

2006 SEMIANNUAL REPORT

COLLEGE RETIREMENT EQUITIES FUND

JUNE 30, 2006

Financial statements (unaudited)
including summary portfolios of investments

Stock

Global Equities

Growth

Equity Index

Bond Market

Inflation-Linked Bond

Social Choice

Money Market

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FINANCIAL SERVICES
FOR THE GREATER GOOD®

PERFORMANCE OVERVIEW AS OF JUNE 30, 2006

	Inception date	Average annual compound rates of total return			
		1 year	5 years	10 years	Since inception
EQUITIES					
CREF Stock	8/1/1952	12.56%	4.47%	8.00%	10.47%
CREF Global Equities	5/1/1992	15.60	4.77	6.61	9.10
CREF Growth	4/29/1994	4.69	-2.41	4.16	7.39
CREF Equity Index	4/29/1994	9.14	3.12	8.23	10.57
EQUITIES & FIXED INCOME					
CREF Social Choice	3/1/1990	5.60	4.48	7.99	9.80
FIXED INCOME					
CREF Bond Market	3/1/1990	-0.98	4.87	6.07	7.02
CREF Inflation-Linked Bond	5/1/1997	-2.03	6.57	—	6.54
CREF Money Market*	4/1/1988	3.90	1.96	3.72	4.70

NET ANNUALIZED YIELD
(30-day period ended 6/30/2006)

NET ANNUALIZED YIELD
(7-day period ended 6/27/2006)

	Effective		Current	Effective
CREF Bond Market	5.07%	CREF Money Market*	4.64%	4.75%

*As with all the CREF variable annuity accounts, the funds you invest in the CREF Money Market Account are neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The current yield more closely reflects current earnings than does the total return.

The returns quoted represent past performance, which is no guarantee of future results. Returns and the principal value of your investment will fluctuate. Current performance may be higher or lower than that shown above, and you may have a gain or a loss when you redeem your accumulation units. For current performance information, including performance to the most recent month-end, please visit www.tiaa-cref.org, or call 800 842-2252.

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Understanding your CREF report

This report contains information about your CREF accounts and analyzes the accounts' results for the six-month period ended June 30, 2006. The report contains six main sections:

- **The performance overview** on the inside front cover shows the accounts' returns over a variety of time periods.
- **The letter from Scott Evans**, executive vice president and head of Asset Management, describes how CREF is evolving to serve you better.
- **The letter from Edward Grzybowski**, the chief investment officer of TIAA-CREF Investment Management, LLC, the accounts' investment adviser, explains how returns from various asset classes differed during the six-month period.
- **The account performance section** compares each account's return with the returns of that account's benchmark index and peer group. This section also provides information about risks and expenses.
- **The summary portfolios of investments** list the industries or types of securities in which each account had investments as of June 30, 2006 and the largest individual issues the account held on that date.
- **The financial statements** contain detailed information about the operations and financial condition of each account.

You can get current performance information at the end of every business day from our automated telephone service or from the TIAA-CREF website.

As always, you should carefully consider the investment objectives, risks, charges and expenses of any account before investing. Please visit our website at www.tiaa-cref.org, or call 877 518-9161, for a prospectus that contains this and other important information. We urge you to read it carefully before investing.

Keeping pace with your evolving needs

I am pleased to provide you with the 2006 CREF Semiannual Report, which will tell you how each of the CREF accounts performed during the first six months of 2006.

More than ever before, finding value in the global marketplace is a demanding task. To meet that challenge, we are increasing the size of our analyst team by 50% in order to give our research capacity a more global reach. We will continue to deploy all of our resources in a diligent, efficient and risk-controlled manner. Because we are committed to providing expert investment management while restraining expenses, we are obsessive about spending each dollar wisely.

As I focus my attention on leading Asset Management at TIAA-CREF, I am pleased to turn over investment policy responsibilities to Edward Grzybowski, who brings to his new position nearly two decades of experience at the company.

As the chief investment officer of TIAA-CREF Investment Management, the investment adviser for CREF, Ed is charged with building on our heritage of helping to provide financial security through disciplined, low-priced investment management.

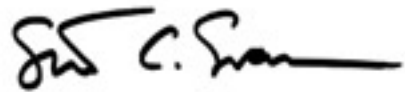
Ed and I will work with the Asset Management staff with one clear objective: to help maximize the ending balance in your accounts, while



Scott C. Evans
Executive Vice President

remaining conscious of risk. That is what our 3.2 million customers in the academic, medical, cultural and research fields expect from TIAA-CREF.

Whether you are decades away from retirement and are primarily seeking growth or are already enjoying retirement and are seeking to maximize your income, we can offer you choices intended to help build value and suit your personal goals.



Scott C. Evans
Executive Vice President

Report to CREF participants

Returns from U.S. stocks fluctuated widely during the first half of 2006, but their overall trend fit a pattern that has been in place since 2002. After underperforming foreign stocks for four consecutive calendar years, U.S. stocks continued to lag them in the first six months of 2006.

The Russell 3000® Index, which measures the broad U.S. market, returned 3.2% for the period, versus the 8.5% average annual return of the index over the decade that ended on June 30.

Boosted by a stronger euro and pound, the MSCI EAFE® Index, which tracks 21 stock markets outside North America, returned 10.2% in terms of U.S. dollars. The EAFE's average annual return for the 10-year period was 6.4% in dollar terms.

Bonds fall as interest rates rise

The Federal Reserve raised short-term interest rates four times during the six-month period, pushing yields on longer-term bonds higher. These rate hikes reduced the market value of the bonds already held by many investment portfolios. Income from interest on bond holdings offset some of that decline, but the Lehman Brothers U.S. Aggregate Index, which measures the investment-grade bond market in the United States, posted a 0.7% loss for the period.

Foreign holdings boost some returns

During the six-month period, returns varied widely among individual categories of stocks and bonds, and these diverging returns were reflected in the CREF accounts.

The Global Equities Account, which holds both foreign and domestic stocks, returned 4.7% for the period, helped by its foreign stock allocation. The account lagged its benchmark, however.

The Stock Account returned 4.3%. The account trailed its composite index, but its large foreign stock segment enabled the account to outperform the broad U.S. market.

The Growth Account's -3.2% return lagged that of its benchmark.

The Equity Index Account's 3.0% return kept it close to its benchmark, allowing for expenses, and outpaced the average return of similar variable annuities in the Morningstar Large Blend (VA) category.

The Social Choice Account returned 1.2%, lagging its composite index.

The Bond Market Account and the Inflation-Linked Bond Account were both affected by the decline in U.S. bond prices, and posted returns of -0.8% and -2.0%, respectively. Both accounts were in line with their benchmarks, after expenses.

The Money Market Account's 2.2% return was above the prevailing money market average.

Inflation-linked bonds decline

Participants may wonder why the Inflation-Linked Bond Account had a loss for the six-month period covered by this report, considering that the bonds in which the account invests are guaranteed by the federal government.

While the government guarantees both the interest payments and the eventual payback of principal of each inflation-linked bond it issues, the market value of individual bonds can go up or down each business day, in response to changes in interest rates and to other market conditions.

The returns from inflation-linked bonds come from two sources: changes in bond prices and interest income on the bonds. For the first half of 2006, inflation-linked bonds posted negative returns because rising interest rates resulted in a decline in bond prices. At the same time, interest income from the bonds increased, because it is linked to the Consumer Price Index. However, higher interest income was not enough to offset the decline in bond prices.

It is worth noting, however, that during the last five years the average annual return of inflation-linked bonds has been 7.0%—double the 3.5% average return of the broad U.S. stock market, as measured by the Russell 3000 Index.



*Edward J. Grzybowski
Chief Investment Officer
TIAA-CREF Investment Management, LLC*

Rebalancing and diversification: key parts of your investment strategy

Because the CREF accounts produced a wide range of returns in the twelve months ended June 30, your allocations among them may have changed significantly in percentage terms. You may want to check your accounts and rebalance them to keep your portfolio properly diversified. While diversification and rebalancing do not guarantee against loss or ensure that your investment objectives will be met, they may help lower risk and smooth out returns over time.

For more information about diversifying among the CREF accounts in a way that suits your needs, please visit our website or call us.

A handwritten signature in dark ink that reads "Edward J. Grzybowski". The signature is fluid and cursive, with a large initial "E" and "G".

Edward J. Grzybowski
Chief Investment Officer
TIAA-CREF Investment Management, LLC

More information for CREF participants

Portfolio listings

SEC rules intended to provide investors with more meaningful information about account performance allow investment companies to list the top holdings of each account in their annual and semiannual reports instead of providing complete portfolio listings as they did previously. Companies will continue to file complete listings with the SEC, and these will remain available to investors.

You can obtain a complete list of CREF's holdings (called "CREF Statements of Investments") as of the most recently completed fiscal quarter (currently for the period ended June 30, 2006) in the following ways:

- by visiting the TIAA-CREF website at www.tiaa-cref.org; or
- by calling TIAA-CREF at 800 842-2776 to request a copy, which will be provided free of charge.

You can also obtain a complete list of CREF's holdings as of the most recently completed fiscal quarter, and for prior quarter-ends, from the SEC. (Form N-CSR lists holdings as of December 31 or June 30; Form N-Q lists holdings as of March 31 or September 30.) Copies of these forms are available:

- through the Electronic Data Gathering and Retrieval System (EDGAR) on the SEC's website at www.sec.gov; or
- at the SEC's Public Reference Room. (Call 800 SEC-0330 for more information.)

Proxy voting

CREF's ownership of stock gives it the right to vote on proxy issues of companies in which it invests. A description of our proxy voting policies and procedures can be found at our website at www.tiaa-cref.org or on the SEC website at www.sec.gov. You can also call us at 800 842-2776 to request a free copy. A report of how the accounts voted during the most recently completed twelve-month period ended June 30 can be found at our website or at www.sec.gov.

Contacting TIAA-CREF

There are three easy ways to contact us: by email, using the Contact/Help link at the top of our homepage; by mail at TIAA-CREF, 730 Third Avenue, New York, NY 10017-3206; or by phone at 800 842-2776.

