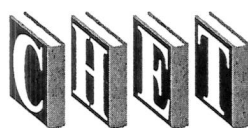


CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

Financial Statements

June 30, 2007



CONNECTICUT
HIGHER EDUCATION TRUST
PROGRAM

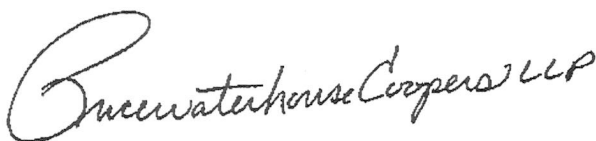
CONNECTICUT HIGHER EDUCATION TRUST PROGRAM
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June 30, 2007

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REPORT OF INDEPENDENT AUDITORS

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

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 eleven portfolios constituting the Connecticut Higher Education Trust Program (hereafter referred to as the "Program") at June 30, 2007, and the results of each of their operations, the changes in each of their net assets and each of their financial highlights for each 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 Program Manager, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP". The signature is written in black ink and is positioned above the typed name and date.

New York, New York
September 28, 2007

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CONNECTICUT HIGHER EDUCATION TRUST PROGRAM
STATEMENT OF ASSETS AND LIABILITIES

June 30, 2007

	Managed Allocation Option				
	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):					
Inflation-Linked Bond Fund	\$ 2,078,013	\$ 10,967,644	\$ 18,820,417	\$ 17,833,196	\$ 15,537,142
Equity Index Fund	26,224,540	63,915,987	59,467,497	37,117,071	29,429,041
International Equity Index Fund	3,285,028	8,039,151	7,660,218	4,740,603	3,719,310
Bond Fund	6,210,300	32,638,301	56,510,096	52,725,017	46,348,756
Real Estate Securities Fund	3,274,426	7,981,276	7,235,029	4,505,636	3,635,842
Money Market Fund	—	—	—	—	24,590,800
Mid-Cap Growth Fund	—	—	—	—	—
Mid-Cap Value Fund	—	—	—	—	—
S&P 500 Index Fund	—	—	—	—	—
Small-Cap Equity Fund	—	—	—	—	—
SUBTOTAL	41,072,307	123,542,359	149,693,257	116,921,523	123,260,891
TIAA-CREF Life Insurance Company:					
Funding Agreement (Note 1)	—	—	—	—	—
TIAA-CREF Institutional Mutual Fund (Retail Class):					
Money Market Fund	—	—	—	—	—
TOTAL INVESTMENTS	41,072,307	123,542,359	149,693,257	116,921,523	123,260,891
Cash	121,210	145,393	119,107	156,856	187,865
Dividends and interest receivable	—	—	—	—	102,616
Receivable from securities transactions	—	15,640	—	—	—
Receivable from Program unit sold	159,351	304,848	121,605	82,122	57,742
TOTAL ASSETS	41,352,868	124,008,240	149,933,969	117,160,501	123,609,114
LIABILITIES					
Accrued program management fee	34,360	88,986	98,644	74,093	77,621
Accrued state trustee fee	744	2,066	2,467	1,953	1,973
Payable for securities transactions	12,359	—	59,588	51,489	2,396
Payable for Program units repurchased	—	3,733	—	2,553	18,744
TOTAL LIABILITIES	47,463	94,785	160,699	130,088	100,734
NET ASSETS	\$ 41,305,405	\$ 123,913,455	\$ 149,773,270	\$ 117,030,413	\$ 123,508,380
UNITS OUTSTANDING	2,722,040	9,513,693	11,363,041	8,799,631	9,481,097
NET ASSET VALUE PER UNIT	\$15.17	\$13.02	\$13.18	\$13.30	\$13.03
Investment at cost	\$ 36,732,306	\$ 111,244,587	\$ 139,452,187	\$ 110,536,843	\$ 118,544,966
Percentage of Total Investments based on Net Assets:					
TIAA-CREF Institutional Mutual Funds (Institutional Class)	99.44%	99.70%	99.95%	99.91%	99.80%
TIAA-CREF Life Insurance Company—					
Funding Agreement	—	—	—	—	—
TIAA-CREF Institutional Money Market Fund (Retail Class) . .	—	—	—	—	—

