

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

Financial Statements

June 30, 2005



CONNECTICUT
HIGHER EDUCATION TRUST
COLLEGE SAVINGS PROGRAM

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

INDEX June 30, 2005

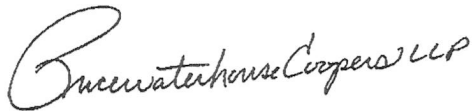
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REPORT OF INDEPENDENT AUDITORS

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

In our opinion, the accompanying statement of assets and liabilities and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of the nineteen portfolios constituting The Connecticut Higher Education Trust (hereafter referred to as the "Trust") at June 30, 2005, the results of each of their operations, the changes in each of their net assets and each of their financial highlights for the year then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Program Manager. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these financial statements 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, assessing the accounting principles used and significant estimates made by the Program Manager, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 5 to the financial statements, the Trust has changed the basis of presentation of the financial statements to present separately the financial position, results of operations and financial highlights of each of the investment options of the Trust, as required by generally accepted accounting principles.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

PricewaterhouseCoopers LLP
New York, New York
September 15, 2005

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CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2005

Age of Beneficiaries, as provided by the Account Owners

	Ages 0-3*	Ages 4-7*	Ages 8-11*	Ages 12-14*	Ages 15-17*
ASSETS					
Investments, at value:					
TIAA-CREF Institutional Mutual Funds (Institutional Class):					
International Equity Fund	\$ 2,650,306	\$ 5,463,575	\$ 4,574,501	\$ 3,023,101	\$ 2,058,222
Inflation-Linked Bond Fund	2,237,233	7,461,937	11,931,208	12,104,960	8,837,842
Equity Index Fund	21,118,912	44,464,796	37,384,081	25,952,044	16,708,730
Bond Fund	6,708,468	22,735,485	35,685,787	36,974,883	26,487,987
Real Estate Securities Fund	2,683,039	5,730,316	4,824,527	3,511,776	2,172,439
Money Market Fund	—	—	—	—	14,040,858
Growth Equity Fund	—	—	—	—	—
Growth & Income Fund	—	—	—	—	—
Large-Cap Value Fund	—	—	—	—	—
Small-Cap Equity Fund	—	—	—	—	—
SUBTOTAL	35,397,958	85,856,109	94,400,104	81,566,764	70,306,078
TIAA-CREF Life Guaranteed Funding Agreement (a)	—	—	—	—	—
TIAA-CREF Mutual Funds:					
Money Market Fund	—	—	—	—	—
TOTAL INVESTMENTS	35,397,958	85,856,109	94,400,104	81,566,764	70,306,078
Cash	33,117	123,003	14,813	23,944	130,732
Receivable for securities transactions	—	—	—	—	2,194
Receivable for Program shares sold	20,411	25,273	41,362	22,225	21,506
Dividends & interest receivable	—	—	—	—	34,123
TOTAL ASSETS	35,451,486	86,004,385	94,456,279	81,612,933	70,494,633
LIABILITIES					
Accrued management fee	53,572	117,046	130,159	110,881	92,718
Payable for securities transactions	34,436	63,244	13,313	11,311	—
Payable for Program shares sold	—	—	66,850	—	22,675
TOTAL LIABILITIES	88,008	180,290	210,322	122,192	115,393
NET ASSETS	<u>\$35,363,478</u>	<u>\$85,824,095</u>	<u>\$94,245,957</u>	<u>\$81,490,741</u>	<u>\$70,379,240</u>
SHARES OUTSTANDING	<u>2,927,769</u>	<u>8,016,527</u>	<u>8,383,128</u>	<u>7,009,527</u>	<u>6,086,914</u>
NET ASSET VALUE PER SHARE	<u>\$12.08</u>	<u>\$10.71</u>	<u>\$11.24</u>	<u>\$11.63</u>	<u>\$11.56</u>
Investments at cost	<u>\$33,120,915</u>	<u>\$81,826,620</u>	<u>\$90,463,849</u>	<u>\$77,727,689</u>	<u>\$67,631,821</u>
Percentage of Total Investments based on Net Assets:					
TIAA-CREF Institutional Mutual Funds	100.10%	100.04%	100.16%	100.09%	99.90%
TIAA-CREF Life Insurance Company—Funding Agreement	—	—	—	—	—

(a) See note 1.

* Effective March 11, 2005, the age band structure of the Managed Allocation Option has been changed from ten age bands to six age bands, grouping beneficiaries according to age rather than year of birth.

