

Attachments

In accordance with State Procurement Regulations:

ATTACHMENT A - Mandatory Contract Terms. This a list of the provisions that must be included in the contract agreement which will be presented to the selected Offeror upon notification of proposed contract award.

ATTACHMENT B - Bid/Proposal Affidavit. This form must be completed and submitted with the Offeror's technical proposal.

ATTACHMENT C – Contract Affidavit. It is not required at proposals submission time. It must be submitted by the selected Offeror to the Procurement Officer within 5 working days of notification of proposed award.

ATTACHMENT D – Minority Business Enterprise Participation

ATTACHMENTS D-1 and D-2 – MBE Utilization and Fair Solicitation Affidavit and MBE Participation Schedule. These forms must be submitted with the Offeror's technical proposal.

ATTACHMENTS D-3 and D-4 – Other MBE forms. These must be submitted to the Procurement Officer by the selected Offeror within 10 working days of notification of proposed contract award.

ATTACHMENTS D-5 and D-6 – Other MBE forms. These are submitted monthly.

ATTACHMENT E - COT/GAD X-10 EFT Registration Request Form

MSRP Program Attachments:

ATTACHMENT F – MSRP Audited Financial Statement Excerpts for 2004 and 2003

ATTACHMENT G – MSRP Investment Policy

ATTACHMENT H – Third Quarter 2005 Investment Performance Report Excerpts

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MANDATORY CONTRACT TERMS

1. Consideration, Payment and Performance

Payments to the Contractor and any invoice from the Contractor will reflect the Contractor's federal tax identification number. The Contractor is required to register with eMarylandMarketplace and report their registration number. Payments to the Contractor pursuant to this Contract shall be made no later than 30 days after the State's receipt of a proper invoice from the Contractor, consistent with the schedule identified in the RFP. Charges for late payment of invoices, other than as prescribed by Title 15, Subtitle 1, of the State Finance and Procurement Article, Annotated Code of Maryland, as from time to time amended, are prohibited. The final payment under this Contract will not be made until after certification is received from the Comptroller of the State that all taxes have been paid. Electronic funds transfer will be used by the State to pay the Contractor for this contract and any other State payments due Contractor unless the State's Comptroller's Office grants the Contractor an exemption.

In addition to any other available remedies if, in the opinion of the Procurement Officer, the Contractor fails to perform in a satisfactory and timely manner, the Procurement Officer may refuse or limit approval of any invoice for payment, and may cause payments to the Contractor to be reduced or withheld until such time as the Contractor meets performance standards as established by the Procurement Officer pursuant to this Contract. The Board of Trustees and its designees shall constitute the final acceptance authority for work performed.

2. Confidentiality

Subject to the Maryland Public Information Act and any other applicable laws, all confidential or proprietary information and documentation relating to either party (including without limitation, any information or data stored within the Contractor's computer systems) shall be held in absolute confidence by the other party. Each party shall, however, be permitted to disclose relevant confidential information to its officers, agents and employees to the extent that such disclosure is necessary for the performance of their duties under this Contract, provided the data may be collected, used, disclosed, stored and disseminated only as provided by and consistent with the law. The provisions of this section shall not apply to information that (a) is lawfully in the public domain; (b) has been independently developed by the other party without violation of this Contract; (c) was already in the possession of such party; (d) was supplied to such party by a third party lawfully in possession thereof and legally permitted to further disclose the information; or (e) which such party is required to disclose by law.

3. Loss of Data

In the event of loss of any State data or records where such loss is due to the intentional act or omission or negligence of the Contractor or any of its subcontractors or agents, the Contractor shall be responsible for recreating such lost data, in the manner and on the schedule set by the Procurement Officer. The Contractor shall ensure that all data is backed up, and is recoverable by the Contractor.

4. Non-Hiring of Employees

No official or employee of the State of Maryland as defined under State Government Article section 15-102, Annotated Code of Maryland, whose duties as such official or employee include matters relating to or affecting the subject matter of this Contract shall, during the pendency and term of this Contract and while serving as an official or employee of the State become or be an employee of the Contractor or any entity that is a subcontractor on this Contract.

5. Disputes

This Contract shall be subject to the provisions of Title 15, Subtitle 2, of the State Finance and Procurement Article of the Annotated Code of Maryland, as from time to time amended, and COMAR 21.10 (Administrative and Civil Remedies). Pending resolution of a claim, the Contractor shall proceed diligently with the performance of the Contract in accordance with the Procurement Officer's decision. Unless a lesser period is provided by applicable statute, regulation, or the Contract, the Contractor must file a written notice of claim with the Procurement Officer within 30 days after the basis for the claim is known or should have been known, whichever is earlier. Contemporaneously with or within 30 days of the filing of a notice of claim, but no later than the date of final payment under the Contract, the Contractor must

submit to the Procurement Officer its written claim containing the information specified in COMAR 21.10.04.02.

6. Maryland Law

This Contract shall be construed, interpreted, and enforced according to the laws of the State of Maryland.

7. Nondiscrimination in Employment

The Contractor agrees: (a) not to discriminate in any manner against an employee or applicant for employment because of race, color, religion, creed, age, sex, marital status, national origin, ancestry, or disability of a qualified individual with a disability; (b) to include a provision similar to that contained in subsection (a), above, in any subcontract except a subcontract for standard commercial supplies or raw materials; and (c) to post and to cause subcontractors to post in conspicuous places available to employees and applicants for employment, notices setting forth the substance of this clause.

8. Contingent Fee Prohibition

The Contractor warrants that it has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency working for the Contractor to solicit or secure this Contract, and that it has not paid or agreed to pay any person, partnership, corporation or other entity, other than a bona fide employee, bona fide salesperson or commercial selling agency, any fee or other consideration contingent on the making of this Contract.

9. Non-availability of Funding

If the General Assembly fails to appropriate funds or if funds are not otherwise made available for continued performance for any fiscal period of this Contract succeeding the first fiscal period, this Contract shall be canceled automatically as of the beginning of the fiscal year for which funds were not appropriated or otherwise made available; provided, however, that this will not affect either the State's rights or the Contractor's rights under any termination clause in this Contract. The effect of termination of the Contract hereunder will be to discharge both the Contractor and the State from future performance of the Contract, but not from their rights and obligations existing at the time of termination. The Contractor shall be reimbursed for the reasonable value of any nonrecurring costs incurred but not amortized in the price of the Contract. The State shall notify the Contractor as soon as it has knowledge that funds may not be available for the continuation of this Contract for each succeeding fiscal period beyond the first.

10. Termination for Cause

If the Contractor fails to fulfill its obligations under this Contract properly and on time, or otherwise violates any provision of the Contract, the State may terminate the Contract by written notice to the Contractor. The notice shall specify the acts or omissions relied upon as cause for termination. All finished or unfinished work provided by the Contractor shall, at the State's option, become the State's property. The State of Maryland shall pay the Contractor fair and equitable compensation for satisfactory performance prior to receipt of notice of termination, less the amount of damages caused by the Contractor's breach. If the damages are more than the compensation payable to the Contractor, the Contractor will remain liable after termination and the State can affirmatively collect damages. Termination hereunder, including the termination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.11B.

11. Termination for Convenience

The performance of work under this Contract may be terminated by the State in accordance with this clause in whole, or from time to time in part, whenever the State shall determine that such termination is in the best interest of the State. The State will pay all reasonable costs associated with this Contract that the Contractor has incurred up to the date of termination, and all reasonable costs associated with termination of the Contract; provided, however, the Contractor shall not be reimbursed for any anticipatory profits that have not been earned up to the date of termination. Termination hereunder, including the determination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.12 (A)(2).

12. Delays and Extensions of Time

The Contractor agrees to perform the work under this Contract continuously and diligently. No charges or claims for damages shall be made by the Contractor for any delays or hindrances from any cause

whatsoever during the progress of any portion of the work specified in this Contract. Time extensions will be granted only for excusable delays that arise from unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including but not restricted to acts of God, acts of the public enemy, acts of the State in either its sovereign or contractual capacity, acts of another contractor in the performance of a contract with the State, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, or delays of subcontractors or suppliers arising from unforeseeable causes beyond the control and without the fault or negligence of either the Contractor or the subcontractors or suppliers.

13. Suspension of Work

The State unilaterally may order the Contractor in writing to suspend, delay, or interrupt all or any part of its performance for such period of time as the Procurement Officer may determine to be appropriate for the convenience of the State.

14. Pre-Existing Regulations

In accordance with the provisions of Section 11-206 of the State Finance and Procurement Article, Annotated Code of Maryland, as from time to time amended, the regulations set forth in Title 21 of the Code of Maryland Regulations (COMAR 21) in effect on the date of execution of this Contract are applicable to this Contract.

15. Financial Disclosure

The Contractor shall comply with the provisions of Section 13-221 of the State Finance and Procurement Article of the Annotated Code of Maryland, as from time to time amended, which requires that every business that enters into contracts, leases, or other agreement with the State of Maryland or its agencies during a calendar year under which the business is to receive in the aggregate \$100,000 or more, shall within 30 days of the time when the aggregate value of these contracts, leases or other agreements reaches \$100,000, file with the Secretary of the State of Maryland certain specified information to include disclosure of beneficial ownership of the business.

16. Political Contribution Disclosure

The Contractor shall comply with the Election Law Article, Sections 14-101 through 14-108, of the Annotated Code of Maryland, which requires that every person that enters into contracts, leases, or other agreements with the State, a county or an incorporated municipality or their agencies, during a calendar year under which the person receives in the aggregate \$100,000 or more, shall file with the State Board of Elections a statement disclosing contributions in excess of \$500 made during the reporting period to a candidate for elective office in any primary or general election. The statement shall be filed with the State Board of Elections: (1) before a purchase or execution of a lease or contract by the State, a county, an incorporated municipality, or their agencies, and shall cover the preceding two calendar years; and (2) if the contribution is made after the execution of a lease or contract, then twice a year, throughout the contract term, on: (a) February 5, to cover the 6-month period ending January 31; and (b) August 5, to cover the 6-month period ending July 31.

17. Retention of Records

The Contractor shall retain and maintain all records and documents in any way relating to this Contract for three years after final payment by the State of Maryland under this Contract or any applicable statute of limitations, whichever is longer, and shall make them available for inspection and audit by authorized representatives of the State, including the Procurement Officer or the Procurement Officer's designee, at all reasonable times. All records related in any way to the Contract are to be retained for the entire time provided under this section.

18. Compliance with Laws

The Contractor hereby represents and warrants that:

- A. It is qualified to do business in the State of Maryland and that it will take such action as, from time to time hereafter, may be necessary to remain so qualified;
- B. It is not in arrears with respect to the payment of any monies due and owing the State of Maryland, or any department or unit thereof, including but not limited to the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of this Contract;
- C. It shall comply with all federal, State and local laws, regulations, and ordinances applicable to its activities and obligations under this Contract; and,

- D. It shall obtain, at its expense, all licenses, permits, insurance, and governmental approvals, if any, necessary to the performance of its obligations under this Contract.

19. Cost and Price Certification

By submitting cost or price information, the Contractor certifies to the best of its knowledge that the information submitted is accurate, complete, and current as of a mutually determined specified date prior to the conclusion of any price discussions or negotiations.

The price under this Contract and any change order or modification hereunder, including profit or fee, shall be adjusted to exclude any significant price increases occurring because the Contractor furnished cost or price information which, as of the date agreed upon by the parties, was inaccurate, incomplete, or not current.

20. Subcontracting; Assignment

The Contractor may not subcontract any portion of the services provided under this Contract without obtaining the prior written approval of the State of Maryland, nor may the Contractor assign this Contract or any of its rights or obligations hereunder, without the prior written approval of the State. Any such subcontract or assignment shall include the terms of sections 6, and 8 through 23 of this Contract and any other terms and conditions that the State deems necessary to protect its interests. The State shall not be responsible for the fulfillment of the Contractor's obligations to the subcontractors.

21. Indemnification

The Contractor shall indemnify the State against liability for any costs, expenses, loss, suits, actions, or claims of any character arising from or relating to the performance of the Contractor or its subcontractors under this Contract.

The State of Maryland has no obligation to provide legal counsel or defense to the Contractor or its subcontractors in the event that a suit, claim or action of any character is brought by any person not party to this Contract against the Contractor or its subcontractors as a result of or relating to the Contractor's obligations under this Contract.

The State has no obligation for the payment of any judgments or the settlement of any claims against the Contractor or its subcontractors as a result of or relating to the Contractor's obligations under this Contract. The Contractor shall immediately notify the Procurement Officer of any claim or suit made or filed against the Contractor or its subcontractors regarding any matter resulting from or relating to the Contractor's obligations under the Contract, and will cooperate, assist, and consult with the State in the defense or investigation of any claim, suit, or action made or filed against the State as a result of or relating to the Contractor's performance under this Contract.

22. Amendments

Any amendment to this Contract must first be approved in writing by the Procurement Officer, subject to any additional approvals required by State law. No amendment to this Contract shall be binding unless so approved and unless it is in writing and signed by the party to be charged.

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BID/PROPOSAL AFFIDAVIT

A. AUTHORIZED REPRESENTATIVE

I HEREBY AFFIRM THAT:

I am the (title) _____ and the duly authorized representative of (business) _____ and that I possess the legal authority to make this Affidavit on behalf of myself and the business for which I am acting.

B. AFFIRMATION REGARDING BRIBERY CONVICTIONS

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business (as is defined in Section 16-101(b) of the State Finance and Procurement Article of the Annotated Code of Maryland), or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities has been convicted of, or has had probation before judgment imposed pursuant to Criminal Procedure Article, §6-220, Annotated Code of Maryland, or has pleaded nolo contendere to a charge of, bribery, attempted bribery, or conspiracy to bribe in violation of Maryland law, or of the law of any other state or federal law, except as follows (indicate the reasons why the affirmation cannot be given and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of person(s) involved, and their current positions and responsibilities with the business):

_____.

C. AFFIRMATION REGARDING OTHER CONVICTIONS

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, controlling stockholders or any of its employees directly involved in the business's contracting activities, has:

(1) Been convicted under state or federal statute of:

(a) a criminal offense incident to obtaining, attempting to obtain, or performing a public or private contract; or

(b) fraud, embezzlement, theft, forgery, falsification or destruction of records, or receiving stolen property;

(2) Been convicted of any criminal violation of a state or federal antitrust statute;

(3) Been convicted under the provisions of Title 18 of the United States Code for violation of the Racketeer Influenced and Corrupt Organization Act, 18 U.S.C. §1961, et seq., or the Mail Fraud Act, 18 U.S.C. §1341, et seq., for acts in connection with the submission of bids or proposals for a public or private contract;

(4) Been convicted of a violation of the State Minority Business Enterprise Law, Section 14-308 of the State Finance and Procurement Article of the Annotated Code of Maryland;

(5) Been convicted of a violation of the Section 11-205.1 of the State Finance and Procurement Article of the Annotated Code of Maryland;

(6) Been convicted of conspiracy to commit any act or omission that would constitute grounds for conviction or liability under any law or statute described in subsection (1) through (5) above;

(7) Been found civilly liable under a state or federal antitrust statute for acts or omissions in connection with the submission of bids or proposals for a public or private contract; or

(8) Admitted in writing or under oath, during the course of an official investigation or other proceedings, acts or omissions that would constitute grounds for conviction or liability under any law or statute described in Section B and subsections (1) through (7) above, except as follows (indicate reasons why the affirmations cannot be given, and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of the person(s) involved and their current positions and responsibilities with the business, and the status of any debarment):

D. AFFIRMATION REGARDING DEBARMENT

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities, has ever been suspended or debarred (including being issued a limited denial of participation) by any public entity, except as follows (list each debarment or suspension providing the dates of the suspension or debarment, the name of the public entity and the status of the proceedings, the name(s) of the person(s) involved and their current positions and responsibilities with the business, the grounds of the debarment or suspension, and the details of each person's involvement in any activity that formed the grounds of the debarment or suspension):

E. AFFIRMATION REGARDING DEBARMENT OF RELATED ENTITIES

I FURTHER AFFIRM THAT:

(1) The business was not established and it does not operate in a manner designed to evade the application of or defeat the purpose of debarment pursuant to Sections 16-101, et seq., of the State Finance and Procurement Article of the Annotated Code of Maryland; and

(2) The business is not a successor, assignee, subsidiary, or affiliate of a suspended or debarred business, except as follows (you must indicate the reasons why the affirmations cannot be given without qualification):

F. SUB-CONTRACT AFFIRMATION

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, has knowingly entered into a contract with a public body under which a person debarred or suspended under Title 16 of the State Finance and Procurement Article of the Annotated Code of Maryland will provide, directly or indirectly, supplies, services, architectural services, construction related services, leases of real property, or construction.

G. AFFIRMATION REGARDING COLLUSION

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business has:

- (1) Agreed, conspired, connived, or colluded to produce a deceptive show of competition in the compilation of the accompanying bid or offer that is being submitted;
- (2) In any manner, directly or indirectly, entered into any agreement of any kind to fix the bid price or price proposal of the bidder or offeror or of any competitor, or otherwise taken any action in restraint of free competitive bidding in connection with the contract for which the accompanying bid or offer is submitted.

H. FINANCIAL DISCLOSURE AFFIRMATION

I FURTHER AFFIRM THAT:

I am aware of, and the above business will comply with, the provisions of Section 13-221 of the State Finance and Procurement Article of the Annotated Code of Maryland, which require that every business that enters into contracts, leases, or other agreements with the State of Maryland or its agencies during a calendar year under which the business is to receive in the aggregate \$100,000 or more shall, within 30 days of the time when the aggregate value of the contracts, leases, or other agreements reaches \$100,000, file with the Secretary of State of Maryland certain specified information to include disclosure of beneficial ownership of the business.

I. POLITICAL CONTRIBUTION DISCLOSURE AFFIRMATION

I FURTHER AFFIRM THAT:

I am aware of, and the above business will comply with, Election Law Article, §§14-101—14-108, Annotated Code of Maryland, which requires that every person that enters into contracts, leases, or other agreements with the State of Maryland, including its agencies or a political subdivision of the State, during a calendar year in which the person receives in the aggregate \$100,000 or more shall file with the State Board of Elections a statement disclosing contributions in excess of \$500 made during the reporting period to a candidate for elective office in any primary or general election.

J. DRUG AND ALCOHOL FREE WORKPLACE

(Applicable to all contracts unless the contract is for a law enforcement agency and the agency head or the agency head's designee has determined that application of COMAR 21.11.08 and this certification would be inappropriate in connection with the law enforcement agency's undercover operations.)

I CERTIFY THAT:

- (1) Terms defined in COMAR 21.11.08 shall have the same meanings when used in this certification.

(2) By submission of its bid or offer, the business, if other than an individual, certifies and agrees that, with respect to its employees to be employed under a contract resulting from this solicitation, the business shall:

- (a) Maintain a workplace free of drug and alcohol abuse during the term of the contract;
- (b) Publish a statement notifying its employees that the unlawful manufacture, distribution, dispensing, possession, or use of drugs, and the abuse of drugs or alcohol is prohibited in the business' workplace and specifying the actions that will be taken against employees for violation of these prohibitions;
- (c) Prohibit its employees from working under the influence of drugs or alcohol;
- (d) Not hire or assign to work on the contract anyone whom the business knows, or in the exercise of due diligence should know, currently abuses drugs or alcohol and is not actively engaged in a bona fide drug or alcohol abuse assistance or rehabilitation program;
- (e) Promptly inform the appropriate law enforcement agency of every drug-related crime that occurs in its workplace if the business has observed the violation or otherwise has reliable information that a violation has occurred;
- (f) Establish drug and alcohol abuse awareness programs to inform its employees about:
 - (i) The dangers of drug and alcohol abuse in the workplace;
 - (ii) The business' policy of maintaining a drug and alcohol free workplace;
 - (iii) Any available drug and alcohol counseling, rehabilitation, and employee assistance programs; and
 - (iv) The penalties that may be imposed upon employees who abuse drugs and alcohol in the workplace;
- (g) Provide all employees engaged in the performance of the contract with a copy of the statement required by §J(2)(b), above;
- (h) Notify its employees in the statement required by §J(2)(b), above, that as a condition of continued employment on the contract, the employee shall:
 - (i) Abide by the terms of the statement; and
 - (ii) Notify the employer of any criminal drug or alcohol abuse conviction for an offense occurring in the workplace not later than 5 days after a conviction;
- (i) Notify the procurement officer within 10 days after receiving notice under §J(2)(h)(ii), above, or otherwise receiving actual notice of a conviction;
- (j) Within 30 days after receiving notice under §J(2)(h)(ii), above, or otherwise receiving actual notice of a conviction, impose either of the following sanctions or remedial measures on any employee who is convicted of a drug or alcohol abuse offense occurring in the workplace:
 - (i) Take appropriate personnel action against an employee, up to and including termination; or
 - (ii) Require an employee to satisfactorily participate in a bona fide drug or alcohol abuse assistance or rehabilitation program; and
- (k) Make a good faith effort to maintain a drug and alcohol free workplace through implementation of §J(2)(a)—(j), above.

(3) If the business is an individual, the individual shall certify and agree as set forth in §J(4), below, that the individual shall not engage in the unlawful manufacture, distribution, dispensing, possession, or use of drugs or the abuse of drugs or alcohol in the performance of the contract.

(4) I acknowledge and agree that:

(a) The award of the contract is conditional upon compliance with COMAR 21.11.08 and this certification;

(b) The violation of the provisions of COMAR 21.11.08 or this certification shall be cause to suspend payments under, or terminate the contract for default under COMAR 21.07.01.11 or 21.07.03.15, as applicable; and

(c) The violation of the provisions of COMAR 21.11.08 or this certification in connection with the contract may, in the exercise of the discretion of the Board of Public Works, result in suspension and debarment of the business under COMAR 21.08.03-

K. CERTIFICATION OF CORPORATION REGISTRATION AND TAX PAYMENT

I FURTHER AFFIRM THAT:

(1) The business named above is a (domestic ___) (foreign ___) corporation registered in accordance with the Corporations and Associations Article, Annotated Code of Maryland, and that it is in good standing and has filed all of its annual reports, together with filing fees, with the Maryland State Department of Assessments and Taxation, and that the name and address of its resident agent filed with the State Department of Assessments and Taxation is: Name: Address: ___ .

(If not applicable, so state).

(2) Except as validly contested, the business has paid, or has arranged for payment of, all taxes due the State of Maryland and has filed all required returns and reports with the Comptroller of the Treasury, the State Department of Assessments and Taxation, and the Department of Labor, Licensing, and Regulation, as applicable, and will have paid all withholding taxes due the State of Maryland prior to final settlement.

L. CONTINGENT FEES

I FURTHER AFFIRM THAT:

The business has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency working for the business, to solicit or secure the Contract, and that the business has not paid or agreed to pay any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency, any fee or any other consideration contingent on the making of the Contract.

M. Repealed.

N. ACKNOWLEDGEMENT

I ACKNOWLEDGE THAT this Affidavit is to be furnished to the Procurement Officer and may be distributed to units of: (1) the State of Maryland; (2) counties or other subdivisions of the State of Maryland; (3) other states; and (4) the federal government. I further acknowledge that this Affidavit is subject to applicable laws of the United States and the State of Maryland, both criminal and civil, and that nothing in this Affidavit or any contract resulting from the submission of this bid or proposal shall be construed to supersede, amend, modify or waive, on behalf of the State of Maryland, or any unit of the

State of Maryland having jurisdiction, the exercise of any statutory right or remedy conferred by the Constitution and the laws of Maryland with respect to any misrepresentation made or any violation of the obligations, terms and covenants undertaken by the above business with respect to (1) this Affidavit, (2) the contract, and (3) other Affidavits comprising part of the contract.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: _____ By: _____ (Authorized Representative and Affiant)___

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COMAR 21.07.01.25
CONTRACT AFFIDAVIT

A. AUTHORIZED REPRESENTATIVE

I HEREBY AFFIRM THAT:

I am the _____(title)_____ and the duly authorized representative of _____(business)_____ and that I possess the legal authority to make this Affidavit on behalf of myself and the business for which I am acting.

B. CERTIFICATION OF CORPORATION REGISTRATION AND TAX PAYMENT

I FURTHER AFFIRM THAT:

(1) The business named above is a (domestic____) (foreign____) corporation registered in accordance with the Corporations and Associations Article, Annotated Code of Maryland, and that it is in good standing and has filed all of its annual reports, together with filing fees, with the Maryland State Department of Assessments and Taxation, and that the name and address of its resident agent filed with the State Department of Assessments and Taxation is: Name:_____ Address:_____.

(2) Except as validly contested, the business has paid, or has arranged for payment of, all taxes due the State of Maryland and has filed all required returns and reports with the Comptroller of the Treasury, the State Department of Assessments and Taxation, and the Department of Labor, Licensing, and Regulation, as applicable, and will have paid all withholding taxes due the State of Maryland prior to final settlement.

C. CERTAIN AFFIRMATIONS VALID

I FURTHER AFFIRM THAT:

To the best of my knowledge, information, and belief, each of the affirmations, certifications, or acknowledgements contained in that certain Bid/Proposal Affidavit dated _____, 2004, and executed by me for the purpose of obtaining the contract to which this Exhibit is attached remains true and correct in all respects as if made as of the date of this Contract Affidavit and as if fully set forth herein.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date:_____

By:_____ (Authorized Representative and Affiant)

ATTACHMENT D

State of Maryland MARYLAND SUPPLEMENTAL RETIREMENT PLANS (MSRP) MINORITY BUSINESS ENTERPRISE PARTICIPATION

PURPOSE

Contractor shall structure its procedures for the performance of the work required in this contract to attempt to achieve the minority business enterprise (MBE) goal stated in the Invitation for Bids or Request for Proposals. MBE performance must be in accordance with this Attachment, as authorized by Code of Maryland Regulations (COMAR) 21.11.03. Contractor agrees to exercise all good faith efforts to carry out the requirements set forth in this Attachment.

MBE GOALS AND SUBGOALS



An overall MBE subcontract participation goal of five (5) percent of the total contract dollar amount has been established for this procurement. This dollar amount includes:

- A sub-goal of 0 percent of the total contract dollar amount to be allocated to certified minority business enterprises classified as women-owned businesses.
- A sub-goal of 0 percent of the total contract dollar amount to be allocated to certified minority business enterprises classified as African American-owned businesses.

By submitting a response to this solicitation, the bidder or offeror agrees that these dollar amounts of the contract will be performed by certified minority business enterprises as specified.

- ◆ A prime contractor — including an MBE prime contractor — must accomplish an amount of work not less than the MBE subcontract goal with certified MBE subcontractors.
- ◆ A prime contractor comprising a joint venture that includes MBE partner(s) must accomplish the MBE subcontract goal with certified MBE subcontractors.

SOLICITATION AND CONTRACT FORMATION

- ◆ A bidder or offeror must include with its bid or offer:
 - (1) A completed Certified MBE Utilization and Fair Solicitation Affidavit (Attachment D-1) whereby the bidder or offeror acknowledges the certified MBE participation goal or requests a waiver, commits to make a good faith effort to achieve the goal, and affirms that MBE subcontractors were treated fairly in the solicitation process.
 - (2) A completed MBE Participation Schedule (Attachment D-2) whereby the bidder or offeror responds to the expected degree of Minority Business Enterprise participation as stated in the solicitation, by identifying the specific commitment of certified Minority Business Enterprises at the time of submission. The bidder or offeror shall specify the price and/or the percentage of contract value associated with each MBE subcontractor identified on the MBE Participation Schedule.

If a bidder or offeror fails to submit Attachment D-1 and Attachment D-2 at the time of submittal of the bid or offer, the Procurement Officer shall deem the bid non-responsive or shall determine that the offer is not reasonably susceptible of being selected for award.

- ◆ Within 10 working days from notification that it is the apparent awardee or from the date of the actual award, whichever is earlier, the apparent awardee must provide the following documentation to the Procurement Officer.
 - (1) Outreach Efforts Compliance Statement (Attachment D-3)
 - (2) Subcontractor Project Participation Statement (Attachment D-4)
 - (3) If the apparent awardee has requested a waiver (in whole or in part) of the overall MBE goal or of any sub-goal as part of the previously submitted Attachment D-1, it must submit documentation supporting the waiver request that complies with COMAR 21.11.03.11.
 - (4) Any other documentation required by the Procurement Officer to ascertain bidder or offeror responsibility in connection with the certified MBE participation goal.

If the apparent awardee fails to return each completed document within the required time, the Procurement Officer may determine that the apparent awardee is not responsible and therefore not eligible for contract award. If the contract has already been awarded, the award is voidable.

CONTRACT ADMINISTRATION REQUIREMENTS

Contractor shall:

1. Submit monthly to MSRP a report listing all payments made to MBE subcontractors during the preceding 30 days, as well as any unpaid invoices, over 30 days old, received from any certified MBE subcontractor, the amount of each invoice and the reason payment has not been made (Attachment D-5).
2. Include in its agreements with its certified MBE subcontractors a requirement that those subcontractors submit monthly to MSRP a report that identifies the prime contract and lists all payments received from Contractor in the preceding 30 days, as well as any outstanding invoices, and the amount of those invoices (Attachment D-6).
3. Maintain such records as are necessary to confirm compliance with its MBE participation obligations. These records must indicate the identity of certified minority and non-minority subcontractors employed on the contract, the type of work performed by each, and the actual dollar value of work performed.
4. Consent to provide such documentation as reasonably requested and to provide right-of-entry at reasonable times for purposes of the State's representatives verifying compliance with the MBE participation obligations. Contractor must retain all records concerning MBE participation and make them available for State inspection for three years after final completion of the contract.
5. At the option of the procurement agency, upon completion of the contract and before final payment and/or release of retainage, submit a final report in affidavit form and under penalty of perjury, of all payments made to, or withheld from MBE subcontractors.

**ADDITIONAL ATTACHMENTS TO
MINORITY BUSINESS ENTERPRISE PARTICIPATION FORMS**

ATTACHMENT D-1 - *Certified MBE Utilization and Fair Solicitation Affidavit* (must be submitted with bid or offer)

ATTACHMENT D-2 - *MBE Participation Schedule* (must be submitted with bid or offer)

ATTACHMENT D-3 - *Outreach Efforts Compliance Statement* (must be submitted within 10 working days of notification of apparent award or actual award, whichever is earlier)

ATTACHMENT D-4 - *Subcontractor Project Participation Statement* (must be submitted within 10 working days of notification of apparent award or actual award, whichever is earlier)

ATTACHMENT D-5 - Maryland Supplemental Retirement Plans Minority Business Enterprise Participation – Prime Contractor Paid/Unpaid MBE Invoice Report

ATTACHMENT D-6 - Maryland Supplemental Retirement Plans Minority Business Enterprise Participation – Subcontractor Paid/Unpaid MBE Invoice Report

ATTACHMENT D-1

**CERTIFIED MBE UTILIZATION
AND FAIR SOLICITATION**

AFFIDAVIT

This document shall be included with the submittal of the bid or offer. If the bidder or offeror fails to submit this form with the bid or offer, the procurement officer shall deem the bid non-responsive or shall determine that the offer is not reasonably susceptible of being selected for award.

In conjunction with the bid or offer submitted in response to Solicitation No. MSRP – 05/2006 - Consult, I affirm the following:

1. I acknowledge the overall certified Minority Business Enterprise (MBE) participation goal of ____ percent and, if specified in the solicitation sub-goals of ____ percent for MBEs classified as African American-owned and ____ percent for MBEs classified as women-owned. I have made a good faith effort to achieve this goal.

