

TIAA-CREF ANNUAL REVIEW

UNIQUE ADVANTAGES



FINANCIAL SERVICES
FOR THE GREATER GOOD®

With more than \$405 billion in combined assets as of December 31, 2006, the TIAA-CREF group of companies is America's leading retirement system for people who work in the academic, research, medical and cultural fields. TIAA-CREF serves 3.2 million people at over 15,000 institutions.

In addition to retirement plans, the TIAA-CREF group of companies offers investment products that can help our clients achieve a full range of financial goals, from saving for retirement or a child's education, to protecting families with life insurance and helping provide for lifetime income.

MOHAWK AND CARBON NEUTRAL

This annual report is printed on FSC-certified Mohawk Beckett Expression Candlelight 80# text and cover, made carbon neutral within Mohawk's production processes by offsetting thermal manufacturing emissions with Verified Emission Reduction credits (VERs), and emissions from purchased electricity with Renewable Energy Credits (RECs) from Green-certified windpower projects.

Mohawk seeks to be at the forefront of environmentally sound manufacturing. Every day we look for better ways to reduce emissions, use clean energy, and protect the environment inside and outside our mills. In 2003 Mohawk became the first paper mill, and one of the first large-scale production facilities in the United States, to use non-polluting, renewable windpower for manufacturing. Today, Mohawk is a national leader in the use of wind energy, offsetting the emissions from 100% of its purchased electric power with RECs from windpower projects.

The carbon neutral logo is a trademark of Mohawk Fine Papers Inc.



To Our Clients:

We at TIAA-CREF are dedicated to the noble mission that Andrew Carnegie gave us in 1918: to advance the interests of academic, medical, research and cultural institutions and their employees on the best terms practical.

As we work to fulfill that mission in the 21st century, our strategic direction has been directly driven by the present and future requirements of those we serve in the non-profit community. Four years ago, we began a substantial transformation in response to your clearly expressed needs for a broader range of products, objective investment advice, improved long-term investment performance, and enhanced retirement planning tools and services. Today, we are well on our way to completing the initiatives that will enable us to deliver you those benefits and meet your needs more efficiently and effectively than ever.

Our goal is to deliver you a range of advantages unmatched by many of our competitors, none of whom share our non-profit heritage and commitment to serving those who serve the greater good. This review describes those unique advantages and highlights some recent milestones that we have achieved on your behalf. I hope you agree that TIAA-CREF is on the right course toward becoming the financial organization best qualified to meet your needs to and through retirement.

All of us at TIAA-CREF are privileged to serve you, and we thank you for your continued trust in us.

Sincerely,

Herbert M. Allison, Jr.
Chairman, President and
Chief Executive Officer, TIAA
President and
Chief Executive Officer, CREF

TIAA-CREF's Unique Advantages

For nearly 90 years, TIAA-CREF has been helping to meet the financial needs of institutions and individuals in the academic, medical, research and cultural fields. The new capabilities we have put in place over the past several years go beyond what is available from many other financial companies, none of whom share our non-profit heritage or unique dedication to the more than 15,000 institutions and 3.2 million individuals we serve.

ENHANCED PRODUCTS AND SERVICES

LONG-TERM INVESTMENT PERFORMANCE AND CHOICE

DEDICATED SERVICE TO THE NON-PROFIT COMMUNITY

EXCEPTIONAL VALUE

STAYING POWER

ENHANCED PRODUCTS AND SERVICES

TIAA-CREF has been evolving to deliver broader investment choices and a full range of products and services, along with objective advice and improved reliability. Our offerings help meet the needs of all participants, regardless of their levels of sophistication and interactions with us in planning their financial futures.

We offer a diversified lineup of funds and accounts that is responsive to both institutional and individual clients' needs. Choices include TIAA-CREF annuity accounts, mutual funds, and selected partner funds from companies such as T. Rowe Price, Vanguard, American Funds and Western Asset Management. Plan sponsors can incorporate the options they feel are best suited to their institutions and employees.

TIAA-CREF's offerings include a family of seven lifecycle funds with target maturity dates that enable investors to automatically achieve a sensible asset mix that changes over time as retirement approaches.

The expanded menus are supported by TIAA-CREF's objective, personalized advice service, based on financial models that take into account the unique needs of each investor. Advice is offered by individual consultants, who are available in person and by telephone, as well as via wealth management advisors.

