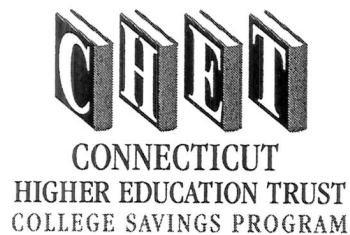


CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

Financial Statements
Including
Supplemental Information

June 30, 2004



CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

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REPORT OF INDEPENDENT AUDITORS

To the Account Owners and Trustee of the
Connecticut Higher Education Trust Program:

We have audited the accompanying statements of financial condition of the Connecticut Higher Education Trust Program (the "Program") as of June 30, 2004 and 2003, and the related statements of operations and changes in program equity for the years then ended. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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. Our procedures included confirmation of securities owned as of June 30, 2004 and 2003, by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Connecticut Higher Education Trust Program at June 30, 2004 and 2003, and the results of its operations and its changes in program equity for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Supplemental Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ernst + Young LLP

New York, New York
September 13, 2004

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM
STATEMENTS OF FINANCIAL CONDITION

	<u>June 30,</u> <u>2004</u>	<u>June 30,</u> <u>2003</u>
ASSETS		
Investments, at value (cost: \$455,778,694 and \$335,099,645).....	\$471,790,028	\$331,292,019
Cash	788,599	198,030
Due from transfer agent	506,393	448,467
Receivable for securities transactions	70,087	94,319
Dividends and interest receivable	32,872	468,455
TOTAL ASSETS	<u>\$473,187,979</u>	<u>\$332,501,290</u>
LIABILITIES		
Due to custodian	\$ 78,397	\$ 42,590
Accrued management fee	175,060	120,992
Payable for securities transactions	248,824	234,482
Due to transfer agent	122,939	89,673
TOTAL LIABILITIES	625,220	487,737
PROGRAM EQUITY	472,562,759	332,013,553
TOTAL LIABILITIES AND PROGRAM EQUITY	<u>\$473,187,979</u>	<u>\$332,501,290</u>

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM
STATEMENTS OF OPERATIONS

	For the Years Ended June 30,	
	2004	2003
INVESTMENT INCOME		
Income:		
Interest	\$ 2,087,958	\$ 1,874,577
Dividends	16,203,960	6,037,981
TOTAL INCOME	18,291,918	7,912,558
Expenses—Note 3:		
Management fee	1,891,068	1,220,453
Other expenses of the Trust	—	15,249
TOTAL EXPENSES	1,891,068	1,235,702
INVESTMENT INCOME—NET	16,400,850	6,676,856
REALIZED AND UNREALIZED		
GAIN ON INVESTMENTS—Note 4		
Net realized loss on investments	(842,006)	(3,388,037)
Net change in unrealized appreciation on investments	19,818,960	11,838,999
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	18,976,954	8,450,962
NET INCREASE IN PROGRAM EQUITY RESULTING FROM OPERATIONS	\$35,377,804	\$15,127,818

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM
STATEMENTS OF CHANGES IN PROGRAM EQUITY

	For the Years Ended June 30,	
	2004	2003
FROM OPERATIONS		
Investment income—net	\$ 16,400,850	\$ 6,676,856
Net realized loss on investments	(842,006)	(3,388,037)
Net change in unrealized appreciation on investments	19,818,960	11,838,999
NET INCREASE IN PROGRAM EQUITY RESULTING FROM OPERATIONS	35,377,804	15,127,818
FROM ACCOUNT OWNER TRANSACTIONS		
Subscriptions	123,041,659	117,622,540
Redemptions	(17,870,257)	(8,705,989)
NET INCREASE IN PROGRAM EQUITY RESULTING FROM ACCOUNT OWNER TRANSACTIONS	105,171,402	108,916,551
NET INCREASE IN PROGRAM EQUITY	140,549,206	124,044,369
PROGRAM EQUITY:		
Beginning of year	332,013,553	207,969,184
End of year	\$472,562,759	\$332,013,553

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

NOTES TO FINANCIAL STATEMENTS

NOTE 1—ORGANIZATION

The Connecticut Higher Education Trust Program (the "Program") was formed on July 1, 1997 by Connecticut law, to help people save for the costs of education after high school. The Program is administered by the Treasurer of the State of Connecticut, as trustee of the Connecticut Higher Education Trust (the "Trust"). The Trustee has the authority to enter into contracts for program management services, adopt regulations for the administration of the Program and establish investment policies for the Program. TIAA-CREF Tuition Financing, Inc. ("TFI"), a wholly-owned subsidiary of Teachers Insurance and Annuity Association of America ("TIAA"), and the Trustee have entered into a Management Agreement under which TFI serves as Program Manager. The Program is operated in a manner such that it is exempt from registration as an investment company under the Investment Company Act of 1940.

An individual participating in the Program establishes an Account in the name of a Beneficiary. Contributions may be allocated among three investment options: the Managed Allocation Option, the High Equity Option, and the Principal Plus Interest Option. Contributions in the Managed Allocation Option are allocated among ten age bands, according to the beneficiary's date of birth. Effective January 23, 2004, the number of age bands in the Managed Allocation Option has been changed to ten age bands, combining the three age bands for the oldest Beneficiaries into one age band. Each age band invests in varying percentages in the institutional class of the International Equity, Equity Index, Bond and Money Market Funds of the TIAA-CREF Institutional Mutual Funds. Contributions in the High Equity Option may be allocated in varying percentages in the institutional class of the Growth & Income, International Equity and Bond Funds of the TIAA-CREF Institutional Mutual Funds. All allocation percentages are determined by the Treasurer and are subject to change. The assets in the Principal Plus Interest Option are allocated to a funding agreement issued by TIAA-CREF Life Insurance Company, a subsidiary of TIAA, which offers a guarantee to the Trust of principal and an annual minimum rate of return.

