

**Maryland Supplemental Retirement Plans
Solicitation # G50B1400004
Stable Value Fund Investment Manager RFP
Pre-proposal Conference 4/20/2011 Discussion
Topics and
Written Questions and Answers**

1. Description of the Governor-appointed Board of Trustees, the authorized four defined contribution plans, MSRP staff, and the necessary contract approvals including the Maryland Board of Public Works.
2. Review roles of Nationwide Retirement Solutions as record keeper, enroller and distribution counselor; AND of MSRP staff as providing employee/participant education; V.S. Stable Value Manager responsible for investments with no participant communications except assistance with the SV Fact Sheet available on our website and attached to this document.
3. MSRP Investment menu: currently includes no competing products. The Nationwide fixed annuity (noted in financial statements) has been frozen for about 24 years, no new money in. The stable value fund is not available in the 403(b) plan, therefore no issue with the money market fund and a CD-like frozen fixed option.
4. Maryland procurement rules require full compliance with mandates in the RFP— an example is the sealed financial proposal separate from all technical proposal sections both physically and in references.
5. Minority Business Enterprise requirements are very important and specific.
 - a. Reviewed basics of certification thru Maryland Dept. of Transportation.
 - b. Review current acceptable arrangement with Index Plus Strategy Manager.
 - c. Summarize that proposal must include either compliance or application for waiver.
6. Successful proposal must adopt existing investment policy, portfolio managers, wrap arrangements—then obtain Board approval for any policy changes, strategy

- adjustments, structural changes before implementation [examples: altered percent allocation to certain asset classes, revised withdrawal hierarchy.]
7. Selection of renewed sub-managers is the discretion of the selected manager. Note that only certified MBE entities will count towards the MBE target. And at the same time, the Board would not accept an unqualified sub-manager under any conditions regardless of MBE certification.
 8. Other plans available to employees in State university, offered alternative 457(b) and 403(b) plans from Fidelity & TIAA-CREFF. Noted years of side-by-side operations with very little participant migration. Also noted below average penetration by all retirement savings plans combined in the University market.
 9. Finally, the RFP and the Board seek responses about the Offerors' experience, performance, resources, and recommendations for the next five years in our stable value fund, rather than critiques of current MSRP arrangements or past performance.
 10. Discussion of current wrap provider tolerance of SV Manager change, with MSRP comment that no one can anticipate all repercussions of this transition but that we have emphasized the importance of an "as-is" take over by the successor SV Manager in order to minimize negative reactions.
 11. Observation was made that SV Manager income from managing up to 25% of assets would be delayed by the assumption of all existing portfolio arrangements pending Board-accepted proposals to change allocations and/or divert cash flow. MSRP acknowledged that to be an expected part of the proposal.
 12. MSRP explained there are no deemed IRA accounts currently in the plans.
 13. Personnel assignments should be discussed in the proposal in combination with information of the company's experience, successes, and supporting resources in evidence for beneficial results.
 14. MSRP agreed that it would be most helpful if proposal responses are organized and labeled with the RFP's section names and numbers.
 15. MSRP also agreed that additional questions submitted before the closing date will receive only a written response and only if time allows a reasonably prepared and equitable distribution to all known interested parties.

Pre-Proposal Conference Attendees 4/20/2011 at 1:00 PM

<u>Name</u>	<u>Company</u>	<u>MBE?</u>	<u>Email Address</u>	<u>Phone</u>
Lisa Trubiano	Dwight	No	ltrubiano@Dwight.com	802-383-4066
William Weber	Galliard	No	William.l.weber@galliard.com	612-667-6401
Eric Hu	Gryphon Asset Mgt	Yes	ehu@gryphonasset.com	877-819-0303
Cathy Stodghill	Invesco	No	Catherine.stodghill@invesco.com	502-581-6376
Bruce Goode	Goode Investment	Yes	bgoode@goodeinvestment.com	

Written Questions and MSRP Answers

Questions from Gryphon Asset Management

Question #1 Section 2.2 Size and Experience Would the size and experience criteria be based on our firm's experience or both us and the outside firm we contract with for 457 deferred comp plans.

Answer #1 The Offeror company itself must meet the minimum qualifications.

