

State of Maryland
Maryland Teachers & State Employees Supplemental Retirement Plans



Comprehensive Annual Financial Report

**457, 401(k), 401(a) and 403(b) Plans
Year Ended December 31, 2010**

In Memory of



William Donald Schaefer

1921-2011

Mayor, Governor & Comptroller

“He Cared.”



**STATE OF MARYLAND
MARYLAND TEACHERS AND STATE EMPLOYEES
SUPPLEMENTAL RETIREMENT PLANS**

Comprehensive Annual Financial Report
For the Calendar Year Ended
December 31, 2010

457, 401(k), 401(a) and 403(b) Plans

Martin O'Malley, Governor
Anthony Brown, Lt. Governor
T. Eloise Foster, Chairperson, Board of Trustees
Michael Halpin, Executive Director
Debra Roberts, Director of Finance

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Maryland Supplemental Retirement Plans

INTRODUCTORY SECTION



MSRP

*Maryland
Teachers & State Employees
Supplemental Retirement Plans*

457 ♦ 401(k) ♦ 403(b) ♦ Match

BOARD OF TRUSTEES

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Chairperson

Sabrina I. Bass
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Nancy K. Kopp
Linda L. Tanton, Esq.
William W. Whitescarver
Marcia Zercoe

STAFF

Michael T. Halpin CRC[®] CRA
*Secretary to the Board
Executive Director*

Debra L. Roberts CRC[®] CPA
Director of Finance

Richard A. Arthur
Technology & Operations Director

Louis A. Holcomb, Jr. CRC[®]
Director of Participant Services



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21202-1608*

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Or 1-800-735-2258*

Fax: 410-659-0349

*Visit the MSRP Board website at
<http://MSRP.state.md.us>*

*Call About the Plans
or to Enroll
1-800-545-4730
or Enroll on-line at
www.MarylandDC.com*

A letter from Chairperson T. Eloise Foster

On behalf of all the Maryland Supplemental Retirement Plans Board of Trustees, I am pleased to present the Comprehensive Annual Financial Report for the year ended December 31, 2010. This year has been very successful for the plans.

The year ended with the plans' asset values rising to over \$2.5 billion as investment markets have seen significant improvement rising from the challenges of the past several years. State employees continue to participate in the Maryland Supplemental Retirement Plans in substantial numbers—many have increased their contributions, and the new participants that enrolled in 2010 nearly offset the decline in participants that occurred during the economic downturn of 2008-2009.

We believe this rebound is largely attributable to MSRP educational programs, the dedicated Board staff, and the quality customer service MSRP delivers to fellow State employees. Last year MSRP hosted over 170 employee events and participated in an additional 150 events. MSRP also conducted nearly three dozen coaching sessions each month to help employees find individual solutions and make personalized plans for their retirement savings.

In October 2010, we conducted our first MSRP SAVING\$ EXPOs in both Annapolis and Baltimore, Maryland. The EXPOs assembled representatives from each of the mutual funds offered by MSRP, and nine other State or federal agencies involved in savings, investments, budgeting expenses and retirement. Over 800 employees attended these events and over 200 employees took advantage of personal account consultations available throughout the EXPOs with Team MSRP representatives. Close to 100 employees enrolled in new accounts or increased their contributions.

On the investment front we added a socially-responsible investment option to the fund lineup, the Parnassus Equity Income Fund, and we made timely share class changes in other options to reduce mutual fund expenses. With our plan administrator, Nationwide, we initiated an Asset Allocation Rebalancing option that automatically makes quarterly adjustments in the accounts selected by participants to maintain the prescribed percentage targets for each investment option, and to benefit from a professional model for long-term investing. Finally, the Board decided to begin accepting Roth contributions for the 457(b) and the 401(k) plans beginning in April 2011.

We continue to work closely with our advisors and Plan administrator to enhance services, options and communications relating to retirement savings to present and former State employees. We welcome additional State employees in preparing for their retirement and we strive to build opportunities for their success.

Sincerely,

T. Eloise Foster
Chairperson



Letter of Transmittal

May 23, 2011

*Maryland
Teachers & State Employees
Supplemental Retirement Plans*

457 ♦ 401(k) ♦ 403(b) ♦ Match

Maryland Teachers and State Employees
Supplemental Retirement Plans Board
6 Saint Paul Street, Suite 200
Baltimore, Maryland 21202

Honorable Chairperson and Members of the Board of Trustees:

It is our pleasure to present the 2010 Comprehensive Annual Financial Report of the Maryland Teachers and State Employees Supplemental Retirement Plans (the “Plans”). The Plans consist of four separate defined contribution plans: 401(k), 457, 403(b) and 401(a). Together, the Plans constitute fiduciary funds of the State of Maryland, administered by the Maryland Teachers and State Employees Supplemental Retirement Plans Board of Trustees (the “Board”).

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Plans. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the fiduciary funds. The Plans are administered by a third party administrator, Nationwide Retirement Solutions, Inc.

For financial reporting purposes, the Plans use Governmental Accounting Standards Board (GASB) Statement No. 25 *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis for State and Local governments*, and GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

The Plans are authorized and established by legislation as indicated in the notes to the basic financial statements. Summaries of plan provisions are presented as well. The purpose of the Plans is to provide benefits for all state of Maryland employees who have elected to participate. Services provided by the staff are performed to meet that objective.

This Comprehensive Annual Financial Report contains five sections. The Introductory Section provides information about the administrative structure of the Plans. The Financial Section provides management discussion and analysis, a comprehensive review of the Plans’ net assets available for benefits, and changes in net assets available for benefits. The Financial Section also contains the report and opinion from the Plans’ independent public accountants, separate financial statements for each plan, and a combined statement for all four Plans. The Investment Section includes a report that describes the Plans’ investment performance, various summary level portfolio matters,

BOARD OF TRUSTEES

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and other investment data. The Statistical Section gives a demographic composition of plan participants, and detailed descriptions of various plan provisions. The Other Supplemental Section gives additional statistical data, plan definitions and investment terminology.

Management's Discussion and Analysis

The MD&A provides an overview and analysis of the Plans' Basic Financial Statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with the MD&A.

Economic Outlook and Condition

During the plan year ended December 31, 2010, the plans assets ending values have increased to \$2.56 billion from \$2.2 from December 31, 2009, reflecting a recovery from the decline in asset values that began in 2007. This is an increase of 6.2% from 2009. A comparative analysis of rates of return of MSRP investments is presented in the investment section of this report, along with schedules of asset fees and other information relevant to evaluation of asset quality. The Plans use Deutsche Asset Management for management of the Investment Contract Pool; general investment advice, and assistance in selection and ongoing evaluations of investment options, is provided by Mercer Investment Consulting.

Major Issues and Initiatives

The Board of Trustees initiated several plan changes in 2010. First, the Board amended the State of Maryland 457 Deferred Compensation Plan and the State of Maryland 401(k) Savings & Investment Plan to allow Roth Accounts, with an effective date of April 1, 2011. Roth Accounts permit employees to defer salary on an after-tax basis, with income and distribution of the accounts permanently tax free.

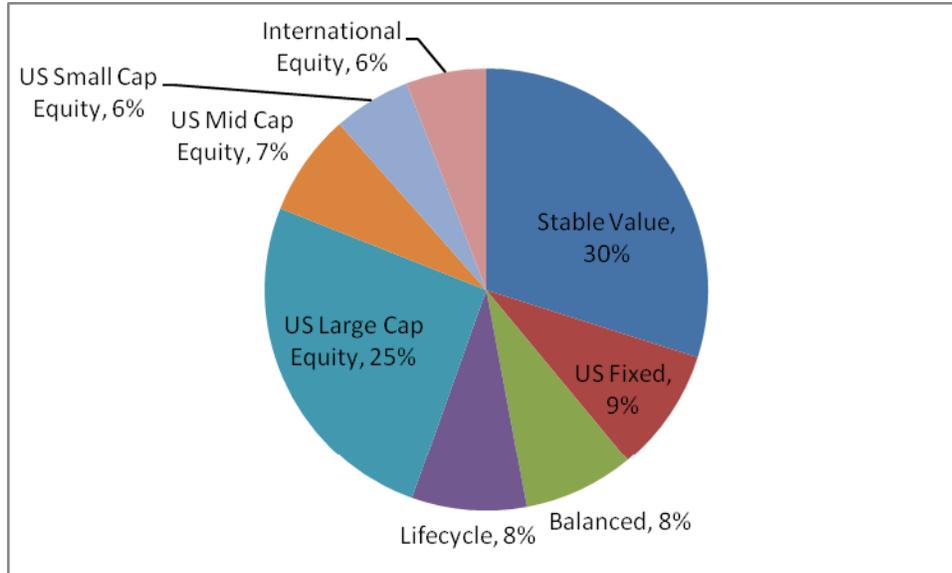
The Board also approved two new investment options in 2010— a Socially Responsible Equity fund and a Core Bond Index fund. With the assistance of Mercer Investment Consulting, the Board approved the Parnassus Equity Income Fund effective October 2010, and the Vanguard Total Bond Market Index Fund Institutional Class which was opened in April 2011.

Finally, the Board converted five investment options to different share classes with lower expense ratios and ratified the MSRP investment policy with minor updates (the Board reviews the MSRP Investment Policy document each year with the investment consultant, Mercer Investment Consulting). The document is included in the Investment Section of this report.

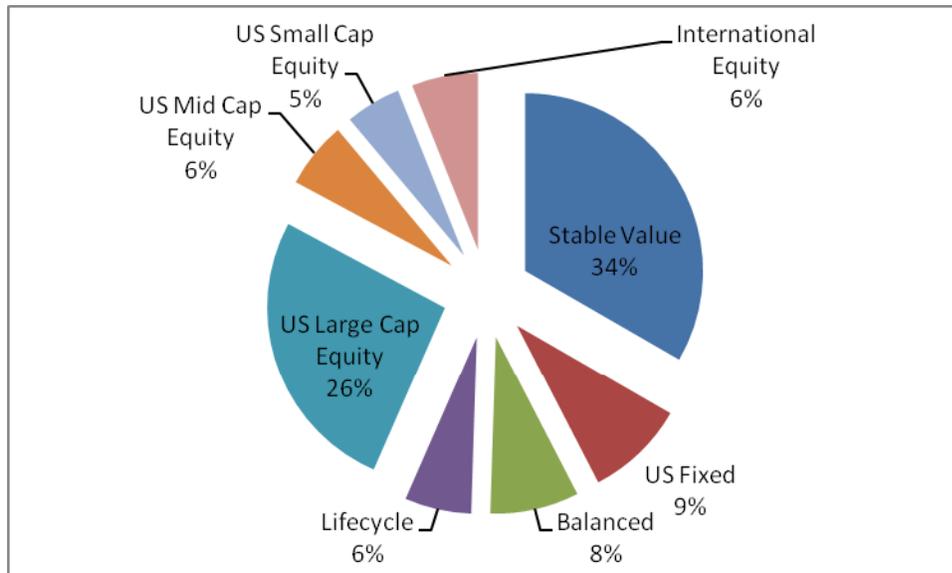
Investments

The following charts show the asset allocation for the Plans as of December 31, 2010 and 2009. See the Investment Section of the CAFR for a more detailed analysis and information.

2010



2009



Investment Risk

The Plans are long-term retirement savings vehicles and are intended as a source of retirement income for eligible participants. The investment policy is included in the Investment Section.

Independent Audit

An annual audit of the Plans was conducted by the independent accounting firm of SB & Company, LLC. The independent public accountant's report on the basic financial statements is included in the Financial Section of this report.

Acknowledgments

Preparation of this report would not have been possible without the dedicated and efficient service of the entire staff. We express our appreciation to all staff who assisted and contributed to the preparation of this report. Credit must also be given to the Board of Trustees for their unfailing support and high standards of professionalism in the management of the Plans.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awards organizations in recognition for publishing an easily readable and efficiently organized comprehensive annual financial report. In order to be awarded a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must also satisfy both accounting principles of the United States of America and applicable legal requirements. The Certificate of Achievement is a prestigious national award recognizing the conformance with the highest standards for preparation of state and local government financial reports.

The Certificate of Achievement is valid for a period of one year. We believe our comprehensive annual financial report conforms to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility.

Sincerely,

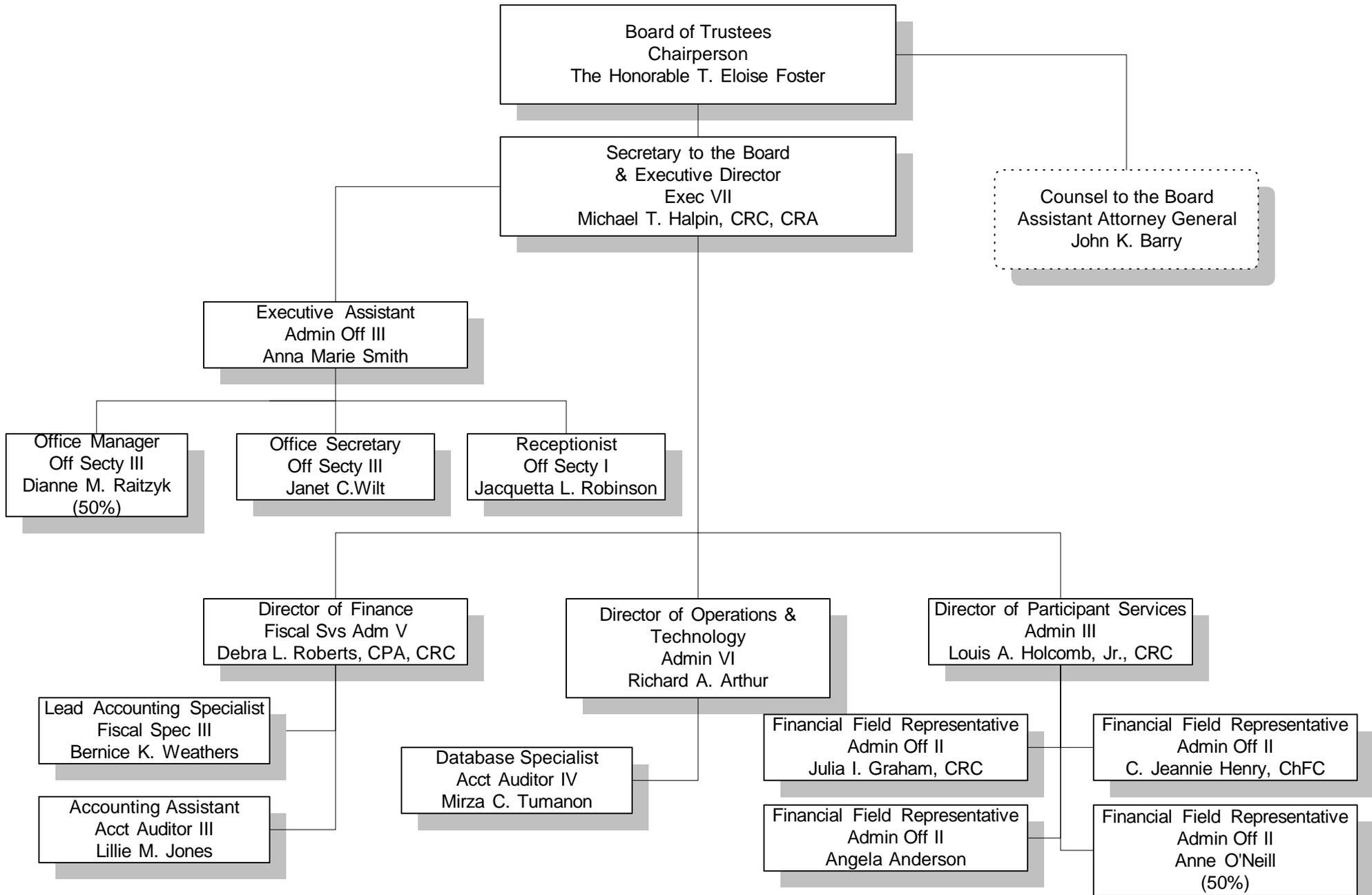


Michael Halpin, CRA, CRC
Executive Director



Debra L. Roberts, CPA, CRC
Chief Financial Officer

Maryland Teachers & State Employees Supplemental Retirement Plans



Approved:
September 20, 2010

Michael T. Halpin

ABOUT THE PLANS

The Maryland Deferred Compensation Program was established for Maryland state employees in 1974 by Executive Order 01.01.1974.19 and under Chapter 433 of the Acts of 1974. Subsequently, the U.S. Congress established the 457 Deferred Compensation Plan for public employees as part of the Internal Revenue Code in 1978. In 1975, enrollment began and a seven-member Board of Trustees administered the plan.

Chapter 741 of the Acts of 1985 brought the 457 Deferred Compensation Plan under the direction of a nine-member Board of Trustees. The statute also gave the Board responsibility and authority for administration of a 403(b) Tax-Deferred Annuity Plan and a 401(k) Savings and Investment Plan. The Maryland 403(b) plan became operational in 1987, and the Maryland 401(k) plan began accepting contributions in 1990, after receipt of a favorable determination letter from the Internal Revenue Service of the U.S. Department of Treasury. These three Plans came to be known as the Maryland Teachers and State Employees Supplemental Retirement Plans (MSRP).

Two significant developments occurred during the mid to late 1990s. In 1996 Congress enacted a number of reforms for 457 plans, including the requirement that funds in such plans be held in trust for the exclusive benefit of participating employees. Subsequent legislation (most importantly the Economic Growth and Tax Relief Reconciliation Act, the 2001 comprehensive tax act) gave governmental 457 plans the same rules and benefits that are available in 401(k) plans that are prevalent in the private sector. Then in 1998 the Maryland General Assembly authorized the match program, which makes a dollar for dollar matching contribution for eligible State employees that voluntarily contribute to one of the State sponsored supplemental retirement plans. State matching contributions are provided in the State budget, and capped at \$600 per employee, per year. The State contributions for MSRP participants are paid into a separate qualified plan, the 401(a) plan. The State matching contributions were suspended as part of fiscal year 2010 budget legislation; suspensions have also occurred during the previous time of budget stress (FYE 6/30/2004 and 6/30/2005). In FYE 6/30/2009 the State contribution to the match plan was \$20,224,053. Most State employees (except those in certain specialized retirement systems) are eligible for the match in the year it is effective.

The Members of the Board of Trustees are made fiduciaries by statute and are required to operate the Plans for the exclusive benefit of participating employees. The Board hires the necessary staff, administrators, consultants and accountants that are required for efficient and professional operation of the four Plans and their \$2.56 billion in assets. The Board also submits an annual report about the Plans to the governor and General Assembly.

All funds for Plan administration are paid by charges against participant accounts, including a direct charge that pays the expenses of Board staff. These charges are reflected on participant statements, and since 1987 the Plan administrator, Nationwide Retirement Solutions, is prohibited by its contract from accepting any additional, indirect compensation or commissions from investment providers.

ABOUT THE BOARD

The Maryland Supplemental Retirement Plans are administered by a nine-member Board of Trustees whose members are appointed by the Governor of Maryland to staggered four-year terms. The Governor selects three members from any of the following departments, agencies or boards: the Department of Budget and Management, the Department of Education, the Comptroller of the Treasury, the State Treasurer's Office, the Maryland State Retirement and Pension Systems or the Maryland Higher Education Commission. Three other members are eligible to participate in one or more of the plans, and at least one is eligible for the 403(b) plan. Three additional members represent the general public and are not eligible to participate in the plans. At least one of these members has experience with defined contribution and salary reduction plans.

ABOUT THE BOARD OF TRUSTEES

BOARD CHAIRPERSON



The Honorable T. Eloise Foster, Secretary
Department of Budget and Management
State of Maryland Agency Representative

BOARD MEMBERS



Ms. Sabrina Bass
403(b) Eligible Member



Mr. Robert W. Black, CPA
Public Member



The Honorable Nancy K. Kopp
Treasurer - State of Maryland
State of Maryland Agency Representative



Ms. Linda Tanton, Esq.
Deputy Comptroller - Office of the Comptroller
State of Maryland Agency Representative



Mr. William W. Whitescarver
Public Member



Ms. Marcia Zercoe
Public Member

Maryland Supplemental Retirement Plans

FINANCIAL SECTION

Report of Independent Public Accountants

To the Board of Trustees
Maryland Teachers and State Employees
Supplemental Retirement Plans
Baltimore, Maryland

We have audited the accompanying basic and combining financial statements of the State of Maryland Teachers and State Employees Supplemental Retirement Plan (MSRP), which is a pension trust fund of the State of Maryland, as of and for the years ended December 31, 2010 and 2009, as listed in the table of contents. These basic and combining financial statements are the responsibility of MSRP's management. Our responsibility is to express an opinion on these basic and combining financial statements based on our audits.

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

In our opinion, the basic and combining financial statements referred to above present fairly, in all material respects, the plan net assets of MSRP as of December 31, 2010 and 2009, and the changes in plan net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and we express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic and combining financial statements taken as a whole. The introductory section, investment section, statistical section, and other supplementary information section, as listed in the table of contents, are presented for the purpose of additional analysis and are not required parts of the basic financial statements. The introductory section, investment section, statistical section, and other supplementary information section have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on them.

Hunt Valley, Maryland
May 31, 2011

SB + Company, LLC

MARYLAND TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS

MANAGEMENT DISCUSSION AND ANALYSIS

The State of Maryland Teachers and State Employees Supplemental Retirement Plans (MSRP) have prepared this narrative as an explanatory supplement to the audited financial statements of the plans for the years ended December 31, 2009 and 2010. The financial statements appear at page 21 of this report. This narrative should be read in conjunction with the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements for the MSRP plans are prepared in accordance with generally accepted accounting principles as interpreted and applied for governmental defined contributions pension plans by the Governmental Accounting Standards Board (“GASB”). The statements consist of the comparative Statements of Net Assets Available for Plan Benefits and Statements of Changes in Net Assets Available for Plan Benefits, together with related note disclosures where necessary or appropriate to explain a particular item or its context. Each plan – 401(k), 403(b), 457 and 401(a) has a separate, stand alone financial statement; a combined statement that consolidates the assets and transactions of all plans appears on page 23.

The Statements of Changes in Net Assets Available for Plan Benefits are intended to show the major categories of additions to the Plans from participant contributions and investment earnings, and show the deductions from the Plans for administrative expense and distributions to participants.