Account management

The CREF accounts are managed by the portfolio management teams of TIAA-CREF Investment Management, LLC. The members of these teams are responsible for the day-to-day operations of the accounts.

Special terms

Agency securities are bonds issued by U.S. government entities such as Fannie Mae.

Annuities are designed for retirement savings or for other long-term goals. They offer several payment options, including lifetime income. Payments from variable annuities are not guaranteed, and the payment amounts will rise or fall depending on investment returns.

Asset-backed securities are bonds backed by loans or by the outstanding amounts owed to a bank, credit card company or other lender.

Benchmarks (benchmark indexes) are groups of securities, such as the Russell 3000® Index or S&P 500® Index, whose performance can be used as a standard by which to judge the performance of an investment.*

Commercial paper refers to short-term debt obligations issued to investors by banks, corporations and other borrowers. Maturities range from 1 to 270 days.

Expense ratio is the amount that investors pay for the management of a variable annuity account. The amount is expressed as a percentage of the account's average net assets. Expense ratios do not include front-end or back-end sales charges, if any, or trading costs. See "Total return."

Inception date is the first date on which investors can invest in an account. The account begins to record investment performance on that date.

Market capitalization is the total value of a company's outstanding stock. It is calculated by multiplying the total number of a company's outstanding shares by the current market price per share.

Maturity date is the date on which the principal amount of a note, bond or other debt instrument becomes due or payable.

Mortgage-backed securities are bonds that represent an interest in a pool of mortgages usually issued by Ginnie Mae, Fannie Mae or other federal entities.

Overweight holding is a security held by an account. In terms of market capitalization, its percentage of the account is larger than that same security's percentage of the benchmark. See also "Underweight holding."

Peer groups are groupings of variable annuities with a similar objective whose performance can be compared with the performance of a single variable annuity.

Relative performance is the return of a variable annuity in relation to the return of its benchmark index.

Securities is a general name for stocks (also known as "equities"), bonds (also known as "fixed-income securities") or other investments.

Total return is the amount an investment provides to investors after expenses are deducted. Total return is expressed as a percentage. It includes any interest or dividends, as well as any change in the market value of the investment.

Underweight holding is a security held by an account. In terms of market capitalization, its percentage of the account is smaller than that same security's percentage of the benchmark. See also "Overweight holding."

* Russell 3000 is a trademark and service mark of the Frank Russell Company. TIAA-CREF products are not promoted or sponsored by, or affiliated with, the Frank Russell Company. S&P 500 is a registered trademark and service mark of the McGraw-Hill Companies, Inc.

Understanding investment risk

All investing involves an element of risk. For example, investors in U.S. Treasury bonds, which are generally considered among the safest of investments, face the risk that inflation will erode their principal and interest over time.

Some kinds of risk apply to all investments; other risks only apply to certain types of securities. For example, the price of any publicly traded security, such as a stock or bond, may decline in response to general market or economic conditions. This is referred to as “market risk.” An example of a risk that applies only to bonds is “credit risk”—the possibility that a company may be unable to repay the principal of its bonds or pay interest on them.

In general, accounts that invest in stocks are subject to market risk and company risk. Bond accounts are subject to market risk, company risk, interest-rate risk and credit risk. An account that operates in a limited area of either the stock or bond markets is subject to additional, special risks. For a full explanation of the accounts’ risks, please see the prospectus.

The glossary below describes the general risks outlined above, as well as the special risks described in the discussions of each account. We hope this information will help you make the investment choices best suited to your financial situation.

Company risk is the risk that the earnings prospects and overall financial position of the issuer of a security will deteriorate, causing a decline in the security’s value over short or extended periods of time.

Credit risk (a type of company risk) is the risk that a decline in a company’s overall financial soundness may make it unable to pay principal and interest on bonds when due.

Extension risk is the risk that the value of certain fixed-income securities will decline because principal payments have not been made as early as possible.

Foreign investment risks are the risks of investing in securities of foreign issuers, in securities or contracts traded on foreign exchanges or in foreign markets, or in securities or contracts payable in foreign currency. Foreign investing involves special risks, including erratic market conditions, economic and political instability, and fluctuations in currency exchange rates. These investment risks may be magnified in emerging markets.

Growth investing risks include the risk that, due to their relatively high valuations, growth stocks will be more volatile than value stocks. In addition, the value of growth stocks is generally a function of their expected earnings growth. If that growth fails to occur or to be sustained, share prices can be adversely affected.

Illiquid security risk is the risk that investments in illiquid securities may be difficult to sell for their fair market value.

Income volatility risk is the risk that the level of current income from a portfolio of fixed-income securities may decline in certain interest-rate environments.

Index risk is the risk that an account's performance will not match the performance of its benchmark index for any particular period of time. Although certain accounts attempt to closely track the investment performance of their indexes, they may not duplicate the composition of these indexes. In addition, an account's performance, unlike that of its index, is affected by investment and other operating expenses.

Interest-rate risk (a type of market risk) is the risk that bond prices or an account's income may decline if interest rates change.

Large-cap risk is the risk that, by focusing on investments in securities of larger companies, an account may have fewer opportunities to identify securities that the market misprices. In addition, larger companies may grow more slowly than the economy as a whole or not at all.

Market risk is the risk that the price of securities may decline in response to general market and economic conditions or events.

Prepayment risk is the risk that certain fixed-income securities that allow for the prepayment of principal will decline in value and that an account's income will decline as a result.

Reorganization risk is the risk that the stock of a company will lose value because the company is involved in a reorganization or some other special situation.

Risk of socially screened investing is the possibility that, because its social screens exclude some investments, an account will not be able to take advantage of the same opportunities or market trends as accounts that do not use such criteria.

Risks of inflation-indexed bonds include the possibility that market values of inflation-indexed bonds may be affected by changes in investors' inflation expectations or changes in "real" rates of interest (i.e., a security's return above the inflation rate). Also, the inflation index that a bond is intended to track may not accurately reflect the true rate of inflation. If the market perceives that an index does not accurately reflect inflation, the market value of inflation-indexed bonds could be adversely affected. In addition, an investment in an account that invests in inflation-indexed bonds is subject to certain special tax considerations.

Small-cap risk is the risk that the securities of smaller companies may experience steeper fluctuations in price than those of larger companies. These securities may also have to be sold at a discount from their current market prices or in small lots over an extended period.

Style risk is the risk that an account's style—whether growth-investing or value-investing—will pass out of favor in the marketplace for various periods of time.

As a participant in any of the CREF accounts, you incur only one of two potential types of costs.

- You incur no *transaction costs*, including sales charges (loads) on purchases, on reinvested dividends or on other distributions. There are also no redemption fees or exchange fees.
- However, you do incur *ongoing costs*, including investment advisory fees, administrative expenses, distribution (12b-1) fees, and mortality and expense risk charges.

The examples that appear on the performance pages are intended to help you understand your ongoing costs (in dollars) of investing in each account. The examples are also designed to help you compare these costs with the ongoing costs of investing in other variable annuity accounts and mutual funds.

The examples assume \$1,000 was invested on January 1, 2006, and held for six months until June 30, 2006.

Actual expenses

The first line in each table uses the account's actual expenses and its actual rate of return. You may use the information in this line, together with the amount you invested at the beginning of the period, to estimate the expenses that you paid over the six-month period.

Simply divide your beginning accumulation by \$1,000 (for example, an \$8,600 account value divided by

\$1,000 = 8.6), then multiply the result by the number in the first line under the heading "Expenses paid" to estimate the expenses you paid during the six-month period.

Hypothetical example for comparison purposes

The second line in the table shows hypothetical account values and hypothetical expenses based on the account's actual expense ratio for the six-month period and an assumed annual rate of return of 5% before expenses—which is not the account's actual return.

Do not use the hypothetical account values and hypothetical expenses to estimate the actual expenses you paid for the period. Instead, you can use this information to compare the ongoing costs of investing in an individual account with the ongoing costs of other variable annuity accounts and mutual funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other accounts or funds.

Performance in the six months ended June 30, 2006

The CREF Stock Account returned 4.33%, trailing the 4.66% return of its composite benchmark, a weighted average of the Russell 3000® Index, the MSCI EAFE®+Canada Index and the MSCI Emerging Markets IndexSM. The account's return substantially exceeded the 1.42% average return of similar accounts, as measured by the Morningstar Large Blend (VA) category, which tracked 3,879 variable annuities as of June 30, 2006.

Stocks suffer second-quarter slump

Lifted by a strong global economy and robust corporate earnings growth, both U.S. and foreign stocks posted healthy gains in the first quarter of 2006. The broad-based Russell 3000 Index climbed 5.31%, and the EAFE+Canada index, which measures stocks in developed foreign countries, rose 9.33%. The MSCI Emerging Markets Index, which measures stocks in 25 emerging nations, jumped 12.02%.

Stocks reversed course in the second quarter, however, in reaction to worldwide concerns about higher energy prices and tightening credit. The Russell 3000 fell 1.98%, giving back more than a third of its first-quarter gain, while the EAFE+Canada index returned a mere 0.67%. Emerging-market stocks suffered the sharpest reversal, declining 4.34% for the quarter.

Foreign stocks boost returns

By maintaining nearly a quarter of its total assets in foreign stocks, the account produced a return that was higher than the 3.23% gain of the broad U.S. stock market, as measured by the Russell 3000. However, the account lagged its composite benchmark primarily due to several stocks that did not perform as anticipated.

The largest detractors from relative performance included an overweight in medical-device maker Boston Scientific and positions in three nonbenchmark stocks that underperformed: Japanese industrial holding company Sojitz and two health care companies, HealthSouth and Israel's Teva Pharmaceutical. Teva was held as an American Depositary Receipt (a receipt for shares of a foreign stock traded on a U.S. exchange).

The negative effects of these holdings were partly offset by positive contributions from overweights in well-performing stocks such as Finnish energy company Fortum, French industrial giant Alstom and Italian car maker Fiat.

The MSCI Emerging Markets Index was added to the account's composite benchmark on May 1, 2006. For the six-month period, the account's small exposure to emerging markets did not materially affect its return.

