

Best's Rating Report



FINANCIAL SERVICES
FOR THE GREATER GOOD®

**TEACHERS INSURANCE AND ANNUITY ASSOCIATION
OF AMERICA**

A++

TIAA-CREF LIFE INSURANCE COMPANY

A++

New York, New York

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A++

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Ultimate Parent: Teachers Insurance & Ann Assn of America

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BEST'S RATING

Based on our opinion of the consolidated Financial Strength of the life/health members of TIAA Group, which operate under a group structure, this group member is assigned a Best's Rating of A++ (Superior). The company is assigned the Financial Size Category of Class XV which is the Financial Size Category of the parent.

RATING RATIONALE

Rating Rationale: The rating of Teachers Insurance and Annuity Association of America (TIAA) reflects its well-established position in the higher education pension market, stable liability profile, superior capitalization, low cost structure, well-diversified investment portfolio, excellent liquidity and strong financial flexibility. Partially offsetting these positive factors are TIAA's aggressive investment strategy and the significant competition it faces from other investment managers and retirement service providers.

TIAA-CREF, which consists of Teachers Insurance and Annuity Association and TIAA-CREF Life Insurance Company, together with TIAA's companion organization, the College Retirement Equities Fund (CREF), forms one of the largest retirement systems in the U.S. with over \$435 billion in combined assets under management as of year-end 2007. The organization has been consistently profitable and maintains a superior risk-based capital position. With its strong balance sheet, predictable cash flows and earnings, and consistently stable liability profile, the group maintains solid financial flexibility with more than adequate capital to support its insurance and investment risks. TIAA's lean cost structure, competitive product crediting rates and excellent customer service provide it with a favorable competitive advantage. TIAA also has leveraged its investment expertise, economies of scale and unique business profile by expanding into various activities that are complementary to its core pension business, such as mutual funds, trust services, state-sponsored tuition financing programs and planned giving services.

With the vast majority of its policyholder obligations being both tax-qualified and not immediately surrenderable, TIAA is able to accept a greater degree of illiquidity and volatility in its investment portfolio than competitors, without significant policy disintermediation concerns. For approximately one-third of its investment portfolio, TIAA utilizes a less liquid mix of private placement bonds, whole mortgage loans and owned real estate. Additionally, TIAA maintains an above average allocation to structured securities (36% of invested assets) along with exposure to alternative asset classes such as private equity funds and limited partnerships. A.M. Best notes that TIAA's investment performance has been historically favorable and has produced attractive returns to policyholders. While TIAA has a strong franchise in its core higher education market, competition has been increasing from other investment management and retirement services firms. In response, the group has implemented a branding strategy to better disseminate its name in the market and launched new systems and products as part of refreshing its service platform. A.M. Best expects TIAA to maintain its significant market presence, despite these challenges, due to its compelling competitive advantages.

Best's Rating: A++

Outlook: Stable

FIVE YEAR RATING HISTORY

Date	Best's Rating	Date	Best's Rating
09/04/08	A++	05/31/05	A++
06/15/07	A++	06/10/04	A++
06/21/06	A++		

KEY FINANCIAL INDICATORS (\$000)

Year	Assets	Total Capital		Net Premiums Written	Net Invest Income	Net Income
		Capital Surplus Funds	Condit'l Reserve Funds			
2002	142,165,349	9,671,589	2,263,133	8,685,467	9,244,980	-136,821
2003	151,246,769	10,241,462	2,288,501	8,359,706	9,358,294	514,334
2004	163,564,354	11,177,400	2,743,549	8,934,550	9,282,063	540,457
2005	174,921,341	13,222,641	3,049,319	10,300,311	9,865,773	2,000,797
2006	183,697,732	15,282,165	3,737,813	10,294,240	10,178,499	2,333,792
2007	196,409,275	17,827,120	4,435,734	9,460,140	10,705,120	1,428,746

CORPORATE STRUCTURE

AMB	COMPANY NAME	DOMICILE	% OWN
07112	Teachers Ins & Annuity Assoc	NY	100.00
60222	TIAA-CREF Life Ins Co	NY	100.00

BUSINESS REVIEW

Teachers Insurance and Annuity Association of America (TIAA) was organized as a legal reserve not-for-profit life insurer under the auspices of the New York Insurance Department. According to its charter, ownership of all of its outstanding common stock is held by a special purpose corporation, the TIAA Board of Overseers. All policies and contracts issued by the company are non-participating. However, since its articles of incorporation prohibit stockholders from receiving any profit, distributions of earnings are made to policyholders in the form of dividends.

The TIAA organizational structure is unique. It was formed by the Carnegie Foundation for the Advancement of Teaching for the specific purpose of serving as the major provider of retirement and insurance benefits for the faculties and other employees of non-profit educational and research organizations. An important provision of the TIAA system is that it provides full funding, immediate vesting and portability of pension funds, which enables educational or research professionals to change employer without forfeiting accrued pension rights. Today, the company serves over three million policyholders across 15,000 colleges, universities, and related education and research institutions in the United States.

TIAA operates in conjunction with its companion organization, the College Retirement Equities Fund (CREF), a separate not-for-profit membership corporation formed to provide variable annuity (VA) contracts as alternatives to TIAA's fixed annuity contracts. CREF is registered as an open-ended diversified investment management company. Currently, the company's VA retirement benefit plans are offered through eight separate investment accounts. With total assets under management of more than \$435 billion at year-end 2007, TIAA-CREF is a major financial services organization. Together, TIAA and CREF represent the largest retirement system in the U.S.

TIAA's primary products include individual and group qualified retirement annuities, supplemental retirement annuities, IRA and Keogh plans, as well as non-qualified personal annuities. The company also sells individual insurance policies but this is a minor part of overall operations. Recently, TIAA exited the group life and disability as well as the long-term care businesses, since they no longer fit its long-term objective and core strength.

TIAA-CREF policyholders are able to allocate their retirement annuity contributions between proprietary options, which include the TIAA General Account and Real Estate Separate Account and various CREF accounts that cover a range of investment objectives and styles, including stock, money market, social choice, bond, and inflation-linked bond funds. Non-proprietary funds are also made available. Through a subsidiary, TIAA-CREF Life Insurance Co. (TIAA-CREF Life), TIAA offers non-qualified personal annuities and insurance products to the general public. On a selective basis, TIAA has also pursued selected opportunities to market retirement savings products to K-12 teachers and their families, research and other not-for-profit organizations and hospitals.

Product distribution is conducted directly with its corporate clients, where the company receives premiums on a payroll deduction basis. The organization employs no soliciting agents. Therefore, it incurs no commission costs. Additionally, the company's overall unit costs are further reduced by its significant economies of scale and the effective administrative links it

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maintains with its institutional clients for payroll deductions, premium payment and servicing. From the individual client perspective, TIAA looks to offer advice, products and services related to fulfilling the client's long-term financial goals, while from the institutional perspective, TIAA offers efficient and cost-effective delivery of products and administration.

The company maintains a unique liability structure, benefiting from substantial insulation from disintermediation, since less than 20% of its general account pension liabilities are subject to discretionary withdrawal. As a result of this exceptionally stable liability structure, TIAA is able to maintain a long-term view toward its investment strategies, without exposing it to excessive volatility resulting from short-term market fluctuations. Additionally, TIAA has established several ancillary businesses to complement its focused pension, annuity, and insurance operations. These ventures dovetail with TIAA's target markets and strategic focus by capturing and retaining existing clients' wealth as well as attracting new clients.

In 2002, the company established TIAA Global Markets, Inc. (TGM), an indirect wholly owned subsidiary, to issue notes and other debt instruments and invest the proceeds to generate positive investment spreads. TGM is authorized to issue up to \$5 billion in notes (as of December 31, 2007, \$2.75 billion was outstanding with final maturities through 2012). All debt issued under this program is guaranteed by TIAA. Proceeds are primarily invested in public investment-grade securities that are of similar maturity to the debt instruments in order to minimize any asset/liability mismatch risk. Because borrowings are used for investment arbitrage and are closely matched to assets purchased, A.M. Best does not view these borrowings as financial leverage.

Following the loss of its tax-exempt status several years ago, the company leveraged its low-cost structure by developing an array of no-load proprietary mutual funds, which are offered to the general public as well as its core educational/non-profit clients. TIAA's mutual funds are comprised of a multi-class structure (opening the funds up to both institutional and retail investors) in order to eliminate duplication of portfolios and streamline operations. TIAA also offers non-proprietary funds in response to client interest and increased competition in its core market. Currently 18 funds are available in the retail class, 32 at the institutional level and 10 lifecycle funds at the institutional level as well.

