

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

Financial Statements

June 30, 2008



CONNECTICUT HIGHER EDUCATION TRUST PROGRAM
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June 30, 2008

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REPORT OF INDEPENDENT AUDITORS

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

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 nineteen portfolios constituting the Connecticut Higher Education Trust Program (hereafter referred to as the "Program") at June 30, 2008, 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 TIAA-CREF Tuition Financing, Inc (hereafter referred to as 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.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

New York, New York
September 12, 2008

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Aggressive Managed Allocation Option								
Age Bands Within the Aggressive Managed Allocation Option								
Subtotal	Ages 0-3	Ages 4-7	Ages 8-11	Ages 12-14	Ages 15-17	Ages 18 & Over	Subtotal	Total Age Bands
\$ 84,009,677	\$ —	\$ 198,229	\$ 384,073	\$ 292,218	\$ 267,693	\$ 63,409	\$ 1,205,622	\$ 85,215,299
201,521,667	3,258,076	3,002,612	2,383,777	1,168,006	722,174	112,752	10,647,397	212,169,064
57,692,847	927,438	866,715	686,053	335,937	208,673	32,657	3,057,473	60,750,320
238,723,549	—	595,658	1,144,977	867,612	800,133	188,335	3,596,715	242,320,264
28,555,890	470,418	433,576	341,634	166,779	103,537	16,119	1,532,063	30,087,953
69,476,545	—	—	—	—	—	141,393	141,393	69,617,938
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
679,980,175	4,655,932	5,096,790	4,940,514	2,830,552	2,102,210	554,665	20,180,663	700,160,838
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
679,980,175	4,655,932	5,096,790	4,940,514	2,830,552	2,102,210	554,665	20,180,663	700,160,838
1,017,010	—	25	—	70	50	291	436	1,017,446
166,150	—	—	—	—	—	—	—	166,150
393,723	20,131	55,201	117,076	129,251	136,074	1,325	459,058	852,781
681,557,058	4,676,063	5,152,016	5,057,590	2,959,873	2,238,334	556,281	20,640,157	702,197,215
469,444	3,821	3,804	3,418	1,733	1,233	353	14,362	483,806
11,401	78	82	78	41	30	8	317	11,718
447,532	20,131	55,201	117,076	129,001	136,074	1,591	459,074	906,606
240,903	—	—	—	—	—	—	—	240,903
1,169,280	24,030	59,087	120,572	130,775	137,337	1,952	473,753	1,643,033
\$680,387,778	\$ 4,652,033	\$ 5,092,929	\$ 4,937,018	\$ 2,829,098	\$ 2,100,997	\$ 554,329	\$ 20,166,404	\$700,554,182
	501,851	557,529	523,177	295,124	217,653	56,490		
	\$ 9.27	\$ 9.13	\$ 9.44	\$ 9.59	\$ 9.65	\$ 9.81		
\$686,307,771	\$ 5,022,779	\$ 5,504,751	\$ 5,248,154	\$ 2,961,660	\$ 2,180,775	\$ 570,178	\$ 21,488,297	\$707,796,068
	100.08%	100.08%	100.07%	100.05%	100.06%	100.06%		
	—	—	—	—	—	—		
	—	—	—	—	—	—		

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

STATEMENT OF ASSETS AND LIABILITIES (continued)

