State of Maryland
Maryland Teachers & State Employees Supplemental Retirement Plans

Comprehensive Annual Financial Report

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

Year Ended December 31, 2009

MSRP

STATE OF MARYLAND
MARYLAND TEACHERS AND STATE EMPLOYEES
SUPPLEMENTAL RETIREMENT PLANS

Comprehensive Annual Financial Report

For the Calendar Year Ended
December 31, 2009

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

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Maryland Supplemental Retirement Plans

INTRODUCTORY SECTION

Letter of Transmittal

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www.MSRP.state.md.us

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1-800-545-4730
or Enroll on-line at
www.MarylandDC.com

May 28, 2010

Maryland Teachers and State Employees
Supplemental Retirement Plans Board
6 Saint Paul Street #200
Baltimore, MD 21201

Honorable Chairperson and Members of the Board of Trustees:

It is our pleasure to present the 2009 Comprehensive Annual Financial Report of the Maryland Teachers and State Employees Supplemental Retirement Plans (the "Plans"). The Plans consist of four separate defined contribution plans: 401(k), 457, 403(b) and 401(a). Together, the Plans constitute fiduciary funds of the State of Maryland, administered by the Maryland Teachers and State Employees Supplemental Retirement Plans Board of Trustees (the "Board").

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

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

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

This Comprehensive Annual Financial Report contains five sections. The Introductory Section provides information about the administrative structure of the Plans. The Financial Section provides management discussion and analysis, a comprehensive review of the Plans' net assets available for benefits, and changes in net assets available for benefits. The Financial Section also contains the report and opinion from the Plans' independent public accountants, separate financial statements for each plan, and a combined statement for all four Plans. The Investment Section includes a report that describes the Plans' investment performance, various summary level portfolio matters, and other investment data. The Statistical Section gives a demographic composition of plan participants, and detailed descriptions of various plan provisions. The Other Supplemental Section gives additional statistical data, plan definitions and investment terminology.

Management's Discussion and Analysis

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

Economic Outlook

Plan investments are evaluated by the Board's independent consultant, Mercer Consulting, Inc. A comparative analysis of rates of return is presented in the investment section of this report. The Plans use Deutsche Asset Management for management of the Investment Contract Pool.

Major Issues and Initiatives

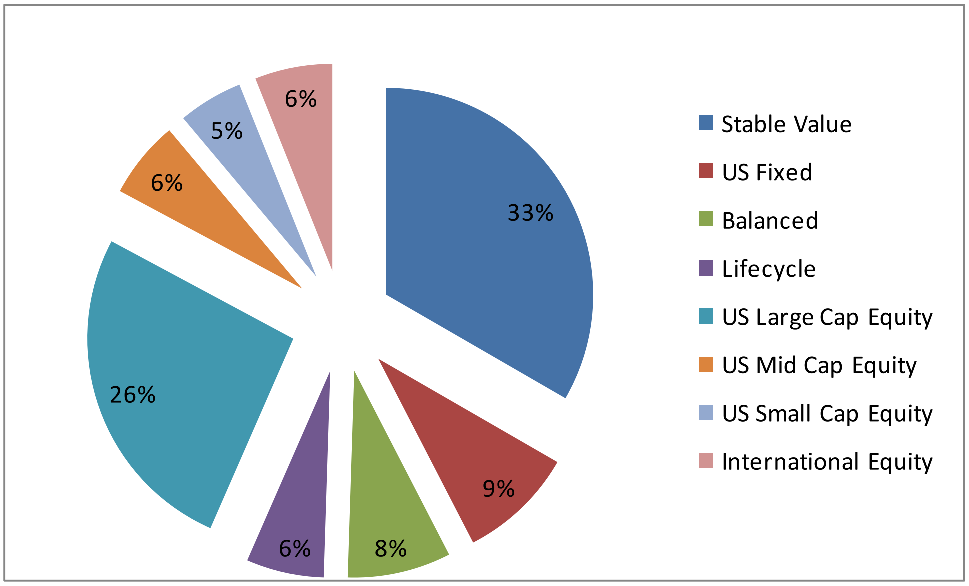
There were several developments in 2009 relating to the Investment Contract Pool (the "ICP"). First, the ICP benefited from the significant improvement in credit market conditions and stability that occurred in 2009, as demonstrated by the increase in the ratio of market value to book value from 93.4% (12/31/2008) to 98.5% (12/31/2009). Second, the Office of Legislative Audits conducted an examination of the ICP during 2009, and made several recommendations relating to documentation of Board oversight and management of the ICP. The Board has accepted the recommendations, and the Legislative Auditor has accepted the Board's plan for implementation of the recommendations. Copies of the legislative audit report and the Board response are available at www.dls.state.md.us . Third, the Board procured, in conjunction with the legislative audit, a special examination of the ICP, and its valuation and management practices. That report was satisfactory and commented favorably on the extent of ongoing Board oversight of the ICP and the communication materials available to participants who select the ICP as an investment option. Examples of the participant communication materials as of 12/31/2009 are shown on pages 55-58 of this report; these materials give specific financial detail on the ICP such as types of assets held, weighted average maturity, overall credit quality and market value to book value ratio.

The Board is responsible for maintaining a system of adequate internal accounting controls designed to provide reasonable assurance that transactions are executed in accordance with management's general or specific authorization, and are recorded as necessary to maintain accountability for assets and to permit preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America. We are confident that the financial statements, supporting schedules and statistical tables included in this report fairly represents the Plans' financial condition and changes in net assets available for plan benefits.

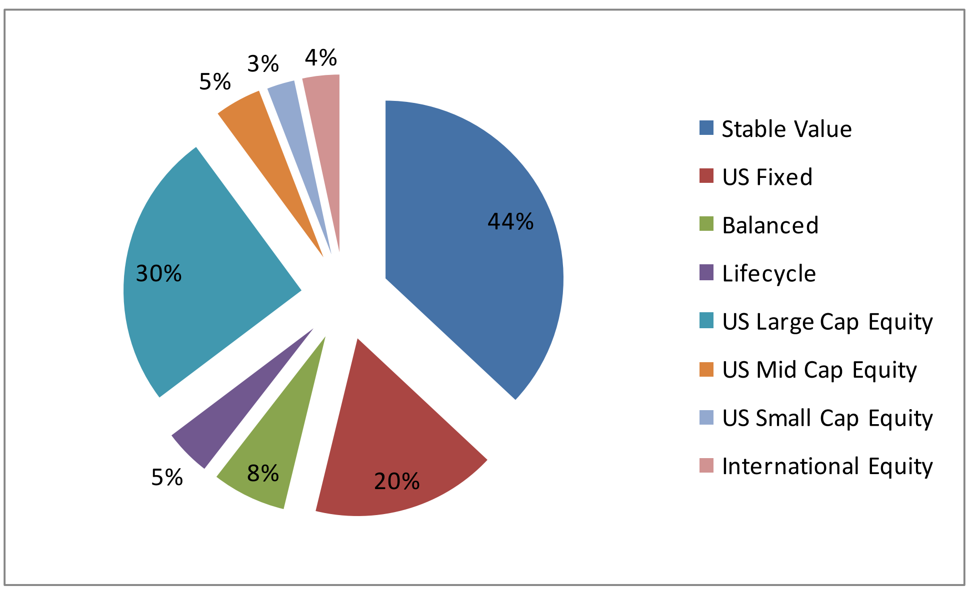
Investments

The following charts depict the asset allocation for the Plans as of December 31, 2009 and 2008. See the investment section for a more detailed analysis and information.

2009



2008



Investment Risk

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

Independent Audit

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

Acknowledgements

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

Certificate of Achievement for Excellence in Financial Reporting

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

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

Sincerely,

Michael Halpin, CRA, CRC
Executive Director

Debra L. Roberts, CPA, CRC
Chief Financial Officer

William Donald Schaefer Tower
Suite 200
6 Saint Paul Street
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A letter from the Chairperson of the Board

May 28, 2010

Despite eighteen months of the most severe economic recession in decades, many State employees continue to participate in the Maryland Supplemental Retirement Plans and their savings are beginning to show signs of recovery. The Plans, like many of our participants, have been affected by global financial problems, credit difficulties, and other consequences of the Great Recession and the crisis in the financial markets. The contributing participation rate has decreased and there is no question that the adverse developments of the past year and a half and the suspension of the match have restrained previously favorable trends in new enrollments and increases in savings rates. For example, in 2009 the Plans' contributing participant levels decreased by 6.4% or 2,674 participants; participant contributions decreased by 11.8% or $23.2 million compared to 2008; and distributions decreased by 8.9% or $32.5 million, from the prior year. The decrease in distributions may be caused by participants who, having experienced significant volatility, are hesitant to make significant financial decisions.

We are hopeful that investment returns will stabilize in a positive mode in the coming years. In order to counteract the decrease in participation, the Board has directed staff and Nationwide representatives to increase direct participant contact, and initiate new activity and programs with the goal of strengthening participant confidence through increased investment education. Central to this effort are periodic MSRP Retirement Review Day events that began in October 2008 and continued throughout 2009. These events included group presentations on financial markets, the relationship of household budgeting to retirement savings, and other special individual consultations where a participant can discuss the impact of the volatile markets on his or her retirement account and plans.

In 2009, the MSRP Field Department conducted a seminar survey to determine the intention of employees to increase contributions or enroll in the plans. Of those who responded, 56% enrolled or increased deferral contributions and over 85% rated the seminars as excellent or very good.

A critical component of this confidence building effort is the continued strong oversight and review of investment options regularly conducted by the Board and its professional advisors. Those efforts increased significantly in the past 18 months, and will likely continue.

Board operating revenues decreased substantially during 2009 as a direct result of reduced asset balances. MSRP spending in 2009 was consistent with traditional levels, and did not exceed budget limits. The dramatic drop in equity prices, however, caused a significant decrease in income because the Board fee

(0.05% or 5 basis points) is charged against the decreased value of participant accounts. In light of this fee volatility, the Board has adopted a slightly different fee structure, adding a per account charge similar to many other government-sponsored defined contribution plans. Beginning May 2010, a new 50 cent per month charge will be collected on each participant account in the 457 plan, 401(k) plan and the 403(b) plan. This is in addition to the continuing annualized asset fee charge of 0.05% for the Board and 0.14% for the Plan Administrator, Nationwide Retirement Solutions. We expect this new fee structure will stabilize Board revenues for the remainder of 2010 and beyond.