TIAA-CREF Life Insurance Company continues to offer reliable and cost-effective life insurance coverage to our retirement plan participants and to the general public. In 2006, we launched our Intelligent Life series of Universal and Variable Universal life insurance policies that feature a simple and flexible design, free of hidden fees and surrender charges. Intelligent Life provides solutions for clients with a broad range of needs, including those seeking to buy term coverage and invest the difference in a single product, or those who want to upgrade from a pure term policy.

To provide convenient access to our products and services, we have revamped our online capabilities to offer participants expanded choices, account access and ease of use. We also have added telephone center consultants who are available to help meet clients' needs.

LONG-TERM INVESTMENT PERFORMANCE AND CHOICE

TIAA-CREF has a nearly 90-year track record of providing trusted financial services through our consistent, long-term investment approach. Recognition of our funds and accounts in several recent financial publications attests to our continued investment expertise.

In addition to competitive performance, TIAA-CREF features several unique investment offerings.

TIAA-CREF is one of America's largest institutional real estate investors, with a global portfolio of direct or indirect investment of \$67 billion. The TIAA Real Estate Account provides a unique opportunity for individuals to invest in physical real estate assets that offer return and risk characteristics that are usually available only to institutions and high-net-worth investors. Created in 1995, the account did not have a single negative quarter through 2006.

The CREF Stock Account is a variable annuity account that invests in a broadly diversified range of U.S. and foreign stocks using a variety of investment techniques. It is the world's largest equity fund for individual retail investors (based on total assets) and the world's first variable annuity.

Because so many of our clients seek to invest in a way that reflects their social values, TIAA-CREF has made a special commitment to building expertise and providing tools in this area. In addition to managing socially screened investment portfolios, we also pursue opportunities that serve both our clients' investment goals and the needs of communities.

TIAA-CREF has a long history of acting on behalf of our clients and working to strengthen shareholder rights at the companies in which we invest.

Please see the back pages of this review for more information on socially responsible investing and corporate governance.

DEDICATED SERVICE TO THE NON-PROFIT COMMUNITY

TIAA-CREF is the only financial organization focused solely on serving the academic, research, medical and cultural fields. TIAA-CREF's 50 offices around the country mean that our consultants are nearby to serve you. We also are adding to our network of telephone consultants, and assuring they have the training and knowledge to impart the information, service, advice and counseling you expect.

Part of our mission to help meet the financial needs of the individuals and institutions we serve is carried out through TIAA-CREF Tuition Financing Inc. (TFI), which helps prospective students and their families save for college. TFI remains one of the nation's largest providers of 529 College Savings Plans, offering tax-favored accounts supported by TIAA-CREF's investment management expertise. In March of 2007, savingforcollege.com awarded the TFI-managed Michigan Education Savings Program its highest "5-Cap" rating for state residents.*

We also look for opportunities to build expertise and resources in areas that are of particular interest to our institutional clients. For example, in recognition of the widespread desire among many of our clients for planned giving services, TIAA-CREF recently acquired Kaspick & Company to enhance our capabilities in this area. With more than \$3 billion in assets as of year-end 2006, Kaspick & Company is one of the nation's premier providers of planned giving services, with a sterling reputation, solid record of investment performance and strong client relationships built over 16 years.

*Savingforcollege.com rated 105 state 529 plans as of March 23, 2007, and awarded Michigan Education Savings Program its 5-Cap resident rating and a 4½-Cap non-resident rating. These ratings are not the result of a fixed formula. The "5-Cap Ratings" represent the opinion of the overall usefulness of a state's 529 plan based on the many factors that savingforcollege.com feels are important, including expenses and investment options.

EXCEPTIONAL VALUE

TIAA-CREF's non-profit structure enables us to provide quality products and services with expense levels that are among the lowest in the variable annuity and mutual fund industries, as measured by Morningstar Direct (February 2007) based on Morningstar expense comparisons by category. TIAA-CREF consultants receive no sales commission as part of their total compensation. Instead, they are compensated through a salary-plus-incentive program that rewards excellence in client service.

Any excess income generated by TIAA is returned to participants in the form of increased interest rates or is invested to strengthen the capital base that underpins our long-term pension products and other obligations.