See accompanying notes to financial statements

<u>Ages 18 & Over</u>	<u>High Equity Option</u>	<u>Equity Index Option</u>	<u>Fixed- Income Option</u>	<u>Principal Plus Interest Option</u>	<u>Administrative Account</u>	<u>Total</u>
\$ 5,654,681	\$ 9,946,895	\$ —	\$ 1,605,559	\$ —	\$ —	\$ 82,443,547
10,186,942	—	18,635,737	—	—	—	244,976,815
1,293,297	19,752,149	4,707,155	—	—	—	53,196,911
16,861,280	29,808,169	—	4,806,821	—	—	245,908,740
1,272,812	—	—	—	—	—	27,905,021
28,731,147	—	—	—	—	—	53,321,947
—	11,143,642	—	—	—	—	11,143,642
—	10,872,234	—	—	—	—	10,872,234
—	102,601,551	—	—	—	—	102,601,551
—	12,374,267	—	—	—	—	12,374,267
<u>64,000,159</u>	<u>196,498,907</u>	<u>23,342,892</u>	<u>6,412,380</u>	<u>—</u>	<u>—</u>	<u>844,744,675</u>
—	—	—	—	108,177,950	—	108,177,950
—	—	—	—	—	272,031	272,031
<u>64,000,159</u>	<u>196,498,907</u>	<u>23,342,892</u>	<u>6,412,380</u>	<u>108,177,950</u>	<u>272,031</u>	<u>953,194,656</u>
202,643	97,902	14,138	40,660	—	—	1,085,774
111,577	—	—	—	—	—	214,193
22,910	—	—	—	—	—	38,550
183,202	134,967	70,056	21,143	—	—	1,135,036
<u>64,520,491</u>	<u>196,731,776</u>	<u>23,427,086</u>	<u>6,474,183</u>	<u>108,177,950</u>	<u>272,031</u>	<u>955,668,209</u>
39,427	140,581	20,251	3,003	—	—	576,966
934	3,206	370	103	—	—	13,816
—	55,425	12,586	19,991	—	—	213,834
—	29,745	6,990	10,426	—	—	72,191
<u>40,361</u>	<u>228,957</u>	<u>40,197</u>	<u>33,523</u>	<u>—</u>	<u>—</u>	<u>876,807</u>
<u>\$64,480,130</u>	<u>\$ 196,502,819</u>	<u>\$23,386,889</u>	<u>\$ 6,440,660</u>	<u>\$ 108,177,950</u>	<u>\$ 272,031</u>	<u>\$954,791,402</u>
<u>4,947,342</u>	<u>14,036,745</u>	<u>1,894,007</u>	<u>613,870</u>	<u>8,592,371</u>	<u>—</u>	
<u>\$ 13.03</u>	<u>\$ 14.00</u>	<u>\$ 12.35</u>	<u>\$ 10.49</u>	<u>\$ 12.59</u>	<u>\$ —</u>	
<u>\$63,277,153</u>	<u>\$ 174,026,505</u>	<u>\$21,776,625</u>	<u>\$ 6,519,630</u>	<u>\$ 108,177,950</u>	<u>\$ 272,031</u>	<u>\$890,560,783</u>
99.26%	100.00%	99.81%	99.56%	—	—	
—	—	—	—	100.00%	—	
—	—	—	—	—	100.00%	

See accompanying notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM
STATEMENT OF OPERATIONS
For the Year Ended June 30, 2007

	Managed Allocation Option				
	Ages 0-3	Ages 4-7	Ages 8-11	Ages 12-14	Ages 15-17
INVESTMENT INCOME					
Investment income:					
Interest	\$ 8,653	\$ 10,879	\$ 6,940	\$ 7,254	\$ 12,096
Dividends	943,750	3,359,801	4,500,795	3,936,112	4,300,443
TOTAL INCOME	<u>952,403</u>	<u>3,370,680</u>	<u>4,507,735</u>	<u>3,943,366</u>	<u>4,312,539</u>
EXPENSES					
Program management fees	181,302	484,858	522,370	401,468	416,198
State trustee fees	3,907	11,237	13,087	10,623	10,509
TOTAL EXPENSES	<u>185,209</u>	<u>496,095</u>	<u>535,457</u>	<u>412,091</u>	<u>426,707</u>
INVESTMENT INCOME, NET	<u>767,194</u>	<u>2,874,585</u>	<u>3,972,278</u>	<u>3,531,275</u>	<u>3,885,832</u>
REALIZED AND UNREALIZED					
GAIN (LOSS) ON INVESTMENTS					
Net realized gain (loss) on investments	2,143,656	821,236	214,033	362,073	46,459
Realized gain distribution from underlying funds	305,798	785,141	710,973	463,835	343,716
Net change in unrealized appreciation (depreciation) on investments	<u>2,483,920</u>	<u>10,017,671</u>	<u>9,389,734</u>	<u>6,001,064</u>	<u>4,564,910</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	<u>4,933,374</u>	<u>11,624,048</u>	<u>10,314,740</u>	<u>6,826,972</u>	<u>4,955,085</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 5,700,568</u>	<u>\$14,498,633</u>	<u>\$14,287,018</u>	<u>\$10,358,247</u>	<u>\$ 8,840,917</u>