Demand for wealth transfer services among its traditional participants prompted TIAA to enter the trust services market through its federally chartered savings bank (TIAA-CREF Trust Company, FSB). The company, an SEC registered investment advisor, offers financial planning, discretionary and non-discretionary asset management, trust administration, and estate planning services. In addition, TIAA offers institutional trust services to higher education institutions through endowment management and planned giving programs.

As an extension of its higher education charter, the company has been serving the tuition financing market (state-sponsored 529 plans), which provide tax-advantaged college savings plans. Currently, the organization has contracts with 10 states to offer these plans. Overall, the expected high growth rate for these tax-advantaged college savings plans has not yet been realized.

On October 1, 2006, TIAA completed the acquisition of Kaspick & Company, the nation's leading provider of planned giving services. The combination brings together Kaspick & Company's innovative planned giving services with TIAA's deep relationships among academic, medical, research and cultural institutions. With the addition of Kaspick & Company, TIAA now manages over \$4 billion in planned giving assets, which furthers TIAA's strategic vision to serve the broad financial needs of colleges, universities and other non-profits.

Net cash flows into these non-insurance activities has increased continuously over the past several years. A.M. Best believes that these initiatives will allow the organization to maintain its overall scale of operation while better serving the needs of its customer base. However, none of these ancillary lines have achieved significant scale, and the pension segment continues to dominate the organization's assets under management.

PREMIUM AND RESERVE ANALYSIS

	2007	2006	2005	2004	2003
Direct Premiums (000)					
Ordinary life	351,648	345,951	341,784	335,500	326,538
Group life	...	...	298	19,273	58,797
Individual annuities	6,248,984	7,083,967	7,117,111	6,452,811	5,874,450
Group annuities	2,862,440	2,813,377	2,677,523	2,354,965	2,113,802
Individual A&H	44,415	33,836	36,155	42,685	47,831
Group A&H	890	1,117	1,296	34,572	98,977
Total	9,508,377	10,278,248	10,174,167	9,239,806	8,520,394
Reins Assumed Prens (000)					
Ordinary life	18,389	31,517	142,757	31,655	...
Credit life	-7,733	8,357	8,920	...	...
Credit A&H	-12,762	11,692	12,727	...	...
Total	-2,107	51,567	164,405	31,655	...
Reins Ceded Prens (000)					
Ordinary life	832	632	717	471	656
Group life	...	...	298	19,273	60,484
Individual A&H	44,408	33,825	36,342	27,151	1,432
Group A&H	890	1,117	905	40,015	98,116
Total	46,131	35,574	38,261	336,910	160,688
Net Premiums & Deposits (000)					
Ordinary life	369,205	376,837	483,824	366,684	325,882
Group life	...	...	...	...	-1,686
Credit life	-7,733	8,357	8,920	...	...
Individual annuities	6,357,360	7,181,258	7,171,882	6,505,948	5,976,029
Group annuities	2,952,178	2,908,041	2,764,583	2,405,146	2,113,802
Individual A&H	7	11	-186	-234,466	46,398
Credit A&H	-12,762	11,692	12,727	...	...
Group A&H	...	...	391	-5,443	861
Total	9,658,254	10,486,196	10,442,141	9,037,869	8,461,285
Deposits (incl. above)	198,114	191,955	141,831	103,319	101,579
General Account Reserve Distribution (000)					
Ordinary life	511,681	542,153	519,734	466,748	421,521
Credit life	...	5,895	7,438	...	...
Supplementary contracts	235,694	242,052	248,271	252,145	256,375
Individual annuities	130,296,638	126,852,250	123,403,686	118,854,868	113,796,239
Group annuities	15,769,726	14,331,987	12,846,888	11,223,868	9,659,397
Deposit type contracts	454,463	427,769	416,265	413,577	400,297
Individual A&H	163	192	265	363	238,637
Credit A&H	...	15,482	11,946	...	...
Group A&H	...	...	...	...	4,664
Total	147,268,365	142,417,780	137,454,494	131,211,568	124,777,130

Current year geographic direct premium distribution (\$000): New York, \$1,832,942 (19.1%); Pennsylvania, \$665,510 (6.9%); Massachusetts, \$502,236 (5.2%); California, \$495,305 (5.2%); New Jersey, \$489,681 (5.1%); other jurisdictions, \$5,613,532 (58.5%).

EARNINGS

Overall, TIAA has demonstrated a consistent track record of strong operating profitability, reflecting the company's very stable liability structure, lean expense structure, and favorable investment income. TIAA's operating and administrative expenses are exceptionally low and compare favorably with those of mutual fund companies, which typically have significantly lower cost infrastructures than insurance companies. Distribution of traditional annuity products is conducted directly with its institutional clients. TIAA's products are offered to employees on a payroll deduction basis and, therefore, incur no commission costs. However, full administrative service and support is provided both to the institution and individual plan participants through the organization's staff. In addition to this low-cost distribution structure, TIAA's

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overall unit costs are further minimized by the scale of its operations and its effective administrative links with its institutional clients for payroll deduction, premium payment and servicing. Recently, TIAA has strategically increased infrastructure costs to add to its technology platform and advertising expense in order to raise brand awareness.

Historically, the growth of the TIAA general account's share of premium income has been relatively modest, since premium deposits have been concentrated in the CREF variable annuities. Furthermore, the trends in revenues have been affected by fluctuations in internal transfers (resulting from the state of economic cycles and capital market conditions) and premium allocations between TIAA and CREF. The company enjoys a significant competitive advantage due to its extremely stable liability structure, which ensures long-term persistency of its policies in force and provides for considerable flexibility in its investment strategies. TIAA generates predictable and significant positive cash flow, and with less than 20% of its reserves subject to discretionary surrender, the company can invest in opportunities (such as real estate or alternative investments) with long-term payback, a luxury not available to most of its competitors.

Some of TIAA's newer, non-core businesses are not yet profitable on a fully stand-alone basis due to the lack of critical mass and the impact of start-up costs. TIAA will continue to make modest investments in these activities over the next few years to build their infrastructure and position them to absorb projected growth. Over time, management will continue to evaluate these ventures and their ability to become profitable on a stand-alone basis, generate an acceptable return on investment for TIAA and demonstrate synergies with TIAA's core pension operations.

TIAA's consolidated 2007 statutory income decreased by \$905 million to \$1.429 billion primarily due to a \$744 million change in net realized capital losses. TIAA had net realized capital losses of \$137 million in 2007 compared to net realized capital gains of \$607 million in 2006. Net realized capital losses in 2007 were impacted by \$440 million in other-than-temporary AVR impairment write-downs, offset by \$303 million in realized capital gains (excluding gains and taxes transferred to the IMR).

PROFITABILITY TESTS

Year	Ben Paid to NPW & Dep	Comm & Exp to NPW & Dep	NOG to Tot Assets	NOG to Tot Rev	Operating Return on Equity	Net Yield	Total Return
2003	72.6	5.6	0.9	6.1	13.1	6.93	6.69
2004	75.8	4.9	0.7	5.1	10.2	6.46	6.65
2005	76.4	4.3	1.0	7.3	13.8	6.46	7.08
2006	93.8	5.6	1.0	7.3	12.1	6.39	7.03
2007	105.1	7.6	0.8	6.5	9.5	6.46	6.94

PROFITABILITY ANALYSIS

	2007	2006	2005	2004	2003
Net Operating Gain (000)					
Ordinary life	78,004	25,862	-14,729	1,524	3,660
Group life	-84	864	1,927	3,955	5,041
Credit life	1,038	1,538	4,628	...	...
Supplementary contracts	-8,181	-6,346	-7,047	4,487	13,463
Individual annuities	541,235	840,015	753,360	865,779	1,127,884
Group annuities	7,233	95,796	113,619	196,684	103,561
Individual A&H	773	-4	14,462	-1,681	-6,807
Credit A&H	5,504	-1,974	-4,890	...	...
Group A&H	-256	8,810	15,074	19,468	56,160
Other	940,339	761,809	807,630	3,773	-2,488
Total	1,565,606	1,726,371	1,684,033	1,093,988	1,300,474

CAPITALIZATION

TIAA has historically maintained a very strong risk-adjusted capital position. Over the last five years, the company has increased its capitalization level (including AVR) at a compound annual growth rate of over 14.0%. The company's unique organizational structure and considerable latitude in managing its capital base (given its stable liabilities and its ability to adjust crediting and dividend rates) have provided TIAA with significant financial flexibility. As a result, its current level of capitalization is more than adequate to support its overall insurance and investment risks.