OR

After having made a good faith effort to achieve the MBE participation goal, I conclude I am unable to achieve it. Instead, I intend to achieve an MBE goal of _____% and request a waiver of the remainder of the goal. If I submit the apparent low bid or am selected as the apparent awardee (competitive sealed proposals), I will submit written waiver documentation that complies with COMAR 21.11.03.11 within 10 business days of receiving notification that our firm is the apparent low bidder or the apparent awardee.

2. *I acknowledge that the MBE subcontractors/suppliers listed in the MBE Participation Schedule will be used to accomplish the percentage of MBE participation that I intend to achieve.*
3. I have identified the specific commitment of certified Minority Business Enterprises by completing and submitting an MBE Participation Schedule with the bid or proposal.
4. I understand that if I am notified that I am the apparent awardee, I must submit the following documentation within 10 working days of receiving notice of the potential award or from the date of conditional award (per COMAR 21.11.03.10), whichever is earlier.
 - (a) Outreach Efforts Compliance Statement (Attachment D-3)
 - (b) Subcontractor Project Participation Statement (Attachment D-4)
 - (c) MBE Waiver Documentation per COMAR 21.11.03.11 (if applicable)
 - (d) Any other documentation required by the Procurement Officer to ascertain bidder or offeror responsibility in connection with the certified MBE participation goal.

I acknowledge that if I fail to return each completed document within the required time, the Procurement Officer may determine that I am not responsible and therefore not eligible for contract award. If the contract has already been awarded, the award is voidable.

- 5. In the solicitation of subcontract quotations or offers, MBE subcontractors were provided not less than the same information and amount of time to respond as were non-MBE subcontractors.

I solemnly affirm under the penalties of perjury that the contents of this paper are true to the best of my knowledge, information, and belief.

Bidder/Offeror Name

Signature of Affiant

Address

Printed Name, Title

Date

SUBMIT THIS AFFIDAVIT WITH BID/PROPOSAL

ATTACHMENT D-2

MBE PARTICIPATION SCHEDULE

(for submission with bid or proposal)

This document shall be included with the submittal of the bid or offer. If the bidder or offeror fails to submit this form with the bid or offer, the procurement officer shall deem the bid non-responsive or shall determine that the offer is not reasonably susceptible of being selected for award.

Prime Contractor (Firm Name, Address, Phone)	Project Description
Project Number	
List Information For Each Certified MBE Subcontractor On This Project	
Minority Firm Name	MBE Certification Number
Work To Be Performed/SIC	
Percentage of Total Contract	
Minority Firm Name	MBE Certification Number
Work To Be Performed/SIC	
Percentage of Total Contract	
Minority Firm Name	MBE Certification Number
Work To Be Performed/SIC	
Percentage of Total Contract	

USE ATTACHMENT D-2 CONTINUATION PAGE AS NEEDED

SUMMARY

TOTAL MBE PARTICIPATION:	%
TOTAL WOMAN-OWNED MBE PARTICIPATION:	%
TOTAL AFRICAN AMERICAN-OWNED MBE PARTICIPATION:	%

Document Prepared By: (please print or type)
 Name: _____ Title: _____

ATTACHMENT D-3

OUTREACH EFFORTS COMPLIANCE STATEMENT

In conjunction with the bid or offer submitted in response to Solicitation No. _____, I state the following:

1. Bidder/ Offeror identified opportunities to subcontract in these specific work categories:

2. Attached to this form are copies of written solicitations (with bidding instructions) used to solicit certified MBEs for these subcontract opportunities.

3. Bidder/Offeror made the following attempts to contact personally the solicited MBEs:

4. Bidder/Offeror assisted MBEs to fulfill or to seek waiver of bonding requirements.
(DESCRIBE EFFORTS)

- This project does not involve bonding requirements.

5. Bidder/Offeror did/did not attend the pre-bid/proposal conference
 No pre-bid/proposal conference was held.

Bidder/Offeror Name

By: _____
Name

Address

Title

Date

Attachment D-4

SUBCONTRACTOR PROJECT PARTICIPATION

STATEMENT

SUBMIT ONE FORM FOR EACH CERTIFIED MBE LISTED IN THE MBE PARTICIPATION SCHEDULE

Provided that _____ is awarded the State contract in conjunction with Solicitation
Prime Contractor Name

No. _____, it and _____, MDOT Certification No. _____,
Subcontractor Name

intend to enter into a contract by which subcontractor shall:

(describe work) _____

- No bonds are required of Subcontractor
- The following amount and type of bonds are required of Subcontractor:

By: _____
Prime Contractor Signature

By: _____
Subcontractor Signature

Name

Name

Title

Title

Date

Date

This form is to be completed monthly by the **prime** contractor.

ATTACHMENT D-5
Maryland Supplemental Retirement Plans
Minority Business Enterprise Participation
Prime Contractor Paid/Unpaid MBE Invoice Report

Report #: _____ Reporting Period (Month/Year): _____ Report is due by the 15th of the following month.	Contract #: _____ Contracting Unit: _____ Contract Amount: _____ MBE Subcontract Amt: _____ Project Begin Date: _____ Project End Date: _____ Services Provided: _____
--	--

Prime Contractor:		Contact Person:	
Address:			
City:		State:	ZIP:
Phone:	FAX:		
Subcontractor Name:		Contact Person:	
Phone:	FAX:		
Subcontractor Services Provided:			
List all payments made to MBE subcontractor named above during this reporting period: 1. 2. 3. 4. Total Dollars Paid: \$ _____		List dates and amounts of any outstanding invoices: 1. 2. 3. 4. Total Dollars Unpaid: \$ _____	

**If more than one MBE subcontractor is used for this contract, please use separate forms.

Return one copy (hard or electronic) of this form to each of the below addressees (electronic is preferred):

Procurement Officer – Richard Arthur Maryland Supplemental Retirement Plans 6 Saint Paul Street, Suite 200 Baltimore, MD 21202 runger@msrp.state.md.us	
--	--

Signature: _____ Date: _____

This form is to be completed monthly by the MBE contractor.

ATTACHMENT D-6
Maryland Supplemental Retirement Plans
Minority Business Enterprise Participation
Subcontractor Paid/Unpaid MBE Invoice Report

Report#: _____ Reporting Period (Month/Year): _____ Report is due by the 15th of the following month.	Contract #: _____ Contracting Unit: _____ Contract Amount: _____ MBE Subcontract Amt: _____ Project Begin Date: _____ Project End Date: _____ Services Provided: _____
---	--

MBE Subcontractor Name:		
MDOT Certification #:		
Contact Person:		
Address:		
City:	State:	ZIP:
Phone:	FAX:	
Subcontractor Services Provided:		
List all payments received from Prime Contractor during this reporting period. 1. 2. 3. 4. Total Dollars Paid: \$ _____	List dates and amounts of any outstanding invoices. 1. 2. 3. 4. Total Dollars Unpaid: \$ _____	
Prime Contractor: _____ Contact Person: _____		

R **Return one copy (hard or electronic) of this form to each of the below addressees (electronic is preferred):**

Procurement Officer – Richard Arthur Maryland Supplemental Retirement Plans 6 Saint Paul Street, Suite 200 Baltimore, MD 21202 runger@msrp.state.md.us	
--	--

Signature: _____ Date: _____

State of Maryland
Comptroller of Maryland

Vendor Electronic Funds Transfer (EFT) Registration Request Form

Date of request _____

Business identification information (Address to be used in case of default to check):

Business/Individual name _____

Address line 1 _____

Address line 2 _____

City _____ State _____ Zip code

Taxpayer identification number:

Federal Employer Identification Number:

(or) Social Security Number:

Business contact name, title, e-mail and phone number including area code. (And address if different from above):

Financial institution information:

Name and address _____

Contact name, phone number (include area code), _____

ABA number

Account number

Checking Money Market Savings
Account type

Format Desired: _____ CCD+ _____ CTX* (Check one.)

*Note – There may be a charge to you by your bank with this format. You must contact your bank to receive this format.

A **VOIDED CHECK** from the bank account must be attached or letter from the bank confirming the account number.

(OVER)

Transaction requested:

1. ___ Initiate all disbursements via EFT to the above account.
2. ___ Discontinue disbursements via EFT, effective _____
3. ___ Change the bank account to above information – a copy of the approved Registration Form for the previous bank account must be attached.

I am authorized by * _____ (hereinafter Company) to make the representations contained in this paragraph. Company authorizes the Comptroller and the Treasurer of Maryland to register it for electronic funds transfer (EFT) using the information contained in this registration form. Company agrees to receive all funds from the State of Maryland by electronic funds transfer according to the terms of the EFT program. Company agrees to return to the State of Maryland any EFT payment incorrectly disbursed by the State of Maryland to the Company's account. Company agrees to hold harmless the State of Maryland and its agencies and departments for any delays or errors caused by inaccurate or outdated registration information or by the financial institution listed above.

*Name of registering business entity

Signature of individual, company treasurer, controller, or chief financial officer and date

Completed by GAD/STO

Date Received _____

GAD registration information verified _____ Date to STO _____

STO registration information verified _____ Date to GAD _____

R*STARS Vendor No. and Mail Code Assigned:

State Treasurer's Office approval date

General Accounting Division approval date

To Requestor:

Please retain a copy of this form for your records. Please allow approximately 30 days from the date of your request for the Comptroller's and Treasurer's Offices to process your request. Failure to maintain current information with this office could result in errors in payment processing. If you have any questions, please call the EFT registration desk at 410-260-7375.

Please submit form to: EFT Registration, General Accounting Division
Room 205, P.O. Box 746
Annapolis, Maryland 21404-0746

(or) Fax: 410-974-2309

Instructions: Electronic Funds Transfer instructions are located: <http://compnet.comp.state.md.us/gad>. Questions may be requested by email, gad@comp.state.md.us. Or call 1-888-784-0144.
COT/GAD X-10

**MARYLAND STATE EMPLOYEES
DEFERRED COMPENSATION PLAN
SECTION 457
Baltimore, Maryland**

**FINANCIAL STATEMENTS
December 31, 2004 and 2003**

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Independent Auditor's Report

The Board of Trustees
Maryland Teachers and State Employees
Supplemental Retirement Plans

We have audited the accompanying statements of net assets available for plan benefits of the Maryland State Employees Deferred Compensation Plan (the Plan), a fiduciary fund of the State of Maryland as of December 31, 2004 and 2003, and the related statements of changes in net assets available for plan benefits for the years then ended, which collectively comprise the Plan's basic financial statements. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our 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 financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits as of December 31, 2004 and 2003, and the changes in net assets available for plan benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

Clifton Gunderson LLP

Baltimore, Maryland
March 31, 2005

**MARYLAND STATE EMPLOYEES
DEFERRED COMPENSATION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis of the Maryland State Employees Deferred Compensation Plan financial performance provides an overview of the Plan's financial activities for the years ended December 31, 2004 and 2003. Please read it in conjunction with the Plan's financial statements, which follow this section.

Financial Highlights

- Net assets available for plan benefits increased by \$65.3 million during the current year from \$1.062 billion at December 31, 2003 to \$1.128 billion at December 31, 2004.
- The Plan had a net investment gain of \$152 million for the year ended December 31, 2003 and an \$89 million investment gain for the year ended December 31, 2004. These investment gains are attributable to the favorable market conditions.
- Employee contributions increased from \$53 million for the year ended December 31, 2003 to \$55 million for the year ended December 31, 2004.
- Mutual fund rebates remained constant at \$1.1 million for the year ended December 31, 2004.
- Distributions to participants increased from \$65.8 million for the year ended December 31, 2003 to \$76.9 million for the year ended December 31, 2004.
- Administrative expenses decreased from \$2.9 million for the year ended December 31, 2003 to \$2.6 million for the year ended December 31, 2004.

Overview of the Financial Statements

This financial report consists of the Statements of Net Assets Available for Plan Benefits and the Statements of Changes in Net Assets Available for Plan Benefits. These statements provide information about the financial position and activities of the Plan as a whole. These amounts are included in the Statement of Fiduciary Net Assets on the State of Maryland's financial statements.

**MARYLAND STATE EMPLOYEES
DEFERRED COMPENSATION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

The Plan's net assets available for plan benefits increased during the year ended December 31, 2004 by \$65,346,458 from \$1,062,800,364 to \$1,128,146,822. This increase relates to favorable market conditions. The analysis below focuses on net assets available for plan benefits (Table 1) and changes in net assets available for plan benefits (Table 2).

**Table 1
Net Assets Available for Plan Benefits**

	2004	2003
Investments	\$ 1,118,042,168	\$ 1,056,020,926
Cash surrender value of life insurance contracts	3,912,494	4,123,709
Cash	887,757	-
Receivables	5,336,759	2,694,029
Total assets	1,128,179,178	1,062,838,664
Accounts payable	32,356	38,300
Net assets available for plan benefits	\$ 1,128,146,822	\$ 1,062,800,364

**Table 2
Changes in Net Assets Available for Plan Benefits**

	2004	2003
Additions:		
Employee contributions	\$ 55,252,547	\$ 53,138,993
Mutual fund rebates	1,093,117	1,031,594
Net investment gain	88,629,416	152,088,972
Deductions:		
Distributions	76,922,437	65,777,380
Administrative expenses	2,609,053	2,892,684
Life insurance premiums	97,132	113,026
Increase in plan net assets	\$ 65,346,458	\$ 137,476,469

Financial Contact

The Plan's financial statements are designed to present users with a general overview of the Plan's finances and to demonstrate the trustee's accountability. If you have questions about the report or need additional financial information, contact the Chief Financial Officer of the Maryland Teachers and State Employees Retirement Plans at the William Donald Schaefer Tower, Suite 200, 6 St. Paul Street, Baltimore, Maryland 21202-1608.

**MARYLAND STATE EMPLOYEES
DEFERRED COMPENSATION PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
Years Ended December 31, 2004 and 2003**

	2004	2003
ASSETS		
INVESTMENTS	\$1,118,042,168	\$1,056,020,926
CASH SURRENDER VALUE OF LIFE INSURANCE CONTRACTS	3,912,494	4,123,709
CASH	887,757	-
RECEIVABLES		
Employee contributions	24,848	254,369
Asset fees	175,969	154,837
Loans receivable	5,135,942	2,284,823
TOTAL ASSETS	1,128,179,178	1,062,838,664
LIABILITIES		
ACCOUNTS PAYABLE	32,356	38,300
NET ASSETS AVAILABLE FOR PLAN BENEFITS	\$1,128,146,822	\$1,062,800,364

These financial statements should be read only in connection with
the accompanying summary of significant accounting policies
and notes to financial statements

**MARYLAND STATE EMPLOYEES
DEFERRED COMPENSATION PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
Years Ended December 31, 2004 and 2003**

	2004	2003
ADDITIONS TO NET ASSETS ATTRIBUTED TO		
Employee contributions	\$ 55,252,547	\$ 53,138,993
Mutual fund rebates	1,093,117	1,031,594
Investment income:		
Mutual fund investment income	64,794,142	127,713,666
Interest income:		
Nationwide fixed annuities	6,148,988	6,608,137
Investment contract pools	12,704,122	14,771,070
Annuity payout reserves	4,997,892	2,876,270
Loan income	159,335	33,033
Change in cash surrender value of life insurance	(175,063)	86,796
 Total additions	 144,975,080	 206,259,559
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO		
Distributions to participants	76,922,437	65,777,380
Administrative expenses	2,609,053	2,892,684
Life insurance premiums	97,132	113,026
 Total deductions	 79,628,622	 68,783,090
 NET INCREASE	 65,346,458	 137,476,469
 NET ASSETS AVAILABLE FOR PLAN BENEFITS, BEGINNING OF YEAR	 1,062,800,364	 925,323,895
 NET ASSETS AVAILABLE FOR PLAN BENEFITS, END OF YEAR	 <u>\$ 1,128,146,822</u>	 <u>\$ 1,062,800,364</u>

These financial statements should be read only in connection with
the accompanying summary of significant accounting policies
and notes to financial statements

**MARYLAND STATE EMPLOYEES
DEFERRED COMPENSATION PLAN
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
December 31, 2004 and 2003**

General

The Maryland State Employees Deferred Compensation Plan (the Plan) was established by an executive order of the Governor of the State of Maryland on August 15, 1974. The 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 the Plan's Board of Trustees (the Board).

Contributions

Under the Plan provisions, eligible employees, as defined under Title 35 of the Maryland code, may contribute to the Plan through payroll deductions. In accordance with Section 457 of the Internal Revenue Code (IRC), the Plan limits the amount of an individual's annual contributions to an amount not to exceed the lesser of \$13,000 or 100% of the individual's gross annual salary, or if appropriate, adjusted gross salary. Individuals age 50 or over may make an additional "catch-up" contribution effective for tax years after December 31, 2001. For 2004, the additional "catch-up" contribution is \$3,000. An additional catch-up is allowed for previous missed contributions for participants within three years of retirement. Amounts contributed by employees are deferred for federal and state income tax purposes until benefits are paid to the employees. An employee's interest in his/her account is fully vested at all times. The State of Maryland (the State) does not make any contributions to the Plan but the State has the option to make certain matching contributions to a separate tax qualified 401(a) plan (The State of Maryland Match Plan) contingent on employee contributions to this Plan. The State offers additional deferred compensation plans and individuals may be subject to aggregate contribution limitations based on participation in these plans.

Employee contributions receivable represent amounts withheld from employees' pay but not remitted to the investment carriers at December 31. Contributions are credited by the applicable investment carrier upon receipt from the State.

Participant Accounts

Under provisions of the Small Business Job Protection Act of 1996 (SBJPA), which became effective for plan years beginning after December 31, 1996, assets of IRC Section 457 plans must be held in a trust, custodial account, or annuity contract for the exclusive benefit of employees and beneficiaries. At December 31, 2004 and 2003, the Plan met the requirements of the SBJPA.

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

- Investment contract pool consisting of various fixed earnings investments underwritten by various insurance and other financial institutions.
- Variable earnings investments consisting of various mutual funds.

**MARYLAND STATE EMPLOYEES
DEFERRED COMPENSATION PLAN
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
December 31, 2004 and 2003**

Participant Accounts (Continued)

- Annuity payout options offered by Nationwide® Life Insurance Company (Nationwide Life) and Metropolitan Life Insurance Company (Metropolitan Life).

Some of the Plan's investments are still held in certain investment options, listed below, which are not available for new deferrals.

- Fixed annuities underwritten by Nationwide Life.
- Life insurance contracts underwritten by Unum Life Insurance Company of America (Unum Life), formerly Commercial Life Insurance Company. Existing life insurance contracts are eligible for premium payments through salary deferral.

Payment of Benefits

Employees investing in the Plan may withdraw the value of their accounts upon termination of employment with the State, because of financial hardship, if approved by the Board, or in order to satisfy minimum distribution requirements of the IRC.

Employees are eligible to receive benefits under the Plan subject to Internal Revenue Service regulations at the time they separate from service or suffer disability. Upon such separation or disability, employees may select various payout options, which include lump sum, periodic or annuity payments. Purchased annuity payout options are offered by Nationwide Life and Metropolitan Life.

At retirement or termination of employment, employees investing in life insurance contracts 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 the death of an employee, the face value of the insurance contract is payable to the beneficiary.

In the case of death, with certain exceptions, any amount due under the participant's account is paid to the beneficiary or the estate.

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

**MARYLAND STATE EMPLOYEES
DEFERRED COMPENSATION PLAN
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
December 31, 2004 and 2003**

Participant Loans

Participants may borrow from their accrued benefit balance in accordance with applicable IRS regulations. The maximum amount a participant may borrow is equal to the lesser of (a) 50% of their accrued benefit, or (b) \$50,000. Interest on the loan is determined by the Board but not to exceed the maximum rate permitted under all applicable laws.

All loans must be repaid on a periodic basis not less than quarterly over a period not to exceed five years, with the exception of loans used to acquire, construct, reconstruct or substantially rehabilitate a dwelling that is to be used as a principal residence. Such loans shall provide for repayment over a period not to exceed fifteen years.

Significant accounting policies followed by the Plan are as follows:

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 and present the net assets available for plan benefits and the net changes in those assets.

USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

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.

INVESTMENT VALUATION

The investment contract pools are valued at cost plus interest credited. The investment contract pool is managed by an affiliate of the insurance company ING under a management agreement. It consists of book value instruments such as investment contracts, pooled funds and separate account insurance and or bank investment contracts. New contracts are awarded periodically based upon a competitive bid process. Selection criteria for investment contract providers includes the size and financial stability of the carrier and the interest rate guaranteed for the contract period. During 1997, a Master Trust was established to hold the investment contract pools underlying this investment option. Under the Master Trust arrangement, contributions of participants who elect this investment option for 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 trust. Each Plan has an undivided interest in the investment contract pools held by the trust and each Plan's ownership is represented by its proportionate dollar interest. Interest rates are reset quarterly based on prior quarters' performance.

**MARYLAND STATE EMPLOYEES
DEFERRED COMPENSATION PLAN
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
December 31, 2004 and 2003**

INVESTMENT VALUATION (CONTINUED)

Other fixed earnings investments are valued at contract value, which represents contributions received plus interest earned to date less applicable charges and amounts withdrawn.

Variable earnings investments are presented at fair value based on published quotations or net asset value as provided by the investment carrier. Purchases and sales of investments are recorded on a trade-date basis.

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

CASH SURRENDER VALUE

Participants have made premium payments on life insurance contracts through salary deferral. The cash surrender value of these contracts are based on reporting by the life insurance company.

MUTUAL FUND REBATES

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

This information is an integral part of the
accompanying financial statements.

**MARYLAND STATE EMPLOYEES
DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003**

NOTE 1 – INVESTMENTS AND DEPOSITS

Investments held by the Plan including a discontinued group insurance contract and annuity reserves held by Nationwide Life and Metropolitan Life, agents of the Plan, at December 31, 2004 and 2003, were as follows:

	<u>Fair and Carrying Value</u>	
	<u>2004</u>	<u>2003</u>
Fixed earnings investment – Investment contract pool	\$ 328,052,247	\$ 313,501,884
Variable earnings investments:		
Legg Mason Value Trust Fund, Inc. – Institutional Class	112,155,720	101,277,012
Washington Mutual Investors Fund, Inc. SM – Class A	103,500,565	96,552,257
Fidelity Puritan Fund	94,029,669	88,253,147
Fidelity Growth and Income Portfolio	76,971,541	76,297,874
Vanguard Institutional Index Fund – Institutional Shares	74,980,279	70,257,661
AIM Dynamics Fund – Investors Class	48,434,035	48,207,446
T. Rowe Price Small-Cap Stock Fund, Inc.	24,329,651	17,898,531
Euro Pacific Growth Fund – Class A	23,821,109	18,945,967
The Growth Fund of America – Class A	20,796,855	16,791,267
Scudder Flag Investors Value Builder Fund, Inc. – Institutional	14,863,079	14,578,929
Delaware Group Trend Fund, Inc. – Trend Fund Institutional	12,532,470	12,214,496
Lord Abbett Mid-Cap Value Fund – Class A	10,330,763	2,412,630
Federated U.S. Government Securities Fund. – 2 to 5 years institutional shares	10,013,709	12,304,536
T. Rowe Price International Funds, Inc.– International Stock Fund	4,456,633	4,178,597
PIMCO Total Return Fund – Institutional Shares	3,099,360	1,985,261
AIM Equity Funds, Inc. – AIM Constellation Fund – Class A	3,656	4
	<u>962,371,341</u>	<u>895,657,499</u>
Nationwide Life annuity payout reserves	29,196,302	31,401,468
Metropolitan Life annuity payout reserves	6,930,630	5,873,717
Discontinued investment option - Nationwide Life Fixed Annuities	<u>119,543,895</u>	<u>123,088,242</u>
Total investments	<u>\$1,118,042,168</u>	<u>\$ 1,056,020,926</u>

The Nationwide Life fixed annuities reflect investments made by the Plan under fixed insurance contracts with Nationwide Life.

**MARYLAND STATE EMPLOYEES
DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003**

NOTE 1 – INVESTMENTS AND DEPOSITS (CONTINUED)

Investment contract pool interest income 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 administration expenses charged by the Administrator and the Board of the Plan. The blended gross interest rate was 4.00% at December 31, 2004 and ranged from 4.00% to 4.25% during the year then ended (4.55% at December 31, 2003 and ranged from 4.55% to 5.30% during the year then ended).

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 5.10% at December 31, 2004 and ranged from 5.10% to 5.30% for the year then ended and 5.35% at December 31, 2003 and ranged from 5.65% to 5.35% during the year then ended.

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

Earnings are accrued to individual participants' accounts based upon the investment performance of the specific options selected.

Title 35 of the State Personnel & Pensions Article of the Maryland code defines the types of securities authorized as appropriate investments for the Plan and the conditions for making investment transactions. The Plan is authorized to invest in regulated investment companies, annuity or investment contracts, real estate investment trust funds and common investment pools composed of stocks or bonds, whether such funds are managed by the Board itself or other entities selected by the Board.

The Plan conforms to the reporting requirements of Governmental Accounting Standards Board Statement No. 40. As of December 31, 2004 the Plan had the following investments and maturities in its investment contract pool and four of its mutual funds which include investments in bonds.

	Fair Value	Weighted Average Maturity
Investment Contract Pool	\$ 328,052,247	3.50 years
Mutual funds:		
Fidelity Puritan Fund	94,029,669	3.90
Scudder Flag Investment Value Builder Fund, Inc.	14,863,079	4.90
Federated US Government Securities Fund – 2 to 5 years institutional shares	10,013,709	3.70
PIMCO Total Return Fund – Institutional shares	3,099,360	4.51

**MARYLAND STATE EMPLOYEES
DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003**

NOTE 1 – INVESTMENTS AND DEPOSITS (CONTINUED)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Since all investments are participant directed, all risks exist at the participant level. Each individual within the Plan has the ability to liquidate their positions on demand and have responsibility for managing their exposure to fair value loss.

The investment contract pool and the mutual funds are unrated.

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Plan'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, or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the Plan's name.

All deposits of the Plan are held on behalf of the Plan by the State of Maryland in accordance with the formal deposit policy for custodial credit risk of the State and are not exposed to custodial credit risk as defined by Governmental Accounting Standards Board Statement No. 40.

NOTE 2 - LIFE INSURANCE

The amount of life insurance in force with Unum Life was approximately \$14,264,601 and \$15,786,000 at December 31, 2004 and 2003, respectively.

NOTE 3 - ADMINISTRATIVE EXPENSES

The Board has appointed Nationwide[®] Retirement Solutions, Inc. (NRS), as the Plan administrator under an administrative services contract. NRS is a subsidiary of Nationwide Financial Services, Inc., the owner of Nationwide Life and provider of certain fixed annuities to the Plan.

The current five year contract with NRS to provide administrative services to the Plan (and certain related plans) under Board authority became effective January 1, 2003. Under the agreement, NRS provides administrative services to the Plan, such as account statements, monitoring the Plan's financial transactions, participant relations, and general management. Fees were charged by NRS at an annual rate of .23% in 2004 and 2003 against the variable, investment contract pool and fixed annuity assets.

**MARYLAND STATE EMPLOYEES
DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003**

NOTE 3 - ADMINISTRATIVE EXPENSES (CONTINUED)

During 2004 and 2003, an additional charge of .11%, was imposed by the Board for its expenses (staff, auditor, consultants, education and other administrative expenses). A fee of \$6 per participant was assessed to meet the operating costs of the Plan in 2003. The fees are collected directly from participant's accounts. The annual cap on participant charges was \$1,700 and \$1,600 for 2004 and 2003, respectively.

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

The cash balance in the accompanying financial statements for the year ended December 31, 2004 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. The cash reserve balance was \$887,759 as of December 31, 2004. The cash reserve deficit balance was \$18,018 as of December 31, 2003 and is included in accounts payable. The Board operates its administrative budget on a June 30 fiscal year and thus may be in deficit at the end of the plan year. In addition, the appropriated 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.

NOTE 4 - TAX STATUS

The United States Treasury Department advised on January 17, 1975, that the Plan constituted a qualified deferred compensation plan under the IRC and, therefore, the amounts of compensation deferred by employees participating in the Plan 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. The Treasury Department has reaffirmed the tax status of the Plan on different occasions in connection with plan amendments, the latest being May 25, 1976. In the opinion of legal counsel, the Plan continues to be a qualified deferred compensation plan under Section 457 of the IRC.

The Department of Health, Education and Welfare advised on September 26, 1974, that amounts deferred under the Plan represent remuneration for employment and, therefore, constitute wages under Section 209 of the Social Security Act. Consequently, the amounts deferred are subject to social security taxes in the year deferred. The Department of Health, Education and Welfare further advised that under Section 203(b) of the Social Security Act, benefit payments under the Plan do not constitute earnings and thus are not subject to social security taxes in the year received.

This information is an integral part of the
accompanying financial statements.

STATE OF MARYLAND
TAX SHELTERED ANNUITY PLAN
SECTION 403(b)
Baltimore, Maryland

FINANCIAL STATEMENTS
December 31, 2004 and 2003

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Independent Auditor's Report

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

We have audited the accompanying statements of net assets available for plan benefits of the State of Maryland Tax Sheltered Annuity Plan (the Plan), a fiduciary fund of the State of Maryland as of December 31, 2004 and 2003, and the related statements of changes in net assets available for plan benefits for the years then ended, which collectively comprise the Plan's basic financial statements. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our 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 financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 2004 and 2003, and the changes in net assets available for plan benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

Clifton Gunderson LLP

Baltimore, Maryland
March 31, 2005

STATE OF MARYLAND
TAX SHELTERED ANNUITY PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the State of Maryland Tax Sheltered Annuity Plan's financial performance provides an overview of the Plan's financial activities for the years ended December 31, 2004 and 2003. Please read it in conjunction with the Plan's financial statements, which follow this section.

Financial Highlights

- Net assets available for plan benefits increased by approximately \$4.3 million during the current year from \$63 million at December 31, 2003 to approximately \$67.3 million at December 31, 2004.
- The Plan had a net investment gain of \$12.3 million for the year ended December 31, 2003 and a net investment gain of \$6.2 million for the year ended December 31, 2004. These investment gains are attributable to favorable market conditions.
- Employee contributions decreased slightly between 2004 and 2003.
- Mutual fund rebates increased from \$83,000 during 2003 to \$122,000 for 2004.
- Distributions to participants increased from \$3.5 million for 2003 to \$4.4 million for 2004.
- Administrative expenses increased from \$199,000 in 2003 to \$219,000 in 2004.

Overview of the Financial Statements

This financial report consists of the Statements of Net Assets Available for Plan Benefits and the Statements of Changes in Net Assets Available for Plan Benefits. These statements provide information about the financial position and activities of the Plan as a whole. These amounts are included in the Statement of Fiduciary Net Assets on the State of Maryland's financial statements.

STATE OF MARYLAND
TAX SHELTERED ANNUITY PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

The Plan's net assets available for plan benefits increased during the year ended December 31, 2004 by \$4,361,227 from \$62,962,338 to \$67,323,565. This increase relates primarily to favorable market conditions and employee contributions partially offset by distributions to participants. The analysis below summarizes the net assets available for plan benefits (Table 1) and the changes in net assets available for plan benefits (Table 2).