See accompanying notes to financial statements

<u>Ages 18 & Over</u>	<u>High Equity Option</u>	<u>Equity Index Option</u>	<u>Fixed- Income Option</u>	<u>Principal Plus Interest Option</u>	<u>Administrative Account</u>	<u>Total</u>
\$ 11,968	\$ 6,796	\$ 1,526	\$ 657	\$ 3,514,834	\$ 11,350	\$ 3,592,953
<u>2,101,676</u>	<u>4,448,801</u>	<u>125,619</u>	<u>161,895</u>	<u>—</u>	<u>—</u>	<u>23,878,892</u>
<u>2,113,644</u>	<u>4,455,597</u>	<u>127,145</u>	<u>162,552</u>	<u>3,514,834</u>	<u>11,350</u>	<u>27,471,845</u>
196,695	692,617	56,707	8,904	—	—	2,961,119
<u>4,629</u>	<u>16,604</u>	<u>1,037</u>	<u>303</u>	<u>—</u>	<u>—</u>	<u>71,936</u>
<u>201,324</u>	<u>709,221</u>	<u>57,744</u>	<u>9,207</u>	<u>—</u>	<u>—</u>	<u>3,033,055</u>
<u>1,912,320</u>	<u>3,746,376</u>	<u>69,401</u>	<u>153,345</u>	<u>3,514,834</u>	<u>11,350</u>	<u>24,438,790</u>
191,438	330,956	(14)	(12,835)	—	—	4,097,002
103,543	1,512,851	47,647	—	—	—	4,273,504
<u>1,039,273</u>	<u>20,114,592</u>	<u>1,556,505</u>	<u>(107,284)</u>	<u>—</u>	<u>—</u>	<u>55,060,385</u>
<u>1,334,254</u>	<u>21,958,399</u>	<u>1,604,138</u>	<u>(120,119)</u>	<u>—</u>	<u>—</u>	<u>63,430,891</u>
<u>\$ 3,246,574</u>	<u>\$ 25,704,775</u>	<u>\$ 1,673,539</u>	<u>\$ 33,226</u>	<u>\$ 3,514,834</u>	<u>\$ 11,350</u>	<u>\$ 87,869,681</u>

See accompanying notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM
STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended June 30, 2007

	Managed Allocation Option				
	Ages 0-3	Ages 4-7	Ages 8-11	Ages 12-14	Ages 15-17
FROM OPERATIONS					
Investment income, net	\$ 767,194	\$ 2,874,585	\$ 3,972,278	\$ 3,531,275	\$ 3,885,832
Net realized gain (loss) on investments	2,449,454	1,606,377	925,006	825,908	390,175
Net change in unrealized appreciation (depreciation) on investments	2,483,920	10,017,671	9,389,734	6,001,064	4,564,910
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	5,700,568	14,498,633	14,287,018	10,358,247	8,840,917
FROM ACCOUNT OWNER TRANSACTIONS					
Subscriptions	22,907,248	25,597,528	28,164,560	21,675,953	19,491,584
Exchanges—net	(20,269,514)	(12,826,401)	(1,912,479)	(5,065,702)	9,027,585
Redemptions	(499,916)	(2,092,824)	(2,111,010)	(1,778,441)	(3,743,972)
NET INCREASE IN NET ASSETS RESULTING FROM ACCOUNT OWNER TRANSACTIONS	2,137,818	10,678,303	24,141,071	14,831,810	24,775,197
NET INCREASE IN NET ASSETS	7,838,386	25,176,936	38,428,089	25,190,057	33,616,114
NET ASSETS					
Beginning of year	33,467,019	98,736,519	111,345,181	91,840,356	89,892,266
End of year	\$ 41,305,405	\$123,913,455	\$149,773,270	\$117,030,413	\$123,508,380
UNITS					
Sold	1,591,819	2,048,438	2,211,263	1,679,395	1,538,933
Exchanged	(1,403,144)	(1,025,610)	(149,998)	(387,424)	708,062
Redeemed	(35,936)	(169,543)	(167,327)	(138,315)	(301,796)
Net increase (decrease)	152,739	853,285	1,893,938	1,153,656	1,945,199

