

Fund Objective and Investment Approach

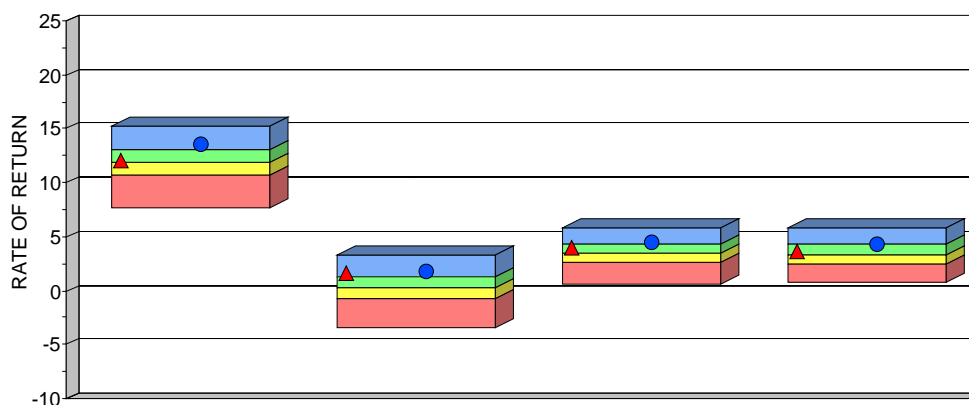
The CREF Social Choice Account strives to achieve favorable long-term performance results similar to the investment returns of the financial markets. The Account utilizes a benchmark-centric approach and maintains a portfolio of socially screened securities. The Account is a balanced strategy that typically invests approximately 47% of its assets in domestic stocks, 13% in foreign stocks and 40% in bonds and other fixed income securities. The Account primarily invests in companies screened by MSCI, Inc. (MSCI) to favor companies that meet or exceed specified environmental, social and governance (ESG) criteria. The evaluation process seeks companies that are strong stewards of the environment; devoted to serving local communities and society in general; committed to high labor standards; dedicated to producing high-quality, safe products; and managed in an ethical manner. While not automatically excluded from the Account, most companies involved in the alcohol, tobacco, gambling, firearms, military, and nuclear power industries are ineligible for inclusion in the MSCI ESG Indices due to their poor overall ESG performance.

Performance Commentary

The CREF Social Choice Account return of 11.97% for the twelve-month period ended December 31, 2010, lagged by 159 basis points its custom benchmark return of 13.56%. The Account underperformed its custom benchmark in the three-, five- and ten-year periods by 25, 63 and 58 basis points, respectively.

Fund Characteristics	CREF Social Choice Account	
Total Fund Assets	\$10.2 billion	
Target Allocation	Stocks	45-75%
	Bonds	30-50
Actual Allocation	Stocks	57.0%
	Bonds	35.5
	Short Term Investments/Other	7.5
Number of Holdings	2,256	
Stock Focus	Core	
Average Credit Quality	AA1/AA+	
Duration	4.86 years (option-adjusted)	
Turnover	47%	
Fees	0.41% Annually	
Portfolio Manager (tenure)	Jim Campagna (5 years)	

**CREF SOCIAL CHOICE ACCOUNT
QUARTILE RANKING BAR
MODERATE ALLOCATION UNIVERSE
PERIODS ENDING DECEMBER 31, 2010**



	1 Year	3 Years	5 Years	10 Years
HIGH (0.05)	15.32	3.22	5.78	5.86
FIRST QUARTILE	13.09	1.26	4.29	4.25
MEDIAN	11.91	0.28	3.49	3.34
THIRD QUARTILE	10.76	-0.76	2.65	2.45
LOW (0.95)	7.73	-3.45	0.63	0.83
MEAN	11.83	0.20	3.45	3.29
VALID COUNT	833	713	560	303

	1 Year		3 Years		5 Years		10 Years	
	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK
▲ CREF Social Choice Account	11.97	47	1.61	17	3.91	36	3.66	39
● Custom 60% DJ US TSM / 40% Aggr Bond	13.55	15	1.85	12	4.53	19	4.24	25

Historical Returns

	CREF Social Choice		60% DJ US TSM/40% Agg		Return Difference
	Return	Rank	Return	Rank	
2001	-4.8	54	-3.1	38	-1.7
2002	-9.2	25	-9.0	24	-0.2
2003	19.6	61	20.1	55	-0.6
2004	9.0	53	9.3	49	-0.2
2005	5.0	52	4.9	52	0.1
2006	10.2	78	11.1	58	-1.0
2007	4.8	67	6.3	46	-1.5
2008	-23.5	13	-22.2	8	-1.3
2009	22.4	61	19.6	81	2.8
2010	12.0	47	13.6	15	-1.6
Trailing 3-Year	1.6%	17	1.9%	12	-0.3
Trailing 5-Year	3.9	36	4.5	19	-0.6
Trailing 10-Year	3.7	39	4.2	25	-0.6

Assessment

The CREF Social Choice Account is a balanced product, utilizing a passive equity and largely passive fixed income socially screened approach. Underperformance is primarily due to fees. We recommend retention of this option.