the current year's Weighted Average Tuition. The Weighted Average Tuitions for the 2008-2009 Academic Year are \$7,927 for the 4-year public colleges (\$6,097 for tuition and \$1,830 for mandatory fees) and \$3,465 for the community colleges (\$2,918 for tuition and \$547 for mandatory fees).

How does the Legislative Guarantee work?

The Prepaid College Trust is backed by a Legislative Guarantee. This guarantee requires the Governor to submit a request for the Prepaid College Trust in his/her annual budget if the Prepaid College Trust experiences a shortfall in any given year. As with the entire State budget, this request would require General Assembly approval. For additional information, please see the section titled Prepaid College Trust Operations on page 10.

4-Year University Contract Costs vs. Projected Weighted Average Tuition



This chart demonstrates how your payments for the 4-year University Plan compare to our projected cost of four years of Tuition (the Weighted Average Tuition) when your Beneficiary reaches college age. For example, if your Beneficiary is in Kindergarten, using the Extended Monthly Payment Option, your total payments to the Prepaid College Trust for four years of university Tuition will be \$56,448 (\$392 per month for 144 months). This is 64% of our anticipated 4-years of Tuition cost beginning in 2020, your Kindergartener's projected freshman year of college, which is \$87,627.

How long does a student have to begin to use Benefits?

A student has up to 10 years after his/her projected year of high school graduation to begin to use Benefits. In addition, any years spent in active U.S. military service are added to the 10-year limit.

Can there be two Account Holders on an Account?

No. Only one person can be named as the Account Holder when you enroll a Beneficiary. Only the Account Holder can make decisions regarding the Account such as choosing a payment option, changing Beneficiaries, etc. Only the Account Holder can take advantage of the Maryland State income deduction for payments made by the Account Holder. However, anyone can contribute to an Account.

Does the Prepaid College Trust send me an Account Statement?

The Prepaid College Trust sends an *Annual Statement of Account* for each Account during the first quarter of the year. It will show your payments and any Benefits that have been paid on the Account. At any time, however, you may view your Account online at www.collegesavingsmd.org or call our office to request an Account statement.

Can my payments to the Prepaid College Trust ever be more than the actual Benefit?

No. The Board has set a policy where Benefits from the Prepaid College Trust will not be less than payments to your Account plus a reasonable return on your payments. This reasonable return is equal to a U.S. Government Security with a constant maturity of one year minus 1.2% (but will never be less than zero). In certain instances where actual Tuition is less than payments to your Account plus this reasonable return, the difference can be used for other Qualified Higher Education Expenses such as room and board or books.

How does the State income deduction work for the Prepaid College Trust?

The State income deduction is available only to Maryland Residents. Currently, Maryland Residents receive a maximum \$2,500 deduction from their State adjusted gross income annually per Account for contributions to the Prepaid College Trust. The Account Holder is the only person who can take advantage of the Maryland State income deduction for contributions he or she has made. Contributions made in excess of \$2,500 per Account in a single year may be carried forward and deducted from your State adjusted gross income until the full amount contributed to the Account has been deducted, subject to the \$2,500 annual limit. For additional information, see the section titled Certain State Tax Considerations on page 14.

Am I allowed to have both a Prepaid College Trust Account and another 529 Account such as the Maryland College Investment Plan?

Yes. You may have more than one 529 Account for the same Beneficiary. Complementary college savings options may be beneficial for families seeking a diversified college savings portfolio with an investment in the Prepaid College Trust that is backed by a Legislative Guarantee and an investment like the College Investment Plan.

When can I enroll a newborn?

Newborns can be enrolled anytime during the year from the date of their birth until their first birthday at prices that are in effect when the enrollment is completed. This means that prior to the start date of the 2008-2009 Enrollment Period, the prices in effect for newborns will be the prices of the 2007-2008 Enrollment Period. A newborn enrollment is completed upon receipt of a completed Enrollment Form and the applicable Enrollment Fee.

Can I accelerate my payments or pay off my Account early?

Yes. Payoff amounts are available anytime by accessing your Account on our web site or by contacting our office.

You may also:

- 1) Pay more than your monthly or annual payment amount. This may lessen the number of monthly or annual payments you will have to make. This will not reduce the total amount of your payments.
- 2) Reduce the total amount of your payments by making a single payment of at least 25% of the payoff amount.

PRICES AND FEES

All prices are based on several factors; for a full list of these factors, see *Contract Pricing* on page 13 of this Disclosure Statement. If you wish to take advantage of the Maryland State income deduction for the 2007 tax year, your completed 2007-2008 Enrollment Form and a payment must be postmarked by December 31, 2007.

The following tables provide 2007-2008 Enrollment Period contract prices. To determine a price, decide which tuition plan you want, then find the Beneficiary's grade or age and projected enrollment year (or earliest year he/she is eligible to use Benefits) on the left-hand side of the chart. For example, if the Beneficiary will be in the 9th grade during the 2007-2008 school year, the projected year of college enrollment will be 2011. For Beneficiaries in the 10th - 12th grades, the earliest year they are entitled to use Benefits will be 2011. Next, the columns moving across the chart will provide you with the prices and number of payments for different payment options:

lump sum, annual, five-year monthly, and extended monthly. If you would like to use the down payment option, please see page 8 as an example. The down payment options for all Tuition Plans and additional contract price options are posted on our website—collegesavingsmd.org—or available by calling our toll-free number—**1-888-4MD-GRAD** and selecting option 3. The monthly and annual payment prices include a 7.5% interest component. If you enroll during the 2007-2008 Enrollment Period, your first payment will be due August 1, 2008. **If you choose the down payment option, your first payment and the down payment are both due August 1, 2008.**

For a description of how to read the Prices and Fees charts, see the instructions at the top of page 4.

COMMUNITY COLLEGE PLAN – 1 YEAR							
Grade/Age 9/1/07	Projected Enrollment/ Initial Eligibility	Lump Sum Payment	Annual Payments		5-year Monthly Payment	Extended Monthly Payments	
			Amount	Number		Amount	Number
9-12	2011	\$4,145	\$1,487	3	N/A	\$132	36
8	2012	4,112	1,475	3	N/A	103	48
7	2013	4,080	1,463	3	\$85	85	60
6	2014	4,049	1,452	3	85	74	72
5	2015	4,019	1,442	3	84	65	84
4	2016	3,990	1,431	3	83	59	96
3	2017	3,962	1,421	3	83	54	108
2	2018	3,934	1,411	3	82	50	120
1	2019	3,909	1,402	3	82	47	132
K	2020	3,884	1,393	3	81	45	144
4	2021	3,860	1,385	3	81	43	156
3	2022	3,837	1,376	3	80	41	168
2	2023	3,815	1,369	3	80	39	180
1	2024	3,794	1,361	3	80	38	192
Infant	2025	3,774	1,354	3	79	37	204

These instructions apply to the charts on pages 3 – 8

How to read these charts for students who are in the 9th-12th grades for the 2007-2008 Academic Year:

Please note that:

- a 9th grader is projected to enroll in college in Fall 2011;
- a 10th grader is projected to enroll in college in Fall 2010;
- an 11th grader is projected to enroll in college in Fall 2009; and
- a 12th grader is projected to enroll in college in Fall 2008

However, the Initial Eligibility year listed in the second column of each Price Chart for Benefits for all 9th-12th graders is Fall 2011 due to the 3-year minimum maturity period. For further information, see Minimum Maturity in Article IV of the Contract on page 17.

COMMUNITY COLLEGE PLAN – 2 YEARS							
Grade/Age 9/1/07	Projected Enrollment/ Initial Eligibility	Lump Sum Payment	Annual Payments		5-year Monthly Payment	Extended Monthly Payments	
			Amount	Number		Amount	Number
9-12	2011	\$8,258	\$2,958	3	N/A	\$259	36
8	2012	8,192	2,934	3	N/A	201	48
7	2013	8,129	2,912	3	\$166	166	60
6	2014	8,067	2,890	3	165	143	72
5	2015	8,008	2,869	3	163	126	84
4	2016	7,951	2,848	3	162	114	96
3	2017	7,896	2,828	3	161	104	108
2	2018	7,843	2,810	3	160	97	120
1	2019	7,792	2,791	3	159	90	132
K	2020	7,743	2,774	3	158	85	144
4	2021	7,696	2,757	3	157	81	156
3	2022	7,652	2,741	3	156	77	168
2	2023	7,609	2,726	3	156	74	180
1	2024	7,568	2,711	3	155	71	192
Infant	2025	7,530	2,698	3	154	69	204

UNIVERSITY PLAN – 1 SEMESTER							
Grade/Age 9/1/07	Projected Enrollment/ Initial Eligibility	Lump Sum Payment	Annual Payments		5-year Monthly Payment	Extended Monthly Payments	
			Amount	Number		Amount	Number
9-12	2011	\$4,899	\$1,756	3	N/A	\$155	36
8	2012	4,873	1,747	3	N/A	121	48
7	2013	4,848	1,738	3	\$101	101	60
6	2014	4,824	1,730	3	100	87	72
5	2015	4,801	1,721	3	100	77	84
4	2016	4,780	1,714	3	99	70	96
3	2017	4,761	1,707	3	99	64	108
2	2018	4,742	1,700	3	98	60	120
1	2019	4,725	1,694	3	98	56	132
K	2020	4,710	1,689	3	98	53	144
4	2021	4,696	1,684	3	98	51	156
3	2022	4,683	1,679	3	97	49	168
2	2023	4,671	1,675	3	97	47	180
1	2024	4,662	1,671	3	97	45	192
Infant	2025	4,653	1,668	3	97	44	204

UNIVERSITY PLAN – 1 YEAR

Grade/Age 9/1/07	Projected Enrollment/ Initial Eligibility	Lump Sum Payment	Annual Payments		5-year Monthly Payment	Extended Monthly Payments	
			Amount	Number		Amount	Number
9-12	2011	\$9,653	\$3,457	3	N/A	\$302	36
8	2012	9,601	3,438	3	N/A	235	48
7	2013	9,551	3,421	3	\$194	194	60
6	2014	9,504	3,404	3	193	167	72
5	2015	9,460	3,388	3	192	148	84
4	2016	9,419	3,373	3	192	134	96
3	2017	9,380	3,359	3	191	123	108
2	2018	9,344	3,346	3	190	114	120
1	2019	9,310	3,334	3	189	107	132
K	2020	9,280	3,323	3	189	101	144
4	2021	9,252	3,313	3	188	96	156
3	2022	9,227	3,304	3	188	92	168
2	2023	9,204	3,296	3	187	89	180
1	2024	9,185	3,289	3	187	86	192
Infant	2025	9,168	3,283	3	187	83	204

UNIVERSITY PLAN – 2 YEARS

Grade/Age 9/1/07	Projected Enrollment/ Initial Eligibility	Lump Sum Payment	Annual Payments		5-year Monthly Payment	Extended Monthly Payments	
			Amount	Number		Amount	Number
9-12	2011	\$19,253	\$6,891	3	N/A	\$599	36
8	2012	19,152	5,323	4	N/A	464	48
7	2013	19,056	4,385	5	\$383	383	60
6	2014	18,965	3,762	6	382	330	72
5	2015	18,879	3,320	7	380	292	84
4	2016	18,799	2,990	8	378	263	96
3	2017	18,724	2,734	9	377	241	108
2	2018	18,654	2,724	9	375	224	120
1	2019	18,590	2,715	9	374	210	132
K	2020	18,532	2,706	9	373	198	144
4	2021	18,479	2,699	9	372	189	156
3	2022	18,431	2,692	9	371	180	168
2	2023	18,389	2,686	9	370	173	180
1	2024	18,353	2,680	9	369	167	192
Infant	2025	18,322	2,676	9	369	162	204

UNIVERSITY PLAN – 3 YEARS

Grade/Age 9/1/07	Projected Enrollment/ Initial Eligibility	Lump Sum Payment	Annual Payments		5-year Monthly Payment	Extended Monthly Payments	
			Amount	Number		Amount	Number
9-12	2011	\$28,805	\$10,308	3	N/A	\$894	36
8	2012	28,656	7,963	4	N/A	693	48
7	2013	28,516	6,560	5	\$572	572	60
6	2014	28,383	5,629	6	569	492	72
5	2015	28,259	4,967	7	567	435	84
4	2016	28,143	4,473	8	564	392	96
3	2017	28,034	4,092	9	562	360	108
2	2018	27,934	3,790	10	560	334	120
1	2019	27,842	3,544	11	558	312	132
K	2020	27,758	3,342	12	557	295	144
4	2021	27,683	3,173	13	555	281	156
3	2022	27,616	3,030	14	554	268	168
2	2023	27,557	2,908	15	553	258	180
1	2024	27,506	2,803	16	552	249	192
Infant	2025	27,464	2,712	17	551	241	204

UNIVERSITY PLAN – 4 YEARS

Grade/Age 9/1/07	Projected Enrollment/ Initial Eligibility	Lump Sum Payment	Annual Payments		5-year Monthly Payment	Extended Monthly Payments	
			Amount	Number		Amount	Number
9-12	2011	\$38,309	\$13,708	3	N/A	\$1,188	36
8	2012	38,117	10,590	4	N/A	920	48
7	2013	37,935	8,726	5	\$759	759	60
6	2014	37,763	7,488	6	756	653	72
5	2015	37,603	6,608	7	753	577	84
4	2016	37,453	5,952	8	750	521	96
3	2017	37,314	5,446	9	747	477	108
2	2018	37,186	5,044	10	745	443	120
1	2019	37,069	4,718	11	742	415	132
K	2020	36,963	4,449	12	740	392	144
4	2021	36,868	4,225	13	738	372	156
3	2022	36,784	4,035	14	736	356	168
2	2023	36,711	3,873	15	735	342	180
1	2024	36,649	3,733	16	734	330	192
Infant	2025	36,599	3,613	17	733	320	204

Please note: Contract prices for 5 years of the University Plan can be viewed on our website at collegesavingsmd.org or by calling our toll-free number at **1-888-4MD-GRAD** and selecting option 3.

TWO-PLUS-TWO PLAN – 4 YEARS

Grade/Age 9/1/07	Projected Enrollment/ Initial Eligibility	Lump Sum Payment	Annual Payments		5-year Monthly Payment	Extended Monthly Payments	
			Amount	Number		Amount	Number
9-12	2011	\$27,316	\$9,775	3	N/A	\$848	36
8	2012	27,160	7,547	4	N/A	657	48
7	2013	27,011	6,214	5	\$542	542	60
6	2014	26,870	5,329	6	539	466	72
5	2015	26,736	4,700	7	536	412	84
4	2016	26,609	4,230	8	534	371	96
3	2017	26,490	3,867	9	532	340	108
2	2018	26,379	3,579	10	529	315	120
1	2019	26,275	3,345	11	527	295	132
K	2020	26,179	3,152	12	525	279	144
4	2021	26,090	2,991	13	524	265	156
3	2022	26,010	2,854	14	522	253	168
2	2023	25,936	2,737	15	520	243	180
1	2024	25,871	2,637	16	519	234	192
Infant	2025	25,813	2,549	17	518	227	204

Schedule Of Fees

Enrollment Fee – New Prepaid College Trust Account	\$75
Enrollment Fee – Purchase of additional years for the same Beneficiary; OR New Account if same Account Holder and Beneficiary have an account in the Maryland College Investment Plan	\$20
Rollover Fee – For rollover to another 529 plan (except the Maryland College Investment Plan)	\$75
Rollover Fee – For rollover to the Maryland College Investment Plan	\$20
Returned Check Fee	\$28
Late Fee on Monthly Payment (1)	\$10 per month
Late Fee on Lump Sum Payment (1)	\$5 per day
Late Fee on Annual Payment (1)	\$40 per month
Change of Account Holder (2)	\$10
Change of Beneficiary (2, 3)	\$10
Change of Tuition Plan (3)	\$10
Change in Payment Option (3)	\$25
Account Cancellation Fee – if account is canceled due to a reduced refund (4)	\$75
Account Cancellation Fee – due to misrepresentation or fraud	Lesser of \$500 or payments to date
Document Replacement Fee	\$10

The operating expenses of the Trust are funded by 2.5% of all Contract payments. Also, a \$4 payment processing fee has been included in each scheduled payment. The Board reviews all Fees at least annually. All Fees are subject to change upon Board approval. The Enabling Legislation requires that all Fees collected by the Prepaid College Trust be used to administer the Prepaid College Trust.

- (1) If payment is received more than 15 days past the due date.
- (2) These fees are waived in case of death or Disability.
- (3) These fees do not cover possible increases in Contract payments due to plan/payment change.
- (4) This fee is waived in cases of Unused Benefits.

DOWN PAYMENT OPTIONS FOR UNIVERSITY PLAN – 4 YEARS

Grade/Age 9/1/07	Projected Enrollment	Lump Sum Payment	Down Payment			Annual Payments			5-year Monthly Payments			Extended Monthly Payments				
			25%	40%	55%	25%	40%	55%	25%	40%	55%	25%	40%	55%		
9-12	2011	\$38,309	\$9,577	\$15,324	\$21,070	\$10,282	\$8,226	\$6,171	3	N/A	N/A	N/A	\$892	\$714	\$537	36
8	2012	38,117	9,529	15,247	20,964	7,944	6,356	4,768	4	N/A	N/A	N/A	691	554	416	48
7	2013	37,935	9,484	15,174	20,864	6,546	5,237	3,929	5	\$570	\$457	\$344	570	457	344	60
6	2014	37,763	9,441	15,105	20,770	5,617	4,494	3,372	6	568	455	342	491	393	296	72
5	2015	37,603	9,401	15,041	20,682	4,957	3,966	2,976	7	566	453	341	434	348	262	84
4	2016	37,453	9,363	14,981	20,599	4,465	3,573	2,681	8	564	452	340	392	314	237	96
3	2017	37,314	9,329	14,926	20,523	4,086	3,269	2,453	9	561	450	338	359	288	217	108
2	2018	37,186	9,297	14,874	20,452	3,784	3,028	2,272	10	560	449	337	333	267	202	120
1	2019	37,069	9,267	14,828	20,388	3,540	2,882	2,125	11	558	447	336	312	251	189	132
K	2020	36,963	9,241	14,785	20,330	3,338	2,671	2,004	12	556	446	335	295	237	179	144
4	2021	36,868	9,217	14,747	20,277	3,170	2,537	1,903	13	555	444	334	280	225	170	156
3	2022	36,784	9,196	14,714	20,231	3,027	2,423	1,818	14	553	443	333	268	215	162	168
2	2023	36,711	9,178	14,684	20,191	2,906	2,325	1,745	15	552	443	333	258	207	156	180
1	2024	36,649	9,162	14,660	20,157	2,801	2,241	1,682	16	552	442	333	249	200	151	192
Infant	2025	36,599	9,150	14,640	20,129	2,711	2,169	1,628	17	551	441	332	241	194	146	204

Please remember that the down payment and the first subsequent payment are both due on August 1, 2008.

The Down Payment Option is available for ALL Tuition Plans. Please visit our website at collegesavingsmd.org or call us at **1-888-4MD-GRAD** and select option 3 to determine the down payment amounts for a different Tuition Plan.

OPERATIONS AND ADDITIONAL INFORMATION

The following summary is intended to serve as an overview of several aspects of the Prepaid College Trust. Because it is a summary, it does not contain all of the information needed to consider opening an Account. Capitalized terms not otherwise defined in this section are defined in the Contract beginning on page 15. You should read the entire Enrollment Kit, including the Contract, before deciding to participate in the Prepaid College Trust.

Risk Factors

Investments May Not Meet Objectives; Accounts Are Not Insured. As with many investments, we cannot predict that the investments selected by the Board will meet their objectives. Keep in mind also that the Board's investments are not deposits or obligations of, or guaranteed by, any depository institution and are not insured by the Federal Deposit Insurance Corporation (FDIC), Federal Reserve, the State of Maryland or any other government agency. As with any investment, the rates of return and the amount of appreciation and depreciation of the Prepaid College Trust's investments are unpredictable.

Market Uncertainties. Due to market uncertainties, the overall market value of the Prepaid College Trust is 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 Prepaid College Trust to decrease, regardless of our performance. Any decrease in value could result in an actual or actuarial (unrealized) loss to the Prepaid College Trust. See Trust and Legislative Guarantees on page 10.

Internal Revenue Service Regulations Not Final. As of the date of this Disclosure Statement, the Internal Revenue Service (IRS) has not issued final tax regulations regarding programs satisfying the requirements of Section 529 of the Internal Revenue Code (Qualified Tuition Programs). In addition, the Prepaid College Trust has not sought nor has it received a private letter ruling from the IRS regarding the status of the Prepaid College Trust under Section 529 of the Internal Revenue Code. The Board may, in its sole discretion, determine to seek such a ruling in the future.

Effect of Future Law Changes. It is possible that future changes in federal or state laws or court rulings could adversely affect the terms and conditions of the Prepaid College Trust or your Benefits, even retroactively. Specifically, the Prepaid College Trust is subject to the provisions of and any changes to or revocation of Education Article Title 18, Subtitle 19 of the Maryland Annotated Code (Code) and Section 529 of the Internal Revenue Code. It is the Prepaid College Trust's intention to take advantage of Section 529; therefore, it is vulnerable to tax law changes or court or interpretive rulings that might alter the federal and/or State tax considerations described below.

Separately Managed Accounts. Maryland law allows the College Savings Plans of Maryland to be exempt from State procurement law for the selection of separately managed accounts. While this exemption is designed to reduce investment management fees and enhance net returns, there can be no assurance that the exemption will positively impact net returns.

Cost of Certain Payment Plans. Contract prices are determined based on a number of factors. Specifically, total Contract payments for the monthly and annual payment options

are more than the lump sum payment. This is because the monthly and annual payment options take into account the fact that the Prepaid College Trust has a shorter amount of time to generate earnings on your payments. With monthly and annual payments, the Prepaid College Trust does not have the full purchase price available to invest immediately, so it cannot generate the same amount of income as it would with a lump sum payment. As a result, you will pay a greater amount over time for your Benefits than if you make a lump sum payment.

Refunds and Reduced Refunds. Reduced refunds are calculated based on the amount of time your Contract has been in existence and may be net of investment losses associated with your payments on the Contract. See *Article VII* of the Contract. In addition, in cases of financial detriment to the Prepaid College Trust, the Board reserves the right to delay a refund for a period of time not to exceed one year. To date, the Board has not delayed any refund or reduced refund payments.

Rebates. The Board has the option to rebate excess Investment Earnings to Prepaid College Trust participants. By law, rebates would only take place under certain circumstances to ensure the soundness of the Trust. These are: 1) the actuarial surplus is at least 30%; 2) the Trust has not received a loan under the terms of the Legislative Guarantee in the past 5 years; and 3) if the Trust has received a loan under the terms of the Legislative Guarantee, the Trust has repaid the State. Any rebate would be an amount determined solely by the Board. The Prepaid College Trust is currently not eligible for a rebate, and there can be no assurance that, if the conditions listed above are met, the Board would elect to offer such a rebate.

Death of Account Holder. If an Account Holder's Successor has not been named on an Account and the Account Holder dies, control and ownership of the Account will become subject to the estate laws of the state in which the Account Holder resided. If an Account Holder's Successor is a minor at the time of the Account Holder's death, then a Custodian must be named by the minor's parent or guardian.

Death of an Account Holder's Successor. In the event the Account Holder's Successor predeceases the Account Holder and the Account Holder fails to designate another Successor Account Holder or the Account Holder and Successor Account Holder die simultaneously, control and ownership of the Account, upon the Account Holder's death, will become subject to the estate laws of the state in which the Account Holder resided.

Simultaneous Death of Account Holder and Beneficiary. If the Account Holder and Beneficiary on an Account both die and there is no evidence to verify that one died before the other, any appointed Account Holder's Successor shall become the Account Holder on the Account. If no Account Holder's Successor has been appointed, the fiduciary responsible for the disposition of the Beneficiary's estate shall designate the new Account Holder. If no executor or fiduciary has been appointed, one must be appointed by a valid court order for this purpose.

Release of Custodian. For purposes of UGMA/UTMA Accounts, the Custodian will be released upon the Account Holder attaining the age of majority.

Discretion of the Board. The Board, as trustee of the Prepaid College Trust, has the sole discretion to determine how to invest payments made on Contracts. As required by the Enabling Legislation, the Board has adopted a Comprehensive Investment Plan (Investment Plan) that outlines its long-term investment goals for providing the funding of future Benefits and the administration of the Prepaid College Trust. The Investment Plan currently directs the investment of Contract payments into separately managed accounts, commingled funds, and mutual funds. The Board cannot control the selection of specific assets or the amount of a particular investment purchased in each mutual fund. The Board may, in its sole discretion, determine to amend its Investment Plan at any time, including investing in other asset types and by using additional active managers to further diversify its investments.

Tax Considerations. The federal and state tax consequences associated with participating in the Prepaid College Trust can be complex. You should consult a tax advisor regarding the application of tax laws to your particular circumstances. See Certain Federal Tax Considerations starting on page 13 and Certain State Tax Considerations on page 14.

Securities Law Considerations. Contracts between you and the Board may be considered securities. These Contracts will not be registered as securities, based in part on assurances received by the Board from the Staff of the Securities and Exchange Commission that it would not recommend enforcement action if the Contracts were not registered. Outside Maryland and the District of Columbia, the Board will market the Prepaid College Trust only in those states in which it has received assurances from either the states or counsel that offers and sales would be legal without meeting further regulatory requirements. The Board may choose to reject your Enrollment Form if you are a resident of certain other states.

Relationship to Financial Aid. A Beneficiary may wish to participate in federal, state, or institutional loan, grant, or other programs for funding higher education. An investment in the Prepaid College Trust may or may not have an adverse impact on the Beneficiary's eligibility to participate in need-based financial aid programs. Assets in the Prepaid College Trust or another 529 plan would typically be included on the Free Application for Federal Student Aid (FAFSA) form as a parental asset, which is assessed at a lower rate than a student's asset would be when determining a family's expected contribution. Since the treatment of Account assets under any such program may have a material effect on your Beneficiary's eligibility to receive valuable benefits under financial aid programs, you or your Beneficiary will need to check the applicable laws or regulations or check with the financial aid office of an Eligible Institution and/or your tax advisor regarding the impact of an investment in the Prepaid College Trust on need-based financial aid programs.

