

**STATE OF ILLINOIS
Office of the Treasurer**

COLLEGE SAVINGS PROGRAM

FINANCIAL AUDIT

For the Years Ended June 30, 2006 and 2005

Performed as Special Assistant
Auditors for the Auditor General,
State of Illinois

State of Illinois
Office of the Treasurer
COLLEGE SAVINGS PROGRAM

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State of Illinois
Office of the Treasurer
COLLEGE SAVINGS PROGRAM
TREASURER'S OFFICE OFFICIALS

Treasurer	Honorable Judy Baar Topinka
Chief of Staff	Ms. Nancy Kimme
Chief Fiscal Officer/ Deputy Chief of Staff for Operations	Mr. Edward Buckles
Deputy Treasurer	Mr. Martin Noven
Chief Legal Counsel	Ms. Alissa Camp
Inspector General	Mr. David Wells
Director of College Savings Program	Mr. Bartt Stevens
Manager of Accounting Division	Mr. Chad Dierking
Chief Internal Auditor	Ms. Barbara Ringler

The Office of the Treasurer maintains four office locations:

- Executive Office

State Capitol
219 State House
Springfield, Illinois 62706

- Operational divisions

Jefferson Terrace
300 West Jefferson Street
Springfield, Illinois 62702

- Unclaimed Property and other divisions

Myers Building
1 W. Old State Capitol Plaza
Springfield, Illinois 62701

- Chicago Office and Personnel/Legal/Programmatic

James R. Thompson Center
100 West Randolph Street
Suite 15-600
Chicago, Illinois 60601

FINANCIAL STATEMENT REPORT

State of Illinois
Office of the Treasurer

COLLEGE SAVINGS PROGRAM
FINANCIAL STATEMENT REPORT
SUMMARY

The audits of the accompanying financial statements of the College Savings Program of the State of Illinois, Office of the Treasurer was performed by Crowe Chizek and Company LLC as of and for the years ended June 30, 2006 and 2005.

Based on their audits, the auditors expressed an unqualified opinion on the College Savings Program financial statements.



Crowe Chizek and Company LLC
Member Horwath International

Independent Auditors' Report

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the College Savings Program (a fiduciary fund) of the State of Illinois, Office of the Treasurer as of and for the years ended June 30, 2006 and 2005, as listed in the Table of Contents. These financial statements are the responsibility of the management of the State of Illinois, Office of the Treasurer. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note A, the financial statements present only the College Savings Program and do not purport to, and do not, present fairly the financial position of the State of Illinois, Office of the Treasurer as of June 30, 2006 and 2005, and its changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College Savings Program of the State of Illinois, Office of the Treasurer as of June 30, 2006 and 2005, and the changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 14, 2006, on our consideration of the State of Illinois, Office of the Treasurer's internal control over financial reporting of the College Savings Program and on our tests of the State of Illinois, Office of the Treasurer's compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the financial statements of the College Savings Program of the State of Illinois, Office of the Treasurer. The statements of fiduciary net assets by portfolio, statements of changes in fiduciary net assets by portfolio, key performance measures, and investment policies, listed in the Table of Contents on pages 42-76, are presented for purposes of additional analysis and are not a required part of the financial statements. The statements of fiduciary net assets by portfolio and the statements of changes in fiduciary net assets by portfolio have been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole. The key performance measures and the investment policies have not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we express no opinion on them.


Crowe Chizek and Company LLC

Springfield, Illinois
October 14, 2006



Crowe Chizek and Company LLC
Member Horwath International

Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on
an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards*

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the College Savings Program of the State of Illinois, Office of the Treasurer as of and for the year ended June 30, 2006, and have issued our report thereon dated October 14, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the State of Illinois, Office of the Treasurer's internal control over financial reporting of the College Savings Program in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the College Savings Program's financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Illinois, Office of the Treasurer's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the State of Illinois, Office of the Treasurer, the College Savings Program's management, and is not intended to be and should not be used by anyone other than these specified parties.

Crowe Chizek and Company LLC
Crowe Chizek and Company LLC

Springfield, Illinois
October 14, 2006

State of Illinois
Office of the Treasurer
COLLEGE SAVINGS PROGRAM
STATEMENTS OF FIDUCIARY NET ASSETS
June 30

	ASSETS	
	2006	2005
Deposits and investments, at market		
Cash and cash equivalents	\$ 6,788,715	\$ 2,993,448
Dividends receivable	11,324,214	4,431,826
Mutual funds	1,827,454,207	1,441,130,761
Total assets	\$ 1,845,567,136	\$ 1,448,556,035
LIABILITIES AND NET ASSETS		
Accrued liabilities		
Payable for securities purchased	\$ 2,709,967	\$ 1,626,561
Insurance fees	23,709	22,972
Advisory fees	562,262	400,148
12b-1 fees	7,937	-
Total liabilities	3,303,875	2,049,681
Net assets	1,842,263,261	1,446,506,354
Total liabilities and net assets	\$ 1,845,567,136	\$ 1,448,556,035

The accompanying notes are an integral part of these statements.

State of Illinois
Office of the Treasurer
COLLEGE SAVINGS PROGRAM
STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
For the years ended June 30

Operations	<u>2006</u>	<u>2005</u>
Revenues (expenditures)		
Investment earnings	\$ 31,633,867	\$ 22,534,210
Gain (loss) on sale of securities	50,654,575	39,389,627
Net change in fair value of investments (unrealized)	38,367,269	(7,890,766)
Insurance fees	(93,650)	(79,501)
12b-1 fees	(29,259)	-
Bank custodial fees	(5,235,448)	(4,021,363)
	<hr/>	<hr/>
Net investment earnings	115,297,354	49,932,207
Distributions to Shareholders		
Net Investment Income	(5,690)	-
Total decrease in net assets from distributions	(5,690)	-
	<hr/>	<hr/>
Participant Transactions		
Program contributions	713,175,616	633,730,922
Program distributions	(432,716,063)	(297,550,970)
Distributions reinvested	5,690	-
	<hr/>	<hr/>
Total increase from participant transactions	280,465,243	336,179,952
Net increase in net assets	395,756,907	386,112,159
Net assets, beginning of fiscal year	1,446,506,354	1,060,394,195
	<hr/>	<hr/>
Net assets, end of fiscal year	<u>\$ 1,842,263,261</u>	<u>\$ 1,446,506,354</u>

The accompanying notes are an integral part of these statements.

State of Illinois
Office of the Treasurer
COLLEGE SAVINGS PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2006 and 2005

Background

In May 1999, the General Assembly of the State of Illinois adopted Public Act 91-0607 authorizing the State Treasurer of the State of Illinois (the "*Treasurer*") to establish and administer a program designed to be a "qualified state tuition program" under Section 529 of the Internal Revenue Code of 1986, as amended. The program is known as the College Savings Program (the "*Program*"). Participants of the Program have a choice of two Section 529 investment programs, the Bright Start College Savings Program ("*Bright Start*") and the Bright Directions College Savings Program ("*Bright Directions*"). Bright Start commenced operations on March 27, 2000. Bright Directions commenced operations on November 18, 2005. Consequently, the Statement of Changes in Fiduciary Net Assets would include Bright Start activity for the years ended June 30, 2006 and 2005 and Bright Directions activity only for the period from November 18, 2005 (date of inception) to June 30, 2006. The Bright Directions Statement of Changes in Fiduciary Net Assets by Portfolio is presented for the period from November 18, 2005 (date of inception) to June 30, 2006.

The Program provides an opportunity for investors residing in Illinois or residing anywhere else in the United States of America to invest on a tax-favored basis toward the "qualified higher education expenses" of a designated beneficiary (the "*Beneficiary*") associated with attending an Institution of Higher Education. "*Institutions of Higher Education*" include most community colleges, public and private four-year colleges, universities, graduate and post-graduate programs, and certain proprietary and vocational schools. "*Qualified higher education expenses*" include tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a Beneficiary at an Institution of Higher Education plus, subject to certain limitations, room and board expenses for a student attending such an institution on at least a half time basis.

Under the Program, Program participants (the "*Account Owners*") may make investments in accounts established for the purpose of meeting the qualified higher education expenses of the Beneficiaries designated on the Program accounts (the "*Accounts*"). Amounts contributed to the Program will be invested in the College Savings Trust (the "*Trust*"). The Treasurer has selected Legg Mason Investor Services Inc. ("*LMIS*") to advise the Treasurer on the investment of Trust assets, to administer the Trust assets and to provide other services relating to Bright Start. The Treasurer has selected Union Bank and Trust Company to advise the Treasurer on the investment of Trust assets, to administer the Trust assets and to provide other services relating to Bright Directions. As such, Legg Mason Investor Services Inc. and Union Bank and Trust Company (the "*Managers*") will be acting as agents of the Treasurer, as trustees of the Trust. The Treasurer retains ultimate authority to manage the investments of the Trust.

State of Illinois
Office of the Treasurer
COLLEGE SAVINGS PROGRAM
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the years ended June 30, 2006 and 2005

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

1. Financial Reporting Entity

As described in the Illinois Comprehensive Annual Financial Report, the State of Illinois is the primary government which includes all funds, elected offices, departments and agencies of the State, as well as boards, commissions, authorities, universities and colleges over which the State's executive or legislative branches exercise legal control.

The College Savings Program is not legally separate from the State of Illinois, and is, therefore, determined to be part of the primary government. The Program is included in the Illinois Comprehensive Annual Financial Report as an investment trust fund. The scope of the College Savings Program financial statements presented herein is limited to the financial position of the College Savings Program investment trust fund.

2. Basis of Accounting and Measurement Focus

The accounts of the College Savings Program are maintained and reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

3. Cash and Cash Equivalents

Cash and cash equivalents consist of other bank deposits and timing differences associated with the purchase of mutual fund shares.

4. Investment Earnings

Investment earnings are a combination of dividend income, interest income and short and long-term capital gains both realized and unrealized, generated from mutual fund investments and cash deposits. Mutual fund yields are subject to market rate fluctuations.

5. Fiduciary Fund

The College Savings Fund is classified as an investment trust fund. This investment trust fund is used to account for assets held by the Treasurer in a trustee capacity. This investment trust fund is not held in the State Treasury and is a non-appropriated fund.

6. Management Estimates

To prepare financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make certain estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates may differ from actual results.

State of Illinois
Office of the Treasurer
COLLEGE SAVINGS PROGRAM
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the years ended June 30, 2006 and 2005

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Fair Value of Investments

Investments in the underlying funds are carried at fair value based on the closing net asset or unit value per share of each Underlying Fund on the day of valuation.

NOTE B - DEPOSITS AND INVESTMENTS

Governmental Accounting Standards Board Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, established standards for accounting for investments held by governmental entities. The College Savings Program has been designed as a qualified state tuition program under Section 529 of the Internal Revenue Code.

BRIGHT START COLLEGE SAVINGS PROGRAM

1. Permitted Deposits and Investments

The Treasurer's Bright Start investment activities are governed by the Treasurer's published Bright Start investment policy, which was developed in accordance with the State statute. In addition, the Treasurer's Office has adopted its own investment practices, which supplement the statutory requirements.

2. Investment Options

General Information

The Bright Start Program offers several investment options. If a participant opens an account through a financial institution that has chosen to accept deposits under Bright Start, there are two investment options: Age-Based Option and Fixed Income Option.

If a participant opens an account through a financial institution that has chosen not to accept deposits, there are five different investment options: Age-Based Option, Fixed Income Option, Equity Option, the Principal Protection Income Option and the Balanced Option.

The Age-Based Option for accounts opened through financial institutions accepting deposits and the Age-Based Option for accounts opened through financial institutions not accepting deposits are distinct and different investment options as a result of differing non-equity investment components. The Fixed Income Option for accounts opened through financial

State of Illinois
Office of the Treasurer
COLLEGE SAVINGS PROGRAM
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the years ended June 30, 2006 and 2005

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

institutions accepting deposits and the Fixed Income Option for accounts opened through financial institutions not accepting deposits are also distinct and different investment options as a result of differing investment components. The financial institution at which a participant opens an account and its acceptance or rejection of deposits under the Act will affect a program participant's choice of investment options. Choice of investment options may be based on the age of the beneficiary and tolerance for investment risk, among other factors. Under federal tax law, however, participants are not permitted to direct the actual investment of their account assets. Consequently, participants may not choose the particular investments in which a portfolio invests. Participants may move their investment from one investment option to another for the same account once per year.

The Equity Option is an investment portfolio which seeks long-term capital appreciation through investments in equity mutual funds. It is only appropriate for investors with longer time horizons, who are comfortable with an increased level of risk or who use this investment option as part of an overall college savings strategy that includes less aggressive investments.

The Principal Protection Income Option is a conservative investment portfolio which may be appropriate for investors who are seeking current returns with stability of principal and who are willing to forego the return potential that the stock market offers. Its objective is to provide a current return that is typically higher than most money market portfolios, while protecting an investor's principal investment (including previously accrued income) from fluctuations in value typically associated with fixed income portfolios. The portfolio will enter into contracts ("wrapper agreements") with financial institutions enabling it to value its fixed income securities at book value (cost). It may also be appropriate as part of an overall college savings strategy that includes more aggressive investments.

The Balanced Option is an investment portfolio which seeks to provide attractive total return with reasonable safety of principal through investment in equity and fixed income securities.

Legg Mason Investor Services Inc. will invest the assets of each portfolio in certain mutual funds managed by affiliates of LMIS and by entities unaffiliated with LMIS, in certain deposits (in the case of an account opened through a financial institution accepting deposits under the Act) or in other investments as directed by the Treasurer in accordance with the policy statement, which sets forth the policies, objectives and guidelines that govern the investment of such assets. The Treasurer may amend or supplement the policy statement from time to time in accordance with the College Savings Program Services Agreement

State of Illinois
Office of the Treasurer
COLLEGE SAVINGS PROGRAM
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the years ended June 30, 2006 and 2005

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

between the Treasurer and Legg Mason Investor Services Inc. In allocating portfolio assets among the deposits or other investments, Legg Mason Investor Services Inc. may not deviate from the policy statement.

Description of the Funds

At the direction of the Treasurer and in accordance with the Policy Statement, Legg Mason Investor Services Inc. intends to invest the Portfolios in whole or in part in the Funds, which are registered mutual funds managed by affiliates of LMIS. The assets of each Portfolio will be invested according to the target asset allocations discussed in the Bright Start Investment Policy.

Equity Funds

The Salomon Brothers Investors Value Fund primarily seeks long-term growth of capital, and secondarily seeks current income. Under normal circumstances, the fund invests primarily in common stocks of established U.S. companies having a market capitalization of at least \$5 billion at the time of investment, but may also invest in other equity securities and, to a lesser degree, in debt securities. The manager of the Fund emphasizes individual security selection while diversifying such Fund's investments across industries in an effort to help to reduce risk. The manager of such Fund seeks to identify companies with favorable valuations and attractive growth potential, and employs fundamental analysis to analyze each company in detail, ranking its management, strategy and competitive market position.

Legg Mason Partners Large Capitalization Growth Fund seeks long-term growth of capital. Under normal circumstances, the fund invests at least 80% of the value of its net assets, plus any borrowings for investment purposes, in equity securities, or other investments with similar economic characteristics, of companies with large market capitalizations. Large capitalization companies are those with market capitalizations similar to companies in the Russell 1000 Index. Equity securities include U.S. exchange traded and over-the-counter common stocks, debt securities convertible into equity securities, and warrants and rights relating to equity securities. The fund may invest up to 10% of its net assets in securities of foreign issuers directly or in the form of depositary receipts representing an interest in those securities.

State of Illinois
Office of the Treasurer
COLLEGE SAVINGS PROGRAM
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the years ended June 30, 2006 and 2005

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Oppenheimer Main Street Small Cap Fund seeks capital appreciation by investing primarily in the securities of companies with relatively small market capitalizations at the time of investment. The Fund currently considers an issuer having a market capitalization of up to \$3 billion to be a small-cap issuer. The Fund measures capitalization at the time the fund buys the security, and is not required to sell the security if the issuer's capitalization exceeds \$3 billion.