Teachers Advisors, Inc. ("Advisors"), an affiliate of TFI, is registered with the Securities and Exchange Commission ("Commission") as an investment adviser and provides investment advisory services to the TIAA-CREF Institutional Mutual Funds. Teachers Personal Investors Services, Inc. ("TPIS"), an affiliate of TFI, and TIAA-CREF Individual & Institutional Services, LLC ("Services"), also an affiliate of TFI, both of which are registered with the Commission as broker-dealers and are members of the National Association of Securities Dealers, Inc., provide the telephone counseling, marketing and information services required of TFI.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements may require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and related disclosures. Actual results may differ from those estimates. The following is a summary of the significant accounting policies consistently followed by the Program, which are in conformity with accounting principles generally accepted in the United States.

Valuation of Investments: The market value of the investments in mutual funds is based on the net asset values of the respective mutual funds on the close of business on the valuation date. The value of the TIAA-CREF Life Funding Agreement is based on the principal contributed and interest credited less any amounts withdrawn.

Accounting for Investments: Securities transactions are accounted for as of the date the securities are purchased or sold (trade date). Interest income is recorded as earned. Dividend income is recorded on the ex-dividend date. Realized gains and losses are based upon the specific identification method.

Federal and State Income Tax: No provision for federal income tax has been made. The Program is established to be a qualified state tuition program under Section 529 of the Internal Revenue Code, which exempts earnings on qualified withdrawals from federal income tax, and does not expect to have any unrelated business income subject to tax. Earnings on qualified withdrawals are exempt from Connecticut income tax.

NOTE 3—MANAGEMENT AGREEMENTS

For its services as Program Manager with respect to the Managed Allocation Option and the High Equity Option, TFI, and related entities, are paid an annual aggregate management fee of 0.57% of the average daily net assets of the Trust, so invested, excluding certain administrative funds, plus the specific investment management fees for the underlying investments in the TIAA-CREF Institutional Mutual Funds, the total of which shall not exceed 0.79% of the average daily net assets of the Trust invested in such investment options excluding certain administrative funds. No fee is charged on assets in the Principal Plus Interest Option, however, an expense fee is paid to TFI by TIAA-CREF Life Insurance Company for distribution, administrative and other reasonable expenses. Total fees earned by TFI, and related entities, for the year ended June 30, 2004 were \$2,298,324, which includes \$1,891,068 due directly from the Program and \$407,256 due on Program investments in the TIAA-CREF Institutional Mutual Funds. Telephone counseling, marketing and information services required of TFI are provided by TPIS and Services in accordance with a Distribution Agreement among TFI, TPIS and Services.

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM
NOTES TO FINANCIAL STATEMENTS (concluded)

NOTE 4—INVESTMENTS

At June 30, 2004, net unrealized appreciation of portfolio investments was \$16,011,334, consisting of gross unrealized appreciation of \$20,107,886 and gross unrealized depreciation of \$4,096,552. At June 30, 2003, net unrealized depreciation of portfolio investments was \$3,807,626, consisting of gross unrealized appreciation of \$6,191,332 and gross unrealized depreciation of \$9,998,958.

Purchases and sales of portfolio securities for the year ended June 30, 2004 were \$196,035,609 and \$74,514,554, respectively. Purchases and sales of portfolio securities for the year ended June 30, 2003 were \$134,195,123 and \$19,299,801, respectively.

At June 30, 2004 and June 30, 2003, the Program's investments consist of the following:

	<u>2004</u>		<u>2003</u>	
	<u>COST</u>	<u>VALUE</u>	<u>COST</u>	<u>VALUE</u>
TIAA-CREF Institutional Mutual Funds (Institutional Class):				
International Equity Fund	\$ 27,644,557	\$ 33,423,580	\$ 25,999,375	\$ 23,697,206
Growth & Income Fund	52,655,540	56,900,554	35,171,054	33,072,008
Equity Index Fund	103,386,334	113,470,170	93,683,809	88,086,066
Bond Fund	155,782,448	151,685,909	99,111,074	105,302,406
Money Market Fund	37,445,024	37,445,024	17,165,092	17,165,092
TIAA-CREF Life Insurance Company:				
Funding Agreement	78,714,054	78,714,054	63,819,208	63,819,208
TIAA-CREF Mutual Funds:				
Money Market Fund*	150,737	150,737	150,033	150,033
	<u>\$455,778,694</u>	<u>\$471,790,028</u>	<u>\$335,099,645</u>	<u>\$331,292,019</u>

*Represents the assets of the administrative account.

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SUPPLEMENTAL INFORMATION

The following information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Connecticut Higher Education Trust Program (the "Program"). It shows financial information relating to the Managed Allocation Option, the High Equity Option, and the Principal Plus Interest Option which are included in the Program.

Year of Birth of Beneficiaries, as Provided by the Account Owners					High Equity	Principal Plus	
1995-1994	1993-1992	1991-1990	1989-1988	Before 1988*	Option	Interest Option	Total
\$ 3,689,237	\$ 4,123,826	\$ 2,220,018	\$ 2,045,082	\$ 1,943,654	\$ 8,194,834	\$ —	\$ 33,423,580
—	—	—	—	—	56,900,554	—	56,900,554
14,680,215	14,257,755	13,394,281	7,968,001	5,839,861	—	—	113,470,170
18,265,893	22,325,406	24,082,631	15,727,273	11,686,297	16,209,403	—	151,685,909
—	—	4,344,760	13,702,140	19,398,124	—	—	37,445,024
36,635,345	40,706,987	44,041,690	39,442,496	38,867,936	81,304,791	—	392,925,237
—	—	—	—	—	—	78,714,054	78,714,054
36,635,345	40,706,987	44,041,690	39,442,496	38,867,936	81,304,791	78,714,054	471,639,291
10,067	159,430	43,513	29,821	—	234,809	—	788,599
—	—	—	—	70,087	—	—	70,087
21,269	27,138	37,416	65,221	3,626	150,175	468	506,393
—	—	3,822	11,993	17,057	—	—	32,872
36,666,681	40,893,555	44,126,441	39,549,531	38,958,706	81,689,775	78,714,522	473,037,242
—	—	—	—	78,397	—	—	78,397
16,295	18,088	19,628	17,665	17,548	36,150	—	175,060
2,488	76,975	19,991	24,000	—	86,115	468	248,824
—	703	—	—	82,436	39,800	—	122,939
18,783	95,766	39,619	41,665	178,381	162,065	468	625,220
\$36,647,898	\$40,797,789	\$44,086,822	\$39,507,866	\$38,780,325	\$81,527,710	\$78,714,054	\$472,412,022
3,524,343	3,840,629	4,056,889	3,617,654	3,464,997	7,899,042	6,884,629	
\$10.40	\$10.62	\$10.87	\$10.92	\$11.19	\$10.32	\$11.43	