Relationship of Your Account to Medicaid Eligibility. It is unclear how local and state government agencies will treat Qualified Tuition Program assets for the purpose of Medicaid eligibility. Although there are federal guidelines under Title XIX of the Social Security Act of 1965, each state administers its own Medicaid program and rules could vary greatly from one state

to the next. You should check with an attorney, a tax advisor, or your local Medicaid administrator regarding the impact of an investment in the Prepaid College Trust on Medicaid eligibility.

Privacy Policy

Protecting the privacy of your personal information is important to us. The following paragraphs explain the procedures we have in place to protect this information.

Confidential Information. Maryland law requires that the name and other information identifying a person as an Account Holder or Beneficiary in the Prepaid College Trust be confidential. We recognize our obligation to keep information about you secure and confidential.

Collecting and Using Information. Through your participation in the Prepaid College Trust, we collect various types of confidential information you provide in your Enrollment Form such as your name and the name of your Beneficiary, Social Security numbers, addresses, and demographic information. We also collect confidential information relating to your Prepaid College Trust transactions such as account Benefits, payments and refunds. We do not sell information about current or former Account Holders, Custodians and/or Beneficiaries to any third parties, and we do not disclose it to third parties unless necessary to process a transaction, service an Account, as otherwise permitted or required by law, or with your consent. We may, however, share this information with companies that perform administrative or marketing services for us or with a research firm we have hired. When we enter into such a relationship, our contracts restrict the companies' use of your information, prohibiting them from sharing or using it for any purposes other than those for which they were hired.

Protection of Information. We maintain physical, electronic, and procedural safeguards to protect the information about you that we collect or use. These include restricting access to those individuals who have a need to know the information such as those who service your Account, resolve problems, or inform you of additional products or services where appropriate.

Prepaid College Trust Operations

Contracts. A valid Contract consists of a completed 2007-2008 Enrollment Form, the Schedule of Prices and Fees, the Certificate of Tuition Benefits, and the Enrollment Kit. This Contract creates an obligation for the Prepaid College Trust to pay Benefits according to the terms of the Contract and for you to make scheduled payments.

Trust and Legislative Guarantees. Payment of Benefits is guaranteed by the Prepaid College Trust. In addition, legislation passed during the 2000 Legislative Session provides a Legislative Guarantee. This legislation provides that in the event that funds in the Prepaid College Trust are insufficient to pay full Benefits in any given year, the Governor is required to include an amount in the following year's State budget to fully pay Benefits. As with the entire State budget, the Maryland General Assembly determines the final amount of the appropriation. If 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 Prepaid College Trust. Subject to the rights of the Account Holders, any amount paid to the Prepaid College Trust from the State must be repaid

to the State without interest in equal amounts over the following two fiscal years.

Status of Trust Funds. Funds in the Prepaid College Trust are not considered monies of the State and may not be deposited into the General Fund of the State. In addition, funds remaining in the Prepaid College Trust at the end of any fiscal year remain in the Prepaid College Trust and do not revert to the State General Fund.

Contract Prices. Contract prices are determined for each Enrollment Period. To do so, the Board consults with its actuary, currently Richard M. Kaye & Associates, who provides an annual soundness valuation and Contract pricing. The Board, in consultation with its actuary, uses several factors to calculate each Enrollment Period's prices. Most significantly, the Board reviews the annual soundness valuation and most recent actual and projected Tuition at Maryland Public Colleges to select projections to be used in calculating Contract prices for subsequent Enrollment Periods.

Payments into the Prepaid College Trust. The Prepaid College Trust is not a savings account. It is a fund that pools your payments and invests them in accordance with its Investment Plan. The Investment Earnings generated on these investments make up the difference between your payments and expected future Tuition costs. Payments you make are deposited into the Prepaid College Trust's operating account. The operating account is maintained by SunTrust Bank and is fully insured. The Board uses the funds in this account to purchase investments and to pay Benefits, refunds, rollovers, and the Prepaid College Trust's operating costs, in that order. Separate accounting records are kept for each Account Holder. These records track payments, fees charged and paid, and Benefits or refunds paid.

Plan Governance and Administration

The College Savings Plans of Maryland. The Maryland General Assembly created the College Savings Plans of Maryland as an independent State agency in 1997 to establish a Qualified Tuition Program under Section 529 of the Internal Revenue Code. The College Savings Plans of Maryland's first Qualified Tuition Program, the Prepaid College Trust, was also created by the General Assembly in 1997 to provide families with an affordable, convenient way to pay in advance for the cost of college and reduce future reliance on debt. Subject to the Governor's approval, the General Assembly may amend the 1997 statute that created the Prepaid College Trust by passing new legislation. Bills amending the original legislation have been introduced and passed during the 1998, 1999, 2000, 2003, 2004 and 2007 Legislative Sessions. (The Governor vetoed legislation passed during the 2002 session.) These bills have significantly changed the Prepaid College Trust by creating tax incentives for Maryland Account Holders, expanding features, establishing a Legislative Guarantee for the Prepaid College Trust, changing the name of the agency administering the Prepaid College Trust to the College Savings Plans of Maryland, and exempting the College Savings Plans of Maryland from State procurement laws with respect to the selection of investment managers to invest the assets of the Prepaid College Trust in accordance with the Investment Plan (Exemption).

The College Savings Plans of Maryland Board. As required by the Enabling Legislation, the Prepaid College Trust is directed and administered by the 10-member College Savings Plans of Maryland Board including five ex-officio members. The

ex-officio members are the Maryland State Comptroller, the Maryland State Treasurer, 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 appointed by the Governor from the private sector. The appointed Board members must have significant experience in finance, accounting, investment management, or other areas that can be of assistance to the Board. Board members receive no compensation for their services to the College Savings Plans of Maryland; however, they are entitled to reimbursement for expenses incurred in the performance of their duties. There may be vacancies on the Board from time to time.

Annual Report. Each year the Prepaid College Trust prepares financial statements to be included as part of the College Savings Plans of Maryland Annual Report. Abrams, Foster, Nole & Williams, P.A., an independent accounting firm and auditor to the State of Maryland, has been retained by the Board to audit the Trust's financial statements. The Board is required to submit the Annual Report to the Governor and the General Assembly. This report must include a complete financial accounting of the Prepaid College Trust and the results of the audit. The Board also prepares an Annual Report Summary for Account Holders, which summarizes the results of the audit. The College Savings Plans of Maryland Annual Report and the Annual Report Summary are incorporated by reference into this Disclosure Statement and are available on our website at collegesavingsmd.org or by calling **1-888-4MD-GRAD** and selecting option 5.

The Declaration of Trust. The Prepaid College Trust has been established pursuant to a Declaration of Trust (Declaration), which provides that the Board is the sole trustee of the Prepaid College Trust and that the Board may appoint its staff to act as its designee with respect to the day-to-day operations of the Prepaid College Trust. Among other things, the Declaration provides that the assets of the Prepaid College Trust shall be used exclusively to make payments to Eligible Institutions and make refund payments, each in accordance with the provisions of the Enabling Legislation and the Contracts; pay expenses of the Prepaid College Trust in the management, protection, investment, and reinvestment of Prepaid College Trust assets; and pay the reasonable and necessary operating expenses of the College Savings Plans of Maryland Board. The Declaration also provides that the Board shall adopt a comprehensive investment plan and policies as required by the Enabling Legislation and may change the plan from time to time as they deem in the best interests of Account Holders and Beneficiaries. Also under the Declaration, the Board is required to conduct periodic actuarial reviews of the Prepaid College Trust as required by the Enabling Legislation and must do so by contracting with a qualified actuarial firm to provide specific analyses of Prepaid College Trust assets, liabilities, and forecasts of future income and expenses.

Comprehensive Investment Plan

In accordance with the requirements of the Enabling Legislation, the Board has adopted an Investment Plan. This Investment Plan reflects the philosophy of the Board and outlines the Board's long-term investment goals for providing the funding of future Benefits and the administration of the Prepaid College Trust's investments. The Investment Plan also indicates the Board's guidelines for evaluating the best combination of investment risk level and rate of return to achieve the Prepaid College Trust's

required funding priorities. The Board evaluates investment performance with its financial advisor on at least a quarterly basis.

The Board has retained Mercer Investment Consulting as its financial advisor. Mercer recommended various asset allocation models for the Prepaid College Trust's funds which were considered when the Board approved and adopted the Investment Plan. This Investment Plan has the following two objectives:

- To achieve an average annual investment return of 7.5% over the long-term, and
- To utilize a diversified investment approach that will reduce the variability of investment returns.

The Board reviews the Investment Plan at least annually with its financial advisor. The Board has adopted an asset allocation divided between 7 asset types, which include a maximum allocation to equity of 75%. The asset allocation is within the following ranges:

Domestic large capitalization equity	27 – 42%
Domestic small/mid capitalization equity	10 – 20%
International equity	10 – 20%
International equity, emerging markets	0 – 6%
Intermediate duration fixed income	20 – 35%
Short duration fixed income	0 – 10%
Cash	0 – 3%

The target for the current investment allocation is as follows:

Domestic large capitalization equity	35%
Domestic small/mid capitalization equity	15%
International equity	12%
International equity, emerging markets	3%
Intermediate duration fixed income	29%
Short duration fixed income	5%
Cash	1%

Maryland law provides for an Exemption for investments in the Prepaid College Trust. The Exemption facilitates the College Savings Plans of Maryland's investment in separately managed accounts. This, in turn, allows the Prepaid College Trust to benefit from reduced investment management fees available for these accounts, which is designed to increase the net investment return to the Prepaid College Trust. The Board has adopted guidelines as part of the Investment Plan for separate account managers. These guidelines include standards for diversification within each account, minimum liquidity and maturities, minimum quality standards, prohibited investments, portfolio turnover, and proxy voting. The Board has elected to place its investments in separately managed accounts, commingled funds and no-load mutual funds.

As of September 30, 2007, the Board has chosen to invest in the following separately managed accounts:

- **Navellier & Associates, Inc.** for domestic large capitalization growth equity. This separately managed account invests in companies that exhibit the ability to grow revenues and earnings over the long term at rates higher than the market average.

- **Mellon Equity Associates, LLP** for domestic small capitalization equity. The investment objective of this separately managed account is the long-term growth of capital through investments in small companies that appear undervalued.

- **Rainier Investment Management Inc.** for domestic small/mid capitalization growth equity. The investment objective of this separately managed account is the long-term growth of capital through investments in growing small and mid-size companies.

- **Thompson, Siegel & Walmsley** for domestic small capitalization value equity. This separately managed account is actively managed to invest in companies that appear to be temporarily undervalued by the stock market but have a favorable outlook for long-term growth.

- **Aberdeen Asset Management Inc.** for intermediate duration fixed income. The investment goal of this separately managed account is to build a portfolio of high-quality fixed income securities that deliver superior long-term returns with a conservative risk profile. The inclusion of high-yield, international developed and emerging market securities are permitted, at the discretion of the investment manager and subject to Investment Plan guidelines.

- **Income Research & Management** for short-term domestic bonds. The assets of this separately managed account primarily consist of investment-grade corporate bonds with maturity dates between one and three years.

As of September 30, 2007, the Board has chosen to invest in the following mutual funds:

- **Vanguard Institutional Index Fund** for domestic large capitalization core common stocks. This is an open-end fund that is passively managed and maintains a portfolio of essentially all of the 500 stocks that make up the Standard & Poor's 500 Index.

- **Dodge & Cox Stock Fund** for domestic large capitalization value equity. This is an actively managed fund that invests in companies that appear to be temporarily undervalued by the stock market but have a favorable outlook for long-term growth.

- **Delaware Pooled Trust - International Equity** for international equity. This is an actively managed fund that invests in foreign companies in developed countries, with limited exposure in emerging countries that are expected to produce above-average returns over the long-term future.

- **Vanguard Institutional Emerging Markets Stock Index Fund** for international equity in emerging markets. This is a passively managed fund that seeks to track the performance of the MSCI Emerging Markets Index.

Performance Information

Performance information for investments in the Prepaid College Trust is published each year in the College Savings Plans of Maryland's Annual Report. The most recent report is available on our web site and a Summary Annual Report is mailed annually to each Account Holder.

Rate of Return on Prepaid College Trust Investments as of June 30, 2007

One Year	Three Year	Five Year	Since Inception*
15.5%	10.6%	10.3%	8.0%

*Date of inception is September 1, 1998, the first payment date under the Prepaid College Trust.

Returns are net of all investment fees. Please keep in mind that past performance is not necessarily indicative of future results.

Contract Pricing

The factors and projections we use to determine Contract prices for this enrollment period include:

- 2007-2008 tuition at Maryland Public Colleges;
- Projected tuition increases of 7% in each Academic Year;
- Projected annual mandatory fee increases of 10% in each Academic Year;
- Projected annual earnings of 7.5% on Prepaid College Trust investments;
- Age of the Beneficiary;
- Tuition plan selected;
- Payment option selected;
- 2.5% of Contract payments to pay for the operating expenses of the Trust;
- \$4 payment processing fee for each scheduled payment;
- Projected number of new Contracts in each Enrollment Period;
- A load of 4.7% for the University Tuition Plans and 3.9% for the Community College Tuition Plans to support the actuarial soundness of the Trust.

Following an analysis, calculation, and evaluation of these and other factors, and with the assistance of its actuary, the Board then determines Contract prices for each tuition plan and payment option.

Certain Federal Tax Considerations

General. This section takes a closer look at some of the federal tax considerations you should be aware of when investing in the Prepaid College Trust. However, the discussion is by no means exhaustive and is not meant as tax advice.

Please keep in mind that the IRS has issued only proposed regulations under Section 529 of the Internal Revenue Code; final regulations could affect the tax considerations mentioned in this section or require the terms of the Prepaid College Trust to change.

The Pension Protection Act of 2006 eliminated the 2010 sunset provisions for the federal tax exempt status of Section 529 plans. Some aspects of the Tax Relief Act and recent IRS guidance are still being clarified. In addition, the Prepaid College Trust has not requested or received a private letter ruling from the IRS with regard to the status of the Prepaid College Trust under Section 529 of the Internal Revenue Code. The Board may, in its sole discretion, apply for such a ruling from the IRS.

The federal tax consequences associated with an investment in the Prepaid College Trust can be complex. In addition, some states may impose penalties and/or taxes on investments in or withdrawals from a Qualified Tuition Program offered by other states. These penalties and taxes may, in certain cases, result in an effective reduction or loss of some or all of the federal tax benefits discussed below.

To the extent that any tax advice is given in this Disclosure Statement, it has not been written to be used and cannot be used by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer. Any such tax advice was written to support the promotion or marketing of the Prepaid

College Trust. You should consult a tax advisor regarding the application of federal tax laws to your particular circumstances.

Earnings. Any earnings on your payments are tax-deferred, which means your Account assets grow free of current federal income tax. When a Benefit is paid for Qualified Higher Education Expenses, all of your Account's investment gains are distributed federally income tax-free, provided you do not also claim all or part of these Qualified Higher Education Expenses as a Hope or Lifetime Learning Credit.

Federal Taxation of Benefit Payments. Distributions from your Account have two components: (1) principal, which is not taxable when distributed, and (2) Investment Earnings, if any, which may be subject to federal and possibly state income taxation for residents of states other than Maryland (check your state's tax law). We determine the Investment Earnings portion at calendar year-end based on IRS rules and report to the IRS and the taxable party on Form 1099-Q (or other applicable form). In certain cases, losses may be reported to the IRS. You are responsible for preparing and filing the appropriate forms when completing your federal income tax return and for paying any applicable federal tax directly to the IRS.

Federal Gift/Estate Tax. This section only discusses federal gift and estate taxes. The state law treatment of gift and estate taxes varies, so you should check with your tax advisor. If the amounts contributed on behalf of the Beneficiary together with any other gifts to that child (over and above those made to your Account) do not exceed \$12,000 per year (\$24,000 for married couples making a proper election), no gift tax will be imposed for that year. Gifts of up to \$60,000 can be made in a single year (\$120,000 for married couples making a proper election) for a Beneficiary and averaged out over five years for the gift tax exclusion. This allows you to move assets into tax-deferred investments and out of your estate more quickly. Generally, Benefits are not included in your estate, unless you elect the five-year averaging and die before the end of the fifth year.

In general, if you die with Benefits still remaining in your Account, the Account's value will not be included in your estate for federal estate tax purposes. If your Beneficiary dies, the value of the Account may be included in the Beneficiary's estate for federal tax purposes. Further rules regarding gifts and the generation-skipping transfer tax may apply in the case of Benefit payments, refunds, and reduced refunds; changes of Beneficiaries; and other situations. You should consult with a tax advisor when considering a change of Beneficiary or transfers to another Account for the specific effect of the gift tax and generation-skipping transfer tax on your situation.

Refunds. For federal income tax purposes and pursuant to current IRS guidance, including Form 1099-Q and proposed regulations, the Investment Earnings portion of a refund received in the event of the death or Disability of a Beneficiary or the receipt of a Scholarship, grant, or tuition remission is generally taxable to the Account Holder. However, the refund should be taxable to the Beneficiary if it is paid to the Beneficiary or Eligible Institution. A refund will not be subject to the Distribution Tax discussed below.

Reduced Refunds. Generally, you will be taxed on the Investment Earnings portion of any reduced refund you receive. However, the reduced refund should be taxable to the Beneficiary if it is paid to the Beneficiary. Any reduced refund will be subject to a federal surtax of 10% on any Investment Earnings (Distribution Tax).

Aggregation of Accounts. For purposes of calculating the breakdown between the principal and any Investment Earnings portions of any refund or reduced refund, you must treat all of your Accounts in the Prepaid College Trust with the same Beneficiary as one Account. Therefore, the Form 1099-Q may allocate an amount of Investment Earnings that is greater or lesser than the earnings on that particular Account would justify.

Determination of Taxable Earnings. The principal and Investment Earnings portions of a refund or reduced refund for federal tax purposes are determined by a formula reflecting the proportion of contributions to the overall market value of your Account(s) in the Prepaid College Trust for the same Beneficiary. If the distribution is subject to a Distribution Tax, the Distribution Tax is applied to the Investment Earnings portion. The taxpayer is responsible for calculating and reporting any Distribution Tax to the IRS. Due to the IRS rules regarding aggregation of Accounts, the taxable earnings may be more or less than the income that was earned by any particular Account or Accounts.

Transfers and Rollovers. You can make certain rollovers without incurring a Distribution Tax. The conditions for making such rollovers include the following: (1) you must place the amount to be rolled over into another Account or an account of another Qualified Tuition Program within 60 days of the date we distribute the rollover amount to you; and any new account must be for the benefit of a different Beneficiary who is a Member of the Family of the prior Beneficiary. (If the new Beneficiary is a member of a generation lower than the prior Beneficiary, the rollover may be subject to gift tax or the generation-skipping transfer tax; check with your tax advisor); or (2) you must place the amount to be rolled over into an account of another Qualified Tuition Program for the benefit of the same Beneficiary within 60 days of the date we distribute the transfer amount to you. A rollover for the same Beneficiary is limited to one per 12 months. You may also transfer your Account within the College Savings Plans of Maryland. Changes in your Beneficiary could potentially cause gift and/or generation-skipping transfer tax consequences to the Beneficiary and/or Account Holder.

Coverdell Education Savings Accounts. Contributions may currently be made to both a Coverdell Education Savings Account (defined in Section 530 of the Internal Revenue Code) and a Qualified Tuition Program in the same year on behalf of the same Beneficiary. However, the ability to do so may expire after 2010 unless extended or made permanent by Congress. Additionally, the same educational expenses cannot be claimed for a tax-exempt distribution from both the Coverdell Education Savings Account and the Qualified Tuition Program. A distribution from a Coverdell Education Savings Account to fund an Account in the Prepaid College Trust for the same Beneficiary is not a taxable transaction. Consult with your tax advisor for more information.

Education Tax Credits. You and your Beneficiary, if eligible, can take advantage of Hope and Lifetime Learning Tax Credits without affecting your participation in the Prepaid College Trust or your Benefit. Hope and Lifetime Learning Credits can be claimed in the same year that a tax-exempt distribution is taken from a Qualified Tuition Program provided the distribution is not used for the same educational expenses. Federally instituted guidelines (including income range and the student's year in college) govern who can take advantage of these credits. More information may be found in the IRS Publication 970, which can be viewed online at www.irs.gov.

Certain State Tax Considerations

General. This section takes a closer look at some of the state tax considerations you should be aware of when investing in the Prepaid College Trust. However, the discussion is by no means exhaustive and is not meant as tax advice. The state tax consequences of an investment in the Prepaid College Trust can be complex. You should consult your tax advisor regarding the application of state tax laws to your particular circumstances.

Maryland State Income Deduction for Contributions. Maryland residents receive a maximum annual deduction of \$2,500 per Account on their Maryland tax return. The Account Holder may take any amount disallowed in one year as a deduction in succeeding taxable years until the full amount contributed to the Account has been deducted, subject to the \$2,500 annual limit. Although individuals other than the Account Holder may make contributions to an Account, only an Account Holder may take the annual deduction and, only on amounts contributed by the Account Holder. Please note that your Account statements are not tax documents and should not be submitted with your tax forms.

For additional information on Prepaid College Trust tax benefits for Maryland taxpayers, please refer to Maryland Income Tax Administrative Release No. 32, which can be obtained at www.marylandtaxes.com or by calling **1-800-MD-TAXES**. To take advantage of this income deduction for 2007, your contribution needs to be postmarked by December 31, 2007.

Maryland State Taxation of Benefits. The amount of your Benefit that represents investment gain is Maryland tax-free.

Maryland Taxation of Other Distributions/Recapture of Previous Deductions. When money is withdrawn from an Account and not used to pay Qualified Higher Education Expenses, even if that withdrawal was the result of the Beneficiary's receipt of a Scholarship, grant, or tuition remission or the Beneficiary's death or Disability, any amounts previously taken as a deduction from Maryland adjusted gross income must be added to your Maryland adjusted gross income for the tax year in which you received the distribution.

Non-Maryland Residents. If you are not a Maryland resident, the amount of your Benefit that represents investment gain may be subject to applicable state taxes. You should check with your tax advisor regarding the rules and the state tax benefits, if any, available for your particular state. If you or your Beneficiary live outside Maryland, you may also want to compare the college savings program offered by your state with the Prepaid College Trust.

Maryland Gift and Estate Taxes. Maryland law does not impose gift taxes. Therefore, in the event that an Account Holder elects five-year averaging of contributions of up to \$60,000 in a single year (\$120,000 for married couples making the proper election) and dies prior to the end of the fifth year, a portion of the assets of the Account, while subject to federal gift tax, would not be subject to a Maryland gift tax.

Maryland law imposes an estate tax that parallels the federal estate tax in some respects. Generally, estates below \$1 million are not subject to Maryland estate tax. The Maryland estate tax is equal to the credit provided in federal law without regard to the phased in reduction and elimination of that credit beginning in 2002 and is calculated based on the federal gross estate as reduced by allowable deductions. Therefore, assets remaining in your Account following your death will only affect your Maryland

estate tax if included in the federal gross estate. You should consult a tax advisor when considering the specific effect of Maryland gift and estate taxation on your situation.

Transfers and Rollovers. Earnings on transfers and rollovers may be subject to state tax. Please consult your tax advisor for the specific state tax consequences in your home state.

Creditor Protections

Under Maryland law, your Account is not subject to attachment, garnishment, or seizure by creditors of you or the Beneficiary. Federal law also provides limited creditor protections based on the timing of the contributions and the debtor's relationship to the Beneficiary. Generally, contributions made to a debtor's Account less than one year before the filing of a bankruptcy petition are

included in the debtor Account Holder's bankruptcy estate and are not protected from creditors. Contributions made to a debtor's Account more than one year before the filing of a bankruptcy petition are generally not part of a debtor Account Holder's bankruptcy estate, provided that the contributions are not deemed excess contributions and the Beneficiary is the debtor's child, stepchild, grandchild or stepgrandchild. However, for contributions made between one and two years prior to the filing of bankruptcy petition, a maximum of \$5,000 in contributions may be excluded from the debtor Account Holder's bankruptcy estate.

You should consult a legal advisor regarding the application of this specific law to your particular circumstances and for a determination of whether Maryland or federal law applies to your situation.

CONTRACT – 2007-2008

Article I – Introduction

This agreement describes the basic terms and conditions of the Maryland Prepaid College Trust (Prepaid College Trust) as authorized by Education Article Title 18, Subtitle 19 of the Code (Enabling Legislation). Once you complete and submit an Enrollment Form to open an Account and it is accepted by the College Savings Plans of Maryland Board (Board), a certificate outlining the information from the Enrollment Form and detailing your contract price (Certificate of Tuition Benefits) will be issued to you.

The completed 2007-2008 Enrollment Form includes an acknowledgment that you agree to be bound by the terms and conditions of this document. The completed Enrollment Form, Schedule of Prices and Fees, Certificate of Tuition Benefits, and Enrollment Kit are considered a part of this document. All of these documents constitute the entire agreement between you and the Board and are called the "Contract". You should retain a copy of the Contract, any updates to the Contract and your Account statements for your records.

The Enabling Legislation, regulations, and any guidelines adopted by the Board will be available for inspection at the offices of the College Savings Plans of Maryland. You or any other interested party may receive a copy of the Enabling Legislation and the Contract by contacting the College Savings Plans of Maryland.

This Contract is not a promise or a guarantee that (1) the Beneficiary will be admitted to any Eligible Institution; (2) the Beneficiary will be allowed to continue enrollment at any Eligible Institution after admission; (3) the Beneficiary will be graduated from any Eligible Institution; (4) the Beneficiary will be classified as an in-state or in-county student by any Maryland Public College; (5) the Beneficiary will receive any particular treatment under any applicable state or federal financial aid programs; and/or (6) the Beneficiary's Tuition at any Eligible Institution will be covered in full for the number of years purchased under this Contract unless the Beneficiary attends a Maryland Public College that determines the Beneficiary to be a Maryland resident and all of the terms and conditions of this Contract are satisfied.

