

State of Illinois  
Office of the Treasurer

**COLLEGE SAVINGS PROGRAM**

**FINANCIAL AUDIT**

For the years ended June 30, 2008 and 2007

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

State of Illinois  
Office of the Treasurer

COLLEGE SAVINGS PROGRAM

FINANCIAL AUDIT  
For the years ended June 30, 2008 and 2007

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State of Illinois  
Office of the Treasurer

COLLEGE SAVINGS PROGRAM

TREASURER'S OFFICE OFFICIALS

Treasurer	Honorable Alexi Giannoulis
Chief of Staff	Ms. Robin Kelly
Deputy Treasurer/CFO	Mr. Edward Buckles
Deputy Treasurer	Mr. Raja Krishnamoorthi
Chief Legal Counsel	Mr. Paul Miller
Director of College Savings Program	Ms. Shirley Yang
Inspector General	Mr. David Wells
Chief Internal Auditor	Ms. Barbara Ringler

The Office of the Treasurer maintains eight 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 & other  
divisions  
Myers Building  
1 W. Old State Capitol Plaza  
Springfield, Illinois 62701
- Chicago Office &  
Personnel/Legal/Programmatic  
James R. Thompson Center  
100 West Randolph Street  
Suite 15-600  
Chicago, Illinois 60601
- Programmatic  
Riverdale Office  
13725 South Wabash Ave  
Riverdale, Illinois 60827
- Programmatic  
Mt. Vernon Office  
200 West Potomac Boulevard  
Mt. Vernon, Illinois 62864
- Programmatic  
Rock Island Office  
Rock Island County Office Bldg.  
1504 Third Avenue  
Rock Island, Illinois 61201
- Programmatic  
Rockford Office  
E.J. Zeke Giorgi Building  
200 South Wyman Street  
Rockford, Illinois 61101

**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 were performed by Crowe Horwath LLP as of and for the years ended June 30, 2008 and 2007.

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

EXIT CONFERENCE

An exit conference was held on January 12, 2009. Attending from the Office of the Treasurer were Lisa Murphy, Mary Baksys, Jessica Olive, Ed Buckles, Barb Ringler, Raja Krishnamoorthi, Shirley Yang, Paul Miller, and Jeff Jacobs. Attending from the Office of the Auditor General was Ms. Jane Clark (Audit Manager). Attending from Crowe Horwath LLP (Special Assistant Auditor) were Chris Mower, John Weber (via phone), and Lisa Stinson (via phone).



Crowe Horwath LLP  
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, 2008 and 2007, 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 of the College Savings Program of the State of Illinois, Office of the Treasurer present only this fiduciary fund 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, 2008 and 2007, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United State 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, 2008 and 2007, and the changes in its 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 March 18, 2009 on our consideration of the College Savings Program of the State of Illinois, Office of the Treasurer's internal control over financial reporting and on our tests of its 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 18 to 81, 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 Horwath LLP*  
Crowe Horwath LLP

Springfield, Illinois  
March 18, 2009

State of Illinois  
Office of the Treasurer  
COLLEGE SAVINGS PROGRAM  
STATEMENTS OF FIDUCIARY NET ASSETS  
June 30, 2008 and 2007

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ASSETS			
		<u>2008</u>	<u>2007</u>
Deposits and investments, at market			
Cash and cash equivalents	\$	81,605,550	\$ 92,123,753
Capital shares receivable		5,005,653	-
Securities sold receivable		292,214	-
Dividends receivable		1,920,181	15,885,499
Mutual funds		<u>2,709,544,880</u>	<u>2,424,616,587</u>
Total assets	\$	<u>2,798,368,478</u>	\$ <u>2,532,625,839</u>
LIABILITIES AND NET ASSETS			
Cash overdraft	\$	218,215	\$ -
Accrued liabilities			
Payable for capital shares		3,804,496	-
Payable for securities purchased		3,068,481	6,204,756
Other liabilities		<u>459,220</u>	<u>848,968</u>
Total liabilities		7,550,412	7,053,724
Net assets available to participants		<u>2,790,818,066</u>	<u>2,525,572,115</u>
Total liabilities and net assets	\$	<u>2,798,368,478</u>	\$ <u>2,532,625,839</u>

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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, 2008 and 2007

Operations	<u>2008</u>	<u>2007</u>
Revenues (expenditures)		
Investment earnings	\$ 73,053,355	\$ 51,849,943
Gain (loss) on sale of securities	(16,775,795)	84,430,962
Net change in fair value of investments	(270,349,702)	165,183,577
Interest expense	(5,471)	-
Distribution fees	(2,510,242)	-
State administrative fees	(660,879)	-
Insurance fees	(107,407)	(99,110)
12b-1 fees	(981,487)	(396,403)
Management and bank custodial fees	<u>(5,358,655)</u>	<u>(7,172,979)</u>
Net investment earnings (loss)	(223,696,283)	293,795,990
Distributions to shareholders		
Net investment income	<u>(274,998)</u>	<u>(144,585)</u>
Total decrease in net assets from distributions	(274,998)	(144,585)
Participant transactions		
Program contributions	1,399,546,594	1,024,933,987
Program distributions	(910,603,851)	(635,412,175)
Distributions reinvested	<u>274,489</u>	<u>135,637</u>
Total increase from participant transactions	489,217,232	389,657,449
Net increase in net assets	265,245,951	683,308,854
Net assets, beginning of fiscal year	<u>2,525,572,115</u>	<u>1,842,263,261</u>
Net assets, end of fiscal year	<u>\$ 2,790,818,066</u>	<u>\$ 2,525,572,115</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, 2008 and 2007

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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.

The Program provides an opportunity for investors residing in Illinois 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. If the investor is not an Illinois taxpayer, depending upon the laws of the investor's home state or the home state of the investor's beneficiary, favorable state tax treatment or other benefits offered by such home state for investing in Section 529 college savings plans may be available only if invested in the home state's Section 529 plan. Institutions of Higher Education generally include accredited postsecondary educational institutions offering credit toward a bachelor's degree, an associate's degree, a graduate level or professional degree, or another recognized postsecondary credential including certain proprietary, postsecondary vocational and foreign institutions. The institution must be eligible to participate in the U.S. Department of Education student aid programs. Qualified higher education expenses generally include tuition, fees, books, supplies, and equipment required for the Beneficiary's enrollment plus, subject to certain limitations, room and board expenses provided the Beneficiary is enrolled on at least a half-time basis.

Under the Program, Program participants (the "*Account Owners*") 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*"). As of June 30, 2008, OFI Private Investments, Inc. performed investment advisory, administrative and recordkeeping functions for the Bright Start Program. As of June 30, 2008, Union Bank and Trust Company advised the Treasurer on the investment of contributions and provided day-to-day administrative and marketing services for the Bright Directions Program. As such, as of June 30, 2008 OFI Private Investments, Inc. and Union Bank and Trust Company acted as Managers (the "*Managers*") of the two investment programs. The Treasurer acts as trustee and is responsible for the overall administration of the Program.

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State of Illinois  
Office of the Treasurer  
COLLEGE SAVINGS PROGRAM  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
For the years ended June 30, 2008 and 2007

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The Program Manager of the Bright Start College Savings Program was transitioned from Clear Bridge Advisors, LLC and Legg Mason Investor Services, LLC to OFI Private Investments, Inc. effective July 23, 2007. The beginning net assets at OFI Private Investments, Inc. were \$136,041 greater than the ending net assets at Clear Bridge Advisors, LLC and Legg Mason Investor Services, LLC due to a rounding difference between a two digit and four digit net asset value used by the Program Managers. The difference was considered immaterial.

**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 a separate legal entity from the State of Illinois, with the assets segregated into a Trust, and the Treasurer appointed as Trustee of the Trust, as established in the Declaration of Trust dated March 27, 2000. However, for financial reporting purposes, the College Savings Program is a part of the primary government. The Program is included in the Illinois Comprehensive Annual Financial Report as a private-purpose trust fund. The scope of the College Savings Program financial statements presented herein is limited to the financial position of the College Savings Program private-purpose trust fund.

*2. Fiduciary Fund*

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

*3. 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.

*4. Cash and Cash Equivalents*

Cash and cash equivalents consist of money market mutual funds and timing differences associated with the purchase of mutual fund shares and short-term, highly liquid investments readily convertible to cash, with a maturity of 90 days or less at the time of purchase.

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State of Illinois  
Office of the Treasurer  
COLLEGE SAVINGS PROGRAM  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
For the years ended June 30, 2008 and 2007

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**NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

5. *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. Mutual fund yields are subject to market rate fluctuations.

6. *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.

7. *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.

8. *Net Assets Available to Participants*

The net assets available to participants represent investments at market value less accrued liabilities. Investments include cash and cash equivalents, dividend and interest receivable and the effect of market fluctuations on participant deposits.

**NOTE B - 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 and reports all investments at market value.

**BRIGHT START COLLEGE SAVINGS PROGRAM**

1. *Permitted Investments*

The Treasurer's Bright Start investment activities are governed by the Treasurer's published Bright Start investment policy (included in the supplementary section of this report), which

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State of Illinois  
Office of the Treasurer  
COLLEGE SAVINGS PROGRAM  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
For the years ended June 30, 2008 and 2007

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**NOTE B - INVESTMENTS** (Continued)

was developed in accordance with the State statute. In addition, the Treasurer's Office has adopted its own investment practices, which supplements the statutory requirements.

*2. Investment Options*

General Overview

The Bright Start Program offers the following investment options:

- Active Age-Based Portfolios
- Active Fixed Income Portfolio
- Active Equity Portfolio
- Active Balanced Portfolio
- Principal Protection Income Portfolio
- Index Age-Based Portfolios
- Index Fixed Income Portfolio
- Index Equity Portfolio
- Index Balanced Portfolio

Brief Description of Investment Portfolios

**Age-Based Portfolios**

The goal of a Portfolio under the Age-Based Option is to seek an asset allocation strategy consistent with the ages of the Beneficiaries of those Account Owners who have invested in that Portfolio.

Based on the age of the Beneficiary, the following Age-Based Portfolios are available:

- Active Age-Based 0-6 Years Portfolio
  - Active Age-Based 7-9 Years Portfolio
  - Active Age-Based 10-11 Years Portfolio
  - Active Age-Based 12-14 Years Portfolio
  - Active Age-Based 15-17 Years Portfolio
  - Active Age-Based 18 Years Portfolio
  - Index Age-Based 0-6 Years Portfolio
  - Index Age-Based 7-9 Years Portfolio
  - Index Age-Based 10-11 Years Portfolio
  - Index Age-Based 12-14 Years Portfolio
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State of Illinois  
Office of the Treasurer  
COLLEGE SAVINGS PROGRAM  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
For the years ended June 30, 2008 and 2007

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**NOTE B - INVESTMENTS (Continued)**

- Index Age-Based 15-17 Years Portfolio
- Index Age-Based 18 Years Portfolio

Account assets generally do not remain in the Age-Based Portfolio in which they are initially invested. Account assets are redeemed when the Beneficiary attains an age that is greater than the upper limit of the age range that corresponds to a particular Portfolio, including the Portfolio in which assets were invested initially. The Manager then reinvests these assets in the Portfolio that corresponds to the age of the Beneficiary. This continues until the Beneficiary is 18 years old, or the assets are withdrawn from the Account, whichever occurs first. The asset allocation strategy for the Age-Based Portfolio becomes increasingly conservative with each successive Portfolio.

**Fixed Income Portfolios**

- Active Fixed Income Portfolio
- Index Fixed Income Portfolio

The goal of the Fixed Income Portfolios is to seek the relatively more stable returns of a fixed income investment in exchange for giving up the long-term return potential that the stock market offers.

**Equity Portfolios**

- Active Equity Portfolio
- Index Equity Portfolio

The goal of the Equity Portfolios is to seek long-term capital appreciation through investments in equity mutual funds. The Equity Portfolio is only appropriate for investors with longer time horizons, who are comfortable with an increased level of risk while seeking higher longer-term returns, or who use this investment portfolio as part of an overall college savings strategy that includes less aggressive investments.

**Balanced Portfolios**

- Active Balanced Portfolio
- Index Balanced Portfolio

The goal of the Balanced Portfolios is to seek attractive total return with reasonable safety of principal through investment in equity and fixed income securities.