Investment objective

This variable annuity account seeks a favorable long-term rate of return through capital appreciation and investment income by investing primarily in a broadly diversified portfolio of common stocks.

Special investment risks

In addition to the risks of any equity investment, the account is subject to special risks, including foreign investment risks and small-cap risk. For a further discussion of risk, please see page 8.

The account's benchmark

The account's composite benchmark is a weighted average of three indexes: the Russell 3000[®] Index, which measures the performance of the broad U.S. stock market; the MSCI EAFE[®]+Canada Index, which measures stocks in 22 developed nations outside the United States; and the MSCI Emerging Markets IndexSM, which measures stocks in 25 emerging-market nations. (You cannot invest directly in these indexes.) The composite benchmark's weightings are recalculated daily: on June 30, 2006, the U.S. segment was 77.8%, the foreign developed-markets segment 21.9% and the emerging-markets segment 0.3%.

Performance as of June 30, 2006

	Average annual compound rates of total return*			Cumulative rates of total return*		
	1 year	5 years	10 years	6 months	5 years	10 years
CREF Stock Account	12.56%	4.47%	8.00%	4.33%	24.45%	116.02%
<i>Benchmarks:</i>						
CREF Composite Benchmark	12.99	4.98	8.51	4.66	27.53	126.32
Russell 3000 Index ¹	9.56	3.52	8.52	3.23	18.92	126.60
MSCI EAFE+Canada Index ²	26.89	10.47	6.79	10.06	64.55	92.90
MSCI Emerging Markets Index ³	35.47	21.17	—	7.16	161.36	—
<i>Peer groups:</i>						
Morningstar Large Blend (VA)	7.46	1.00	6.01	1.42	5.10	79.25
Morningstar Foreign Large Blend (VA)	24.89	6.67	4.92	7.70	38.13	61.67

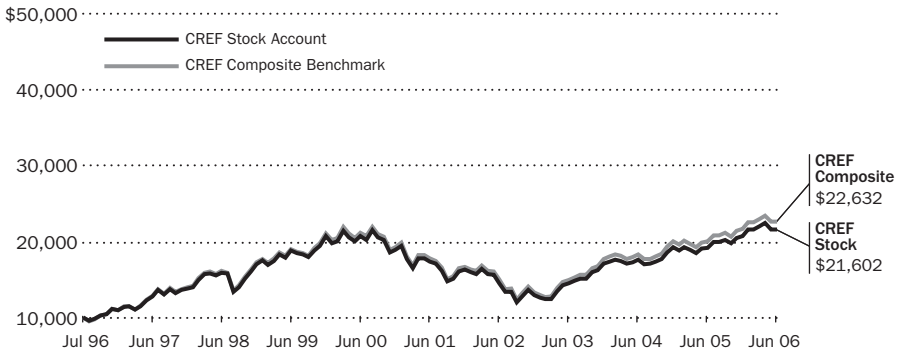
* The returns quoted represent past performance, which is no guarantee of future results. Returns and the principal value of your investment will fluctuate. Current performance may be higher or lower than that shown above, and you may have a gain or a loss when you redeem your accumulation units. For current performance information, including performance to the most recent month-end, please visit www.tiaa-cref.org, or call 800 842-2252.

¹ Russell 3000 is a trademark and service mark of the Frank Russell Company. TIAA-CREF products are not promoted or sponsored by, or affiliated with, the Frank Russell Company.

² From May 31, 2001 through May 31, 2002, MSCI published both a "standard" and a "provisional" version of this index while its composition was being revised. CREF used the provisional version from July 1, 2001 through May 31, 2002, and the returns shown above reflect this. EAFE is a trademark of Morgan Stanley Capital International, Inc.

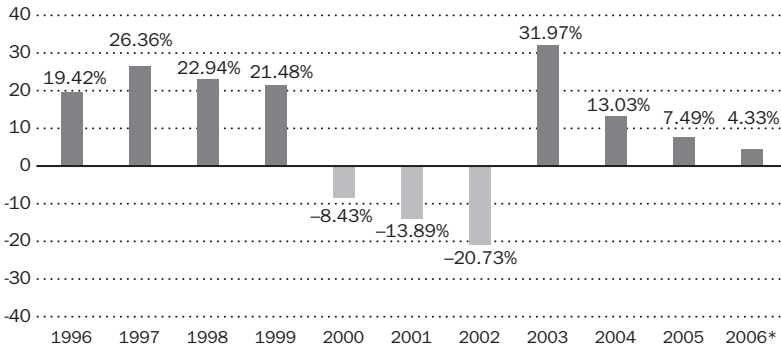
³ This index was added to the account's composite benchmark on May 1, 2006. MSCI Emerging Markets Index is a service mark of Morgan Stanley Capital International, Inc.

\$10,000 over 10 years



An investment of \$10,000 in this account on July 1, 1996, would have grown to \$21,602 over the next 10 years, including reinvestment of dividends and distributions. For the purpose of comparison, the graph also shows the change in the account's benchmark during the same period.

Calendar year total returns



Best quarter: 21.56%, for the quarter ended December 31, 1998
 Worst quarter: -17.44%, for the quarter ended September 30, 2002

* Partial year

Account expenses—six months ended June 30, 2006

The examples that appear below are intended to help you understand your ongoing costs (in dollars) of investing in the account. They are also designed to help you compare these costs with the ongoing costs of investing in other variable annuity accounts and mutual funds.

The examples assume \$1,000 was invested on January 1, 2006, and held for six months until June 30, 2006. Please see page 10 for a full description of the assumptions on which these examples are based and an explanation of how you can use this expense information.

CREF Stock Account expense example			
	Starting account value (1/1/06)	Ending account value (6/30/06)	Expenses paid [†] (1/1/06-6/30/06)
Actual return	\$1,000.00	\$ 979.87	\$2.43
5% annual hypothetical return	1,000.00	1,022.31	2.48

[†] "Expenses paid" is based on the account's actual expense ratio for the most recent fiscal half year. The account's annualized six-month expense ratio for that period was 0.49%. We estimate expenses for the coming year based on projected expenses, asset levels and other relevant factors. At the end of each quarter, we compare these projections with the account's actual experience and adjust the account's expenses upward or downward to reflect any difference. These adjustments are made in equal daily installments over the remaining days of the new quarter.

Portfolio breakdown by company size

Capitalization as of 6/30/2006	Percent of portfolio investments
Large: over \$5 billion	81.65
Middle: \$1 billion–\$5 billion	14.59
Small: under \$1 billion	3.76
Total	100.00

Account facts

Inception date	8/1/1952
Net assets (6/30/2006)	\$118.84 billion

Diversification among world markets

Holdings by country as of 6/30/2006	Percent of portfolio investments
United States	76.3
Japan	4.8
United Kingdom	4.2
France	2.4
Canada	1.8
Germany	1.7
Switzerland	1.7
44 other nations	6.4
Short-term investments	0.7
Total	100.0

Performance in the six months ended June 30, 2006

The CREF Global Equities Account returned 4.73% for the period, lagging the 6.06% return of its benchmark, the MSCI World IndexSM, but topping the 4.64% average return of similar accounts, as measured by the Morningstar World Stock (VA) category. The Morningstar category tracked 1,035 variable annuities as of June 30, 2006.

A weaker dollar amplifies gains

Global stocks posted strong returns in the first quarter of 2006, when the account's benchmark rose 6.60%. In the second quarter, higher interest rates and fears of inflation sent the index into negative territory.

A weaker dollar cushioned this second-quarter decline. In terms of local currencies, the index dropped 3.04%, but in dollar terms the loss was 0.51%. For the six months, the dollar's weakness versus the euro, pound and yen more than doubled the benchmark's gain, from 2.86% in local currencies to 6.06% in dollars.

European stocks drive the index

The benchmark's European segment jumped 13.58% in the period, fueled by healthy gains in France, Germany and the United Kingdom. The Pacific segment was up a modest 3.53%, and the North American segment, making up more than half of the benchmark's market capitalization, returned just 2.64%.

Stock selections detract from the account's returns

The account trailed its benchmark due to numerous stock selections that did not perform as expected. Among the largest detractors was Israel's Teva Pharmaceutical, a stock that was not in the benchmark. Teva was held as an American Depositary Receipt (a receipt for shares of a foreign stock traded on a U.S. exchange).

In Europe, returns were reduced by overweight positions in weak performers such as Dutch bank ABN AMRO and Swiss drug maker Serono. Positive contributions came from overweights that included German department store KarstadtQuelle and Finnish energy company Fortum.

In the Pacific segment, returns were hampered by overweights that included two Japanese companies, Aeon Credit Service and construction firm Taisei, and by a position in Korea Investment Holdings, a non-benchmark stock. However, returns were helped by other overweights such as Japanese pharmaceutical company Daiichi Sankyo.

In North America, overweights that included travel company Expedia and a position in HealthSouth, a nonbenchmark stock, lowered the account's performance. The negative effects of these holdings were partly offset by underweights in Intel and UnitedHealth Group, an HMO.

Investment objective

This variable annuity account seeks a favorable long-term rate of return through capital appreciation and income from a broadly diversified portfolio that consists primarily of foreign and domestic common stocks.

Special investment risks

In addition to the risks of any equity investment, the account is subject to special risks, including foreign investment risks and small-cap risk. For a further discussion of risk, please see page 8.

The account's benchmark

The Morgan Stanley Capital International (MSCI) World IndexSM is an aggregate of 23 country indexes in developed markets, including the United States. You cannot invest directly in this index.