See accompanying notes to financial statements

<u>Ages 18 & Over</u>	<u>High Equity Option</u>	<u>Equity Index Option</u>	<u>Fixed- Income Option</u>	<u>Principal Plus Interest Option</u>	<u>Administrative Account</u>	<u>Total</u>
\$ 1,912,320	\$ 3,746,376	\$ 69,401	\$ 153,345	\$ 3,514,834	\$ 11,350	\$ 24,438,790
294,981	1,843,807	47,633	(12,835)	—	—	8,370,506
<u>1,039,273</u>	<u>20,114,592</u>	<u>1,556,505</u>	<u>(107,284)</u>	<u>—</u>	<u>—</u>	<u>55,060,385</u>
<u>3,246,574</u>	<u>25,704,775</u>	<u>1,673,539</u>	<u>33,226</u>	<u>3,514,834</u>	<u>11,350</u>	<u>87,869,681</u>
8,191,751	41,943,526	18,074,699	6,671,227	24,927,216	72,097	217,717,389
29,007,601	(3,196,237)	3,501,386	979,374	754,387	—	—
<u>(17,217,881)</u>	<u>(7,444,290)</u>	<u>(237,710)</u>	<u>(1,265,573)</u>	<u>(18,747,287)</u>	<u>(1,005)</u>	<u>(55,139,909)</u>
<u>19,981,471</u>	<u>31,302,999</u>	<u>21,338,375</u>	<u>6,385,028</u>	<u>6,934,316</u>	<u>71,092</u>	<u>162,577,480</u>
<u>23,228,045</u>	<u>57,007,774</u>	<u>23,011,914</u>	<u>6,418,254</u>	<u>10,449,150</u>	<u>82,442</u>	<u>250,447,161</u>
<u>41,252,085</u>	<u>139,495,045</u>	<u>374,975</u>	<u>22,406</u>	<u>97,728,800</u>	<u>189,589</u>	<u>704,344,241</u>
<u>\$64,480,130</u>	<u>\$196,502,819</u>	<u>\$23,386,889</u>	<u>\$ 6,440,660</u>	<u>\$ 108,177,950</u>	<u>\$ 272,031</u>	<u>\$ 954,791,402</u>
644,792	3,193,581	1,570,132	639,032	2,016,983	72,097	
2,269,315	(246,657)	307,621	93,872	61,924	—	
<u>(1,374,822)</u>	<u>(575,274)</u>	<u>(20,294)</u>	<u>(121,277)</u>	<u>(1,520,584)</u>	<u>(1,005)</u>	
<u>1,539,285</u>	<u>2,371,650</u>	<u>1,857,459</u>	<u>611,627</u>	<u>558,323</u>	<u>71,092</u>	

See accompanying notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

FINANCIAL HIGHLIGHTS

For the Year Ended June 30, 2007

Managed Allocation Option

	Ages 0-3	Ages 4-7	Ages 8-11	Ages 12-14	Ages 15-17
SELECTED PER UNIT DATA					
Net asset value, beginning of year	\$13.03	\$11.40	\$11.76	\$12.01	\$11.93
Gain (loss) from investment operations:					
Investment income, net (a)	0.28	0.32	0.38	0.43	0.47
Net realized and unrealized gain (loss) on investments ..	1.86	1.30	1.04	0.86	0.63
Total gain from investment operations	2.14	1.62	1.42	1.29	1.10
Net asset value, end of year	\$15.17	\$13.02	\$13.18	\$13.30	\$13.03
TOTAL RETURN	16.42%	14.21%	12.07%	10.74%	9.22%
RATIOS AND SUPPLEMENTAL DATA					
Net assets at end of year (in thousands)	\$41,305	\$123,913	\$149,773	\$117,030	\$123,508
Ratio of expenses to average net assets (b)	0.47%	0.44%	0.41%	0.39%	0.40%
Ratio of net investment income to average net assets	1.96%	2.55%	3.03%	3.32%	3.69%

(a) Based on average units outstanding.