MFS Institutional International Research Equity Fund seeks capital appreciation. Under normal market conditions, such Fund invests at least 80% of its net assets in equity securities of foreign companies, including common stocks, preferred stocks, convertible securities and depositary receipts for those securities. The Fund focuses on foreign companies (including emerging market issuers) that the manager of the Fund believes have favorable growth prospects and attractive valuations based on current and expected earnings or cash flow. The Fund does not emphasize any particular country, but from time to time focus its investments in individual countries or regions. The Fund's investments may include securities traded on securities exchanges or in the over-the-counter markets.

Fixed Income Funds

Legg Mason Partners Investment Grade Bond Fund seeks as high a level of current income as is consistent with prudent investment management and preservation of capital. Under normal circumstances, the fund invests at least 80% of the value of its net assets, plus any borrowings for investment purposes, in "investment grade" fixed income securities. These are securities rated by a national ratings organization within one of the top four categories or, if unrated, are judged by the manager to be of comparable quality. The fund may also invest in U.S. government securities and U.S. dollar-denominated fixed income securities of foreign issuers. The fund may invest in securities having any maturity. The fund may, but need not, use interest rate futures and options on interest rate futures, to hedge against interest rate changes, as a substitute for buying or selling securities, and as a cash flow management technique.

Legg Mason Partners U.S. Government Securities Fund seeks high current income consistent with liquidity and security of principal. Under normal circumstances, the Fund will invest at least 80% of its net assets in debt securities issued or guaranteed by the U.S. government, its agencies or instrumentalities, and in related investments. The United States government securities in which the Fund invests primarily consists of mortgage-related securities and U.S. Treasury securities.

State of Illinois
Office of the Treasurer
COLLEGE SAVINGS PROGRAM
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the years ended June 30, 2006 and 2005

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Legg Mason Partners Short-Term Investment Grade Bond Fund seeks current income, preservation of capital and liquidity. Under normal circumstances, the fund invests at least 80% of its net assets in "investment grade" fixed income securities. These are securities rated by a national ratings organization at the time of purchase within one of the top four categories or, if unrated, are judged by the investment adviser to be of comparable credit quality. Securities in which the Fund invests include corporate debt securities, bank obligations, mortgage and asset-backed securities and securities issued by the United States government and its agencies and instrumentalities. Such Fund may also invest in United States dollar denominated fixed income securities of foreign issuers. The Fund maintains an average dollar-weighted portfolio maturity of between one and four years; the duration of the portfolio of such Fund will normally be no greater than 3.5 years.

Legg Mason Partners Core Plus Bond Fund Inc. seeks maximum total return consisting of capital appreciation and income, consistent with the preservation of capital. Under normal market conditions, the fund invests at least 80% of its net assets in investment grade fixed income securities of U.S. issuers or other investments with similar economic characteristics. The fund may invest in U.S. government obligations, Investment grade U.S. corporate debt, Mortgage-backed securities, and up to 20% of net assets in high yield, high risk corporate and government debt securities rated below investment grade or, if unrated, determined by the fund's manager to be of comparable quality, and in U.S. dollar denominated and non-U.S. dollar denominated debt issued by foreign corporations and foreign governments, their agencies or instrumentalities, of which no more than 10% of the fund's assets may be invested in fixed income securities of emerging market issuers. Such Fund will normally maintain an average effective duration of three years to six years.

Smith Barney Cash Portfolio is a money market fund that seeks maximum current income and preservation of capital. The Fund invests in high quality U.S. dollar denominated short-term debt securities. These may include obligations issued by U.S. and foreign banks, the U.S. government, its agencies and instrumentalities, U.S. states and municipalities and U.S. and foreign corporate issuers. The Fund may invest in all types of money market instruments, including commercial paper, certificates of deposit, bankers' acceptances, mortgage-backed and asset-backed securities, repurchase agreements, and other short-term debt securities. The Fund will invest at least 25% of its total assets in obligations of domestic and foreign banks. Shares of such Fund are not insured or guaranteed by the United States government.

State of Illinois
Office of the Treasurer
COLLEGE SAVINGS PROGRAM
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the years ended June 30, 2006 and 2005

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Investment Risk

As of June 30, 2006 Bright Start had holdings in mutual bond funds valued at \$433.3 million. Of this, \$106.1 million had weighted average maturities (the "WAM") of one through five years, \$188.7 million had WAM's of six through ten years and \$138.5 million had WAM's of more than ten years. These funds are not rated.

In its investment policy the Treasurer's Office has adopted a long-term total return strategy. A long-term diversified asset allocation strategy based on (1) asset classes (stock, bonds, cash, etc.), (2) geography/country, (3) industry, and (4) maturity will be the primary method of risk control.

The investments in the Bright Start College Savings Program are not guaranteed or insured by the State of Illinois, Office of the Treasurer, the Program Manager, affiliates of the Program Manager, the FDIC, or any other party.

BRIGHT DIRECTIONS COLLEGE SAVINGS PROGRAM

1. Permitted Deposits and Investments

The Treasurer's Bright Directions investment activities are governed by the Treasurer's published Bright Directions investment policy, which was developed in accordance with the State statute. In addition, the Treasurer's Office has adopted its own investment practices, which supplement the statutory requirements.

2. Investment Options

General Information

The Bright Directions Program has the following Portfolios available:

- Three Age-Based Portfolios
- Seven Target Portfolios
- Twenty-five Individual Fund Portfolios

State of Illinois
Office of the Treasurer
COLLEGE SAVINGS PROGRAM
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the years ended June 30, 2006 and 2005

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

The three Age-Based portfolios are designed to reduce the Account's exposure to principal loss the closer the Beneficiary gets to college; the seven Target Portfolios keep the same asset allocation between equity, fixed income, and money market securities over the life of the Account; and the Individual Fund Portfolios each invest in a single mutual fund. The Age-Based, Target, and Individual Fund Portfolios have been designed by the Treasurer, Program Manager, and Wilshire Associates.

Description of the Funds

Age-Based Portfolios

The Age-Based Portfolios generally invest in a mix of equity, fixed income, and money market funds allocated based on the current age of the Beneficiary. The Age-Based Portfolios adjust over time so that as the Beneficiary nears college age each Age-Based Portfolio's allocation between equity, fixed income, and money market funds becomes more conservative relative to the allocation in earlier years.

Within the Age-Based portfolios, Account owners may choose from among an aggressive, growth, or balanced asset allocation based on, among other factors, investment goals and objectives, and tolerance for market volatility and investment risk. For example, the Age-Based Aggressive Portfolio is invested entirely in equity investment funds when the Beneficiary is young. By contrast, the Age-Based Balanced Portfolio is modestly weighted towards equity funds when the Beneficiary is young. The current targeted asset allocation of each Portfolio is set forth in the following table:

<u>Age of Beneficiary</u>	Age-Based Aggressive (Equity/Fixed Income/ Money Market)	Age-Based Growth (Equity/Fixed Income/ Money Market)	Age-Based Balanced (Equity/Fixed Income/ Money Market)
0 - 8	100/0/0	80/20/0	60/40/0
9 - 12	80/20/0	60/40/0	40/60/0
13 - 16	60/40/0	40/60/0	20/60/20
17 - 20	40/60/0	20/60/20	10/50/40
21+	20/60/20	10/50/40	0/50/50

State of Illinois
Office of the Treasurer
COLLEGE SAVINGS PROGRAM
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the years ended June 30, 2006 and 2005

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

The three Age-Based Portfolios are briefly described as follows:

Age-Based Aggressive Portfolio - Under this option, the Account is allocated entirely to equity mutual funds in the early years of the designated Beneficiary's life and maintains a portion of the Portfolio invested in equity investment funds throughout. As the Beneficiary nears college age, the equity allocation decreases, and the fixed income and money market allocations increase.

Age-Based Growth Portfolio - Under this option, the Account is allocated more heavily to equity mutual funds in the early years of the designated Beneficiary's life. As the Beneficiary nears college age, the equity allocation decreases, and the fixed income and money market allocations increase.

Age-Based Balanced Portfolio - Under this option, the Account is balanced between equity mutual funds and fixed income mutual funds in the early years of the designated Beneficiary's life. As the Beneficiary reaches age 21, the Portfolio is allocated entirely to fixed income and money market investment funds.

Target Portfolios

The Target Portfolios are asset allocation portfolios that invest in a set or "static" mix of equity, fixed income, or money market funds. The allocation between equity, fixed income, and money market investments within the Target Portfolios does not change as the Beneficiary gets older.

The seven Target Portfolios, ranging from the most aggressive to conservative, are briefly described below.

Fund 100 - Seeks maximum capital appreciation by investing 100% in a broad range of domestic and international equity mutual funds. This strategy is only appropriate for investors with longer time horizons and who are comfortable with an increased level of risk in an effort to obtain higher longer-term returns, or who use this investment option as part of an overall college savings strategy that includes less aggressive investments. The current targeted asset allocation or investment mix is presented in the following table:

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<u>Target Portfolio</u>	U.S. <u>Domestic Equity</u>	<u>International Equity</u>	<u>Fixed Income</u>	<u>Money Market</u>
Fund 100	80%	20%	0%	0%

Fund 80 - Seeks a high level of capital appreciation and some income by investing 80% in a broad range of domestic and international equity mutual funds with the remaining 20% invested in fixed income mutual funds.

<u>Target Portfolio</u>	U.S. <u>Domestic Equity</u>	<u>International Equity</u>	<u>Fixed Income</u>	<u>Money Market</u>
Fund 80	64%	16%	20%	0%

Fund 60 - Seeks moderate capital appreciation and income by investing 60% in a broad range of domestic and international equity mutual funds with the remaining 40% invested in fixed income mutual funds.

<u>Target Portfolio</u>	U.S. <u>Domestic Equity</u>	<u>International Equity</u>	<u>Fixed Income</u>	<u>Money Market</u>
Fund 60	48%	12%	40%	0%

Fund 40 - Seeks moderate income and capital appreciation by investing 60% in fixed income mutual funds with the remaining 40% invested in a broad range of domestic and international equity mutual funds.

<u>Target Portfolio</u>	U.S. <u>Domestic Equity</u>	<u>International Equity</u>	<u>Fixed Income</u>	<u>Money Market</u>
Fund 40	32%	8%	60%	0%

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Fund 20 - Seeks income and capital appreciation by investing 60% in fixed income mutual funds, 20% in money market mutual funds, and 20% in a broad range of domestic and international equity mutual funds.

<u>Target Portfolio</u>	U.S. <u>Domestic Equity</u>	International <u>Equity</u>	<u>Fixed Income</u>	Money <u>Market</u>
Fund 20	16%	4%	60%	20%

Fund 10 - Seeks income and some capital appreciation by investing 40% in money market mutual funds, 50% in short-term bond mutual funds, and 10% in domestic and international equity mutual funds.

<u>Target Portfolio</u>	U.S. <u>Domestic Equity</u>	International <u>Equity</u>	<u>Fixed Income</u>	Money <u>Market</u>
Fund 10	8%	2%	50%	40%

Fixed Income Fund - Seeks to preserve principal investment with less volatility than an all bond portfolio, while providing modest current income by investing 50% in money market mutual funds and 50% in short-term bond mutual funds.

<u>Target Portfolio</u>	U.S. <u>Domestic Equity</u>	International <u>Equity</u>	<u>Fixed Income</u>	Money <u>Market</u>
Fixed Income Fund	0%	0%	50%	50%

The actual investments of any of these Portfolios may vary. The Program Manager will rebalance the investments in each Portfolio in the underlying investments on an ongoing basis.

Individual Fund Portfolios

The Bright Directions Program offers twenty-five Individual Fund Portfolios. Each Individual Fund Portfolio is invested solely in shares of a single underlying mutual fund. Account balances may be allocated among one or more Individual Fund Portfolios according to the Account Owners investment objectives, investment time horizon, and risk tolerance.

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The Individual Fund Portfolios are briefly described as follows:

Money Market 529 Portfolio:

BGI Institutional Money Market 529 Portfolio - invests solely in the BGI Institutional Money Market Fund (Inst. Class). The Fund seeks to achieve a high level of income consistent with liquidity and the preservation of capital.

Fixed Income 529 Portfolios

PIMCO Short-Term 529 Portfolio - invests solely in the PIMCO Short-Term Fund (Inst. Class). The Fund seeks maximum current income, consistent with preservation of capital and daily liquidity. The average portfolio duration is 0-1 year.

PIMCO Low Duration 529 Portfolio - invests solely in the PIMCO Low Duration Fund (Inst. Class). The Fund seeks maximum total return, consistent with preservation of capital and prudent investment management. The average portfolio duration is 1-3 years.

PIMCO Total Return 529 Portfolio - invests solely in the PIMCO Total Return Fund (Inst. Class). The Fund seeks maximum total return, consistent with preservation of capital and prudent investment management. The average portfolio duration is 3-6 years.

Calvert Income 529 Portfolio - invests solely in the Calvert Income Fund (Inst. Class). The Fund seeks to maximize income, to the extent consistent with preservation of capital, through investment in bonds and other income producing securities.

Balanced 529 Portfolio

T. Rowe Price Balanced 529 Portfolio - invests solely in the T. Rowe Price Balanced Fund (Inv. Class). The Fund seeks to provide capital growth, current income, and preservation of capital through a portfolio of stocks and fixed-income securities.

Real Estate 529 Portfolio

T. Rowe Price Real Estate 529 Portfolio - invests solely in the T. Rowe Price Real Estate Fund. The fund seeks to provide long-term growth through a combination of capital appreciation and current income.

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Socially Responsible 529 Portfolio

Calvert Social Investment Equity 529 Portfolio – invests solely in the Calvert Social Investment Equity Fund (Inst. Class). CSIF Equity seeks growth of capital through investment in stocks of issuers in industries believed to offer opportunities for potential capital appreciation and which meet the Fund's investment and social criteria.

Domestic (U.S.) Equity 529 Portfolios

American Century Value 529 Portfolio – invests solely in the American Century Value Fund (Inst. Class). The Fund seeks long-term capital growth. Income is a secondary objective.

DFA U.S. Large Cap Value 529 Portfolio – invests solely in the DFA U.S. Large Cap Value Fund (Inst. Class). The Fund seeks to achieve long-term capital appreciation.

T. Rowe Price Equity Income 529 Portfolio – invests solely in the T. Rowe Price Equity Income Fund. The Fund seeks to provide substantial dividend income as well as long-term growth of capital through investments in the common stocks of established companies.

American Century Equity Growth 529 Portfolio – invests solely in the American Century Equity Growth Fund (Inst. Class). The Fund seeks capital appreciation by investing in common stocks.

Northern Institutional Equity Index 529 Portfolio – invests solely in the Northern Institutional Equity Index Fund. The Fund seeks to provide investment results approximating the aggregate price and dividend performance of the securities included in the Standard & Poor's 500 Composite Stock Price Index ("S&P 500 Index").

American Century Ultra 529 Portfolio – invests solely in the American Century Ultra Fund (Inst. Class). This Fund seeks long-term capital growth.

Northern Institutional Diversified Growth 529 Portfolio – invests solely in the Northern Institutional Diversified Growth Fund. The Fund seeks to provide long-term capital appreciation with income a secondary consideration.

T. Rowe Price Extended Equity Market Index 529 Portfolio – invests solely in the T. Rowe Price Extended Equity Market Index Fund. The Fund seeks to match the performance of the U.S. stocks not included in the S&P 500, which are primarily small- and mid-capitalization stocks. The Fund uses the Dow Jones Wilshire 4500 Completion Index to represent this universe.

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American Century Vista 529 Portfolio - invests solely in the American Century Vista Fund (Inst. Class). The Fund seeks long-term capital growth.

Ariel 529 Portfolio - invests solely in the Ariel Fund (Inst. Class). The Fund seeks long-term capital appreciation.

Legg Mason U.S. Small Cap Value 529 Portfolio - invests solely in the Legg Mason U.S. Small Cap Value Fund (Inst. Class). The Fund seeks long-term capital appreciation.