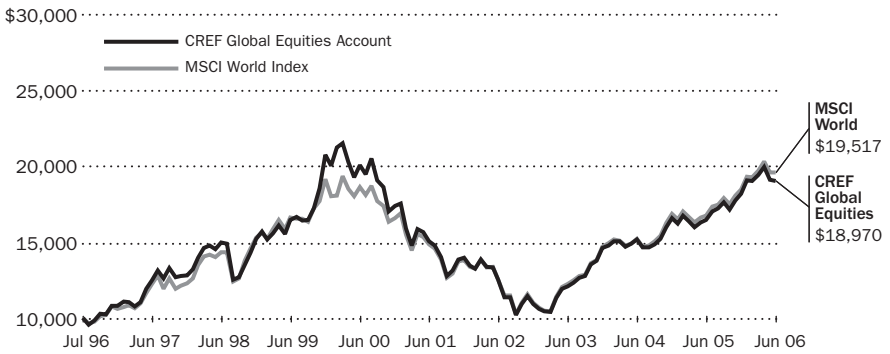
Performance as of June 30, 2006

	Average Annual Compound Rates of Total Return*			Cumulative Rates of Total Return*		
	1 year	5 years	10 years	6 months	5 years	10 years
CREF Global Equities Account	15.60%	4.77%	6.61%	4.73%	26.25%	89.70%
<i>Benchmark:</i>						
MSCI World Index ¹	16.93	5.69	6.91	6.06	31.87	95.17
<i>Peer group:</i>						
Morningstar World Stock (VA)	16.59	3.95	6.69	4.64	21.37	91.14

* The returns quoted represent past performance, which is no guarantee of future results. Returns and the principal value of your investment will fluctuate. Current performance may be higher or lower than that shown above, and you may have a gain or a loss when you redeem your accumulation units. For current performance information, including performance to the most recent month-end, please visit www.tiaa-cref.org, or call 800 842-2252.

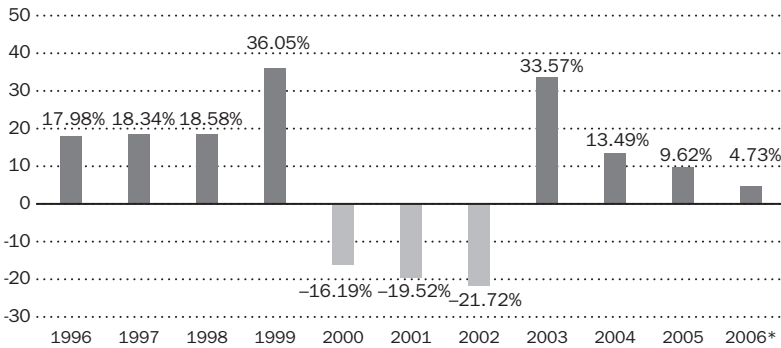
¹ From May 31, 2001 through May 31, 2002, MSCI published both a "standard" and a "provisional" version of this index while its composition was being revised. CREF used the provisional version from July 1, 2001 through May 31, 2002, and the returns shown above reflect this. MSCI World Index is a service mark of Morgan Stanley Capital International, Inc.

\$10,000 over 10 years



An investment of \$10,000 in this account on July 1, 1996, would have grown to \$18,970 over the next 10 years, including reinvestment of dividends and distributions. For the purpose of comparison, the graph also shows the change in the account's benchmark during the same period.

Calendar year total returns



Best quarter: 25.91%, for the quarter ended December 31, 1999

Worst quarter: -18.49%, for the quarter ended September 30, 2002

* Partial year

Account expenses—six months ended June 30, 2006

The examples that appear below are intended to help you understand your ongoing costs (in dollars) of investing in the account. They are also designed to help you compare these costs with the ongoing costs of investing in other variable annuity accounts and mutual funds.

The examples assume \$1,000 was invested on January 1, 2006, and held for six months until June 30, 2006. Please see page 10 for a full description of the assumptions on which these examples are based and an explanation of how you can use this expense information.

CREF Global Equities Account expense example			
	Starting account value (1/1/06)	Ending account value (6/30/06)	Expenses paid† (1/1/06-6/30/06)
Actual return	\$1,000.00	\$ 977.56	\$2.54
5% annual hypothetical return	1,000.00	1,022.19	2.60

† “Expenses paid” is based on the account’s actual expense ratio for the most recent fiscal half year. The account’s annualized six-month expense ratio for that period was 0.52%. We estimate expenses for the coming year based on projected expenses, asset levels and other relevant factors. At the end of each quarter, we compare these projections with the account’s actual experience and adjust the account’s expenses upward or downward to reflect any difference. These adjustments are made in equal daily installments over the remaining days of the new quarter.

Portfolio breakdown by company size

Capitalization as of 6/30/2006	Percent of portfolio investments
Large: over \$5 billion	86.36
Middle: \$1 billion–\$5 billion	12.27
Small: under \$1 billion	1.37
Total	100.00

Account facts

Inception date	5/1/1992
Net assets (6/30/2006)	\$13.44 billion

Diversification among world markets

Holdings by country as of 6/30/2006	Percent of portfolio investments
United States	47.2
Japan	10.8
United Kingdom	10.1
France	5.1
Germany	4.9
Switzerland	2.6
Netherlands	2.6
Spain	2.3
Canada	1.9
30 other nations	11.8
Short-term investments	0.7
Total	100.0

Performance in the six months ended June 30, 2006

The CREF Growth Account returned -3.17% for the period, underperforming the -0.93% return of the account's benchmark, the Russell 1000® Growth Index, and the -1.51% average return of similar variable annuities, as measured by the Morningstar Large Growth (VA) category, which tracked 4,688 variable annuities as of June 30, 2006.

Growth sharply lags value

A global stock rally helped lift large-cap growth stocks 3.09% in the first quarter. However, they declined 3.90% in the second quarter when a spike in the U.S. inflation rate rattled investors and caused a sell-off that hit technology stocks hardest. For the six-month period, large-cap growth stocks, as measured by the Russell 1000 Growth Index, trailed the 6.56% gain of the Russell 1000 Value Index and the 3.23% rise of the broad-market Russell 3000® Index.

For the ten years ended June 30, 2006, the gap between the average annual returns of large-cap growth and large-cap value stocks widened to almost five and one-half percentage points.

Largest sectors stifle returns

The decline in large-cap growth stocks for the six-month period was driven by losses in the benchmark's two largest sectors, technology and health care. Comprising more than

40% of the Russell 1000 Growth Index, these sectors fell 6.7% and 5.7%, respectively, and lagged all the other sectors of the benchmark. In contrast, the two largest sectors of the Russell 1000 Value Index, financials and utilities, advanced 4.4% and 9.4%, respectively.

Declining stocks lead to losses

Overweight positions in several stocks that did not perform as anticipated explain much of the account's underperformance. The stocks included St. Jude Medical, the largest detractor, as well as eBay and software maker Adobe Systems. A position in Israel's Teva Pharmaceutical, a stock not included in the benchmark, also hurt performance. Teva was held as an American Depositary Receipt (a receipt for shares of a foreign stock traded on a U.S. exchange).

These declines were partly offset by the positive effects of underweights such as chip maker Intel and UnitedHealth Group, an HMO. A position in oil field services provider Schlumberger Limited, a stock not held in the benchmark, and an overweight in computer company Network Appliance also added value.

On June 30, 2006, foreign securities made up 4.69% of the account's total portfolio investments. Many of these securities were held as American Depositary Receipts.

Investment objective

This variable annuity account seeks a favorable long-term rate of return, mainly through capital appreciation, primarily from a diversified portfolio of common stocks that present the opportunity for exceptional growth.

Special investment risks

In addition to the risks of any equity investment, the account is subject to special risks, including large-cap risk, growth investing risks, style risk, small-cap risk, reorganization risk and foreign investment risks. For a further discussion of risk, please see page 8.

The account's benchmark

The Russell 1000® Growth Index is a subset of the Russell 1000 Index, which measures the performance of the stocks of the 1,000 largest companies in the Russell 3000® Index, based on market capitalization. The Russell 1000 Growth Index measures the performance of those stocks of the Russell 1000 with higher price-to-book ratios and higher relative forecasted growth rates. You cannot invest directly in these indexes.

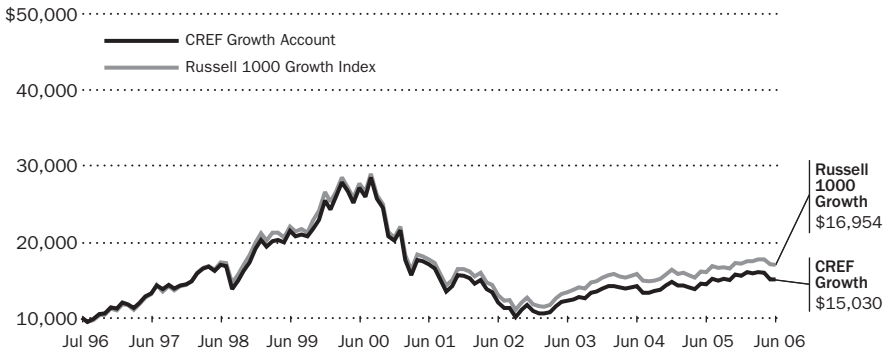
Performance as of June 30, 2006

	Average Annual Compound Rates of Total Return*			Cumulative Rates of Total Return*		
	1 year	5 years	10 years	6 months	5 years	10 years
CREF Growth Account	4.69%	-2.41%	4.16%	-3.17%	-11.50%	50.30%
<i>Benchmark:</i>						
Russell 1000 Growth Index ¹	6.12	-0.76	5.42	-0.93	-3.75	69.54
<i>Peer group:</i>						
Morningstar Large Growth (VA)	6.88	-1.04	5.01	-1.51	-5.11	63.11

* The returns quoted represent past performance, which is no guarantee of future results. Returns and the principal value of your investment will fluctuate. Current performance may be higher or lower than that shown above, and you may have a gain or a loss when you redeem your accumulation units. For current performance information, including performance to the most recent month-end, please visit www.tiaa-cref.org, or call 800 842-2252.

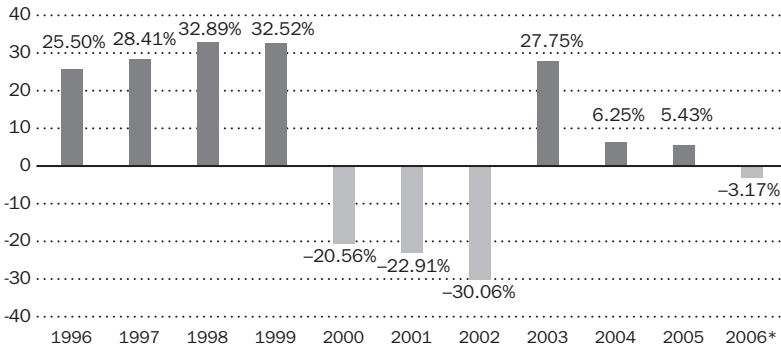
¹ Russell 1000 and Russell 3000 are trademarks and service marks of the Frank Russell Company. TIAA-CREF products are not promoted or sponsored by, or affiliated with, the Frank Russell Company.