Table 1
Net Assets Available for Plan Benefits

	2004	2003
Investments	\$ 67,138,365	\$ 62,668,745
Receivables	185,200	293,593
Net assets available for plan benefits	\$ 67,323,565	\$ 62,962,338

Table 2
Changes in Net Assets Available for Benefits

	2004	2003
Additions:		
Employee contributions	\$ 2,637,312	\$ 2,661,956
Mutual fund rebates	122,028	83,478
Net investment gain	6,237,768	12,292,184
Deductions:		
Distributions	4,416,482	3,513,266
Administrative expenses	219,399	199,478
Increase in net assets	\$ 4,361,227	\$ 11,324,874

Financial Contact

The Plan's financial statements are designed to present users with a general overview of the Plan's finances and to demonstrate the trustee's accountability. If you have questions about the report or need additional financial information, contact the Chief Financial Officer of the Maryland Teachers and State Employees Retirement Plans at the William Donald Schaefer Tower, Suite 200, 6 St. Paul Street, Baltimore, Maryland 21202-1608.

STATE OF MARYLAND
TAX SHELTERED ANNUITY PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
Years Ended December 31, 2004 and 2003

ASSETS	2004	2003
	2004	2003
INVESTMENTS		
Fixed earnings investment, at contract value		
Great-West Fixed Investment Fund	\$ 5,522,734	\$ 5,666,720
Variable earnings investments, at fair value:		
Legg Mason Value Trust Fund, Inc. – Institutional Shares	12,015,440	11,134,125
Fidelity Puritan Fund	8,841,033	8,223,011
Washington Mutual Investors Fund SM , Inc. – Class A	8,672,471	7,931,978
Vanguard Institutional Index Fund – Institutional Shares	5,836,392	5,658,787
Fidelity Growth and Income Portfolio	5,718,172	5,453,378
AIM Dynamics Fund – Investors Class	5,538,541	5,667,601
Vanguard Prime Money Market Fund – Investor Shares	4,528,707	4,803,703
Euro Pacific Growth Fund – Class A	2,762,734	2,172,991
Scudder Flag Investors Value Builder Fund, Inc. – Institutional	1,830,560	1,597,308
The Growth Fund of America®, Inc. – Class A	1,578,326	1,176,443
T. Rowe Price Small-Cap Stock Fund, Inc.	1,534,109	1,476,785
Delaware Trend Fund, Inc. – Trend Fund Institutional	1,132,207	1,080,402
Lord Abbett Mid-Cap Value Fund – Class A	705,533	194,222
PIMCO Total Return Fund – Institutional Shares	443,798	213,235
T. Rowe Price International Funds, Inc. – International Stock Fund	297,343	268,490
Federated US Government Securities Fund: 2-5 years institutional shares	181,006	405
Suspense	(741)	(50,839)
Total variable earnings investments	61,615,631	57,002,025
Total investments	67,138,365	62,668,745
RECEIVABLES		
Contributions receivable	2,917	65,350
Loans receivable	182,283	228,243
Total receivables	185,200	293,593
NET ASSETS AVAILABLE FOR PLAN BENEFITS	\$ 67,323,565	\$ 62,962,338

These financial statements should be read only in connection
with the accompanying summary of significant accounting
policies and notes to financial statements.

STATE OF MARYLAND
TAX SHELTERED ANNUITY PLAN
STATEMENTS OF CHANGES IN NET ASSETS
AVAILABLE FOR PLAN BENEFITS
Years Ended December 31, 2004 and 2003

	2004	2003
ADDITIONS TO NET ASSETS ATTRIBUTED TO		
Employee contributions	\$ 2,637,312	\$ 2,661,956
Mutual fund rebates	122,028	83,478
Investment income:		
Mutual fund investment income	5,974,048	12,007,488
Interest income	263,720	284,696
	<u>8,997,108</u>	<u>15,037,618</u>
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO		
Distributions to participants	4,416,482	3,513,266
Administrative expenses	219,399	199,478
	<u>4,635,881</u>	<u>3,712,744</u>
NET INCREASE	4,361,227	11,324,874
NET ASSETS AVAILABLE FOR PLAN BENEFITS, BEGINNING OF YEAR	<u>62,962,338</u>	<u>51,637,464</u>
NET ASSETS AVAILABLE FOR PLAN BENEFITS, END OF YEAR	<u>\$ 67,323,565</u>	<u>\$ 62,962,338</u>

These financial statements should be read only in connection
with the accompanying summary of significant accounting
policies and notes to financial statements.

STATE OF MARYLAND
TAX SHELTERED ANNUITY PLAN
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
December 31, 2004 and 2003

General

The State of Maryland (the State) Tax Sheltered Annuity Plan (the Plan) was established by the Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plan (the Board) pursuant to Title 35 of the State Personnel & Pensions Article of the Maryland Code.

Contributions

Under Plan provisions, eligible employees of the State or any governmental agencies of the State may contribute to the Plan through payroll deductions, so long as they are eligible to purchase a 403(b) contract or custodial account under federal tax law. In accordance with Section 403(b) of the Internal Revenue Code (the Code), the Plan limits the amount of an individual's annual contributions to the lesser of \$13,000, an employee's maximum exclusion allowance (as defined), or 100% of compensation (as defined). Individuals age 50 or over may make an additional "catch-up" contribution effective for tax years after December 31, 2001. For 2004, the additional "catch-up" contribution is \$3,000. An additional catch-up is allowed for previous missed contributions for participants with extended service with the State of Maryland. Amounts contributed by employees are deferred for federal and state income tax purposes until benefits are paid to the employees. The State offers additional deferred compensation plans and individuals may be subject to aggregate contribution limitations based on participation in these plans.

Employee contributions receivable represent amounts withheld from employees' pay but not remitted to the investment carriers at December 31. Contributions are credited by the applicable investment carrier upon receipt from the State.

Participant Accounts

Employee contributions are fully vested at all times. The State does not make any contributions to the Plan but the State has the election to make certain matching contributions to a separate tax qualified 401(a) Plan (The State of Maryland Match Plan) contingent on employee contributions to this plan.

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

- Variable earnings investments consisting of various mutual funds.
- Fixed earnings investment fund underwritten by Great-West Life Assurance Company (Great-West). This investment option is no longer available for new contributions in the Plan.

Payment of Benefits

Employees may withdraw the value of their accounts upon termination of employment with the State or because of financial hardship if approved by the Board.

STATE OF MARYLAND
TAX SHELTERED ANNUITY PLAN
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
December 31, 2004 and 2003

Payment of Benefits – (CONTINUED)

Employees are eligible to receive benefits under the Plan subject to Internal Revenue Service regulations upon termination of employment with the employer, attainment of age 59 1/2, retirement, death, disability, or financial hardship. Employees may select various payout options as provided under the Plan.

In the case of death, with certain exceptions, any amount due under the participant's account is paid to the participant's beneficiary or the participant's estate.

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

Participant Loans

Participants may borrow from their accrued benefit balance in accordance with applicable IRS regulations. The maximum amount a participant may borrow is equal to the lesser of (a) 50% of his or her accrued benefit, or (b) \$50,000. Interest on the loan is determined by the Board but not to exceed the maximum rate permitted by all applicable laws.

All loans must be repaid on a periodic basis not less than quarterly over a period not to exceed five years, with the exception of loans used to acquire, construct, reconstruct or substantially rehabilitate a dwelling that is to be used as a principal residence. Such loans shall provide for repayment over a period not to exceed fifteen years.

Significant accounting policies followed by the Plan are as follows:

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 and present the net assets available for plan benefits and the net changes in those assets.

USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

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.

INVESTMENT VALUATION AND INCOME RECOGNITION

Variable earnings investments are presented at fair value based on published quotations or net asset value as provided by the investment carrier. All purchases and sales of investments are recorded on a trade-date basis. All investments are held in the Plan's name by Bank of America, the custodian for the Plan.

The suspense balance consists of amounts pending investment or distribution.

STATE OF MARYLAND
TAX SHELTERED ANNUITY PLAN
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
December 31, 2004 and 2003

MUTUAL FUND REBATES

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

This information is an integral part of the
accompanying financial statements.

STATE OF MARYLAND
TAX SHELTERED ANNUITY PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

NOTE 1 – INVESTMENTS AND INVESTMENT INCOME

Title 35 of the State Personnel & Pensions Article of the Maryland code defines the types of securities authorized as appropriate investments for the Plan and the conditions for making investment transactions. The Plan is authorized to invest in regulated investment companies, annuity or investment contracts, real estate investment trust funds and common investment pools composed of stocks or bonds, whether such funds are managed by the Board itself or other entities selected by the Board.

The Plan conforms to the reporting requirements of Governmental Accounting Standards Board Statement No. 40. As of December 31, 2004 the Plan had the following investments and maturities in five of its mutual funds which include investments in bonds.

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Fidelity Puritan Fund	\$ 8,841,033	3.90
Vanguard Prime Money Market Fund – Investors shares	4,528,707	38 days
Scudder Flag Investment Value Builder Fund, Inc.	1,830,560	4.90
PIMCO Total Return Fund – Institutional shares	443,798	4.51
Federated US Government Securities Fund – 2 to 5 years institutional shares	181,006	3.70

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Since all investments are participant directed, all risks exist at the participant level. Each individual within the Plan have the ability to liquidate their positions on demand and have responsibility for managing their exposure to fair value loss.

The mutual funds are unrated.

The fixed earnings investment is valued at contract value, which represents cost plus interest credited at guaranteed rates (subject to quarterly market adjustments, as reported by Great-West at December 31). These amounts are credited to the participants' 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 4.00% in 2004 and 2003, respectively.

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

Earnings are accrued to individual participants' accounts based upon the investment performance of the specific options selected.

STATE OF MARYLAND
TAX SHELTERED ANNUITY PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

NOTE 2 - ADMINISTRATIVE EXPENSES

The Board has appointed Nationwide® Retirement Solutions, Inc. (NRS), as the Plan administrator under an administrative services contract. NRS is a subsidiary of Nationwide Financial Services, Inc., the owner of Nationwide Life Insurance Company.

The current five year contract with NRS to provide administrative services to the Plan (and certain related plans) under Board authority became effective January 1, 2003. Under the agreement, NRS provides administrative services to the Plan, such as account statements, monitoring the Plan's financial transactions, participant relations, and general management. Fees were charged by NRS at an annual rate of .23% in 2004 and 2003 against the variable, investment contract pool and fixed annuity assets. During 2004 and 2003, an additional charge of .11%, was imposed by the Board for its expenses (staff, auditor, consultants, education and other administrative expenses). A fee of \$6 per participant was assessed to meet the operating costs of the Plan in 2003. The fees are collected directly from participant's accounts. The annual cap on participant charges was \$1,700 and \$1,600 for 2004 and 2003, respectively.

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

NOTE 3 - TAX STATUS

In the opinion of the State's legal counsel, the Plan is a qualified tax sheltered annuity plan under Section 403(b) of the Code and, therefore, the amounts of compensation contributed by the employees participating in the Plan 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.

This information is an integral part of the
accompanying financial statements.

THE STATE OF MARYLAND
SAVINGS AND INVESTMENT PLAN
SECTION 401(k)
Baltimore, Maryland

FINANCIAL STATEMENTS
December 31, 2004 and 2003

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Independent Auditor's Report

The Board of Trustees
Maryland Teachers and State Employees
Supplemental Retirement Plans

We have audited the accompanying statements of net assets available for plan benefits of The State of Maryland Savings and Investment Plan (the Plan), a fiduciary fund of the State of Maryland as of December 31, 2004 and 2003, and the related statements of changes in net assets available for plan benefits for the years then ended, which collectively comprise the Plan's basic financial statements. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our 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 financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2004 and 2003, and the changes in net assets available for plan benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

Clifton Gunderson LLP

Baltimore, Maryland
March 31, 2005

THE STATE OF MARYLAND
SAVINGS AND INVESTMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of The State of Maryland Savings and Investment Plan's financial performance provides an overview of the Plan's financial activities for the years ended December 31, 2004 and 2003. Please read it in conjunction with the Plan's financial statements, which follow this section.

Financial Highlights

- Net assets available for plan benefits increased from \$595 million at December 31, 2003 to \$710 million at December 31, 2004.
- The Plan had a net investment gain of \$102.9 million for the year ended December 31, 2003 and a \$61.2 million gain for the year ended December 31, 2004. These investment gains are attributable to the favorable market conditions.
- Employee contributions decreased from \$85.5 million for the year ended December 31, 2003 to \$84.7 million for the year ended December 31, 2004.
- Mutual fund rebates decreased from \$687,000 for 2003 to \$665,000 for 2004.
- Distributions to participants increased from \$27.6 million for 2003 to \$29.3 million for 2004.
- Administrative expenses increased from \$1.9 million for 2003 to \$2.1 million for 2004.

Overview of the Financial Statements

This financial report consists of the Statements of Net Assets Available for Plan Benefits and the Statements of Changes in Net Assets Available for Plan Benefits. These statements provide information about the financial position and activities of the Plan as a whole. These amounts are included in the Statement of Fiduciary Net Assets on the State of Maryland's financial statements.

THE STATE OF MARYLAND
SAVINGS AND INVESTMENT PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

The Plan's net assets available for plan benefits increased during the year ended December 31, 2004 by \$115,055,460 from \$594,654,567 to \$709,710,027. This increase is a result of favorable market conditions and by increases in employees contributions partially offset by distributions to participants. The analysis below summarizes net assets available for plan benefits (Table 1) and changes in net assets available for plan benefits (Table 2).

Table 1
Net Assets Available for Plan Benefits

	2004	2003
Investments	\$ 703,641,411	\$ 589,412,646
Receivables	6,068,616	5,241,921
Cash and cash equivalents	50,607	50,607
Total assets	709,760,634	594,705,174
Accounts payable	50,607	50,607
Net assets available for plan benefits	\$ 709,710,027	\$ 594,654,567

Table 2
Changes in Net Assets Available for Plan Benefits

	2004	2003
Additions:		
Employee contributions	\$ 84,646,299	\$ 85,530,045
Mutual fund rebates	665,007	686,974
Net investment gain	61,227,785	102,909,184
Deductions:		
Distributions	29,311,067	27,629,302
Administrative expenses	2,172,564	1,873,474
Increase in plan net assets	\$ 115,055,460	\$ 159,623,427

Financial Contact

The Plan's financial statements are designed to present users with a general overview of the Plan's finances and to demonstrate the trustee's accountability. If you have questions about the report or need additional financial information, contact the Chief Financial Officer of the Maryland Teachers and State Employees Retirement Plans at the William Donald Schaefer Tower, Suite 200, 6 St. Paul Street, Baltimore, Maryland 21202-1608.

Attachment F

THE STATE OF MARYLAND SAVINGS AND INVESTMENT PLAN **Page 33 of 52**
STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
December 31, 2004 and 2003

	2004	2003
ASSETS		
INVESTMENTS		
Fixed Earnings Investments:		
Contract Pool	\$159,661,086	\$135,428,861
Variable earnings investments, at fair value:		
Legg Mason Value Trust Fund, Inc. – Institutional Class	104,224,905	84,093,273
Vanguard Institutional Index Fund – Institutional Shares	87,235,159	74,595,262
Washington Mutual Investors Fund SM , Inc. – Class A	61,778,423	52,678,614
Fidelity Puritan Fund	60,933,603	53,214,642
Fidelity Growth and Income Portfolio	50,206,861	44,250,517
AIM Dynamics Fund – Investors Class	37,334,417	33,372,154
T. Rowe Price Small-Cap Stock Fund, Inc.	28,965,353	20,075,248
The Growth Fund of America – Class A	27,184,215	21,652,125
EuroPacific Growth Fund – Class A	21,275,628	15,837,543
Federated US Government Securities Fund – 2-5 years institutional shares	18,169,788	21,066,893
Delaware Trend Fund, Inc. – Trend Fund Institutional	14,607,050	12,076,697
Scudder Flag Investors Value Builder Fund, Inc. – Institutional	14,186,352	12,896,338
Lord Abbett Mid-Cap Value Fund – Class A	9,507,711	2,109,620
T. Rowe Price International Funds, Inc. – International Stock Fund	5,683,988	4,843,671
PIMCO Total Return Fund – Institutional Shares	2,683,872	1,170,128
Suspense	3,000	51,014
AIM Equity Funds, Inc. – AIM Constellation Fund, Class A	-	46
Total investments	<u>703,641,411</u>	<u>589,412,646</u>
RECEIVABLES		
Loans receivable	6,033,618	4,950,601
Contributions receivable	<u>34,998</u>	<u>291,320</u>
Total receivables	<u>6,068,616</u>	<u>5,241,921</u>
CASH AND CASH EQUIVALENTS		
	<u>50,607</u>	<u>50,607</u>
TOTAL ASSETS		
	<u>709,760,634</u>	<u>594,705,174</u>
LIABILITIES		
ACCOUNTS PAYABLE		
	<u>50,607</u>	<u>50,607</u>
NET ASSETS AVAILABLE FOR PLAN BENEFITS		
	<u>\$709,710,027</u>	<u>\$594,654,567</u>

These financial statements should be read only in connection
with the accompanying summary of significant accounting
policies and notes to financial statements.

Attachment F

THE STATE OF MARYLAND SAVINGS AND INVESTMENT PLAN **Page 34 of 52**
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
Years Ended December 31, 2004 and 2003

	2004	2003
ADDITIONS TO NET ASSETS ATTRIBUTED TO		
Investment income		
Mutual fund investment income	\$ 55,167,637	\$ 96,794,822
Interest income	6,060,148	6,114,362
Total investment income	61,227,785	102,909,184
Employee contributions	84,646,299	85,530,045
Mutual fund rebates	665,007	686,974
Total additions	146,539,091	189,126,203
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO		
Distributions to participants	29,311,067	27,629,302
Administrative expenses	2,172,564	1,873,474
Total deductions	31,483,631	29,502,776
NET INCREASE	115,055,460	159,623,427
NET ASSETS AVAILABLE FOR PLAN BENEFITS, BEGINNING OF YEAR	594,654,567	435,031,140
NET ASSETS AVAILABLE FOR PLAN BENEFITS, END OF YEAR	\$709,710,027	\$594,654,567

These financial statements should be read only in connection
with the accompanying summary of significant accounting
policies and notes to financial statements.

Attachment F

THE STATE OF MARYLAND SAVINGS AND INVESTMENT PLAN Page 35 of 52
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
December 31, 2004 and 2003

General

The State of Maryland (the State) Savings and Investment Plan (the Plan) was established by the State on July 1, 1985. The Plan is designed to be a tax-qualified 401(k) profit sharing plan under Internal Revenue Code (the Code) Sections 401(a) and 401(k).

On December 19, 1988, the Board of Trustees received a favorable determination letter from the Internal Revenue Service (IRS) that the provisions of the Plan and accompanying trust met the requirements for a qualified plan under Section 401(a) of the Code, including the provision of federal tax law restricting states from using qualified Section 401(k) plans unless they were adopted prior to the effective date provisions contained in the Tax Reform Act of 1986.

Effective December 31, 1990, the IRS issued a private letter ruling to the State allowing employees to make a direct transfer of contributions (and associated earnings) previously made to the State's defined benefit pension plan (Pension Transfer Account). Rollover contributions remain tax deferred until benefits are paid to the employees.

Contributions

Under Plan provisions, eligible employees of the State or any governmental agencies of the State may contribute to the Plan through payroll deductions (Regular Account). In accordance with Section 402(g) of the Code, the Plan limits the amount of an individual's annual contributions to an amount not to exceed the lesser of \$13,000 or approximately 100% of their annual gross salary (as defined) for the Plan year. Individuals age 50 or over may make an additional "catch-up" contribution effective for tax years after December 31, 2001. For 2004, the additional "catch-up" contribution is \$3,000. This limit is 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. The State of Maryland offers additional deferred compensation plans and individuals may be subject to aggregate contribution limitations based on participation in these plans.

Employee contributions receivable represent amounts withheld from employees' pay but not remitted to the investment carriers at December 31. Contributions are credited by the applicable investment carrier upon receipt from the State.

Participant Accounts

Employee contributions are fully vested at all times. The State does not make any contributions to the Plan but the State has the option to make certain matching contributions to a separate tax qualified 401(a) plan (The State of Maryland Match Plan) contingent on employee contributions to this plan.

Participant Accounts – (Continued)

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

- Investment contract pool consisting of fixed earnings investments underwritten by various insurance and other financial institutions.

- Variable earnings investments consisting of various mutual funds.

Payment of Benefits

Employees may withdraw the value of his or her account upon termination of employment from the State or because of financial hardship if approved by the Plan's Board of Trustees (the Board).

Employees are eligible to receive benefits under the Plan subject to IRS regulations upon retirement, attainment of age 59 1/2, disability, death, termination of employment with the State, or financial hardship. Employees may select various payout options as provided by the Plan.

At death, with certain exceptions, any amount due under the participant's account is paid to the beneficiary or the estate.

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

Participant Loans

Participants may borrow from their accrued benefit balance in accordance with applicable IRS regulations. The maximum amount a participant may borrow is equal to the lesser of (a) 50% of their accrued benefit, or (b) \$50,000. Interest on the loan is determined by the Board but not to exceed the maximum rate permitted by all applicable laws.

All loans must be repaid on a periodic basis not less than quarterly over a period not to exceed five years, with the exception of loans used to acquire, construct, reconstruct or substantially rehabilitate a dwelling that is to be used as a principal residence. Such loans shall provide for repayment over a period not to exceed fifteen years.

Significant accounting policies followed by the Plan are as follows:

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 and present the net assets available for plan benefits and the net changes in those assets.

USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

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.

INVESTMENT VALUATION

Fixed earnings investments, represented by investment contract pools, are valued at cost plus interest recorded. The investment contract pool is managed by an affiliate of the insurance company ING under a management agreement. It consists of book value instruments such as investment contracts, pooled funds and separate account insurance and /or bank investment contracts. New contracts are awarded periodically based upon a competitive bid process. Selection criteria for investment contract providers include the size and financial stability of the carrier and the interest rate guaranteed for the contract period. During 1997, a Master Trust was established to hold the investment contract pools underlying this investment option. Under the Master Trust arrangement, contributions of participants who elect this investment option for 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 trust. Each Plan has an undivided interest in the investment contract pools held by the trust and each Plan's ownership is represented by its proportionate dollar interest.

The Board relies on an independent discretionary manager for selection of contracts in the Investment Contract Pool.

Mutual fund investments are presented at fair value at each December 31 based on published quotations or the net asset value reported by the investment carrier. All purchases and sales of investments are recorded on a trade-date basis.

Investments include participants' current payroll deferrals, which are held by the Plan, and one-time pension rollover contributions, which are held in the Plan's name by the State.

The suspense balance consists of amounts pending investment or distribution.

Earnings are accrued to individual participants' accounts based upon the investment performance of the specific options selected.

MUTUAL FUND REBATES

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

This information is an integral part of the
accompanying financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

NOTE 1 – INVESTMENTS AND INVESTMENT INCOME

Title 35 of the State Personnel & Pensions Article of the Maryland code defines the types of securities authorized as appropriate investments for the Plan and the conditions for making investment transactions. The Plan is authorized to invest in regulated investment companies, annuity or investment contracts, real estate investment trust funds and common investment pools composed of stocks or bonds, whether such funds are managed by the Board itself or other entities selected by the Board.

The Plan conforms to the reporting requirements of Governmental Accounting Standards Board Statement No. 40. As of December 31, 2004 the Plan had the following investments and maturities in its investment contract pool and four of its mutual funds which include investments in bonds.

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Investment Contract Pool	\$ 159,661,086	3.50 years
Mutual funds:		
Fidelity Puritan Fund	60,933,603	3.90
Scudder Flag Investment Value Builder Fund, Inc – Institutional	14,186,352	4.90
Federated US Government Securities Fund – 2 to 5 years institutional shares	18,169,788	3.70
PIMCO Total Return Fund – Institutional shares	2,683,872	4.51

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Since all investments are participant directed, all risks exist at the participant level. Each individual within the Plan has the ability to liquidate their positions on demand and have responsibility for managing their exposure to fair value loss.

The investment contract pool and the mutual funds are unrated.

Investment contract pool interest income 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 participant's accounts prior to charges for administration expenses charged by the Administrator and the Board of the Plan. The blended gross interest rate was 4% at December 31, 2004 and ranged from 4.00% to 4.25% during the year then ended (4.55% at December 31, 2003 and ranged from 4.55% to 5.30% during the year then ended).

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

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash held by the Plan represents amounts remaining from the Pension Transfer Account from participant fees. Custodial credit risk is the risk that, in the event of a bank failure, the Plan'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, or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the Plan's name.

The cash is invested in overnight repurchase agreements, which are collateralized by securities held in the name of the State of Maryland by a third-party agent and is administrated by the State of Maryland Supplemental Retirement Agency and are not exposed to custodial credit risk as deferred by Governmental Accounting Standards Board Statement No. 40.

NOTE 3 - ADMINISTRATIVE EXPENSES

The Board has appointed Nationwide[®] Retirement Solutions, Inc. (NRS), as the Plan administrator under an administrative services contract. NRS is a subsidiary of Nationwide Financial Services, Inc., the owner of Nationwide Life Insurance Company.

The current five year contract with NRS to provide administrative services to the Plan (and certain related plans) under Board authority became effective January 1, 2003. Under the agreement, NRS provides administrative services to the Plan, such as account statements, monitoring the Plan's financial transactions, participant relations, and general management. Fees were charged by NRS at an annual rate of .23% in 2004 and 2003 against the variable, investment contract pool and fixed annuity assets. During 2004 and 2003, an additional charge of .11%, was imposed by the Board for its expenses (staff, auditor, consultants, education and other administrative expenses). A fee of \$6 per participant was assessed to meet the operating costs of the Plan in 2003. The fees are collected directly from participant's accounts. The annual cap on participant charges was \$1,700 and \$1,600 for 2004 and 2003, respectively.

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

NOTE 4 - TAX STATUS

In the opinion of legal counsel, the Plan is exempt from federal income taxes under Section 401(k) and 401(a) of the Code and, therefore, the amounts of compensation contributed by the employees participating in the Plan are not subject to federal income tax withholding nor are the employee's amount includable in taxable income until actually paid or otherwise made available to the participant, the participant's beneficiary, or the participant's estate.

THE STATE OF MARYLAND
MATCH PLAN AND TRUST
SECTION 401(a)
Baltimore, Maryland

FINANCIAL STATEMENTS
December 31, 2004 and 2003

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Independent Auditor's Report

The Board of Trustees
Maryland Teachers and State Employees
Supplemental Retirement Plans

We have audited the accompanying statements of net assets available for plan benefits of The State of Maryland Match Plan and Trust (the Plan), a fiduciary fund of the State of Maryland as of December 31, 2004 and 2003, and the related statements of changes in net assets available for plan benefits for the years then ended, which collectively comprise the Plan's basic financial statements. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our 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 financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 2004 and 2003, and the changes in net assets available for plan benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

Clifton Gunderson LLP

Baltimore, Maryland
March 31, 2005

**THE STATE OF MARYLAND
MATCH PLAN AND TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis of The State of Maryland Match Plan and Trust's financial performance provides an overview of the Plan's financial activities for the years ended December 31, 2004 and 2003. Please read it in conjunction with the Plan's financial statements, which follow this section.

Financial Highlights

- Net assets available for plan benefits increased by approximately \$5 million during the current year from \$76.8 million at December 31, 2003 to \$81.8 million at December 31, 2004.
- The Plan had a net investment gain of \$14.7 million for the year ended December 31, 2003 and a \$7.4 million net investment gain for the year ended December 31, 2004. These investment gains are attributable to the favorable market conditions.
- Employer and employee contributions decreased from \$2.5 million for the year ended December 31, 2003 to \$19,000 for the year ended December 31, 2004. This decrease corresponds to the State eliminating matching contributions to the Plan effective July 1, 2003.
- Mutual fund rebates were \$172,000 for 2003 and \$88,500 for 2004.
- Distributions to participants increased from \$1.8 million for the year ended December 31, 2003 to \$2.2 million for the year ended December 31, 2004.
- Administrative expenses increased from \$230,000 for the year ended December 31, 2003 to \$262,000 for the year ended December 31, 2004.

Overview of the Financial Statements

This financial report consists of the Statements of Net Assets Available for Plan Benefits and the Statements of Changes in Net Assets Available for Plan Benefits. These statements provide information about the financial position and activities of the Plan as a whole. These amounts are included in the Statement of Fiduciary Net Assets on the State of Maryland's financial statements.

THE STATE OF MARYLAND
MATCH PLAN AND TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

The Plan's net assets available for plan benefits increased during the year ended December 31, 2004 by \$5,042,467 from \$76,781,081 to \$81,823,548. This increase relates to favorable market conditions partially offset by distributions to participants and a decrease in employer contributions as a result of the State eliminating matching contributions. The analysis below summarizes net assets available for plan benefits (Table 1) and changes in net assets available for plan benefits (Table 2).

Table 1
Net Assets Available for Plan Benefits

	<u>2004</u>	<u>2003</u>
Investments	\$81,823,485	\$76,780,995
Receivables	<u>63</u>	<u>86</u>
Net assets available for plan benefits	<u><u>\$81,823,548</u></u>	<u><u>\$76,781,081</u></u>

Table 2
Changes in Net Assets Available for Plan Benefits

	<u>2004</u>	<u>2003</u>
Additions:		
Employer and employee contributions	\$ 19,092	\$ 2,486,316
Mutual fund rebates	88,561	172,182
Investment gain	7,403,571	14,743,893
Deductions:		
Distributions	2,206,489	1,786,887
Administrative expenses	<u>262,268</u>	<u>229,989</u>
Increase in plan net assets	<u><u>\$ 5,042,467</u></u>	<u><u>\$15,385,515</u></u>

Financial Contact

The Plan's financial statements are designed to present users with a general overview of the Plan's finances and to demonstrate the trustee's accountability. If you have questions about the report or need additional financial information, contact the Chief Financial Officer of the Maryland Teachers and State Employees Retirement Plans at the William Donald Schaefer Tower, Suite 200, 6 St. Paul Street, Baltimore, Maryland 21202-1608.

THE STATE OF MARYLAND MATCH PLAN AND TRUST
STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
Years Ended December 31, 2004 and 2003

ASSETS	2004	2003
INVESTMENTS		
Fixed earnings investment at contract value:		
Contract Pool	\$16,597,306	\$16,328,193
Variable earning investments, at fair value:		
Legg Mason Value Trust Fund, Inc. – Institutional Class	14,051,391	12,819,313
Vanguard Institutional Index Fund – Institutional Shares	12,407,378	11,664,541
Fidelity Growth and Income Portfolio	7,077,443	6,742,927
Washington Mutual Investors Fund SM , Inc. – Class A	6,768,049	6,329,057
Fidelity Puritan Fund	6,745,953	6,387,481
AIM Dynamics Fund – Investors Class	4,410,684	4,228,618
The Growth Fund of America – Class A	3,250,218	2,919,584
T. Rowe Price Small-Cap Stock Fund, Inc.	3,088,592	2,571,589
Euro Pacific Growth Fund – Class A	1,766,393	1,464,653
Scudder Flag Investors Value Builder Fund, Inc. – Institutional	1,553,837	1,497,883
Delaware Trend Fund, Inc. – Trend Fund Institutional	1,486,437	1,356,628
Federated US Government Securities Fund – 2-5 years institutional shares	1,454,064	1,716,382
T. Rowe Price International Funds, Inc. – International Stock Fund	611,343	558,047
Lord Abbett Mid-Cap Value Fund – Class A	469,843	139,856
PIMCO Total Return Fund – Institutional Shares	85,901	56,218
Suspense	(1,347)	25
Total investments	81,823,485	76,780,995
RECEIVABLES		
Contributions receivable	63	86
NET ASSETS AVAILABLE FOR PLAN BENEFITS	\$81,823,548	\$76,781,081

These financial statements should be read only in connection
with the accompanying summary of significant accounting
policies and notes to financial statements.

