

TIAA Board of Overseers and the Katzenbach Report

In December 2004, the TIAA Board of Overseers (Overseers) commissioned former U.S. Attorney General Nicholas deB. Katzenbach to investigate the handling of an auditor independence matter at TIAA-CREF that arose in the summer and fall of 2004. Mr. Katzenbach was also asked to reflect on the results of his investigation and provide his views in connection with the efforts of the Overseers and the TIAA and CREF Trustees to reassess their governance structure, including the way the boards interacted with each other and with management.

Mr. Katzenbach undertook the investigation, which included an extensive review of documents and interviews with relevant parties, with the assistance of the law firm of Wilmer Cutler Pickering Hale and Dorr LLP. The results of the investigation and Mr. Katzenbach's views on governance issues were presented orally to the Overseers and in writing in the form of a report (Katzenbach Report) which TIAA-CREF shared with the Securities and Exchange Commission and published on its website.

The Overseers considered at some length the findings, conclusions and recommendations contained in the Katzenbach Report. The law firm of Shearman & Sterling LLP was engaged to provide an analysis of the governance structure of TIAA-CREF, including the roles and fiduciary responsibilities of Overseers and the TIAA and CREF Trustees; the historical context in which the Overseers' Mission and the TIAA-CREF governance structure were established; possible alternatives for, and the advantages and disadvantages of, structural change, including the possibility of phasing out the Board of Overseers; and governance principles that should be applicable in the absence of a major structural change. The Overseers reviewed and considered the Shearman & Sterling analysis and took into account the views expressed by Mr. Katzenbach, management of TIAA and CREF, including its Senior Vice President of Corporate Governance, and the views of former Overseers and other knowledgeable parties.

The Overseers concluded, unanimously, that the current governance structure should be retained at the present time as it continues to further the Overseers' mission and the missions of

TIAA and CREF. The Board also concluded that certain steps could be taken to assure that the current structure will operate as effectively as possible. Looking longer-term, the Overseers concluded that if, at any point in the future the current structure were to be altered, such a change should flow from fundamental business and strategic considerations and the mission of TIAA-CREF.

To memorialize historical corporate governance practices and to adopt certain additional corporate governance “best practices,” the Overseers adopted “The TIAA Board of Overseers Corporate Governance Guidelines and Code of Ethics” which are published on this website. The Guidelines describe certain aspects of the framework within which the Overseers exercise their oversight responsibilities. They should be interpreted in the context of the other components of that framework, which include the TIAA and CREF Certificates of Incorporation, Constitutions and By Laws, Committee Charters, as well as applicable laws and regulations. While the Guidelines do not themselves establish any legally binding obligations, they do provide a constructive guide for the conduct of the affairs of the Board.

-- Stanley O. Ikenberry
President, Board of Overseers