Article II – Definitions

The definitions of terms included in the Enabling Legislation apply to this Contract and are incorporated by reference. In addition, the following definitions apply:

1. **Academic Year** means a school year consisting of two semesters, three trimesters, or four quarters that will lead to an associate's degree, a bachelor's degree or a graduate degree, depending on the type of institution in which the Beneficiary is enrolled. One full Academic Year is defined as the amount of full-time, undergraduate Tuition required to cover two academic semesters at no more than 15 credit-hours per semester or the financial equivalent.
2. **Account** means the record that contains the details of payments, fees paid and/or charged, Benefits purchased, Benefits used, remaining Benefits, rollovers, refunds and reduced refunds in connection with a particular designated Beneficiary under this Contract.
3. **Account Holder** or you means the person who signs this Contract, controls the Account, and acquires Benefits for a Beneficiary under its terms and conditions. Under certain circumstances the Account Holder may be the same person as the Beneficiary. The Account Holder may also be any legally recognizable fiduciary such as a trust, guardianship, or estate. If the Account Holder is a minor, then a Custodian must be named by the minor's parent or guardian.
4. **Account Holder's Successor** means the person named in this Contract (or in similar documents later filed with the Board) by the Account Holder, who may exercise the rights of the Account Holder under this Contract if the Account Holder dies or becomes legally incompetent. The Account Holder's Successor may be the Beneficiary and must be a U.S. citizen or resident alien.
5. **Beneficiary** means a person who is entitled to receive Benefits under a Contract and who meets eligibility criteria at the time the Account Holder submits an Enrollment Form. Under certain circumstances, the Beneficiary and the Account Holder may be the same.
6. **Benefits** means the payments provided under this Contract that are described in Articles IV and VI of this Contract.

7. **Disabled or Disability** means the condition of a Beneficiary who is unable to do any substantial gainful activity because of his/her physical or mental condition. The Board will require medical documentation to verify this condition. See IRS Publication 970 for further detail.
8. **Eligible Institution** means the definition of "eligible educational institution" as it appears in Section 529(e) of the Internal Revenue Code, except that the definition is limited to any institution of higher education that offers an associate, bachelor, or graduate degree program and is eligible to participate in federal financial aid programs.
9. **Initial Eligibility** means the year in which a new Beneficiary in the 10th-12th grades may begin to use Benefits due to the 3-year minimum maturity period.
10. **Investment Earnings** for distributions under this Contract means (i) if a Benefit is paid, the difference between the Benefit paid to an Eligible Institution and your payments, or (ii) if you take a refund or reduced refund, the difference between your payments and the amount of your refund. The Investment Earnings will be reported to the IRS on Form 1099-Q (or other applicable form) for the same tax year as the distribution.
11. **Maryland Public College** means any public Eligible Institution in the State of Maryland.
12. **Member of the Family** means the definition of that term as it appears in Section 529 of the Internal Revenue Code.
13. **Qualified Higher Education Expenses** means the definition of that term as it appears in Section 529 of the Internal Revenue Code.
14. **Resident** means a person who is a resident of the State of Maryland or the District of Columbia at the time an Enrollment Form is submitted. For Maryland, this is defined as someone who is required to file a Maryland tax return if he or she otherwise has sufficient income to file a return. For the District of Columbia, Resident means a legal resident of the District of Columbia.
15. **Scholarship** means a scholarship, allowance, or payment as described in §530(d)(4)(B)(iii) and (iv) of the Internal Revenue Code, including payments made on account of attendance at a U.S. military academy.
16. **Signature Guarantee** means a verification of your signature used to prevent fraud. You can obtain a signature guarantee from most banks, savings institutions, and broker-dealers. We cannot accept guarantees from notaries public or organizations that do not provide reimbursement in the case of fraud.
17. **Tuition** means the actual tuition and mandatory fees assessed to all students by an Eligible Institution as a condition of enrollment at the institution. Tuition does not include any fee that is assessed by the Eligible Institution for a particular course taken, year of enrollment, academic status, course of study, residency status, or any other distinguishing factor used by the Eligible Institution to determine a specific fee.
18. **UGMA/UTMA** means the Uniform Gifts to Minors Act/Uniform Transfers to Minors Act.
19. **Unused Benefits** means Benefits remaining in an Account that are available to use for other Qualified Higher Education Expenses or refund.
20. **Weighted Average Tuition** means the in-state Tuition at each Maryland public 4-year college times the number of full-time equivalent in-state students enrolled at each such college, added together. The total is then divided by the total number of full-time equivalent in-state students enrolled at all Maryland public 4-year colleges. The Weighted Average Tuition is for the entire Academic Year and is calculated once each year, typically in the fall for the following year by applying the Board's projected increase for tuition and mandatory fees as used to determine Contract prices, to the current year's Weighted Average Tuition. This number remains in effect for the entire year regardless of whether any Maryland 4-year public college adjusts Tuition for that same year. The Maryland Public Community College Weighted Average Tuition is calculated by a similar method using in-county Tuition and enrollment.

Article III – Participation in the Prepaid College Trust

Enrolling. In order to participate in the Prepaid College Trust, you and your Beneficiary must be a U.S. citizen (or resident alien) and you must complete the Enrollment Form, choose a tuition plan and payment option, and make payments into the Prepaid College Trust according to your selected payment schedule. Either the Beneficiary or the Account Holder must be a Resident at the time the Enrollment Form is signed. The Enrollment Form cannot be processed if any of the required information, including your signature, is not provided. The Board has the sole discretion to determine whether an Enrollment Form is complete and accepted.

Tuition Plans. The Prepaid College Trust offers three tuition plans: the University Plan (1 semester or 1, 2, 3, 4, or 5 years); the Community College Plan (1 or 2 years of community college); and the Two-Plus-Two Plan (2 years of the Community College Plan plus 2 years of the University Plan).

Separate Accounting. There is a separate Account for each Contract. In addition, separate accounting records that track payments, fees paid and/or charged, and Benefits and/or rollovers, refunds or reduced refunds paid are maintained for each Account Holder. However, the existence of an Account does not create a right to, or interest in, any portion or share of Prepaid College Trust assets or earnings.

Ownership. There can only be one Account Holder on each Account. Only you can control the Account, but you can name an Account Holder's Successor at any time.

Right to Information. To protect your privacy, Account information is generally provided only to the Account Holder or Custodian. However, you may direct in writing that someone other than you may request or receive information regarding your Account.

Multiple Contracts/Purchase of Additional Years. You may purchase more than one Contract for a Beneficiary and you may buy additional years for the same Beneficiary. However, no more than five years of Tuition may be purchased for a Beneficiary and no more than one year or two semesters may be purchased for the same Academic Year. You may buy additional year(s) at any time during the year. If the purchase takes place outside of an Enrollment Period, the prices for the previous Enrollment Period will be in effect. You will maintain the original Contract and Account number, as well

as enter into a new Contract and receive a new Account number for the additional semester(s) or year(s). A separate Enrollment Form and an Enrollment Fee must be submitted.

Article IV – Benefits

Benefits must be used to pay for a normal full-time (or half-time, as described below) course load for the number of semesters or years of undergraduate education specified in the tuition plan you select and pay for under this Contract. You can start using Benefits beginning with each fall semester of the projected enrollment year(s) you have purchased, as identified on your Certificate of Tuition Benefits.

If your Beneficiary attends a Maryland 4-year public college as a full-time student, the Prepaid College Trust will pay the full in-state Tuition or the full in-county Tuition if your Beneficiary attends a two-year Maryland Community College. If your Beneficiary attends an Eligible Institution that is private or out-of-state as a full-time student, the Prepaid College Trust will pay no more than one half of the Weighted Average Tuition of the Maryland Public Colleges in the tuition plan you purchased towards each semester or the actual Tuition, whichever is less. If the Beneficiary receives a Scholarship, grant, or tuition remission, the Prepaid College Trust will pay any remaining Tuition up to the scheduled Benefit.

Requesting Benefits. Only the Account Holder may request Benefits. If the Account Holder is a minor, then Benefits must be requested by the Custodian.

Minimum Maturity. This Contract must be in effect for at least three years before Benefits will be paid. Benefits will be paid no earlier than the first fall academic semester at an Eligible Institution following the three-year anniversary of the effective date of your Contract.

Non-Credit Courses. Any non-credit course taken by a Beneficiary will be considered to be part of the normal full-time or half-time course load covered by the Benefits payable under this Contract. No additional full or partial years of Benefits will accrue to a Beneficiary in the event that non-credit courses are included in any of the Benefits payable under this Contract.

Delayed Benefits. Delayed Benefits may occur if an Account Holder elects not to use Benefits for a semester for which they would otherwise be eligible for Benefits. Delayed Benefits may also occur under certain circumstances when applying Benefits from a University Plan to Community College Tuition. You may apply Delayed Benefits toward future Tuition. The Prepaid College Trust will pay the amount it would have otherwise paid the Eligible Institution or the actual cost, whichever is less.

Unused Benefits. Unused Benefits may occur if the Beneficiary receives a Scholarship, grant, or tuition remission or graduates early from college. You may apply Unused Benefits to pay Qualified Higher Education Expenses. When Unused Benefits are used to pay Qualified Higher Education Expenses, the Prepaid College Trust will pay the amount it would have otherwise paid the Eligible Institution or the actual cost of the Qualified Higher Education Expenses, whichever is less. Unused Benefits are always available for a refund or reduced refund in accordance with Article VII. Additionally, Unused Benefits are not subject to the requirement that a Beneficiary be enrolled at least half-time.

Maximum Benefits. The Prepaid College Trust will not pay for more than 15 credit hours for each semester (or the financial equivalent). Under no circumstances will the Prepaid College Trust pay for more than two mandatory fees (or the equivalent) for each year of Benefits purchased for a Beneficiary. The Prepaid College Trust will never pay more than the actual in-state or in-county Tuition or more than the cost of other Qualified Higher Education Expenses. If Tuition or other Qualified Higher Education Expenses are more than the Benefits paid by the Prepaid College Trust, you or your Beneficiary is responsible for the difference.

Minimum Benefits. Minimum Benefits are defined as payments you make under this Contract plus a reasonable rate of return. This monthly rate of return is equal to a U.S. Government Security with a constant maturity of one year minus 1.2%, but will never be less than zero. Notwithstanding any other provisions of this Contract, in the event that Tuition at an Eligible Institution is less than payments you make under this Contract plus a reasonable return, you may use the difference for other Qualified Higher Education Expenses such as room and board and books. Minimum Benefits are calculated each September for the University Plan and for the Community College Plan.

Half-Time Benefits. In order to receive Benefits, other than Unused Benefits, your Beneficiary must be enrolled at least half-time. Half-time is defined as at least one-half of the minimum number of credits necessary to be considered a full-time student by the Eligible Institution. If your Beneficiary attends a Maryland Public College, the Prepaid College Trust will pay one-half of the in-state or in-county Tuition for a full-time student or the actual Tuition charged by the Eligible Institution to the student, whichever is less.

If a student attends an Eligible Institution that is private or out of state, the Prepaid College Trust will pay one-half of the Benefit for a full-time student per semester or the actual Tuition charged by the Eligible Institution to the student, whichever is less. If the Prepaid College Trust's payment does not cover the entire Tuition cost to the student, the Prepaid College Trust is not responsible for the difference.

Graduate Benefits. In order to use Unused Benefits or Delayed Benefits to pay for graduate school, the Beneficiary must be enrolled in at least one graduate course at an Eligible Institution. You can elect to have all, one-half, or none of the Benefits paid. When these Benefits are paid, they will equal the Weighted Average Tuition of the Maryland Public Colleges in the tuition plan selected, the actual Tuition charged by the Eligible Institution, or the actual Benefit remaining in your Account, whichever is least.

Contract Conversion. Prior to using any Benefits, you may convert this Contract from one tuition plan to another (i.e. a Community College Plan to University Plan and visa versa) upon written request to the Board and upon payment of any required fees. As a result of the conversion, the Board will revalue this Contract and you may be required to make additional payments, you may receive a reduced refund, or your payments may be reduced.

Selected Eligible Institution Not Covered by Tuition Plan. If the Beneficiary enrolls at an Eligible Institution that is different from the tuition plan for your Account, your Benefit will equal the Weighted Average Tuition of your current tuition plan. Any remaining Benefit for the Academic Year will become a Delayed Benefit.

Calculations. The Board may develop other methods for the calculation of Benefits payable under Contracts if it determines that

it is necessary to provide consistent Benefits. No such changes may adversely alter the fundamental rights and obligations of the parties to this Contract, except to the extent necessary to assure compliance with applicable state or federal laws or regulations or to preserve favorable tax treatment to you, your Beneficiary, or the Prepaid College Trust.

Article V – Contract Payments

Payment Options. The Prepaid College Trust has five payment options:

1. **Lump Sum Payment.** A one-time payment that covers the full amount of the Contract.
2. **Annual Payment.** Equal yearly payments.
3. **Five-Year Monthly Payment.** 60 equal monthly payments.
4. **Extended Monthly Payment.** A designated number of equal monthly payments typically made through July of the Beneficiary's projected year of high school graduation or year of Initial Eligibility.
5. **Down Payment Option.** A down payment of 25%, 40%, or 55% of the lump sum amount. The remaining amount is paid in equal monthly or annual payments.

At any time, you may elect to pay at least 25% of the outstanding balance and reduce the amount or number of subsequent payments. This significant payment will not affect your next payment due date. You may also make payments in advance or pay your Account in full at any time. The Board may also approve other payment schedules.

You may change the payment option at any time upon written request to the Board, subject to any administrative fees determined by the Board. In the event you are due a refund for overpayment on this Contract, the Board will refund any overpayment. The Board will not, however, refund any earnings on such an overpayment. See Article VII – Termination, Transfer and Refund.

Payment Method. Payments can be made by check, money order, electronic funds transfer, or payroll deduction. All payments must be made in U.S. dollars; checks must be drawn on U.S. banks. If you make a payment by check, money order, or electronic funds transfer, we reserve the right, subject to applicable law, to restrict distribution of that payment from your Account for up to 10 days after the funds are deposited. You may change payment methods at any time upon written request to the Board. The Board may also approve other payment methods.

Due Dates. Payments are due in the amounts stated on the Schedule of Prices and Fees and on the Certificate of Tuition Benefits and are due on dates specified below. In order to avoid late fees, the Account Holder is responsible for making all payments when due, regardless of the receipt of coupon books or invoices.

1. Lump sum payments are due on August 1, 2008.
2. The first annual payment is due on August 1, 2008. All subsequent payments are due on each succeeding August 1 for the designated number of years.
3. The first monthly payment (5-year and extended) is due on August 1, 2008. All subsequent payments are due on the first day of each succeeding month for the designated number of months.
4. The down payment and the accompanying first monthly or annual payment are both due on August 1, 2008. All

subsequent annual payments are due on August 1 of each succeeding year for the designated number of years. All monthly payments are due on the first of each month for the designated number of months.

5. If this Contract is for a newborn child who is not yet one year old, or this Contract is for the purchase of additional years for a Beneficiary outside of a set Enrollment Period, the first payment is due 60 days from the time that the Prepaid College Trust receives a completed Enrollment Form.

Fees. You may be charged fees in amounts that will be determined by the Board, including a nonrefundable Enrollment Fee, an Enrollment Fee for purchase of additional years, late fees, fees for changes, and other administrative fees imposed by the Board. Fees are stated in the Schedule of Fees. The Board may, in its discretion, change the fees charged from time to time. Late fees are assessed on all payments if not received within 15 days of the due date.

Transfers and Rollovers of Assets from Another Qualified Tuition Program. You can transfer assets for the same Beneficiary from another Qualified Tuition Program to the Prepaid College Trust. Rollovers for the same Beneficiary are restricted to one every 12 months. The Account Holder and/or the previous Qualified Tuition Program must provide the Prepaid College Trust with an accurate allocation of principal and earnings on the previous account for application to the new Account. To roll over assets for the same Beneficiary into an Account in the Prepaid College Trust, complete a Rollover Form and an Enrollment Form.

Priority of Payments. Your payments will be applied to your Account in the following order: interest, fees, and principal.

Missed Payments. The Board reserves the right to terminate an Account for missed payments based on the following schedule:

Failure to Make a Payment. If no payment is received within 60 days of the first payment due date of this Contract, you will be in default and deemed delinquent. If no payment is received within 90 days of the first payment due date of this Contract, the Account will be canceled and can only be reinstated at your request with full payment, subject to Board approval.

Missed Payments. If a payment has been made but subsequent payments are missed, your Account will be in default after 30 days of nonpayment and be deemed delinquent. If no payment has been received within 180 days of the last payment, you will receive a warning letter. If no payment is received within 210 days of the last payment, your Account will be canceled and can only be reinstated at your request with full payment, subject to Board approval.

Unpaid Payments and Fees. All payments due, assessed late fees, and/or administrative fees must be paid prior to the use of Benefits.

Article VI – Payments to Eligible Institutions

Time Limits. The Beneficiary has the number of years purchased in the Contract plus 10 years to use all Benefits. This time can be extended for any active service in the U.S. military. Absent a waiver from the Board, failure of the Beneficiary to use all Benefits within the designated time period will be deemed a decision by the Beneficiary not to attend an Eligible Institution and will result in the termination of the Contract, pursuant to the provisions of Article VII. In addition to the following requirements,

the Board may request other information and/or modify or apply specific due dates.

U.S. Dollars. All Benefits will be paid in U.S. dollars.

Undergraduate Tuition Payments to Eligible Institutions and Account Holders.

1. No later than March of the Beneficiary's projected enrollment or Initial Eligibility year, the Board will send a confirmation form to you to ensure that the Beneficiary will be using Benefits during that year and to confirm personal information.
2. No later than March of each year after the Beneficiary has begun using Benefits and has existing Benefits remaining in an Account, the Board will send a confirmation form to you to reconfirm personal information about the Beneficiary.
3. Upon receipt of these confirmation forms, the Board will send a Benefits claim form no earlier than June of the same year. This form must be signed by the Account Holder and returned to the Board with an original invoice from an Eligible Institution. For a reimbursement to an Account Holder, the Account Holder must provide proof of payment.

Graduate Tuition Payments to Eligible Institutions and Account Holders.

1. You must notify the Board in writing that the Beneficiary will be attending graduate school.
2. Upon receipt of this notification, the Board will send you a Benefits claim form. The completed form must be signed by the Account Holder and returned to the Board with an original invoice from the Eligible Institution.
3. Upon receipt of all necessary information and documentation, the Board will pay Benefits directly to the Eligible Institution. For a reimbursement to an Account Holder, the Account Holder must provide proof of payment.

Unused Benefits Applied Toward Qualified Higher Education Expenses at Eligible Institutions.

1. No later than March of each year after a Beneficiary has begun using Benefits and has existing Benefits remaining in an Account, the Board will send you a confirmation form to reconfirm personal information about the Beneficiary.
2. Upon receipt of this form, the Board will send a Benefits claim form no earlier than June of the same year. This form must be signed by the Account Holder and returned to the Prepaid College Trust with an original invoice from the Eligible Institution.
3. Upon receipt of all necessary information and documentation, the Board will pay Benefits directly to the Eligible Institution or reimburse the Account Holder (with proof of payment), as appropriate.

Article VII – Termination, Transfer, and Refund

Termination.

1. Only you can terminate this Contract and receive a refund or reduced refund. The Board will determine the amount of any refund or reduced refund pursuant to the terms of this Contract. You may designate an Account Holder's Successor to take control of the Account in the event of your death. You may modify or terminate this Contract or, upon written notice, request a refund or reduced refund without the consent or authorization of the Account Holder's Successor or the Beneficiary. In the

event you are due a refund for overpayment on this Contract, the Board will refund any overpayment. The Board will not, however, refund any earnings on such an overpayment. The value of your Account will be updated only on dates on which the New York Stock Exchange is open for business.

2. This Contract will terminate 10 years after your Beneficiary's year of projected enrollment/Initial Eligibility plus the number of years purchased in the Contract(s). This time can be extended for any active service in the U.S. military. You may request a waiver to extend the time period allowed to use Benefits. Any waiver request will be subject to the approval of the Board, in its sole discretion. If time has expired on this Contract, Unused Benefits remain in your Account, and no waiver has been made, the Contract will be terminated. If you have not claimed the Unused Benefits within five years, the Benefits may be considered abandoned property and will, without proper claim by the Account Holder, revert to the State.
3. If (a) you fail to make the required payments or supply necessary information, (b) the maximum period in which Benefits can be used has expired, or (c) it is determined that either you or the Beneficiary has made any material misrepresentation related to the Contract, the Board in its sole discretion may terminate the Contract.

Transfers to Other Eligible Programs. Upon notification in writing to the Board, you may transfer your Account to another program intended to comply with Section 529 of the Internal Revenue Code. All transfers are subject to the Internal Revenue Code. If this Contract is less than 3 years old as measured from the first payment due date, the transferable amount will equal the contributions to the Prepaid College Trust plus or minus 75% of the Investment Earnings or losses realized on the contributions, less any administrative fees or Benefits used. If this Contract is over 3 years old as measured from the first payment due date, the transferable amount will equal the contributions to the Prepaid College Trust plus or minus 100% of the Investment Earnings or losses realized on the contributions, less any administrative fees or Benefits used.

Transfers within the College Savings Plans of Maryland.

The transferable amount for transfers from the Prepaid College Trust to the Maryland College Investment Plan will equal the contributions to the Prepaid College Trust plus or minus 100% of the Investment Earnings or losses realized on the contributions, at the time the Account is transferred, less any administrative fees or Benefits used, regardless of how long the Contract has been in effect.

Refund. Refunds are only given at the written request of the Account Holder, with an original signature, for a specific semester(s) or year(s) under the following circumstances.

Death or Disability of the Beneficiary.

1. *Beneficiary Enrolled at Eligible Institution.* The refund will be the amount that would have otherwise been paid directly to the Eligible Institution.
2. *Beneficiary Not Enrolled at Eligible Institution.* If the Beneficiary has finished high school, the refund will be equal to the Weighted Average Tuition within the tuition plan. If the Beneficiary has not yet graduated from high school or the death or Disability occurs prior to the year of Initial Eligibility, the refund will be the payments made to date, plus or minus the Prepaid College Trust's investment return for the time the money is in the Prepaid College Trust.

Scholarship, Grant or Tuition Remission. The refund will be the amount that would have otherwise been paid directly to the Eligible Institution.

Reduced Refund. Reduced refunds are given under all other circumstances. The reduced refunds discussed below include a financial penalty on Investment Earnings in order to maintain the actuarial soundness of the Prepaid College Trust.

A Contract in existence for less than three years as measured from the first payment due date. The reduced refund will equal the actual payments made less any administrative fees, plus or minus 50% of the Investment Earnings or losses on payments, as calculated in this section.

A Contract in existence for three years or more as measured from the first payment due date. The reduced refund will equal the actual payments made, less any administrative fees, plus or minus 90% of the Investment Earnings or losses on payments, as calculated in this section.

For all reduced refunds, Investment Earnings or losses on payments will be 50% or 90% of the Prepaid College Trust's investment return, applied against each payment from the time it is made until the time it is refunded. All requests will be processed in a timely and expeditious manner. In order to preserve the financial stability of the Prepaid College Trust, the Board reserves the right to delay a refund for a period of time not to exceed one year.

Unused Benefits Available for Refund. At the written request of the Account Holder, Unused Benefits remaining in an Account that are not transferred to another Beneficiary or used to pay Qualified Higher Education Expenses may be refunded in accordance with this Article VII.

Supporting Documentation. The Board, in its discretion may require supporting documentation. Specifically, Accounts opened via the Internet will require a Signature Guarantee of the Account Holder to request a refund or reduced refund.

Article VIII – Substitutions

General. A change in Beneficiary, Account Holder, or Custodian is effective only when all required documents are received in good order and processed. A Beneficiary change or transfer of assets may be denied or limited if it causes one or more Accounts in the Prepaid College Trust or the Maryland College Investment Plan to exceed the maximum aggregate allowable Account balance for a Beneficiary.

New Beneficiary. You may change the Beneficiary to a Member of the Family of the Beneficiary at any time. The Board will then calculate the new payment amount given the change, if any, in projected college enrollment or Initial Eligibility year. As a condition of such Beneficiary change, you are required to pay additional costs that may be necessary. All Beneficiary changes must be requested in writing and include information as determined by the Board. If you have overpaid, you may take a reduced refund as provided in Article VII or transfer the overpayment to another Member of the Family of the original Beneficiary. If you change the Beneficiary, all terms and conditions of this Contract continue to apply, even though the original Beneficiary has been changed.

New Account Holder. You may transfer control of the Contract to a new Account Holder unless the Account has been funded with the proceeds from an UGMA/UTMA account. All transfers must be requested in writing and include information as

determined by the Board. Your right of control may not be sold, transferred, used as collateral, or pledged or exchanged for money or anything of value. The Board may require affidavits or other evidence to establish that such a transfer is non-financial in nature. Your right of control may also be transferred under an appropriate court order as part of divorce proceedings. If you transfer control of the Contract to a new Account Holder, the new Account Holder must agree to be bound by the terms and conditions of this Contract.

New Custodian. If the Account has been funded with assets originally held in an UGMA/UTMA account, you may transfer control of the Contract to a new Custodian upon written notice to the Prepaid College Trust. The notice may be from:

- The Custodian, stating that, in accordance with the terms and conditions of the UGMA/UTMA, the Custodian is releasing control of the Contract to the Beneficiary or to another person who has been properly appointed Custodian;
- A valid court that has appointed another person as Custodian; or
- If the current Custodian dies or is declared legally incompetent and there is no named successor, the person legally authorized to act on behalf of the Account Holder, appointing a new Custodian.

If the Contract was not funded from an UGMA/UTMA:

- The Custodian may be released upon the Account Holder attaining the age of majority (currently 18 years old for Maryland residents) or becoming legally emancipated in accordance with Maryland law;
- The Custodian may be replaced upon written notice to the Prepaid College Trust that he or she has appointed another Custodian or that a valid court order has appointed another person as Custodian; or
- If the current Custodian dies or is declared legally incompetent and there is no named successor, the person legally authorized to act on behalf of the Account Holder may replace the Custodian.

Release of Custodian. The Custodian will be released upon the Account Holder attaining the age of majority.

Article IX – General Provisions

Account Holder's Representations and Acknowledgments.

I, as Account Holder, represent and warrant to, and acknowledge and agree with, the College Savings Plans of Maryland and the Prepaid College Trust regarding the matters set forth in this Contract, including that:

- I have carefully reviewed all information provided by the Board with respect to the College Savings Plans of Maryland and the Prepaid College Trust, including the Disclosure Statement included in the Enrollment Kit.
- I have been given an opportunity to ask questions and receive answers concerning the terms and conditions of the Prepaid College Trust and this Contract.
- I have been given an opportunity to obtain any additional information needed to complete my Enrollment Form and/or verify the accuracy of any information I have furnished.
- I cannot use my Account as collateral for any loan. I understand that any attempt to use my Account as collateral for a loan would be void. I also understand that neither the

College Savings Plans of Maryland nor the Prepaid College Trust will lend any assets to my Beneficiary or to me.