STAYING POWER

TIAA-CREF's staying power is part of our commitment to your financial security to and through retirement. TIAA-CREF is one of the world's largest retirement systems, with over \$405 billion in combined assets under management as of December 31, 2006.

TIAA is one of only two insurance company groups to receive the highest financial ratings from all major rating agencies.**

Please see pages 9-13 for a closer look at our financial information.

** A.M. Best Co.: A++, 6/2007; Standard & Poor's: AAA, 6/2006; Fitch: AAA, 5/2007. Moody's Investors Service, Inc.: AAA, 5/2007. These ratings of TIAA as an insurance company do not apply to the TIAA Real Estate Account, to CREF or to the mutual funds.

ACHIEVEMENTS AND MILESTONES: 2006/2007

The performance of our funds and accounts is mentioned favorably in several recent financial publications. Performance information is available through our homepage at www.tiaa-cref.org.

Expenses on TIAA-CREF variable annuity accounts and mutual funds are reaffirmed as being among the lowest in the variable annuity and mutual fund industries by Morningstar Direct (February 2007) based on Morningstar expense comparisons by category.

TIAA-CREF mutual funds rank 7th overall in the 2006 Lipper/*Barron's* Mutual Fund Family Survey out of 67 fund families. The survey uses an asset-weighted ranking system. Each family's funds were weighted by asset size and the family's overall ranking was determined by weighting five fund categories in proportion to their overall importance within Lipper's fund universe. TIAA-CREF fund family rankings are based on total return among 67 funds and are for the one-year period ending December 31, 2006.*

Mid-Cap Value Index Fund wins Lipper Fund Award, based on its strong three-year risk-adjusted performance for the period ending December 31, 2006.

TIAA-CREF adds third telephone counseling center in Dallas, Texas.

Our website, tiaa-cref.org, is rated by Dalbar, an independent evaluator, as one of the two most improved in the financial industry.

TIAA-CREF opens offices in Baltimore, Cincinnati and Houston as well as a Financial Center in Midtown Manhattan.

* TIAA-CREF ranked 38th among 62 funds for the five-year period ending December 31, 2006; ten-year rankings are not available. The study includes only mutual fund performance and therefore does not reflect the performance of TIAA-CREF's annuity products or real estate portfolio. Past performance is no guarantee of future results. Equity returns have historically been higher than other asset classes, but carry considerable risk of principal. Mutual funds that invest in fixed-income securities are subject to interest rate, inflation and credit risk. Investments in foreign assets are subject to special risks, including currency fluctuation and political and economic instability. Real estate investments are subject to fluctuations in real estate prices and income.

ACHIEVEMENTS AND MILESTONES: 2006/2007

TIAA-CREF Portfolio Choice launches, enabling clients to consolidate assets in a professionally advised mutual fund portfolio.

Brokerage Services nears \$1 billion in new assets. The service offers access to the investment markets and a Cash Solutions Account.

TIAA Variable Annuity Real Estate Account becomes available in California.

Wealth Management Group exceeds \$4.5 billion in new and retained assets.

TIAA-CREF acquires planned giving provider Kaspick & Company.

TIAA-CREF Life Insurance Company introduces Intelligent Life series of insurance policies.

Global Microfinance Investment Program launches.

Community Bank Investment Program debuts.

Corporate Social Real Estate Program launches, with almost \$400 million in commitments.

TIAA is one of the first U.S. companies to voluntarily adopt and implement a policyholder advisory vote on executive compensation policy.

The California State Teachers' Retirement System (CalSTRS) selects TIAA-CREF as the sole investment provider for its supplemental retirement savings program. CalSTRS is the second largest public pension plan and the largest teachers' retirement fund in the nation.

Canada Pension Plan selects TIAA-CREF to manage \$500 million in real estate investments.

State of Michigan renews TIAA-CREF as manager of the Michigan Education Savings Program.

UNAUDITED FINANCIAL INFORMATION

In 2006, the TIAA-CREF companies' combined assets under management exceeded \$405 billion. Our assets under administration of \$8.5 billion more than doubled year-over-year.

The financial results for TIAA, CREF and other TIAA-CREF affiliated entities are monitored by their boards of trustees and management. The trustees work mainly through committees, which meet frequently to shape policy, oversee operations and propose actions to the full boards. The TIAA and CREF/Mutual Funds audit committees, which consist entirely of independent, non-management trustees, review matters relating to financial reporting, internal controls and auditing.

