

Fund Objective and Investment Approach

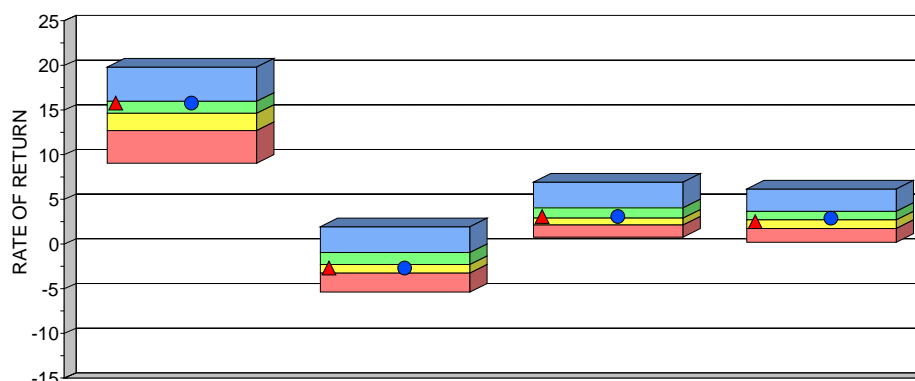
The CREF Stock Account seeks favorable long-term investment results through capital appreciation and investment income. The Account invests at least 80% of its assets in a broadly diversified portfolio of domestic and foreign equity securities by using a combination of three investment strategies: active management, enhanced indexing and pure indexing. The approach is designed to allow the Account to outperform its benchmark more than a pure index approach but remain closer to the benchmark than funds that use more active stock selection techniques. The Account may invest in companies of any market capitalization size or investment style (growth, blend or value) and will invest a small percentage of its foreign investments in emerging market securities. It also may invest in fixed income securities and money market instruments, including those traded on foreign exchanges, in other foreign securities markets or privately placed.

Performance Commentary

In calendar year 2010, the CREF Stock Account returned 15.75%, trailing the composite benchmark return of 15.82% by 7 basis points. The Account trailed by 7 and 42 basis points for the three- and ten-year periods, respectively, and outperformed by 5 basis points for the five-year period. The investment results are attributable to the combination of investment strategies employed by the Account.

Fund Characteristics	CREF Stock Account
Total Fund Assets	\$108.7 billion
Style Characteristics	Core
Capitalization Focus	Large
Level of Diversification	Diversified
Composition	U.S. Stocks 69.5% Non-U.S. Stocks 30.5
Market Risk (Beta)	1.01 (3-year)
Number of Holdings	9,405
Turnover	34%
Fees	0.44% Annually
Portfolio Manager (tenure)	Hans Erickson (15 years) William Riegel (11 years)

**CREF STOCK ACCOUNT
QUARTILE RANKING BAR
PSN LARGE CAP CORE
PERIODS ENDING DECEMBER 31, 2010**



	1 Year	3 Years	5 Years	10 Years
HIGH (0.05)	19.78	1.91	7.00	6.07
FIRST QUARTILE	15.94	-0.87	4.03	3.61
MEDIAN	14.56	-2.25	2.96	2.63
THIRD QUARTILE	12.70	-3.23	2.19	1.75
LOW (0.95)	9.10	-5.34	0.78	0.10
MEAN	14.44	-2.02	3.16	2.74
VALID COUNT	349	341	315	216

	1 Year		3 Years		5 Years		10 Years	
	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK
▲ CREF Stock Account	15.75	27	-2.68	61	3.14	43	2.48	54
● Custom 80% DJ US TSM/20% EAFE+Canada	15.82	26	-2.61	60	3.06	46	2.89	44

Historical Returns

	CREF Stock		80% DJ US TSM 20% EAFE + Canada		Return Difference
	Return	Rank	Return	Rank	
2001	-13.9	77	-13.1	68	-0.8
2002	-20.7	22	-19.8	17	-0.9
2003	32.0	8	33.2	5	-1.2
2004	13.0	12	14.0	7	-1.0
2005	7.5	22	8.0	17	-0.5
2006	17.2	7	17.7	5	-0.5
2007	8.0	29	7.0	40	1.0
2008	-39.7	92	-38.5	85	-1.2
2009	32.0	16	29.7	25	2.4
2010	15.8	27	15.8	26	-0.1
Trailing 3-Year	-2.7%	61	-2.6%	60	-0.1
Trailing 5-Year	3.1	43	3.1	46	0.1
Trailing 10-Year	2.5	54	2.9	44	-0.4

Assessment

The CREF Stock Account is a broadly diversified portfolio of domestic and foreign equity securities blending active, enhanced indexing and passive management. The approach has exhibited low tracking error over longer time periods. We recommend retention of this option.