

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

Financial Statements

June 30, 2010



CONNECTICUT HIGHER EDUCATION TRUST PROGRAM
INDEX
JUNE 30, 2010

	<u>Page</u>
Report of Independent Auditors	2
Audited Financial Statements	
Statement of Assets and Liabilities.....	4
Statement of Operations.....	8
Statement of Changes in Net Assets.....	12
Financial Highlights.....	16
Notes to Financial Statements.....	19

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, 2010, 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, which included confirmation of securities at June 30, 2010 by correspondence with the transfer agent, provides a reasonable basis for our opinion.



Boston, MA
September 15, 2010

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**CONNECTICUT HIGHER EDUCATION TRUST COLLEGE SAVINGS PROGRAM
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 2010**

**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	Total
ASSETS							
Investments, at value:							
TIAA-CREF Funds (Institutional Class):							
Inflation-Linked Bond Fund	\$ 1,884,931	10,114,529	25,907,583	25,519,033	21,340,899	11,119,338	95,886,313
Equity Index Fund	16,433,843	41,812,698	60,387,326	40,446,326	33,724,664	16,427,682	209,232,539
International Equity Index Fund	4,156,529	10,371,788	14,524,249	9,541,044	7,752,058	3,673,652	50,019,320
Bond Fund	4,578,614	27,272,969	67,413,141	73,055,182	60,518,254	34,088,112	266,926,272
Money Market Fund	-	-	-	-	30,232,238	53,701,364	83,933,602
Real Estate Securities Fund	2,279,532	4,799,408	7,239,738	5,194,243	3,939,514	2,211,133	25,663,568
SUBTOTAL	<u>29,333,449</u>	<u>94,371,392</u>	<u>175,472,037</u>	<u>153,755,828</u>	<u>157,507,627</u>	<u>121,221,281</u>	<u>731,661,614</u>
TIAA-CREF Life Insurance Company:							
Guaranteed Funding Agreement	-	-	-	-	-	-	-
TOTAL INVESTMENTS	<u>29,333,449</u>	<u>94,371,392</u>	<u>175,472,037</u>	<u>153,755,828</u>	<u>157,507,627</u>	<u>121,221,281</u>	<u>731,661,614</u>
Cash	161	60	29,773	5,457	186	14	35,651
Dividends and interest receivable	13,520	74,137	182,494	195,191	165,741	88,934	720,017
Receivable from securities transactions	-	-	-	-	164,758	94,771	259,529
Receivable for Program units sold	29,098	36,824	213,797	202,348	56,654	67,236	605,957
TOTAL ASSETS	<u>29,376,228</u>	<u>94,482,413</u>	<u>175,898,101</u>	<u>154,158,824</u>	<u>157,894,966</u>	<u>121,472,236</u>	<u>733,282,768</u>
LIABILITIES							
Accrued Program management fee	11,021	29,954	50,761	40,614	44,853	33,411	210,614
Accrued state trustee fee	277	813	1,492	1,282	1,315	913	6,092
Payable for securities transactions	42,606	106,637	292,758	241,307	165,728	88,529	937,565
Payable for Program units redeemed	-	3,350	133,111	161,651	220,487	162,008	680,607
TOTAL LIABILITIES	<u>53,904</u>	<u>140,754</u>	<u>478,122</u>	<u>444,854</u>	<u>432,383</u>	<u>284,861</u>	<u>1,834,878</u>
NET ASSETS	<u>\$ 29,322,324</u>	<u>94,341,659</u>	<u>175,419,979</u>	<u>153,713,970</u>	<u>157,462,583</u>	<u>121,187,375</u>	<u>731,447,890</u>
UNITS OUTSTANDING	<u>2,401,434</u>	<u>8,220,542</u>	<u>13,934,965</u>	<u>11,547,198</u>	<u>11,850,464</u>	<u>8,922,750</u>	
NET ASSET VALUE PER UNIT	<u>\$ 12.21</u>	<u>11.48</u>	<u>12.59</u>	<u>13.31</u>	<u>13.29</u>	<u>13.58</u>	
INVESTMENTS AT COST	<u>\$ 27,204,007</u>	<u>95,098,267</u>	<u>180,493,536</u>	<u>155,443,641</u>	<u>159,056,679</u>	<u>117,138,704</u>	<u>734,434,834</u>

