

**Fund Objective and Investment Approach**

The TIAA-CREF Lifecycle Fund Series is a managed allocation strategy focused on high total return over time through a combination of capital appreciation and income. In addition, the TIAA-CREF Lifecycle Retirement Income Fund seeks high total return over time primarily through income, with a secondary emphasis on capital appreciation. Each of the lifecycle funds is designed to provide a single diversified portfolio that is adjusted annually to become more conservative as the target retirement date of the fund approaches. The target date is the approximate date when an investor expects to begin withdrawing money from the fund. The portfolio of each fund invests in multiple underlying stock and bond funds offered by TIAA-CREF Institutional Mutual Funds. The portfolios remain fully invested at all times.

The initial allocation of lifecycle fund portfolios is 90% equity and 10% fixed income. When the fund is within 25 years of its target retirement date, the glide path begins. At that time, the target allocation gradually becomes more conservative, with equity exposure decreasing by approximately 1.5% per year and fixed income exposure increasing by an offsetting percentage. When the target date of the fund is realized, the fund's allocation is 50% equity and 50% fixed income. The glide path continues after the target retirement date is reached, with equity exposure reduced by 1.0% annually until an allocation of 40% equity and 60% fixed income is attained ten years beyond the target retirement year. At that time, the target-maturity fund allocation and the Lifecycle Retirement Income Fund allocation are the same, and the two funds may be merged.

**Performance Commentary**

All ten of the TIAA-CREF lifecycle funds outperformed their composite benchmarks in 2010, with outperformance ranging from 42 basis points for the Lifecycle Retirement Income Fund to 115 basis points for the Lifecycle 2040 Fund. Outperformance was driven by the International Equity and Large Cap Value Funds, whereas the Large Cap Growth Fund detracted from performance. The High Yield and Short Term Bond Funds were slightly positive contributors to performance, as was the Bond Fund. Each of the lifecycle funds trailed their composite benchmarks for the three- and five-year periods as the underlying equity and fixed income funds lagged their designated benchmarks.

**Assessment**

The disciplined, structured approach to TIAA-CREF lifecycle fund investing accommodates the needs of a wide range of investors for an effective yet simple tool with which to meet retirement savings objectives. The funds are broadly diversified within and across asset classes. Portfolio risk characteristics are monitored relative to the time horizon of each fund's targeted retirement date. In 2009 and 2010, all of the TIAA-CREF lifecycle funds outperformed their composite benchmarks. In addition, Morningstar recently raised its rating on TIAA-CREF Lifecycle Funds from "average" to "above average". We recommend retention of the fund series.

**Fund Characteristics**  
As of December 31, 2010

	Lifecycle 2010 Fund	Lifecycle 2015 Fund	Lifecycle 2020 Fund	Lifecycle 2025 Fund	Lifecycle 2030 Fund
<b>Fund Assets</b>	\$585 million	\$754 million	\$884 million	\$839 million	\$811 million
<b>Current Asset Allocation</b>					
Equity	50.0%	58.0%	66.0%	74.0%	81.0%
Fixed Income	50.0	42.0	34.0	26.0	19.0
<b>Equity Funds</b>					
Enhanced Large Cap Growth Index Fund	8.1%	9.4%	10.9%	12.2%	13.4%
Enhanced Large Cap Value Index Fund	7.9	9.2	10.6	11.9	13.1
Large Cap Value Fund	6.2	6.0	8.0	8.9	9.9
Large Cap Growth Fund	6.1	7.0	7.9	8.9	9.9
International Equity Fund	5.9	6.7	7.6	8.6	9.4
Enhanced International Equity Index Fund	5.9	6.5	7.3	8.2	9.0
Growth & Income Fund	5.9	7.1	6.8	7.6	8.4
Small Cap Equity			4.0	4.4	4.9
Other Equity Funds	4.0	6.1	2.9	3.3	3.0
<b>Bond Funds</b>					
Bond Fund	34.4%	29.5%	23.4%	19.0%	12.3%
High Yield Fund				3.7	3.7
Short Term Bond Fund	5.9	4.0			
Inflation Linked Bond Fund	5.9	4.0			
Bond Plus Fund			3.4		
Other Fixed Income Funds	3.8	4.5	7.2	3.3	3.0
<b>Expense Ratio</b>	0.65%	0.67%	0.67%	0.69%	0.71%

