

**CONNECTICUT HIGHER EDUCATION TRUST PROGRAM-
DIRECT PLAN**

Financial Statements

June 30, 2011



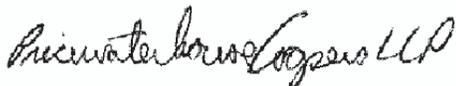
**CONNECTICUT HIGHER EDUCATION TRUST PROGRAM-
DIRECT PLAN
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JUNE 30, 2011**

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Report of Independent Auditors

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

In our opinion, the accompanying statement of assets and liabilities and the related statement of operations and of changes in net assets and financial highlights present fairly, in all material respects, the financial position of twenty-six portfolios constituting the Connecticut Higher Education Trust Program - Direct Plan (the "Program") at June 30, 2011, 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 "Direct Plan Manager"). Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these 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 Direct Plan Manager, and evaluating the overall financial statement presentation. We believe that our audit, which included confirmation of securities owned at June 30, 2011 by correspondence with the transfer agent, provides a reasonable basis for our opinion.



August 29, 2011

**CONNECTICUT HIGHER EDUCATION TRUST PROGRAM- DIRECT PLAN
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 2011**

**Conservative Managed Allocation Option
Age Bands Within the Conservative 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>
ASSETS							
Investments, at value:							
TIAA-CREF Funds (Institutional Class):							
Inflation-Linked Bond Fund	\$ 38,807	44,601	50,416	90,997	101,359	27,825	354,005
Equity Index Fund	129,888	81,654	48,949	68,574	44,770	–	373,835
International Equity Index Fund	103,637	65,003	39,184	54,516	35,890	–	298,230
Money Market Fund	–	–	–	87,981	233,914	120,402	442,297
Real Estate Securities Fund	29,792	18,640	11,051	15,534	10,266	–	85,283
Short-Term Bond Fund	–	–	–	59,139	157,874	81,217	298,230
Bond Index Fund	123,313	142,340	161,379	289,884	323,300	88,610	1,128,826
SUBTOTAL	<u>425,437</u>	<u>352,238</u>	<u>310,979</u>	<u>666,625</u>	<u>907,373</u>	<u>318,054</u>	<u>2,980,706</u>
Non-Proprietary Funds:							
DFA Emerging Markets Core Equity Portfolio	25,372	16,210	9,686	13,591	8,963	–	73,822
Templeton Global Bond Fund	28,875	33,281	37,743	67,900	75,632	20,829	264,260
SUBTOTAL	<u>54,247</u>	<u>49,491</u>	<u>47,429</u>	<u>81,491</u>	<u>84,595</u>	<u>20,829</u>	<u>338,082</u>
TIAA-CREF Life Insurance Company:							
Guaranteed Funding Agreement	–	–	–	–	–	–	–
TOTAL INVESTMENTS	<u>479,684</u>	<u>401,729</u>	<u>358,408</u>	<u>748,116</u>	<u>991,968</u>	<u>338,883</u>	<u>3,318,788</u>
Cash	–	–	–	–	–	–	–
Dividends and interest receivable	265	282	277	582	1,008	302	2,716
Receivable from Program units sold	1,160	330	695	200	600	75	3,060
TOTAL ASSETS	<u>481,109</u>	<u>402,341</u>	<u>359,380</u>	<u>748,898</u>	<u>993,576</u>	<u>339,260</u>	<u>3,324,564</u>
LIABILITIES							
Accrued Program management fee	71	55	42	89	156	47	460
Accrued state trustee fee	4	3	2	5	8	2	24
Payable for securities transactions	1,425	612	972	782	1,608	377	5,776
TOTAL LIABILITIES	<u>1,500</u>	<u>670</u>	<u>1,016</u>	<u>876</u>	<u>1,772</u>	<u>426</u>	<u>6,260</u>
NET ASSETS	<u>\$ 479,609</u>	<u>401,671</u>	<u>358,364</u>	<u>748,022</u>	<u>991,804</u>	<u>338,834</u>	<u>3,318,304</u>
UNITS OUTSTANDING	<u>44,858</u>	<u>37,964</u>	<u>34,081</u>	<u>72,252</u>	<u>96,529</u>	<u>33,442</u>	
NET ASSET VALUE PER UNIT	<u>\$ 10.69</u>	<u>10.58</u>	<u>10.52</u>	<u>10.35</u>	<u>10.27</u>	<u>10.13</u>	
INVESTMENTS AT COST	<u>\$ 465,651</u>	<u>393,712</u>	<u>353,505</u>	<u>738,345</u>	<u>982,217</u>	<u>336,856</u>	<u>3,270,286</u>

* The Portfolios commenced operations on November 22, 2010.

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM- DIRECT PLAN
STATEMENT OF ASSETS AND LIABILITIES (continued)
JUNE 30, 2011

Moderate Managed Allocation Option ^(a)
Age Bands Within the Moderate 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	\$ 1,799,518	8,772,313	20,359,652	22,715,818	19,141,560	10,999,682	83,788,543
Equity Index Fund	11,663,173	33,172,987	50,902,064	36,650,740	28,599,677	14,420,517	175,409,158
International Equity Index Fund	8,841,335	25,839,666	38,555,564	28,186,385	21,739,010	11,109,732	134,271,692
Money Market Fund	-	-	-	-	22,400,843	39,154,630	61,555,473
Real Estate Securities Fund	2,661,428	6,120,911	9,890,254	7,549,650	5,822,945	3,323,907	35,369,095
Short-Term Bond Fund	-	-	-	-	14,822,948	26,337,015	41,159,963
Bond Index Fund	3,735,692	23,058,501	63,969,214	70,446,708	60,268,328	33,348,688	254,827,131
SUBTOTAL	<u>28,701,146</u>	<u>96,964,378</u>	<u>183,676,748</u>	<u>165,549,301</u>	<u>172,795,311</u>	<u>138,694,171</u>	<u>786,381,055</u>
Non-Proprietary Funds:							
DFA Emerging Markets Core Equity Portfolio	2,156,435	5,959,496	9,085,198	6,575,376	4,957,660	2,652,554	31,386,719
Templeton Global Bond Fund	661,528	5,630,187	15,424,031	16,950,280	14,252,301	8,006,457	60,924,784
SUBTOTAL	<u>2,817,963</u>	<u>11,589,683</u>	<u>24,509,229</u>	<u>23,525,656</u>	<u>19,209,961</u>	<u>10,659,011</u>	<u>92,311,503</u>
TIAA-CREF Life Insurance Company:							
Guaranteed Funding Agreement	-	-	-	-	-	-	-
TOTAL INVESTMENTS	<u>31,519,109</u>	<u>108,554,061</u>	<u>208,185,977</u>	<u>189,074,957</u>	<u>192,005,272</u>	<u>149,353,182</u>	<u>878,692,558</u>
Cash	161	10	5	57	1,123	4,714	6,070
Dividends and interest receivable	8,940	53,876	144,820	158,976	160,951	113,455	641,018
Receivable from securities transactions	-	-	-	-	10,874	137,343	148,217
Receivable from Program units sold	31,735	47,955	44,103	30,677	99,898	105,382	359,750
TOTAL ASSETS	<u>31,559,945</u>	<u>108,655,902</u>	<u>208,374,905</u>	<u>189,264,667</u>	<u>192,278,118</u>	<u>149,714,076</u>	<u>879,847,613</u>
LIABILITIES							
Accrued Program management fee	5,197	17,527	32,648	29,638	29,858	21,777	136,645
Accrued state trustee fee	271	915	1,706	1,549	1,561	1,140	7,142
Payable for securities transactions	40,625	101,581	188,773	189,403	160,951	113,455	794,788
Payable for Program units redeemed	-	-	100	300	110,773	247,425	358,598
TOTAL LIABILITIES	<u>46,093</u>	<u>120,023</u>	<u>223,227</u>	<u>220,890</u>	<u>303,143</u>	<u>383,797</u>	<u>1,297,173</u>
NET ASSETS	<u>\$ 31,513,852</u>	<u>108,535,879</u>	<u>208,151,678</u>	<u>189,043,777</u>	<u>191,974,975</u>	<u>149,330,279</u>	<u>878,550,440</u>
UNITS OUTSTANDING	<u>2,057,246</u>	<u>7,818,249</u>	<u>14,083,667</u>	<u>12,389,617</u>	<u>12,943,629</u>	<u>10,205,793</u>	
NET ASSET VALUE PER UNIT	<u>\$ 15.32</u>	<u>13.88</u>	<u>14.78</u>	<u>15.26</u>	<u>14.83</u>	<u>14.63</u>	
INVESTMENTS AT COST	<u>\$ 24,402,448</u>	<u>94,299,871</u>	<u>189,246,364</u>	<u>175,896,073</u>	<u>181,312,950</u>	<u>140,934,818</u>	<u>806,092,524</u>