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THE STATE OF MARYLAND MATCH PLAN AND TRUST
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ADDITIONS TO NET ASSETS ATTRIBUTED TO		
Investment income		
Mutual fund investment income	\$ 6,745,401	\$13,978,165
Interest income	<u>658,170</u>	<u>765,728</u>
Total investment income	7,403,571	14,743,893
Employee contributions	19,092	42,278
Employer contributions	-	2,444,038
Mutual fund rebates	<u>88,561</u>	<u>172,182</u>
Total additions	<u>7,511,224</u>	<u>17,402,391</u>
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO		
Distributions to participants	2,206,489	1,786,887
Administrative expenses	<u>262,268</u>	<u>229,989</u>
Total deductions	<u>2,468,757</u>	<u>2,016,876</u>
NET INCREASE	5,042,467	15,385,515
NET ASSETS AVAILABLE FOR PLAN BENEFITS, BEGINNING OF YEAR	<u>76,781,081</u>	<u>61,395,566</u>
NET ASSETS AVAILABLE FOR PLAN BENEFITS, END OF YEAR	<u>\$ 81,823,548</u>	<u>\$76,781,081</u>

These financial statements should be read only in connection
with the accompanying summary of significant accounting
policies and notes to financial statements.

THE STATE OF MARYLAND MATCH PLAN AND TRUST
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
December 31, 2004 and 2003

General

The Plan was established by the State of Maryland on July 1, 1999 (commencement date). The Plan is designed to be a tax-qualified 401(a) defined contribution matching plan under Internal Revenue Code (the Code) Section 401(a).

Contributions

Under Plan provisions, the State shall contribute to each participant's account an amount equal to each participant's contributions to the State's Supplemental Retirement Plans during the same plan year. For each fiscal year of the State beginning after June 30, 1999, the statutory ceiling amount contributed to the Plan for each participant is \$600. A participant may receive more than \$600 in matching contributions during the Plan's fiscal year, but may not exceed the maximum \$600 contribution for any State fiscal year. The \$600 maximum contribution for each participant was reduced to \$500 for the fiscal year beginning July 1, 2002.

The Governor of the State of Maryland proposed and the State Legislature approved the elimination of the State's matching contribution to the Plan for each participant effective July 1, 2003. The match program continues to be maintained as required by state statutes.

Employer contributions receivable represent amounts due from the State but not remitted to the investment carriers at December 31. Contributions are credited by the applicable investment carrier upon receipt from the State.

Participant Accounts

An employee's interest in his/her account is fully vested at all times. An employee may elect to invest contributions made on his or her behalf in the following investment options:

- Investment contract pool consisting of fixed earnings investments underwritten by various insurance and other financial institutions.
- Variable earnings investments consisting of various mutual funds.

With the consent of the Board of Trustees, an employee may pay over to the Plan any amount which constitutes a rollover contribution as set forth by Section 402(c) or 408(d)(3) of the Code. The Board may also accept a direct transfer of funds from an eligible retirement plan as authorized by the Plan and the Internal Revenue Code.

Payment of Benefits

Employees are eligible to receive benefits under the Plan subject to Internal Revenue Service regulations upon retirement, attainment of age 65, disability, death, termination of employment with the State, or financial hardship. Employees may select various payout options as provided by the Plan.

THE STATE OF MARYLAND MATCH PLAN AND TRUST
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
December 31, 2004 and 2003

Payment of Benefits (Continued)

At death, with certain exceptions, any amount due under the participant's account is paid to the beneficiary or the estate.

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

Significant accounting policies followed by the Plan are as follows:

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 and present the assets available for plan benefits and changes in those assets.

USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

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.

INVESTMENT VALUATION AND INCOME RECOGNITION

Fixed earnings investments, represented by an investment contract pool, are valued at cost plus interest recorded. The investment contract pool is managed by an affiliate of the insurance company ING under a management agreement. It consists of book value instruments such as investment contracts, pooled funds and separate account insurance and or bank investment contracts. New contracts are awarded periodically based upon a competitive bid process. Selection criteria for investment contract providers include the size and financial stability of the carrier and the interest rate guaranteed for the contract period.

During 1997, a Master Trust was established to hold the investment contract pool underlying the fixed investment option. Under the Master Trust arrangement, contributions of participants who elect this investment option for 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 trust. Each Plan has an undivided interest in the investment contract pool held by the trust and each Plan's ownership is represented by its proportionate dollar interest.

Variable earnings investments are presented at fair value based on published quotations or the net asset value reported by the investment carrier. All purchases and sales of investments are recorded on a trade-date basis.

The suspense balance consists of amounts pending investment or distribution.

**THE STATE OF MARYLAND MATCH PLAN AND TRUST
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
December 31, 2004 and 2003**

MUTUAL FUND REBATES

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

THE STATE OF MARYLAND MATCH PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

NOTE 1 – INVESTMENTS AND INVESTMENT INCOME

Title 35 of the State Personnel & Pensions Article of the Maryland code defines the types of securities authorized as appropriate investments for the Plan and the conditions for making investment transactions. The Plan is authorized to invest in regulated investment companies, annuity or investment contracts, real estate investment trust funds and common investment pools composed of stocks or bonds, whether such funds are managed by the Board itself or other entities selected by the Board.

The Plan conforms to the reporting requirements of Governmental Accounting Standards Board Statement No. 40. As of December 31, 2004 the Plan had the following investments and maturities in its investment contract pool and four mutual funds which include investments in bonds.

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Investment Contract Pool	\$ 16,597,306	3.50 years
Mutual funds:		
Fidelity Puritan Fund	6,745,953	3.90
Scudder Flag Investment Value Builder Fund, Inc. - Institutional	1,553,837	4.90
Federated US Government Securities Fund – 2 to 5 years institutional shares	1,454,064	3.70
PIMCO Total Return Fund – Institutional shares	85,901	4.51

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Since all investments are participant directed, all risks exist at the participant level. Each individual within the Plan has the ability to liquidate their positions on demand and have responsibility for managing their exposure to fair value loss.

The investment contract pool and the mutual funds are unrated.

Investment contract pool interest income 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 administration expenses charged by the Administrator and the Board of the Plan. The blended gross interest rate was 4.00% at December 31, 2004 and ranged from 4.00% to 4.25% during the year then ended (4.55% at December 31, 2003 and ranged from 4.55% to 5.30% during the year then ended).

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

Earnings are accrued to individual participants' accounts based upon the investment performance of the specific options selected.

THE STATE OF MARYLAND MATCH PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

NOTE 2 - ADMINISTRATIVE EXPENSES

The Board has appointed Nationwide® Retirement Solutions, Inc. (NRS), as the Plan administrator under an administrative services contract. NRS is a subsidiary of Nationwide Financial Services, Inc., the owner of Nationwide Life Insurance Company.

The current five year contract with NRS to provide administrative services to the Plan (and certain related plans) under Board authority became effective January 1, 2003. Under the agreement, NRS provides administrative services to the Plan, such as account statements, monitoring the Plan's financial transactions, participant relations, and general management. Fees were charged by NRS at an annual rate of .23% in 2004 and 2003 against the variable, investment contract pool and fixed annuity assets. During 2004 and 2003, an additional charge of .11%, was imposed by the Board for its expenses (staff, auditor, consultants, education and other administrative expenses). A fee of \$6 per participant was assessed to meet the operating costs of the Plan in 2003. The fees are collected directly from participant's accounts. The annual cap on participant charges was \$1,700 and \$1,600 for 2004 and 2003, respectively.

NOTE 3 - TAX STATUS

In the opinion of the State's legal counsel, the Plan is exempt from Federal income taxes under 401(a) of the Code and, therefore, the amounts of compensation contributed by the State on behalf of employees participating in the Plan 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.

NOTE 4 - RECLASSIFICATIONS

Certain amounts in the 2003 financial statements have been reclassified to conform to the presentation in the 2004 financial statements.

This information is an integral part of the
accompanying financial statements.

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Maryland Teachers and State
Employees Supplemental
Retirement Plans

Statement of Investment Policy

Updated February 2002

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

Statement Of Investment Policy

I. Introduction

The Board of Trustees of the Maryland Teachers' and State Employees' Supplemental Retirement Plans hereby adopts this Statement of Investment Policy (Statement) 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 of 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 in 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.

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

MARYLAND TEACHERS' AND STATE EMPLOYEES'
SUPPLEMENTAL RETIREMENT PLANS

Statement Of Investment Policy

II. Investment Categories

The Plans have chosen to offer the following investment categories:

Category
Money Market
Fixed Investment Option
Bond Fund
Conservative: Balanced Funds
Moderate: Growth & Income Funds
Aggressive: Growth Funds
More Aggressive: Small Cap Funds
International 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' domestic equity options are placed in one of three investment categories (Conservative, Moderate, or Aggressive) depending on fund characteristics – five-year beta (as measured against the S&P 500), and five-year standard deviation – of each equity option. The objective of each investment category is as follows:

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

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MARYLAND TEACHERS' AND STATE EMPLOYEES'
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The following table outlines the guidelines for the categorization of the Plans' domestic equity options.

Investment Category	Five-Year Beta	Five-Year Standard Deviation
Aggressive	Greater than 1.10	Greater than 120% of the S&P 500
Moderate	Greater than 0.90, but less than or equal to 1.10	Greater than 80% of the S&P 500, but less than or equal to 120% of the S&P 500
Conservative	Less than or equal to 0.90	Less than or equal to 80% of the S&P 500

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 their discretion, may add investment options/categories to the current core options. At such time, the Statement of Investment Policy will be modified to include these additions.

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MARYLAND TEACHERS' AND STATE EMPLOYEES'
SUPPLEMENTAL RETIREMENT PLANS

Statement Of Investment Policy

III. Investment Objectives and Policy and Performance Standards

The Plan shall offer at least one investment option within each of the investment categories listed in Section II. For each category, the investment style, investment objective and performance standards are as follows:

Money Market

Investment Style: Money Market Fund

Objective: The objective of this investment category is to obtain the highest level of income consistent with maintaining a stable share price of \$1.00. A fund in this category invests primarily in high-quality fixed income instruments with maturities of less than one year. These may include instruments issued by financial institutions, non-financial corporations, the U.S. Government, and federal agencies.

Performance Standards: To exceed the return of the 90-Day U.S. Treasury Bill over a period of 3 to 5 years.

Fixed Investment Option

Investment Style: Stable Value Fund

Objective: The objective of this investment category is to preserve principal and provide a stable, competitive rate of return. A fund in this category invests primarily in guaranteed investment contracts (GICs) and other fixed income instruments.

Performance Standards: To exceed the median return of the Hueler Stable Value Fund Universe over a period of 3 to 5 years.

Bond Fund

Investment Style: Government Bond Fund

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MARYLAND TEACHERS' AND STATE EMPLOYEES'
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Objective: The objective of this investment category is to invest in fixed income obligations of the U.S. Government, its agencies and instrumentalities. Investment returns are expected to be derived primarily from current income.

Performance Standards (Net of fees):

- To exceed the return of the Lehman Intermediate Government Bond Index over a period of 3 to 5 years.
- To exceed the median return of an intermediate U.S. Government Debt fund universe over a period of 3 to 5 years.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the Lehman Intermediate Government Bond Index and an intermediate U.S. Government Debt fund universe.

Conservative - Balanced Funds

Investment Style: Balanced Fund

Objective: The objective of this investment category is to invest in a combination of fixed income and equity securities. Investment returns are expected to be derived from both current income and capital appreciation.

Performance Standards (Net of Fees):

- To exceed the return of a composite index, reflecting the asset allocation of the fund, over a period of 3 to 5 years. The composite index is:
60% S&P 500 Index/ 40% Lehman Brothers Aggregate Bond Index;
- To exceed the median return of a balanced fund universe over a period of 3 to 5 years.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the composite index and a balanced fund universe.

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Moderate: Growth and Income Funds

Investment Style: Large Cap Value Equity

Objective: The objective of this investment category is to invest primarily in the common stock of large capitalization domestic companies considered by the fund manager to be undervalued relative to the market. Investment returns are expected to be derived primarily from capital appreciation and, to a lesser degree, dividend income.

Performance Standards (Net of Fees):

- To exceed the return of the Russell 1000 Value Index over a period of 3 to 5 years.
- To exceed the median return of a large cap value equity fund universe over a period of 3 to 5 years.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the Russell 1000 Value Index and a large cap value equity fund universe.

Investment Style: Large Cap Core Equity (active)

Objective: The objective of this investment category is to invest in equity securities considered by the fund manager to be undervalued relative to the market or have above average potential for capital appreciation. Investment returns are expected to be derived primarily from capital appreciation and, to a lesser degree, dividend income.

Performance Standards (Net of Fees):

- To exceed the return of the S&P 500 Index over a period of 3 to 5 years.
- To exceed the median return of a large cap core equity fund universe over a period of 3 to 5 years.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the S&P 500 Index and a large cap core equity fund universe.

Investment Style: Large Cap Core Equity (passive)

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Objective: The objective of this investment category is to track the performance of the Standard & Poor's 500 Index by investing in common stock of the large capitalization domestic companies comprising the Index. The S&P 500 Index is an equity composite of the 500 largest companies in the United States based on market capitalization. The fund manager does not attempt to outperform the index. Investment returns are expected to be derived primarily from capital appreciation and, to a lesser degree, dividend income.

Performance Standards (Net of Fees):

- To mirror the performance of the S&P 500 Index over a period of 3 to 5 years.
- Risk, as measured by the standard deviation of quarterly returns, shall mirror the S&P 500 Index.

Aggressive: Growth Funds

Investment Style: Mid Cap Growth Equity

Objective: The objective of this investment category is to invest primarily in the common stock of medium capitalization domestic companies considered by the fund manager to have above average potential for capital appreciation. Investment returns are expected to be derived primarily from capital appreciation.

Performance Standards (Net of Fees)

- To exceed the return of the Russell Mid Cap Growth Index over a period of 3 to 5 years.
- To exceed the median return of a mid cap growth equity fund universe over a period of 3 to 5 years.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the index and a mid cap growth equity fund universe.

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More Aggressive: Small Cap Funds

Investment Style: Small Cap Core Equity

Objective: The objective of this investment category is to invest primarily in the common stock of small capitalization domestic companies considered by the fund manager to be undervalued relative to the market or have above average potential for capital appreciation. Investment returns are expected to be derived primarily from capital appreciation and, to a lesser extent, dividend income.

Performance Standards (Net of fees)

- To exceed the return of the Russell 2000 Index over a period of 3 to 5 years.
- To exceed the median return of a small cap core equity fund universe over a period of 3 to 5 years.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the Russell 2000 Index and a small cap core equity fund universe.

International Funds

Investment Style: International Equity

Objective: The objective of this investment category is to invest primarily in the common stock of companies located outside the United States. Investment returns are expected to be derived primarily from capital appreciation.

Performance Standards (Net of fees)

- To exceed the return of the MSCI EAFE Index (gross) over a period of 3 to 5 years.
- To exceed the median return of an international equity fund universe over a period of 3 to 5 years.
- Risk, as measured by the standard deviation of quarterly returns, shall be consistent with that of the MSCI EAFE Index (gross) and an international equity fund universe.

IV. Reporting and Monitoring Procedures

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MARYLAND TEACHERS' AND STATE EMPLOYEES'
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Statement Of Investment Policy

The Board will review the Plans quarterly, including review of the following:

- Current trends and developments in the capital markets (market review);
- The current level of diversification provided by the investment categories and options offered by the Plans;
- Changes in the investment management staff related to each investment option (organizational review);
- The continued consistency between the stated investment guidelines of each investment option and the Plans' policies;
- The compliance of each investment option with stated investment guidelines (review of the holdings and characteristics of each investment option), including style drift analysis;
- The compliance of each investment option's risk and return characteristics with the expectations stated herein (performance review).

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MARYLAND TEACHERS' AND STATE EMPLOYEES'
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V. Investment Option Evaluation

The Board, in its discretion, may conduct informal review and evaluation of an investment fund at any time.

The Board retains the authority to periodically, but not less than annually, evaluate and if appropriate remove investment options. The performance standards outlined in this document apply to all investment options in the Plans. Each standard shall apply independently to the portfolio of each fund, and is expected to be achieved net of investment management fees and expenses.

If an investment option fails to meet the minimum standards of investment performance outlined in this document, the Board will determine which of the steps detailed below should be taken. The Board may, in its discretion, if circumstances warrant, postpone this process in whole or in part, follow these procedures as written or in another chosen sequence, or proceed directly to Step 2.

Step 1. The fund will immediately be placed on watch. Retention at the end of a one-year period will be contingent on the following:

- The fund must perform above the median of its fund universe over the past three-year periods or
- The fund must perform in the top quartile of its fund universe over the past one-year period; and
- Standard deviation (risk/volatility) of returns must not exceed 120% of the relative index over the three-year period; and
- Performance over these periods will be reviewed to justify retention.

Funds which do not satisfy the retention criteria at the end of that one-year period can be replaced (Step 2).

During the formal review, the Board may suspend contributions to the fund from existing participants and may close the fund to new enrollers. Upon completion of the evaluation, the Board may continue the

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fund under formal review status, remove the fund from formal review, or terminate the fund.

Step 2. A fund search will be initiated and a replacement fund selected. Regarding the Plan assets already deposited with the fund, the fund option will be closed and assets transferred to the replacement fund or the fund option of the participant's choice.

The Board may place a fund under formal fund review, terminate a fund, or "freeze" a fund to new contributions for other reasons, including:

1. The fund has changed investment manager, or such change appears imminent;
2. The fund has changed subadvisor.
3. The fund has had a significant change in ownership or control;
4. The fund has changed investment focus or has experienced style drift, departing from the investment category or objectives or parameters in its prospectus or "fact sheet";
5. The fund has violated a SEC rule or regulation; as well as any other important and appropriate statutory regulatory requirements.
6. The fund has operational difficulties concerning fund transfers or pricing.
7. The fund has exceeded 10% of the assets of MSRP.

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MARYLAND TEACHERS' AND STATE EMPLOYEES'
SUPPLEMENTAL RETIREMENT PLANS

Statement Of Investment Policy

VI. Selection Criteria for the Plans' Variable Options

The following outlines the selection criteria to be used if the need arises to replace an existing investment option, or if a new fund is to be added to the Plan(s). To be eligible for the initial screen, a fund should meet the following minimum criteria:

- Have a minimum of \$100 million in assets
or
- Have the MSRP investment represent no more than 10% of the total fund's assets; and
- Have above peer group median performance for each of the last 3 and 5-year periods
or
- Have favorable risk adjusted performance over the last 3 and 5 year periods.

For the second screen, a fund would have to meet the following requirements:

- Be open to new investors
- Have at least five years of operating history (three years for small cap funds)
- Have no load (front end or deferred sales charges) or be willing to waive the load and be willing to negotiate rebates on fee structure.
- Have the fund characteristics of the appropriate investment category as outlined in this document (for domestic equity options only)
- The fund's advisory firm must have been in existence and actively managing assets for at least five years (three years for small cap funds)

The primary selection criteria to be used in the selection of funds which pass the above two screens are:

- One, three and five year rates of return (net of operating expenses and annualized for time periods longer than one year)
- Annualized standard deviation over three and five years, which measures the variability of return (risk)
- Three and five-year risk/return ratio

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SUPPLEMENTAL RETIREMENT PLANS

Statement Of Investment Policy

- Fund expense ratio
- Investment objective(s) and portfolio strategy
- Tenure/experience of portfolio manager(s)
- Portfolio composition (asset classes and sector concentrations)

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MARYLAND TEACHERS' AND STATE EMPLOYEES'
SUPPLEMENTAL RETIREMENT PLANS

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VII. Termination of Fund

When the Board terminates a fund:

1. The Board will promptly notify the Plans' provider that the fund is being terminated;
2. The Board will promptly notify participants in the Plans who are currently investing in the fund that the Board is terminating the fund as an investment option under the Plans and that:
 - a. New investment monies will be redirected to another fund option under the Plans prior to the termination date of the fund;
 - b. All assets in the terminated fund will be transferred to another fund option prior to the termination date of the fund; and
 - c. Assets not transferred by participants to alternate investment fund options by the termination date will be automatically transferred to a replacement fund or a designated default fund option.

This Statement of Investment Policy is adopted by the Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans on December 7, 2001.

Secretary

Date

/446921

Exhibit A Selected Investment Options

Description of Funds

Vanguard Money Market Reserves

The Vanguard Money Market Reserves Fund seeks the highest level of income consistent with maintaining a stable share price of \$1. It invests in short-term, high-quality money market instruments issued by financial institutions, non-financial corporations, the U.S. Government, and federal agencies.

Nationwide Fixed Annuity (Closed Fund)

The Nationwide Fixed Annuity seeks current income while providing a stable return. It invests in public and private bonds, with an average quality rating of A, and commercial mortgages. Duration is generally four to five years.

Federated U.S. Government: 2-5 years

The Federated U.S. Government: 2-5 years Fund seeks current income by investing only in U.S. Government securities with maturities of five years or less. The dollar-weighted average maturity ranges between two and five years. The fund may also enter into repurchase agreements.

Fidelity Puritan

The Fidelity Puritan Fund seeks income and growth of capital by investing in common and preferred stocks, as well as debt instruments of any quality rating or maturity. The fund may invest in zero-coupon bonds, indexed securities, foreign securities, futures, short sales, and swap agreements.

Deutsche Flag Investors Value Builder

The Flag Investors Value Builder Fund seeks long-term capital appreciation and current income by normally investing 40% to 75% of assets in common stocks. Equity holdings focus primarily on those securities believed to be undervalued relative to the market, but the fund may hold stocks for their growth potential as well. At least 25% of assets are invested in fixed income securities, including up to 10% in non-investment grade bonds.

Fidelity Growth & Income

The Fidelity Growth & Income Fund seeks long-term capital appreciation and current income by investing primarily in dividend-paying common stocks with growth potential. The fund normally sells securities with dividends that fall below the yield of the S&P 500 Index.

Legg Mason Value Trust Institutional Shares

The Legg Mason Value Trust Navigator Fund seeks long-term growth of capital by investing primarily in equity securities that are undervalued relative to the long-term earning power or asset value of their issuers. The fund may invest in companies of any size, but generally invests in those with market capitalization in excess of \$5 billion.

Vanguard Institutional Index

The Vanguard Institutional Index Fund seeks to replicate the aggregate price and yield performance, before fund expenses, of the S&P 500 Index. The fund invests in all 500 stocks of the index and in approximately the same proportion as in the index. The fund manager does not attempt to outperform the index through stock selection.

Washington Mutual Investors

The Washington Mutual Investors Fund seeks income and growth of principal by investing in common stocks, or equivalents, that are legal for investment of trust funds in the District of Columbia. The fund does not invest in companies that earn a majority of revenues from tobacco or alcohol products.

AIM Constellation

The AIM Constellation Fund seeks capital appreciation by primarily investing in common stocks of small to mid-size emerging growth companies. The fund invests in companies that have experienced above-average and consistent long-term earnings growth and exhibit favorable prospects for future growth or in companies with increasing profits.

INVESCO Dynamics

The INVESCO Dynamics Fund seeks capital appreciation by primarily investing in common stocks of

mid-size U.S. companies with market capitalization between \$2 billion and \$15 billion at the time of purchase. The fund may also invest up to 25% of assets in foreign securities.

Delaware Trend Institutional

The Delaware Trend Institutional Fund seeks long-term capital appreciation by primarily investing in common stocks and convertibles issued by emerging and other growth-oriented companies that are responsive to market changes and have fundamental characteristics to support growth. Management purchases securities of companies it expects to benefit from dominant trends within the economy, political arena and society at large.

T. Rowe Price Small Cap

The T. Rowe Price Small Cap Fund seeks long-term capital appreciation by normally investing at least 80% of assets in equities traded in the U.S. over-the-counter (OTC) market. The remainder of assets may be invested in exchange-traded securities and the fund may invest up to 10% of assets in foreign issues, including American Depositary Receipts (ADRs).

Europacific Growth

The Europacific Growth Fund seeks long-term capital appreciation by investing at least 65% of assets in securities of issuers located in Europe or the Pacific Basin. Up to 20% of assets may be invested in developing countries. The fund may also invest in American Depositary Receipts (ADRs), convertible and debt securities, though no more than 5% of assets may be invested in non-investment grade debt.

T. Rowe Price International

The T. Rowe Price International Fund seeks long-term capital appreciation by investing at least 65% of assets in common stocks of established non-U.S. companies. The remainder of assets may be invested in preferred stock, warrants, convertibles, and/or debt instruments. The fund may invest in developed and developing countries, typically investing in at least three countries.

MARYLAND TEACHERS' & STATE EMPLOYEES'
SUPPLEMENTAL RETIREMENT PLAN

Analysis of Investment Performance
Through September 30, 2005



John DeMairo
Senior Vice President

October 2005

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**Selected Equity and Fixed Income Index Rates of Return
for Periods Ended September 30, 2005**

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Equity Indices						
Standard & Poor's 500	3.6%	2.8%	12.3%	16.7%	-1.5%	9.5%
Russell 3000	4.0	4.0	14.6	18.1	-0.7	9.5
Russell 1000	4.0	4.1	14.3	17.7	-1.3	9.7
Russell 1000 Growth	4.0	2.2	11.6	14.7	-8.6	6.9
Russell 1000 Value	3.9	5.7	16.7	20.5	5.8	11.5
Russell 2000	4.7	3.4	18.0	24.1	6.4	9.4
Russell 2000 Growth	6.3	2.5	18.0	23.2	-2.5	4.7
Russell 2000 Value	3.1	4.0	17.8	24.9	15.2	13.3
MSCI EAFE (Net)	10.4	9.1	25.8	24.6	3.2	5.8
Fixed Income Indices						
Lehman Family:						
Aggregate	-0.7	1.8	2.8	4.0	6.6	6.6
Government/Credit	-1.0	1.7	2.6	4.1	6.9	6.6
Intermediate Government/Credit	-0.5	1.1	1.5	3.4	6.2	6.1
Long Term Government/Credit	-2.6	4.4	6.6	6.9	9.4	8.1
Government	-0.9	2.0	2.5	2.9	6.3	6.3
Credit	-1.0	1.5	2.8	5.8	7.7	6.9
Mortgage	-0.2	2.0	3.3	3.7	6.1	6.5
Merrill Lynch High Yield Master II	0.9	2.1	6.7	15.7	7.2	6.9
Citigroup World Government Bond	-1.1	-5.1	3.0	8.0	8.2	5.5
ML US 3 month T-bill	0.8	2.1	2.6	1.7	2.5	3.9

CURRENT INVESTMENT OPTIONS

Fund	Objective	Description
Money Market Fund- <i>Vanguard Money Market Reserves</i> (403b)	Seeks the highest level of income consistent with maintaining a stable share price of \$1.	Invests in short-term, high quality money market instruments issued by financial institutions, non-financial corporations, the U.S. government, and federal agencies.
Investment Contract Pool (457, 401k, 401a)	To protect principal and provide participants with credited interest rates that are above that of U.S. Government Treasury Bills with similar duration.	Portfolio of investment contracts placed with a pre-qualified list of insurance companies and fixed income managers/underwriters.
Nationwide Fixed Annuity (457)	Seeks current income while providing a stable return.	Invests in public and private bonds, with an average quality rating of A, and commercial mortgages. The duration is generally 4-5 years.
Bond Fund <i>Federated U.S. Government: 2-5 years</i> (457, 401k, 401a, rollover plan)	Seeks current income.	Invests only in U.S. government securities with maturities of five or fewer years. The dollar weighted average maturity ranges between two and five years. The Fund may enter into repurchase agreements.
Bond Fund <i>PIMCO Total Return Institutional*</i> (All Plans)	Seeks maximum total return, consistent with preservation of capital and prudent investment management	The Fund seeks maximum total return, income plus capital appreciation. The manager seeks to achieve this objective through investment in a portfolio of intermediate-term, investment grade fixed-income securities with an average duration of between 3 and 6 years.
Balanced Fund <i>Fidelity Puritan</i> (All Plans)	Seeks income and capital growth consistent with reasonable risk.	Invests in a diversified array of high-yielding securities such as common stocks, preferred stocks, and bonds. The bonds may have any quality rating or maturity. The fund may purchase foreign securities, zero coupon bonds, and indexed securities.
Balanced Fund <i>Flag Investors Value Builder</i> (All Plans)	Seeks long-term growth, current income, and growth of income consistent with reasonable investment risk.	Normally invest between 40% to 75% of assets in equities. Fixed income securities constitute at least 25% of assets; the average weighted duration ranges from 2 to 10 years.
Growth & Income Fund <i>Washington Mutual Investors</i> (All Plans)	Seeks to provide income and opportunity for growth of principal.	Invests in common stocks or equivalent securities that are legal for investment of trust funds in the District of Columbia. It intends to be fully invested and well diversified.
Growth & Income Fund <i>Fidelity Growth & Income</i> (All Plans)	Seeks long-term capital appreciation and current income.	Invests primarily in dividend paying common stocks with growth potential.
Growth & Income Fund <i>Legg Mason Value Trust Navigator</i> (All Plans)	Seeks to provide long-term growth of capital.	Invests primarily in equity securities that are undervalued in relation to the long-term earning power or asset value of their issuers.

Fund	Objective	Description
Growth & Income Fund <i>Vanguard Institutional Index</i> (All Plans)	To replicate the aggregate price and yield performance, before fund expenses of the S&P 500 Index.	Invests in all 500 stocks listed in the S&P 500 Index in approximately the same proportions as they are represented in the index. The correlation between the performance of the fund and that of the index is expected to be 0.95 or higher.
Growth Fund <i>American Growth Fund A*</i> (All Plans)	Seeks to provide long-term growth capital.	Invests primarily in common stocks, convertibles, preferred stocks, U.S. government securities, bonds and cash. May invest up to 15% of assets in securities of issuers domiciled outside the U.S. and not included in the S&P 500. May invest up to 10% of assets in debt securities rated below investment grade.
Mid Cap Fund <i>Lord Abbett Mid Cap Value A*</i> (All Plans)	Seeks to provide capital appreciation through investments.	Invests in common stock, convertible bonds, convertible preferred stocks, warrants and similar instruments. The Fund normally invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in equity securities of mid-sized companies, those with market capitalization of roughly \$500 million to \$10 billion, at time of purchase.
Mid Cap Fund <i>Dreyfus Midcap Index</i> (All Plans)	Seeks to match the performance of the Standard & Poor's Midcap 400 Index.	Invests in stocks included in the Index, and in futures whose performance is tied to the Index. The Fund attempts to have a correlation between its performance and that of the Index of at least .95, before expenses. The Fund generally invests in all 400 stocks in the S&P MidCap 400 in proportion to their weighting in the Index. Each stock is weighted by its market capitalization, which means larger companies have greater representation in the Index than smaller ones.
Growth Fund <i>Delaware Trend Institutional</i> (All Plans)	Seeks to provide long-term capital appreciation.	The fund invests primarily in common stocks and convertibles issued by emerging and other growth-oriented companies that are responsive to changes within the market place and that have the fundamental characteristics to support growth. Management purchases securities that it expects to benefit from dominant trends within the economy, the political arena, and society at large.
Small Cap Fund <i>T. Rowe Price Small Cap</i> (All Plans)	Seeks to provide long-term capital appreciation.	Normally invests at least 80% of assets in equities traded in the U.S. OTC market. It may invest the remaining assets in exchange-listed securities. The fund may also invest up to 20% of assets in foreign issues, including ADRs.
International Fund <i>Europacific Growth (All Plans)</i>	Seeks to provide long term capital appreciation.	Primarily invests in at least 65% in securities of issuers domiciled in Europe or the Pacific Basin.
International Fund <i>T. Rowe Price International</i> (All Plans)	Seeks to provide long-term capital appreciation.	Invests at least 65% of its assets in common stocks of established non-U.S. issuers.