TIAA-CREF's internal audit personnel review controls and operations, and regularly report to the audit committees of the boards. In addition, each year an independent auditing firm audits the financial statements of TIAA, CREF and various other TIAA-CREF affiliated entities. Copies of the audited financial statements of TIAA, CREF and TIAA-CREF affiliated entities are available on our website (www.tiaa-cref.org) or upon request.

The following exhibits reflect separate and combined unaudited financial information for TIAA, CREF and the other TIAA-CREF affiliated entities. The TIAA and TIAA-CREF Life financial information is derived from financial statements prepared in accordance with the statutory basis of accounting, which is standard in the insurance industry. The financial information for other affiliated entities is derived from financial statements prepared in accordance with generally accepted accounting principles. TIAA's assets cannot be used to pay the obligations of CREF and the other TIAA-CREF affiliated entities, and conversely, CREF's and the other TIAA-CREF affiliated entities' assets cannot be used to pay any of TIAA's obligations.

Investment Performance

If you prefer, you can call us at **800 842-2252** to get recorded performance information. You will also find detailed annual audited financial statements and semiannual reports at http://www.tiaa-cref.org/about/governance/corporate/topics/annual_reports.html.

TIAA Crediting Rates

TIAA Traditional guarantees principal and a minimum interest rate with the opportunity for additional amounts in excess of the guaranteed rate. These additional credited amounts, when declared, remain in effect through the end of the "declaration year," which begins March 1.

UNAUDITED FINANCIAL INFORMATION

TIAA-CREF GROUP OF COMPANIES ASSETS UNDER MANAGEMENT & ADMINISTRATION

YEAR ENDED DECEMBER 31 (IN MILLIONS)

	2006	2005
ASSETS UNDER MANAGEMENT		
TIAA		
General Account	\$168,261	\$159,822
Stock Index Account	1,058	925
Real Estate Account	14,325	10,726
Total TIAA	183,644	171,473
CREF		
Stock Account	131,096	115,865
Money Market Account	9,571	7,406
Bond Account	6,395	5,797
Social Choice Account	8,733	7,794
Global Equities Account	15,674	12,101
Growth Account	11,985	12,129
Equity Index Account	11,283	9,877
Inflation-Linked Bond Account	3,744	4,000
Total CREF	198,481	174,969
Mutual Funds*	15,227	13,223
Other**	8,531	8,324
Total Assets Under Management	\$405,882	\$367,988
Assets Under Administration		
TIAA-CREF Trust Company	2,861	2,577
Other	5,695	549
Total Assets Under Administration	8,556	3,126
TOTAL ASSETS UNDER MANAGEMENT AND ADMINISTRATION	\$414,438	\$371,114

*Reflects the consolidation of assets included in the TIAA-CREF Institutional Mutual Funds, TIAA-CREF Mutual Funds and TIAA-CREF Life Funds.

**Includes TIAA-CREF Life, TIAA-CREF Trust Company, TIAA-CREF Tuition Financing, TIAA-CREF Asset Management, TIAA Financial Services, and consolidating adjustment that reflects the elimination of assets invested in affiliated entities.

UNAUDITED FINANCIAL INFORMATION

TIAA-CREF COMBINED* AND CONDENSED STATEMENTS OF OPERATIONS AND CHANGES IN TIAA CAPITAL, CONTINGENCY RESERVES AND ASSET VALUATION RESERVE

YEAR ENDED DECEMBER 31 (IN MILLIONS)