TIAA's capital is somewhat susceptible to the company's above-average exposure to real estate (both directly and through investments in property-related fixed-income securities), common stock, higher-risk structured securities and alternative investments (joint ventures/limited partnerships and derivatives). This allocation strategy reflects the fact that with its long-duration liabilities, established hedging and risk management strategy and flexible dividend policies, TIAA can take a long-term view on its investments and manages them for favorable long-term returns. TIAA has continued to refine its risk management process both at the portfolio and enterprise level.

Additionally, TIAA's life insurance subsidiary, TIAA-CREF Life, is well capitalized on a stand-alone basis. As a strategically important part of the TIAA Group, the company has the strong operational, managerial and financial backing of TIAA. This support has been demonstrated by TIAA's periodic capital contributions to the company to absorb surplus erosion stemming from statutory operating losses. Best expects that TIAA will continue to ensure that TIAA-CREF Life remains well capitalized.

In 2007, TIAA's capital position benefited from a favorable settlement with the IRS over certain tax deductions. Prior to 1998, TIAA's pension business was exempt from federal income taxation, although earnings on its non-pension products had been taxable for some time. In early 2004, the company received two notices from the IRS of proposed adjustments disallowing write-offs of certain intangible assets and adjusting tax-basis annuity reserves claimed for years 1998 and 1999. Although TIAA had vigorously contested these adjustments, TIAA began accruing federal income taxes in 2004 for current and prior year exposures. A \$1.7 billion contingent reserve was built for 50% of the potential surplus effect of the annuity reserve issue, which was charged to surplus during 2004, 2005, and 2006.

On April 5, 2007, TIAA executed a partial settlement with the IRS Appeals Division resolving the disputed adjustments to tax-basis annuity reserves for the tax years 1998-2002. With the settlement, the IRS agreed to accept all deductions related to the annuity reserves as claimed by TIAA on its 1999-2002 tax returns. TIAA believes that it is reasonable to expect that such deductions related to subsequent years will not be subject to adjustment by the IRS in future audits, and has not provided for any related contingency. As a result of the settlement, TIAA's best estimate of the probable loss as of December 31, 2006, required TIAA to hold a revised contingent tax provision of \$659 million which represented a reduction of \$1.07 billion, and was subsequently released into TIAA's surplus. As of December 31, 2007, TIAA holds a contingent tax provision of \$1.08 billion.

LEVERAGE TESTS

Year	C&S Liabilities	Surplus Relief	Reins Leverage	NPW & Dep to Capital	Change in NPW & Dep	Change in Capital
2003	9.4	0.2	7.1	0.7	-4.0	5.0
2004	9.8	0.2	8.2	0.6	6.8	11.1
2005	11.1	0.1	6.8	0.6	15.5	16.9
2006	12.7	0.1	6.1	0.6	0.4	16.9
2007	14.4	0.0	4.1	0.4	-7.9	17.0

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SOURCES OF CAPITAL GROWTH (\$000)

Year	Net Gain	Realized Capital Gains	Unrealized Capital Gains	Change AVR	Other Changes	Change in C&S
2003	1,300,474	-786,139	360,217	-25,368	-279,310	569,873
2004	1,093,988	-553,531	668,360	-455,048	182,169	935,938
2005	1,684,033	316,764	519,138	-305,770	-168,923	2,045,241
2006	1,726,371	607,422	308,744	-688,495	105,482	2,059,524
2007	1,565,606	-136,860	831,925	-697,920	982,204	2,544,955

CAPITAL TRENDS (\$000)

Year	Year end C&S	Surplus Notes	Stock-holder Divs	Policy-holder Divs	Asset Valuation Reserve	Interest Maintenance Reserve
2003	10,241,462	...	...	4,584,048	2,288,501	610,882
2004	11,177,400	...	...	4,112,964	2,743,549	805,961
2005	13,222,641	...	...	3,860,286	3,049,319	796,222
2006	15,282,165	3,985,986	3,737,813	682,032
2007	17,827,120	4,578,061	4,435,734	602,556

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INVESTMENTS AND LIQUIDITY

TIAA benefits from an unusually stable and long-maturity liability structure, as more than 80% of its liabilities are comprised of annuities with little or no cashability. This unique structure provides it with a significant degree of flexibility in its investment strategy. TIAA has used a well-balanced mix of long-maturity corporate bonds (including public and private), mortgages, structured securities, treasuries and other alternative investment classes (such as private equity and real estate) to support its liabilities. However, due to structural changes in the bond and mortgage markets, new investments have generally been of shorter maturity and duration structures. Additionally, the company has been responsive to changes in market interest rates by managing the credit rates on its accumulating annuities and the dividend levels of its payout annuities. TIAA uses derivative instruments (mainly forwards, futures, and swaps) primarily to hedge its exposure to foreign currency fluctuations. As a result of its stable liability structure, the company has historically been able to take a higher degree of credit risk and, to some extent, liquidity and interest rate risk, in its investment portfolio when compared to other insurers. Nonetheless, policyholders have benefited from TIAA's ability to translate this incremental risk into above-average investment performance that has contributed to enhanced policyholder dividends compared to peers. Policyholders also benefit from the significant economies of scale in TIAA-CREF's operations, resulting in lower investment expenses and higher net investment yields.

TIAA's fixed income investment expertise is reflected in the historical performance of its general account portfolio. Public bonds, private placements, and conventional mortgages (primarily commercial mortgage loans) comprise over 85% of invested assets. High-quality public bonds account for about two-thirds of the bond portfolio and are well distributed by industry sector and issuer. Residential and commercial mortgage-backed issues (including some long-duration tranches) accounted for nearly one-third of the portfolio in recent years and have structures which are well suited to TIAA's liability profile. Private placements, accounting for about one-fourth of bond holdings, are a combination of tradable 144A issues and "true" private placements and are generally of lower credit quality than the public portfolio in order to generate incremental investment yield. Nonetheless, the portfolio remains well diversified with very high credit quality securities. Additionally, the percentage of below investment grade bonds has decreased for five consecutive years, due to TIAA's successful active management of its below investment grade portfolio and being selective in its purchases, to represent less than 40% of surplus. Like all companies, TIAA has been impacted by the prolonged low interest rate environment, and has seen a decline in its gross earned rate.

Historically, TIAA has been an active real estate investor (both mortgages and direct ownership), which at over fifteen percent of invested assets, exceeds the industry average by several percentage points. Although allocation to mortgage loans (as a percentage of invested assets) has declined recently, the company still remains exposed to this sector. Management expects the current percentage allocation to remain relatively stable for the foreseeable future. More than half of the portfolio is loans on office and retail buildings, but holdings are well diversified geographically, including ownership interest in several properties overseas.

TIAA maintains a relatively small exposure to common stock. Overall, unaffiliated equities comprised less than 20% of capital and surplus at the year-end 2007. The maturity of its liabilities are rather long, allowing the company to take a long-term view of its portfolio management strategy by harvesting gains when economically sensible; hence, future capital gain-taking is likely to fluctuate over time, depending on TIAA's view of current and prospective economic and investment conditions and portfolio rebalancing needs. From 2002-2004, the company recognized a significant amount of investment losses, reflecting the difficult economic and investment climate. Realized capital losses primarily were credit-related fixed income losses and asset write-downs (many of which eventually recovered in price and were later sold for gains); unrealized losses largely reflected valuation changes on investments in various equity funds, and derivative contracts. After significant net realized capital gains in 2005 and 2006, TIAA had \$137 million of net realized investment losses in 2007 due to the dislocation in the credit markets; with unrealized gains of \$674 million.

TIAA enjoys very strong liquidity. With its high-quality, unleveraged balance sheet, solid earnings capacity, predictable cash flows and favorable liability structure, TIAA has the internal resources with which to grow its businesses and pursue future opportunities while not compromising its capital strength.

TIAA also has a \$2 billion commercial paper program that occasionally is used for temporary needs under TIAA's various investment programs. In the future, we expect usage of this program to include its basic purpose of providing backup liquidity, as well as ongoing issuance to maintain a presence in the commercial paper markets. Going forward, A.M. Best expects TIAA will maintain a superior capital position, driven by continued strong earnings growth and crediting rate discipline.

