



Amy Muska O'Brien
Director of Social Investing

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Dear Neil,

Thank you for your April 4th letter. I am addressing your two main topics of concern in separate sections below.

Community Investing

We share the belief that some investments can have a “double bottom line” – both a social and financial return.

Over the coming months, we will take a number of steps that underscore our commitment to this aspect of socially responsible investing. This includes publishing the polling that was completed earlier this year of CREF Social Choice Account owners and general TIAA-CREF participants. The project included extensive input from many in the SRI community – including your organization – and explores participant attitudes and preferences for various SRI strategies as well as examines interest in products TIAA-CREF currently does not offer.

We have also spent the past year increasing our participation in leading SRI organizations exploring community investing options for TIAA-CREF that will enable us to invest managed assets in vehicles that impact society positively and achieve competitive financial returns. While we cannot disclose specifics prior to our public announcements, we plan to target competitive risk-adjusted returns where the investment opportunities have a strong social or economic development component that we believe will appeal to a very wide range of TIAA-CREF participants.

As we have investigated these areas, it is clear to us that many of the opportunities cannot easily be structured to fit within the parameters of the Social Choice Account. Therefore, at least initially, we plan to focus our community efforts with investments from the assets that back the TIAA Traditional fund. This structure allows for significant added investment flexibility that we know is important to the underlying recipients of this capital and not easily available within CREF Social Choice. Also, we believe these investments will appeal to the many investors in TIAA Traditional (including almost 70% of CREF Social Choice investors who also use TIAA Traditional). Going forward, we intend to pursue the development of new social and community investment options (and possible changes to CREF Social Choice

and TIAA-CREF Social Choice Equity) based on a broad range of business and social investment factors.

Shareholder Advocacy

We share the common goal of encouraging high corporate governance and social responsibility standards from the more than 4,500 companies that make up TIAA-CREF's equity investment portfolio.


During our February meeting, we outlined the process we use to develop issues, identify best practices, and engage with companies of concern. At that time we also stressed the role our independent Board of Trustees plays in guiding TIAA-CREF's efforts in this area. Based on the sheer size of our investments, we must prioritize our corporate engagement strategy and focus our efforts.

The ways in which TIAA-CREF chooses to undertake shareholder advocacy may differ – from time to time – from the approaches and tactics used by other groups and organizations. Our policy of using direct corporate engagement tactics over the last several decades has produced positive changes in corporate behavior. This continues to be the strategy our Trustees prefer and, at the same time, maximize the financial investments of the more than 3.2 million people who entrust us with their retirement savings.

Going forward, our new policy statement on investor responsibility - which we referenced in February and is awaiting final approval by our Trustees – will guide our future actions with respect to determining priorities and engaging our portfolio companies on both corporate governance and social responsibility concerns. We are also making plans to increase our capacity for aligning our corporate governance and social responsibility engagement approaches. While we are always open to meeting with organizations and groups to discuss their issues, we do not believe that the facilitating role you described in your letter is appropriate.

In closing, I appreciate the passion, expertise, and concern that you bring to these issues. TIAA-CREF is committed to an open and frank dialogue with you and other participants and clients on our strategies and priorities. While our approach may not always directly mirror your own preferences, I hope you will agree that TIAA-CREF's commitment to socially responsible investing is genuine.

Sincerely,



Amy Muska O'Brien

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