- Except as described in this Contract, I will not assign or transfer any interest in my Account. I understand that, except as provided under Maryland law, any attempt to assign or transfer that interest is void.
- I am and my Beneficiary is either a citizen or a Resident Alien of the United States.
- Neither the State of Maryland, the Board, the College Savings Plans of Maryland, the Prepaid College Trust, the Board as trustee, any other agency of the State of Maryland, nor any other counsel, advisor, or consultant retained by, or on behalf of, those entities, nor any employee, officer, or official of any of those entities (collectively, the Plan Officials) is liable:
 - For a failure of the College Savings Plans of Maryland and/or the Prepaid College Trust to qualify or to remain a Qualified Tuition Program, as defined by Section 529 of the Internal Revenue Code, including any subsequent loss of favorable tax treatment under state or federal law; or
 - My statements, representations, warranties, and covenants will survive the termination of my Account.

Changes to an Account. All notices, changes, options, and elections requested by you under this Contract must be in writing, signed by you, and received by the Board. The Board is not responsible for the accuracy of such documentation. If acceptable to the Board, notices, changes, options, and elections relating to the Beneficiary will take effect within a reasonable amount of time after the Board has received the document, unless the Board agrees otherwise.

Address Changes. The Account Holder shall notify the College Savings Plans of Maryland of any change of address of any person listed on the Enrollment Form submitted by the Account Holder.

Changes to the Contract. The Board may amend the terms of this Contract from time to time to comply with changes in the law or regulations or if the Board determines it is in the College Savings Plans of Maryland's and/or the Prepaid College Trust's best interest to do so. However, the Board will not retroactively modify existing Contract provisions in a manner adverse to you or your Beneficiary, except to the extent necessary to assure compliance with applicable state (including the Enabling Legislation) and federal laws or regulations or to preserve the favorable tax treatment to you, your Beneficiary, the College Savings Plans of Maryland, or the Prepaid College Trust. The Board will promptly notify you of such amendments, and you will be bound thereby unless you notify the Board in writing of your intent to terminate the Contract within 60 days of the date of the notice.

Guide to Interpretation. This Contract is intended to qualify for the tax benefits of Internal Revenue Code Section 529. Notwithstanding anything in this Contract to the contrary, this Contract will be interpreted and/or amended to comply with the requirements of that section and applicable regulations.

Board Discretion. In order to comply with changes in the law or regulations, carry out its obligations as fiduciary of the College Savings Plans of Maryland under the Enabling Legislation, and/or maintain actuarial soundness, the Board may, at any time in its sole discretion, determine the acceptance of an Enrollment Form and the Contract prices applicable to the related Account or provide a waiver to specific provisions of this Contract. Any decision or waiver

may apply to one, a selected number, or all Accounts and may be for a limited duration. In addition, pursuant to the Enabling Legislation, in certain circumstances, if the Board determines that the market value of the assets of the Prepaid College Trust exceeds the amount needed to satisfy all scheduled payments of Benefits currently due or scheduled to be due under all Contracts by 30% or more, the Board in its discretion, may provide for a rebate from the excess to Account Holders of existing Contracts. Any rebate would be an amount determined solely by the Board. Neither you nor your Beneficiary may direct the investment of any contribution to the Prepaid College Trust or any earnings in the Prepaid College Trust.

Factual Representation. All factual determinations regarding your or your Beneficiary's residency, Disability, the existence of hardship, and any other factual determinations regarding this Contract will be made by the Board based on the facts and circumstances of each case.

Severability. In the event that any clause or portion of this Contract is found to be invalid or unenforceable by a court of competent jurisdiction, that clause or portion shall be severed from the Contract and the remainder of the Contract shall continue in full force and effect as if such clause or portion had never been included.

Precedence. In the event inconsistencies are found in the documents governing the Prepaid College Trust, the order of precedence from most governing to least governing will, except as to provisions that expressly provide otherwise in the Declaration, be as follows: (i) the Internal Revenue Code, (ii) the Enabling Legislation and the Maryland statutes; (iii) the Declaration; (iv) Board policy; and (v) this Contract. In addition, if there are any inconsistencies between this Contract and the Enrollment Form and/or the Certificate of Tuition Benefits, the terms of this Contract shall prevail.

Claims. Any claim by you or your Beneficiary against the Board pursuant to this Contract shall be made solely against the assets of the Prepaid College Trust. The obligations of the Prepaid College Trust under this Contract are initially payable out of monies received from you and earnings from investments, and no recourse shall be had by you or your Beneficiary against any of the Plan Officials in connection with any right or obligations arising out of this Contract. This Contract is not an obligation of the State, and neither the full faith and credit nor the taxing power of the State can be pledged to the payment of Benefits hereunder. All obligations hereunder are legally binding contractual obligations of the Prepaid College Trust only, a program of the College Savings Plans of Maryland, an independent agency of the State of Maryland.

Legislative Guarantee. The Enabling Legislation provides that in the event that funds in the Prepaid College Trust are insufficient to pay full Benefits in any given year, the Governor is required to include an amount in the following year's State budget to fully pay Benefits. As with the entire State budget, the Maryland General Assembly determines the final amount of the appropriation. If 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 Prepaid College Trust. Subject to the rights of Account Holders, any amount paid to the Prepaid College Trust from the State must be repaid to the State without interest in equal amounts over the following two fiscal years.

Applicable Law. This Contract shall be interpreted under the laws of the State of Maryland and applicable federal law, including 26 U.S.C. §529, as amended.

Print date: 11/07

COLLEGE SAVINGS

PLANS OF MARYLAND

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•

MARYLAND COLLEGE INVESTMENT PLAN

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COLLEGE SAVINGS PLANS OF MARYLAND SPEAKERS AVAILABLE

If you would like to host a free College Savings Plans of Maryland information session at your child's school, sponsor an employee forum at your workplace, have a speaker at a meeting of a social or community organization, or have a neighborhood meeting for the parents and grandparents on your block, all you have to do is let us know. Our Ambassadors travel the state providing various groups and organizations with complete information on how the College Savings Plans of Maryland can help parents, grandparents, and others save for a child's future college education.

To schedule an Ambassador for your group, visit our website at collegesavingsmd.org, complete a copy of our Speaker Request Form and return it to us or call our toll-free number and select option 3 to speak with a representative. We will then confirm your time, date, and speaker.

MARYLAND PREPAID COLLEGE TRUST

2007-2008 Enrollment Form

Instructions

1. Complete all required sections of this form. PRINT OR TYPE ALL INFORMATION except your signature.
2. **Enrollment Type: "New"** enrollment - must be postmarked by April 4, 2008; **"Newborn"** - infant under 1 year of age - accepted year-round at prices in effect when we receive your enrollment. **"Rollover"** - includes rollovers from the Maryland College Investment Plan. Rollovers from other 529 plans are "New" Accounts; **"Other"** - includes purchase of additional years (identical account holder and beneficiary) in the Prepaid College Trust - accepted year-round. Also includes new enrollments if you and your beneficiary are currently enrolled in the Maryland College Investment Plan - these must be postmarked by April 4, 2008.
3. Please enclose a check or money order for the **non-refundable** enrollment fee, made payable to the **Maryland Prepaid College Trust**. Please mail this form and your check to: **MPCT, P. O. Box 17591, Baltimore, MD 21297-1591**. (Allow 4 - 6 weeks for processing)
4. If you have questions or need assistance in completing this form, please call **1 888 4MD GRAD** and select option 3, 9:00 AM - 5:00 PM, Monday through Friday.

Account Holder Information – REQUIRED

Please complete the following. Only one person may be the legal Account Holder of an Account.

Enrollment Type: New [\$75.00] Newborn [\$75.00] Rollover [\$20.00] Other [\$20.00]

If the Account Holder is a minor, please check box and also complete "Custodian" section. If this Account is being funded with proceeds from a UGMA/UTMA account, please check this box. The child must be named as both the Account Holder and the Beneficiary. The "Custodian" section must also be completed.

LAST NAME	1. <input type="checkbox"/> Mr. 2. <input type="checkbox"/> Mrs. 3. <input type="checkbox"/> Miss 4. <input type="checkbox"/> Ms.	SUFFIX	FIRST NAME	M.I.
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
TRUST, ORGANIZATION OR OTHER ENTITY (if Account Holder is other than an individual)			SOCIAL SECURITY NUMBER (or Taxpayer I.D. No.)	
<input type="text"/>			<input type="text"/>	
STREET ADDRESS (Include number, street, and apartment number--no P.O. Boxes)			<input type="checkbox"/> U.S. CITIZEN <input type="checkbox"/> RESIDENT ALIEN	
<input type="text"/>			<input type="text"/>	
CITY	STATE	ZIP	DATE OF BIRTH	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
DAYTIME TELEPHONE (Area code and number)		EVENING TELEPHONE (Area code and number)		Month Day Year
<input type="text"/>		<input type="text"/>		<input type="text"/>

Beneficiary Information – REQUIRED

Please complete the following. Only one person may be named as the Beneficiary.

The Beneficiary is the child that will be attending college in the future.

LAST NAME	SUFFIX	FIRST NAME	M.I.
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
STREET ADDRESS (Include number, street, and apartment number--no P.O. Boxes)			
<input type="text"/>			
CITY	STATE	ZIP	
<input type="text"/>	<input type="text"/>	<input type="text"/>	
DATE OF BIRTH	SOCIAL SECURITY NUMBER		Is the Beneficiary a Maryland or DC resident? <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="text"/>	<input type="text"/>		
Month Day Year			

Age or grade as of 9/1/07: (Check only one)

- | | | | | |
|----------------------------------|--|--|--------------------------------------|---|
| <input type="checkbox"/> Newborn | <input type="checkbox"/> Age 4/5 (not in Kindergarten) | <input type="checkbox"/> Fourth Grade | <input type="checkbox"/> Ninth Grade | <input type="checkbox"/> Eleventh Grade |
| <input type="checkbox"/> Age 1 | <input type="checkbox"/> Kindergarten | <input type="checkbox"/> Fifth Grade | <input type="checkbox"/> Tenth Grade | <input type="checkbox"/> Twelfth Grade |
| <input type="checkbox"/> Age 2 | <input type="checkbox"/> First Grade | <input type="checkbox"/> Sixth Grade | | |
| <input type="checkbox"/> Age 3 | <input type="checkbox"/> Second Grade | <input type="checkbox"/> Seventh Grade | | |
| | <input type="checkbox"/> Third Grade | <input type="checkbox"/> Eighth Grade | | |

Tuition Plan – REQUIRED

Check only ONE option.

- | | | |
|---|--|---|
| <input type="checkbox"/> 1 Semester University Plan | <input type="checkbox"/> 3 Years University Plan | <input type="checkbox"/> 1 Year Community College Plan |
| <input type="checkbox"/> 1 Year University Plan | <input type="checkbox"/> 4 Years University Plan | <input type="checkbox"/> 2 Years Community College Plan |
| <input type="checkbox"/> 2 Years University Plan | <input type="checkbox"/> 5 Years University Plan | <input type="checkbox"/> Two-Plus-Two Plan |

Payment Option – REQUIRED – Check Only ONE

- Single Lump Sum
 5-Year Monthly Payment
 Extended Monthly Payment
 Annual Payment
- Down Payment & Annual Payment*
 Down Payment & 5-Year Monthly Payment*
 Down Payment & Extended Monthly Payment*
- 25%
 25%
 25%
- 40%
 40%
 40%
- 55%
 55%
 55%
- * To select the down payment option, check the percentage that you wish to make on the same line as the payment option that you choose for your remaining payments.

Method of Payment – REQUIRED FOR MONTHLY PAYMENT OPTIONS ONLY

- (1) ACH – Automatic Bank Draft Attach voided bank check.
 (2) Coupon Book
 (3) Payroll Deduction Name of Employer _____

Custodian (Parent or Legal Guardian) – REQUIRED IF ACCOUNT HOLDER IS A MINOR

- If this Account is being funded from the sale of assets held in an UGMA/UTMA account, please check the box (you will not be able to change the Beneficiary).

LAST NAME 1. Mr. 2. Mrs. 3. Miss 4. Ms. SUFFIX FIRST NAME M.I.
 STREET ADDRESS (Include number, street, and apartment–no P.O. Boxes)
 CITY STATE ZIP SOCIAL SECURITY NUMBER
 DAYTIME TELEPHONE (Area code and number) EVENING TELEPHONE DATE OF BIRTH
 Month Day Year

Account Holder's Successor – OPTIONAL

LAST NAME 1. Mr. 2. Mrs. 3. Miss 4. Ms. SUFFIX FIRST NAME M.I.
 NAME OF TRUST, ORGANIZATION OR OTHER ENTITY
 STREET ADDRESS (Include number, street, and apartment–no P.O. Boxes)
 CITY STATE ZIP CODE DATE OF BIRTH
 SOCIAL SECURITY NUMBER (or Taxpayer I.D. No.)
 Check the box if this person is to have the right to information on this account.

Demographic Information – OPTIONAL – This information is confidential.

- (1) Where did you get your information about this Program? (Check only one)
- (1) School (2) Employer (3) Radio (4) Word of Mouth (5) Newspaper
 (6) Direct Mail (7) Internet Search (8) Magazine (9) Hospital (10) Financial Advisor
- (2) Race of Account Holder: (Check only one)
- (1) African-American (non-Hispanic) (2) American Indian / Alaskan Native (3) Asian / Pacific Islander
 (4) Hispanic (5) Multi-Cultural (6) Other (7) White (non-Hispanic) (8) Unknown
- (3) Annual Family Income: (Check only one)
- (1) \$20,000 or less (2) \$20,001 – \$40,000 (3) \$40,001 – \$60,000 (4) \$60,001 – \$80,000
 (5) \$80,001 – \$100,000 (6) \$100,001 – \$150,000 (7) Above \$150,001

Account Holder's Signature and Payment Information – REQUIRED

I hereby certify and attest that the above information in this enrollment form is accurate and correct. I also certify and attest that I have read, understand and agree to the terms and conditions of the Contract and all terms and conditions provided in the 2007-2008 Enrollment Kit or on the Trust's website.

Signature of Account Holder or Custodian (required) _____ Date _____ SOCIAL SECURITY NUMBER (or Taxpayer I.D. No.) _____

FOR OFFICE USE ONLY \$75.00 / \$20.00 _____ AMOUNT _____ CHECK # _____ BATCH # _____

ATTACH VOIDED CHECK HERE

Maryland College Investment Plan

Disclosure Statement and Enrollment Form

2007 - 2008



COLLEGE SAVINGS
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Section 529 plans offered by other states may offer tax or other benefits to taxpayers or residents of those states that are not available under the Maryland College Investment Plan. If you live outside of Maryland, you should consider any college savings program offered by your home state or your Beneficiary's home state prior to making a decision to invest in the Maryland College Investment Plan.

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This Disclosure Statement is part of the College Savings Plans of Maryland Enrollment Kit. The Enrollment Kit consists of a Highlights Booklet and Disclosure Statements for the College Investment Plan and the Prepaid College Trust, with accompanying Enrollment Forms. The Enrollment Kit has been identified by the College Savings Plans of Maryland as the Offering Materials intended to provide substantive disclosure of the terms and conditions of an investment in the College Savings Plans of Maryland. The Enrollment Kit is designed to comply with the Disclosure Principles Statement No. 2, adopted by the College Savings Plan Network on July 26, 2005.

MARYLAND COLLEGE INVESTMENT PLAN DISCLOSURE STATEMENT

This Disclosure Statement contains important information you should review before opening an Account in the Maryland College Investment Plan (College Investment Plan), including information about the benefits and risks of investing. Please read it carefully and save it for future reference. Certain capitalized terms used in this Disclosure Statement are defined in the Glossary starting on page 19.

FREQUENTLY ASKED QUESTIONS

What is the College Investment Plan?

The College Investment Plan is a Section 529 plan offered by the College Savings Plans of Maryland and managed by T. Rowe Price. The College Investment Plan is designed to help individuals and families save for college in a tax-advantaged way and offers tax-free growth, generous contribution limits, attractive investment options, and professional investment management.

How does the College Investment Plan work?

When you enroll in the College Investment Plan, you choose to invest in one or more of 13 different Investment Options, which are either Enrollment-Based or Fixed Portfolios, based upon your investing preferences and risk tolerance. All of the contributions made to your Account grow tax-deferred, and the distributions are federally and Maryland State tax-free if used for Qualified Expenses.

Is my College Investment Plan Account guaranteed?

No. The College Investment Plan is not insured or guaranteed. Investment returns will vary depending upon the performance of the Investment Portfolios you choose. Depending on market conditions, you could lose all or a portion of your investment.

How do I open an Account?

To open an Account, we must receive a completed Enrollment Form, which is a contract between the Account Holder and the Maryland College Investment Trust (Trust), establishing the obligations of each. You may enroll online, mail in your Enrollment Form, or visit a T. Rowe Price Investor Center. We cannot process the Enrollment Form if any of the required information, including your signature, is not provided. The Trustee has the sole discretion to determine whether an Enrollment Form is complete and accepted and whether the Account has been opened.

How many Accounts can I open?

You can open Accounts for as many Beneficiaries as you wish. You may also invest in one or more of the 13 Investment Portfolios for each Beneficiary. Please keep in mind that each Account may have only one Account Holder and one Beneficiary, and you must complete a new Enrollment Form for each different Beneficiary.

What are the fees associated with the College Investment Plan?

The College Investment Plan has no commissions, loads, sales charges or enrollment fees. There is a Program Fee and fees associated with the Funds. There is also an Annual Account Fee, which may be waived in certain circumstances. A detailed description of Fees associated with the College Investment Plan can be found in the section titled Fees and Costs starting on page 3.

How does the State income deduction work for the College Investment Plan?

The State income deduction is available only to Maryland Residents. Currently, Maryland Residents receive a maximum \$2,500 deduction from their State adjusted gross income annually per Beneficiary for contributions to the College Investment Plan. The Account Holder is the only person who can take advantage of the Maryland State income deduction for contributions he or she has made. Contributions made in excess of \$2,500 per Beneficiary in a single year may be carried forward and deducted from your State adjusted gross income for up to 10 additional years. The following example helps to illustrate how this deduction applies:

- If you contribute \$27,500 in Year 1 to one or more Accounts (or Investment Portfolios) for your daughter, you can deduct \$2,500 per tax year for each of Years 1 through 11 ($11 \times \$2,500 = \$27,500$). If you also contribute \$27,500 in Year 1 to one or more Accounts (or Investment Portfolios) for your son, you can deduct an additional \$2,500 per tax year for each of Years 1 through 11, for a total deduction of \$5,000 per tax year from State adjusted gross income.
- For additional information on College Investment Plan tax benefits for Maryland taxpayers, please refer to *Maryland Income Tax Administrative Release No. 32*, which can be obtained at www.marylandtaxes.com or by calling **1-800-MD-TAXES**.
- To take advantage of this income deduction for a particular year, your contribution needs to be postmarked by December 31 of that year.
- If you move out of the State and no longer pay Maryland income tax, you will no longer receive the Maryland State income deduction. You should check with your new state of residence regarding the state tax benefits, if any, available for your 529 plan investment.

Can I change my Investment Options?

You may change your Investment Options one time per calendar year per Beneficiary. If you have multiple Investment Options for a Beneficiary, all changes for the calendar year for that Beneficiary must be requested on the same day. For more information on making changes to your Account, see Maintaining Your Account starting on page 15.

When can I enroll a newborn?

A newborn may be enrolled year-round. You may also open an Account naming yourself as the Beneficiary in anticipation of the birth or adoption of a new child.

Where can I find additional forms and Enrollment Kits?

To obtain forms relating to the College Investment Plan or additional Enrollment Kits, visit the College Savings Plans of Maryland's website at collegesavingsmd.org or call **1-888-4MD-GRAD** and select option 2.

INTRODUCTION

Acknowledgement of Terms. A completed Enrollment Form includes an acknowledgement that you agree to be bound by the terms and conditions of this Disclosure Statement. This Disclosure Statement and the Enrollment Form constitute the entire agreement between you and the Trust.

Accuracy of Information in Disclosure Statement. The information in this Disclosure Statement is believed to be accurate as of the print date, but is subject to change without notice. No one is authorized to provide information that is different from the information in the most current form of this Disclosure Statement.

PRIVACY POLICY

Protecting the privacy of your personal information is important to us. The following paragraphs explain the procedures we have in place to protect this information.

Confidential Information. Maryland law requires that the name and other information identifying a person as an Account Holder or Beneficiary in the College Investment Plan be confidential. We recognize our obligation to keep information about you secure and confidential.

Collecting and Using Information. Through your participation in the College Investment Plan, we collect various types of confidential information you provide in your Enrollment Form such as your name and the name of your Beneficiary, Social Security numbers, addresses, and demographic information. We also collect confidential information relating to your College Investment Plan transactions such as Account balances, contributions, distributions, and investments. We do not sell information about current or former Account Holders, Custodians, and/or Beneficiaries to any third parties, and we do not disclose it to third parties unless necessary to process a transaction, service an Account, as otherwise permitted or required by law, or with your consent. We may, however, share this information with companies that perform administrative or marketing services for us or with a research firm we have hired. When we enter into such a relationship, our contracts restrict the companies' use of your information, prohibiting them from sharing or using it for any purposes other than those for which they were hired.

Marketing Opt-Outs. We may in the future use information about you to identify and alert you to other College Savings Plans of Maryland or T. Rowe Price savings or investment programs that might interest you. If you do not wish to receive such information, please indicate this on the Enrollment Form or call **1-888-4MD-GRAD** and select option 2.

Protection of Information. We maintain physical, electronic, and procedural safeguards to protect the information about you that we collect or use. These include restricting access to those individuals who have a need to know the information such as those who service your Account, resolve problems, or inform you of additional products or services where appropriate.

PARTICIPATION IN THE PLAN

Account Holders/Custodians. To participate in the College Investment Plan, you must complete an Enrollment Form and open an Account. The Account Holder must be a U.S. citizen (or a resident alien), or an entity that is organized in the U.S., and have a valid U.S. street address. If the Account Holder is a minor, a Custodian must complete the Enrollment Form on the minor's behalf. You may also direct in writing that someone other than you may request or receive information regarding the Account. An Account may also have only one Custodian, but a successor Custodian may be named.

Account Holder's Successor. You may designate an Account Holder's Successor on the Enrollment Form or otherwise in writing or change a previous designation upon written notice to the College Investment Plan. If the original Account Holder dies or is declared legally incompetent, the Successor becomes the Account Holder.

Beneficiary. You can set up an Account for your benefit or for your child, grandchild, spouse, another relative, or even someone not related to you. Each Account can have only one Beneficiary at any time. The Beneficiary may be of any age; however, the Beneficiary must be an individual and not a trust or other entity. A Beneficiary does not have to be named on the Enrollment Form when the Account Holder is an agency or instrumentality of a state or local government, or a tax-exempt organization as defined in the Code, and the Account has been established as a scholarship fund.

Customer Identification Verification. To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an Account. When you complete an Enrollment Form, we will ask you for the name, street address, date of birth, and Social Security number or tax identification number for the Account Holder (and any person(s) opening an Account on behalf of the Account Holder such as a Custodian, agent under power of attorney, trustee, or corporate officer). This information is necessary to properly verify the identity of the person(s) opening the Account. If we do not receive all of the required information, we may delay the opening of the Account or be unable to open the Account. We will use this information to verify the Account Holder's identity and if, after making reasonable efforts, we are unable to verify the Account Holder's identity, the USA PATRIOT Act allows us to take any action permitted by law, including closing the Account and redeeming the Account at the NAV calculated the day the Account is closed. Any redemption made under these circumstances may be considered a Non-Qualified Distribution.

Documents in Good Order. To process any transaction in the Trust, all necessary documents must be in good order, which means executed when required and properly, fully, and accurately completed.

FEES AND COSTS

Fees. This section provides information regarding the Fees and costs relating to the College Investment Plan. The Board may change the fees and costs from time to time. Any changes to the Fees will be described by supplement to this Disclosure Statement or in subsequent Disclosure Statements.

Annual Account Fee. An Annual Account Fee of \$25 is charged to each Account Holder for each Group of Accounts. The Program Manager receives this Fee, which is generally charged in early December for each Group of Accounts established prior to December 1 of the current year. The Annual Account Fee will be waived for each Group of Accounts using payroll deduction or Automatic Monthly Contributions at the time the Annual Account Fee is assessed. The Fee is also waived if the combined Account balances for a Group of Accounts is \$25,000 or greater at the time the Annual Account Fee is assessed.

Fund Fees. Each Investment Portfolio will indirectly bear its pro-rata share of the Fees and expenses of the Funds in which it invests. These Fees are not charged directly to an Investment Portfolio, but are included in the NAV of the Funds held by the College Investment Plan. The pro-rata share of the Fees and expenses is calculated based on the amount of each Investment Portfolio invested in a Fund and the expense ratio (the ratio of expenses to average net assets) of that Fund.

Investment Options	FEE STRUCTURE					
	(As of August 31, 2007)					
	Underlying Fund Expenses ¹	Annualized Program Fee	State Fee ²	Miscellaneous Fees	Total Annual Asset-Based Fees ³	Annual Account Fee ⁴
Portfolio for College	0.50%	0.28%	See Footnote 2	0	0.78%	\$25
Portfolio 2009	0.56%	0.28%	See Footnote 2	0	0.84%	\$25
Portfolio 2012	0.61%	0.28%	See Footnote 2	0	0.89%	\$25
Portfolio 2015	0.63%	0.28%	See Footnote 2	0	0.91%	\$25
Portfolio 2018	0.63%	0.28%	See Footnote 2	0	0.91%	\$25
Portfolio 2021	0.62%	0.28%	See Footnote 2	0	0.90%	\$25
Portfolio 2024	0.61%	0.28%	See Footnote 2	0	0.89%	\$25
Portfolio 2027	0.61%	0.28%	See Footnote 2	0	0.89%	\$25
Equity Portfolio	0.62%	0.28%	See Footnote 2	0	0.90%	\$25
Total Equity Market Index Portfolio	0.40%	0.28%	See Footnote 2	0	0.68%	\$25
Balanced Portfolio	0.64%	0.28%	See Footnote 2	0	0.92%	\$25
Bond and Income Portfolio	0.69%	0.28%	See Footnote 2	0	0.97%	\$25
Short-Term Bond Portfolio	0.55%	0.28%	See Footnote 2	0	0.83%	\$25

¹ The estimated underlying Fund expenses are based on a weighted average of each Fund's expense ratio, in accordance with the Investment Option's actual asset allocations among the applicable Funds as of August 31, 2007. You can call 1-888-4MD-GRAD and select option 2 to obtain the most recent weighted average Fund expenses for each Investment Option.

