

IMPORTANT VOTING INFORMATION FOR SHAREHOLDERS

TIAA-CREF INSTITUTIONAL MUTUAL FUNDS

SPECIAL SHAREHOLDER MEETING ■ JANUARY 25, 2006

Please read this material carefully
before voting.



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Dear Shareholder:

On January 25, 2006, the TIAA-CREF Institutional Mutual Funds will hold a special meeting of the shareholders of its International Equity, Large-Cap Value, Small-Cap Equity, Real Estate Securities, Social Choice Equity, Bond, Inflation-Linked Bond and Money Market Funds.

The purpose of this meeting is to vote on a proposed new investment management agreement with Teachers Advisors, Inc. (the "Advisor"), the current investment advisor to these Funds. This proposal is the same as the proposal for these eight Funds originally presented for shareholder approval in a proxy statement dated July 5, 2005, and voted on at a special shareholder meeting on August 31, 2005.

Because approval of the proposed agreement is vital to the future operation of these Funds, and because some shareholders have indicated a willingness to re-examine their vote if given more time to fully consider the proposal, the Advisor has recommended, and we have agreed, to provide a second opportunity to do so. **As before, we, the Funds' independent Board of Trustees, unanimously recommend that you vote "FOR" the new investment management agreement.**

As explained in the original proxy materials, the proposed new investment management agreement would help ensure that the Funds remain fairly and competitively priced and continue to serve shareholder needs, while also providing a sustainable fee and expense structure that enables the Advisor to continue managing the Funds. It's important for you to understand that although the new agreement would result in higher advisory fees, the Funds would remain *competitive with the lower-priced offerings* in the industry.

In submitting this proposal to you a second time, we want to offer additional perspective on both the proposal itself and on the careful deliberative process that led to the Board's unanimous recommendation so that you have a fuller understanding of these matters and can make an informed decision.

- ▶ **Thorough, independent review of the proposal.** The Board of Trustees of the TIAA-CREF Institutional Mutual Funds is completely independent of the management of the Advisor. In considering the proposal, the Board conducted a comprehensive review process that began in December 2004 and concluded in May 2005. We questioned the Advisor rigorously and compared the Funds' performance and expenses with those of competing funds, using data supplied by Lipper, Inc., widely recognized as a leading independent provider of investment company data. In addition, we had the benefit of independent legal counsel throughout our deliberations.
- ▶ **Benefits of the proposal.** As a result of our in-depth review, we determined that the proposal would benefit shareholders because it enables the Funds' Advisor to:
 - Continue to manage the day-to-day business affairs of the Funds;
 - Retain and attract highly qualified investment professionals;
 - Increase the capacity of its investment management staff and expand the depth and scope of its analysts' coverage; and
 - Continue to offer a high level of service to shareholders.
- ▶ **Potential consequences if proposal is not approved.** If shareholders do not approve the proposed new investment management agreement, the Advisor has informed the Board that it may no longer be able to serve in its advisory role to the Funds. In that case, the Advisor will recommend other possible courses of action, including closing the Funds to new investments or liquidating them, which could have negative consequences for shareholders. The Board would consider the Advisor's recommendations, along with all other possible alternatives, in determining a course of action that would be in the best interests of Fund shareholders.
- ▶ **Fiduciary responsibility and ongoing oversight.** The Board has a fiduciary responsibility to protect shareholder interests, which includes ensuring that all fees are appropriate, fair, and conducive to the efficient

and effective operation of the Funds. If the proposed fee increases are approved by shareholders, the Board will review the Advisor's profitability levels during its annual review of the Funds' management arrangements to ensure that the fees and any profits earned by the Advisor remain reasonable in light of the Funds' asset levels and performance.

In conclusion, the Board remains unanimous in its support of the proposal because we are convinced that its approval represents the best possible outcome for shareholders. We urge you to read the information on the following pages carefully, along with the enclosed proxy statement, and vote "FOR" the new investment management agreement.

The Board of Trustees

TIAA-CREF Institutional Mutual Funds

TIAA-CREF INSTITUTIONAL MUTUAL FUNDS

SPECIAL SHAREHOLDER MEETING ■ JANUARY 25, 2006

IMPORTANT VOTING INFORMATION FOR SHAREHOLDERS

The TIAA-CREF Institutional Mutual Funds (the “Institutional Funds”) will hold a special meeting of the shareholders of its International Equity, Large-Cap Value, Small-Cap Equity, Real Estate Securities, Social Choice Equity, Bond, Inflation-Linked Bond and Money Market Funds on January 25, 2006, to consider and vote on an important proposal affecting these Funds. As a shareholder of record as of October 31, 2005, you are entitled to vote on this proposal, and your Board of Trustees urges you to do so.