* Denotes new Plan options starting October 2003.

EXECUTIVE SUMMARY

- The Combined Plans' value was \$2.0 billion at the end of the third quarter of 2005. Investments in the individual Plans were: 457 - \$1.1 billion, 401(k) - \$765 million, 401(a) - \$91 million, and 403(b) - \$68 million.
 - The **Vanguard Money Market** portfolio matched the 90-Day U.S. Treasury Bill results for the third quarter of 2005. Over the year-to-date, 1-year and 3-year periods, the portfolio underperformed the comparative Index. For the 5-year period, the portfolio gained 2.3%, outperforming the comparative Index by 0.1%.
 - The **Investment Contract Pool** return matched the return of the Heuler Stable Value Universe median (1.1%) over the 3-months ended September 30, 2005. Over the 3-year and 5-year periods, the Investment Contract Pool performed in-line with the comparative benchmark.
 - Over the 3-month period ended September 30, 2005, the **Nationwide Fixed Annuity Fund** gained 1.3%, exceeding the Merrill Lynch 1-5 Year Treasury Index's decline of 0.2%. The Fund was 4.3% ahead of the comparative measure over the 1-year period. Over the 3 and 5-year periods, the Fund result continued to exceed the Merrill Lynch 1-5 Year Treasury Index (5.2% vs. 1.6%) and (5.5% vs. 4.6%), respectively.
 - Over the 3-month period ended September 30, 2005, the **Federated U.S. Government Securities Fund** slightly trailed the Lehman Intermediate Government Bond Index (-0.7% vs. -0.5%) and placed in the bottom quartile of the intermediate government bond mutual fund universe. For the 1-year period, the Fund lagged the Index (0.4% vs. 1.3%) and ranked in the bottom quartile of the comparative universe. The 3-year result trailed the Lehman Index (1.7% vs. 2.2%), however, ranked in line with the median of the comparative universe. For the 5-year period, the Fund trailed the Index (5.2% vs. 5.5%) and incurred slightly more volatility of returns (4.1% vs. 3.9%). However, for this period, the Fund placed above the median of the peer universe.
 - In October 2003, the **PIMCO Total Return Fund** was added as an option in the Plan. The Fund outpaced the Lehman Aggregate Bond Index (-0.5% vs. -0.7%) for the third quarter of 2005. For the 1-year period ended September 30, 2005, the Fund outperformed the Index (3.8% vs. 2.8%) and ranked in the top decile of the core fixed income mutual fund universe. The Fund outperformed the Index by 1.3% and 0.9% for the 3-year and 5-year periods, respectively. For the 5-year period, the Fund did incur slightly more risk than the Index (4.0% vs. 3.9%), as measured by standard deviation. The Fund ranked above the median of the core fixed income mutual fund universe in all time periods analyzed.
 - The **Fidelity Puritan Fund's** gain of 2.6% exceeded the Policy Index advance of 1.9%, however, ranked below the median of the balanced mutual fund universe for the 3-month period ended September 30, 2005. Over the 1-year period, the Fund outperformed the Policy Index (9.1% vs. 8.5%), yet ranked below the median of the balanced universe. Similarly, for the 3-year and 5-year periods, the Fund outpaced the Index results (13.5% vs. 11.7%) and (5.1% vs. 2.0%), respectively and placed in the above the median results of the universe.
 - Over the latest 3-month period ended September 30, 2005, the **Flag Investors Value Builder Fund's** gain of 0.9% underperformed the 2.3% increase experienced by the Policy Index and ranked in the bottom quartile of the balanced mutual fund universe. For the 1-year period, the Fund exceeded the Index (11.7% vs. 9.4%) and ranked above the median of the peer manager universe. The Fund exceeded the Index for the 3-year (15.6% vs. 12.9%) and 5-year (4.5% vs. 1.2%) periods. The Fund incurred more risk, (17.9% vs. 12.1%) as measured by standard deviation, during the 5-year period.
-

- The **Washington Mutual Investors Fund** underperformed the gain experienced by the Russell 1000 Value Index by 1.9%, and ranked below the median of the large cap value mutual fund universe for the 3-month period ended September 30, 2005. Over the 1-year period, the Fund underperformed the Index (8.5% vs. 16.7%) and placed in the bottom quartile of its peer universe. For the 3-year period, the Fund trailed the Index (15.1% vs. 20.5%) and ranked in the bottom quartile of the comparative universe. The Fund lagged the Russell 1000 Value Index (5.4% vs. 5.8%) while producing less volatility of returns (14.6% vs. 16.6%) for the 5-year period. For this period, the Fund ranked above the median of the peer universe. **This Fund was placed on the watchlist in August 2005.**
 - For the latest 3-month period ended September 30, 2005, the **Fidelity Growth & Income Fund** underperformed the S&P 500 Index (2.6% vs. 3.6%) and ranked in the bottom quartile of the large cap blend mutual fund universe. Over the 1 and 3-year periods, the Fund underperformed the broad-based Index by 3.2% and 5.0%, respectively, and ranked below the median results of its peer universe. Conversely, for the 5-year period, the Fund outpaced the Index (-1.2% vs. -1.5%) with less volatility of returns (13.6% vs. 18.1%). The Fund placed above the median of its peer universe for the 5-year period. **This Fund was placed on the watchlist in March 2004.**
 - The **Legg Mason Value Trust Fund** underperformed the S&P 500 Index (2.3% vs. 3.6%) and ranked in the bottom quartile of the large cap blend mutual fund universe for the 3-month period ended September 30, 2005. For the 1, 3 and 5-year periods, the Fund exceeded the comparative Index results and ranked above the median of the peer universe.
 - Over the latest 3-month period ended September 30, 2005, the **Vanguard Institutional Index's** matched the S&P 500 Index (3.6%) and ranked above the median of the large cap blend mutual fund universe. Over the 1-year period, the Fund slightly outperformed the comparative Index (12.3% vs. 12.2%). The Fund performed in-line with the S&P 500 Index (16.7%) for the 3-year period and (-1.5%) for the 5-year period.
 - The **American Growth Fund A** was added to the Plan in October 2003. This Fund exceeded the Russell 1000 Growth Index (6.9% vs. 4.0%) and ranked in the top quartile of the large cap growth mutual fund universe for the third quarter of 2005. The Fund continued to significantly outpace the comparative benchmark for the 1-year (19.2% vs. 11.6%), 3-year (20.0% vs. 14.8%) and 5-year (0.1% vs. -8.6%) periods. The Fund ranked in the top decile of the peer universe for all the longer-term time periods analyzed. The excess returns produced by the Fund were achieved with lower levels of risk (20.9% vs. 23.0%) versus the Russell 1000 Growth Index for the 5-year period.
 - The **Lord Abbett Mid Cap Value Fund A** was the third addition to the Plan in October 2003. This Fund underperformed the Russell Mid Cap Value Index by 1.1% and ranked just below the median of the mid cap value mutual fund universe for the third quarter of 2005. For the 1-year and 3-year periods, the Fund lagged the Index (20.4% vs. 26.1%) and (20.7% vs. 26.7%), respectively. The Fund continued to trail the Index (13.0% vs. 14.0%), however, ranked above the median of the comparative universe for the 5-year period. The 5-year results were achieved with less volatility of returns than the Index (16.2% vs. 17.2%). **This Fund was placed on the watchlist in August 2005.**
 - The **Dreyfus Mid Cap Index Fund** was added to the Plan on February 28, 2005. For the latest quarter ended September 30, 2005, the Fund slightly underperformed the S&P Mid Cap 400 Index (4.8% vs. 4.9%), however, ranked above the median of the mid cap blend universe. The Fund trailed the benchmark over the 1-year (21.6% vs. 22.2%), 3-year (21.5% vs. 22.1%) and 5-year (6.5% vs. 7.1%) periods. The Fund produced mixed rankings versus the universe median for the long-term periods analyzed.
-

- The **Delaware Trend Institutional Fund's** gain of 4.2% lagged the Russell Mid Cap Growth Index (6.5%) and the Russell 2000 Growth Index (6.3%) for the latest 3-month period ended September 30, 2005. Over the 1-year period, the portfolio underperformed both Russell benchmarks. For the 3-year period, the Fund gained 17.8% which trailed both comparative Indices and ranked below the median of the mid cap growth fund universe. For the 5-year period, the Fund continued to underperform the Russell Mid Growth Index (-4.8% vs.-4.5%) and the Russell 2000 Growth Index (-2.5%). **This Fund was placed on the watchlist in August 2005.**
- The **T. Rowe Price Small Cap Stock** outperformed the Russell 2000 Index (6.1% vs. 4.7%) and placed above the median of the small cap blend mutual fund universe over the 3-month period ended September 30, 2005. For the 1-year period, the Fund produced a gain of 18.2% versus the comparative Index increase of 18.0%. Conversely, across the 3-year period, the Fund trailed the Russell 2000 Index by 3.2%. Over the 5-year period, the Fund outperformed the Index (8.7% vs. 6.5%) and incurred less volatility of returns (19.6% vs. 23.8%). The Fund ranked below the median of the peer universe for the 3-year and 5-year periods.
- The **Europacific Growth Fund's** advance of 12.3% outperformed the MSCI Gross EAFE Index gain of 10.4% and ranked above the median of the international stock mutual fund universe for the 3-month period ended September 30, 2005. The Fund exceeded the Index for the 1-year period (28.6% vs. 26.3%) and ranked above the median of the comparative universe. Over the 3-year period, the Fund slightly underperformed the comparative Index (24.8% vs. 25.1%), however, ranked above the median of its peer universe. As shown in the Capital Market Line, the Fund outperformed the comparative Index (4.7% vs. 3.6%) and incurred less volatility of returns than the Index (19.2% vs. 20.0%) over the last 5 years.
- During the 3-month period ended September 30, 2005, the **T. Rowe Price International Stock Fund** outperformed the MSCI Gross

EAFE Index (12.2% vs. 10.4%) and ranked above the median of the international stock mutual fund universe. The Fund lagged the Index over the 1, 3 and 5-year periods. The Fund ranked below the median result of the peer universe for the 3-year and 5-year periods. The Fund incurred greater volatility of returns than the Index (21.4% vs. 20.0%) over the 5-year period. **The assets were mapped into the EuroPacific Growth Fund during the third quarter of 2005. However, we included the performance since the Fund was an option during the third quarter of 2005.**

**Performance Summary
For Periods Ended September 30, 2005**

Fund	Quarter	Year-to-Date	1 Year	3 Years	5 Years	Since Inception
Vanguard Money Market	0.86	2.06	2.49	1.49	2.32	N/A
90 Day U.S. T-Bill	0.88	2.29	2.83	1.69	2.21	
Investment Contract Pool	1.10	3.21	4.23	4.52	5.22	N/A
Hueler Stable Value Fund Universe	1.11	3.28	4.37	4.55	5.15	
Nationwide Fixed Annuity Fund	1.25	3.77	5.06	5.22	5.52	N/A
Merrill Lynch 1-5 Year Treasury	-0.23	0.74	0.72	1.63	4.58	
Federated US Gov't. 2-5 Year Institutional	-0.71	0.39	0.41	1.71	5.22	5.51
Lehman Intermediate Government Bond Index	-0.52	1.09	1.31	2.23	5.51	5.93
Median of Intermediate Gov't. Bond Mutual Funds Universe	-0.23	1.07	1.44	1.71	4.61	3/31/97
PIMCO Total Return Institutional *	-0.49	2.40	3.81	5.21	7.50	4.16
Lehman Aggregate Bond Index	-0.67	1.82	2.80	3.96	6.62	3.24
Median of Core Fixed Income Mutual Funds Universe	-0.56	1.57	2.64	3.97	6.16	9/30/03
Fidelity Puritan	2.60	2.45	9.12	13.52	5.07	9.99
60% S&P 500/ 40% Lehman Aggregate	1.91	2.46	8.48	11.65	2.04	9.72
Median of Balanced Mutual Funds Universe	3.04	3.38	10.65	12.43	2.12	3/31/87
Flag Investors Value Builder Institutional	0.86	0.55	11.69	15.61	4.46	5.31
70% S&P 500/ 30% Lehman Aggregate	2.34	2.54	9.43	12.92	1.20	1.19
Median of Balanced Mutual Funds Universe	3.04	3.38	10.65	12.43	2.12	6/30/00
Washington Mutual Investors	2.00	1.93	8.45	15.06	5.35	11.25
Russell 1000 Value	3.88	5.71	16.68	20.48	5.76	11.71
Median of Large Cap Value Mutual Funds Universe	3.09	3.49	13.27	17.24	3.82	3/31/87
Fidelity Growth & Income	2.55	0.92	9.02	11.67	-1.21	7.47
S&P 500	3.61	2.76	12.24	16.71	-1.49	8.47
Median of Large Cap Blend Mutual Funds Universe	3.56	2.67	12.12	16.23	-1.75	6/30/96
Legg Mason Value Trust	2.26	0.05	15.39	23.08	3.09	3.36
S&P 500	3.61	2.76	12.24	16.71	-1.49	0.82
Median of Large Cap Blend Mutual Funds Universe	3.56	2.67	12.12	16.23	-1.75	3/31/99

*Denotes new Plan options starting October 2003

**Performance Summary
For Periods Ended September 30, 2005**

Fund	Quarter	Year-to-Date	1 Year	3 Years	5 Years	Since Inception
Vanguard Institutional Index	3.60	2.77	12.26	16.71	-1.47	12.03
S&P 500	3.61	2.76	12.24	16.71	-1.49	12.01
Median of Large Cap Blend Mutual Funds Universe	3.56	2.67	12.12	16.23	-1.75	9/30/90
American Growth Fund A*	6.93	8.72	19.19	20.04	0.11	16.85
Russell 1000 Growth	4.01	2.23	11.60	14.75	-8.64	9.54
Median Large Cap Growth Mutual Fund Universe	4.23	2.15	11.77	13.69	-7.45	9/30/03
Lord Abbett Mid Cap Value A*	4.25	6.40	20.41	20.72	13.04	21.82
Russell Mid Cap Value	5.36	11.16	26.13	26.67	13.95	25.87
Median Mid Cap Value Mutual Fund Universe	4.34	7.24	19.14	22.73	11.99	9/30/03
Dreyfus Midcap Index	4.79	8.56	21.63	21.54	6.51	8.56
S&P Mid Cap 400	4.87	8.91	22.16	22.12	7.05	8.91
Median of the Midcap Blend Mutual Fund Universe	4.62	6.13	18.87	21.84	7.01	12/31/04
Delaware Trend Institutional	4.16	-0.64	11.09	17.75	-4.81	10.73
Russell Mid Cap Growth	6.54	8.35	23.45	24.92	-4.50	8.94
Russell 2000 Growth	6.31	2.51	17.96	23.22	-2.54	5.38
Median of Mid Cap Growth Mutual Funds Universe	6.58	7.20	20.99	19.77	-3.85	3/31/97
T. Rowe Price Small Cap Stock	6.06	4.99	18.16	20.93	8.72	11.92
Russell 2000	4.70	3.39	17.96	24.12	6.45	9.55
Median of Small Cap Blend Mutual Funds Universe	5.17	5.09	18.97	23.18	10.65	3/31/97
Europacific Growth	12.25	13.14	28.56	24.75	4.69	8.40
MSCI Gross EAFE	10.44	9.50	26.32	25.11	3.55	4.63
Median of International Stock Funds Universe	10.71	9.86	25.07	23.03	3.57	6/30/98
T. Rowe Price International Stock	12.22	10.05	25.78	21.30	-0.27	4.29
MSCI Gross EAFE	10.44	9.50	26.32	25.11	3.55	5.71
Median of International Stock Funds Universe	10.71	9.86	25.07	23.03	3.57	6/30/96

*Denotes new Plan options starting October 2003

Exhibit I

**Performance Summary
Percentile Ranking Analysis vs. Peer Universe**

Fund Name	Universe	Quarter	Year-to-Date	1 Year	3 Year	5 Year
<i>Federated US Gov't. 2-5 Year Institutional</i>	Intermediate Gov't Bond Mutual Funds	90	91	90	50	30
<i>PIMCO Total Return Institutional *</i>	Core Fixed Income Mutual Funds	38	2	4	12	1
<i>Fidelity Puritan</i>	Balanced Mutual Funds	59	76	67	39	11
<i>Flag Investors Value Builder</i>	Balanced Mutual Funds	96	99	35	16	15
<i>Washington Mutual Investors</i>	Large Cap Value Mutual Funds	68	72	87	80	35
<i>Fidelity Growth & Income</i>	Large Cap Blend Mutual Funds	88	90	91	99	28
<i>Legg Mason Value Trust</i>	Large Cap Blend Mutual Funds	91	97	14	1	3
<i>Vanguard Institutional Index</i>	Large Cap Blend Mutual Funds	41	46	45	26	34
<i>American Growth Fund A*</i>	Large Cap Growth Mutual Funds	6	1	5	1	2
<i>Lord Abbett Mid-Cap Value A*</i>	Mid Cap Value Mutual Funds	53	53	40	68	39
<i>Dreyfus Midcap Index</i>	Mid Cap Blend Mutual Funds	42	25	25	53	57
<i>Delaware Trend Institutional</i>	Mid Cap Growth Mutual Funds	82	99	99	74	57
<i>T. Rowe Price Small Cap</i>	Small Cap Blend Mutual Funds	30	52	59	76	67
<i>Europacific Growth</i>	International Stock Mutual Funds	28	25	27	37	41
<i>T. Rowe Price International</i>	International Stock Mutual Funds	29	48	44	66	78

*Denotes new Plan options starting October 2003
Note: Rank of 1 is highest and 100 is lowest.

Exhibit II

Performance Summary
vs. Market Index

Fund Name	Index	Quarter	Year-to-Date	1 Year	3 Year	5 Year
<i>Vanguard Money Market</i>	90 Day US T-Bill	Same	Below	Below	Below	Above
<i>Investment Contract Pool</i>	Hueler Stable Value Universe	Same	Below	Below	Below	Same
<i>Nationwide Fixed Annuity</i>	Merrill Lynch 1-5 Year Treasury	Above	Above	Above	Above	Above
<i>Federated US Gov't. 2-5 Year Institutional</i>	Lehman Int. Gov't. Bond	Below	Below	Below	Below	Below
<i>PIMCO Total Return Institutional *</i>	Lehman Aggregate Bond	Above	Above	Above	Above	Above
<i>Fidelity Puritan</i>	60% S&P 500, 40% Lehman Aggregate	Above	Same	Above	Above	Above
<i>Flag Investors Value Builder</i>	70% S&P 500, 30% Lehman Aggregate	Below	Below	Above	Above	Above
<i>Washington Mutual Investors</i>	Russell 1000 Value	Below	Below	Below	Below	Below
<i>Fidelity Growth & Income</i>	S&P 500	Below	Below	Below	Below	Above
<i>Legg Mason Value Trust</i>	S&P 500	Below	Below	Above	Above	Above
<i>Vanguard Institutional Index**</i>	S&P 500	Same	Same	Above	Same	Same
<i>American Growth Fund A*</i>	Russell 1000 Growth	Above	Above	Above	Above	Above
<i>Lord Abbett Mid Cap Value A*</i>	Russell Mid Cap Value	Below	Below	Below	Below	Below
<i>Dreyfus Midcap Index</i>	S&P 400	Below	Below	Below	Below	Below
<i>Delaware Trend Institutional</i>	Russell Mid Cap Growth	Below	Below	Below	Below	Below
	Russell 2000 Growth	Below	Below	Below	Below	Below
<i>T. Rowe Price Small Cap Stock</i>	Russell 2000	Above	Above	Above	Below	Above
<i>Europacific Growth</i>	MSCI EAFE	Above	Above	Above	Below	Above
<i>T. Rowe Price International Stock</i>	MSCI EAFE	Above	Above	Below	Below	Below

*Denotes new Plan options starting October 2003

** Difference in performance results can be attributed to investment management fees.

Exhibit III

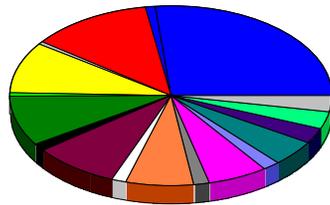
Risk/Return Summary
vs. Market Index
5 Years Ended September 30, 2005

Fund Name	Index	Return	Risk
<i>Investment Contract Pool</i>	Heueler Stable Value Universe	Same	Above
<i>Federated US Gov't. 2-5 Year Institutional</i>	Lehman Int. Gov't. Bond	Below	Above
<i>PIMCO Total Return Institutional *</i>	Lehman Aggregate Bond	Above	Above
<i>Fidelity Puritan</i>	60% S&P 500, 40% Lehman Aggregate	Above	Above
<i>Flag Investors Value Builder</i>	70% S&P 500, 30% Lehman Aggregate	Above	Above
<i>Washington Mutual Investors</i>	Russell 1000 Value	Below	Below
<i>Fidelity Growth & Income</i>	S&P 500	Above	Below
<i>Legg Mason Value Trust</i>	S&P 500	Above	Above
<i>Vanguard Institutional</i>	S&P 500	Same	Below
<i>American Growth Fund A*</i>	Russell 1000 Growth	Above	Below
<i>Lord Abbett Mid Cap Value A*</i>	Russell Mid Cap Value	Below	Below
<i>Dreyfus Midcap Index</i>	S&P 400	Below	Below
<i>Delaware Trend</i>	Russell Mid Cap Growth	Below	Below
	Russell 2000 Growth	Below	Same
<i>T. Rowe Price Small Cap Stock</i>	Russell 2000	Above	Below
<i>Europacific Growth</i>	MSCI EAFE	Above	Below
<i>T. Rowe Price International Stock</i>	MSCI EAFE	Below	Above

*Denotes new Plan options starting October 2003

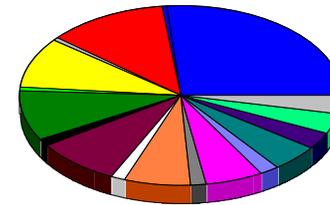
MARYLAND SUPPLEMENTAL RETIREMENT
COMPOSITE
ASSET ALLOCATION

TOTAL MARKET VALUE
AS OF JUNE 30, 2005
\$1,966,849,721



	VALUE	PERCENT
INVESTMENT CONTRACT POOL	522,474,521	26.56
LEGG MASON VALUE NAV	239,714,636	12.19
WASHINGTON MUTUAL INVESTORS	181,073,642	9.21
VANGUARD INSTITUTIONAL INDEX	176,766,211	8.99
FIDELITY PURITAN	169,177,639	8.60
FIDELITY GROWTH & INCOME	133,923,891	6.81
NATIONWIDE FIXED ANNUITY	118,625,603	6.03
DREYFUS MIDCAP INDEX	91,137,004	4.63
T. ROWE PRICE SMALL CAP STOCK	61,999,873	3.15
AMERICAN GROWTH FUND A	55,930,211	2.84
EUROPACIFIC GROWTH	53,830,602	2.74
LORD ABBETT MID CAP VALUE	34,094,649	1.73
SCUDDER FLAG INV VALUE INST	31,313,213	1.59
FEDERATED US GOVT 2-5 INSTITUTIONAL	28,710,812	1.46
DELAWARE TREND INSTITUTIONAL	25,803,397	1.31
LOAN UNPAID PRINCIPAL	12,528,421	0.64
T. ROWE PRICE INTERNATIONAL STOCK	10,232,184	0.52
OTHER	19,513,214	1.00

TOTAL MARKET VALUE
AS OF SEPTEMBER 30, 2005
\$2,033,389,260



	VALUE	PERCENT
INVESTMENT CONTRACT POOL	536,239,339	26.37
LEGG MASON VALUE NAV	244,471,014	12.02
WASHINGTON MUTUAL INVESTORS	184,451,368	9.07
VANGUARD INSTITUTIONAL INDEX	182,233,577	8.96
FIDELITY PURITAN	172,732,856	8.49
FIDELITY GROWTH & INCOME	135,712,582	6.67
NATIONWIDE FIXED ANNUITY	117,943,716	5.80
DREYFUS MIDCAP INDEX	97,382,368	4.79
EUROPACIFIC GROWTH	73,626,916	3.62
T. ROWE PRICE SMALL CAP STOCK	66,650,464	3.28
AMERICAN GROWTH FUND A	61,978,255	3.05
LORD ABBETT MID CAP VALUE	38,915,684	1.91
SCUDDER FLAG INV VALUE INST	31,535,656	1.55
FEDERATED US GOVT 2-5 INSTITUTIONAL	28,824,748	1.42
DELAWARE TREND INSTITUTIONAL	26,108,900	1.28
LOAN UNPAID PRINCIPAL	13,329,598	0.66
PIMCO TOTAL RETURN FUND	11,483,597	0.56
OTHER	9,768,622	0.50

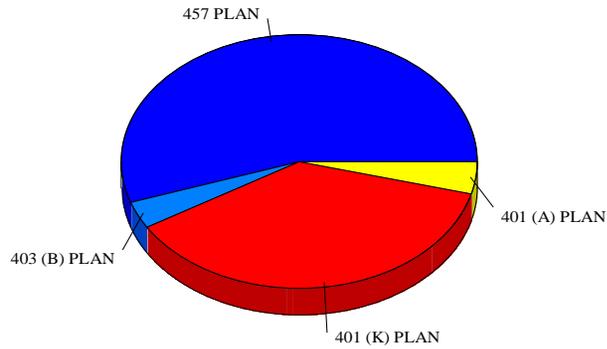
**MARYLAND SUPPLEMENTAL RETIREMENT
 COMPOSITE
 ASSET ALLOCATION**

	ALLOCATIONS IN OTHER	
	VALUE	PERCENT
PIMCO TOTAL RETURN FUND	9,622,279	0.49
VANGUARD MONEY MARKET	4,592,782	0.23
GW 84 MONTH CD	3,977,985	0.20
GW 60 MONTH CD	508,452	0.03
GW 36 MONTH CD	444,821	0.02
GW FUNDS	366,889	0.02
INVESCO DYNAMICS	6	0.00

	ALLOCATIONS IN OTHER	
	VALUE	PERCENT
VANGUARD MONEY MARKET	4,404,016	0.22
GW 84 MONTH CD	4,003,209	0.20
GW 60 MONTH CD	515,373	0.03
GW 36 MONTH CD	448,018	0.02
GW FUNDS	378,618	0.02
T. ROWE PRICE INTERNATIONAL STOCK	19,252	0.00
AIM CONSTELLATION A	136	0.00

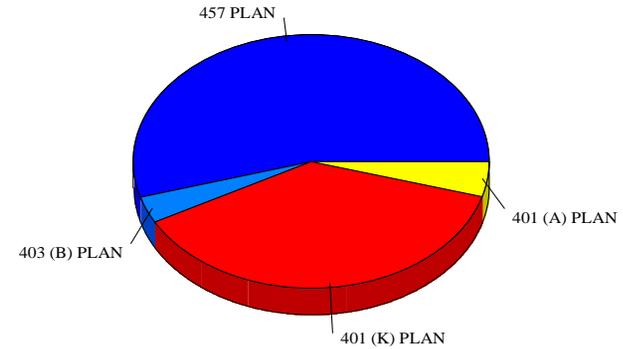
MARYLAND SUPPLEMENTAL RETIREMENT
COMPOSITE
MANAGER ASSET ALLOCATION
TOTAL FUND

TOTAL MARKET VALUE
ON JUNE 30, 2005
\$1,966,849,721



	VALUE	PERCENT
457 PLAN	1,086,152,577	55.22
401 (K) PLAN	733,302,064	37.28
401 (A) PLAN	80,334,616	4.08
403 (B) PLAN	67,060,464	3.42

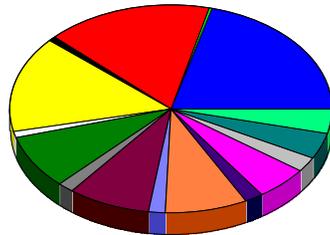
TOTAL MARKET VALUE
ON SEPTEMBER 30, 2005
\$2,033,389,260



	VALUE	PERCENT
457 PLAN	1,109,075,208	54.54
401 (K) PLAN	765,179,900	37.63
401 (A) PLAN	91,047,154	4.48
403 (B) PLAN	68,086,998	3.35

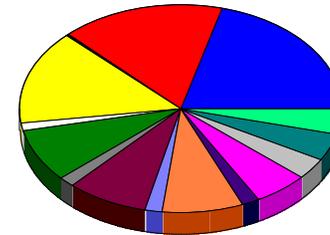
MARYLAND SUPPLEMENTAL RETIREMENT
401 (A) PLAN
ASSET ALLOCATION

TOTAL MARKET VALUE
AS OF JUNE 30, 2005
\$80,334,616



	VALUE	PERCENT
INVESTMENT CONTRACT POOL	16,794,477	20.91
LEGG MASON VALUE NAV	13,498,384	16.80
VANGUARD INSTITUTIONAL INDEX	11,967,969	14.90
FIDELITY GROWTH & INCOME	6,739,497	8.39
WASHINGTON MUTUAL INVESTORS	6,673,947	8.31
FIDELITY PURITAN	6,645,470	8.27
DREYFUS MIDCAP INDEX	4,265,567	5.31
AMERICAN GROWTH FUND A	3,242,920	4.04
T. ROWE PRICE SMALL CAP STOCK	3,053,084	3.80
EUROPACIFIC GROWTH	1,836,062	2.29
SCUDDER FLAG INV VALUE INST	1,483,504	1.85
FEDERATED US GOVT 2-5 INSTITUTIONAL	1,352,690	1.68
DELAWARE TREND INSTL	1,306,500	1.63
LORD ABBETT MID CAP VALUE	778,132	0.97
T. ROWE PRICE INTERNATIONAL STOCK	577,173	0.72
PIMCO TOTAL RETURN FUND	119,240	0.13

TOTAL MARKET VALUE
AS OF SEPTEMBER 30, 2005
\$91,047,154



	VALUE	PERCENT
INVESTMENT CONTRACT POOL	18,981,251	20.85
LEGG MASON VALUE NAV	14,957,011	16.43
VANGUARD INSTITUTIONAL INDEX	13,446,567	14.77
FIDELITY GROWTH & INCOME	7,519,649	8.26
WASHINGTON MUTUAL INVESTORS	7,443,534	8.18
FIDELITY PURITAN	7,417,343	8.15
DREYFUS MIDCAP INDEX	4,954,599	5.44
AMERICAN GROWTH FUND A	3,837,876	4.22
T. ROWE PRICE SMALL CAP STOCK	3,594,032	3.95
EUROPACIFIC GROWTH	3,022,809	3.32
SCUDDER FLAG INV VALUE INST	1,623,486	1.78
FEDERATED US GOVT 2-5 INSTITUTIONAL	1,571,976	1.73
DELAWARE TREND INSTL	1,456,610	1.60
LORD ABBETT MID CAP VALUE	1,052,426	1.16
PIMCO TOTAL RETURN FUND	167,849	0.18
AIM CONSTELLATION A	136	0.00