Questions from Dwight Asset Management

Question #2 Section 1.1 You note the fees provided to DB Advisors. What are the fees for each of the subcontractors – investment managers?

Answer #2 This RFP is focused on the stable value manager, and proposed approach, performance and strategy. Investment Sub-manager fees are separately negotiated by the prime stable value manager, and differ by portfolio strategy and investment guidelines. They currently range from 14 to 27 basis points.

Question #3 Section 3.14 Blended Rate Calculation Are you requesting that we include in our submission the mathematical equation used to calculate the crediting rate?

Answer #3 The RFP states here that the Offeror must prepare to assume the current function of Blended Rate Calculation. The proposal should state your assent to the responsibility, and explain your experience and recommendations in assuming the function.

Question #4 Section 4.4.2.3 H Can you elaborate on the information requested in this section? What type of detail would you like to receive? You state "Include in this

summary sufficient detail so that performance for similar and dissimilar clients can be evaluated through comparison to benchmark rates”.

Answer #4 We would like to receive your report of your firm’s stable value annual performance figures for each of the past ten years, one/three/five/ten year returns, and any other customary measurements for assets under your discretionary management. Stable value performance can be heavily influenced by timing, cash flow, and portfolio quality. Details on any of these items as examples would be helpful in understanding your management performance.

Question#5 Plan Summary Data, Page 1 Is the Nationwide Fixed Annuity of \$83 million a current option in the plan that accepts contributions? Please expand on this vehicle and eligibility of participants? Has it been considered a competing option by the wrap providers?

Answer #5 The Nationwide Fixed Annuity is a frozen option that no longer accepts new contributions or exchanges from other investments. This option has been frozen for over 24 years and is not a competing option or any concern to wrap providers.

Question #6 Attachment A, Page 7 What drove the distributions out of the MSRP in 4q2010 (\$7,945,587)?

Answer #6 We presume that equity market returns and /or required minimum distributions motivated some participant exchanges and/or distributions.

Question #7 Do you have distributions of participants in the Investment Contract Pool by age? Do you have the distributions of participants and account balances in the Investment Contract Pool by employed, retired, and other? Do you have data on participant activity in the Investment Contract Pool broken down by Receiving Deferrals, Not Receiving Deferrals, In Payout? The information provided is for the entire plan, not the Investment Contract Pool.

Answer #7 We do not have readily available these kinds of detailed demographics about participants employment status, or transactions by investment option. In the past year, however, we developed with Nationwide an analysis of the various plans, assets by participant age, and similar data for the Investment Contract Pool, our stable value fund. See the attached PDF version of the spreadsheets.

Question #8 Appendix B – Investment Policy and Guidelines Have any current wrap providers informed you or the Stable Value Manager (DB Advisors) that they want to reduce wrap exposure with your plan? Will a change of Stable Value manager create the potential for wrappers to exit, reduce exposure, increase fees or modify guidelines? Have they discussed this with you? Have the MSRP guidelines been modified by the wrappers in past 2 years? Have they informed you that they want to make some modifications to the guidelines such as the overall duration range or the blended benchmark index?

Answer #8 Current wrap providers have had any number of discussions with the current stable value manager, but have only resulted in changes to duration and shifting from global wrap structure to portfolio or silo wrap structure. The Investment Contract Pool Investment Guidelines have not been subject to change, and provide us confidence in retaining continued wrap agreements through any transition to another qualified stable value manager.

Question #9 Have wrap fees increased in the past 12 months? If so, by how much? What are the wrap fees today for each wrapper – please itemize by Constant Maturity and Maturing?

Answer #9 Wrap fees have increased anywhere from 3 to 10 basis points, and all are expected to reach a plateau of approximately 20 to 25 basis points. The maturing portfolio has a wrap fee of 18 to 20 basis points. The constant maturity portfolio ranges from 20 to 22 with potential to reach 25 basis points.

Question #10 Appendix C Existing Investment Contract Pool Investment Policy and Guidelines, Pages 11/15/23 - Synthetic GIC - Maturing Contracts (HIMCO): What is the structure of this portfolio? Is this one separate account with three finite maturing wrap contracts? Where can the undistributed cash flows be reinvested? Will wrap providers in the constant maturity portfolios accept these cash flows? What is the maturity date of this structure? Does it differ by contract? What are the cancellation provisions of these contracts? Have any of the current wrap providers informed you that they would not renew their contract when it matures? What investment management fee is being charged for this structure? What are the wrap fees for these maturing wrap contracts?