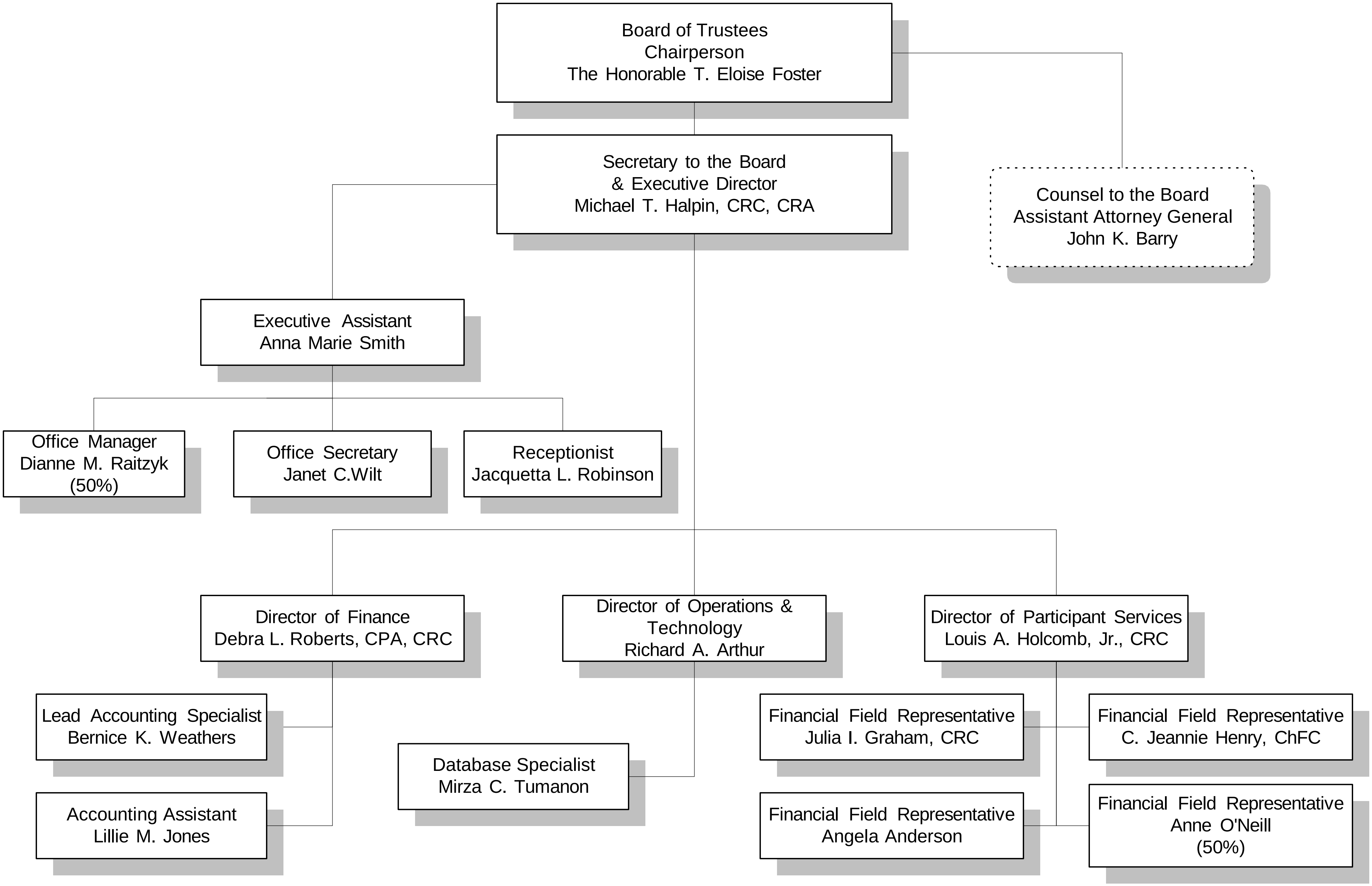
The Board is pleased to present this report; it reflects the continuing success of MSRP and the plans. MSRP continues its leading role on the core issues of retirement saving, low cost administration, full fee disclosure, high quality investment options, strong oversight and extensive investment education. These efforts will continue as the Board and Team MSRP works to ensure the stability of retirement plans during these challenging economic times.

Sincerely,

T. Eloise Foster

T. Eloise Foster
Chairperson

Maryland Teachers & State Employees Supplemental Retirement Plans



Approved:
December 3, 2008

MISSION

To enable State employees and teachers to participate in voluntary tax sheltered income deferral, tax deferred annuity, and profit sharing and salary reduction savings plans that offer members tax advantages as provided in the Internal Revenue Code.

VISION

A State that sponsors productive voluntary retirement savings programs for all its employees to secure economic stability for themselves and their families in later years.

ABOUT THE PLANS

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

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

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

The Members of the Board of Trustees are made fiduciaries by statute and are required to operate the Plans for the exclusive benefit of participating employees. The Board hires the necessary staff, administrators, consultants and accountants that are required for efficient and professional operation of the four Plans and their $2.3 billion in assets. The Board also submits an annual report about the Plans to the Governor and General Assembly.

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

ABOUT THE BOARD

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

ABOUT THE BOARD OF TRUSTEES

BOARD CHAIRPERSON

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

BOARD MEMBERS

Ms. Sabrina Bass
403(b) Eligible Member

Mr. Robert W. Black, CPA
Public Member

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

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

Mr. William W. Whitescarver
Public Member

Ms. Marcia Zercoe
Public Member

BOARD COMMITTEES

Investment Committee

William Whitescarver - *Chairperson*
Sabrina Bass
Nancy Kopp
Marcia Zercoe

Audit Committee

T. Eloise Foster - Chairperson
Robert Black
Linda Tanton

BOARD ADVISORS

General Counsel

John K. Barry, Esquire

Assistant Attorney General

Independent Auditors

SB & Company, LLC

Certified Public Accountants & Consultants

Investment Contract Pool Manager

Deutsche Asset Management

Third Party Administrator

Nationwide Retirement Solutions, Inc.

General Pension Consultant & Investment Advisor

Mercer Investment Consulting

Maryland Supplemental Retirement Plans

FINANCIAL SECTION

SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

Report of Independent Public Accountants

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

We have audited the accompanying basic financial statements of the State of Maryland Teachers and State Employees Supplemental Retirement Plan (MSRP), which is a pension trust fund of the State of Maryland, as of and for the years ended December 31, 2009 and 2008, as listed in the table of contents. These basic financial statements are the responsibility of MSRP's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the plan net assets of MSRP as of December 31, 2009 and 2008, and the changes in plan net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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

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

SB's Company, LLC

Hunt Valley, Maryland
May 28, 2010

200 International Circle • Suite 5500 • Hunt Valley • Maryland 21030 • P 410-584-0060 • F 410-584-0061

MARYLAND TEACHERS AND STATE EMPLOYEES
SUPPLEMENTAL RETIREMENT PLANS

MANAGEMENT DISCUSSION AND ANALYSIS

To help facilitate a better understanding of the State of Maryland Teachers and State Employees Supplement Retirement Plans (MSRP) financial condition as of December 31, 2009 and 2008, and the changes in net assets available for plan benefits for the years then ended and policies that govern its operations, management has prepared this narrative analysis. This narrative is intended to supplement the Plans audited financial statements and should be read in conjunction with these statements which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

In accordance with generally accepted accounting principles, the Maryland Teachers and State Employees Supplemental Retirement Plans (collectively, "the Plans") basic financial statements consist of the comparative Statements of Net Assets Available for Plan Benefits and Statements of Changes in Net Assets Available for Plan Benefits, along with related note disclosures. The statements include a combined statement for all the separate plans, (pp. 27) as well as separate statements for each plan.

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

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

FINANCIAL HIGHLIGHTS

- Net assets available for plan benefits increased by $389.5 million during the year ended December 31, 2009 from $1.89 billion as of December 31, 2008 to $2.3 billion as of December 31, 2009. Net assets available for plan benefits decreased from $2.5 billion as of December 31, 2007 to $1.90 billion as of December 31, 2008. The diversification of investment options available to participants of the Plans across different asset classes allow participants to reduce market risk by effectively offsetting short-term fluctuations in individual assets classes with other asset classes depending on their individual investment decision.

- The Plans had a net investment gain of $382.9 million for the year ended December 31, 2009 and a $598.3 million investment loss as of December 31, 2008. The Plans had net investment gains of $140.8 million for the year ended December 31, 2007. The investment markets changes have contributed to the slight investment gain for the year ended December 31, 2009.

- Employee contributions increased slightly from $164.2 million for the year ended December 31, 2007 to $167.05 million for the year ended December 31, 2008. For the year ended December 31, 2009, contributions decreased to $161.6 million. State mandated furloughs have contributed to the slight decrease in contributions in 2009.

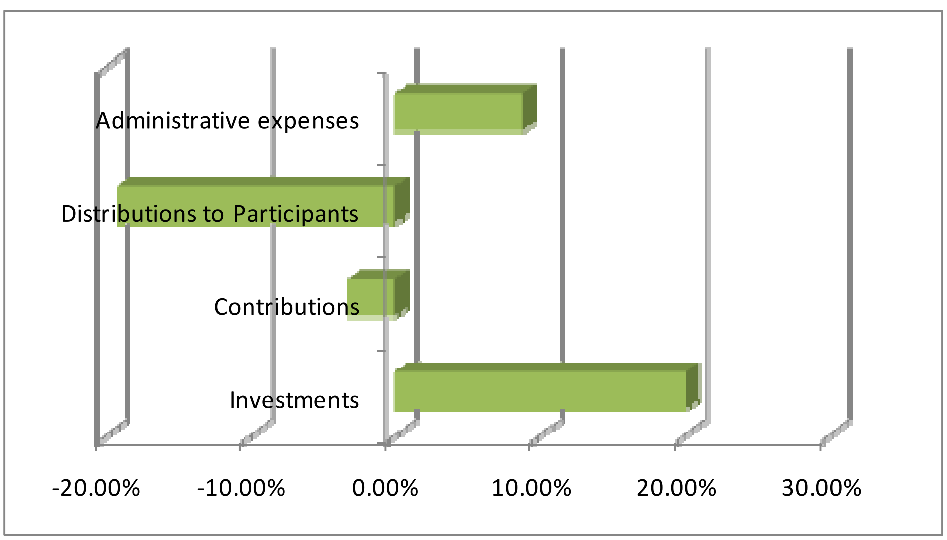
- Employer contributions decreased by $17.7 million for the year ended December 31, 2009 from $20.8 million to $3.1 million and increased slightly by $117,238 for the year ended December 31, 2008 from December 31, 2007. The decrease in employer contributions are a direct result of the suspension of the State mandated employer match contribution suspension beginning in July 2009.

- Distributions to participants increased from $164.9 million for the year ended December 31, 2007 to $169.6 million for the year ended December 31, 2008, and decreased significantly for the year ended December 31, 2009 to $137.0 million. The decrease in the year ended December 31, 2009 indicates participant reaction to the adverse market conditions and allowed funds to remain within the Plans.

- Administrative expenses decreased to $3.6 million for the year ended December 31, 2008 and decreased to $3.3 million for the year ended December 31, 2009. The administrative expenses are calculated based on a percentage of participant investment balances and therefore increase when the asset values increase and decrease when the asset values decrease. Early in 2009, decreased Board revenue resulted in the imminent depletion of MSRP reserve funds. The Board chose to impose a $3 per account charge to cover expenses through the June 30, 2009 fiscal year end. Additionally, the following year the Board approved changes in the administrative fee structure for the plans. Beginning May 2010, board fees will reflect a 5 basis point asset based fee and a monthly $0.50 per account fee to all participants. The Board believes this fee structure change will ensure more stability in revenue during difficult economic times.