\$10,000 over 10 years



An investment of \$10,000 in this account on July 1, 1996, would have grown to \$15,030 over the next 10 years, including reinvestment of dividends and distributions. For the purpose of comparison, the graph also shows the change in the account's benchmark during the same period.

Calendar year total returns



Best quarter: 28.72%, for the quarter ended December 31, 1998

Worst quarter: -22.63%, for the quarter ended March 31, 2001

* Partial year

Account expenses—six months ended June 30, 2006

The examples that appear below are intended to help you understand your ongoing costs (in dollars) of investing in the account. They are also designed to help you compare these costs with the ongoing costs of investing in other variable annuity accounts and mutual funds.

The examples assume \$1,000 was invested on January 1, 2006, and held for six months until June 30, 2006. Please see page 10 for a full description of the assumptions on which these examples are based and an explanation of how you can use this expense information.

CREF Growth Account expense example			
	Starting account value (1/1/06)	Ending account value (6/30/06)	Expenses paid [†] (1/1/06-6/30/06)
Actual return	\$1,000.00	\$ 939.21	\$2.49
5% annual hypothetical return	1,000.00	1,022.19	2.60

[†] “Expenses paid” is based on the account’s actual expense ratio for the most recent fiscal half year. The account’s annualized six-month expense ratio for that period was 0.52%. We estimate expenses for the coming year based on projected expenses, asset levels and other relevant factors. At the end of each quarter, we compare these projections with the account’s actual experience and adjust the account’s expenses upward or downward to reflect any difference. These adjustments are made in equal daily installments over the remaining days of the new quarter.

Portfolio breakdown by company size

Capitalization as of 6/30/2006	Percent of portfolio investments
Large: over \$5 billion	96.70
Middle: \$1 billion–\$5 billion	3.04
Small: under \$1 billion	0.26
Total	100.00

Account facts

Inception date	4/29/1994
Net assets (6/30/2006)	\$11.48 billion

Performance in the six months ended June 30, 2006

The CREF Equity Index Account returned 3.03% for the period, lagging the 3.23% return of its benchmark, the Russell 3000® Index, but outpacing the 1.42% average return of similar variable annuities, as measured by the Morningstar Large Blend (VA) category. The Morningstar category tracked 3,879 variable annuities as of June 30, 2006.

Second-quarter slide erodes gains

In response to a strong global economy and healthy corporate earnings growth, the broad U.S. stock market, as measured by the Russell 3000 Index, climbed 5.31% in the first quarter of 2006. Stocks reversed course in the second quarter; however, in reaction to rising interest rates and the threat of inflation. The Russell 3000 fell 1.98%, giving back more than a third of its first-quarter gain. For the six months, the Russell 3000 failed to keep pace with the 10.16% advance of foreign stocks, as measured by the MSCI EAFE® Index.

Technology and health care dampen returns

Nine of the benchmark's twelve sectors showed positive returns for the six months, and five sectors—utilities, autos and transportation, materials and processing, integrated oils, and “other energy”—produced double-digit gains. However, the

benchmark's overall return was trimmed by losses in technology and health care. These two sectors, which represented more than a quarter of the Russell 3000's market capitalization on June 30, 2006, fell 4% and 3.3%, respectively. Financials, the largest sector in the benchmark, rose 4.4%, while the second-largest, consumer discretionary, returned just 1%.

Two of the largest stocks post losses

Returns for the benchmark's five largest companies varied widely, reflecting the divergent performance of their industry sectors. In descending order according to cap size, these stocks performed as follows: ExxonMobil, 10.4%; General Electric, -4.5%; Citigroup, 1.5%; Bank of America, 6.5%; and Microsoft, -10.3%.

Returns for the Russell 3000 were boosted by the 8.21% return of small-cap stocks and the 4.84% return of mid caps. Together, small- and mid-cap stocks made up about one-third of the index on June 30, 2006. Large-cap stocks gained just 2.76%.

For the period, the account's return was comparable to that of the benchmark, minus the effects of expenses and of some cash holdings for liquidity. The account also had a risk profile similar to that of the benchmark.

Investment objective

This variable annuity account seeks a favorable long-term rate of return from a diversified portfolio selected to track the overall market for common stocks publicly traded in the United States, as represented by a broad stock market index.

Special investment risks

In addition to the risks of any equity investment, the account is subject to special risks, including index risk. For a further discussion of risk, please see page 8.

The account's benchmark

The Russell 3000[®] Index measures the performance of the stocks of the 3,000 largest publicly traded U.S. companies, based on market capitalization. This index measures the performance of about 98% of the total market capitalization of the publicly traded U.S. equity market. You cannot invest directly in this index.

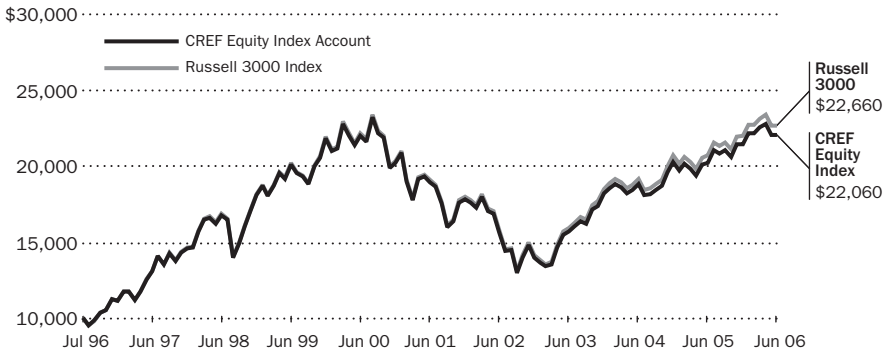
Performance as of June 30, 2006

	Average annual compound rates of total return*			Cumulative rates of total return*		
	1 year	5 years	10 years	6 months	5 years	10 years
CREF Equity Index Account	9.14%	3.12%	8.23%	3.03%	16.59%	120.60%
<i>Benchmark:</i> Russell 3000 Index ¹	9.56	3.52	8.52	3.23	18.92	126.60
<i>Peer group:</i> Morningstar Large Blend (VA)	7.46	1.00	6.01	1.42	5.10	79.25

* The returns quoted represent past performance, which is no guarantee of future results. Returns and the principal value of your investment will fluctuate. Current performance may be higher or lower than that shown above, and you may have a gain or a loss when you redeem your accumulation units. For current performance information, including performance to the most recent month-end, please visit www.tiaa-cref.org, or call 800 842-2252.

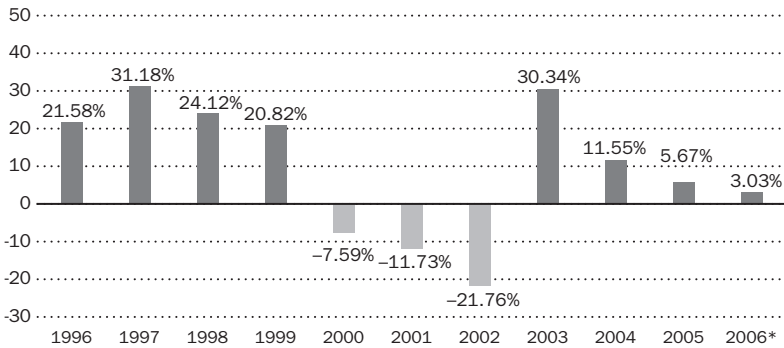
¹ Russell 3000 is a trademark and service mark of the Frank Russell Company. TIAA-CREF products are not promoted or sponsored by, or affiliated with, the Frank Russell Company.

\$10,000 over 10 years



An investment of \$10,000 in this account on July 1, 1996, would have grown to \$22,060 over the next 10 years, including reinvestment of dividends and distributions. For the purpose of comparison, the graph also shows the change in the account's benchmark during the same period.

Calendar year total returns



Best quarter: 21.38%, for the quarter ended December 31, 1998

Worst quarter: -17.24%, for the quarter ended September 30, 2002

* Partial year

Account expenses—six months ended June 30, 2006

The examples that appear below are intended to help you understand your ongoing costs (in dollars) of investing in the account. They are also designed to help you compare these costs with the ongoing costs of investing in other variable annuity accounts and mutual funds.

The examples assume \$1,000 was invested on January 1, 2006, and held for six months until June 30, 2006. Please see page 10 for a full description of the assumptions on which these examples are based and an explanation of how you can use this expense information.

CREF Equity Index Account expense example			
	Starting account value (1/1/06)	Ending account value (6/30/06)	Expenses paid [†] (1/1/06-6/30/06)
Actual return	\$1,000.00	\$ 977.09	\$2.11
5% annual hypothetical return	1,000.00	1,022.63	2.16

[†] “Expenses paid” is based on the account’s actual expense ratio for the most recent fiscal half year. The account’s annualized six-month expense ratio for that period was 0.43%. We estimate expenses for the coming year based on projected expenses, asset levels and other relevant factors. At the end of each quarter, we compare these projections with the account’s actual experience and adjust the account’s expenses upward or downward to reflect any difference. These adjustments are made in equal daily installments over the remaining days of the new quarter.

Portfolio breakdown by company size

Capitalization as of 6/30/2006	Percent of portfolio investments
Large: over \$5 billion	81.48
Middle: \$1 billion–\$5 billion	14.74
Small: under \$1 billion	3.78
Total	100.00

Account facts

Inception date	4/29/1994
Net assets (6/30/2006)	\$10.10 billion

Performance in the six months ended June 30, 2006

The CREF Bond Market Account returned -0.81% for the period, lagging the -0.72% return of its benchmark, the Lehman Brothers U.S. Aggregate Index. The average return of similar accounts was -1.25%, as measured by the Morningstar Intermediate-Term Bond (VA) category. The Morningstar category tracked 1,207 variable annuities as of June 30, 2006.