	2006	2005
INCOME:		
General Account Gross Investment Income	\$10,653	\$10,333
(Less) Income Credited to Participants	(7,849)	(7,540)
Insurance Revenue	366	359
Management Fees	1,119	902
Other Income	240	109
Margin Before Expenses	\$ 4,529	\$ 4,163
BENEFITS AND EXPENSES:		
Insurance Dividends and Changes in Annuity Dividend Liabilities	\$ 272	\$ 185
Insurance Benefit Payments	83	77
Increase (Decrease) in General Account Insurance Reserves	27	24
Operating and Investment Expenses	1,929	1,661
Total Benefits and Expenses	\$ 2,311	\$ 1,947
Income Before Taxes and Realized Net Capital Gains (Losses)	\$ 2,218	\$ 2,216
Provision for Income Taxes	(597)	526
Income After Taxes and Before Realized Net Capital Gains (Losses)	\$ 2,815	\$ 1,690
Realized Net Capital Gains (Losses)	638	188
Net Income	\$ 3,453	\$ 1,878
CHANGES IN TIAA CAPITAL, CONTINGENCY RESERVES AND ASSET VALUATION RESERVE:		
From Operations	\$ 3,453	\$ 1,878
Unrealized Net Capital Gains	378	475
Other, Net	16	(33)
Net Addition to TIAA Capital, Contingency Reserves and Asset Valuation Reserve	3,847	2,320
TIAA Capital, Contingency Reserves and Asset Valuation Reserve at Beginning of Year	16,241	13,921
TIAA Capital, Contingency Reserves and Asset Valuation Reserve at End of Year	\$20,088	\$16,241

*This statement reflects combined unaudited financial information for TIAA, CREF and the other TIAA-CREF affiliated companies. The TIAA and TIAA-CREF Life financial information is derived from financial statements prepared in accordance with the statutory basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). The financial information for the other companies is derived from financial statements prepared in accordance with GAAP. TIAA's assets cannot be used to pay the obligations of CREF and the other TIAA-CREF affiliated companies, and conversely, CREF's and the other TIAA-CREF affiliated companies' assets cannot be used to pay any of TIAA's obligations.

FINANCIAL STRENGTH

TIAA-CREF is fully committed to maintaining policyholder value through the careful stewardship of investments, a low expense structure and high-quality service, while maintaining overall financial strength. The following pages present financial milestones for the year ended December 31, 2006.

Assets and Income

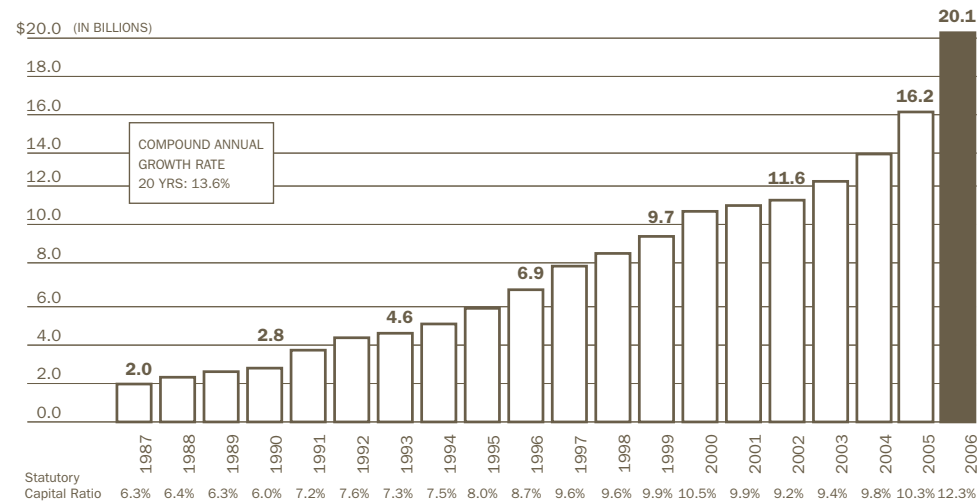
+ Assets under management exceeded \$405 billion, 10.3% higher than December 31, 2005.

The \$37.9 billion increase in assets under management for 2006 resulted from \$40.4 billion of net investment returns (after deducting \$1.9 billion of operating expenses), which is offset by \$2.5 billion of customer net outflows, including annuity payments. In addition, non-managed assets increased by \$5.5 billion to \$8.6 billion.

+ Income from combined operations before taxes and realized net capital gains (losses) was \$2.2 billion for 2006, consistent with \$2.2 billion in 2005.