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	Total
ASSETS							
Investments, at value:							
TIAA-CREF Funds (Institutional Class):							
Inflation-Linked Bond Fund	\$ -	509,039	1,092,099	1,008,228	936,017	400,338	3,945,721
Equity Index Fund	9,396,212	7,127,842	6,461,333	3,946,553	2,474,170	719,263	30,125,373
International Equity Index Fund	2,438,074	1,914,728	1,674,831	987,665	606,458	192,123	7,813,879
Bond Fund	-	1,417,619	3,076,090	2,919,828	2,728,910	1,193,138	11,335,585
Money Market Fund	-	-	-	-	-	827,920	827,920
Real Estate Securities Fund	1,522,844	1,199,758	980,511	597,044	367,539	110,088	4,777,784
SUBTOTAL	<u>13,357,130</u>	<u>12,168,986</u>	<u>13,284,864</u>	<u>9,459,318</u>	<u>7,113,094</u>	<u>3,442,870</u>	<u>58,826,262</u>
TIAA-CREF Life Insurance Company:							
Guaranteed Funding Agreement	-	-	-	-	-	-	-
TOTAL INVESTMENTS	<u>13,357,130</u>	<u>12,168,986</u>	<u>13,284,864</u>	<u>9,459,318</u>	<u>7,113,094</u>	<u>3,442,870</u>	<u>58,826,262</u>
Cash	-	25	198	70	-	281	574
Dividends and interest receivable	-	3,678	8,072	7,681	7,148	2,930	29,509
Receivable from securities transactions	-	-	-	-	-	425	425
Receivable from Program units sold	12,441	6,223	6,098	2,499	3,084	275	30,620
TOTAL ASSETS	<u>13,369,571</u>	<u>12,178,912</u>	<u>13,299,232</u>	<u>9,469,568</u>	<u>7,123,326</u>	<u>3,446,781</u>	<u>58,887,390</u>
LIABILITIES							
Accrued Program management fee	5,206	4,053	4,168	2,807	1,982	885	19,101
Accrued state trustee fee	121	102	111	79	59	25	497
Payable for securities transactions	12,441	9,894	14,160	10,170	10,222	2,914	59,801
Payable for Program units redeemed	-	-	-	-	-	700	700
TOTAL LIABILITIES	<u>17,768</u>	<u>14,049</u>	<u>18,439</u>	<u>13,056</u>	<u>12,263</u>	<u>4,524</u>	<u>80,099</u>
NET ASSETS	<u>\$ 13,351,803</u>	<u>12,164,863</u>	<u>13,280,793</u>	<u>9,456,512</u>	<u>7,111,063</u>	<u>3,442,257</u>	<u>58,807,291</u>
UNITS OUTSTANDING	<u>1,757,747</u>	<u>1,522,928</u>	<u>1,531,112</u>	<u>1,035,731</u>	<u>752,092</u>	<u>345,521</u>	
NET ASSET VALUE PER UNIT	<u>\$ 7.60</u>	<u>7.99</u>	<u>8.67</u>	<u>9.13</u>	<u>9.46</u>	<u>9.96</u>	
INVESTMENTS AT COST	<u>\$ 12,852,622</u>	<u>12,535,128</u>	<u>13,603,597</u>	<u>9,464,175</u>	<u>7,056,285</u>	<u>3,337,818</u>	<u>58,849,625</u>

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST COLLEGE SAVINGS PROGRAM
STATEMENT OF ASSETS AND LIABILITIES (continued)
JUNE 30, 2010

	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 Funds (Institutional Class):						
Inflation-Linked Bond Fund	\$ 13,402,426	-	7,309,075	-	-	-
Equity Index Fund	-	47,911,274	-	-	-	-
International Equity Index Fund	29,070,749	10,822,601	-	-	-	-
Bond Fund	31,020,168	-	22,585,348	-	-	-
Money Market Fund	-	-	-	-	12,588,040	-
S&P 500 Index Fund	93,199,971	-	-	-	-	-
Mid-Cap Growth Fund	10,048,647	-	-	-	-	-
Small-Cap Equity Fund	11,465,185	-	-	-	-	-
Mid-Cap Value Fund	9,571,509	-	-	-	-	-
Social Choice Equity Fund	-	-	-	2,751,170	-	-
SUBTOTAL	<u>197,778,655</u>	<u>58,733,875</u>	<u>29,894,423</u>	<u>2,751,170</u>	<u>12,588,040</u>	<u>-</u>
TIAA-CREF Mutual Funds (Retail Class):						
Money Market Fund	-	-	-	-	-	-
TIAA-CREF Life Insurance Company:						
Guaranteed Funding Agreement	-	-	-	-	-	173,440,400
TOTAL INVESTMENTS	<u>197,778,655</u>	<u>58,733,875</u>	<u>29,894,423</u>	<u>2,751,170</u>	<u>12,588,040</u>	<u>173,440,400</u>
Cash	47,610	2,488	7,368	30	-	-
Dividends and interest receivable	82,651	-	59,928	-	1,410	-
Receivable from securities transactions	-	-	-	28	2,521	-
Receivable from Program units sold	127,982	42,834	125,173	385	230,407	199,037
TOTAL ASSETS	<u>198,036,898</u>	<u>58,779,197</u>	<u>30,086,892</u>	<u>2,751,613</u>	<u>12,822,378</u>	<u>173,639,437</u>
LIABILITIES						
Accrued Program management fee	60,425	24,468	5,875	870	4,485	-
Accrued state trustee fee	1,684	502	242	24	102	-
Payable for securities transactions	191,106	42,086	150,433	-	1,403	-
Payable for Program units redeemed	19,515	748	34,629	413	232,928	199,037
TOTAL LIABILITIES	<u>272,730</u>	<u>67,804</u>	<u>191,179</u>	<u>1,307</u>	<u>238,918</u>	<u>199,037</u>
NET ASSETS	<u>\$ 197,764,168</u>	<u>58,711,393</u>	<u>29,895,713</u>	<u>2,750,306</u>	<u>12,583,460</u>	<u>173,440,400</u>
UNITS OUTSTANDING	<u>17,526,044</u>	<u>6,673,035</u>	<u>2,359,559</u>	<u>335,970</u>	<u>1,239,574</u>	<u>12,467,554</u>
NET ASSET VALUE PER UNIT	<u>\$ 11.28</u>	<u>8.80</u>	<u>12.67</u>	<u>8.19</u>	<u>10.15</u>	<u>13.91</u>
INVESTMENTS AT COST	<u>\$ 225,236,027</u>	<u>68,887,002</u>	<u>28,392,671</u>	<u>2,817,078</u>	<u>12,588,040</u>	<u>173,440,400</u>