LIQUIDITY TESTS

Year	Operating Cash Flow (\$000)	Quick Liquidity	Current Liquidity	Non-Inv Grade Bonds to Capital	Delinq & Foreclsd Mtg to Capital	Mtg & Cred Ten Lns to Cap	Affil Invest to Capital
2003	6,750,377	39.8	55.6	71.4	0.3	202.6	50.3
2004	8,565,273	39.6	55.2	58.4	0.2	186.8	49.0
2005	8,321,656	42.5	57.9	46.5	0.7	159.6	42.6
2006	4,441,728	42.1	59.6	35.5	...	132.6	35.6
2007	7,992,094	42.7	60.3	30.4	...	99.3	34.2

INVESTMENT YIELDS

Year	Net Yield	Bonds	Stocks	Mort-gages	Cash & Short Term	Real Estate Gross	Real Estate Net	Invest. Exp. Ratio
2003	6.93	7.07	5.78	7.76	1.85	17.60	4.32	4.80
2004	6.46	6.47	5.73	7.48	4.57	17.17	4.10	5.00
2005	6.46	6.35	8.16	7.40	3.62	16.75	2.86	5.56
2006	6.39	6.19	5.36	7.41	2.83	15.87	3.21	4.11
2007	6.46	6.23	5.96	6.70	4.42	15.74	3.63	4.01

INVESTMENT DATA

Current Year Distribution of Bonds by Maturity

	Years					Yrs-Avg Maturity
	0-1	1-5	5-10	10-20	20-	
Government	0.0	0.4	0.4	1.2	2.3	19
Gov't Agencies & Muni	0.2	0.5	2.5	4.5	12.7	20
Public Utilities	0.2	0.7	0.7	0.7	1.4	15
Industrial & Misc	4.0	15.1	28.7	9.0	13.7	10
Affiliated	0.0	0.2	1.0	0.0	...	7
Total	4.3	16.9	33.2	15.4	30.2	13

	2007	2006	2005	2004	2003
Bonds (000)	131,858,762	121,774,660	121,863,326	114,776,422	106,505,812
US Government	3.7	1.1	0.8	1.2	2.0
Foreign Government	0.5	0.8	0.8	0.9	0.8
Foreign - All Other	9.8	13.8	15.4	12.2	10.3
State/Special Rev. - US	20.4	20.9	19.6	20.4	20.1
Public Utilities - US	3.5	3.4	3.5	3.5	3.8
Industrial & Misc - US	60.9	58.8	59.1	61.3	62.3
Affiliated	1.2	1.1	0.8	0.5	0.7
Private Issues	27.0	27.7	24.3	27.4	30.0
Public Issues	73.0	72.3	75.7	72.6	70.0

Bond Quality (%)	2007	2006	2005	2004	2003
Class 1	70.4	69.2	66.4	65.3	62.5
Class 2	24.5	25.4	27.4	27.6	29.2
Class 3	3.0	3.3	3.4	4.1	4.9
Class 4	1.3	1.6	1.4	1.8	2.1
Class 5	0.3	0.4	0.5	0.6	0.6
Class 6	0.5	0.2	0.8	0.6	0.8

	2007	2006	2005	2004	2003
Mortgages (000)	20,443,463	23,756,213	24,352,566	24,293,328	23,689,539
Commercial	100.0	100.0	100.0	100.0	100.0
Residential	0.0	0.0	0.0	0.0	0.0

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Mortgage Quality (%)	2007	2006	2005	2004	2003
90 Days Delinquent	0.0	0.0
In Process of Forecl	0.1	0.1
Total Delinquencies	...	...	...	0.1	0.1
	2007	2006	2005	2004	2003
Real Estate (000)	1,672,230	1,455,028	1,617,964	1,707,127	1,702,300
Property Occupied by Co	14.4	17.0	15.7	15.2	15.5
Property Held for Inc	85.4	82.9	77.3	72.7	73.4
Property Held for Sale	0.1	0.1	7.0	12.1	11.1
	2007	2006	2005	2004	2003
Stocks (000)	8,564,698	8,603,966	5,127,309	5,009,815	4,399,278
Unaffiliated Common	17.2	14.9	15.4	8.2	9.8
Affiliated Common	31.7	32.2	59.4	66.1	69.1
Unaffiliated Preferred	51.1	52.9	25.3	25.7	21.0
	2007	2006	2005	2004	2003
Other Inv Assets (000)	11,896,165	9,836,647	7,485,668	6,095,315	5,945,386
Cash	12.8	24.4	9.6	3.0	13.0
Short-Term	0.7	0.7	1.2	4.3	5.2
Schedule BA Assets	78.9	67.1	79.5	83.2	71.6
All Other	7.7	7.9	9.7	9.5	10.2

HISTORY

Date Incorporated: 03/04/1918 **Date Commenced:** 05/17/1918

Domicile: NY

OFFICERS

President and Chief Executive Officer, Roger Ferguson, Jr.; Executive Vice President and Chief Financial Officer, Georganne C. Proctor; Executive Vice President and General Counsel, George W. Madison; Executive Vice Presidents, Mary E. Beams, Scott C. Evans, I. Stephen Goldstein, Erwin W. Martens, Dermot J. O'Brien, Cara L. Schnaper, Bertram L. Scott, Edward D. Van Dolsen; Senior Vice President and Chief Actuary, Harry I. Klaristenfeld; Vice President and Secretary, William J. Mostyn; Vice President and Treasurer, Gary Chinery.

DIRECTORS

Elizabeth E. Bailey, Glenn A. Britt, Robert C. Clark, Roger W. Ferguson, Jr., Edward M. Hundert, Marjorie F. Knowles, Donald K. Peterson, Sidney A. Ribeau, Dorothy K. Robinson, David L. Shedlarz, David F. Swensen, Ronald L. Thompson (Chairman), Marta Tienda, Rosalie J. Wolf.

REGULATORY

An examination of the financial condition was made as of December 31, 2004 by the Insurance Departments of Mississippi, Nevada and New York. The 2007 annual independent audit of the company was conducted by PricewaterhouseCoopers, LLP. The annual statement of actuarial opinion is provided by Harry Klaristenfeld, Senior Vice President & Chief Actuary.

Territory: The company is licensed in the District of Columbia, Puerto Rico, U.S. Virgin Islands and all states.

Reserve basis: (Current ordinary business): 2001 CSO 4.0%; CRVM valuation. (Current qualified annuity business): 3.0%, a-2000 (9,10) and dynamic interest (5-year CUT less 125 BP), a-2000 with increasing setback (deferred), 2.5%, a-2000 (9,10) (immediate).

FINANCIAL INFORMATION BALANCE SHEET (\$000) - December 31, 2007

Assets		Liabilities	
*Total bonds	131,858,762	+Net policy reserves	146,813,902
*Total preferred stocks	4,374,849	Policy claims	353,785
*Total common stocks	4,189,849	Deposit type contracts	454,463
Mortgage loans	20,443,463	Interest maint reserve	602,556
Real estate	1,672,230	Comm taxes expenses	1,829,502
Contract loans	862,242	Asset val reserve	4,435,734
Cash & short-term inv	1,603,030	Other liabilities	5,071,117
Other invested assets	9,382,150		
Premis and consids due	76,403	Tot liab w/o sep accts	159,561,058
Accrued invest income	1,518,924	Separate account bus	19,021,097
Other assets	1,406,134	Total Liabilities	178,582,155
		Common stock	2,500
Tot assets w/o sep accts	177,388,036	Paid in & contrib surpl	550
Separate account bus	19,021,239	Contingency reserve	17,824,070
Assets	196,409,275	Total	196,409,275

*Securities are reported on the bases prescribed by the National Association of Insurance Commissioners. +Analysis of reserves: Life \$418,445; annuities \$146,066,221; supplementary contracts with life contingencies \$235,694; disability active lives \$11,128; disability disabled lives \$47,188; miscellaneous reserves \$35,062; accident & health \$163.

SUMMARY OF OPERATIONS (\$000)

Premiums:		Death benefits	70,248
Ordinary life	369,205	Matured endowments	106
Individual annuities	6,248,984	Annuity benefits	4,873,622
Credit life	-7,733	Disability benefits	3,640
Group annuities	2,862,440	Surrender benefits	5,167,381
Acc & health credit	-12,762	Acc & health benefits	264
Acc & health other	7	Int on policy funds	19,082
Total premiums	9,460,140	Supplementary contracts	17,493
Supplementary contracts	4,428	Incr life reserves	4,839,402
Net investment income	10,705,120	Incr a & h reserves	-15,511
Amort interest maint res	123,280	Change in reserves	-4,043
Comm & exp reins ceded	12	Comm exp reins assumed	-1,715
Res adj on reins ceded	122	Insur taxes lic & fees	24,901
Other income	3,610,164	General ins expenses	706,256
		Net transf to sep acct	1,510,939
		Misc operating expense	180,898
Total	23,903,266	Total	17,392,959

Gain from operations before FIT & div to policyholders.....	6,510,307
Dividends to policyholders: life.....	4,578,061
Gains from operations after dividends to policyholders.....	1,932,246
Federal income taxes incurred.....	366,640
Net gain from operations after FIT and dividends.....	1,565,606

CASH FLOW ANALYSIS (\$000)