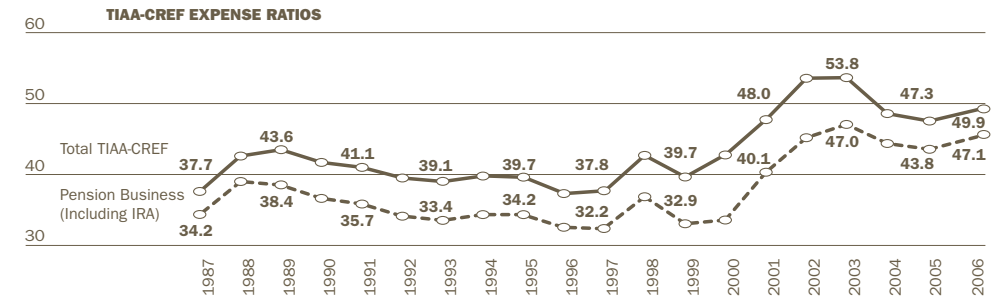
TIAA Capital, Contingency Reserves and Asset Valuation Reserve

The net addition to TIAA capital, contingency reserves and asset valuation reserve was \$3.8 billion during 2006, bringing the total to \$20.1 billion at year-end.

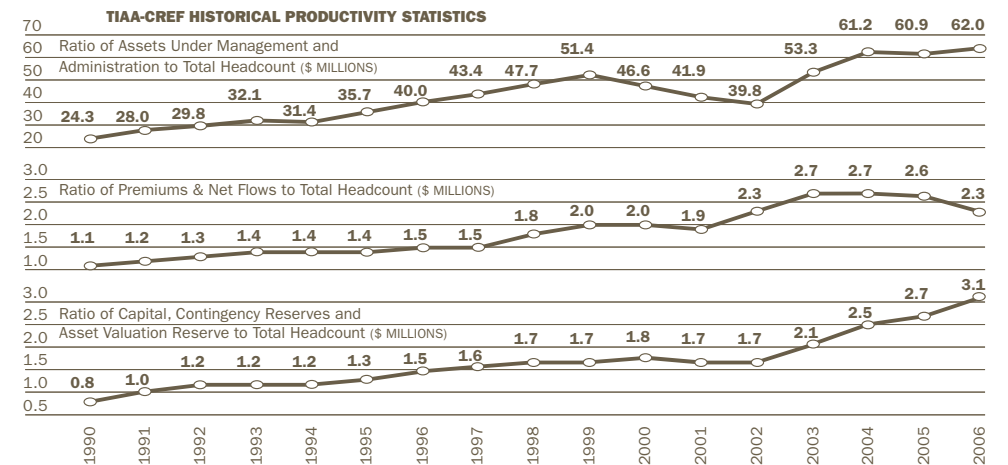


Expenses and Productivity

The 2006 total expense ratio for TIAA-CREF and Pension increased over prior years as we expanded our efforts to improve our product offerings; built our wealth management and advice services; and moved many of our clients to our new, more flexible recordkeeping platform. The total TIAA-CREF expense ratio at year-end was 49.9 basis points and the total Pension expense ratio was 47.1 basis points, compared to 47.3 basis points and 43.8 basis points for total TIAA-CREF and total Pension, respectively, in 2005. These expense ratios remain among the lowest in the industry.



Employee productivity remains at a high level, with the ratio of capital, contingency reserves and asset valuation reserve to headcount and the ratio of assets under management increasing to a record level, while premiums and net flows to headcount reflected a slight decrease. These productivity ratios are consistent with our planned headcount additions in our client service areas.



PRODUCTS

Retirement

SAVINGS OPTIONS:

Retirement Annuities
Tax-Deferred Annuities
Traditional IRAs
Roth IRAs
After-Tax Annuities

INCOME OPTIONS:

TIAA Traditional Annuity
Guaranteed Lifetime
Income*
Investment-Based Lifetime
Income
Cash Withdrawals
Systematic Payments
Interest-Only Payments
Minimum Distribution
Payments

College Savings

State-sponsored 529
College Savings Plans
Independent 529 Plan
(pre-paid 529 plan
sponsored by private
U.S. colleges)
Coverdell Education IRA

Financial Protection

Annual Renewable Term
Life Insurance
Level Term (10-, 15-, 20-, and
30-Year) Life Insurance
Intelligent Life: Universal and
Variable Universal Life
Survivorship Universal
Life Insurance

*Any guarantees under annuities
issued by TIAA are subject to
TIAA's claims-paying ability.