Short-term rates keep rising

On January 31, the Federal Reserve met for the final time under Alan Greenspan and continued its slow-but-steady tightening of credit, raising the federal funds rate (the rate that banks charge one another for overnight loans) by a quarter point, to 4.50%. Many observers expected the economy to weaken, making further increases unnecessary.

Instead, the economy got stronger. On March 28, with Ben Bernanke at the helm, the Fed mandated another quarter-point boost. At both its January and March meetings, the central bank expressed concerns about the effects of high energy prices and the surging economy.

On May 10, the Fed raised rates yet again, and investors feared that this campaign to subdue inflation would end up tipping the economy into recession. Stock prices tumbled worldwide.

Short-term and long-term yields zigzag

Purchasers of longer-dated bonds usually receive higher yields, which compensate them for the risk that inflation will erode the value of their interest payments. However, when 2006 began, 10-year Treasuries yielded 4.39%—less than the 4.40% for 2-year Treasuries. During the six-month period, both yields advanced, and each took the lead in turn. The 2-year note was ahead in early June and finished with a 5.15% to 5.14% advantage over the 10-year note.

Bond prices, which move inversely to yields, fell during the period, and this drop was only partly offset by rising interest income. Nearly all of the benchmark's decline came from two sectors: Treasuries, which made up about one-quarter of the index, and corporate bonds, which constituted roughly one-fifth.

The account trails the benchmark

For the period, performance relative to the benchmark was reduced by underweighting the mortgage-backed security sector. However, relative performance was helped by individual holdings in mortgage-backed securities and automobile bonds.

Investment objective

This variable annuity account seeks a favorable long-term rate of return, primarily through high current income consistent with preserving capital.

Special investment risks

In addition to the risks of any fixed-income investment, the account is subject to special risks, including income volatility risk, prepayment risk, extension risk, illiquid security risk and foreign investment risks. For a further discussion of risk, please see page 8.

The account's benchmark

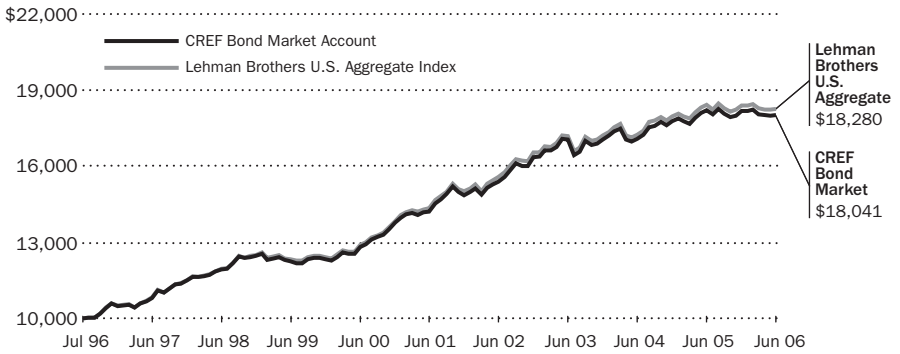
The Lehman Brothers U.S. Aggregate Index measures the performance of the U.S. investment-grade, fixed-rate bond market, including government and credit securities, agency mortgage pass-through securities, asset-backed securities and commercial mortgage-backed securities. You cannot invest directly in this index.

Performance as of June 30, 2006

	Average annual compound rates of total return*			Cumulative rates of total return*		
	1 year	5 years	10 years	6 months	5 years	10 years
CREF Bond Market Account	-0.98%	4.87%	6.07%	-0.81%	26.84%	80.41%
<i>Benchmark:</i>						
Lehman Brothers U.S. Aggregate Index	-0.81	4.97	6.21	-0.72	27.46	82.80
<i>Peer group:</i>						
Morningstar Intermediate-Term Bond (VA)	-1.95	3.64	4.61	-1.25	19.55	56.93

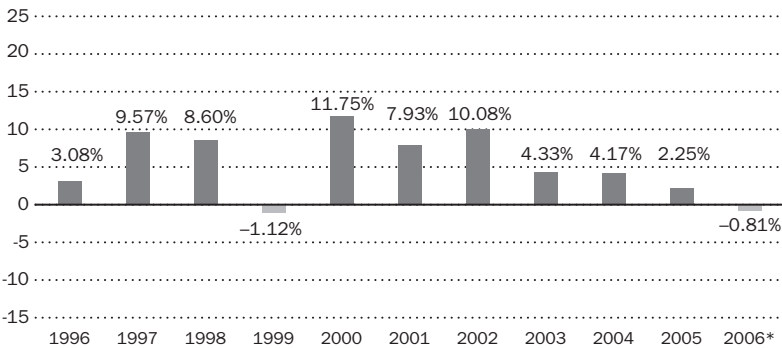
* The returns quoted represent past performance, which is no guarantee of future results. Returns and the principal value of your investment will fluctuate. Current performance may be higher or lower than that shown above, and you may have a gain or a loss when you redeem your accumulation units. For current performance information, including performance to the most recent month-end, please visit www.tiaa-cref.org, or call 800 842-2252.

\$10,000 over 10 years



An investment of \$10,000 in this account on July 1, 1996, would have grown to \$18,041 over the next 10 years, including reinvestment of dividends and distributions. For the purpose of comparison, the graph also shows the change in the account's benchmark during the same period.

Calendar year total returns



Best quarter: 4.84%, for the quarter ended September 30, 2001

Worst quarter: -2.44%, for the quarter ended June 30, 2004

* Partial year

Account expenses—six months ended June 30, 2006

The examples that appear below are intended to help you understand your ongoing costs (in dollars) of investing in the account. They are also designed to help you compare these costs with the ongoing costs of investing in other variable annuity accounts and mutual funds.

The examples assume \$1,000 was invested on January 1, 2006, and held for six months until June 30, 2006. Please see page 10 for a full description of the assumptions on which these examples are based and an explanation of how you can use this expense information.

CREF Bond Market Account expense example			
	Starting account value (1/1/06)	Ending account value (6/30/06)	Expenses paid [†] (1/1/06-6/30/06)
Actual return	\$1,000.00	\$ 995.95	\$ 2.45
5% annual hypothetical return	1,000.00	1,022.31	2.48

[†] "Expenses paid" is based on the account's actual expense ratio for the most recent fiscal half year. The account's annualized six-month expense ratio for that period was 0.49%. We estimate expenses for the coming year based on projected expenses, asset levels and other relevant factors. At the end of each quarter, we compare these projections with the account's actual experience and adjust the account's expenses upward or downward to reflect any difference. These adjustments are made in equal daily installments over the remaining days of the new quarter.

Bond ratings (6/30/2006)

	Rating	Percent of total net assets
U.S. Treasury and agency securities	(not rated)	33.2
Investment-grade mortgage-backed securities [†]		40.2
Other long-term debt	Aaa/AAA	2.1
	Aa/AA	5.7
	A/A	8.0
	Baa/BBB	7.8
	Ba/BB	1.0
Below investment-grade	B/B	0.1
	(not rated)	0.1
Short-term investments		10.7
Other assets and liabilities-net		-8.9
Total		100.0

Account facts

Inception date	3/1/1990
Net assets (6/30/2006)	\$5.81 billion

Portfolio breakdown by sector (6/30/2006)

Sector	Percent of total net assets
Mortgage-backed securities [†]	40.2
U.S. Treasury and agency securities	33.2
Corporate bonds	22.8
Foreign government and foreign corporate bonds (denominated in U.S. dollars)	2.0
Short-term investments	10.7
Other assets and liabilities-net	-8.9
Total	100.0

[†] Includes asset-backed, mortgage-backed and commercial mortgage-backed securities.

Performance in the six months ended June 30, 2006

The Inflation-Linked Bond Account returned -2.01% for the period, trailing the -1.76% return of its benchmark, the Lehman Brothers U.S. Treasury Inflation-Protected Securities (TIPS) Index. The average return of similar variable annuities, as measured by the Morningstar Inflation-Protected Bond (VA) category, was -1.82%. The Morningstar category tracked 235 variable annuities as of June 30, 2006.

Short-term rates keep climbing

During the six-month period, the Federal Reserve mandated four quarter-point hikes in the federal funds rate (the rate that banks charge one another for overnight loans). With yields increasing, many bond prices fell during the period. (Bond yields and prices move in opposite directions.)

After losing 2.25% in the first quarter—their second-worst quarter ever—TIPS eked out a 0.49% gain in the next three months. For the six-month period, TIPS underperformed the -0.72% return of the Lehman Brothers U.S. Aggregate Index, a proxy for the U.S. investment-grade, fixed-income market.

For the five-year period ended June 30, 2006, however, the 7.00% average annual return of TIPS topped both the 4.97% gain of the broad Lehman index, and the 3.52% return of the broad U.S. stock market, as measured by the Russell 3000® Index.

Demand for TIPS dips, then rises

During the period, inflation remained largely under control, but the gradual rise in the Consumer Price Index had investors looking more closely at TIPS. The CPI, excluding food and energy, was up 2.6% at the end of June, on a year-over-year basis, compared with 2.2% at the end of 2005.

As expected in a rising-rate environment, investors sold TIPS ahead of the January and April auctions and then bought them back at lower prices. In the first quarter, moderating oil prices reduced demand for TIPS, but in the second, geopolitical concerns and higher prices for oil boosted demand.

Strategies mitigate expense charges

By making relative-value trades among inflation-linked securities, the account's managers were able to reduce the effects the account's expense charge had on performance during the period. (The benchmark does not include an expense charge.)

On June 30, 2006, the account's overall option-adjusted duration was 7.93 years, compared with the benchmark's 7.95 years. We generally keep the account's duration—a measure of its sensitivity to interest-rate changes—close to the benchmark's to reduce the risk that the account will underperform the benchmark.

Investment objective

This variable annuity account seeks a long-term rate of return that outpaces inflation, primarily through investment in inflation-indexed bonds—fixed-income securities whose returns are designed to track a specified inflation index over the life of the bond.