June 30, 2008

	High Equity Option	100% Equity Index Option	100% Fixed- Income Option	Social Choice Option	Money Market Option	Principal Plus Interest Option
ASSETS						
Investments, at value:						
TIAA-CREF Institutional Mutual Funds (Institutional Class):						
Inflation Linked Bond Fund	\$ 11,763,926	\$ —	\$ 3,606,036	\$ —	\$ —	\$ —
Equity Index Fund	—	31,208,214	—	—	—	—
International Equity Index Fund	32,600,636	7,999,877	—	—	—	—
Bond Fund	32,041,844	—	10,711,343	—	—	—
Real Estate Securities Fund	—	—	—	—	—	—
Money Market Fund	—	—	—	—	1,635,055	—
Mid-Cap Growth Fund	11,014,108	—	—	—	—	—
Mid-Cap Value Fund	10,245,669	—	—	—	—	—
S&P 500 Index Fund	94,928,344	—	—	—	—	—
Small-Cap Equity Fund	11,696,726	—	—	—	—	—
Social Choice Equity Fund	—	—	—	626,426	—	—
SUBTOTAL	204,291,253	39,208,091	14,317,379	626,426	1,635,055	—
TIAA-CREF Institutional Mutual Fund (Retail Class):						
Money Market Fund	—	—	—	—	—	—
TIAA-CREF Life Insurance Company:						
Funding Agreement	—	—	—	—	—	115,809,935
TOTAL INVESTMENTS	204,291,253	39,208,091	14,317,379	626,426	1,635,055	115,809,935
Cash	47,344	2,485	14,860	30	2,984	—
Receivable from securities transactions	—	—	—	—	—	—
Receivable from Program units sold	87,052	28,023	44,017	130	5,525	—
TOTAL ASSETS	204,425,649	39,238,599	14,376,256	626,586	1,643,564	115,809,935
LIABILITIES						
Accrued Program management fee	150,374	36,206	7,165	419	1,113	—
Accrued state trustee fee	3,493	673	230	10	22	—
Payable for securities transactions	51,799	27,360	40,354	130	8,509	—
Payable for Program units repurchased	34,589	—	3,000	—	—	—
TOTAL LIABILITIES	240,255	64,239	50,749	559	9,644	—
NET ASSETS	\$204,185,394	\$ 39,174,360	\$ 14,325,507	\$ 626,027	\$ 1,633,920	\$115,809,935
UNITS OUTSTANDING	15,993,792	3,630,818	1,268,268	66,773	162,115	8,857,036
NET ASSET VALUE PER UNIT	\$ 12.77	\$ 10.79	\$ 11.30	\$ 9.38	\$ 10.08	\$ 13.08
Investments at cost	\$208,497,654	\$ 43,335,671	\$ 14,336,009	\$ 662,975	\$ 1,635,055	\$115,809,935
Total Investments as a percentage of Net Assets:						
TIAA-CREF Institutional Mutual Funds (Institutional Class)	100.05%	100.09%	99.94%	100.06%	100.07%	—
TIAA-CREF Institutional Money Market Fund (Retail Class)	—	—	—	—	—	—
TIAA-CREF Life Insurance Company—						
Funding Agreement	—	—	—	—	—	100.00%

See notes to financial statements

<u>Administrative Account</u>	<u>Total</u>
\$ —	\$ 100,585,261
—	243,377,278
—	101,350,833
—	285,073,451
—	30,087,953
—	71,252,993
—	11,014,108
—	10,245,669
—	94,928,344
—	11,696,726
—	626,426
—	<u>960,239,042</u>
365,147	365,147
—	<u>115,809,935</u>
365,147	1,076,414,124
—	1,085,149
—	166,150
—	<u>1,017,528</u>
<u>365,147</u>	<u>1,078,682,951</u>
—	679,083
—	16,146
—	1,034,758
—	<u>278,492</u>
—	<u>2,008,479</u>
<u>\$365,147</u>	<u>\$1,076,674,472</u>
—	—
—	—
<u>\$ —</u>	—
<u>\$ 365,147</u>	<u>\$1,092,438,514</u>

—
100.00%

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

STATEMENT OF OPERATIONS

For the Period Ended June 30, 2008

	Managed Allocation Option					
	Age Bands Within the Managed Allocation Option					
	Ages 0-3	Ages 4-7	Ages 8-11	Ages 12-14	Ages 15-17	Ages 18 & Over
INVESTMENT INCOME						
Investment income:						
Interest	\$ 717	\$ 1,051	\$ 398	\$ 692	\$ 1,231	\$ 1,486
Dividends from underlying funds	1,153,171	3,941,014	5,706,261	4,903,287	5,365,517	2,718,422
TOTAL INCOME	<u>1,153,888</u>	<u>3,942,065</u>	<u>5,706,659</u>	<u>4,903,979</u>	<u>5,366,748</u>	<u>2,719,908</u>
EXPENSES						
Program management fees	190,877	533,900	637,803	487,822	546,197	290,736
State trustee fees	4,159	12,451	15,970	12,830	13,654	6,782
TOTAL EXPENSES	<u>195,036</u>	<u>546,351</u>	<u>653,773</u>	<u>500,652</u>	<u>559,851</u>	<u>297,518</u>
NET INVESTMENT INCOME	<u>958,852</u>	<u>3,395,714</u>	<u>5,052,886</u>	<u>4,403,327</u>	<u>4,806,897</u>	<u>2,422,390</u>
REALIZED AND UNREALIZED						
GAIN (LOSS) ON TOTAL INVESTMENTS						
Net realized gain (loss) on investments						
in underlying fund shares	(269,440)	68,597	707,370	108,287	(82,663)	92,483
Realized gain distributions from						
underlying funds	837,774	1,976,227	1,897,146	1,230,772	972,255	294,713
Net change in unrealized appreciation (depreciation)						
on investments in underlying fund shares	(5,375,443)	(12,714,982)	(12,427,169)	(7,126,401)	(5,437,078)	(1,948,975)
NET REALIZED AND UNREALIZED						
GAIN (LOSS) ON TOTAL INVESTMENTS	<u>(4,807,109)</u>	<u>(10,670,158)</u>	<u>(9,822,653)</u>	<u>(5,787,342)</u>	<u>(4,547,486)</u>	<u>(1,561,779)</u>
NET INCREASE (DECREASE)						
IN NET ASSETS RESULTING						
FROM OPERATIONS	<u>\$ (3,848,257)</u>	<u>\$ (7,274,444)</u>	<u>\$ (4,769,767)</u>	<u>\$ (1,384,015)</u>	<u>\$ 259,411</u>	<u>\$ 860,611</u>

* For the period November 19, 2007 (commencement of operations) through June 30, 2008.

