



January 17, 2008

As described in the enclosed prospectus supplements, the College Retirement Equities Fund (CREF) and the TIAA Real Estate Account (collectively, the “Accounts”) are revising their estimates of annual expense deductions because the actual expenses incurred or anticipated to be incurred from May 1, 2007 through April 30, 2008 are higher than the estimates in the Accounts’ prospectuses. You are receiving this letter because you invest in one or more of the Accounts.

On average, estimated expenses will increase by eight to ten basis points.¹ Please note that even with estimated expenses higher than originally projected, the fees TIAA-CREF charges for the Accounts will continue to rank in the lower half of financial industry expenses for mutual funds and variable annuities.² Net investment performance over the relevant period has been strong. Three-quarters of the Accounts have outperformed their Morningstar median over the past three years.³

The revised estimates reflect higher actual expenses for the following Accounts:

- CREF Stock Account
- CREF Global Equities Account
- CREF Growth Account
- CREF Equity Index Account
- CREF Bond Market Account
- CREF Inflation-Linked Bond Account
- CREF Social Choice Account
- CREF Money Market Account
- TIAA Real Estate Account

The higher estimated expenses apply only to the above Accounts and do not affect the TIAA-CREF Institutional Mutual Funds or other TIAA-CREF products.

The revised estimated expenses reflect, in part, TIAA-CREF’s ongoing investment to improve service to institutional and individual clients as the company continues its shift to a more flexible retirement plan recordkeeping system and upgrades its service infrastructure. The revised estimated expenses also reflect costs unanticipated at the time of the original estimate in the prospectuses, including expenses associated with operating two platforms to serve institutional retirement plans pending completion of plan conversions to the new platform and costs associated with processing delays and delays in realizing anticipated savings. Revised estimated expenses for the TIAA Real Estate Account also reflect higher personnel and infrastructure costs, including property asset management activities.

TIAA-CREF continues to take steps to offer you a wider range of financial products and services that broaden your investment choices and help you make sound financial decisions. These include funds from TIAA-CREF and other companies, as well as personalized investment advice for individuals. According to *Forbes* magazine, “the 3.2 million employees of colleges, hospitals and other not-for-profits whose retirement plans TIAA-CREF serves have access to the most extensive personalized workplace advice,” which we deliver via consultants who receive no sales commissions as part of their compensation.⁴ More than three-quarters of clients who have received TIAA-CREF’s retirement planning and advice consider it to be superior to what is offered by other companies.⁵

TIAA-CREF has taken steps to be available to participants with consultants on campuses, in 60 offices nationwide, and via phone centers and websites, which all work together to help enable our organization to increase our capability, flexibility and speed in meeting clients' needs. We are adding telephone consultants with the training to serve you better and revamping our websites to improve their ease of use. We have also invested in the opening of a new telephone counseling center in Dallas, Texas and improved call routing capabilities. And we continue to build on TIAA-CREF's record of providing financial security and to reinforce our organization's strong financial position. These and other investments have helped enable the organization to improve the quality of interactions with clients.

As described in the prospectuses, each valuation day expenses are deducted from each Account for investment management, administration and distribution services, which Teachers Insurance and Annuity Association of America (TIAA) or subsidiaries of TIAA perform for the Accounts "at cost" (i.e., without profit). After the end of every quarter, each Account reconciles the expenses deducted with the expenses actually incurred on behalf of the Account. If there is a difference, this amount is added or deducted from the Account in equal daily installments over the remaining days in the quarter. Historically, these adjusting payments have resulted in both downward and upward adjustments to the Accounts' expense deductions for the following quarter.

Please read the CREF and TIAA Real Estate Account prospectuses and the enclosed supplements to learn more about the Accounts' expenses and "at cost" expense structure. The prospectus supplement for the TIAA Real Estate Account also describes a recent change in the legal entity that provides certain administrative services on behalf of the Account that does not impact the "at cost" nature of such services.

¹ This is an annualized rate. A basis point equals one-hundredth of one percent. Thus, eight basis points equals eight one-hundredths or 0.08 percent.

² Morningstar Direct (2007) based on expense comparisons by category.

³ Morningstar Direct, December 31, 2007. For more complete information about TIAA-CREF's performance and rankings, visit our website at www.tiaa-cref.org/performance.

⁴ "Got to Have a Plan," *Forbes*, December 10, 2007. TIAA-CREF consultants are compensated through a salary plus incentive program that emphasizes client service excellence.

⁵ TIAA-CREF internal customer survey data, 2007.

All TIAA-CREF investment products are subject to market risk and other risk factors, including loss of principal, which can be found in each product's prospectus. Past performance is no guarantee of future results.

Investment products are not FDIC insured, may lose value and are not bank guaranteed. You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call 877 518-9161 or log on to www.tiaa-cref.org for a prospectus that contains this and other information. Please read the prospectus carefully before investing.

TIAA-CREF Individual & Institutional Services, LLC and Teachers Personal Investors Services, Inc., members FINRA, distribute securities products. Annuity products are issued by TIAA and CREF, New York, NY. Advice and Planning Services is a division of TIAA-CREF Individual & Institutional Services, LLC.

©2008 Teachers Insurance and Annuity Association—College Retirement Equities Fund (TIAA-CREF), New York, NY 10017