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

COMBINING STATEMENT OF OPERATIONS

For the Year Ended June 30, 2004

	<u>2005-2004*</u>	<u>2003-2002</u>	<u>2001-2000</u>	<u>1999-1998</u>	<u>1997-1996</u>	<u>1995-1994</u>	<u>1993-1992</u>
INVESTMENT INCOME							
Income:							
Interest	\$ 1	\$ 140	\$ 129	\$ 313	\$ 201	\$ 159	\$ 303
Dividends	688	413,262	1,313,676	1,452,565	1,606,200	1,780,008	2,044,302
TOTAL INCOME	689	413,402	1,313,805	1,452,878	1,606,401	1,780,167	2,044,605
Expenses:							
Management fee	426	49,339	146,891	156,400	166,380	177,802	197,166
INVESTMENT INCOME — NET	263	364,063	1,166,914	1,296,478	1,440,021	1,602,365	1,847,439
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS							
Net realized gain (loss) on investments	12	14,336	(93,468)	(236,253)	(405,358)	(335,032)	(453,505)
Net change in unrealized appreciation (depreciation) on investments	5,689	695,475	2,203,014	2,191,411	2,225,622	1,936,789	1,873,953
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	5,701	709,811	2,109,546	1,955,158	1,820,264	1,601,757	1,420,448
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$5,964</u>	<u>\$1,073,874</u>	<u>\$3,276,460</u>	<u>\$3,251,636</u>	<u>\$3,260,285</u>	<u>\$3,204,122</u>	<u>\$3,267,887</u>

* From January 2, 2004 to June 30, 2004

** From July 1, 2003 to January 23, 2004

*** From January 24, 2004 to June 30, 2004

The number of age bands in the Managed Allocation Option has been changed to ten age bands, combining the three age bands for the oldest Beneficiaries into one age band.

Year of Birth of Beneficiaries, as Provided by the Account Owners						High Equity	Principal Plus	
<u>1991-1990</u>	<u>1989-1988</u>	<u>1987-1986**</u>	<u>1985-1984**</u>	<u>Before 1984**</u>	<u>Before 1988***</u>	Option	Interest Option	Total
\$ 216	\$ 103	\$ 53	\$ 37	\$ 101	\$ 221	\$ 563	\$2,085,418	\$ 2,087,958
<u>2,313,498</u>	<u>1,961,032</u>	<u>868,819</u>	<u>246,709</u>	<u>84,596</u>	<u>316,535</u>	<u>1,801,366</u>	—	<u>16,203,256</u>
2,313,714	1,961,135	868,872	246,746	84,697	316,756	1,801,929	2,085,418	18,291,214
<u>218,936</u>	<u>198,619</u>	<u>75,970</u>	<u>28,853</u>	<u>10,273</u>	<u>93,127</u>	<u>370,886</u>	—	<u>1,891,068</u>
<u>2,094,778</u>	<u>1,762,516</u>	<u>792,902</u>	<u>217,893</u>	<u>74,424</u>	<u>223,629</u>	<u>1,431,043</u>	<u>2,085,418</u>	<u>16,400,146</u>
(486,174)	(541,072)	1,197,446	432,067	(1,472)	144,752	(78,285)	—	(842,006)
<u>1,742,822</u>	<u>1,132,124</u>	<u>(644,102)</u>	<u>(257,841)</u>	<u>62,904</u>	<u>(397,252)</u>	<u>7,048,352</u>	—	<u>19,818,960</u>
<u>1,256,648</u>	<u>591,052</u>	<u>553,344</u>	<u>174,226</u>	<u>61,432</u>	<u>(252,500)</u>	<u>6,970,067</u>	—	<u>18,976,954</u>
<u>\$3,351,426</u>	<u>\$2,353,568</u>	<u>\$1,346,246</u>	<u>\$392,119</u>	<u>\$135,856</u>	<u>\$ (28,871)</u>	<u>\$8,401,110</u>	<u>\$2,085,418</u>	<u>\$35,377,100</u>

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM
COMBINING STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended June 30, 2004