See notes to financial statements

Aggressive Managed Allocation Option								
Age Bands Within the Aggressive Managed Allocation Option								
Subtotal	Ages 0-3*	Ages 4-7*	Ages 8-11*	Ages 12-14*	Ages 15-17*	Ages 18 & Over*	Subtotal	Total Age Bands
\$ 5,575	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,575
<u>23,787,672</u>	<u>27,125</u>	<u>45,257</u>	<u>50,291</u>	<u>31,242</u>	<u>24,250</u>	<u>8,393</u>	<u>186,558</u>	<u>23,974,230</u>
<u>23,793,247</u>	<u>27,125</u>	<u>45,257</u>	<u>50,291</u>	<u>31,242</u>	<u>24,250</u>	<u>8,393</u>	<u>186,558</u>	<u>23,979,805</u>
2,687,335	9,632	9,870	8,455	4,132	2,915	898	35,902	2,723,237
<u>65,846</u>	<u>196</u>	<u>212</u>	<u>193</u>	<u>98</u>	<u>72</u>	<u>22</u>	<u>793</u>	<u>66,639</u>
<u>2,753,181</u>	<u>9,828</u>	<u>10,082</u>	<u>8,648</u>	<u>4,230</u>	<u>2,987</u>	<u>920</u>	<u>36,695</u>	<u>2,789,876</u>
<u>21,040,066</u>	<u>17,297</u>	<u>35,175</u>	<u>41,643</u>	<u>27,012</u>	<u>21,263</u>	<u>7,473</u>	<u>149,863</u>	<u>21,189,929</u>
624,634	(80,410)	(1,286)	(503)	(12,147)	(658)	(2,189)	(97,193)	527,441
7,208,887	23,537	24,591	14,312	6,651	1,261	862	71,214	7,280,101
<u>(45,030,048)</u>	<u>(366,847)</u>	<u>(407,961)</u>	<u>(307,640)</u>	<u>(131,108)</u>	<u>(78,565)</u>	<u>(15,512)</u>	<u>(1,307,633)</u>	<u>(46,337,681)</u>
<u>(37,196,527)</u>	<u>(423,720)</u>	<u>(384,656)</u>	<u>(293,831)</u>	<u>(136,604)</u>	<u>(77,962)</u>	<u>(16,839)</u>	<u>(1,333,612)</u>	<u>(38,530,139)</u>
<u>\$ (16,156,461)</u>	<u>\$ (406,423)</u>	<u>\$ (349,481)</u>	<u>\$ (252,188)</u>	<u>\$ (109,592)</u>	<u>\$ (56,699)</u>	<u>\$ (9,366)</u>	<u>\$ (1,183,749)</u>	<u>\$ (17,340,210)</u>

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

STATEMENT OF OPERATIONS (continued)

For the Period Ended June 30, 2008

	High Equity Option	100% Equity Index Option	100% Fixed- Income Option	Social Choice Option*	Money Market Option**	Principal Plus Interest Option
INVESTMENT INCOME						
Investment income:						
Interest	\$ 297	\$ 4	\$ 25	\$ —	\$ —	\$ 4,110,519
Dividends from underlying funds	5,601,372	596,764	521,312	271	8,458	—
TOTAL INCOME	<u>5,601,669</u>	<u>596,768</u>	<u>521,337</u>	<u>271</u>	<u>8,458</u>	<u>4,110,519</u>
EXPENSES						
Program management fees	852,537	177,710	31,142	883	1,627	—
State trustee fees	20,347	3,278	1,019	21	33	—
TOTAL EXPENSES	<u>872,884</u>	<u>180,988</u>	<u>32,161</u>	<u>904</u>	<u>1,660</u>	<u>—</u>
NET INVESTMENT INCOME (LOSS)	<u>4,728,785</u>	<u>415,780</u>	<u>489,176</u>	<u>(633)</u>	<u>6,798</u>	<u>4,110,519</u>
REALIZED AND UNREALIZED						
GAIN (LOSS) ON TOTAL INVESTMENTS						
Net realized gain (loss) on investments						
in underlying fund shares	689,884	(55,990)	1,337	(1,435)	—	—
Realized gain distributions from						
underlying funds	2,345,159	460,984	—	125	—	—
Net change in unrealized appreciation (depreciation)						
on investments in underlying fund shares	(26,678,803)	(5,693,847)	88,620	(36,549)	—	—
NET REALIZED AND UNREALIZED						
GAIN (LOSS) ON TOTAL INVESTMENTS	<u>(23,643,760)</u>	<u>(5,288,853)</u>	<u>89,957</u>	<u>(37,859)</u>	<u>—</u>	<u>—</u>
NET INCREASE (DECREASE)						
IN NET ASSETS RESULTING						
FROM OPERATIONS	<u>\$ (18,914,975)</u>	<u>\$ (4,873,073)</u>	<u>\$ 579,133</u>	<u>\$ (38,492)</u>	<u>\$ 6,798</u>	<u>\$ 4,110,519</u>