² In certain cases, the Trustee will receive a portion of the annualized Program Fee as described under Program Fee on page 4. All Fees received by the Trustee are used to offset expenses associated with administering the College Investment Plan.

³ This total is assessed against assets over the course of the year. Please refer to the Table on page 4 that shows the total assumed investment cost over 1-, 3-, 5-, and 10-year periods. Although some Investment Options have a total expense ratio of greater than 0.95%, the overall College Investment Plan expense ratio cannot exceed 0.95%.

⁴ The Annual Account Fee of \$25 is charged to each Account Holder for each Group of Accounts and is waived in certain cases.

Annualized Expense Ratios for Funds – as of August 31, 2007:

T. Rowe Price Blue Chip Growth Fund	0.78%
T. Rowe Price Emerging Markets Stock	1.20%
T. Rowe Price Equity Index 500 Fund	0.35%
T. Rowe Price International Stock Fund	1.05%
T. Rowe Price International Growth & Income Fund	0.89%
T. Rowe Price Mid-Cap Growth Fund	0.78%
T. Rowe Price Mid-Cap Value Fund	0.79%
T. Rowe Price Overseas Stock Fund	0.94%
T. Rowe Price Short-Term Bond Fund	0.55%
T. Rowe Price Small-Cap Stock Fund	0.89%
T. Rowe Price Spectrum Income Fund	0.52%*
T. Rowe Price Summit Cash Reserves Fund	0.45%
T. Rowe Price Total Equity Market Index Fund	0.40%
T. Rowe Price Value Fund	0.86%

*Spectrum Income, which invests in other T. Rowe Price mutual funds, indirectly bears a pro-rata share of the expenses of its underlying funds.

Program Fee. Each Investment Portfolio is charged a Program Fee for administration and management of the College Investment Plan. The Program Manager receives the Program Fee, which equals 0.28% per year of the assets of each Investment Portfolio. This fee will be reduced to 0.25% once total assets in the College Investment Plan exceed \$2 billion. Payment of the Program Fee by the Investment Portfolio is already reflected in the Investment Portfolio's NAV.

The Program Manager has agreed to pay the Trustee a portion of the aggregate Program Fee to support certain administrative and marketing costs as follows: 0.04% of the

assets in the College Investment Plan when average monthly assets are between \$750 million and \$1 billion and an additional 0.06% (for a total of 0.10%) on assets over \$1 billion (Program Manager Contribution). A minimum annual payment of \$636,000 is guaranteed to be paid to the Trustee for the life of the Services Agreement with the Program Manager. For the period of July 1, 2006 through June 30, 2007, the Program Manager paid to the Trustee an aggregate of \$636,000. As of June 30, 2007, total assets in the College Investment Plan were approximately \$1.433 billion.

College Investment Plan Expense Limitation. Although the total expense ratio of each Investment Portfolio will differ, the College Investment Plan's aggregate Program Fees plus its pro-rata share of expenses from the Funds may not exceed 0.95% of the College Investment Plan's average net assets in any year. If necessary to remain at the 0.95% limit, the Program Manager will reduce the rate of the Program Fee charged to each Investment Portfolio. Program Fees reduced by the Program Manager in any year will be repaid by the College Investment Plan to the Program Manager in following years if repayment would not cause the College Investment Plan's effective expense ratio to exceed the 0.95% limit. The Program Manager Contribution will not be affected by the expense ratio limitation in the Program Fee.

Service-Based and Other Fees. We reserve the right to charge additional service-based and other Fees if we determine them to be necessary and reasonable.

Receipt of Fees. All Fees will be paid to the Program Manager as compensation for the services provided pursuant to the Services Agreement, except for the amount of the Program Manager Contribution, if any, paid to the Trustee as described above. All Fees collected by the Trustee and the Program Manager are used to administer the College Investment Plan.

APPROXIMATE COST FOR A \$10,000 INVESTMENT

The following table compares the approximate cost of investing in the Maryland College Investment Plan over different periods of time. Your actual cost may be higher or lower. The table is based on the following assumptions:

- A \$10,000 contribution is invested for the time periods shown.
- A 5% annually compounded rate of return on the amount invested throughout the period.
- The Account is redeemed at the end of the period shown to pay for Qualified Expenses.

- The table does not consider the impact of any potential state or federal taxes on contributions or distributions.
- Total annual asset-based Fees remain the same as those shown in the **Fee Structure Table** shown on page 3.
- The table shows the weighted average of the Fund expenses as of August 31, 2007 and assumes these expenses remain static throughout the entire 10-year period. The actual weighted average may be higher or lower.
- The expenses for each Investment Option include the Annual Account Fee.

Investment Options	One Year	Three Years	Five Years	Ten Years
Portfolio for College	\$105	\$324	\$556	\$1,206
Portfolio 2009	\$111	\$342	\$589	\$1,276
Portfolio 2012	\$116	\$358	\$616	\$1,335
Portfolio 2015	\$118	\$364	\$626	\$1,358
Portfolio 2018	\$118	\$364	\$626	\$1,358
Portfolio 2021	\$117	\$361	\$621	\$1,346
Portfolio 2024	\$116	\$358	\$616	\$1,335
Portfolio 2027	\$116	\$358	\$616	\$1,335
Equity Portfolio	\$117	\$361	\$621	\$1,346
Total Equity Market Index Portfolio	\$94	\$292	\$502	\$1,088
Balanced Portfolio	\$119	\$368	\$632	\$1,369
Bond and Income Portfolio	\$124	\$383	\$659	\$1,427
Short-Term Bond Portfolio	\$110	\$339	\$583	\$1,265

Note: Portfolio 2009, Portfolio 2012 and Portfolio 2015 will be moved into the Portfolio for College in 2009, 2012, and 2015 respectively. At that time, those Investment Portfolios will bear the expenses of the Portfolio for College, which are likely to be lower than the expenses in this table.

GENERAL RISKS

Principal and Returns Not Guaranteed. Neither your contributions to an Account nor any investment return earned on your contributions are guaranteed by the College Investment Plan, the State, the College Savings Plans of Maryland, the Board, the Trustee, T. Rowe Price, any of its affiliates, or by the federal government or any of its agencies. You could lose money (including your contributions) or not make any money by investing in the College Investment Plan.

Market Uncertainties. Due to market uncertainties, the overall market value of the Trust is 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 value of the Trust to decrease (realized or unrealized losses), regardless of our performance.

Meeting College Expenses Not Guaranteed. Even if your Account balance(s) for a Beneficiary meets the maximum allowed under the College Investment Plan, there is no assurance that the money in your Account will be sufficient to cover all of the education expenses your Beneficiary may incur, or that the rate of return on your investment will match or exceed the rate at which higher education expenses may rise each year.

IRS Regulations Not Final. As of the date of this Disclosure Statement, the IRS has not issued final tax regulations regarding Qualified Tuition Programs. In addition, the College Investment Plan has not sought, nor has it received, a private letter ruling from the IRS regarding the status of the College Investment Plan under Section 529 of the Code. The Board may, in its sole discretion, determine to seek such a ruling in the future.

Effect of Future Law Changes. It is possible that future changes in federal or state laws or court or interpretive rulings could adversely affect the terms and conditions of the College Investment Plan or the value of your Account, even retroactively. Specifically, the College Investment Plan is subject to the provisions of and any changes to or revocation of the Enabling Legislation. On September 9, 2002, the Attorney General of the State issued an opinion regarding the application of the State income deduction to contributions made to an Account. The opinion concluded that each Account Holder who is a Maryland taxpayer may take a deduction of up to \$2,500 per Beneficiary from his or her State adjusted gross income each year. Effective July 21, 2003, the College Savings Plans of Maryland adopted final regulations designed to apply the limitations imposed by the Attorney General's opinion. Effective December 23, 2002, the State Comptroller adopted similar regulations (collectively, the Regulations). Although the College Investment Plan is relying on the opinion of the Attorney General and the Regulations, there can be no assurance that the opinion will not be challenged and, if challenged, upheld. In addition, it is the College Investment Plan's intention to take advantage of Section 529 of the Code; therefore, it is vulnerable to tax law changes or court or interpretive rulings that might alter the tax considerations described in Certain Federal Tax Considerations beginning on page 13.

Death of Account Holder. If an Account Holder's Successor has not been named on an Account and the Account Holder dies, control of the Account will become subject to the estate laws of the state in which the Account Holder resided.

Discretion of the Trustee. The Board, as Trustee, has the sole discretion to determine which Investment Options will be available in the College Investment Plan. The Trustee may, at any time, disallow further investments into a particular Investment

Portfolio and/or require all investments in an Investment Portfolio to be moved to another Investment Option.

Tax Considerations. The federal and state tax consequences associated with participating in the College Investment Plan can be complex. You should consult a tax advisor regarding the application of tax laws to your particular circumstances. If you or your Beneficiary live outside Maryland, you may also want to compare any college savings program offered by your state with the College Investment Plan.

Securities Laws. Accounts in the College Investment Plan may be considered securities. These Accounts will not be registered as securities, based in part on assurances received by the Trust from the Staff of the Securities and Exchange Commission that it would not recommend enforcement action if the Accounts were not registered. In addition, the Investment Portfolios will not be registered as investment companies under the Investment Company Act of 1940. Outside of Maryland and the District of Columbia, we will market the College Investment Plan only in those states in which we have received assurances from either the state or counsel that offers and sales would be legal without meeting further regulatory requirements. We may choose to reject applications from residents of certain other states.

Relationship to Financial Aid. A Beneficiary may wish to participate in federal, state, or institutional loan, grant, or other programs for funding higher education. An investment in the College Investment Plan may or may not have an adverse impact on the Beneficiary's eligibility to participate in need-based financial aid programs. Assets in the College Investment Plan or another 529 plan would typically be included on the Free Application for Federal Student Aid (FAFSA) form as a parental asset, which is assessed at a lower rate than a student's asset would be when determining a family's expected contribution. The treatment of Account assets under any such program may have a material effect on your Beneficiary's eligibility to receive valuable benefits under financial aid programs and financial aid treatment may vary by school. Therefore, you or your Beneficiary will need to check the applicable laws or regulations or check with the financial aid office of an Eligible Educational Institution and/or your tax advisor regarding the impact of an investment in the College Investment Plan on need-based financial aid programs.

Relationship of Your Account to Medicaid Eligibility. It is unclear how local and state government agencies will treat Qualified Tuition Program assets for the purpose of Medicaid eligibility. Although there are federal guidelines under Title XIX of the Social Security Act of 1965, each state administers its own Medicaid program and rules could vary greatly from one state to the next. You should check with an attorney, a tax advisor, or your local Medicaid administrator regarding the impact of an investment in the College Investment Plan on Medicaid eligibility.

CONTRIBUTIONS TO THE TRUST

Funding an Account. There are a variety of ways to fund an Account:

- With an initial contribution by check or money order; credit cards may not be used. All purchases must be paid for in U.S. dollars; checks must be drawn on U.S. banks.
- By liquidating assets from other financial instruments such as mutual funds and individual stocks. Liquidating these assets may be a taxable transaction. Consult your tax advisor for more information.
- By making Automatic Monthly Contributions into your Account using electronic funds transfer on the same day(s) each month. You may currently choose up to two dates from the

following four available dates each month: the 1st, 8th, 16th, and/or 24th.

- Through payroll deduction for participating employers.
- By rolling over assets from the Account of a Beneficiary within the College Investment Plan or another Qualified Tuition Program account to a new Beneficiary who is a Member of the Family of the current Beneficiary (see Changing a Beneficiary, Transferring Assets to Another of Your Accounts on page 15).
- By rolling over assets from another Qualified Tuition Program, including the Maryland Prepaid College Trust, to the College Investment Plan for the benefit of the same Beneficiary. A rollover for the same Beneficiary is restricted to once per 12-month period.
- By moving assets from an UGMA/UTMA account. You must indicate on the Enrollment Form that the contributions to the Account are liquidated UGMA/UTMA assets. The minor will become the Account Holder and Beneficiary. The Account must also have a Custodian until the Beneficiary reaches the age of majority under the terms of the UGMA/UTMA account. Unlike other Accounts in the College Investment Plan, before the age of the Beneficiary's majority, the Beneficiary and Account Holder cannot be changed and distributions cannot be made other than for the benefit of that Beneficiary. Therefore, any discussion in this Enrollment Kit regarding the transfer of your Account to another Beneficiary applies to an Account funded from an UGMA/UTMA only upon the Beneficiary reaching the age of majority. Any additional contributions to this type of Account will be treated in the same manner. Liquidating UGMA/UTMA assets to fund an Account may be a taxable transaction. Consult your tax advisor for more information.
- By moving assets from a Coverdell Education Savings Account (formerly an Education IRA). Please indicate on the Enrollment Form or with any additional investments that the assets were liquidated from such an account. Unlike UGMA/UTMA accounts, the Beneficiary may be changed to a Member of the Family of the Beneficiary of the Coverdell Education Savings Account. Making distributions from a Coverdell Education Savings Account to fund an Account for the same Beneficiary is not a taxable transaction. Consult your tax advisor for more information.
- By redeeming qualified U.S. Savings Bonds. In certain cases, you may redeem qualified U.S. Savings Bonds under the Education Tax Exclusion. Please visit www.treasurydirect.gov and search for the Savings Bonds Owner's Manual for more information.

Timing of Contribution Request. Contributions received in good order before the close of the New York Stock Exchange (NYSE), generally 4 p.m. Eastern Time, on any day the NYSE is open for business are processed that day based on the NAV of the Investment Portfolio selected to receive the contribution. Requests received after the close of the NYSE are processed the next business day using the NAV for that day.

Minimum Contributions. To open an Account, you must make an initial contribution of at least \$250 per Investment Portfolio, unless you participate through Automatic Monthly Contributions or payroll deduction. The minimum investment required to open an Account through Automatic Monthly Contributions or payroll deduction is \$25 per Investment Portfolio, with subsequent investments of at least \$25 per contribution.

Maximum Account Balance. You can contribute up to a maximum aggregate Account balance of \$320,000 for each Beneficiary (regardless of Account Holder), whether the contributions are made to one or several Accounts. Earnings may

cause the Account balances for any one Beneficiary to exceed \$320,000, and no further contributions will be allowed at that point. Should the Board decide to increase this amount, which it may in its sole discretion, additional contributions up to the new maximum Account balance will be accepted. The maximum Account balance does not apply to an Account Holder that is an agency or instrumentality of a state or local government or a tax-exempt organization, as defined in the Code, if the Account has been established as a scholarship fund.

Excess Contributions. Any contributions received in excess of the maximum Account balance level (as determined by the close of business on the day prior to our receipt of your contribution) will be returned to you, without adjustment for gains or losses.

Additional Account Information. For certain contributions, including those from Series EE and Series I U.S. Savings Bonds, Coverdell Education Savings Accounts, and rollovers from other Qualified Tuition Programs, we require additional information from you. This information could include the original amount contributed and any associated earnings. If you do not provide the required documentation, we will treat the entire amount of the rollover as earnings.

Separate Accounting. Contributions to the College Investment Plan are allocated to one or more Accounts in your name, according to your instructions. One Account is established for each Investment Portfolio for a specific Beneficiary and specific Account Holder.

Temporary Withdrawal Restriction. If you make a contribution by check, money order, or electronic funds transfer (assuming all are in good order), we reserve the right, subject to applicable laws, to restrict distribution of that contribution from your Account for up to 10 days after deposit. The Investment Portfolios will be closed for wire purchases and redemptions on days when the Federal Reserve Wire System is closed. For assistance, please contact a customer service representative at **1-888-4MD-GRAD** and select option 2, then option 2 again.

Nonpayment. If your contribution is made by check or electronic funds transfer that does not clear, or if it is not received in a timely manner, your contribution may be canceled. You will be responsible for any losses or expenses incurred by the Investment Portfolios or the College Investment Plan due to your nonpayment. However, your obligation to cover the loss will be waived if you make payment in good order within 10 days. The College Investment Plan has the right to cancel any contribution due to nonpayment.

Options for Unused Contributions. Your Beneficiary may choose not to attend an Eligible Educational Institution or may not use all the money in the Account. In either case, you may name a new Beneficiary as described in the Changing a Beneficiary, Transferring Assets to Another of Your Accounts section (see page 15). If you do not wish to name a new Beneficiary, you may take a distribution of your Account assets. In this case, the IRS may treat your refund as a Non-Qualified Distribution, subject to applicable taxes and penalties.

Confirmation of Contribution. After we receive your contribution and Enrollment Form in good order, you will be sent a confirmation. In addition, you will also receive a confirmation for each subsequent contribution to your Account, except for Automatic Monthly Contributions and payroll deductions. You have 90 days after receiving a confirmation to inform the College Investment Plan if any information in the confirmation is incorrect. After 90 days, we will consider the information in the confirmation to be correct.

INVESTMENT INFORMATION

Assets Held in Trust. Your Account assets are held in the Trust. Your Account is held for your exclusive benefit and may not be transferred or used by the College Savings Plans of Maryland, the College Investment Plan, the Board, the Trustee, the State or T. Rowe Price, for any purpose other than those of the Trust. (For a complete copy of the Declaration, please call a customer service representative at **1-888-4MD-GRAD** and select option 4.)

Investment Guidelines. The Board has established investment guidelines, including the number of Investment Options and the general character and composition of each Investment Option. Based on these guidelines, the Board, with the assistance of T. Rowe Price, has developed detailed asset allocations and selected the Funds or other investments for each Investment Portfolio.

Treatment of Dividends and Capital Gains. The Funds distribute dividends and capital gains because they are required by the IRS to do so in order to maintain their tax status as regulated investment companies. Each Investment Portfolio is an offering through the Trust and is not considered a mutual fund. Therefore, the Investment Portfolios are not required to comply with the IRS mutual fund distribution requirements. Any reinvested dividends and capital gains from the Funds will become income to the Investment Portfolios. Although the Funds may distribute dividends and/or capital gains, rather than distribute earnings, the Investment Portfolios reflect changes in value from income and gains and losses on the sale of the Funds solely by increasing or decreasing their NAV.

Investment Direction and Control by Account Holder

Investment Selection. For each new contribution, you can select one or more of the Investment Portfolios when you make your contribution.

Changing Investment Portfolios. Once your Investment Portfolio is selected for a particular contribution, IRS rules provide that you can move money or transfer from one Investment Portfolio to another once per calendar year for the same Beneficiary.

Investment Options. You can choose between two investment approaches (Enrollment-Based or Fixed) at the time the Account is established and at the time each subsequent contribution is made. Unless you advise us in writing, your investment selection remains in effect for all future contributions to that Account.

Enrollment-Based Portfolios. With this approach, each of eight Investment Portfolios is targeted to an expected enrollment year of a Beneficiary. For example, Portfolios 2024 and 2027 are focused on stock investments for growth. When an Investment Portfolio is within 15 years of moving into the Portfolio for College, the Investment Portfolio's Account assets will be gradually shifted every quarter to more conservative allocations focused on current income. Assets are moved to the Portfolio for College in the year corresponding to the title of the Investment Portfolio. For example, Portfolio 2021 moves to the Portfolio for College in the year 2021.

You may elect a more aggressive or conservative approach by designating an Investment Portfolio that differs from the one corresponding to the Beneficiary's expected college enrollment date.

Fixed Portfolios. You can choose one or a mix of two or more Fixed Portfolios, whose target asset allocations remain relatively constant. The five Fixed Portfolios are the Equity Portfolio (primarily stocks), the Total Equity Market Index Portfolio (primarily stocks), the Balanced Portfolio (approximately 60% stocks and 40% bonds), the Bond and Income Portfolio (primarily intermediate-

term bonds), and the Short-Term Bond Portfolio (primarily short-term bonds).

Conservative Fixed Income Asset Class. The "Conservative Fixed Income" component in certain Enrollment-Based Portfolios provides for allocations to be made to either or both of the T. Rowe Price Summit Cash Reserves Fund and the T. Rowe Price Short-Term Bond Fund, to allow more effective responses to changes in short-term market conditions. T. Rowe Price's Asset Allocation Committee makes decisions on the allocations within the Conservative Fixed Income component.

International Equities Asset Class. The Board believes that the international stock markets can provide diversification because they respond differently than the U.S. stock market to global economic and market factors. As a result, the "International Equities" component allows for one or more T. Rowe Price international equity Funds to be included as underlying investments for the Equity Portfolio, Balanced Portfolio, and certain Enrollment-Based Portfolios. Please keep in mind that diversification cannot assure a profit or protect against a loss in declining markets. The decisions on the specific allocations within the International Equities asset class are made by the T. Rowe Price Asset Allocation Committee.

The Board has approved replacing the T. Rowe Price International Equity Index Fund with the T. Rowe Price Overseas Stock Fund as one of the underlying Funds within the International Equities component by the end of 2007. Since the inception of the College Investment Plan, the target allocation to international equity Funds has been no more than 10% of the total equity allocation to any particular Investment Portfolio. However, the Board has approved gradually increasing this target allocation to 20% to more effectively respond to changes in the international and U.S. stock markets. The T. Rowe Price Asset Allocation Committee will gradually phase in the increase in allocation to developed international markets over a 12-month period beginning in December 2007.

The Board has also approved the addition of the T. Rowe Price Emerging Markets Stock Fund as one of the underlying international Funds in which the Investment Portfolios can invest. The Emerging Markets Stock Fund is not part of the target allocations within the International Equities component that are effective October 1, 2007. However, strategic allocations may be made to the Emerging Markets Stock Fund at a later date, with an eventual target allocation of 3%. The T. Rowe Price Asset Allocation Committee will begin its exposure to emerging international markets when market conditions are appropriate and intends to reach its target allocation over a 24-month period, beginning with the date of the initial exposure.

Subject to the targets outlined above, the allocations to the International Equities component may be made among the T. Rowe Price International Stock Fund, T. Rowe Price International Growth & Income Fund, T. Rowe Price Overseas Stock Fund, and T. Rowe Price Emerging Markets Stock Fund based upon market conditions and outlook.

Investment Portfolio Changes. The asset allocations, policies, objectives, and guidelines of the Investment Options may be changed from time to time by the Board, as may the selection of Funds or other investments in which each Investment Portfolio invests.

Modifications to Asset Allocations. We may make modifications of up to 5% of the target allocations of the broad asset classes (domestic and international stocks, bonds, bonds and income, and conservative fixed income) or any Fund for the Investment Portfolios (except for Bond and Income and Short-Term Bond Portfolios), each as listed on the following pages.

This modification can be applied to any combination of Funds within a broad asset class or any single Fund, which has an allocation of over 10% of an Investment Portfolio. For example, the target allocation for the T. Rowe Price Equity Index 500 Fund in the Portfolio for College may decrease to 15% or increase to 25% of the Investment Portfolio. The modification is lowered to 3% for any single Fund with a Fund target allocation of 10% or less of an Investment Portfolio.

T. Rowe Price's Asset Allocation Committee makes decisions on the allocations among broad asset classes and the underlying Funds.

Fund Rebalancing. In addition to the modifications discussed above, there may be short-term variances in the actual asset allocations of the Investment Portfolios (within 3% for allocations over 10% and within 1% for allocations of 10% or less) to allow for changing conditions such as market fluctuations and cash flow. For the most recent target allocations or for actual current allocations, please call **1-888-4MD-GRAD**, select option 2, then option 2 again, to speak with a customer service representative.

Investment Portfolios

Enrollment-Based Portfolios. The following target allocations represent a single point in time, as of October 1, 2007. For the most recent target allocations, including target allocations to specific Funds within the Conservative Fixed Income asset class and International Equities asset class, call 1-888-4MD-GRAD and select option 2.

Portfolio for College – Emphasizing a mix of high-quality, liquid money market and fixed-income Funds, this Investment Portfolio also has a modest allocation to an equity Fund. The allocations reflect a lower-risk investment approach. Designed with a more conservative strategy, this Investment Portfolio seeks safety of principal by minimizing the risk associated with equity markets. This Investment Portfolio is designed for Beneficiaries who are already enrolled or about to enroll in college. The objective is to conserve principal while generating income at a time when the Beneficiary may be withdrawing from an Account for higher education expenses.

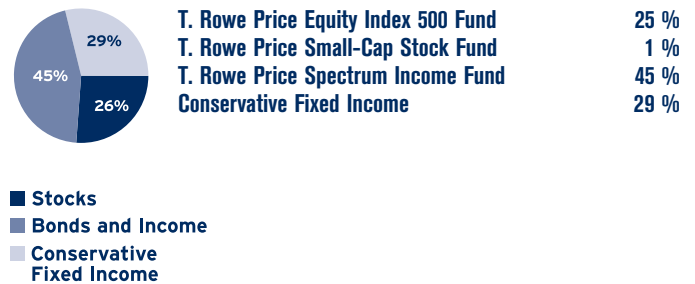
Target Asset Allocation – Portfolio for College



As previously described, the allocations of the remaining Enrollment-Based Portfolios change each quarter so that they become more conservative over time. Certain Investment Portfolios seek to cushion the effects of volatility in U.S. equity markets by diversifying in international equity markets and/or U.S. fixed-income markets. However, diversification cannot assure a profit or protection against loss in a declining market. The following Investment Portfolio allocations are based upon a projected year of college enrollment.

Portfolio 2009 – Using a moderate-risk approach, this Investment Portfolio invests primarily in fixed-income instruments with some exposure to stocks. This mix of Funds limits the exposure to equities while substantially diversifying in fixed-income markets to reduce the risk and volatility typically associated with equity markets.

Target Asset Allocation – Portfolio 2009



Portfolio 2012 – This fairly balanced Investment Portfolio invests approximately equal amounts in fixed-income instruments and stocks. For diversification and some capital appreciation, the Investment Portfolio may also invest a small component in international equity markets. This mix of Funds offers reduced exposure to equities while diversifying in fixed-income markets to reduce the risk and volatility typically associated with equity markets.