	<u>2005-2004*</u>	<u>2003-2002</u>	<u>2001-2000</u>	<u>1999-1998</u>	<u>1997-1996</u>	<u>1995-1994</u>	<u>1993-1992</u>
FROM OPERATIONS							
Investment income, net	\$ 263	\$ 364,063	\$ 1,166,914	\$ 1,296,478	\$ 1,440,021	\$ 1,602,365	\$ 1,847,439
Net realized gain (loss) on investments	12	14,336	(93,468)	(236,253)	(405,358)	(335,032)	(453,505)
Net change in unrealized appreciation (depreciation) on investments	<u>5,689</u>	<u>695,475</u>	<u>2,203,014</u>	<u>2,191,411</u>	<u>2,225,622</u>	<u>1,936,789</u>	<u>1,873,953</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>5,964</u>	<u>1,073,874</u>	<u>3,276,460</u>	<u>3,251,636</u>	<u>3,260,285</u>	<u>3,204,122</u>	<u>3,267,887</u>
FROM ACCOUNT OWNER TRANSACTIONS							
Subscriptions	618,554	8,073,510	8,957,388	8,074,062	7,877,692	8,504,160	9,989,193
Exchanges	5,623	59,216	52,203	221,273	(29,671)	9,066	135,384
Redemptions	(98)	(137,610)	(462,399)	(727,609)	(960,689)	(375,387)	(471,057)
Transfers in (out)— See note 1	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM ACCOUNT OWNER TRANSACTIONS	<u>624,079</u>	<u>7,995,116</u>	<u>8,547,192</u>	<u>7,567,726</u>	<u>6,887,332</u>	<u>8,137,839</u>	<u>9,653,520</u>
NET INCREASE (DECREASE) IN NET ASSETS	630,043	9,068,990	11,823,652	10,819,362	10,147,617	11,341,961	12,921,407
NET ASSETS							
Beginning of period	<u>—</u>	<u>4,347,494</u>	<u>19,664,313</u>	<u>21,939,563</u>	<u>23,908,524</u>	<u>25,305,937</u>	<u>27,876,382</u>
End of period	<u>\$630,043</u>	<u>\$13,416,484</u>	<u>\$31,487,965</u>	<u>\$32,758,925</u>	<u>\$34,056,141</u>	<u>\$36,647,898</u>	<u>\$40,797,789</u>

* From January 2, 2004 to June 30, 2004

** From July 1, 2003 to January 23, 2004

*** From January 24, 2004 to June 30, 2004

The number of age bands in the Managed Allocation Option has been changed to ten age bands, combining the three age bands for the oldest Beneficiaries into one age band.

Year of Birth of Beneficiaries, as Provided by the Account Owners						High Equity	Principal Plus	
1991-1990	1989-1988	1987-1986**	1985-1984**	Before 1984**	Before 1988***	Option	Interest Option	Total
\$ 2,094,778	\$ 1,762,516	\$ 792,902	\$ 217,893	\$ 74,424	\$ 223,629	\$ 1,431,043	\$ 2,085,418	\$ 16,400,146
(486,174)	(541,072)	1,197,446	432,067	(1,472)	144,752	(78,285)	—	(842,006)
<u>1,742,822</u>	<u>1,132,124</u>	<u>(644,102)</u>	<u>(257,841)</u>	<u>62,904</u>	<u>(397,252)</u>	<u>7,048,352</u>	<u>—</u>	<u>19,818,960</u>
<u>3,351,426</u>	<u>2,353,568</u>	<u>1,346,246</u>	<u>392,119</u>	<u>135,856</u>	<u>(28,871)</u>	<u>8,401,110</u>	<u>2,085,418</u>	<u>35,377,100</u>
8,994,600	7,795,483	2,440,091	858,698	383,264	2,778,019	25,521,511	22,175,434	123,041,659
(24,611)	(571)	127,062	(108,202)	(153,533)	(296,243)	1,342,047	(1,339,043)	—
(562,134)	(437,963)	(105,783)	(2,251,758)	(1,004,436)	(1,119,256)	(1,227,115)	(8,026,963)	(17,870,257)
<u>—</u>	<u>—</u>	<u>(25,824,611)</u>	<u>(8,650,217)</u>	<u>(2,971,848)</u>	<u>37,446,676</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>8,407,855</u>	<u>7,356,949</u>	<u>(23,363,241)</u>	<u>(10,151,479)</u>	<u>(3,746,553)</u>	<u>38,809,196</u>	<u>25,636,443</u>	<u>12,809,428</u>	<u>105,171,402</u>
11,759,281	9,710,517	(22,016,995)	(9,759,360)	(3,610,697)	38,780,325	34,037,553	14,894,846	140,548,502
<u>32,327,541</u>	<u>29,797,349</u>	<u>22,016,995</u>	<u>9,759,360</u>	<u>3,610,697</u>	<u>—</u>	<u>47,490,157</u>	<u>63,819,208</u>	<u>331,863,520</u>
<u>\$44,086,822</u>	<u>\$39,507,866</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$38,780,325</u>	<u>\$81,527,710</u>	<u>\$78,714,054</u>	<u>\$472,412,022</u>

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

FINANCIAL HIGHLIGHTS

	2005-2004		2003-2002	
	January 2, 2004 (commencement of operations) to June 30, 2004 (a)	Year Ended June 30, 2004	Year Ended June 30, 2003	January 2, 2002 (commencement of operations) to June 30, 2002 (a)
SELECTED PER SHARE DATA				
Net asset value, beginning of period	\$10.00	\$ 9.57	\$9.34	\$10.00
Gain (loss) from investment operations:				
Net investment income	0.02(b)	0.45(b)	0.11(b)	0.04(b)
Net realized and unrealized gain (loss) on investments	(0.06)(d)	1.13	0.12	(0.70)
Net asset value, end of period	<u>\$ 9.96</u>	<u>\$11.15</u>	<u>\$9.57</u>	<u>\$ 9.34</u>
TOTAL RETURN	<u>(0.40)%</u>	<u>16.51%</u>	<u>2.46%</u>	<u>(6.60)%</u>
RATIOS AND SUPPLEMENTAL DATA				
Net assets at end of period (in thousands)	\$630	\$13,416	\$4,347	\$585
Ratio of expenses to average net assets (c)	0.28%	0.57%	0.57%	0.28%
Ratio of net investment income to average net assets	0.17%	4.20%	1.22%	0.41%

(a) The percentages shown for this period are not annualized.

(b) Based on average shares outstanding.

(c) Does not include expenses on Program investments in the TIAA-CREF Institutional Mutual Funds.

(d) In addition to the net realized and unrealized gains on investments as set forth in the Statement of Operations, this amount includes a decrease in net asset value per share resulting from the timing of issuances and redemptions of shares in relation to fluctuating market values for the portfolio investments.