YOUR VOTE IS IMPORTANT

The following Q&A provides a summary of the proposal and describes the convenient options available for voting your shares. (For a complete discussion of the proposal, please see the enclosed proxy statement.) To help reach the level of shareholder participation required, please vote today, even if you plan to attend the special meeting on January 25. Simply follow the instructions on the enclosed proxy card(s) and choose the voting method that works best for you—Internet, telephone or mail. Your prompt action will ensure your voice is heard, so vote your shares now!

1. WHAT PROPOSAL AM I BEING ASKED TO CONSIDER?

You are being asked to approve the adoption of a new investment management agreement that would apply to each of the following TIAA-CREF Institutional Mutual Funds: International Equity; Large-Cap Value; Small-Cap Equity; Real Estate Securities; Social Choice Equity; Bond; Inflation-Linked Bond; and Money Market Funds. This proposal, which would result in higher advisory fees for these eight Funds, is the same as the proposal for these Funds originally presented for shareholder approval in a proxy statement dated July 5, 2005, and voted on at a special shareholder meeting on August 31, 2005.

2. WHY HAS THIS PROPOSAL BEEN RESUBMITTED TO SHAREHOLDERS?

In the original proxy vote, shareholders of 21 Funds offered by TIAA-CREF Institutional Mutual Funds approved a new investment management agreement with Teachers Advisors, Inc. (the “Advisor”), the current investment advisor to the Funds. Although many individual Fund shareholders supported the proposal, it was not approved for the eight Funds listed above, primarily as a result of the voting by a few large, institutional shareholders. However, because some of these shareholders have indicated a willingness to re-examine their vote if given more time to fully consider the proposal, the Advisor has recommended, and the Funds’ independent Board of Trustees has agreed, to provide a second opportunity to vote on it.

3. THE GROWTH EQUITY FUND WAS AMONG THE INSTITUTIONAL FUNDS INCLUDED IN THE ORIGINAL PROXY VOTE. WHY IS IT NOT PART OF THIS SECOND VOTE?

In the original vote, shareholders of the Growth Equity Fund did not approve the proposed new investment management agreement. The Advisor determined, and the Board concurred, that shareholders of this Fund were unlikely to change their votes. In addition, as noted in the original proxy statement, the Advisor had previously committed not to raise the advisory fee rate on the Growth Equity Fund until April 2007. For these reasons, the Growth Equity Fund is not part of the current proxy solicitation.

4. I VOTED ON THIS PROPOSAL DURING THE ORIGINAL PROXY VOTE HELD LAST AUGUST. DO I NEED TO VOTE AGAIN?

Yes. We are holding a new meeting to consider this proposal, with a new shareholder record date. *Any vote that you cast on this proposal*

for the prior meeting does not count for this meeting, and you will need to vote again.

5. WHAT WILL HAPPEN IF SHAREHOLDERS DO NOT APPROVE THE NEW INVESTMENT MANAGEMENT AGREEMENT?

The Advisor has indicated that it may not be able to continue in its advisory role to the eight Funds unless the new investment management agreement is approved, since the fees under the current agreement are not adequate to cover the costs of operating the Funds. If the new agreement is not approved, the Advisor may recommend to the Board of Trustees other possible courses of action, including a likely series of steps that could have negative consequences for shareholders:

- ▶ First, the Funds would be closed to new investments.
- ▶ Second, subject to shareholder approval, the Advisor would seek to merge the Funds into new funds with the same objectives, strategies and portfolio management, but with higher fee rates comparable to those specified in the proposed new investment management agreement.
- ▶ Finally, if shareholders were to reject this proposed future merger, the Funds might ultimately be liquidated, which could have negative tax consequences for shareholders.

The Board would consider the Advisor's recommendations, along with all other possible alternatives, in determining a course of action that is in the best interests of Fund shareholders.

6. HOW WILL SHAREHOLDERS BE AFFECTED IF ANY OF THE FUNDS NEED TO BE CLOSED OR LIQUIDATED?

Either of these actions could have serious consequences for shareholders. Closing any of the Funds to new investments would likely result in a decline in the Fund's total assets under management. This would reduce the Fund's current economies of scale and make the effective management of the Fund more difficult. Liquidating any of the Funds could result in the sale of some holdings at prices disadvantageous to investors. Additionally, liquidation could result in unexpected capital gains distributions to investors, which could have adverse tax consequences for many of them. The Funds' Board of Trustees believes that approval of the new investment management agreement is a better outcome for shareholders than closing or liquidating the Funds.