Northern Institutional Small Company Index 529 Portfolio - invests solely in the Northern Institutional Small Company Index Fund. The Fund seeks to provide investment results approximating the aggregate price and dividend performance of the securities included in the Russell 2000 Index.

Fidelity Advisor Small Cap 529 Portfolio - invests solely in the Fidelity Advisor Small Cap Fund (Inst. Class). The Fund seeks long-term growth of capital.

William Blair Small Cap Growth 529 Portfolio - invests solely in the William Blair Small-Cap Growth Fund (Inst. Class). The Fund seeks long-term capital appreciation.

International Equity 529 Portfolios

AllianceBernstein International Value 529 Portfolio - invests solely in the AllianceBernstein International Value Fund (Advisor Class). The Fund seeks long-term growth of capital.

Northern Institutional International Equity Index 529 Portfolio - invests solely in the Northern Institutional International Equity Index Fund. The Fund seeks to provide investment results approximating the aggregate price and dividend performance of the securities included in the "MSCI EAFE Index."

Fidelity Advisor Diversified International 529 Portfolio - invests solely in the Fidelity Advisor Diversified International Fund. The Fund seeks capital growth.

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NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Investment Risk

As of June 30, 2006 Bright Directions had holdings in mutual bond funds valued at \$9.2 million. Of this, \$1.6 million had WAM's of less than a year (S&P rated AA+), \$7.2 million had WAM's of one through five years (S&P rated AAA), and \$0.4 million had WAM's of six through ten years (S&P rated AA). In addition, Bright Directions had holdings in Money Market Funds valued at \$1.4 million at June 30, 2006. The Money Market Fund had a WAM of 31 days and the Fund is unrated.

In its investment policy the Treasurer's Office has adopted a long-term total return strategy. A long-term diversified asset allocation strategy based on (1) asset classes (stock, bonds, cash, etc.), (2) geography/country, (3) industry, and (4) maturity will be the primary method of risk control.

The investments in the Bright Directions College Savings Program are not guaranteed or insured by the State of Illinois, Office of the Treasurer, the Program Manager, affiliates of the Program Manager, the FDIC, or any other party.

NOTE C - ADMINISTRATIVE FEES

To administer the College Savings Program, the Treasurer has a division entitled, "The College Savings Program Division." This division had six employees at June 30, 2006 and five employees at June 30, 2005. The revenues and expenses of the division are recorded in an enterprise proprietary fund maintained by the Treasurer entitled College Savings Program Administrative Trust Fund No. 668.

Legg Mason Investor Services Inc. performs the custodial responsibilities for the administration of Bright Start. LMIS calculates the administrative and custodial fees, which are reviewed by Treasurer personnel. The fees are paid from a charge based on the net asset value of Bright Start. The fee is accrued daily and withdrawn monthly from the Bright Start College Savings Program. The custodian's fee is calculated at 0.99% of the total net asset value.

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NOTE C - ADMINISTRATIVE FEES (Continued)

Union Bank and Trust Company performs the custodial responsibilities for the administration of the Bright Directions College Savings Program. Union Bank and Trust Company calculates the administrative and custodial fees, which are reviewed by Treasurer personnel. The fees are based on the following fee structure:

Fee Structure A

Portfolio	Annual Asset-Based Fees						Additional Investor Expenses	
	Estimated Underlying Fund Expenses ¹	Program Management Fees	State Fee ²	Misc. Fee	Annual Servicing Fee	Total Annual Asset-Based Fees	Maximum Initial Sales Charge ³	Account Fee ⁴
Target Portfolios								
Fund 100	0.58%	0.45%	None	None	0.25%	1.28%	3.50%	\$12
Fund 80	0.55%	0.45%	None	None	0.25%	1.25%	3.50%	\$12
Fund 60	0.52%	0.45%	None	None	0.25%	1.22%	3.50%	\$12
Fund 40	0.50%	0.45%	None	None	0.25%	1.20%	3.50%	\$12
Fund 20	0.41%	0.45%	None	None	0.25%	1.11%	3.50%	\$12
Fund 10	0.33%	0.45%	None	None	0.25%	1.03%	3.50%	\$12
Fixed Income	0.28%	0.45%	None	None	0.25%	0.98%	3.50%	\$12
Age-Based Portfolios								
Aggressive								
Ages 0-8	0.58%	0.45%	None	None	0.25%	1.28%	3.50%	\$12
Ages 9-12	0.55%	0.45%	None	None	0.25%	1.25%	3.50%	\$12
Ages 13-16	0.52%	0.45%	None	None	0.25%	1.22%	3.50%	\$12
Ages 17-20	0.50%	0.45%	None	None	0.25%	1.20%	3.50%	\$12
Ages 21+	0.41%	0.45%	None	None	0.25%	1.11%	3.50%	\$12
Growth								
Ages 0-8	0.55%	0.45%	None	None	0.25%	1.25%	3.50%	\$12
Ages 9-12	0.52%	0.45%	None	None	0.25%	1.22%	3.50%	\$12
Ages 13-16	0.50%	0.45%	None	None	0.25%	1.20%	3.50%	\$12
Ages 17-20	0.41%	0.45%	None	None	0.25%	1.11%	3.50%	\$12
Ages 21+	0.33%	0.45%	None	None	0.25%	1.03%	3.50%	\$12
Balanced								
Ages 0-8	0.52%	0.45%	None	None	0.25%	1.22%	3.50%	\$12
Ages 9-12	0.50%	0.45%	None	None	0.25%	1.20%	3.50%	\$12
Ages 13-16	0.41%	0.45%	None	None	0.25%	1.11%	3.50%	\$12
Ages 17-20	0.33%	0.45%	None	None	0.25%	1.03%	3.50%	\$12
Ages 21+	0.28%	0.45%	None	None	0.25%	0.98%	3.50%	\$12

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NOTE C - ADMINISTRATIVE FEES (Continued)

Fee Structure A (Continued)

Annual Asset-Based Fees							Additional Investor Expenses	
Portfolio	Estimated Underlying Fund Expenses ¹	Program Management Fees	State Fee ²	Misc. Fee	Annual Servicing Fee	Total Annual Asset-Based Fees	Maximum Initial Sales Charge ³	Account Fee ⁴
Individual Fund Portfolios								
BGI Institutional Money Market 529 Portfolio	0.12%	0.45%	None	None	0.25%	.82%	None	\$12
PIMCO Short-Term 529 Portfolio	0.45%	0.45%	None	None	0.25%	1.15%	None	\$12
PIMCO Low Duration 529 Portfolio	0.43%	0.45%	None	None	0.25%	1.13%	None	\$12
PIMCO Total Return 529 Portfolio	0.43%	0.45%	None	None	0.25%	1.13%	3.50%	\$12
Calvert Income 529 Portfolio	0.56%	0.45%	None	None	0.25%	1.26%	3.50%	\$12
T. Rowe Price Balanced 529 Portfolio	0.75%	0.45%	None	None	0.25%	1.45%	3.50%	\$12
T. Rowe Price Real Estate 529 Portfolio	0.90%	0.45%	None	None	0.25%	1.60%	3.50%	\$12
Calvert Social Investment Equity 529 Portfolio	0.68%	0.45%	None	None	0.25%	1.38%	3.50%	\$12
American Century Value 529 Portfolio	0.79%	0.45%	None	None	0.25%	1.49%	3.50%	\$12
DFA U.S. Large Cap Value 529 Portfolio	0.32%	0.45%	None	None	0.25%	1.02%	3.50%	\$12
T. Rowe Price Equity Income 529 Portfolio	0.74%	0.45%	None	None	0.25%	1.44%	3.50%	\$12
American Century Equity Growth 529 Portfolio	0.48%	0.45%	None	None	0.25%	1.18%	3.50%	\$12

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NOTE C - ADMINISTRATIVE FEES (Continued)

Fee Structure A (Continued)

Portfolio	Annual Asset-Based Fees						Additional Investor Expenses	
	Estimated Underlying Fund Expenses ¹	Program Management Fees	State Fee ²	Misc. Fee	Annual Servicing Fee	Total Annual Asset-Based Fees	Maximum Initial Sales Charge ³	Account Fee ⁴
Northern Institutional Equity Index 529 Portfolio	0.21%	0.45%	None	None	0.25%	0.91%	3.50%	\$12
American Century Ultra 529 Portfolio	0.79%	0.45%	None	None	0.25%	1.49%	3.50%	\$12
Northern Institutional Diversified Growth 529 Portfolio	0.77%	0.45%	None	None	0.25%	1.47%	3.50%	\$12
T. Rowe Price Extended Equity Market Index 529 Portfolio	0.40%	0.45%	None	None	0.25%	1.10%	3.50%	\$12
American Century Vista 529 Portfolio	0.80%	0.45%	None	None	0.25%	1.50%	3.50%	\$12
Ariel 529 Portfolio	1.07%	0.45%	None	None	0.25%	1.77%	3.50%	\$12
Legg Mason U.S. Small Cap Value 529 Portfolio	0.93%	0.45%	None	None	0.25%	1.63%	3.50%	\$12
Northern Institutional Small Company Index 529 Portfolio	0.31%	0.45%	None	None	0.25%	1.01%	3.50%	\$12
Fidelity Advisor Small Cap 529 Portfolio	1.01%	0.45%	None	None	0.25%	1.71%	3.50%	\$12
William Blair Small Cap Growth 529 Portfolio	1.21%	0.45%	None	None	0.25%	1.91%	3.50%	\$12

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Fee Structure A (Continued)

Portfolio	Annual Asset-Based Fees						Additional Investor Expenses	
	Estimated Underlying Fund Expenses ¹	Program Management Fees	State Fee ²	Misc. Fee	Annual Servicing Fee	Total Annual Asset-Based Fees	Maximum Initial Sales Charge ³	Account Fee ⁴
AllianceBernstein International Value 529 Portfolio	0.90%	0.45%	None	None	0.25%	1.60%	3.50%	\$12
Northern Institutional International Equity Index 529 Portfolio	0.41%	0.45%	None	None	0.25%	1.11%	3.50%	\$12
Fidelity Advisor Diversified International 529 Portfolio	1.03%	0.45%	None	None	0.25%	1.73%	3.50%	\$12

- ¹ For registered mutual funds, in the absence of a change that would materially affect the information, based on the most recent fiscal year reported upon in the applicable fund's most recent prospectus, and for Portfolios invested in multiple registered mutual funds, based on a weighted average of each fund's total annual operating expenses, in accordance with the Portfolio's asset allocation as of the date of this Program Disclosure Statement.
- ² The Program Manager pays a fee to the Treasurer that is used to offset the Treasurer's expenses in administering the Program in an amount equal to the greater of \$350,000 or 0.05% of the aggregate assets in the Program.
The Program Manager pays such fee out of its Program Management Fee.
- ³ Contributions that constitute a Qualified Rollover Distribution from another 529 qualified tuition program, excluding other Illinois Section 529 programs, may be made to Fee Structure A without the imposition of an initial sales charge.
- ⁴ A quarterly account fee of \$3 will be deducted from the Accounts each quarter and Accounts incur an initial one-time \$10 set up fee.

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Fee Structure C

Portfolio	Annual Asset-Based Fees						Additional Investor Expenses	
	Estimated Underlying Fund Expenses ¹	Program Management Fees	State Fee ²	Misc. Fee	Annual Servicing Fee	Total Annual Asset-Based Fees	Maximum Initial Sales Charge ³	Account Fee ⁴
Target Portfolios								
Fund 100	0.58%	0.45%	None	None	0.50%	1.53%	None	\$12
Fund 80	0.55%	0.45%	None	None	0.50%	1.50%	None	\$12
Fund 60	0.52%	0.45%	None	None	0.50%	1.47%	None	\$12
Fund 40	0.50%	0.45%	None	None	0.50%	1.45%	None	\$12
Fund 20	0.41%	0.45%	None	None	0.50%	1.36%	None	\$12
Fund 10	0.33%	0.45%	None	None	0.50%	1.28%	None	\$12
Fixed Income	0.28%	0.45%	None	None	0.50%	1.23%	None	\$12
Age-Based Portfolios								
Aggressive								
Ages 0-8	0.58%	0.45%	None	None	0.50%	1.53%	None	\$12
Ages 9-12	0.55%	0.45%	None	None	0.50%	1.50%	None	\$12
Ages 13-16	0.52%	0.45%	None	None	0.50%	1.47%	None	\$12
Ages 17-20	0.50%	0.45%	None	None	0.50%	1.45%	None	\$12
Ages 21+	0.41%	0.45%	None	None	0.50%	1.36%	None	\$12
Growth								
Ages 0-8	0.55%	0.45%	None	None	0.50%	1.50%	None	\$12
Ages 9-12	0.52%	0.45%	None	None	0.50%	1.47%	None	\$12
Ages 13-16	0.50%	0.45%	None	None	0.50%	1.45%	None	\$12
Ages 17-20	0.41%	0.45%	None	None	0.50%	1.36%	None	\$12
Ages 21+	0.33%	0.45%	None	None	0.50%	1.28%	None	\$12
Balanced								
Ages 0-8	0.52%	0.45%	None	None	0.50%	1.47%	None	\$12
Ages 9-12	0.50%	0.45%	None	None	0.50%	1.45%	None	\$12
Ages 13-16	0.41%	0.45%	None	None	0.50%	1.36%	None	\$12
Ages 17-20	0.33%	0.45%	None	None	0.50%	1.28%	None	\$12
Ages 21+	0.28%	0.45%	None	None	0.50%	1.23%	None	\$12

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NOTE C - ADMINISTRATIVE FEES (Continued)

Fee Structure C (Continued)

Annual Asset-Based Fees							Additional Investor Expenses	
Portfolio	Estimated Underlying Fund Expenses ¹	Program Management Fees	State Fee ²	Misc. Fee	Annual Servicing Fee	Total Annual Asset-Based Fees	Maximum Initial Sales Charge ³	Account Fee ⁴
Individual Fund Portfolios								
BGI Institutional Money Market 529 Portfolio	0.12%	0.45%	None	None	0.50%	1.07%	None	\$12
PIMCO Short-Term 529 Portfolio	0.45%	0.45%	None	None	0.50%	1.40%	None	\$12
PIMCO Low Duration 529 Portfolio	0.43%	0.45%	None	None	0.50%	1.38%	None	\$12
PIMCO Total Return 529 Portfolio	0.43%	0.45%	None	None	0.50%	1.38%	None	\$12
Calvert Income 529 Portfolio	0.56%	0.45%	None	None	0.50%	1.51%	None	\$12
T. Rowe Price Balanced 529 Portfolio	0.75%	0.45%	None	None	0.50%	1.70%	None	\$12
T. Rowe Price Real Estate 529 Portfolio	0.90%	0.45%	None	None	0.50%	1.85%	None	\$12
Calvert Social Investment Equity 529 Portfolio	0.68%	0.45%	None	None	0.50%	1.63%	None	\$12
American Century Value 529 Portfolio	0.79%	0.45%	None	None	0.50%	1.74%	None	\$12
DFA U.S. Large Cap Value 529 Portfolio	0.32%	0.45%	None	None	0.50%	1.27%	None	\$12
T. Rowe Price Equity Income 529 Portfolio	0.74%	0.45%	None	None	0.50%	1.69%	None	\$12
American Century Equity Growth 529 Portfolio	0.48%	0.45%	None	None	0.50%	1.43%	None	\$12

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NOTE C - ADMINISTRATIVE FEES (Continued)

Fee Structure C (Continued)