Year of Birth of Beneficiaries, as Provided by the Account Owners

2001-2000					1999-1998				
Year Ended June 30, 2004	Year Ended June 30, 2003	Year Ended June 30, 2002	Year Ended June 30, 2001	March 21, 2000 (commencement of operations) to June 30, 2000 (a)	Year Ended June 30, 2004	Year Ended June 30, 2003	Year Ended June 30, 2002	Year Ended June 30, 2001	March 13, 2000 (commencement of operations) to June 30, 2000 (a)
\$8.11	\$7.86	\$8.72	\$9.80	\$10.00	\$8.73	\$8.41	\$9.19	\$10.08	\$10.00
0.41(b)	0.13(b)	0.15(b)	0.21(b)	0.01	0.45(b)	0.16(b)	0.19(b)	0.30(b)	0.04
0.78	0.12	(1.01)	(1.29)	(0.21)	0.73	0.16	(0.97)	(1.19)	0.04
<u>\$9.30</u>	<u>\$8.11</u>	<u>\$7.86</u>	<u>\$8.72</u>	<u>\$ 9.80</u>	<u>\$9.91</u>	<u>\$8.73</u>	<u>\$8.41</u>	<u>\$ 9.19</u>	<u>\$10.08</u>
<u>14.67%</u>	<u>3.18%</u>	<u>(9.86)%</u>	<u>(11.02)%</u>	<u>(2.00)%</u>	<u>13.52%</u>	<u>3.80%</u>	<u>(8.49)%</u>	<u>(8.83)%</u>	<u>0.80%</u>
\$31,488	\$19,664	\$11,419	\$3,072	\$217	\$32,759	\$21,940	\$14,796	\$8,072	\$4,352
0.57%	0.57%	0.57%	0.57%	0.19%	0.57%	0.57%	0.57%	0.57%	0.17%
4.59%	1.74%	1.77%	2.47%	0.34%	4.73%	1.95%	2.20%	3.27%	0.47%

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

FINANCIAL HIGHLIGHTS (continued)

	1997-1996				March 13, 2000 (commencement of operations) to June 30, 2000 (a)
	Year Ended June 30, 2004	Year Ended June 30, 2003	Year Ended June 30, 2002	Year Ended June 30, 2001	
SELECTED PER SHARE DATA					
Net asset value, beginning of period	\$ 9.02	\$8.64	\$9.31	\$10.07	\$10.00
Gain (loss) from investment operations:					
Net investment income	0.48(b)	0.18(b)	0.23(b)	0.33(b)	0.05
Net realized and unrealized gain (loss) on investments	0.65	0.20	(0.90)	(1.09)	0.02
Net asset value, end of period	<u>\$10.15</u>	<u>\$9.02</u>	<u>\$8.64</u>	<u>\$ 9.31</u>	<u>\$10.07</u>
TOTAL RETURN	<u>12.53%</u>	<u>4.40%</u>	<u>(7.20)%</u>	<u>(7.55)%</u>	<u>0.70%</u>
RATIOS AND SUPPLEMENTAL DATA					
Net assets at end of period (in thousands)	\$34,056	\$23,909	\$17,021	\$10,025	\$6,367
Ratio of expenses to average net assets (c)	0.57%	0.57%	0.57%	0.57%	0.17%
Ratio of net investment income to average net assets	4.93%	2.15%	2.53%	3.56%	0.56%

(a) The percentages shown for this period are not annualized.

(b) Based on average shares outstanding.

(c) Does not include expenses on Program investments in the TIAA-CREF Institutional Mutual Funds.

Year of Birth of Beneficiaries, as Provided by the Account Owners

1995-1994					1993-1992				
Year Ended June 30, 2004	Year Ended June 30, 2003	Year Ended June 30, 2002	Year Ended June 30, 2001	March 13, 2000 (commencement of operations) to June 30, 2000 (a)	Year Ended June 30, 2004	Year Ended June 30, 2003	Year Ended June 30, 2002	Year Ended June 30, 2001	March 13, 2000 (commencement of operations) to June 30, 2000 (a)
\$ 9.32	\$8.88	\$9.44	\$10.08	\$10.00	\$ 9.61	\$9.11	\$9.55	\$10.08	\$10.00
0.51(b)	0.20(b)	0.26(b)	0.36(b)	0.06	0.55(b)	0.23(b)	0.29(b)	0.39(b)	0.07
0.57	0.24	(0.82)	(1.00)	0.02	0.46	0.27	(0.73)	(0.92)	0.01
<u>\$10.40</u>	<u>\$9.32</u>	<u>\$8.88</u>	<u>\$ 9.44</u>	<u>\$10.08</u>	<u>\$10.62</u>	<u>\$9.61</u>	<u>\$9.11</u>	<u>\$ 9.55</u>	<u>\$10.08</u>
<u>11.59%</u>	<u>4.95%</u>	<u>(5.93)%</u>	<u>(6.35)%</u>	<u>0.80%</u>	<u>10.51%</u>	<u>5.49%</u>	<u>(4.61)%</u>	<u>(5.26)%</u>	<u>0.80%</u>
\$36,648	\$25,306	\$17,355	\$10,275	\$6,382	\$40,798	\$27,876	\$19,060	\$11,131	\$6,996
0.57%	0.57%	0.57%	0.57%	0.17%	0.57%	0.57%	0.57%	0.57%	0.17%
5.14%	2.34%	2.82%	3.89%	0.67%	5.34%	2.58%	3.13%	4.12%	0.76%

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

FINANCIAL HIGHLIGHTS (continued)