Answer #10 RFP Attachment C. Page 23 describes the Maturing portfolio. Pages 17 and 18 report the portfolio performance and benchmark. Page 15 charts the ladder of maturities for the portfolio. Also, Attachment C. Page 11 indicates three wrap contracts for this portfolio at present. We have no information of any difficulties with existing wrap providers accepting reasonable and expected cash flows or of plans to exit current agreements. See above information about fees.

Question #11 Page 14 Can you provide information on how HIMCO defines Net Participant Cash Flow? Does it include transfers and loans or just scheduled contributions and participant distributions?

Answer #11 Cash flow would include benefit response payments, investment exchanges and withdrawals of all types permitted in the investment policy defined withdrawal hierarchy.

Questions from DB Advisors

Question #12 Section 2.2 The RFP states under section 2.2 that the Offeror must have at least three separate account stable value fund clients that are 457 deferred compensation plans, is there any flexibility on this point?

Answer #12 We will issue a separate RFP Amendment to modify this statement. Section 2.2 should have stated “ The Offeror must currently serve as a manager for Stable Value Funds with assets of at least ten billion dollars, have at least ten years experience managing such funds, have at least ten separate clients, and must include experience working with government-sponsored defined contribution plans.”

Question #13 The RFP appears to have a required Contract Duration of 5 years without providing the Offeror the right to terminate, is there any flexibility on this point?

Answer #13 Yes, Section 1.4 states that the contract resulting from this RFP shall be for a period of five years. We do request that the Offeror make a positive commitment at this time to a five year term. A contractor request for termination would be treated as a request for contract amendment. The Board response would be determined by the following factors: the reason for the request; whether it creates any additional expense; the proposed transition plan offered by the contractor to a new professional service provider.



Maryland Teachers & State Employees Supplemental Retirement Plans

William Donald Schaefer Tower ~ 6 Saint Paul Street ~ Suite 200 ~ Baltimore, Maryland 21202-1608
Phone 410-767-8740 or 1-800-543-5605 Fax 410-659-0349

MSRP Issued 04/22/2011

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

Objective

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

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

Risks

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

Investment Overview

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

ICP Characteristics

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

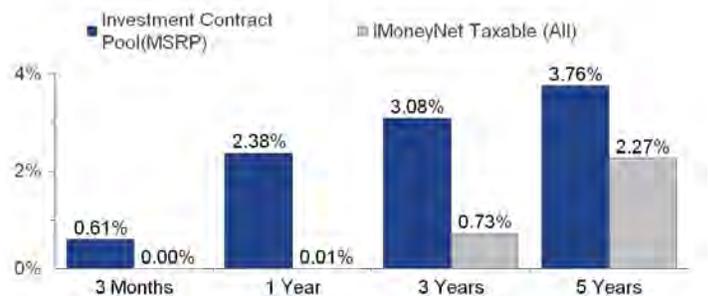
Sector Allocations^{3,5}

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

Credit Profile^{3,4}

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

Performance⁶



¹ Represents the weighted average credit quality.

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

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

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

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

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

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



Maryland Teachers & State Employees Supplemental Retirement Plans

William Donald Schaefer Tower ~ 6 Saint Paul Street ~ Suite 200 ~ Baltimore, Maryland 21202-1608
Phone 410-767-8740 or 1-800-543-5605 Fax 410-659-0349

MSRP Issued 04/22/2011

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

Strategy Overview

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

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

ICP Investment Policy

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

Further Information

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

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

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

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

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

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

ICP Investments^{7,8}

Short Term Investment Funds (STIF)

BONY STIF	A-1	P-1	F1	5.1%
-----------	-----	-----	----	------

General Account GIC

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

Synthetic GICs / Wrapper Issuers

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

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

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

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

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

Maryland Supplemental Retirement Plans (MSRP)