^(a) The Managed Allocation Option changed its name to the Moderate Managed Allocation Option on November 22, 2010.

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	\$ -	790,962	1,499,967	1,397,138	1,466,458	656,902	5,811,427
Equity Index Fund	9,661,417	9,200,395	7,865,552	5,075,160	2,977,698	893,386	35,673,608
International Equity Index Fund	7,359,182	7,154,069	5,977,969	3,924,699	2,302,217	678,865	27,397,001
Money Market Fund	-	-	-	-	-	909,440	909,440
Real Estate Securities Fund	2,431,677	2,320,706	1,884,128	1,206,768	725,554	224,977	8,793,810
Short-Term Bond Fund	-	-	-	-	-	602,304	602,304
Bond Index Fund	-	2,141,024	4,412,573	4,401,162	3,963,586	1,762,215	16,680,560
SUBTOTAL	<u>19,452,276</u>	<u>21,607,156</u>	<u>21,640,189</u>	<u>16,004,927</u>	<u>11,435,513</u>	<u>5,728,089</u>	<u>95,868,150</u>
Non-Proprietary Funds:							
DFA Emerging Markets Core Equity Portfolio	1,678,311	1,620,840	1,372,255	789,841	484,608	166,591	6,112,446
Templeton Global Bond Fund	-	250,658	1,056,509	1,055,640	887,371	419,679	3,669,857
SUBTOTAL	<u>1,678,311</u>	<u>1,871,498</u>	<u>2,428,764</u>	<u>1,845,481</u>	<u>1,371,979</u>	<u>586,270</u>	<u>9,782,303</u>
TIAA-CREF Life Insurance Company:							
Guaranteed Funding Agreement	-	-	-	-	-	-	-
TOTAL INVESTMENTS	<u>21,130,587</u>	<u>23,478,654</u>	<u>24,068,953</u>	<u>17,850,408</u>	<u>12,807,492</u>	<u>6,314,359</u>	<u>105,650,453</u>
Cash	-	25	198	2,170	-	281	2,674
Dividends and interest receivable	-	4,764	9,868	9,533	8,684	4,618	37,467
Receivable from securities transactions	-	-	-	-	39,807	9,017	48,824
Receivable from Program units sold	14,953	11,217	5,726	11,050	29,274	6,425	78,645
TOTAL ASSETS	<u>21,145,540</u>	<u>23,494,660</u>	<u>24,084,745</u>	<u>17,873,161</u>	<u>12,885,257</u>	<u>6,334,700</u>	<u>105,818,063</u>
LIABILITIES							
Accrued Program management fee	3,361	3,583	3,707	2,670	1,943	907	16,171
Accrued state trustee fee	175	187	194	140	102	48	846
Payable for securities transactions	14,876	14,281	15,093	22,683	8,684	4,618	80,235
Payable for Program units redeemed	77	700	-	-	68,981	15,442	85,200
TOTAL LIABILITIES	<u>18,489</u>	<u>18,751</u>	<u>18,994</u>	<u>25,493</u>	<u>79,710</u>	<u>21,015</u>	<u>182,452</u>
NET ASSETS	<u>\$ 21,127,051</u>	<u>23,475,909</u>	<u>24,065,751</u>	<u>17,847,668</u>	<u>12,805,547</u>	<u>\$ 6,313,685</u>	<u>105,635,611</u>
UNITS OUTSTANDING	<u>2,117,376</u>	<u>2,311,085</u>	<u>2,255,128</u>	<u>1,623,181</u>	<u>1,150,761</u>	<u>568,182</u>	
NET ASSET VALUE PER UNIT	<u>\$ 9.98</u>	<u>10.16</u>	<u>10.67</u>	<u>11.00</u>	<u>11.13</u>	<u>11.11</u>	
INVESTMENTS AT COST	<u>\$ 16,611,567</u>	<u>20,300,955</u>	<u>21,292,230</u>	<u>16,002,239</u>	<u>11,683,767</u>	<u>5,927,799</u>	<u>91,818,557</u>

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM- DIRECT PLAN
STATEMENT OF ASSETS AND LIABILITIES (continued)
JUNE 30, 2011