**MARYLAND SUPPLEMENTAL RETIREMENT
401 (A) PLAN
INVESTMENT EARNINGS
JUNE 30, 2005 THROUGH SEPTEMBER 30, 2005**

MANAGER AND ASSET CLASS	BEGINNING MARKET VALUE	NEW MONEY	INTEREST AND DIVIDENDS	NET CAPITAL APPRECIATION	ENDING MARKET VALUE	TOTAL INVESTMENT EARNINGS	RATE OF RETURN
TOTAL FUND	80,334,616	8,226,047	0	2,486,491	91,047,154	2,486,491	2.94
AIM CONSTELLATION A	N/A	131	0	5	136	5	N/A
DELAWARE TREND INST'L	1,306,500	93,545	0	56,565	1,456,610	56,565	4.16
EUROPACIFIC GROWTH	1,836,062	895,757	0	290,990	3,022,809	290,990	12.25
FEDERATED US GOVT 2-5 INSTITUTIONAL	1,352,690	228,849	0	-9,563	1,571,976	-9,563	-0.71
FIDELITY GROWTH & INCOME	6,739,497	602,393	0	177,759	7,519,649	177,759	2.55
FIDELITY PURITAN	6,645,470	589,710	0	182,163	7,417,343	182,163	2.60
SCUDDER FLAG INV VALUE INST	1,483,504	127,037	0	12,945	1,623,486	12,945	0.86
INVESTMENT CONTRACT POOL	16,794,477	1,988,843	0	197,931	18,981,251	197,931	1.10
LEGG MASON VALUE NAV	13,498,384	1,152,946	0	305,681	14,957,011	305,681	2.26
T. ROWE PRICE INTERNATIONAL STOCK	577,173	-597,977	0	20,804	N/A	20,804	12.22
T. ROWE PRICE SMALL CAP STOCK	3,053,084	348,080	0	192,868	3,594,032	192,868	6.06
VANGUARD INSTITUTIONAL INDEX	11,967,969	1,042,102	0	436,496	13,446,567	436,496	3.60
WASHINGTON MUTUAL INVESTORS	6,673,947	633,692	0	135,895	7,443,534	135,895	2.00
AMERICAN GROWTH FUND A	3,242,920	362,186	0	232,770	3,837,876	232,770	6.93
LORD ABBETT MID CAP VALUE	778,132	235,025	0	39,269	1,052,426	39,269	4.25
PIMCO TOTAL RETURN FUND	119,240	49,237	0	-628	167,849	-628	-0.49
DREYFUS MIDCAP INDEX	4,265,567	474,491	0	214,541	4,954,599	214,541	4.79

VANGUARD PRIME MONEY MARKET FUND
Portfolio Characteristics
As of September 30, 2005

Ticker: VMRXX

Distribution by Issuer (%)

Commercial Paper	34.4
Certificates of Deposit	44.4
US Government & Agency	15.2
Other	3.5
Bankers Acceptances	2.5
Yankee/Foreign	<u>0.0</u>
Total:	100.0%

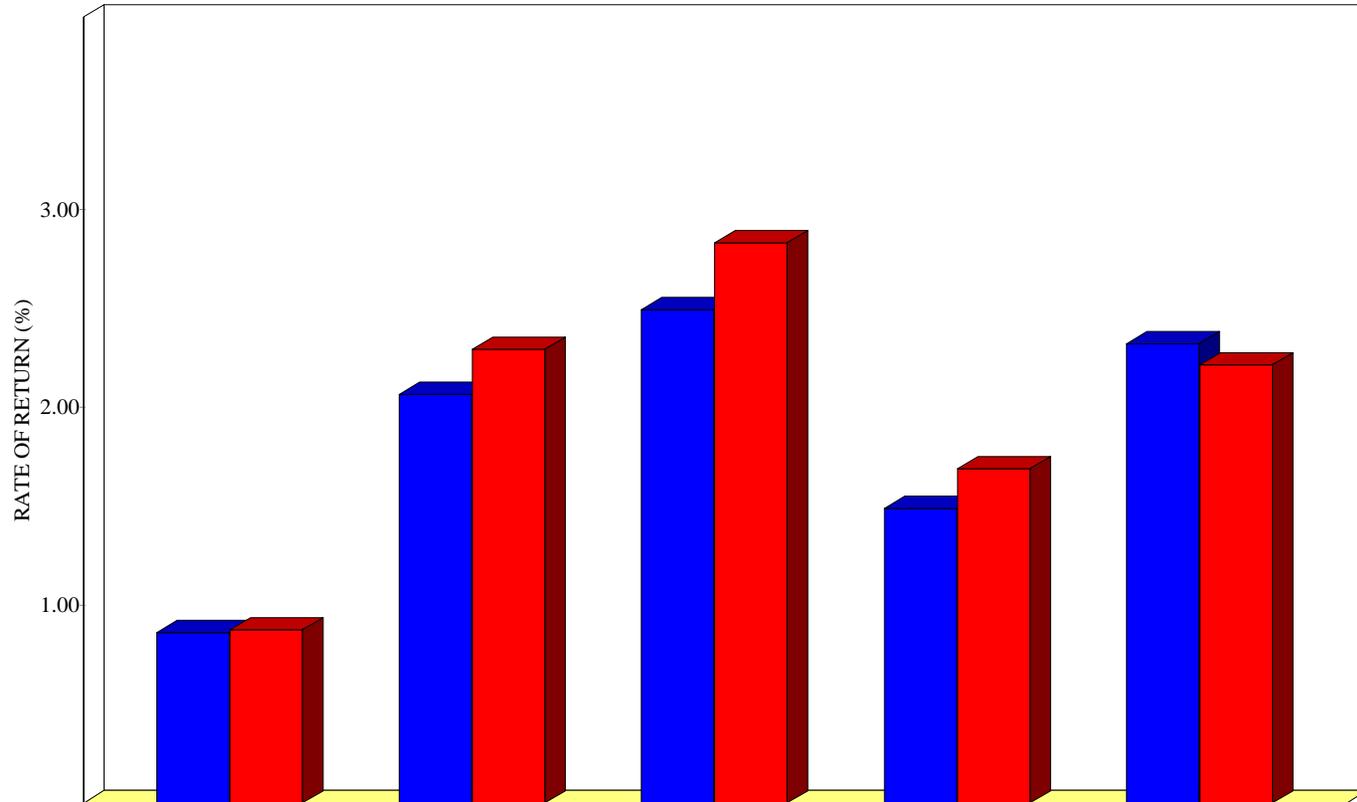
Distribution by Credit Quality (%)

Treasury/ Agency	0.0
Aaa	36.4
Aa	61.3
A	2.3
Ba	0.0
Not Rated	<u>0.0</u>
Total:	100.0%

Fund Characteristics

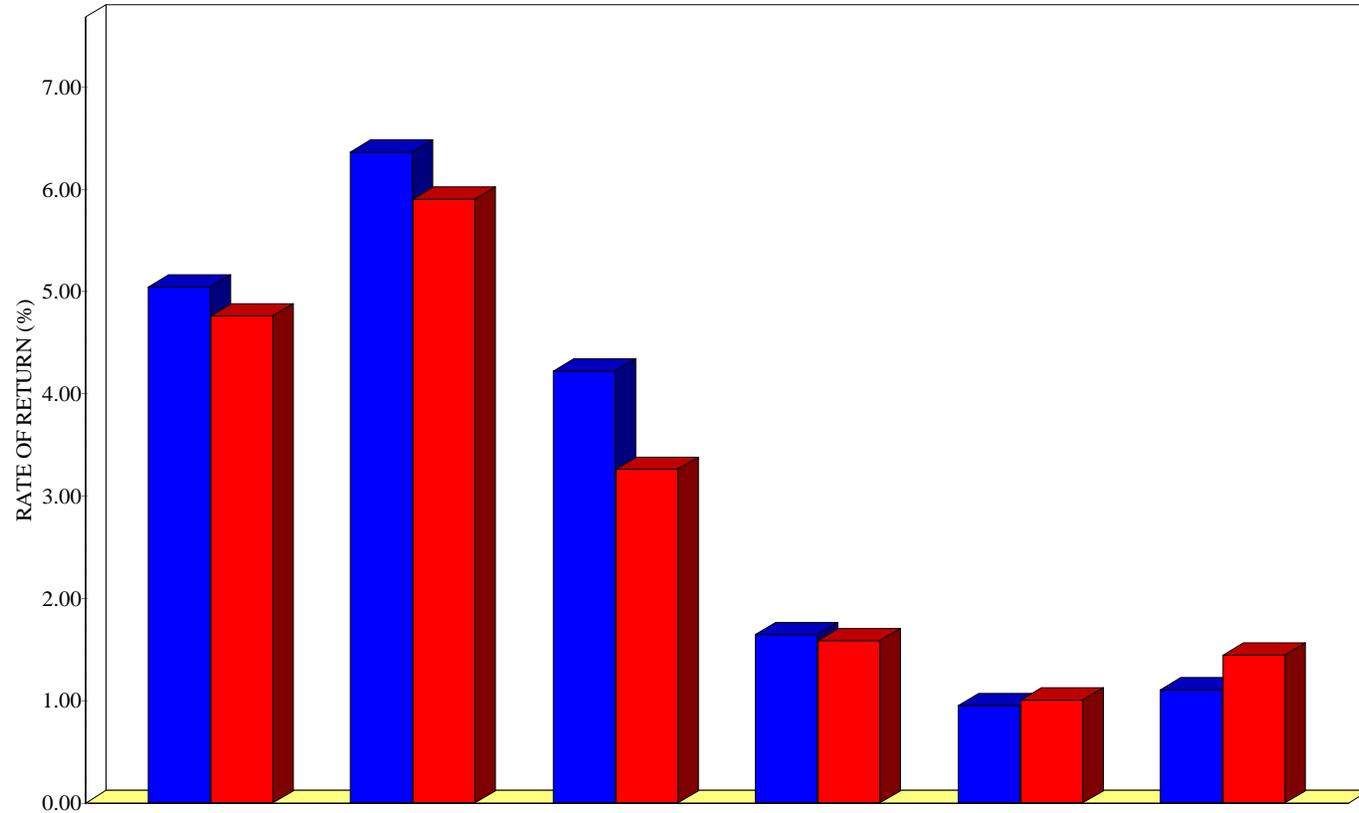
Total Assets	\$52.9 billion
Expense Ratio	0.30%
Inception Date	June 1975
Fund Manager	Auwaerter/Glocke
Manager Tenure	2 Years
Average Maturity	40 days
Average Credit Quality	Aa1

MARYLAND SUPPLEMENTAL RETIREMENT
DEFINED CONTRIBUTION PLAN
TIME-WEIGHTED RETURNS
SEPTEMBER 30, 2000 THROUGH SEPTEMBER 30, 2005



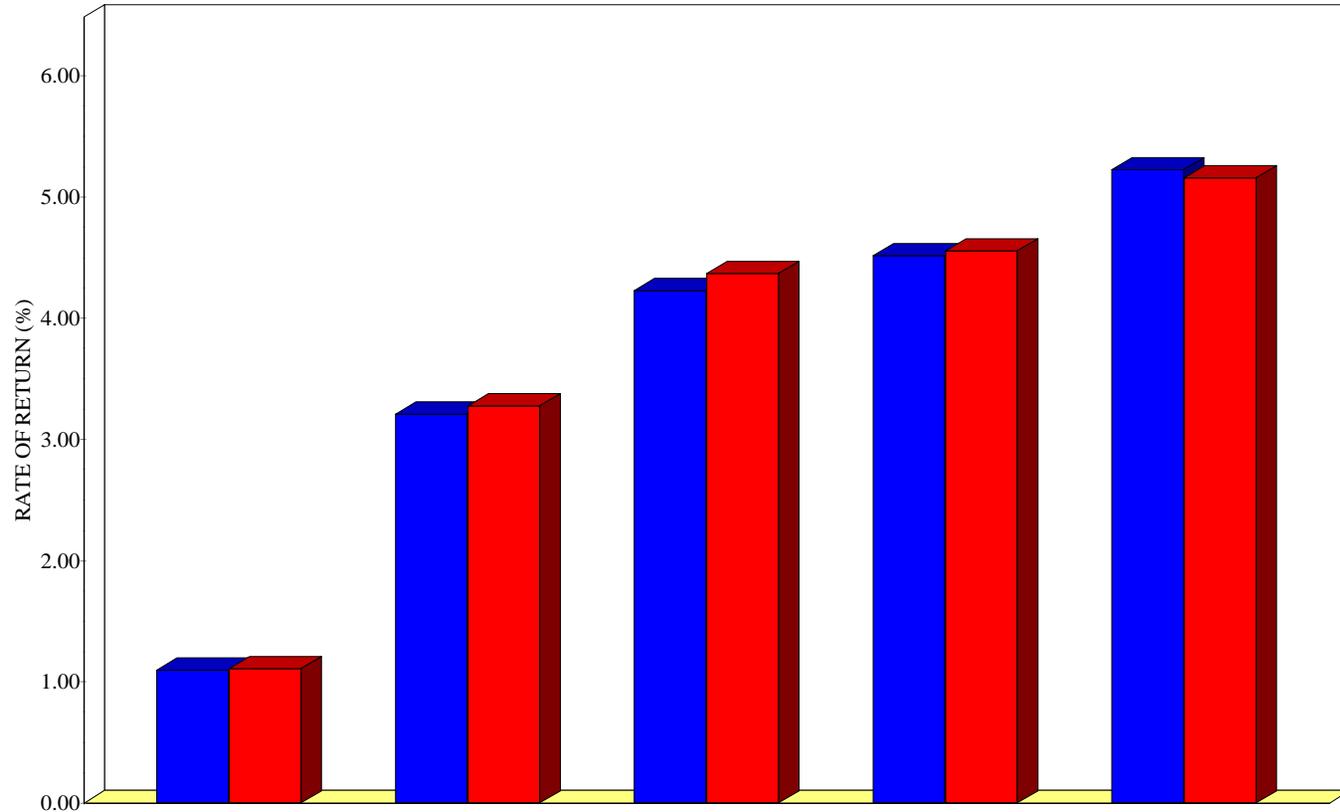
	LATEST QUARTER	CALENDAR YTD	ONE YEAR	THREE YEARS	FIVE YEARS
VANGUARD MONEY MARKET	0.86	2.06	2.49	1.49	2.32
90 DAY U.S. T-BILL	0.88	2.29	2.83	1.69	2.21

MARYLAND SUPPLEMENTAL RETIREMENT
DEFINED CONTRIBUTION PLAN
TIME-WEIGHTED RETURNS
DECEMBER 31, 1998 THROUGH DECEMBER 31, 2004



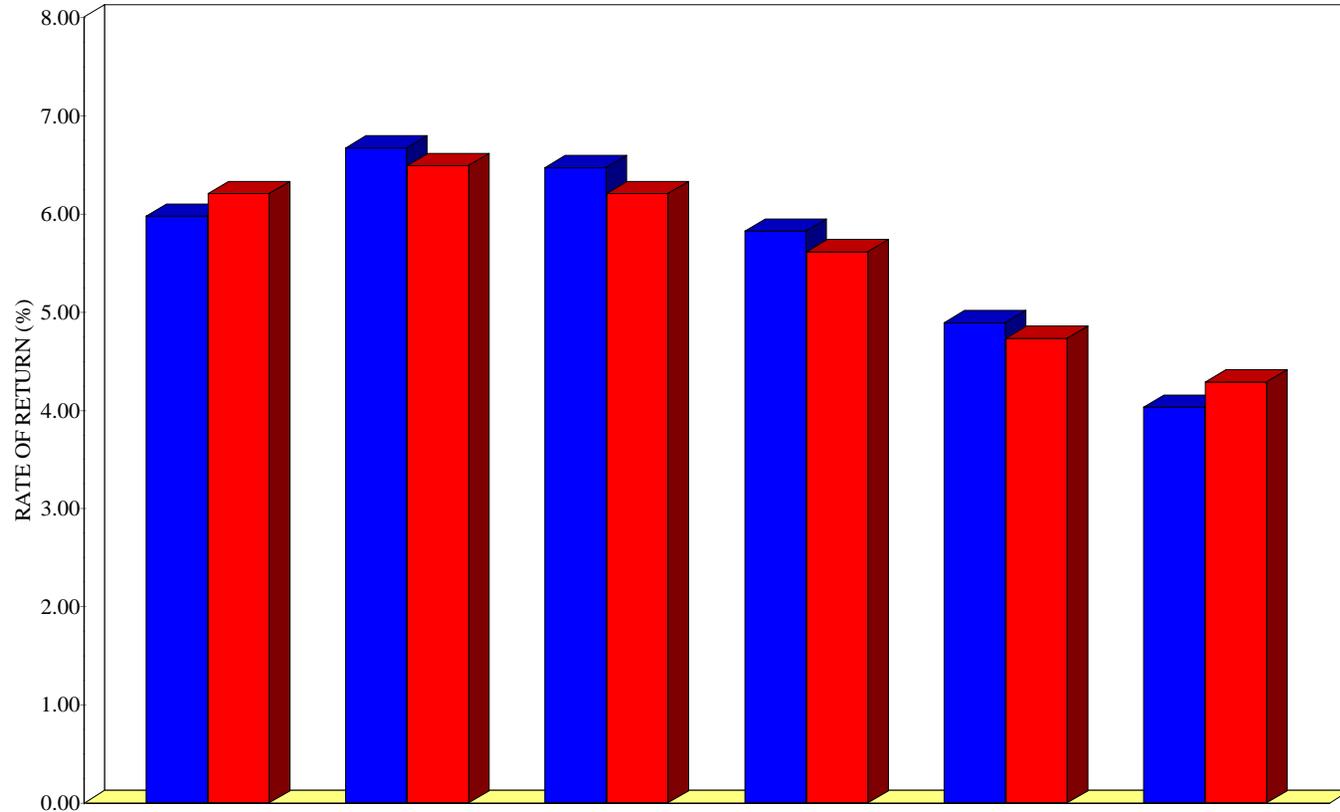
	12/1998-12/1999	12/1999-12/2000	12/2000-12/2001	12/2001-12/2002	12/2002-12/2003	12/2003-12/2004
VANGUARD MONEY MARKET	5.04	6.37	4.22	1.65	0.95	1.10
90 DAY U.S. T-BILL	4.76	5.90	3.26	1.59	1.01	1.44

MARYLAND SUPPLEMENTAL RETIREMENT
DEFINED CONTRIBUTION PLAN
TIME-WEIGHTED RETURNS
SEPTEMBER 30, 2000 THROUGH SEPTEMBER 30, 2005



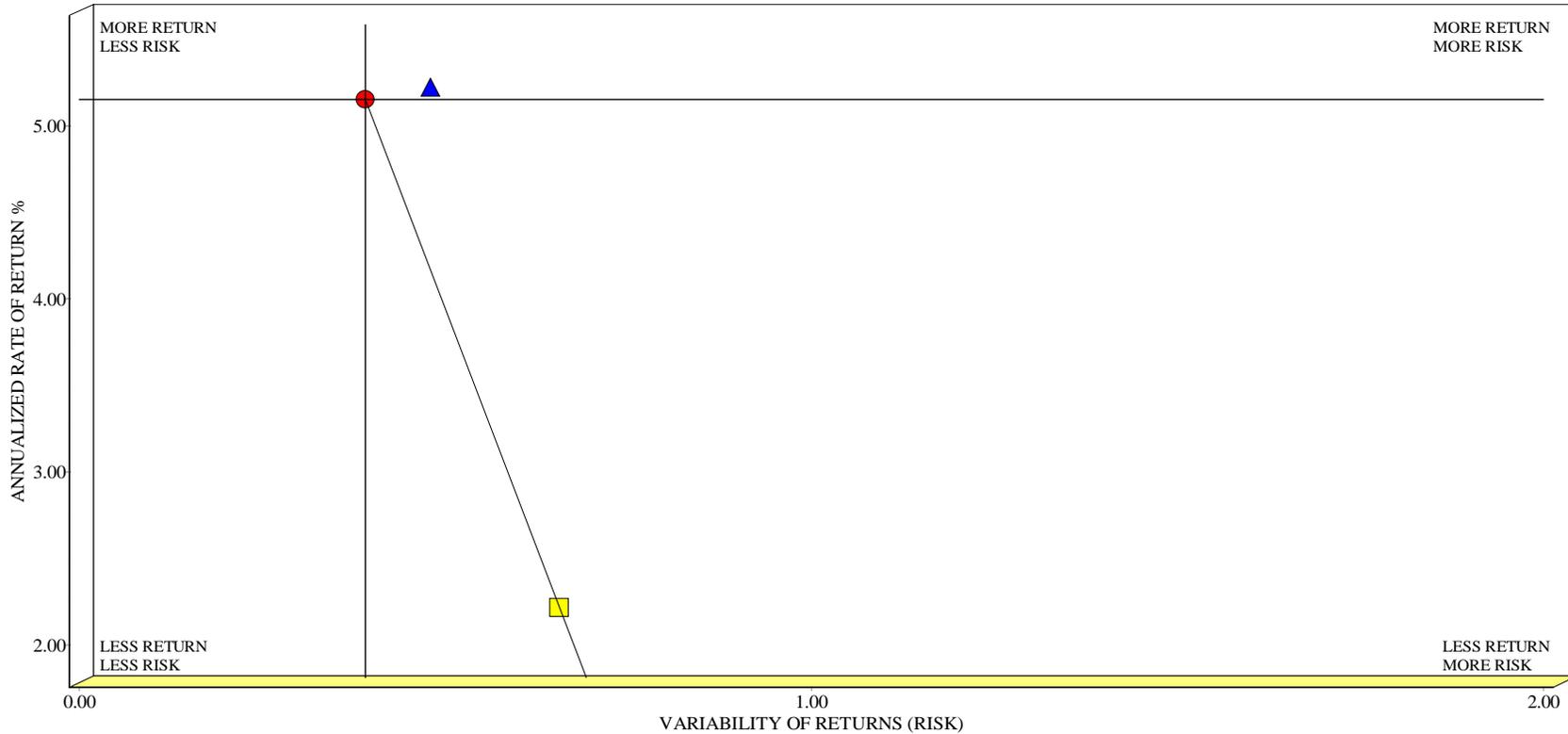
	LATEST QUARTER	CALENDAR YTD	ONE YEAR	THREE YEARS	FIVE YEARS
INVESTMENT CONTRACT POOL	1.10	3.21	4.23	4.52	5.22
HUELER GIC	1.11	3.28	4.37	4.55	5.15

MARYLAND SUPPLEMENTAL RETIREMENT
DEFINED CONTRIBUTION PLAN
TIME-WEIGHTED RETURNS
DECEMBER 31, 1998 THROUGH DECEMBER 31, 2004



	12/1998-12/1999	12/1999-12/2000	12/2000-12/2001	12/2001-12/2002	12/2002-12/2003	12/2003-12/2004
INVESTMENT CONTRACT POOL	5.98	6.67	6.47	5.83	4.90	4.03
HUELER GIC	6.21	6.49	6.21	5.61	4.73	4.29

MARYLAND SUPPLEMENTAL RETIREMENT
 DEFINED CONTRIBUTION PLAN
 CAPITAL MARKET LINE
 SEPTEMBER 30, 2000 THROUGH SEPTEMBER 30, 2005



	RETURN	STD DEV	BETA	ALPHA	R-SQUARED	SHARPE RATIO
▲ INVESTMENT CONTRACT POOL	5.22	0.48	1.06	-0.10	96.42	6.28
● HUELER GIC	5.15	0.39	1.00	0.00	100.00	7.53
■ 90 DAY U.S. T-BILL	2.21	0.66	1.00	0.00	100.00	0.00

PIMCO TOTAL RETURN INSTITUTIONAL
Portfolio Characteristics
As of September 30, 2005

Ticker: PTTRX

Top Sectors (%)

Mortgage-Backed	51.0
U.S. Treasury / Agency	26.0
Net Cash & Equivalents	13.0
Emerging Markets	3.0
Corporates	2.0
Foreign	2.0
Other	4.0
Total:	100.0%

Fixed Income Portfolio

Average Maturity	5.63
Average Duration	4.05
Average Credit Quality	AAA
Average Coupon	4.48
Average Bond Price*	\$104.83

Fund Characteristics

Total Assets	\$86.2 billion
Total Holdings*	8,841
Expense Ratio	0.43%
Inception Date	May 1987
Fund Manager	William Gross
Manager Tenure	18 Years
Morningstar Rating	5 Stars

Credit Quality (%)

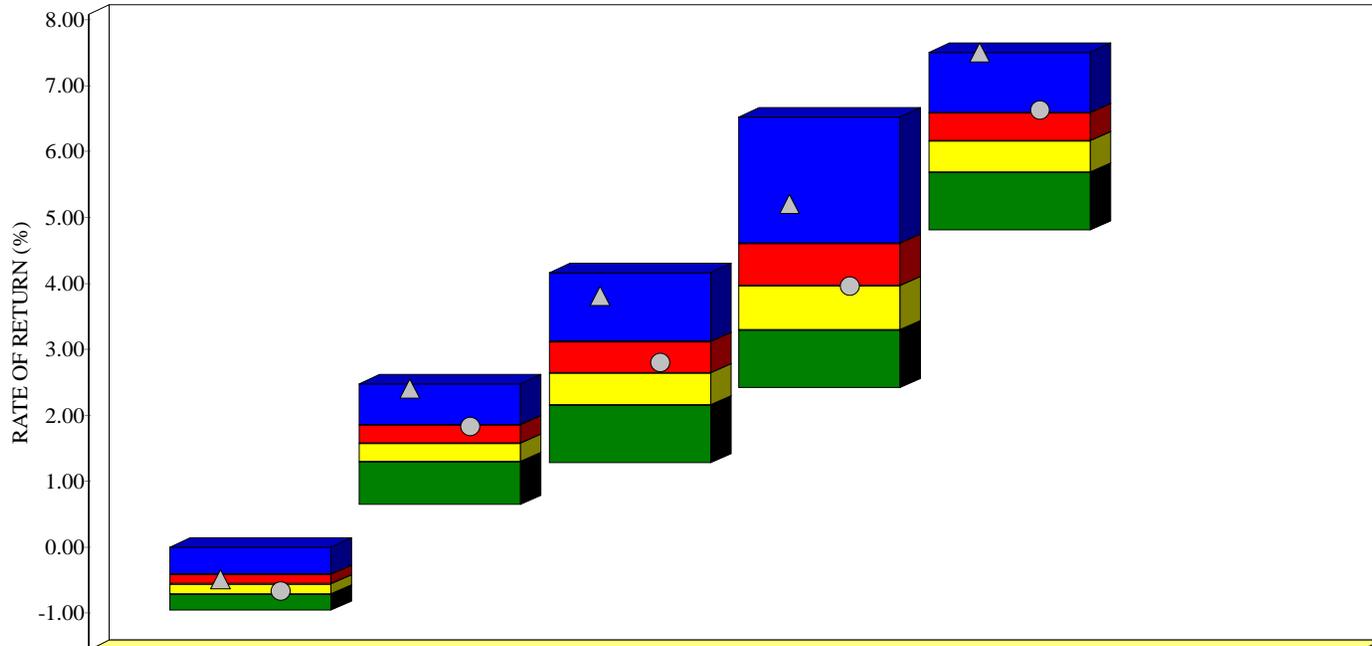
AAA	90.0
AA	1.0
A	1.0
BBB	5.0
BB	2.0
B	1.0
Below B	0.0

Maturity (%)

<1 Year	13.0
1-5 Years	55.0
5-10 Years	24.0
10-20 Years	3.0
20-30 Years	5.0

*As of 6/30/05

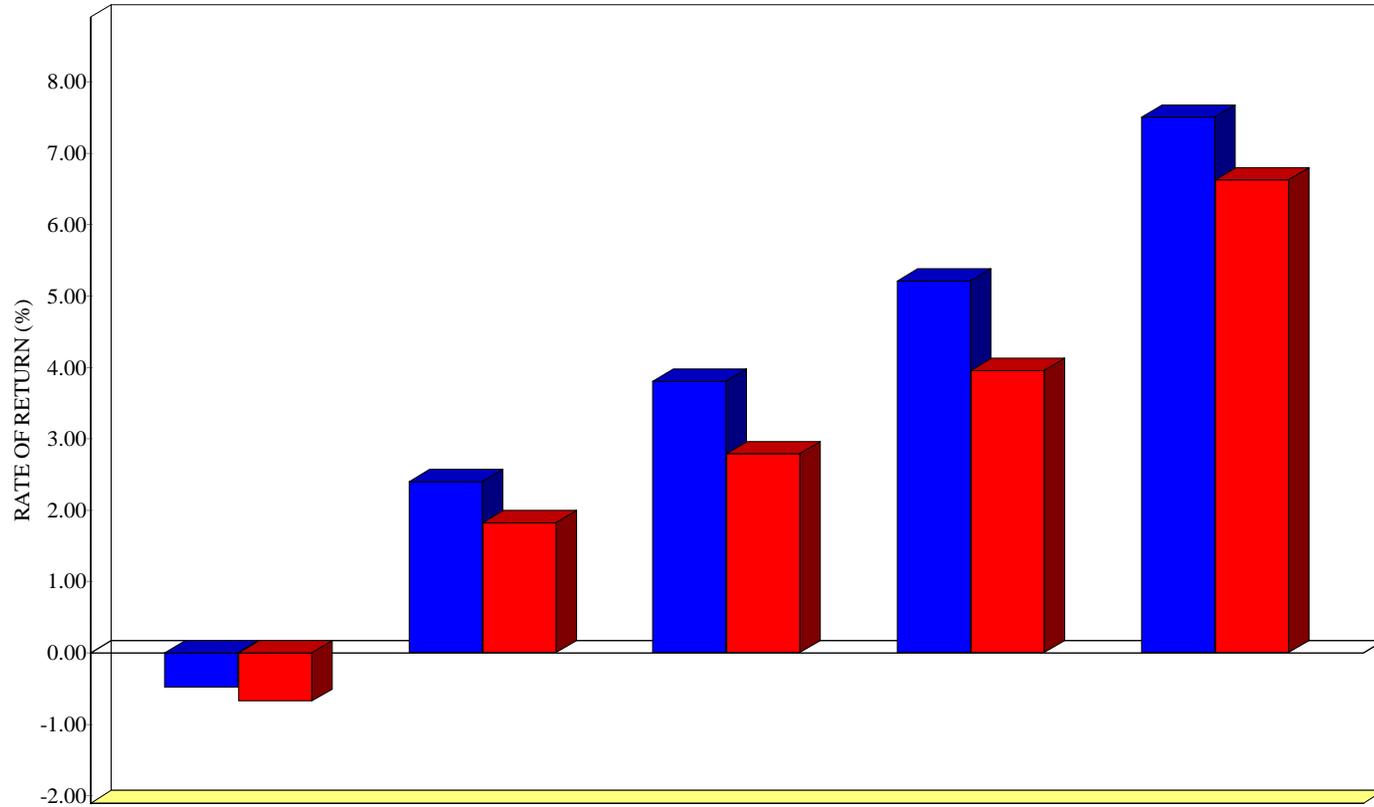
MARYLAND SUPPLEMENTAL RETIREMENT
 QUARTILE RANKING ANALYSIS
 PIMCO TOTAL RETURN FUND AGAINST CORE FIXED INCOME MUTUAL FUNDS
 SEPTEMBER 30, 2000 THROUGH SEPTEMBER 30, 2005



	<u>LATEST QUARTER</u>		<u>CALENDAR YTD</u>		<u>ONE YEAR</u>		<u>THREE YEARS</u>		<u>FIVE YEARS</u>	
 HIGHEST VALUE		0.00		2.47		4.16		6.53		7.51
 FIRST QUARTILE		-0.42		1.85		3.12		4.60		6.58
 MEDIAN VALUE		-0.56		1.57		2.64		3.97		6.16
 THIRD QUARTILE		-0.72		1.29		2.15		3.29		5.68
 LOWEST VALUE		-0.97		0.64		1.27		2.41		4.80
MEAN		-0.55		1.57		2.64		4.05		6.17
	<u>LATEST QUARTER</u>		<u>CALENDAR YTD</u>		<u>ONE YEAR</u>		<u>THREE YEARS</u>		<u>FIVE YEARS</u>	
	<u>RETURN</u>	<u>RANK</u>	<u>RETURN</u>	<u>RANK</u>	<u>RETURN</u>	<u>RANK</u>	<u>RETURN</u>	<u>RANK</u>	<u>RETURN</u>	<u>RANK</u>
 DEFINED CONTRIBUTION	-0.49	38	2.40	2	3.81	4	5.21	12	7.50	1
 LB AGGREGATE BOND	-0.67	70	1.82	26	2.80	37	3.96	50	6.62	24

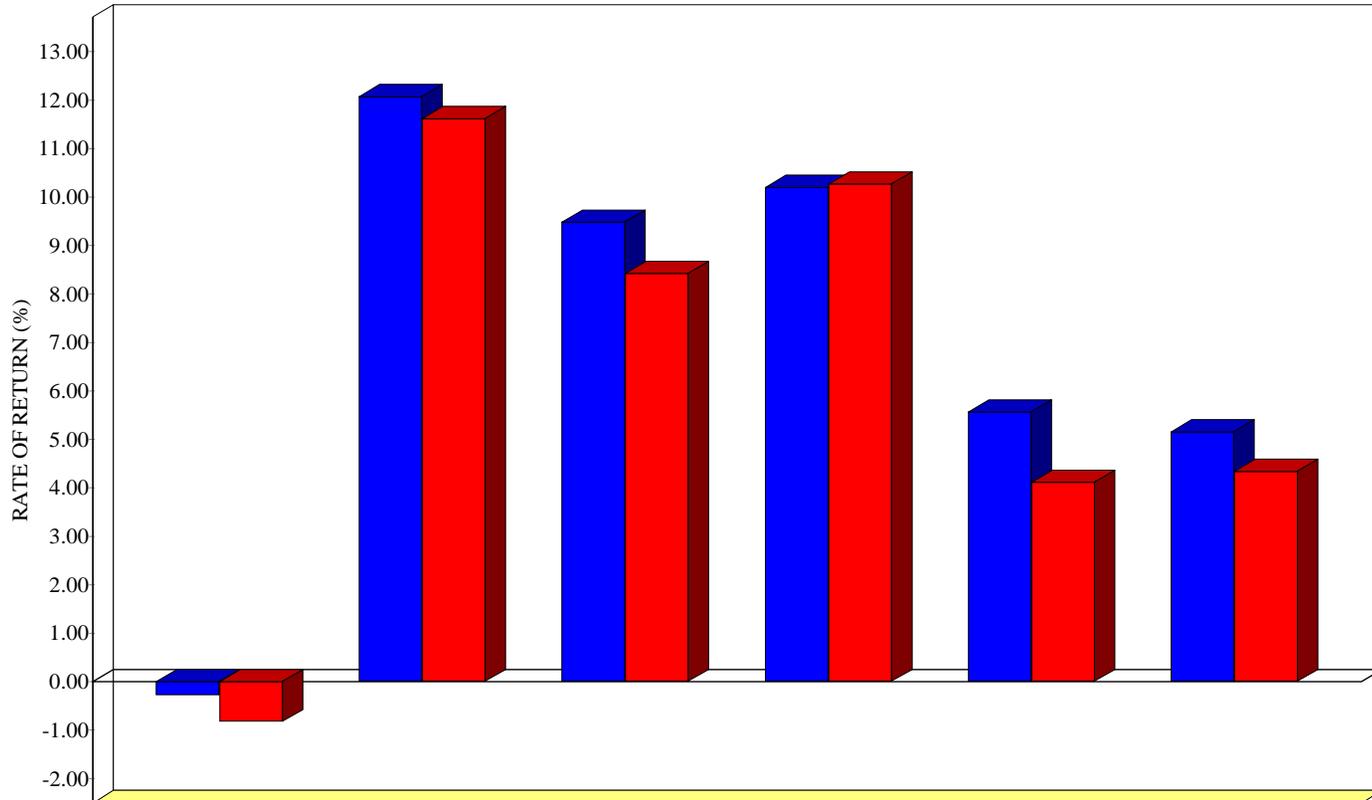
Source: Morningstar, Inc.