See accompanying notes to financial statements

<u>Ages 18 & over*</u>	<u>High Equity Option</u>	<u>Principal Plus Interest Option</u>	<u>Administrative Account</u>	<u>Total</u>
\$ 558,317	\$ 10,876,901	\$ —	\$ —	\$ 29,204,923
2,474,729	5,530,753	—	—	50,578,662
4,422,969	—	—	—	150,051,532
7,335,946	16,457,565	—	—	152,386,121
562,285	—	—	—	19,484,382
12,571,035	—	—	—	26,611,893
—	21,572,396	—	—	21,572,396
—	23,905,356	—	—	23,905,356
—	24,904,571	—	—	24,904,571
—	5,474,932	—	—	5,474,932
<u>27,925,281</u>	<u>108,722,474</u>	<u>—</u>	<u>—</u>	<u>504,174,768</u>
—	—	91,626,805	—	91,626,805
—	—	—	151,543	151,543
<u>27,925,281</u>	<u>108,722,474</u>	<u>91,626,805</u>	<u>151,543</u>	<u>595,953,116</u>
54,332	201,846	—	—	581,787
41,377	—	—	—	43,571
5,515	56,713	24,659	—	217,664
28,710	—	—	—	62,833
<u>28,055,215</u>	<u>108,981,033</u>	<u>91,651,464</u>	<u>151,543</u>	<u>596,858,971</u>
34,031	148,077	—	—	686,484
—	68,764	24,659	—	215,727
86,208	62,850	—	—	238,583
<u>120,239</u>	<u>279,691</u>	<u>24,659</u>	<u>—</u>	<u>1,140,794</u>
<u>\$27,934,976</u>	<u>\$108,701,342</u>	<u>\$91,626,805</u>	<u>\$ 151,543</u>	<u>\$ 595,718,177</u>
<u>2,382,728</u>	<u>9,875,011</u>	<u>7,780,960</u>	<u>—</u>	
<u>\$11.72</u>	<u>\$11.01</u>	<u>\$11.78</u>	<u>—</u>	
<u>\$27,659,441</u>	<u>\$104,461,170</u>	<u>\$91,626,805</u>	<u>\$ 151,543</u>	<u>\$ 574,669,853</u>
99.97%	100.02%	—		
—	—	100.00%		

See accompanying notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

STATEMENT OF OPERATIONS

For the Year Ended June 30, 2005

Age of Beneficiaries, as provided by the Account Owners

	Ages 0-3*	Ages 4-7*	Ages 8-11*	Ages 12-14*	Ages 15-17*	Ages 18 & over*	2005-2004**	2003-2002**
INVESTMENT INCOME								
Income:								
Interest	\$ 3,222	\$ 7,555	\$ 7,816	\$ 4,747	\$ 4,474	\$ 1,072	\$ 53	\$ 193
Dividends	196,050	583,660	865,828	851,905	712,330	255,653	44,428	410,920
TOTAL INCOME	<u>199,272</u>	<u>591,215</u>	<u>873,644</u>	<u>856,652</u>	<u>716,804</u>	<u>256,725</u>	<u>44,481</u>	<u>411,113</u>
Expenses:								
Management fee	65,797	144,279	160,194	96,602	114,414	42,234	6,110	62,344
TOTAL EXPENSES	<u>65,797</u>	<u>144,279</u>	<u>160,194</u>	<u>96,602</u>	<u>114,414</u>	<u>42,234</u>	<u>6,110</u>	<u>62,344</u>
INVESTMENT INCOME, NET	<u>133,475</u>	<u>446,936</u>	<u>713,450</u>	<u>760,050</u>	<u>602,390</u>	<u>214,491</u>	<u>38,371</u>	<u>348,769</u>
REALIZED AND UNREALIZED								
GAIN (LOSS) ON INVESTMENTS								
Net realized gain (loss)								
on investments	(99,715)	(466,927)	(431,340)	(397,521)	92,418	129,507	103,382	1,359
Net change in unrealized appreciation (depreciation)								
of investments	512,564	1,126,024	1,296,386	1,131,483	515,685	(25,944)	(5,689)	793,181
Realized gain distributions								
from underlying funds	—	—	—	—	—	—	1,347	15,635
NET REALIZED AND UNREALIZED								
GAIN ON INVESTMENTS	<u>412,849</u>	<u>659,097</u>	<u>865,046</u>	<u>733,962</u>	<u>608,103</u>	<u>103,563</u>	<u>99,040</u>	<u>810,175</u>
NET INCREASE IN NET ASSETS								
RESULTING FROM OPERATIONS	<u>\$ 546,324</u>	<u>\$ 1,106,033</u>	<u>\$ 1,578,496</u>	<u>\$ 1,494,012</u>	<u>\$ 1,210,493</u>	<u>\$ 318,054</u>	<u>\$ 137,411</u>	<u>\$ 1,158,944</u>

* For the period March 11, 2005 to June 30, 2005. Effective March 11, 2005, the age band structure of the Managed Allocation Option has been changed from ten age bands to six age bands, grouping beneficiaries according to age rather than year of birth.

