

Maryland Teachers & State Employees Supplemental Retirement Plans

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Investment Performance Report July 1, 2011 to September 30, 2011



MSRP

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

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

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

| VRU | Fixed Investment Option | Oct 11 | Sept 11 | Aug 11 | | | | | | |
|-----|---|------------------------|---------|--------|--------|--------|--------|-----------------|----------------|---------------------|
| 283 | Investment Contract Pool | 2.34% | 2.14% | 2.21% | | | | | | |
| VRU | Variable Investment Option | Morningstar Category | | 1 Yr. | 3 Yr. | 5 Yr. | 10 Yr. | Since Inception | Inception Date | Gross Expense Ratio |
| VRU | Short-Term Investments | | | | | | | | | |
| 725 | Vanguard Prime Money Market Fund Inst | Money Market | | 0.16% | 0.56% | 2.09% | 2.24% | 4.01% | 10/03/1989 | |
| | Current Yield: 0.12% | | | | | | | | | |
| | Citigroup 3-month T-bill | | | 0.11% | 0.20% | 1.62% | 1.92% | | | |
| VRU | Bonds | | | | | | | | | |
| 654 | PIMCO Total Return Fund Inst | Intermediate-Term Bond | | 0.94% | 9.83% | 7.81% | 6.59% | 8.27% | 05/11/1987 | 0.46% [†] |
| | Intermediate Term Bond Index | | | | | | | | | |
| | Barclays Capital US Aggregate Bond | | | 5.26% | 7.97% | 6.53% | 5.66% | | | |
| 782 | Vanguard Total Bond Market Index Sgnl | Intermediate-Term Bond | | 5.24% | 7.96% | 6.58% | N / A | 6.64% | 09/01/06 | 0.11% |
| | Intermediate Term Bond Index | | | | | | | | | |
| | Barclays Capital Intermediate Government Bond | | | 3.72% | 5.38% | 5.91% | 4.80% | | | |
| VRU | Balanced | | | | | | | | | |
| 199 | Fidelity Puritan Fund ^(a) | Moderate Allocation | | 2.05% | 4.97% | 1.68% | 4.89% | 10.87% | 04/16/1947 | 0.61% |
| | Balanced Index | | | | | | | | | |
| | 60% S&P 500/40% Barclays Capital Aggregate Bond | | | 3.05% | 4.44% | 2.25% | 4.29% | | | |
| VRU | Large-Cap Stocks | | | | | | | | | |
| 375 | Neuberger Berman Partners Fund Inst ^(a) | Large Blend | | -9.54% | -0.90% | -3.07% | 3.80% | 12.24% | 01/17/1975 | 0.69% |
| | Large Cap Blend Index | | | | | | | | | |
| | Standard & Poor's 500 Index | | | 1.14% | 1.23% | -1.18% | 2.82% | | | |
| 740 | Vanguard Instl Index Fund Plus | Large Blend | | 1.14% | 1.30% | -1.13% | 2.86% | 3.40% | 07/07/1997 | 0.02% |
| | Large Cap Blend Index | | | | | | | | | |
| | Standard & Poor's 500 Index | | | 1.14% | 1.23% | -1.18% | 2.82% | | | |
| 856 | Parnassus Equity Income Fund Fund Inst ^(a) | Large Blend | | 0.58% | 1.97% | 3.79% | 6.32% | 9.16% | 08/31/1992 | 0.75% |
| | Large Cap Blend Index | | | | | | | | | |
| | Standard & Poor's 500 Index | | | 1.14% | 1.23% | -1.18% | 2.82% | | | |
| 834 | American Funds Growth Fund of America R6 | Large Growth | | -3.05% | 0.93% | -0.63% | 4.79% | 13.39% | 11/30/1973 | 0.34% |
| | Large Cap Growth Index | | | | | | | | | |
| | Russell 1000 Growth | | | 3.78% | 4.69% | 1.62% | 3.01% | | | |
| 776 | Goldman Sachs Large Cap Value Inst ^(a) | Large Value | | -8.01% | -2.79% | -3.98% | 3.25% | 2.52% | 12/15/1999 | 0.77% |
| | Large Cap Value Index | | | | | | | | | |
| | Russell 1000 Value | | | -1.89% | -1.52% | -3.53% | 3.36% | | | |
| 844 | Vanguard Value Index Fund Inst | Large Value | | -0.93% | -0.61% | -3.09% | 3.11% | 2.22% | 07/02/1998 | 0.08% |
| | Large Cap Value Index | | | | | | | | | |
| | MSCI US Prime Market Value Index | | | -3.43% | -3.58% | -5.94% | 0.42% | | | |
| VRU | Mid-Cap Stocks | | | | | | | | | |
| 840 | Vanguard Midcap Index Inst ^(a) | Mid Cap Blend | | -0.68% | 4.72% | 0.51% | 7.32% | 7.22% | 05/21/1998 | 0.08% |
| | Mid Cap Blend Index | | | | | | | | | |
| | S&P 400 Midcap Index | | | -1.28% | 4.05% | 2.20% | 7.50% | | | |
| 899 | Vanguard Midcap Index Inst Plus | Mid Cap Blend | | N / A | N / A | N / A | N / A | -10.63% | 12/09/2010 | 0.06% |
| | Mid Cap Blend Index | | | | | | | | | |
| | S&P 400 Midcap Index | | | -1.28% | 4.05% | 2.20% | 7.50% | | | |
| 846 | Morgan Stanley Institutional Fund Trust Inst | Mid Cap Growth | | 0.47% | 12.05% | 6.21% | 8.69% | 12.59% | 03/30/1990 | 0.69% |
| | Mid Cap Growth Index | | | | | | | | | |
| | Russell Midcap Growth | | | 0.80% | 5.89% | 1.64% | 6.70% | | | |
| 802 | T. Rowe Price Midcap Value ^(a) | Mid Cap Value | | -3.63% | 4.40% | 1.33% | 8.76% | 10.03% | 06/28/1996 | 0.81% |
| | Mid Cap Value Index | | | | | | | | | |
| | Russell Midcap Value | | | -2.36% | 1.98% | -0.84% | 7.54% | | | |