	Lifecycle 2035 Fund	Lifecycle 2040 Fund	Lifecycle 2045 Fund	Lifecycle 2050 Fund	Retirement Income
<b>Fund Assets</b>	\$810 million	\$1.2 billion	\$130 million	\$66 million	\$80 million
<b>Current Asset Allocation</b>					
Equity	89.0%	90.0%	90.0%	90.0%	40.0%
Fixed Income	11.0	10.0	10.0	10.0	60.0
<b>Equity Funds</b>					
Enhanced Large Cap Growth Index Fund	14.6%	14.7%	13.3%	13.2%	6.2%
Enhanced Large Cap Value Index Fund	14.2	14.3	12.9	12.8	6.0
Large Cap Value Fund	11.0	11.1	11.9	11.9	5.2
Large Cap Growth Fund	11.0	11.1	12.0	12.1	5.2
International Equity Fund	10.2	10.3	9.9	10.0	4.6
Enhanced International Equity Index Fund	9.9	9.9	9.9	9.9	4.5
Growth & Income Fund	9.4	9.5	10.2	10.2	4.4
Small Cap Equity	5.4	5.4	5.4	5.9	
Other Equity Funds	3.3	3.7	4.5	4.0	3.9
<b>Bond Funds</b>					
Bond Fund	5.4%	5.1%	4.7%	5.3%	38.3%
High Yield Fund	3.6	3.6	3.3	4.0	
Short Term Bond Fund					9.8
Inflation Linked Bond Fund					9.8
Bond Plus Fund					
Other Fixed Income Funds	2.0	1.3	2.0	0.7	2.1
<b>Expense Ratio</b>	0.72%	0.72%	0.72%	0.71%	0.65%

**Return Summary**  
**Ending December 31, 2010**

	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>Since Inception</b>
<b>Lifecycle 2010 Fund</b>	11.5%	0.6%	3.8%	4.8%
<i>Custom Benchmark</i>	10.9	1.3	4.0	5.0
<b>Lifecycle 2015 Fund</b>	12.4	-0.1	3.6	4.8
<i>Custom Benchmark</i>	11.5	0.5	3.8	5.0
<b>Lifecycle 2020 Fund</b>	13.2	-1.0	3.2	4.6
<i>Custom Benchmark</i>	12.2	-0.2	3.4	4.8
<b>Lifecycle 2025 Fund</b>	13.9	-1.8	2.8	4.4
<i>Custom Benchmark</i>	12.9	-1.0	3.0	4.5
<b>Lifecycle 2030 Fund</b>	14.4	-2.8	2.4	4.2
<i>Custom Benchmark</i>	13.4	-1.9	2.6	4.3
<b>Lifecycle 2035 Fund</b>	15.0	-3.0	2.4	4.3
<i>Custom Benchmark</i>	14.0	-2.1	2.6	4.4
<b>Lifecycle 2040 Fund</b>	15.2	-2.9	2.7	4.7
<i>Custom Benchmark</i>	14.1	-2.1	2.8	4.7
<b>Lifecycle 2045 Fund</b>	15.1	-3.4	N/A	-3.4
<i>Custom Benchmark</i>	14.1	-2.1	N/A	-2.3
<b>Lifecycle 2050 Fund</b>	15.0	-3.5	N/A	-3.4
<i>Custom Benchmark</i>	14.1	-2.1	N/A	-2.3
<b>Lifecycle Retirement Inc</b>	10.4	1.9	N/A	1.9
<i>Custom Benchmark</i>	10.0	2.8	N/A	2.6