* For the period November 19, 2007 (commencement of operations) through June 30, 2008.

** For the period February 18, 2008 (commencement of operations) through June 30, 2008.

See notes to financial statements

<u>Administrative Account</u>	<u>Total</u>
\$ —	\$ 4,116,420
93,116	30,795,523
<u>93,116</u>	<u>34,911,943</u>
—	3,787,136
—	91,337
<u>—</u>	<u>3,878,473</u>
<u>93,116</u>	<u>31,033,470</u>
—	1,161,237
—	10,086,369
<u>—</u>	<u>(78,658,260)</u>
<u>—</u>	<u>(67,410,654)</u>
<u>\$ 93,116</u>	<u>\$ (36,377,184)</u>

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

STATEMENT OF CHANGES IN NET ASSETS

For the Period Ended June 30, 2008

	Managed Allocation Option					
	Age Bands Within the Managed Allocation Option					
	Ages 0-3	Ages 4-7	Ages 8-11	Ages 12-14	Ages 15-17	Ages 18 & Over
OPERATIONS						
Net investment income	\$ 958,852	\$ 3,395,714	\$ 5,052,886	\$ 4,403,327	\$ 4,806,897	\$ 2,422,390
Net realized gain (loss) on total investments	568,334	2,044,824	2,604,516	1,339,059	889,592	387,196
Net change in unrealized appreciation (depreciation) on investments	(5,375,443)	(12,714,982)	(12,427,169)	(7,126,401)	(5,437,078)	(1,948,975)
NET INCREASE (DECREASE) FROM OPERATIONS	(3,848,257)	(7,274,444)	(4,769,767)	(1,384,015)	259,411	860,611
ACCOUNT OWNER TRANSACTIONS						
Subscriptions	18,973,586	22,633,726	25,575,247	22,761,900	20,015,897	9,858,521
Exchanges, net	(20,168,731)	(22,654,362)	(4,259,528)	(3,712,747)	4,924,395	38,827,820
Redemptions	(450,590)	(2,200,340)	(2,429,712)	(1,263,705)	(4,026,844)	(25,871,347)
NET INCREASE (DECREASE) FROM ACCOUNT OWNER TRANSACTIONS	(1,645,735)	(2,220,976)	18,886,007	17,785,448	20,913,448	22,814,994
NET INCREASE (DECREASE) IN NET ASSETS	(5,493,992)	(9,495,420)	14,116,240	16,401,433	21,172,859	23,675,605
NET ASSETS						
Beginning of period	41,305,405	123,913,455	149,773,270	117,030,413	123,508,380	64,480,130
End of period	<u>\$ 35,811,413</u>	<u>\$114,418,035</u>	<u>\$163,889,510</u>	<u>\$133,431,846</u>	<u>\$144,681,239</u>	<u>\$ 88,155,735</u>
UNITS						
Sold	1,283,776	1,758,151	1,932,787	1,688,776	1,508,820	741,488
Exchanged, net	(1,383,232)	(1,778,582)	(318,207)	(277,096)	370,646	2,921,105
Redeemed	(30,864)	(171,838)	(184,334)	(94,067)	(305,799)	(1,955,826)
Net increase (decrease)	<u>(130,320)</u>	<u>(192,269)</u>	<u>1,430,246</u>	<u>1,317,613</u>	<u>1,573,667</u>	<u>1,706,767</u>

* For the period November 19, 2007 (commencement of operations) through June 30, 2008.