	1991-1990				March 13, 2000 (commencement of operations) to June 30, 2000 (a)
	Year Ended June 30, 2004	Year Ended June 30, 2003	Year Ended June 30, 2002	Year Ended June 30, 2001	
SELECTED PER SHARE DATA					
Net asset value, beginning of period	\$ 9.91	\$9.35	\$9.69	\$10.08	\$10.00
Gain (loss) from investment operations:					
Net investment income	0.57(b)	0.26(b)	0.33(b)	0.42(b)	0.08
Net realized and unrealized gain (loss) on investments	0.39	0.30	(0.67)	(0.81)	—
Net asset value, end of period	<u>\$10.87</u>	<u>\$9.91</u>	<u>\$9.35</u>	<u>\$ 9.69</u>	<u>\$10.08</u>
TOTAL RETURN	<u>9.69%</u>	<u>5.99%</u>	<u>(3.51)%</u>	<u>(3.87)%</u>	<u>0.80%</u>
RATIOS AND SUPPLEMENTAL DATA					
Net assets at end of period (in thousands)	\$44,087	\$32,328	\$22,761	\$13,098	\$8,162
Ratio of expenses to average net assets (c)	0.57%	0.57%	0.57%	0.57%	0.17%
Ratio of net investment income to average net assets	5.46%	2.80%	3.44%	4.42%	0.87%

(a) The percentages shown for this period are not annualized.

(b) Based on average shares outstanding.

(c) Does not include expenses on Program investments in the TIAA-CREF Institutional Mutual Funds.

* The number of age bands in the Managed Allocation Option has been changed to ten age bands, combining the three age bands for the oldest Beneficiaries into one age band.

Year of Birth of Beneficiaries, as Provided by the Account Owners

1989-1988					1987-1986				
Year Ended June 30, 2004	Year Ended June 30, 2003	Year Ended June 30, 2002	Year Ended June 30, 2001	March 13, 2000 (commencement of operations) to June 30, 2000 (a)	For the Period July 1, 2003 to January 23, 2004 (a)*	Year Ended June 30, 2003	Year Ended June 30, 2002	Year Ended June 30, 2001	March 13, 2000 (commencement of operations) to June 30, 2000 (a)
\$10.18	\$ 9.57	\$9.81	\$10.09	\$10.00	\$10.79	\$10.30	\$10.35	\$10.18	\$10.00
0.54(b)	0.27(b)	0.35(b)	0.45(b)	0.09	0.37(b)	0.24(b)	0.36(b)	0.50(b)	0.12
0.20	0.34	(0.59)	(0.73)	—	0.24	0.25	(0.41)	(0.33)	0.06
<u>\$10.92</u>	<u>\$10.18</u>	<u>\$9.57</u>	<u>\$ 9.81</u>	<u>\$10.09</u>	<u>\$11.40</u>	<u>\$10.79</u>	<u>\$10.30</u>	<u>\$10.35</u>	<u>\$10.18</u>
<u>7.27%</u>	<u>6.37%</u>	<u>(2.45)%</u>	<u>(2.78)%</u>	<u>0.90%</u>	<u>5.65%</u>	<u>4.76%</u>	<u>(0.48)%</u>	<u>1.67%</u>	<u>1.80%</u>
\$39,508	\$29,797	\$21,892	\$13,041	\$8,423	\$0	\$22,017	\$17,377	\$10,932	\$6,996
0.57%	0.57%	0.57%	0.57%	0.17%	0.32%	0.57%	0.57%	0.57%	0.18%
5.06%	2.80%	3.65%	4.70%	0.97%	3.37%	2.29%	3.51%	5.10%	1.27%

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

FINANCIAL HIGHLIGHTS (continued)

	1985-1984				March 13, 2000 (commencement of operations) to June 30, 2000 (a)
	For the Period July 1, 2003 to January 23, 2004 (a)*	Year Ended June 30, 2003	Year Ended June 30, 2002	Year Ended June 30, 2001	
SELECTED PER SHARE DATA					
Net asset value, beginning of period	\$10.68	\$10.30	\$10.28	\$10.14	\$10.00
Gain (loss) from investment operations:					
Net investment income	0.26(b)	0.20(b)	0.31(b)	0.50(b)	0.12
Net realized and unrealized gain (loss) on investments	0.22	0.18	(0.29)	(0.36)	0.02
Net asset value, end of period	<u>\$11.16</u>	<u>\$10.68</u>	<u>\$10.30</u>	<u>\$10.28</u>	<u>\$10.14</u>
TOTAL RETURN	<u>4.49%</u>	<u>3.69%</u>	<u>0.19%</u>	<u>1.38%</u>	<u>1.40%</u>
RATIOS AND SUPPLEMENTAL DATA					
Net assets at end of period (in thousands)	\$0	\$9,759	\$9,801	\$6,577	\$4,539
Ratio of expenses to average net assets (c)	0.32%	0.57%	0.57%	0.57%	0.19%
Ratio of net investment income to average net assets	2.44%	1.95%	3.00%	5.04%	1.30%

(a) The percentages shown for this period are not annualized.

(b) Based on average shares outstanding.

(c) Does not include expenses on Program investments in the TIAA-CREF Institutional Mutual Funds.

(d) In addition to net realized and unrealized losses on investments as set forth in the Statement of Operations, this amount includes an increase in net asset value per share resulting from the timing of issuances and redemptions of shares in relation to fluctuating market values for the portfolio investments.

(e) In addition to net realized and unrealized gains on investments as set forth in the Statement of Operations, this amount includes a decrease in net asset value per share resulting from the timing of issuances and redemptions of shares in relation to fluctuating market values for the portfolio investments.

* The number of age bands in the Managed Allocation Option has been changed to ten age bands, combining the three age bands for the oldest Beneficiaries into one age band.