** For the period July 1, 2004 to March 10, 2005. Effective March 11, 2005 the age band structure of the Managed Allocation Option has been changed from ten age bands to six age bands, grouping beneficiaries according to age rather than year of birth.

See accompanying notes to financial statements

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

2001-2000**	1999-1998**	1997-1996**	1995-1994**	1993-1992**	1991-1990**	1989-1988**	Prior to 1988**	High Equity Option	Principal Plus Interest Option	Administrative Account	Total
\$ 293	\$ 970	\$ 653	\$ 288	\$ 695	\$ 451	\$ 441	\$ 644	\$ 2,851	\$ 2,497,758	\$ —	\$ 2,534,176
903,064	962,212	1,026,230	1,139,208	1,289,558	1,233,340	965,267	758,892	2,429,133	—	806	14,628,484
903,357	963,182	1,026,883	1,139,496	1,290,253	1,233,791	965,708	759,536	2,431,984	2,497,758	806	17,162,660
135,527	141,169	146,895	158,712	175,546	187,064	165,586	146,150	536,268	—	—	2,484,891
135,527	141,169	146,895	158,712	175,546	187,064	165,586	146,150	536,268	—	—	2,484,891
767,830	822,013	879,988	980,784	1,114,707	1,046,727	800,122	613,386	1,895,716	2,497,758	806	14,677,769
3,653,489	(22,993)	2,722,804	(33,646)	2,786,406	(30,456)	8,937	43,445	5,216,526	—	—	13,275,675
(2,077,591)	1,541,697	(1,246,721)	1,520,774	(1,293,344)	1,254,180	786,777	534,057	(1,091,590)	—	—	5,271,929
37,598	43,839	50,428	59,152	70,673	70,668	45,935	30,485	63,669	—	—	489,429
1,613,496	1,562,543	1,526,511	1,546,280	1,563,735	1,294,392	841,649	607,987	4,188,605	—	—	19,037,033
\$ 2,381,326	\$ 2,384,556	\$ 2,406,499	\$ 2,527,064	\$ 2,678,442	\$ 2,341,119	\$ 1,641,771	\$ 1,221,373	\$ 6,084,321	\$ 2,497,758	\$ 806	\$ 33,714,802

See accompanying notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended June 30, 2005

Age of Beneficiaries, as provided by the Account Owners

	Ages 0-3*	Ages 4-7*	Ages 8-11*	Ages 12-14*	Ages 15-17*	Ages 18 & over*	2005-2004**	2003-2002**
FROM OPERATIONS								
Investment income, net	\$ 133,475	\$ 446,936	\$ 713,450	\$ 760,050	\$ 602,390	\$ 214,491	\$ 38,371	\$ 348,769
Net realized gain (loss) on investments	(99,715)	(466,927)	(431,340)	(397,521)	92,418	129,507	104,729	16,994
Net change in unrealized appreciation (depreciation) of investments	512,564	1,126,024	1,296,386	1,131,483	515,685	(25,944)	(5,689)	793,181
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	546,324	1,106,033	1,578,496	1,494,012	1,210,493	318,054	137,411	1,158,944
FROM ACCOUNT OWNER TRANSACTIONS								
Subscriptions	3,943,379	4,653,024	5,315,551	3,426,611	2,421,350	782,838	2,470,062	4,779,156
Exchanges	(5,633,919)	(751,092)	(1,891,488)	(5,212,290)	3,419,753	(9,278,835)	8,254	16,984
Redemptions	(223,058)	(858,472)	(557,396)	(711,792)	(1,054,153)	(1,099,691)	(5,637)	(146,353)
Transfers in (out)	36,730,752	81,674,602	89,800,794	82,494,200	64,381,797	37,212,610	(3,240,133)	(19,225,215)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM ACCOUNT OWNER TRANSACTIONS	34,817,154	84,718,062	92,667,461	79,996,729	69,168,747	27,616,922	(767,454)	(14,575,428)
NET INCREASE (DECREASE) IN NET ASSETS	35,363,478	85,824,095	94,245,957	81,490,741	70,379,240	27,934,976	(630,043)	(13,416,484)
NET ASSETS								
Beginning of period	—	—	—	—	—	—	630,043	13,416,484
End of period	<u>\$35,363,478</u>	<u>\$85,824,095</u>	<u>\$94,245,957</u>	<u>\$81,490,741</u>	<u>\$70,379,240</u>	<u>\$27,934,976</u>	<u>\$ —</u>	<u>\$ —</u>
UNITS								
Sold	333,591	444,892	482,594	303,680	212,678	63,643	238,253	417,600
Exchanged	(463,267)	(72,465)	(168,454)	(457,180)	295,198	(806,371)	801	1,398
Redeemed	(18,711)	(81,931)	(50,624)	(62,482)	(92,091)	(90,645)	(432)	(12,564)
Transfers in (out)	3,076,156	7,726,031	8,119,612	7,225,509	5,671,128	3,216,100	(301,688)	(1,610,031)
Net increase (decrease)	<u>2,927,769</u>	<u>8,016,527</u>	<u>8,383,128</u>	<u>7,009,527</u>	<u>6,086,913</u>	<u>2,382,727</u>	<u>(63,066)</u>	<u>(1,203,597)</u>