The note disclosures are provided as an integral component of the financial statements to help explain in narrative form some of the more complex or less obvious elements of the statements. The notes provide additional information (e.g. significant accounting policies, types of investment risk) that is essential for a comprehensive understanding of the financial condition of the Plans, and the results of their operations.

FINANCIAL HIGHLIGHTS - CONSOLIDATED

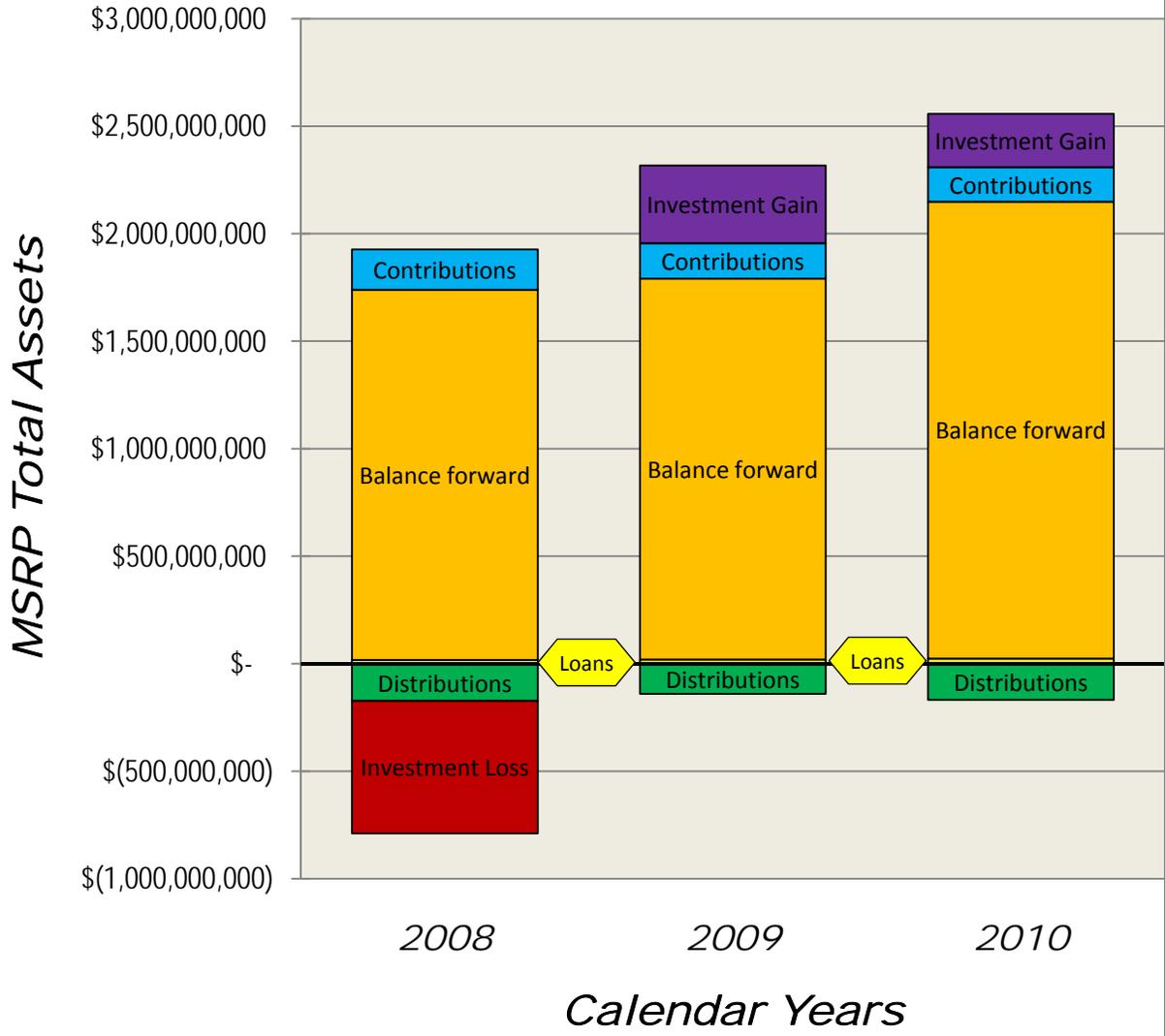
- Net assets available for plan benefits increased by \$240.2 million during the year ended December 31, 2010, from \$2.31 billion as of December 31, 2009 to \$2.55 billion as of December 31, 2010. Net assets available for plan benefits increased by \$389.5 million during the year ended December 31, 2009 from \$1.93 billion as of December 31, 2008 to \$2.31 billion as of December 31, 2009. The increase during the two years ended December 31, 2010 and 2009 was associated with recovery in the stock market and improving investment returns. The Plans offer a diverse group of investment options that allow Participants the flexibility to divide contribution and investment across different asset classes. This diversity will tend to smooth market fluctuation in the value of the assets.
- The Plans had a net investment gain of \$238.9 million as of December 31, 2010, a net investment gain of \$382.9 million for the year ended December 31, 2009, and a \$598.3 million investment loss as of December 31, 2008.
- Employee contributions have decreased from \$167.05 million in 2008 to \$161.5 million for the year ended December 31, 2009, and to \$159.6 million for year ended December 31, 2010. Poor

economic conditions and mandated furloughs for State employees in 2009 and 2010 have contributed to this decrease.

- Employer contributions decreased significantly from \$20.8 million in the year ended December 31, 2008 to \$3.1 million in the year ended December 31, 2009 and then to \$408,000 in the year ended 2010. The decrease is a direct result of the suspension of the State Match Program in July 2009.
- Distributions to participants decreased significantly from \$169.6 million for the year ended December 31, 2008, to \$137.0 million for the year ended December 31, 2009. Distributions to participants then increased to \$164.0 million for year ended December 31, 2010.
- Administrative expenses for the combined plans are a combination of Participant fees paid to the administrator, Nationwide Retirement Solutions and fees imposed on Participants by the Board of Trustees to pay its expense of fiduciary supervision, participant education programs and management. The combined plan fees are \$3.6 million (year ended December 31, 2008); \$3.3 million (year ended December 31, 2009); and \$3.9 million (year ended December 31, 2010). The NRS fee in each year was .14% and as such is affected by increase or decrease in assets. The Board fee was adjusted as follows during this period 2008; .05%; 2009; .05%; 2010; .05% + 50¢ per month. The adoption of the additional per capita fee in May should have the effect of smoothing Board administrative income in future years, but is only collected from accounts of \$500 or more.

This chart located on the next page illustrates the change in all MSRP assets from calendar year to calendar year from left to right. This is a summary of all four plans—the 457, 401(k), 403(b) and 401(a) match plan. The stacked bar for each year reflects a balance of assets that is increased that year by contributions from participant payroll deductions, transfers, and the employer match in 2008, 2009, and 2010. The bar also shows the amounts (negative) paid out in distributions to participants, and the amounts of outstanding loans (positive) to be paid back by participants. Finally, the top or bottom of each bar indicates the net 12-month Investment gain or loss for all plans as of that year end.

MSRP Assets, Loans, Contributions, Distributions, Investment Gains & Losses



The table below provides the Statement of Plan Net Assets held in trust for deferred compensation benefits as of December 31, 2010, 2009, and 2008:

Net Assets held in trust for Deferred Compensation Benefits

ASSETS	2010	2009	2008
Investments	\$ 2,520,526,526	\$2,281,612,759	\$ 1,898,664,551
Cash surrender Value life Insurance*	3,691,331	3,952,184	4,087,776
Cash	4,412,999	7,014,096	2,288,377
Receivables			
Employee Contributions	4,161,353	4,415,556	4,942,669
Other Receivable	100,739	95,976	74,601
Loan Receivables**	24,115,789	19,675,917	17,192,130
Total Assets	2,557,008,737	2,316,766,488	1,927,250,104
Net Plan Assets held in trust for deferred compensation benefits	\$ 2,557,008,737	\$2,316,766,488	\$ 1,927,250,104

*457 Plan only

**401(a) Match Plan excluded – no loans offered

The table below presents the changes in Net Plan assets held in trust for deferred compensation benefits for the years ended December 31, 2010, 2009 and 2008:

ADDITIONS	2010	2009	2008
Employee contributions	\$ 159,657,414	\$ 161,570,124	\$ 167,049,415
Employer contributions***	408,268	3,102,359	20,839,626
Mutual Fund reimbursements	1,196,681	1,651,712	2,385,355
Change in cash surrender value	-	-	521,683
Settlement Proceeds	-	3,748,831	-
Investment Income:			
Realized and unrealized (losses) gains	223,420,342	335,160,108	(653,279,727)
Interest income	23,634,466	24,699,152	37,477,898
Total additions	408,317,171	529,932,286	(425,005,750)
DEDUCTIONS			
Distributions to participants	\$ 164,036,003	\$ 137,035,085	\$ 169,620,199
Administrative expenses	3,995,805	3,332,537	3,655,978
Life Insurance premiums*	43,114	48,280	56,098
Total deductions	168,074,922	140,415,902	173,332,275
Net Increase (Decrease)	240,242,249	389,516,384	(598,338,025)
Net assets available for plan benefits, beginning of year	2,316,766,488	1,927,250,104	2,525,588,129
Net assets available for plan benefits, end of year	\$ 2,557,008,737	\$ 2,316,766,488	\$ 1,927,250,104

*457 Plan only

**401(a) Match Plan excluded

***401(a) Match Plan only

Requests for Information

This financial report is designed to provide a general overview and available upon request. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Debra Roberts, CPA, Chief Financial Officer, Maryland Teachers and State Employees Supplemental Retirement Plans, William Donald Schaefer Tower, Suite 200, 6 Saint Paul Street, Baltimore, Maryland 21202.

Maryland Supplemental Retirement Plans

BASIC FINANCIAL STATEMENTS

Maryland Supplemental Retirement Plans

**MARYLAND TEACHERS AND STATE EMPLOYEES
SUPPLEMENTAL RETIREMENT PLANS**

**Statements of Plan Net Assets – All Plans
As of December 31, 2010 and 2009**

ASSETS	2010	2009
Investments:		
Investment contract pool	\$ 747,100,424	\$ 739,973,146
Mutual funds	1,667,908,812	1,428,928,020
Annuities	105,517,290	112,711,593
Total investments	<u>2,520,526,526</u>	<u>2,281,612,759</u>
Cash surrender value of life insurance contracts	3,691,331	3,952,184
Cash	4,412,999	7,014,096
Receivables:		
Employee contributions	4,161,353	4,415,556
Loans receivable	24,115,789	19,675,917
Other receivable	100,739	95,976
Net Assets Held in Trust for Deferred Compensation Benefits	<u><u>\$ 2,557,008,737</u></u>	<u><u>\$ 2,316,766,488</u></u>

The accompanying notes are an integral part of these financial statements.

**MARYLAND TEACHERS AND STATE EMPLOYEES
SUPPLEMENTAL RETIREMENT PLANS**

**Statement of Combining Net Assets Available for Plan Benefits
As of December 31, 2010**

	Deferred Compensation Plan Section 457	Savings and Investment Plan Section 401(k) Plan	Match Plan and Trust 401(a) Plan	Tax Sheltered Annuity Plan 403(b) Plan	Total
Investments	\$ 1,222,842,447	\$ 1,083,074,835	\$ 147,525,754	\$ 67,083,490	\$ 2,520,526,526
Cash surrender value of life insurance contracts	3,691,331	-	-	-	3,691,331
Cash	4,412,999	-	-	-	4,412,999
Receivables:					
Employee contributions	1,740,433	2,376,425	-	44,495	4,161,353
Loans receivable	11,166,303	12,663,185	-	286,301	24,115,789
Other receivable	100,739	-	-	-	100,739
Total Assets Available for Benefits	\$ 1,243,954,252	\$ 1,098,114,445	\$ 147,525,754	\$ 67,414,286	\$ 2,557,008,737

The accompanying notes are an integral part of this financial statement.

**MARYLAND TEACHERS AND STATE EMPLOYEES
SUPPLEMENTAL RETIREMENT PLANS**

**Statement of Combining Net Assets Available for Plan Benefits
As of December 31, 2009**

	Deferred Compensation Plan Section 457	Savings and Investment Plan Section 401(k) Plan	Match Plan and Trust 401(a) Plan	Tax Sheltered Annuity Plan 403(b) Plan	Total
Investments	\$ 1,135,113,914	\$ 948,477,343	\$ 137,087,230	\$ 60,934,272	\$ 2,281,612,759
Cash surrender value of life insurance contracts	3,952,184	-	-	-	3,952,184
Cash	5,590,494	1,165,287	-	258,315	7,014,096
Receivables:					
Employee contributions	1,804,786	2,561,486	-	49,284	4,415,556
Loans receivable	9,384,994	10,059,136	-	231,787	19,675,917
Other receivable	95,976	-	-	-	95,976
Total Assets Available for Benefits	\$ 1,155,942,348	\$ 962,263,252	\$ 137,087,230	\$ 61,473,658	\$ 2,316,766,488

The accompanying notes are an integral part of this financial statement.

**MARYLAND TEACHERS AND STATE EMPLOYEES
SUPPLEMENTAL RETIREMENT PLANS**

**Statements of Changes in Plan Net Assets
For the Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
ADDITIONS TO NET ASSETS ATTRIBUTED TO		
Employee contributions	\$ 159,657,414	\$ 161,570,124
Employer contributions	408,268	3,102,359
Variable earnings reimbursements	1,196,681	1,651,712
Settlement proceeds	-	3,748,831
Investment income:		
Variable earnings investment income	223,420,342	335,160,108
Interest income	23,634,466	24,699,152
Total additions	<u>408,317,171</u>	<u>529,932,286</u>
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO		
Distributions to participants	164,036,003	137,035,085
Administrative expenses	3,995,805	3,332,537
Life insurance premiums	43,114	48,280
Total deductions	<u>168,074,922</u>	<u>140,415,902</u>
Net increase	240,242,249	389,516,384
Net assets held in trust for deferred compensation benefits, beginning of year	<u>2,316,766,488</u>	<u>1,927,250,104</u>
Net assets held in trust for deferred compensation benefits, End of Year	<u><u>\$ 2,557,008,737</u></u>	<u><u>\$ 2,316,766,488</u></u>

The accompanying notes are an integral part of these financial statements.

**MARYLAND TEACHERS AND STATE EMPLOYEES
SUPPLEMENTAL RETIREMENT PLANS**

**Statement of Combining Changes in Net Assets Available for Plan Benefits
For the Year ended December 31, 2010**

	Deferred Compensation Plan Section 457	Savings and Investment Plan Section 401(k) Plan	Match Plan and Trust 401(a) Plan	Tax Sheltered Annuity Plan 403(b) Plan	Total
Additions:					
Employee contributions	\$ 64,768,004	\$ 91,618,867	\$ -	\$ 3,270,543	\$ 159,657,414
Employer contributions	-	-	408,268	-	408,268
Variable earnings reimbursements	537,578	404,308	214,896	39,899	1,196,681
Investment income:					
Variable earnings investment income	93,652,810	106,590,582	15,417,623	7,759,327	223,420,342
Interest income	15,279,996	7,270,338	887,052	197,080	23,634,466
Total additions	<u>174,238,388</u>	<u>205,884,095</u>	<u>16,927,839</u>	<u>11,266,849</u>	<u>408,317,171</u>
Deductions:					
Distributions to participants	84,728,730	67,881,768	6,228,053	5,197,452	164,036,003
Administrative expenses	1,454,640	2,151,134	261,262	128,769	3,995,805
Life insurance premiums	43,114	-	-	-	43,114
Total deductions	<u>86,226,484</u>	<u>70,032,902</u>	<u>6,489,315</u>	<u>5,326,221</u>	<u>168,074,922</u>
Net increase	88,011,904	135,851,193	10,438,524	5,940,628	240,242,249
Net assets held in trust for deferred compensation benefits, beginning of year	<u>1,155,942,348</u>	<u>962,263,252</u>	<u>137,087,230</u>	<u>61,473,658</u>	<u>2,316,766,488</u>
Net assets held in trust for deferred compensation benefits, End of Year	<u><u>\$ 1,243,954,252</u></u>	<u><u>\$ 1,098,114,445</u></u>	<u><u>\$ 147,525,754</u></u>	<u><u>\$ 67,414,286</u></u>	<u><u>\$ 2,557,008,737</u></u>

The accompanying notes are an integral part of this financial statement.

**MARYLAND TEACHERS AND STATE EMPLOYEES
SUPPLEMENTAL RETIREMENT PLANS**

**Statement of Combining Changes in Net Assets Available for Plan Benefits
For the Year ended December 31, 2009**

	Deferred Compensation Plan Section 457	Savings and Investment Plan Section 401(k) Plan	Match Plan and Trust 401(a) Plan	Tax Sheltered Annuity Plan 403(b) Plan	Total
Additions:					
Employee contributions	\$ 66,191,009	\$ 91,902,236	\$ -	\$ 3,476,879	\$ 161,570,124
Employer contributions	-	-	3,102,359	-	3,102,359
Variable earnings					
reimbursements	727,509	725,797	122,620	75,786	1,651,712
Settlement proceeds	2,325,229	1,165,287	-	258,315	3,748,831
Investment income:					
Variable earnings investment					
income	142,384,004	156,437,545	24,401,390	11,937,169	335,160,108
Interest income	16,444,188	7,154,968	901,952	198,044	24,699,152
Total additions	228,071,939	257,385,833	28,528,321	15,946,193	529,932,286
Deductions:					
Distributions to participants	74,127,807	54,331,835	4,565,333	4,010,110	137,035,085
Administrative expenses	1,206,768	1,786,479	229,579	109,711	3,332,537
Life insurance premiums	48,280	-	-	-	48,280
Total deductions	75,382,855	56,118,314	4,794,912	4,119,821	140,415,902
Net increase	152,689,084	201,267,519	23,733,409	11,826,372	389,516,384
Net assets held in trust for deferred compensation benefits, beginning of year	1,003,253,264	760,995,733	113,353,821	49,647,286	1,927,250,104
Net assets held in trust for deferred compensation benefits, End of Year	\$ 1,155,942,348	\$ 962,263,252	\$ 137,087,230	\$ 61,473,658	\$ 2,316,766,488

The accompanying notes are an integral part of this financial statement.

MARYLAND TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS

Notes to the Financial Statements December 31, 2010 and 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Maryland Teachers and State Employees Supplemental Retirement Plans (MSRP) consist of four defined contribution plans that are generally available to all eligible employees and officials of the State of Maryland (the State). The MSRP operates pursuant to the provisions of the State Personnel and Pensions Article of the Maryland Code Titles 32 and 35 and is governed by a Board of Trustees (the Board).

The MSRP consists of four separate defined contribution plans: The Deferred Compensation Plan under Internal Revenue Code (the Code or IRC) Section 457; Savings and Investment Plan IRC Section 401(k); Match Plan, Section IRC 401(a); and Tax Sheltered Annuity Plan, IRC Section 403(b) (collectively, the Plans). MSRP has approximately 59,484 participants as of December 31, 2010. MSRP is a fiduciary fund of the State.

The State of Maryland Employees Deferred Compensation Plan (the 457 Plan) was established by an executive order of the Governor of the State of Maryland on August 15, 1974. The 457 Plan operates pursuant to the provision of Title 35 of the State Personnel & Pensions Article of the Maryland Code and a plan document adopted by MSRP's Board.

The State Savings and Investment Plan (the 401(k) Plan) was established by the State pursuant to statute effective on July 1, 1985, and is designed to be a tax-qualified 401(k) profit sharing plan.

The State Match Plan and Trust (the Match Plan) was established by the State pursuant to Title 32 of the State Personnel & Pensions Article of the Maryland Code and is designed to be a tax-qualified 401(a) defined contribution matching plan.

The State Tax Sheltered Annuity Plan (the 403(b) Plan) was established by the Board of Trustees pursuant to Title 35 of the State Personnel & Pensions Article of the Maryland Code.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Contributions are recognized as additions when due pursuant to formal commitments as well as statutory and contractual commitments. Benefits are recognized when due and payable under plan provisions.

MARYLAND TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS

Notes to the Financial Statements December 31, 2010 and 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

MSRP invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for plan benefits.

Contributions

Eligible employees of the State may contribute to the 457 Plan, 401(k) Plan, or the 403(b) Plan through payroll deductions. As required by the Internal Revenue Code, MSRP limits the amount of an individual's annual contributions to an amount not to exceed the lesser of \$16,500, or 100% of their annual compensation, as defined by the I.R.C. Additional "catch-up" contributions are available for those age 50 and over across all plans. In addition, participants who contribute to the 457 Plan may under certain circumstances contribute additional sums in the three years prior to retirement. The limits are subject to an annual cost of living adjustment. Amounts contributed by employees are deferred for Federal and State income tax purposes until benefits are paid to the employees.

Under Title 32 of the State Personnel & Pension Article, the State contributes to each participant's 401(a) account an amount equal to the participant's contributions to one of the State Supplemental Retirement Plans during the same plan year. The statutory ceiling for these amounts is \$600 for each State fiscal year. Contributions are credited to the investment option selected by the employee/plan participant. For the period July 1, 2009 through the year ended December 31, 2010, the State suspended the match contribution pursuant to Budget amendments.

MARYLAND TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS

Notes to the Financial Statements December 31, 2010 and 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Participant Accounts

Employee contributions receivable represents amounts withheld from employees' pay but not remitted to the investment carriers as of December 31. Contributions are credited to the applicable investment option upon receipt from the State. Employee contributions are fully vested at all times. The State does not make any contributions to the 457 Plan, 401(k) Plan, or the 403(b) Plan, but the State does make certain matching contributions to a separate tax qualified 401(a) Plan, as noted supra.

Employees electing to contribute to the MSRP have the following investment options:

- The investment contract pool (The "ICP"). The ICP is a book value/constant principal investment fund that periodically adjusts the rates paid to participants in order to account for the income, gains and losses of the portfolio. It is made up of a collection of book value investments: a money market fund, guaranteed investment contracts written by insurance companies, and synthetic guaranteed investment contracts written by insurance companies and other financial institutions. (This option is not available in the 403(b) plan.)
- Mutual funds

Payment of Benefits

Employees investing in MSRP may withdraw the value of their accounts in accordance with IRC rules and the terms of the respective plan. Distributions are generally available upon termination of employment, or financial hardship. Additionally, employees are eligible to collect distributions from the 401(k) and 403(b) plans upon attainment of age 59 ½.