Portfolio	Annual Asset-Based Fees						Additional Investor Expenses	
	Estimated Underlying Fund Expenses ¹	Program Management Fees	State Fee ²	Misc. Fee	Annual Servicing Fee	Total Annual Asset-Based Fees	Maximum Initial Sales Charge ³	Account Fee ⁴
Northern Institutional Equity Index 529 Portfolio	0.21%	0.45%	None	None	0.50%	1.16%	None	\$12
American Century Ultra 529 Portfolio	0.79%	0.45%	None	None	0.50%	1.74%	None	\$12
Northern Institutional Diversified Growth 529 Portfolio	0.77%	0.45%	None	None	0.50%	1.72%	None	\$12
T. Rowe Price Extended Equity Market Index 529 Portfolio	0.40%	0.45%	None	None	0.50%	1.35%	None	\$12
American Century Vista 529 Portfolio	0.80%	0.45%	None	None	0.50%	1.75%	None	\$12
Ariel 529 Portfolio	1.07%	0.45%	None	None	0.50%	2.02%	None	\$12
Legg Mason U.S. Small Cap Value 529 Portfolio	0.93%	0.45%	None	None	0.50%	1.88%	None	\$12
Northern Institutional Small Company Index 529 Portfolio	0.31%	0.45%	None	None	0.50%	1.26%	None	\$12
Fidelity Advisor Small Cap 529 Portfolio	1.01%	0.45%	None	None	0.50%	1.96%	None	\$12
William Blair Small Cap Growth 529 Portfolio	1.21%	0.45%	None	None	0.50%	2.16%	None	\$12

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COLLEGE SAVINGS PROGRAM
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the years ended June 30, 2006 and 2005

NOTE C - ADMINISTRATIVE FEES (Continued)

Fee Structure C (Continued)

Portfolio	Annual Asset-Based Fees						Additional Investor Expenses	
	Estimated Underlying Fund Expenses ¹	Program Management Fees	State Fee ²	Misc. Fee	Annual Servicing Fee	Total Annual Asset-Based Fees	Maximum Initial Sales Charge ³	Account Fee ⁴
AllianceBernstein International Value 529 Portfolio	0.90%	0.45%	None	None	0.50%	1.85%	None	\$12
Northern Institutional International Equity Index 529 Portfolio	0.41%	0.45%	None	None	0.50%	1.36%	None	\$12
Fidelity Advisor Diversified International 529 Portfolio	1.03%	0.45%	None	None	0.50%	1.98%	None	\$12

- ¹ For registered mutual funds, in the absence of a change that would materially affect the information, based on the most recent fiscal year reported upon in the applicable fund's most recent prospectus, and for Portfolios invested in multiple registered mutual funds, based on a weighted average of each fund's total annual operating expenses, in accordance with the Portfolio's asset allocation as of the date of this Program Disclosure Statement.
- ² The Program Manager pays a fee to the Treasurer that is used to offset the Treasurer's expenses in administering the Program in an amount equal to the greater of \$350,000 or 0.05% of the aggregate assets in the Program.
The Program Manager pays such fee out of its Program Management Fee.
- ³ Contributions that constitute a Qualified Rollover Distribution from another 529 qualified tuition program, excluding other Illinois Section 529 programs, may be made to Fee Structure A without the imposition of an initial sales charge.
- ⁴ A quarterly account fee of \$3 will be deducted from the Accounts each quarter and Accounts incur an initial one-time \$10 set up fee.

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Office of the Treasurer
COLLEGE SAVINGS PROGRAM
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
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NOTE C - ADMINISTRATIVE FEES (Continued)

Fee Structure E

Portfolio	Annual Asset-Based Fees						Additional Investor Expenses	
	Estimated Underlying Fund Expenses ¹	Program Management Fees	State Fee ²	Misc. Fee	Annual Servicing Fee	Total Annual Asset-Based Fees	Maximum Initial Sales Charge ³	Account Fee ⁴
Target Portfolios								
Fund 100	0.58%	0.45%	None	None	0.25%	1.28%	None	\$12
Fund 80	0.55%	0.45%	None	None	0.25%	1.25%	None	\$12
Fund 60	0.52%	0.45%	None	None	0.25%	1.22%	None	\$12
Fund 40	0.50%	0.45%	None	None	0.25%	1.20%	None	\$12
Fund 20	0.41%	0.45%	None	None	0.25%	1.11%	None	\$12
Fund 10	0.33%	0.45%	None	None	0.25%	1.03%	None	\$12
Fixed Income	0.28%	0.45%	None	None	0.25%	0.98%	None	\$12
Age-Based Portfolios								
Aggressive								
Ages 0-8	0.58%	0.45%	None	None	0.25%	1.28%	None	\$12
Ages 9-12	0.55%	0.45%	None	None	0.25%	1.25%	None	\$12
Ages 13-16	0.52%	0.45%	None	None	0.25%	1.22%	None	\$12
Ages 17-20	0.50%	0.45%	None	None	0.25%	1.20%	None	\$12
Ages 21+	0.41%	0.45%	None	None	0.25%	1.11%	None	\$12
Growth								
Ages 0-8	0.55%	0.45%	None	None	0.25%	1.25%	None	\$12
Ages 9-12	0.52%	0.45%	None	None	0.25%	1.22%	None	\$12
Ages 13-16	0.50%	0.45%	None	None	0.25%	1.20%	None	\$12
Ages 17-20	0.41%	0.45%	None	None	0.25%	1.11%	None	\$12
Ages 21+	0.33%	0.45%	None	None	0.25%	1.03%	None	\$12
Balanced								
Ages 0-8	0.52%	0.45%	None	None	0.25%	1.22%	None	\$12
Ages 9-12	0.50%	0.45%	None	None	0.25%	1.20%	None	\$12
Ages 13-16	0.41%	0.45%	None	None	0.25%	1.11%	None	\$12
Ages 17-20	0.33%	0.45%	None	None	0.25%	1.03%	None	\$12
Ages 21+	0.28%	0.45%	None	None	0.25%	0.98%	None	\$12

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the years ended June 30, 2006 and 2005

NOTE C - ADMINISTRATIVE FEES (Continued)

Fee Structure E (Continued)

Portfolio	Annual Asset-Based Fees						Additional Investor Expenses	
	Estimated Underlying Fund Expenses ¹	Program Management Fees	State Fee ²	Misc. Fee	Annual Servicing Fee	Total Annual Asset-Based Fees	Maximum Initial Sales Charge ³	Account Fee ⁴
Individual Fund Portfolios								
BGI Institutional Money Market 529 Portfolio	0.12%	0.45%	None	None	0.25%	0.82%	None	\$12
PIMCO Short-Term 529 Portfolio	0.45%	0.45%	None	None	0.25%	1.15%	None	\$12
PIMCO Low Duration 529 Portfolio	0.43%	0.45%	None	None	0.25%	1.13%	None	\$12
PIMCO Total Return 529 Portfolio	0.43%	0.45%	None	None	0.25%	1.13%	None	\$12
Calvert Income 529 Portfolio	0.56%	0.45%	None	None	0.25%	1.26%	None	\$12
T. Rowe Price Balanced 529 Portfolio	0.75%	0.45%	None	None	0.25%	1.45%	None	\$12
T. Rowe Price Real Estate 529 Portfolio	0.90%	0.45%	None	None	0.25%	1.60%	None	\$12
Calvert Social Investment Equity 529 Portfolio	0.68%	0.45%	None	None	0.25%	1.38%	None	\$12
American Century Value 529 Portfolio	0.79%	0.45%	None	None	0.25%	1.49%	None	\$12
DFA U.S. Large Cap Value 529 Portfolio	0.32%	0.45%	None	None	0.25%	1.02%	None	\$12
T. Rowe Price Equity Income 529 Portfolio	0.74%	0.45%	None	None	0.25%	1.44%	None	\$12
American Century Equity Growth 529 Portfolio	0.48%	0.45%	None	None	0.25%	1.18%	None	\$12

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the years ended June 30, 2006 and 2005

NOTE C - ADMINISTRATIVE FEES (Continued)

Fee Structure E (Continued)

Portfolio	Annual Asset-Based Fees						Additional Investor Expenses	
	Estimated Underlying Fund Expenses ¹	Program Management Fees	State Fee ²	Misc. Fee	Annual Servicing Fee	Total Annual Asset-Based Fees	Maximum Initial Sales Charge ³	Account Fee ⁴
Northern Institutional Equity Index 529 Portfolio	0.21%	0.45%	None	None	0.25%	0.91%	None	\$12
American Century Ultra 529 Portfolio	0.79%	0.45%	None	None	0.25%	1.49%	None	\$12
Northern Institutional Diversified Growth 529 Portfolio	0.77%	0.45%	None	None	0.25%	1.47%	None	\$12
T. Rowe Price Extended Equity Market Index 529 Portfolio	0.40%	0.45%	None	None	0.25%	1.10%	None	\$12
American Century Vista 529 Portfolio	0.80%	0.45%	None	None	0.25%	1.50%	None	\$12
Ariel 529 Portfolio	1.07%	0.45%	None	None	0.25%	1.77%	None	\$12
Legg Mason U.S. Small Cap Value 529 Portfolio	0.93%	0.45%	None	None	0.25%	1.63%	None	\$12
Northern Institutional Small Company Index 529 Portfolio	0.31%	0.45%	None	None	0.25%	1.01%	None	\$12
Fidelity Advisor Small Cap 529 Portfolio	1.01%	0.45%	None	None	0.25%	1.71%	None	\$12
William Blair Small Cap Growth 529 Portfolio	1.21%	0.45%	None	None	0.25%	1.91%	None	\$12

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the years ended June 30, 2006 and 2005

NOTE C - ADMINISTRATIVE FEES (Continued)

Fee Structure E (Continued)

Portfolio	Annual Asset-Based Fees						Additional Investor Expenses	
	Estimated Underlying Fund Expenses ¹	Program Management Fees	State Fee ²	Misc. Fee	Annual Servicing Fee	Total Annual Asset-Based Fees	Maximum Initial Sales Charge ³	Account Fee ⁴
AllianceBernstein International Value 529 Portfolio	0.90%	0.45%	None	None	0.25%	1.60%	None	\$12
Northern Institutional International Equity Index 529 Portfolio	0.41%	0.45%	None	None	0.25%	1.11%	None	\$12
Fidelity Advisor Diversified International 529 Portfolio	1.03%	0.45%	None	None	0.25%	1.73%	None	\$12

- ¹ For registered mutual funds, in the absence of a change that would materially affect the information, based on most recent fiscal year reported upon in the applicable fund's most recent prospectus, and for Portfolios invested in multiple registered mutual funds, based on a weighted average of each fund's total annual operating expenses, in accordance with the Portfolios asset allocation as of the date of this Program Disclosure Statement.
- ² The Program Manager pays a fee to the Treasurer that is used to offset the Treasurer's expenses in administering the Program in an amount equal to the greater of \$350,000 or 0.05% of the aggregate assets in the Program.
The Program Manager pays such fee out of its Program Management Fee.
- ³ Contributions that constitute a Qualified Rollover Distribution from another 529 qualified tuition program, excluding other Illinois Section 529 programs, may be made to Fee Structure A without the imposition of an initial sales charge.
- ⁴ A quarterly account fee of \$3 will be deducted from the Accounts each quarter and Accounts incur an initial one-time \$10 set up fee.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the years ended June 30, 2006 and 2005

NOTE C - ADMINISTRATIVE FEES (Continued)

Fee Structure F

Portfolio	Annual Asset-Based Fees						Additional Investor Expenses	
	Estimated Underlying Fund Expenses ¹	Program Management Fees	State Fee ²	Misc. Fee	Annual Servicing Fee	Total Annual Asset-Based Fees	Maximum Initial Sales Charge ³	Account Fee ⁴
Target Portfolios								
Fund 100	0.58%	0.45%	None	None	None	1.03%	None	\$12
Fund 80	0.55%	0.45%	None	None	None	1.00%	None	\$12
Fund 60	0.52%	0.45%	None	None	None	0.97%	None	\$12
Fund 40	0.50%	0.45%	None	None	None	0.95%	None	\$12
Fund 20	0.41%	0.45%	None	None	None	0.86%	None	\$12
Fund 10	0.33%	0.45%	None	None	None	0.78%	None	\$12
Fixed Income	0.28%	0.45%	None	None	None	0.73%	None	\$12
Age-Based Portfolios								
Aggressive								
Ages 0-8	0.58%	0.45%	None	None	None	1.03%	None	\$12
Ages 9-12	0.55%	0.45%	None	None	None	1.00%	None	\$12
Ages 13-16	0.52%	0.45%	None	None	None	0.97%	None	\$12
Ages 17-20	0.50%	0.45%	None	None	None	0.95%	None	\$12
Ages 21+	0.41%	0.45%	None	None	None	0.86%	None	\$12
Growth								
Ages 0-8	0.55%	0.45%	None	None	None	1.00%	None	\$12
Ages 9-12	0.52%	0.45%	None	None	None	0.97%	None	\$12
Ages 13-16	0.50%	0.45%	None	None	None	0.95%	None	\$12
Ages 17-20	0.41%	0.45%	None	None	None	0.86%	None	\$12
Ages 21+	0.33%	0.45%	None	None	None	0.78%	None	\$12
Balanced								
Ages 0-8	0.52%	0.45%	None	None	None	0.97%	None	\$12
Ages 9-12	0.50%	0.45%	None	None	None	0.95%	None	\$12
Ages 13-16	0.41%	0.45%	None	None	None	0.86%	None	\$12
Ages 17-20	0.33%	0.45%	None	None	None	0.78%	None	\$12
Ages 21+	0.28%	0.45%	None	None	None	0.73%	None	\$12

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the years ended June 30, 2006 and 2005

NOTE C - ADMINISTRATIVE FEES (Continued)

Fee Structure F (Continued)

Annual Asset-Based Fees							Additional Investor Expenses	
Portfolio	Estimated Underlying Fund Expenses ¹	Program Management Fees	State Fee ²	Misc. Fee	Annual Servicing Fee	Total Annual Asset-Based Fees	Maximum Initial Sales Charge ³	Account Fee ⁴
Individual Fund Portfolios								
BGI Institutional Money Market 529 Portfolio	0.12%	0.45%	None	None	None	0.57%	None	\$12
PIMCO Short-Term 529 Portfolio	0.45%	0.45%	None	None	None	0.90%	None	\$12
PIMCO Low Duration 529 Portfolio	0.43%	0.45%	None	None	None	0.88%	None	\$12
PIMCO Total Return 529 Portfolio	0.43%	0.45%	None	None	None	0.88%	None	\$12
Calvert Income 529 Portfolio	0.56%	0.45%	None	None	None	1.01%	None	\$12
T. Rowe Price Balanced 529 Portfolio	0.75%	0.45%	None	None	None	1.20%	None	\$12
T. Rowe Price Real Estate 529 Portfolio	0.90%	0.45%	None	None	None	1.35%	None	\$12
Calvert Social Investment Equity 529 Portfolio	0.68%	0.45%	None	None	None	1.13%	None	\$12
American Century Value 529 Portfolio	0.79%	0.45%	None	None	None	1.24%	None	\$12
DFA U.S. Large Cap Value 529 Portfolio	0.32%	0.45%	None	None	None	0.77%	None	\$12
T. Rowe Price Equity Income 529 Portfolio	0.74%	0.45%	None	None	None	1.19%	None	\$12
American Century Equity Growth 529 Portfolio	0.48%	0.45%	None	None	None	0.93%	None	\$12

State of Illinois
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COLLEGE SAVINGS PROGRAM
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the years ended June 30, 2006 and 2005

NOTE C - ADMINISTRATIVE FEES (Continued)

Fee Structure F (Continued)

Portfolio	Annual Asset-Based Fees						Additional Investor Expenses	
	Estimated Underlying Fund Expenses ¹	Program Management Fees	State Fee ²	Misc. Fee	Annual Servicing Fee	Total Annual Asset-Based Fees	Maximum Initial Sales Charge ³	Account Fee ⁴
Northern Institutional Equity Index 529 Portfolio	0.21%	0.45%	None	None	None	0.66%	None	\$12
American Century Ultra 529 Portfolio	0.79%	0.45%	None	None	None	1.24%	None	\$12
Northern Institutional Diversified Growth 529 Portfolio	0.77%	0.45%	None	None	None	1.22%	None	\$12
T. Rowe Price Extended Equity Market Index 529 Portfolio	0.40%	0.45%	None	None	None	0.85%	None	\$12
American Century Vista 529 Portfolio	0.80%	0.45%	None	None	None	1.25%	None	\$12
Ariel 529 Portfolio	1.07%	0.45%	None	None	None	1.52%	None	\$12
Legg Mason U.S. Small Cap Value 529 Portfolio	0.93%	0.45%	None	None	None	1.38%	None	\$12
Northern Institutional Small Company Index 529 Portfolio	0.31%	0.45%	None	None	None	0.76%	None	\$12
Fidelity Advisor Small Cap 529 Portfolio	1.01%	0.45%	None	None	None	1.46%	None	\$12
William Blair Small Cap Growth 529 Portfolio	1.21%	0.45%	None	None	None	1.66%	None	\$12

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the years ended June 30, 2006 and 2005

NOTE C - ADMINISTRATIVE FEES (Continued)

Fee Structure F (Continued)

Portfolio	Annual Asset-Based Fees						Additional Investor Expenses	
	Estimated Underlying Fund Expenses ¹	Program Management Fees	State Fee ²	Misc. Fee	Annual Servicing Fee	Total Annual Asset-Based Fees	Maximum Initial Sales Charge ³	Account Fee ⁴
AllianceBernstein International Value 529 Portfolio	0.90%	0.45%	None	None	None	1.35%	None	\$12
Northern Institutional International Equity Index 529 Portfolio	0.41%	0.45%	None	None	None	0.86%	None	\$12
Fidelity Advisor Diversified International 529 Portfolio	1.03%	0.45%	None	None	None	1.48%	None	\$12

- ¹ For registered mutual funds, in the absence of a change that would materially affect the information, based on the most recent fiscal year reported upon in the applicable fund's most recent prospectus, and for Portfolios invested in multiple registered mutual funds, based on a weighted average of each fund's total annual operating expenses, in accordance with the Portfolio's asset allocation as of the date of this Program Disclosure Statement.
- ² The Program Manager pays a fee to the Treasurer that is used to offset the Treasurer's expenses in administering the Program in an amount equal to the greater of \$350,000 or 0.05% of the aggregate assets in the Program.
The Program Manager pays such fee out of its Program Management Fee.
- ³ Contributions that constitute a Qualified Rollover Distribution from another 529 qualified tuition program, excluding other Illinois Section 529 programs, may be made to Fee Structure A without the imposition of an initial sales charge.
- ⁴ A quarterly account fee of \$3 will be deducted from the Accounts each quarter and Accounts incur an initial one-time \$10 set up fee.