* For the period March 11, 2005 to June 30, 2005. Effective March 11, 2005, the age band structure of the Managed Allocation Option has been changed from ten age bands to six age bands grouping beneficiaries according to age rather than year of birth.

** For the period July 1, 2004 to March 10, 2005. Effective March 11, 2005 the age band structure of the Managed Allocation Option has been changed from ten age bands to six age bands, grouping beneficiaries according to age rather than year of birth.

See accompanying notes to financial statements

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

2001-2000**	1999-1998**	1997-1996**	1995-1994**	1993-1992**	1991-1990**	1989-1988**	Prior to 1988**	High Equity Option	Principal Plus Interest Option	Administrative Account	Total
767,830	\$ 822,013	\$ 879,988	\$ 980,784	\$ 1,114,707	\$ 1,046,727	\$ 800,122	\$ 613,386	\$ 1,895,716	\$ 2,497,758	\$ 806	\$ 14,677,769
3,691,087	20,846	2,773,232	25,506	2,857,079	40,212	54,872	73,930	5,280,195	—	—	13,765,104
(2,077,591)	1,541,697	(1,246,721)	1,520,774	(1,293,344)	1,254,180	786,777	534,057	(1,091,590)	—	—	5,271,929
2,381,326	2,384,556	2,406,499	2,527,064	2,678,442	2,341,119	1,641,771	1,221,373	6,084,321	2,497,758	806	33,714,802
5,360,372	5,821,864	5,907,016	6,556,468	6,590,289	5,901,730	5,012,383	3,488,918	24,595,934	19,597,115	—	116,624,060
(75,445)	86,640	229,110	3,669	140,595	(48,467)	(416,623)	(412,534)	637,132	367,001	—	(18,811,555)
(420,768)	(499,473)	(493,007)	(486,045)	(439,575)	(378,674)	(233,112)	(5,883,360)	(4,143,755)	(9,549,123)	—	(27,183,444)
(38,733,450)	(40,552,512)	(42,105,759)	(45,249,054)	(49,767,540)	(51,902,530)	(45,512,285)	(37,194,722)	—	—	—	18,811,555
(33,869,291)	(35,143,481)	(36,462,640)	(39,174,962)	(43,476,231)	(46,427,941)	(41,149,637)	(40,001,698)	21,089,311	10,414,993	—	89,440,616
(31,487,965)	(32,758,925)	(34,056,141)	(36,647,898)	(40,797,789)	(44,086,822)	(39,507,866)	(38,780,325)	27,173,632	12,912,751	806	123,155,418
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	150,737	472,562,759
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$108,701,342	\$91,626,805	\$ 151,543	\$595,718,177
561,138	570,133	564,721	611,952	600,673	528,000	449,596	306,535	2,307,637	1,688,929	—	10,686,245
(7,459)	8,015	20,902	16	12,833	(4,671)	(37,596)	(36,581)	56,453	20,243	—	(1,638,185)
(86,409)	(49,545)	(56,585)	(44,885)	(67,435)	(33,490)	(21,037)	(520,397)	(388,122)	(812,839)	—	(2,490,224)
(3,895,861)	(3,835,578)	(3,898,922)	(4,091,426)	(4,413,185)	(4,546,729)	(4,008,616)	(3,214,554)	—	—	—	1,217,946
(3,428,591)	(3,306,975)	(3,369,884)	(3,524,343)	(3,867,114)	(4,056,890)	(3,617,653)	(3,464,997)	1,975,968	896,333	—	7,775,782