Employees eligible to receive benefits may select various payout options, which include lump sum, periodic or annuity payments. Purchased annuity payout options are offered by Nationwide Life Insurance Company and Metropolitan Life Insurance Company.

At retirement or termination of employment, employees investing in life insurance contracts - which are closed to new participants - may continue to make premium payments directly to the insurance carrier, or they may receive the cash surrender value of the policies. At the time of death of an employee, the face value of the insurance contract is payable to the beneficiary.

Amounts in participant's account are paid to the designated beneficiary at the employee's death.

Distributions to participants are recorded at the time withdrawals are made from participant accounts.

MARYLAND TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS

Notes to the Financial Statements December 31, 2010 and 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Participant Loans

Participants may borrow from their accrued benefit balance in accordance with plan provisions and applicable IRC regulations; however, loans are not available from the 401(a) match plan. The maximum amount a participant may borrow is equal to the lesser of (a) 50% the value of their account or (b) \$50,000. Interest on loans is determined by a reference rate set by the Board.

In accord with IRC requirements all loans must be repaid on a periodic basis, not less than quarterly, over a period not to exceed five years. Loans used to acquire, construct, reconstruct or substantially rehabilitate a dwelling that is to be used as a principal residence may extend for a longer term.

Investment Valuation and Income Recognition

The Investment Contract Pool (ICP) investment option – The ICP is shown in the statements under the category of investments, and is valued at contract value. The ICP is managed by Deutsche Asset Management under a management agreement with the Board of Trustees. Interest rates are reset monthly.

During 1997, a Master Trust was established to hold the investment contract pool/assets underlying this investment option. Under the Master Trust arrangement, assets of participants who participate in the Maryland State Employees Deferred Compensation Plan, the State of Maryland Savings and Investment Plan, and/or the State of Maryland Match Plan and Trust are combined and held in the Master Trust. Each plan has an undivided but measurable interest in the assets held by the trust. The practice is permitted by IRC Rev. Rul. 81-100 and Rev. Rul. 2011-1. Mutual fund assets held in the 403(b) plan are held in a master custodial account as required by I.R.C. 403(b)(7).

The ICP is valued at contract value, which represents contributions received plus interest earned to date, less applicable charges and amounts withdrawn.

Mutual Fund investment options - Mutual Fund investments are presented at fair value based on net assets value as reported by the investment carrier. All purchases and sales of investments are recorded on a trade-date basis.

Earnings are accrued to an individual participant's account based upon the investment performance of the specific options selected.

Annuity Reserves - Assets held for annuity payout reserves are valued at the actuarially determined present value of estimated future distributions.

**MARYLAND TEACHERS AND STATE EMPLOYEES
SUPPLEMENTAL RETIREMENT PLANS**

**Notes to the Financial Statements
December 31, 2010 and 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash Surrender Value

Participants have made premium payments on life insurance contracts held in the 457 Plan through salary deferral. The cash surrender value of these contracts is based on reporting by the life insurance company. This option is no longer available to new participants but participants with policies may continue to make contributions.

Mutual Fund Reimbursements

Mutual fund reimbursements represent amounts received from mutual fund investment providers for the benefit of the participants under expense reimbursement arrangements. Amounts recorded are those reimbursements actually received during the year. These amounts are periodically redistributed on a pro-rata basis to current participants in the mutual fund that paid the reimbursement.

**MARYLAND TEACHERS AND STATE EMPLOYEES
SUPPLEMENTAL RETIREMENT PLANS**

**Notes to the Financial Statements
December 31, 2010 and 2009**

2. INVESTMENTS AND INVESTMENT INCOME (continued)

Part 1: 457 Plan

Investments held including a discontinued group annuity contract and annuity reserves held by Nationwide Life and Metropolitan Life, as of December 31, 2010 and 2009, were as follows:

ASSETS	2010	2009
Fixed investments - Investment Contract Pool	\$ 420,021,819	\$ 419,340,407
Vanguard Institutional Index Fund - Institutional Plus	106,506,997	97,201,211
Fidelity(R) Puritan Fund	96,577,664	89,333,054
PIMCO Total Return Fund - Institutional Shares	56,014,690	47,317,382
Goldman Sachs Large Cap Value Fund - Institutional Shares	64,133,366	61,721,646
Vanguard Mid Cap Index Fund - Institutional Shares	49,272,405	-
Neuberger Berman Equity Fund® - Partners Fund	48,510,569	44,448,139
American Funds - Growth Fund of America	40,603,369	37,116,812
T. Rowe Price Small-Cap Stock Fund, Inc.	39,120,934	29,314,733
EuroPacific Growth Fund® -Class R6	-	56,136,549
American Funds - Euro Pacific Growth Fund	56,792,414	-
T Rowe Price Retirement 2020 Fund	16,899,299	12,067,482
T Rowe Price Mid Cap Value Fund, Inc.	19,695,446	15,586,078
T Rowe Price Retirement 2015 Fund	13,923,501	9,962,975
Vanguard Small Cap Growth Index - Institutional Shares	13,180,063	9,802,064
T Rowe Price Retirement 2025 Fund	10,987,836	7,158,282
Morgan Stanley Institutional Fund Trust - Mid Cap Growth Portfolio	12,138,187	-
T Rowe Price Retirement 2030 Fund	10,613,517	7,131,657
T Rowe Price Retirement 2010 Fund	8,044,757	6,360,641
Van Kampen Mid Cap Growth Fund - Class A	-	8,410,713
T Rowe Price Retirement 2035 Fund	6,195,487	4,074,082
Vanguard Total International Stock Index Fund - Investor Shares	5,785,573	4,864,815
T Rowe Price Retirement 2040 Fund	5,146,859	3,237,096
Vanguard Small Cap Value Index Fund - Institutional Shares	3,621,337	2,795,023
T Rowe Price Retirement 2005 Fund	3,140,231	2,125,643
Vanguard Value Index Fund - Institutional Shares	3,237,042	2,353,508
T Rowe Price Retirement Income Fund	2,733,001	1,555,618
T Rowe Price Retirement 2045 Fund	2,553,856	1,608,452
T Rowe Price Retirement 2050 Fund	1,453,923	848,900
T Rowe Price Retirement 2055 Fund	307,448	162,114
Parnassus Equity Income Fund - Institutional Shares	113,567	-
Dreyfus MidCap Index Fund, Inc.	-	40,367,244
Total Mutual funds	697,303,338	603,061,913
Discontinued investment options - Nationwide Fixed Annuities	83,650,654	88,018,578
Nationwide Life annuity payout reserves	16,363,714	18,752,554
Metropolitan Life annuity payout reserves	5,502,922	5,940,462
Total Annuities	105,517,290	112,711,594
Total Investments	\$ 1,222,842,447	\$ 1,135,113,914

**MARYLAND TEACHERS AND STATE EMPLOYEES
SUPPLEMENTAL RETIREMENT PLANS**

**Notes to the Financial Statements
December 31, 2010 and 2009**

2. INVESTMENTS AND INVESTMENT INCOME (continued)

Part 2: 401(k) Plan

Investments held as of December 31, 2010 and 2009, were as follows:

ASSETS	2010	2009
Fixed investments - Investment Contract Pool	\$ 289,857,531	\$ 282,181,154
Vanguard Institutional Index Fund - Institutional Plus	147,408,381	131,211,020
Fidelity(R) Puritan Fund	86,358,804	76,392,893
PIMCO Total Return Fund - Institutional Shares	64,950,390	55,980,237
Goldman Sachs Large Cap Value Fund - Institutional Shares	50,969,065	47,815,921
Vanguard Mid Cap Index Fund - Institutional Shares	52,098,082	-
Neuberger Berman Equity Fund® - Partners Fund	46,586,969	40,894,802
American Funds - Growth Fund of America	54,773,893	48,919,616
T. Rowe Price Small-Cap Stock Fund, Inc.	50,128,736	37,047,356
EuroPacific Growth Fund® -Class R6	65,708,261	62,051,643
T Rowe Price Retirement 2020 Fund	27,188,336	19,058,468
T Rowe Price Mid Cap Value Fund, Inc.	21,040,845	16,912,782
T Rowe Price Retirement 2015 Fund	19,438,749	13,709,051
Vanguard Small Cap Growth Index - Institutional Shares	18,631,764	13,988,235
T Rowe Price Retirement 2025 Fund	18,816,643	12,539,286
Morgan Stanley Institutional Fund Trust - Mid Cap Growth Portfolio	14,139,968	-
T Rowe Price Retirement 2030 Fund	12,644,198	8,424,818
T Rowe Price Retirement 2010 Fund	10,120,850	8,518,402
Van Kampen Mid Cap Growth Fund - Class A	-	8,272,143
T Rowe Price Retirement 2035 Fund	6,813,198	4,502,784
Vanguard Total International Stock Index Fund - Investor Shares	5,465,732	4,433,220
T Rowe Price Retirement 2040 Fund	4,826,365	3,296,936
Vanguard Small Cap Value Index Fund - Institutional Shares	3,687,628	2,387,181
T Rowe Price Retirement 2005 Fund	2,975,152	2,394,856
Vanguard Value Index Fund - Institutional Shares	2,936,588	2,064,058
T Rowe Price Retirement Income Fund	2,202,028	1,305,031
T Rowe Price Retirement 2045 Fund	1,867,869	1,198,983
T Rowe Price Retirement 2050 Fund	554,192	359,522
T Rowe Price Retirement 2055 Fund	632,309	378,580
Parnassus Equity Income Fund - Institutional Shares	252,248	-
Dreyfus MidCap Index Fund, Inc.	61	42,237,978
Washington Mutual Investors Fund	-	387
Total Mutual funds	793,217,304	666,296,189
Total Investments	\$ 1,083,074,835	\$ 948,477,343

**MARYLAND TEACHERS AND STATE EMPLOYEES
SUPPLEMENTAL RETIREMENT PLANS**

**Notes to the Financial Statements
December 31, 2010 and 2009**

2. INVESTMENTS AND INVESTMENT INCOME (continued)

Part 3: 401(a) Plan

Investments held as of December 31, 2010 and 2009, were as follows:

ASSETS	2010	2009
Fixed investments - Investment Contract Pool	\$ 37,221,074	\$ 38,451,585
Vanguard Institutional Index Fund - Institutional Plus	27,701,166	25,634,930
Fidelity(R) Puritan Fund	12,254,693	11,324,543
PIMCO Total Return Fund - Institutional Shares	5,435,154	4,929,384
Goldman Sachs Large Cap Value Fund - Institutional Shares	8,134,722	7,731,099
Vanguard Mid Cap Index Fund - Institutional Shares	7,932,762	-
Neuberger Berman Equity Fund® - Partners Fund	8,228,217	7,554,246
American Funds - Growth Fund of America	6,634,340	6,213,626
T. Rowe Price Small-Cap Stock Fund, Inc.	6,674,616	5,268,198
EuroPacific Growth Fund® -Class R6	6,770,203	-
American Funds - Euro Pacific Growth Fund	-	6,602,361
T Rowe Price Retirement 2020 Fund	3,058,516	2,376,321
T Rowe Price Mid Cap Value Fund, Inc.	1,887,797	1,625,473
T Rowe Price Retirement 2015 Fund	2,052,044	1,700,258
Vanguard Small Cap Growth Index - Institutional Shares	2,348,982	1,900,321
T Rowe Price Retirement 2025 Fund	2,476,008	2,020,297
Morgan Stanley Institutional Fund Trust - Mid Cap Growth Portfolio	908,293	-
T Rowe Price Retirement 2030 Fund	2,233,553	1,810,850
T Rowe Price Retirement 2010 Fund	857,429	746,787
Van Kampen Mid Cap Growth Fund - Class A	-	675,144
T Rowe Price Retirement 2035 Fund	1,557,317	1,286,014
Vanguard Total International Stock Index Fund - Investor Shares	287,017	267,674
T Rowe Price Retirement 2040 Fund	1,162,372	966,911
Vanguard Small Cap Value Index Fund - Institutional Shares	135,235	188,797
T Rowe Price Retirement 2005 Fund	157,261	120,964
Vanguard Value Index Fund - Institutional Shares	265,021	105,381
T Rowe Price Retirement Income Fund	154,865	121,251
T Rowe Price Retirement 2045 Fund	670,862	590,412
T Rowe Price Retirement 2050 Fund	266,722	239,437
T Rowe Price Retirement 2055 Fund	49,994	44,441
Parnassus Equity Income Fund - Institutional Shares	9,519	-
Dreyfus MidCap Index Fund, Inc.	-	6,590,525
Total Mutual funds	110,304,680	98,635,645
Total Investments	\$ 147,525,754	\$ 137,087,230

**MARYLAND TEACHERS AND STATE EMPLOYEES
SUPPLEMENTAL RETIREMENT PLANS**

**Notes to the Financial Statements
December 31, 2010 and 2009**

2. INVESTMENTS AND INVESTMENT INCOME (continued)

Part 4: 403(b) Plan

Investments held as of December 31, 2010 and 2009, were as follows:

ASSETS	2010	2009
Vanguard Institutional Index Fund - Institutional Plus	\$ 8,759,898	\$ 8,280,957
Fidelity(R) Puritan Fund	7,862,680	7,447,863
PIMCO Total Return Fund - Institutional Shares	5,063,417	3,761,566
Goldman Sachs Large Cap Value Fund - Institutional Shares	5,490,220	5,436,310
Vanguard Mid Cap Index Fund - Institutional Shares	6,117,994	-
Neuberger Berman Equity Fund® - Partners Fund	3,454,948	3,450,376
American Funds - Growth Fund of America	3,041,346	2,558,826
T. Rowe Price Small-Cap Stock Fund, Inc.	2,248,102	1,623,515
EuroPacific Growth Fund® -Class R6	5,109,931	5,022,976
T Rowe Price Retirement 2020 Fund	828,574	528,422
T Rowe Price Mid Cap Value Fund, Inc.	947,965	778,660
T Rowe Price Retirement 2015 Fund	859,920	516,470
Vanguard Small Cap Growth Index - Institutional Shares	1,463,240	996,028
T Rowe Price Retirement 2025 Fund	386,339	228,275
Morgan Stanley Institutional Fund Trust - Mid Cap Growth Portfolio	1,080,671	-
T Rowe Price Retirement 2030 Fund	393,372	198,244
T Rowe Price Retirement 2010 Fund	593,892	446,905
Van Kampen Mid Cap Growth Fund - Class A	-	845,921
T Rowe Price Retirement 2035 Fund	44,799	34,145
Vanguard Total International Stock Index Fund - Investor Shares	1,083,247	978,541
T Rowe Price Retirement 2040 Fund	57,563	31,857
Vanguard Small Cap Value Index Fund - Institutional Shares	642,550	425,137
T Rowe Price Retirement 2005 Fund	445,154	421,375
Vanguard Value Index Fund - Institutional Shares	178,179	183,409
Vanguard Prime Money Market Fund - Institutional Shares	6,066,703	7,155,831
T Rowe Price Retirement Income Fund	394,278	27,955
T Rowe Price Retirement 2045 Fund	20,942	10,728
Great West Life Assurance Company	4,398,159	4,595,468
T Rowe Price Retirement 2050 Fund	2,181	354
T Rowe Price Retirement 2055 Fund	7,251	6,233
Parnassus Equity Income Fund - Institutional Shares	39,975	-
Dreyfus MidCap Index Fund, Inc.	-	4,941,925
Total Mutual funds	\$ 67,083,490	\$ 60,934,272

**MARYLAND TEACHERS AND STATE EMPLOYEES
SUPPLEMENTAL RETIREMENT PLANS**

**Notes to the Financial Statements
December 31, 2010 and 2009**

2. INVESTMENTS AND INVESTMENT INCOME

Part 5: MSRP – All Plans Summary

Investments held including a discontinued group annuity contract and annuity reserves held by Nationwide Life and Metropolitan Life, as of December 31, 2010 and 2009, were as follows:

ASSETS	2010	2009
Fixed investments - Investment Contract Pool	\$ 747,100,424	\$ 739,973,146
Vanguard Institutional Index Fund - Institutional Plus	290,376,442	262,328,118
Fidelity(R) Puritan Fund	203,053,841	184,498,353
PIMCO Total Return Fund - Institutional Shares	131,463,651	111,988,569
Goldman Sachs Large Cap Value Fund - Institutional Shares	128,727,373	122,704,976
Vanguard Mid Cap Index Fund - Institutional Shares	115,421,243	-
Neuberger Berman Equity Fund® - Partners Fund	106,780,703	96,347,563
American Funds - Growth Fund of America	105,052,948	94,808,880
T. Rowe Price Small-Cap Stock Fund, Inc.	98,172,388	73,253,802
EuroPacific Growth Fund® -Class R6	77,588,395	67,074,619
American Funds - Euro Pacific Growth Fund	56,792,414	62,738,910
T Rowe Price Retirement 2020 Fund	47,974,725	34,030,693
T Rowe Price Mid Cap Value Fund, Inc.	43,572,053	34,902,993
T Rowe Price Retirement 2015 Fund	36,274,214	25,888,753
Vanguard Small Cap Growth Index - Institutional Shares	35,624,049	26,686,648
T Rowe Price Retirement 2025 Fund	32,666,826	21,946,140
Morgan Stanley Institutional Fund Trust - Mid Cap Growth Portfolio	28,267,119	-
T Rowe Price Retirement 2030 Fund	25,884,640	17,565,569
T Rowe Price Retirement 2010 Fund	19,616,928	16,072,735
Van Kampen Mid Cap Growth Fund - Class A	-	18,203,921
T Rowe Price Retirement 2035 Fund	14,610,801	9,897,025
Vanguard Total International Stock Index Fund - Investor Shares	12,621,569	10,544,250
T Rowe Price Retirement 2040 Fund	11,193,159	7,532,800
Vanguard Small Cap Value Index Fund - Institutional Shares	8,086,750	5,796,138
T Rowe Price Retirement 2005 Fund	6,717,798	5,062,838
Vanguard Value Index Fund - Institutional Shares	6,616,830	4,706,356
Vanguard Prime Money Market Fund - Institutional Shares	6,066,703	7,155,831
T Rowe Price Retirement Income Fund	5,484,172	3,009,855
T Rowe Price Retirement 2045 Fund	5,113,529	3,408,575
Great West Life Assurance Company	4,398,159	4,595,468
T Rowe Price Retirement 2050 Fund	2,277,018	1,448,216
T Rowe Price Retirement 2055 Fund	997,003	591,367
Parnassus Equity Income Fund - Institutional Shares	415,308	-
Dreyfus MidCap Index Fund, Inc.	61	94,137,672
Washington Mutual Investors Fund	-	387
Total Mutual funds	1,667,908,812	1,428,928,020
Discontinued investment options - Nationwide Fixed Annuities	83,650,654	88,018,578
Nationwide Life annuity payout reserves	16,363,714	18,752,554
Metropolitan Life annuity payout reserves	5,502,922	5,940,461
Total Annuities	105,517,290	112,711,593
Total Investments	\$ 2,520,526,526	\$ 2,281,612,759

MARYLAND TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS

Notes to the Financial Statements December 31, 2010 and 2009

2. INVESTMENTS AND INVESTMENT INCOME (continued)

Investment contract pool interest income in the 457, 401(k) and 401(a) plans is recorded based upon a blended rate of the contractual interest of all investment contracts in force during the period. These amounts are credited to the participants' accounts prior to charges for administrative expenses charged by the Administrator and the Board of the Plan. The blended gross interest rate was 2.37% as of December 31, 2010, and ranged from 2.29% to 2.48% during the year ended December 31, 2010. The blended gross interest rate was 2.35% as of December 31, 2009, and ranged from 2.02% to 3.5% during the year ended December 31, 2009. The contract value as of December 31, 2010 and 2009, was \$747,100,424 and \$739,973,146, respectively. The fair market value as of December 31, 2010 and 2009, was \$747,481,620 and \$731,663,333, respectively, and the wrapper value was \$637,506 and \$2,301,909, respectively.

The Nationwide Life fixed annuities in the 457 plan reflect investments made under a fixed group annuity contracts with Nationwide Life. That contract has been closed to new contributions since January 1, 1987.

Interest income on investments in Nationwide Life fixed annuities and annuity payout reserves are recorded as earned on an accrual basis. Beginning in 1982, based upon the date of contribution, Nationwide Life initiated a plan for paying different rates to specific pools of money. The gross interest rate paid on fixed annuity contributions was 4.13% as of December 31, 2010, and ranged from 4.1% to 4.2% and was 4.26% as of December 31, 2009, and ranged from 4.25% to 4.3% for the years then ended.

The 403(b) plan includes a closed fixed earnings investment with the Great-West Fixed Investment Fund is valued at contract value, which represents costs plus interest credited at guaranteed rates (subject to quarterly market adjustments, as reported by Great-West as of December 31). These amounts are credited to the participant's accounts prior to charges for administration expenses charged by the Administrator and the Board of the Plan. The gross interest rate paid on contributions to this investment was 4.0% and 4.1% in 2010 and 2009, respectively. This option is not open for new contributions or exchanges.

Mutual fund investment income consists of dividends earned and realized and unrealized gains and losses attributable to the underlying investments.

MSRP discloses investment risks, below, in accordance with GASB Statement No. 40, which defines these risks as follows:

Interest Rate Risk. Interest risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

**MARYLAND TEACHERS AND STATE EMPLOYEES
SUPPLEMENTAL RETIREMENT PLANS**

**Notes to the Financial Statements
December 31, 2010 and 2009**

2. INVESTMENTS AND INVESTMENT INCOME (continued)

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to an investment in a single issuer.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan, and are held by either (a) the counterparty, or (b) the counterparty's trust department or agent but not in MSRP's name.