INVESTMENTS

Annuities

TIAA Traditional Annuity
CREF Variable Annuities
Equity Accounts
TIAA Real Estate Account
Social Choice Account
Money Market Account
Bond Account

Mutual Funds

Broad-based Equities
Targeted Equities
Indexed Equities
International Equities
Real Estate Securities
Social Choice
Short-, Medium-, Long-Term
Bonds
Inflation-Linked Bonds
Municipal Bonds
Money Market

Lifecycle Funds

Retirement Plan Partner Funds

Brokerage Accounts

SERVICES

Participant Services

Independent Advisory Service
Wealth Management
Telephone Counseling Services
Phone-based Transactions
Regional Offices
Financial Education Seminars
Individual Counseling Sessions
Administrator Consulting
Services
Web-based Planning Tools
Web-based Transactions

Institutional Services

Retirement Plan Management
and Administration
Defined Benefit Management
Endowment Management
Trust Services
Asset Management
Investment Product
Development
Services to Financial Planners

CONTACT INFORMATION

Website

www.tiaa-cref.org

Automated Telephone Service

800 842-2252
(always available)
for allocation changes,
transfers, publications,
account balances,
and performance

Text Telephone Service

800 842-2755
8 a.m. - 10 p.m. (ET) weekdays
and 9 a.m. - 6 p.m. (ET)
Saturdays for hearing
or speech impaired

Retirement Plans and Investments

800 842-2776
8 a.m. - 10 p.m. (ET)
weekdays and 9 a.m. - 6 p.m.
(ET) Saturdays to discuss
your account with
a phone consultant

After-Tax Annuities, Mutual Funds and Custodial Accounts ("UGMAS") Life Insurance Coverdell Education Savings Accounts

800 223-1200
8 a.m. - 10 p.m. (ET)
weekdays

State 529 College Savings Plans

888 381-8283
8 a.m. - 11 p.m. (ET) weekdays

Independent 529 Plan

888 718-7878
8 a.m. - 8 p.m. (ET) weekdays

Services for Financial Advisors

We now work with more than
3,200 advisors who have
clients with TIAA-CREF assets.
For more information, please
call us at **888 842-0318**,
8 a.m. - 6 p.m. (ET) weekdays.

Consider the investment objectives, risks, charges and expenses carefully before investing. Visit **www.tiaa-cref.org**, or call **877 518-9161** for a prospectus containing this and other information. Read the prospectus carefully before you invest.

TIAA-CREF Individual & Institutional Services, LLC (Services) and Teachers Personal Investors Services, Inc. (TPIS), members NASD, distribute securities products. Insurance and annuity products issued by TIAA (Teachers Insurance and Annuity Association), New York, NY and TIAA-CREF Life Insurance Company, New York, NY. TIAA-CREF Trust Company, FSB, provides trust services. Kaspick & Company, LLC, a member of the TIAA-CREF family of companies. Investment products are not FDIC insured; are not deposits or other obligations of TIAA-CREF Trust Company, FSB; are not guaranteed by TIAA-CREF Trust Company, FSB; and are subject to investment risks, including possible loss of principal invested. TIAA-CREF Tuition Financing Inc. (TFI) is the 529 college savings plan Program Manager. For information about state-sponsored college savings programs, call **888 381-8283** for program brochures. Please read them carefully before you invest. Principal and investment returns are not guaranteed or insured and will fluctuate. Brokerage Services are provided by TIAA-CREF Brokerage Services, a division of TIAA-CREF Individual & Institutional Services, LLC. Member NASD/SIPC. Advisory services are provided by Advice and Planning Services, a division of TIAA-CREF Individual & Institutional Services, LLC, a registered investment advisor.

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See reverse side for listing of Trustees and Executive Management Team.

CORPORATE GOVERNANCE

TIAA-CREF has a long history of acting on behalf of our participants to strengthen shareholder rights, both in the U.S. and overseas. Our actions in this area stem from a belief that promoting better corporate governance among our portfolio companies can help improve investment results over the long term.

TIAA-CREF's governance efforts encompass shareholder rights, board accountability and independence, executive compensation, takeover defenses, and social and environmental practices. In support of TIAA-CREF's global investments, we are seeking more meaningful international governance standards, fair treatment of foreign and minority shareholders, equal access to information, and corporate transparency. We don't want to micromanage, but we do want to be sure that boards are giving consideration to these critical issues, analyzing the strategic and economic questions they raise, and disclosing their policies fully to shareholders.