	High Equity Option	Equity Index Option ^(a)	Active Equity Option*	Index Fixed-Income Option*	Active Fixed-Income Option ^(b)	Social Choice Option
ASSETS						
Investments, at value:						
TIAA-CREF Funds (Institutional Class):						
Inflation-Linked Bond Fund	\$ 10,228,088	-	-	-	7,739,555	-
Equity Index Fund	-	46,652,619	-	-	-	-
International Equity Index Fund	80,912,421	36,670,675	-	-	-	-
Bond Fund	30,529,342	-	-	-	20,162,797	-
Money Market Fund	-	-	-	-	-	-
S&P 500 Index Fund	79,684,560	-	-	-	-	-
Mid-Cap Growth Fund	8,456,010	-	57,110	-	-	-
Growth and Income Fund	-	-	824,560	-	-	-
Mid-Cap Value Fund	8,664,333	-	56,379	-	-	-
Bond Index Fund	-	-	-	1,207,527	-	-
Large-Cap Value Fund	-	-	382,530	-	-	-
High-Yield Fund	-	-	-	-	3,520,808	-
Social Choice Equity Fund	-	-	-	-	-	5,285,495
SUBTOTAL	<u>218,474,754</u>	<u>83,323,294</u>	<u>1,320,579</u>	<u>1,207,527</u>	<u>31,423,160</u>	<u>5,285,495</u>
TIAA-CREF Funds (Retail Class):						
Money Market Fund	-	-	-	-	-	-
Non-Proprietary Funds:						
T. Rowe Price Large-Cap Growth Fund	-	-	384,638	-	-	-
Thornburg International Value Fund	-	-	1,110,112	-	-	-
Artio International Equity Fund II	-	-	723,954	-	-	-
DFA Emerging Markets Core Equity Portfolio	16,775,379	8,650,747	-	-	-	-
Templeton Global Bond Fund	5,919,522	-	-	-	5,676,065	-
GE Institutional Small-Cap Equity Fund	9,430,747	-	151,381	-	-	-
SUBTOTAL	<u>32,125,648</u>	<u>8,650,747</u>	<u>2,370,085</u>	<u>-</u>	<u>5,676,065</u>	<u>-</u>
TIAA-CREF Life Insurance Company:						
Guaranteed Funding Agreement	-	-	-	-	-	-
TOTAL INVESTMENTS	<u>250,600,402</u>	<u>91,974,041</u>	<u>3,690,664</u>	<u>1,207,527</u>	<u>37,099,225</u>	<u>5,285,495</u>
Cash	47,615	2,488	-	-	7,369	30
Dividends and interest receivable	74,216	-	-	2,480	68,363	-
Receivable from securities transactions	24,156	48,580	-	-	-	-
Receivable from Program units sold	42,951	23,533	1,075	71,648	15,979	1,593
TOTAL ASSETS	<u>250,789,340</u>	<u>92,048,642</u>	<u>3,691,739</u>	<u>1,281,655</u>	<u>37,190,936</u>	<u>5,287,118</u>
LIABILITIES						
Accrued Program management fee	38,664	14,045	547	175	5,797	800
Accrued state trustee fee	2,020	734	29	9	303	42
Payable for securities transactions	74,216	-	1,075	74,127	79,267	1,514
Payable for Program units redeemed	67,107	72,113	-	-	5,075	78
TOTAL LIABILITIES	<u>182,007</u>	<u>86,892</u>	<u>1,651</u>	<u>74,311</u>	<u>90,442</u>	<u>2,434</u>
NET ASSETS	<u>\$ 250,607,333</u>	<u>91,961,750</u>	<u>3,690,088</u>	<u>1,207,344</u>	<u>37,100,494</u>	<u>5,284,684</u>
UNITS OUTSTANDING	<u>17,652,969</u>	<u>7,986,717</u>	<u>337,483</u>	<u>119,306</u>	<u>2,774,016</u>	<u>499,252</u>
NET ASSET VALUE PER UNIT	<u>\$ 14.20</u>	<u>11.51</u>	<u>10.93</u>	<u>10.12</u>	<u>13.37</u>	<u>10.59</u>
INVESTMENTS AT COST	<u>\$ 228,140,081</u>	<u>80,450,946</u>	<u>3,568,195</u>	<u>1,192,905</u>	<u>35,272,786</u>	<u>4,471,328</u>

* The Portfolios commenced operations on November 22, 2010.

^(a) The 100% Equity Index Option changed its name to the Equity Index Option on November 22, 2010.

^(b) The 100% Fixed-Income Option changed its name to the Active Fixed-Income option on November 22, 2010.

See notes to financial statements

<u>Money Market Option</u>	<u>Principal Plus Interest Option</u>	<u>Administrative Account</u>	<u>Total</u>
-	-	-	17,967,643
-	-	-	46,652,619
-	-	-	117,583,096
-	-	-	50,692,139
12,891,042	-	-	12,891,042
-	-	-	79,684,560
-	-	-	8,513,120
-	-	-	824,560
-	-	-	8,720,712
-	-	-	1,207,527
-	-	-	382,530
-	-	-	3,520,808
-	-	-	5,285,495
<u>12,891,042</u>	<u>-</u>	<u>-</u>	<u>353,925,851</u>
-	-	528,176	528,176
-	-	-	384,638
-	-	-	1,110,112
-	-	-	723,954
-	-	-	25,426,126
-	-	-	11,595,587
-	-	-	9,582,128
<u>-</u>	<u>-</u>	<u>-</u>	<u>48,822,545</u>
-	193,554,531	-	193,554,531
12,891,042	193,554,531	528,176	596,831,103
-	-	-	57,502
442	-	-	145,501
-	29,499	-	102,235
31,870	139,403	-	328,052
<u>12,923,354</u>	<u>193,723,433</u>	<u>528,176</u>	<u>597,464,393</u>
1,995	-	-	62,023
104	-	-	3,241
31,312	-	-	261,511
1,000	168,902	-	314,275
<u>34,411</u>	<u>168,902</u>	<u>-</u>	<u>641,050</u>
<u>12,888,943</u>	<u>193,554,531</u>	<u>528,176</u>	<u>596,823,343</u>
<u>1,272,392</u>	<u>13,574,066</u>	<u>-</u>	
10.13	14.26	-	
<u>12,891,042</u>	<u>193,554,531</u>	<u>528,176</u>	<u>560,069,990</u>

See notes to financial statements

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See notes to financial statements

**CONNECTICUT HIGHER EDUCATION TRUST PROGRAM – DIRECT PLAN
STATEMENT OF OPERATIONS
JUNE 30, 2011**

**Conservative Managed Allocation Option
Age Bands Within the Conservative 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							
Dividends from underlying funds	\$ 3,218	2,969	2,703	5,871	7,873	2,523	25,157
TOTAL INCOME	<u>3,218</u>	<u>2,969</u>	<u>2,703</u>	<u>5,871</u>	<u>7,873</u>	<u>2,523</u>	<u>25,157</u>
EXPENSES							
Program management fee	357	230	157	397	625	230	1,996
Administrative fee	18	11	8	20	31	11	99
TOTAL EXPENSES	<u>375</u>	<u>241</u>	<u>165</u>	<u>417</u>	<u>656</u>	<u>241</u>	<u>2,095</u>
NET INVESTMENT INCOME (LOSS)	<u>2,843</u>	<u>2,728</u>	<u>2,538</u>	<u>5,454</u>	<u>7,217</u>	<u>2,282</u>	<u>23,062</u>
REALIZED AND UNREALIZED							
GAIN (LOSS) ON INVESTMENTS							
Net realized gain (loss) on investments in underlying fund shares	(1,099)	(4)	(57)	(567)	(93)	(38)	(1,858)
Realized gain distributions from underlying mutual funds	1	—	—	2	1	1	5
Net realized gain (loss) on total investments	<u>(1,098)</u>	<u>(4)</u>	<u>(57)</u>	<u>(565)</u>	<u>(92)</u>	<u>(37)</u>	<u>(1,853)</u>
Net change in unrealized appreciation (depreciation) on investments in underlying fund shares	<u>14,033</u>	<u>8,017</u>	<u>4,903</u>	<u>9,771</u>	<u>9,751</u>	<u>2,027</u>	<u>48,502</u>
NET REALIZED AND UNREALIZED							
GAIN (LOSS) ON INVESTMENTS	<u>12,935</u>	<u>8,013</u>	<u>4,846</u>	<u>9,206</u>	<u>9,659</u>	<u>1,990</u>	<u>46,649</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 15,778</u>	<u>10,741</u>	<u>7,384</u>	<u>14,660</u>	<u>16,876</u>	<u>4,272</u>	<u>69,711</u>

* The Portfolios commenced operations on November 22, 2010.