The following chart shows the percentage change from 2008 to 2009 for net assets, employee contributions, distributions to participants and administrative expenses:

NET % CHANGE IN INVESTMENTS, CONTRIBUTIONS, DISTRIBUTIONS AND ADMINISTRATIVE FEES



The table below gives the Plan Net Assets held in trust for deferred compensation benefits as of December 31, 2009, 2008, and 2007:

ASSETS	2009	2008	2007
Investments	$ 2,281,612,759	$1,898,664,551	$ 2,501,745,247
Cash surrender Value life Insurance	3,952,184	4,087,776	3,590,858
Cash	7,014,096	2,288,377	1,136,148
Receivables			
Employee Contributions	4,415,556	4,942,669	101,733
Other Receivable	327,763	74,601	104,400
Loan Receivables	19,444,130	17,192,130	18,909,743
Total Assets	$ 2,316,766,488	$1,927,250,104	$ 2,525,588,129
Net Plan Assets held in trust for deferred compensation benefits	$ 2,316,766,488	$1,927,250,104	$ 2,525,588,129

The table below presents the changes in Net Plan assets held in trust for deferred compensation benefits for the years ended December 31, 2009, 2008 and 2007:

Statement of Changes in Net Plan Assets			
ASSETS	**2009**	**2008**	**2007**
Investments	$ 2,281,612,759	$1,898,664,551	$ 2,501,745,247
Cash surrender Value life Insurance	3,952,184	4,087,776	3,590,858
Cash	7,014,096	2,288,377	1,136,148
Receivables			
Employee Contributions	4,415,556	4,942,669	101,733
Other Receivable	19,444,130	74,601	104,400
Loan Receivables	327,763	17,192,130	18,909,743
Total Assets	$ 2,316,766,488	$1,927,250,104	$ 2,525,588,129
Net Assets Available for Plan Benefits	$ 2,316,766,488	$1,927,250,104	$ 2,525,588,129
ADDITIONS	**2009**	**2008**	**2007**
Employee contributions	$ 161,570,124	$ 167,049,415	$ 164,233,839
Employer contributions	3,102,359	20,839,626	20,722,388
Mutual Fund reimbursements	1,651,712	2,385,355	3,178,679
Change in cash surrender value	-	521,683	(96,753)
Settlement Proceeds	3,748,831	-	-
Investment Income:			
Realized and unrealized (losses) gains	335,160,108	(653,279,727)	87,853,034
Interest income	24,699,152	37,477,989	36,884,956
Total additions	$ 529,932,286	$ (425,005,659)	$ 312,776,143
DEDUCTIONS			
Distributions to participants	$ 137,035,085	$ 169,620,199	$ 164,895,085
Administrative expenses	3,332,537	3,655,978	7,000,105
Life Insurance premiums	48,280	56,098	65,851
Total deductions	140,415,902	173,332,275	171,961,041

Requests for Information

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

Maryland Supplemental Retirement Plans

BASIC FINANCIAL STATEMENTS

Maryland Supplemental Retirement Plans

MARYLAND TEACHERS AND STATE EMPLOYEES
SUPPLEMENTAL RETIREMENT PLANS

Statements of Plan Net Assets –All Plans
As of December 31, 2009 and 2008

	2009	2008
ASSETS		
Investments	**$ 2,281,612,759**	$ 1,898,664,551
Cash surrender value of life insurance contracts	**3,952,184**	4,087,776
Cash	**7,014,096**	2,288,377
Receivables		
Employee contributions	**4,415,556**	4,942,669
Loans receivable	**19,444,130**	17,192,130
Other receivable	**327,763**	74,601
Total Assets	**2,316,766,488**	1,927,250,104
Net Assets Held in Trust for Deferred Compensation benefits	**$ 2,316,766,488**	$ 1,927,250,104

MARYLAND TEACHERS AND STATE EMPLOYEES
SUPPLEMENTAL RETIREMENT PLANS

Statements of Changes in Plan Net Assets
For the Years Ended December 31, 2009 and 2008

	2009	2008
ADDITIONS TO NET ASSETS ATTRIBUTED TO		
Employee contributions	**$ 161,570,124**	$ 167,049,415
Employer contributions	**3,102,359**	20,839,626
Variable earnings reimbursements	**1,651,712**	2,385,355
Change in cash surrender value	**-**	521,683
Settlement proceeds	**3,748,831**	-
Investment income:		
Variable earnings investment income	**335,160,108**	(653,279,727)
Interest income	**24,699,152**	37,477,898
Total additions	**529,932,286**	(425,005,750)
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO		
Distributions to participants	**137,035,085**	169,620,199
Administrative expenses	**3,332,537**	3,655,978
Life insurance premiums	**48,280**	56,098
Total deductions	**140,415,902**	173,332,275
Net Increase (Decrease)	**389,516,384**	(598,338,025)
Net assets held in trust for deferred compensation benefits, beginning of year	**1,927,250,104**	2,525,588,129
Net assets held in trust for deferred compensation benefits, end of year	**$ 2,316,766,488**	$ 1,927,250,104

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

The MSRP consists of four separate defined contribution plans: Deferred Compensation Plan under Internal Revenue Code (the Code or IRC) Section 457; Savings and Investment Plan IRC Section 401(k); Match Plan, Section IRC 401(a); and Tax Sheltered Annuity Plan, IRC Section 403(b) (collectively, the Plans). MSRP has approximately 60,722 participants as of December 31, 2009. MSRP is a fiduciary fund of the State.

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

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

The State Match Plan and Trust (the Match Plan) was established by the State pursuant to Title 32 of the State Personnel & Pensions Article of the Maryland Code on July 1, 1999 (commencement date) and is designed to be a tax-qualified 401(a) defined contribution matching plan under Code Section 401(a).

The State Tax Sheltered Annuity Plan (the 403(b) 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.

Basis of Accounting

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

Risks and Uncertainties

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

Contributions

Eligible employees of the State may contribute to the 457 Plan, 401(k) Plan, or the 403(b) Plan through payroll deductions. As required by the Internal Revenue Code, MSRP limits the amount of an individual's annual contributions to an amount not to exceed the lesser of $16,500, or 100% of their annual compensation, as defined by the I.R.C. Additional "catch-up" contributions as available for those aged 50 and over. The limits are subject to an annual cost of living adjustment. Amounts contributed by employees are deferred for Federal and state income tax purposes until benefits are paid to the employees.

Under the 401(a) Plan provisions, the State contributes to each participant's 401(a) account an amount equal to the participant's contributions to the State's Supplemental Retirement Plan during the same plan year. The statutory ceiling for these amounts is $600 for each State fiscal year. Contributions are credited to the investment option selected by the employee/plan participant. During the year ended December 31, 2009, the State suspended the match contribution.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Participant Accounts

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

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

- The investment contract pool (The "ICP"). The ICP is a book value/constant principal investment that periodically adjusts the rates paid to participants in order to account for the income, gains and losses of the portfolio. It is made up of a collection of book value investments: a money market fund, guarantee investment contracts written by insurance companies, and synthetic guaranteed investment contracts written by insurance companies and other financial institutions.
- Mutual Funds

Payment of Benefits

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Participant Loans

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

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

Investment Valuation and Income Recognition

The ICP is shown in the accompanying statements under the category of investments, and is valued at contract value. The ICP is managed by Deutsche Asset Management under a management agreement with the Board of Trustees. Interest rates are reset monthly.

During 1997, a Master Trust was established to hold the investment contract pool/assets underlying this investment option. Under the Master Trust arrangement, 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 Master 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 ICP is valued at contract value, which represents contributions received plus interest earned to date, less applicable charges and amounts withdrawn.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash Surrender Value

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

Mutual Fund Reimbursements

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

2. INVESTMENTS AND INVESTMENT INCOME

Investments held including a discontinued group annuity contract and annuity reserves held by Nationwide Life and Metropolitan Life, as of December 31, 2009 and 2008, are as follows:

ASSETS	2009	2008
Fixed investments – Investment Contract Pool	$ **739,973,146**	$ 728,895,676
Mutual fund investments:		
Fidelity® Puritan Fund	**184,498,353**	155,827,435
Goldman Sachs Large Cap Value Fund – Institutional Shares	**122,704,976**	107,442,333
Vanguard Institutional Index Fund – Institutional Plus	**262,328,118**	124,657,449
EuroPacific Growth Fund ® - Class A	**62,738,910**	91,812,938
EuroPacific Growth Fund ® - Class R6	**67,074,619**	-
Legg Mason Value Trust – Institutional Class	**-**	86,602,179
Dreyfus Midcap Index Fund, Inc.	**94,137,672**	71,119,080
Neuberger Berman Equity Fund ® - Partners Fund	**96,347,563**	64,589,090
The Growth Fund of America ®, Inc. – Class A	**43,330,438**	68,712,343
The Growth Fund of America ®, Inc. – Class R6	**51,478,442**	-
PIMCO Total Return Fund – Institutional Shares	**111,988,569**	67,553,596
T. Rowe Price Small-Cap Stock Fund, Inc.	**73,253,802**	52,887,199
Lord Abbott Mid-Cap Value Fund – Class A	**-**	25,180,638
Vanguard Small Cap Growth Index – Institutional Shares	**26,686,648**	17,927,943
T. Rowe Price Mid-Cap Value fund	**34,902,993**	
T. Rowe Price Retirement 2020 fund	**34,030,693**	17,401,249
T. Rowe Price Retirement 2015 Fund	**25,888,753**	15,929,290
T. Rowe Price Retirement 2010 Fund	**16,072,735**	11,486,674
Van Kampen Mid Cap Growth Fund – Class A	**18,203,921**	9,090,799
T. Rowe Price Retirement 2025 Fund	**21,946,140**	11,373,148
Vanguard Prime Money Market Fund - Institutional Shares	**7,155,831**	8,125,558
T. Rowe Price Retirement 2030 Fund	**17,565,569**	9,202,659
Vanguard Total International Stock Index Fund – Investor Shares	**10,544,250**	6,660,331
Great West Life Assurance Company	**4,595,468**	4,650,406
Vanguard Small Cap Value Index – Investor Shares	**5,796,138**	3,867,619
T. Rowe Price Retirement 2035 Fund	**9,897,025**	4,783,742
Vanguard Value Index Fund – Investor Shares	**4,706,356**	3,351,214
T. Rowe Price Retirement 2040 Fund	**7,532,800**	3,544,004
T. Rowe Price Retirement 2005 Fund	**5,062,838**	2,994,407
T. Rowe Price Retirement Income Fund	**3,009,855**	1,698,252
T. Rowe Price Retirement 2045 Fund	**3,408,575**	1,443,220
T. Rowe Price Retirement 2050 Fund	**1,448,216**	591,752
T. Rowe Price Retirement 2055 Fund	**591,367**	352,293
Washington Mutual Investors Fund	**387**	-
	2,168,901,166	1,779,754,516
Discontinued investment options – Nationwide Fixed Annuities	**88,018,578**	92,123,170
Nationwide Life annuity payout reserves	**18,752,554**	20,467,404
Metropolitan Life annuity payout reserves	**5,940,461**	6,319,461
Total Investments	$ **2,281,612,759**	$ 1,898,664,551

2. INVESTMENTS AND INVESTMENT INCOME (continued)

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

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 administrative expenses charged by the Administrator and the Board of the Plan. The blended gross interest rate was 2.35% as of December 31, 2009 and ranged from 2.02% to 3.5% during the year ended December 31, 2009. The blended gross interest rate was 4.52% as of December 31, 2008, and ranged from 4.39% to 4.81% during the year ended December 31, 2008. The contract value as of December 31, 2009 and 2008, was $739,973,146 and $728,895,676, respectively. The fair market value as of December 31, 2009 and 2008, was $731,663,333 and $683,084,752, respectively and the wrapper value was $2,301,909 and $1,953,244, respectively.

Interest income on investments in Nationwide Life fixed annuities and annuity payout reserves are recorded as earned on an accrual basis. Beginning in 1982, based upon the date of contribution, Nationwide Life initiated a plan for paying different rates to specific pools of money. The gross interest rate paid on fixed annuity contributions was 4.26% as of December 31, 2009 and ranged from 4.25% to 4.3% during the year ended December 31, 2009 and was 4.51% as of December 31, 2008 and ranged from 4.5% to 4.55% for the year the ended December 31, 2008.

The fixed earnings investment with the Great-West Fixed Investment Fund is valued at contract value, which represents costs plus interest credited at guaranteed rates (subject to quarterly market adjustments, as reported by Great-West as of December 31). These amounts are credited to the participant's accounts prior to charges for administration expenses charged by the Administrator and the Board of the Plan. The gross interest rate paid on contributions to this investment was 4.1% and 4.33% during the year ended December 31, 2009 and 2008, respectively.