| VRU | Variable Investment Option | Morningstar Category | 1 Yr. | 3 Yr. | 5 Yr. | 10 Yr. | Since Inception | Inception Date | Gross Expense Ratio |
|---------------------------------|--|-----------------------|---------|--------|--------|--------|-----------------|----------------|---------------------|
| VRU Small-Cap Stocks | | | | | | | | | |
| 526 | T. Rowe Price Small Cap Stock Fund ^(a) | Small Blend | 0.46% | 6.14% | 1.86% | 7.30% | 12.58% | 06/01/1956 | 0.92% |
| | Small Cap Blend Index | | | | | | | | |
| | Russell 2000 Blend | | -3.53% | -0.37% | -1.02% | 6.12% | | | |
| 726 | Vanguard Small Cap Growth Index Fund | Small Cap Growth | 0.55% | 4.81% | 2.71% | 8.10% | 5.76% | 05/24/2000 | 0.08% |
| | Small Cap Growth Index | | | | | | | | |
| | MSCI US Small Cap Growth | | 0.08% | 4.23% | 2.21% | 6.99% | | | |
| 839 | Vanguard Small Cap Value Index Fund Inst | Small Cap Value | -5.02% | 0.43% | -1.34% | 6.85% | 7.24% | 12/07/1999 | 0.19% |
| | Small Cap Value Index | | | | | | | | |
| | MSCI US Small Cap Value | | -7.13% | -2.16% | -3.78% | 5.15% | | | |
| VRU International Stocks | | | | | | | | | |
| 835 | American Funds Euro Pacific Growth R6 | Foreign Large Blend | -12.34% | 0.84% | -0.35% | 7.37% | 11.38% | 04/16/1984 | 0.50% |
| | International Index | | | | | | | | |
| | MSCI EAFE (Net) | | -9.36% | -1.13% | -3.46% | 5.03% | | | |
| 883 | Vanguard Total International Stock Index Inst | Foreign Large Blend | N/A | N/A | N/A | N/A | -12.11% | 11/29/2010 | 0.15% |
| | International Index | | | | | | | | |
| | MSCI All Country World Ex US | | -10.81% | 0.52% | -1.57% | 6.83% | | | |
| VRU Retirement Funds* | | | | | | | | | |
| 724 | T. Rowe Price Retirement Income Fund ^(a) | Retirement Income | 0.51% | 5.29% | 3.18% | N/A | 6.04% | 09/30/2002 | 0.59% |
| | Combined Index Portfolio Income | | 1.06% | 3.58% | 2.41% | N/A | | | |
| 715 | T. Rowe Price Retirement 2005 Fund ^(a) | Target-Date 2000-2010 | 0.53% | 5.44% | 3.01% | N/A | 4.48% | 02/27/2004 | 0.61% |
| | Combined Index Portfolio 2005 | | 1.69% | 4.27% | 2.57% | N/A | | | |
| 716 | T. Rowe Price Retirement 2010 Fund ^(a) | Target-Date 2000-2010 | 0.01% | 5.12% | 2.39% | N/A | 7.16% | 09/30/2002 | 0.64% |
| | Combined Index Portfolio 2010 | | 1.37% | 4.07% | 2.07% | N/A | | | |
| 717 | T. Rowe Price Retirement 2015 Fund ^(a) | Target Date 2011-2015 | -0.49% | 4.84% | 1.93% | N/A | 4.21% | 02/27/2004 | 0.68% |
| | Combined Index Portfolio 2015 | | 0.91% | 3.76% | 1.57% | N/A | | | |
| 718 | T. Rowe Price Retirement 2020 Fund ^(a) | Target Date 2016-2020 | -1.12% | 4.44% | 1.34% | N/A | 7.41% | 09/30/2002 | 0.71% |
| | Combined Index Portfolio 2020 | | 0.47% | 3.36% | 1.03% | N/A | | | |
| 719 | T. Rowe Price Retirement 2025 Fund ^(a) | Target Date 2021-2025 | -1.67% | 4.04% | 0.85% | N/A | 3.84% | 02/27/2004 | 0.74% |
| | Combined Index Portfolio 2025 | | -0.11% | 2.97% | 0.54% | N/A | | | |
| 720 | T. Rowe Price Retirement 2030 Fund ^(a) | Target Date 2026-2030 | -2.16% | 3.68% | 0.43% | N/A | 7.49% | 09/30/2002 | 0.76% |
| | Combined Index Portfolio 2030 | | -0.53% | 2.59% | 0.12% | N/A | | | |
| 721 | T. Rowe Price Retirement 2035 Fund ^(a) | Target Date 2031-2035 | -2.46% | 3.40% | 0.13% | N/A | 3.49% | 02/27/2004 | 0.77% |
| | Combined Index Portfolio 2035 | | -0.93% | 2.29% | -0.19% | N/A | | | |
| 722 | T. Rowe Price Retirement 2040 Fund ^(a) | Target Date 2036-2040 | -2.78% | 3.32% | 0.08% | N/A | 7.31% | 09/30/2002 | 0.77% |
| | Combined Index Portfolio 2040 | | -1.09% | 2.23% | -0.23% | N/A | | | |
| 723 | T. Rowe Price Retirement 2045 Fund ^(a) | Target Date 2041-2045 | -2.68% | 3.34% | 0.10% | N/A | 2.81% | 05/31/2005 | 0.77% |
| | Combined Index Portfolio 2045 | | -1.09% | 2.23% | -0.23% | N/A | | | |
| 728 | T. Rowe Price Retirement 2050 Fund ^(a) | Target Date 2050+ | -2.71% | 3.33% | N/A | N/A | -1.39% | 12/29/2006 | 0.77% |
| | Combined Index Portfolio 2050 | | -1.09% | 2.23% | N/A | N/A | | | |
| 729 | T. Rowe Price Retirement 2055 Fund ^(a) | Target Date 2050+ | -2.58% | 3.33% | N/A | N/A | -1.39% | 12/29/2006 | 0.77% |
| | Combined Index Portfolio 2055 | | -1.09% | 2.23% | N/A | N/A | | | |