Year of Birth of Beneficiaries, as Provided by the Account Owners

For the Period July 1, 2003 to January 23, 2004 (a)*	Pre-1984				Pre-1988		High Equity Option		
	Year Ended June 30, 2003	Year Ended June 30, 2002	Year Ended June 30, 2001	March 13, 2000 (commencement of operations) to June 30, 2000 (a)	January 24, 2004 (commencement of operations) to June 30, 2004 (a)	Year Ended June 30, 2004	Year Ended June 30, 2003	Year Ended June 30, 2002	March 20, 2001 (commencement of operations) to June 30, 2001 (a)
\$10.71	\$10.34	\$10.32	\$10.13	\$10.00	\$11.20	\$ 8.95	\$8.91	\$10.30	\$10.00
0.25(b) 0.24	0.20(b) 0.17	0.29(b) (0.27)	0.52(b) (0.33)	0.13 —	0.07(b) (0.08)	0.22(b) 1.15	0.14(b) (0.10)(e)	0.16(b) (1.55)	0.07(b) 0.23(d)
<u>\$11.20</u>	<u>\$10.71</u>	<u>\$10.34</u>	<u>\$10.32</u>	<u>\$10.13</u>	<u>\$11.19</u>	<u>\$10.32</u>	<u>\$8.95</u>	<u>\$ 8.91</u>	<u>\$10.30</u>
<u>4.58%</u>	<u>3.58%</u>	<u>0.19%</u>	<u>1.88%</u>	<u>1.30%</u>	<u>(0.09)%</u>	<u>15.31%</u>	<u>0.45%</u>	<u>(13.50)%</u>	<u>3.00%</u>
\$2,972 0.32% 2.34%	\$3,611 0.57% 1.93%	\$4,318 0.57% 2.84%	\$4,493 0.57% 5.08%	\$4,196 0.19% 1.36%	\$38,780 0.25% 0.59%	\$81,528 0.57% 2.20%	\$47,490 0.57% 1.73%	\$27,159 0.57% 1.69%	\$2,212 0.16% 0.67%

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

FINANCIAL HIGHLIGHTS (concluded)

	Principal Plus Interest Option			March 20, 2001 (commencement of operations) to June 30, 2001 (a)
	Year Ended June 30, 2004	Year Ended June 30, 2003	Year Ended June 30, 2002	
SELECTED PER SHARE DATA				
Net asset value, beginning of period	\$11.10	\$10.64	\$10.11	\$10.00
Gain (loss) from investment operations:				
Net investment income	<u>0.33</u>	<u>0.46</u>	<u>\$0.53</u>	<u>0.11</u>
Net asset value, end of period	<u>\$11.43</u>	<u>\$11.10</u>	<u>\$10.64</u>	<u>\$10.11</u>
TOTAL RETURN	<u>3.00%</u>	<u>4.32%</u>	<u>5.24%</u>	<u>1.10%</u>
RATIOS AND SUPPLEMENTAL DATA				
Net assets at end of period (in thousands)	\$78,714	\$63,819	\$24,261	\$794
Ratio of expenses to average net assets (b)	0.00%	0.00%	0.00%	0.16%
Ratio of net investment income to average net assets	2.96%	4.17%	5.04%	1.09%

(a) The percentages shown for this period are not annualized.

(b) Does not include expenses on Program investments in the TIAA-CREF Institutional Mutual Funds.

ADDITIONAL INFORMATION

Mr. William H. Waltrip, a trustee of TIAA, and Professor Stephen A. Ross, a trustee of the TIAA-CREF registered investment companies (the "Funds"), resigned from their respective boards on November 30, 2004.

On August 1, 2003, the valuation practice, a non-auditing practice of Ernst & Young, LLP ("E&Y"), the independent auditor to TIAA and the Funds, entered into an agreement with a company owned by the two trustees among others, a majority of which was owned by Professor Ross. The business relationship was created to develop intellectual property and related services to value corporate stock options. The aggregate amount paid by E&Y to the company under this agreement was approximately \$1.33 million of which Professor Ross received, or will receive, approximately \$335,000 (of which \$60,000 represented reimbursement of expenses and \$25,000 represented repayment of a loan he made to the company). Mr. Waltrip has not received any payment from the company. The agreement and business activity thereunder was terminated on August 20, 2004 and a dissolution agreement was signed as of November 17, 2004.

E&Y informed TIAA and the Funds that the business relationship between E&Y and the company owned by the trustees was not in accordance with the auditor independence standards of Regulation S-X and the Public Company Accounting Oversight Board. E&Y also notified the SEC and the Audit Committees of TIAA and the Funds of this business relationship. The Audit Committees consist entirely of independent trustees having no business relationships with TIAA, the Funds or E&Y.

The Audit Committees of TIAA and the Funds, and E&Y, each determined that the trustee's business relationship with E&Y did not compromise E&Y's independence from either TIAA or the Funds or the integrity or objectivity of the respective audits for 2003 and 2004. This determination was based on, among other things, the fact that the E&Y audit team was not aware of the business relationship when they issued the 2003 audit opinions on the financial statements of TIAA and the Funds and the business activity under the agreement was ceased in 2004 upon identification of the matter. Professor Ross and Mr. Waltrip had no other functions or responsibilities as Board members that would have caused them to have direct dealings with the E&Y audit team. Professor Ross and Mr. Waltrip were not members of the Audit Committees.

TIAA and the Funds will immediately begin to develop a request for proposals from accounting firms that have the requisite capacity and expertise to perform audit services for TIAA and the Funds for their respective 2005 audits. TIAA and the Funds have also taken steps to ensure that their respective trustees will identify promptly any business relationships that may bring the independence of the outside auditors into question. These steps include revising their officers and trustees questionnaires, improving the questionnaire review process, receiving quarterly auditor independence certifications, and enhancing continuing education for all trustees regarding SEC matters.

Dear Account Owners:

Enclosed is summary financial information for the Connecticut Higher Education Trust Program (the "Program") for the fiscal year ended June 30, 2004. It includes information for the Managed Allocation Option, the High Equity Option, and the Principal Plus Interest Option. If you have any questions about this information, or if you would like a copy of the complete audited financial statements of the Program for the fiscal year 2004, please call us at 1-888-799-CHET (2438).

