

**AMENDMENT ONE TO THE
STATE OF MARYLAND
POSTRETIREMENT HEALTH BENEFITS TRUST**

WHEREAS, pursuant to authority under Chapter 355, Acts of 2007 (S.B. 780), codified at Annotated Code of Maryland, State Personnel and Pensions Article, §34-101, the State of Maryland established the State of Maryland Postretirement Health Benefits Trust ("Trust") effective July 1, 2007 to receive contributions for the purpose of providing certain post-employment benefits other than pension and to make distributions from the Trust for certain post-employment benefits other than pension;

WHEREAS, the Board of Trustees for the State Retirement and Pension System of Maryland ("Trustees") adopted the Trust and entered into a Trust Agreement effective September 24, 2007;

WHEREAS, the Trustees reserved the right to amend the Trust Agreement pursuant to Section 9.01 of the Trust Agreement;

WHEREAS, on August 1, 2007, the Trust, acting through the Trustees, submitted a private letter ruling request to the Internal Revenue Service concerning contributions made to reduce or eliminate the State of Maryland's liabilities under Governmental Accounting Standards Board Statements No. 43 and No. 45, pursuant to Section 115 of the Internal Revenue Code of 1986, as amended ("Code");

WHEREAS, the Trustees revised the private letter ruling request to make certain changes at the request of the Internal Revenue Service;

WHEREAS, the Internal Revenue Service further requested that, for purposes of the private letter ruling, the Trust Agreement be amended to clarify that upon dissolution of the Trust, the assets of the Trust shall revert only to an entity that satisfies the requirements under Code Section 115;

WHEREAS, in response to the Internal Revenue Service's request, the Trustees wish to revise the Trust Agreement to provide that the General Fund is the general fund of the State of Maryland;

NOW, THEREFORE, the Trustees hereto agree to the following amendments:

1. Section 3.02(c) of the Trust Agreement, regarding trust payments, is hereby amended to be and read as follows:

(c) If for any reason the State discontinues the postretirement health insurance subsidy specified in SPP §§ 2-508 and 2-509 or a successor subsidy, the assets of the Trust shall be transferred to the General Fund of the State, to the extent consistent with Code Section 115 and GASB 45. However, such a transfer may only occur when the State

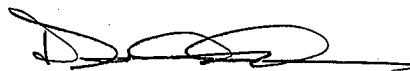
no longer has a liability for its retirees for a postretirement health insurance subsidy for Health and Welfare Benefits.

2. In all other respects, the Trust Agreement shall be and remain unchanged.

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed as of the date indicated.

STATE RETIREMENT AND PENSION
SYSTEM OF MARYLAND

By:



R. Dean Kenderdine
Executive Director
Secretary of the Board

12/20/07

Date