7. HAS THE BOARD OF TRUSTEES APPROVED THIS PROPOSAL?

Yes. At a meeting held on May 17, 2005, the Board of Trustees of the TIAA-CREF Institutional Mutual Funds unanimously approved the Advisor's recommended proposal listed above and described in full in the enclosed proxy statement. On October 26, 2005, the Board unanimously approved the Advisor's recommendation to resubmit the same proposal to shareholders.

8. HOW DOES THE BOARD OF TRUSTEES SUGGEST THAT I VOTE?

The Board unanimously recommends that all eligible shareholders vote "FOR" the proposal. In addition, at the time of the original proxy vote on this proposal, Institutional Shareholder Services (ISS) also recommended that shareholders vote "FOR" the new investment management agreement. ISS is recognized as a leading independent proxy advisory firm whose recommendations are relied upon by major institutional investment firms, mutual funds, and other fiduciaries.

9. I HAVE OTHER ACCOUNTS WITH TIAA-CREF. WILL THEY BE AFFECTED BY THIS PROPOSAL?

No. The specific proposals affect only the eight TIAA-CREF Institutional Mutual Funds specified in the enclosed proxy statement. They *do not affect* any of the following TIAA-CREF products:

- ▶ College Retirement Equities Fund (CREF) investment accounts;
- ▶ TIAA Real Estate Account;
- ▶ TIAA Traditional Annuity;
- ▶ After-tax annuities;
- ▶ Variable life insurance products; or
- ▶ Other funds of the TIAA-CREF Institutional Mutual Funds that are not being resolicited for a vote.

While not the subject of this proxy vote, the Advisor is expected to recommend that the TIAA-CREF Mutual Funds—a separate fund family designed primarily for retail investors—be consolidated with the TIAA-CREF Institutional Mutual Funds in the near future if this vote is successful. If and when this proposed consolidation is approved, the TIAA-CREF Mutual Funds would be merged into a corresponding TIAA-CREF Institutional Mutual Fund and would become subject to the fee and expense structure of that Fund.

10. WHY IS THE INVESTMENT MANAGEMENT AGREEMENT BEING CHANGED?

Since the Funds were established, the Advisor has been committed to providing high-quality investment management services at a low cost to shareholders. However, it has become clear that the Advisor set its fees too low to continue to cover its costs of operating the Funds. As a result, the Advisor has always operated the Funds at a loss. Despite these annual losses, the Advisor has not requested a fee increase since the Funds' inception in 1999. It has become clear that this situation cannot be sustained, particularly in light of continued escalating costs related to increased compliance, regulatory, and reporting requirements, as well as intensified competition for investment management talent.

The proposed new investment management agreement with the Advisor is designed to provide a reasonable and sustainable fee and expense structure for the Funds while maintaining overall expenses at levels that are competitive with those of other low-cost providers in the mutual fund industry. In addition, the proposed fee increase would give the Advisor the flexibility and means to increase the capacity of its investment management staff, expand the depth and scope of analyst coverage, and attract and retain highly qualified investment management professionals in a competitive environment—all of which would enhance the Advisor's ability to seek favorable investment returns for shareholders.

11. HOW WILL THE NEW INVESTMENT MANAGEMENT AGREEMENT AFFECT THE FUNDS?

For each of the eight Funds, the new investment management agreement will raise advisory fees.

12. HOW WILL TIAA-CREF'S PROPOSED FUND FEES COMPARE TO THOSE OF OTHER COMPANIES?

Even after adopting the higher fees, the Funds would remain competitive with the lower-priced offerings in the industry. (Please see page 15 of the proxy statement for a comparison of each Fund's total expenses to those of similar funds in its industry peer group.)

13. IS TIAA-CREF STILL COMMITTED TO BEING A LOW-COST, HIGH-VALUE PROVIDER?

Yes. TIAA-CREF is committed to operating low-cost, high-value mutual funds for all shareholders. For this reason, the proposal to raise advisory fees on the actively managed Institutional Mutual Funds was

made only after thorough and deliberate consideration of shareholders' interests by the Funds' Board of Trustees. The Board determined that the current level of fees being charged was too low for the Advisor to sustain and that the proposed increase in fees would not unduly benefit the Advisor at the expense of Fund shareholders. As part of its ongoing oversight of the Funds, the Board of Trustees will annually monitor the level of fees and the Advisor's profits generated by the new agreement to ensure that they are reasonable.