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COLLEGE SAVINGS PROGRAM
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the years ended June 30, 2006 and 2005

NOTE C - ADMINISTRATIVE FEES (Continued)

The College Savings Program custodial/advisory fees paid from the trust and the College Savings Program Administrative Trust Fund expenditures are as follows:

	<u>2006</u>	<u>2005</u>
Custodial/advisory fees	\$ 5,235,448	\$ 4,021,363
Expenditures	632,504	525,781

NOTE D - NET ASSETS AVAILABLE TO PARTICIPANTS

The net assets available to participants represent the total value of all participant deposits including market fluctuations, dividend and interest income.

SUPPLEMENTARY INFORMATION

State of Illinois
Office of the Treasurer
BRIGHT START COLLEGE SAVINGS PROGRAM
STATEMENTS OF FIDUCIARY NET ASSETS BY PORTFOLIO
As of June 30, 2006

	<u>Portfolio One</u>	<u>Portfolio Two</u>	<u>Portfolio Three</u>	<u>Portfolio Four</u>	<u>Portfolio Five</u>
ASSETS					
Deposits and investments					
Cash and cash equivalents	\$ 2,072,970	\$ 357,583	\$ 181,284	\$ 380,668	\$ 240,636
Dividends receivable	607,117	494,077	345,170	565,155	538,023
Mutual funds	383,252,171	200,976,257	128,433,948	188,813,014	154,259,046
Total assets	<u>\$ 385,932,258</u>	<u>\$ 201,827,917</u>	<u>\$ 128,960,402</u>	<u>\$ 189,758,837</u>	<u>\$ 155,037,705</u>
LIABILITIES AND NET ASSETS					
Accrued liabilities					
Payable for securities purchased	\$ 88,048	\$ 295,229	\$ 101,712	\$ 224,753	\$ 188,638
Insurance Fees					
Advisory fees	74,397	43,190	28,143	47,780	49,365
Total liabilities	162,445	338,419	129,855	272,533	238,003
Net assets	<u>385,769,813</u>	<u>201,489,498</u>	<u>128,830,547</u>	<u>189,486,304</u>	<u>154,799,702</u>
Total liabilities and net assets	<u>\$ 385,932,258</u>	<u>\$ 201,827,917</u>	<u>\$ 128,960,402</u>	<u>\$ 189,758,837</u>	<u>\$ 155,037,705</u>

State of Illinois
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BRIGHT START COLLEGE SAVINGS PROGRAM
STATEMENTS OF FIDUCIARY NET ASSETS BY PORTFOLIO - CONTINUED
As of June 30, 2006

	<u>Portfolio Six</u>	<u>All Equity</u>	<u>Fixed Income</u>	<u>Principal Prot Inc</u>	<u>Balanced Option</u>
ASSETS					
Deposits and investments					
Cash and cash equivalents	\$ 93,451	\$ 1,469,945	\$ (19,689)	\$ 222,823	\$ 150,496
Dividends receivable	279,132	905,355	243,657	7,274,881	71,459
Mutual funds	78,846,245	509,070,927	53,226,827	69,860,330	23,082,942
Total assets	<u>\$ 79,218,828</u>	<u>\$ 511,446,227</u>	<u>\$ 53,450,795</u>	<u>\$ 77,358,034</u>	<u>\$ 23,304,897</u>
LIABILITIES AND NET ASSETS					
Accrued liabilities					
Payable for securities purchased	\$ 103,563	\$ 1,575,138	\$ 1,395	\$ 11,408	\$ 120,083
Insurance Fees				23,709	-
Advisory fees	32,615	103,172	13,305	53,080	5,121
Total liabilities	136,178	1,678,310	14,700	88,197	125,204
Net assets	79,082,650	509,767,917	53,436,095	77,269,837	23,179,693
Total liabilities and net assets	<u>\$ 79,218,828</u>	<u>\$ 511,446,227</u>	<u>\$ 53,450,795</u>	<u>\$ 77,358,034</u>	<u>\$ 23,304,897</u>

State of Illinois
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BRIGHT START COLLEGE SAVINGS PROGRAM
STATEMENTS OF FIDUCIARY NET ASSETS BY PORTFOLIO - CONTINUED
As of June 30, 2006

	<u>Total</u>
ASSETS	
Deposits and investments	
Cash and cash equivalents	\$ 5,150,167
Dividends receivable	11,324,026
Mutual funds	<u>1,789,821,707</u>
Total assets	<u>\$ 1,806,295,900</u>
LIABILITIES AND NET ASSETS	
Accrued liabilities	
Payable for securities purchased	\$ 2,709,967
Insurance Fees	23,709
Advisory fees	<u>450,168</u>
Total liabilities	3,183,844
Net assets	<u>1,803,112,056</u>
Total liabilities and net assets	<u>\$ 1,806,295,900</u>

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BRIGHT START COLLEGE SAVINGS PROGRAM
STATEMENTS OF FIDUCIARY NET ASSETS BY PORTFOLIO
As of June 30, 2005

	<u>Portfolio One</u>	<u>Portfolio Two</u>	<u>Portfolio Three</u>	<u>Portfolio Four</u>	<u>Portfolio Five</u>
ASSETS					
Deposits and investments					
Cash and cash equivalents	\$ 934,726	\$ 122,315	\$ 164,520	\$ 127,981	\$ 231,812
Dividends receivable	-	-	-	35,520	71,050
Mutual funds	316,639,543	155,194,256	102,292,616	148,460,551	119,297,519
Total assets	<u>\$ 317,574,269</u>	<u>\$ 155,316,571</u>	<u>\$ 102,457,136</u>	<u>\$ 148,624,052</u>	<u>\$ 119,600,381</u>
LIABILITIES AND NET ASSETS					
Accrued liabilities					
Payable for securities purchased	\$ 143,225	\$ 33,201	\$ 30,768	\$ 86,998	\$ 178,585
Insurance Fees					
Advisory fees	72,994	36,720	24,439	39,190	37,683
Total liabilities	216,219	69,921	55,207	126,188	216,268
Net assets	317,358,050	155,246,650	102,401,929	148,497,864	119,384,113
Total liabilities and net assets	<u>\$ 317,574,269</u>	<u>\$ 155,316,571</u>	<u>\$ 102,457,136</u>	<u>\$ 148,624,052</u>	<u>\$ 119,600,381</u>

State of Illinois
Office of the Treasurer
BRIGHT START COLLEGE SAVINGS PROGRAM
STATEMENTS OF FIDUCIARY NET ASSETS BY PORTFOLIO - CONTINUED
As of June 30, 2005

	<u>Portfolio Six</u>	<u>All Equity</u>	<u>Fixed Income</u>	<u>Principal Prot Inc</u>	<u>Balanced Option</u>	<u>Total</u>
ASSETS						
Deposits and investments						
Cash and cash equivalents	\$ 193,938	\$ 989,792	\$ (40,454)	\$ 265,212	\$ 3,606	\$ 2,993,448
Dividends receivable	75,290	-	33,022	4,216,944	-	4,431,826
Mutual funds	54,061,206	413,513,878	57,257,221	67,076,523	7,337,448	1,441,130,761
Total assets	<u>\$ 54,330,434</u>	<u>\$ 414,503,670</u>	<u>\$ 57,249,789</u>	<u>\$ 71,558,679</u>	<u>\$ 7,341,054</u>	<u>\$ 1,448,556,035</u>
LIABILITIES AND NET ASSETS						
Accrued liabilities						
Payable for securities purchased	\$ 57,813	\$ 985,716	\$ 7,755	\$ 99,645	\$ 2,855	\$ 1,626,561
Insurance Fees				22,972	-	22,972
Advisory fees	21,938	94,695	13,023	57,825	1,641	400,148
Total liabilities	79,751	1,080,411	20,778	180,442	4,496	2,049,681
Net assets	<u>54,250,683</u>	<u>413,423,259</u>	<u>57,229,011</u>	<u>71,378,237</u>	<u>7,336,558</u>	<u>1,446,506,354</u>
Total liabilities and net assets	<u>\$ 54,330,434</u>	<u>\$ 414,503,670</u>	<u>\$ 57,249,789</u>	<u>\$ 71,558,679</u>	<u>\$ 7,341,054</u>	<u>\$ 1,448,556,035</u>

State of Illinois
Office of the Treasurer
BRIGHT DIRECTIONS COLLEGE SAVINGS PROGRAM
STATEMENTS OF FIDUCIARY NET ASSETS BY PORTFOLIO
As of June 30, 2006

	AllianceBernstein International Value 529 Portfolio	American Century Equity Growth 529 Portfolio	American Century Ultra 529 Portfolio	American Century Value 529 Portfolio	American Century Vista 529 Portfolio	Antel 529 Portfolio	Calvert Income 529 Portfolio	Calvert Social Investment Equity 529 Portfolio	U.S. Large Cap Value 529 Portfolio	DFA Value 529 Portfolio	Fidelity Advisor Diversified International 529 Portfolio	Fidelity Advisor Straill Cap 529 Portfolio
Deposits and investments												
Cash and cash equivalents	\$ (446)	\$ (191)	\$ (51)	\$ (90)	\$ 6,164	\$ 6,939	\$ 6,712	\$ (34)	\$ (590)	\$	\$ 727	\$ (142)
Dividends receivable	1,245,389	643,024	197,521	418,704	59,698	766,276	379,574	130,940	1,883,668		1,197,946	245,687
Mutual funds	1,244,943	642,833	197,470	418,614	65,862	773,215	386,286	130,906	1,883,078		1,198,673	245,545
Total assets	\$ 1,244,943	\$ 642,833	\$ 197,470	\$ 418,614	\$ 65,862	\$ 773,215	\$ 386,286	\$ 130,906	\$ 1,883,078	\$	\$ 1,198,673	\$ 245,545
LIABILITIES AND NET ASSETS												
Accrued liabilities												
Advisory Fees	\$ 1,199	\$ 911	\$ 297	\$ 297	\$ 259	\$ 1,243	\$ 762	\$ 150	\$ 1,141	\$	\$ 978	\$ 269
12b-1 fees	141	168	26	107	14	138	42	2	181		186	55
Total liabilities	1,340	1,079	323	404	273	1,381	804	152	1,322		1,164	324
Net assets	1,243,603	641,754	197,147	418,210	65,589	771,834	385,482	130,754	1,881,756		1,197,509	245,221
Total liabilities and net assets	\$ 1,244,943	\$ 642,833	\$ 197,470	\$ 418,614	\$ 65,862	\$ 773,215	\$ 386,286	\$ 130,906	\$ 1,883,078	\$	\$ 1,198,673	\$ 245,545

State of Illinois
Office of the Treasurer
BRIGHT DIRECTIONS COLLEGE SAVINGS PROGRAM
STATEMENTS OF FIDUCIARY NET ASSETS BY PORTFOLIO - CONTINUED
As of June 30, 2006

Legg Mason U.S. Small Cap Value \$29 Portfolio	Northern Institutional Diversified Growth \$29 Portfolio	Northern Institutional Equity Index \$29 Portfolio	Northern Institutional International Equity Index \$29 Portfolio	Northern Institutional Small Company Index \$29 Portfolio	Pinco Low Duration \$29 Portfolio	Pinco Short-Term \$29 Portfolio	Pinco Total Return \$29 Portfolio	T.Rowe Price Extended Equity Market Index \$29 Portfolio	T.Rowe Price Balanced \$29 Portfolio	T.Rowe Price Equity Income \$29 Portfolio
\$ 121 \$	(94) \$	152 \$	(122) \$	54 \$	6,709 \$	(73) \$	6,450 \$	146 \$	45 \$	649
463,428	318,275	453,633	283,648	65,425	278,523	404,098	1,273,354	282,048	467,242	440,973
\$ 463,549 \$	318,211 \$	453,785 \$	283,526 \$	65,479 \$	285,232 \$	404,025 \$	1,279,804 \$	282,194 \$	467,287 \$	441,622
ASSETS										
Deposits and investments										
Cash and cash equivalents										
Dividends receivable										
Mutual funds										
Total assets										
LIABILITIES AND NET ASSETS										
Accrued liabilities										
Advisory Fees										
12b-1 fees										
Total liabilities										
\$ 368 \$	111 \$	153 \$	866 \$	29 \$	88 \$	135 \$	1,433 \$	227 \$	674 \$	1,588
75	37	29	19	14	22	35	201	41	104	117
443	148	182	885	43	110	170	1,634	268	778	1,705
463,106	318,063	453,603	282,641	65,436	285,122	403,855	1,278,170	281,926	466,509	439,917
\$ 463,549 \$	318,211 \$	453,785 \$	283,526 \$	65,479 \$	285,232 \$	404,025 \$	1,279,804 \$	282,194 \$	467,287 \$	441,622
Net assets										
Total liabilities and net assets										

State of Illinois
Office of the Treasurer
BRIGHT DIRECTIONS COLLEGE SAVINGS PROGRAM
STATEMENTS OF FIDUCIARY NET ASSETS BY PORTFOLIO - CONTINUED
As of June 30, 2006