See notes to financial statements

Administrative Account	Total
-	20,711,501
-	47,911,274
-	39,893,350
-	53,605,516
-	12,588,040
-	93,199,971
-	10,048,647
-	11,465,185
-	9,571,509
-	2,751,170
-	<u>301,746,163</u>
450,599	450,599
-	173,440,400
<u>450,599</u>	<u>475,637,162</u>
-	57,496
-	143,989
-	2,549
-	725,818
<u>450,599</u>	<u>476,567,014</u>
-	96,123
-	2,554
-	385,028
-	487,270
<u>-</u>	<u>970,975</u>
<u>450,599</u>	<u>475,596,039</u>
<u>450,599</u>	
<u>-</u>	
<u>450,599</u>	<u>511,811,817</u>

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST COLLEGE SAVINGS PROGRAM
STATEMENT OF OPERATIONS
JUNE 30, 2010

Managed Allocation Option
Age Bands Within the Managed Allocation Option

	<u>Ages 0-3</u>	<u>Ages 4-7</u>	<u>Ages 8-11</u>	<u>Ages 12-14</u>	<u>Ages 15-17</u>	<u>Ages 18 & Over</u>	<u>Total</u>
INVESTMENT INCOME							
Interest	\$ —	—	—	—	—	—	—
Dividends from underlying funds	691,290	2,223,640	4,333,755	3,839,969	3,282,413	1,576,780	15,947,847
TOTAL INCOME	<u>691,290</u>	<u>2,223,640</u>	<u>4,333,755</u>	<u>3,839,969</u>	<u>3,282,413</u>	<u>1,576,780</u>	<u>15,947,847</u>
EXPENSES							
Program management fee	152,603	418,163	695,182	553,121	600,184	408,648	2,827,901
State trustee fees	3,330	9,694	17,412	14,586	15,140	9,763	69,925
TOTAL EXPENSES	<u>155,933</u>	<u>427,857</u>	<u>712,594</u>	<u>567,707</u>	<u>615,324</u>	<u>418,411</u>	<u>2,897,826</u>
NET INVESTMENT INCOME	<u>535,357</u>	<u>1,795,783</u>	<u>3,621,161</u>	<u>3,272,262</u>	<u>2,667,089</u>	<u>1,158,369</u>	<u>13,050,021</u>
REALIZED AND UNREALIZED							
GAIN (LOSS) ON INVESTMENTS							
Net realized loss on investments in underlying fund shares	(1,479,533)	(3,091,791)	(2,469,021)	(1,259,055)	(782,720)	(1,633,569)	(10,715,689)
Net change in unrealized appreciation on investments in underlying fund shares	<u>5,257,883</u>	<u>12,958,882</u>	<u>17,441,295</u>	<u>13,402,592</u>	<u>10,275,451</u>	<u>5,827,151</u>	<u>65,163,254</u>
NET REALIZED AND UNREALIZED							
GAIN ON INVESTMENTS	<u>3,778,350</u>	<u>9,867,091</u>	<u>14,972,274</u>	<u>12,143,537</u>	<u>9,492,731</u>	<u>4,193,582</u>	<u>54,447,565</u>
NET INCREASE							
IN NET ASSETS RESULTING							
FROM OPERATIONS	<u>\$ 4,313,707</u>	<u>11,662,874</u>	<u>18,593,435</u>	<u>15,415,799</u>	<u>12,159,820</u>	<u>5,351,951</u>	<u>67,497,586</u>

See notes to financial statements

Aggressive Managed Allocation Option
Age Bands Within the Aggressive Managed Allocation Option