MARYLAND SUPPLEMENTAL RETIREMENT
DEFINED CONTRIBUTION PLAN
TIME-WEIGHTED RETURNS
SEPTEMBER 30, 2000 THROUGH SEPTEMBER 30, 2005



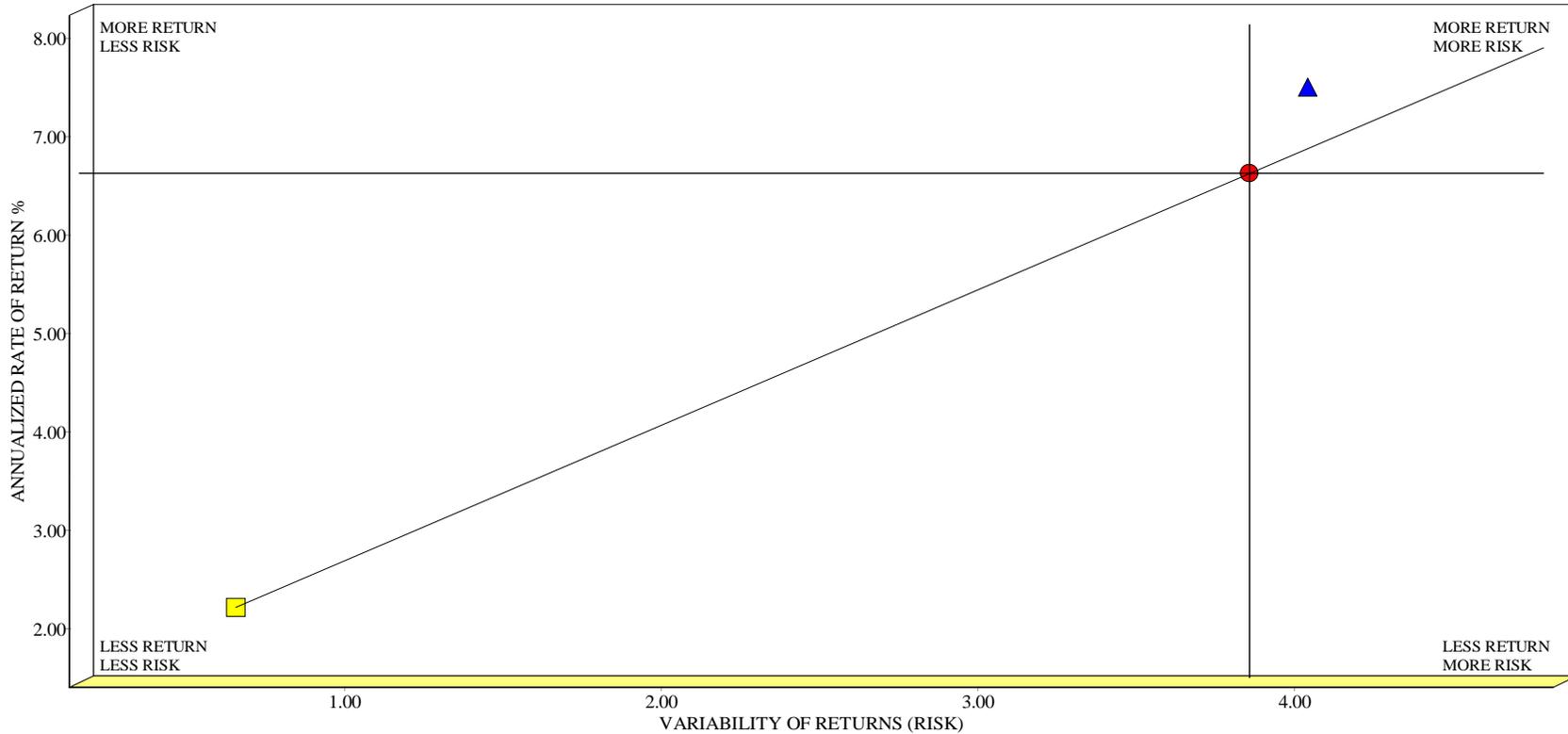
	LATEST QUARTER	CALENDAR YTD	ONE YEAR	THREE YEARS	FIVE YEARS
PIMCO TOTAL RETURN FUND	-0.49	2.40	3.81	5.21	7.50
LB AGGREGATE BOND	-0.67	1.82	2.80	3.96	6.62

MARYLAND SUPPLEMENTAL RETIREMENT
DEFINED CONTRIBUTION PLAN
TIME-WEIGHTED RETURNS
DECEMBER 31, 1998 THROUGH DECEMBER 31, 2004



	12/1998-12/1999	12/1999-12/2000	12/2000-12/2001	12/2001-12/2002	12/2002-12/2003	12/2003-12/2004
PIMCO TOTAL RETURN FUND	-0.28	12.08	9.48	10.20	5.57	5.16
LB AGGREGATE BOND	-0.83	11.63	8.42	10.27	4.11	4.34

MARYLAND SUPPLEMENTAL RETIREMENT
 DEFINED CONTRIBUTION PLAN
 CAPITAL MARKET LINE
 SEPTEMBER 30, 2000 THROUGH SEPTEMBER 30, 2005



	RETURN	STD DEV	BETA	ALPHA	R-SQUARED	SHARPE RATIO
▲ PIMCO TOTAL RETURN FUND	7.50	4.04	1.00	0.84	90.49	1.31
● LB AGGREGATE BOND	6.62	3.86	1.00	0.00	100.00	1.14
■ 90 DAY U.S. T-BILL	2.21	0.66	1.00	0.00	100.00	0.00

VANGUARD INSTITUTIONAL INDEX
Portfolio Characteristics
As of September 30, 2005

Ticker: VINIX

Top 10 Holdings (%)

Exxon Mobil Co.
General Electric Co.
Microsoft Corp.
Citigroup, Inc.
Johnson & Johnson
Pfizer Inc.
Bank of America Corp.
American International Group, Inc.
Altria Group, Inc.
Intel Corp.
Total Assets in Top 10 Holdings:

Sector Allocation (%)

Financial Services	21.1
Technology	13.8
Health Care	12.9
Consumer Discretionary	12.2
Consumer Staples	7.5
Utilities	7.4
Integrated Oils	6.5
Other	5.0
Producer Durables	4.3
Other Energy	3.7
Materials & Processing	3.3
Auto & Transportation	2.3

Fund Characteristics

Total Assets	\$54.2 billion
Total Holdings	504
Expense Ratio	0.05%
Inception Date	July 1990
Fund Manager	Donald Butler
Manager Tenure	0.4 Years
Morningstar Rating	4 Stars

Portfolio Composition (%)*

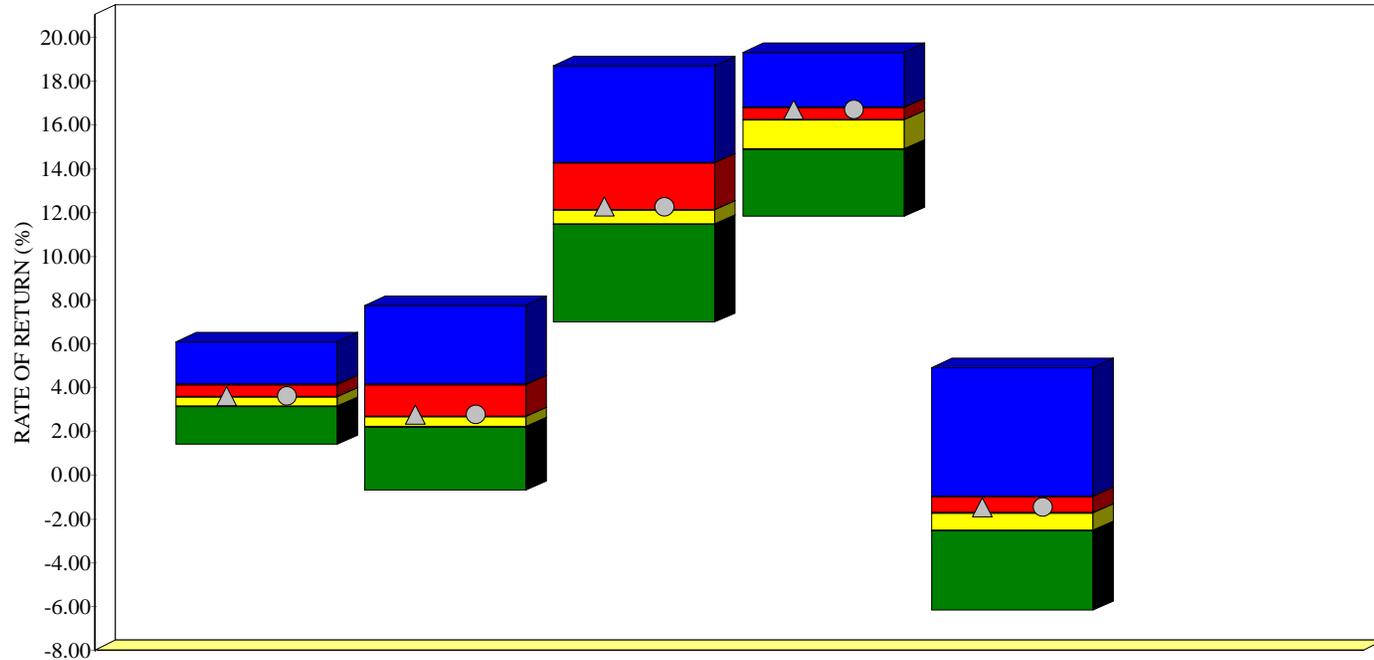
Equity	99.3
Bonds	0.0
Cash/Other	<u>0.7</u>
Total	100.0%

Equity Portfolio

P/E Ratio	17.9x
P/B Ratio	2.8x
Turnover Ratio	5.0%
Avg. Market Capitalization	\$51.5 billion

*As of 6/30/05

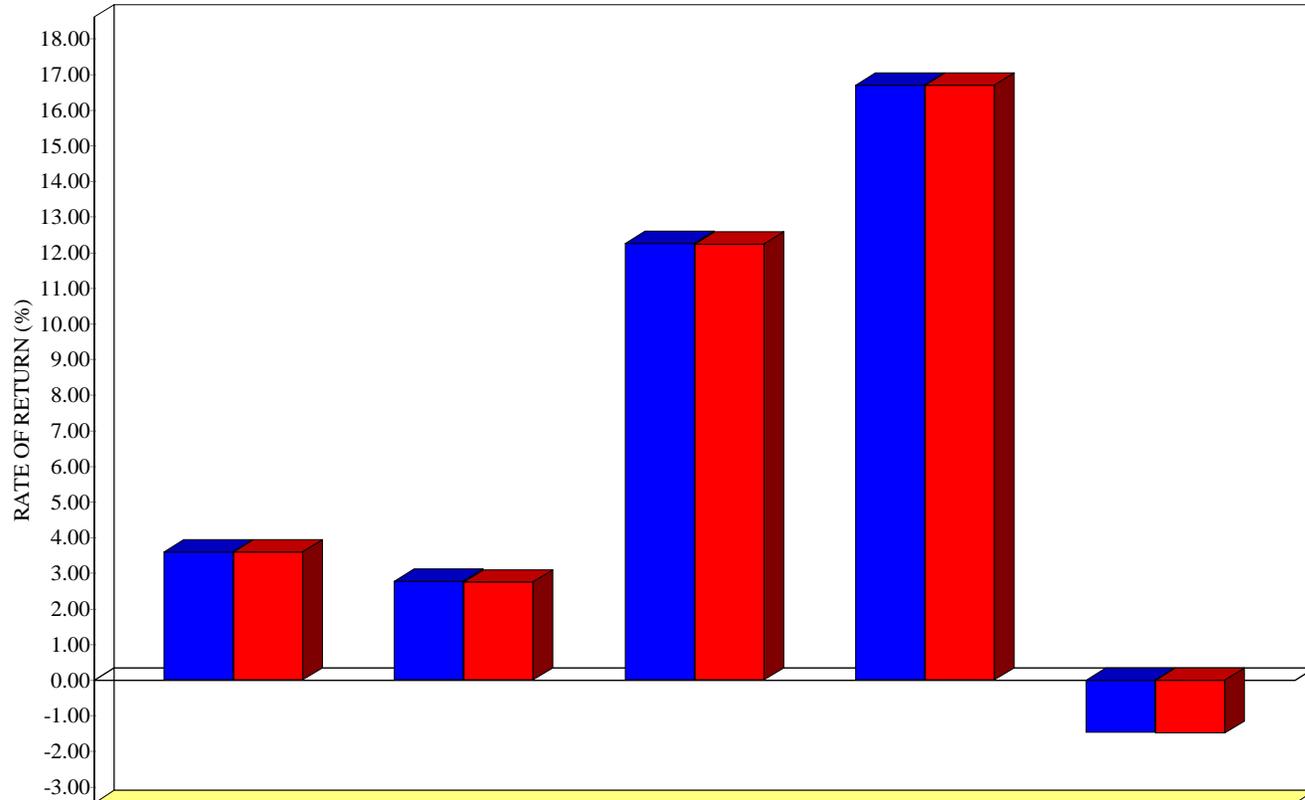
MARYLAND SUPPLEMENTAL RETIREMENT
 QUARTILE RANKING ANALYSIS
 VANGUARD INSTITUTIONAL INDEX AGAINST LARGE CAP BLEND MUTUAL FUNDS
 SEPTEMBER 30, 2000 THROUGH SEPTEMBER 30, 2005



	LATEST QUARTER		CALENDAR YTD		ONE YEAR		THREE YEARS		FIVE YEARS	
	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK
▲ DEFINED CONTRIBUTION	3.60	41	2.77	46	12.26	45	16.71	26	-1.47	34
● S&P 500	3.61	41	2.76	46	12.24	45	16.71	26	-1.49	36

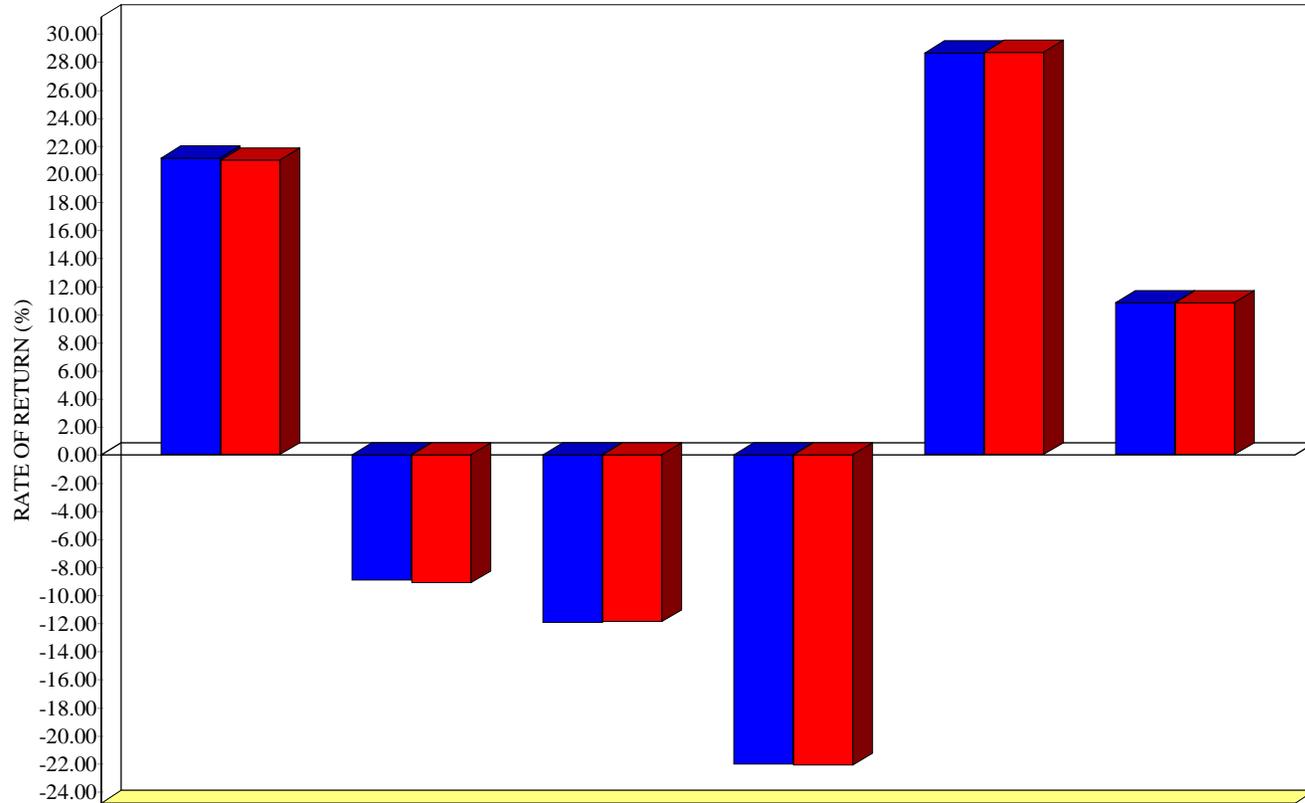
HIGHEST VALUE	6.09	7.76	18.68	19.32	4.92
FIRST QUARTILE	4.12	4.13	14.25	16.78	-0.99
MEDIAN VALUE	3.56	2.67	12.12	16.23	-1.75
THIRD QUARTILE	3.14	2.20	11.46	14.88	-2.53
LOWEST VALUE	1.39	-0.69	6.95	11.81	-6.19
MEAN	3.63	3.05	12.57	15.74	-1.68

MARYLAND SUPPLEMENTAL RETIREMENT
DEFINED CONTRIBUTION PLAN
TIME-WEIGHTED RETURNS
SEPTEMBER 30, 2000 THROUGH SEPTEMBER 30, 2005



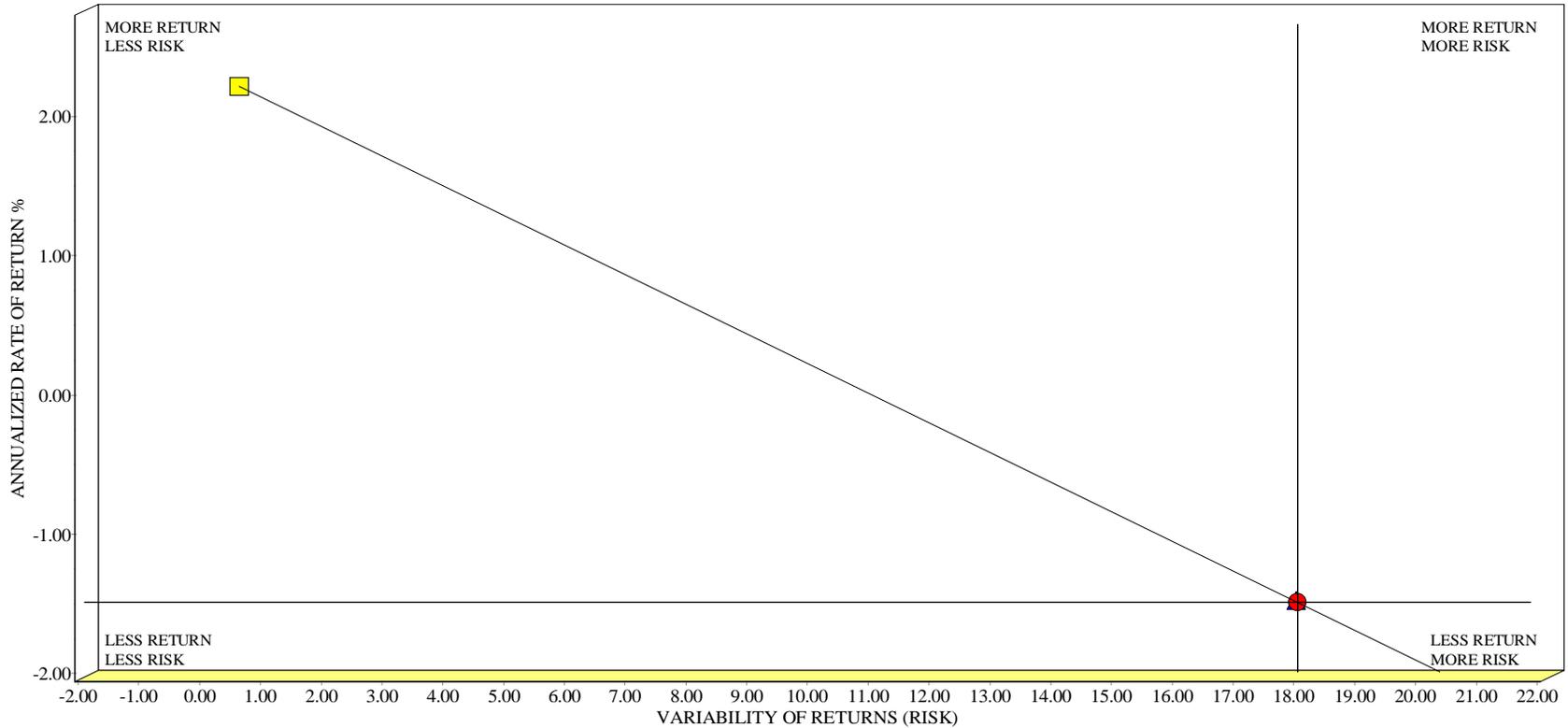
	LATEST QUARTER	CALENDAR YTD	ONE YEAR	THREE YEARS	FIVE YEARS
VANGUARD INSTITUTIONAL INDEX	3.60	2.77	12.26	16.71	-1.47
S&P 500	3.61	2.76	12.24	16.71	-1.49

MARYLAND SUPPLEMENTAL RETIREMENT
DEFINED CONTRIBUTION PLAN
TIME-WEIGHTED RETURNS
DECEMBER 31, 1998 THROUGH DECEMBER 31, 2004



	12/1998-12/1999	12/1999-12/2000	12/2000-12/2001	12/2001-12/2002	12/2002-12/2003	12/2003-12/2004
VANGUARD INSTITUTIONAL INDEX	21.17	-8.95	-11.93	-22.03	28.66	10.87
S&P 500	21.04	-9.11	-11.88	-22.11	28.69	10.87

MARYLAND SUPPLEMENTAL RETIREMENT
 DEFINED CONTRIBUTION PLAN
 CAPITAL MARKET LINE
 SEPTEMBER 30, 2000 THROUGH SEPTEMBER 30, 2005



	RETURN	STD DEV	BETA	ALPHA	R-SQUARED	SHARPE RATIO
▲ VANGUARD INSTITUTIONAL INDEX	-1.47	18.04	1.00	0.01	100.00	-0.20
● S&P 500	-1.49	18.06	1.00	0.00	100.00	-0.21
■ 90 DAY U.S. T-BILL	2.21	0.66	1.00	0.00	100.00	0.00

T. ROWE PRICE SMALL CAP STOCK
Portfolio Characteristics
As of September 30, 2005

Ticker: OTCFX

Top 10 Holdings (%)

Airgas
 FMC Technologies
 Forest Oil
 Global Payments
 Grant Prideco
 Harsco
 Ohio Casualty
 ResMed
 Sunrise Senior Living
 Toro

Sector Allocation (%)*

Information Technology	19.4
Financials	16.6
Industrials & Business Services	14.6
Health Care	13.6
Consumer Discretionary	12.4
Energy	7.0
Materials	4.5
Consumer Staples	1.6
Utilities	1.5
Telecommunication Services	0.6

Total Assets in Top 10 Holdings: 11.3%

Fund Characteristics

Total Assets	\$6.8 billion
Total Holdings*	294
Expense Ratio	0.94%
Inception Date	June 1956
Fund Manager	Gregory McCrickard
Manager Tenure	13 Years
Morningstar Rating	3 Stars

Portfolio Composition (%)

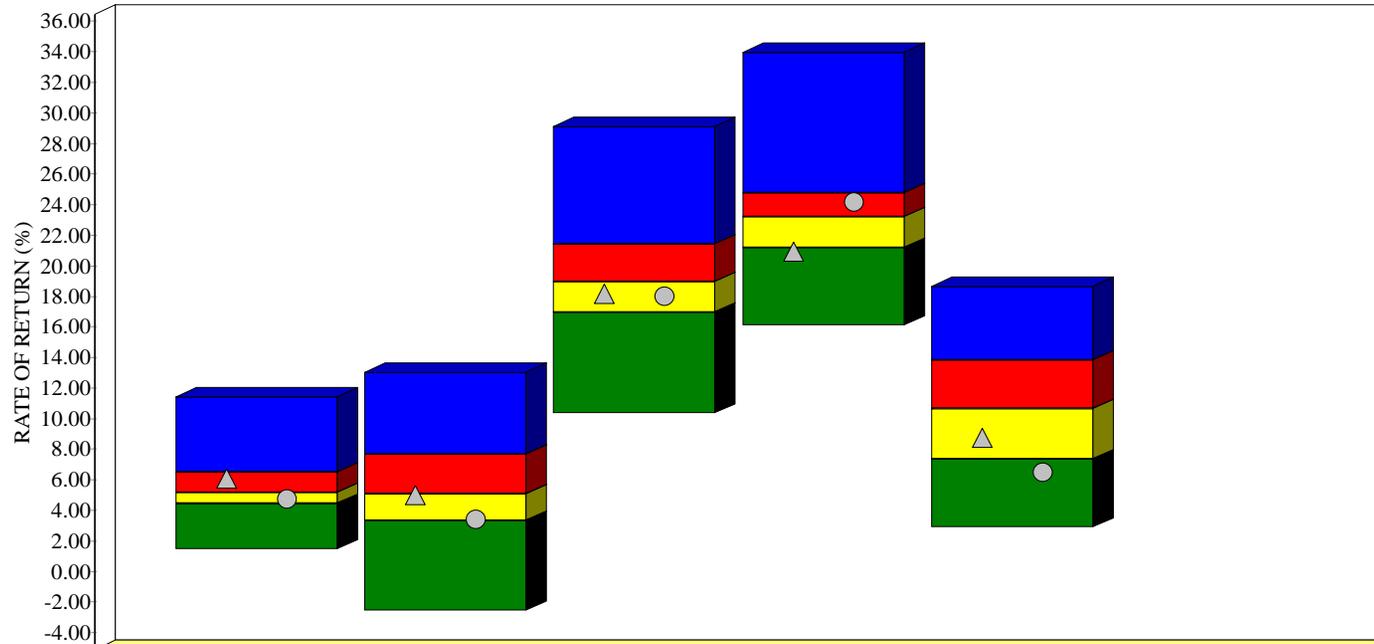
Equity	92.4
Bonds	0.0
Cash/Other	<u>7.6</u>
Total	100.0%

Equity Portfolio

P/E Ratio	18.1x
P/B Ratio*	3.5x
Turnover Ratio	20.2%
Avg. Market Capitalization*	\$1.2 billion

*As of 6/30/05

MARYLAND SUPPLEMENTAL RETIREMENT
 QUARTILE RANKING ANALYSIS
 T. ROWE PRICE SMALL CAP STOCK AGAINST SMALL CAP BLEND MUTUAL FUNDS
 SEPTEMBER 30, 2000 THROUGH SEPTEMBER 30, 2005