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM – DIRECT PLAN
STATEMENT OF OPERATIONS (continued)
JUNE 30, 2011

Moderate Managed Allocation Option ^(a)
Age Bands Within the Moderate 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	679,764	2,486,824	4,938,427	4,686,801	4,016,519	2,204,557	19,012,892
TOTAL INCOME	<u>679,764</u>	<u>2,486,824</u>	<u>4,938,427</u>	<u>4,686,801</u>	<u>4,016,519</u>	<u>2,204,557</u>	<u>19,012,892</u>
EXPENSES							
Program management fee	88,956	280,677	496,637	423,542	442,648	321,146	2,053,606
Administrative fee	3,248	10,718	19,743	17,467	17,622	12,298	81,096
TOTAL EXPENSES	<u>92,204</u>	<u>291,395</u>	<u>516,380</u>	<u>441,009</u>	<u>460,270</u>	<u>333,444</u>	<u>2,134,702</u>
NET INVESTMENT INCOME (LOSS)	<u>587,560</u>	<u>2,195,429</u>	<u>4,422,047</u>	<u>4,245,792</u>	<u>3,556,249</u>	<u>1,871,113</u>	<u>16,878,190</u>
REALIZED AND UNREALIZED							
GAIN (LOSS) ON INVESTMENTS							
Net realized gain (loss) on investments in underlying fund shares	1,469,106	2,383,656	2,277,561	3,968,349	3,050,522	2,943,110	16,092,304
Realized gain distributions from underlying mutual funds	1,190	3,444	9,048	9,569	7,996	3,732	34,979
Net realized gain (loss) on total investments	<u>1,470,296</u>	<u>2,387,100</u>	<u>2,286,609</u>	<u>3,977,918</u>	<u>3,058,518</u>	<u>2,946,842</u>	<u>16,127,283</u>
Net change in unrealized appreciation (depreciation) on investments in underlying fund shares	4,987,219	14,981,065	23,961,112	14,866,697	12,241,374	4,335,787	75,373,254
NET REALIZED AND UNREALIZED							
GAIN (LOSS) ON INVESTMENTS	<u>6,457,515</u>	<u>17,368,165</u>	<u>26,247,721</u>	<u>18,844,615</u>	<u>15,299,892</u>	<u>7,282,629</u>	<u>91,500,537</u>
NET INCREASE (DECREASE)							
IN NET ASSETS RESULTING							
FROM OPERATIONS	<u>\$ 7,045,075</u>	<u>19,563,594</u>	<u>30,669,768</u>	<u>23,090,407</u>	<u>18,856,141</u>	<u>9,153,742</u>	<u>108,378,727</u>

^(a) The Managed Allocation Option changed its name to the Moderate Managed Allocation Option on November 22, 2010.

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
INVESTMENT INCOME							
Dividends from underlying funds	\$ 317,719	332,454	408,795	317,758	245,681	97,549	1,719,956
TOTAL INCOME	<u>317,719</u>	<u>332,454</u>	<u>408,795</u>	<u>317,758</u>	<u>245,681</u>	<u>97,549</u>	<u>1,719,956</u>
EXPENSES							
Program management fee	50,842	46,757	48,184	33,534	23,620	10,846	213,783
Administrative fee	1,851	1,797	1,891	1,342	974	441	8,296
TOTAL EXPENSES	<u>52,693</u>	<u>48,554</u>	<u>50,075</u>	<u>34,876</u>	<u>24,594</u>	<u>11,287</u>	<u>222,079</u>
NET INVESTMENT INCOME (LOSS)	<u>265,026</u>	<u>283,900</u>	<u>358,720</u>	<u>282,882</u>	<u>221,087</u>	<u>86,262</u>	<u>1,497,877</u>
REALIZED AND UNREALIZED							
GAIN (LOSS) ON INVESTMENTS							
Net realized gain (loss) on investments in underlying fund shares	214,599	(49,695)	14,608	127,581	148,781	86,257	542,131
Realized gain distributions from underlying mutual funds	—	221	481	468	406	155	1,731
Net realized gain (loss) on total investments	<u>214,599</u>	<u>(49,474)</u>	<u>15,089</u>	<u>128,049</u>	<u>149,187</u>	<u>86,412</u>	<u>543,862</u>
Net change in unrealized appreciation (depreciation) on investments in underlying fund shares	<u>4,014,512</u>	<u>3,543,842</u>	<u>3,095,457</u>	<u>1,853,028</u>	<u>1,066,917</u>	<u>281,508</u>	<u>13,855,264</u>
NET REALIZED AND UNREALIZED							
GAIN (LOSS) ON INVESTMENTS	<u>4,229,111</u>	<u>3,494,368</u>	<u>3,110,546</u>	<u>1,981,077</u>	<u>1,216,104</u>	<u>367,920</u>	<u>14,399,126</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 4,494,137</u>	<u>3,778,268</u>	<u>3,469,266</u>	<u>2,263,959</u>	<u>1,437,191</u>	<u>454,182</u>	<u>15,897,003</u>

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM – DIRECT PLAN
STATEMENT OF OPERATIONS (continued)
JUNE 30, 2011

	High Equity Option	Equity Index Option ^(a)	Active Equity Option*	Index Fixed-Income Option*	Active Fixed-Income Option ^(b)	Social Choice Option
INVESTMENT INCOME						
Interest	\$ 4	—	—	—	1	—
Dividends from underlying funds	5,161,967	1,354,823	17,777	11,680	1,388,482	58,651
TOTAL INCOME	<u>5,161,971</u>	<u>1,354,823</u>	<u>17,777</u>	<u>11,680</u>	<u>1,388,483</u>	<u>58,651</u>
EXPENSES						
Program management fee	594,781	231,349	2,815	888	72,187	10,199
Administrative fee	23,135	7,843	142	45	3,356	406
TOTAL EXPENSES	<u>617,916</u>	<u>239,192</u>	<u>2,957</u>	<u>933</u>	<u>75,543</u>	<u>10,605</u>
NET INVESTMENT INCOME (LOSS)	<u>4,544,055</u>	<u>1,115,631</u>	<u>14,820</u>	<u>10,747</u>	<u>1,312,940</u>	<u>48,046</u>
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS						
Net realized gain (loss) on investments in underlying fund shares	(3,783,676)	(3,579,749)	(3,536)	(182)	105,006	(15,375)
Realized gain distributions from underlying mutual funds	70,707	—	—	21	44,268	—
Net realized gain (loss) on total investments	<u>(3,712,969)</u>	<u>(3,579,749)</u>	<u>(3,536)</u>	<u>(161)</u>	<u>149,274</u>	<u>(15,375)</u>
Net change in unrealized appreciation (depreciation) on investments in underlying fund shares	<u>49,917,692</u>	<u>21,676,223</u>	<u>122,470</u>	<u>14,622</u>	<u>324,688</u>	<u>880,074</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	<u>46,204,723</u>	<u>18,096,474</u>	<u>118,934</u>	<u>14,461</u>	<u>473,962</u>	<u>864,699</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ 50,748,778</u>	<u>19,212,105</u>	<u>133,754</u>	<u>25,208</u>	<u>1,786,902</u>	<u>912,745</u>

* The Portfolios commenced operations on November 22, 2010.