Funds Provided	Funds Applied		
Gross cash from oper	24,585,100	Benefits paid	10,099,761
Long-term bond proceeds	11,662,930	Comm, taxes, expenses	1,469,467
Stock proceeds	3,326,129	Long-term bonds acquired	21,599,032
Mortgage loan proceeds	5,553,083	Other invest acquired	10,421,290
Other invest proceeds	2,584,557	Other cash applied	6,024,691
Other cash provided	1,040,988		
Deer cash & short-term	861,454		
Total	49,614,241	Total	49,614,241

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SEPARATE ACCOUNT DATA

	2007	2006	2005	2004	2003
Sep Acct Assets	19,021,239	15,383,839	11,651,071	8,309,676	5,849,058
% Growth	23.6	32.0	40.2	42.1	34.2
S/A Assets/Adm Assets	9.7	8.4	6.7	5.1	3.9
Sep Acct Reserves	18,751,536	15,126,425	11,474,677	8,160,866	5,619,975
% Individual Annuities	79.4	80.6	81.8	83.6	85.6
% Group Annuities	20.6	19.4	18.2	16.4	14.4
Other Liabilities	269,561	257,414	176,394	148,810	229,082
Sep Acct Surplus	141	...	...	...	...
S/A Prens & Deposits	3,342,963	3,355,735	2,945,533	2,339,295	1,401,307
% Individual Annuities	75.8	77.4	78.2	80.4	80.2
% Group Annuities	24.2	22.6	21.8	19.6	19.8
Sep Acct Fees & Charges	147,180	89,763	41,909	27,460	22,087
% Individual Annuities	78.2	80.7	83.2	85.5	86.5
% Group Annuities	21.8	19.3	16.8	14.5	13.5
Fees & Chgs to Assets%	0.9	0.7	0.4	0.4	0.4
Sep Acct Ben & Wdrwls	2,185,540	1,741,190	1,018,363	740,053	644,224
% Individual Annuities	81.6	86.0	88.0	89.7	92.4
% Group Annuities	18.4	14.0	12.0	10.3	7.6
Ben & Wdrwl to Assets%	12.7	12.9	10.2	10.5	12.6

ORDINARY LIFE STATISTICS

Year	Ord. Lapse Ratio %	Average Ord. Policy (in dollars) Issued	Avg. Prem (\$/M) In Force	1st Yr Prem / Total Prem	1st Yr Comm / 1st Yr Prem	Gen. Exp. / Policies In Force
2003	5.5	31,655	193,416	8.79	0.3	165.11
2004	4.5	62,597	112,931	9.02	1.3	31.12
2005	6.1	45,802	59,858	12.28	-0.9	28.21
2006	4.6	65,469	60,367	10.06	0.2	30.83
2007	13.9	76,987	74,912	11.47	0.2	43.95

Year	# Policies Issued (000)	# Policies in Force (000)	First Year Premium (000)	Gen'l Exp / Reserves (%)	Return on Reserves (%)
2003	2	192	859	7.53	0.87
2004	1	361	4,357	2.40	0.33
2005	0	659	-2,907	3.58	-2.83
2006	0	621	649	3.53	4.77
2007	0	431	860	3.70	15.24

Note: Expenses are not affected by Federal Income taxes. The unusual proportion of term insurance causes a very low average premium.

INDIVIDUAL ANNUITY STATISTICS

Year	NPW & Dep (000)	Res & Dep Liab (000)	Exp to Res & Dep Liab (%)*	Comm & Exp to NPW & Dep (%)	Benefits & Wdrwls to NPW & Dep (%)	Benefits & Wdrwls to Res & Dep Liab (%)*
2003	5,976,029	119,262,238	0.3	6.5	90.8	4.5
2004	6,505,948	126,187,762	0.3	6.4	92.6	4.8
2005	7,171,882	133,301,011	0.3	5.0	97.8	5.2
2006	7,181,258	139,584,245	0.3	5.7	119.6	6.1
2007	6,357,360	145,747,394	0.3	8.0	136.6	5.9

* Includes Separate Account reserves.

GROUP ANNUITY STATISTICS

Year	NPW & Dep (000)	Res & Dep Liab (000)	Exp to Res & Dep Liab (%)*	Comm & Exp to NPW & Dep (%)	Benefits & Wdrwls to NPW & Dep (%)	Benefits & Wdrwls to Res & Dep Liab (%)*
2003	2,113,802	10,470,045	0.4	1.9	30.2	6.1
2004	2,405,146	12,717,561	0.0	0.0	31.4	5.9
2005	2,764,583	15,088,776	0.5	2.7	32.2	5.9
2006	2,908,041	17,396,238	0.7	4.1	39.7	6.6
2007	2,952,178	19,760,664	0.7	4.8	47.1	7.0

* Includes Separate Account reserves.

TOTAL ANNUITY ACTUARIAL RESERVES & DEPOSIT TYPE LIABILITIES BY WITHDRAWAL CHARACTERISTICS

Year	Total Annuity Res & Dep Liab (000)	Min or No Surrender Charge (%)*	With Surrender Charge 5% or more (%)*	With MVA (%)*	No Surrender Allowed (%)*
2003	129,732,283	20.4	...	...	79.6
2004	138,905,323	22.4	...	...	77.6
2005	148,389,491	24.3	...	...	75.7
2006	156,980,483	25.7	...	...	74.3
2007	165,508,057	27.0	...	...	73.0

* Includes Separate Account reserves.

NEW LIFE BUSINESS ISSUED (\$000)

Year	Whole Life & Endow.	Term	Credit	Group	Industrial	Total Insurance Issued	Non-Par (%)	Par (%)
2002	40,024	113,758	...	254,074	...	407,856	100	...
2003	47,198	29,027	...	...	...	76,225	100	...
2004	36,692	553	...	...	...	37,245	100	...
2005	14,665	175	...	...	...	14,840	100	...
2006	18,978	8	...	...	...	18,986	100	...
2007	23,789	...	...	...	...	23,789	100	...

LIFE INSURANCE IN FORCE (\$000)

Year	Whole Life Endow. & Adds	Term	Credit	Group	Industrial	Total Insurance In Force
2002	846,164	38,496,400	...	25,514,647	...	64,857,211
2003	857,415	36,307,564	...	12,820,528	...	49,985,507
2004	854,308	39,865,067	...	4,188,043	...	44,907,418
2005	1,820,826	37,648,509	57,171	120,653	...	39,647,159
2006	1,762,991	35,753,083	320,870	110,476	...	37,947,420
2007	1,710,441	30,540,471	...	102,343	...	32,353,255

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Ultimate Parent: Teachers Insurance & Ann Assn of America

TIAA-CREF LIFE INSURANCE COMPANY

730 Third Avenue
New York, NY 10017-3206
Web: www.tiaa-cref.org

Tel.: 800-223-1200
AMB#: 60222
Ultimate Parent#: 07112

Fax: 800-842-5916
NAIC#: 60142
FEIN#: 13-3917848

BEST'S RATING

Based on our opinion of the consolidated Financial Strength of the life/health members of TIAA Group, which operate under a group structure, this group member is assigned a Best's Rating of A++ (Superior). The company is assigned the Financial Size Category of Class XV which is the Financial Size Category of the parent.

RATING RATIONALE

Rating Rationale: The rating of TIAA-CREF Life Insurance Company (T-C Life) is based on the company's strong strategic, operational, and management ties with its ultimate parent, Teachers Insurance and Annuity Association (TIAA). T-C Life is the vehicle through which TIAA offers savings and insurance products to its pension plan participants and the general public, complementing TIAA's focus on providing retirement annuities and pension services to its core market of colleges, universities and non-profit institutions. TIAA has demonstrated tangible backing of T-C Life by committing capital to fund the company's growth, and has provided administrative and staff support as well. A.M. Best expects TIAA to similarly support T-C Life going forward.

The following text is derived from the report of Teachers Insurance and Annuity Association of America.

The rating of Teachers Insurance and Annuity Association of America (TIAA) reflects its well-established position in the higher education pension market, stable liability profile, superior capitalization, low cost structure, well-diversified investment portfolio, excellent liquidity and strong financial flexibility. Partially offsetting these positive factors are TIAA's aggressive investment strategy and the significant competition it faces from other investment managers and retirement service providers.