	<u>Ages 0-3</u>	<u>Ages 4-7</u>	<u>Ages 8-11</u>	<u>Ages 12-14</u>	<u>Ages 15-17</u>	<u>Ages 18 & Over</u>	<u>Total</u>
INVESTMENT INCOME							
Interest	\$ —	—	—	—	—	—	—
Dividends from underlying funds	200,688	202,168	225,880	157,097	128,006	45,617	959,456
TOTAL INCOME	<u>200,688</u>	<u>202,168</u>	<u>225,880</u>	<u>157,097</u>	<u>128,006</u>	<u>45,617</u>	<u>959,456</u>
EXPENSES							
Program management fee	58,107	46,909	45,974	28,977	20,882	8,897	209,746
State trustee fees	1,186	1,020	1,058	699	528	222	4,713
TOTAL EXPENSES	<u>59,293</u>	<u>47,929</u>	<u>47,032</u>	<u>29,676</u>	<u>21,410</u>	<u>9,119</u>	<u>214,459</u>
NET INVESTMENT INCOME	<u>141,395</u>	<u>154,239</u>	<u>178,848</u>	<u>127,421</u>	<u>106,596</u>	<u>36,498</u>	<u>744,997</u>
REALIZED AND UNREALIZED							
GAIN (LOSS) ON INVESTMENTS							
Net realized loss on investments in underlying fund shares	(628,056)	(262,194)	(58,949)	(69,591)	(102,710)	(12,387)	(1,133,887)
Net change in unrealized appreciation on investments in underlying fund shares	<u>1,496,565</u>	<u>1,009,418</u>	<u>689,256</u>	<u>413,168</u>	<u>365,468</u>	<u>85,773</u>	<u>4,059,648</u>
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	<u>868,509</u>	<u>747,224</u>	<u>630,307</u>	<u>343,577</u>	<u>262,758</u>	<u>73,386</u>	<u>2,925,761</u>
NET INCREASE							
IN NET ASSETS RESULTING							
FROM OPERATIONS	<u>\$ 1,009,904</u>	<u>901,463</u>	<u>809,155</u>	<u>470,998</u>	<u>369,354</u>	<u>109,884</u>	<u>3,670,758</u>

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST COLLEGE SAVINGS PROGRAM
STATEMENT OF OPERATIONS (continued)
JUNE 30, 2010

	High Equity Option	100% Equity Index Option	100% Fixed- Income Option	Social Choice Option	Money Market Option	Principal Plus Interest Option
INVESTMENT INCOME						
Interest	\$ 4	—	1	—	—	4,340,004
Dividends from underlying funds	4,057,476	901,490	796,056	30,791	17,440	—
TOTAL INCOME	<u>4,057,480</u>	<u>901,490</u>	<u>796,057</u>	<u>30,791</u>	<u>17,440</u>	<u>4,340,004</u>
EXPENSES						
Program management fee	842,004	297,591	72,823	8,927	54,329	—
State trustee fees	19,941	5,489	2,458	217	1,116	—
TOTAL EXPENSES	<u>861,945</u>	<u>303,080</u>	<u>75,281</u>	<u>9,144</u>	<u>55,445</u>	<u>—</u>
NET INVESTMENT INCOME (LOSS)	<u>3,195,535</u>	<u>598,410</u>	<u>720,776</u>	<u>21,647</u>	<u>(38,005)</u>	<u>4,340,004</u>
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS						
Net realized loss on investments in underlying fund shares	(2,842,223)	(729,910)	(17,894)	(25,574)	—	—
Net change in unrealized appreciation on investments in underlying fund shares	<u>20,220,035</u>	<u>4,603,806</u>	<u>1,470,690</u>	<u>155,718</u>	<u>—</u>	<u>—</u>
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	<u>17,377,812</u>	<u>3,873,896</u>	<u>1,452,796</u>	<u>130,144</u>	<u>—</u>	<u>—</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 20,573,347</u>	<u>4,472,306</u>	<u>2,173,572</u>	<u>151,791</u>	<u>(38,005)</u>	<u>4,340,004</u>

See notes to financial statements

Administrative Account	Total
97	4,340,106
—	5,803,253
<u>97</u>	<u>10,143,359</u>
—	1,275,674
—	29,221
<u>—</u>	<u>1,304,895</u>
<u>97</u>	<u>8,838,464</u>
—	(3,615,601)
<u>—</u>	<u>26,450,249</u>
<u>—</u>	<u>22,834,648</u>
<u>97</u>	<u>31,673,112</u>

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST COLLEGE SAVINGS PROGRAM
STATEMENT OF CHANGES IN NET ASSETS
JUNE 30, 2010