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State of Illinois  
Office of the Treasurer  
COLLEGE SAVINGS PROGRAM  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
For the years ended June 30, 2008 and 2007

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**NOTE B - INVESTMENTS (Continued)**

**Principal Protection Income Portfolio**

- Principal Protection Income Portfolio

The goal of the Principal Protection Income Portfolio is to seek higher current returns than most money market portfolios, while protecting an investor's principal investment from fluctuations in value typically associated with fixed income portfolios. The Principal Protection Income Portfolio 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. The Principal Protection Income Portfolio may also be appropriate as a part of an overall college savings strategy that includes more aggressive investments.

Additional Program Information

Additional information concerning the Bright Start College Savings Program may be obtained online at [www.brightstartsavings.com](http://www.brightstartsavings.com) or by calling toll free 1-877-432-7444.

Investment Risk

As of June 30, 2008 Bright Start had holdings in mutual bond funds valued at \$784.1 million. Of this, \$129.9 million had weighted average maturities (the "WAM") of one through five years (non-rated) and \$654.2 million had WAM's of six to ten years (\$373.3 million Moody's rated Aa2, \$132.8 million Moody's rated Aa1 and \$148.1 million non-rated). In addition, Bright Start had holdings in Money Market Funds valued at \$58.4 million at June 30, 2008. The Money Market Fund had a WAM of 55 days.

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.

State of Illinois  
Office of the Treasurer  
COLLEGE SAVINGS PROGRAM  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
For the years ended June 30, 2008 and 2007

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**NOTE B - INVESTMENTS (Continued)**

**BRIGHT DIRECTIONS COLLEGE SAVINGS PROGRAM**

*1. Permitted Investments*

The Treasurer's Bright Directions investment activities are governed by the Treasurer's published Bright Directions investment policy (included in the supplementary section of this report), which was developed in accordance with the State statute. In addition, the Treasurer's Office has adopted its own investment practices, which supplements the statutory requirements.

*2. Investment Options*

General Overview

The Bright Directions Program offers the following Portfolios:

- Three Age-Based Tracks, each with five portfolio options
- Seven Target Portfolios
- Twenty-four Individual Fund Portfolios
- Nine Female & Minority Owned Portfolios

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; the twenty-four Individual Fund Portfolios each invest in a single mutual fund; and the nine Female & Minority Owned Portfolios invest in underlying investment funds which are managed by female or minority-owned investment advisors. The Age-Based, Target, Individual, and Female & Minority Owned Fund Portfolios have been designed by the Treasurer, Program Manager, and Wilshire Funds Management.

Brief Description of Investment Options

**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.

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State of Illinois  
Office of the Treasurer  
COLLEGE SAVINGS PROGRAM  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
For the years ended June 30, 2008 and 2007

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**NOTE B - INVESTMENTS (Continued)**

Program participants may choose from the following three Age-Based Tracks:

- Age-Based Aggressive Portfolio
- Age-Based Growth Portfolio
- Age-Based Balanced Portfolio

**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 as follows:

- Fund 100
- Fund 80
- Fund 60
- Fund 40
- Fund 20
- Fund 10
- Fixed Income Fund

**Individual Fund Portfolios**

The Bright Directions Program offers twenty-four 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.

The Individual Fund Portfolios offered are as follows:

- AllianceBernstein International Value 529 Portfolio
  - American Century Equity Growth 529 Portfolio
  - American Century Value 529 Portfolio
  - American Century Vista 529 Portfolio
  - BGI Institutional Money Market 529 Portfolio
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State of Illinois  
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COLLEGE SAVINGS PROGRAM  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
For the years ended June 30, 2008 and 2007

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**NOTE B - INVESTMENTS (Continued)**

- Calvert Income 529 Portfolio
- Calvert Social Investment Equity 529 Portfolio
- Delaware Small Cap Core 529 Portfolio
- Eaton Vance Large Cap Value 529 Portfolio
- Northern Institutional Diversified Growth 529 Portfolio
- Northern Institutional Equity Index 529 Portfolio
- Northern Institutional International Equity Index 529 Portfolio
- Northern Institutional Small Company Index 529 Portfolio
- Northern Small Cap Value 529 Portfolio
- Oppenheimer International Growth 529 Portfolio
- PIMCO Low Duration 529 Portfolio
- PIMCO Short-Term 529 Portfolio
- PIMCO Total Return 529 Portfolio
- T. Rowe Price Extended Equity Market Index 529 Portfolio
- T. Rowe Price Balanced 529 Portfolio
- T. Rowe Price Equity Income 529 Portfolio
- T. Rowe Price Institutional Large Cap Growth 529 Portfolio
- T. Rowe Price Real Estate 529 Portfolio
- William Blair Small Cap Growth 529 Portfolio

**Female & Minority Owned Portfolios**

The Bright Directions Program offers nine Female & Minority Owned Portfolios. Each portfolio is invested in funds which are managed by female and/or minority-owned investment advisors.

The Female & Minority Owned Portfolios are as follows:

- Adelante U.S. Real Estate Securities 529 Portfolio
  - Ariel 529 Portfolio
  - Earnest Partners Fixed Income 529 Portfolio
  - Female and Minority Owned Growth Portfolio
  - FMA Small Company 529 Portfolio
  - Forward Hoover Small Cap Equity 529 Portfolio
  - NCM Capital Mid-Cap Growth 529 Portfolio
  - Payden Market Return 529 Portfolio
  - Payden U.S. Growth Leaders 529 Portfolio
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State of Illinois  
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
For the years ended June 30, 2008 and 2007

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**NOTE B - INVESTMENTS (Continued)**

Additional Program Information

Additional information concerning the Bright Directions College Savings Program, including a complete description of investment options, may be obtained online at [www.brightdirections.com](http://www.brightdirections.com) or by calling 1-866-722-7283.

Investment Risk

As of June 30, 2008 Bright Directions had holdings in mutual bond funds valued at \$98.4 million. Of this, \$16.8 million had WAM's of less than a year (S&P rated AA+) and \$81.6 million had WAM's of one through five years (\$75.4 million S&P rated AA and \$6.2 million S&P rated A+). In addition, Bright Directions had holdings in Money Market Funds valued at \$19.6 million at June 30, 2008. The Money Market Fund had a WAM of 54 days.

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 Managers, 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 eight employees at June 30, 2008. 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.

The Managers of the College Savings Program receive fees for their services. The Bright Start Program Manager received an amount equal to a charge against the assets of the Trust at an annual rate of 0.15% on the actively managed portfolios and 0.14% on the index portfolios of the average daily balance of the net assets of the Trust. The fee is calculated daily but payable monthly. The Bright Directions Program Management fee is at an annual rate of 0.45% of the average daily net assets of each Portfolio.

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COLLEGE SAVINGS PROGRAM  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
For the years ended June 30, 2008 and 2007

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**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>2008</u>	<u>2007</u>
Custodial/advisory fees	\$ 5,358,655	\$7,172,979
Expenditures	1,210,380	648,763

**NOTE D - SUBSEQUENT EVENTS**

Subsequent to June 30, 2008, equity and fixed income markets have encountered an unusually high degree of volatility. In many cases, the increased volatility has decreased the fair value of a Participant's account. The degree of the impact on a Participant's account could be dependent, in part, by the investment option chosen by the Participant as some investments are inherently more risky than others.

**SUPPLEMENTARY INFORMATION**

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STATEMENT OF FIDUCIARY NET ASSETS BY PORTFOLIO  
As of June 30, 2008

	Active Age-Based 0-6 years	Active Age-Based 7-9 years	Active Age-Based 10-11 years	Active Age-Based 12-14 years	Active Age-Based 15-17 years
<b>ASSETS</b>					
Deposits and investments, at market					
Cash and cash equivalents	\$ -	\$ 205,462	\$ -	\$ 200,703	\$ 23,025,467
Capital shares receivable	377,932	382,425	659,224	558,288	509,031
Securities sold receivable	33,672	-	140,712	-	94,247
Dividends receivable	-	153,068	109,676	267,560	341,492
Mutual funds	361,402,874	290,657,042	173,716,520	255,870,695	209,161,156
<b>Total assets</b>	<b>\$ 361,814,478</b>	<b>\$ 291,397,997</b>	<b>\$ 174,626,132</b>	<b>\$ 256,897,246</b>	<b>\$ 233,131,393</b>
<b>LIABILITIES AND NET ASSETS</b>					
Cash overdraft	\$ 33,708	\$ -	\$ 140,709	\$ -	\$ -
Accrued liabilities					
Payable for capital shares	352,273	698,844	618,179	520,527	519,851
Payable for securities purchased	-	358,548	109,682	468,379	341,552
Other liabilities	-	-	-	-	-
<b>Total liabilities</b>	<b>385,981</b>	<b>1,057,392</b>	<b>868,570</b>	<b>988,906</b>	<b>861,403</b>
<b>Net assets available to participants</b>	<b>361,428,497</b>	<b>290,340,605</b>	<b>173,757,562</b>	<b>255,908,340</b>	<b>232,269,990</b>
<b>Total liabilities and net assets</b>	<b>\$ 361,814,478</b>	<b>\$ 291,397,997</b>	<b>\$ 174,626,132</b>	<b>\$ 256,897,246</b>	<b>\$ 233,131,393</b>

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STATEMENT OF FIDUCIARY NET ASSETS BY PORTFOLIO - CONTINUED  
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	Active Age-Based 18 years	Active Static Equity	Active Static Balanced	Active Static Fixed Income	Principal Protection Income
<b>ASSETS</b>					
Deposits and investments, at market					
Cash and cash equivalents	\$ 22,975,095	\$ 448,642	\$ 87,812	\$ 41,545	\$ 1,750,020
Capital shares receivable	570,663	475,508	62,811	15,777	649,816
Securities sold receivable	-	-	-	-	-
Dividends receivable	386,274	-	-	-	48,916
Mutual funds	129,418,518	560,871,142	53,149,232	50,157,455	89,346,026
Total assets	<u>\$ 153,350,550</u>	<u>\$ 561,795,292</u>	<u>\$ 53,299,855</u>	<u>\$ 50,214,777</u>	<u>\$ 91,794,778</u>
<b>LIABILITIES AND NET ASSETS</b>					
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities					
Payable for capital shares	213,270	404,817	24,718	29,623	224,260
Payable for securities purchased	631,559	448,600	87,810	41,517	5,698
Other liabilities	-	-	-	-	29,387
Total liabilities	844,829	853,417	112,528	71,140	259,345
Net assets available to participants	<u>152,505,721</u>	<u>560,941,875</u>	<u>53,187,327</u>	<u>50,143,637</u>	<u>91,535,433</u>
Total liabilities and net assets	<u>\$ 153,350,550</u>	<u>\$ 561,795,292</u>	<u>\$ 53,299,855</u>	<u>\$ 50,214,777</u>	<u>\$ 91,794,778</u>

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	Index Age-Based 0-6 years	Index Age-Based 7-9 Years	Index Age-Based 10-11 Years	Index Age-Based 12-14 Years	Index Age-Based 15-17 Years
<b>ASSETS</b>					
Deposits and investments, at market					
Cash and cash equivalents	\$ 89,717	\$ 2,129,466	\$ 1,253,842	\$ 1,829,443	\$ 2,728,866
Capital shares receivable	76,210	129,639	30,580	70,897	35,029
Securities sold receivable	4,623	2,181	12,889	1,745	-
Dividends receivable	15,735	20,378	17,682	33,222	32,337
Mutual funds	<u>38,483,025</u>	<u>17,871,557</u>	<u>11,070,953</u>	<u>16,021,084</u>	<u>10,489,091</u>
Total assets	<u>\$ 38,669,310</u>	<u>\$ 20,153,221</u>	<u>\$ 12,385,946</u>	<u>\$ 17,956,391</u>	<u>\$ 13,285,323</u>
<b>LIABILITIES AND NET ASSETS</b>					
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities					
Payable for capital shares	27,299	25,069	29,643	31,909	72,746
Payable for securities purchased	109,582	94,618	17,200	33,061	59,487
Other liabilities	-	-	-	-	-
Total liabilities	136,881	119,687	46,843	64,970	132,233
Net assets available to participants	<u>38,532,429</u>	<u>20,033,534</u>	<u>12,339,103</u>	<u>17,891,421</u>	<u>13,153,090</u>
Total liabilities and net assets	<u>\$ 38,669,310</u>	<u>\$ 20,153,221</u>	<u>\$ 12,385,946</u>	<u>\$ 17,956,391</u>	<u>\$ 13,285,323</u>