(a) The 100% Equity Index Option changed its name to the Equity Index Option on November 22, 2010.

(b) The 100% Fixed-Income Option changed its name to the Active Fixed-Income option on November 22, 2010.

See notes to financial statements

Money Market Option	Principal Plus Interest Option	Administrative Account	Total
—	4,405,570	—	4,405,575
11,506	—	—	8,004,886
<u>11,506</u>	<u>4,405,570</u>	<u>—</u>	<u>12,410,461</u>
36,776	—	—	948,995
1,246	—	—	36,173
<u>38,022</u>	<u>—</u>	<u>—</u>	<u>985,168</u>
<u>(26,516)</u>	<u>4,405,570</u>	<u>—</u>	<u>11,425,293</u>
—	—	—	(7,277,512)
—	—	—	114,996
<u>—</u>	<u>—</u>	<u>—</u>	<u>(7,162,516)</u>
<u>—</u>	<u>—</u>	<u>—</u>	<u>72,935,769</u>
<u>—</u>	<u>—</u>	<u>—</u>	<u>65,773,253</u>
<u>(26,516)</u>	<u>4,405,570</u>	<u>—</u>	<u>77,198,546</u>

See notes to financial statements

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See notes to financial statements

**CONNECTICUT HIGHER EDUCATION TRUST PROGRAM – DIRECT PLAN
STATEMENT OF CHANGES IN NET ASSETS
JUNE 30, 2011**

**Conservative Managed Allocation Option
Age Bands Within the Conservative 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 (loss)	\$ 2,843	2,728	2,538	5,454	7,217	2,282	23,062
Net realized gain (loss) on investments	(1,098)	(4)	(57)	(565)	(92)	(37)	(1,853)
Net change in unrealized appreciation (depreciation) on total investments	14,033	8,017	4,903	9,771	9,751	2,027	48,502
NET INCREASE (DECREASE) FROM OPERATIONS	<u>15,778</u>	<u>10,741</u>	<u>7,384</u>	<u>14,660</u>	<u>16,876</u>	<u>4,272</u>	<u>69,711</u>
ACCOUNT OWNER TRANSACTIONS							
Subscriptions	517,203	436,768	373,146	902,290	1,033,591	348,758	3,611,756
Redemptions	(53,372)	(45,838)	(22,166)	(168,928)	(58,663)	(14,196)	(363,163)
NET INCREASE (DECREASE) FROM TRANSACTIONS	<u>463,831</u>	<u>390,930</u>	<u>350,980</u>	<u>733,362</u>	<u>974,928</u>	<u>334,562</u>	<u>3,248,593</u>
NET INCREASE (DECREASE) IN NET ASSETS	<u>479,609</u>	<u>401,671</u>	<u>358,364</u>	<u>748,022</u>	<u>991,804</u>	<u>338,834</u>	<u>3,318,304</u>
NET ASSETS							
Beginning of period	—	—	—	—	—	—	—
End of period	<u>\$ 479,609</u>	<u>401,671</u>	<u>358,364</u>	<u>748,022</u>	<u>991,804</u>	<u>338,834</u>	<u>3,318,304</u>
UNITS							
Sold	49,964	42,378	36,225	88,876	102,277	34,864	354,584
Redeemed	(5,106)	(4,414)	(2,145)	(16,624)	(5,748)	(1,421)	(35,458)
NET INCREASE (DECREASE)	<u>44,858</u>	<u>37,964</u>	<u>34,080</u>	<u>72,252</u>	<u>96,529</u>	<u>33,443</u>	<u>319,126</u>

* The Portfolios commenced operations on November 22, 2010.

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM – DIRECT PLAN
STATEMENT OF CHANGES IN NET ASSETS (continued)
JUNE 30, 2011

Moderate Managed Allocation Option ^(a)
Age Bands Within the Moderate Managed Allocation Option

	Ages 0-3	Ages 4-7	Ages 8-11	Ages 12-14	Ages 15-17	Ages 18 & Over	Total
FROM OPERATIONS							
Net investment income (loss)	\$ 587,560	2,195,429	4,422,047	4,245,792	3,556,249	1,871,113	16,878,190
Net realized gain (loss) on investments	1,470,296	2,387,100	2,286,609	3,977,918	3,058,518	2,946,842	16,127,283
Net change in unrealized appreciation (depreciation) on total investments	4,987,219	14,981,065	23,961,112	14,866,697	12,241,374	4,335,787	75,373,254
NET INCREASE (DECREASE) FROM OPERATIONS	<u>7,045,075</u>	<u>19,563,594</u>	<u>30,669,768</u>	<u>23,090,407</u>	<u>18,856,141</u>	<u>9,153,742</u>	<u>108,378,727</u>
ACCOUNT OWNER TRANSACTIONS							
Subscriptions	14,944,611	38,135,130	66,234,791	79,744,640	82,300,056	72,133,527	353,492,755
Redemptions	(19,798,158)	(43,504,504)	(64,172,860)	(67,505,240)	(66,643,805)	(53,144,365)	(314,768,932)
NET INCREASE (DECREASE) FROM TRANSACTIONS	<u>(4,853,547)</u>	<u>(5,369,374)</u>	<u>2,061,931</u>	<u>12,239,400</u>	<u>15,656,251</u>	<u>18,989,162</u>	<u>38,723,823</u>
NET INCREASE (DECREASE) IN NET ASSETS	2,191,528	14,194,220	32,731,699	35,329,807	34,512,392	28,142,904	147,102,550
NET ASSETS							
Beginning 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>
End of year	<u>\$ 31,513,852</u>	<u>108,535,879</u>	<u>208,151,678</u>	<u>189,043,777</u>	<u>191,974,975</u>	<u>149,330,279</u>	<u>878,550,440</u>
UNITS							
Sold	1,043,656	2,917,040	4,709,325	5,462,253	5,750,254	5,053,229	24,935,757
Redeemed	(1,387,844)	(3,319,333)	(4,560,623)	(4,619,833)	(4,657,089)	(3,770,186)	(22,314,908)
NET INCREASE (DECREASE)	<u>(344,188)</u>	<u>(402,293)</u>	<u>148,702</u>	<u>842,420</u>	<u>1,093,165</u>	<u>1,283,043</u>	<u>2,620,849</u>

^(a) The Managed Allocation Option changed its name to the Moderate Managed Allocation Option on November 22, 2010.