Managed Allocation Option
Age Bands Within the Managed Allocation Option

	<u>Ages 0-3</u>	<u>Ages 4-7</u>	<u>Ages 8-11</u>	<u>Ages 12-14</u>	<u>Ages 15-17</u>	<u>Ages 18 & Over</u>	<u>Total</u>
FROM OPERATIONS							
Net investment income	\$ 535,357	1,795,783	3,621,161	3,272,262	2,667,089	1,158,369	13,050,021
Net realized loss on investments	(1,479,533)	(3,091,791)	(2,469,021)	(1,259,055)	(782,720)	(1,633,569)	(10,715,689)
Net change in unrealized appreciation on total investments	<u>5,257,883</u>	<u>12,958,882</u>	<u>17,441,295</u>	<u>13,402,592</u>	<u>10,275,451</u>	<u>5,827,151</u>	<u>65,163,254</u>
NET INCREASE FROM OPERATIONS	<u>4,313,707</u>	<u>11,662,874</u>	<u>18,593,435</u>	<u>15,415,799</u>	<u>12,159,820</u>	<u>5,351,951</u>	<u>67,497,586</u>
ACCOUNT OWNER TRANSACTIONS							
Subscriptions	14,642,053	33,707,208	58,488,739	67,533,416	69,901,868	62,674,883	306,948,167
Redemptions	<u>(16,929,218)</u>	<u>(37,054,709)</u>	<u>(52,970,220)</u>	<u>(55,493,595)</u>	<u>(58,826,344)</u>	<u>(42,092,886)</u>	<u>(263,366,972)</u>
NET INCREASE (DECREASE) FROM TRANSACTIONS	<u>(2,287,165)</u>	<u>(3,347,501)</u>	<u>5,518,519</u>	<u>12,039,821</u>	<u>11,075,524</u>	<u>20,581,997</u>	<u>43,581,195</u>
NET INCREASE IN NET ASSETS	2,026,542	8,315,373	24,111,954	27,455,620	23,235,344	25,933,948	111,078,781
NET ASSETS							
Beginning of year	<u>27,295,782</u>	<u>86,026,286</u>	<u>151,308,025</u>	<u>126,258,350</u>	<u>134,227,239</u>	<u>95,253,427</u>	<u>620,369,109</u>
End of year	<u>\$ 29,322,324</u>	<u>94,341,659</u>	<u>175,419,979</u>	<u>153,713,970</u>	<u>157,462,583</u>	<u>121,187,375</u>	<u>731,447,890</u>
UNITS							
Sold	1,166,108	2,872,553	4,601,780	5,076,359	5,253,570	4,615,793	23,586,163
Redeemed	<u>(1,318,867)</u>	<u>(3,145,258)</u>	<u>(4,146,476)</u>	<u>(4,160,607)</u>	<u>(4,416,883)</u>	<u>(3,159,447)</u>	<u>(20,347,538)</u>
NET INCREASE (DECREASE)	<u>(152,759)</u>	<u>(272,705)</u>	<u>455,304</u>	<u>915,752</u>	<u>836,687</u>	<u>1,456,346</u>	<u>3,238,625</u>

See notes to financial statements

Aggressive Managed Allocation Option
Age Bands Within the Aggressive Managed Allocation Option

	<u>Ages 0-3</u>	<u>Ages 4-7</u>	<u>Ages 8-11</u>	<u>Ages 12-14</u>	<u>Ages 15-17</u>	<u>Ages 18 & Over</u>	<u>Total</u>
FROM OPERATIONS							
Net investment income	\$ 141,395	154,239	178,848	127,421	106,596	36,498	744,997
Net realized loss on investments	(628,056)	(262,194)	(58,949)	(69,591)	(102,710)	(12,387)	(1,133,887)
Net change in unrealized appreciation on total investments	<u>1,496,565</u>	<u>1,009,418</u>	<u>689,256</u>	<u>413,168</u>	<u>365,468</u>	<u>85,773</u>	<u>4,059,648</u>
NET INCREASE FROM OPERATIONS	<u>1,009,904</u>	<u>901,463</u>	<u>809,155</u>	<u>470,998</u>	<u>369,354</u>	<u>109,884</u>	<u>3,670,758</u>
ACCOUNT OWNER TRANSACTIONS							
Subscriptions	7,877,166	8,107,927	8,780,338	6,858,878	5,375,264	2,533,518	39,533,091
Redemptions	<u>(3,014,960)</u>	<u>(3,780,884)</u>	<u>(3,216,522)</u>	<u>(2,204,039)</u>	<u>(1,884,503)</u>	<u>(603,163)</u>	<u>(14,704,071)</u>
NET INCREASE FROM TRANSACTIONS	<u>4,862,206</u>	<u>4,327,043</u>	<u>5,563,816</u>	<u>4,654,839</u>	<u>3,490,761</u>	<u>1,930,355</u>	<u>24,829,020</u>
NET INCREASE IN NET ASSETS	5,872,110	5,228,506	6,372,971	5,125,837	3,860,115	2,040,239	28,499,778
NET ASSETS							
Beginning of year	<u>7,479,693</u>	<u>6,936,357</u>	<u>6,907,822</u>	<u>4,330,675</u>	<u>3,250,948</u>	<u>1,402,018</u>	<u>30,307,513</u>
End of year	<u>\$ 13,351,803</u>	<u>12,164,863</u>	<u>13,280,793</u>	<u>9,456,512</u>	<u>7,111,063</u>	<u>3,442,257</u>	<u>58,807,291</u>
UNITS							
Sold	986,229	969,935	981,165	733,911	562,900	253,388	4,487,528
Redeemed	<u>(372,105)</u>	<u>(447,335)</u>	<u>(357,422)</u>	<u>(235,799)</u>	<u>(198,219)</u>	<u>(61,376)</u>	<u>(1,672,256)</u>
NET INCREASE	<u>614,124</u>	<u>522,600</u>	<u>623,743</u>	<u>498,112</u>	<u>364,681</u>	<u>192,012</u>	<u>2,815,272</u>