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	Index Age-Based 18 Years	Index Static Equity	Index Static Balanced	Index Static Fixed Income	Total
<b>ASSETS</b>					
Deposits and investments, at market					
Cash and cash equivalents	\$ 1,203,612	\$ 83,427	\$ 1,403,483	\$ 2,141,674	\$ 61,598,276
Capital shares receivable	65,899	209,518	82,795	43,611	5,005,653
Securities sold receivable	-	-	1,219	926	292,214
Dividends receivable	19,195	7,059	23,463	38,399	1,514,456
Mutual funds	4,781,493	59,790,730	11,514,593	8,433,177	2,352,206,363
<b>Total assets</b>	<b>\$ 6,070,199</b>	<b>\$ 60,090,734</b>	<b>\$ 13,025,553</b>	<b>\$ 10,657,787</b>	<b>\$ 2,420,616,962</b>
<b>LIABILITIES AND NET ASSETS</b>					
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ 174,417
Accrued liabilities					
Payable for capital shares	-	11,251	217	-	3,804,496
Payable for securities purchased	18,802	90,486	110,938	40,962	3,068,481
Other liabilities	-	-	-	-	29,387
<b>Total liabilities</b>	<b>18,802</b>	<b>101,737</b>	<b>111,155</b>	<b>40,962</b>	<b>7,076,781</b>
<b>Net assets available to participants</b>	<b>6,051,397</b>	<b>59,988,997</b>	<b>12,914,398</b>	<b>10,616,825</b>	<b>2,413,540,181</b>
<b>Total liabilities and net assets</b>	<b>\$ 6,070,199</b>	<b>\$ 60,090,734</b>	<b>\$ 13,025,553</b>	<b>\$ 10,657,787</b>	<b>\$ 2,420,616,962</b>

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	<u>Portfolio One</u>	<u>Portfolio Two</u>	<u>Portfolio Three</u>	<u>Portfolio Four</u>	<u>Portfolio Five</u>
<b>ASSETS</b>					
Deposits and investments, at market					
Cash and cash equivalents	\$ 873,040	\$ 305,006	\$ 490,732	\$ 443,496	\$ 41,242,035
Dividends receivable	657,654	642,293	439,869	719,279	734,497
Mutual funds	<u>450,118,845</u>	<u>275,565,231</u>	<u>172,618,555</u>	<u>243,058,959</u>	<u>165,824,168</u>
Total assets	<u>\$ 451,649,539</u>	<u>\$ 276,512,530</u>	<u>\$ 173,549,156</u>	<u>\$ 244,221,734</u>	<u>\$ 207,800,700</u>
<b>LIABILITIES AND NET ASSETS</b>					
Accrued liabilities					
Payable for securities purchased	\$ 877,696	\$ 764,454	\$ 614,468	\$ 890,746	\$ 781,945
Other liabilities	<u>109,337</u>	<u>77,757</u>	<u>49,699</u>	<u>77,487</u>	<u>76,863</u>
Total liabilities	987,033	842,211	664,167	968,233	858,808
Net assets available to participants	<u>450,662,506</u>	<u>275,670,319</u>	<u>172,884,989</u>	<u>243,253,501</u>	<u>206,941,892</u>
Total liabilities and net assets	<u>\$ 451,649,539</u>	<u>\$ 276,512,530</u>	<u>\$ 173,549,156</u>	<u>\$ 244,221,734</u>	<u>\$ 207,800,700</u>

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	<u>Portfolio Six</u>	<u>All Equity</u>	<u>Fixed Income</u>	<u>Principal Prot Inc</u>	<u>Balanced Option</u>
<b>ASSETS</b>					
Deposits and investments, at market					
Cash and cash equivalents	\$ 34,774,239	\$ (211,737)	\$ (1,558)	\$ 3,645,704	\$ 489,755
Dividends receivable	458,589	1,045,922	253,721	10,797,227	135,106
Mutual funds	<u>81,531,630</u>	<u>644,703,017</u>	<u>54,165,860</u>	<u>66,258,318</u>	<u>42,996,962</u>
Total assets	<u>\$ 116,764,458</u>	<u>\$ 645,537,202</u>	<u>\$ 54,418,023</u>	<u>\$ 80,701,249</u>	<u>\$ 43,621,823</u>
<b>LIABILITIES AND NET ASSETS</b>					
Accrued liabilities					
Payable for securities purchased	\$ 596,274	\$ 1,144,179	\$ 308,576	\$ 65,376	\$ 152,094
Other Liabilities	<u>48,667</u>	<u>170,265</u>	<u>13,054</u>	<u>72,519</u>	<u>10,916</u>
Total liabilities	644,941	1,314,444	321,630	137,895	163,010
Net assets available to participants	<u>116,119,517</u>	<u>644,222,758</u>	<u>54,096,393</u>	<u>80,563,354</u>	<u>43,458,813</u>
Total liabilities and net assets	<u>\$ 116,764,458</u>	<u>\$ 645,537,202</u>	<u>\$ 54,418,023</u>	<u>\$ 80,701,249</u>	<u>\$ 43,621,823</u>

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	<u>Total</u>
<b>ASSETS</b>	
Deposits and investments, at market	
Cash and cash equivalents	\$ 82,050,712
Dividends receivable	15,884,157
Mutual funds	<u>2,196,841,545</u>
Total assets	<u>\$ 2,294,776,414</u>
<b>LIABILITIES AND NET ASSETS</b>	
Accrued liabilities	
Payable for securities purchased	\$ 6,195,808
Other Liabilities	<u>706,564</u>
Total liabilities	6,902,372
Net assets available to participants	<u>2,287,874,042</u>
Total liabilities and net assets	<u>\$ 2,294,776,414</u>

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	Adelante 529 Portfolio	AllianceBernstein International Value 529 Portfolio	American Century Equity Growth 529 Portfolio	American Century Value 529 Portfolio	American Century Vista 529 Portfolio
<b>ASSETS</b>					
Deposits and investments, at market					
Cash and cash equivalents	\$ -	\$ 5,290	\$ -	\$ -	\$ 981
Dividends receivable	-	-	-	-	-
Mutual funds	5,921	10,819,448	4,227,104	1,844,753	2,563,058
<b>Total assets</b>	<b>\$ 5,921</b>	<b>\$ 10,824,738</b>	<b>\$ 4,227,104</b>	<b>\$ 1,844,753</b>	<b>\$ 2,564,039</b>
<b>LIABILITIES AND NET ASSETS</b>					
Cash overdraft	\$ -	\$ -	\$ 3,015	\$ -	\$ -
Accrued liabilities					
Other liabilities	6	11,222	4,444	2,230	2,451
<b>Total liabilities</b>	<b>6</b>	<b>11,222</b>	<b>7,459</b>	<b>2,230</b>	<b>2,451</b>
Net assets available to participants	5,915	10,813,516	4,219,645	1,842,523	2,561,588
<b>Total liabilities and net assets</b>	<b>\$ 5,921</b>	<b>\$ 10,824,738</b>	<b>\$ 4,227,104</b>	<b>\$ 1,844,753</b>	<b>\$ 2,564,039</b>

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	Ariel 529 Portfolio	Barclays Institutional Money Market 529 Portfolio	Calvert Income 529 Portfolio	Calvert Social Investment Equity 529 Portfolio	Delaware Small Cap Core 529 Portfolio
ASSETS					
Deposits and investments, at market					
Cash and cash equivalents	\$ -	\$ 11,269,517	\$ -	\$ -	\$ 4,369
Dividends receivable	-	22,950	-	-	-
Mutual funds	3,367,139	-	6,205,694	1,854,532	2,159,671
Total assets	<u>\$ 3,367,139</u>	<u>\$ 11,292,467</u>	<u>\$ 6,205,694</u>	<u>\$ 1,854,532</u>	<u>\$ 2,164,040</u>
LIABILITIES AND NET ASSETS					
Cash overdraft	\$ 3,446	\$ -	\$ 25,195	\$ 282	\$ -
Accrued liabilities					
Other liabilities	3,497	21,467	6,088	1,834	1,697
Total liabilities	6,943	21,467	31,283	2,116	1,697
Net assets available to participants	<u>3,360,196</u>	<u>11,271,000</u>	<u>6,174,411</u>	<u>1,852,416</u>	<u>2,162,343</u>
Total liabilities and net assets	<u>\$ 3,367,139</u>	<u>\$ 11,292,467</u>	<u>\$ 6,205,694</u>	<u>\$ 1,854,532</u>	<u>\$ 2,164,040</u>

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	Earnest Partners Fixed Income 529 Portfolio	Eaton Vance Large-Cap Value 529 Portfolio	Female & Minority Owned Growth Portfolio 529 Portfolio	FMA Small Company 529 Portfolio	Forward Hoover Small Cap Equity 529 Portfolio
ASSETS					
Deposits and investments, at market					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 213	\$ -
Dividends receivable	20	-	-	-	-
Mutual funds	3,427	11,018,650	3,381	11,943	29,890
Total assets	<u>\$ 3,447</u>	<u>\$ 11,018,650</u>	<u>\$ 3,381</u>	<u>\$ 12,156</u>	<u>\$ 29,890</u>
LIABILITIES AND NET ASSETS					
Cash overdraft	\$ -	2,560	\$ -	\$ -	\$ 30
Accrued liabilities					
Other liabilities	3	6,759	3	8	23
Total liabilities	3	9,319	3	8	53
Net assets available to participants	3,444	11,009,331	3,378	12,148	29,837
Total liabilities and net assets	<u>\$ 3,447</u>	<u>\$ 11,018,650</u>	<u>\$ 3,381</u>	<u>\$ 12,156</u>	<u>\$ 29,890</u>

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	NCM Capital Mid-Cap Growth 529 Portfolio	Northern Institutional Diversified Growth 529 Portfolio	Northern Institutional Equity Index 529 Portfolio	Northern Institutional Equity Index 529 Portfolio	Northern Institutional Small Company Index 529 Portfolio
ASSETS					
Deposits and investments, at market					
Cash and cash equivalents	\$ -	\$ 2,837	\$ 7,517	\$ -	\$ 2,519
Dividends receivable	-	-	-	-	-
Mutual funds	11,416	2,472,157	4,682,358	3,697,658	1,288,036
Total assets	\$ 11,416	\$ 2,474,994	\$ 4,689,875	\$ 3,697,658	\$ 1,290,555
LIABILITIES AND NET ASSETS					
Cash overdraft	\$ -	\$ -	\$ -	\$ 7,087	\$ -
Accrued liabilities					
Other liabilities	8	2,346	3,595	3,128	1,101
Total liabilities	8	2,346	3,595	10,215	1,101
Net assets available to participants	11,408	2,472,648	4,686,280	3,687,443	1,289,454
Total liabilities and net assets	\$ 11,416	\$ 2,474,994	\$ 4,689,875	\$ 3,697,658	\$ 1,290,555



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	Northern Small Cap Value 529 Portfolio	Oppenheimer International Growth 529 Portfolio	Payden Market Return 529 Portfolio	Payden US Growth Leaders 529 Portfolio	Pimco Low Duration 529 Portfolio
ASSETS					
Deposits and investments, at market					
Cash and cash equivalents	\$ -	\$ 3,064	\$ -	\$ -	\$ 25
Dividends receivable	-	-	-	-	12,158
Mutual funds	<u>2,670,517</u>	<u>7,406,143</u>	<u>10,144</u>	<u>26,016</u>	<u>3,182,781</u>
Total assets	<u>\$ 2,670,517</u>	<u>\$ 7,409,207</u>	<u>\$ 10,144</u>	<u>\$ 26,016</u>	<u>\$ 3,194,964</u>
LIABILITIES AND NET ASSETS					
Cash overdraft	\$ 951	\$ -	\$ -	\$ -	\$ -
Accrued liabilities					
Other liabilities	<u>1,691</u>	<u>4,476</u>	<u>8</u>	<u>19</u>	<u>2,269</u>
Total liabilities	2,642	4,476	8	19	2,269
Net assets available to participants	<u>2,667,875</u>	<u>7,404,731</u>	<u>10,136</u>	<u>25,997</u>	<u>3,192,695</u>
Total liabilities and net assets	<u>\$ 2,670,517</u>	<u>\$ 7,409,207</u>	<u>\$ 10,144</u>	<u>\$ 26,016</u>	<u>\$ 3,194,964</u>