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
FROM OPERATIONS							
Net investment income (loss)	\$ 265,026	283,900	358,720	282,882	221,087	86,262	1,497,877
Net realized gain (loss) on investments	214,599	(49,474)	15,089	128,049	149,187	86,412	543,862
Net change in unrealized appreciation (depreciation) on total investments	<u>4,014,512</u>	<u>3,543,842</u>	<u>3,095,457</u>	<u>1,853,028</u>	<u>1,066,917</u>	<u>281,508</u>	<u>13,855,264</u>
NET INCREASE (DECREASE) FROM OPERATIONS	<u>4,494,137</u>	<u>3,778,268</u>	<u>3,469,266</u>	<u>2,263,959</u>	<u>1,437,191</u>	<u>454,182</u>	<u>15,897,003</u>
ACCOUNT OWNER TRANSACTIONS							
Subscriptions	9,786,589	12,440,302	12,749,576	10,482,667	7,408,689	4,053,429	56,921,252
Redemptions	<u>(6,505,478)</u>	<u>(4,907,524)</u>	<u>(5,433,884)</u>	<u>(4,355,470)</u>	<u>(3,151,396)</u>	<u>(1,636,183)</u>	<u>(25,989,935)</u>
NET INCREASE (DECREASE) FROM TRANSACTIONS	<u>3,281,111</u>	<u>7,532,778</u>	<u>7,315,692</u>	<u>6,127,197</u>	<u>4,257,293</u>	<u>2,417,246</u>	<u>30,931,317</u>
NET INCREASE (DECREASE) IN NET ASSETS	<u>7,775,248</u>	<u>11,311,046</u>	<u>10,784,958</u>	<u>8,391,156</u>	<u>5,694,484</u>	<u>2,871,428</u>	<u>46,828,320</u>
NET ASSETS							
Beginning 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>
End of year	<u>\$ 21,127,051</u>	<u>23,475,909</u>	<u>24,065,751</u>	<u>17,847,668</u>	<u>12,805,547</u>	<u>6,313,685</u>	<u>105,635,611</u>
UNITS							
Sold	1,056,223	1,302,897	1,261,885	1,003,979	695,780	376,663	5,697,427
Redeemed	<u>(696,593)</u>	<u>(514,740)</u>	<u>(537,869)</u>	<u>(416,529)</u>	<u>(297,111)</u>	<u>(154,001)</u>	<u>(2,616,843)</u>
NET INCREASE (DECREASE)	<u>359,630</u>	<u>788,157</u>	<u>724,016</u>	<u>587,450</u>	<u>398,669</u>	<u>222,662</u>	<u>3,080,584</u>

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM – DIRECT PLAN
STATEMENT OF CHANGES IN NET ASSETS (continued)
JUNE 30, 2011

	High Equity Option	Equity Index Option ^(a)	Active Equity Option*	Index Fixed-Income Option*	Active Fixed-Income Option ^(b)	Social Choice Option
FROM OPERATIONS						
Net investment income (loss)	\$ 4,544,055	1,115,631	14,820	10,747	1,312,940	48,046
Net realized gain (loss) on investments	(3,712,969)	(3,579,749)	(3,536)	(161)	149,274	(15,375)
Net change in unrealized appreciation (depreciation) on total investments	49,917,692	21,676,223	122,470	14,622	324,688	880,074
NET INCREASE (DECREASE) FROM OPERATIONS	50,748,778	19,212,105	133,754	25,208	1,786,902	912,745
ACCOUNT OWNER TRANSACTIONS						
Subscriptions	30,823,788	21,536,826	3,734,729	1,230,266	13,129,322	2,056,241
Redemptions	(28,729,401)	(7,498,574)	(178,395)	(48,130)	(7,711,443)	(434,608)
NET INCREASE (DECREASE) FROM TRANSACTIONS	2,094,387	14,038,252	3,556,334	1,182,136	5,417,879	1,621,633
NET INCREASE (DECREASE) IN NET ASSETS	52,843,165	33,250,357	3,690,088	1,207,344	7,204,781	2,534,378
NET ASSETS						
Beginning of period	197,764,168	58,711,393	—	—	29,895,713	2,750,306
End of period	\$ 250,607,333	91,961,750	3,690,088	1,207,344	37,100,494	5,284,684
UNITS						
Sold	2,316,840	2,004,380	354,004	124,186	1,010,096	207,365
Redeemed	(2,189,914)	(690,698)	(16,521)	(4,880)	(595,640)	(44,083)
NET INCREASE (DECREASE)	126,926	1,313,682	337,483	119,306	414,456	163,282

* The Portfolios commenced operations on November 22, 2010.

(a) The 100% Equity Index Option changed its name to the Equity Index Option on November 22, 2010.

(b) The 100% Fixed-Income Option changed its name to the Active Fixed-Income option on November 22, 2010.

See notes to financial statements

Money Market Option	Principal Plus Interest Option	Administrative Account	Total
(26,516)	4,405,570	—	11,425,293
—	—	—	(7,162,516)
—	—	—	<u>72,935,769</u>
<u>(26,516)</u>	<u>4,405,570</u>	<u>—</u>	<u>77,198,546</u>
7,221,985	58,957,493	153,681	138,844,331
<u>(6,889,986)</u>	<u>(43,248,932)</u>	<u>(76,104)</u>	<u>(94,815,573)</u>
<u>331,999</u>	<u>15,708,561</u>	<u>77,577</u>	<u>44,028,758</u>
305,483	20,114,131	77,577	121,227,304
<u>12,583,460</u>	<u>173,440,400</u>	<u>450,599</u>	<u>475,596,039</u>
<u>12,888,943</u>	<u>193,554,531</u>	<u>528,176</u>	<u>596,823,343</u>
712,288	4,185,550	153,681	11,068,390
<u>(679,470)</u>	<u>(3,079,039)</u>	<u>(76,104)</u>	<u>(7,376,349)</u>
<u>32,818</u>	<u>1,106,511</u>	<u>77,577</u>	<u>3,692,041</u>

See notes to financial statements

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See notes to financial statements

**CONNECTICUT HIGHER EDUCATION TRUST PROGRAM – DIRECT PLAN
FINANCIAL HIGHLIGHTS
JUNE 30, 2011**

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

FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR	Ages 0-3*	Ages 4-7*	Ages 8-11*	Ages 12-14*	Ages 15-17*	Ages 18 & Over*
Net asset value, beginning of period	10.00	10.00	10.00	10.00	10.00	10.00
Gain (loss) from investment operations:						
Net investment income(a)	0.10	0.15	0.20	0.17	0.14	0.12
Net realized and unrealized gain (loss) on investments	0.59	0.43	0.32	0.18	0.13	0.01
Total gain (loss) from investment operations	0.69	0.58	0.52	0.35	0.27	0.13
Net asset value, end of period	\$ 10.69	10.58	10.52	10.35	10.27	10.13
TOTAL RETURN	6.90% (c)	5.80%(c)	5.20%(c)	3.50%(c)	2.70%(c)	1.30%(c)
RATIOS AND SUPPLEMENTAL DATA						
Net assets at end of period (in thousands)	\$ 480	402	358	748	992	339
Ratio of expenses to average net assets(b)	0.21 % (d)	0.21 % (d)	0.21 % (d)	0.21 % (d)	0.21 % (d)	0.21 % (d)
Ratio of net investment income to average net assets	1.57 % (d)	2.33 % (d)	3.16 % (d)	2.70 % (d)	2.27 % (d)	1.95 % (d)

* The Portfolios commenced operations on November 22, 2010.