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

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

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

2. INVESTMENTS AND INVESTMENT INCOME (continued)

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

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

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

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

The investments and weighted average maturities as of December 31, 2009 and 2008 are as follows:

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

2. INVESTMENTS AND INVESTMENT INCOME (continued)

	December 31, 2008	
	Valuation	**Weighted Average Maturity**
Investment Contract Pool	$ 728,895,676	2.74 years
Variable earnings:		
PIMCO Total Return Fund – Institutional Shares	$ 67,553,596	5.32 years
Great-West Fixed Investment Fund	$ 4,650,406	5.34 years
Variable earnings:		
Vanguard® Prime Money Market Fund – Institutional Shares	$ 8,125,558	0.21 years

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

The investment contract pool had a reported average credit rating of AA (as calculated by the manager, Deutsch Bank Advisors) for the year ended December 31, 2009 and AA+ throughout the year ended December 31, 2008. Mutual Funds are unrated.

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

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

3. LIFE INSURANCE

The amount of life insurance in force with Unum Life was approximately $9,559,544 and $10,159,874 as of December 31, 2009 and 2008, respectively. Participants in the plan contributed $48,280 and $56,098 towards premiums for life insurance contracts offered by Unum Life during the years ended December 31, 2009 and 2008, respectively. At the time of retirement or termination of employment from the State, employees have the option of continuing to make the life insurance premium payments or to receive the cash surrender value of the policy.

4. ADMINISTRATIVE EXPENSES

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

The current contract with NRS to provide administrative services to MSRP under Board authority became effective January 1, 2008. Under the agreement, NRS provides administrative services, such as account statements, monitoring financial transactions, participant relations, and general management. Fees were charged by NRS at an annual rate of 0.14% during the year ended December 31, 2009 and 2008, respectively against the mutual fund, investment contract pool and fixed annuity assets.

During 2009 and 2008, a charge of 0.05% was imposed by MSRP for its expenses (staff, auditor, consultants, education and other administrative expenses). The fees are collected directly from participant's accounts. The annual cap on participant charges was $2,000 for 2009 and 2008. In May 2009, the Board made a $3 charge against participant accounts to replace decreased revenue from the 0.05% asset fee and fund expenses through the end of the fiscal year.

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

The cash balance in the accompanying Statement of Plan Net Assets as of December 2009 and 2008 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 Plans for administrative expenses in the nature of a reserve fund. The cash reserve balance was $241,569 and $321,054 as of December 31, 2009 and 2008 respectively.

5. TAX STATUS

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

6. RELATED PARTIES

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

7. COMMITMENTS-Cash Commitment

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

The amounts received ($1,165,287-401(k) plan; $2,325,229-457 plan; and $258,315-403(b) plan) were, as of December 31, 2009, held as cash in plan bank accounts pending adoption by the Board of a specific allocation and redistribution plan. An additional amount of $132,257 was received and deposited for the 401(a) plan in January 2010. Management expects that the Board of Trustees will adopt a redistribution plan that distributes the cash to participants during 2010.

8. SCHEDULES

The schedules on pages 37-41 of these statements are the separate financial statements for each plan, and a combined total for all plans.

COMBINING SCHEDULE

Maryland Supplemental Retirement Plans
Schedule of Combining Net Assets Available for Plan Benefits
As of December 31, 2009

	Deferred Compensation Plan Section 457	Savings and Investment Plan Section 401(k) Plan	Match Plan and Trust 401(a) Plan	Tax Sheltered Annuity Plan 403(b) Plan	Total
Investments	$ 1,135,113,914	$ 948,477,343	$ 137,087,230	$ 60,934,272	$ 2,281,612,759
Cash surrender value of life insurance contracts	3,952,184	-	-	-	3,952,184
Cash	5,590,494	1,165,287	-	258,315	7,014,096
Receivables:			-	-	-
Employee receivable	1,804,786	2,561,486		49,284	4,415,556
Loans receivable	9,384,994	10,059,136	-	-	19,444,130
Other receivable	95,976	-	-	231,787	327,763
Total Assets	$ 1,155,942,348	$ 962,263,252	$ 137,087,230	$ 61,473,658	$ 2,316,766,488

Maryland Supplemental Retirement Plans
Schedule of Combining Changes in Net Assets Available for Plan Benefits
For the year ended December 31, 2009

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

Maryland Supplemental Retirement Plans
Schedule of Combining Net Assets Available for Plan Benefits
As of December 31, 2008

	Deferred Compensation Plan Section 457	Savings and Investment Plan Section 401(k) Plan	Match Plan and Trust 401(a) Plan	Tax Sheltered Annuity Plan 403(b) Plan	Total
Investments	$ 986,899,375	$ 749,297,929	$ 112,996,854	$ 49,470,393	$ 1,898,664,551
Cash surrender value of life insurance contracts	4,087,776	-	-	-	4,087,776
Cash	2,288,377	-	-	-	2,288,377
Receivables:					
Employee receivable	1,887,252	2,649,394	356,967	49,056	4,942,669
Asset fees	74,601	-	-	-	74,601
Loans receivable	8,015,883	9,048,410	-	127,837	17,192,130
Total Assets	$ 1,003,253,264	$ 760,995,733	$ 113,353,821	$ 49,647,286	$ 1,927,250,104

Maryland Supplemental Retirement Plans
Schedule of Combining Changes in Net Assets Available for Plan Benefits
For the year ended December 31, 2008

	Deferred Compensation Plan Section 457	Savings and Investment Plan Section 401(k) Plan	Match Plan and Trust 401(a) Plan	Tax Sheltered Annuity Plan 403(b) Plan	Total
Additions:					
Employee contributions	$ 68,108,751	$ 95,898,797	$ -	$ 3,041,867	$ 167,049,415
Employer contributions	-	-	20,839,626	-	20,839,626
Variable earnings reimbursements	1,071,061	1,032,238	159,786	122,270	2,385,355
Change in cash surrender value	521,683	-	-	-	521,683
Investment income:					
Variable earnings investment income	(285,359,600)	(297,240,209)	(46,975,308)	(23,704,610)	(653,279,727)
Interest income	24,272,486	11,591,054	1,412,795	201,563	37,477,898
Total additions/(reductions)	(191,385,619)	(188,718,120)	(24,563,101)	(20,338,910)	(425,005,750)
Distribution to participants	97,490,302	62,995,066	4,860,035	4,274,796	169,620,199
Administrative expenses	1,272,972	1,978,213	268,020	136,773	3,655,978
Life insurance premiums	56,098	-	-	-	56,098
Total deductions	98,819,372	64,973,279	5,128,055	4,411,569	173,332,275
Net increase/(decrease)	(290,204,991)	(253,691,399)	(29,691,156)	(24,750,479)	(598,338,025)
Beginning of period	1,293,458,255	1,014,687,132	143,044,977	74,397,765	2,525,588,129
End of period	$ 1,003,253,264	$ 760,995,733	$ 113,353,821	$ 49,647,286	$ 1,927,250,104

Maryland Supplemental Retirement Plans

INVESTMENT SECTION

INVESTMENT ADVISOR'S REPORT

For the year ended December 31, 2009

The report below discusses the overall performance of the plan investments for the year ending December 31, 2009. A sharp rebound occurred in much of the capital markets in 2009. Investors continued to show their growing risk appetite throughout the year as the equity markets, high yield and emerging markets posted strong results. Stronger than expected corporate earnings led to a positive turn in GDP growth during the second half of the year. Civilian unemployment climbed significantly during the year from about 7% to over 10% at year end. The Fed kept rates at rock bottom levels of 0-25 basis points throughout the year.

Domestic Equity Mutual Funds

Market Performance

The US equity market posted strong results across all market caps and equity styles for the year. Growth stocks outperformed value stocks across all market caps for the year. Small cap stocks outperformed large cap stocks for the year, however, the best performing segment was mid cap growth with a return of 46.3%. The top three performing sectors for the year were technology, materials and consumer discretionary. All three sectors struggled during 2008.

Domestic Equity funds Performance

The median domestic equity mutual fund rose 26.9% during 2009. Consistent with the indexes, large cap stock funds lagged the mid and smaller cap funds during the year, and growth-oriented funds consistently outpaced their value counterparts. Large cap value funds, up 22.8%, posted the weakest results while mid cap growth funds, up 40.1%, were the strongest performers.

Fixed Income Mutual Funds

Market Performance

The US fixed income market, measured by the Barclays Capital Aggregate Index, returned a solid 5.9% for the year. Returns within fixed income sectors varied dramatically for the year. The sectors of the market that fell most during 2008 posted the strongest results for 2009. The top performing area of the fixed income market for the year was high yield returning 58.2% for the year. Treasury bonds were the worst performing sector for the year returning -3.5%.

Fixed Income Funds Performance

The median core domestic bond fund was up 12.1% for the year. Long-duration bond funds were the weakest performers up only 4.2% at the median. High-yield bond funds led the rebound in the bond markets with a 47.2% return for the median fund. International bond funds gained a healthy 9.5% during the year, but lagged domestic bond funds.

International Equity Mutual funds

Market Performance

Consistent with the domestic equity markets, growth outperformed value across developed markets. The international equity markets also posted strong results for the year as the MSCI EAFE Index, representing developed international equities advanced 32.5% for the year. The MSCI Emerging Markets Index returned 79.0% for 2009. For the trailing year, Japan was the worst performing country at +6.4%, while Brazil was the best performing country at +128.6%.

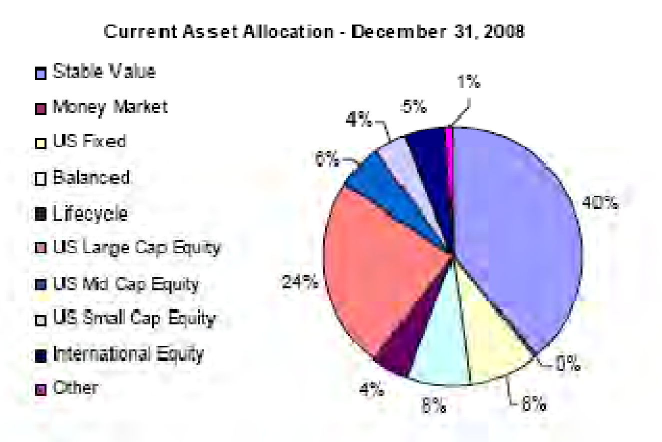
International Equity Funds Performance

The median international equity fund was up 33.5% for the year. Europe provided stronger results than the Pacific countries and their funds were up 32.8% and 14.8%, respectively. The Emerging markets funds had the strongest performance, up 75.2% at the median.

Management Summary Report

Combined Plans

- Assets totaled $2.281 billion for all combined plans as of December 31, 2009. This reflected an increase in assets of $387 million from December 31, 2008. Due to positive equity markets, there was an increase in allocation to equity funds (39% to 43%) and corresponding decrease in stable value (39% to 33%) for the calendar year.
- The 401(a) Plan totaled $137.1 million on December 31, 2009. The Maryland Investment Contract Pool continued to be the most popular investment option in this Plan with 28.0% of Plan assets, followed by Vanguard Institutional Index Pl (18.7%) and Fidelity Puritan (8.3%).
- The 401(k) Plan totaled approximately $959.0 million at year end. Similar to the 401(a) plan, the three most popular funds were the Maryland Investment Contract Pool (29.4%), Vanguard Institutional Index Pl (13.7%) and Fidelity Puritan (8.0%).
- At year end, the 403(b) Plan totaled $61.0 million. Vanguard Institutional Index Pl was the most popular investment option in this Plan with 13.6% of Plan assets, followed by Fidelity Puritan (12.2%) and Vanguard Prime Money Market (11.7%).
- Assets in the 457 Plan totaled $1,135 million on December 31, 2009. The largest allocation was the Maryland Investment Contract Pool with 37.4% of Plan assets, followed by Vanguard Institutional Index Pl (8.7%) and Nationwide Fixed Annuity (7.9%).