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	Pimco Short-Term 529 Portfolio	Pimco Total Return 529 Portfolio	T.Rowe Price Extended Equity Market Index 529 Portfolio	T.Rowe Price Balanced 529 Portfolio	T.Rowe Price Equity Income 529 Portfolio
<b>ASSETS</b>					
Deposits and investments, at market					
Cash and cash equivalents	\$ 3,180	\$ 2,154	\$ 5,086	\$ 43,670	\$ 9,971
Dividends receivable	5,674	41,226	-	-	-
Mutual funds	1,827,592	9,727,102	2,685,777	5,822,407	5,912,138
Total assets	<u>\$ 1,836,446</u>	<u>\$ 9,770,482</u>	<u>\$ 2,690,863</u>	<u>\$ 5,866,077</u>	<u>\$ 5,922,109</u>
<b>LIABILITIES AND NET ASSETS</b>					
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities					
Other liabilities	1,734	8,970	2,852	7,475	7,016
Total liabilities	1,734	8,970	2,852	7,475	7,016
Net assets available to participants	1,834,712	9,761,512	2,688,011	5,858,602	5,915,093
Total liabilities and net assets	<u>\$ 1,836,446</u>	<u>\$ 9,770,482</u>	<u>\$ 2,690,863</u>	<u>\$ 5,866,077</u>	<u>\$ 5,922,109</u>

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	T. Rowe Price Institutional Large Cap Growth 529 Portfolio	T. Rowe Price Real Estate 529 Portfolio	William Blair Small Cap Growth 529 Portfolio	Fixed Income Fund 10
<b>ASSETS</b>				
Deposits and investments, at market				
Cash and cash equivalents	\$ 1,685	\$ -	\$ -	\$ 1,138,853
Dividends receivable	-	-	-	5,906
Mutual funds	2,035,781	2,817,102	3,645,746	1,138,913
Total assets	\$ 2,037,466	\$ 2,817,102	\$ 3,645,746	\$ 2,283,672
<b>LIABILITIES AND NET ASSETS</b>				
Cash overdraft	\$ -	\$ 75	\$ 1,157	\$ -
Accrued liabilities				
Other liabilities	1,241	2,943	3,436	2,828
Total liabilities	1,241	3,018	4,593	2,828
Net assets available to participants	2,036,225	2,814,084	3,641,153	2,280,844
Total liabilities and net assets	\$ 2,037,466	\$ 2,817,102	\$ 3,645,746	\$ 2,283,672
				\$ 8,496,640

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	Fund 20	Fund 40	Fund 60	Fund 80	Fund 100	Total
<b>ASSETS</b>						
Deposits and investments, at market						
Cash and cash equivalents	\$ 3,861,504	\$ 22,154	\$ 21,408	\$ 176,844	\$ 25,963	\$ 20,007,274
Dividends receivable	49,438	80,193	96,852	71,236	-	405,725
Mutual funds	15,282,207	35,153,968	58,648,781	80,512,470	57,488,598	357,338,517
<b>Total assets</b>	<u>\$ 19,193,149</u>	<u>\$ 35,256,315</u>	<u>\$ 58,767,041</u>	<u>\$ 80,760,550</u>	<u>\$ 57,514,561</u>	<u>\$ 377,751,516</u>
<b>LIABILITIES AND NET ASSETS</b>						
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,798
Accrued liabilities						
Other liabilities	23,809	43,933	70,878	93,906	68,046	429,833
<b>Total liabilities</b>	23,809	43,933	70,878	93,906	68,046	473,631
<b>Net assets available to participants</b>	<u>19,169,340</u>	<u>35,212,382</u>	<u>58,696,163</u>	<u>80,666,644</u>	<u>57,446,515</u>	<u>377,277,885</u>
<b>Total liabilities and net assets</b>	<u>\$ 19,193,149</u>	<u>\$ 35,256,315</u>	<u>\$ 58,767,041</u>	<u>\$ 80,760,550</u>	<u>\$ 57,514,561</u>	<u>\$ 377,751,516</u>

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	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
ASSETS					
Deposits and investments, at market					
Cash and cash equivalents	\$ 17,795	\$ 11,390	\$ 3,281	\$ (687)	\$ 3,434
Dividends receivable	-	-	-	-	-
Mutual funds	<u>8,123,778</u>	<u>3,337,682</u>	<u>832,501</u>	<u>2,016,090</u>	<u>560,014</u>
Total assets	<u>\$ 8,141,573</u>	<u>\$ 3,349,072</u>	<u>\$ 835,782</u>	<u>\$ 2,015,403</u>	<u>\$ 563,448</u>
LIABILITIES AND NET ASSETS					
Accrued liabilities					
Other liabilities	\$ 4,477	\$ 1,881	\$ 429	\$ 1,254	\$ 304
Total liabilities	4,477	1,881	429	1,254	304
Net assets available to participants	<u>8,137,096</u>	<u>3,347,191</u>	<u>835,353</u>	<u>2,014,149</u>	<u>563,144</u>
Total liabilities and net assets	<u>\$ 8,141,573</u>	<u>\$ 3,349,072</u>	<u>\$ 835,782</u>	<u>\$ 2,015,403</u>	<u>\$ 563,448</u>

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	Ariel 529 Portfolio	Calvert Income 529 Portfolio	Calvert Social Investment Equity 529 Portfolio	DFA U.S. Large Cap Value 529 Portfolio	Fidelity Advisor Diversified International 529 Portfolio
<b>ASSETS</b>					
Deposits and investments, at market					
Cash and cash equivalents	\$ 14,625	\$ 11,317	\$ 1,904	\$ 24,656	\$ 12,829
Dividends receivable	-	-	-	-	-
Mutual funds	<u>3,353,024</u>	<u>3,946,523</u>	<u>1,061,914</u>	<u>9,634,505</u>	<u>5,591,526</u>
Total assets	<u>\$ 3,367,649</u>	<u>\$ 3,957,840</u>	<u>\$ 1,063,818</u>	<u>\$ 9,659,161</u>	<u>\$ 5,604,355</u>
<b>LIABILITIES AND NET ASSETS</b>					
Accrued liabilities					
Other liabilities	\$ 1,880	\$ 2,221	\$ 579	\$ 5,230	\$ 3,024
Total liabilities	1,880	2,221	579	5,230	3,024
Net assets available to participants	<u>3,365,769</u>	<u>3,955,619</u>	<u>1,063,239</u>	<u>9,653,931</u>	<u>5,601,331</u>
Total liabilities and net assets	<u>\$ 3,367,649</u>	<u>\$ 3,957,840</u>	<u>\$ 1,063,818</u>	<u>\$ 9,659,161</u>	<u>\$ 5,604,355</u>

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	Fidelity Advisor Small Cap 529 Portfolio	Legg Mason U.S. Small Cap Value 529 Portfolio	Northern Institutional Diversified Growth 529 Portfolio	Northern Institutional Equity Index 529 Portfolio	Northern Institutional Equity Index 529 Portfolio
<b>ASSETS</b>					
Deposits and investments, at market	\$ 1,107	\$ 4,596	\$ 7,165	\$ (987)	\$ 212
Cash and cash equivalents	-	-	-	-	-
Dividends receivable	-	-	-	-	-
Mutual funds	<u>1,414,926</u>	<u>2,421,804</u>	<u>1,693,204</u>	<u>2,932,493</u>	<u>2,110,927</u>
Total assets	<u>\$ 1,416,033</u>	<u>\$ 2,426,400</u>	<u>\$ 1,700,369</u>	<u>\$ 2,931,506</u>	<u>\$ 2,111,139</u>
<b>LIABILITIES AND NET ASSETS</b>					
Accrued liabilities	\$ 824	\$ 1,364	\$ 936	\$ 1,411	\$ 1,031
Other liabilities	824	1,364	936	1,411	1,031
Total liabilities	<u>1,415,209</u>	<u>2,425,036</u>	<u>1,699,433</u>	<u>2,930,095</u>	<u>2,110,108</u>
Net assets available to participants	<u>\$ 1,416,033</u>	<u>\$ 2,426,400</u>	<u>\$ 1,700,369</u>	<u>\$ 2,931,506</u>	<u>\$ 2,111,139</u>
Total liabilities and net assets					

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	Northern Institutional 529 Portfolio	Pimco Low Duration 529 Portfolio	Pimco Short-Term 529 Portfolio	Pimco Total Return 529 Portfolio	T.Rowe Price Extended Equity Market Index 529 Portfolio
<b>ASSETS</b>					
Deposits and investments, at market					
Cash and cash equivalents	\$ 301	\$ 3,436	\$ 2,938	\$ (549)	\$ 8,647
Dividends receivable	-	-	-	-	-
Mutual funds	625,132	1,598,744	984,029	5,110,141	2,006,003
<b>Total assets</b>	<b>\$ 625,433</b>	<b>\$ 1,602,180</b>	<b>\$ 986,967</b>	<b>\$ 5,109,592</b>	<b>\$ 2,014,650</b>
<b>LIABILITIES AND NET ASSETS</b>					
Accrued liabilities					
Other liabilities	\$ 372	\$ 774	\$ 524	\$ 2,695	\$ 1,137
<b>Total liabilities</b>	<b>372</b>	<b>774</b>	<b>524</b>	<b>2,695</b>	<b>1,137</b>
<b>Net assets available to participants</b>	<b>625,061</b>	<b>1,601,406</b>	<b>986,443</b>	<b>5,106,897</b>	<b>2,013,513</b>
<b>Total liabilities and net assets</b>	<b>\$ 625,433</b>	<b>\$ 1,602,180</b>	<b>\$ 986,967</b>	<b>\$ 5,109,592</b>	<b>\$ 2,014,650</b>



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	T.Rowe Price Balanced 529 Portfolio	T.Rowe Price Equity Income 529 Portfolio	T.Rowe Price Real Estate 529 Portfolio	Barclays Institutional Money Market 529 Portfolio	William Blair Small Cap Growth 529 Portfolio
<b>ASSETS</b>					
Deposits and investments, at market					
Cash and cash equivalents	\$ 42,042	\$ 10,694	\$ 5,877	\$ 5,268,445	\$ 6,290
Dividends receivable	-	-	-	767	-
Mutual funds	3,890,413	4,069,595	2,348,344	-	3,759,585
<b>Total assets</b>	<b>\$ 3,932,455</b>	<b>\$ 4,080,289</b>	<b>\$ 2,354,221</b>	<b>\$ 5,269,212</b>	<b>\$ 3,765,875</b>
<b>LIABILITIES AND NET ASSETS</b>					
Accrued liabilities					
Other liabilities	\$ 2,575	\$ 2,511	\$ 1,354	\$ 12,092	\$ 1,921
<b>Total liabilities</b>	<b>2,575</b>	<b>2,511</b>	<b>1,354</b>	<b>12,092</b>	<b>1,921</b>
<b>Net assets available to participants</b>	<b>3,929,880</b>	<b>4,077,778</b>	<b>2,352,867</b>	<b>5,257,120</b>	<b>3,763,954</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,932,455</b>	<b>\$ 4,080,289</b>	<b>\$ 2,354,221</b>	<b>\$ 5,269,212</b>	<b>\$ 3,765,875</b>

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	Fixed Income Fund	Fund 10	Fund 20	Fund 40	Fund 60
<b>ASSETS</b>					
Deposits and investments, at market					
Cash and cash equivalents	\$ 434,190	\$ 1,652,349	\$ 1,898,948	\$ 141,911	\$ 116,403
Dividends receivable	63	239	273	-	-
Mutual funds	434,191	2,457,221	7,478,068	19,905,403	33,462,160
<b>Total assets</b>	<u>\$ 868,444</u>	<u>\$ 4,109,809</u>	<u>\$ 9,377,289</u>	<u>\$ 20,047,314</u>	<u>\$ 33,578,563</u>
<b>LIABILITIES AND NET ASSETS</b>					
Accrued liabilities					
Other liabilities	\$ 578	2,741	6,068	12,688	21,078
<b>Total liabilities</b>	578	2,741	6,068	12,688	21,078
<b>Net assets available to participants</b>	<u>867,866</u>	<u>4,107,068</u>	<u>9,371,221</u>	<u>20,034,626</u>	<u>33,557,485</u>
<b>Total liabilities and net assets</b>	<u>\$ 868,444</u>	<u>\$ 4,109,809</u>	<u>\$ 9,377,289</u>	<u>\$ 20,047,314</u>	<u>\$ 33,578,563</u>