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

See accompanying notes to financial statements

<u>Ages 18 & Over</u>	<u>High Equity Option</u>	<u>Equity Index Option</u>	<u>Fixed-Income Option</u>	<u>Principal Plus Interest Option</u>
\$12.10	\$11.96	\$10.26	\$9.99	\$12.16
0.52	0.29	0.08	0.53	0.43
0.41	1.75	2.01	(0.03)	—
0.93	2.04	2.09	0.50	0.43
<u>\$13.03</u>	<u>\$14.00</u>	<u>\$12.35</u>	<u>\$10.49</u>	<u>\$12.59</u>
<u>7.69%</u>	<u>17.06%</u>	<u>20.37%</u>	<u>5.01%</u>	<u>3.54%</u>
\$64,480	\$196,503	\$23,387	\$6,441	\$108,178
0.43%	0.43%	0.55%	0.30%	0.00%
4.12%	2.25%	0.67%	5.03%	3.49%

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 have 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 Trust is a qualified tuition program under Section 529 of the Internal Revenue Code which was established pursuant to Section 529 and the Connecticut statutes. Investment options and allocations, as approved by the Trustees, are described in the current Disclosure Booklet for the Program.

An individual, entity, or a custodian under the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act participating in the Program establishes an Account in the name of a beneficiary. Contributions may be allocated among five investment options: the Managed Allocation Option, the High Equity Option, the 100% Equity Index Option, the 100% Fixed-Income 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. Each age band invests in varying percentages in the institutional class of the Inflation-Linked Bond, Equity Index, International Equity Index, Bond, Real Estate Securities and Money Market Funds of the TIAA-CREF Institutional Mutual Funds. Contributions in the High Equity Option are allocated in certain percentages in the institutional class of the Inflation-Linked Bond, International Equity Index, Bond, Growth Equity, Mid-Cap Growth, Mid-Cap Value, S&P 500 Index, and Small-Cap Equity of the TIAA-CREF Institutional Mutual Funds. Contributions in the 100% Equity Index Option are allocated in certain percentages in the institutional class of the Equity Index and the International Equity Index Funds of the TIAA-CREF Institutional Mutual Funds. Contributions in the 100% Fixed-Income Option are allocated in certain percentages in the institutional class of the Inflation-Linked Bond and Bond Funds of the TIAA-CREF Institutional Mutual Funds. All allocation percentages are determined by the Trustee 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 provides the Trust with a guarantee of principal and a minimum annual rate of return of 3%, the possibility of such additional returns as may be declared in advance by TIAA-CREF Life.

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 Securities and Exchange Commission as broker-dealers and are members of the Financial Industry Regulatory Authority (formerly, National Association of Securities Dealers, Inc.), provide the telephone counseling, marketing and information services required of TFI as Program Manager of the Program.

Account Owners who have invested in the Program hold investments in the Investment Options and not a direct investment in any underlying Mutual Fund or other investment vehicle to which in an Investment Option have been allocated.

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 ("U.S. GAAP").

Valuation of Investments: The market value of the investments in the Mutual Funds is based on the respective net asset values of the respective classes of the mutual funds as of the close of business on the valuation date. The value of the TIAA-CREF Life Funding Agreement 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 income 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.

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

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES — (Continued)

Federal Income Tax: The Program has complied with the provisions of the Internal Revenue Code applicable to qualified tuition programs and is exempt from taxation under Section 529 of the Internal Revenue Code. No federal income tax provision was required. Earnings are exempt from Connecticut income tax.

Program Units: The beneficial interest of each participant in the investment options are represented by Program 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 a participant's instructions that are in good order, based on the next determined net asset value per Program unit (Program unit value). Program unit values for each portfolio are determined at the close of business of the New York Stock Exchange (generally 4:00 pm Eastern Time). There are no distributions of net investment gains or net investment income to the Portfolio's participants or beneficiaries.

NOTE 3 — MANAGEMENT AGREEMENTS

For its services as Program Manager with respect to the Managed Allocation Option, the 100% Equity Index Option, the 100% Fixed-Income Option and the High Equity Option, TFI, and related entities, are paid (i) an annual aggregate management fee of 0.29% to 0.55% 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, plus (iii) state fee (described below) the total of which shall not exceed 0.65% of the average daily net assets of the Trust invested in such investment options excluding certain administrative funds. This fee structure was effective July 1, 2006. The state trustee fee, no fee is charged on assets in the Principal Plus Interest Option, is an expense that is paid to TFI by TIAA-CREF Life Insurance Company for distribution, administrative and other reasonable expenses.