Fund Level Analysis

- **Maryland Investment Contract Pool (ICP):** As the largest investment option in the Supplemental Retirement Plans, this fixed income option had approximately $740.0 million in assets on December 31, 2009 across three of the four plans. This was an increase of approximately $11 million over the prior year end. The fund's one year book value return of 2.4% outpaced the passive benchmark by 110 basis points but lagged the peer group median.

- **Nationwide Fixed Annuity:** This is a frozen option and no longer available for additional money in the 457 Plan, the Nationwide Fixed Annuity was valued just over $88 million on December 31, 2009, a $4 million decrease from the prior year end. This investment option returned 4.2% for the one year period ranking above the passive benchmark index but below the median in the short term fixed income universe.

- **GW Daily Interest Guarantee, GW 36 Month CD, GW 60 Month CD, GW 84 Month CD:** These are frozen investment options previously offered in the 403(b) Plan. As of December 31, 2009, the 84 month CD had the largest allocation with $3.3 million in assets. Each of the remaining GW options had approximately $300,000 to $460,000 in assets.

- **Vanguard Prime Money Market:** Offered only in the 403(b) Plan, this investment option had approximately $7.1 million invested on December 31, 2009, a decrease of $1 million from the prior year. This fund outperformed the 91-Day T-bill for all trailing time periods measured as of the end of 2009.

- **PIMCO Total Return Fund:** Across the four plans, MSRP had approximately $112.0 million invested in the PIMCO Total Return Fund on December 31, 2009, an increase of $44 million for the year. Although less popular than the Stable Value offerings with participants, this is an important offering in the Core Bond category with strong historic performance. For the year, PIMCO's 13.9% return outperformed both the index and the peer group median. Performance over the three- and five-year periods remained strong as PIMCO ranked in the top decile versus its peers.

- **Fidelity Puritan:** Historically, a favored selection among plan participants with over $185.0 million in assets, Fidelity Puritan outperformed its benchmark and ranked above median in the Mercer Mutual Fund US Balanced Universe for the year. Underperformance in the latter half of 2008 weakened the longer term results as the fund trailed the index and placed in the bottom half of the peer group for the three-year period. For the five-year period the fund performed in line with its index and peer group median.

- **T. Rowe Price Retirement Date Funds** The T. Rowe Price lifecycle funds consist of 12 different funds, which range in asset allocation strategy based on their respective target retirement date. All funds invest in a diversified portfolio of underlying T. Rowe Price mutual funds. All funds outperformed their respective indices for the year ended December 31, 2009. In general, the T. Rowe Price Retirement Fund series benefited from stock selection from its underlying domestic equity and fixed income funds. The T. Rowe Price Retirement Funds series compared favorably to its peer group, primarily due to its higher weighting to equities. Performance was solid over the longer time periods.

- **Vanguard Institutional Index Plus**: MSRP participants had $262 million invested in this fund at year end, an increase of $135 million. As in past quarters, this fund consistently tracked the S&P 500 Index.

- **Legg Mason Value Institutional:** The Legg Mason Value Institutional Fund was transitioned out of the plan in May of 2009. Assets that remained in the fund on the date that it was removed from the plans were mapped to the Vanguard Institutional Index Plus Fund.

- **Neuberger Berman Partners:** This fund was the top performer in its universe for the one year period ending December 31, 2009. The fund's 56.1% return was more than double that of the benchmark index or peer group median. MSRP investments in this fund totaled $96.3 million across all four plans as of December 31, 2009. Although five-year returns compare favorably with the benchmark and peers, the fund has experienced a high tracking error and volatility.
- **Goldman Sachs Large Cap Value Fund:** This fund made up $122.7 million of the assets in the Plans as of December 31, 2009, an increase of over $15 million from the prior year end. This is now the most popular active equity fund in the plan. The fund's one year return of 25.2% ranked comfortably above the benchmark index and above median in the peer group. For the three-year and five-year periods, the fund also outperformed its benchmark and placed in the top half of its peer group.
- **Vanguard Value Index Fund:** MSRP participants had $4.7 million in this fund, an increase of $1.4 million. This fund tracked its benchmark for all periods measured.
- **American Funds Growth Fund of America:** As the active large cap growth option, this fund underperformed the index for the year but outperformed the peer group median. For the five-year period, the fund outperformed the benchmark while exhibiting similar volatility and relatively low tracking error. This fund had $94.8 million invested across the four plans as of December 31, 2009. During the year, this fund was transitioned to a lower priced share class (R6 shares) which removes this fund from the mutual fund rebate program.
- **Dreyfus Mid Cap Index:** This fund did an adequate job of tracking the S&P 400 Index. While the gross expense ratio is higher than the average institutional expense ratio for similar funds, consideration of the 0.30% reimbursement to participant accounts via the Mutual Fund Savings Program provides a net expense ratio that is below the market average. MSRP participants have approximately $94.1 million invested in this fund.
- **Lord Abbett Mid Cap Value:** Due to weak performance and the departure of key portfolio staff, the Board decided to replace this fund with the T. Rowe Price Mid Cap Value Fund. That transition took place in May of 2009.
- **T. Rowe Price Mid-Cap Value Fund:** This fund was added to the plan in 2009 to replace the Lord Abbett Mid Cap Value Fund. On December 31, 2009 the fund had $34.9 million invested in it across all four plans. The fund returned 46.7% for the one year period which ranked well above the benchmark index and in the top quartile of the peer group universe.
- **Van Kampen Mid Cap Growth:** For the year, the fund ranked in the top decile of the peer group universe and well above the benchmark index. Trailing results remain solid as the fund outperformed the index and placed in the top quartile of its peer group for the trailing three- and five-year periods. As of the end of the year, MSRP participants had $18.2 million invested in this fund.
- **T. Rowe Price Small-Cap Stock:** The fund's 38.5% return for 2009 placed it well above its benchmark index and near the top quartile of the peer group. For the three- and five-year period, the fund exceeded its benchmark and the universe median. As of the end of December, this fund had $73.3 million in MSRP assets.
- **Vanguard Small Cap Value Index:** During all time periods measured, the fund tracked its index within 10 basis points and the passive style performed slightly below the median

of actively managed funds for all annualized periods measured ended December 31, 2009. MSRP participants had $5.8 million invested in this fund on December 31, 2009.

- **Vanguard Small Cap Growth Index:** For all time periods measured the fund tracked its index within 20 basis points. Unlike the small cap value index, this passive style outperformed the median fund in the small cap growth segment for the one-, three- and five-year periods. Currently, the fund has $26.7 million in MSRP assets.
- **American Funds EuroPacific Growth:** The fund ranked in the top half of its peer group, outperformed the MSCI EAFE Index and underperformed the MSCI ACWI ex US Index for the year ended December 31, 2009. Longer term performance was strong.. There was $129.8 million invested in this fund by MSRP participants on December 31, 2009. During the year, this fund was transitioned to a lower priced share class (R6 shares) which removes this fund from the mutual fund rebate program.
- **Vanguard Total International Stock Index Fund:** This fund trailed the benchmark in 2009 by a sizeable margin due to a pricing error that many international index managers perceived with the benchmark pricing. As expected with any pricing discrepancy, this effect is worked out in subsequent quarters resulting in more acceptable tracking over longer term periods. MSRP participants have $10.5 million in this fund.

INVESTMENT POLICY OBJECTIVES

I. Introduction

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

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

This Statement of Investment Policy serves the following purposes:

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

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

II. Investment Categories

The Plans have chosen to offer the following investment categories:

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

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

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

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

Each investment option offered under the Plans shall:

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

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

Investment Performance

(total returns on a calendar year basis ended December 31, 2009)

Maryland Teachers & State Employees						
Supplemental Retirement Plans						
As of Dec 31, 2009						
	End Balance	**3 Months**	**1 Year**	**3 Years**	**5 Years**	**10 Years**
Stable Value						
Maryland Investment Contract Pool	$739,973,146	0.64%	2.44%	4.02%	4.22%	4.89%
Citigroup TBill + 100 bp Premium		0.28%	1.16%	3.23%	3.90%	3.86%
iMoneyNet All Taxable+100bps		0.26%	1.17%	3.30%	3.79%	3.61%
Mercer Stable Value Median		0.86%	3.41%	4.36%	4.49%	5.03%
Mercer Stable Value Rank		84	88	75	73	68
Money Market						
Vanguard Prime Money Market	$7,155,831	0.07%	0.65%	2.91%	3.38%	3.20%
Citigroup 3-Month T-Bill		0.03%	0.16%	2.21%	2.88%	2.83%
Mercer Mutual Fund US Fixed Ultra Short Median		0.58%	4.18%	2.43%	2.83%	3.04%
Mercer Mutual Fund US Fixed Ultra Short Rank		84	83	35	35	43
Domestic Bond						
PIMCO Total Return Fund Institutional	$111,988,569	0.96%	13.87%	9.20%	6.85%	7.66%
Barclays Capital US Aggregate		0.20%	5.93%	6.04%	4.97%	6.33%
Mercer Mutual Fund US Fixed Core Median		1.10%	12.08%	5.08%	4.26%	5.56%
Mercer Mutual Fund US Fixed Core Rank		57	39	1	1	4
Nationwide Fixed Annuity	$88,018,578	1.05%	4.25%	4.46%	4.61%	5.20%
BofA Treasury 1-3 Yr		0.03%	0.79%	4.86%	4.04%	4.48%
Mercer Mutual Fund US Fixed Short Median		0.79%	6.78%	4.37%	3.79%	4.16%
Mercer Mutual Fund US Fixed Short Rank		39	67	45	6	2
Balanced						
Fidelity Puritan Fund	$184,998,353	4.73%	26.69%	-1.60%	2.74%	4.15%
S&P 500 60% / 40% BC Aggregate		3.71%	18.40%	-0.67%	2.52%	2.25%
Mercer Mutual Fund US Balanced Median		3.57%	22.57%	-0.71%	2.60%	2.70%
Mercer Mutual Fund US Balanced Rank		13	27	61	45	21
Lifecycle						
T Rowe Price Retirement Income Fund	$3,009,855	2.87%	22.06%	1.87%	4.04%	NA
T. Rowe Price Retirement Income Index		2.28%	14.12%	0.85%	3.31%	NA
Mercer Mutual Fund Lifecycle Income Median		2.61%	18.53%	1.61%	3.35%	3.82%
Mercer Mutual Fund Lifecycle Income Rank		37	30	48	24	NA
T Rowe Price Retirement 2005 Fund	$5,062,838	3.28%	24.55%	1.09%	3.99%	NA
T. Rowe Price Retirement 2005 Index		2.68%	16.93%	0.33%	3.43%	NA
Mercer Mutual Fund Lifecycle 2010 Median		3.17%	23.34%	0.00%	3.03%	3.15%
Mercer Mutual Fund Lifecycle 2010 Rank		43	32	23	0	NA
T Rowe Price Retirement 2010 Fund	$16,072,735	3.78%	27.95%	0.00%	3.70%	NA
T. Rowe Price Retirement 2010 Index		3.19%	19.63%	-0.62%	3.16%	NA
Mercer Mutual Fund Lifecycle 2010 Median		3.17%	23.34%	0.00%	3.03%	3.15%
Mercer Mutual Fund Lifecycle 2010 Rank		17	7	53	12	NA
T Rowe Price Retirement 2015 Fund	$25,288,753	4.23%	31.35%	-0.72%	3.49%	NA
T. Rowe Price Retirement 2015 Index		3.67%	22.09%	-1.43%	2.88%	NA
Mercer Mutual Fund Lifecycle 2015 Median		3.44%	24.82%	-0.52%	2.95%	1.97%
Mercer Mutual Fund Lifecycle 2015 Rank		11	3	57	8	NA
T Rowe Price Retirement 2020 Fund	$34,030,693	4.70%	34.19%	-1.60%	3.20%	NA
T. Rowe Price Retirement 2020 Index		4.10%	24.22%	-2.29%	2.55%	NA
Mercer Mutual Fund Lifecycle 2020 Median		3.64%	25.08%	-2.10%	2.37%	1.29%
Mercer Mutual Fund Lifecycle 2020 Rank		2	3	30	0	NA