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

Average Maturities. The investments and weighted average maturities as of December 31, 2010 and 2009, were as follows:

	December 31, 2010	
	Valuation	Weighted Average Maturity
Investment Contract Pool	\$ 747,100,424	3.33 years
Variable earnings:		
PIMCO Total Return Fund – Institutional Shares	131,463,651	7.1 years
Great-West Fixed Investment Fund		
Variable earnings:		
Vanguard® Prime Money Market Fund – Investors Shares	4,398,159	3.1 years
	6,066,703	0.2 years

Note: The Investment Contract Pool is only available in the 457, 401(k) and 401(a) Plans. The Great-West Fixed Investment Fund and the Vanguard Prime Money Market Fund are only available in the 403(b) Plan.

**MARYLAND TEACHERS AND STATE EMPLOYEES
SUPPLEMENTAL RETIREMENT PLANS**

**Notes to the Financial Statements
December 31, 2010 and 2009**

2. INVESTMENTS AND INVESTMENT INCOME (continued)

Foreign Currency Risk (continued)

	December 31, 2009	
	Valuation	Weighted Average Maturity
Investment Contract Pool	\$739,973,146	3.19 years
Variable earnings:		
PIMCO Total Return Fund – Institutional Shares	111,988,569	6.46 years
Great-West Fixed Investment Fund		
Variable earnings:		
Vanguard® Prime Money Market Fund – Investors Shares	4,595,468	5 years
	7,155,831	0.2 years

Note: The Investment Contract Pool is only available in the 457, 401(k) and 401(a) Plans. The Great-West Fixed Investment Fund and the Vanguard Prime Money Market Fund are only available in the 403(b) Plan.

Interest rate risk, credit risk and concentration of credit risk. Since all investments are participant directed, all risks are at the participant level. Each individual has the ability to liquidate their positions on demand and have responsibility for managing their exposure to fair value loss. Participants have the option to change their investment options to any investment available to alter their interest rate risk.

The investment contract pool had a reported credit rating of AA for the years ended December 31, 2010 and 2009. Mutual Funds were unrated.

Custodial credit risk – deposits is the risk that, in the event of a bank failure, MSRP's deposits may not be returned to it. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in MSRP's name.

All deposits of MSRP, consisting of amounts held by the agency for an administrative expense, are held on behalf of MSRP by the State in accordance with the formal deposit policy for custodial credit risk of the State.

MARYLAND TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS

Notes to the Financial Statements December 31, 2010 and 2009

3. LIFE INSURANCE

In the 457 plan, the amount of life insurance in force with Unum Life was approximately \$8,464,419 and \$9,559,544 as of December 31, 2010 and 2009, respectively. Participants in the 457 plan contributed \$43,114 and \$48,280 towards premiums for life insurance contracts offered by Unum Life during the years ended December 31, 2010 and 2009, respectively. At the time of retirement or termination of employment from the State, these participants have the option of continuing to make the life insurance premium payments or to receive the cash surrender value of the policy. This option is no longer available to new participants, only participants with policies may continue to make contributions to this option.

4. ADMINISTRATIVE EXPENSES

The Board has appointed Nationwide® Retirement Solutions, Inc. (NRS), as the administrator under an administrative services contract. NRS is a subsidiary of Nationwide Financial Services, Inc., the owner of Nationwide Life and provider of certain 457 plan fixed annuities that are no longer available to new participants or for exchanges from other plan investments.

The current contract with NRS to provide administrative services to MSRP under Board authority became effective January 1, 2008. Under the agreement, NRS provides administrative services, such as account statements, monitoring financial transactions, participant relations, and general management. Fees were charged by NRS at an annual rate of 0.14% in 2010 and 2009, respectively against the mutual fund, investment contract pool and fixed annuity assets.

During 2010 and 2009, an additional charge of 0.05% was imposed by MSRP for its expenses (staff, auditor, consultants, education and other administrative expenses). The fees are collected directly from participant's accounts. During 2010, an additional fee of \$0.50 per month was charged for each account with a balance greater than \$500 in the 457, 401(k), and 403(b) plans. The fee will be used to stabilize revenue for board operations. The annual cap on participant charges was \$2,000 for 2010 and 2009.

Participants choosing to exercise loan options are assessed an origination fee of \$50.

The cash balance in the accompanying financial statements as of December 31, 2010 and 2009, represents charges assessed by the Board from all deferred compensation plans and held as pooled cash by the Maryland State Treasurer in excess of expenses paid on behalf of the Board. By State law, this amount does not revert to the general fund of the State but constitutes a dedicated fund or reserve for use by the Plan, pursuant to the usual State appropriation process.

MARYLAND TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS

Notes to the Financial Statements December 31, 2010 and 2009

4. ADMINISTRATIVE EXPENSES (continued)

The cash reserve balance was \$176,328 and \$241,569 as of December 31, 2010 and 2009, respectively. In addition, the appropriate funds and cash reserves are carried on the 457 Plan financial statements as a matter of historical practice, arising from the period prior to 1990 when the 457 Plan was the only Plan operated by the Board and all 457 Plan assets, including the cash reserves were general non-trust funds of the State.

5. TAX STATUS

In the opinion of the State's legal counsel, the Plans are exempt from income taxes under the applicable section of the Internal Revenue Code (the Code) and, therefore, the amounts contributed by the State on behalf of the employees participating in MSRP are not subject to Federal income tax withholding nor are they includable in taxable income until actually paid or otherwise made available to the participant, the participant's beneficiary, or the participant's estate.

6. RELATED PARTIES

Certain members of the Board are participants in one or more Plans in the MSRP.

7. COMMITMENTS – Cash Commitment

In December 2009 the Plans received \$3,748,831 from the SEC Invesco Fair Fund. Fair Funds are special settlement vehicles that are created by the SEC to receive and distribute amounts from penalties and damages attributable to violations of the securities law. The Invesco Fair Fund distributed amounts to the shareholders of mutual funds managed by the Invesco Funds group during the period January 1, 2000 to June 30, 2003. One such fund, Invesco Dynamics, was a plan investment option during this period. The settlement was generated by allegations that Invesco permitted certain favored shareholders to exercise special trading practices not described in the offering prospectuses.

The amounts received (\$1,165,287-401(k) plan; \$2,325,229-457 plan; and \$258,315-403(b) plan) were, as of December 31, 2009, held as cash in plan bank accounts pending adoption by the Board of a specific allocation and redistribution plan. An additional amount of \$132,257 was received and deposited for the 401(a) plan in January 2010. The proceeds from the settlement were allocated to participants during the year ended December 31, 2010. There were no new commitments during 2010.

Maryland Supplemental Retirement Plans

INVESTMENT SECTION

INVESTMENT ADVISOR'S REPORT

For the year ended December 31, 2010

Prepared by Mercer Consulting, Inc.

The report below discusses the overall performance of the plan investments for the year ending December 31, 2010. 2010 was a rewarding year for investors as nearly all asset classes posted positive returns, although the full year results mask the intra-year volatility. January brought the first leg of the European sovereign debt crisis when fears of a default by Greece rippled through the markets. Most major equity indices were down 5% to 10% for the year through early February before an EU/ IMF rescue package helped ease fears. Markets proceeded to rally through April on optimism over global economic growth. The S&P 500 finished April with an 8% year-to-date return. The “flash crash”, a second leg to the European crisis and fears of a double-dip recession shook markets in the spring and early summer, leading to a 13% correction in the S&P 500 and a 20% drawdown in the MSCI EAFE index. Ben Bernanke rode in to save the year on August 27, promising a second round of quantitative easing, sparking a 20% rebound in the S&P 500 through the end of the year. Markets shook off a third round of the European debt crisis in November. The US economy is estimated to have grown at a 3.2% annual rate in the fourth quarter and 2.9% for 2010 overall, a significant improvement from 2009 but still a relatively slow recovery from a recession. The Fed kept rates at rock bottom levels of 0-25 basis points throughout the year.

Domestic Equity Mutual Funds

Market Performance

The US equity market posted strong results across all market caps and equity styles for the year. Growth stocks outperformed value stocks across all market caps for the year. Small cap stocks outperformed large cap stocks for the year, and the best performing segment was small growth with a return of 29.1%. The top three performing sectors for the year were consumer discretionary, industrials and materials.

Domestic Equity funds Performance

The median domestic equity mutual fund rose 17.7% during 2010. Similar to the indexes, large cap stock funds lagged the smaller cap funds during the year, and growth-oriented funds consistently outpaced their value counterparts. Large cap value funds, up 13.2%, posted the weakest results while small cap growth funds, up 27.7%, were the strongest performers.

Fixed Income Mutual Funds

Market Performance

The US fixed income market, measured by the Barclays Capital Aggregate Index, returned a solid 6.6% for the year. The top performing area of the fixed income market for the year was high yield returning 15.2% for the year. Government mortgages were the worst performing sector for the year returning 5.4%.

Fixed Income Funds Performance

The median core domestic bond fund was up 7.1% for the year. Long-duration bond funds were the weakest performers up only 3.7% at the median. Similar to 2009, high-yield bond funds outperformed other sectors with a 14.3% return for the median fund. International bond funds gained a healthy 6.3% during the year.

International Equity Mutual funds

Market Performance

Consistent with the domestic equity markets, growth outperformed value across developed markets. The international equity markets also posted strong results for the year as the MSCI EAFE Index, representing developed international equities advanced 8.2% for the year. The MSCI Emerging Markets Index returned 19.2% for 2010. For the trailing year, Greece was the worst performing country at -45.0%, while Malaysia was the best performing country at +37.0%.

International Equity Funds Performance

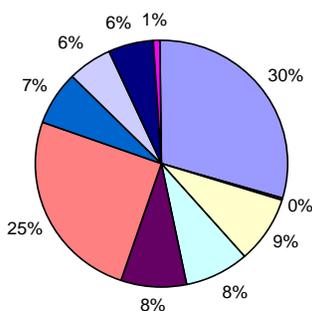
The median international equity fund was up 11.6% for the year. Pacific countries provided stronger results than the European countries and their funds were up 16.1% and 4.5%, respectively. The Emerging markets funds had the strongest performance, up 19.0% at the median.

Management Summary Report *(Prepared by Mercer Consulting, Inc.)*

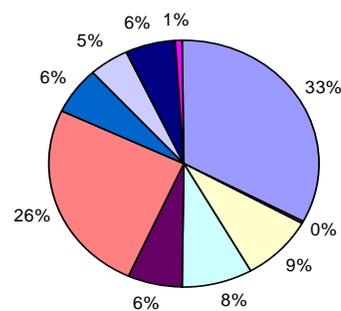
Combined Plans

- Assets totaled \$2.525 billion for all combined plans as of December 31, 2010. This reflected an increase in assets of \$240 million from December 31, 2009. Due to positive equity markets, there was an increase in allocation to equity funds (44% to 45%) and corresponding decrease in stable value (33% to 30%) for the calendar year.
- The 401(a) Plan totaled \$147.6 million on December 31, 2010. The Maryland Investment Contract Pool continued to be the most popular investment option in this Plan with 25.2% of Plan assets, followed by Vanguard Institutional Index PI (18.8%) and Fidelity Puritan (8.3%).
- The 401(k) Plan totaled approximately \$1,098.0 million at year end. Similar to the 401(a) plan, the three most popular funds were the Maryland Investment Contract Pool (26.4%), Vanguard Institutional Index PI (13.5%) and Fidelity Puritan (7.9%).
- At year end, the 403(b) Plan totaled \$67.1 million. Vanguard Institutional Index PI was the most popular investment option in this Plan with 13.1% of Plan assets, followed by Fidelity Puritan (11.7%) and Vanguard Prime Money Market (9.0%).
- Assets in the 457 Plan totaled \$1,244 million on December 31, 2010. The largest allocation was the Maryland Investment Contract Pool with 34.6% of Plan assets, followed by Vanguard Institutional Index PI (8.8%) and Fidelity Puritan (8.0%).

Current Asset Allocation - December 31, 2010



Current Asset Allocation - December 31, 2009



Fund Level Analysis

- **Maryland Investment Contract Pool (ICP):** As the largest investment option in the Supplemental Retirement Plans, this fixed income option had approximately \$747.1 million in assets on December 31, 2010 across three of the four plans. This was an increase of approximately \$7.1 million over the prior year end. The fund's one year book value return of 2.5% outpaced the passive benchmark by 140 basis points but lagged the peer group median.
- **Nationwide Fixed Annuity:** This is a frozen option and no longer available for additional money in the 457 Plan, the Nationwide Fixed Annuity was valued just over \$85 million on December 31, 2009, a \$2.9 million decrease from the prior year end. This investment option returned 4.1% for the one year period ranking above the passive benchmark index and the median of the short term fixed income universe.
- **GW Daily Interest Guarantee, GW 36 Month CD, GW 60 Month CD, GW 84 Month CD:** These are frozen investment options previously offered in the 403(b) Plan. As of December 31, 2010, the 84 month CD had the largest allocation with \$3.0 million in assets. Each of the remaining GW options had approximately \$300,000 to \$450,000 in assets.
- **Vanguard Prime Money Market:** Offered only in the 403(b) Plan, this investment option had approximately \$6.1 million invested on December 31, 2010, a decrease of \$1 million from the prior year. This fund outperformed the 91-Day T-bill for all trailing time periods measured as of the end of 2010.
- **PIMCO Total Return Fund:** Across the four plans, MSRP had approximately \$131.5 million invested in the PIMCO Total Return Fund on December 31, 2010, an increase of \$19.5 million for the year. Although less popular than the Stable Value offerings with participants, this is an important offering in the Core Bond category with strong historic performance. For the year, PIMCO's 8.9% return outperformed both the index and the peer group median. Performance over the three- and five-year periods remained strong as PIMCO ranked in the top decile versus its peers.
- **Fidelity Puritan:** Historically, a favored selection among plan participants with over \$203.0 million in assets, Fidelity Puritan outperformed its benchmark and ranked above median in the Mercer Mutual Fund US Balanced Universe for the year. Underperformance in the latter half of 2008 weakened the longer term results as the fund trailed the index and placed in the bottom half of the peer group for the three-year period. For the five-year period the fund outperformed its index and peer group median.
- **T. Rowe Price Retirement Date Funds** The T. Rowe Price lifecycle funds consist of 12 different funds, which range in asset allocation strategy based on their respective target retirement date. All funds invest in a diversified portfolio of underlying T. Rowe Price mutual funds. All funds outperformed their respective indices for the year ended December 31, 2010. In general, the T. Rowe Price Retirement Fund series benefited from stock selection from its underlying international equity and fixed income funds. The T. Rowe Price Retirement Funds series compared favorably to its peer group, primarily due to its higher weighting to equities. Performance was solid over the longer time periods.
- **Vanguard Institutional Index Plus:** MSRP participants had \$291.5 million invested in this fund at year end, an increase of \$29.1 million. As in past quarters, this fund consistently tracked the S&P 500 Index.

- **Neuberger Berman Partners:** This fund was a top quartile performer in its universe for the one year period ending December 31, 2010. The fund's 15.4% return was 40 basis points and 230 more than the benchmark index and peer group median, respectively. MSRP investments in this fund totaled \$106.8 million across all four plans as of December 31, 2010. Although 2010 returns compare favorably with the benchmark and peers, the fund three- and five-year performance trails both measurements.
- **Parnassus Equity Income Fund:** This domestic large cap core fund was added in the fourth quarter of 2010 as a socially responsible investment option for participants. At the end of 2010, participants had \$0.4 million invested in this fund.
- **Goldman Sachs Large Cap Value Fund:** This fund made up \$128.7 million of the assets in the Plans as of December 31, 2010, an increase of over \$6 million from the prior year end. This is now the most popular active domestic equity fund in the plan. The fund's one year return of 12.6% ranked below the benchmark index and median in the peer group. For the three-year and five-year periods, the fund outperformed its benchmark and placed in the top half of its peer group.
- **Vanguard Value Index Fund:** MSRP participants had \$6.6 million in this fund, an increase of \$1.9 million. This fund tracked its benchmark for all periods measured.
- **American Funds Growth Fund of America:** As the active large cap growth option, this fund underperformed the index and the peer group median for the year. For the three- and five-year period, the fund underperformed the benchmark and peer group median. This fund had \$105.0 million invested across the four plans as of December 31, 2010.
- **Dreyfus Mid Cap Index Fund:** In order to give participants a less expensive passive mid cap core option, the Board decided to replace this fund with the Vanguard Mid-Cap Index Fund. The Vanguard fund has an expense ratio of 8 basis points versus Dreyfus' 50 basis points.
- **Vanguard Mid-Cap Index Fund:** Participants had \$115.4 million invested in this fund at the end of 2010. The fund tracked its index for all periods measured.
- **T. Rowe Price Mid-Cap Value Fund:** On December 31, 2010 the fund had \$43.6 million invested in it across all four plans. The fund returned 16.5% for the one year period which fell below the benchmark index and in the bottom quartile of the peer group universe.
- **Morgan Stanley Mid Cap Growth:** This fund replaced the Van Kampen Mid Cap Growth Fund during the third quarter of 2010. For the year, the fund ranked in the top decile of the peer group universe and well above the benchmark index. Trailing results remain solid as the fund outperformed the index and placed in the top quartile of its peer group for the trailing three- and five-year periods. As of the end of the year, MSRP participants had \$28.3 million invested in this fund.
- **T. Rowe Price Small-Cap Stock:** The fund's 32.5% return for 2010 placed it well above its benchmark index and in the top decile of the peer group. For the three- and five-year period, the fund exceeded its benchmark and the universe median. As of the end of December, this fund had \$98.2 million in MSRP assets.
- **Vanguard Small Cap Value Index:** During all time periods measured, the fund tracked its index within 20 basis points and the passive style performed slightly below the median of actively managed funds for all annualized periods measured ended December 31, 2010. MSRP participants had \$8.1 million invested in this fund on December 31, 2010.

- **Vanguard Small Cap Growth Index:** For all time periods measured the fund tracked its index within 30 basis points. Unlike the small cap value index, this passive style outperformed the median fund in the small cap growth segment for the one-, three- and five-year periods. Currently, the fund has \$35.6 million in MSRP assets.
- **American Funds EuroPacific Growth:** The fund ranked in the bottom half of its peer group and underperformed the MSCI ACWI ex US Index for the year ended December 31, 2010. Longer term performance was strong. There was \$134.4 million invested in this fund by MSRP participants on December 31, 2010.
- **Vanguard Total International Stock Index Fund:** This fund tracked the benchmark in 2010 within 40 basis points. For the trailing one- and three-year periods, the fund tracked within 10 basis points. MSRP participants have \$12.6 million in this fund.

MARYLAND SUPPLEMENTAL RETIREMENT PLANS
BOARD OF TRUSTEES –APPROVED FEBRUARY 1, 2010
INVESTMENT POLICY OBJECTIVES

I. Introduction

The Board of Trustees of the Maryland Teachers' and State Employee's Supplemental Retirement Plans has adopted this Statement of Investment Policy for the Supplemental Retirement Plans.

The Plans are long-term retirement savings vehicles and are intended as sources of retirement income for eligible participants. The investment options available from the Plans cover a broad range of investment risk and rewards appropriate for this kind retirement savings program. Participants bear the risk and reap the rewards of investment returns that result from the investment options they select.

This Statement of Investment Policy serves the following purposes:

- To ensure that a broad range of investment options are offered to participants of the plans;
- To establish an investment program that will allow participants the opportunity to structure an investment strategy that meets their individual return objectives and risk tolerances;
- To define the investment categories offered by the Plans;
- To establish investment objectives for each investment category offered within the Plans;
- To establish benchmarks and performance standards for each investment category and to evaluate each option's performance against appropriate benchmarks and standards;
- To establish a procedure for reporting and monitoring of the various funds;
- To define the selection criteria for the Plans' investment options;
- To define the procedures for investment fund evaluation and formal fund review; and
- To set guidelines and procedures for withdrawal of an investment option which, in the Board's opinion, does not, or will not, fulfill the Plans' objectives for which it was selected and replace the option with an appropriate substitute.

The document is intended to be dynamic and is reviewed periodically and revised when appropriate.

II. Investment Categories

The Plans have chosen to offer the following investment categories:

CATEGORY

CONSERVATIVE:	Money Market Funds Fixed Investment Options Bond Funds
MODERATE:	Balanced Funds
MODERATE TO AGGRESSIVE:	Lifecycle Funds
AGGRESSIVE:	Domestic Large Cap Funds
MORE AGGRESSIVE:	Domestic Mid Cap Funds Domestic Small Cap funds International Equity Funds

Within each category of investment, the Board expects to offer between one and five individual investment options. The Board recognizes that within a category, the investment style (e.g. value, growth, and core) may differ between investment options.

The Plans' investment options can be placed in broadly defined investment categories (Conservative, Moderate, or Aggressive) depending on the type of option. The objective of each investment category is as follows:

- Aggressive: to seek significant capital appreciation over the long-term
- Moderate: to seek a combination of long-term growth of capital and current income
- Conservative: to seek significant current income

Each investment option offered under the Plans shall:

- Operate in full accordance with its current published prospectus or "fact sheet"
- Have its performance results measured against the applicable performance standards described herein for that investment category

If the Board determines an investment option no longer meets the performance criteria, it may replace that option with a suitable alternative pursuant to the investment fund evaluation procedure outlined herein. From time-to-time, the Board, in its discretion, may add investment options/categories to the current core options. At such time, the Statement of Investment Policy will be modified.