14. AS A SHAREHOLDER, HOW WILL I BENEFIT FROM THE NEW INVESTMENT MANAGEMENT AGREEMENT?

The Board of Trustees has determined that the new investment management agreement is fair and reasonable to the Funds and to shareholders because it would:

- ▶ Enable the Funds' investment advisor to continue to offer you and other shareholders the high-quality service you have come to expect from TIAA-CREF, and to expand these shareholder services;
- ▶ Allow the Advisor to continue to retain and attract talented investment professionals and add new investment management personnel, which would benefit the Advisor's overall investment management program; and
- ▶ Help ensure that the TIAA-CREF organization can continue to offer the Funds while remaining competitive with other low-cost providers in our industry.

15. IN ADDITION TO THIS SPECIFIC PROPOSAL, DOES TIAA-CREF HAVE AN OVERALL LONG-TERM PLAN FOR ITS MUTUAL FUND OFFERINGS?

TIAA-CREF is committed to operating low-cost, high-value mutual funds for all shareholders. Approval of the new investment management agreement is an essential first step in a broader effort to restructure and enhance TIAA-CREF's mutual fund offerings so that the funds remain fairly and competitively priced for shareholders and continue to serve shareholder needs.

Assuming the new investment management agreement is approved, a planned second step, while not part of this proxy vote, would be the consolidation of the TIAA-CREF Mutual Funds into the TIAA-CREF Institutional Mutual Funds in the near future. If and when this proposed consolidation is approved, it would result in a streamlined fund family with greater efficiency, consistent pricing and improved economies of scale—all of which would permit the Funds to better serve your investment needs. As mentioned previously, if the new

investment management agreement is not approved, the Advisor may create new funds with the same objectives, strategies and portfolio management as these eight Funds (but with the higher advisory fees specified in the enclosed proxy statement), into which the existing eight Funds may be merged, subject to shareholder approval. If these mergers are not approved, the Funds might then be liquidated.

16. WHEN WILL THE PROPOSED CHANGE TAKE EFFECT?

If approved by shareholders, changes to the investment management agreement would likely be implemented by February 1, 2006.

17. WHAT LEVEL OF SHAREHOLDER SUPPORT IS NEEDED TO APPROVE THE PROPOSAL?

Approval of the new investment management agreement requires the lesser of (1) more than 50 percent of the total outstanding shares of the respective Funds or (2) at least 67 percent of the shares present at the respective shareholders' meetings, either in person or by proxy, if more than 50 percent of the outstanding shares are represented.

18. WHO IS ENTITLED TO VOTE ON THESE CHANGES?

For each of the eight Funds, all shareholders of record as of October 31, 2005, are eligible to vote on this proposal and are urged to do so.

19. WHO IS BEARING THE COSTS ASSOCIATED WITH CONDUCTING THIS SECOND PROXY VOTE?

All expenses associated with this proxy vote, including the costs of holding the shareholder meeting and soliciting shareholders, are being borne by the Advisor, and not by any of the Institutional Funds.

20. WHEN AND WHERE IS THE SPECIAL SHAREHOLDERS' MEETING?

The special meeting of the shareholders of the TIAA-CREF Institutional Mutual Funds has been scheduled for January 25, 2006, at 2:00 p.m., at 730 Third Avenue, 17th Floor, New York, New York.

21. WHAT METHOD OF VOTING MAY I USE?

Simply select the voting format that you find most convenient:

- ▶ **Telephone (automated service):**
Call the toll-free number shown on your proxy card(s) and follow the recorded instructions
- ▶ **Telephone (to speak to a representative of D.F. King & Co., the Funds' proxy solicitor):**
800 755-7250 (toll free)

- ▶ **Internet:**
Access the Web site shown on your proxy card(s) and follow the online instructions
- ▶ **Mail:**
Complete and return the enclosed proxy card(s)
- ▶ **In person:**
Attend the special shareholder meeting on January 25, 2006

Whichever method you choose, please be sure to cast your vote as soon as possible. Even if you plan to attend the special shareholder meeting, you can vote in advance using one of the other methods.

22. WHO SHOULD I CALL IF I HAVE ADDITIONAL QUESTIONS?

If you have questions related to the proxy material or need assistance in voting your shares, please contact D.F. King & Co., the Funds' proxy solicitor, toll free at 800 755-7250.