See notes to financial statements

Aggressive Managed Allocation Option								
Age Bands Within the Aggressive Managed Allocation Option								
Subtotal	Ages 0-3*	Ages 4-7*	Ages 8-11*	Ages 12-14*	Ages 15-17*	Ages 18 & Over*	Subtotal	Total Age Bands
\$ 21,040,066	\$ 17,297	\$ 35,175	\$ 41,643	\$ 27,012	\$ 21,263	\$ 7,473	\$ 149,863	\$ 21,189,929
7,833,521	(56,873)	23,305	13,809	(5,496)	603	(1,327)	(25,979)	7,807,542
(45,030,048)	(366,847)	(407,961)	(307,640)	(131,108)	(78,565)	(15,512)	(1,307,633)	(46,337,681)
(16,156,461)	(406,423)	(349,481)	(252,188)	(109,592)	(56,699)	(9,366)	(1,183,749)	(17,340,210)
119,818,877	4,522,075	2,684,186	3,080,340	1,705,354	981,653	333,710	13,307,318	133,126,195
(7,043,153)	537,348	2,758,511	2,104,806	1,249,669	1,177,130	250,082	8,077,546	1,034,393
(36,242,538)	(967)	(287)	4,060	(16,333)	(1,087)	(20,097)	(34,711)	(36,277,249)
76,533,186	5,058,456	5,442,410	5,189,206	2,938,690	2,157,696	563,695	21,350,153	97,883,339
60,376,725	4,652,033	5,092,929	4,937,018	2,829,098	2,100,997	554,329	20,166,404	80,543,129
620,011,053	—	—	—	—	—	—	—	620,011,053
<u>\$680,387,778</u>	<u>\$ 4,652,033</u>	<u>\$ 5,092,929</u>	<u>\$ 4,937,018</u>	<u>\$ 2,829,098</u>	<u>\$ 2,100,997</u>	<u>\$ 554,329</u>	<u>\$ 20,166,404</u>	<u>\$700,554,182</u>
	453,410	276,651	310,895	171,175	98,082	33,399		
	48,540	280,909	211,795	125,567	119,681	25,119		
	(99)	(31)	487	(1,618)	(110)	(2,028)		
	<u>501,851</u>	<u>557,529</u>	<u>523,177</u>	<u>295,124</u>	<u>217,653</u>	<u>56,490</u>		

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM
STATEMENT OF CHANGES IN NET ASSETS (continued)

For the Period Ended June 30, 2008

	High Equity Option	100% Equity Index Option	100% Fixed- Income Option	Social Choice Option*	Money Market Option**	Principal Plus Interest Option
OPERATIONS						
Net investment income	\$ 4,728,785	\$ 415,780	\$ 489,176	\$ (633)	\$ 6,798	\$ 4,110,519
Net realized gain (loss) on total investments	3,035,043	404,994	1,337	(1,310)	—	—
Net change in unrealized appreciation (depreciation) on investments	(26,678,803)	(5,693,847)	88,620	(36,549)	—	—
NET INCREASE FROM OPERATIONS	(18,914,975)	(4,873,073)	579,133	(38,492)	6,798	4,110,519
ACCOUNT OWNER TRANSACTIONS						
Subscriptions	40,100,757	19,840,970	7,900,047	673,727	1,351,208	27,371,557
Exchanges, net	(6,524,055)	1,780,127	1,504,055	(7,308)	394,900	1,595,361
Redemptions	(6,979,152)	(960,553)	(2,098,388)	(1,900)	(118,986)	(25,445,452)
NET INCREASE FROM ACCOUNT OWNER TRANSACTIONS	26,597,550	20,660,544	7,305,714	664,519	1,627,122	3,521,466
NET INCREASE IN NET ASSETS	7,682,575	15,787,471	7,884,847	626,027	1,633,920	7,631,985
NET ASSETS						
Beginning of period	196,502,819	23,386,889	6,440,660	—	—	108,177,950
End of period	<u>\$204,185,394</u>	<u>\$ 39,174,360</u>	<u>\$ 14,325,507</u>	<u>\$ 626,027</u>	<u>\$ 1,633,920</u>	<u>\$115,809,935</u>
UNITS						
Sold	2,946,056	1,674,128	712,043	67,707	134,588	2,133,328
Exchanged, net	(480,701)	142,659	132,577	(740)	39,367	123,153
Redeemed	(508,308)	(79,976)	(190,222)	(194)	(11,840)	(1,991,816)
Net increase (decrease)	1,957,047	1,736,811	654,398	66,773	162,115	264,665

* For the period November 19, 2007 (commencement of operations) through June 30, 2008.

** For the period February 18, 2008 (commencement of operations) through June 30, 2008.

See notes to financial statements

Administrative Account	Total
\$ 93,116	\$ 31,033,470
—	11,247,606
—	(78,658,260)
<u>93,116</u>	<u>(36,377,184)</u>
—	230,364,461
—	(222,527)
—	(71,881,680)
—	158,260,254
93,116	121,883,070
272,031	954,791,402
<u>\$ 365,147</u>	<u>\$1,076,674,472</u>