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	Fund 80	Fund 100	Total
<b>ASSETS</b>			
Deposits and investments, at market			
Cash and cash equivalents	\$ 213,370	\$ 155,112	\$ 10,073,041
Dividends receivable	-	-	1,342
Mutual funds	<u>52,461,043</u>	<u>38,154,059</u>	<u>227,775,042</u>
Total assets	<u>\$ 52,674,413</u>	<u>\$ 38,309,171</u>	<u>\$ 237,849,425</u>
<b>LIABILITIES AND NET ASSETS</b>			
Accrued liabilities			
Other liabilities	<u>\$ 32,023</u>	<u>\$ 23,376</u>	<u>\$ 151,352</u>
Total liabilities	32,023	23,376	151,352
Net assets available to participants	<u>52,642,390</u>	<u>38,285,795</u>	<u>237,698,073</u>
Total liabilities and net assets	<u>\$ 52,674,413</u>	<u>\$ 38,309,171</u>	<u>\$ 237,849,425</u>

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	Activity for the period July 1, 2007 - July 22, 2007	Adjustment on NAV between Fund Managers See Footnote	Activity for the period July 23, 2007 - June 30, 2008	For the year ended June 30, 2008
<b>Operations</b>				
Revenues (expenditures)				
Investment earnings	\$ 30,143,329	\$ -	\$ 20,846,620	\$ 50,989,949
Gain (loss) on sale of securities	182,491	-	(9,938,257)	(9,755,766)
Net change in fair value of investments	(5,155,465)	136,041	(218,731,693)	(223,751,117)
Interest expense	-	-	(5,471)	(5,471)
Distribution fees	-	-	(2,510,242)	(2,510,242)
State administrative fees	-	-	(660,879)	(660,879)
Insurance fees	(6,049)	-	(101,358)	(107,407)
Management and bank custodial fees	(510,174)	-	(3,442,205)	(3,952,379)
Net investment earnings (loss)	24,654,132	136,041	(214,543,485)	(189,753,312)
<b>Participant transactions</b>				
Program contributions	59,420,084	-	1,073,795,300	1,133,215,384
Program distributions	(52,671,685)	-	(765,124,248)	(817,795,933)
Total increase from participant transactions	6,748,399	-	308,671,052	315,419,451
Net increase in net assets	\$ 31,402,531	\$ 136,041	\$ 94,127,567	125,666,139
Net assets, beginning of fiscal year				2,287,874,042
Net assets, end of fiscal year				\$ 2,413,540,181

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	Portfolio One	Portfolio Two	Portfolio Three	Portfolio Four	Portfolio Five
Operations					
Revenues (expenditures)					
Investment earnings	\$ 11,730,931	\$ 3,893,583	\$ 2,496,342	\$ 2,000,852	\$ 448,542
Gain (loss) on sale of securities	412,566	(23,891)	(25,388)	(27,343)	(21,108)
Net change in fair value of investments	(5,825,281)	(836,639)	(778,390)	92,963	837,142
Insurance fees	-	-	-	-	-
Bank custodial fees	(80,291)	(57,910)	(36,741)	(57,474)	(56,669)
Net investment earnings	6,237,925	2,975,143	1,655,823	2,008,998	1,207,907
Participant transactions					
Program contributions	5,733,666	12,220,798	8,889,543	9,923,584	7,781,057
Program distributions	(11,287,908)	(8,885,076)	(8,224,285)	(7,090,887)	(5,790,338)
Total increase (decrease) from participant transactions	(5,554,242)	3,335,722	665,258	2,832,697	1,990,719
Net increase in net assets	683,683	6,310,865	2,321,081	4,841,695	3,198,626
Net assets, June 30, 2007	<u>450,662,506</u>	<u>275,670,319</u>	<u>172,884,989</u>	<u>243,253,501</u>	<u>206,941,892</u>
Net assets, July 22, 2007	<u>\$ 451,346,189</u>	<u>\$ 281,981,184</u>	<u>\$ 175,206,070</u>	<u>\$ 248,095,196</u>	<u>\$ 210,140,518</u>

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	<u>Portfolio Six</u>	<u>All Equity</u>	<u>Fixed Income</u>	<u>Principal Prot Inc</u>	<u>Balanced Option</u>
Operations					
Revenues (expenditures)					
Investment earnings	\$ 329,776	\$ 8,467,064	\$ 184,147	\$ 234,230	\$ 357,862
Gain (loss) on sale of securities	(37,954)	(18,064)	(59,563)	-	(16,764)
Net change in fair value of investments	203,853	1,193,451	(51,585)	-	9,021
Insurance fees	-	-	-	(6,049)	-
Bank custodial fees	(36,538)	(125,839)	(9,393)	(41,068)	(8,251)
Net investment earnings	459,137	9,516,612	63,606	187,113	341,868
Participant transactions					
Program contributions	5,974,909	5,817,799	489,200	1,852,281	737,247
Program distributions	(3,452,145)	(4,522,905)	(1,128,470)	(1,709,621)	(580,050)
Total increase (decrease) from participant transactions	2,522,764	1,294,894	(639,270)	142,660	157,197
Net increase in net assets	2,981,901	10,811,506	(575,664)	329,773	499,065
Net assets, June 30, 2007	<u>116,119,517</u>	<u>644,222,758</u>	<u>54,096,393</u>	<u>80,563,354</u>	<u>43,458,813</u>
Net assets, July 22, 2007	<u>\$ 119,101,418</u>	<u>\$ 655,034,264</u>	<u>\$ 53,520,729</u>	<u>\$ 80,893,127</u>	<u>\$ 43,957,878</u>

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	<u>Total</u>
Operations	
Revenues (expenditures)	
Investment earnings	\$ 30,143,329
Gain (loss) on sale of securities	182,491
Net change in fair value of investments	(5,155,465)
Insurance fees	(6,049)
Bank custodial fees	<u>(510,174)</u>
Net investment earnings	24,654,132
Participant transactions	
Program contributions	59,420,084
Program distributions	<u>(52,671,685)</u>
Total increase from participant transactions	6,748,399
Net increase in net assets	31,402,531
Net assets, June 30, 2007	<u>2,287,874,042</u>
Net assets, July 22, 2007	<u>\$ 2,319,276,573</u>

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Operations	Active Age-Based				Active	
	0-6 years	7-9 years	10-11 years	12-14 years	15-17 years	Active
Revenues (expenditures)						
Investment earnings	\$ 22,104	\$ 1,744,435	\$ 1,265,030	\$ 3,008,892	\$ 4,121,319	
Gain (loss) on sale of securities	(4,706,471)	(575,970)	(757,957)	(563,894)	(389,192)	
Net change in fair value of investments	(47,596,190)	(27,220,721)	(13,613,648)	(16,378,682)	(8,061,571)	
Interest expense	(940)	(259)	(297)	(369)	(342)	
Management fees	(552,847)	(391,972)	(239,512)	(343,900)	(308,701)	
Distribution fees	(377,843)	(299,237)	(186,252)	(272,105)	(254,345)	
State administrative fees	(112,036)	(79,458)	(48,576)	(69,834)	(62,780)	
Insurance fees	-	-	-	-	-	
Net investment earnings (loss)	(53,324,223)	(26,823,182)	(13,581,212)	(14,619,892)	(4,955,612)	
Distributions to shareholders	-	-	-	-	-	
Net investment income	-	-	-	-	-	
Total decrease in net assets from distributions	-	-	-	-	-	
Participant transactions						
Program contributions	103,248,135	140,659,879	106,444,813	119,121,317	109,705,120	
Program distributions	(139,945,647)	(105,539,786)	(94,284,418)	(96,641,615)	(82,665,837)	
Distributions reinvested	-	-	-	-	-	
Total increase (decrease) from participant transactions	(36,697,512)	35,120,093	12,160,395	22,479,702	27,039,283	
Net increase (decrease) in net assets	(90,021,735)	8,296,911	(1,420,817)	7,859,810	22,083,671	
Net assets, July 23, 2007	451,450,232	282,043,694	175,178,379	248,048,530	210,186,319	
Net assets, June 30, 2008	\$ 361,428,497	\$ 290,340,605	\$ 173,757,562	\$ 255,908,340	\$ 232,269,990	



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Operations	Active Age-Based 18 years	Active Static Equity	Active Static Balanced	Active Static Fixed Income	Principal Protection Income
Revenues (expenditures)					
Investment earnings	\$ 4,120,047	\$ 20,082	\$ 2,968	\$ 1,957	\$ 3,307,149
Gain (loss) on sale of securities	(212,516)	(2,516,637)	(254,977)	(48,318)	-
Net change in fair value of investments	(1,706,306)	(86,255,726)	(2,946,420)	746,835	-
Interest expense	(1,380)	(1,321)	(112)	(345)	-
Management fees	(177,050)	(823,914)	(67,046)	(70,558)	(316,380)
Distribution fees	(153,962)	(806,857)	(19,379)	(39,850)	(100,412)
State administrative fees	(36,075)	(167,093)	(47,339)	(14,282)	(23,406)
Insurance fees	-	-	-	-	(101,358)
Net investment earnings (loss)	1,832,758	(90,551,466)	(3,332,305)	575,439	2,765,593
Distributions to shareholders					
Net investment income	-	-	-	-	-
Total decrease in net assets from distributions	-	-	-	-	-
Participant transactions					
Program contributions	86,000,296	103,589,625	23,154,760	11,906,075	41,895,913
Program distributions	(54,452,707)	(107,110,718)	(10,598,472)	(15,864,256)	(34,002,002)
Distributions reinvested	-	-	-	-	-
Total increase (decrease) from participant transactions	31,547,589	(3,521,093)	12,556,288	(3,958,181)	7,893,911
Net increase (decrease) in net assets	33,380,347	(94,072,559)	9,223,983	(3,382,742)	10,659,504
Net assets, July 23, 2007	119,125,374	655,014,434	43,963,344	53,526,379	80,875,929
Net assets, June 30, 2008	\$ 152,505,721	\$ 560,941,875	\$ 53,187,327	\$ 50,143,637	\$ 91,535,433

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	Index Age-Based 0-6 years	Index Age-Based 7-9 Years	Index Age-Based 10-11 Years	Index Age-Based 12-14 Years	Index Age-Based 15-17 Years
<b>Operations</b>					
Revenues (expenditures)					
Investment earnings	\$ 583,006	\$ 338,592	\$ 230,589	\$ 337,545	\$ 269,074
Gain (loss) on sale of securities	95,524	(53,169)	(61,793)	(62,244)	(43,321)
Net change in fair value of investments	(3,986,669)	(1,547,729)	(762,943)	(920,324)	(405,957)
Interest expense	-	(20)	(24)	(2)	-
Management fees	(30,922)	(15,462)	(9,784)	(13,321)	(9,521)
Distribution fees	-	-	-	-	-
State administrative fees	-	-	-	-	-
Insurance fees	-	-	-	-	-
Net investment earnings (loss)	(3,339,061)	(1,277,788)	(603,955)	(658,346)	(189,725)
Distributions to shareholders					
Net investment income	-	-	-	-	-
Total decrease in net assets from distributions	-	-	-	-	-
Participant transactions					
Program contributions	46,490,145	25,575,224	17,249,934	22,066,494	15,889,616
Program distributions	(4,618,655)	(4,263,902)	(4,306,876)	(3,516,727)	(2,546,801)
Distributions reinvested	-	-	-	-	-
Total increase (decrease) from participant transactions	41,871,490	21,311,322	12,943,058	18,549,767	13,342,815
Net increase (decrease) in net assets	38,532,429	20,033,534	12,339,103	17,891,421	13,153,090
Net assets, July 23, 2007	-	-	-	-	-
Net assets, June 30, 2008	<u>\$ 38,532,429</u>	<u>\$ 20,033,534</u>	<u>\$ 12,339,103</u>	<u>\$ 17,891,421</u>	<u>\$ 13,153,090</u>

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	Index Age-Based 18 Years	Index Static Equity	Index Static Balanced	Index Static Fixed Income	Total
<b>Operations</b>					
Revenues (expenditures)					
Investment earnings	\$ 129,202	\$ 859,071	\$ 236,861	\$ 248,697	\$ 20,846,620
Gain (loss) on sale of securities	(8,428)	219,517	(1,938)	3,527	(9,938,257)
Net change in fair value of investments	(80,341)	(7,216,595)	(714,871)	(63,835)	(218,731,693)
Interest expense	(5)	-	(10)	(45)	(5,471)
Management fees	(4,046)	(50,495)	(9,389)	(7,385)	(3,442,205)
Distribution fees	-	-	-	-	(2,510,242)
State administrative fees	-	-	-	-	(660,879)
Insurance fees	-	-	-	-	(101,358)
Net investment earnings (loss)	36,382	(6,188,502)	(489,347)	180,959	(214,543,485)
Distributions to shareholders					
Net investment income	-	-	-	-	-
Total decrease in net assets from distributions	-	-	-	-	-
Participant transactions					
Program contributions	7,140,456	67,776,923	14,115,892	11,764,683	1,073,795,300
Program distributions	(1,125,441)	(1,599,424)	(712,147)	(1,328,817)	(765,124,248)
Distributions reinvested	-	-	-	-	-
Total increase (decrease) from participant transactions	6,015,015	66,177,499	13,403,745	10,435,866	308,671,052
Net increase (decrease) in net assets	6,051,397	59,988,997	12,914,398	10,616,825	94,127,567
Net assets, July 23, 2007	-	-	-	-	2,319,412,614
Net assets, June 30, 2008	\$ 6,051,397	\$ 59,988,997	\$ 12,914,398	\$ 10,616,825	\$ 2,413,540,181