	End Balance	3 Months	1 Year	3 Years	5 Years	10 Years
Lifecycle Continued						
T Rowe Price Retirement 2035 Fund	$9,897,025	5.47%	39.04%	-3.18%	2.65%	NA
T. Rowe Price Retirement 2035 Index		4.96%	28.58%	-3.90%	2.02%	NA
Mercer Mutual Fund Lifecycle 2035 Median		4.58%	30.96%	-3.78%	1.98%	NA
Mercer Mutual Fund Lifecycle 2035 Rank		4	0	15	17	NA
T Rowe Price Retirement 2040 Fund	$7,532,800	5.47%	39.07%	-3.17%	2.68%	NA
T. Rowe Price Retirement 2040 Index		4.96%	28.58%	-3.90%	2.02%	NA
Mercer Mutual Fund Lifecycle 2040 Median		4.76%	30.16%	-4.26%	1.37%	NA
Mercer Mutual Fund Lifecycle 2040 Rank		13	3	11	0	NA
T Rowe Price Retirement 2045 Fund	$3,408,575	5.51%	39.10%	-3.13%	NA	NA
T. Rowe Price Retirement 2045 Index		4.96%	28.58%	-3.90%	NA	NA
Mercer Mutual Fund Lifecycle 2045 Median		4.95%	31.92%	-4.18%	NA	NA
Mercer Mutual Fund Lifecycle 2045 Rank		14	0	20	NA	NA
T Rowe Price Retirement 2050 Fund	$1,448,216	5.42%	38.92%	-3.16%	NA	NA
T. Rowe Price Retirement 2050 Index		4.96%	28.58%	-3.90%	NA	NA
Mercer Mutual Fund Lifecycle 2050+ Median		4.95%	31.87%	-4.08%	NA	NA
Mercer Mutual Fund Lifecycle 2050+ Rank		26	7	0	NA	NA
T Rowe Price Retirement 2055 Fund	$591,367	5.43%	38.97%	-3.19%	NA	NA
T. Rowe Price Retirement 2055 Index		4.96%	28.58%	-3.90%	NA	NA
Mercer Mutual Fund Lifecycle 2050+ Median		4.95%	31.87%	-4.08%	NA	NA
Mercer Mutual Fund Lifecycle 2050+ Rank		23	3	20	NA	NA
Domestic Equity						
Vanguard Institutional Index Fund Inst Plus	$262,328,118	6.05%	26.66%	-5.55%	0.48%	-0.89%
S&P 500		6.04%	26.46%	-5.63%	0.42%	-0.95%
Vanguard Value Index Fund Investor	$4,706,356	4.41%	19.58%	-8.49%	0.05%	1.23%
Vanguard Spliced Value Index		4.43%	19.54%	-8.47%	0.13%	1.32%
Goldman Sachs Large Cap Value Fund Institutional	$122,704,975	4.73%	25.24%	-6.42%	0.70%	3.65%
Russell 1000 Value		4.22%	19.69%	-8.96%	-0.25%	2.47%
Mercer Mutual Fund US Equity Large Cap Value Median		4.58%	22.75%	-7.34%	0.14%	2.42%
Mercer Mutual Fund US Equity Large Cap Value Rank		44	35	36	38	24
Neuberger Berman Partners Fund Institutional	$96,347,563	5.38%	56.34%	-6.04%	NA	NA
S&P 500		6.04%	26.46%	-5.63%	0.42%	-0.95%
Mercer Mutual Fund US Equity Large Cap Core Median		5.75%	26.85%	-4.78%	0.76%	0.02%
Mercer Mutual Fund US Equity Large Cap Core Rank		64	0	71	NA	NA
American Funds Growth Fund of America A	$94,808,880	5.85%	34.48%	-3.13%	2.87%	2.34%
Russell 1000 Growth		7.94%	37.21%	-1.89%	1.63%	-3.99%
Mercer Mutual Fund US Equity Large Cap Growth Median		6.94%	34.34%	-2.59%	0.96%	-2.41%
Mercer Mutual Fund US Equity Large Cap Growth Rank		81	49	58	15	3
Dreyfus Midcap Index Fund	$94,137,672	5.47%	37.04%	-2.15%	2.89%	5.89%
S&P 400 MidCap		5.56%	37.38%	-1.84%	3.27%	6.36%
T Rowe Price Mid-Cap Value Fund	$34,902,993	5.07%	46.68%	-1.17%	4.57%	10.54%
Russell Midcap Value		5.21%	34.21%	-6.62%	1.98%	7.58%
Mercer Mutual Fund US Equity Mid Cap Value Median		5.31%	35.86%	-4.78%	2.36%	7.80%
Mercer Mutual Fund US Equity Mid Cap Value Rank		58	18	17	15	8
Van Kampen Mid Cap Growth Fund A	$18,203,921	4.42%	59.30%	0.19%	5.22%	1.54%
Russell Midcap Growth		6.69%	46.29%	-3.18%	2.40%	-0.52%
Mercer Mutual Fund US Equity Mid Cap Growth Median		5.75%	40.10%	-2.57%	2.37%	0.63%
Mercer Mutual Fund US Equity Mid Cap Growth Rank		81	4	22	10	40
Vanguard Small-Cap Growth Index Fund Institutional	$26,686,648	4.33%	42.13%	-2.13%	2.72%	NA
Vanguard Spliced Small Cap Growth Index		4.38%	41.97%	-2.29%	2.59%	4.75%
Vanguard Small-Cap Value Index Fund Investor	$5,796,138	3.79%	30.34%	-6.29%	0.80%	7.69%
Vanguard Spliced Small Cap Value Index		3.80%	30.29%	-6.28%	0.88%	7.43%
T Rowe Price Small-Cap Stock Fund	$73,253,802	4.96%	38.46%	-3.21%	2.09%	6.41%
Russell 2000		3.87%	27.17%	-6.07%	0.51%	3.51%
Mercer Mutual Fund US Equity Small Cap Core Median		4.56%	30.58%	-5.45%	0.96%	6.49%
Mercer Mutual Fund US Equity Small Cap Core Rank		38	26	32	38	53

	End Balance	3 Months	1 Year	3 Years	5 Years	10 Years
International Equity						
American Funds EuroPacific Growth Fund R-6	$129,813,529	3.40%	39.10%	-0.53%	7.75%	3.72%
MSCI EAFE		2.22%	32.46%	-5.57%	4.02%	1.58%
MSCI AC Wld ex US		3.79%	42.14%	-3.04%	6.31%	3.12%
Mercer Mutual Fund Intl Equity Median		2.80%	33.51%	-5.56%	4.08%	1.99%
Mercer Mutual Fund Intl Equity Rank		41	30	4	8	36
Vanguard Total International Stock Index Fund Inv	$10,544,248	3.17%	36.73%	-4.07%	5.26%	2.29%
Vanguard Total International Composite Index		3.64%	40.43%	-3.94%	5.37%	NA

INVESTMENT EXPENSES

All investments except for the Investment Contract Pool (ICP) are mutual fund investments. The ICP represents approximately 33% of the assets in the 457, 401(k) and 401(a) Plans[1]. The following represents the investment costs associated with the Investment Contract Pool. These fund management and custody costs are deducted from the cash flow or interest earned on the underlying investment.

Investment Contract Pool – weighted average fees for 2009 0.35%

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

At the Board's direction, reimbursements are used to buy additional shares in the applicable fund on a regular basis. These shares are then distributed to participants' accounts on a quarterly schedule. In 2009, the mutual funds in the MSRP Mutual Fund Reimbursement Program refunded nearly $1.6 million back to participant accounts, over $23.5 million has been returned to MSRP participants since 1995, when the MSRP Mutual Fund Reimbursement Program began. State participants can look for reimbursements on their quarterly account statement under the heading "Mutual Fund Savings".

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

[1] Not available in the 403(b) Plan

Schedule of investment expenses

The following schedules represent the fund expenses by mutual fund as of December 31, 2009. These expenses are netted against the realized and unrealized gains (losses) and reported as part of the investment evaluation process. Also, listed are Mutual fund Reimbursements for certain funds that return part of their operating expenses to the MSRP Board of Trustees.

Traditional Spectrum of Investment Options

Mutual Fund Name	Ticker Symbol	Prospectus Date	Expense Ratio[2]	Mutual Fund Savings Agreement
Fidelity Puritan Fund	FPURX	10/30/2008	0.61%	0.25%
Neuberger Berman Partners Fund – Inst'l Class	NBPIX	12/19/2008	0.66%	0.10%
Vanguard Institutional Index Fund – Inst'l Plus	VIIIX	04/29/2009	0.025%	none
Growth Fund of America – Class R6	RGAGX	11/01/2008	0.33%	none
Goldman Sachs Large Cap Value Fund – Inst'l Class	GSLIX	12/29/2008	0.77%	0.15%
Vanguard Value Index Fund – Investor Class	VIVAX	04/29/2009	0.26%	none
Dreyfus Midcap Index Fund	PESPX	03/01/2009	0.50%	0.30%
Van Kampen MidCap Growth Fund – Class A	VGRAX	07/31/2008	1.21%	0.40%
T. Rowe Price Mid-Cap Value Fund	TRMCX	05/01/2009	0.83%	0.15%
Vanguard Small-Cap Growth Index Fund – Inst'l Shares	VSGIX	04/29/2009	0.09%	none
T. Rowe Price Small Cap Stock Fund	OTCFX	05/01/2009	0.93%	0.15%
Vanguard Small-Cap Value Index Fund – Inv Shares	VISVX	04/29/2009	0.28%	none
EuroPacific Growth Fund – Class R6	RERGX	06/01/2009	0.51%	none
Vanguard Total International Stock Index Fund	VGTSX	02/26/2009	0.34%	none
Bond				
PIMCO Total Return Fund – Institutional Class	PTTRX	10/01/2008	0.52%	none
Money Market *[403(b) only]*				
Vanguard Prime Money Market Fd - Inst'l Class	VMRXX	12/28/2007	0.08%	none

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

Targeted Retirement Funds

Mutual Fund Name	Ticker Symbol	Prospectus Date	Expense Ratio*	Mutual Fund Savings Agreement
T.Rowe Price Retirement Income Fund	TRRIX	10/01/2008	0.55%	0.15%
T.Rowe Price 2005 Retirement Fund	TRRFX		0.58%	
T.Rowe Price 2010 Retirement Fund	TRRAX		0.61%	
T.Rowe Price 2015 Retirement Fund	TRRGX		0.65%	
T.Rowe Price 2020 Retirement Fund	TRRBX		0.68%	
T.Rowe Price 2025 Retirement Fund	TRRHX		0.70%	
T.Rowe Price 2030 Retirement Fund	TRRCX		0.72%	
T.Rowe Price 2035 Retirement Fund	TRRJX		0.73%	
T.Rowe Price 2040 Retirement Fund	TRRDX		0.73%	
T.Rowe Price 2045 Retirement Fund	TRRKX		0.73%	
T.Rowe Price 2050 Retirement Fund	TRRMX		0.73%	
T.Rowe Price 2055 Retirement Fund	TRRNX		0.73%	

Maryland Teachers & State Employees Supplemental Retirement Plans

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Investment Contract Pool

Separate Account Report as of December 31, 2009

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.

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.

Risks

Like all investments, the ICP has risks. There is a possibility that the ICP may not achieve its investment objectives. If an issuer of a contract or a fixed income security defaults on its obligations, the ICP may not maintain its principal value. To minimize this risk, the ICP's investment managers regularly monitor credit ratings and financial strength of the issuers of contracts and fixed income securities.