The Trustee collects a State Trustee Fee of 0.01% 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% of the average daily net assets of the Trust.

Total fees earned by TFI, and related entities, for the year ended June 30, 2007 were \$4,688,889, which includes \$3,033,055 due directly from the Program and \$1,655,834 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, 2007, net unrealized appreciation of portfolio investments was \$62,633,873, consisting of gross unrealized appreciation of \$73,891,519 and gross unrealized depreciation of \$11,257,646.

Purchases and sales of non-government portfolio securities for the year ended June 30, 2007 were \$290,430,478 and \$110,509,139, respectively.

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

NOTE 4 — INVESTMENTS — (Continued)

At June 30, 2007, the Program's investments consisted of the following:

	<u>UNITS</u>	<u>COST</u>	<u>MARKET VALUE</u>
TIAA-CREF Institutional Mutual Funds (Institutional class):			
Inflation-Linked Bond Fund	8,395,473	\$ 86,922,995	\$ 82,443,547
Equity Index Fund	21,698,566	202,997,405	244,976,815
International Equity Index Fund	2,323,009	41,735,467	53,196,911
Bond Fund	25,067,150	252,686,938	245,908,740
Real Estate Securities Fund	1,908,688	26,883,465	27,905,021
Mid-Cap Growth Fund	574,415	9,238,643	11,143,642
Mid-Cap Value Fund	534,000	9,447,544	10,872,234
S&P 500 Index Fund	5,968,677	87,543,304	102,601,551
Small-Cap Equity Fund	746,787	11,333,362	12,374,267
Money Market Fund	53,321,946	53,321,679	53,321,947
TIAA-CREF Life Insurance Company:			
Funding Agreement	8,592,371	108,177,950	108,177,950**
TIAA-CREF Institutional Mutual Funds (Retail Class):			
Money Market Fund*	272,031	272,031	272,031
		<u>\$890,560,783</u>	<u>\$953,194,656</u>

* Represents the assets of the administrative accounts

An administrative fund was created pursuant to the authority in the Connecticut statute for the Trustee. Pursuant to the statute a fund was created, all monies received by the Trust, other than contributions (and earnings, if any) from participants, shall be deposited in an administrative fund.

** Represents the principal contributed and earnings credited less any withdrawals to date which approximates fair value.

NOTE 5 — NEW ACCOUNTING PRONOUNCEMENTS

In July 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in the financial statements and is effective for fiscal years beginning after December 15, 2006. Management is still assessing the impact of FIN 48 on these financial statements.

In September 2006, FASB issued Statement of Accounting Standards No. 157, "Fair Value Measurement" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles ("GAAP"), and expands disclosure about fair value measurements. SFAS 157 does not require a new fair value measurement but the application could change current practice in determining fair value and may require modifications to financial statement amounts and disclosures. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. Management is still assessing the impact of SFAS 157 on these financial statements.

Dear Account Owners:

Enclosed is summary financial information for the Connecticut Higher Education Trust Program (the "Program") for the fiscal year ended June 30, 2007. It includes information for the the Managed Allocation Option, the High Equity Option, 100% Equity Index Option, 100% Fixed-Income 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 ending June 30, 2007, please call us at 1-888-799-CHET (2438).