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

Summary Financial Information

For the Fiscal Year Ended June 30, 2004

	Year of Birth of Beneficiaries, as Provided by the Account Owners														Before 1984**	Before 1988***	High Equity Option	Principal Plus Interest Option	Total	
	2005-2004*	2003-2002	2001-2000	1999-1998	1997-1996	1995-1994	1993-1992	1991-1990	1989-1988	1987-1986**	1985-1984**	1984**	1988***	Option						Option
CHANGES IN NET ASSETS:																				
Investment income—net	\$ 263	\$ 364,063	\$ 1,166,914	\$ 1,296,478	\$ 1,440,021	\$ 1,602,365	\$ 1,847,439	\$ 2,094,778	\$ 1,762,516	\$ 792,902	\$ 217,893	\$ 74,424	\$ 223,629	\$ 1,431,043	\$ 2,085,418	\$ 16,400,146				
Net realized gain (loss)	12	14,336	(93,468)	(236,253)	(405,358)	(335,032)	(453,505)	(486,174)	(541,072)	1,197,446	432,067	(1,472)	144,752	(78,285)		(842,006)				
Net change in unrealized appreciation (depreciation)																				
NET INCREASE (DECREASE) on investments	5,689	695,475	2,203,014	2,191,411	2,225,622	1,936,789	1,873,953	1,742,822	1,132,124	(644,102)	(257,841)	62,904	(397,252)	7,048,352		19,818,960				
NET INCREASE (DECREASE) IN NET ASSETS	5,964	1,073,874	3,276,460	3,251,636	3,260,285	3,204,122	3,267,887	3,351,426	2,353,568	1,346,246	392,119	135,856	(28,871)	8,401,110	2,085,418	35,377,100				
RESULTING FROM OPERATIONS																				
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM ASSETS RESULTING FROM ACCOUNT OWNER TRANSACTIONS	62,4079	7,995,116	8,547,192	7,567,726	6,887,332	8,137,839	9,653,520	8,407,855	7,356,949	(23,363,241)	(10,151,479)	(3,746,553)	38,809,196	25,636,443	12,809,428	105,171,402				
NET INCREASE (DECREASE) IN NET ASSETS	630,043	9,068,990	11,823,652	10,819,362	10,147,617	11,341,961	12,921,407	11,759,281	9,710,517	(22,016,995)	(9,759,360)	(3,610,697)	38,780,325	34,037,553	14,894,846	140,548,502				
NET ASSETS:																				
Beginning of period	—	4,347,494	19,664,313	21,939,563	23,908,524	25,305,937	27,876,382	32,327,541	29,797,349	22,016,995	9,759,360	3,610,697	—	47,490,157	63,819,208	331,863,520				
End of period	\$630,043	\$13,416,484	\$31,487,965	\$32,758,925	\$34,056,141	\$36,647,898	\$40,797,789	\$44,086,822	\$39,507,866	\$ —	\$ —	\$ —	\$38,780,325	\$81,527,710	\$78,714,054	\$472,412,022				
TOTAL RETURN	(0.40%)(a)	16.51%	14.67%	13.52%	12.53%	11.59%	10.51%	9.69%	7.27%	5.65%(a)	4.49%(a)	4.58%(a)	(0.09%)(a)	15.31%	3.00%					

2004 ALLOCATION GUIDELINES:
TIAA-CREF Institutional

Mutual Funds:	Managed Allocation Option
Growth & Income Fund	0%
Equity Index Fund	70%
International Equity Fund	10%
Bond Fund	20%
Money Market Fund	0%
TOTAL	100%

(a) Not annualized.
* From January 2, 2004 to June 30, 2004
** From July 1, 2003 to January 23, 2004
*** From January 24, 2004 to June 30, 2004

The number of age bands in the Managed Allocation Option has been changed to ten age bands combining the three age bands for the oldest beneficiaries into one age band.

The total returns reflect past performance, and are net of management fees and assumes investment in the Program for the entire year except where specified. An individual account owner's return may be more or less than the amount shown depending on when the account owner made its investment(s) in the Program. The Allocation Guidelines for each Investment Option and for each Age Band in the Managed Allocation Option change periodically, which may substantially affect how an investment Option or Age Band performs over time. Past performance is not, and should not be viewed as a guarantee of future results. Total returns and the principal value of investments in your Account can increase or decrease based on the investment performance of the underlying funds in which the assets are invested, so your investment may be worth more or less than the original value when you withdraw your money.

The Connecticut Higher Education Trust Program is described in the current Program Disclosure Booklet. Accounts are opened by completing an Account Application. These documents and the Participation Agreement should be read carefully before opening an account. The State of Connecticut, its agencies, TIAA-CREF Tuition Financing, Inc., Teachers Insurance and Annuity Association of America and its affiliates do not insure any account or guarantee its principal or investment return (except to the extent of the guarantee by TIAA-CREF Life Insurance Company to the Program Trust under the funding agreement for the Principal Plus Interest Option). Account values will fluctuate based upon a number of factors, including general financial market conditions, Federal, state, and local tax benefits are subject to certain limitations. You should consult your tax advisor. Teachers Personal Investors Services, Inc. and TIAA-CREF Individual & Institutional Services, LLC distribute securities products. If you are not a Connecticut resident or have taxable income in another state, consider whether that other state offers a 529 plan with favorable state income tax or other benefits not available if you invest in the Program.

Due to market volatility, recent performance may differ from the figures shown. For the most current performance information, visit the Connecticut Higher Education Trust Program's web site at www.aboutthet.com.

Additional Information

The valuation practice group, a non-auditing branch of Ernst & Young, LLP, had a business relationship with a company in which two trustees of TIAA-CREF companies had ownership interests, which was not in accordance with the SEC's auditor independence standards. The business relationship was terminated on August 20, 2004 and the two trustees resigned from their respective boards on November 30, 2004. For more information, see the financial statements for the year ended June 30, 2004. Please call us at 1-888-799-CHET (2438) for a copy.