ICP Characteristics

Assets	$740,579,027
Average Credit Quality (See Profile)[1]	AA
Average Duration	2.89
Previous quarterly crediting rate (annualized)	2.43%
Inception Date	1987
Manager[2]	DB Advisors

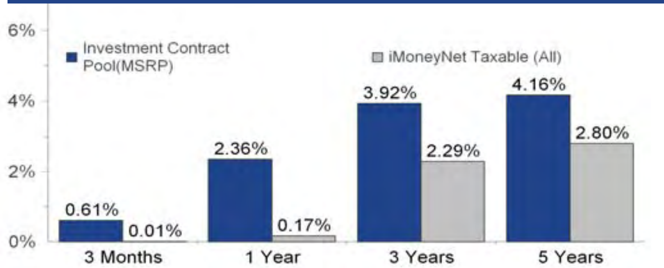
Sector Allocation[3,5]

Agency	7.2%
Asset Backed	3.6%
CMBS	3.8%
Corporate	26.5%
Govt Related	0.5%
Mortgage	24.9%
STIF	4.2%
Traditional GIC	3.5%
US Treasury	24.0%
Wrapper Exposure	1.7%

Credit Profile[3,4]

STIF/A-1	9.4%
AAA	60.3%
AA+	1.4%
AA	4.4%
AA-	3.6%
A+	1.9%
A	6.8%
A-	2.2%
BBB+	3.7%
BBB	3.9%
BBB-	1.0%
BB+ & Below	1.3%

Performance[6]



[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

Investment Contract Pool

Separate Account Report as of December 31, 2009

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, but not guaranteed, rate is declared. 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 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 Investments[7,8]

Short Term Investment Funds (STIF)		
BONY STIF	A-1	8.4%
General Account GICs		
Jackson National Life Insurance Co.	AA	2.3%
Prudential Insurance Co. of America	AA-	1.2%
Synthetic GICs / Wrapper Issuers		
Bank of America, N.A.	A+	0.5%
Monumental Life Insurance Co.	AA-	0.0%
Natixis Financial Products, Inc.	A+	0.6%
Royal Bank of Canada	AA-	0.5%

Fixed income portfolios within Synthetic GICs[8,9]

Aberdeen	20.4%
Goode Investment Management	12.2%
Hartford Investment Management Company(HIMCO)	21.9%
PIMCO	31.9%

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 Moody's Investor Services, Standard and Poor's Ratings Service, 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.

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 Teachers & State Employees Supplemental Retirement Plans
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Investment Contract Pool Overview

What is the Investment Contract Pool?

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

What type of investments make up the Investment Contract Pool?

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

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

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

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

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

How is the interest rate determined?

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

What are the expenses of the Investment Contract Pool?

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

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

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

MSRP

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How is the Investment Contract Pool managed?

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

What are the risk factors of the Investment Contract Pool?

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

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

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

Is there an absolute guarantee of immediate withdrawal?

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

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

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

2009.08

Maryland Supplemental Retirement Plans

STATISTICAL SECTION

2009 PLAN STATISTICS

2009 TOTALS FOR ALL PLANS

Participants in Multiple Plans	7,243
TOTAL Participants	67,965
Average Combined Plan Assets by Participant	$37,300
Participants with Multiplan Deferrals	3,007
TOTAL Deferring Participants	42,235
Average Annual Deferrals per Participant	$4,379
Participants with Multiplan Payouts	179
TOTAL Participants with Systematic Payouts	2,943

457(b) DEFERRED COMPENSATION PLAN

	2009	2008	2007
Participants	30,274	30,715	30,411
Net New Enrollments	209	304	-547
Deferring Participants	17,541	18,457	18,243
Annuitants	1	1	603
Systematic Payouts	2,080	2,716	2,580

401(k) SAVINGS & INVESTMENT PLAN

	2009	2008	2007
Participants	36,703	37,375	37,366
Net New Enrollments	204	8	657
Deferring Participants	24,255	25,930	26,375
Annuitants	3	3	4
Systematic Payouts	641	831	649

403(b) TAX DEFERRED ANNUITY PLAN

	2009	2008	2007
Participants	988	980	926
Net New Enrollments	7	54	-44
Deferring Participants	439	429	368
Annuitants	0	0	3
Systematic Payouts	55	80	66

401(a) MATCH PLAN

	2009	2008	2007
Participants	44,705	44,705	44,119

457(b) PLAN SUMMARY

	2009	2008	2007	2006	2005	2004	2003
Participant Accounts	30,274	30,715	30,411	29,487	28,614	27,777	28,294
Deferring Participants	17,541	18,457	18,243	17,444	16,701	16,314	16,461
Total Net Assets	$ 1,149,848,838	$ 1,003,253,263	$ 1,293,458,255	$ 1,259,015,854	$ 1,170,974,820	$ 1,128,146,822	$ 1,062,800,364
Contributions	$ 66,882,242	$ 68,108,751	$ 66,712,955	$ 65,689,386	$ 57,805,559	$ 55,252,547	$ 53,138,993
Investment Return	$ 158,389,808	$ (261,087,114)	$ 66,180,893	$ 111,222,386	$ 62,425,619	$ 88,629,416	$ 152,088,972
Withdrawals	$ (73,512,296)	$ (97,490,302)	$ (96,221,412)	$ (86,526,003)	$ (75,307,660)	$ (76,922,437)	$ (65,777,380)
Mutual Fund Reimbursements	$ 727,509	$ 1,071,061	$ 1,510,268	$ 1,218,067	$ 1,320,784	$ 1,093,117	$ 1,031,594
Plan Administration Fees*	$ (2,185,133)	$ (1,272,972)	$ (3,577,699)	$ (3,437,543)	$ (3,331,462)	$ (2,609,053)	$ (2,892,684)
Number of Loans	1,306	995	1,109	800	969	756	302
Loan Amount	$ 9,384,994	$ 8,015,882	$9,006,867	$7,704,419	$6,507,222	$5,135,942	$2,284,823

401(k) PLAN SUMMARY

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

403(b) PLAN SUMMARY

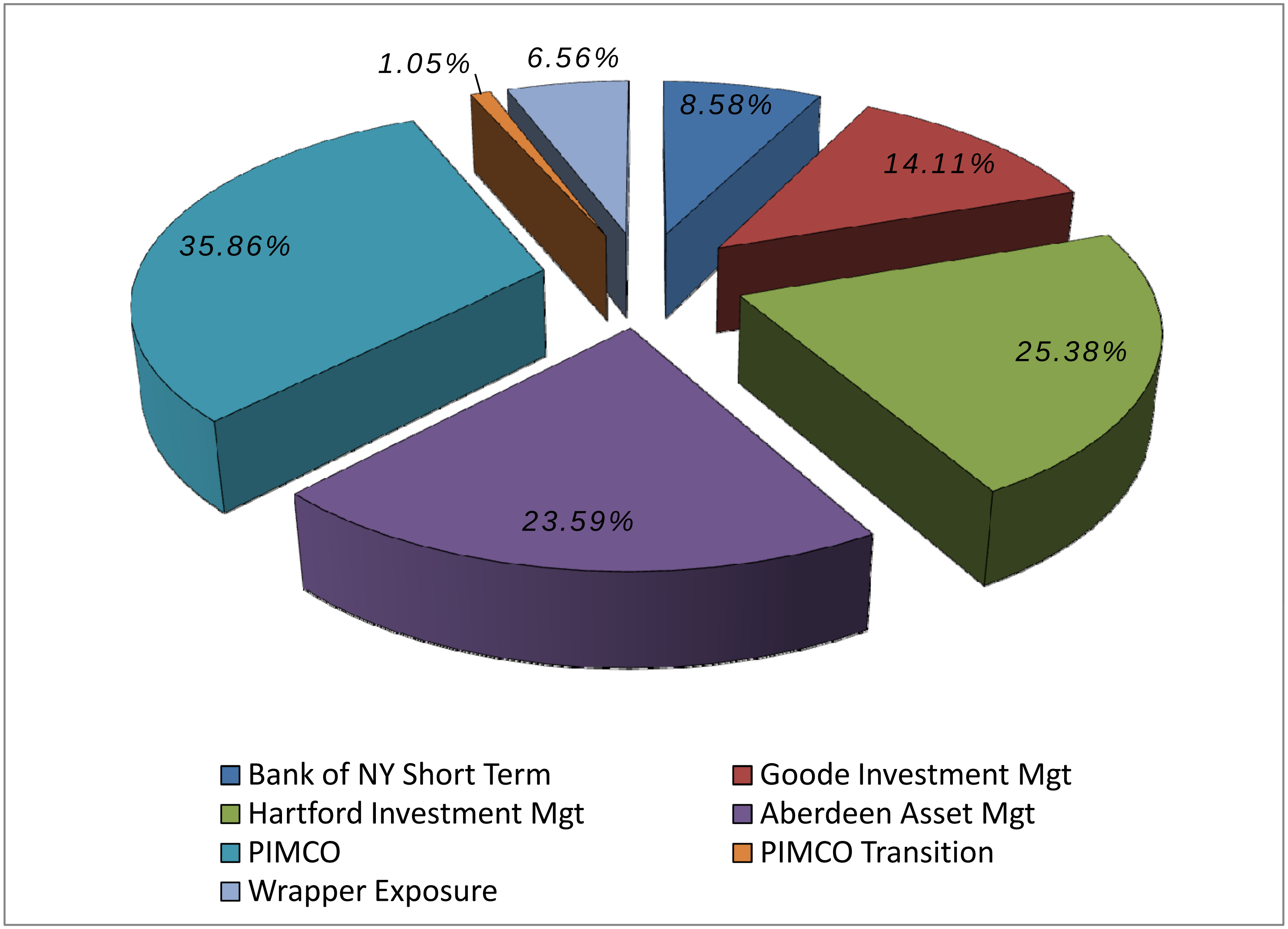
	2009	2008	2007	2006	2005	2004	2003
Participant Accounts	988	980	926	938	982	1,023	1,242
Deferring Participants	439	429	368	348	374	379	446
Total Net Assets	$ 61,021,200	$ 49,647,286	$ 74,397,765	$ 74,571,307	$ 69,336,969	$ 67,323,565	$ 62,962,338
Contributions	$ 3,513,294	$ 3,041,867	$ 2,791,581	$ 2,771,994	$ 2,895,313	$ 2,637,312	$ 2,661,956
Investment Return	$ 12,017,496	$ (23,503,047)	$ 4,056,195	$ 7,826,156	$ 4,027,072	$ 6,237,768	$ 12,292,184
Withdrawals	$ 3,992,667	$ (4,274,796)	$ (6,973,190)	$ (5,286,574)	$ (4,848,153)	$ (4,416,482)	$ (3,513,266)
Mutual Fund Reimbursements	$ 75,786	$ 122,270	$ 167,454	$ 126,326	$ 147,405	$ 122,028	$ 83,478
Administration Fees*	$ (106,903)	$ (136,773)	$ (215,582)	$ (203,564)	$ (208,233)	$ (219,399)	$ (199,478)
Number of Loans	12	5	7	6	8	9	8
Loan Amount	$176,447	$127,838	$156,384	$177,425	$153,475	$182,283	$228,243