	T. Rowe Price Real Estate 529 Portfolio	Barclays Institutional Money Market 529 Portfolio	William Blair Small Cap Growth 529 Portfolio	Fixed Income Fund	Fund 10	Fund 20	Fund 40	Fund 60	Fund 80	Fund 100	Total
ASSETS											
Deposits and investments	\$ 6,731	\$ 802,126	\$ 5,895	\$ 79,515	\$ 173,308	\$ 389,506	\$ 10,850	\$ 27,675	\$ 36,792	\$ 73,085	\$ 1,638,548
Cash and cash equivalents	-	110	-	11	23	44	-	-	-	-	188
Dividends receivable	449,884	-	845,782	79,649	254,271	1,226,014	3,159,729	5,197,271	8,240,911	6,279,915	37,632,500
Mutual funds	\$ 456,615	\$ 802,236	\$ 851,677	\$ 159,175	\$ 427,602	\$ 1,615,564	\$ 3,170,579	\$ 5,224,946	\$ 8,277,703	\$ 6,353,000	\$ 39,271,236
Total assets											
LIABILITIES AND NET ASSETS											
Accrued liabilities	\$ 893	\$ 195	\$ 1,419	\$ 51	\$ 340	\$ 2,340	\$ 16,818	\$ 21,313	\$ 26,975	\$ 28,572	\$ 112,094
Advisory Fees	55	114	64	27	109	490	860	1,215	1,755	1,494	7,937
Total liabilities	948	309	1,483	78	449	2,830	17,678	22,528	28,730	30,066	120,031
Net assets	455,667	801,927	850,194	159,097	427,153	1,612,734	3,152,901	5,202,418	8,248,973	6,322,934	39,151,205
Total liabilities and net assets	\$ 456,615	\$ 802,236	\$ 851,677	\$ 159,175	\$ 427,602	\$ 1,615,564	\$ 3,170,579	\$ 5,224,946	\$ 8,277,703	\$ 6,353,000	\$ 39,271,236

State of Illinois
Office of the Treasurer
BRIGHT START COLLEGE SAVINGS PROGRAM
STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS BY PORTFOLIO
For the year ended June 30, 2006

	<u>Portfolio One</u>	<u>Portfolio Two</u>	<u>Portfolio Three</u>	<u>Portfolio Four</u>	<u>Portfolio Five</u>
Operations					
Revenues (expenditures)					
Investment earnings	\$ 4,094,345	\$ 3,604,012	\$ 2,838,561	\$ 4,566,585	\$ 4,524,640
Gain (loss) on sale of securities	17,934,206	5,610,832	3,494,840	3,538,173	1,255,522
Net change in fair value of investments	19,853,559	2,695,162	459,249	(1,145,733)	(2,547,189)
Insurance Fees	-	-	-	-	-
Bank custodial fees	(910,220)	(490,829)	(326,728)	(538,134)	(545,322)
Net investment earnings	40,971,890	11,419,177	6,465,922	6,420,891	2,687,651
Participant Transactions					
Program contributions	108,531,745	104,187,787	86,488,636	97,645,081	78,282,705
Program distributions	(81,091,872)	(69,364,116)	(66,525,941)	(63,077,532)	(45,554,767)
Total increase from participant transactions	27,439,873	34,823,671	19,962,695	34,567,549	32,727,938
Net increase in net assets	68,411,763	46,242,848	26,428,617	40,988,440	35,415,589
Net assets, June 30, 2005	317,358,050	155,246,650	102,401,930	148,497,864	119,384,113
Net assets, June 30, 2006	\$ 385,769,813	\$ 201,489,498	\$ 128,830,547	\$ 189,486,304	\$ 154,799,702

State of Illinois
Office of the Treasurer
BRIGHT START COLLEGE SAVINGS PROGRAM
STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS BY PORTFOLIO - CONTINUED
For the year ended June 30, 2006

	<u>Portfolio Six</u>	<u>All Equity</u>	<u>Fixed Income</u>	<u>Principal Prot Inc</u>	<u>Balanced Option</u>
Operations					
Revenues (expenses)					
Investment earnings	\$ 2,257,320	\$ 3,372,336	\$ 2,564,998	\$ 3,146,532	\$ 416,236
Gain (loss) on sale of securities	38,148	18,748,699	(211,452)	-	246,719
Net change in fair value of investments	(665,828)	23,116,752	(2,992,188)	-	(296,400)
Insurance Fees	-	-	-	(93,650)	-
Bank custodial fees	(321,887)	(1,235,476)	(163,155)	(620,695)	(41,455)
Net investment earnings	1,307,753	44,002,311	(801,797)	2,432,187	325,100
Participant Transactions					
Program contributions	49,252,481	95,427,294	10,536,023	25,037,680	17,257,227
Program distributions	(25,728,267)	(43,084,947)	(13,527,141)	(21,578,267)	(1,739,192)
Total increase from participant transaction	23,524,214	52,342,347	(2,991,118)	3,459,413	15,518,035
Net increase in net assets	24,831,967	96,344,658	(3,792,915)	5,891,600	15,843,135
Net assets, June 30, 2005	54,250,683	413,423,259	57,229,010	71,378,237	7,336,558
Net assets, June 30, 2006	\$ 79,082,650	\$ 509,767,917	\$ 53,436,095	\$ 77,269,837	\$ 23,179,693

State of Illinois
Office of the Treasurer
BRIGHT START COLLEGE SAVINGS PROGRAM
STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS BY PORTFOLIO - CONTINUED
For the year ended June 30, 2006

	<u>Total</u>
Operations	
Revenues (expenses)	
Investment earnings	\$ 31,385,565
Gain (loss) on sale of securities	50,655,687
Net change in fair value of investments	38,477,384
Insurance Fees	(93,650)
Bank custodial fees	(5,193,901)
Net investment earnings	115,231,085
Participant Transactions	
Program contributions	672,646,659
Program distributions	(431,272,042)
Total increase from participant transactions	241,374,617
Net increase in net assets	356,605,702
Net assets, June 30, 2005	1,446,506,354
Net assets, June 30, 2006	\$ 1,803,112,056

State of Illinois
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BRIGHT START COLLEGE SAVINGS PROGRAM
STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS BY PORTFOLIO
For the year ended June 30, 2005

	<u>Portfolio One</u>	<u>Portfolio Two</u>	<u>Portfolio Three</u>	<u>Portfolio Four</u>	<u>Portfolio Five</u>
Operations					
Revenues (expenditures)					
Investment earnings	\$ 3,338,759	\$ 2,623,258	\$ 2,098,447	\$ 3,225,522	\$ 2,592,836
Gain (loss) on sale of securities	17,500,762	4,489,340	3,079,849	2,469,664	292,928
Net change in fair value of investments	(5,284,483)	(405,400)	50,447	476,464	723,742
Insurance Fees	-	-	-	-	-
Bank custodial fees	(730,128)	(365,731)	(249,672)	(406,197)	(375,680)
Net investment earnings	14,824,910	6,341,467	4,979,071	5,765,453	3,233,826
Changes in net assets					
Program contributions	114,192,090	86,655,263	70,890,193	83,032,875	67,795,385
Program distributions	(52,808,099)	(46,907,457)	(47,206,088)	(44,281,191)	(28,988,466)
Net changes in net assets	61,383,991	39,747,806	23,684,105	38,751,684	38,806,919
Net increase in net assets	76,208,901	46,089,273	28,663,176	44,517,137	42,040,745
Net assets, June 30, 2004	241,149,149	109,157,377	73,738,753	103,980,727	77,343,368
Net assets, June 30, 2005	<u>\$ 317,358,050</u>	<u>\$ 155,246,650</u>	<u>\$ 102,401,929</u>	<u>\$ 148,497,864</u>	<u>\$ 119,384,113</u>

State of Illinois
Office of the Treasurer
BRIGHT START COLLEGE SAVINGS PROGRAM
STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS BY PORTFOLIO - CONTINUED
For the year ended June 30, 2005

	<u>Portfolio Six</u>	<u>All Equity</u>	<u>Fixed Income</u>	<u>Principal Prof Inc</u>	<u>Balanced Option</u>	<u>Total</u>
Operations						
Revenues (expenses)						
Investment earnings	\$ 1,042,433	\$ 3,142,418	\$ 2,137,571	\$ 2,255,536	\$ 77,430	\$ 22,534,210
Gain (loss) on sale of securities	(71,662)	11,419,275	239,679	-	(30,208)	39,389,627
Net change in fair value of investments	50,193	(4,039,466)	519,428	-	18,309	(7,890,766)
Insurance Fees	-	-	-	(79,501)	-	(79,501)
Bank custodial fees	(205,011)	(975,631)	(182,724)	(521,763)	(8,826)	(4,021,363)
Net investment earnings	815,953	9,546,596	2,713,954	1,654,272	56,705	49,932,207
Changes in net assets						
Program contributions	37,248,779	107,661,150	15,834,494	42,722,247	7,698,446	633,730,922
Program distributions	(15,369,117)	(28,089,588)	(10,955,307)	(22,527,064)	(418,593)	(297,550,970)
Net changes in net assets	21,879,662	79,571,562	4,879,187	20,195,183	7,279,853	336,179,952
Net increase in net assets	22,695,615	89,118,158	7,593,141	21,849,455	7,336,558	386,112,159
Net assets, June 30, 2004	31,555,068	324,305,101	49,635,870	49,528,782	-	1,060,394,195
Net assets, June 30, 2005	\$ 54,250,683	\$ 413,423,259	\$ 57,229,011	\$ 71,378,237	\$ 7,336,558	\$ 1,446,506,354

State of Illinois
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BRIGHT DIRECTIONS COLLEGE SAVINGS PROGRAM
STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS BY PORTFOLIO
For the Period November 18, 2005 (Date of Inception) to June 30, 2006

	AllianceBernstein International Value \$29 Portfolio	American Century Equity Growth \$29 Portfolio	American Century Ultra \$29 Portfolio	American Century Value \$29 Portfolio	American Century Vista \$29 Portfolio	Ariel \$29 Portfolio	Calvert Income \$29 Portfolio	Calvert Social Investment Equity \$29 Portfolio	DFA U.S. Large Cap Value \$29 Portfolio	Fidelity Advisor Diversified International \$29 Portfolio	Fidelity Advisor Small Cap \$29 Portfolio
Revenues (expenditures)											
Investment earnings	\$ 1,694	\$ 2,727	\$ 53	\$ 3,813	\$ -	\$ 202	\$ 6,361	\$ 236	\$ 7,404	\$ 800	\$ 8,519
Gain (loss) on sale of securities	96	(56)	(689)	(109)	(107)	(131)	(138)	(405)	(15)	1,157	(425)
Net change in fair value of investments	20,088	3,021	(8,093)	(3,677)	829	(22,857)	(6,073)	(2,144)	22,002	(9,326)	(4,416)
12b-1 fees	(559)	(802)	(112)	(477)	(71)	(544)	(190)	(24)	(710)	(948)	(286)
Bank custodial fees	(1,236)	(867)	(235)	(566)	(103)	(775)	(464)	(153)	(1,816)	(1,423)	(377)
Net investment earnings	30,083	4,023	(9,076)	(1,016)	548	(24,105)	(804)	(2,490)	26,985	(9,740)	3,015
DISTRIBUTIONS TO SHAREHOLDERS											
Net investment income	-	-	-	-	-	-	-	-	-	-	-
Total decrease in net assets from distributions	-	-	-	-	-	-	-	-	-	-	-
PARTICIPANT TRANSACTIONS											
Program contributions	1,245,672	664,148	219,994	439,884	80,729	811,980	401,422	(50,414)	1,876,240	1,243,874	263,638
Program distributions	(22,152)	(23,417)	(13,771)	(20,658)	(15,688)	(16,041)	(15,436)	(17,170)	(21,469)	(36,625)	(21,452)
Distributions reinvested	-	-	-	-	-	-	-	-	-	-	-
Total increase from participant transactions	1,223,520	640,731	206,223	419,226	65,041	795,939	385,986	(133,244)	1,854,771	1,207,249	242,206
Net increase in net assets	1,243,603	641,754	197,147	418,210	65,589	771,834	385,482	130,754	1,881,756	1,197,509	245,221
Net assets, June 30, 2005	\$ 1,243,603	\$ 641,754	\$ 197,147	\$ 418,210	\$ 65,589	\$ 771,834	\$ 385,482	\$ 130,754	\$ 1,881,756	\$ 1,197,509	\$ 245,221
Net assets, June 30, 2006											

State of Illinois
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BRIGHT DIRECTIONS COLLEGE SAVINGS PROGRAM
STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS BY PORTFOLIO - CONTINUED
For the Period November 18, 2005 (Date of Inception) to June 30, 2006

	Legg Mason U.S. Small Cap Value \$29 Portfolio	Northern Institutional Diversified Growth \$29 Portfolio	Northern Institutional Equity Index \$29 Portfolio	Northern Institutional International Equity Index \$29 Portfolio	Northern Institutional Small Company Index \$29 Portfolio	Pinco Low Duration \$29 Portfolio	Pinco Short-Term \$29 Portfolio	Pinco Total Return \$29 Portfolio	T. Rowe Price Extended Equity Market Index \$29 Portfolio	T. Rowe Price Balanced \$29 Portfolio	T. Rowe Price Equity Income \$29 Portfolio
OPERATIONS											
Revenues (expenditures)											
Investment earnings	\$ 11,535	\$ 1,572	\$ 2,418	\$ 654	\$ 166	\$ 3,008	\$ 4,780	\$ 13,538	\$ 153	\$ 7,042	\$ 4,005
Gain (loss) on sale of securities	(18)	(588)	(213)	(15)	(480)	(40)	(15)	(35)	(283)	(203)	(232)
Net change in fair value of investments	(8,159)	(8,575)	(7,748)	(332)	(332)	(2,218)	(1,025)	(18,383)	3,016	(1,357)	(2,016)
12b-1 fees	(389)	(193)	(137)	(72)	(62)	(118)	(223)	(873)	(165)	(373)	(385)
Bank custodial fees	(672)	(471)	(453)	(233)	(102)	(298)	(491)	(1,259)	(278)	(411)	(468)
Net investment earnings	2,297	(8,255)	(6,123)	6,798	(810)	334	3,027	(7,012)	2,443	4,698	904
DISTRIBUTIONS TO SHAREHOLDERS											
Net investment income	-	-	-	-	-	-	-	-	-	-	-
Total decrease in net assets from distributions	-	-	-	-	-	-	-	-	-	-	-
PARTICIPANT TRANSACTIONS											
Program contributions	476,582	340,990	474,851	292,746	81,952	300,634	423,768	1,306,007	296,496	477,443	454,747
Program distributions	(15,773)	(14,672)	(15,125)	(16,903)	(15,706)	(15,846)	(22,940)	(20,825)	(17,013)	(15,632)	(15,734)
Distributions reinvested	-	-	-	-	-	-	-	-	-	-	-
Total increase from participant transactions	460,809	326,318	459,726	275,843	66,246	284,788	400,828	1,285,182	279,483	461,811	439,013
Net increase in net assets	463,106	318,063	453,603	282,641	65,436	285,122	403,855	1,278,170	281,926	466,509	439,917
Net assets, June 30, 2005	-	-	-	-	-	-	-	-	-	-	-
Net assets, June 30, 2006	\$ 463,106	\$ 318,063	\$ 453,603	\$ 282,641	\$ 65,436	\$ 285,122	\$ 403,855	\$ 1,278,170	\$ 281,926	\$ 466,509	\$ 439,917

State of Illinois
Office of the Treasurer
BRIGHT DIRECTIONS COLLEGE SAVINGS PROGRAM
STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS BY PORTFOLIO - CONTINUED
For the Period November 18, 2005 (Date of Inception) to June 30, 2006