Target Asset Allocation – Portfolio 2012



Portfolio 2015 – This moderately aggressive Investment Portfolio focuses primarily on domestic equity Funds with some limited investment in international stocks while seeking diversification through holdings in fixed-income. The strategy is based on accepting the risks associated with stocks that have the potential to provide high returns in equity markets and cushioning the effects of volatility through diversification.

Target Asset Allocation – Portfolio 2015



Portfolio 2018 – This Investment Portfolio seeks long-term capital appreciation by broadly investing in Funds primarily focused on domestic equity markets with some exposure to international equity markets. It also has some exposure to fixed-income. The strategy is based on the understanding that the volatility associated with equity markets can be accompanied by the highest potential for long-term capital appreciation.

Target Asset Allocation – Portfolio 2018



Portfolio 2021 – This predominantly equity Investment Portfolio seeks long-term capital appreciation by broadly investing in Funds primarily focused on domestic equity markets with exposure to international equity markets and a minimal allocation to fixed-income. The strategy is based on the understanding that the volatility associated with equity markets can be accompanied by the highest potential for long-term capital appreciation.

Target Asset Allocation – Portfolio 2021



Portfolio 2024 – This equity Investment Portfolio seeks long-term capital appreciation by broadly investing in Funds primarily focused on domestic equity markets with exposure to international equity markets. The strategy is based on the understanding that the volatility associated with equity markets can be accompanied by the greatest potential for long-term capital appreciation.

Target Asset Allocation – Portfolio 2024



Portfolio 2027 – This equity Investment Portfolio seeks long-term capital appreciation by broadly investing in Funds primarily focused on domestic equity markets with exposure to international equity markets. The strategy is based on the understanding that the volatility associated with equity markets can be accompanied by the greatest potential for long-term capital appreciation. Due to the long time horizon until expected college entry, this Investment Portfolio currently has the same allocations as Portfolio 2024, although its allocations will begin

to shift and become more conservative each quarter three years later than Portfolio 2024.

Target Asset Allocation – Portfolio 2027



Fixed Portfolios. The following target allocations do not change over time.

Equity Portfolio – Emphasizing long-term capital appreciation, this equity Investment Portfolio invests in a broad range of Funds focused on domestic equity markets with some exposure to international equity markets. It is designed for Account Holders who want a broadly diversified portfolio of primarily actively managed mutual funds that does not become more conservative over time. Because this Investment Portfolio invests in many underlying Funds, it will have partial exposure to the risks of different areas of the market. This strategy is based on the understanding that the volatility associated with equity markets can be accompanied by the greatest potential for long-term capital appreciation.

Target Asset Allocation – Equity Portfolio



Total Equity Market Index Portfolio – This Investment Portfolio invests exclusively in the T. Rowe Price Total Equity Market Index Fund. The Total Equity Market Index Fund is a passively managed Fund that closely tracks its benchmark, the S&P Total Market Index. Because the Fund is passively managed, its expenses are lower than the average actively managed Fund. The Fund seeks to match the total return of the entire U.S. stock market as represented by the S&P Total Market Index but does not attempt to fully replicate the Index by holding each of those stocks. Index investing can provide a convenient and relatively low-cost way to approximate the performance of a particular market but it may not offer the flexibility to shift assets toward stocks or sectors that are rising or away from stocks or sectors that are declining.

Target Asset Allocation – Total Equity Market Index Portfolio



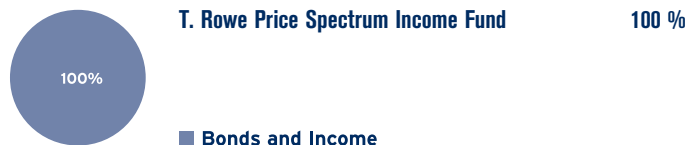
Balanced Portfolio – This moderately aggressive Investment Portfolio focuses on a mix of approximately 60% of its holdings invested in equity markets, including exposure to international stocks, while seeking diversification through approximately 40% of its holdings allocated to fixed-income. This strategy is based on accepting the risks associated with stocks, which have the potential to provide high returns, and seeking to balance the effects of volatility through diversification in fixed-income securities.

Target Asset Allocation – Balanced Portfolio



generate a reasonable level of return while minimizing the risks associated with equity markets.

Target Asset Allocation – Bond and Income Portfolio



Bond and Income Portfolio - This Investment Portfolio's primary objective is to seek a moderate level of current income consistent with moderate price fluctuations by investing exclusively in the T. Rowe Price Spectrum Income Fund, which invests in a highly diversified group of up to 10 T. Rowe Price mutual funds. Seven of these funds invest principally in U.S. fixed-income securities, two in foreign bonds, and one in common stocks of established, dividend-paying companies. The Investment Portfolio is subject to interest rate risk and credit rate risk, as well as market risk. The strategy is based on a lower-risk investment approach that seeks to conserve principal and

Short-Term Bond Portfolio – This Investment Portfolio seeks a moderate level of income consistent with minimum fluctuations in principal value by investing exclusively in the T. Rowe Price Short-Term Bond Fund, which is composed primarily of investment-grade bonds with weighted average effective maturities of three years or less. The T. Rowe Price Short-Term Bond Fund is not a money market fund. Its value will fluctuate, but usually less than a higher-yielding, longer-term bond fund. This strategy is based on a low-risk investment approach that seeks stability of principal by eliminating the risk associated with equity markets.

Target Asset Allocation – Short-Term Bond Portfolio



INVESTMENT PERFORMANCE
Maryland College Investment Plan
Total Return (net of fees) as of August 31, 2007

Note: For the most recent performance figures, please visit our website at collegesavingsmd.org or call 1-888-4MD-GRAD and select option 2.

Portfolio Name	One-year Return	Three-year Return	Five-year Return	Annualized Return-Since Inception	Annualized Return-Weighted Benchmark*	Inception Date
Portfolio for College	6.69%	4.90%	4.52%	3.48%	3.96%	11/26/01
Portfolio 2009	9.47%	8.34%	9.62%	6.52%	5.65%	11/26/01
Portfolio 2012	11.46%	10.20%	10.93%	6.88%	6.35%	11/26/01
Portfolio 2015	13.36%	11.66%	11.98%	7.05%	7.03%	11/26/01
Portfolio 2018	14.86%	12.86%	12.93%	7.43%	7.80%	11/26/01
Portfolio 2021	15.97%	13.79%	13.45%	7.84%	8.43%	11/26/01
Portfolio 2024	15.99%	13.77%	N/A	12.56%	12.93%	10/31/03
Portfolio 2027	15.98%	N/A	N/A	15.45%	15.18%	6/30/06
Equity Portfolio	16.10%	13.83%	13.44%	7.87%	8.40%	11/26/01
Total Equity Market Index Portfolio	15.13%	N/A	N/A	14.54%	15.08%	6/30/06
Balanced Portfolio	12.70%	10.82%	11.32%	7.89%	7.27%	11/26/01
Bond and Income Portfolio	7.03%	5.91%	7.55%	7.06%	4.82%	11/26/01
Short-Term Bond Portfolio	4.46%	2.88%	N/A	2.54%	3.07%	10/31/03

* The weighted benchmark for each Investment Portfolio is based on a unique set of indices. Each set of indices is comparable to the total mix of investments contained in each Investment Portfolio. For example, the weighted benchmark for the Portfolio for College is based on an unmanaged portfolio composed of 20% S&P 500 Index and 80% Lehman Brothers 1-3 Year U.S. Government/Credit Index. Benchmark performance commenced on November 30, 2001 for the Investment Portfolios that have an inception date of November 26, 2001. Benchmark performance for all other Investment Portfolios commenced on the same date as the Investment Portfolio's inception date.

Total return figures include changes in principal value and income. Reinvested dividends and capital gain distributions from the underlying Funds will become income to the Investment Portfolios. However, the Investment Portfolios do not distribute any dividends or capital gains, so changes in the total return are reflected by changes in the NAV. Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. Unit price, principal value, and return will vary, and you may have a gain or a loss when you take a distribution.

The Underlying Fund Characteristics

Information About Underlying Funds. The Investment Portfolios in the College Investment Plan are more likely to meet their goals if the underlying Funds achieve their stated investment objectives. These investment objectives are summarized in this section. You should also review carefully the information contained in each Fund's prospectus about these Funds and the types of risks they represent prior to investing. Request a prospectus for any Fund, which includes investment objectives, risks, fees and expenses, and other information you should read and consider carefully before investing by visiting www.troweprice.com or calling **1-888-4MD-GRAD** and selecting option 4. See discussion of General Risks on page 5 and Investment Risks on page 12.

T. Rowe Price Funds Focusing on Domestic and International Equities (Stock Funds)

Blue Chip Growth Fund seeks to provide long-term capital growth. Income is a secondary objective. The fund invests primarily in the common stocks of large and medium-sized blue chip companies that have the potential for above-average earnings growth and are well established in their respective industries.

Emerging Markets Stock Fund seeks long-term capital appreciation through investments primarily in the common stocks of companies domiciled, or with primary operations, in emerging markets. The fund expects to make substantially all of its investments (normally at least 80% of net assets) in emerging markets in Latin America, Asia, Europe, Africa and the Middle East. Stock selection reflects a growth style.

Equity Index 500 Fund seeks to match the performance of the Standard & Poor's 500[®] Stock Index. The S&P 500 is made up of primarily large-capitalization companies that represent a broad spectrum of the U.S. economy and a substantial part of the U.S. stock market's total capitalization. The fund invests substantially all of its assets in all of the stocks in the S&P 500 Index. The fund attempts to maintain holdings of each stock in proportion to its weight in the index*.

International Growth & Income Fund seeks long-term growth of capital and reasonable income through investments primarily in common stocks of mature, dividend-paying, non-U.S. companies. The fund invests in large-capitalization, dividend-paying companies outside the U.S. The stock selection reflects a value orientation. In addition to the inherent risks of investing abroad, including unfavorable currency exchange rates, is the possibility that a stock judged to be undervalued may actually be appropriately priced.

International Stock Fund seeks long-term growth of capital through investments primarily in the common stocks of established, non-U.S. companies. The fund invests worldwide in well-established, non-U.S. companies and diversifies broadly among developed and some emerging countries. The fund's flexibility to invest throughout the international marketplace can help reduce volatility relative to funds that concentrate on a particular region or country.

Mid-Cap Growth Fund seeks to provide long-term capital appreciation by investing in mid-cap stocks offering the potential for above-average earnings growth. The fund invests at least 80% of the its net assets in a diversified portfolio of common stocks of mid-cap companies whose earnings T. Rowe Price expects to grow at a faster rate than the average company. The fund defines mid-cap companies as those whose market capitalization falls within the range of either the S&P Midcap 400 Index or the Russell Midcap Growth Index.

Mid-Cap Value Fund seeks to provide long-term capital appreciation by investing primarily in mid-size companies believed to be undervalued. The fund invests at least 80% of net assets in

companies whose market capitalization falls within the range of companies in the S&P MidCap 400 Index or the Russell Midcap Value Index. The fund follows a value approach, seeking to identify companies whose stock prices do not appear to reflect their underlying values.

Overseas Stock Fund seeks long-term growth of capital through investments in the common stocks of non-U.S. companies. The fund expects to invest substantially all of its assets outside the U.S. and to diversify broadly among developed and, to a lesser extent, emerging countries throughout the world. It expects to invest primarily (65% of total assets) in the stocks of large companies that have attractive prospects for capital appreciation.

Small-Cap Stock Fund seeks to provide long-term capital growth by investing primarily in stocks of small companies. The fund invests at least 80% of net assets in stocks of small companies. A small company is defined as having a market capitalization that falls (i) within or below the range of companies in the Russell 2000 Index or S&P Small-Cap 600 Index or (ii) below the three-year average maximum market cap of companies in either index as of December 31 for the three preceding years. The Russell 2000 and S&P Small-Cap 600 indices are widely used benchmarks for small-cap stock performance. Stock selection may reflect either a growth or value investment approach.

Total Equity Market Index Fund seeks to match the performance of the entire U.S. stock market. The fund uses the S&P Total Market Index to represent the market as a whole. Because the largest stocks in the index carry the most weight, large-capitalization stocks make up a substantial majority of the S&P Total Market Index's value. The fund uses a sampling strategy, investing substantially all of its assets in a broad spectrum of small-, mid-, and large-cap stocks representative of the S&P Total Market Index. The fund does not attempt to fully replicate the index by owning each of the stocks in it.*

Value Fund seeks to provide long-term capital appreciation by investing in common stocks believed to be undervalued. Income is a secondary objective. In taking a value approach to investment selection, the fund invests at least 65% of total assets in common stocks the portfolio manager regards as undervalued. Stock holdings are expected to consist primarily of large-company issues, but may also include smaller companies.

* "Standard & Poor's[®]", "S&P[®]", "S&P 500[®]", "Standard & Poor's 500", "500", "S&P Total Market Index", and "S&P TMI" are marks/trademarks of The McGraw-Hill Companies, Inc., and have been licensed for use by T. Rowe Price. The Equity Index 500 Fund and Total Equity Market Index Fund are not sponsored, endorsed, sold, or promoted by Standard & Poor's, and Standard & Poor's makes no representation regarding the advisability of investing in the Funds.

T. Rowe Price Funds Focusing on Fixed-Income Securities (Bond and Money Market Funds)

Short-Term Bond Fund seeks a high level of income consistent with minimal fluctuation in principal value and liquidity. It invests primarily in a diversified portfolio of short- and intermediate-term, investment-grade debt securities. The fund's average effective maturity will not exceed three years.

Spectrum Income Fund seeks a high level of current income with moderate share price fluctuation. It invests in a diversified group of underlying T. Rowe Price funds, including six domestic bond funds, two foreign bond funds, a money market fund, and an income-oriented stock fund. The percent of assets allocated to the various funds must conform to the following ranges:

Asset Allocation Ranges for Spectrum Income Fund as of August 31, 2007

Emerging Markets Bond Fund	0-10%
Corporate Income Fund	0-10%
New Income Fund	10-25%
Equity Income Fund	10-25%
Short-Term Bond Fund	0-15%
GNMA Fund	5-20%
Summit Cash Reserves Fund	0-25%
High-Yield Fund	10-25%
U.S. Treasury Long-Term Fund	0-15%
International Bond Fund	5-20%

Summit Cash Reserves Fund seeks preservation of capital, liquidity, and, consistent with these, the highest possible current income. It is a money market fund managed to provide a stable share price. It invests in high-quality, U.S. dollar-denominated money market securities of U.S. and foreign issuers. *An investment in the fund is not insured or guaranteed by the FDIC or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.*

INVESTMENT RISKS

Funds May Not Meet Objectives; Accounts Are Not Insured. As with many investments, there is no guarantee that the underlying Funds will meet their objectives. Keep in mind also that the Fund shares are not deposits or obligations of, or guaranteed by, any depository institution. **Your monies held in the Investment Portfolios are not insured by the FDIC, Federal Reserve, T. Rowe Price, the State, the College Savings Plans of Maryland, the Trustee, the College Investment Plan, the Board, or any other government agency.** Any investment in the College Investment Plan is subject to investment risks, including possible loss of the principal amount invested.

Principal Risks Associated with Domestic and International Stock Investing

General Risks. The share prices of equity Funds can fall because of weakness in the broad market, a particular industry, or specific holdings. The markets as a whole can decline for many reasons, including adverse political or economic developments here or abroad, changes in investor psychology, or heavy institutional selling. The prospects for an industry or company may deteriorate because of a variety of factors, including disappointing earnings or changes in the competitive environment. In addition, the investment manager's assessment of securities of companies held in a Fund may prove incorrect, resulting in losses or poor performance even in rising markets.

Small- and Mid-Cap Stock Risks. The stocks of small- and mid-cap companies entail greater risk and are usually more volatile than those of larger companies. Stocks of smaller companies are subject to more abrupt or erratic price movements than large company stocks. Small companies often have limited product lines, markets, or financial resources, and their managements may lack depth and experience. Such companies seldom pay significant dividends that could cushion returns in a falling market.

International Risks. Funds that invest overseas generally carry more risk than Funds that invest strictly in U.S. assets. The specific risk profile of an international Fund varies with its investment style, geographic focus, and whether it invests in developed markets, emerging markets, or both. Funds investing in a single country or limited geographic region tend to be riskier than more diversified funds. Risks can result from varying stages of economic and political development, differing regulatory environments, trading days, accounting standards, and higher transaction costs of non-U.S. markets. Investments outside the United States could be subject to governmental actions such as capital or currency controls, nationalization of a company or industry, expropriation of assets, or imposition of high taxes. International Funds are also subject to currency risk. This refers to a decline in the value of a foreign currency versus the U.S. dollar, which reduces the dollar value of securities denominated in that currency. The overall impact on a Fund's holdings can be significant and long-lasting depending on the currencies represented in the portfolio, how each one appreciates or depreciates in relation to the U.S. dollar, and whether currency positions are hedged. Further, exchange rate movements are unpredictable, and it is not possible to effectively hedge the currency risks of many developing countries.

Emerging Market Risks. Investments in emerging markets are subject to abrupt and severe price declines and should be regarded as speculative. The economic and political structures of developing nations, in most cases, do not compare favorably with the U.S. or other developed countries in terms of wealth and stability, and their financial markets often lack liquidity. Some countries also have legacies of hyperinflation, currency devaluations, and governmental interference in markets.

Growth and Value Approach Risks

Growth Investing. Growth stocks can be volatile for several reasons. Since these companies usually invest a high portion of earnings in their businesses, they may lack the dividends of value stocks that can cushion stock prices in a falling market. Also, earnings disappointments often lead to sharply falling prices because investors buy growth stocks in anticipation of superior earnings growth.

Value Investing. Investors seek to invest in companies whose stock prices are low in relation to their real worth or future prospects. By identifying companies whose stocks are currently out of favor or misunderstood, value investors hope to realize significant appreciation as other investors recognize the stock's intrinsic value and the price rises accordingly. The value approach carries the risk that the market will not recognize a security's intrinsic value for a long time or that a stock judged to be undervalued may actually be priced appropriately.

Principal Risks Associated with Fixed-Income Investments

Money Market Risk. An investment in a money market Fund is not insured or guaranteed by the FDIC or any other government agency. Although a money market Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.

Interest Rate and Credit Risk. Bond prices may decline in response to a rise in interest rates. Longer-maturity bonds typically decline more than those with shorter maturities, resulting in a lesser rate of return. In the event that a bond's credit rating is downgraded or a bond issuer defaults (fails to make timely payments of interest or principal), the Fund's income level and share price could decline dramatically.

High-Yield Investing Risks. A Fund investing in high-yield corporate bonds, often called "junk bonds," could have greater price declines than Funds that invest primarily in high-quality bonds. Companies issuing high-yield bonds are not as strong financially as those with higher credit ratings, so the bonds are usually considered speculative investments. These companies are more vulnerable to financial setbacks and recession than more creditworthy companies, which may impair their ability to make interest and principal payments. In addition, the entire junk bond market can experience sudden and sharp price swings due to a variety of factors, including changes in economic forecasts, stock market activity, large sustained sales by major investors, a high-profile default, or a change in the market's psychology.

Principal Risks Associated with Mortgage-Backed Securities

Prepayment Risk. Funds that invest extensively in mortgage-backed securities have special risks related to changing interest rates. A mortgage-backed bond, unlike most other bonds, can be hurt when interest rates fall because homeowners tend to refinance and prepay principal. The loss of high-yielding, underlying mortgages and the reinvestment of proceeds at lower interest rates can reduce the bond's potential price gain in response to falling interest rates, reduce the bond's yield, or even cause the bond's price to fall below what an investor paid for it, resulting in a capital loss. Any of these developments could cause a decrease in a Fund's income, share price, or total return.

Extension Risk. In the event that a rise in interest rates accompanied by a drop in mortgage prepayments causes a Fund's average maturity to lengthen unexpectedly, that Fund's sensitivity to rising rates and its potential for price declines could be dramatically increased.

CERTAIN FEDERAL TAX CONSIDERATIONS

General. This section takes a closer look at some of the federal tax considerations you should be aware of when investing in the College Investment Plan. However, the discussion is by no means exhaustive and is not meant as tax advice. Please keep in mind that the IRS has issued only proposed regulations under Section 529 of the Code; final regulations could affect the tax considerations mentioned in this section or require the terms of the College Investment Plan to change. In addition, the College Investment Plan has not requested a private letter ruling from the IRS with regard to the status of the College Investment Plan under Section 529 of the Code. The Board may, in its sole discretion, apply for such a ruling from the IRS.

The federal tax consequences associated with an investment in the College Investment Plan can be complex. In addition, some states may impose penalties and/or taxes on investments in or withdrawals from a Qualified Tuition Program offered by other states. These penalties and taxes may, in certain cases, result in an effective reduction or loss of some or all of the federal tax benefits discussed below. To the extent that any tax advice is given in this Disclosure Statement, it has not been written to be used and cannot be used by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer.

Any such tax advice was written to support the promotion or marketing of the College Investment Plan. You should consult a tax advisor regarding the application of federal tax laws to your particular circumstances.

Federal Tax-Deferred Earnings. Any earnings on contributions are tax-deferred, which means your Account assets grow free of current federal income tax.

Federal Gift/Estate Tax. This section only discusses federal gift and estate taxes. The state law treatment of gift and estate taxes varies so you should check with your tax advisor.

If the amounts contributed by you on behalf of the Beneficiary together with any other gifts to that person (over and above those made to your Account) do not exceed \$12,000 per year (\$24,000 for married couples making a proper election), no gift tax will be imposed for that year. Gifts of up to \$60,000 can be made in a single year (\$120,000 for married couples making a proper election) for a Beneficiary and averaged out over five years for the gift tax exclusion. This allows you to move assets into tax-deferred investments and out of your estate more quickly. Generally, assets in an Account are not included in your estate, unless you elect the five-year averaging and die before the end of the fifth year. In general, if you die with assets still remaining in your Account, the Account's value will not be included in your estate for federal estate tax purposes. If your Beneficiary dies, the value of the Account may be included in the Beneficiary's estate for federal tax purposes. Further rules regarding gifts and the generation-skipping transfer tax may apply in the case of distributions, changes of Beneficiaries, and other situations. You should consult with a tax advisor when considering a change of Beneficiary or transfers to another Account or the specific effect of the gift tax and generation-skipping transfer tax on your situation.

Transfers and Rollovers. As discussed further in Contributions to the Trust beginning on page 5, certain transfers can be made without incurring income tax consequences or a Distribution Tax. The distribution must be placed in another Account or an account of another Qualified Tuition Program within 60 days of the distribution date. If the new Beneficiary is a member of a generation lower than the prior Beneficiary, the transfer may be subject to the gift tax or generation-skipping transfer tax. Changes in your Beneficiary could potentially cause gift and/or generation-skipping transfer tax consequences to the Beneficiary and/or Account Holder. Because gift and generation-skipping transfer tax issues are complex, you should consult with your tax advisor.

Coverdell Education Savings Accounts. Contributions may currently be made to both a Coverdell Education Savings Account (defined in Section 530 of the Code) and a Qualified Tuition Program in the same year on behalf of the same Beneficiary. However, the ability to do so may expire after 2010 unless extended or made permanent by Congress. Additionally, the same educational expenses cannot be claimed for a tax-exempt distribution from both the Coverdell Education Savings Account and the Qualified Tuition Program.

Education Tax Credits. You and your Beneficiary, if eligible, can take advantage of Hope and Lifetime Learning Tax Credits without affecting your participation in the College Investment Plan or its benefits. Hope and Lifetime Learning Credits can be claimed in the same year that a tax-exempt distribution is taken from a Qualified Tuition Program provided the distribution is not used for the same educational expenses.

Federal Taxation of Distributions

All Distributions. Distributions have two components: (1) principal, which is not taxable when distributed, and (2) earnings, if any, which may be subject to federal income taxation. We determine the earnings portion of your distribution at calendar year-end based on IRS rules and report to the IRS and the taxable party on Form 1099-Q (or other successor form). However, the Form 1099-Q does not report whether the distribution is a Qualified Distribution or a Non-Qualified Distribution. You are responsible for preparing and filing the appropriate forms when completing your federal income tax return and for paying any applicable tax directly to the IRS.

Qualified Expense Distributions. When money is withdrawn from your Account to pay for Qualified Expenses, all of the Account's investment gains are distributed federally income tax-free, provided you do not also claim all or part of these Qualified Expenses as a Hope or Lifetime Learning Credit.

Other Qualified Distributions. For federal income tax purposes and pursuant to current IRS guidance, including Form 1099-Q and proposed regulations, the earnings portion of a Qualified Distribution made to the appropriate recipient (as described above) in the event of the death or Disability of a Beneficiary or receipt by the Beneficiary of Tuition Assistance, or enrollment at a U.S. military academy is generally taxable to the Account Holder. However, any Qualified Distribution payable under such circumstances should be taxable to the Beneficiary if it is paid to the Beneficiary or the Eligible Educational Institution. Such Qualified Distributions will not be subject to the Distribution Tax.

Non-Qualified Distributions. The earnings portion of any Non-Qualified Distribution is generally taxable to the Account Holder. However, the Non-Qualified Distribution should be taxable to the Beneficiary if it is paid to the Beneficiary or the Eligible Educational Institution. Any Non-Qualified Distribution will also be subject to the Distribution Tax.

Aggregation of Accounts. For purposes of calculating the breakdown between the principal and earnings portion of any distribution, the IRS requires that all Accounts in the College Investment Plan with the same Account Holder and Beneficiary be treated as one Account. Therefore, the IRS Form 1099-Q may report an amount of earnings that is greater or lesser than the actual earnings on any particular Investment Portfolio.

Determination of Taxable Earnings. The principal and earnings portion of a distribution for federal tax purposes are determined by a formula reflecting the proportion of contributions to the Account's overall market value of your Accounts in the College Investment Plan for the same Beneficiary. If the distribution is subject to a Distribution Tax, the Distribution Tax is applied to the earnings portion. The taxpayer is responsible for calculating and reporting any Distribution Tax to the IRS. Due to the IRS rules regarding aggregation of Accounts, the taxable earnings may be more or less than the actual earnings on any particular Account or Accounts.