See accompanying notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

FINANCIAL HIGHLIGHTS

	Age of Beneficiaries, as provided by the Account Owner			
	Ages 0-3**	Ages 4-7**	Ages 8-11**	Ages 12-14**
	For the period of March 11, 2005 to June 30, 2005 (a)	For the period of March 11, 2005 to June 30, 2005 (a)	For the period of March 11, 2005 to June 30, 2005 (a)	For the period of March 11, 2005 to June 30, 2005 (a)
SELECTED PER SHARE DATA (b)				
Net asset value, beginning of period	\$11.94	\$10.57	\$11.06	\$11.42
Gain from investment operations:				
Investment income, net	0.04	0.06	0.09	0.11
Net realized and unrealized gain on investments	0.10	0.08	0.09	0.10
Net asset value, end of period	<u>\$12.08</u>	<u>\$10.71</u>	<u>\$11.24</u>	<u>\$11.63</u>
TOTAL RETURN	<u>1.17%</u>	<u>1.32%</u>	<u>1.63%</u>	<u>1.84%</u>
RATIOS AND SUPPLEMENTAL DATA				
Net assets at end of period (in thousands)	\$35,363	\$85,824	\$94,246	\$81,491
Ratio of expenses to average net assets (c)	0.17%	0.17%	0.17%	0.12%
Ratio of net investment income to average net assets	0.35%	0.54%	0.78%	0.97%

(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.

** Effective March 11, 2005 the age band structure of the Managed Allocation Option has been changed from ten age bands to six age bands, grouping beneficiaries according to age rather than year of birth.

See accompanying notes to financial statements

<u>Ages 15-17**</u>	<u>Ages 18 & over**</u>
For the period of March 11, 2005 to June 30, 2005 (a)	For the period of March 11, 2005 to June 30, 2005 (a)
\$11.35	\$11.57
0.10	0.10
<u>0.11</u>	<u>0.05</u>
<u>\$11.56</u>	<u>\$11.72</u>
<u>1.85%</u>	<u>1.30%</u>
\$70,379	\$27,935
0.17%	0.18%
0.92%	0.89%

See accompanying notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

FINANCIAL HIGHLIGHTS

	Year of Birth of Beneficiaries, as provided by the Account Owners			
	2005-2004*	2003-2002*	2001-2000*	1999-1998*
	For the period of July 1, 2004 to March 10, 2005 (a)*	For the period of July 1, 2004 to March 10, 2005 (a)*	For the period of July 1, 2004 to March 10, 2005 (a)*	For the period of July 1, 2004 to March 10, 2005 (a)*
SELECTED PER SHARE DATA				
Net asset value, beginning of period	\$ 9.96	\$11.15	\$ 9.30	\$ 9.91
Gain from investment operations:				
Investment income, net (b)	0.25	0.25	0.21	0.23
Net realized and unrealized gain (loss) on investments	0.53	0.54	0.43	0.43
Net asset value, end of period	<u>\$10.74</u>	<u>\$11.94</u>	<u>\$ 9.94</u>	<u>\$10.57</u>
TOTAL RETURN	<u>7.83%</u>	<u>7.09%</u>	<u>6.88%</u>	<u>6.66%</u>
RATIOS AND SUPPLEMENTAL DATA				
Net assets at end of period (in thousands)	\$0	\$0	\$0	\$0
Ratio of expenses to average net assets (c)	0.39%	0.39%	0.39%	0.39%
Ratio of net investment income to average net assets	2.46%	2.20%	2.23%	2.29%

(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.

* Effective March 11, 2005, the age band structure of the Managed Allocation Option has been changed from ten Age Bands to six Age Bands, grouping beneficiaries according to age rather than year of birth.

See accompanying notes to financial statements

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**CONNECTICUT HIGHER EDUCATION TRUST PROGRAM
FINANCIAL HIGHLIGHTS**

	1997-1996	1995-1994	1993-1992	1991-1990
	For the period of July 1, 2004 to March 10, 2005 (a)*	For the period of July 1, 2004 to March 10, 2005 (a)*	For the period of July 1, 2004 to March 10, 2005 (a)*	For the period of July 1, 2004 to March 10, 2005 (a)*
SELECTED PER SHARE DATA (b)				
Net asset value, beginning of period	\$10.15	\$10.40	\$10.62	\$10.87
Gain from investment operations:				
Net investment income	0.25	0.26	0.27	0.25
Net realized and unrealized gain (loss) on investments	0.41	0.40	0.38	0.30
Net asset value, end of period	<u>\$10.81</u>	<u>\$11.06</u>	<u>\$11.27</u>	<u>\$11.42</u>
TOTAL RETURN	<u>6.50%</u>	<u>6.35%</u>	<u>6.12%</u>	<u>5.06%</u>
RATIOS AND SUPPLEMENTAL DATA				
Net assets at end of period (in thousands)	\$0	\$0	\$0	\$0
Ratio of expenses to average net assets (c)	0.39%	0.39%	0.39%	0.39%
Ratio of net investment income to average net assets	2.36%	2.43%	2.50%	2.21%

(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.