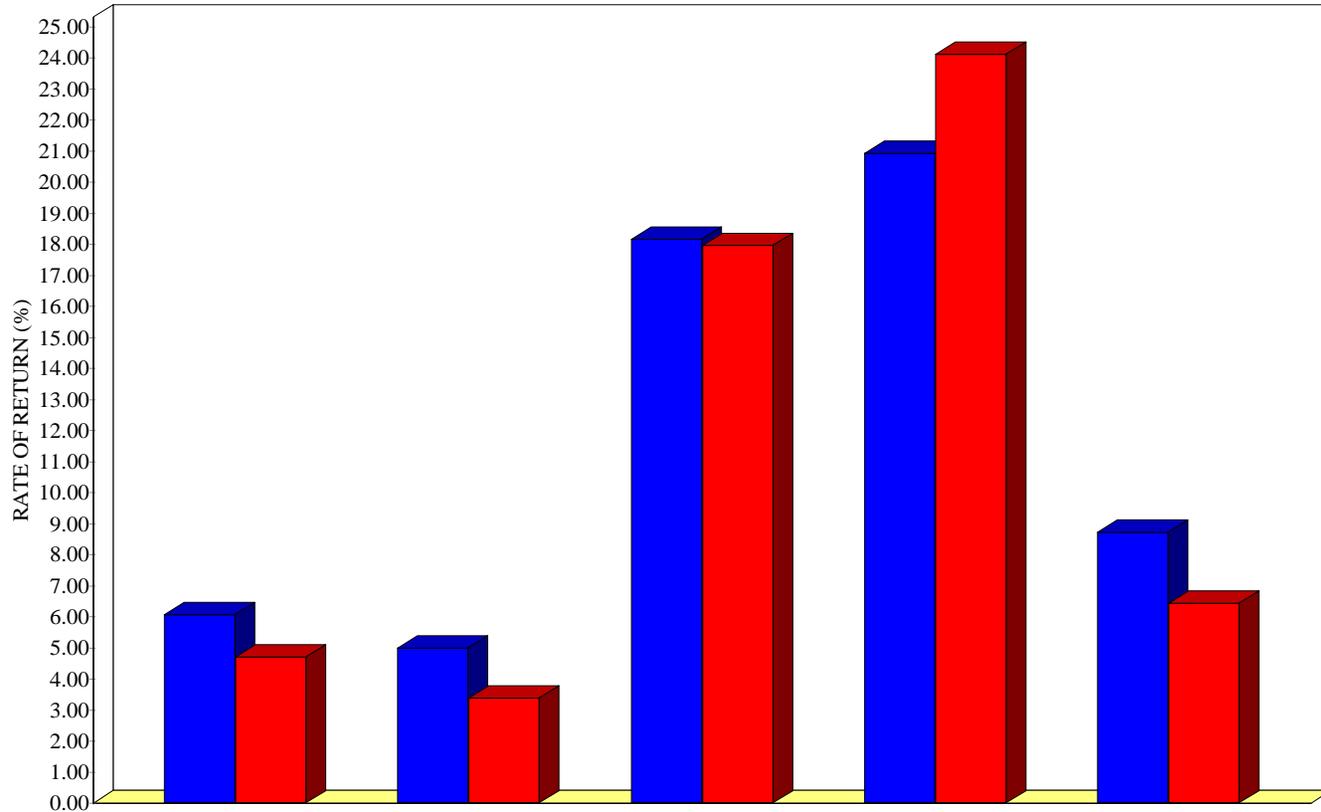


	LATEST QUARTER		CALENDAR YTD		ONE YEAR		THREE YEARS		FIVE YEARS	
	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK
▲ DEFINED CONTRIBUTION	6.06	30	4.99	52	18.16	59	20.93	76	8.72	67
● RUSSELL 2000	4.70	60	3.39	72	17.96	61	24.12	32	6.45	78

	LATEST QUARTER		CALENDAR YTD		ONE YEAR		THREE YEARS		FIVE YEARS	
HIGHEST VALUE	11.41		13.00		29.11		33.97		18.65	
FIRST QUARTILE	6.48		7.65		21.40		24.77		13.81	
MEDIAN VALUE	5.17		5.09		18.97		23.18		10.65	
THIRD QUARTILE	4.46		3.33		16.96		21.20		7.33	
LOWEST VALUE	1.45		-2.56		10.33		16.08		2.90	
MEAN	5.52		5.60		19.25		23.32		10.58	

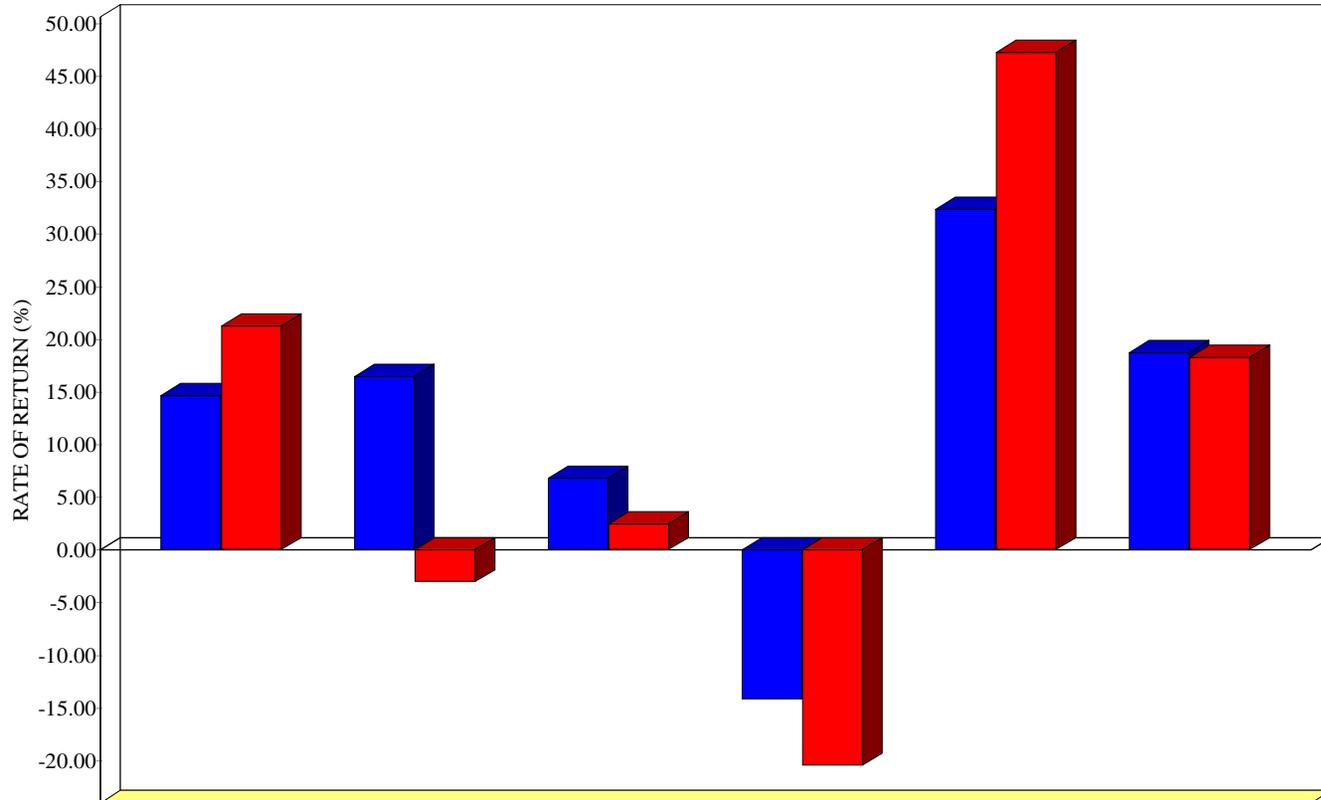
Source: Morningstar, Inc.

MARYLAND SUPPLEMENTAL RETIREMENT
DEFINED CONTRIBUTION PLAN
TIME-WEIGHTED RETURNS
SEPTEMBER 30, 2000 THROUGH SEPTEMBER 30, 2005



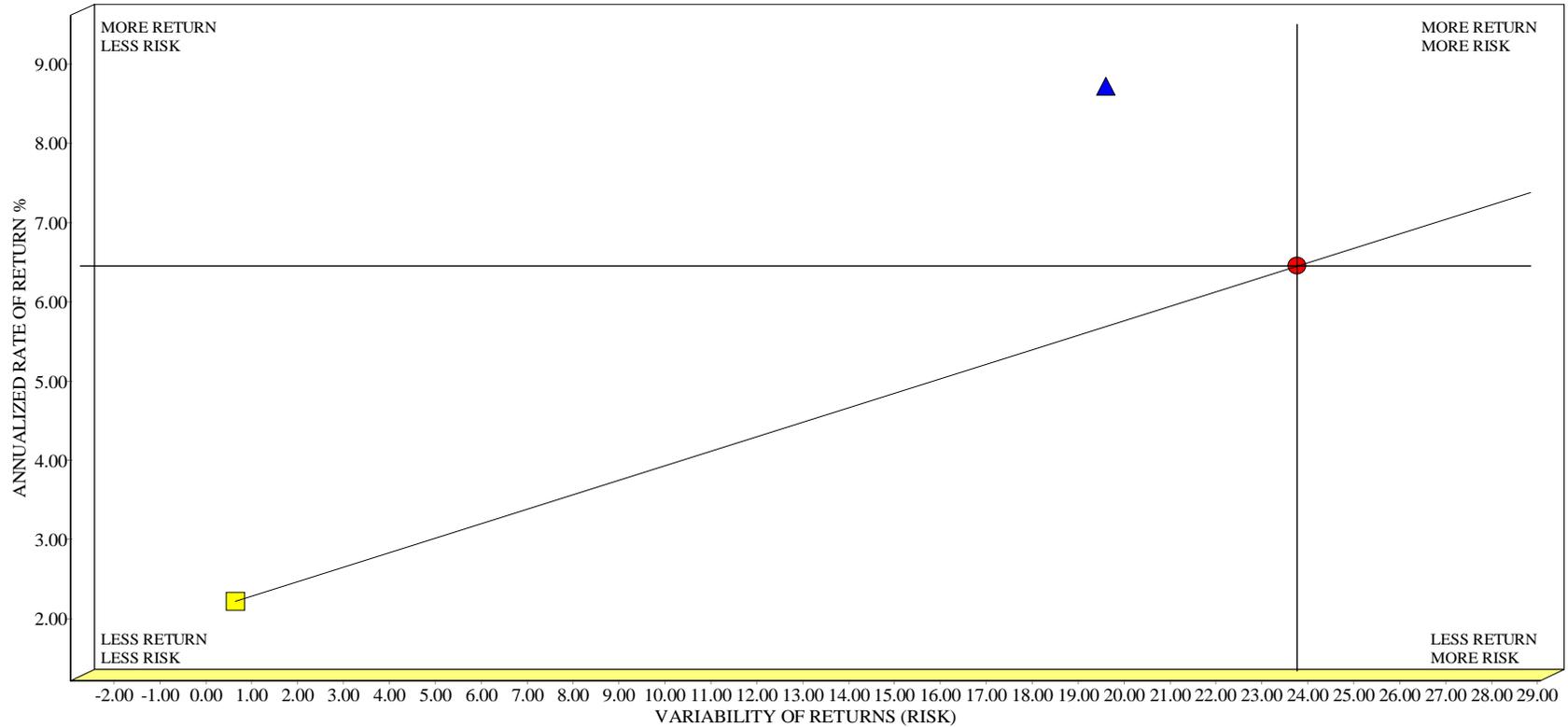
	LATEST QUARTER	CALENDAR YTD	ONE YEAR	THREE YEARS	FIVE YEARS
T. ROWE PRICE SMALL CAP STOCK	6.06	4.99	18.16	20.93	8.72
RUSSELL 2000	4.70	3.39	17.96	24.12	6.45

MARYLAND SUPPLEMENTAL RETIREMENT
DEFINED CONTRIBUTION PLAN
TIME-WEIGHTED RETURNS
DECEMBER 31, 1998 THROUGH DECEMBER 31, 2004



	12/1998-12/1999	12/1999-12/2000	12/2000-12/2001	12/2001-12/2002	12/2002-12/2003	12/2003-12/2004
T. ROWE PRICE SMALL CAP STOCK	14.65	16.46	6.81	-14.20	32.35	18.78
RUSSELL 2000	21.26	-3.03	2.49	-20.48	47.25	18.32

MARYLAND SUPPLEMENTAL RETIREMENT
 DEFINED CONTRIBUTION PLAN
 CAPITAL MARKET LINE
 SEPTEMBER 30, 2000 THROUGH SEPTEMBER 30, 2005



	RETURN	STD DEV	BETA	ALPHA	R-SQUARED	SHARPE RATIO
▲ T. ROWE PRICE SMALL CAP STOCK	8.72	19.61	0.80	2.57	95.43	0.33
● RUSSELL 2000	6.45	23.77	1.00	0.00	100.00	0.18
■ 90 DAY U.S. T-BILL	2.21	0.66	1.00	0.00	100.00	0.00

EUROPACIFIC GROWTH FUND
Portfolio Characteristics
As of September 30, 2005

Ticker: AEPGX

Top 10 Holdings (%)

Roche Holding	2.6
Sanofi-Aventis	2.1
Vodafone	1.8
UFJ Holdings	1.5
Softbank	1.5
Kookmin Bank	1.4
America Movil	1.4
Petrobras	1.2
Taiwan Semiconductor Manu.	1.2
Royal Dutch Shell	<u>1.2</u>
Total Assets in Top 10 Holdings:	15.9%

Largest Industry Holdings (%)

Commercial Banks	13.5
Pharmaceuticals	8.8
Oil & Gas	7.6
Diversified Telecom. Services	6.3
Wireless Telecom. Services	4.8

Fund Characteristics

Total Assets	\$40.3 billion
Total Holdings	289
Expense Ratio	0.83%
Inception Date	April 1984
Fund Manager	Team
Manager Tenure	11Years
Morningstar Rating	4 Stars

Portfolio Composition (%)

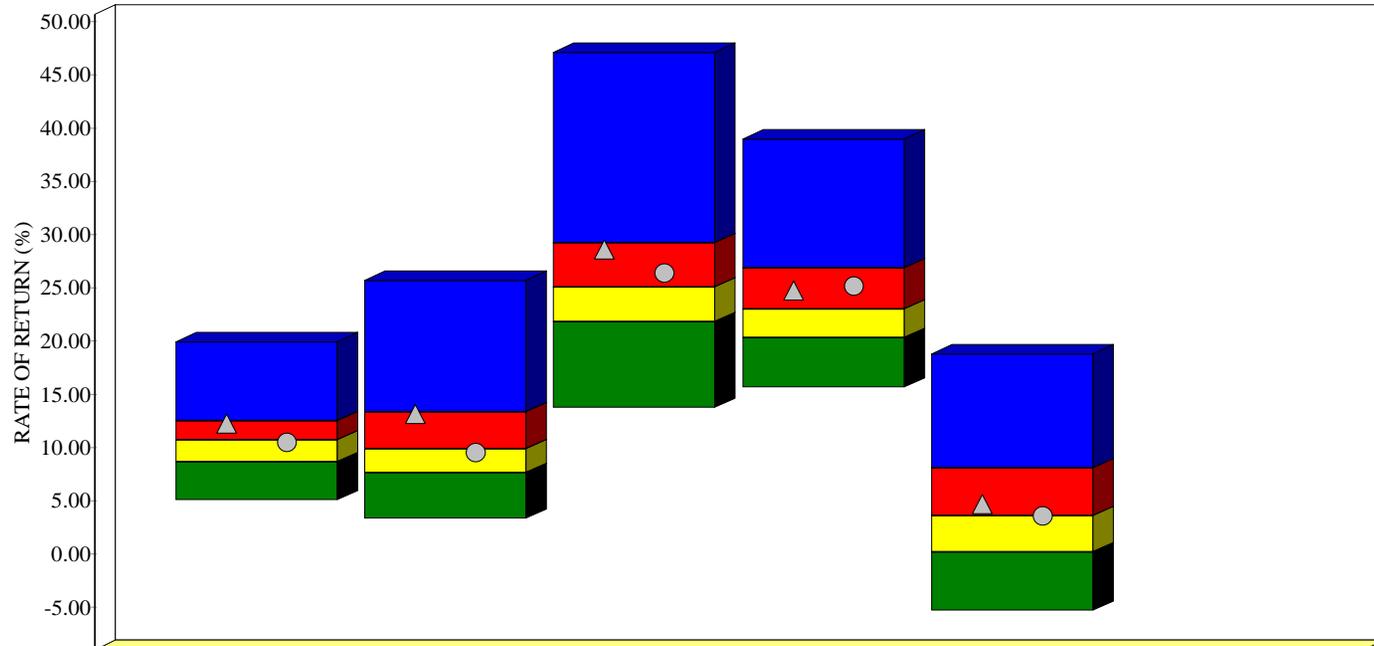
Equity	94.5
Bonds	0.2
Cash/Other	<u>5.3</u>
Total	100.0%

Equity Portfolio*

P/E Ratio	18.0x
P/B Ratio	5.1x
Turnover Ratio	30.0%
Avg. Market Capitalization	\$22.5 billion

*As of 6/30/05

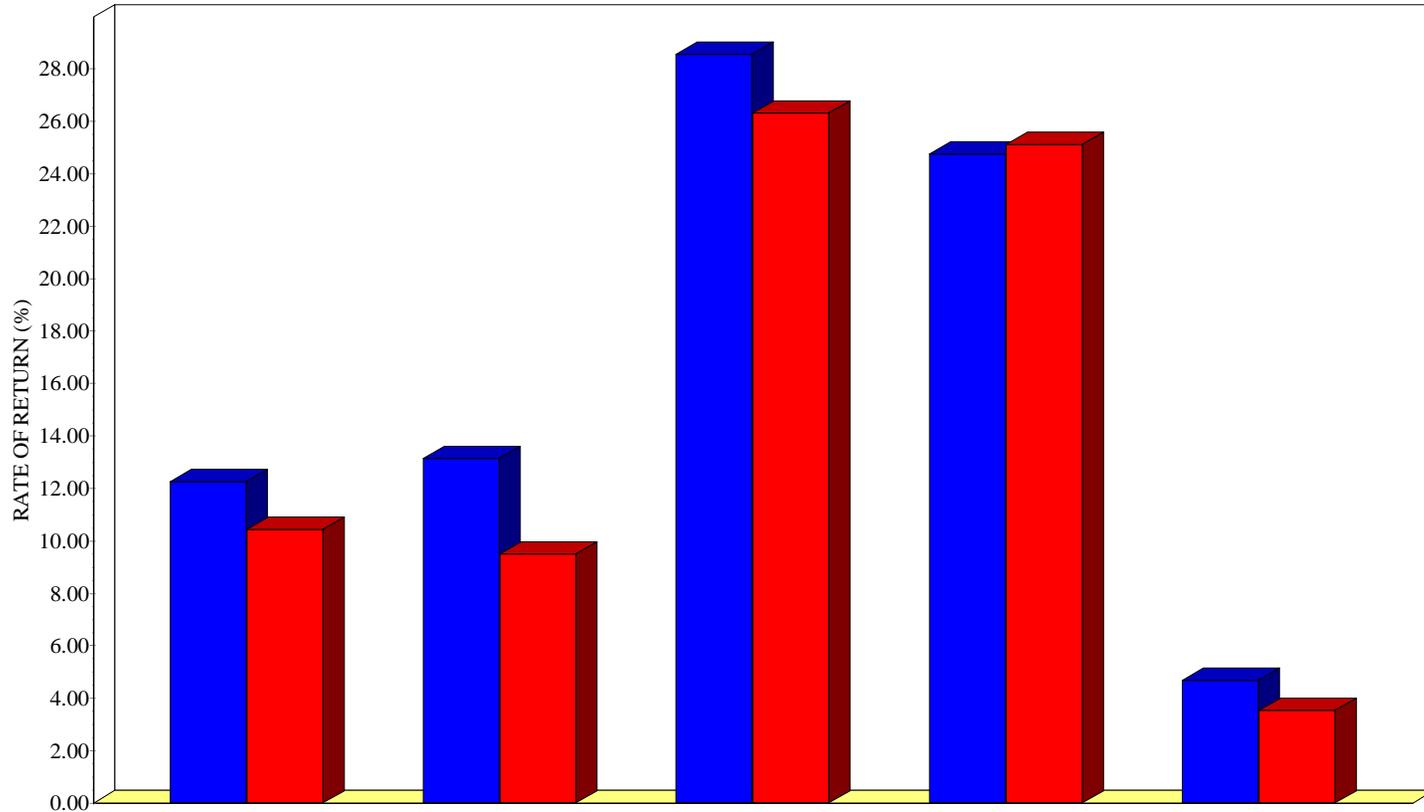
MARYLAND SUPPLEMENTAL RETIREMENT
 QUARTILE RANKING ANALYSIS
 EUROPACIFIC GROWTH AGAINST INTERNATIONAL STOCK MUTUAL FUNDS
 SEPTEMBER 30, 2000 THROUGH SEPTEMBER 30, 2005



	<u>LATEST QUARTER</u>		<u>CALENDAR YTD</u>		<u>ONE YEAR</u>		<u>THREE YEARS</u>		<u>FIVE YEARS</u>													
	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK												
<table border="0"> <tr><td style="width: 15px; height: 10px; background-color: blue;"></td><td>HIGHEST VALUE</td></tr> <tr><td style="width: 15px; height: 10px; background-color: red;"></td><td>FIRST QUARTILE</td></tr> <tr><td style="width: 15px; height: 10px; background-color: yellow;"></td><td>MEDIAN VALUE</td></tr> <tr><td style="width: 15px; height: 10px; background-color: green;"></td><td>THIRD QUARTILE</td></tr> <tr><td style="width: 15px; height: 10px; background-color: darkgreen;"></td><td>LOWEST VALUE</td></tr> <tr><td></td><td>MEAN</td></tr> </table>		HIGHEST VALUE		FIRST QUARTILE		MEDIAN VALUE		THIRD QUARTILE		LOWEST VALUE		MEAN	19.95	28	25.72	25	47.10	27	38.97	37	18.75	41
	HIGHEST VALUE																					
	FIRST QUARTILE																					
	MEDIAN VALUE																					
	THIRD QUARTILE																					
	LOWEST VALUE																					
	MEAN																					
△ DEFINED CONTRIBUTION	12.25	28	13.14	25	28.56	27	24.75	37	4.69	41												
○ MSCI GROSS EAFE	10.44	53	9.50	54	26.32	40	25.11	33	3.55	50												

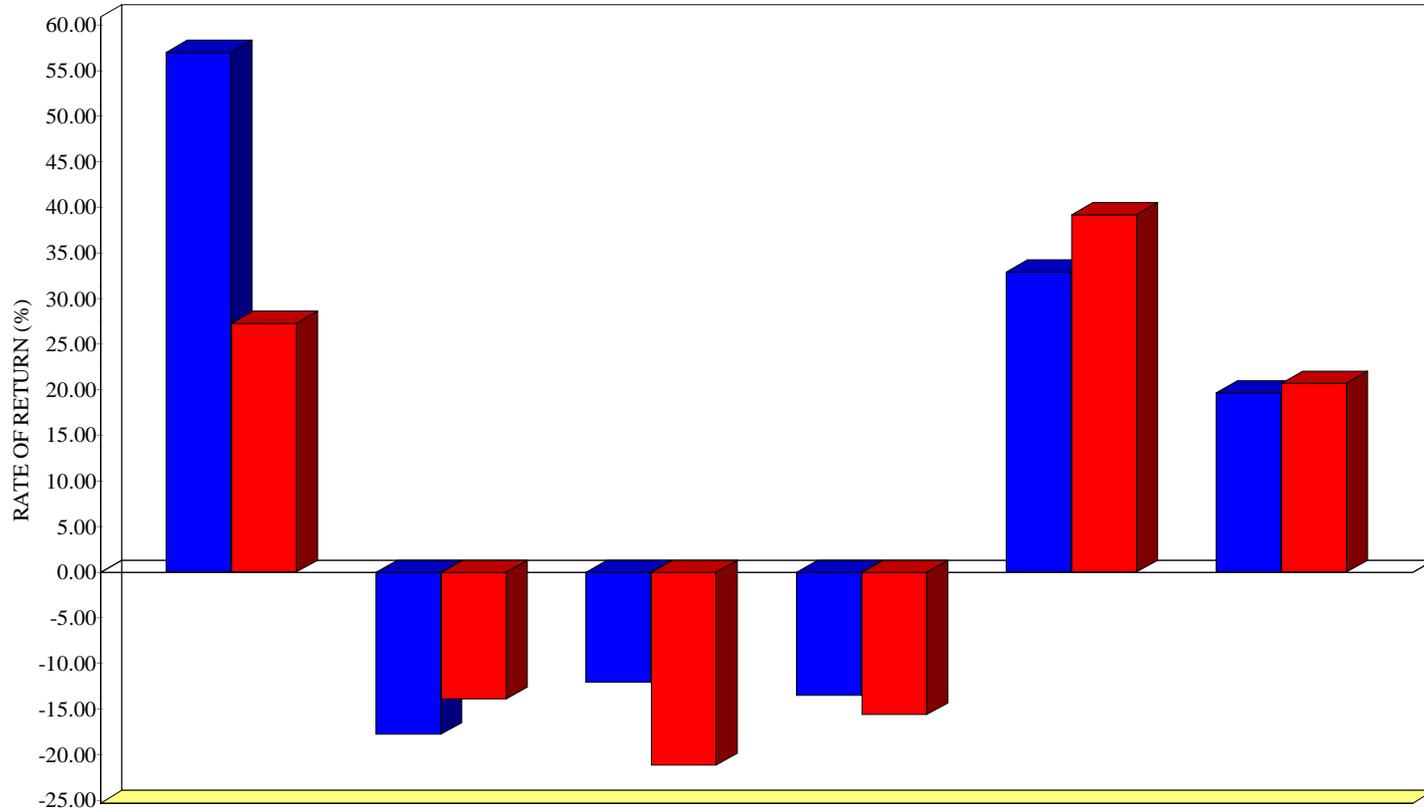
Source: Morningstar, Inc.

MARYLAND SUPPLEMENTAL RETIREMENT
DEFINED CONTRIBUTION PLAN
TIME-WEIGHTED RETURNS
SEPTEMBER 30, 2000 THROUGH SEPTEMBER 30, 2005



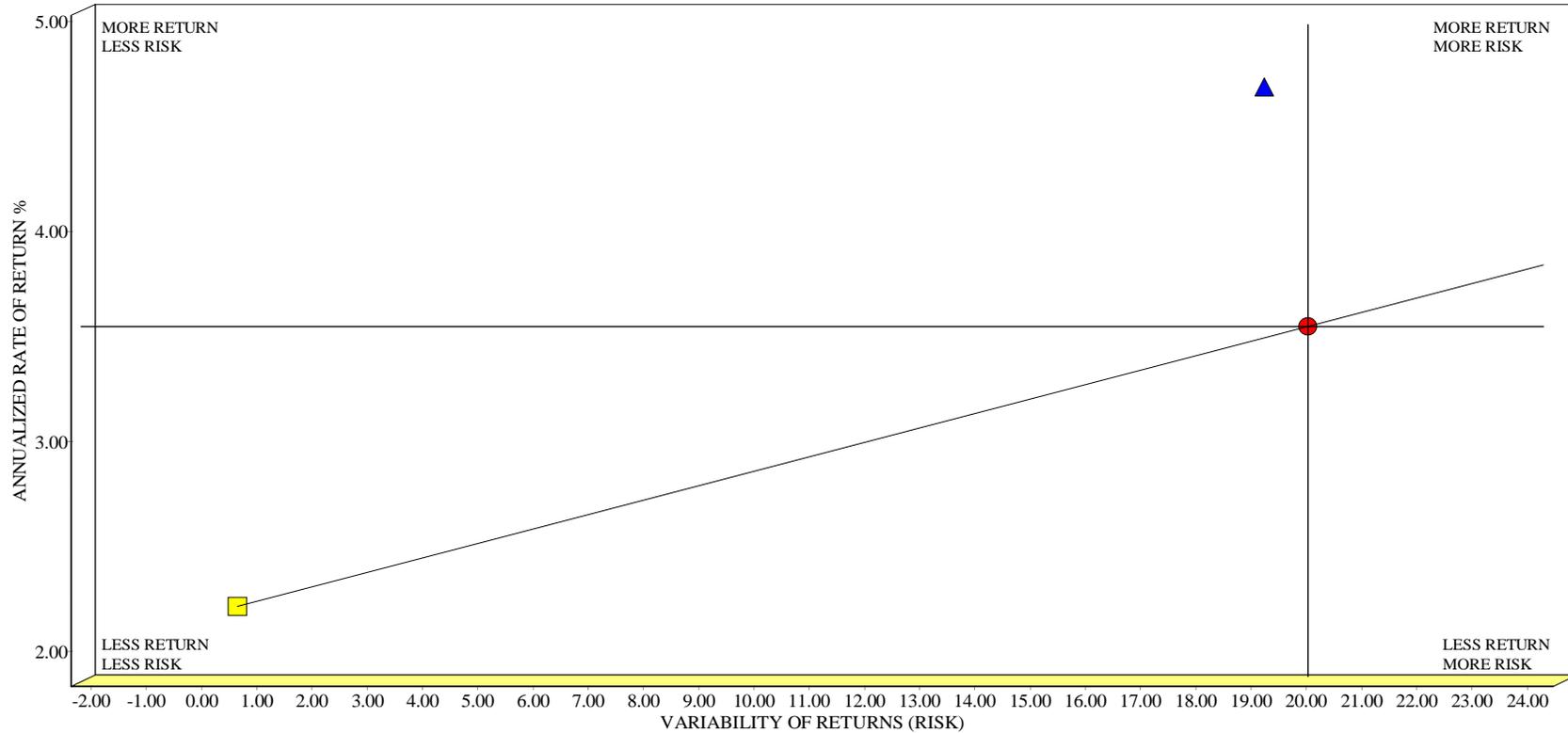
	LATEST QUARTER	CALENDAR YTD	ONE YEAR	THREE YEARS	FIVE YEARS
EUROPACIFIC GROWTH	12.25	13.14	28.56	24.75	4.69
MSCI GROSS EAFE	10.44	9.50	26.32	25.11	3.55

MARYLAND SUPPLEMENTAL RETIREMENT
DEFINED CONTRIBUTION PLAN
TIME-WEIGHTED RETURNS
DECEMBER 31, 1998 THROUGH DECEMBER 31, 2004



	12/1998-12/1999	12/1999-12/2000	12/2000-12/2001	12/2001-12/2002	12/2002-12/2003	12/2003-12/2004
EUROPACIFIC GROWTH	56.97	-17.84	-12.17	-13.61	32.92	19.68
MSCI GROSS EAFE	27.31	-13.95	-21.21	-15.64	39.15	20.70

MARYLAND SUPPLEMENTAL RETIREMENT
 DEFINED CONTRIBUTION PLAN
 CAPITAL MARKET LINE
 SEPTEMBER 30, 2000 THROUGH SEPTEMBER 30, 2005



	RETURN	STD DEV	BETA	ALPHA	R-SQUARED	SHARPE RATIO
▲ EUROPACIFIC GROWTH	4.69	19.24	0.93	1.17	94.34	0.13
● MSCI GROSS EAFE	3.55	20.03	1.00	0.00	100.00	0.07
■ 90 DAY U.S. T-BILL	2.21	0.66	1.00	0.00	100.00	0.00