CERTAIN STATE TAX CONSIDERATIONS

General. This section takes a closer look at some of the state tax considerations you should be aware of when investing in the College Investment Plan. However, the discussion is by no means exhaustive and is not meant as tax advice. The state tax consequences associated with an investment in the College Investment Plan can be complex. You should consult a tax advisor regarding the application of state tax laws to your particular circumstances. In addition, please refer to Maryland Income

Tax Administrative Release No. 32, which can be obtained at www.marylandtaxes.com or by calling **1-800-MD-TAXES**.

Maryland State Income Deduction for Contributions. Maryland Residents only may receive a maximum deduction of \$2,500 per Beneficiary on their State income tax return. Maryland adjusted gross income is determined by applying certain addition and subtraction modifications to federal adjusted gross income. The deduction is one of the subtractions available on the State return. Contributions made in excess of \$2,500 per Beneficiary in a single year may be carried forward and deducted from your federal adjusted gross income to determine your Maryland adjusted gross income for up to 10 additional years, subject to the \$2,500 annual limit.

Although individuals other than the Account Holder may make contributions to an Account, only an Account Holder may take the annual deduction. In addition, the deduction may be taken only on amounts contributed by the Account Holder.

Maryland Tax-Free Distributions for Qualified Expenses. When money is withdrawn to pay for Qualified Expenses, any of the Account's investment gains are distributed free of State income taxes. If you move out of the State and no longer pay Maryland income tax, you will no longer receive this Maryland tax benefit.

Maryland Taxation of Other Distributions/Recapture of Previous Deductions. Any amounts previously taken as a deduction from Maryland adjusted gross income must be added to your Maryland adjusted gross income for the tax year in which you take a distribution unless the distribution is a Rollover Distribution or used to pay for Qualified Expenses. The requirement to add previous years' deductions to your Maryland adjusted gross income applies even if the distribution is the result of the Beneficiary's receipt of Tuition Assistance or the Beneficiary's death or disability.

Non-Maryland Residents. State income taxes may apply to the earnings portion of a distribution from the College Investment Plan, even if used for Qualified Expenses, if the recipient is a non-Maryland resident. Depending upon the laws of your or your Beneficiary's home state, favorable state tax treatment or other benefits offered by that home state may be available only if you invest in the home state's section 529 college savings plan. Any state-based benefit offered with respect to a particular 529 plan should be one of many appropriately weighted factors to be considered in making an investment decision. You should consult with your financial, tax or other advisor to learn more about how state-based benefits, including any limitations, would apply to your specific circumstances. You also may wish to contact your home state or any other 529 plan to learn more about the features, benefits and limitations of that state's 529 plan.

Maryland Gift/Estate Taxes. Maryland law does not impose gift taxes. Therefore, in the event that an Account Holder elects five-year averaging of contributions of up to \$60,000 in a single year (\$120,000 for married couples making the proper election), and dies prior to the end of the fifth year, a portion of the assets of the Account, while subject to federal gift tax, would not be subject to a Maryland gift tax.

Maryland law imposes an estate tax that parallels the federal estate tax in some respects. Generally, estates below \$1 million are not subject to Maryland estate tax. The Maryland estate tax is equal to the credit provided in federal law without regard to the phased-in reduction and elimination of that credit beginning in 2002 and is calculated based on the federal gross estate as reduced by allowable deductions. Therefore, assets remaining in your Account following your death will only affect your Maryland

estate tax if included in the federal gross estate. You should consult a tax advisor when considering the specific effect of Maryland gift and estate taxation on your situation.

MAINTAINING YOUR ACCOUNT

General. You may access your Account information online at collegesavingsmd.org. In addition to viewing your Account, you may make certain changes to your automatic monthly contributions and update your Account Holder information.

Transaction Confirmations. The College Investment Plan will send you a confirmation each time you contribute to your Account(s), except for Automatic Monthly Contributions and payroll deductions. You will also receive an Account statement each quarter that details your contributions, distributions, total Account value, and current investments. These statements are not tax documents and should not be submitted with your tax forms. However, you could use the Account statement(s) to determine how much you paid or contributed during the previous tax year.

Transfers and Rollovers of Assets from Another Qualified Tuition Program. You can transfer assets for the same Beneficiary from another Qualified Tuition Program to the College Investment Plan. Rollovers for the same Beneficiary are restricted to one every 12 months. The Account Holder and/or the previous Qualified Tuition Program must provide the College Investment Plan with an accurate allocation of principal and earnings on the previous account for application to the new Account. To roll over assets for the same Beneficiary into an Account in the College Investment Plan, complete a Rollover Form and an Enrollment Form. Please visit the College Investment Plan website at collegesavingsmd.org or contact a customer service representative at **1-888-4MD-GRAD** for any of the forms you may need.

Changing a Beneficiary, Transferring Assets to Another of Your Accounts. You can change your Beneficiary at any time. To avoid negative tax consequences, the new Beneficiary must be a Member of the Family of the original Beneficiary. Upon transferring an Account to a new Beneficiary, you can choose to redirect the investment of the Account to another Investment Portfolio. For details on tax matters relating to transfers, please see Transfers and Rollovers on page 13.

You can also direct that all or a portion of an Account be transferred to another Account you own that has a different Beneficiary, as long as that Beneficiary is a Member of the Family of the prior Beneficiary. Naming a new Beneficiary will result in your original Account being closed and a new one being opened. You must be the Account Holder of the new Account. You should check with your tax advisor regarding the tax consequences of changing Beneficiaries and transferring assets. For information on changing Beneficiaries for Accounts funded with assets originally held in an UGMA/UTMA account, see Contributions to the Trust – Funding an Account on page 5.

Changing Investment Direction. You can change the investment strategy for each Beneficiary once per calendar year. If you have multiple Accounts for one Beneficiary, all changes for the calendar year must be requested together on the same day. You can call to request an exchange over the telephone by contacting a customer service representative at **1-888-4MD-GRAD** or visit the College Investment Plan website to download or request the appropriate form.

Changing, Removing, or Releasing a Custodian. For an Account funded with assets originally held in an UGMA/UTMA

account, the Custodian may be released or replaced upon written notice to the College Investment Plan. The notice may be from:

- The Custodian, stating that, in accordance with the terms and conditions of the UGMA/UTMA account, the Custodian is releasing control of the Account to the Beneficiary or to another person who has been properly appointed Custodian;
- A valid court that has appointed another person as Custodian; or
- The person legally authorized to act on behalf of the Account Holder if the current Custodian dies or is declared legally incompetent and there is no named successor.

Additionally, the Custodian will be released when the Account Holder attains the applicable age of majority.

If the Account was not funded from an UGMA/UTMA account:

- The Custodian will be released when the Account Holder attains the age of majority (currently 18 years old for Maryland residents) or becomes legally emancipated in accordance with Maryland law;
- The Custodian may be replaced upon written notice to the College Investment Plan that he or she has appointed another Custodian or that a valid court order has appointed another person as Custodian; or
- If the current Custodian dies or is declared legally incompetent and there is no named successor, the person legally authorized to act on behalf of the Account Holder may replace the Custodian.

Documentation and Limitations. A Beneficiary change is effective only when all required documents are received in good order and processed. Also, a Beneficiary change or transfer of assets may be denied or limited if it causes one or more Accounts to exceed the maximum aggregate Account balance for a Beneficiary.

Change of Account Holder. Except as discussed below, you may transfer control of your Account assets to a new Account Holder. All transfers to a new Account Holder must be requested in writing and include information required by the Trustee. However, your right of control may not be sold, transferred, used as collateral, or pledged or exchanged for money or anything of value. We may require affidavits or other evidence to establish that a transfer is non-financial in nature. Your right of control may also be transferred under an appropriate court order as part of divorce proceedings. If you transfer control of an Account to a new Account Holder, the new Account Holder must agree to be bound by the terms and conditions of this Disclosure Statement. Transferring an Account to a new Account Holder may have significant tax consequences. Before doing so, you may want to check with your tax advisor regarding your particular situation.

Simultaneous Death of Account Holder and Beneficiary. If the Account Holder and Beneficiary on an Account both die and there is no evidence to verify that one died before the other, any appointed Account Holder's Successor shall become the Account Holder on the Account. If no Account Holder's Successor has been appointed, the fiduciary responsible for the disposition of the Beneficiary's estate shall designate the new Account Holder. If no executor or fiduciary has been appointed, one must be appointed by a valid court order for this purpose.

Death of Account Holder's Successor. In the event the Account Holder's Successor predeceases the Account Holder and the Account Holder fails to designate another Account Holder's Successor or the Account Holder and Account Holder's

Successor die simultaneously, control and ownership of the Account upon the Account Holder's death will become subject to the estate laws of the state in which the Account Holder resided.

Closing an Account. You can close your Account by having all of the assets distributed. A Non-Qualified Distribution may be subject to ordinary income tax, as well as a Distribution Tax. Please visit the College Investment Plan website at collegesavingsmd.org or contact a customer service representative at **1-888-4MD-GRAD** for any of the forms you may need. If you name another Beneficiary for your Account(s), we will close your original Account(s) and open a new one(s). You must be the Account Holder of the new Account. **You should check with your tax advisor regarding the tax consequences of closing your Account.**

Recovery of Incorrect Amounts. If an incorrect amount is paid to or on behalf of an Account Holder or Beneficiary, we may recover the incorrect amount from the Account Holder or Beneficiary, or adjust any remaining balances to correct the error. The Trustee, in its discretion, may waive the processing of adjustments resulting from clerical errors or other causes that are de minimis in amount.

Correction of Errors. There is a 90-day period for making corrections. If, within 90 days after issuance of any Account statement or confirmation, the Account Holder makes no written objection to the College Investment Plan regarding an error in the Account that is reflected on that statement, we will deem the statement to be correct and binding upon the Account Holder and Beneficiary.

DISTRIBUTIONS FROM YOUR ACCOUNT

General. You can take a distribution at any time by completing the distribution request form and providing all required documentation. Before we can make a distribution, we must receive an original signed distribution request form. Only the Account Holder (or Custodian) can request a distribution, unless a valid court order directs otherwise.

Qualified Distributions. Distributions from your Account are either Qualified or Non-Qualified as determined by the IRS. As the Account Holder, you are responsible for satisfying the IRS requirements for proof of Qualified Distributions, which include retaining any paperwork and receipts necessary to verify the type of distribution you received. We will not provide information to the IRS regarding the type of distribution you receive.

Distributions for Qualified Expenses are generally exempt from federal income taxes and the Distribution Tax. Rollover Distributions may be subject to certain state taxes, but are generally exempt from federal income taxes and the Distribution Tax. All other Qualified Distributions are not subject to the Distribution Tax, but the earnings portion will be subject to federal income taxes and may be subject to other taxes.

Tuition Assistance. If a Beneficiary receives Tuition Assistance, a Qualified Distribution is allowed up to the amount of the Tuition Assistance. Although a distribution due to receipt of Tuition Assistance will be exempt from a Distribution Tax, the earnings portion will be subject to federal income taxes and may be subject to other taxes.

Disability. If a Beneficiary is or becomes Disabled so that he or she cannot begin or continue his or her education, a Qualified Distribution may be taken. Although any earnings distributed will be exempt from the Distribution Tax, the earnings will be subject to federal income taxes and may be subject to other taxes.

Death. If a Beneficiary dies before all funds are distributed from an Account, the Beneficiary's estate or any other legally recognized beneficiary may take a Qualified Distribution. Although any earnings distributed will be exempt from the Distribution Tax, the earnings will be subject to federal income taxes and may be subject to other taxes.

Rollover Distribution. To qualify as a Rollover Distribution, the amount distributed from your Account must be reinvested into another Qualified Tuition Program within 60 days of the distribution date.

Non-Qualified Distributions. A distribution that does not meet the requirements for a Qualified Distribution will be considered a Non-Qualified Distribution by the IRS. The earnings portion of a Non-Qualified Distribution will be subject to federal income taxes (and may be subject to other taxes) and will be taxable to the person receiving the distribution. In addition, Non-Qualified Distributions are subject to a Distribution Tax. The person receiving the distribution would need to comply with IRS requirements, including filing applicable forms with the IRS.

Method of Payment. We typically pay distributions by check, although electronic transfers may be available in some cases. (We may charge a fee for wire transfers.) Distributions are based on the NAV of the Investment Portfolios underlying your Account. A Signature Guarantee is required for distribution requests of \$50,000 or more or for wires to bank accounts not on file with your Account. Distributions may be paid by check to one or more of the following payees:

- Account Holder;
- Beneficiary;
- Beneficiary and Eligible Educational Institution jointly; or
- Estate of Beneficiary.

Please note that many Educational Institutions have unique information needs regarding the Beneficiary in order to properly credit the Beneficiary's account. Therefore, we do not mail checks directly to Educational Institutions.

Distributions paid electronically can only be sent to an account of which the Account Holder or Beneficiary is an owner.

Timing of Distribution Request. Distribution requests received in good order before the close of the NYSE, generally 4 p.m. Eastern Time, on any day the NYSE is open for business are processed that day based on the NAVs of the Investment Portfolios underlying the Account for that day. Requests received after the close of the NYSE are processed the next business day using the NAVs on that day.

Trusts, Corporations, and Other Entities as Account Holders. An Account Holder that is a trust, partnership, corporation, association, estate, or another acceptable type of entity must submit documentation to the College Investment Plan to verify the existence of the entity and identify the individuals who are eligible to act on the entity's behalf. Examples of appropriate documentation include a trust agreement, partnership agreement, corporate resolution, articles of incorporation, bylaws, or letters appointing an executor or personal representative. Documentation must be submitted when an Account is established. We will not be able to open your Account until we receive all of the information required on the Enrollment Form, including the documentation that verifies the existence of the Account Holder. If the individuals who are authorized to act on behalf of the entity have changed since the Account was established, then additional documentation must be submitted with any distribution request. If the Account Holder

is an agency or instrumentality of a state or local government, or tax-exempt organization as defined in the Code and has established the Account as a scholarship fund, it must provide verification (e.g., an IRS determination letter) of its exempt status when the Account is established.

Reservation of Rights. We reserve the right to limit the number of distributions in a single month and suspend distributions during unusual market conditions.

Supporting Documentation. The Trustee, in its discretion, may require supporting documentation. Specifically, Accounts opened via the Internet will require a Signature Guarantee of the Account Holder to request a distribution.

Tax Treatment of Distributions. Please read Federal Taxation of Distributions on page 13 and Certain State Tax Considerations on page 14.

TERMINATION OF ACCOUNTS

Unclaimed Accounts. Under certain circumstances, if there has been no activity in your Account or if we have not been able to contact you for a period of at least three years, your Account may be considered abandoned under State law. If your property is considered abandoned, it will, without proper claim by the Account Holder, revert to the State.

Involuntary Termination of Accounts. We may refuse to establish or may terminate an Account if we determine that it is in the best interest of the College Investment Plan or required by law. If we determine that you provided false or misleading information in establishing or maintaining an Account, or that you are restricted by law from participating in the College Investment Plan, we will return your contributions but may withhold any earnings on the principal investments in the Account as of the termination date. Any withheld earnings will be retained by the Trust, and you will be responsible for any losses.

PLAN GOVERNANCE AND ADMINISTRATION

The College Investment Plan. The College Investment Plan was established under the Enabling Legislation. The Enabling Legislation requires the Board to adopt procedures that it considers necessary to carry out the provisions of the Enabling Legislation, including procedures relating to the enrollment process for participation in the College Investment Plan, early withdrawals, and transfer of funds between the College Investment Plan and other Qualified Tuition Programs. In addition, the Board has been given discretion with regard to the formation of the College Investment Plan, including the declaration of a trust, assessment of enrollment and other Fees, creation of multiple Investment Portfolios, and receipt of contributions into Accounts.

The College Investment Plan is administered by the Board through the College Savings Plans of Maryland, an independent State agency. Monies held by the College Savings Plans of Maryland are not considered monies of the State and may not be deposited into the General Fund of the State. Funds remaining in the College Investment Plan at the end of any fiscal year remain in the College Investment Plan, may not be considered monies of, or commingled with the Maryland Prepaid College Trust, and do not revert to the State General Fund.

Each year the College Investment Plan prepares financial statements to be included as part of its Annual Report. Abrams, Foster, Nole & Williams, P.A., an independent accounting firm and auditor to the State of Maryland, has been retained by the Board to audit the College Investment Plan's financial

statements. The Board is required to submit its Annual Report to the Governor and the General Assembly. This report must include a complete financial accounting of the College Investment Plan and the results of the audit. The Board also prepares an Annual Report Summary for Account Holders, which summarizes the results of the audit. The College Savings Plans of Maryland Annual Report and Annual Report Summary are incorporated by reference into this Disclosure Statement and both are available at collegesavingsmd.org or by calling **1-888-4MD-GRAD** and selecting option 5.

The Board. As required by the Enabling Legislation, the College Investment Plan is directed and administered by the Board. The Board consists of 10 members. Five members of the Board (the State Comptroller, the State Treasurer, the State Secretary of Higher Education, the Chancellor of the University System of Maryland and the State Superintendent of Schools) serve ex officio. The five remaining members are appointed by the Governor from the private sector; must have significant experience in finance, accounting, investment management, or other areas that can be of assistance to the Board; take an oath of office; and are required to file annual financial disclosure statements with the State Ethics Commission. Board members receive no compensation for their services to the College Savings Plans of Maryland; however, they are entitled to reimbursement for expenses incurred in the performance of their duties. The Board has general and fiduciary responsibility for the College Investment Plan as a whole. There may be vacancies on the Board from time to time.

The Declaration of Trust. The Trust has been established pursuant to the Declaration, which provides that the Board is the sole Trustee of the College Investment Plan and that the Board may appoint its staff to act as the Trustee's designee with respect to the day-to-day operations of the College Investment Plan. The Declaration provides that the assets of the College Investment Plan shall be used exclusively to make Qualified and Non-Qualified Distributions in accordance with the provisions of the Enabling Legislation and the Accounts and pay expenses of the Trust in the management, protection, investment, and reinvestment of Trust assets. The Declaration also provides that the Board shall adopt a comprehensive investment plan and policies and may change the plan from time to time as they deem in the best interests of Account Holders and Beneficiaries. Under the Declaration, the Board is also authorized, among other things, to:

Employee Service Providers, as independent contractors, to administer the College Investment Plan by providing the following services:

- assist in the development and implementation of the College Investment Plan;
- administrative functions and record keeping;
- distribution and marketing;
- investment management;
- investment advice;
- custodial and depository;
- accounting; and
- customer relations.

Execute All Necessary or Desirable Documents to implement and operate the College Investment Plan (including services agreements, participation agreements, selling agreements, and other similar documents) and to authorize institutions to offer and sell interests in the Trust;

Establish Fees, Expenses, Penalties, and Other Payments relating to the College Investment Plan (some or all of which may be paid to the College Investment Plan);

Create Additional Investment Portfolios for the College Investment Plan, change the asset allocation or underlying investments of existing Investment Portfolios, or eliminate Investment Portfolios; and

Charge a Penalty to Accounts for Non-Qualified Distributions, in accordance with the terms and conditions of the College Investment Plan, as shall be determined from time to time by the Board in accordance with the Code. The Board does not currently impose such a penalty.

Distributor/Underwriter of the College Investment Plan.

T. Rowe Price Investment Services, Inc., a Maryland corporation formed in 1980 as a wholly owned subsidiary of T. Rowe Price, is the College Investment Plan's distributor/underwriter. This subsidiary is registered as a broker-dealer under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority, Inc.

Record Keeper for the College Investment Plan. T. Rowe Price Services, Inc., a wholly owned subsidiary of T. Rowe Price, provides record keeping and related services to the College Investment Plan.

Investment Adviser and Program Manager to the College Investment Plan. T. Rowe Price is the investment adviser and Program Manager to the College Investment Plan. T. Rowe Price makes decisions regarding the purchase and sale of investments in the Funds.

Program Manager Address. The address for T. Rowe Price Associates, Inc. and the subsidiaries listed above is 100 East Pratt Street, Baltimore, MD 21202. All general correspondence, however, should be addressed to Maryland College Investment Plan, P.O. Box 17479, Baltimore, MD 21297-1479.

GENERAL PROVISIONS

Changes to an Account. All notices, changes, options, and elections requested for your Account must be in writing (unless otherwise waived by the Trustee), signed by you, and received by the Program Manager. Neither the Program Manager nor the Trustee is responsible for the accuracy of such documentation. If acceptable to the Trustee, notices, changes, options, and elections relating to your Account will take effect within a reasonable amount of time after the Program Manager has received the document, unless the Trustee agrees otherwise.

Address Changes. The Account Holder shall notify us of any change of address of any person listed on the Enrollment Form that was submitted by the Account Holder.

Keep Legal Documents for Your Records. You should retain the Enrollment Kit, any updates to this Disclosure Statement and your Account statements for your records. The Board may make modifications to the College Investment Plan in the future. If so, an addendum to the Disclosure Statement will be sent to each Account Holder's address of record. If material modifications are made to the College Investment Plan, a revised Disclosure Statement will be mailed to each Account Holder. Under such circumstances, the new addendum and/or Disclosure Statement will supersede all prior versions.

Changes to the Disclosure Statement. The Board may amend the terms of this Disclosure Statement from time to time to comply with changes in the law or regulations or if the Board determines it is in the College Savings Plans of Maryland's, the

College Investment Plan's, or the Trust's best interest to do so. However, the Board will not retroactively modify existing terms and conditions applicable to an Account in a manner adverse to you or your Beneficiary except to the extent necessary to assure compliance with applicable state and federal laws or regulations or to preserve the favorable tax treatment to you, your Beneficiary, the College Savings Plans of Maryland, the College Investment Plan, or the Trust. The Board will promptly notify you of such amendments, and you will be bound thereby unless you notify the Board in writing of your intent to close your Account within 60 days of the date of the notice.

Changes to the Statute and Regulations. The General Assembly of the State may, from time to time, pass legislation, which may directly or indirectly affect the terms and conditions of the College Savings Plans of Maryland, the College Investment Plan, the Trust, and this Disclosure Statement.

Guide to Interpretation. The College Investment Plan is intended to qualify for the tax benefits of Code Section 529. Notwithstanding anything in this Disclosure Statement to the contrary, the terms and conditions applicable to your Account will be interpreted and/or amended to comply with the requirements of that section and applicable regulations.

Creditor Protections. Under Maryland law, your Account is not subject to attachment, garnishment, or seizure by creditors of you or the Beneficiary.

Federal law also provides limited creditor protections based on the timing of contributions and the debtor's relationship to the Beneficiary. Generally, contributions made to a debtor's Account less than one year before the filing of a bankruptcy petition are included in the debtor Account Holder's bankruptcy estate and are not protected from creditors. Contributions made to a debtor's Account more than one year before the filing of a bankruptcy petition are generally not part of a debtor Account Holder's bankruptcy estate, provided that the contributions are not deemed excess contributions and the Beneficiary is the debtor's child, stepchild, grandchild or stepgrandchild. However, for contributions made between one and two years prior to the filing of a bankruptcy petition, a maximum of \$5,000 in contributions may be excluded from the debtor Account Holder's bankruptcy estate.

You should consult a legal advisor regarding the application of this specific law to your particular circumstances and for a determination of whether Maryland or federal law applies to your situation.

Direction of Investment. You may change your Investment Options for each Beneficiary one time per calendar year. Other than this, neither you nor your Beneficiary may change your current investment in the College Investment Plan.

Factual Representation. All factual determinations regarding your or your Beneficiary's residency, Disabled status, and any other factual determinations regarding your Account will be made by the Trustee based on the facts and circumstances of each case.

Severability. In the event that any clause or portion of this Disclosure Statement is found to be invalid or unenforceable by a valid court order, that clause or portion shall be severed from this Disclosure Statement and the remainder of this Disclosure Statement shall continue in full force and effect as if such clause or portion had never been included.

Precedence. In the event inconsistencies are found in the documents governing the College Investment Plan, the order of precedence from most governing to least governing will,

except as to provisions that expressly provide otherwise in the Declaration, be as follows: (i) the Code; (ii) State statutes; (iii) the Declaration; (iv) Board policy; (v) the Enrollment Form; and (vi) the Services Agreement.

Maryland Law. The College Investment Plan is created under the laws of the State. It is governed by, construed, and administered in accordance with the laws of the State. The venue for disputes and all other matters relating to the College Investment Plan will only be in the State.

Claims. Any claim by you or your Beneficiary against the Plan Officials (defined on page 21), individually or collectively, with respect to your Account shall be made solely against the assets in your Account. The obligations of the College Savings Plans of Maryland, the College Investment Plan, and the Trust under an Enrollment Form are monies received from you and earnings and/or losses from your Account investments, and no recourse shall be had by you or your Beneficiary against the Plan Officials, collectively or individually, in connection with any right or obligations arising out of an Account. Assets in your Account are not an obligation of the State and neither the full faith and credit nor the taxing power of the State can be pledged to the payment of educational expenses, including Qualified Expenses. All obligations hereunder are legally binding contractual obligations of the Trust only, a program of the College Savings Plans of Maryland, an independent agency of the State.

GLOSSARY

Defined Terms. Terms used in this Disclosure Statement have the following meanings:

Account: An account in the College Investment Plan established by an Account Holder for a Beneficiary.

Account Holder or you: An individual or legally recognized entity such as a corporation (for-profit or nonprofit), partnership, association, trust, foundation, guardianship, or estate that signs an Enrollment Form establishing an Account. In certain cases, the Account Holder and Beneficiary may be the same person.

Account Holder's Successor: The person named in the Enrollment Form or otherwise in writing to the College Investment Plan by the Account Holder, who may exercise the rights of the Account Holder under the College Investment Plan if the Account Holder dies or is declared legally incompetent. The Account Holder's Successor may be the Beneficiary.

Automatic Monthly Contributions: A service in which an Account Holder authorizes the College Investment Plan to transfer money, on a regular and predetermined basis, from a bank or other financial institution to an Account in the College Investment Plan.

Beneficiary or Student: The individual designated by an Account Holder, or as otherwise provided in writing to the College Investment Plan, to receive the benefit of an Account.

Board: The College Savings Plans of Maryland Board.

Code: Internal Revenue Code of 1986, as amended. There are references to various Sections of the Code throughout this Disclosure Statement, including Section 529 as it currently exists and as it may subsequently be amended, and regulations adopted under it.

College Investment Plan: The Maryland College Investment Plan.