* Effective March 11, 2005, the age band structure of the Managed Allocation Option has been changed from ten Age Bands to six Age Bands, grouping Beneficiaries according to age rather than year of birth.

See accompanying notes to financial statements

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

<u>1989-1988</u>	<u>Pre-1988</u>	<u>High Equity Option</u>	<u>Principal Plus Interest Option</u>
For the period of July 1, 2004 to March 10, 2005 (a)*	For the period of July 1, 2004 to March 10, 2005 (a)*	For the Year Ended June 30, 2005	For the Year Ended June 30, 2005
\$10.92	\$11.19	\$10.32	\$11.43
0.21	0.19	0.21	0.35
<u>0.22</u>	<u>0.19</u>	<u>0.48</u>	<u>—</u>
<u>\$11.35</u>	<u>\$11.57</u>	<u>\$11.01</u>	<u>\$11.78</u>
<u>3.94%</u>	<u>3.40%</u>	<u>6.69%</u>	<u>3.06%</u>
\$0	\$0	\$108,701	\$91,627
0.39%	0.39%	0.57%	0.00%
1.90%	1.66%	2.01%	2.98%

See accompanying 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 (the "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 entered into a Management Agreement under which TFI serves as Program Manager. The Management Agreement which was for an initial five-year term ending on March 13, 2005, has been automatically extended for a second five-year term through March 13, 2010. 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 six age bands, based on the age of the beneficiary. Effective March 11, 2005, the age band structure of the Managed Allocation Option has been changed from ten age bands to six age bands grouping beneficiaries according to age rather than year of birth. Each age band invests in varying percentages in the institutional class of the International Equity, Equity Index, Real Estate Securities, Inflation-Linked Bond, 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, Growth Equity, International Equity, Large-Cap Value, Small-Cap Equity, Inflation-Linked Bond 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. The term of the funding agreement has been extended until June 30, 2007.

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 the mutual funds is based on the net asset values of the respective classes of the mutual funds on the close of business on the valuation date. The value of the TIAA-CREF Life Funding Agreement, an illiquid investment restricted as to resale, is stated at the principal contributed and earnings credited less any withdrawals to date which in the good faith judgment of the Program Manager approximates fair value.

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 and capital gain distributions from TIAA-CREF Institutional Mutual Funds are 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.

Units: The beneficial interest of each participant in the net assets of the portfolios are represented by units. Contributions to and redemptions from the portfolios are subject to terms and limitations defined in the Participation Agreement between the participant and the Program. Contributions and redemptions are recorded upon receipt of participant's instructions in good order, based on the next determined net asset value per unit (unit value). Unit values for each portfolio are determined daily. There are no distributions of net investment gains or net investment income to the portfolio's participants or beneficiaries.

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

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 (i) an annual aggregate management fee of 0.57% of the average daily net assets of the Trust, so invested, excluding certain administrative funds, plus (ii) 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. Except for the State Fee (described below), 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. On July 1, 2005, the Trustee began collecting a State Fee of 0.01 percent of the average daily net assets of the Trust annually to pay for expenses related to the oversight of the Trust. The Trustee is authorized to withdraw a State Fee of up to 0.02 percent of the average daily net assets of the Trust. Total fees earned by TFI, and related entities, for the year ended June 30, 2005 were \$3,030,850, which includes \$2,484,891 due directly from the Program and \$545,959 due on Program investments in the TIAA-CREF Institutional Mutual Funds. The fees charged to each portfolio are disclosed in the Statement of Operations. 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.

NOTE 4—INVESTMENTS

At June 30, 2005, net unrealized appreciation of portfolio investments was \$21,283,263, consisting of gross unrealized appreciation of \$21,513,299 and gross unrealized depreciation of \$230,036.

Purchases and sales of portfolio securities for the year ended June 30, 2005 were \$607,878,677 and \$527,462,336, respectively.

At June 30, 2005, the Program's investments consist of the following:

	2005	
	COST	VALUE
TIAA-CREF Institutional Mutual Funds (Institutional Class):		
International Equity Fund	\$ 24,928,707	\$ 29,204,923
Inflation-Linked Bond Fund	49,791,475	50,578,662
Equity Index Fund	138,880,756	150,051,532
Growth & Income Fund	21,599,087	23,905,356
Growth Equity Fund	21,386,363	21,572,396
Large-Cap Value Fund	25,134,607	24,904,571
Small-Cap Equity Fund	5,382,769	5,474,932
Real Estate Securities Fund	17,751,473	19,484,382
Bond Fund	151,424,401	152,386,121
Money Market Fund	26,611,867	26,611,893
TIAA-CREF Life Insurance Company:		
Funding Agreement	91,626,805	91,626,805
TIAA-CREF Mutual Funds:		
Money Market Fund	151,543	151,543
	\$574,669,853	\$595,953,116

At June 30, 2005, the State of Connecticut held assets in an administrative account of the Trust. The assets were invested in the Money Market Fund of the TIAA-CREF Mutual Funds. At June 30, 2005, the value of the administrative account was \$151,543.