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

FINANCIAL HIGHLIGHTS

For the Period Ended June 30, 2008

	Managed Allocation Option					
	Age Bands Within the Managed Allocation Option					
	Ages 0-3	Ages 4-7	Ages 8-11	Ages 12-14	Ages 15-17	Ages 18 & Over
FOR A UNIT OUTSTANDING THROUGHOUT THE PERIOD						
Net asset value, beginning of period	\$15.17	\$13.02	\$13.18	\$13.30	\$13.03	\$13.03
Gain (loss) from investment operations:						
Net investment income (a)	0.34	0.35	0.42	0.46	0.47	0.46
Net realized and unrealized gain (loss) on total investments	(1.69)	(1.10)	(0.79)	(0.57)	(0.41)	(0.24)
Total gain (loss) from investment operations	(1.35)	(0.75)	(0.37)	(0.11)	0.06	0.22
Net asset value, end of period	<u>\$13.82</u>	<u>\$12.27</u>	<u>\$12.81</u>	<u>\$13.19</u>	<u>\$13.09</u>	<u>\$13.25</u>
TOTAL RETURN	<u>(8.90)%</u>	<u>(5.76)%</u>	<u>(2.81)%</u>	<u>(0.83)%</u>	<u>0.46%</u>	<u>1.69%</u>
RATIOS AND SUPPLEMENTAL DATA						
Net assets at end of period (in thousands)	\$35,811	\$114,418	\$163,890	\$133,432	\$144,681	\$88,156
Ratio of expenses to average net assets (b)	0.47%	0.44%	0.41%	0.39%	0.41%	0.42%
Ratio of net investment income to average net assets	2.31%	2.73%	3.17%	3.44%	3.52%	3.45%

(a) Based on average shares outstanding.

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

(c) The percentages shown for this period are annualized.

* For the period November 19, 2007 (commencement of operations) through June 30, 2008.

See notes to financial statements

Aggressive Managed Allocation Option

Age Bands Within the Aggressive Managed Allocation Option							
Ages 0-3*	Ages 4-7*	Ages 8-11*	Ages 12-14*	Ages 15-17*	Ages 18 & Over*	High Equity Option	100% Equity Index Option
\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$14.00	\$12.35
0.05	0.10	0.13	0.17	0.17	0.21	0.32	0.15
(0.78)	(0.97)	(0.69)	(0.58)	(0.52)	(0.40)	(1.55)	(1.71)
(0.73)	(0.87)	(0.56)	(0.41)	(0.35)	(0.19)	(1.23)	(1.56)
<u>\$9.27</u>	<u>\$9.13</u>	<u>\$9.44</u>	<u>\$9.59</u>	<u>\$9.65</u>	<u>\$9.81</u>	<u>\$12.77</u>	<u>\$10.79</u>
<u>(7.30)%</u>	<u>(8.70)%</u>	<u>(5.60)%</u>	<u>(4.10)%</u>	<u>(3.50)%</u>	<u>(1.90)%</u>	<u>(8.79)%</u>	<u>(12.63)%</u>
\$4,652	\$5,093	\$4,937	\$2,829	\$2,101	\$554	\$204,185	\$39,174
0.49%(c)	0.47%(c)	0.44%(c)	0.42%(c)	0.40%(c)	0.42%(c)	0.43%	0.55%
0.87%(c)	1.64%(c)	2.12%(c)	2.71%(c)	2.86%(c)	3.39%(c)	2.33%	1.27%

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

FINANCIAL HIGHLIGHTS (continued)

For the Period Ended June 30, 2008

	<u>100% Fixed- Income Option</u>	<u>Social Choice Option*</u>	<u>Money Market Option**</u>	<u>Principal Plus Interest Option</u>
FOR A UNIT OUTSTANDING THROUGHOUT THE PERIOD				
Net asset value, beginning of period	\$10.49	\$10.00	\$10.00	\$12.59
Gain (loss) from investment operations:				
Net investment income (loss) (a)	0.53	(0.02)	0.08	0.49
Net realized and unrealized gain (loss) on total investments	<u>0.28</u>	<u>(0.60)</u>	<u>—</u>	<u>—</u>
Total gain (loss) from investment operations	<u>0.81</u>	<u>(0.62)</u>	<u>0.08</u>	<u>0.49</u>
Net asset value, end of period	<u>\$11.30</u>	<u>\$9.38</u>	<u>\$10.08</u>	<u>\$13.08</u>
TOTAL RETURN	<u>7.72%</u>	<u>(6.20)%</u>	<u>0.80%</u>	<u>3.89%</u>
RATIOS AND SUPPLEMENTAL DATA				
Net assets at end of period (in thousands)	\$14,326	\$626	\$1,634	\$115,810
Ratio of expenses to average net assets (b)	0.32%	0.41%(c)	0.50%(c)	—%
Ratio of net investment income (loss) to average net assets	4.80%	(0.29%(c)	2.04%(c)	3.77%

(a) Based on average shares outstanding.

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

(c) The percentages shown for this period are annualized.

* For the period November 19, 2007 (commencement of operations) through June 30, 2008.