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST COLLEGE SAVINGS PROGRAM
STATEMENT OF CHANGES IN NET ASSETS (continued)
JUNE 30, 2010

	High Equity Option	100% Equity Index Option	100% Fixed- Income Option	Social Choice Option	Money Market Option	Principal Plus Interest Option
FROM OPERATIONS						
Net investment income (loss)	\$ 3,195,535	598,410	720,776	21,647	(38,005)	4,340,004
Net realized loss on investments	(2,842,223)	(729,910)	(17,894)	(25,574)	—	—
Net change in unrealized appreciation on total investments	<u>20,220,035</u>	<u>4,603,806</u>	<u>1,470,690</u>	<u>155,718</u>	<u>—</u>	<u>—</u>
NET INCREASE (DECREASE) FROM OPERATIONS	<u>20,573,347</u>	<u>4,472,306</u>	<u>2,173,572</u>	<u>151,791</u>	<u>(38,005)</u>	<u>4,340,004</u>
ACCOUNT OWNER TRANSACTIONS						
Subscriptions	29,679,586	19,040,281	14,993,473	1,534,523	9,014,681	53,565,726
Redemptions	<u>(23,901,474)</u>	<u>(5,941,405)</u>	<u>(6,356,358)</u>	<u>(114,409)</u>	<u>(7,245,143)</u>	<u>(38,949,298)</u>
NET INCREASE FROM TRANSACTIONS	<u>5,778,112</u>	<u>13,098,876</u>	<u>8,637,115</u>	<u>1,420,114</u>	<u>1,769,538</u>	<u>14,616,428</u>
NET INCREASE IN NET ASSETS	26,351,459	17,571,182	10,810,687	1,571,905	1,731,533	18,956,432
NET ASSETS						
Beginning of year	<u>171,412,709</u>	<u>41,140,211</u>	<u>19,085,026</u>	<u>1,178,401</u>	<u>10,851,927</u>	<u>154,483,968</u>
End of year	<u>\$ 197,764,168</u>	<u>58,711,393</u>	<u>29,895,713</u>	<u>2,750,306</u>	<u>12,583,460</u>	<u>173,440,400</u>
UNITS						
Sold	2,538,174	2,036,437	1,236,874	180,586	886,433	3,903,845
Redeemed	(2,074,004)	(641,884)	(525,474)	(13,355)	(712,211)	(2,846,581)
NET INCREASE	<u>464,170</u>	<u>1,394,553</u>	<u>711,400</u>	<u>167,231</u>	<u>174,222</u>	<u>1,057,264</u>

See notes to financial statements

Administrative Account	Total
97	8,838,464
—	(3,615,601)
<u>—</u>	<u>26,450,249</u>
<u>97</u>	<u>31,673,112</u>
120,492	127,948,762
(109,232)	(82,617,319)
<u>11,260</u>	<u>45,331,443</u>
11,357	77,004,555
<u>439,242</u>	<u>398,591,484</u>
<u>450,599</u>	<u>475,596,039</u>
120,492	10,902,841
(109,232)	(6,922,741)
<u>11,260</u>	<u>3,980,100</u>

See notes to financial statements

**CONNECTICUT HIGHER EDUCATION TRUST COLLEGE SAVINGS PROGRAM
FINANCIAL HIGHLIGHTS
JUNE 30, 2010**

**Managed Allocation Option
Age Bands Within the Managed Allocation Option**

	<u>Ages 0-3</u>	<u>Ages 4-7</u>	<u>Ages 8-11</u>	<u>Ages 12-14</u>	<u>Ages 15-17</u>	<u>Ages 18 & Over</u>
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR						
Net asset value, beginning of year	\$ 10.69	10.13	11.22	11.88	12.19	12.76
Gain (loss) from investment operations:						
Net investment income ^(a)	0.20	0.21	0.26	0.29	0.23	0.16
Net realized and unrealized gain on investments	<u>1.32</u>	<u>1.14</u>	<u>1.11</u>	<u>1.14</u>	<u>0.87</u>	<u>0.66</u>
Total gain from investment operations	<u>1.52</u>	<u>1.35</u>	<u>1.37</u>	<u>1.43</u>	<u>1.10</u>	<u>0.82</u>
Net asset value, end of year	<u>\$ 12.21</u>	<u>11.48</u>	<u>12.59</u>	<u>13.31</u>	<u>13.29</u>	<u>13.58</u>
 TOTAL RETURN	 <u>14.22%</u>	 <u>13.33%</u>	 <u>12.21%</u>	 <u>12.04%</u>	 <u>9.02%</u>	 <u>6.43%</u>
RATIOS AND SUPPLEMENTAL DATA						
Net assets at end of period (in thousands)	\$ 29,322	94,342	175,420	153,714	157,463	121,187
Ratio of expenses to average net assets ^(b)	0.47 %	0.44 %	0.41 %	0.39 %	0.41 %	0.43 %
Ratio of net investment income to average net assets	1.61 %	1.85 %	2.08 %	2.24 %	1.76 %	1.18 %

