



February 22, 2007

An Update for Retirement Plan Sponsors from TIAA-CREF

This report updates retirement plan sponsors on TIAA-CREF's progress toward completing institutional conversions to our Open Plan Solutions recordkeeping platform. It also describes the present scope and status of service problems affecting some institutions, as well as steps we're taking to provide better service and more timely information to you and improved procedures for handling service issues in the future.

Open Plan Solutions

TIAA-CREF is evolving to enable retirement plan sponsors to offer the personalized services, broader investment choices, objective advice, and improved reliability that both plan sponsors and participants have told us they expect from TIAA-CREF.

To date, 3,522 institutions, representing more than \$262 billion in managed assets, have moved successfully to the new platform, which offers plan sponsors such advantages as:

- Open architecture, which makes possible a diversified lineup of funds and annuity accounts, including Lifecycle funds, select partner funds from other investment providers, and the TIAA Traditional Annuity, which guarantees individuals income for life¹;
- Personalized, objective investment advice from non-commissioned TIAA-CREF advisers², to help individual investors create a plan that is right for them; and

¹ Subject to the claims-paying ability of TIAA

² The members of our Wealth Management Team receive no sales commissions as part of their total compensation. They are compensated through a salary, plus an incentive program that rewards client service excellence rather than product promotion.

- A comprehensive set of retirement planning tools and services, along with education and communications, to help plan sponsors satisfy their responsibilities in their entirety.

While some institutions and individuals have experienced service issues with the new platform, the platform presently processes millions of transactions monthly, including 6.7 million transactions in December alone. Of course, we know this is of little consolation to anyone who has experienced a problem. As described below, we are working to restore all service levels as expeditiously as possible.

Scope of Current Issues and Progress Update

Over the course of the conversion process and continuing through now, some institutional clients and individuals have experienced delayed transactions. The specific nature of the issues has evolved over time. As we introduce new capabilities and increase the volumes of transactions we process, we have been able to resolve earlier problems and better address new ones. On several occasions, we paused from plan migrations to install additional systems upgrades, adopted new service resolution procedures, and implemented transaction volumes monitoring to help us maintain service levels. As a result of these and other improvements, service issues have stabilized and actually decreased as a percentage of overall daily transactions.

Most recently, some institutions using our Plan Office system, a component of Open Plan Solutions, have experienced delayed processing of premiums. While in virtually all cases the contributions have been submitted and properly credited to individuals, we empathize with the concern administrators feel when participants turn to them for answers and they are not ready with information provided by TIAA-CREF.

We apologize for these problems, which are unacceptable. We are taking a series of steps to end all transaction delays, restore satisfactory service, and improve our responsiveness, including:

Completing conversions – With a platform conversion of the magnitude of Open Plan Solutions and the severe limitations of our legacy systems, we faced an overriding need to transition as fast as possible from our old platforms to our new, more capable ones. With the anticipated completion of the conversion this June, we will finally be able to unify service delivery and eliminate the instability inherent in the dual-platform mode we have operated in throughout the conversion process. We have no alternative to operating the old platform alongside the new

one until completion of all conversions. We also will be able to enhance the responsiveness of both our pension operations teams and telephone counseling centers, and simplify service delivery to both institutions and individuals.

Improving our processes – We have begun an initiative to carefully re-examine all of the processes supporting the new platform with the goal of assuring that infrastructure we have put in place over the past two years is processing your transactions correctly and helping to deliver both you and your participants a consistent and satisfying client experience. Areas of focus will include retirement plan remittance processes, banking and financial transactions, and technical support for plan administrators. We also will be taking steps to facilitate administrators' ability to remit via standard formats, which will help streamline processing and promote greater control. With conversions nearing completion, we will, in essence, circle back with the goal of implementing process improvements, where needed. When problems occur, we will dedicate every resource to resolving them as quickly as possible.

Displaying transactions online – We have occasionally experienced some difficulty synchronizing the information about participants' contributions that is displayed on our websites with their actual contributions reflected in our systems. While all the contributions are in fact accounted for, we understand that this display problem has caused consternation for those individuals who view their account information online. This too, we are working diligently to remedy.

Completing smaller plan migrations – As part of plans to move smaller retirement plans to the new platform this spring via our Automated Conversion Initiative, we have begun to proactively address the unique challenges of these migrations, with the goal of tapping the process improvements described above to help smooth the transition of these plans to the new premium remittance system.

Reducing enrollment turnaround times – We have seen a steady reduction in processing times for plan enrollments, as a result of implementing a new processing solution last November.

Reducing telephone wait times – We continue to increase the number of consultants in our Telephone Counseling Centers and to assure they have the training and knowledge to help assure plan sponsors and their participants get the information and advice they need. We also continue to take steps to boost call-handling capacity over the long term.

All of us at TIAA-CREF are dedicated to resolving service issues. Our goal: to be more reliable and responsive to your needs than ever.

Here to Help You

We have a Resolution Team whose sole responsibility is to respond as quickly as possible your problems. If you are experiencing a problem, please do not hesitate to contact your institutional relationship manager, who will be glad to assist you and assure we take steps to resolve it. Plan sponsors without an individual relationship manager should contact us via our Administrator Telephone Center at 1-888-842-7782, or electronically at ClientService@tiaa-cref.org.

We will update this message periodically to help keep you up-to-date on our progress. Please don't hesitate to contact us at any time if you have questions or concerns.

On behalf of all of us at TIAA-CREF, thank you for your understanding, patience and loyalty as we take steps to help meet your institution's evolving financial needs.

You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call 877-518-9161, or go to www.tiaa-cref.org for a current prospectus that contains this and other information. Please read the prospectus carefully before investing.

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