Investment Performance

(total returns on a calendar year basis ended December 31, 2010)

	End Balance	3 Months	1 Year	3 Years	5 Years	10 Years
Stable Value						
Maryland Investment Contract Pool	\$747,100,424	0.63%	2.45%	3.18%	3.84%	4.47%
Citigroup TBill + 100 bp Premium		0.29%	1.13%	1.70%	3.32%	3.28%
iMoneyNet All Taxable+100bps		0.26%	1.04%	1.77%	3.27%	3.03%
Mercer Stable Value Median		0.82%	3.48%	3.93%	4.36%	4.87%
Mercer Stable Value Rank		86	88	89	78	81
Money Market						
Vanguard Prime Money Market	\$6,066,703	0.05%	0.19%	1.25%	2.77%	2.57%
Citigroup 3-Month T-Bill		0.04%	0.13%	0.69%	2.30%	2.26%
Mercer Mutual Fund US Fixed Ultra Short Median		0.07%	1.41%	1.62%	2.65%	2.70%
Mercer Mutual Fund US Fixed Ultra Short Rank		57	90	63	45	73
Domestic Bond						
PIMCO Total Return Fund Institutional	\$131,463,650	-0.92%	8.86%	9.12%	8.07%	7.34%
Barclays Capital US Aggregate		-1.29%	6.56%	5.91%	5.80%	5.84%
Mercer Mutual Fund US Fixed Core Median		-0.66%	7.10%	5.65%	5.28%	5.28%
Mercer Mutual Fund US Fixed Core Rank		61	23	3	2	4
Nationwide Fixed Annuity	\$85,508,241	1.01%	4.12%	4.29%	4.44%	4.99%
BofA Treasury 1-3 Yr		-0.15%	2.35%	3.22%	4.17%	3.92%
Mercer Mutual Fund US Fixed Short Median		-0.08%	3.37%	3.54%	4.11%	3.74%
Mercer Mutual Fund US Fixed Short Rank		5	29	25	28	0
Balanced						
Fidelity Puritan Fund	\$203,053,841	7.71%	14.04%	0.78%	4.52%	4.74%
S&P 500 60% / 40% BC Aggregate		5.86%	12.13%	1.14%	4.08%	3.53%
Mercer Mutual Fund US Balanced Median		5.62%	11.55%	1.06%	4.03%	3.75%
Mercer Mutual Fund US Balanced Rank		14	16	54	36	23

Note> calculations based on time weighted rate of return based on market rate of return

End Balance 3 Months 1 Year 3 Years 5 Years 10 Years

Lifecycle

T Rowe Price Retirement Income Fund	\$5,484,172	4.16%	10.11%	3.13%	5.06%	NA
T. Rowe Price Retirement Income Index		3.85%	8.70%	1.60%	4.10%	NA
Mercer Mutual Fund Lifecycle Income Median		2.94%	9.60%	3.10%	4.55%	NA
Mercer Mutual Fund Lifecycle Income Rank		16	42	49	33	NA
T Rowe Price Retirement 2005 Fund	\$6,717,798	4.78%	11.51%	2.60%	5.13%	NA
T. Rowe Price Retirement 2005 Index		4.30%	10.20%	1.39%	4.37%	NA
Mercer Mutual Fund Lifecycle 2010 Median		4.55%	10.77%	1.34%	3.97%	NA
Mercer Mutual Fund Lifecycle 2010 Rank		48	31	16	5	NA
T Rowe Price Retirement 2010 Fund	\$19,616,928	5.80%	12.70%	1.86%	4.92%	NA
T. Rowe Price Retirement 2010 Index		5.32%	11.42%	0.79%	4.24%	NA
Mercer Mutual Fund Lifecycle 2010 Median		4.55%	10.77%	1.34%	3.97%	NA
Mercer Mutual Fund Lifecycle 2010 Rank		13	5	28	15	NA
T Rowe Price Retirement 2015 Fund	\$36,274,214	6.88%	13.79%	1.41%	4.83%	NA
T. Rowe Price Retirement 2015 Index		6.41%	12.55%	0.29%	4.10%	NA
Mercer Mutual Fund Lifecycle 2015 Median		5.49%	11.72%	0.67%	3.58%	NA
Mercer Mutual Fund Lifecycle 2015 Rank		3	8	28	7	NA
T Rowe Price Retirement 2020 Fund	\$47,974,725	7.87%	14.74%	0.80%	4.62%	NA
T. Rowe Price Retirement 2020 Index		7.34%	13.47%	-0.32%	3.89%	NA
Mercer Mutual Fund Lifecycle 2020 Median		6.40%	12.62%	0.15%	3.46%	NA
Mercer Mutual Fund Lifecycle 2020 Rank		2	5	17	6	NA
T Rowe Price Retirement 2025 Fund	\$32,666,825	8.61%	15.37%	0.26%	4.44%	NA
T. Rowe Price Retirement 2025 Index		8.10%	14.13%	-0.83%	3.72%	NA
Mercer Mutual Fund Lifecycle 2025 Median		7.57%	13.82%	-0.53%	3.59%	NA
Mercer Mutual Fund Lifecycle 2025 Rank		13	4	24	13	NA
T Rowe Price Retirement 2030 Fund	\$25,884,641	9.36%	16.01%	-0.14%	4.32%	NA
T. Rowe Price Retirement 2030 Index		8.82%	14.73%	-1.26%	3.61%	NA
Mercer Mutual Fund Lifecycle 2030 Median		8.16%	13.90%	-1.39%	2.84%	NA
Mercer Mutual Fund Lifecycle 2030 Rank		10	5	7	0	NA
T Rowe Price Retirement 2035 Fund	\$14,610,801	9.94%	16.34%	-0.38%	4.18%	NA
T. Rowe Price Retirement 2035 Index		9.44%	15.11%	-1.46%	3.50%	NA
Mercer Mutual Fund Lifecycle 2035 Median		9.13%	14.79%	-1.50%	2.91%	NA
Mercer Mutual Fund Lifecycle 2035 Rank		10	4	24	12	NA
T Rowe Price Retirement 2040 Fund	\$11,193,159	10.04%	16.51%	-0.31%	4.22%	NA
T. Rowe Price Retirement 2040 Index		9.50%	15.17%	-1.44%	3.51%	NA
Mercer Mutual Fund Lifecycle 2040 Median		9.16%	14.79%	-2.17%	2.74%	NA
Mercer Mutual Fund Lifecycle 2040 Rank		15	7	7	0	NA
T Rowe Price Retirement 2045 Fund	\$5,113,529	10.02%	16.44%	-0.31%	4.22%	NA
T. Rowe Price Retirement 2045 Index		9.50%	15.17%	-1.44%	3.51%	NA
Mercer Mutual Fund Lifecycle 2045 Median		9.71%	15.21%	-1.76%	3.78%	NA
Mercer Mutual Fund Lifecycle 2045 Rank		21	12	19	25	NA
T Rowe Price Retirement 2050 Fund	\$2,277,018	9.93%	16.41%	-0.35%	NA	NA
T. Rowe Price Retirement 2050 Index		9.50%	15.17%	-1.44%	NA	NA
Mercer Mutual Fund Lifecycle 2050+ Median		9.58%	15.06%	-2.63%	NA	NA
Mercer Mutual Fund Lifecycle 2050+ Rank		32	18	11	NA	NA
T Rowe Price Retirement 2055 Fund	\$997,003	9.98%	16.41%	-0.38%	NA	NA
T. Rowe Price Retirement 2055 Index		9.50%	15.17%	-1.44%	NA	NA
Mercer Mutual Fund Lifecycle 2050+ Median		9.58%	15.06%	-2.63%	NA	NA
Mercer Mutual Fund Lifecycle 2050+ Rank		29	15	17	NA	NA

End Balance 3 Months 1 Year 3 Years 5 Years 10 Years

Domestic Equity

Vanguard Institutional Index Fund Inst Plus	\$291,462,799	10.75%	15.07%	-2.77%	2.35%	1.46%
S&P 500		10.76%	15.06%	-2.86%	2.29%	1.41%
Vanguard Value Index Fund Institutional	\$6,487,048	10.16%	14.49%	-4.19%	1.51%	2.13%
Vanguard Spliced Value Index		10.20%	14.54%	-4.30%	1.45%	2.10%
Goldman Sachs Large Cap Value Fund Institutional	\$128,727,371	10.59%	12.56%	-3.88%	1.87%	3.85%
Russell 1000 Value		10.54%	15.51%	-4.42%	1.28%	3.26%
Mercer Mutual Fund US Equity Large Cap Value Median		10.57%	13.20%	-3.91%	1.46%	2.99%
Mercer Mutual Fund US Equity Large Cap Value Rank		48	60	48	36	25
Neuberger Berman Partners Fund Institutional	\$106,780,702	12.94%	15.57%	-4.55%	NA	NA
S&P 500		10.76%	15.06%	-2.86%	NA	NA
Mercer Mutual Fund US Equity Large Cap Core Median		10.47%	13.13%	-2.87%	NA	NA
Mercer Mutual Fund US Equity Large Cap Core Rank		7	17	82	NA	NA
Parnassus Equity Income Fund Institutional	\$415,307	8.02%	9.07%	2.82%	NA	NA
S&P 500		10.76%	15.06%	-2.86%	NA	NA
Mercer Mutual Fund US Equity Large Cap Core Median		10.47%	13.13%	-2.87%	NA	NA
Mercer Mutual Fund US Equity Large Cap Core Rank		90	91	2	NA	NA
American Funds Growth Fund of America A	\$105,052,948	10.32%	12.67%	NA	NA	NA
Russell 1000 Growth		11.83%	16.71%	NA	NA	NA
Mercer Mutual Fund US Equity Large Cap Growth Median		11.81%	15.27%	NA	NA	NA
Mercer Mutual Fund US Equity Large Cap Growth Rank		76	71	NA	NA	NA
Vanguard Mid-Cap Index Fund Institutional	\$115,421,245	13.59%	25.67%	0.94%	4.44%	6.94%
Vanguard Spliced Mid Cap Index		13.60%	25.70%	0.91%	4.42%	6.84%
T Rowe Price Mid-Cap Value Fund	\$43,572,053	10.33%	16.45%	3.78%	6.21%	9.96%
Russell Midcap Value		12.24%	24.75%	1.01%	4.08%	8.07%
Mercer Mutual Fund US Equity Mid Cap Value Median		12.73%	23.24%	1.85%	4.74%	7.92%
Mercer Mutual Fund US Equity Mid Cap Value Rank		91	91	26	15	12
Morgan Stanley Inst Mid Cap Growth Portfolio I	\$28,267,120	11.52%	32.94%	3.97%	8.75%	4.31%
Russell Midcap Growth		14.01%	26.38%	0.97%	4.88%	3.12%
Mercer Mutual Fund US Equity Mid Cap Growth Median		14.23%	26.72%	-0.03%	5.05%	3.47%
Mercer Mutual Fund US Equity Mid Cap Growth Rank		89	9	12	6	38
Vanguard Small-Cap Growth Index Fund Institutional	\$35,624,049	17.19%	30.96%	3.80%	6.60%	7.69%
Vanguard Spliced Small Cap Growth Index		17.13%	30.71%	3.59%	6.44%	7.53%
Vanguard Small-Cap Value Index Fund Institutional	\$8,216,536	14.02%	24.97%	3.56%	4.31%	8.12%
Vanguard Spliced Small Cap Value Index		NA	NA	NA	NA	NA
T Rowe Price Small-Cap Stock Fund	\$98,172,388	17.45%	32.53%	6.94%	6.27%	7.79%
Russell 2000		16.25%	26.86%	2.22%	4.47%	6.33%
Mercer Mutual Fund US Equity Small Cap Core Median		15.77%	25.57%	1.99%	4.22%	7.63%
Mercer Mutual Fund US Equity Small Cap Core Rank		22	8	10	25	47

End Balance 3 Months 1 Year 3 Years 5 Years 10 Years

International Equity

American Funds EuroPacific Growth Fund R-6	\$134,380,809	5.76%	9.76%	NA	NA	NA
MSCI AC Wld ex US		7.25%	11.60%	NA	NA	NA
Mercer Mutual Fund Intl Equity Median		7.44%	11.56%	NA	NA	NA
Mercer Mutual Fund Intl Equity Rank		86	63	NA	NA	NA
Vanguard Total International Stock Index Fund Inv	\$12,621,568	7.11%	11.12%	-5.30%	4.44%	5.14%
Vanguard Total International Composite Index		7.05%	10.66%	-5.39%	4.48%	5.19%

INVESTMENT EXPENSES

All investments except for the Investment Contract Pool (ICP) are mutual fund investments. The ICP represents approximately 30% of the assets in the 457, 401(k) and 401(a) Plans¹. The following represents the investment costs associated with the Investment Contract Pool. These fund management and custody costs are deducted from the cash flow or interest earned on the underlying investment.

Investment Contract Pool – weighted average fees for 2010 0.38%

The MSRP Board of Trustees has developed an original and effective Reimbursement Program for their supplemental retirement plan participants. The MSRP Mutual Fund Reimbursement Program is designed to refund participants part of the annual operating expenses (“expense ratio”) of certain mutual funds. Mutual fund operating expenses are disclosed in each fund or the daily net asset value (NAV). This MSRP Mutual Fund Reimbursement Program is not typically offered by other retirement savings or investment programs.

At the Board’s direction, reimbursements are used to buy additional shares in the applicable fund on a regular basis. These shares are then distributed to participants’ accounts on a quarterly schedule. In 2010, the mutual funds in the MSRP Mutual Fund Reimbursement Program refunded nearly \$1.5 million back to participant accounts, over \$25.0 million has been returned to MSRP participants since 1995, when the MSRP Mutual Fund Reimbursement Program began. State participants can look for reimbursements on their quarterly account statement under the heading “Mutual Fund Savings”.

The MSRP Mutual Fund Reimbursement Program is part of the continuous effort by the Board of Trustees to make the Maryland Supplemental Retirement Plans affordable and viable for Maryland State Employees.

Investment expenses are amounts charged to and/or paid by a particular investment option. All investment expenses are paid by the plan participant invests in the particular option that generates the expense.

There are three basic categories of investment expenses for the plans. The first category is expenses of regulated investment companies (mutual funds) that are deducted from the gross returns of those funds and reported to participants as a general expense ratio. The second is reimbursement of administration expense to the Plan from some Mutual fund sponsors/distributors, which payments are periodically distributed to participants that invest in the funds that make the payments. The third category is expense chargeable to the Investment Contract Pool for management of the fund, custody of the assets, and amounts paid as contract fees for the stable value agreements necessary to maintain the book value of the fund.

Each category of expense is reported to participants through periodic statements that describe the fee as an annual percentage. For Regulated Investment companies the expense ratios are reported in the fund’s prospectus and are also shown in periodic investment performance reports distributed to the participants.

¹ Not available in the 403(b) Plan

The Investment Performance report for the 4th Quarter of 2010 shows expenses for mutual fund investments on a following page.

Mutual fund reimbursement ratios are shown on the pages before the performance report. Amounts actually distributed to participants are reflected in their quarterly statements on a separate line item, "Mutual Fund Savings". The gross amount of expense reimbursement in this category is reported in the Plan Financial Statements at page 24.

Investment expenses for the Investment Contract Pool are paid by the Manager from cash/flow earnings and deducted from the gross investment returns of the fund. This produces a net investment return that is added to participant account values, and reported to participants on their statements. Expense detail is reported by the manager to MSRP accounting staff on a quarterly basis. The resulting expense ratio is then reported to participants on a quarterly Investment Contract Pool fact sheet that shows investment returns, identity of contract providers, duration of fund and other detail. For 2010, the expenses paid by the Investment Contract Pool were \$2.79 million.

Schedule of investment expenses

The following schedules represent the fund expenses by mutual fund as of December 31, 2010. These expenses are netted against the realized and unrealized gains (losses) and reported as part of the investment evaluation process. Also, listed are Mutual fund Reimbursements for certain funds that return part of their operating expenses to the MSRP Board of Trustees.

Traditional Spectrum of Investment Options

Mutual Fund Name	Ticker Symbol	Prospectus Date	Expense Ratio ²	Mutual Fund Savings Agreement
Fidelity Puritan Fund	FPURX	10/30/2010	0.61%	0.25%
Neuberger Berman Partners Fund – Institutional Class	NBPIX	12/14/2009	0.70%	0.10%
Parnassus Equity Income Fund- Institutional Class	PRILX	05/01/2010	0.78%	0.10%
Vanguard Institutional Index Fund – Institutional Plus	VIIIX	04/29/2010	0.025%	none
Growth Fund of America – Class R6	RGAGX	11/01/2010	0.34%	none
Goldman Sachs Large Cap Value Fund – Institutional Class	GSLIX	12/29/2010	0.77%	0.15%
Vanguard Value Index Fund – Institutional Class	VIVIX	04/29/2010	0.08%	none
Vanguard Mid-Cap Index Fund- Institutional Class	VMCIX	12/13/2010	0.06%	none
Morgan Stanley Inst Mid Cap Growth Fund- I Class	MPEGX	1/31/2011	0.69%	none
T. Rowe Price Mid-Cap Value Fund	TRMCX	05/01/2010	0.84%	0.15%
Vanguard Small-Cap Growth Index Fund – Institutional Shares	VSGIX	04/29/2010	0.08%	none
T. Rowe Price Small Cap Stock Fund	OTCFX	05/01/2010	0.95%	0.15%
Vanguard Small-Cap Value Index Fund – Institutional Shares	VSIIIX	12/13/2010	0.08%	none
EuroPacific Growth Fund – Class R6	RERGX	06/01/2010	0.52%	none
Vanguard Total International Stock Index Fund- Investor Class	VGTSX	11/29/2010	0.32%	none
Bond				
PIMCO Total Return Fund – Institutional Class	PTTRX	07/31/2010	0.47%	none
Money Market [403(b) only]				
Vanguard Prime Money Market Fund – Institutional Class	VMRXX	12/23/2010	0.09%	none

² Reported fund returns are net of these expenses, including investment advisory, shareholder servicing, custodial, accounting, legal, auditing, prospectus and shareholder reports, registration, proxy and annual meeting directors; and where applicable, 12(b)1 fees.

Target Date Retirement Funds

Mutual Fund Name	Ticker Symbol	Prospectus Date	Expense Ratio*	Mutual Fund Savings Agreement
T.Rowe Price Retirement Income Fund	TRRIX	10/01/2010	0.58%	0.15%
T.Rowe Price 2005 Retirement Fund	TRRFX		0.61%	
T.Rowe Price 2010 Retirement Fund	TRRAX		0.64%	
T.Rowe Price 2015 Retirement Fund	TRRGX		0.68%	
T.Rowe Price 2020 Retirement Fund	TRRBX		0.71%	
T.Rowe Price 2025 Retirement Fund	TRRHX		0.74%	
T.Rowe Price 2030 Retirement Fund	TRRCX		0.76%	
T.Rowe Price 2035 Retirement Fund	TRRJX		0.77%	
T.Rowe Price 2040 Retirement Fund	TRRDY		0.77%	
T.Rowe Price 2045 Retirement Fund	TRRKX		0.77%	
T.Rowe Price 2050 Retirement Fund	TRRMX		0.77%	
T.Rowe Price 2055 Retirement Fund	TRRNX		0.77%	

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Investment Performance Report October 1, 2010 to December 31, 2010



MSRP

The results shown represent past performance and do not represent expected future performance or experience. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's units or shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the data quoted.

Performance data current to the most recent month-end may be obtained by visiting: MarylandDC.com. Please consider the fund's investment objectives, risks, and charges and expenses carefully before investing. The underlying fund prospectuses contain this and other information about the investment company. Prospectuses are available by calling 1-800-545-4730. Read carefully before investing.

Gross expense ratios represent the fund's total operating expenses expressed as a percentage of the assets held in the fund. For more information about gross expense ratios, read the fund's prospectus. The rates of return do not reflect a maximum deduction of a 0.19% annual plan asset fee, which, if reflected, would reduce the performance shown. No account will be charged more than \$2,000 for the year. The rates for the Investment Contract Pool are after the deduction of any carrier charges. Please see other important disclosures at the end of this report.

VRU	Fixed Investment Option	Jan 10	Dec 10	Nov 10						
283	Investment Contract Pool	2.450%	2.480%	2.430%						
VRU	Variable Investment Option	Morningstar Category		1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception	Inception Date	Gross Expense Ratio
VRU	Short-Term Investments									
725	Vanguard Prime Money Market Fund Inst	Money Market		0.20%	1.26%	2.82%	2.59%	4.15%	10/03/1989	
	Current Yield: 0.21%									
	Citigroup 3-month T-bill			0.13%	0.69%	2.30%	2.26%			
VRU	Bonds									
654	PIMCO Total Return Fund Inst	Intermediate-Term Bond		8.84%	9.09%	8.05%	7.34%	8.45%	05/11/1987	0.47% [†]
	Intermediate Term Bond Index									
	Barclays Capital US Aggregate Bond			6.54%	5.90%	5.80%	5.84%			
VRU	Balanced									
199	Fidelity Puritan Fund ^(a)	Moderate Allocation		14.04%	0.78%	4.52%	4.74%	11.10%	04/16/1947	0.61%
	Balanced Index									
	60% S&P 500/40% Lehman Brothers Aggregate Bond			12.13%	1.14%	4.08%	3.53%			
VRU	Large-Cap Stocks									
375	Neuberger Berman Partners Fund Inst ^(a)	Large Blend		15.57%	-4.55%	1.66%	4.23%	13.21%	01/17/1975	0.71%
	Large Cap Blend Index									
	Standard & Poor's 500 Index			15.06%	-2.86%	2.29%	1.41%			
740	Vanguard Instl Index Fund IP	Large Blend		15.07%	-2.77%	2.35%	1.46%	4.30%	07/07/1997	0.02%
	Large Cap Blend Index									
	Standard & Poor's 500 Index			15.06%	-2.86%	2.29%	1.41%			
856	Pernassus Equity Income Fund Fund Inst ^(a)	Large Blend		9.07%	2.82%	7.39%	6.98%	9.98%	08/31/1992	0.78%
	Large Cap Blend Index									
	Standard & Poor's 500 Index			15.06%	-2.86%	2.29%	1.41%			
834	Growth Fund of America R6	Large Growth		12.67%	-2.41%	2.86%	3.12%	14.07%	11/30/1973	0.34%
	Large Cap Growth Index									
	Russell 1000 Growth			16.71%	-0.47%	3.75%	0.02%			
776	Goldman Sachs Large Cap Value Inst ^(a)	Large Value		12.56%	-3.88%	1.87%	3.85%	4.42%	12/15/1999	0.79%
	Large Cap Value Index									
	Russell 1000 Value			15.51%	-4.42%	1.28%	3.26%			
844	Vanguard Value Index Fund Inst	Large Value		14.49%	-4.19%	1.51%	2.13%	3.23%	07/02/1998	0.08%
	Large Cap Value Index									
	MSCI US Prime Market Value Index			11.56%	-7.21%	-1.47%	0.55%			
VRU	Mid-Cap Stocks									
840	Vanguard Midcap Index Inst ^(a)	Mid Cap Blend		25.67%	0.94%	4.44%	6.94%	8.81%	05/21/1998	0.08%
	Mid Cap Blend Index									
	S&P 400 Midcap Index			26.64%	3.52%	5.74%	7.16%			
846	Morgan Stanley Institutional Fund Trust Inst	Mid Cap Growth		32.94%	3.97%	8.75%	4.31%	13.64%	03/30/1990	0.73%
	Mid Cap Growth Index									
	Russell Midcap Growth			26.38%	0.97%	4.88%	3.12%			
802	T. Rowe Price Midcap Value ^(a)	Mid Cap Value		16.45%	3.78%	6.21%	9.96%	11.61%	06/28/1996	0.84%
	Mid Cap Value Index									
	Russell Midcap Value			24.75%	1.01%	4.08%	8.07%			

[†] Voluntary fee waiver that can be changed at anytime.