^(a) Based on average units outstanding

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

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
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR						
Net asset value, beginning of year	\$ 6.54	6.93	7.61	8.06	8.39	9.13
Gain (loss) from investment operations:						
Net investment income ^(a)	0.09	0.12	0.15	0.17	0.19	0.16
Net realized and unrealized gain on investments	<u>0.97</u>	<u>0.94</u>	<u>0.91</u>	<u>0.90</u>	<u>0.88</u>	<u>0.67</u>
Total gain from investment operations	<u>1.06</u>	<u>1.06</u>	<u>1.06</u>	<u>1.07</u>	<u>1.07</u>	<u>0.83</u>
Net asset value, end of year	<u>\$ 7.60</u>	<u>7.99</u>	<u>8.67</u>	<u>9.13</u>	<u>9.46</u>	<u>9.96</u>
 TOTAL RETURN	 <u>16.21%</u>	 <u>15.30%</u>	 <u>13.93%</u>	 <u>13.28%</u>	 <u>12.75%</u>	 <u>9.09%</u>
RATIOS AND SUPPLEMENTAL DATA						
Net assets at end of period (in thousands)	\$ 13,352	12,165	13,281	9,457	7,111	3,442
Ratio of expenses to average net assets ^(b)	0.50 %	0.47 %	0.44 %	0.42 %	0.40 %	0.41 %
Ratio of net investment income to average net assets	1.19 %	1.51 %	1.69 %	1.82 %	2.01 %	1.64 %

^(a) Based on average units outstanding

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

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST COLLEGE SAVINGS PROGRAM
FINANCIAL HIGHLIGHTS (continued)
JUNE 30, 2010

	High Equity Option	100% Equity Index Option	100% Fixed- Income Option	Social Choice Option	Money Market Option	Principal Plus Interest Option
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR						
Net asset value, beginning of year	\$ 10.05	7.79	11.58	6.98	10.19	13.54
Gain (loss) from investment operations:						
Net investment income (loss) ^(a)	0.19	0.10	0.36	0.09	(0.04)	0.37
Net realized and unrealized gain (loss) on investments	1.04	0.91	0.73	1.12	—	—
Total gain (loss) from investment operations	1.23	1.01	1.09	1.21	(0.04)	0.37
Net asset value, end of year	\$ 11.28	8.80	12.67	8.19	10.15	13.91
TOTAL RETURN	12.24%	12.97%	9.41%	17.34%	(0.39)%	2.73%
RATIOS AND SUPPLEMENTAL DATA						
Net assets at end of period (in thousands)	\$ 197,764	58,711	29,896	2,750	12,583	173,440
Ratio of expenses to average net assets ^(b)	0.43 %	0.55 %	0.31 %	0.42 %	0.50 %	— %
Ratio of net investment income to average net assets	1.60 %	1.09 %	2.93 %	0.99 %	-0.34 %	2.71 %

^(a) Based on average units outstanding

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

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

NOTES TO FINANCIAL STATEMENTS

Note 1 – organization and significant accounting policies

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 intended to meet the requirements of a qualified tuition program under Section 529 of the Internal Revenue Code and was established pursuant to the Connecticut Annotated Statutes Sections 3-22f to 3-22o. 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. The Funding Agreement guarantees to the Trust a return of principal plus a minimum rate of interest and provides the opportunity for additional interest as declared periodically by TIAA-CREF Life.

Teachers Advisors, Inc. (“Advisors”), an affiliate of TFI, is registered with the Securities and Exchange Commission as an investment adviser and provides investment advisory services to the TIAA-CREF Funds.

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) which may require the use of estimates made by management and the evaluation of subsequent events through September 15, 2010. Actual results may differ from those estimates. The following is a summary of the significant accounting policies consistently followed by the Program.

Security valuation: All investments are recorded at their estimated fair value as described in the valuation of investments note to the financial statements.

Accounting for investments: Securities transactions are accounted for as of the trade date for financial reporting purposes. Interest income is recorded as earned. Dividend income and capital gain distributions from the TIAA-CREF 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 designed to constitute a qualified tuition program under Section 529 of the Internal Revenue Code and does not expect to have any unrelated business income subject to tax.

Units: The beneficial interests for each account owner in the investment options are represented by Program units. Subscriptions and redemptions are recorded upon receipt of account owner's instructions in good order, based on the next determined net asset value per unit (“Unit Value”). Unit Values for each investment option are determined at the close of business of the New York Stock Exchange. There are no distributions of net investment gains or net investment income to the investment option's account owners or beneficiaries.

Note 2 – valuation of investments

All investments are valued at fair value utilizing various valuation methods. U.S. GAAP establishes a hierarchy that prioritizes market inputs to valuation methods. The three levels of inputs are:

- Level 1 – quoted prices in active markets for identical securities
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Program's own assumptions in determining the fair value of investments)

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

NOTES TO FINANCIAL STATEMENTS (continued)

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

A description of the valuation techniques applied to the Program's major categories of assets and liabilities measured at fair value follows:

Investments in registered investment companies: These investments are valued at their net asset value on the valuation date. These investments are categorized in Level 1 of the fair value hierarchy.