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

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

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

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

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

Note: The above yields were supplied by Nationwide Retirement Solutions. They are a weighted average of all money held in this investment option, which consists of seven separate pools. The yields do not reflect the deduction of the annual asset fee. The annual asset fee is 0.19%. No account will be charged more than \$2,000 in 2011. The actual yield credited to your account may be higher or lower than the yield reflected above. The Nationwide Fixed Group Annuity is issued by Nationwide Life Insurance Company, Columbus, OH. Contract #Life 2183. The 2011 minimum guaranteed yield is 3.60%. Guarantees and protections are subject to the claims paying ability of Nationwide Life Insurance Company.

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

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

| | 4th Qtr 11 | 3rd Qtr 11 | 2nd Qtr 11 |
|--------------------|------------|------------|------------|
| Dig Fund | 4.00% | 4.00% | 4.00% |
| 36-Mo. Certificate | 4.00% | 4.00% | 4.00% |
| 60-Mo. Certificate | 4.00% | 4.00% | 4.00% |
| 84-Mo. Certificate | 4.00% | 4.00% | 4.00% |

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

Contact us

Enrollment and Information Hotline

1-800-545-4730.

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

Nationwide Retirement Solutions Web Site MarylandDC.com

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

Nationwide Retirement Solutions Baltimore Office (443) 886-9402 or 1-800-966-6355

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

Nationwide Retirement Solutions Customer Service Center 1-800-545-4730

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

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

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

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

MSRP Web Site msrp.state.md.us

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

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RISK DISCLOSURES

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

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

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

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

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

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

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

IMPORTANT DISCLOSURES

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

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

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

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

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

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