TIAA-CREF, which consists of Teachers Insurance and Annuity Association and TIAA-CREF Life Insurance Company, together with TIAA's companion organization, the College Retirement Equities Fund (CREF), forms one of the largest retirement systems in the U.S. with over \$435 billion in combined assets under management as of year-end 2007. The organization has been consistently profitable and maintains a superior risk-based capital position. With its strong balance sheet, predictable cash flows and earnings, and consistently stable liability profile, the group maintains solid financial flexibility with more than adequate capital to support its insurance and investment risks. TIAA's lean cost structure, competitive product crediting rates and excellent customer service provide it with a favorable competitive advantage. TIAA also has leveraged its investment expertise, economies of scale and unique business profile by expanding into various activities that are complementary to its core pension business, such as mutual funds, trust services, state-sponsored tuition financing programs and planned giving services.

With the vast majority of its policyholder obligations being both tax-qualified and not immediately surrenderable, TIAA is able to accept a greater degree of illiquidity and volatility in its investment portfolio than competitors, without significant policy disintermediation concerns. For approximately one-third of its investment portfolio, TIAA utilizes a less liquid mix of private placement bonds, whole mortgage loans and owned real estate. Additionally, TIAA maintains an above average allocation to structured securities (36% of invested assets) along with exposure to alternative asset classes such as private equity funds and limited partnerships. A.M. Best notes that TIAA's investment performance has been historically favorable and has produced attractive returns to policyholders. While TIAA has a strong franchise in its core higher education market, competition has been increasing from other investment management and retirement services firms. In

response, the group has implemented a branding strategy to better disseminate its name in the market and launched new systems and products as part of refreshing its service platform. A.M. Best expects TIAA to maintain its significant market presence, despite these challenges, due to its compelling competitive advantages.

Best's Rating: A++g

Outlook: Stable

FIVE YEAR RATING HISTORY

Date	Best's Rating	Date	Best's Rating
09/04/08	A++g	05/31/05	A++g
06/15/07	A++g	06/10/04	A++g
06/21/06	A++g		

KEY FINANCIAL INDICATORS (\$000)

Year	Assets	Total Capital		Net Premiums Written	Net Invest Income	Net Income
		Capital Surplus Funds	Condit'l Reserve Funds			
2002	2,574,813	262,232	399	946,397	89,757	-20,038
2003	3,149,052	279,514	4,662	613,399	147,935	11,191
2004	3,376,041	300,078	10,764	227,075	145,746	25,476
2005	3,326,952	324,430	14,574	140,613	147,445	21,418
2006	3,208,373	340,553	15,779	136,003	139,999	17,279
2007	3,115,350	332,130	10,326	169,592	128,587	10,098

BUSINESS REVIEW

The following text is derived from the report of Teachers Insurance and Annuity Association of America.

Teachers Insurance and Annuity Association of America (TIAA) was organized as a legal reserve not-for-profit life insurer under the auspices of the New York Insurance Department. According to its charter, ownership of all of its outstanding common stock is held by a special purpose corporation, the TIAA Board of Overseers. All policies and contracts issued by the company are non-participating. However, since its articles of incorporation prohibit stockholders from receiving any profit, distributions of earnings are made to policyholders in the form of dividends.

The TIAA organizational structure is unique. It was formed by the Carnegie Foundation for the Advancement of Teaching for the specific purpose of serving as the major provider of retirement and insurance benefits for the faculties and other employees of non-profit educational and research organizations. An important provision of the TIAA system is that it provides full funding, immediate vesting and portability of pension funds, which enables educational or research professionals to change employer without forfeiting accrued pension rights. Today, the company serves over three million policyholders across 15,000 colleges, universities, and related education and research institutions in the United States.

TIAA operates in conjunction with its companion organization, the College Retirement Equities Fund (CREF), a separate not-for-profit membership corporation formed to provide variable annuity (VA) contracts as alternatives to TIAA's fixed annuity contracts. CREF is registered as an open-ended diversified investment management company. Currently, the company's VA retirement benefit plans are offered through eight separate investment accounts. With total assets under management of more than \$435 billion at year-end 2007, TIAA-CREF is a major financial services organization. Together, TIAA and CREF represent the largest retirement system in the U.S.

TIAA's primary products include individual and group qualified retirement annuities, supplemental retirement annuities, IRA and Keogh plans, as well as non-qualified personal annuities. The company also sells individual insurance policies but this is a minor part of overall operations. Recently, TIAA exited the group life and disability as well as the long-term care businesses, since they no longer fit its long-term objective and core strength.

TIAA-CREF policyholders are able to allocate their retirement annuity contributions between proprietary options, which include the TIAA General Account and Real Estate Separate Account and various CREF accounts that cover a range of investment objectives and styles, including stock, money market, social choice, bond, and inflation-linked bond funds. Non-proprietary funds are also made available. Through a subsidiary, TIAA-CREF Life

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Insurance Co. (TIAA-CREF Life), TIAA offers non-qualified personal annuities and insurance products to the general public. On a selective basis, TIAA has also pursued selected opportunities to market retirement savings products to K-12 teachers and their families, research and other not-for-profit organizations and hospitals.

Product distribution is conducted directly with its corporate clients, where the company receives premiums on a payroll deduction basis. The organization employs no soliciting agents. Therefore, it incurs no commission costs. Additionally, the company's overall unit costs are further reduced by its significant economies of scale and the effective administrative links it maintains with its institutional clients for payroll deductions, premium payment and servicing. From the individual client perspective, TIAA looks to offer advice, products and services related to fulfilling the client's long-term financial goals, while from the institutional perspective, TIAA offers efficient and cost-effective delivery of products and administration.

The company maintains a unique liability structure, benefiting from substantial insulation from disintermediation, since less than 20% of its general account pension liabilities are subject to discretionary withdrawal. As a result of this exceptionally stable liability structure, TIAA is able to maintain a long-term view toward its investment strategies, without exposing it to excessive volatility resulting from short-term market fluctuations. Additionally, TIAA has established several ancillary businesses to complement its focused pension, annuity, and insurance operations. These ventures dovetail with TIAA's target markets and strategic focus by capturing and retaining existing clients' wealth as well as attracting new clients.

In 2002, the company established TIAA Global Markets, Inc. (TGM), an indirect wholly owned subsidiary, to issue notes and other debt instruments and invest the proceeds to generate positive investment spreads. TGM is authorized to issue up to \$5 billion in notes (as of December 31, 2007, \$2.75 billion was outstanding with final maturities through 2012). All debt issued under this program is guaranteed by TIAA. Proceeds are primarily invested in public investment-grade securities that are of similar maturity to the debt instruments in order to minimize any asset/liability mismatch risk. Because borrowings are used for investment arbitrage and are closely matched to assets purchased, A.M. Best does not view these borrowings as financial leverage.

Following the loss of its tax-exempt status several years ago, the company leveraged its low-cost structure by developing an array of no-load proprietary mutual funds, which are offered to the general public as well as its core educational/non-profit clients. TIAA's mutual funds are comprised of a multi-class structure (opening the funds up to both institutional and retail investors) in order to eliminate duplication of portfolios and streamline operations. TIAA also offers non-proprietary funds in response to client interest and increased competition in its core market. Currently 18 funds are available in the retail class, 32 at the institutional level and 10 lifecycle funds at the institutional level as well.

Demand for wealth transfer services among its traditional participants prompted TIAA to enter the trust services market through its federally chartered savings bank (TIAA-CREF Trust Company, FSB). The company, an SEC registered investment advisor, offers financial planning, discretionary and non-discretionary asset management, trust administration, and estate planning services. In addition, TIAA offers institutional trust services to higher education institutions through endowment management and planned giving programs.

As an extension of its higher education charter, the company has been serving the tuition financing market (state-sponsored 529 plans), which provide tax-advantaged college savings plans. Currently, the organization has contracts with 10 states to offer these plans. Overall, the expected high growth rate for these tax-advantaged college savings plans has not yet been realized.

On October 1, 2006, TIAA completed the acquisition of Kaspick & Company, the nation's leading provider of planned giving services. The combination brings together Kaspick & Company's innovative planned giving services with TIAA's deep relationships among academic, medical, research and cultural institutions. With the addition of Kaspick & Company, TIAA now manages over \$4 billion in planned giving assets, which furthers TIAA's strategic vision to serve the broad financial needs of colleges, universities and other non-profits.

Net cash flows into these non-insurance activities has increased continuously over the past several years. A.M. Best believes that these initiatives will allow the organization to maintain its overall scale of operation while better serving the needs of its customer base. However, none of these ancillary lines have achieved significant scale, and the pension segment continues to dominate the organization's assets under management.