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	Portfolio One	Portfolio Two	Portfolio Three	Portfolio Four	Portfolio Five
Operations					
Revenues (expenditures)					
Investment earnings	\$ 5,525,565	\$ 5,251,662	\$ 4,025,358	\$ 6,563,247	\$ 6,950,274
Gain (loss) on sale of securities	27,613,582	10,133,269	5,773,941	5,990,892	2,241,682
Net change in fair value of investments	39,078,381	18,511,004	10,266,437	12,728,687	6,894,735
Insurance fees	-	-	-	-	-
Bank custodial fees	(1,066,731)	(679,887)	(440,658)	(714,530)	(740,656)
Net investment earnings	71,150,797	33,216,048	19,625,078	24,568,296	15,346,035
Participant transactions					
Program contributions	109,149,199	138,439,749	110,691,901	114,512,337	103,706,035
Program distributions	(115,407,303)	(97,474,976)	(86,262,537)	(85,313,436)	(66,909,880)
Total increase (decrease) from participant transactions	(6,258,104)	40,964,773	24,429,364	29,198,901	36,796,155
Net increase in net assets	64,892,693	74,180,821	44,054,442	53,767,197	52,142,190
Net assets, June 30, 2006	385,769,813	201,489,498	128,830,547	189,486,304	154,799,702
Net assets, June 30, 2007	\$ 450,662,506	\$ 275,670,319	\$ 172,884,989	\$ 243,253,501	\$ 206,941,892

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	<u>Portfolio Six</u>	<u>All Equity</u>	<u>Fixed Income</u>	<u>Principal Prot Inc</u>	<u>Balanced Option</u>
Operations					
Revenues (expenditures)					
Investment earnings	\$ 4,297,489	\$ 4,833,461	\$ 2,901,769	\$ 3,623,149	\$ 1,023,309
Gain (loss) on sale of securities	140,310	31,872,947	(248,121)	-	836,106
Net change in fair value of investments	1,402,901	63,152,854	383,718	-	1,627,748
Insurance fees	-	-	-	(99,110)	-
Bank custodial fees	(482,674)	(1,551,713)	(161,677)	(660,141)	(94,359)
Net investment earnings	5,358,026	98,307,549	2,875,689	2,863,898	3,392,804
Participant transactions					
Program contributions	72,485,765	109,419,335	12,490,056	29,408,207	21,220,692
Program distributions	(40,806,924)	(73,272,043)	(14,705,447)	(28,978,588)	(4,334,376)
Total increase (decrease) from participant transactions	31,678,841	36,147,292	(2,215,391)	429,619	16,886,316
Net increase in net assets	37,036,867	134,454,841	660,298	3,293,517	20,279,120
Net assets, June 30, 2006	79,082,650	509,767,917	53,436,095	77,269,837	23,179,693
Net assets, June 30, 2007	<u>\$ 116,119,517</u>	<u>\$ 644,222,758</u>	<u>\$ 54,096,393</u>	<u>\$ 80,563,354</u>	<u>\$ 43,458,813</u>

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	<u>Total</u>
Operations	
Revenues (expenditures)	
Investment earnings	\$ 44,995,283
Gain (loss) on sale of securities	84,354,608
Net change in fair value of investments	154,046,465
Insurance fees	(99,110)
Bank custodial fees	<u>(6,593,026)</u>
Net investment earnings	276,704,220
Participant transactions	
Program contributions	821,523,276
Program distributions	<u>(613,465,510)</u>
Total increase from participant transactions	208,057,766
Net increase in net assets	484,761,986
Net assets, June 30, 2006	<u>1,803,112,056</u>
Net assets, June 30, 2007	<u>\$ 2,287,874,042</u>

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	Adelante US Real Estate Securities 529 Portfolio	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
<b>Operations</b>						
Revenues (expenditures)						
Investment earnings	\$ 68	\$ 608,035	\$ 312,701	\$ 281,363	\$ 289,807	\$ 127,862
Gain (loss) on sale of securities	7	(10,594)	(25,105)	(243,413)	(34,987)	(569)
Net change in fair value of investments	(413)	(2,559,233)	(790,691)	(22,928)	(744,729)	(121,650)
12b-1 fees	(4)	(24,779)	(10,324)	(2,455)	(6,237)	(4,051)
Management fees	(7)	(44,495)	(17,807)	(4,500)	(8,834)	(6,605)
Net investment earnings (loss)	(349)	(2,031,066)	(531,226)	8,067	(504,980)	(5,013)
Distributions to shareholders						
Net investment income	-	-	-	-	-	-
Total decrease in net assets from distributions	-	-	-	-	-	-
Participant transactions						
Program contributions	6,382	5,975,749	1,999,999	1,218,560	752,568	2,120,692
Program distributions	(118)	(1,268,263)	(596,319)	(2,061,980)	(419,214)	(117,235)
Distributions reinvested	-	-	-	-	-	-
Total increase (decrease) from participant transactions	6,264	4,707,486	1,403,680	(843,420)	333,354	2,003,457
Net increase in net assets	5,915	2,676,420	872,454	(835,353)	(171,626)	1,998,444
Net assets, June 30, 2007	-	8,137,096	3,347,191	835,353	2,014,149	563,144
Net assets, June 30, 2008	\$ 5,915	\$ 10,813,516	\$ 4,219,645	\$ -	\$ 1,842,523	\$ 2,561,588

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	Ariel 529 Portfolio	Barclays Institutional Money Market 529 Portfolio	Calvert Income 529 Portfolio	Calvert Social Investment Equity 529 Portfolio	Delaware Small Cap Core 529 Portfolio	DFA U.S. Large Cap Value 529 Portfolio
<b>Operations</b>						
Revenues (expenditures)	\$ 306,911	\$ 333,302	\$ 363,213	\$ 71,728	\$ -	\$ 540,142
Investment earnings	(37,227)	-	(7,407)	2,433	119	(956,698)
Gain (loss) on sale of securities	(1,476,026)	-	(205,291)	(106,596)	(59,704)	(855,128)
Net change in fair value of investments	(8,492)	(25,322)	(13,439)	(3,712)	(1,131)	(19,707)
12b-1 fees	(15,557)	(37,193)	(22,876)	(6,023)	(1,660)	(38,379)
Management fees						
Net investment earnings (loss)	(1,230,391)	270,787	114,200	(42,170)	(62,376)	(1,329,770)
Distributions to shareholders						
Net investment income	-	(274,998)	-	-	-	-
Total decrease in net assets from distributions	-	(274,998)	-	-	-	-
Participant transactions						
Program contributions	1,938,997	10,302,778	2,814,416	992,015	2,260,073	4,519,781
Program distributions	(714,179)	(4,559,176)	(709,824)	(160,668)	(35,354)	(12,843,942)
Distributions reinvested	-	274,489	-	-	-	-
Total increase (decrease) from participant transactions	1,224,818	6,018,091	2,104,592	831,347	2,224,719	(8,324,161)
Net increase in net assets	(5,573)	6,013,880	2,218,792	789,177	2,162,343	(9,653,931)
Net assets, June 30, 2007	3,365,769	5,257,120	3,955,619	1,063,239	-	9,653,931
Net assets, June 30, 2008	<u>\$ 3,360,196</u>	<u>\$ 11,271,000</u>	<u>\$ 6,174,411</u>	<u>\$ 1,852,416</u>	<u>\$ 2,162,343</u>	<u>\$ -</u>



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	Earnest Partners Fixed Income 529 Portfolio	Eaton Vance Large-Cap Value 529 Portfolio	Female & Minority Owned Growth 529 Portfolio	Fidelity Advisor		Fidelity Advisor Small Cap 529 Portfolio	FMA Small Company 529 Portfolio
				Diversified International 529 Portfolio	870,878 \$		
<b>Operations</b>							
Revenues (expenditures)							
Investment earnings	\$ 65 \$	45,467 \$	28 \$	870,878 \$	63,396 \$	-	-
Gain (loss) on sale of securities	-	(2,403)	3	(698,679)	(26,691)	-	-
Net change in fair value of investments	(80)	(687,249)	(112)	(469,188)	(103,687)	(652)	(652)
12b-1 fees	(2)	(4,606)	(2)	(13,050)	(4,364)	(5)	(5)
Management fees	(5)	(8,433)	(5)	(24,468)	(6,526)	(8)	(8)
Net investment earnings (loss)	(22)	(657,224)	(88)	(334,507)	(77,872)	(665)	(665)
Distributions to shareholders							
Net investment income	-	-	-	-	-	-	-
Total decrease in net assets from distributions	-	-	-	-	-	-	-
Participant transactions							
Program contributions	3,466	12,161,338	3,466	3,271,899	989,871	12,813	12,813
Program distributions	-	(494,783)	-	(8,538,723)	(2,327,208)	-	-
Distributions reinvested	-	-	-	-	-	-	-
Total increase (decrease) from participant transactions	3,466	11,666,555	3,466	(5,266,824)	(1,337,337)	12,813	12,813
Net increase in net assets	3,444	11,009,331	3,378	(5,601,331)	(1,415,209)	12,148	12,148
Net assets, June 30, 2007	-	-	-	5,601,331	1,415,209	-	-
Net assets, June 30, 2008	<u>\$ 3,444</u>	<u>\$ 11,009,331</u>	<u>\$ 3,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,148</u>

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	Forward Hoover Small Cap Equity 529 Portfolio	Legg Mason U. S. Small Cap Value 529 Portfolio	NCM Capital Mid-Cap Growth 529 Portfolio	Northern Institutional Diversified Growth 529 Portfolio	Northern Institutional Equity Index 529 Portfolio	Northern Institutional Equity Index 529 Portfolio
Operations						
Revenues (expenditures)	\$ -	\$ 264,093	\$ -	\$ 156,877	\$ 402,269	\$ 539,428
Investment earnings	1	(764,935)	-	(4,486)	(3,844)	(17,208)
Gain (loss) on sale of securities	457	(126)	(483)	(488,645)	(1,002,302)	(942,338)
Net change in fair value of investments	(13)	(5,010)	(4)	(5,117)	(6,051)	(5,525)
12b-1 fees	(28)	(9,141)	(10)	(9,533)	(17,366)	(12,983)
Management fees						
Net investment earnings (loss)	417	(515,119)	(497)	(350,904)	(627,294)	(438,626)
Distributions to shareholders						
Net investment income	-	-	-	-	-	-
Total decrease in net assets from distributions	-	-	-	-	-	-
Participant transactions						
Program contributions	29,450	1,036,511	11,905	1,286,882	2,619,503	2,318,851
Program distributions	(30)	(2,946,428)	-	(162,763)	(236,024)	(302,890)
Distributions reinvested	-	-	-	-	-	-
Total increase (decrease) from participant transactions	29,420	(1,909,917)	11,905	1,124,119	2,383,479	2,015,961
Net increase in net assets	29,837	(2,425,036)	11,408	773,215	1,756,185	1,577,335
Net assets, June 30, 2007	-	2,425,036	-	1,699,433	2,930,095	2,110,108
Net assets, June 30, 2008	\$ 29,837	\$ -	\$ 11,408	\$ 2,472,648	\$ 4,686,280	\$ 3,687,443