	T. Rowe Price Real Estate \$29 Portfolio	Barclays Institutional Mcintey Market \$29 Portfolio	William Blair Small Cap Growth \$29 Portfolio	Fixed Income Fund	Fund 10	Fund 20	Fund 40	Fund 60	Fund 80	Fund 100	Total
OPERATIONS											
Revenues (expenditures)											
Investment earnings	\$ 4,735	\$ 8,530	\$ 1,596	\$ 2,863	\$ 6,605	\$ 16,568	\$ 24,373	\$ 36,781	\$ 43,533	\$ 21,998	\$ 248,302
Gain (loss) on sale of securities	(264)	-	(413)	(13)	(128)	109	(781)	493	2,195	441	(1,112)
Net change in fair value of investments	19,375	-	(18,669)	(496)	(1,075)	(7,453)	(14,685)	(25,273)	(26,766)	14,009	(110,115)
12b-1 fees	(224)	(504)	(232)	(153)	(431)	(1,780)	(2,767)	(4,077)	(5,980)	(5,399)	(29,259)
Bank custodial fees	(404)	(770)	(775)	(278)	(659)	(1,780)	(3,084)	(5,494)	(8,464)	(6,688)	(41,547)
Net investment earnings	23,218	7,256	(18,493)	1,923	4,312	5,664	3,056	4,430	4,518	24,361	66,269
DISTRIBUTIONS TO SHAREHOLDERS											
Net investment income	-	(5,690)	-	-	-	-	-	-	-	-	(5,690)
Total decrease in net assets from distributions	-	(5,690)	-	-	-	-	-	-	-	-	(5,690)
PARTICIPANT TRANSACTIONS											
Program contributions	450,370	875,376	885,536	177,565	485,129	1,629,681	3,218,941	5,296,021	8,757,298	6,428,809	40,528,957
Program distributions	(17,921)	(80,705)	(16,849)	(20,391)	(62,288)	(22,611)	(69,096)	(98,033)	(512,843)	(130,236)	(1,444,021)
Distributions reinvested	-	5,690	-	-	-	-	-	-	-	-	5,690
Total increase from participant transactions	432,449	800,361	868,687	157,174	422,841	1,607,070	3,149,845	5,197,988	8,244,455	6,298,573	39,090,626
Net increase in net assets	455,667	801,927	850,194	159,097	427,153	1,612,734	3,152,901	5,202,418	8,248,973	6,322,934	39,151,205
Net assets, June 30, 2005	-	-	-	-	-	-	-	-	-	-	-
Net assets, June 30, 2006	\$ 455,667	\$ 801,927	\$ 850,194	\$ 159,097	\$ 427,153	\$ 1,612,734	\$ 3,152,901	\$ 5,202,418	\$ 8,248,973	\$ 6,322,934	\$ 39,151,205

State of Illinois
Office of the Treasurer
COLLEGE SAVINGS PROGRAM
BRIGHT START KEY PERFORMANCE MEASURES
As of June 30, 2006
Unaudited

	<u>Illinois Residents</u>	<u>Out of State</u>	<u>Total</u>
Number of Participant Accounts	97,194	38,185	135,379
Dollar amount	\$ 1,335,229,038	\$ 467,897,888	\$ 1,803,126,926

Note: There may be a difference between the Total Dollar Amount presented above and the Net Asset information presented in the statements. This is the result of figures extracted from different reporting systems and there is a one-day lag with respect to subscriptions and redemptions (which is standard accounting practice for registered and non-registered investment entities).

State of Illinois
Office of the Treasurer
COLLEGE SAVINGS PROGRAM
BRIGHT START KEY PERFORMANCE MEASURES - CONTINUED
As of June 30, 2005
Unaudited

	<u>Illinois Residents</u>	<u>Out of State</u>	<u>Total</u>
Number of Participant Accounts	86,546	36,096	122,642
Dollar amount	\$ 1,064,964,563	\$ 380,533,461	\$ 1,445,498,024

Note: There may be a difference between the Total Dollar Amount presented above and the Net Asset information presented in the statements. This is the result of figures extracted from different reporting systems and there is a one-day lag with respect to subscriptions and redemptions (which is standard accounting practice for registered and non-registered investment entities).

State of Illinois
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COLLEGE SAVINGS PROGRAM
BRIGHT DIRECTIONS KEY PERFORMANCE MEASURES
As of June 30, 2006
Unaudited

	<u>Illinois Residents</u>	<u>Out of State</u>	<u>Total</u>
Number of Participant Accounts	3,768	158	3,926
Dollar amount	\$ 37,145,786	\$ 2,354,510	\$ 39,500,296

Note: There may be a difference between the Total Dollar Amount presented above and the Net Asset information presented in the statements. This is the result of figures extracted from different reporting systems and there is a one-day lag with respect to subscriptions and redemptions (which is standard accounting practice for registered and non-registered investment entities).

State of Illinois
Office of the Treasurer
COLLEGE SAVINGS PROGRAM
BRIGHT START INVESTMENT POLICY
For the year ended June 30, 2006
Unaudited

I. Statement of Purpose of Investment Policy

The purpose of this Statement is to assist contractors retained by the Treasurer to provide services related to the management of the assets of the Bright Start[®] College Savings Pool (the “Pool”) and to assist the Treasurer’s Office in evaluating the performance of such contractors by:

- Describing the Treasurer’s investment objectives;
- Providing general guidelines for the investment of assets of the Pool;
- Describing the Treasurer’s long-term investment strategy;
- Describing the process of evaluating the performance of contractors that provide investment management services to the Pool; and
- Specifying the responsibilities of any contractors that provide investment management services to the Pool.

This is the official Investment Policy Statement of the Pool. Deviation from this Policy is not permitted without prior, explicit, written permission from the Treasurer.

II. Establishment and Authority of Entity

The Pool has been established as a “qualified tuition program” in accordance with Section 529 of the Internal Revenue Code of 1986, as amended. It was established to provide families with a new opportunity to invest toward future college education expenses.

III. Participating Financial Institutions

Any financial institution insured by the Federal Deposit Insurance Corporation and all credit unions, lawfully doing business in the State, may participate in the Pool to the extent permitted by applicable law.

IV. Investment Philosophy

The Treasurer has adopted a long-term total return strategy regarding the Pool and its investments. In order to achieve the Pool’s objectives, investments shall be diversified so as to minimize the risk of loss. While some asset classes may experience short-term and intermediate-term volatility, their long-term return assumptions justify their inclusion. A long-term focus on investment results as well as prudent diversification across public security markets will be the primary risk control mechanisms.

State of Illinois
Office of the Treasurer
COLLEGE SAVINGS PROGRAM
BRIGHT START INVESTMENT POLICY - CONTINUED
For the year ended June 30, 2006
Unaudited

In its investment strategy, the Treasurer has relied on prevailing financial theory, which currently utilizes a long-term diversified asset allocation strategy. A prudently allocated investment program possesses a significant level of diversification, which produces risk reduction. In terms of impact, diversification shall be considered along the following lines: (1) asset classes (stocks, bonds, cash, etc.), (2) geography/country, (3) industry, and (4) maturity.

Contributions to the Pool will be directed to one of seventeen underlying portfolios (the "Underlying Portfolios"), each with a designated mix of investments. The determination of the investment parameters of each Underlying Portfolio shall be made by the Treasurer and shall take into account the financial characteristics of the investments in the Pool. The investment parameters will also give due consideration to the fact that the investment horizon for participants will vary from a few months to over 18 years.

The Treasurer will review the investment performance of each Underlying Portfolio at least quarterly and shall review this Investment Policy Statement at least annually.

The holdings of the Pool and the Underlying Portfolios are divided into the following broad asset categories:

- A. Short-term Investments
- B. Fixed-Income Securities
- C. Large Capitalization U.S. Stocks
- D. Small Capitalization U.S. Stocks
- E. International Stocks

The Treasurer will establish reasonable guidelines for each Underlying Portfolio, specifying (as applicable) limits on asset and asset class exposures. While the investment parameters offered under the Pool are developed by the Treasurer, participants bear the risk of investment results. Individual participants who seek investments materially different from those offered may wish to select an investment alternative outside of the Pool.

The administration and offering of the Pool should not be relied upon as a guarantee to participants. Each participant should seek appropriate advice as he or she deems necessary.

State of Illinois
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COLLEGE SAVINGS PROGRAM
BRIGHT START INVESTMENT POLICY - CONTINUED
For the year ended June 30, 2006
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V. Investment Objectives

The overall investment program for the Pool and, as applicable, the individual Underlying Portfolios provided to the participants shall seek to achieve the following long-term investment objectives:

- A. A long-term competitive rate of return on investments that is equal to or exceeds a return of the applicable benchmarks shown in Section VII hereof.
- B. An investment program flexible enough to meet the needs of participants based upon their age or investment objective or the age of the beneficiary and which provides each individual with the ability to invest in a diversified portfolio to meet his or her long-term investment goals.

VI. Investment Responsibilities

The Treasurer is responsible for the investment policy, the direction of investments and administration of the assets of the Pool. In order to properly carry out her responsibilities, the Treasurer may rely on one or more contractors to assist in the administration of the Pool. The Treasurer has engaged, and plans to rely heavily on Legg Mason Investor Services Inc. ("LMIS") for various investment management and administrative services. Among the current responsibilities of LMIS is the implementation of the investment strategy outlined in this Policy and the rebalancing of the Underlying Portfolios when market movement and/or cash flows cause an asset class to be outside its policy allocation bands. The Treasurer's Office and LMIS shall meet quarterly to review portfolio performance as compared to the applicable benchmarks and peer group performance.

In managing the investments of the College Savings Pool and the Underlying Portfolios, LMIS agrees that it will act with the skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like objectives.

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COLLEGE SAVINGS PROGRAM
BRIGHT START INVESTMENT POLICY - CONTINUED
For the year ended June 30, 2006
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VII. Investment Parameters

Contributions will be invested in one of seventeen Underlying Portfolios, each with a designated mix of investments which is appropriate for the age of the participant or the investment objective of the Portfolio. Each Underlying Portfolio allocates assets in a combination of mutual funds investing in large capitalization U.S. stocks, small capitalization U.S. stocks, international stocks, fixed-income and short-term investments. The asset allocation of each Underlying Portfolio will be established by the Treasurer and managed by LMIS. The Treasurer may adjust the weighting in stocks, bonds and cash in each Underlying Portfolio and may change the mutual funds within the Underlying Portfolios consistent with this Investment Policy Statement and its agreement with the Manager.

The policy target asset allocations and benchmarks for the mutual funds within the Underlying Portfolios are shown below. There is a permissible range of plus or minus 5% around the target allocation for each mutual fund.

Age Based Portfolios -- Bank Accepts Deposits

		#1 Portfolio (0-6 yrs)	#2 Portfolio (7-9 yrs)	#3 Portfolio (10-11)	#4 Portfolio (12-14 yrs)	#5 Portfolio (15-17 yrs)	#6 Portfolio (18+ yrs)
	Benchmark						
Large Cap Value	Russell 1000 Value	25%	25%	20%	20%	15%	5%
Large Cap Growth	Russell 1000 Growth	25%	25%	20%	20%	15%	5%
Small Cap Blend	Russell 2000 Stock	20%	10%	10%	5%	0%	0%
International Equity	MS EAFE	20%	10%	10%	5%	0%	0%
Investment Grade Bond	Citigroup 10+ yr	0%	10%	20%	0%	10%	0%
US Government Securities	ML Mortgages, GNMA Master	0%	0%	0%	0%	10%	0%
Short-term Investment Grade Bond	Citigroup Govt/Corp 1-5 yr	0%	0%	0%	0%	0%	40%
Bank Deposits		10%	20%	20%	50%	50%	50%

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BRIGHT START INVESTMENT POLICY - CONTINUED
For the year ended June 30, 2006
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Age Based Portfolios -- Bank Rejects Deposits

	Benchmark	#1 Portfolio (0-6 yrs)	#2 Portfolio (7-9 yrs)	#3 Portfolio (10-11)	#4 Portfolio (12-14 yrs)	#5 Portfolio (15-17 yrs)	#6 Portfolio (18+ yrs)
Large Cap Value	Russell 1000 Value	25%	25%	20%	20%	15%	5%
Large Cap Growth	Russell 1000 Growth	25%	25%	20%	20%	15%	5%
Small Cap Blend	Russell 2000 Stock	20%	10%	10%	5%	0%	0%
International Equity	MSCI EAFE	20%	10%	10%	5%	0%	0%
Investment Grade Bond	Citigroup Corp 10+ yr	10%	15%	20%	15%	10%	0%
US Government Securities	Mortgages, ML GNMA Master	0%	15%	20%	20%	20%	0%
Short-term Investment Grade Bond	Citigroup Govt/Corp 1-5 yr	0%	0%	0%	15%	20%	60%
Money Market: Cash	ML 3-mo T-Bills	0%	0%	0%	0%	20%	30%

		Fixed Income Portfolio		Equity Portfolio
		Bank Accepts	Bank Rejects	Bank Rejects
Large Cap Value	Russell 1000 Value	0%	0%	40%
Large Cap Growth	Russell 1000 Growth	0%	0%	40%
Small Cap Blend	Russell 2000 Stock	0%	0%	10%
International Equity	MSCI EAFE	0%	0%	10%
Investment Grade Bond	Citigroup Corp 10+ yr	20%	0%	0%
US Government Securities	Mortgages, ML GNMA Master	30%	0%	0%
Short-term Investment Grade Bond	Citigroup Govt/Corp 1-5 yr	0%	0%	0%
Core Plus Bond	Lehman Aggregate	0%	100%	0%
Bank Deposits		50%	0%	0%

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BRIGHT START INVESTMENT POLICY - CONTINUED
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Each mutual fund's return objective is to equal or exceed, over a three-year rolling period, the return of the applicable benchmark. Volatility, measured by the standard deviation of quarterly returns over that period, is expected to be similar to the benchmark. Each mutual fund is also expected to perform favorably relative to its peer group.

To the extent that the assets of an Underlying Portfolio are invested in one or more mutual funds approved by the Treasurer having investment objectives consistent with the above-noted asset allocation categories, the above-noted percentage guidelines shall be deemed satisfied. This shall be the case even if such a mutual fund's underlying assets may not be entirely invested in the asset class in which such fund has been placed.

Principal Protection Income Option Portfolio

The Principal Protection Income Option Portfolio is a separate underlying portfolio managed primarily as a diversified portfolio of investment grade readily marketable U.S. government securities, foreign government securities, corporate fixed-income securities, mortgage related securities and asset-backed securities of domestic and foreign issuers, that attempts to reduce significantly under normal circumstances fluctuations in the value of its assets, other than money market securities and money market fund securities, by entering into one or more contracts (known as "Wrapper Agreements"), each with a financial institution such as an insurance company or a bank whose long-term credit rating is in the highest two categories as determined by Standard and Poor's and Moody's. A Wrapper Agreement enables the Principal Protection Income Option Portfolio, regardless of market fluctuations, to value the assets of the Portfolio covered by the Wrapper Agreement at their book value. The Principal Protection Income Option Portfolio may invest in interest only or principal only securities, long and short positions in exchange-traded futures, exchange-traded options (i.e. puts and calls) on futures, and the writing of covered calls on exchange-traded futures, for the express purpose of managing Portfolio interest rate risk.

A portion of each Underlying Portfolio may be invested in repurchase agreements, shares of a money market mutual fund, Bank Deposits or other money market instruments and accounts to provide flexibility in meeting redemptions, expenses and the timing of new investments.

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BRIGHT START INVESTMENT POLICY - CONTINUED
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VIII. Investments in the Bank Deposit Pool

A. Investment Objective of Bank Deposit Pool.

The Bank Deposit Pool shall consist of three separate sub-pools: longer-term, medium-term and short-term. All sub-pools shall maintain liquidity reserves, consistent with the projected liquidity needs of the Bank Deposit Pool, which may hinder the attainment of other investment goals. Each sub-pool will have additional investment objectives. The achievement of these objectives is contingent upon the availability of Time Deposits or Certificates of Deposit ("CDs" or "CD") throughout the yield curve. The longer-term sub-pool shall seek to provide a return competitive with Certificates of Deposit with an average maturity of 6 to 10 years. The medium-term sub-pool shall seek to provide a return competitive with Certificates of Deposit with an average maturity of 4 to 6 years. The short-term sub-pool shall seek current income. The investment objectives are subject to the requirements and limitations set forth in and imposed by Illinois Public Act 91-0607.

B. LMIS as Manager of Bank Deposit Pool

The Manager will be responsible for managing the assets in the Bank Deposit Pool in accordance with the Bank Deposit Pool's investment objective and subject to the requirements and limitations set forth in and imposed by Illinois Public Act 91-0607.

C. Investment Pending Bank Investment Dates

LMIS shall establish at least two annual Bank Investment Dates to enable LMIS to ensure that at least once each year each participating financial institution will receive the amount of deposits that it is entitled to receive under Illinois Public Act 91-0607. LMIS shall invest assets held in the Bank Deposit Pool pending the Bank Investment Dates, with a particular emphasis on providing for the liquidity needs of the Bank Deposit Pool (satisfy redemptions, pay fees, etc.).