** For the period February 18, 2008 (commencement of operations) through June 30, 2008.

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 (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 Program 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 Trustee, are described in the current Disclosure Booklet for the Program.

The assets in the Principal Plus Interest Option are allocated to a funding agreement issued by TIAA-CREF Life Insurance Company ("TIAA-CREF Life"), a subsidiary of TIAA, which provides the Trust with a guarantee of principal and minimum annual rate of return of not less than 1% nor more than 3%, with 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 Commission as broker-dealers and are members of the Financial Industry Regulatory Authority, provide the telephone counseling, marketing and information services required of TFI as Program Manager.

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES

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").

Use of Estimates: 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.

Valuation of Investments: The market value of the investments in the underlying 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. The TIAA-CREF Life Funding Agreement has a floating rate of interest that resets based on a projected rate of return of assets held by the agreement.

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.

Federal and State Income Tax: The Program constitutes a qualified tuition program under Section 529 of the Internal Revenue Code which exempts earnings on qualified withdrawals from federal income tax and does not have any unrelated business income subject to tax. Earnings are exempt from Connecticut income tax.

Program Units: The beneficial interest of each participant in the investment options is represented by Program units. Subscriptions 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 Investment Option 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 Investment Options participants or beneficiaries.

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

NOTE 3 — MANAGEMENT AGREEMENTS

For its services as Program Manager, with respect to the Managed Allocation Option, the Aggressive Managed Allocation Option, the 100% Equity Index Option, the 100% Fixed Income Option, the Social Choice Option, the Money Market Option and the High Equity Option, TFI is paid an annual asset based program management fee of 0.305% to 0.55% depending on the Investment Option. The program management fee plus the specific investment management fees for the underlying investments in the TIAA-CREF Institutional Mutual Funds plus the state fee (described below) shall not exceed 0.65% of the average daily net assets of the Trust invested in such investment options. The state trustee fee is not charged on assets invested in the Principal Plus Interest Option and the Administrative Account; however, an expense fee is paid to TFI by TIAA-CREF Life Insurance Company for distribution, administrative and other reasonable expenses.

The Trustee collects a State 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, 2008 were \$5,852,673, which includes \$3,787,136 due directly from the Program and \$2,065,537 due on Program investments in the TIAA-CREF Institutional Mutual Funds. The fees charged to each portfolio are disclosed in the Statement of Operations.

NOTE 4 — INVESTMENTS

At June 30, 2008, net unrealized depreciation of portfolio investments was \$16,024,390, consisting of gross unrealized appreciation of \$3,900,034 and gross unrealized depreciation of \$19,924,424.

Purchases and sales of non-government portfolio securities for the year ended June 30, 2008 were \$291,495,614 and \$98,504,221, respectively.

At June 30, 2008, the Program's investments consisted of the following:

	<u>SHARES</u>	<u>COST</u>	<u>MARKET VALUE</u>
TIAA-CREF Institutional Mutual Funds (Institutional Class):			
Inflation Linked Bond Fund	9,391,714	\$ 97,512,212	\$ 100,585,261
Equity Index Fund	25,538,015	244,829,563	243,377,278
International Equity Index Fund	5,110,985	102,860,912	101,350,833
Bond Fund	28,795,298	289,640,455	285,073,451
Real Estate Securities Fund	2,929,694	37,491,574	30,087,953
Money Market Fund	71,252,994	71,252,230	71,252,993
Mid-Cap Growth Fund	624,029	10,187,885	11,014,108
Mid-Cap Value Fund	620,198	11,017,179	10,245,669
S&P 500 Index Fund	6,524,285	96,909,859	94,928,344
Small-Cap Equity Fund	929,787	13,898,588	11,696,726
Social Choice Equity Fund	59,773	662,975	626,426
TIAA-CREF Institutional Mutual Fund (Retail Class):			
Money Market Fund*	365,147	365,147	365,147
TIAA-CREF Life Insurance Company:			
Funding Agreement	8,857,036	115,809,935	115,809,935
		<u>\$1,092,438,514</u>	<u>\$1,076,414,124</u>

* Represents the assets of the administrative account.

An Account Owner has an investment in an Investment Option and not a direct investment in any underlying mutual fund or other investment vehicle.

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

NOTE 5 – RECENTLY ADOPTED ACCOUNTING STANDARDS

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 has evaluated the application of FIN 48 to the Program's financial statements for the year ended June 30, 2008 and has determined under guidelines established by FIN 48 that no adjustments should be made to these financial statements.

NOTE 6 – NEW ACCOUNTING PRONOUNCEMENTS

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 disclosures 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, 2008. It includes information for the Managed Allocation Option, the Aggressive Managed Allocation Option, the High Equity Option, 100% Equity Index Option, 100% Fixed-Income Option, the Social Choice Option, the Money Market 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, 2008, please call us at 1-888-799-CHET (2438).