(a) Based on average units outstanding.

(b) Does not include expenses on Program investments in the TIAA-CREF Funds and the Non-Proprietary Funds.

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

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

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM – DIRECT PLAN
FINANCIAL HIGHLIGHTS (continued)
JUNE 30, 2011

Moderate Managed Allocation Option ^(c)
Age Bands Within the Moderate 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	\$ 12.21	11.48	12.59	13.31	13.29	13.58
Gain (loss) from investment operations:						
Net investment income(a)	0.26	0.27	0.31	0.35	0.29	0.22
Net realized and unrealized gain on investments	<u>2.85</u>	<u>2.13</u>	<u>1.88</u>	<u>1.60</u>	<u>1.25</u>	<u>0.83</u>
Total gain from investment operations	<u>3.11</u>	<u>2.40</u>	<u>2.19</u>	<u>1.95</u>	<u>1.54</u>	<u>1.05</u>
Net asset value, end of year	<u>\$ 15.32</u>	<u>13.88</u>	<u>14.78</u>	<u>15.26</u>	<u>14.83</u>	<u>14.63</u>
TOTAL RETURN	<u>25.47%</u>	<u>20.91%</u>	<u>17.39%</u>	<u>14.65%</u>	<u>11.59%</u>	<u>7.73%</u>
RATIOS AND SUPPLEMENTAL DATA						
Net assets at end of period (in thousands)	\$ 31,514	108,536	208,152	189,044	191,975	149,330
Ratio of expenses to average net assets(b)	0.28 %	0.27 %	0.26 %	0.25 %	0.26 %	0.27 %
Ratio of net investment income to average net assets	1.81 %	2.05 %	2.24 %	2.43 %	2.02 %	1.52 %

^(a) Based on average units outstanding.

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

^(c) The Managed Allocation Option changed its name to the Moderate Managed Allocation Option on November 22, 2010.

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>
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR						
Net asset value, beginning of year	\$ 7.60	7.99	8.67	9.13	9.46	9.96
Gain (loss) from investment operations:						
Net investment income(a)	0.13	0.15	0.19	0.22	0.24	0.21
Net realized and unrealized gain on investments	<u>2.25</u>	<u>2.02</u>	<u>1.81</u>	<u>1.65</u>	<u>1.43</u>	<u>0.94</u>
Total gain from investment operations	<u>2.38</u>	<u>2.17</u>	<u>2.00</u>	<u>1.87</u>	<u>1.67</u>	<u>1.15</u>
Net asset value, end of year	<u>\$ 9.98</u>	<u>10.16</u>	<u>10.67</u>	<u>11.00</u>	<u>11.13</u>	<u>11.11</u>
 TOTAL RETURN	 <u>31.32%</u>	 <u>27.16%</u>	 <u>23.07%</u>	 <u>20.48%</u>	 <u>17.65%</u>	 <u>11.55%</u>
RATIOS AND SUPPLEMENTAL DATA						
Net assets at end of period (in thousands)	\$ 21,127	23,476	24,066	17,848	12,806	6,314
Ratio of expenses to average net assets(b)	0.28 %	0.27 %	0.26 %	0.26 %	0.25 %	0.26 %
Ratio of net investment income to average net assets	1.43 %	1.58 %	1.89 %	2.10 %	2.27 %	1.95 %

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST PROGRAM – DIRECT PLAN
FINANCIAL HIGHLIGHTS (continued)
JUNE 30, 2011

	High Equity Option	Equity Index Option^(e)	Active Equity Option*	Index Fixed-Income Option*	Active Fixed-Income Option^(f)	Social Choice Option	Money Market Option	Principal Plus Interest Option
FOR A UNIT OUTSTANDING THROUGHOUT THE YEAR								
Net asset value, beginning of period	\$ 11.28	8.80	10.00	10.00	12.67	8.19	10.15	13.91
Gain (loss) from investment operations:								
Net investment income (loss)(a)	0.26	0.15	0.07	0.14	0.51	0.12	(0.02)	0.35
Net realized and unrealized gain (loss) on investments	2.66	2.56	0.86	(0.02)	0.19	2.28	—	—
Total gain (loss) from investment operations	2.92	2.71	0.93	0.12	0.70	2.40	(0.02)	0.35
Net asset value, end of period	\$ 14.20	11.51	10.93	10.12	13.37	10.59	10.13	14.26
TOTAL RETURN	25.89%	30.80%	9.30%(c)	1.20%(c)	5.52%	29.30%	(0.20)%	2.52%
RATIOS AND SUPPLEMENTAL DATA								
Net assets at end of period (in thousands)	\$ 250,607	91,962	3,690	1,207	37,100	5,285	12,889	193,555
Ratio of expenses to average net assets(b)	0.27 %	0.30 %	0.21 % (d)	0.21 % (d)	0.22 %	0.26 %	0.31 %	— %
Ratio of net investment income to average net assets	1.96 %	1.42 %	1.04 % (d)	2.39 % (d)	3.91 %	1.18 %	-0.21 %	2.47 %

* The Portfolios commenced operations on November 22, 2010.

(a) Based on average units outstanding.

(b) Does not include expenses on Program investments in the TIAA-CREF Funds and the Non-Proprietary Funds.

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

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

(e) The 100% Equity Index Option changed its name to the Equity Index Option on November 22, 2010.

(f) The 100% Fixed-Income Option changed its name to the Active Fixed-Income option on November 22, 2010.

See notes to financial statements

CONNECTICUT HIGHER EDUCATION TRUST - DIRECT PLAN

NOTES TO FINANCIAL STATEMENT

Note 1 – Organization and Significant Accounting Policies

The Connecticut Higher Education Trust Program - Direct Plan (the "Direct Plan") was formed on July 1, 1997 by Connecticut law, to help people save for the costs of education after high school. The Direct Plan 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 Direct Plan management services, adopt regulations for the administration of the Direct Plan and establish investment policies for the Direct Plan. 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 Direct Plan Manager. The Direct Plan is intended to meet the requirements of a qualified tuition program under Section 529 of the Internal Revenue Code ("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 Direct Plan.

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.

Effective November 22, 2010, the Managed Allocation Option, the 100% Equity Index Option, and the 100% Fixed-Income Option changed their names to the Moderate Managed Allocation Option, the Equity Index Option and the Active Fixed-Income Option, respectively.

The following investment options commenced operations on November 22, 2010: the Conservative Managed Allocation Option; the Active Equity Option; and the Index Fixed-Income Option.

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 August 29, 2011. Actual results may differ from those estimates. The following is a summary of the significant accounting policies consistently followed by the Direct Plan.

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 and investment income: 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 underlying mutual funds are recorded on the ex-dividend date. Realized gains and losses are based upon the specific identification method.

Income tax: No provision for federal income tax has been made. The Direct Plan is designed to constitute a qualified tuition program under Section 529 of the 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 Direct Plan units. Subscriptions and redemptions are recorded upon receipt of an 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.