All contributions to the Bank Deposit Pool received prior to the Bank Investment Dates shall be invested by LMIS in deposits at one or more of the financial institutions designated in writing by the Treasurer's Office ("Designated Banks") with a maturity date that falls on or before the applicable Bank Investment Date.

All contributions to the Bank Deposit Pool received prior to the Bank Investment Date shall be invested by LMIS taking into consideration the interest rates offered by Designated Banks on instruments having a maturity of up to one year and The Manager's judgment and assessment of current and future interest rate environment.

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BRIGHT START INVESTMENT POLICY - CONTINUED
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Once purchased, all CDs will be held to maturity (subject to early termination to satisfy liquidity needs of Bank Deposit Pool). Upon maturity of a CD, LMIS will be responsible for investing proceeds received upon maturity and prior to the applicable Bank Investment Date(s).

D. Investment at Bank Investment Dates

The Manager will seek to construct a portfolio designed to meet the Bank Deposit Pool's investment objective (see above) and that takes into account the requirements of the Act, including the annual rebalancing.

The Manager will be responsible for ensuring that the amount invested in deposits will be adjusted on at least an annual basis to provide each participating financial institution with the amount of deposits required by the Act.

The portfolios will be constructed by LMIS taking into consideration the interest rates offered by the relevant institutions on various types of deposits, the amount to be invested in deposits at each institution, the liquidity needs of the portfolios to provide for withdrawals and the required readjustment of deposits among financial institutions, the ages of the beneficiaries of the account in each portfolio and the projected dates on which such accounts will be transferred from one account to another, and LMIS's judgment and assessment of the current and future interest rate environment.

On Bank Investment Dates or upon maturity of CDs, LMIS will exercise judgment on the current and future interest rate environment when it purchases CDs. However, once purchased, all CDs will be held to maturity (subject to early termination to satisfy liquidity needs of the Bank Deposit Pool).

State of Illinois
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COLLEGE SAVINGS PROGRAM
BRIGHT DIRECTIONS INVESTMENT POLICY
For the year ended June 30, 2006
Unaudited

1.0 Statement Of Purpose Of Investment Policy: The purpose of this statement is to assist contractors retained by the Treasurer to provide services related to the management of the assets of the Illinois College Savings Pool that are contributed to the Bright Directions College Savings Program (the “Program”) and to assist the Treasurer’s Office in evaluating the performance of such contractors by:

- Describing the Treasurer’s investment objectives;
- Providing general guidelines for the investment of assets of the Program;
- Describing the Treasurer’s long-term investment strategy;
- Describing the process of evaluating the performance of employees or contractors that provide investment management services to the Program; and
- Specifying the responsibilities of any contractors that provide investment management services to the Program.

This is the official Investment Policy Statement of the Program. Deviation from this Policy is not permitted without prior, explicit, written permission from the Treasurer.

2.0 Establishment And Authority Of Entity: The Bright Directions College Savings Program has been established as part of the Illinois College Savings Pool, and is intended to qualify as a qualified tuition program in accordance with Section 529 of the Internal Revenue Code of 1986, as amended. The Program is sold through financial advisors and was established to compliment the existing Bright Start College Savings Program by allowing families to utilize a financial advisor to assist them with investing toward future college education expenses.

3.0 Participating Financial Institution: Accounts in the Program will be distributed through registered broker-dealers and financial institutions that have entered into a Selling Agent Agreement with Northern Trust Securities, Inc., acting as distributor for the Program. All new accounts in the Program will be processed through Union Bank & Trust Company (“Union Bank”) as a participating financial institution. Union Bank has elected not to accept deposits in the Program as provided in Illinois Public Act 91-0607.

4.0 Investment Philosophy: The Treasurer has adopted a long-term total return strategy regarding the Program and its investments. In order to achieve the Program’s objectives, investments shall be diversified so as to minimize the risk of loss. While some asset classes may experience short-term and intermediate-term volatility, their long-term return assumptions justify their inclusion. A long-term focus on investment results as well as prudent diversification across public security markets will be the primary risk control mechanisms.

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BRIGHT DIRECTIONS INVESTMENT POLICY - CONTINUED
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In its investment strategy, the Treasurer has relied on prevailing financial theory, which currently utilizes a long-term diversified asset allocation strategy. A prudently allocated investment program possesses a significant level of diversification, which produces risk reduction. In terms of impact, diversification shall be considered along the following lines: (1) asset classes (stocks, bonds, cash, etc.), (2) geography/country, (3) industry, and (4) maturity.

Contributions to the Program will be directed to one of thirty-five underlying portfolios (the "Underlying Portfolios"), each composed of a designated mix of investments or an individual investment fund. The determination of the investment parameters of each Underlying Portfolio shall be made by the Treasurer and shall take into account the financial characteristics of the investments in the Program. The investment parameters will also give due consideration to the fact that the investment horizon for participants will vary from a few months to over 18 years.

The Treasurer will review the investment performance of each Underlying Portfolio at least quarterly and shall review this Investment Policy Statement at least annually.

The holdings of the Program and the Underlying Portfolios are divided into the following broad asset categories:

- A. Short Term Investments
- B. Fixed Income Securities
- C. Domestic Equity Securities
- D. International Equity Securities

The Treasurer will establish reasonable guidelines for each Underlying Portfolio, specifying (as applicable) limits on asset and asset class exposures, risk constraints and investment return objectives. While the investment parameters offered under the Program are developed by the Treasurer, participants bear the risk of investment results. Individual participants who seek investments materially different from those offered may wish to select an investment alternative outside of the Program.

The administration and offering of the Program should not be relied upon as a guarantee to participants. Each participant should seek appropriate advice as he or she deems necessary.

State of Illinois
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COLLEGE SAVINGS PROGRAM
BRIGHT DIRECTIONS INVESTMENT POLICY - CONTINUED
For the year ended June 30, 2006
Unaudited

5.0 Investment Objectives: The overall investment program for the Program and, as applicable, the individual Underlying Portfolios provided to the participants shall seek to achieve the following long-term investment objectives:

- A long-term competitive rate of return on investments that is equal to or exceeds a return of the applicable benchmarks shown in Section 7.0 hereof.
- An investment program flexible enough to meet the needs of participants based upon their age or investment objective and which provides each individual with the ability to invest in a diversified portfolio to meet his or her long-term investment goals.

6.0 Investment Responsibilities: The Treasurer is responsible for the investment policy, the direction of investments and administration of the assets of the Program. In order to properly carry out her responsibilities, the Treasurer may rely on one or more contractors to assist in the administration of the Program. The Treasurer has engaged, and plans to rely heavily on Union Bank for administrative services and on Union Bank and its consultant, Wilshire Associates, Inc., for investment management services. Among the current responsibilities of Union Bank is the implementation of the investment strategy outlined in this Policy and the rebalancing of the Underlying Portfolios when market movement and/or cash flows cause an asset class to be outside its policy allocation bands. With the Treasurer's approval, Union Bank has retained Wilshire Associates, Inc. to provide it with portfolio design, due diligence and ongoing monitoring services with respect to the Underlying Portfolios and the implementation of the investment strategy outlined in this policy. The Treasurer's Office and Union Bank shall meet quarterly to review portfolio performance as compared to the applicable benchmarks and peer group performance.

In managing the investments of the Program and the Underlying Portfolios, Union Bank agrees that it will act with the skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like objectives.

State of Illinois
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COLLEGE SAVINGS PROGRAM
BRIGHT DIRECTIONS INVESTMENT POLICY - CONTINUED
For the year ended June 30, 2006
Unaudited

7.0 Investment Parameters: Contributions will be invested in one of thirty-five Underlying Portfolios, each composed of a designated mix of investments or an individual investment fund, which is appropriate for the age of the participant or the investment objective of the Portfolio. Each Underlying Portfolio allocates assets among domestic equity securities, international equity securities, fixed-income securities and money market investments. The asset allocation of each Underlying Portfolio will be established by the Treasurer and managed by Union Bank. The Treasurer may adjust the weighting in stocks, bonds and cash in each Underlying Portfolio and may change the mutual funds within the Underlying Portfolios consistent with this Investment Policy Statement.

The policy target asset allocations and benchmarks for the mutual funds within the Underlying Portfolios are shown below. There is a permissible range of plus or minus 5% around the target allocation for each mutual fund.

Age Based Portfolios

Aggressive

		#1 Portfolio	#2 Portfolio	#3 Portfolio	#4 Portfolio	#5 Portfolio
	Benchmark	(0-8 yrs)	(9-12 yrs)	(13-16 yrs)	(17-20 yrs)	(21+ yrs)
Large Cap Value	Russell 1000 Value	22.00%	17.50%	13.20%	8.70%	4.30%
Large Cap Blend	S&P 500	22.00%	17.80%	13.20%	9.00%	4.60%
Large Cap Growth	Russell 1000 Growth	22.00%	17.50%	13.20%	8.70%	4.30%
Small Cap Value	Russell 2000 Value	4.50%	3.60%	2.70%	1.70%	0.80%
Small Cap Blend	Russell 2000	5.00%	4.00%	3.00%	2.20%	1.20%
Small Cap Growth	Russell 2000 Growth	4.50%	3.60%	2.70%	1.70%	0.80%
Foreign Stock	MSCI EAFE	20.00%	16.00%	12.00%	8.00%	4.00%
Money Market	3-month T-Bills	0.00%	0.00%	0.00%	0.00%	20.00%
Ultra-Short Bond	3-month T-Bills	0.00%	0.00%	0.00%	20.00%	25.00%
Short Bond	ML 1-3 yr Treasury	0.00%	0.00%	20.00%	20.00%	20.00%
Intermediate Bond	Lehman Aggregate	0.00%	20.00%	20.00%	20.00%	15.00%

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Growth

		#1 Portfolio	#2 Portfolio	#3 Portfolio	#4 Portfolio	#5 Portfolio
	Benchmark	(0-8 yrs)	(9-12 yrs)	(13-16 yrs)	(17-20 yrs)	(21+ yrs)
Large Cap Value	Russell 1000 Value	17.50%	13.20%	8.70%	4.30%	2.20%
Large Cap Blend	S&P 500	17.80%	13.20%	9.00%	4.60%	2.20%
Large Cap Growth	Russell 1000 Growth	17.50%	13.20%	8.70%	4.30%	2.20%
Small Cap Value	Russell 2000 Value	3.60%	2.70%	1.70%	0.80%	0.30%
Small Cap Blend	Russell 2000	4.00%	3.00%	2.20%	1.20%	0.80%
Small Cap Growth	Russell 2000 Growth	3.60%	2.70%	1.70%	0.80%	0.30%
Foreign Stock	MSCI EAFE	16.00%	12.00%	8.00%	4.00%	2.00%
Money Market	3-month T-Bills	0.00%	0.00%	0.00%	20.00%	40.00%
Ultra-Short Bond	3-month T-Bills	0.00%	0.00%	20.00%	25.00%	30.00%
Short Bond	ML 1-3 yr Treasury	0.00%	20.00%	20.00%	20.00%	20.00%
Intermediate Bond	Lehman Aggregate	20.00%	20.00%	20.00%	15.00%	00.00%

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BRIGHT DIRECTIONS INVESTMENT POLICY - CONTINUED
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Balanced

		#1 Portfolio	#2 Portfolio	#3 Portfolio	#4 Portfolio	#5 Portfolio
	Benchmark	(0-8 yrs)	(9-12 yrs)	(13-16 yrs)	(17-20 yrs)	(21+ yrs)
Large Cap Value	Russell 1000 Value	13.20%	8.70%	4.30%	2.20%	0.00%
Large Cap Blend	S&P 500	13.20%	9.00%	4.60%	2.20%	0.00%
Large Cap Growth	Russell 1000 Growth	13.20%	8.70%	4.30%	2.20%	0.00%
Small Cap Value	Russell 2000 Value	2.70%	1.70%	0.80%	0.30%	0.00%
Small Cap Blend	Russell 2000	3.00%	2.20%	1.20%	0.80%	0.00%
Small Cap Growth	Russell 2000 Growth	2.70%	1.70%	0.80%	0.30%	0.00%
Foreign Stock	MSCI EAFE	12.00%	8.00%	4.00%	2.00%	0.00%
Money Market	3-month T-Bills	0.00%	0.00%	20.00%	40.00%	50.00%
Ultra-Short Bond	3-month T-Bills	0.00%	20.00%	25.00%	30.00%	30.00%
Short Bond	ML 1-3 yr Treasury	20.00%	20.00%	20.00%	20.00%	20.00%
Intermediate Bond	Lehman Aggregate	20.00%	20.00%	15.00%	00.00%	00.00%

Target Portfolios

	Benchmark	Fund 100	Fund 80	Fund 60	Fund 40	Fund 20	Fund 10	Fixed Income
Large Cap Value	Russell 1000 Value	22.00%	17.50%	13.20%	8.70%	4.30%	2.20%	0.00%
Large Cap Blend	S&P 500	22.00%	17.80%	13.20%	9.00%	4.60%	2.20%	0.00%
Large Cap Growth	Russell 1000 Growth	22.00%	17.50%	13.20%	8.70%	4.30%	2.20%	0.00%
Small Cap Value	Russell 2000 Value	4.50%	3.60%	2.70%	1.70%	0.80%	0.30%	0.00%
Small Cap Blend	Russell 2000	5.00%	4.00%	3.00%	2.20%	1.20%	0.80%	0.00%
Small Cap Growth	Russell 2000 Growth	4.50%	3.60%	2.70%	1.70%	0.80%	0.30%	0.00%
Foreign Stock	MSCI EAFE	20.00%	16.00%	12.00%	8.00%	4.00%	2.00%	0.00%
Money Market	3-month T-Bills	0.00%	0.00%	0.00%	0.00%	20.00%	40.00%	50.00%
Ultra-Short Bond	3-month T-Bills	0.00%	0.00%	0.00%	20.00%	25.00%	30.00%	30.00%
Short Bond	ML 1-3 yr Treasury	0.00%	0.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Intermediate Bond	Lehman Aggregate	0.00%	20.00%	20.00%	20.00%	15.00%	00.00%	00.00%

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Office of the Treasurer
COLLEGE SAVINGS PROGRAM
BRIGHT DIRECTIONS INVESTMENT POLICY - CONTINUED
For the year ended June 30, 2006
Unaudited

Individual Fund Portfolios

Participants in the Program open their Accounts through registered broker-dealers and other financial advisors. As a result, the Treasurer deems it appropriate to offer individual mutual funds as separate Underlying Portfolios in the Program. The individual mutual funds the Treasurer selects will be described in the Program's current Program Disclosure Statement and may include the asset classes and benchmarks included in the Age-Based and Target Portfolios supplemented with the following asset classes and additional benchmarks:

<u>Asset Class</u>	<u>Benchmark</u>
Corporate Bond	Lehman U.S. Credit 40% Lehman Aggregate; 50% S&P 500; 10% MSCI EAFE
Balanced	Russell 3000 Value
Large Cap Value	Russell Mid-Cap Growth
Mid-Cap Growth	Russell 2500 Value
Small-Cap Value	Wilshire 4500 Index
Mid-Cap Blend	S&P 500
Socially Responsible	DJ Wilshire Real Estate Securities
Real Estate	

7.0 Investment Parameters

Each mutual fund's return objective is to equal or exceed, over a three-year rolling period, the return of the applicable benchmark. Volatility, measured by the standard deviation of quarterly returns over that period, is expected to be similar to the benchmark. Each mutual fund is also expected to perform favorably relative to its peer group.

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To the extent that the assets of an Underlying Portfolio are invested in one or more mutual funds approved by the Treasurer having investment objectives consistent with the above-noted asset allocation categories, the above-noted percentage guidelines shall be deemed satisfied. This shall be the case even if such a mutual fund's underlying assets may not be entirely invested in the asset class in which such fund has been placed.