Total Participant Assets and Headcounts by Age for the 457(b) Plan

Valuation Date: 9/30/2010

Age Group	Plan Participant Balance			
	Deferring	Not Deferring	In Payout	Total
<20	14,231.20	108,146.10	78,462.21	200,839.51
20 - 29	7,357,230.51	566,179.05	293,189.99	8,216,599.55
30 - 39	37,171,802.20	5,265,468.22	230,382.99	42,667,653.41
40 - 49	125,145,374.16	22,909,641.43	2,511,464.41	150,566,480.00
50 - 59	232,720,183.34	110,293,342.09	14,232,852.36	357,246,377.79
60 - 69	158,007,603.88	221,537,820.92	34,176,677.80	413,722,102.60
70 - 79	24,229,976.22	45,683,441.26	85,066,433.77	154,979,851.25
>= 80	3,972,742.30	6,110,331.02	21,334,070.66	31,417,143.98
Total	\$588,604,912.61	\$412,366,223.99	\$157,845,071.98	\$1,158,816,208.58

Total Participant Assets and Headcounts by Age for the 401(k) Plan

Valuation Date: 9/30/2010

Age Group	Plan Participant Balance			
	Deferring	Not Deferring	In Payout	Total
<20	29,275.33	0	0	29,275.33
20 - 29	2,584,720.02	554,898.03	101,386.55	3,241,004.60
30 - 39	33,468,518.12	10,561,915.60	207,812.92	44,238,246.64
40 - 49	137,637,074.82	38,652,969.21	683,529.38	176,973,573.41
50 - 59	301,612,520.84	70,243,823.45	3,183,962.56	375,040,306.85
60 - 69	201,175,258.41	112,708,236.00	12,821,452.71	326,704,947.12
70 - 79	20,011,822.83	26,412,023.94	39,981,778.35	86,405,625.12
>= 80	1,089,383.72	3,369,197.53	7,981,550.35	12,440,131.60
Total	\$697,608,574.09	\$262,503,063.76	\$64,961,472.82	\$1,025,073,110.67

Total Participant Assets and Headcounts by Age for the 403(b) Plan

Valuation Date: 9/30/2010

Age Group	Plan Participant Balance			
	Deferring	Not Deferring	In Payout	Total
20 - 29	68,433.74	5,704.61	0.00	74,138.35
30 - 39	361,848.22	370,455.58	0.00	732,303.80
40 - 49	2,267,502.50	880,558.18	419.91	3,148,480.59
50 - 59	13,900,774.64	5,880,759.81	246,699.56	20,028,234.01
60 - 69	14,508,657.99	11,353,933.81	733,957.04	26,596,548.84
70 - 79	3,153,035.11	3,329,783.81	4,820,085.15	11,302,904.07
>= 80	605,845.13	211,465.53	740,356.84	1,557,667.50
Total	\$34,866,097.33	\$22,032,661.33	\$6,541,518.50	\$63,440,277.16

Total Participant Assets and Headcounts by Age for the 401(a) Plan

Valuation Date: 9/30/2010

Age Group	Plan Participant Balance			
	Deferring	Not Deferring	In Payout	Total
<20	0	11,107.61	0	11,107.61
20 - 29	0	1,801,323.18	17,333.36	1,818,656.54
30 - 39	0	13,055,517.58	87,681.08	13,143,198.66
40 - 49	0	35,690,113.60	120,628.76	35,810,742.36
50 - 59	0	54,637,948.37	212,307.45	54,850,255.82
60 - 69	0	29,516,709.19	446,838.27	29,963,547.46
70 - 79	0	2,425,562.58	710,240.81	3,135,803.39
>= 80	0	76,934.12	60,731.02	137,665.14
Total	\$0.00	\$137,215,216.23	\$1,655,760.75	\$138,870,976.98

Total Participant Assets and Headcounts by Age for the 457(b) Plan

Valuation Date: 9/30/2010

Age Group	Investment Contract Pool Participant Balance			
	Deferring	Not Deferring	In Payout	Total
<20	500.26	54,307.93	35,098.50	89,906.69
20 - 29	915,987.73	60,813.77	43,843.16	1,020,644.66
30 - 39	4,309,214.22	800,699.98	33,291.50	5,143,205.70
40 - 49	27,684,381.49	6,757,418.31	915,052.64	35,356,852.44
50 - 59	83,010,421.56	43,533,528.16	8,423,684.17	134,967,633.89
60 - 69	65,314,423.62	86,560,042.54	17,358,130.63	169,232,596.79
70 - 79	10,811,124.07	16,579,018.29	38,382,909.11	65,773,051.47
>= 80	712,826.73	2,411,641.19	6,526,053.42	9,650,521.34
Total	\$192,758,879.68	\$156,757,470.17	\$71,718,063.13	\$421,234,412.98