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	Northern Institutional Small Company Index 529 Portfolio	Northern Small Cap Value 529 Portfolio	Oppenheimer International Growth 529 Portfolio	Payden Market Return 529 Portfolio	Payden US Growth Leaders 529 Portfolio	Pimco Low Duration 529 Portfolio
<b>Operations</b>						
Revenues (expenditures)	\$ 9,321	\$ -	\$ -	\$ 64	\$ -	\$ 128,632
Investment earnings	(1,428)	895	(1,254)	-	-	3,284
Gain (loss) on sale of securities	(152,467)	(139,445)	(541,278)	(612)	(1,952)	11,299
Net change in fair value of investments	(2,160)	(1,107)	(2,994)	(5)	(10)	(3,674)
12b-1 fees	(3,641)	(2,060)	(5,707)	(7)	(19)	(11,037)
Management fees						
Net investment earnings (loss)	(150,375)	(141,717)	(551,233)	(560)	(1,981)	128,504
Distributions to shareholders						
Net investment income	-	-	-	-	-	-
Total decrease in net assets from distributions	-	-	-	-	-	-
Participant transactions						
Program contributions	919,601	2,868,719	8,081,008	10,696	27,978	1,836,366
Program distributions	(104,833)	(59,127)	(125,044)	-	-	(373,581)
Distributions reinvested	-	-	-	-	-	-
Total increase (decrease) from participant transactions	814,768	2,809,592	7,955,964	10,696	27,978	1,462,785
Net increase in net assets	664,393	2,667,875	7,404,731	10,136	25,997	1,591,289
Net assets, June 30, 2007	625,061	-	-	-	-	1,601,406
Net assets, June 30, 2008	<u>\$ 1,289,454</u>	<u>\$ 2,667,875</u>	<u>\$ 7,404,731</u>	<u>\$ 10,136</u>	<u>\$ 25,997</u>	<u>\$ 3,192,695</u>

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	Pimco Short-Term 529 Portfolio	Pimco Total Return 529 Portfolio	T.Rowe Price Extended Equity Market Index 529 Portfolio	T.Rowe Price Balanced 529 Portfolio	T.Rowe Price Equity Income 529 Portfolio	T.Rowe Price Institutional Large Cap Growth 529 Portfolio
<b>Operations</b>						
Revenues (expenditures)						
Investment earnings	\$ 73,004	\$ 414,182	\$ 168,337	\$ 498,312	\$ 522,450	\$ -
Gain (loss) on sale of securities	(1,257)	2,942	(7,928)	(21,152)	(11,355)	721
Net change in fair value of investments	(19,847)	182,451	(445,521)	(763,491)	(1,539,567)	(90,827)
12b-1 fees	(3,611)	(16,447)	(6,324)	(19,129)	(16,653)	(783)
Management fees	(6,727)	(32,657)	(11,042)	(22,568)	(23,214)	(1,496)
Net investment earnings (loss)	41,562	550,471	(302,478)	(328,028)	(1,068,339)	(92,385)
Distributions to shareholders	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Total decrease in net assets from distributions	-	-	-	-	-	-
Participant transactions						
Program contributions	1,048,387	5,068,886	1,272,841	2,952,013	3,496,264	2,166,604
Program distributions	(241,680)	(964,742)	(295,865)	(695,263)	(590,610)	(37,994)
Distributions reinvested	-	-	-	-	-	-
Total increase (decrease) from participant transactions	806,707	4,104,144	976,976	2,256,750	2,905,654	2,128,610
Net increase in net assets	848,269	4,654,615	674,498	1,928,722	1,837,315	2,036,225
Net assets, June 30, 2007	986,443	5,106,897	2,013,513	3,929,880	4,077,778	-
Net assets, June 30, 2008	\$ 1,834,712	\$ 9,761,512	\$ 2,688,011	\$ 5,858,602	\$ 5,915,093	\$ 2,036,225

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	T.Rowe Price Real Estate 529 Portfolio	William Blair Small Cap Growth 529 Portfolio	Fixed Income Fund	Fund 10	Fund 20	Fund 40
<b>Operations</b>						
Revenues (expenditures)						
Investment earnings	\$ 161,048	\$ 253,684	\$ 61,463	\$ 293,173	\$ 748,594	\$ 1,680,822
Gain (loss) on sale of securities	(21,564)	(117,602)	230	(20,032)	(80,773)	(338,810)
Net change in fair value of investments	(618,105)	(1,270,926)	(8,272)	(131,823)	(554,308)	(2,169,236)
12b-1 fees	(6,554)	(7,900)	(5,816)	(24,941)	(54,349)	(102,919)
Management fees	(11,778)	(18,134)	(6,259)	(27,294)	(62,982)	(124,886)
Net investment earnings (loss)	(496,953)	(1,160,878)	41,346	89,083	(3,818)	(1,055,029)
Distributions to shareholders						
Net investment income	-	-	-	-	-	-
Total decrease in net assets from distributions	-	-	-	-	-	-
Participant transactions						
Program contributions	1,387,423	2,183,231	2,026,710	6,296,145	14,465,818	24,546,824
Program distributions	(429,253)	(1,145,154)	(655,078)	(2,006,049)	(4,663,881)	(8,314,039)
Distributions reinvested	-	-	-	-	-	-
Total increase (decrease) from participant transactions	958,170	1,038,077	1,371,632	4,290,096	9,801,937	16,232,785
Net increase in net assets	461,217	(122,801)	1,412,978	4,379,179	9,798,119	15,177,756
Net assets, June 30, 2007	2,352,867	3,763,954	867,866	4,107,068	9,371,221	20,034,626
Net assets, June 30, 2008	<u>\$ 2,814,084</u>	<u>\$ 3,641,153</u>	<u>\$ 2,280,844</u>	<u>\$ 8,486,247</u>	<u>\$ 19,169,340</u>	<u>\$ 35,212,382</u>

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	Fund 60	Fund 80	Fund 100	Total
Operations				
Revenues (expenditures)				
Investment earnings	\$ 3,123,706	\$ 4,740,017	\$ 3,608,964	\$ 22,063,406
Gain (loss) on sale of securities	(750,531)	(1,406,082)	(1,416,650)	(7,020,029)
Net change in fair value of investments	(5,651,662)	(11,336,446)	(10,719,756)	(46,598,585)
12b-1 fees	(166,014)	(218,723)	(157,972)	(981,487)
Management fees	(213,914)	(307,533)	(220,879)	(1,406,276)
Net investment earnings (loss)	(3,658,415)	(8,528,767)	(8,906,293)	(33,942,971)
Distributions to shareholders				
Net investment income	-	-	-	(274,998)
Total decrease in net assets from distributions	-	-	-	(274,998)
Participant transactions				
Program contributions	40,196,240	50,071,019	36,760,472	266,331,210
Program distributions	(11,399,147)	(13,517,998)	(8,693,459)	(92,807,918)
Distributions reinvested	-	-	-	274,489
Total increase (decrease) from participant transactions	28,797,093	36,553,021	28,067,013	173,797,781
Net increase in net assets	25,138,678	28,024,254	19,160,720	139,579,812
Net assets, June 30, 2007	33,557,485	52,642,390	38,285,795	237,698,073
Net assets, June 30, 2008	\$ 58,696,163	\$ 80,666,644	\$ 57,446,515	\$ 377,277,885

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	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	Ariel 529 Portfolio
<b>OPERATIONS</b>						
Revenues (expenditures)						
Investment earnings	\$ 231,537	\$ 107,301	\$ 27,192	\$ 77,219	\$ 1,789	\$ 88,562
Gain (loss) on sale of securities	1,599	5,086	(704)	314	288	3,621
Net change in fair value of investments	877,304	199,394	31,021	115,653	85,088	327,641
12b-1 fees	(10,104)	(5,478)	(1,184)	(3,648)	(793)	(4,941)
Management fees	(19,145)	(9,014)	(2,110)	(5,096)	(1,182)	(8,655)
Net investment earnings (loss)	1,081,191	297,289	54,215	184,442	85,190	406,228
<b>DISTRIBUTIONS TO PARTICIPANTS</b>						
Net investment income	-	-	-	-	-	-
Total decrease in net assets from distributions	-	-	-	-	-	-
<b>PARTICIPANT TRANSACTIONS</b>						
Program contributions	6,016,975	2,575,408	675,824	1,485,162	428,464	2,368,313
Program distributions	(204,673)	(167,260)	(91,833)	(73,665)	(16,099)	(180,606)
Distributions reinvested	-	-	-	-	-	-
Total increase from participant transactions	5,812,302	2,408,148	583,991	1,411,497	412,365	2,187,707
Net increase in net assets	6,893,493	2,705,437	638,206	1,595,939	497,555	2,593,935
Net assets, June 30, 2006	1,243,603	641,754	197,147	418,210	65,589	771,834
Net assets, June 30, 2007	\$ 8,137,096	\$ 3,347,191	\$ 835,353	\$ 2,014,149	\$ 563,144	\$ 3,365,769

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	Calvert Income 529 Portfolio	Calvert Social Investment Equity 529 Portfolio	DFA U.S. Large Cap Value 529 Portfolio	Fidelity Advisor Diversified International 529 Portfolio	Fidelity Advisor Small Cap 529 Portfolio	Legg Mason U.S. Small Cap Value 529 Portfolio
<b>OPERATIONS</b>						
Revenues (expenditures)						
Investment earnings	\$ 99,467	\$ 16,483	\$ 161,764	\$ 202,318	\$ 48,467	\$ 163,231
Gain (loss) on sale of securities	(335)	730	1,360	243	(140)	440
Net change in fair value of investments	(29,658)	42,877	833,066	478,514	108,103	8,285
12b-1 fees	(4,537)	(1,136)	(11,190)	(7,322)	(2,216)	(3,410)
Management fees	(8,251)	(2,303)	(24,037)	(14,255)	(3,318)	(6,151)
Net investment earnings (loss)	56,686	56,651	960,963	659,498	150,896	162,395
<b>DISTRIBUTIONS TO PARTICIPANTS</b>						
Net investment income	-	-	-	-	-	-
Total decrease in net assets from distributions	-	-	-	-	-	-
<b>PARTICIPANT TRANSACTIONS</b>						
Program contributions	3,694,857	918,355	7,103,982	4,015,310	1,121,918	1,918,922
Program distributions	(181,406)	(42,521)	(292,770)	(270,986)	(102,826)	(119,387)
Distributions reinvested	-	-	-	-	-	-
Total increase from participant transactions	3,513,451	875,834	6,811,212	3,744,324	1,019,092	1,799,535
Net increase in net assets	3,570,137	932,485	7,772,175	4,403,822	1,169,988	1,961,930
Net assets, June 30, 2006	385,482	130,754	1,881,756	1,197,509	245,221	463,106
Net assets, June 30, 2007	\$ 3,955,619	\$ 1,063,239	\$ 9,653,931	\$ 5,601,331	\$ 1,415,209	\$ 2,425,036



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	Northern Institutional Diversified Growth 529 Portfolio	Northern Institutional Equity Index 529 Portfolio	Northern Institutional Equity Index 529 Portfolio	Northern Institutional Small Company Index 529 Portfolio	Pimco Low Duration 529 Portfolio	Pimco Short-Term 529 Portfolio
<b>OPERATIONS</b>						
Revenues (expenditures)						
Investment earnings	\$ 56,462	\$ 78,953	\$ 113,178	\$ 1,488	\$ 46,133	\$ 36,025
Gain (loss) on sale of securities	(39)	199	178	574	(347)	(180)
Net change in fair value of investments	78,964	163,455	134,075	41,076	(14,922)	(3,935)
12b-1 fees	(1,997)	(1,960)	(1,721)	(890)	(1,568)	(1,262)
Management fees	(4,013)	(6,675)	(4,758)	(1,356)	(4,300)	(3,219)
Net investment earnings (loss)	129,377	233,972	240,952	40,892	25,016	27,429
<b>DISTRIBUTIONS TO PARTICIPANTS</b>						
Net investment income	-	-	-	-	-	-
Total decrease in net assets from distributions	-	-	-	-	-	-
<b>PARTICIPANT TRANSACTIONS</b>						
Program contributions	1,318,312	2,271,477	1,616,553	529,346	1,374,204	666,284
Program distributions	(66,319)	(28,957)	(30,058)	(10,613)	(82,956)	(111,125)
Distributions reinvested	-	-	-	-	-	-
Total increase from participant transactions	1,251,993	2,242,520	1,586,515	518,733	1,291,268	555,159
Net increase in net assets	1,381,370	2,476,492	1,827,467	559,625	1,316,284	582,588
Net assets, June 30, 2006	318,063	453,603	282,641	65,436	285,122	403,855
Net assets, June 30, 2007	\$ 1,699,433	\$ 2,930,095	\$ 2,110,108	\$ 625,061	\$ 1,601,406	\$ 986,443