401(a) PLAN SUMMARY

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

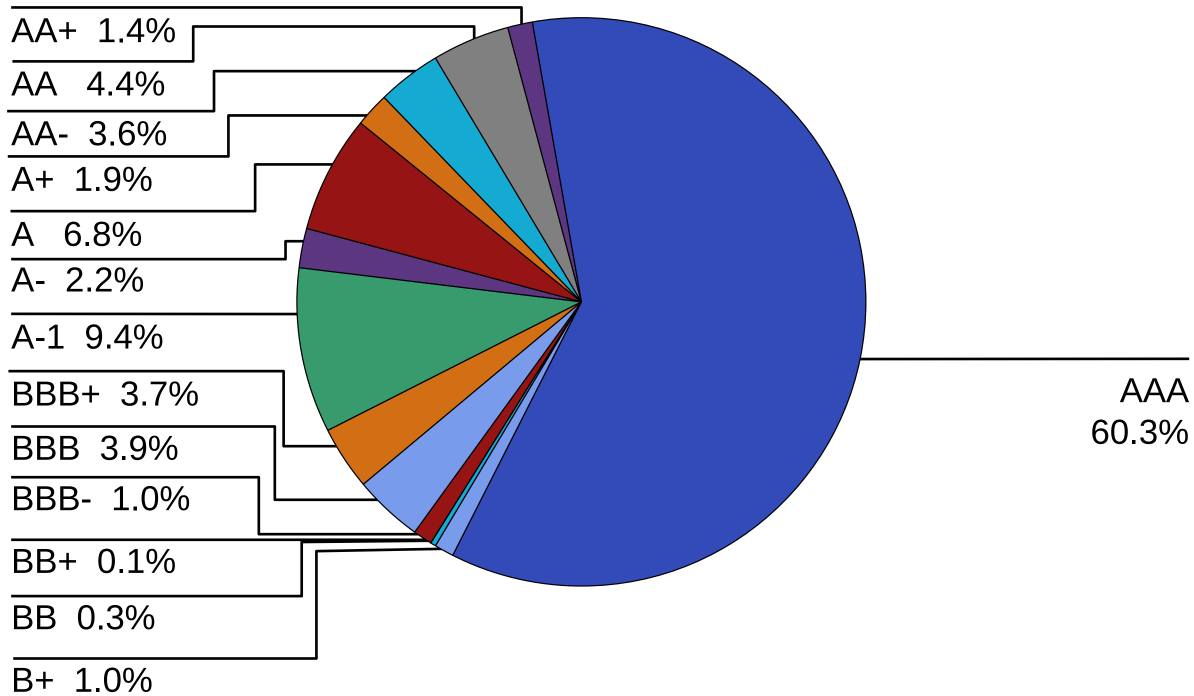
* Includes additional special one time only fee

STABLE VALUE MANAGER DIVERSIFICATION



Credit quality

MSRP Investment Contract Pool



As of December 31, 2009

*As rated by Moody's Investor Service or Standard and Poor's, may not sum to 100% due to rounding

DB Advisors
Deutsche Bank Group

TEN-YEAR HISTORY OF CHANGES IN NET ASSETS
BY PLAN

457	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
ADDITIONS										
Employee/Employer Contributions	$ 66,191,009	$ 68,108,751	$ 66,712,955	$ 65,689,386	$ 57,805,559	$ 55,252,547	$ 53,138,993	45,324,247	33,658,564	26,651,811
Other additions	$ 2,325,229									
Net Investment Income	$ 159,555,701	$ (260,016,053)	67,691,161	112,440,453	63,843,266	89,897,596	153,033,770	(79,044,181)	(44,561,361)	(26,541,693)
Total Additions	$ 228,071,939	$ (191,907,302)	$ 134,404,116	$ 178,129,839	$ 121,648,825	$ 145,150,143	$ 206,172,763	$ (33,719,934)	$ (10,902,797)	$ 110,118
DEDUCTIONS										
Distributions to particpants	$ 74,127,807	$ 97,490,302	$ 96,221,412	$ 86,526,003	$ 75,307,660	$ 76,922,437	$ 65,777,380	$ 87,450,755	$ 48,375,038	$ 48,687,734
Administrative Expenses	$ 1,206,768	$ 1,272,972	$ 3,577,699	$ 3,437,543	$ 3,331,462	$ 2,609,053	$ 2,892,684	$ 3,486,198	$ 3,525,628	$ 3,067,283
Life Insurance premiums - Net of Cash surrender Value	$ 48,280	$ (465,585)	$ 162,604	$ 125,259	$ 181,705	$ 272,195	$ 26,230	$ 15,871	$ 3,310	$ 149,510
Total deductions	$ 75,382,855	$ 98,297,689	$ 99,961,715	$ 90,088,805	$ 78,820,827	$ 79,803,685	$ 68,696,294	$ 90,952,824	$ 51,903,976	$ 51,904,527
NET CHANGE IN NET ASSETS	$ 152,689,084	$ (290,204,991)	$ 34,442,401	$ 88,041,034	$ 42,827,998	$ 65,346,458	$ 137,476,469	$ (124,672,758)	$ (62,806,773)	$ (51,794,409)

401(k)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
ADDITIONS										
Employee/Employer Contributions	$ 91,902,236	$ 95,898,797	$ 94,729,303	$ 88,740,454	$ 86,342,964	$ 84,646,299	$ 85,530,045	79,159,908	74,233,545	67,440,557
Other	$ 1,165,287									
Net Investment Income	$ 164,318,310	$ (284,616,917)	$ 50,102,369	$ 88,277,562	$ 46,054,079	$ 61,892,792	$ 103,596,158	(60,179,336)	(33,264,990)	(12,509,230)
Total Additions	$ 257,385,833	(188,718,120)	144,831,672	177,018,016	132,397,043	146,539,091	189,126,203	18,980,572	40,968,555	54,931,327
DEDUCTIONS										
Distributions to particpants	$ 54,331,835	$ 62,995,066	$ 56,946,200	$ 47,009,239	$ 37,809,148	$ 29,311,067	$ 27,629,302	$ 20,090,766	$ 19,628,234	$ 21,283,846
Administrative Expenses	$ 1,786,479	$ 1,978,213	$ 2,836,711	$ 2,426,168	$ 2,242,160	$ 2,172,564	$ 1,873,474	$ 1,532,256	$ 1,080,472	$ 517,740
Total deductions	$ 56,118,314	$ 64,973,279	$ 59,782,911	$ 49,435,407	$ 40,051,308	$ 31,483,631	$ 29,502,776	$ 21,623,022	$ 20,708,706	$ 21,801,586
NET CHANGE IN NET ASSETS	$ 201,267,519	$ (253,691,399)	$ 85,048,761	$ 127,582,609	$ 92,345,735	$ 115,055,460	$ 159,623,427	$ (2,642,450)	$ 20,259,849	$ 33,129,741

TEN-YEAR HISTORY OF CHANGES IN NET ASSETS BY PLAN

403(b)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
ADDITIONS										
Employee Contributions	3,476,879	3,041,867	2,791,581	2,771,994	2,895,313	2,637,312	2,661,956	3,120,051	2,859,098	2,877,189
Other	258,315									
Net Investment Income	12,210,999	(23,380,777)	4,223,649	7,952,482	4,174,477	6,359,796	12,375,662	(8,952,248)	(6,013,092)	(1,859,427)
Total Additions	15,946,193	(20,338,910)	7,015,230	10,724,476	7,069,790	8,997,108	15,037,618	(5,832,197)	(3,153,994)	1,017,762
DEDUCTIONS										
Distributions to particpants	4,010,110	4,274,796	6,973,190	5,286,574	4,848,153	4,416,482	3,513,266	4,237,404	2,741,175	4,565,496
Administrative Expenses	109,711	136,773	215,582	203,564	208,233	219,399	199,478	204,470	219,731	192,917
Total deductions	4,119,821	4,411,569	7,188,772	5,490,138	5,056,386	4,635,881	3,712,744	4,441,874	2,960,906	4,758,413
NET CHANGE IN NET ASSETS	11,826,372	(24,750,479)	(173,542)	5,234,338	2,013,404	4,361,227	11,324,874	(10,274,071)	(6,114,900)	(3,740,651)

401 (a)	$ 2,009	2008	2007	2006	2005	2004	2003	2002	2001	2000
ADDITIONS										
Net Investment Income	25,425,962	(45,402,727)	5,899,490	11,609,187	918,511	7,492,132	14,916,075	638,593	(2,440,463)	(1,015,131)
Other	-									
Employer/Employee Contributions	3,102,359	20,839,626	20,722,388	17,986,400	11,891,617	19,092	2,486,316	10,276,727	20,570,151	19,916,744
Total Assets	28,528,321	(24,563,101)	26,621,878	29,595,587	12,810,128	7,511,224	17,402,391	10,915,320	18,129,688	18,901,613
DEDUCTIONS										
Distributions to participants	4,565,333	4,860,035	4,754,283	3,643,693	2,809,622	2,206,489	1,786,887	1,047,982	722,999	271,514
Administrative expenses	229,579	268,020	370,113	289,206	253,155	262,268	229,989	184,949	129,876	77,994
Total Deductions	4,794,912	5,128,055	5,124,396	3,932,899	3,062,777	2,468,757	2,016,876	1,232,931	852,875	349,508
NET CHANGE IN NET ASSETS	23,733,409	(29,691,156)	21,497,482	25,662,688	9,747,351	5,042,467	15,385,515	9,682,389	17,276,813	18,552,105
TOTAL CHANGE IN NET ASSETS	389,516,384	(598,338,025)	140,815,102	246,520,669	146,934,488	189,805,612	323,810,285	(127,906,890)	(31,385,011)	(3,853,214)

Maryland Supplemental Retirement Plan
10-Year History Board Income and Expenses

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Total Revenues	$ 1,309,730	$ 1,172,650	$ 1,211,767	$ 1,122,891	$ 1,394,092	$ 1,957,150	$ 2,081,847	$ 1,432,306	$ 1,140,436	$ 883,440
Expenditures										
Salaries, Wages and Fringe Benefits	1,062,340	985,373	950,415	954,275	914,122	1,026,554	1,079,734	1,106,109	1,025,819	939,862
Technical and Special fees	2,740	(646)	3,973	1,179	8,616	12,386	7,945	12,079	13,553	(2,014)
Communications	23,482	35,056	17,795	8,851	29,931	10,131	18,698	12,759	40,029	31,003
Travel (In-State and Out-of State)	13,372	18,799	21,974	21,955	11,822	24,229	25,737	26,883	41,543	41,344
Contractual Services	232,603	238,632	214,459	217,410	248,172	214,838	221,068	240,977	216,680	249,162
Supplies and Materials	13,451	7,188	(2,855)	13,365	14,545	13,878	14,595	27,645	11,531	42,019
Equipment and Furnishings	7,099	309	11,726	-	14,393	2,962	3,794	200	768	45,465
Fixed Charges	121,180	112,299	111,056	103,646	105,499	101,016	103,327	97,192	91,761	86,066
Total Expenditures	1,476,267	1,397,010	1,328,543	1,320,681	1,347,100	1,405,994	1,474,898	1,523,844	1,441,684	1,432,907
Revenue Less Expenditures	(166,537)	(224,360)	(116,776)	(197,790)	46,992	551,156	606,949	(91,538)	(301,248)	(549,467)
Adjustment (timing differences)	-	-	-	-	11,678	-	-	-	-	-
Reserve Balance	$ 241,569	$ 321,054	$ 698,632	$ 701,871	$ 887,982	$ 887,828	$ 282,566	$ (310,170)	$ (88,614)	$ 139,435

Maryland Supplemental Retirement Plans

OTHER SUPPLEMENTAL INFORMATION SECTION

GLOSSARY

Rates of Returns

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

Betas

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

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Indices

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

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

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

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

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

GLOSSARY(continued)

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

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

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

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<u>Medians</u>

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

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

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

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

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

GLOSSARY(continued)

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

PARTICIPANT DATA DEFINITIONS[1]

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

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

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

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

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

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

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

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[1] Source: Nationwide Retirement Solutions, Inc. Administrator Report

Maryland Supplemental Retirement Plan Comparison Chart CY2010

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

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

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

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

MSRP

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