Special investment risks

In addition to the risks of any fixed-income investment, the account is subject to special risks, including the risks of inflation-indexed bonds and foreign investment risks. For a further discussion of risk, please see page 8.

The account's benchmark

The Lehman Brothers U.S. TIPS Index measures the performance of fixed-income securities with fixed-rate coupon payments that adjust for inflation as measured by the Consumer Price Index for All Urban Consumers. You cannot invest directly in this index.

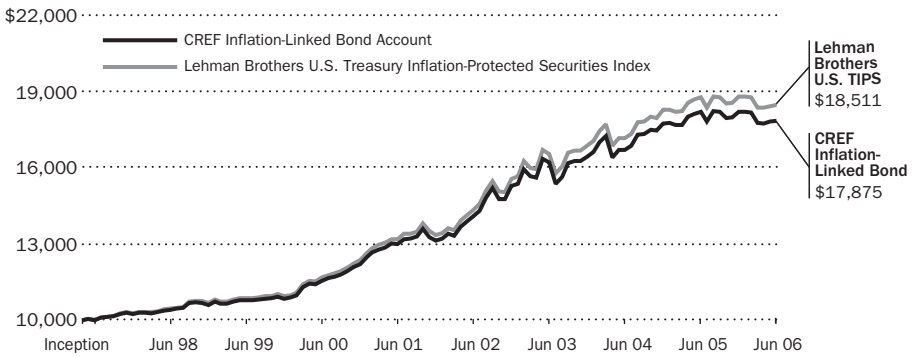
Performance as of June 30, 2006

	Average annual compound rates of total return*			Cumulative rates of total return*		
	1 year	5 years	since inception ¹	6 months	5 years	since inception ¹
CREF Inflation-Linked Bond Account	-2.03%	6.57%	6.54%	-2.01%	37.46%	78.75
<i>Benchmark:</i>						
Lehman Brothers U.S. Treasury Inflation-Protected Securities Index	-1.64	7.00	6.94	-1.76	40.25	85.11
Morningstar Inflation-Protected Bond (VA)	-2.81	5.57	N/A	-1.82	28.24	N/A

* The returns quoted represent past performance, which is no guarantee of future results. Returns and the principal value of your investment will fluctuate. Current performance may be higher or lower than that shown above, and you may have a gain or a loss when you redeem your accumulation units. For current performance information, including performance to the most recent month-end, please visit www.tiaa-cref.org, or call 800 842-2252.

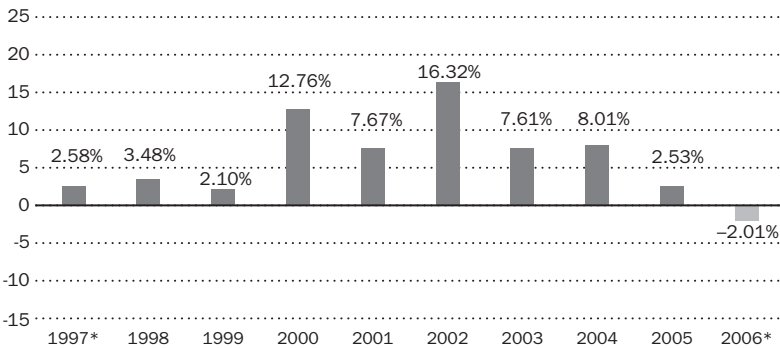
¹ Inception date: May 1, 1997

\$10,000 since May 1, 1997 inception



An investment of \$10,000 in this account at inception on May 1, 1997, would have grown to \$17,875 as of June 30, 2006, including reinvestment of dividends and distributions. For the purpose of comparison, the graph also shows the change in the account's benchmark during the same period.

Calendar year total returns



Best quarter: 7.94%, for the quarter ended September 30, 2002

Worst quarter: -3.19%, for the quarter ended June 30, 2004

* Partial year

Account expenses—six months ended June 30, 2006

The examples that appear below are intended to help you understand your ongoing costs (in dollars) of investing in the account. They are also designed to help you compare these costs with the ongoing costs of investing in other variable annuity accounts and mutual funds.

The examples assume \$1,000 was invested on January 1, 2006, and held for six months until June 30, 2006. Please see page 10 for a full description of the assumptions on which these examples are based and an explanation of how you can use this expense information.

	CREF Inflation-Linked Bond Account expense example		
	Starting account value (1/1/06)	Ending account value (6/30/06)	Expenses paid [†] (1/1/06-6/30/06)
Actual return	\$1,000.00	\$1,001.21	\$2.39
5% annual hypothetical return	1,000.00	1,022.37	2.42

[†] “Expenses paid” is based on the account’s actual expense ratio for the most recent fiscal half year. The account’s annualized six-month expense ratio for that period was 0.48%. We estimate expenses for the coming year based on projected expenses, asset levels and other relevant factors. At the end of each quarter, we compare these projections with the account’s actual experience and adjust the account’s expenses upward or downward to reflect any difference. These adjustments are made in equal daily installments over the remaining days of the new quarter.

Portfolio breakdown by maturity (6/30/2006)

	Percent of total net assets
2-10 year bonds	72.7%
10-20 year bonds	7.7
Over-20-year bonds	18.5
Other assets and liabilities-net	1.1
Total	100.0%

Account facts

Inception date	5/1/1997
Net assets (6/30/2006)	\$3.67 billion

Performance in the six months ended June 30, 2006

The CREF Social Choice Account returned 1.19% for the period, lagging the 1.71% return of its composite benchmark, a weighted average of the Russell 3000® Index and the Lehman Brothers U.S. Aggregate Index. The account also trailed the 1.22% average return of similar variable annuities, as measured by the Morningstar Moderate Allocation (VA) category, which tracked 1,945 accounts as of June 30, 2006. Unlike the account, the benchmark and the Morningstar category do not screen investments according to social criteria.

Social screens hinder performance

The account’s social screens prevented it from investing in several stocks that are large components of the Russell 3000 in terms of market capitalization. During the period, the net effect of these exclusions was to reduce the account’s return in relation to the return of its benchmark.

The largest drag on relative performance was the exclusion of ExxonMobil, which gained 10.4%. The omission of Caterpillar, Chevron and agricultural giant Archer Daniels Midland also reduced returns.

However, avoiding General Electric helped returns because the stock fell 4.5%. The omission of Yahoo!, insurer American International Group and drug maker Genentech also had positive effects on performance.

Coca-Cola and JPMorgan Chase were dropped from the portfolio during the second quarter because they failed the qualitative social screens used to evaluate stocks. Bank of America was added to the list of major holdings.

Statistical techniques help manage risk

The account’s managers use statistical techniques to ensure that the portfolio’s risk characteristics resemble those of the index. One method is to overweight or underweight certain stocks relative to each one’s percentage of capitalization within the benchmark.

During the period, relative performance suffered from overweight holdings in chip maker Intel and Microsoft. However, other overweights, including Disney and steel producer Nucor, helped returns.

Bonds reduce returns

In the account’s fixed-income segment, performance relative to the Lehman index for the period was reduced by underweighting the mortgage-backed security sector. However, relative performance was helped by individual holdings in mortgage-backed securities and automobile bonds. The account’s social screens prevented it from investing in some of the period’s top corporate issuers.

Investment objective

This variable annuity account seeks a favorable long-term rate of return that reflects the investment performance of the financial markets while giving special consideration to certain social criteria.

Special investment risks

In addition to the risks of any equity or fixed-income investment, the account is subject to special risks, including the risk of socially screened investing, small-cap risk and foreign investment risks. For a further discussion of risk, please see page 8.

The account's benchmark

The account's benchmark is a composite index, a weighted average of the Russell 3000® Index for stocks (60%) and the Lehman Brothers U.S. Aggregate Index for bonds (40%). The Russell 3000 measures the performance of the stocks of the 3,000 largest publicly traded U.S. companies, based on market capitalization. The Lehman Brothers U.S. Aggregate Index is an unmanaged index that measures the performance of the U.S. investment-grade, fixed-rate bond market. You cannot invest directly in these indexes.

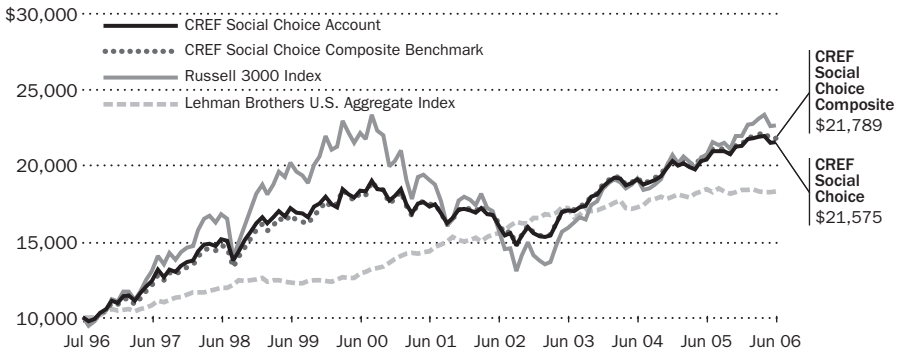
Performance as of June 30, 2006

	Average annual compound rates of total return*			Cumulative rates of total return*		
	1 year	5 years	10 years	6 months	5 years	10 years
CREF Social Choice Account	5.60%	4.48%	7.99%	1.19%	24.51%	115.75%
<i>Benchmarks:</i>						
CREF Social Choice Composite Benchmark	5.45	4.52	8.09	1.71	24.74	117.89
Russell 3000 Index ¹	9.56	3.52	8.52	3.23	18.92	126.60
Lehman Brothers U.S. Aggregate Index	-0.81	4.97	6.21	-0.72	27.46	82.80
<i>Peer group:</i>						
Morningstar Moderate Allocation (VA)	5.18	2.67	5.71	1.22	14.09	74.29

* The returns quoted represent past performance, which is no guarantee of future results. Returns and the principal value of your investment will fluctuate. Current performance may be higher or lower than that shown above, and you may have a gain or a loss when you redeem your accumulation units. For current performance information, including performance to the most recent month-end, please visit www.tiaa-cref.org, or call 800 842-2252.