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	Pinco Total Return 529 Portfolio	T. Rowe Price Extended Equity Market Index 529 Portfolio	T. Rowe Price Balanced 529 Portfolio	T. Rowe Price Equity Income 529 Portfolio	T. Rowe Price Real Estate 529 Portfolio	Barclays Institutional Money Market 529 Portfolio
<b>OPERATIONS</b>						
Revenues (expenditures)						
Investment earnings	\$ 166,575	\$ 15,688	\$ 105,702	\$ 110,111	\$ 82,754	\$ 169,920
Gain (loss) on sale of securities	(346)	1,457	6,343	3,981	373	-
Net change in fair value of investments	(83,180)	176,905	174,716	244,232	(143,654)	-
12b-1 fees	(6,945)	(2,759)	(8,048)	(6,651)	(3,392)	(9,567)
Management fees	(14,183)	(4,801)	(9,423)	(8,857)	(6,256)	(14,393)
Net investment earnings (loss)	61,921	186,490	269,290	342,816	(70,175)	145,960
<b>DISTRIBUTIONS TO PARTICIPANTS</b>						
Net investment income	-	-	-	-	-	(144,585)
Total decrease in net assets from distributions	-	-	-	-	-	(144,585)
<b>PARTICIPANT TRANSACTIONS</b>						
Program contributions	4,225,707	1,645,168	3,586,328	3,498,738	2,026,063	6,587,315
Program distributions	(458,901)	(100,071)	(392,247)	(203,695)	(58,688)	(2,269,134)
Distributions reinvested	-	-	-	-	-	135,637
Total increase from participant transactions	3,766,806	1,545,097	3,194,081	3,295,045	1,967,375	4,453,818
Net increase in net assets	3,828,727	1,731,587	3,463,371	3,637,861	1,897,200	4,455,193
Net assets, June 30, 2006	1,278,170	281,926	466,509	439,917	455,667	801,927
Net assets, June 30, 2007	\$ 5,106,897	\$ 2,013,513	\$ 3,929,880	\$ 4,077,778	\$ 2,352,867	\$ 5,257,120

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	William Blair Small Cap Growth 529 Portfolio	Fixed Income Fund	Fund 10	Fund 20	Fund 40	Fund 60
<b>OPERATIONS</b>						
Revenues (expenditures)						
Investment earnings	\$ 117,831	\$ 24,792	\$ 106,415	\$ 256,091	\$ 539,478	\$ 973,631
Gain (loss) on sale of securities	903	(332)	2,191	7,497	8,282	9,773
Net change in fair value of investments	276,442	(2,690)	12,345	73,115	395,582	1,232,287
12b-1 fees	(3,828)	(1,843)	(7,720)	(19,304)	(38,087)	(64,670)
Management fees	(9,779)	(2,168)	(9,263)	(22,316)	(46,413)	(82,654)
Net investment earnings (loss)	381,569	17,759	103,968	295,083	858,842	2,068,367
<b>DISTRIBUTIONS TO PARTICIPANTS</b>						
Net investment income	-	-	-	-	-	-
Total decrease in net assets from distributions	-	-	-	-	-	-
<b>PARTICIPANT TRANSACTIONS</b>						
Program contributions	2,661,218	1,009,440	4,220,880	8,825,570	18,556,524	31,155,209
Program distributions	(129,027)	(318,430)	(644,933)	(1,362,166)	(2,533,641)	(4,868,509)
Distributions reinvested	-	-	-	-	-	-
Total increase from participant transactions	2,532,191	691,010	3,575,947	7,463,404	16,022,883	26,286,700
Net increase in net assets	2,913,760	708,769	3,679,915	7,758,487	16,881,725	28,355,067
Net assets, June 30, 2006	850,194	159,097	427,153	1,612,734	3,152,901	5,202,418
Net assets, June 30, 2007	\$ 3,763,954	\$ 867,866	\$ 4,107,068	\$ 9,371,221	\$ 20,034,626	\$ 33,557,485

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	Fund 80	Fund 100	Total
<b>OPERATIONS</b>			
Revenues (expenditures)			
Investment earnings	\$ 1,550,932	\$ 1,077,151	\$ 6,854,660
Gain (loss) on sale of securities	14,062	9,283	76,354
Net change in fair value of investments	2,745,817	2,559,194	11,137,112
12b-1 fees	(92,331)	(65,901)	(396,403)
Management fees	(130,210)	(91,399)	(579,953)
Net investment earnings (loss)	4,088,270	3,488,328	17,091,770
<b>DISTRIBUTIONS TO PARTICIPANTS</b>			
Net investment income	-	-	(144,585)
Total decrease in net assets from distributions	-	-	(144,585)
<b>PARTICIPANT TRANSACTIONS</b>			
Program contributions	44,864,993	30,447,892	203,410,711
Program distributions	(4,559,846)	(1,973,359)	(21,946,665)
Distributions reinvested	-	-	133,637
Total increase from participant transactions	40,305,147	28,474,533	181,599,683
Net increase in net assets	44,393,417	31,962,861	198,546,868
Net assets, June 30, 2006	8,248,973	6,322,934	39,151,205
Net assets, June 30, 2007	\$ 52,642,390	\$ 38,285,795	\$ 237,698,073

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	<u>Illinois</u>	<u>Non - Illinois</u>	<u>Total</u>
2008			
Number of Participant Accounts	128,018	41,036	169,054
Assets	\$ 1,833,635,882	\$ 579,877,664	\$ 2,413,513,546
2007			
Number of Participant Accounts	106,234	38,464	144,698
Assets	\$ 1,712,534,254	\$ 575,323,468	\$ 2,287,857,722

Note: "Participant Accounts" is defined as the total number of investment portfolios.

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	<u>Illinois</u>	<u>Out of State</u>	<u>Total</u>
Number of Participant Accounts	33,449	1,410	34,859
Market Value	\$ 355,903,638	\$ 22,232,202	\$ 378,135,840
Number of Participant Accounts	19,956	617	20,573
Market Value	\$ 226,916,263	\$ 10,772,577	\$ 237,688,840

Notes:

There may be a difference between the Market Value presented above and the information presented in the statements. Two systems are used to calculate the information and each uses a different level of decimal rounding.

"Participant Accounts" is defined as the number of unique relationships between an account owner and a beneficiary.

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**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. 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.

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.

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Contributions to the Pool will be directed to one of nineteen portfolios (the "Portfolios"), each with a designated mix of investments. The determination of the investment parameters of each 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 Account Owners will vary from a few months to over 18 years.

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

The holdings of the Pool and the 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 Portfolio, specifying (as applicable) limits on asset and asset class exposures. While the investment parameters offered under the Pool are developed by the Treasurer, Account Owners bear the risk of investment results. Individual Account Owners 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 Account Owners. Each Account Owner should seek appropriate advice, as he or she deems necessary.

#### **IV. Investment Objectives**

The overall investment program for the Pool and, as applicable, the individual Portfolios provided to the Account Owners 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. A long-term competitive rate of return on investments through indexed fund portfolios that correspond to the applicable benchmarks shown in Section VII hereof.
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- C. An investment program flexible enough to meet the needs of Account Owners 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.

**V. 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 his 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, OppenheimerFunds, Inc. (the "*Manager*") for various investment management and related administrative services. Among the current responsibilities of the Manager is the implementation of the investment strategy outlined in this Policy and the rebalancing of the Portfolios when market movement and/or cash flows cause an asset class to be outside its policy allocation bands. The Treasurer's Office and the Manager 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 Portfolios, the Manager 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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**VI. Investment Parameters**

Contributions will be invested in one of nineteen Portfolios, each with a designated mix of investments that is appropriate for the investment objective of the Portfolio. Each Portfolio allocates assets in a combination of underlying investments 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 Portfolio will be established by the Treasurer and managed by the Manager. The Treasurer may adjust the weighting in stocks, bonds and cash in each Portfolio and may change the underlying investments within the Portfolios consistent with this Investment Policy Statement and its agreement with the Manager.

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

**Actively Managed Age Based Portfolios**

Underlying Investment Category	Benchmark	#1 Portfolio (0-6 yrs)	#2 Portfolio (7-9 yrs)	#3 Portfolio (10-11 yrs)	#4 Portfolio (12-14 yrs)	#5 Portfolio (15-17 yrs)	#6 Portfolio (18+ yrs)
Large Cap Equity	Russell 3000 Index	67.50%	52.50%	45.00%	37.50%	22.50%	7.50%
Small Cap Equity	Russell 2000 Index	9.00%	7.00%	6.00%	5.00%	3.00%	1.00%
International Equity	MSCI EAFE Index	13.50%	10.50%	9.00%	7.50%	4.50%	1.50%
Core Bond	LB Aggregate Bond Index	10.00%	17.50%	25.00%	25.00%	30.00%	20.00%
US Government	LB Government Bond Index	0%	12.50%	10.00%	15.00%	15.00%	15.00%
Short term bond	LB 1-3 Yr. Government Bond Index	0%	0%	5.00%	10.00%	15.00%	40.00%
Money Market	3-Month T-Bill	0%	0%	0%	0%	10.00%	15.00%

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**Index Age Based Portfolios**

Underlying Investment Category	Benchmark	#1 Portfolio (0-6 yrs)	#2 Portfolio (7-9 yrs)	#3 Portfolio (10-11 yrs)	#4 Portfolio (12-14 yrs)	#5 Portfolio (15-17 yrs)	#6 Portfolio (18+ yrs)
Large Cap Equity	Russell 3000 Index	67.50%	52.50%	45.00%	37.50%	22.50%	7.50%
Small Cap Equity	Russell 2000 Index	9.00%	7.00%	6.00%	5.00%	3.00%	1.00%
International Equity	MSCI EAFE Index	13.50%	10.50%	9.00%	7.50%	4.50%	1.50%
Core Bond	LB Aggregate Bond Index	10.00%	20.00%	30.00%	40.00%	50.00%	70.00%
US Government	LB Government Bond Index	0%	0%	0%	0%	0%	0%
Short term bond	LB 1-3 Yr. Government Bond Index	0%	0%	0%	0%	0%	0%
Money Market	3 Month T-Bill	0%	10.00%	10.00%	10.00%	20.00%	20.00%

**Active Fixed Income, Equity or Balanced Options**

Underlying Investment Category	Benchmark	Fixed Portfolio	Equity Portfolio	Balanced Portfolio
Large Cap Equity	Russell 3000 Index	0%	75%	37.50%
Small Cap Equity	Russell 2000 Index	0%	10%	5%
International Equity	MSCI EAFE Index	0%	15%	7.50%
Core Bond	LB Aggregate Bond Index	100%	0%	50%

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Underlying Investment Category	Benchmark	Fixed Portfolio	Equity Portfolio	Balanced Portfolio
US Government	LB Government Bond Index	0%	0%	0%
Short term bond	LB 1-3 Yr. Government Bond Index	0%	0%	0%
Money Market	3 Month T-Bill	0%	0%	0%

**Index Fixed Income, Equity or Balanced Options**

Underlying Investment Category	Benchmark	Fixed Portfolio	Equity Portfolio	Balanced Portfolio
Large Cap Equity	Russell 3000 Index	0%	75%	37.50%
Small Cap Equity	Russell 2000 Index	0%	10%	5%
International Equity	MSCI EAFE Index	0%	15%	7.50%
Core Bond	LB Aggregate Bond Index	80%	0%	40%
US Government	LB Government Bond Index	0%	0%	0%
Short term bond	LB 1-3 Yr. Government Bond Index	0%	0%	0%
Money Market	3 Month T-Bill	20%	0%	10%

Each active Portfolio'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 underlying investment is also expected to perform favorably relative to its peer group.

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To the extent that the assets of an Portfolio are invested in one or more underlying investments 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 an underlying investment's assets may not be entirely invested in the asset class in which such underlying investment has been placed.

**Principal Protection Income Option Portfolio**

The Principal Protection Income Option Portfolio is a separate 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 Portfolio may be invested in repurchase agreements, shares of a money market mutual fund, or other money market instruments and accounts to provide flexibility in meeting redemptions, expenses and the timing of new investments.

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**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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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.

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**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 his 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.



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**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

	Benchmark	#1 Portfolio (0-8 yrs)	#2 Portfolio (9-12 yrs)	#3 Portfolio (13-16 yrs)	#4 Portfolio (17-20 yrs)	#5 Portfolio (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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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%

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**Target Portfolios**

		Fund 100	Fund 80	Fund 60	Fund 40	Fund 20	Fund 10	Fixed Income
<b>Benchmark</b>								
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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**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:

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

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.



Crowe Horwath LLP  
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, 2008, and have issued our report thereon dated March 18, 2009. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Office of the Treasurer's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Office of the Treasurer's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

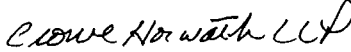
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### 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 Horwath LLP

Springfield, Illinois  
March 18, 2009