^(a) Part of the MSRP Mutual Fund Savings (reimbursement) Program.

VRU	Variable Investment Option	Morningstar Category	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception	Inception Date	Gross Expense Ratio
VRU Small-Cap Stocks									
526	T. Rowe Price Small Cap Stock Fund ^(a)	Small Blend	32.53%	6.94%	6.27%	7.79%	13.09%	06/01/1956	0.95%
	Small Cap Blend Index								
	Russell 2000 Blend		26.85%	2.22%	4.47%	6.33%			
726	Vanguard Small Cap Growth Index Fund	Small Cap Growth	30.96%	3.80%	6.60%	7.69%	7.72%	05/24/2000	0.08%
	Small Cap Growth Index								
	MSCI US Small Cap Growth		30.27%	3.20%	6.08%	5.26%			
839	Vanguard Small Cap Value Index Fund Inst	Small Cap Value	24.97%	3.56%	4.31%	8.12%	9.54%	12/07/1999	0.08%
	Small Cap Value Index								
	MSCI US Small Cap Value		22.31%	0.79%	1.73%	6.82%			
VRU International Stocks									
759	Vanguard Total International Stock Index Fund	Foreign Large Blend	11.12%	-5.30%	4.44%	5.14%	5.15%	04/29/1996	0.32%
	International Index								
	MSCI All Country World Ex US		11.15%	-5.03%	4.82%	5.54%			
835	American Funds Euro Pacific Growth R6	Foreign Large Blend	9.76%	-2.97%	5.90%	7.05%	12.51%	04/16/1984	0.52%
	International Index								
	MSCI EAFE (Net)		7.75%	-7.02%	2.46%	3.50%			
VRU Retirement Funds*									
724	T. Rowe Price Retirement Income Fund ^(a)	Retirement Income	10.11%	3.13%	5.05%	N/A	7.06%	09/30/2002	0.59%
	Combined Index Portfolio Income		8.70%	1.60%	4.09%	N/A			
715	T. Rowe Price Retirement 2005 Fund ^(a)	Target-Date 2000-2010	11.51%	2.60%	5.13%	N/A	5.62%	02/27/2004	0.61%
	Combined Index Portfolio 2005		10.20%	1.39%	4.37%	N/A			
716	T. Rowe Price Retirement 2010 Fund ^(a)	Target-Date 2000-2010	12.70%	1.86%	4.93%	N/A	8.57%	09/30/2002	0.64%
	Combined Index Portfolio 2010		11.42%	0.79%	4.23%	N/A			
717	T. Rowe Price Retirement 2015 Fund ^(a)	Target Date 2011-2015	13.79%	1.41%	4.83%	N/A	5.78%	02/27/2004	0.68%
	Combined Index Portfolio 2015		12.56%	0.29%	4.10%	N/A			
718	T. Rowe Price Retirement 2020 Fund ^(a)	Target Date 2016-2020	14.74%	0.80%	4.62%	N/A	9.25%	09/30/2002	0.71%
	Combined Index Portfolio 2020		13.46%	-0.32%	3.89%	N/A			
719	T. Rowe Price Retirement 2025 Fund ^(a)	Target Date 2021-2025	15.37%	0.26%	4.44%	N/A	5.79%	02/27/2004	0.74%
	Combined Index Portfolio 2025		14.13%	-0.83%	3.72%	N/A			
720	T. Rowe Price Retirement 2030 Fund ^(a)	Target Date 2026-2030	16.01%	-0.14%	4.32%	N/A	9.66%	09/30/2002	0.76%
	Combined Index Portfolio 2030		14.74%	-1.26%	3.61%	N/A			
721	T. Rowe Price Retirement 2035 Fund ^(a)	Target Date 2031-2035	16.34%	-0.38%	4.18%	N/A	5.71%	02/27/2004	0.77%
	Combined Index Portfolio 2035		15.11%	-1.46%	3.49%	N/A			
722	T. Rowe Price Retirement 2040 Fund ^(a)	Target Date 2036-2040	16.51%	-0.31%	4.22%	N/A	9.63%	09/30/2002	0.77%
	Combined Index Portfolio 2040		15.17%	-1.45%	3.50%	N/A			
723	T. Rowe Price Retirement 2045 Fund ^(a)	Target Date 2041-2045	16.44%	-0.31%	4.22%	N/A	5.48%	05/31/2005	0.77%
	Combined Index Portfolio 2045		15.17%	-1.45%	3.50%	N/A			
728	T. Rowe Price Retirement 2050 Fund ^(a)	Target Date 2050+	16.41%	-0.35%	N/A	N/A	1.40%	12/29/2006	0.77%
	Combined Index Portfolio 2050		15.17%	-1.45%	N/A	N/A			
729	T. Rowe Price Retirement 2055 Fund ^(a)	Target Date 2050+	16.41%	-0.38%	N/A	N/A	1.37%	12/29/2006	0.77%
	Combined Index Portfolio 2055		15.17%	-1.45%	N/A	N/A			

Fund expense ratio data provided by Morningstar®. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Although data is gathered from reliable sources, data accuracy and completeness cannot be guaranteed.

**Nationwide Fixed Annuity [457(b) plan only]
Average Quarterly Annualized Crediting**

This option is closed to deferrals and transfers from other investment options.

1st Qtr 11	4th Qtr 10	3rd Qtr 10	2nd Qtr 10
4.10%	4.10%	4.10%	4.10%

Note: The above yields were supplied by Nationwide Retirement Solutions. They are a weighted average of all money held in this investment option, which consists of seven separate pools. The yields do not reflect the deduction of the annual asset fee. The annual asset fee is 0.19%. No account will be charged more than \$2,000 in 2010. The actual yield credited to your account may be higher or lower than the yield reflected above. The Nationwide Fixed Group Annuity is issued by Nationwide Life Insurance Company, Columbus, OH. Contract #Life 2183. The 2010 minimum guaranteed yield is 3.80%. Guarantees and protections are subject to the claims paying ability of Nationwide Life Insurance Company.

**Great West Certificates [403(b) plan only]
Quarterly Effective Gross Annual Rates**

This option is closed to deferrals and transfers from other investment options.

	1st Qtr 11	4th Qtr 10	3rd Qtr 10
Dig Fund	4.00%	4.00%	4.00%
36-Mo. Certificate	4.00%	4.00%	4.00%
60-Mo. Certificate	4.00%	4.00%	4.00%
84-Mo. Certificate	4.00%	4.00%	4.00%

Note: The rates do not reflect the deduction of the annual asset fee. The annual asset fee is 0.19%. No account will be charged more than \$2,000 for the year.

Contact us

Enrollment and Information Hotline

1-800-545-4730.

For information about the match, to enroll in the 457(b), 401(k) and 403(b) plans, or to change your contribution amount

Nationwide Retirement Solutions Web Site

MarylandDC.com

For information about the 457(b), 401(k), 403(b), and 401(a) plans, to enroll, to change your contribution amount, to get 24-hour account information, to make investment option exchanges and allocation changes

Nationwide Retirement Solutions Baltimore Office

(443) 886-9402 or 1-800-966-6355

To enroll in the 457(b), 401(k) and 403(b) plans, to change your deferral amount, for mutual fund prospectuses or annual reports, for investment option booklets, or to arrange a meeting with a representative

Nationwide Retirement Solutions Customer Service Center

1-800-545-4730

For account information, to make investment option exchanges and allocation changes, to change address, name or beneficiary, for payout calculations in the 457(b), 401(k) and 403(b) and 401(a) plans, and for financial hardship inquiries

Maryland Teachers & State Employees Supplemental Retirement Agency Automated Performance Line & "Question/Suggestion Box-By-Phone"

410-767-8740 or 1-800-543-5605

For information about the Maryland Supplemental Retirement Plans, for investment option booklets, to arrange educational seminars and for other general information

MSRP Web Site

msrp.state.md.us

For the latest MSRP news, information available on the Board of Trustees and staff, newsletters, investment options booklets, legislation updates, and more

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Retirement Specialists are registered representatives of Nationwide Investment Services Corporation, member FINRA.

RISK DISCLOSURES

Money market funds: Investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other federal 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.

The money market current yield is the annualized historical yield for the 7-day period ending on the last day of the calendar quarter. Yield quotation more closely reflects the current earnings of the money market fund than the total return quotation.

T. Rowe Price Retirement Income Funds: It's important to remember that no strategy can assure a profit or prevent a loss in a declining market. The principal value of the fund(s) is not guaranteed at any time, including the target date.

International/emerging markets funds: Investing internationally involves risks not associated with investing solely in the U.S., such as currency fluctuation, political risk, differences in accounting and the limited availability of information.

Small company funds: Stocks of small or emerging companies may have less liquidity than those of larger, established companies and may be subject to greater price volatility and risk than the overall stock market.

Bond funds: Bond funds have the same interest rate, inflation and credit risks that are associated with the underlying bonds owned by the fund.

Some mutual funds may impose a short term trade fee. Please read the underlying prospectuses carefully.

IMPORTANT DISCLOSURES

Investment Contract Pool available for 457(b), 401(k) and 401(a) plans only.

Vanguard Prime Money Market Fund available for 403(b) plan only.

Investing involves market risk, including the possible loss of principal.

Inception Date is the date the underlying fund was established. Some mutual funds may impose a short term trade fee. Some funds may be subject to a trade restriction policy. Please read the underlying prospectus carefully.

Market indices have been provided for comparison purposes only; they are unmanaged and no fees and expenses have been reflected here. Individuals cannot invest directly in an index.

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MSRP

MUTUAL FUND SAVINGS PROGRAM

*Helping to make the Maryland
Supplemental Retirement Plans
affordable and more productive for all State employees.*

The Board of Trustees for the Maryland Supplemental Retirement Plans, through successful negotiations, has developed an original and effective Mutual Fund Savings Program for their supplemental retirement plan participants. The program is designed to reimburse participants for part of the fund's annual operating expenses. This benefit of the Maryland Supplemental Retirement Plans is not typically offered by other retirement savings programs.

*At the Board's direction, reimbursements—we call them **mutual fund savings**—are used to buy additional shares in the applicable funds on a regular basis. These shares are then distributed to participants' accounts on a quarterly basis. In calendar year 2010, the mutual funds in the MSRP plan refunded \$1.3 million back to participant accounts. Over \$25 million has been returned to MSRP participants since 1995, when the Mutual Fund Savings Program began. State participants can look for their reimbursements on their account statement under the heading "Mutual Fund Savings".*

The Mutual Fund Savings Program is part of the continuous effort by the Board of Trustees to make the Maryland Supplemental Retirement Plans affordable and viable for all Maryland State Employees.



Maryland Teachers & State Employees Supplemental Retirement Plans

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410-767-8740 • 1-800-543-5605 • www.MSRP.state.md.us



FREQUENTLY ASKED QUESTIONS

Who pays reimbursements?

Reimbursements are paid by the sponsors and distributors of the mutual funds used in this and similar programs -- T. Rowe Price, Fidelity, etc.

Why do they pay them?

Reimbursements are paid when a person or investor, like Nationwide Retirement Solutions, performs administrative detail that would otherwise be done by the fund sponsor. This normally includes, at a minimum, preparation of a statement, distribution of a prospectus, and general service to the investor.

Who gets them?

Mutual funds do not pay reimbursements to individual investors. They do pay reimbursements (or similar allowances) to Trustees, brokers and plan administrators. Those persons then decide whether to keep the reimbursements or distribute them.

Who gets them in Maryland?

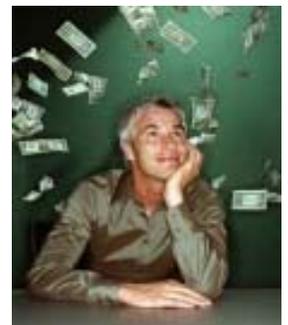
You do. The Board restricts its administrator from receiving reimbursements from any fund, so that the administrator will have no incentive to favor one fund over another. When the Board began its reimbursement program, it decided that the refunds should be passed through directly to investors in the particular fund that pays the reimbursement. The calculation and distribution is done for any quarter if there are reimbursements available for distribution. The precise amount shows up on your statement under the heading "***Mutual Fund Savings.***"

How much are they?

Reimbursements are a good example of how small percentages can add up to big dollars. Since 1995 over \$25 million has been collected from mutual funds and redistributed to participants. The precise amount varies from fund-to-fund; there is no standard reimbursement amount, and the precise refund is negotiated by the Board and the mutual fund. A typical reimbursement will run between 10 and 20 basis points a year (0.1-0.2%). For example, if you have \$50,000 in a mutual fund that pays a 10 basis point rebate, your savings would be \$50 a year. Not all funds pay reimbursements; if you want to know the most current reimbursement for a particular fund, please refer to the chart on the back of this publication.

How do reimbursements affect investment decisions?

Reimbursements are best viewed as part of your investment return/investment expense ratio. A participant in the MSRP gets an investment return, and pays his/her share of expenses necessary to earn that return. Reimbursements reduce those expenses. For some funds, reimbursements pay most of the administration expense for NRS and the Board; other options (ex.: American Funds, Vanguard Funds, Investment Contract Pool) do not pay reimbursements but have very low expense ratios. Standard financial planning advice looks at both elements—expected return and investment expense—in choosing one investment option over another. This is particularly true if you are estimating total expenses, or comparing expenses inside the plan to expenses for a different retirement option, such as an IRA account.



2011/02

MSRP Mutual Fund Savings & Expense Ratios

Operating Expenses as a Percentage of Average Net Assets (From Prospectus)

These are reduced by Mutual Fund Savings/Reimbursements to Participants (arranged by MSRP Board of Trustees)

Target Date Retirement Funds

Mutual Fund Name	Ticker Symbol	Prospectus Date	Expense Ratio*	Mutual Fund Savings Agreement
T.Rowe Price Retirement Income Fund	TRRIX	10/01/2010	0.58%	0.15%
T.Rowe Price 2005 Retirement Fund	TRRFX		0.61%	
T.Rowe Price 2010 Retirement Fund	TRRAX		0.64%	
T.Rowe Price 2015 Retirement Fund	TRRGX		0.68%	
T.Rowe Price 2020 Retirement Fund	TRRBX		0.71%	
T.Rowe Price 2025 Retirement Fund	TRRHX		0.74%	
T.Rowe Price 2030 Retirement Fund	TRRCX		0.76%	
T.Rowe Price 2035 Retirement Fund	TRRJX		0.77%	
T.Rowe Price 2040 Retirement Fund	TRRDX		0.77%	
T.Rowe Price 2045 Retirement Fund	TRRKX		0.77%	
T.Rowe Price 2050 Retirement Fund	TRRMX		0.77%	
T.Rowe Price 2055 Retirement Fund	TRRNX		0.77%	

Traditional Spectrum of Investment Options

Mutual Fund Name	Ticker Symbol	Prospectus Date	Expense Ratio ¹	Mutual Fund Savings Agreement
Fidelity Puritan Fund	FPURX	10/30/2010	0.61%	0.25%
Neuberger Berman Partners Fund – Inst'l Class	NBPIX	12/14/2009	0.70%	0.10%
Parnassus Equity Income Fund – Inst'l Shares	PRILX	05/01/2010	0.78%	0.10%
Vanguard Institutional Index Fund – Inst'l Plus	VIIIX	04/29/2010	0.025%	none
Growth Fund of America – Class R6	RGAGX	11/01/2010	0.34%	none
Goldman Sachs Large Cap Value Fund – Inst'l Class	GSLIX	12/29/2010	0.77%	0.15%
Vanguard Value Index Fund – Inst'l Shares	VIVIX	04/29/2010	0.08%	none
Vanguard MidCap Index Fund – Inst'l Shares	VMCIX	12/13/2010	0.06%	none
Morgan Stanley Inst'l MidCap Growth Portfolio – Class I	MPEGX	01/29/2010	0.73%	none
T. Rowe Price Mid-Cap Value Fund	TRMCX	05/01/2010	0.84%	0.15%
Vanguard Small-Cap Growth Index Fund – Inst'l Shares	VSGIX	04/29/2010	0.08%	none
T. Rowe Price Small Cap Stock Fund	OTCFX	05/01/2010	0.95%	0.15%
Vanguard Small-Cap Value Index Fund – Inst'l Shares	VSIIX	04/29/2010	0.08%	none
EuroPacific Growth Fund – Class R6	RERGX	06/01/2010	0.52%	none
Vanguard Total International Stock Index Fund	VGTSX	02/26/2010	0.32%	none
Bond				
PIMCO Total Return Fund – Institutional Class	PTTRX	07/31/2010	0.47%	none
Money Market [403(b) only]				
Vanguard Prime Money Market Fd - Inst'l Class	VMRXX	12/23/2010	0.09%	none



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E-mail: info@msrp.state.md.us Web Site: <http://www.MSRP.state.md.us>

¹ Reported fund returns are net of these expenses, including investment advisory, shareholder servicing, custodial, accounting, legal, auditing, prospectus and shareholder reports, registration, proxy and annual meeting directors; and where applicable, 12(b)1 fees.



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Investment Contract Pool Separate Account Report as of December 31, 2010

Objective

The MSRP Investment Contract Pool ("ICP") seeks to preserve principal value and provide a relatively stable rate of return comparable to intermediate fixed-income yields over two to five years.

Note: While this ICP Report is constructed on a quarterly basis, the monthly crediting rate is reported on the www.MarylandDC.com homepage.

Risks

This investment is not FDIC insured or guaranteed by the federal or state government. Like all investments the ICP has risks and may not meet its investment objectives, including the objective of a constant principal value. A detailed description of these risks is contained in the ICP overview document, available on the MSRP web site, or on request. Investors should also note that the ICP is not a money market fund and has different risk characteristics than a money market fund.

Investment Overview

The ICP invests in a diversified portfolio of stable value contracts issued by banks, insurance companies, and other financial institutions, and a variety of fixed income instruments including U.S. Government and agency securities, mortgage-backed securities, asset-backed securities, and corporate bonds. Investors earn the average return received under all contracts in effect at any point in time. The ICP's return is affected by the general level of interest rates as well as by cash flows, including those from employer and employee contributions, withdrawals, and transfers into and out of the ICP. The average duration of the ICP's investments will be approximately two to four years. The average credit quality of the ICP's investments will generally be AA (or its equivalent), although individual securities or contracts purchased for the ICP may have a lower credit quality rating.

ICP Characteristics

Assets	\$747,481,620
Average Credit Quality (See Profile) ¹	AA
Average Duration	3.04
Previous monthly crediting rate (annualized)	2.48%
Inception Date	1987
Manager	DB Advisors

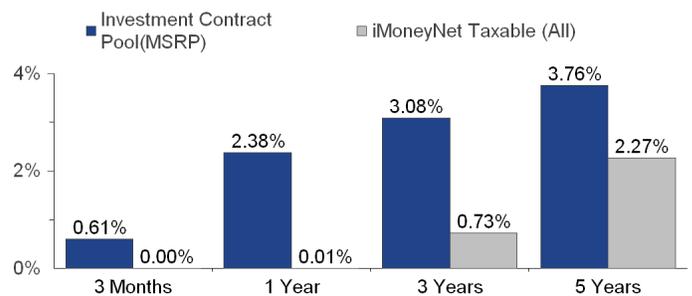
Sector Allocations^{3,5}

Asset Backed	2.0%
CMBS	3.1%
Corporate	28.7%
Govt Related	2.4%
Mortgage	22.5%
STIF	10.6%
Traditional GIC	5.4%
US Agency	3.7%
US Treasury	22.9%
Wrapper Exposure	-1.4%

Credit Profile^{3,4}

STIF/A-1	9.5%
AAA	56.3%
AA+	1.1%
AA	3.8%
AA-	6.4%
A+	2.6%
A	6.8%
A-	3.2%
BBB+	3.1%
BBB	4.4%
BBB-	2.7%
BB+ & Below	0.2%

Performance⁶



¹ Represents the weighted average credit quality.

² Prior to July 2006 ING Stable Value Product Group, a division of ING Life Insurance and Annuity Company provided management services.

³ Allocations shown are not necessarily indicative of future allocations. Figures may not sum to 100% due to rounding.

⁴ As rated by Standard & Poor's or equivalent by any other rating services.

⁵ CMBS means Commercial Mortgage Backed Securities. Wrapper exposure represents the difference between the book value of the wrapper contracts and the market value of the underlying fixed income securities as a percentage of the book value of the entire Fund. A positive wrapper exposure denotes that the Fund's book value exceeds the market value of the underlying assets and the issuer of the wrapper contract has a potential liability to the Fund. A

negative wrapper exposure means that the market value of the underlying assets exceeds the book value of the wrapper and the Fund may have a potential liability to the contract issuer.

⁶ Performance shown is net of Investment Management fees. Past performance is not indicative of future results. Figures greater than one year are annualized. The returns herein are not necessarily indicative of the returns that may be achieved over the longer term. There is no assurance that comparable returns will be achieved in the future or that the ICP's investment objective will be achieved. The results portrayed reflect the reinvestment of dividends and other earnings. The iMoneyNet Inc. Money Fund Report Averages is a service of iMoneyNet Inc. (formerly the IBC Financial Data Inc.) and are averages for categories of similar money market funds. Investors cannot invest in an average.