CONNECTICUT HIGHER EDUCATION TRUST - DIRECT PLAN

NOTES TO FINANCIAL STATEMENT (continued)

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 Direct Plan's own assumptions in determining the fair value of investments)

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 Direct Plan'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 carried at the principal contributed and earnings credited less any redemptions, which approximates fair value. The carrying value approximates fair value determined 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, 2011, there were no significant transfers between levels by the Direct Plan options.

As of June 30, 2011, all of the investments in the Moderate Managed Allocation Option, the Conservative Managed Allocation Option, the Aggressive Managed Allocation Option, the High Equity Option, the Equity Index Option, the Active Fixed-Income Option, the Social Choice Option, the Money Market Option, the Index Fixed-Income Option, and the Administrative Account were valued based on Level 1 inputs.

As of June 30, 2011, 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:

CONNECTICUT HIGHER EDUCATION TRUST - DIRECT PLAN
NOTES TO FINANCIAL STATEMENT (continued)

	Principal Plus Interest Option
Balance as of 6/30/2010	\$ 173,440,400
Realized Gain/Loss	-
Change in Unrealized Appreciation/Depreciation	-
Interest Income	4,405,570
Gross Purchases	25,484,425
Gross Sales	(9,775,864)
Balance as of 6/30/2011	\$ 193,554,531

Note 3 –Direct Plan Expenses

For its services as Direct Plan Manager with respect to the Moderate Managed Allocation Option, the Conservative Managed Allocation Option, the Aggressive Managed Allocation Option, the Equity Index Option, the Active Equity Option, the Active Fixed-Income Option, the Social Choice Option, the Money Market Option, the High Equity Option, and the Index Fixed-Income Option, TFI is paid an annual aggregate Direct Plan management fee of 0.18% of the average daily net assets of the Direct Plan, invested in such investment options. In addition, Advisors is paid investment management fees on the underlying investments in the TIAA-CREF Funds. The Direct Plan management fee indicated applies on total assets in the Plan up to \$2.0 billion. The Direct Plan management fee will revert to 0.20%, however, if total assets in the Direct Plan decrease to below \$1.5 billion for a period of at least 90 consecutive days. If, however, total assets in the Direct Plan reach \$2.0 billion or above for a period of at least 90 days, the Direct Plan management fee indicated will be further reduced to 0.15% and will remain at such level for as long as such assets do not decline to below \$2.0 billion for 90 consecutive days.

Prior to June 20, 2011, for its services as Direct Plan Manager with respect to the Moderate Managed Allocation Option, the Conservative Managed Allocation Option, the Aggressive Managed Allocation Option, the Equity Index Option, the Active Equity Option, the Active Fixed-Income Option, the Social Choice Option, the Money Market Option, the High Equity Option, and the Index Fixed-Income Option, TFI was paid an annual aggregate Direct Plan management fee of 0.20% of the average daily net assets of the Direct Plan, invested in such investment options.

Prior to November 22, 2010, for its services as Direct Plan Manager with respect to the Moderate Managed Allocation Option, the Aggressive Managed Allocation Option, the Equity Index Option, the Active Fixed-Income Option, the Social Choice Option, the Money Market Option and the High Equity Option, TFI was paid an annual aggregate Direct Plan management fee of 0.24% to 0.49% of the average daily net assets of the Direct Plan, invested in such investment options. In addition, Advisors was paid investment management fees on the underlying investments in the TIAA-CREF Funds. The Direct Plan management fee plus the weighted average expenses of each of the underlying mutual funds in the aforementioned investment options did not exceed 0.59% of the average daily net assets of the Direct Plan 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. TIAA-CREF Life also pays the Trustee a fee, equal to 0.01% of the average daily net assets held by the Principal Plus Interest Option, for expenses related to the oversight of the Trust for this Investment Option.

For its services administering the Direct Plan, each Investment Option (with the exception of the Principal Plus Interest Option) pays to the Trustee an Administrative Fee at an annual rate of 0.01% of the average daily net assets of the Investment Option.

CONNECTICUT HIGHER EDUCATION TRUST - DIRECT PLAN
NOTES TO FINANCIAL STATEMENT (continued)

For the period ended June 30, 2011, TFI received total Direct Plan management fees of \$3,218,380. Total underlying fund fee expenses for the TIAA-CREF Funds during the period were \$2,843,799. The Direct Plan management fees and the administrative fees charged to each investment option are disclosed in the Statements of Operations.

Note 4 – Investments

As of June 30, 2011, net unrealized appreciation (depreciation) of portfolio investments was \$123,241,545 consisting of gross unrealized appreciation of \$123,241,545.

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, 2011, the Direct Plan's investments consist of the following:

	<u>UNITS</u>	<u>COST</u>	<u>MARKET VALUE</u>
TIAA-CREF Funds (Institutional Class):			
Inflation-Linked Bond Fund	9,542,141	\$98,667,017	\$107,921,618
Equity Index Fund	25,454,558	193,144,736	258,109,220
International Equity Index Fund	16,056,865	260,462,821	279,550,019
Bond Fund	4,827,823	48,215,677	50,692,139
Money Market Fund	75,798,252	75,798,252	75,798,252
Real Estate Securities Fund	4,007,988	37,254,788	44,248,188
S&P 500 Index Fund	5,333,639	68,895,776	79,684,560
Mid-Cap Growth Fund	402,893	5,964,143	8,513,120
Mid-Cap Value Fund	474,209	7,502,749	8,720,712
Growth & Income Fund	84,570	784,900	824,560
Short-Term Bond Fund	4,048,171	41,903,183	42,060,497
Bond Index Fund	26,280,618	273,462,177	273,844,044
Large-Cap Value Fund	28,127	373,021	382,530
Social Choice Equity Fund	466,916	4,471,328	5,285,495
High Yield Fund	354,920	3,472,865	3,520,808
TIAA-CREF Funds (Retail Class):			
Money Market Fund*	528,176	528,176	528,176
TIAA-CREF Life Insurance Company:			
Guaranteed Funding Agreement		193,554,531	193,554,531
Non-Proprietary Funds:			
Artio International Equity Fund	57,049	715,080	723,954
DFA Emerging Markets Core Equity Portfolio	2,850,639	61,563,287	62,999,113
GE Institutional Small Cap Equity Fund	595,163	8,382,047	9,582,128
T. Rowe Price Large-Cap Growth Fund	22,337	372,900	384,638
Templeton Global Bond Fund	5,512,220	74,688,199	76,454,488
Thornburg International Value Fund	36,991	1,073,704	1,110,112
		<u>\$1,461,251,357</u>	<u>\$1,584,492,902</u>

*Represents the assets of the Administrative Account.

CONNECTICUT HIGHER EDUCATION TRUST - DIRECT PLAN
NOTES TO FINANCIAL STATEMENT (concluded)

Note 5 – Subsequent Event

Effective August 1, 2011, the Direct Plan Manager and the Trustee have agreed to voluntarily waive the Money Market Option's Direct Plan management fee and administrative fee, respectively, in an attempt to maintain a 0.00% return for the option. The Direct Plan Manager and the Trustee may discontinue the waiver at any time without notice.