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

Summary Financial Information

For the Fiscal Year Ended June 30, 2007

	Managed Allocation Option							High Equity Option	100% Equity Index Option	100% Fixed-Income Option	Principal Plus Interest Option	Administrative Account	Total
	Ages 0-3	Ages 4-7	Ages 8-11	Ages 12-14	Ages 15-17	Ages 18 & over							
CHANGES IN NET ASSETS:													
Investment income—net	\$ 767,194	\$ 2,874,585	\$ 3,972,278	\$ 3,531,275	\$ 3,885,832	\$ 1,912,320	\$ 3,746,376	\$ 69,401	\$ 153,345	\$ 3,514,834	\$ 11,350	\$ 24,438,790	
Net realized gain (loss) on investments	2,449,454	1,606,377	925,006	825,908	390,175	294,981	1,843,807	47,633	(12,835)	—	—	8,370,506	
Net change in unrealized appreciation (depreciation) on investments	2,483,920	10,017,671	9,389,734	6,001,064	4,564,910	1,039,273	20,114,592	1,556,505	(107,284)	—	—	55,060,385	
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	5,700,568	14,498,633	14,287,018	10,358,247	8,840,917	3,246,574	25,704,775	1,673,539	33,226	3,514,834	11,350	87,869,681	
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM ACCOUNT OWNER TRANSACTIONS	2,137,818	10,678,303	24,141,071	14,831,810	24,775,197	19,981,471	31,302,999	21,338,375	6,385,028	6,934,316	71,092	162,577,480	
NET INCREASE (DECREASE) IN NET ASSETS	7,838,386	25,176,936	38,428,089	25,190,057	33,616,114	23,228,045	57,007,774	23,011,914	6,418,254	10,449,150	82,442	250,447,161	
NET ASSETS:													
Beginning of year	33,467,019	98,736,519	111,345,181	91,840,356	89,892,266	41,252,085	139,495,045	374,975	22,406	97,728,800	189,589	704,344,241	
End of year	\$41,305,405	\$123,913,455	\$149,773,270	\$117,030,413	\$123,508,380	\$64,480,130	\$196,502,819	\$23,386,889	\$6,440,660	\$108,177,950	\$272,031	\$954,791,402	

Managed Allocation Option

	Ages 0-3	Ages 4-7	Ages 8-11	Ages 12-14	Ages 15-17	Ages 18 & over
International Equity Index Fund	8.00%	6.50%	5.00%	4.00%	3.00%	2.00%
Equity Index Fund	64.00%	52.00%	40.00%	32.00%	24.00%	16.00%
Small-Cap Equity Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Real Estate Securities Fund	8.00%	6.50%	5.00%	4.00%	3.00%	2.00%
S&P 500 Index Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mid-Cap Growth Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Mid-Cap Value Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Bond Fund	15.00%	26.25%	37.50%	45.00%	37.50%	26.25%
Inflation-Linked Bond Fund	5.00%	8.75%	12.50%	15.00%	12.50%	8.75%
Money Market Fund	0.00%	0.00%	0.00%	0.00%	20.00%	45.00%
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Managed Allocation Option

	High Equity Option	100% Equity Index Option	100% Fixed-Income Option
International Equity Index Fund	10.00%	20.00%	0.00%
Equity Index Fund	0.00%	80.00%	0.00%
Small-Cap Equity Fund	6.300%	0.00%	0.00%
Real Estate Securities Fund	0.00%	0.00%	0.00%
S&P 500 Index Fund	52.500%	0.00%	0.00%
Mid-Cap Growth Fund	5.600%	0.00%	0.00%
Mid-Cap Value Fund	5.600%	0.00%	0.00%
Bond Fund	15.000%	0.00%	75.000%
Inflation-Linked Bond Fund	5.000%	0.00%	25.000%
Money Market Fund	0.000%	0.00%	0.000%
TOTAL	100.000%	100.000%	100.000%

CURRENT ALLOCATION GUIDELINES:

TIAA-CREF Institutional Mutual Funds:

International Equity Index Fund	8.00%	6.50%	5.00%	4.00%	3.00%	2.00%	10.00%	20.00%	0.00%
Equity Index Fund	64.00%	52.00%	40.00%	32.00%	24.00%	16.00%	0.00%	80.00%	0.00%
Small-Cap Equity Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.300%	0.00%	0.00%
Real Estate Securities Fund	8.00%	6.50%	5.00%	4.00%	3.00%	2.00%	0.00%	0.00%	0.00%
S&P 500 Index Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	52.500%	0.00%	0.00%
Mid-Cap Growth Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.600%	0.00%	0.00%
Mid-Cap Value Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.600%	0.00%	0.00%
Bond Fund	15.00%	26.25%	37.50%	45.00%	37.50%	26.25%	15.000%	0.00%	75.000%
Inflation-Linked Bond Fund	5.00%	8.75%	12.50%	15.00%	12.50%	8.75%	5.000%	0.00%	25.000%
Money Market Fund	0.00%	0.00%	0.00%	0.00%	20.00%	45.00%	0.000%	0.00%	0.000%
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.000%	100.000%	100.000%

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. Federal, state, and local tax benefits are subject to certain limitations. You should consult your tax advisor. 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.