Custodian: The individual who executed an Enrollment Form on behalf of an Account Holder who is a minor. Generally, the

Custodian will be required to perform all duties of the Account Holder with regard to the Account until the Account Holder attains the age of majority, is otherwise emancipated, or the Custodian is released or replaced by a valid court order. The Custodian of an Account funded from an UGMA/UTMA account may not change the Account Holder or Beneficiary.

Declaration: The Declaration of Trust establishing the Trust, effective June 13, 2001, and as may be amended from time to time by the Trustee.

Disabled or Disability: Condition of a Beneficiary who is unable to do any substantial gainful activity because of his/her physical or mental condition. The Trustee will require medical documentation to verify this condition. See IRS Publication 970 for further detail.

Distribution Tax: A federal surtax required by the Code that is equal to 10% of the earnings portion of a Non-Qualified Distribution.

Eligible Educational Institution: An institution as defined in Section 529(e) of the Code. Generally, the term includes accredited post-secondary educational institutions or vocational schools offering credit toward a bachelor's degree, an associate's degree, a graduate level or professional degree, or another recognized post-secondary credential. The institution must be eligible to participate in a student financial aid program under Title IV of the Higher Education Act of 1965 (20 U.S.C. §1088). You can generally determine if a school is an Eligible Educational Institution by searching for its Federal School Code (identification number for schools eligible for Title IV financial aid programs) at: www.fafsa.ed.gov/fotw0708/fslookup.htm.

Enabling Legislation: The law that established the College Savings Plans of Maryland, its Board, and the college savings programs administered by the Board (Md. Code Annotated Education Art. §18-1901 et seq. and §18-19A-01 et seq.).

Enrollment Form: A participation agreement between an Account Holder and the Trust, establishing the obligations of each and prepared in accordance with the provisions of the College Investment Plan.

Fees: The Program Fee, Annual Account Fee and any other fees, costs, and charges associated with the College Investment Plan.

Funds: T. Rowe Price mutual funds that comprise the Investment Portfolios.

Group of Accounts: All Accounts held by one Account Holder for the same Beneficiary.

IRS: Internal Revenue Service.

Investment Option or Investment Portfolio: The investment portfolios available to Account Holders in the College Investment Plan.

Maryland Resident: A person who is a resident of the State and is required to file a Maryland tax return if he or she otherwise has sufficient income to file a return.

Member of the Family: An individual as defined in Section 529(e)(2) of the Code. Generally, this definition includes a Beneficiary's immediate family members. A Member of the Family means an individual who is related to the Beneficiary as follows:

- a son or daughter, or a descendant of either;
- a stepson or stepdaughter;
- a brother, sister, stepbrother, or stepsister;

- the father or mother, or an ancestor of either;
- a stepfather or stepmother;
- a son or daughter of a brother or sister;
- a brother or sister of the father or mother;
- a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law;
- the spouse of the Beneficiary or the spouse of any individual described above; or
- a first cousin of the Beneficiary.

For purposes of determining who is a Member of the Family, a legally adopted child of an individual is treated as the child of that individual by blood. The terms "brother" and "sister" include half-brothers and half-sisters.

NAV: The net asset value per share or unit in an Investment Portfolio. NAVs are calculated for each Investment Portfolio after the NYSE closes each day the NYSE is open for business. The NAV is calculated by dividing the value of an Investment Portfolio's net assets (total assets minus liabilities) by the number of outstanding units or shares in the Investment Portfolio. NAVs of the Funds are calculated in a similar manner, based on the fair market value of the Fund's holdings.

Non-Qualified Distributions: All distributions that are not Qualified Distributions and are considered taxable.

Program Management Services: The services provided to the Accounts, the Trust, the College Investment Plan, and the Trustee by the Program Manager pursuant to the terms of the Services Agreement. These services include investment, record keeping, and other administrative services.

Program Manager: T. Rowe Price engaged by the Board to provide the Program Management Services, as an independent contractor, on behalf of the College Investment Plan, the Trust, and the Trustee.

Qualified Distribution: A distribution that is:

- 1) Used to pay Qualified Expenses;
- 2) Payable upon the Beneficiary's death or disability;
- 3) Made because the Beneficiary received Tuition Assistance, or is attending a U.S. military academy, provided that the Tuition Assistance amount is greater than or equal to the amount distributed; or
- 4) A Rollover Distribution.

Qualified Expenses: Qualified higher education expenses as defined in the Code. Generally, these include the following:

- 1) Tuition, fees, and the costs of textbooks, supplies, and equipment required for the enrollment or attendance of a Student at an Eligible Educational Institution;
- 2) Certain costs of room and board of a Student during any academic period during which the Student is enrolled at least half-time at an Eligible Educational Institution; and
- 3) Expenses for "special needs" Students that are necessary in connection with their enrollment or attendance at an Eligible Educational Institution.

Qualified Tuition Program: A qualified tuition program under Section 529 of the Code.

Rollover Distribution: A distribution resulting from a change of Beneficiary to another Beneficiary who is a Member of the Family, either within the College Investment Plan or between

Qualified Tuition Programs, or a rollover or transfer of assets between Qualified Tuition Programs for the same Beneficiary, provided another rollover or transfer for the same Beneficiary has not occurred in the previous 12 months.

Services Agreement: An agreement between the Board and T. Rowe Price, as the Program Manager, to provide the College Investment Plan with administrative, account servicing, marketing and promotion, and investment management services. The agreement between the Board and the Program Manager is now effective and will terminate on June 30, 2013, or earlier as provided in the Services Agreement. The Board also has the right to extend the term of the Services Agreement for up to two additional two-year terms. Under the Services Agreement, the Program Manager's services may be delayed or suspended in the case of extraordinary circumstances such as fire, flood, or other acts of God.

Signature Guarantee: A verification of your signature used to prevent fraud. You can obtain a signature guarantee from most banks, savings institutions, and broker-dealers. We cannot accept guarantees from notaries public or organizations that do not provide reimbursement in the case of fraud.

State: The State of Maryland.

T. Rowe Price: T. Rowe Price Associates, Inc., Program Manager.

Trust: The Maryland College Investment Trust created by the Declaration.

Trustee: The Board, when acting in its capacity as trustee for the Trust.

Tuition: The charges assessed by an Eligible Educational Institution for enrollment at the institution including, but not limited to, all mandatory fees imposed as a condition of enrollment toward a degree.

Tuition Assistance: Scholarships, fellowships, need-based education grants, such as a Pell Grant, Tuition Remission, and qualified tuition reductions that you may receive if you are studying in the United States.

Tuition Remission: A benefit earned by certain individuals employed by Eligible Educational Institutions whereby family members who attend these or other Eligible Educational Institutions may receive partial or full waivers for payment of Qualified Expenses.

UGMA/UTMA: Uniform Gifts to Minors Act/Uniform Transfers to Minors Act.

We or Our: The College Savings Plans of Maryland, the Board, as Trustee, and T. Rowe Price.

REPRESENTATIONS, WARRANTIES, CERTIFICATIONS AND ACKNOWLEDGEMENTS

Account Holder's Indemnity. As an Account Holder, I agree to and acknowledge the following indemnity:

I am opening an Account in the Trust based upon my statements, agreements, representations, warranties, and covenants as set forth in the Enrollment Form and this Disclosure Statement.

I, through the Enrollment Form and the Declaration, indemnify and hold harmless the State, the College Savings Plans of Maryland, the Board, the Trustee, the Trust, any other agency of the State, the Program Manager (including its affiliates and agents), and any other counsel, advisor, or consultant retained by, or on behalf of, those entities and any employee, officer,

official, or agent of those entities (collectively, the Plan Officials) from and against any and all loss, damage, liability, penalty, tax, or expense, including costs of reasonable attorneys' fees, to which they shall incur by reason of, or in connection with, any misstatement or misrepresentation that is made by me or my Beneficiary, any breach by me of the acknowledgements, representations, or warranties in the Enrollment Form, the Declaration, or this Disclosure Statement, or any failure by me to fulfill any covenants or agreements in the Enrollment Form, the Declaration, or this Disclosure Statement.

Account Holder's Representations and Acknowledgements.

I, as Account Holder, represent and warrant to, and acknowledge and agree with, the Trust regarding the matters set forth in this Disclosure Statement and the Highlights Booklet, each contained in the Enrollment Kit, including that:

- I have received, read, and understand the terms and conditions of this Disclosure Statement and the Highlights Booklet.
- I have carefully reviewed all information provided by the Program Manager with respect to the Trust.
- I am and my Beneficiary is either a U.S. citizen or a U.S. resident alien.
- I have been given an opportunity to ask questions and receive answers concerning the terms and conditions of the Declaration, the College Investment Plan, the Disclosure Statement, and the Highlights Booklet.
- I have been given an opportunity to obtain any additional information needed to complete my Enrollment Form and/or verify the accuracy of any information I have furnished.
- The value of my Account depends upon the performance of the Funds. I understand that at any time the value of my Account may be more or less than the amounts contributed to the account.
- After I make my initial contribution to a specific Investment Option, I will be allowed to direct the further investment of that contribution no more than one time per calendar year.
- I cannot use my Account as collateral for any loan. I understand that any attempt to use my Account as collateral for a loan would be void. I also understand that the Trust will not lend any assets to my Beneficiary or to me.
- Except as described in this Disclosure Statement, I will not assign or transfer any interest in my Account. I understand that, except as provided under Maryland law, any attempt to assign or transfer that interest is void.
- The Plan Officials, individually and collectively, do not:
 - a. Guarantee that my Beneficiary:
 - will be accepted as a student by any institution of higher education or other institution of post-secondary education;
 - if accepted, will be permitted to continue as a student;
 - will be treated as a state resident of any state for Tuition purposes;
 - will graduate from any institution of higher education or other institution of post-secondary education; or
 - will achieve any particular treatment under any applicable state or federal financial aid programs; or

b. Guarantee any rate of return or benefit for contributions made to my Account.

- The Plan Officials, individually and collectively, are not:
 - a. Liable for a failure of the College Investment Plan to qualify or remain a Qualified Tuition Program under the Code, including any subsequent loss of favorable tax treatment under state or federal law; or
 - b. Liable for any loss of funds contributed to my Account or for the denial to me of a perceived tax or other benefit under the College Investment Plan, the Declaration, or the Enrollment Form.
- **My statements, representations, warranties, and covenants will survive the termination of my Account.**

College Savings Plans of Maryland, Administrator and Issuer

T. Rowe Price Associates, Inc., Program Manager and Investment Adviser

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

November 1, 2007

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PLANS OF MARYLAND

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•

MARYLAND COLLEGE INVESTMENT PLAN

www.collegesavingsmd.org • 1-888-4MD-GRAD

T. ROWE PRICE INVESTOR CENTERS

Baltimore

105 East Lombard Street, Baltimore, MD 21202

Telephone: 410-345-5757

Monday through Friday – 8:30 a.m. to 5:00 p.m.

Owings Mills

Three Financial Center

4515 Painters Mill Road

Owings Mills, MD 21117

Telephone: 410-345-5665

Monday through Friday – 8:30 a.m. to 5:00 p.m.

Saturday – 9:00 a.m. to noon

Washington, D.C.

900 17th Street, NW, Farragut Square

Washington, D.C. 20006

Telephone: 202-466-5000

Monday through Friday – 8:30 a.m. to 5:00 p.m.

Tysons Corner

1600 Tysons Boulevard, Suite 150

McLean, VA 22102

Telephone: 703-873-1200

Monday through Friday – 8:30 a.m. to 5:00 p.m.

Saturday – 9:00 a.m. to noon (by appointment)

Maryland College Investment Plan

Enrollment Form Instructions

2007 - 2008

COLLEGE SAVINGS
PLANS OF MARYLAND

Save here. Go anywhere.

MARYLAND COLLEGE INVESTMENT PLAN ENROLLMENT FORM

Individual or Trust

1. Account Holder Information (Required)

ACCOUNT HOLDER'S NAME OR NAME OF TRUST

Mr. Mrs. Ms. Miss Dr. Trust

If the Account Holder is a minor, please check box and also complete Section 3. If the Account is being funded from an UGMA/UTMA account, the minor must be named as the Account Holder and Beneficiary, but the Custodian identified in Section 3 will generally have control over the Account.

FIRST NAME M.I. LAST NAME SUFFIX

NAME OF TRUST (If applicable)

NAME OF TRUSTEE (If applicable)

If the trust requires more than one co-trustee to act on behalf of the trust, all trustees must sign Section 8 and must attach additional paperwork listing the name, residential address, Social Security number, and date of birth for each trustee.

RESIDENTIAL ADDRESS OF INDIVIDUAL OR TRUST (Include number, street, and apartment number. No P.O. Box number.)

CITY STATE ZIP CODE -

DAYTIME TELEPHONE (Area code and number) EXTENSION EVENING TELEPHONE DATE OF BIRTH

ACCOUNT HOLDER'S SOCIAL SECURITY NUMBER (or Taxpayer ID No.) CITIZENSHIP (Nonresident aliens are not eligible to participate in the Plan.)
 U.S. CITIZEN RESIDENT ALIEN

E-MAIL ADDRESS

MAILING ADDRESS IF DIFFERENT FROM RESIDENTIAL ADDRESS (Include number, street, and apartment number or P.O. Box.)

CITY STATE ZIP CODE -

2. Beneficiary (Student) Information (Required)

FIRST NAME M.I. LAST NAME SUFFIX

STREET ADDRESS (Include number, street, and apartment number or P.O. Box.)

CITY STATE ZIP - BENEFICIARY'S DATE OF BIRTH

BENEFICIARY'S SOCIAL SECURITY NUMBER CITIZENSHIP (Nonresident aliens are not eligible to participate in the Plan.)
 U.S. CITIZEN RESIDENT ALIEN

3. Custodian Information

PLEASE FILL IN THIS SECTION ONLY IF THE ACCOUNT HOLDER IS A MINOR.

If this Account is being funded from the sale of assets held in an UGMA/UTMA account, please check the box. (You will not be able to change the Beneficiary.)

Mr. Mrs. Ms. Miss Dr. Trust
 FIRST NAME M.I. LAST NAME SUFFIX

RESIDENTIAL ADDRESS (Include number, street, and apartment number. No P.O. Box number.)

CITY STATE ZIP CUSTODIAN'S SOCIAL SECURITY NUMBER

DAYTIME TELEPHONE (Area code and number) EVENING TELEPHONE DATE OF BIRTH

MAILING ADDRESS IF DIFFERENT FROM RESIDENTIAL ADDRESS (Include number, street, and apartment number or P.O. Box.) Month Day Year

CITY STATE ZIP CODE

4. Initial Contribution and Investment Option

To open an Account, you must make an Initial Contribution of at least \$250 per Investment Option, unless you participate through Automatic Monthly Contribution or Payroll Deduction (see Section 5). If you are making your initial investment by check, money order, or Indirect Rollover/Transfer, please indicate your Investment Option(s), amount(s) to be invested in each portfolio, and your total Initial Contribution.

Type of Contribution

- DIRECT ROLLOVER FROM ANOTHER QUALIFIED TUITION PROGRAM (529)**
 If you are requesting a rollover directly from your current program manager, you will also need to complete a Rollover Form. This form is available online at www.collegesavingsmd.org or by calling **1-888-4MD-GRAD**. Please indicate your Investment Options(s) and amount(s) to be invested in each portfolio on your Rollover Form. Proceed to Section 5.
- CHECK OR MONEY ORDER** made payable to: **MARYLAND COLLEGE INVESTMENT PLAN** (otherwise it may be returned).

A. ENROLLMENT-BASED PORTFOLIOS

PORTFOLIO	AMOUNT
Portfolio for College	\$ _____
Portfolio 2009	\$ _____
Portfolio 2012	\$ _____
Portfolio 2015	\$ _____
Portfolio 2018	\$ _____
Portfolio 2021	\$ _____
Portfolio 2024	\$ _____
Portfolio 2027	\$ _____

B. FIXED PORTFOLIOS

PORTFOLIO	AMOUNT
Equity	\$ _____
Total Equity Market Index	\$ _____
Balanced	\$ _____
Bond and Income	\$ _____
Short-Term Bond	\$ _____

TOTAL INITIAL CONTRIBUTION \$ _____

- INDIRECT ROLLOVER/TRANSFER FROM A DISTRIBUTION MADE FROM:** (Check one)
 - Another 529/Qualified Tuition Program
 - Coverdell Education Savings Account
 - Qualified U.S. Savings Bonds

TYPE OF ACCOUNT	DOCUMENTATION REQUIRED
529 / Qualified Tuition Program	Statement issued by distributing 529 / Qualified Tuition Program.
Coverdell Education Savings Account	Account statement issued by the trustee or custodian of the Coverdell Education Savings Account.
U.S. Savings Bond	Account statement or Form 1099-INT issued by the institution that redeemed the qualified U.S. Savings Bond.

PLEASE PROVIDE THE INFORMATION REQUESTED BELOW. (Your investment allocations selected above will still apply to the contribution.)

Basis (or principal) \$ _____
 Earnings + \$ _____
Amount of Rollover \$ _____ The total amount of the rollover must equal the basis plus earnings.

5. Additional Contribution Option(s)

To open an Account, you must make an Initial Contribution of at least \$250, unless you participate through Automatic Monthly Contribution or Payroll Deduction.

Select your Additional Investment Options. You can select either or both options.

AUTOMATIC MONTHLY CONTRIBUTION

If you would like to make additional investments through Automatic Monthly Contribution, please check this box. Be sure to complete the information below, and **attach your voided bank check or savings deposit slip**. The minimum initial contribution required to open an Account through Automatic Monthly Contribution is \$25 per portfolio, with subsequent investments of at least \$25 per portfolio.

If you would like to authorize an individual other than the Account Holder to make Automatic Monthly Contributions to this Account, you must also complete an Account Maintenance Form, which is available on our web site or by calling **1-888-4MD-GRAD**.

INDICATE THE TYPE OF ACCOUNT: CHECKING SAVINGS OTHER _____

AMOUNT PER AUTOMATIC CONTRIBUTION:

PORTFOLIO:	AMOUNT:
_____	\$ _____
_____	\$ _____
_____	\$ _____

TOTAL INVESTMENT PER CONTRIBUTION: \$ _____

DAY(S) OF THE MONTH YOU WOULD LIKE TO INVEST:

Please designate the day(s) of the month you wish to transfer money automatically from your financial institution. You may select up to two (2) dates:

1ST 8TH 16TH 24TH

With AUTOMATIC MONTHLY CONTRIBUTION, debits to your financial institution account will occur each month on the date(s) and in the amounts indicated above. If you wish to begin contributing through Automatic Monthly Contribution in a given month, we must receive your request to begin your automated contributions at least 10 business days prior to the expected start date of your Automatic Monthly Contribution. Refer to the College Investment Plan Disclosure Statement for details concerning Automatic Monthly Contribution.

PAYROLL DEDUCTION CONTRIBUTIONS

Check this box to invest through payroll deduction. We will mail you instructions for this service.

EMPLOYER NAME: _____

AMOUNT PER PAYROLL DEDUCTION:

PORTFOLIO:	AMOUNT:
_____	\$ _____
_____	\$ _____
_____	\$ _____

TOTAL INVESTMENT PER CONTRIBUTION: \$ _____

6. Demographic Information – (Optional – This Information Is Confidential.)

RACE OF ACCOUNT HOLDER: *(Check only one)*

- African-American (Non-hispanic)
- American Indian / Alaskan Native
- Asian / Pacific Islander
- Hispanic
- Multi-Cultural
- White (Non-hispanic)
- Other
- Unknown

ANNUAL FAMILY INCOME: *(Check only one)*

- \$20,000 or less
- \$20,001 – \$40,000
- \$40,001 – \$60,000
- \$60,001 – \$80,000
- \$80,001 – \$100,000
- \$100,001 – \$150,000
- Above \$150,001

WHERE DID YOU GET YOUR INFORMATION ABOUT THIS PROGRAM? *(Check only one)*

- Parent Information Night
- Direct Mail
- Employer Presentation
- Internet Search
- Radio
- Hospital
- Magazine
- Word of Mouth
- Newspaper Article
- Financial Advisor/Broker/CPA

DEPOSIT SLIP HERE

7. Account Holder's Successor (In the Event of the Account Holder's Death or Legal Incompetence)

FIRST NAME	M.I.	LAST NAME	SUFFIX
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
NAME OF TRUST, CORPORATION, OR OTHER ENTITY			
<input type="text"/>			
STREET ADDRESS (Include number, street, and apartment number or P.O. Box.)			
<input type="text"/>			
CITY	STATE	ZIP CODE	DATE OF BIRTH
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
			Month Day Year
SOCIAL SECURITY NUMBER OF ACCOUNT HOLDER'S SUCCESSOR (or Taxpayer ID No.)		CITIZENSHIP (Nonresident aliens are not eligible to participate in the Plan.)	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		U.S. CITIZEN	RESIDENT ALIEN

8. Certifications and Signature

MARKETING OPT-OUTS:

The Board and T. Rowe Price may in the future use information about you to identify and alert you to other college investment plans or T. Rowe Price savings or investment programs that might interest you. If you do not wish to receive such information, please indicate by checking the box.

BY SIGNING THIS FORM, I HEREBY CERTIFY AND ACKNOWLEDGE THAT:

- I have read and understand, consent and agree to all of the terms and conditions of the College Investment Plan Disclosure Statement.
- The information in this form is accurate. As described in the College Investment Plan Disclosure Statement, I agree to hold harmless the College Savings Plans of Maryland, the Trust, the Trustee and T. Rowe Price for any losses arising out of any misrepresentations made by me or breach of acknowledgements contained in this Form.
- I am and my Beneficiary is a U.S. citizen or a U.S. resident alien.
- The Trust and T. Rowe Price will use this information to verify your identity. If after making reasonable efforts, the Trust and T. Rowe Price are unable to verify your identity, they are authorized to take any action permitted by law, including closing your Account and redeeming your Account at the net asset value calculated the day the Account is closed.
- If I am the Custodian executing this Form on behalf of a minor Account Holder, I am of legal age in my state of residence and am legally authorized to act on behalf of such minor.
- I authorize the Trust and T. Rowe Price, their agents and their affiliates to act on instructions believed to be genuine, and from me, for any service authorized in this Form, including telephone/computer services. T. Rowe Price uses procedures designed to verify the authenticity of the Account Holder or Custodian. If these procedures are followed, the College Savings Plans of Maryland, the Trust and T. Rowe Price will not be liable for any loss that may result from acting on unauthorized instructions. I understand that anyone who can properly identify my Account(s) can make telephone/computer transactions on my behalf.
- By selecting the electronic transfer service in Section 5, I hereby authorize the Trust and T. Rowe Price to initiate debit entries to the account at the financial institution indicated (on the attached voided check or savings deposit slip) and for the financial institution to debit such account through the ACH network, subject to the rules of the financial institution, ACH, and T. Rowe Price. The Trust and T. Rowe Price may correct any transaction errors with a debit or credit to my financial institution account and/or College Investment Plan Account. **This authorization, including any credit or debit entries initiated thereunder, is in full force and effect until I notify the College Investment Plan of its revocation by telephone or in writing and we have had sufficient time to act on it.**
- By having T. Rowe Price accept delivery of this form, executed by me and in good order, the Trust hereby acknowledges acceptance of this Form, binding the Trust, and me, in accordance with its terms.

THANK YOU FOR YOUR INVESTMENT. IF YOU ARE MAILING A CHECK WITH THIS ENROLLMENT FORM, YOU WILL RECEIVE A CONFIRMATION SHORTLY. IF YOUR INITIAL INVESTMENT IS VIA AUTOMATIC MONTHLY CONTRIBUTION, YOU WILL RECEIVE A CONFIRMATION AFTER THE FIRST PURCHASE IS APPLIED TO YOUR ACCOUNT.

PRINTED NAME

SIGNATURE OF ACCOUNT HOLDER, OR INDIVIDUAL(S) AUTHORIZED TO ACT ON BEHALF OF ACCOUNT HOLDER

DATE

MAIL TO: MARYLAND COLLEGE INVESTMENT PLAN
P.O. BOX 17479
BALTIMORE, MD 21297-1479

MARYLAND COLLEGE INVESTMENT PLAN ENROLLMENT FORM INSTRUCTIONS INDIVIDUAL OR TRUST

INSTRUCTION PAGE

This Form Enables You To:

- Open an Account as an Individual or Trust.
- Fund a College Investment Plan Account from a Uniform Gifts/ Transfers to Minors Act (UGMA/UTMA) custodial account.
- Fund a College Investment Plan Account from a Rollover from another 529 Plan, Coverdell Education Savings Account (formerly Education IRA), or qualified U.S. Savings Bonds (including Series EE bonds). See "Information Regarding Rollovers" below for additional information.

If you are interested in opening an Account in the name of a corporation or other legal entity, please go to our Web site at **www.collegesavingsmd.org** to download a copy or call **1-888-4MD-GRAD** to request a copy of a specialized enrollment form.

Important Information Regarding Opening A New Account:

- To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an Account. On this Enrollment Form, we ask for the name, street address, date of birth, and Social Security number or taxpayer identification number for the Account Holder (and any person opening an Account on behalf of the Account Holder, such as a custodian, trustee, or agent under Power of Attorney). This will allow us to verify the identity of the person(s) opening the Account. **We will not be able to open your Account until we receive all of the required information.**
- **The Account Holder listed in Section 1 of this form is the only person who can take advantage of the Maryland State income deduction for contributions that he or she has made to the Maryland College Investment Plan.**
- If this Account is being opened by a Trust, then copies of the Trust document pages identifying the name of the Trust, the current trustee(s), the powers of the current trustee(s) to act, as well as the signature page must be included.

Information Regarding Rollovers:

- If you are funding this account using proceeds from another 529 program, Coverdell Education Savings Account, or qualified U.S. Savings Bonds and you currently hold the assets, check the appropriate box(es) in Section 4 (indirect rollover) and include the required documentation with this form as described in Section 4.
- If the assets are still being held by another 529 program manager, check the appropriate box in Section 4 (direct rollover). You must also complete a Rollover Form, which is available on our Web site at **www.collegesavingsmd.org** or by calling **1-888-4MD-GRAD**.

Please review this form carefully before mailing it. Make sure you have completed all required sections. Be sure to sign this form in Section 8.

Mail this completed form to:

**MARYLAND COLLEGE INVESTMENT PLAN
P.O. BOX 17479
BALTIMORE, MD 21297-1479**

For help completing this form, call toll-free **1-888-4MD-GRAD** and select option 4.