PREMIUM AND RESERVE ANALYSIS

	2007	2006	2005	2004	2003
Direct Premiums (000)					
Ordinary life	52,555	43,584	34,520	30,807	22,458
Individual annuities	142,338	116,873	125,866	236,227	584,018
Individual A&H	19,614	13,364	10,849	20,943	17,558
Total	214,507	173,821	171,235	287,976	624,034
Reins Ceded Prens (000)					
Ordinary life	25,301	24,454	19,732	16,729	10,233
Individual A&H	19,614	13,364	10,889	44,172	401
Total	44,915	37,817	30,621	60,901	10,634
Net Premiums & Deposits (000)					
Ordinary life	27,254	19,130	14,787	14,078	12,225
Individual annuities	149,639	123,932	134,418	240,872	598,573
Group annuities	119,658	170,477	222,227	218,803	518,854
Individual A&H	...	...	-39	-23,230	17,156
Total	296,551	313,540	371,392	450,523	1,146,808
Deposits (incl. above)	126,959	177,537	230,779	223,448	533,408
General Account Reserve Distribution (000)					
Ordinary life	55,603	44,793	33,332	25,224	15,148
Supplementary contracts	694	710	347	186	225
Individual annuities	1,141,472	1,273,377	1,561,625	1,737,487	1,694,209
Deposit type contracts	842,883	916,441	954,475	876,604	825,181
Individual A&H	...	...	...	...	25,597
Total	2,040,651	2,235,320	2,549,778	2,639,501	2,560,359

Current year geographic direct premium distribution (\$000): Michigan, \$42,877 (13.1%); Connecticut, \$35,256 (10.8%); New York, \$34,618 (10.6%); California, \$19,073 (5.8%); Minnesota, \$14,483 (4.4%); other jurisdictions, \$181,063 (55.3%).

EARNINGS

The following text is derived from the report of Teachers Insurance and Annuity Association of America.

Overall, TIAA has demonstrated a consistent track record of strong operating profitability, reflecting the company's very stable liability structure, lean expense structure, and favorable investment income. TIAA's operating and administrative expenses are exceptionally low and compare favorably with those of mutual fund companies, which typically have significantly lower cost infrastructures than insurance companies. Distribution of traditional annuity products is conducted directly with its institutional clients. TIAA's products are offered to employees on a payroll deduction basis and, therefore, incur no commission costs. However, full administrative service and support is provided both to the institution and individual plan participants through the organization's staff. In addition to this low-cost distribution structure, TIAA's overall unit costs are further minimized by the scale of its operations and its effective administrative links with its institutional clients for payroll deduction, premium payment and servicing. Recently, TIAA has strategically increased infrastructure costs to add to its technology platform and advertising expense in order to raise brand awareness.

Historically, the growth of the TIAA general account's share of premium income has been relatively modest, since premium deposits have been concentrated in the CREF variable annuities. Furthermore, the trends in revenues have been affected by fluctuations in internal transfers (resulting from the state of economic cycles and capital market conditions) and premium allocations between TIAA and CREF. The company enjoys a significant competitive advantage due to its extremely stable liability structure, which ensures long-term persistency of its policies in force and provides for considerable flexibility in its investment strategies. TIAA generates predictable and significant positive cash flow, and with less than 20% of its reserves subject to discretionary surrender, the company can invest in opportunities (such as real estate or alternative investments) with long-term payback, a luxury not available to most of its competitors.

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Some of TIAA's newer, non-core businesses are not yet profitable on a fully stand-alone basis due to the lack of critical mass and the impact of start-up costs. TIAA will continue to make modest investments in these activities over the next few years to build their infrastructure and position them to absorb projected growth. Over time, management will continue to evaluate these ventures and their ability to become profitable on a stand-alone basis, generate an acceptable return on investment for TIAA and demonstrate synergies with TIAA's core pension operations.

TIAA's consolidated 2007 statutory income decreased by \$905 million to \$1.429 billion primarily due to a \$744 million change in net realized capital losses. TIAA had net realized capital losses of \$137 million in 2007 compared to net realized capital gains of \$607 million in 2006. Net realized capital losses in 2007 were impacted by \$440 million in other-than-temporary AVR impairment write-downs, offset by \$303 million in realized capital gains (excluding gains and taxes transferred to the IMR).

PROFITABILITY TESTS

Year	Ben Paid to NPW & Dep	Comm & Exp to NPW & Dep	NOG to Tot Assets	NOG to Tot Rev	Operating Return on Equity	Net Yield	Total Return
2003	17.1	4.4	0.5	1.8	5.0	5.75	5.74
2004	45.0	9.2	0.8	6.7	9.0	5.11	5.20
2005	90.9	11.3	0.7	7.5	7.2	5.17	5.20
2006	135.0	13.0	0.6	6.3	5.4	5.24	5.24
2007	87.3	12.2	0.6	6.0	5.5	5.26	4.95

PROFITABILITY ANALYSIS

<u>Net Operating Gain (000)</u>	2007	2006	2005	2004	2003
Ordinary life	-9,662	-14,800	988	-15,151	-11,445
Supplementary contracts	12	68	-1,217	-1,343	-895
Individual annuities	6,769	14,261	-2,200	26,045	25,634
Group annuities	6,393	4,457	6,063	11,567	4,206
Individual A&H	-102	-100	29	4,881	-3,840
Other	15,015	14,204	18,744	...	...
Total	18,424	18,090	22,407	26,000	13,661

CAPITALIZATION

The following text is derived from the report of Teachers Insurance and Annuity Association of America.

TIAA has historically maintained a very strong risk-adjusted capital position. Over the last five years, the company has increased its capitalization level (including AVR) at a compound annual growth rate of over 14.0%. The company's unique organizational structure and considerable latitude in managing its capital base (given its stable liabilities and its ability to adjust crediting and dividend rates) have provided TIAA with significant financial flexibility. As a result, its current level of capitalization is more than adequate to support its overall insurance and investment risks.

TIAA's capital is somewhat susceptible to the company's above-average exposure to real estate (both directly and through investments in property-related fixed-income securities), common stock, higher-risk structured securities and alternative investments (joint ventures/limited partnerships and derivatives). This allocation strategy reflects the fact that with its long-duration liabilities, established hedging and risk management strategy and flexible dividend policies, TIAA can take a long-term view on its investments and manages them for favorable long-term returns. TIAA has continued to refine its risk management process both at the portfolio and enterprise level.

Additionally, TIAA's life insurance subsidiary, TIAA-CREF Life, is well capitalized on a stand-alone basis. As a strategically important part of the TIAA Group, the company has the strong operational, managerial and financial backing of TIAA. This support has been demonstrated by TIAA's periodic capital contributions to the company to absorb surplus erosion stemming from statutory operating losses. Best expects that TIAA will continue to ensure that TIAA-CREF Life remains well capitalized.

In 2007, TIAA's capital position benefited from a favorable settlement with the IRS over certain tax deductions. Prior to 1998, TIAA's pension business was exempt from federal income taxation, although earnings on its non-pension products had been taxable for some time. In early 2004, the company received two notices from the IRS of proposed adjustments disallowing write-offs of certain intangible assets and adjusting tax-basis

annuity reserves claimed for years 1998 and 1999. Although TIAA had vigorously contested these adjustments, TIAA began accruing federal income taxes in 2004 for current and prior year exposures. A \$1.7 billion contingent reserve was built for 50% of the potential surplus effect of the annuity reserve issue, which was charged to surplus during 2004, 2005, and 2006.

On April 5, 2007, TIAA executed a partial settlement with the IRS Appeals Division resolving the disputed adjustments to tax-basis annuity reserves for the tax years 1998-2002. With the settlement, the IRS agreed to accept all deductions related to the annuity reserves as claimed by TIAA on its 1999-2002 tax returns. TIAA believes that it is reasonable to expect that such deductions related to subsequent years will not be subject to adjustment by the IRS in future audits, and has not provided for any related contingency. As a result of the settlement, TIAA's best estimate of the probable loss as of December 31, 2006, required TIAA to hold a revised contingent tax provision of \$659 million which represented a reduction of \$1.07 billion, and was subsequently released into TIAA's surplus. As of December 31, 2007, TIAA holds a contingent tax provision of \$1.08 billion.