Principal Plus Interest Option: The TIAA-CREF Life Funding Agreement, to which the Principal Plus Interest Option allocates assets, is valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of TIAA-CREF Life. The Funding Agreement has a floating rate of interest that resets annually based on a projected rate of return. The Funding Agreement is categorized in Level 3 of the fair value hierarchy.

Transfers between levels are recognized at the end of the reporting period. As of June 30, 2010, there were no significant transfers between levels by the Program options.

As of June 30, 2010, all of the investments in the Managed Allocation Option, the Aggressive Managed Allocation Option, the High Equity Option, the 100% Equity Index Option, the 100% Fixed-Income Option, the Social Choice Option, the Money Market Option, and the Administrative Account were valued based on Level 1 inputs.

As of June 30, 2010, all investments in the Principal Plus Interest Option were categorized in Level 3 of the fair value hierarchy.

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining value:

	Principal Plus Interest Option
Balance as of 06/30/09	\$ 154,483,968
Realized Gain/Loss	-
Change in Unrealized Appreciation/Depreciation	-
Gross Purchases	57,905,730
Gross Sales	(38,949,298)
Balance as of 06/30/10	\$ 173,440,400

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 aggregate Program management fee of 0.24% to 0.49% of the average daily net assets of the Program, invested in such investment options. In addition, Advisors is paid investment management fees on the underlying investments in the TIAA-CREF Funds. The Program management fee plus the weighted average expenses of each of the underlying mutual funds in the aforementioned investment options will not exceed 0.59% of the average daily net assets of the Program invested in such investment options.

No fee is charged on the assets invested in the Principal Plus Interest Option; however a fee is paid to TFI by TIAA-CREF Life for distribution, administrative and other reasonable expenses.

Prior to May 15, 2010, 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

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM

NOTES TO FINANCIAL STATEMENTS (continued)

Option and the High Equity Option, TFI was paid an annual aggregate Program management fee of 0.315% to 0.56% of the average daily net assets of the Program, invested in such investment options. In addition, Advisors was paid investment management fees on the underlying investments in the TIAA-CREF Funds. The Program management fees plus the weighted average expenses of each of the underlying mutual funds in the aforementioned investment options did not exceed 0.64% of the average daily net assets of the Program invested in such investment options.

The Trustee collects a state trustee fee of 0.01% of the average daily net assets of the Program annually to pay for expenses related to the oversight of the Program. The Trustee is authorized to withdraw a state fee of up to 0.02% of the average daily net assets of the Program. The state trustee fee is not charged on the assets invested in the Principal Plus Interest Option.

For the period ended June 30, 2010, TFI received total Program management fees of \$4,313,322. Total underlying fund fee expenses for the TIAA-CREF Funds during the period were \$2,262,048. The Program management fees and the state trustee fees charged to each investment option are disclosed in the Statement of Operations.

Note 4 – investments

As of June 30, 2010, net unrealized appreciation (depreciation) of portfolio investments was \$(38,971,238) consisting of gross unrealized appreciation of \$22,193,300 and gross unrealized depreciation of \$(61,164,538).

Purchases and sales of non-government portfolio securities for the year ended June 30, 2010 were \$239,285,305 and \$121,865,375, respectively.

An account owner has an investment in an investment option and not a direct investment in any underlying mutual fund or other investment vehicle.

As of June 30, 2010, the Program's investments consist of the following:

	Shares	Cost	Market Value
TIAA-CREF Mutual Funds (Institutional Class):			
Inflation-Linked Bond Fund	10,998,498	113,666,232	120,543,535
Equity Index Fund	36,829,383	300,799,737	287,269,186
International Equity Index Fund	7,255,126	119,790,774	97,726,549
Bond Fund	31,636,547	316,551,377	331,867,373
Money Market Fund	97,349,562	97,349,562	97,349,562
Real Estate Securities Fund	3,672,057	34,603,158	30,441,352
S&P 500 Index Fund	7,965,809	108,982,480	93,199,971
Mid-Cap Growth Fund	688,263	10,625,855	10,048,647
Small-Cap Equity Fund	1,028,268	14,355,751	11,465,185
Mid-Cap Value Fund	706,384	11,663,273	9,571,509
Social Choice Equity Fund	310,166	2,817,078	2,751,170
TIAA-CREF Mutual Funds (Retail Class):			
Money Market Fund*	450,599	450,599	450,599
TIAA-CREF Life Insurance Company:			
Funding Agreement		173,440,400	173,440,400
		<u>\$1,305,096,276</u>	<u>\$1,266,125,038</u>

*Represents the assets of the Administrative Account.

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

Note 5 – accounting pronouncement

In January 2010, the Financial Accounting Standards Board issued authoritative guidance that improves disclosures about fair value measurements thereby increasing transparency in financial reporting. Some of the new disclosure requirements are effective for interim and annual reporting periods beginning after December 15, 2009. The remaining disclosure requirements are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Management has evaluated the new disclosure requirements and has determined that the new requirements will not have a material impact on the Program's financial statements.