While TIAA-CREF has been an active participant in the public debate over policies and regulation, we have also engaged with portfolio companies privately when we perceive shortcomings in their governance or their performance. We often find "quiet diplomacy" to be more effective than public confrontation in producing change. For example, in 2006 we privately persuaded several portfolio companies to adopt bylaw amendments requiring majority voting of directors.

This year, we also revised our Policy Statement on Corporate Governance to clarify and update our positions asserting shareholder rights, board responsibilities, executive compensation, proxy voting and other issues. The Policy Statement can be found at www.tiaa-cref.org/about/governance.

The TIAA and TIAA-CREF Funds Code of Ethics for Senior Financial Officers can be found at the following two web sites, <http://www.tiaa-cref.org/prospectuses/index.html> and http://www.tiaa-cref.org/about/governance/corporate/topics/annual_reports.html.

SOCIALLY RESPONSIBLE INVESTING

TIAA-CREF's socially responsible investment activities include:

- + managing socially screened investment portfolios,
- + pursuing opportunities that serve both our clients' investment goals and the needs of communities, and
- + advocating for sound governance policies among our portfolio companies.

Our clients have told us they value socially screened funds and accounts as part of their asset mix. TIAA-CREF formed a Social and Community Investing Department in September 2006 to enhance our focus in the area of socially responsible investing and to oversee the screening methodology used by the TIAA-CREF Social Choice Equity Funds and the CREF Social Choice Variable Annuity Account, the nation's largest socially screened investment fund for individual investors, with nearly \$9 billion under management as of March 31, 2007.*

We also have sought to meet growing client interest in socially responsible investing through other vehicles available to institutional and individual investors. For example, in 2006 TIAA-CREF launched a Global Microfinance Investment Program with a \$43 million private equity placement in ProCredit Holding AG, a world leader in microfinance, which enables our clients to seek competitive returns through investments that promote human rights and economic development. In January 2007, TIAA-CREF placed \$22 million through multiple Certificates of Deposit with two ShoreBank subsidiaries. ShoreBank is America's first and largest community development bank and one of the few offering socially responsible accounts in which funds are earmarked for community redevelopment.

*Please note that the risk of socially screened investing is the possibility that an account whose social screens exclude some investments may not be able to take advantage of the same opportunities or market trends as accounts that do not use such criteria. Past performance is no guarantee of future results.

**2006-2007
OVERSEERS OF
TIAA AND CREF**

Herbert M. Allison, Jr.
Chairman, President and
Chief Executive Officer, TIAA
President and
Chief Executive Officer, CREF
(Participant since 2000)

William G. Bowen
President Emeritus
The Andrew W. Mellon Foundation
Founding Chairman
Ithaca Harbors, Inc.
(Participant since 1961)

**2006-2007
TRUSTEES OF TIAA**

Herbert M. Allison, Jr.
Chairman, President and
Chief Executive Officer, TIAA
President and
Chief Executive Officer, CREF
(Participant since 2000)

Elizabeth E. Bailey
John C. Hower
Professor of Public Policy
and Management
The Wharton School
University of Pennsylvania
(Participant since 1983)

Robert C. Clark
Harvard University
Distinguished Service Professor
Harvard Law School
Harvard University
(Participant since 1974)

Edward M. Hundert
Senior Lecturer in
Medical Ethics
Harvard Medical School
(Participant since 1988)

Stanley O. Ikenberry
Regent Professor and
President Emeritus
University of Illinois
(Participant since 1960)

Michael S. McPherson
President
The Spencer Foundation
(Participant since 1974)

Marjorie Fine Knowles
Professor of Law
College of Law
Georgia State University
(Participant since 1976)

Donald K. Peterson
Former Chairman and
Chief Executive Officer
Avaya Inc.
(Participant since 2004)

Sidney A. Ribeau
President
Bowling Green State University
(Participant since 1996)

Dorothy K. Robinson
Vice President and
General Counsel
Yale University
(Participant since 1981)

David L. Shedlarz
Vice Chairman
Pfizer Inc.
(Participant since 2007)

Leonard S. Simon
Former Vice Chairman
Charter One Financial Inc.
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*Also members of the TIAA-CREF Mutual Funds, the TIAA-CREF Institutional Mutual Funds, and TIAA-CREF Life Funds Boards, and the TIAA Separate Account VA-1 Management Committee.

Note: This listing of Trustees may change as a result of term expirations in July 2007.