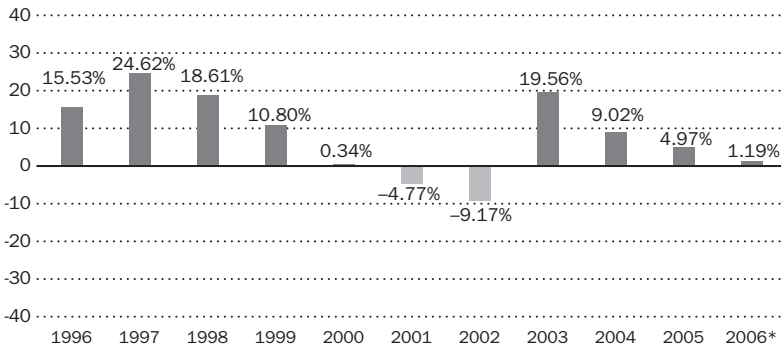
¹ Russell 3000 is a trademark and service mark of the Frank Russell Company. TIAA-CREF products are not promoted or sponsored by, or affiliated with, the Frank Russell Company.

\$10,000 over 10 years



An investment of \$10,000 in this account on July 1, 1996, would have grown to \$21,575 over the next 10 years, including reinvestment of dividends and distributions. For the purpose of comparison, the graph also shows the change in the account's benchmarks during the same period.

Calendar year total returns



Best quarter: 12.81%, for the quarter ended December 31, 1998
 Worst quarter: -8.20%, for the quarter ended September 30, 2002

* Partial year

Account expenses—six months ended June 30, 2006

The examples that appear below are intended to help you understand your ongoing costs (in dollars) of investing in the account. They are also designed to help you compare these costs with the ongoing costs of investing in other variable annuity accounts and mutual funds.

The examples assume \$1,000 was invested on January 1, 2006, and held for six months until June 30, 2006. Please see page 10 for a full description of the assumptions on which these examples are based and an explanation of how you can use this expense information.

CREF Social Choice Account expense example			
	Starting account value (1/1/06)	Ending account value (6/30/06)	Expenses paid [†] (1/1/06-6/30/06)
Actual return	\$1,000.00	\$ 983.19	\$2.21
5% annual hypothetical return	1,000.00	1,022.53	2.26

[†] “Expenses paid” is based on the account’s actual expense ratio for the most recent fiscal half year. The account’s annualized six-month expense ratio for that period was 0.45%. We estimate expenses for the coming year based on projected expenses, asset levels and other relevant factors. At the end of each quarter, we compare these projections with the account’s actual experience and adjust the account’s expenses upward or downward to reflect any difference. These adjustments are made in equal daily installments over the remaining days of the new quarter.

Portfolio breakdown (6/30/2006)

	Percent of portfolio investments
Equities	57.6
Long-term bonds	37.5
Short-term investments	4.9
Total	100.0

Account facts

Inception date	3/1/1990
Net assets (6/30/2006)	\$7.96 billion

Performance in the six months ended June 30, 2006

The CREF Money Market Account returned 2.15% for the period, topping the 2.05% return of the iMoneyNet Money Fund Report Averages™—All Taxable, a simple average of over 1,000 taxable money market funds.

Fed keeps boosting rates

The year started with the federal funds rate at 4.25%, after a series of quarter-point hikes that began in June 2004. (The federal funds rate is the rate commercial U.S. banks charge one another for overnight loans.) Over the first half of 2006, the Federal Reserve raised the rate four more times, lifting it to 5.25%, its highest level since March 2001.

The Fed said it was reacting to the inflation threat posed by higher prices for energy and other commodities and to signs that the nation was using a high percentage of its productive capacity. Fuller use of capacity often leads to price increases.

LIBOR turns volatile

During the six-month period, the prospect of additional rate increases caused a wide fluctuation in the shape of the LIBOR curve, indicating that market participants were uncertain about future interest rates. (The LIBOR, the interest rate that banks

charge one another for loans on the London market, is the most widely used benchmark for short-term rates.) By the end of June, however, the LIBOR curve had flattened considerably.

Asset allocations boost results

The account maintained a sizable exposure to commercial paper, despite a decline in its supply in the second quarter. Commercial paper generally offered higher returns without appreciably higher risk. On June 30, 2006, securities of this type accounted for 78.6% of the portfolio.

On June 30, 2006, certificates of deposits and bank notes made up 13.3% of the account's investments, down from 14.4% at the end of 2005. The account also ended the six-month period with 6.1% in government agency securities and 2.0% in floating-rate investments, versus 7.1% and 2.6%, respectively, six months earlier.

On June 30, 2006, foreign securities made up 17.10% of the account's total portfolio investments.

During the period, the weighted average maturity of the account fluctuated between 36 and 44 days. As of June 27, 2006, it stood at 44 days, versus 38 for the average iMoneyNet fund.

Investment objective

This variable annuity account seeks high current income consistent with maintaining liquidity and preserving capital.

Special investment risks

In addition to the risks of any fixed-income investment, the account is subject to special risks, including foreign investment risks. For a further discussion of risk, please see page 8.

An investment in the CREF Money Market Account, as in the other CREF variable annuity accounts, is not a deposit of any bank and is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other U.S. government agency.

Net annualized yield for the 7 days ended June 27, 2006

	Current yield	Effective yield
CREF Money Market Account	4.64%	4.75%
iMoneyNet Money Fund Report Averages™—All Taxable	4.48	4.59

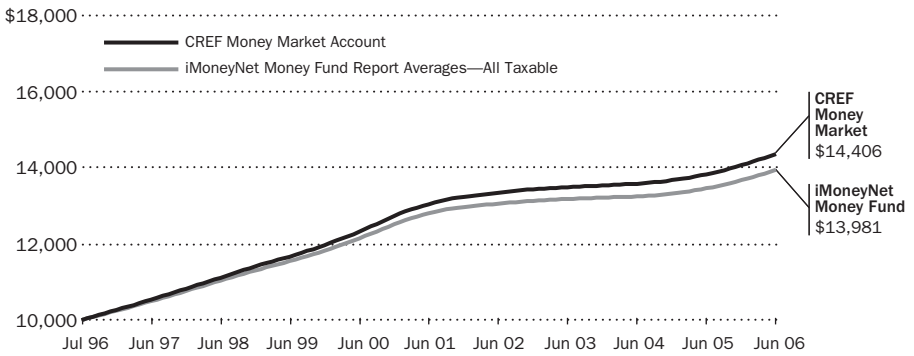
The current yield more closely reflects current earnings than does the total return.

Performance as of June 30, 2006

	Average annual compound rates of total return*			Cumulative rates of total return*		
	1 year	5 years	10 years	6 months	5 years	10 years
CREF Money Market Account	3.90%	1.96%	3.72%	2.15%	10.22%	44.06%
iMoneyNet Money Fund Report Averages—All Taxable	3.67	1.76	3.43	2.05	9.06	39.84

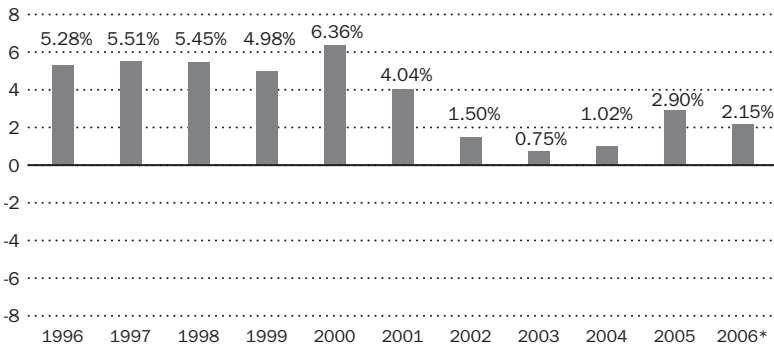
* The returns quoted represent past performance, which is no guarantee of future results. Returns and the principal value of your investment will fluctuate. Current performance may be higher or lower than that shown above, and you may have a gain or a loss when you redeem your accumulation units. For current performance information, including performance to the most recent month-end, please visit www.tiaa-cref.org, or call 800 842-2252.

\$10,000 over 10 years



An investment of \$10,000 in this account on July 1, 1996, would have grown to \$14,406 over the next 10 years, including reinvestment of dividends and distributions. For the purpose of comparison, the graph also shows the change in the account's benchmark during the same period.

Calendar year total returns



Best quarter: 1.65%, for the quarter ended September 30, 2000

Worst quarter: 0.14%, for the quarter ended June 30, 2004

* Partial year

Account expenses—six months ended June 30, 2006

The examples that appear below are intended to help you understand your ongoing costs (in dollars) of investing in the account. They are also designed to help you compare these costs with the ongoing costs of investing in other variable annuity accounts and mutual funds.

The examples assume \$1,000 was invested on January 1, 2006, and held for six months until June 30, 2006. Please see page 10 for a full description of the assumptions on which these examples are based and an explanation of how you can use this expense information.

CREF Money Market Account expense example			
	Starting account value (1/1/06)	Ending account value (6/30/06)	Expenses paid [†] (1/1/06-6/30/06)
Actual return	\$1,000.00	\$1,009.12	\$2.18
5% annual hypothetical return	1,000.00	1,022.59	2.20

[†] “Expenses paid” is based on the account’s actual expense ratio for the most recent fiscal half year. The account’s annualized six-month expense ratio for that period was 0.44%. We estimate expenses for the coming year based on projected expenses, asset levels and other relevant factors. At the end of each quarter, we compare these projections with the account’s actual experience and adjust the account’s expenses upward or downward to reflect any difference. These adjustments are made in equal daily installments over the remaining days of the new quarter.

Portfolio breakdown by sector (6/30/2006)

Sector	Percent of portfolio investments
Commercial paper	78.6
Certificates of deposit	12.7
U.S. government and agency securities	6.1
Floating-rate securities	2.0
Bank notes	0.6
Total	100.0

Account facts

Inception date	4/1/1988
Net assets (6/30/2006)	\$8.51 billion

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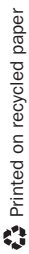
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