Maryland Teachers & State Employees Supplemental Retirement Plans

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Phone 410-767-8740 or 1-800-543-5605 Fax 410-659-0349

Investment Contract Pool

Separate Account Report as of December 31, 2010

Strategy Overview

Assets in the Investment Contract Pool are held in trust for the benefit of participants of the MSRP. Participant investments made in the ICP are credited with a daily blended interest rate. Periodically an anticipated monthly or quarterly rate is declared, but not guaranteed. This quoted rate is net of all fees and expenses directly related to the ICP. This average annual expense fee will vary, but typically is approximately 0.35%, annualized. This fee does not include the monthly account fee of fifty-cents or the monthly asset fee assessed on all participants by the Maryland Board of Trustees ("Board") and Nationwide Retirement Solutions, which will total 0.19%, annualized.

The ICP typically invests in the following investments:

(1) Short term cash investments for general account liquidity; (2) Stable value pooled funds, which are stable value commingled bank trusts; (3) General Account Investment Contracts ("GICs" or "BICs"), which are issued by insurance companies or banks and maintain a constant principal valuation while earning interest; and (4) Synthetic GICs, which also allow for principal stability while earning interest. The key difference is that Synthetic GICs are the result of fixed income portfolios owned by the ICP and managed by independent fixed income managers, which generate investment income to pay interest, combined with wrapper contracts issued by insurance companies, banks, and other high-quality financial institutions, which help maintain the principal stability of the ICP.

ICP Investment Policy

The ICP is managed according to a detailed investment policy established by the Board, which is available upon request.

Further Information

For information about the Maryland Supplemental Retirement Plans, investment option booklets, and other general information or to arrange educational seminars, please go to the MSRP website at www.msrp.state.md.us. For additional information about the Plans, financial planning calculators, performance information, mutual fund prospectuses, Plan forms, and to enroll or access an account, please log on to the Nationwide Retirement Solutions MSRP participant website at www.MarylandDC.com.

You may also call the MSRP at 410-767-8740 / 1-800-543-5605 (office hours: Monday thru Friday, 8:30 a.m. to 5:00 p.m.) or e-mail us at info@msrp.state.md.us. Or you may call the Nationwide Retirement Solutions Team MSRP Customer Service Center at 1-800-545-4730.

⁷ Ratings are Standard and Poor's Rating Service, Moody's Investor Services, and Fitch, or its equivalent as determined by the manager, respectively.

⁸ Allocations shown are not necessarily indicative of future allocations. Figures may not sum to 100% due to rounding.

⁹ Fixed income portfolios managed by these fixed income advisors are combined with benefit responsive wrapper contracts to form Synthetic GICs.

NOT FDIC INSURED | MAY LOSE VALUE
NO BANK GUARANTEE | NOT A DEPOSIT
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

ICP Investments^{7,8}

Short Term Investment Funds (STIF)

BONY STIF	A-1	P-1	F1	5.1%
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General Account GIC

Jackson National Life Insurance Co.	AA	A1	AA	1.8%
Prudential Insurance Co. of America	AA-	A2	A+	3.6%

Synthetic GICs / Wrapper Issuers

Bank of America, N.A.	A+	Aa3	A+	-0.3%
Monumental Life Insurance Co.	AA-	A1	AA-	-0.3%
Natixis Financial Products LLC	A+	Aa3	A+	-0.3%
Royal Bank of Canada	AA-	Aa1	AA	-0.4%

Fixed income portfolios within Synthetic GICs^{8,9}

Goode Investment Management	15.1%
Hartford Investment Management Company(HIMCO)	22.8%
J.P. Morgan Investment Management Inc.	19.4%
PIMCO	33.5%

The MSRP Investment Contract Pool is not a mutual fund, therefore there is no prospectus. It is a separately managed account, which may utilize collective investment trusts as part of its investment strategy. Unit price, yield, and return may vary.

The comments, opinions and estimates contained herein are based on or derived from publicly available information from sources that we believe to be reliable. We do not guarantee their accuracy. This material is for informational purposes only and sets forth our views as of this date. The underlying assumptions and these views are subject to change without notice.



Investment Contract Pool Overview

What is the Investment Contract Pool?

The Investment Contract Pool (ICP) is the “fixed” or “stable value” investment option available in the Maryland 457(b), 401(k), and 401(a) match plans. Its investment objective is to preserve principal and provide a stable rate of return through interest payments. Each month an anticipated, but not guaranteed, rate is declared.

What type of investments make up the Investment Contract Pool?

The ICP may be made up of four general categories of investments:

Short Term Investment Fund. A highly liquid short maturity fund, similar to a money market fund, that is used for deposits, withdrawals, and general liquidity needs.

Traditional Investment Contracts. These are insurance or bank investment contracts (GICs and BICs, respectively), that maintain a constant principal value and earn interest.

Stable Value Pooled Funds. These funds are established as bank collective trusts. A number of different pension plans purchase shares of the trust or fund. The fund’s assets are then invested in stable value bank and insurance contracts.

Separate Account or Synthetic Investment Contracts. These contracts also maintain a constant principal valuation and earn interest. The key distinction is that the ICP owns the underlying securities that generate the investment income used to pay interest. The constant principal is also supported by a wrapper agreement issued by a bank or insurance company.

How is the interest rate determined?

The interest rate is set monthly, based on the average projected rate of ICP investments.

What are the expenses of the Investment Contract Pool?

There are a number of management and contract fees for the ICP that are subtracted from earnings to produce the declared rate of return. Direct participant fees are deducted from your account, as with any other plan investment, and are shown on your quarterly statement.

Is there a prospectus? Is it covered by federal deposit insurance?

No, there is no prospectus because the ICP is not a publicly traded security regulated by the Securities and Exchange Commission. The ICP is not a “bank deposit” and is not insured by the FDIC.



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How is the Investment Contract Pool managed?

The Maryland Board of Trustees (Board) uses competitive bidding to hire a professional investment manager and that manager will decide on the precise investment mix for the ICP – the percentage of total funds invested in the short term investment fund, traditional and synthetic contracts, or pooled funds. If synthetic contracts are used, the investment manager will also select the sub-manager that purchases the investment for that contract.

What are the risk factors of the Investment Contract Pool?

The principle risk factors of the ICP are inflation risk and credit risk. Inflation risk is the risk that over time the prices of goods and services will rise faster than the investment return of a stable or fixed investment. Credit risk is the risk that the underlying investments of the ICP (the investment contracts, or the bonds in the synthetic contracts) will not pay interest or principal as promised. The ICP is structured so that credit risk and actual defaults are taken into account in setting the declared interest rate, but there is no absolute guarantee that the investment objective of a constant principal will be maintained. In other words, as with any investment, it is possible for a loss of principal to occur.

What steps are taken to preserve and maintain a stable value?

The Board has established a detailed investment policy for the ICP, and requires its managers to follow the policy. The policy relies on diversity of investment type, investment quality standards, active professional management, and a reasonably short investment time horizon.

Is there an absolute guarantee of immediate withdrawal?

No. While this option allows participants to transfer into or out of the ICP to another investment option within your plans, immediate withdrawal is not guaranteed. If a high percentage of ICP participants all decided to withdraw funds at the same time, the Board would likely be required to schedule withdrawals over time so that investments could be liquidated in an orderly manner and fair value maintained for all participants.

How can I get more detailed information on the ICP – historic returns, current investment breakdowns, and so forth?

The investment policy for the ICP is available on request. The investment performance of the ICP is always shown on Board and Nationwide Retirement Services (NRS) reports with other investment options. For detailed up to date information on portfolio managers, contracts, and holdings, you should ask for the most current ICP fact sheet by calling 1-800-545-4730 or by the Internet at www.MarylandDC.com; this document is revised quarterly. You can also attend Board seminar and education sessions on investments by calling MSRP at 1-800-543-5605; or you can make an appointment with your NRS specialist by calling 1-800-966-6355.

2009.08

Maryland Supplemental Retirement Plans

STATISTICAL SECTION

2010 PLAN STATISTICS

2010 TOTALS FOR ALL PLANS

Participants in Multiple Plans	7,103
TOTAL Participants	66,591
Average Combined Plan Assets by Participant	\$42,557
Participants with Multiplan Deferrals	2,938
TOTAL Deferring Participants	40,141
Average Annual Deferrals per Participant	\$4,302
Participants with Multiplan Payouts	119
TOTAL Participants with Systematic Payouts	2,455

457(b) DEFERRED COMPENSATION PLAN

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Participants	29,803	30,274	30,715
Net New Enrollments	-296	209	304
Deferring Participants	16,900	17,541	18,457
Annuitants	1	1	1
Systematic Payouts	1,927	2,080	2,716

401(k) SAVINGS & INVESTMENT PLAN

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Participants	35,829	36,703	37,375
Net New Enrollments	-874	204	8
Deferring Participants	22,826	24,255	25,930
Annuitants	3	3	3
Systematic Payouts	598	641	831

403(b) TAX DEFERRED ANNUITY PLAN

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Participants	959	988	980
Net New Enrollments	-29	7	54
Deferring Participants	415	439	429
Annuitants	0	0	0
Systematic Payouts	49	55	80

401(a) MATCH PLAN

	<u>41965</u>	<u>2009</u>	<u>2008</u>
Participants	44,705	44,705	44,705

457(b) PLAN SUMMARY

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Participant Accounts	29,803	30,274	30,715	30,411	29,487	28,614	27,777	28,294
Deferring Participants	\$ 16,900	17,541	18,457	18,243	17,444	16,701	16,314	16,461
Total Net Assets	\$ 1,243,954,252	\$ 1,149,848,838	\$ 1,003,253,263	\$ 1,293,458,255	\$ 1,259,015,854	\$ 1,170,974,820	\$ 1,128,146,822	\$ 1,062,800,364
Contributions	\$ 64,768,004	\$ 66,882,242	\$ 68,108,751	\$ 66,712,955	\$ 65,689,386	\$ 57,805,559	\$ 55,252,547	\$ 53,138,993
Investment Return	\$ 109,232,806	\$ 158,389,808	\$ (261,087,114)	\$ 66,180,893	\$ 111,222,386	\$ 62,425,619	\$ 88,629,416	\$ 152,088,972
Withdrawals	\$ (84,728,730)	\$ (73,512,296)	\$ (97,490,302)	\$ (96,221,412)	\$ (86,526,003)	\$ (75,307,660)	\$ (76,922,437)	\$ (65,777,380)
Mutual Fund	\$ 585,014							
Reimbursements		\$ 727,509	\$ 1,071,061	\$ 1,510,268	\$ 1,218,067	\$ 1,320,784	\$ 1,093,117	\$ 1,031,594
Plan Administration Fees*	\$ (1,214,695)	\$ (1,206,768)	\$ (1,272,972)	\$ (3,577,699)	\$ (3,437,543)	\$ (3,331,462)	\$ (2,609,053)	\$ (2,892,684)
Number of Loans	720	1,306	995	1,109	800	969	756	302
Loan Amount	\$ 11,166,303	\$ 9,384,994	\$ 8,015,882	\$ 9,006,867	\$ 7,704,419	\$ 6,507,222	\$ 5,135,942	\$ 2,284,823

401(k) PLAN SUMMARY

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Participant Accounts	35,829	36,703	37,375	37,366	36,709	36,147	35,400	35,867
Deferring Participants	\$ 22,826	24,255	25,930	26,375	26,220	26,006	25,680	28,422
Total Net Assets	\$ 1,098,114,445	\$ 959,041,449	\$ 760,995,733	\$ 1,014,687,132	\$ 929,638,371	\$ 802,055,762	\$ 709,710,027	\$ 594,654,567
Contributions	\$ 91,618,867	\$ 93,712,324	\$ 95,898,797	\$ 94,729,303	\$ 88,740,454	\$ 86,342,964	\$ 84,646,299	\$ 85,530,045
Investment Return	\$ 113,860,920	\$ 164,656,429	\$ (285,649,155)	\$ 48,776,621	\$ 87,263,402	\$ 45,139,069	\$ 61,227,785	\$ 102,909,184
Withdrawals	\$ (67,881,768)	\$ (56,731,898)	\$ (62,995,066)	\$ (56,946,200)	\$ (47,009,239)	\$ (37,809,148)	\$ (29,311,067)	\$ (27,629,302)
Mutual Fund	\$ 584,667							
Reimbursements		\$ 725,795	\$ 1,032,238	\$ 1,325,748	\$ 1,014,160	\$ 915,010	\$ 665,007	\$ 686,974
Plan Administration Fees*	(2,151,134)	(1,896,894)	(1,978,213)	(2,836,711)	(2,426,168)	(2,242,160)	(2,172,564)	(1,873,474)
Number of Loans	916	1,770	1,425	1,546	1,236	1,442	1,140	1,093
Loan Amount	\$12,663,185	\$10,059,136	\$9,048,410	\$9,746,492	\$8,449,537	\$7,139,280	\$6,033,616	\$4,950,601

403(b) PLAN SUMMARY

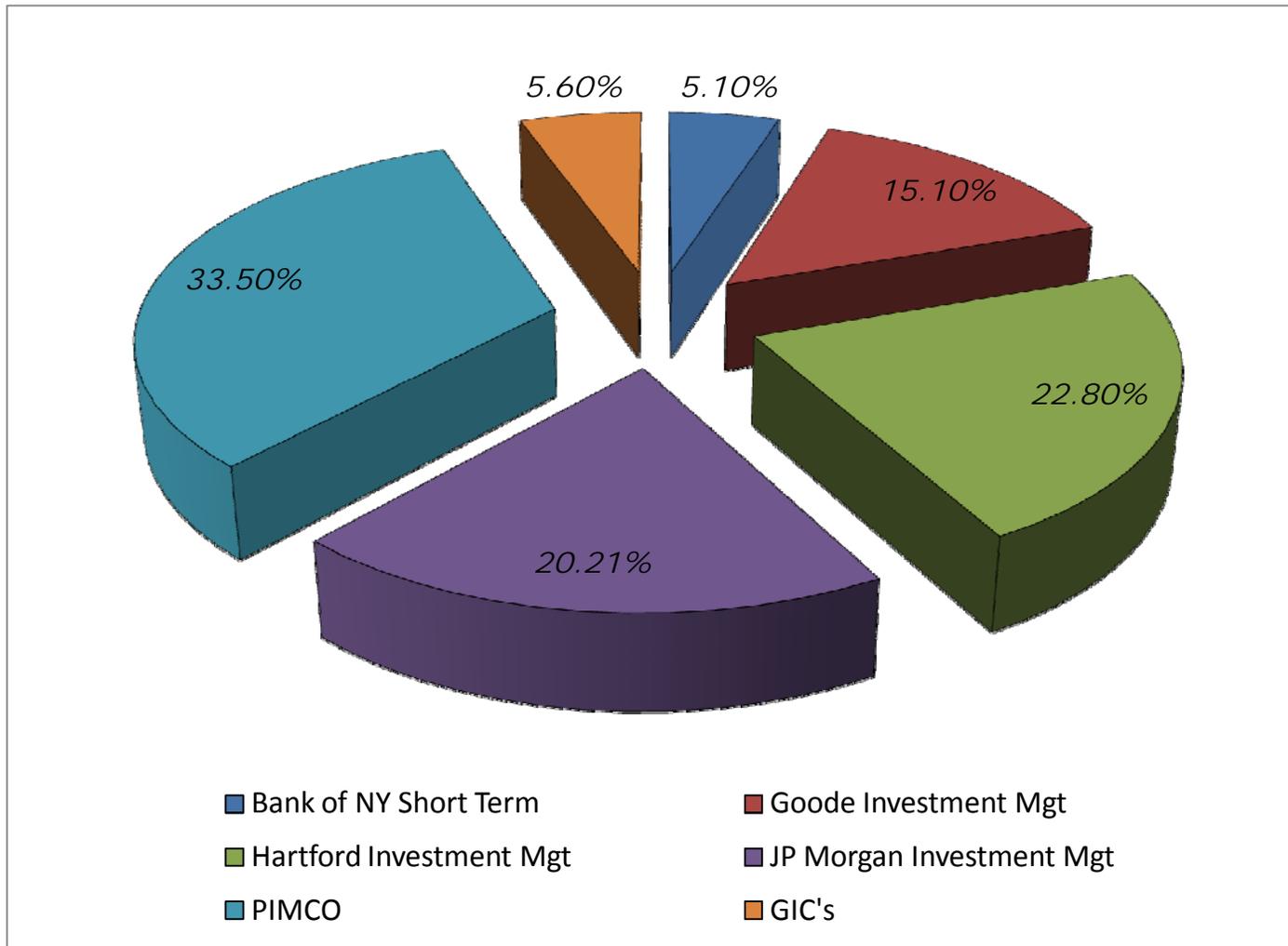
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Participant Accounts	959	988	980	926	938	982	1,023	1,242
Deferring Participants	\$ 415	439	429	368	348	374	379	446
Total Net Assets	\$ 67,104,804	\$ 61,021,200	\$ 49,647,286	\$ 74,397,765	\$ 74,571,307	\$ 69,336,969	\$ 67,323,565	\$ 62,962,338
Contributions	\$ 3,270,543	\$ 3,513,294	\$ 3,041,867	\$ 2,791,581	\$ 2,771,994	\$ 2,895,313	\$ 2,637,312	\$ 2,661,956
Investment Return	\$ 7,956,407	\$ 12,017,496	\$ (23,503,047)	\$ 4,056,195	\$ 7,826,156	\$ 4,027,072	\$ 6,237,768	\$ 12,292,184
Withdrawals	\$ (5,197,452)	\$ (4,010,110)	\$ (4,274,796)	\$ (6,973,190)	\$ (5,286,574)	\$ (4,848,153)	\$ (4,416,482)	\$ (3,513,266)
Mutual Fund								
Reimbursements	\$ 45,169	\$ 75,786	\$ 122,270	\$ 167,454	\$ 126,326	\$ 147,405	\$ 122,028	\$ 83,478
Administration Fees*	\$ (128,769)	\$ (106,903)	\$ (136,773)	\$ (215,582)	\$ (203,564)	\$ (208,233)	\$ (219,399)	\$ (199,478)
Number of Loans	14	12	5	7	6	8	9	8
Loan Amount	\$286,301	\$176,447	\$127,838	\$156,384	\$177,425	\$153,475	\$182,283	\$228,243

401(a) PLAN SUMMARY

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Participant Accounts	41,965	44,705	44,705	44,119	42,596	41,746	37,452	38,525
Deferring Participants	—	—	—	—	—	—	—	—
Total Net Assets	\$ 147,525,754	\$ 137,121,923	\$ 113,353,821	\$ 143,044,977	\$ 121,547,495	\$ 95,884,720	\$ 81,823,548	\$ 76,781,081
Contributions	\$ 408,268	\$ 3,493,268	\$ 15,979,591	\$ 20,722,388	\$ 17,986,400	\$ 11,891,617	\$ 19,092	\$ 2,486,316
Investment Return	\$ 10,279,384	\$ 4,958,663	\$ (45,562,513)	\$ 5,724,281	\$ 11,473,276	\$ 5,114,213	\$ 7,403,571	\$ 14,743,893
Withdrawals	\$ (6,228,053)	\$ (4,565,333)	\$ (4,860,035)	\$ (4,754,283)	\$ (3,643,693)	\$ (2,809,622)	\$ (2,206,489)	\$ (1,786,887)
Mutual Fund								
Reimbursements	\$ 85,338	\$ 122,620	\$ 159,786	\$ 175,209	\$ 135,911	\$ 118,206	\$ 88,561	\$ 172,182
Administration Fees	\$ (261,262)	\$ (240,875)	\$ (268,020)	\$ (370,113)	\$ (289,206)	\$ (253,155)	\$ (262,268)	\$ (229,989)
Number of Loans	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Loan Amount	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

* Includes additional special one time only fee

STABLE VALUE MANAGER DIVERSIFICATION



Maryland Supplemental Retirement Plans
10-Year History of Board Income and Expenses

	Calendar Years									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Total Revenues	\$ 1,402,986	\$ 1,309,730	\$ 1,172,650	\$ 1,211,767	\$ 1,122,891	\$ 1,394,092	\$ 1,957,150	\$ 2,081,847	\$ 1,432,306	\$ 1,140,436
Expenditures										
Salaries, Wages and Fringe Benefits	1,078,193	1,062,340	985,373	950,415	954,275	914,122	1,026,554	1,079,734	1,106,109	1,025,819
Technical and Special fees	4,401	2,740	(646)	3,973	1,179	8,616	12,386	7,945	12,079	13,553
Communications	22,451	23,482	35,056	17,795	8,851	29,931	10,131	18,698	12,759	40,029
Travel (In-State and Out-of-State)	12,243	13,372	18,799	21,974	21,955	11,822	24,229	25,737	26,883	41,543
Contractual Services	233,543	232,603	238,632	214,459	217,410	248,172	214,838	221,068	240,977	216,680
Supplies and Materials	4,935	13,451	7,188	(2,855)	13,365	14,545	13,878	14,595	27,645	11,531
Equipment and Furnishings	5,183	7,099	309	11,726	-	14,393	2,962	3,794	200	768
Fixed Charges	124,314	121,180	112,299	111,056	103,646	105,499	101,016	103,327	97,192	91,761
Total Expenditures	1,485,263	1,476,267	1,397,010	1,328,543	1,320,681	1,347,100	1,405,994	1,474,898	1,523,844	1,441,684
Revenue Less Expenditures	(82,277)	(166,537)	(224,360)	(116,776)	(197,790)	46,992	551,156	606,949	(91,538)	(301,248)
Adjustment (timing differences)	17,036	87,052	(153,218)	113,537	11,679	(46,838)	54,106	(14,213)	(130,018)	73,199
Reserve Balance	\$ 176,328	\$ 241,569	\$ 321,054	\$ 698,632	\$ 701,871	\$ 887,982	\$ 887,828	\$ 282,566	\$ (310,170)	\$ (88,614)