NOTE 5—CHANGE IN FINANCIAL STATEMENTS PRESENTATION

The accompanying financial statements present separately the financial position, results of operations and financial highlights of each of the investment options of the Program, as required by generally accepted accounting principles. For the year ended June 30, 2004 and prior periods, the Program had presented its financial statements reflecting the balances and activity of all the investment options of the Program in aggregate and the separate financial statements of each investment option as supplementary data. Accordingly, various captions in the former financial statements have been reclassified. These changes had no effect on the net assets or results of operations of any of the investment options of the Program.

Dear Account Owners:

Enclosed is summary financial information for the Connecticut Higher Education Trust Program (the "Program") for the fiscal year ended June 30, 2005. It includes information for the 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 fiscal year 2005, please call us at 1-888-799-CHET (2438).

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

Summary Financial Information

For the Fiscal Year Ended June 30, 2005

	Managed Allocation Option												High Equity Option	Principal Plus Interest Option	Administrative Account	Total																																																																																																																																																																			
	Age of Beneficiaries, as Provided by the Account Owners		Year of Birth of Beneficiaries, as Provided by the Account Owners																																																																																																																																																																																
	Age 0-3*	Age 4-7*	Age 8-11*	Age 12-14*	Age 15-17*	Age 18 & over*	2005-2004**	2003-2002**	2001-2000**	1999-1998**	1997-1996**	1995-1994**	1993-1992**	1991-1990**	1989-1988**	Prior to 1988**																																																																																																																																																																			
CHANGES IN NET ASSETS:																		Investment Income-net	\$ 133,475	\$ 446,936	\$ 713,450	\$ 760,050	\$ 603,390	\$ 214,491	\$ 38,371	\$ 348,769	\$ 767,830	\$ 822,013	\$ 879,988	\$ 980,784	\$ 1,114,707	\$ 1,046,727	\$ 800,122	\$ 613,386	\$ 1,895,716	Net realized gain (loss) on investments	(99,715)	(466,927)	(431,340)	(397,521)	92,418	129,507	104,729	16,994	3,691,087	20,846	2,773,232	25,506	2,857,079	40,212	54,872	73,930	5,280,195	Net change in unrealized appreciation (depreciation) on investments	512,564	1,126,024	1,296,386	1,131,483	515,685	(25,944)	(5,689)	793,181	(2,077,591)	1,541,697	(1,246,721)	1,520,774	(1,293,344)	1,254,180	786,777	534,057	(1,091,590)	NET INCREASE IN NET ASSETS	546,324	1,106,033	1,578,496	1,494,012	1,210,493	318,054	137,411	1,158,944	2,381,326	2,384,556	2,406,499	2,527,064	2,678,442	2,341,119	1,641,771	1,221,373	6,084,321	RESULTING FROM OPERATIONS																		NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM ACCOUNT OWNER TRANSACTIONS	34,817,154	84,718,062	92,667,461	79,996,729	69,168,747	27,616,922	(767,454)	(14,575,428)	(33,869,291)	(35,143,481)	(36,462,640)	(39,174,962)	(43,476,231)	(46,427,941)	(41,149,637)	(40,001,698)	(21,089,311)	NET INCREASE (DECREASE)	35,363,478	85,824,095	94,245,957	81,490,741	70,379,240	27,934,976	(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)	(27,173,632)	Beginning of period	\$35,363,478	\$85,824,095	\$94,245,957	\$81,490,741	\$70,379,240	\$27,934,976	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	End of period	\$70,726,956	\$170,642,190	\$188,491,914	\$162,981,485	\$140,758,480	\$55,871,952	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,737
Investment Income-net	\$ 133,475	\$ 446,936	\$ 713,450	\$ 760,050	\$ 603,390	\$ 214,491	\$ 38,371	\$ 348,769	\$ 767,830	\$ 822,013	\$ 879,988	\$ 980,784	\$ 1,114,707	\$ 1,046,727	\$ 800,122	\$ 613,386	\$ 1,895,716																																																																																																																																																																		
Net realized gain (loss) on investments	(99,715)	(466,927)	(431,340)	(397,521)	92,418	129,507	104,729	16,994	3,691,087	20,846	2,773,232	25,506	2,857,079	40,212	54,872	73,930	5,280,195																																																																																																																																																																		
Net change in unrealized appreciation (depreciation) on investments	512,564	1,126,024	1,296,386	1,131,483	515,685	(25,944)	(5,689)	793,181	(2,077,591)	1,541,697	(1,246,721)	1,520,774	(1,293,344)	1,254,180	786,777	534,057	(1,091,590)																																																																																																																																																																		
NET INCREASE IN NET ASSETS	546,324	1,106,033	1,578,496	1,494,012	1,210,493	318,054	137,411	1,158,944	2,381,326	2,384,556	2,406,499	2,527,064	2,678,442	2,341,119	1,641,771	1,221,373	6,084,321																																																																																																																																																																		
RESULTING FROM OPERATIONS																		NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM ACCOUNT OWNER TRANSACTIONS	34,817,154	84,718,062	92,667,461	79,996,729	69,168,747	27,616,922	(767,454)	(14,575,428)	(33,869,291)	(35,143,481)	(36,462,640)	(39,174,962)	(43,476,231)	(46,427,941)	(41,149,637)	(40,001,698)	(21,089,311)	NET INCREASE (DECREASE)	35,363,478	85,824,095	94,245,957	81,490,741	70,379,240	27,934,976	(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)	(27,173,632)	Beginning of period	\$35,363,478	\$85,824,095	\$94,245,957	\$81,490,741	\$70,379,240	\$27,934,976	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	End of period	\$70,726,956	\$170,642,190	\$188,491,914	\$162,981,485	\$140,758,480	\$55,871,952	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,737																																																																																										
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM ACCOUNT OWNER TRANSACTIONS	34,817,154	84,718,062	92,667,461	79,996,729	69,168,747	27,616,922	(767,454)	(14,575,428)	(33,869,291)	(35,143,481)	(36,462,640)	(39,174,962)	(43,476,231)	(46,427,941)	(41,149,637)	(40,001,698)	(21,089,311)																																																																																																																																																																		
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Beginning of period	\$35,363,478	\$85,824,095	\$94,245,957	\$81,490,741	\$70,379,240	\$27,934,976	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0																																																																																																																																																																		
End of period	\$70,726,956	\$170,642,190	\$188,491,914	\$162,981,485	\$140,758,480	\$55,871,952	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,737																																																																																																																																																																		