Total Participant Assets and Headcounts by Age for the 401(k) Plan

Valuation Date: 9/30/2010

Age Group	Investment Contract Pool Participant Balance			
	Deferring	Not Deferring	In Payout	Total
<20	0	0	0	0
20 - 29	233,373.29	39,491.69	150.11	273,015.09
30 - 39	2,926,053.37	909,465.09	10,138.56	3,845,657.02
40 - 49	17,955,529.57	5,266,495.06	139,198.07	23,361,222.70
50 - 59	67,732,009.11	19,217,210.25	1,196,683.51	88,145,902.87
60 - 69	66,123,737.80	46,646,672.26	6,006,125.71	118,776,535.77
70 - 79	9,957,415.45	14,306,123.29	24,035,787.30	48,299,326.04
>= 80	858,241.27	2,641,242.43	4,635,978.99	8,135,462.69
Total	\$165,786,359.86	\$89,026,700.07	\$36,024,062.25	\$290,837,122.18

Total Participant Assets and Headcounts by Age for the 401(a) Plan

Valuation Date: 9/30/2010

Age Group	Investment Contract Pool Participant Balance			
	Deferring	Not Deferring	In Payout	Total
<20	0	0	0	0
20 - 29	0	285,092.97	1,358.66	286,451.63
30 - 39	0	1,776,759.92	15,369.90	1,792,129.82
40 - 49	0	6,638,168.69	38,152.93	6,676,321.62
50 - 59	0	15,514,073.56	96,060.19	15,610,133.75
60 - 69	0	11,404,908.16	245,461.55	11,650,369.71
70 - 79	0	1,177,552.67	355,065.54	1,532,618.21
>= 80	0	46,622.82	46,092.48	92,715.30
Total	\$0.00	\$36,843,178.79	\$797,561.25	\$37,640,740.04

Age Group	Investment Contract Pool Participant Count			
	Deferring	Not Deferring	In Payout	Total
<20	1	9	1	11
20 - 29	384	98	6	488
30 - 39	1,105	351	22	1,478
40 - 49	2,236	681	47	2,964
50 - 59	3,102	1,762	197	5,061
60 - 69	1,274	2,165	426	3,865
70 - 79	120	349	817	1,286
>= 80	10	56	250	316
Total	8,232	5,471	1,766	15,469

Age Group	Investment Contract Pool Participant Count			
	Deferring	Not Deferring	In Payout	Total
<20	0	0	0	0
20 - 29	174	57	3	234
30 - 39	689	322	13	1,024
40 - 49	1,919	632	41	2,592
50 - 59	3,874	1,157	71	5,102
60 - 69	2,414	1,414	236	4,064
70 - 79	206	214	295	715
>= 80	7	17	40	64
Total	9,283	3,813	699	13,795

Age Group	Investment Contract Pool Participant Count			
	Deferring	Not Deferring	In Payout	Total
<20	0	0	0	0
20 - 29	0	393	6	399
30 - 39	0	1564	15	1579
40 - 49	0	3,269	18	3,287
50 - 59	0	5,816	38	5,854
60 - 69	0	3,852	86	3,938
70 - 79	0	397	168	565
>= 80	0	15	19	34
Total	-	15,306	350	15,656

Maryland Teachers & State Employees Supplemental Retirement Plans

enroll online
MarylandDC.com

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



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

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

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

283 **Investment Contract Pool** 2.450% 2.480% 2.430%

VRU Variable Investment Option Morningstar Category 1 Yr. 3 Yr. 5 Yr. 10 Yr. Since Inception Inception Date Gross Expense Ratio

VRU Short-Term Investments

725 **Vanguard Prime Money Market Fund Inst** Money Market 0.20% 1.26% 2.82% 2.59% 4.15% 10/03/1989
 Current Yield: 0.21%
Citigroup 3-month T-bill 0.13% 0.69% 2.30% 2.26%