TEN-YEAR HISTORY OF CHANGES IN NET ASSETS BY PLAN

457	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
ADDITIONS										
Employee/Employer Contributions	\$ 64,768,004	\$ 66,191,009	\$ 68,108,751	\$ 66,712,955	\$ 65,689,386	\$ 57,805,559	\$ 55,252,547	\$ 53,138,993	45,324,247	33,658,564
Other additions	-	2,325,229	-	-	-	-	-	-	-	-
Net Investment Income	109,470,384	159,555,701	(260,016,053)	67,691,161	112,440,453	63,843,266	89,897,596	153,033,770	(79,044,181)	(44,561,361)
Total Additions	174,238,388	228,071,939	(191,907,302)	134,404,116	178,129,839	121,648,825	145,150,143	206,172,763	(33,719,934)	(10,902,797)
DEDUCTIONS										
Distributions to participants	84,728,730	74,127,807	97,490,302	96,221,412	86,526,003	75,307,660	76,922,437	65,777,380	87,450,755	48,375,038
Administrative Expenses	1,454,640	1,206,768	1,272,972	3,577,699	3,437,543	3,331,462	2,609,053	2,892,684	3,486,198	3,525,628
Life Insurance premiums - Net of Cash surrender Value	43,114	48,280	(465,585)	162,604	125,259	181,705	272,195	26,230	15,871	3,310
Total deductions	86,226,484	75,382,855	98,297,689	99,961,715	90,088,805	78,820,827	79,803,685	68,696,294	90,952,824	51,903,976
NET CHANGE IN NET ASSETS	\$ 88,011,904	\$ 152,689,084	\$ (290,204,991)	\$ 34,442,401	\$ 88,041,034	\$ 42,827,998	\$ 65,346,458	\$ 137,476,469	\$ (124,672,758)	\$ (62,806,773)

401(k)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
ADDITIONS										
Employee/Employer Contributions	\$ 91,618,867	\$ 91,902,236	\$ 95,898,797	\$ 94,729,303	\$ 88,740,454	\$ 86,342,964	\$ 84,646,299	\$ 85,530,045	79,159,908	74,233,545
Other	-	1,165,287	-	-	-	-	-	-	-	-
Net Investment Income	114,265,228	164,318,310	(284,616,917)	50,102,369	88,277,562	46,054,079	61,892,792	103,596,158	(60,179,336)	(33,264,990)
Total Additions	205,884,095	257,385,833	(188,718,120)	144,831,672	177,018,016	132,397,043	146,539,091	189,126,203	18,980,572	40,968,555
DEDUCTIONS										
Distributions to participants	67,881,768	54,331,835	62,995,066	56,946,200	47,009,239	37,809,148	29,311,067	27,629,302	20,090,766	19,628,234
Administrative Expenses	2,151,134	1,786,479	1,978,213	2,836,711	2,426,168	2,242,160	2,172,564	1,873,474	1,532,256	1,080,472
Total deductions	70,032,902	56,118,314	64,973,279	59,782,911	49,435,407	40,051,308	31,483,631	29,502,776	21,623,022	20,708,706
NET CHANGE IN NET ASSETS	\$ 135,851,193	\$ 201,267,519	\$ (253,691,399)	\$ 85,048,761	\$ 127,582,609	\$ 92,345,735	\$ 115,055,460	\$ 159,623,427	\$ (2,642,450)	\$ 20,259,849

TEN-YEAR HISTORY OF CHANGES IN NET ASSETS BY PLAN

403(b)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
ADDITIONS										
Employee Contributions	\$ 3,270,543	\$ 3,476,879	\$ 3,041,867	\$ 2,791,581	\$ 2,771,994	\$ 2,895,313	\$ 2,637,312	\$ 2,661,956	\$ 3,120,051	\$ 2,859,098
Other	-	258,315								
Net Investment Income	7,996,306	12,210,999	(23,380,777)	4,223,649	7,952,482	4,174,477	6,359,796	12,375,662	(8,952,248)	(6,013,092)
Total Additions	11,266,849	15,946,193	(20,338,910)	7,015,230	10,724,476	7,069,790	8,997,108	15,037,618	(5,832,197)	(3,153,994)
DEDUCTIONS										
Distributions to participants	5,197,452	4,010,110	4,274,796	6,973,190	5,286,574	4,848,153	4,416,482	3,513,266	4,237,404	2,741,175
Administrative Expenses	128,769	109,711	136,773	215,582	203,564	208,233	219,399	199,478	204,470	219,731
Total deductions	5,326,221	4,119,821	4,411,569	7,188,772	5,490,138	5,056,386	4,635,881	3,712,744	4,441,874	2,960,906
NET CHANGE IN NET ASSETS	\$ 5,940,628	\$ 11,826,372	\$ (24,750,479)	\$ (173,542)	\$ 5,234,338	\$ 2,013,404	\$ 4,361,227	\$ 11,324,874	\$ (10,274,071)	\$ (6,114,900)

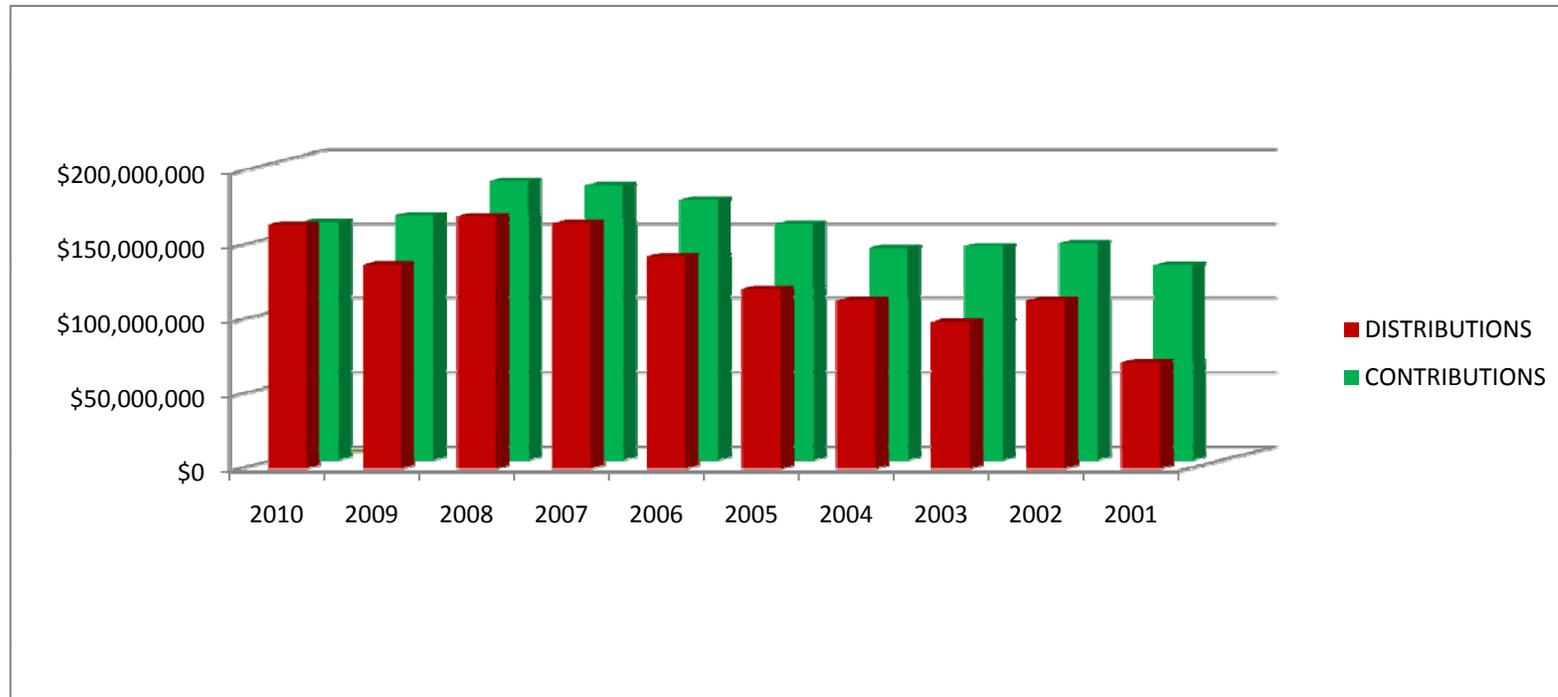
401 (a)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
ADDITIONS										
Net Investment Income	\$ 16,519,571	\$ 25,425,962	\$ (45,402,727)	\$ 5,899,490	\$ 11,609,187	\$ 918,511	\$ 7,492,132	\$ 14,916,075	\$ 638,593	\$ (2,440,463)
Other	-	-								
Employer/Employee Contributions	408,268	3,102,359	20,839,626	20,722,388	17,986,400	11,891,617	19,092	2,486,316	10,276,727	20,570,151
Total Assets	16,927,839	28,528,321	(24,563,101)	26,621,878	29,595,587	12,810,128	7,511,224	17,402,391	10,915,320	18,129,688
DEDUCTIONS										
Distributions to participants	6,228,053	4,565,333	4,860,035	4,754,283	3,643,693	2,809,622	2,206,489	1,786,887	1,047,982	722,999
Administrative expenses	261,262	229,579	268,020	370,113	289,206	253,155	262,268	229,989	184,949	129,876
Total Deductions	6,489,315	4,794,912	5,128,055	5,124,396	3,932,899	3,062,777	2,468,757	2,016,876	1,232,931	852,875
NET CHANGE IN NET ASSETS	\$ 10,438,524	\$ 23,733,409	\$ (29,691,156)	\$ 21,497,482	\$ 25,662,688	\$ 9,747,351	\$ 5,042,467	\$ 15,385,515	\$ 9,682,389	\$ 17,276,813
TOTAL CHANGE IN NET ASSETS	\$ 240,242,249	\$ 389,516,384	\$ (598,338,025)	\$ 140,815,102	\$ 246,520,669	\$ 146,934,488	\$ 189,805,612	\$ 323,810,285	\$ (127,906,890)	\$ (31,385,011)

TEN-YEAR HISTORY OF PARTICIPANT ACCOUNTS BY PLAN

	Calendar Years									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
457 Plan										
Participant Accounts	29,803	30,274	30,715	30,411	29,487	28,614	27,777	28,294	28,417	28,080
Deferring Participants	16,900	17,541	18,457	18,243	17,444	16,701	16,314	16,461	15,647	14,505
403(b) Plan										
Participant Accounts	959	988	980	926	938	982	1,023	1,242	1,300	1,350
Deferring Participants	415	439	429	368	348	374	379	446	476	525
401(k) Plan										
Participant Accounts	35,829	36,703	37,375	37,366	36,709	36,147	35,400	35,867	36,974	36,432
Deferring Participants	22,826	24,255	25,930	26,375	26,220	26,006	25,680	28,422	29,507	29,504
401(a) Plan*										
Participant Accounts	41,965	43,804	44,705	44,119	42,596	41,746	37,452	38,525	38,720	38,010

*Estimated Participant Accounts for the years 2001, 2002

TEN-YEAR HISTORY OF ALL PLANS DISTRIBUTIONS vs. CONTRIBUTIONS



Calendar Year	DISTRIBUTIONS	CONTRIBUTIONS
2010	\$164,036,003	\$160,065,682
2009	\$137,035,085	\$164,672,483
2008	\$169,620,199	\$187,889,041
2007	\$164,895,085	\$184,956,227
2006	\$142,465,509	\$175,188,234
2005	\$120,774,583	\$158,935,453
2004	\$112,856,475	\$142,555,250
2003	\$98,706,835	\$143,817,310
2002	\$112,826,907	\$145,988,581
2001	\$71,467,446	\$131,321,358

Maryland Supplemental Retirement Plans

Other STATISTICAL INFORMATION SECTION

GLOSSARY

Rates of Returns

Rates of Returns. The rates of returns are net of the fund's annual operating expenses. They are before the deduction of plan administration asset fees.

Betas

Five-Year Beta. The beta coefficient is a statistical measure of a stocks relative volatility (or risk). For comparative purposes, the Fund's beta are measured relative to the S&P 500 Index, a measure of broad market activity. The Standard & Poors 500 Index (S&P 500) has a beta coefficient of 1.00. A stock with a higher beta is more volatile than the S&P 500. A stock with a lower beta is less volatile than the S&P 500.

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Indices

91-Day Treasury Bill. A negotiable debt obligation issued by the U.S. government and backed by its full faith and credit, having a maturity of three months. Exempt from state and local taxes.

50% S&P/50% Lehman Bros. Aggregate Bond. This is the 50% S&P 500 and 50% Lehman Brothers Aggregate Bond Index. The Standard & Poor's 500 Index is a broad-based measurement of stock market conditions, as 70% of U.S. equity is tracked by the S&P 500. The index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighed index, with each stock's weight proportionate to its market value. The Lehman Brothers Aggregate Bond Index is a mix of government, corporate, mortgage-backed, asset-backed, and Yankee bonds.

MSCI EAFE Index. The Morgan Stanley Capital International (MSCI) Europe, Australia, and the Far East (EAFE) Index is an international equity index. It consists of 1,030 securities from the following 20 countries: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, the Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

Russell 2000 Index. This index is a small-capitalization index that consists of the 2,000 smallest stocks in the Russell 3000 Index, representing 10% of the total U.S. equity market.

60% S&P/40% Lehman Bros. Aggregate Bond. This is the 60% S&P 500 and 40% Lehman Brothers Aggregate Bond Index. The Standard & Poor's 500 Index is a broad-based measurement of stock market conditions, as 70% of U.S. equity is tracked by the S&P 500. The index consists of 500 stocks chosen for market size, liquidity, and industry group presentation. It is a market weighted index, with each stock's weight proportionate to its market size. The Lehman Brothers Aggregate Bond Index is a mix of government, corporate, mortgage-backed, asset-backed, and Yankee bonds.

GLOSSARY(continued)

Standard & Poor's 500 Index. This index is a broad-based measurement of stock market conditions, as 70% of U.S. equity is tracked by the S&P 500. The index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighed index, with each stock's weight proportionate to its market value.

S&P BARRA Growth Index and S&P BARRA Value Index. These indices take the stocks in the S&P 500 and portion them into equal halves based on their price-to-book ratios.

Lehman Bros. Intermediate Gov't Bond Index. Includes Government Index Issues with a time to maturity between 1 and 10 years.

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Medians

Fixed Income – Short Term. Median. This universe includes funds defined by Morningstar as Short-Term Bond. Short-Term Bond funds have an average duration of more than one but less than 3.5 years or an average effective maturity of more than one but less than four years.

Foreign Equity Non-U.S. Median. This universe includes funds defined by Morningstar as Foreign Stock funds which have no more than 10% of stocks invested in the United States. The median return represents the mid point of this universe.

Large Cap Blend Median. This universe includes funds defined by Morningstar as Large Blend. Large Blend funds invest in a combination of Large Cap Growth and Large Cap Value stocks. The return represents the mid point of this universe. Market caps greater than \$10 billion are considered large cap.

Managed Balanced Median. This universe includes funds defined by Morningstar as Balanced, which includes funds with stock holdings of greater than 20% but less than 70% of the portfolio. The return represents the mid-point of this universe.

Mid Cap Growth Median. This universe includes funds defined by Morningstar as Mid-Cap Growth. Mid-Cap Growth funds primarily invest in stocks of mid-sized companies which are growing at faster than average rates. The return represents the mid point of this universe. Market caps greater than or equal to \$2 billion but less than or equal to \$10 billion are considered mid-cap funds.

GLOSSARY(continued)

Small Cap Core Median. This universe includes funds defined by Morningstar as Small Blend. Small Blend funds invest in a combination of Small-Cap Growth and Small-Cap Value stocks. The return represents the mid point of this universe. All funds with market caps less than \$2 billion are considered small-cap funds.

PARTICIPANT DATA DEFINITIONS

Participants. Those who have an account value, including those who are receiving systematic withdrawals and those who have recently enrolled in the plans and are awaiting their first deferral.

Deferring Participants. Those participating employees who made a contribution to the plan by payroll deduction at the end of the reporting period.

Net New Enrollments. The net change of State employee participants from year to year. New enrollments and restarted contributors are reduced by retirement and transfer withdrawals, death claims and other full distributions.

Annuitants. Participants who are receiving withdrawals from purchased annuity contracts.

Systematic Payouts. Participants who are receiving withdrawals from the plans with remaining balances invested in the plan(s).

Average Deferrals per Participant. Calculated by dividing the dollar value of "TOTAL Deferrals" in all plans combined by the number of "TOTAL Deferring Participants" at year-end.

Average Combined Plan Assets by Participants. Calculated by dividing the dollar value of Plan Assets in all plans by the number of "TOTAL Participants" in all plans.

¹ Source: Nationwide Retirement Solutions, Inc. Administrator Report

Maryland Supplemental Retirement Plan Comparison Chart CY2010

Questions:	457(b) Deferred Compensation Plan	401(k) Savings & Investment Plan	403(b) Annuity Plan
Who is eligible to participate?	All State employees		State educational institution employees
Who is eligible for the State match?	All State employees in the Employees Alternate Contributory Pension Selection Plan		
Are payroll deductions pre-tax?	Yes (but not for FICA)		
What is the minimum I may contribute?	\$5 per biweekly pay		
What is the maximum contribution?	\$16,500 (may be adjusted in future years for inflation) effective 1/1/09		
May I "catch-up" in a later year?*	Age 50 or older \$5,500 bonus deferral or special 457 Catch-up	Age 50 or older bonus \$5,500 deferral	
How often may I change my contribution amount?	Unlimited.		
What are the cost to participate?*	0.19% of your account value, no more than \$2,000 effective 1/1/08. (Note that many mutual funds pay reimbursements for account services, see our "Mutual Fund Savings" program material and your account statement for more information.)		
What are the current investment options?	Fixed- Investment Contract Pool	Variable Mutual Funds	Variable Mutual Funds
May I roll over money from other retirement accounts into my Maryland Supplemental Retirement account?	Yes- from a 457, 401(k), 403(b)/thrift savings plan or traditional IRA into your supplemental retirement account		
May I roll over my supplemental retirement accounts to another type of retirement account, like an IRA?	Yes- to a 457, 403(b), 401(k) or IRA, upon leaving State service or when eligible distribution is allowed		
May I withdraw money from my account while employed?	Yes, but only if you are 70 ½ or older, or qualify for an unforeseen emergency withdrawal	Yes, but only if you are 59 ½ or older, or qualify for a hardship withdrawal	
When may I begin withdrawals from my account without penalty?***	When you leave State employment, regardless of age	If you leave State employment at age 55 or older, or at age 59 ½	
May I change my withdrawal options once I start my payout?	Yes		
Is there a loan provision and a hardship/emergency provision?	Yes/Yes		
401(a) Match Plan: The withdrawal rules are the same for the 401(a) and 401(k) plans except that in the 401(a) plan, distributions are not permitted until separation from State service.			

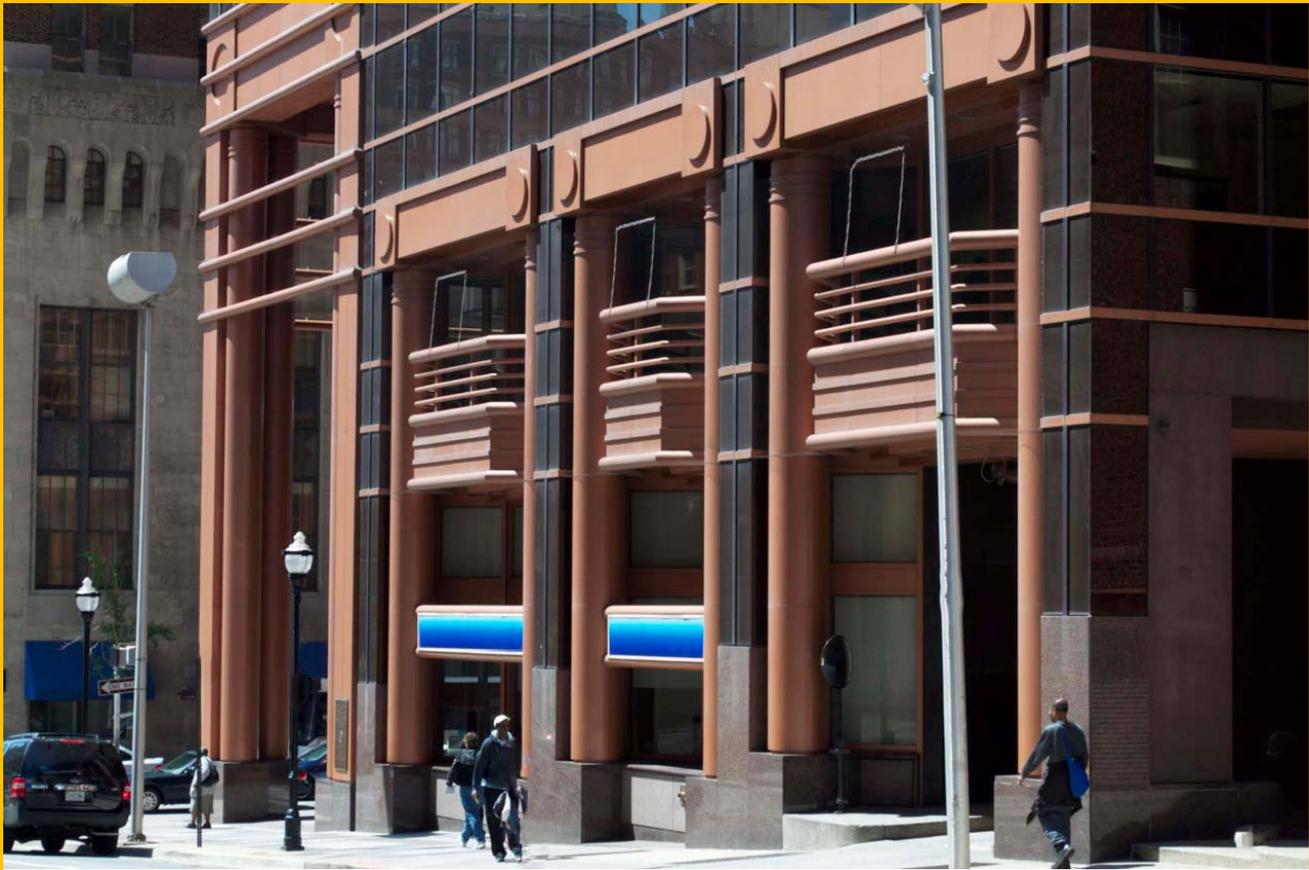
*Contact a Team MSRP representative for details and limitations, see reverse for an illustration

**In addition, each of the mutual funds offered by the plan has fund expenses that will vary based upon the mutual fund selected. Also, some mutual funds may impose a short-term trade fee. Please read the underlying prospectuses carefully.

***Withdrawals are taxed as ordinary income. The IRS early withdrawal penalty is 10% for 401(k), 403(b) and the 401(a) Match plan.



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