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

Summary Financial Information

For the Period or Year Ended June 30, 2008

	Managed Allocation Option							Aggressive Managed Allocation Option						
	Age Bands Within the Managed Allocation Option							Age Bands Within the Aggressive Managed Allocation Option						
	Ages 0-3	Ages 4-7	Ages 8-11	Ages 12-14	Ages 15-17	Ages 18 & over	Subtotal	Ages 0-3*	Ages 4-7*	Ages 8-11*	Ages 12-14*	Ages 15-17*	Ages 18 & Over*	Subtotal
CHANGES IN NET ASSETS:														
Net investment income	\$ 958,852	\$ 3,395,714	\$ 5,052,886	\$ 4,403,327	\$ 4,806,897	\$ 2,422,390	\$ 21,040,066	\$ 17,297	\$ 35,175	\$ 41,643	\$ 27,012	\$ 21,263	\$ 7,473	\$ 149,863
Net realized gain (loss) on total investments ..	568,334	2,044,824	2,604,516	1,339,059	889,592	387,196	7,833,521	(56,873)	23,305	13,809	(5,496)	603	(1,327)	(25,979)
Net change in unrealized appreciation (depreciation) on total investments	(5,375,443)	(12,714,982)	(12,427,169)	(7,126,401)	(5,437,078)	(1,948,975)	(45,030,048)	(366,847)	(407,961)	(307,640)	(131,108)	(78,565)	(15,512)	(1,307,633)
NET INCREASE (DECREASE) FROM OPERATIONS	(3,848,257)	(7,274,444)	(4,769,767)	(1,384,015)	259,411	860,611	(16,156,461)	(406,423)	(349,481)	(252,188)	(109,592)	(56,699)	(9,366)	(1,183,749)
NET INCREASE (DECREASE) FROM ACCOUNT OWNER TRANSACTIONS	(1,645,735)	(2,220,976)	18,886,007	17,785,448	20,913,448	22,814,994	76,533,186	5,058,456	5,442,410	5,189,206	2,938,690	2,157,696	563,695	21,350,153
NET INCREASE (DECREASE) IN NET ASSETS	(5,493,992)	(9,495,420)	14,116,240	16,401,433	21,172,859	23,675,605	60,376,725	4,652,033	5,092,929	4,937,018	2,829,098	2,100,997	554,329	20,166,404
NET ASSETS,														
Beginning of period	41,305,405	123,913,455	149,773,270	117,030,413	123,508,380	64,480,130	620,011,053	—	—	—	—	—	—	—
End of period	\$35,811,413	\$114,418,035	\$163,889,510	\$133,431,846	\$144,681,239	\$88,155,735	\$680,387,778	\$4,652,033	\$5,092,929	\$4,937,018	\$2,829,098	\$2,100,997	\$554,329	\$20,166,404

	Total Age Bands	High Equity Option	100% Equity Index Option	100% Fixed-Income Option	Social Choice Option*	Money Market Option**	Principal Plus Interest Option	Administrative Account	Total
CHANGES IN NET ASSETS:									
Net investment income	\$21,189,929	\$ 4,728,785	\$ 415,780	\$ 489,176	\$ (633)	\$ 6,798	\$ 4,110,519	\$ 93,116	\$ 31,033,470
Net realized gain (loss) on total investments ..	7,807,542	3,035,043	404,994	1,337	(1,310)	—	—	—	11,247,606
Net change in unrealized appreciation (depreciation) on total investments	(46,337,681)	(26,678,803)	(5,693,847)	88,620	(36,549)	—	—	—	(78,658,260)
NET INCREASE (DECREASE) FROM OPERATIONS	(17,340,210)	(18,914,975)	(4,873,073)	579,133	(38,492)	6,798	4,110,519	93,116	(36,377,184)
NET INCREASE (DECREASE) FROM ACCOUNT OWNER TRANSACTIONS	97,883,339	26,597,550	20,660,544	7,305,714	664,519	1,627,122	3,521,466	—	158,260,254
NET INCREASE (DECREASE) IN NET ASSETS	80,543,129	7,682,575	15,787,471	7,884,847	626,027	1,633,920	7,631,985	93,116	121,883,070
NET ASSETS,									
Beginning of period	620,011,053	196,502,819	23,386,889	6,440,660	—	—	108,177,950	272,031	954,791,402
End of period	\$700,554,182	\$204,185,394	\$39,174,360	\$14,325,507	\$626,027	\$1,633,920	\$115,809,935	\$365,147	\$1,076,674,472

* For the period November 19, 2007 (commencement of operations) through June 30, 2008.

** For the period February 15, 2008 (commencement of operations) through June 30, 2008.

The Connecticut Higher Education Trust Program is described in the current Program Disclosure Booklet and Participation Agreements. 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.