VRU Bonds

654 **PIMCO Total Return Fund Inst** Intermediate-Term Bond 8.84% 9.09% 8.05% 7.34% 8.45% 05/11/1987 0.47%[†]
 Intermediate Term Bond Index
Barclays Capital US Aggregate Bond 6.54% 5.90% 5.80% 5.84%

VRU Balanced

199 **Fidelity Puritan Fund (a)** Moderate Allocation 14.04% 0.78% 4.52% 4.74% 11.10% 04/16/1947 0.61%
 Balanced Index
60% S&P 500/40% Lehman Brothers Aggregate Bond 12.13% 1.14% 4.08% 3.53%

VRU Large-Cap Stocks

375 **Neuberger Berman Partners Fund Inst (a)** Large Blend 15.57% -4.55% 1.66% 4.23% 13.21% 01/17/1975 0.71%
 Large Cap Blend Index
Standard & Poor's 500 Index 15.06% -2.86% 2.29% 1.41%

740 **Vanguard Instl Index Fund IP** Large Blend 15.07% -2.77% 2.35% 1.46% 4.30% 07/07/1997 0.02%
 Large Cap Blend Index
Standard & Poor's 500 Index 15.06% -2.86% 2.29% 1.41%

856 **Pernassus Equity Income Fund Fund Inst (a)** Large Blend 9.07% 2.82% 7.39% 6.98% 9.98% 08/31/1992 0.78%
 Large Cap Blend Index
Standard & Poor's 500 Index 15.06% -2.86% 2.29% 1.41%

834 **Growth Fund of America R6** Large Growth 12.67% -2.41% 2.86% 3.12% 14.07% 11/30/1973 0.34%
 Large Cap Growth Index
Russell 1000 Growth 16.71% -0.47% 3.75% 0.02%

776 **Goldman Sachs Large Cap Value Inst (a)** Large Value 12.56% -3.88% 1.87% 3.85% 4.42% 12/15/1999 0.79%
 Large Cap Value Index
Russell 1000 Value 15.51% -4.42% 1.28% 3.26%

844 **Vanguard Value Index Fund Inst** Large Value 14.49% -4.19% 1.51% 2.13% 3.23% 07/02/1998 0.08%
 Large Cap Value Index
MSCI US Prime Market Value Index 11.56% -7.21% -1.47% 0.55%

VRU Mid-Cap Stocks

840 **Vanguard Midcap Index Inst (a)** Mid Cap Blend 25.67% 0.94% 4.44% 6.94% 8.81% 05/21/1998 0.08%
 Mid Cap Blend Index
S&P 400 Midcap Index 26.64% 3.52% 5.74% 7.16%

846 **Morgan Stanley Institutional Fund Trust Inst** Mid Cap Growth 32.94% 3.97% 8.75% 4.31% 13.64% 03/30/1990 0.73%
 Mid Cap Growth Index
Russell Midcap Growth 26.38% 0.97% 4.88% 3.12%

802 **T. Rowe Price Midcap Value (a)** Mid Cap Value 16.45% 3.78% 6.21% 9.96% 11.61% 06/28/1996 0.84%
 Mid Cap Value Index
Russell Midcap Value 24.75% 1.01% 4.08% 8.07%

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

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

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

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

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

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

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

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

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

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

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

Contact us

Enrollment and Information Hotline

1-800-545-4730.

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

Nationwide Retirement Solutions Web Site

MarylandDC.com

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

Nationwide Retirement Solutions Baltimore Office

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

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

Nationwide Retirement Solutions Customer Service Center

1-800-545-4730

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

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

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

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

MSRP Web Site

msrp.state.md.us

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

©2011, Nationwide Retirement Solutions, Inc. One Nationwide Blvd. Columbus OH 43215 All Rights Reserved. Nationwide is a service mark of Nationwide Mutual Insurance Company.

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

RISK DISCLOSURES

Money market funds: Investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other federal government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.

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

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

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

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

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

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

IMPORTANT DISCLOSURES

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

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

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

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

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

Fund category data provided by Morningstar®. ©2010 Morningstar, Inc. All Rights Reserved. The Morningstar information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Although data is gathered from reliable sources, data accuracy and completeness cannot be guaranteed.