2005 ALLOCATION GUIDELINES:

	Managed Allocation Option				High Equity Option
	Age 0-3*	Age 4-7*	Age 8-11*	Age 12-14*	
TIAA-CREF Institutional Mutual Funds:					
Growth Equity Fund	0.00%	0.00%	0.00%	0.00%	20.00%
Growth & Income Fund	0.00%	0.00%	0.00%	0.00%	22.00%
International Equity Fund	7.50%	6.50%	5.00%	4.00%	10.00%
Large-Cap Value Fund	0.00%	0.00%	0.00%	0.00%	23.00%
Equity Index Fund	60.00%	52.00%	40.00%	32.00%	0.00%
Small-Cap Equity Fund	0.00%	0.00%	0.00%	0.00%	0.00%
Real Estate Securities Fund	7.50%	6.50%	5.00%	4.00%	5.00%
Bond Fund	18.75%	26.25%	37.50%	45.00%	0.00%
Inflation-Linked Bond Fund	6.25%	8.75%	12.50%	15.00%	15.00%
Money Market Fund	0.00%	0.00%	0.00%	0.00%	5.00%
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%

* For the period March 11, 2005 to June 30, 2005.

** For the period July 1, 2004 to March 10, 2005.

Effective March 10, 2005, the age band structure of the Managed Allocation Option has been changed from ten Age Bands to six Age Bands, grouping Beneficiaries according to age rather than year of birth.

The Connecticut Higher Education Trust Program is described in the current Program Disclosure Booklet and Participation Agreements. Accounts are opened by completing an Account Application. All of these documents 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 Trust of the Connecticut Higher Education Trust Program 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. TIAA-CREF Individual & Institutional Services, LLC and Teachers Personal Investors Services, Inc. distribute securities products.

Consider the investment objectives, risks, charges and expenses before investing in the Program. Please call 1-888-799-CHET (2438) or visit www.aboutchet.com for a Disclosure Booklet containing this information. Read it carefully.

Before investing in a 529 plan, you should consider whether the state you or your designated beneficiary reside in or have taxable income in has a 529 plan that offers favorable state income tax or other benefits that are only available if you invest in that state's 529 plan.