LEVERAGE TESTS

Year	C&S to Liabilities	Surplus Relief	Reins Leverage	NPW & Dep to Capital	Change in NPW & Dep	Change in Capital
2003	10.9	2.4	10.1	4.0	-17.7	8.2
2004	11.5	2.9	26.0	1.4	-60.7	9.4
2005	13.2	1.7	40.8	1.1	-17.6	9.1
2006	15.6	1.8	58.5	0.9	-15.6	5.1
2007	16.5	1.9	66.2	0.9	-5.4	-3.9

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SOURCES OF CAPITAL GROWTH (\$000)

Year	Net Gain	Realized Capital Gains	Unrealized Capital Gains	Change AVR	Other Changes	Change in C&S
2003	13,661	-2,470	-129	-4,263	10,483	17,282
2004	26,000	-524	618	-6,101	572	20,564
2005	22,407	-988	-214	-3,811	6,958	24,352
2006	18,090	-811	-292	-1,204	340	16,123
2007	18,424	-8,326	704	5,453	-24,678	-8,423

CAPITAL TRENDS (\$000)

Year	Year end C&S	Surplus Notes	Stockholder Divs	Policyholder Divs	Asset Valuation Reserve	Interest Maintenance Reserve
2003	279,514	...	...	...	4,662	7,316
2004	300,078	...	...	...	10,764	9,160
2005	324,430	...	...	...	14,574	7,587
2006	340,553	...	...	...	15,779	4,392
2007	332,130	...	...	...	10,326	1,229

INVESTMENTS AND LIQUIDITY

The following text is derived from the report of Teachers Insurance and Annuity Association of America.

TIAA benefits from an unusually stable and long-maturity liability structure, as more than 80% of its liabilities are comprised of annuities with little or no cashability. This unique structure provides it with a significant degree of flexibility in its investment strategy. TIAA has used a well-balanced mix of long-maturity corporate bonds (including public and private), mortgages, structured securities, treasuries and other alternative investment classes (such as private equity and real estate) to support its liabilities. However, due to structural changes in the bond and mortgage markets, new investments have generally been of shorter maturity and duration structures. Additionally, the company has been responsive to changes in market interest rates by managing the credit rates on its accumulating annuities and the dividend levels of its payout annuities. TIAA uses derivative instruments (mainly forwards, futures, and swaps) primarily to hedge its exposure to foreign currency fluctuations. As a result of its stable liability structure, the company has historically been able to take a higher degree of credit risk and, to some extent, liquidity and interest rate risk, in its investment portfolio when compared to other insurers. Nonetheless, policyholders have benefited from

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TIAA's ability to translate this incremental risk into above-average investment performance that has contributed to enhanced policyholder dividends compared to peers. Policyholders also benefit from the significant economies of scale in TIAA-CREF's operations, resulting in lower investment expenses and higher net investment yields.

TIAA's fixed income investment expertise is reflected in the historical performance of its general account portfolio. Public bonds, private placements, and conventional mortgages (primarily commercial mortgage loans) comprise over 85% of invested assets. High-quality public bonds account for about two-thirds of the bond portfolio and are well distributed by industry sector and issuer. Residential and commercial mortgage-backed issues (including some long-duration tranches) accounted for nearly one-third of the portfolio in recent years and have structures which are well suited to TIAA's liability profile. Private placements, accounting for about one-fourth of bond holdings, are a combination of tradable 144A issues and "true" private placements and are generally of lower credit quality than the public portfolio in order to generate incremental investment yield. Nonetheless, the portfolio remains well diversified with very high credit quality securities. Additionally, the percentage of below investment grade bonds has decreased for five consecutive years, due to TIAA's successful active management of its below investment grade portfolio and being selective in its purchases, to represent less than 40% of surplus. Like all companies, TIAA has been impacted by the prolonged low interest rate environment, and has seen a decline in its gross earned rate.

Historically, TIAA has been an active real estate investor (both mortgages and direct ownership), which at over fifteen percent of invested assets, exceeds the industry average by several percentage points. Although allocation to mortgage loans (as a percentage of invested assets) has declined recently, the company still remains exposed to this sector. Management expects the current percentage allocation to remain relatively stable for the foreseeable future. More than half of the portfolio is loans on office and retail buildings, but holdings are well diversified geographically, including ownership interest in several properties overseas.

TIAA maintains a relatively small exposure to common stock. Overall, unaffiliated equities comprised less than 20% of capital and surplus at the year-end 2007. The maturity of its liabilities are rather long, allowing the company to take a long-term view of its portfolio management strategy by harvesting gains when economically sensible; hence, future capital gain-taking is likely to fluctuate over time, depending on TIAA's view of current and prospective economic and investment conditions and portfolio rebalancing needs. From 2002-2004, the company recognized a significant amount of investment losses, reflecting the difficult economic and investment climate. Realized capital losses primarily were credit-related fixed income losses and asset write-downs (many of which eventually recovered in price and were later sold for gains); unrealized losses largely reflected valuation changes on investments in various equity funds, and derivative contracts. After significant net realized capital gains in 2005 and 2006, TIAA had \$137 million of net realized investment losses in 2007 due to the dislocation in the credit markets; with unrealized gains of \$674 million.

TIAA enjoys very strong liquidity. With its high-quality, unleveraged balance sheet, solid earnings capacity, predictable cash flows and favorable liability structure, TIAA has the internal resources with which to grow its businesses and pursue future opportunities while not compromising its capital strength.

TIAA also has a \$2 billion commercial paper program that occasionally is used for temporary needs under TIAA's various investment programs. In the future, we expect usage of this program to include its basic purpose of providing backup liquidity, as well as ongoing issuance to maintain a presence in the commercial paper markets. Going forward, A.M. Best expects TIAA will maintain a superior capital position, driven by continued strong earnings growth and crediting rate discipline.

LIQUIDITY TESTS

Year	Operating Cash Flow (\$000)	Quick Liquidity	Current Liquidity	Non-Inv Grade Bonds to Capital	Delinq & Foreclsd Mtg to Capital	Mtg & Cred Ten Lns & RE to Cap	Affil Invest to Capital
2003	430,887	55.2	76.1	38.2	...	45.6	...
2004	200,527	59.5	79.0	30.2	...	56.5	...
2005	-50,912	63.3	82.6	26.8	...	40.3	0.3
2006	-211,147	70.4	89.4	15.8	...	30.7	0.3
2007	-154,049	66.9	87.3	15.5	...	25.4	0.3

INVESTMENT YIELDS

Year	Net Yield	Bonds	Stocks	Mortgages	Cash & Short Term	Real Estate Gross	Real Estate Net	Invest. Exp. Ratio
2003	5.75	6.18	...	4.78	1.63	...	...	2.00
2004	5.11	5.30	...	7.73	0.97	...	...	2.07
2005	5.17	5.20	1.72	6.51	3.09	...	...	2.15
2006	5.24	5.26	5.50	5.97	4.43	...	...	2.26
2007	5.26	5.29	6.17	5.51	5.46	...	...	2.27

INVESTMENT DATA

Current Year Distribution of Bonds by Maturity

	Years					Yrs-Avg Maturity
	0-1	1-5	5-10	10-20	20-	
Government	0.2	...	0.1	0.4	...	10
Gov't Agencies & Muni	0.6	1.3	1.6	3.1	2.1	13
Public Utilities	2.2	3.8	0.2	...	1.4	6
Industrial & Misc	24.5	34.6	11.6	4.8	7.5	6
Total	27.5	39.7	13.5	8.3	10.9	6

	2007	2006	2005	2004	2003
Bonds (000)	2,164,565	2,317,956	2,692,895	2,727,429	2,616,209
US Government	0.6	0.6	0.5	0.5	0.5
Foreign Government	0.2	0.2	0.4	0.4	0.4
Foreign - All Other	5.5	8.3	6.0	3.9	3.3
State/Special Rev. - US	8.7	7.7	4.9	3.3	4.1
Public Utilities - US	7.1	6.8	7.1	7.3	5.8
Industrial & Misc - US	77.8	76.5	81.0	84.7	85.9
Private Issues	21.6	20.8	22.5	25.4	29.8
Public Issues	78.4	79.2	77.5	74.6	70.2

Bond Quality (%)	2007	2006	2005	2004	2003
Class 1	57.2	53.6	50.0	45.9	43.5
Class 2	40.4	44.0	46.6	50.6	52.3
Class 3	1.8	2.1	2.8	3.0	4.1
Class 4	0.4	0.2	0.4	0.4	...
Class 5	...	...	0.1	0.1	...
Class 6	0.3	0.0	0.2	0.0	0.1

	2007	2006	2005	2004	2003
Mortgages (000)	87,120	109,495	136,596	175,695	129,616
Commercial	100.0	100.0	100.0	100.0	100.0

	2007	2006	2005	2004	2003
Stocks (000)	62,836	34,845	8,515	1,457	...
Unaffiliated Common	...	...	...	100.0	...
Affiliated Common	...	...	11.7	...	...
Unaffiliated Preferred	100.0	100.0	88.3	...	...

	2007	2006	2005	2004	2003
Other Inv Assets (000)	63,429	114,685	1,192	40,760	86,696
Cash	58.6	75.0	87.2	99.9	54.4
Short-Term	38.5	23.6	...	...	...
Schedule BA Assets	1.6	0.9	...	...	...
All Other	1.3	0.4	12.8	0.1	45.6

HISTORY

Date Incorporated: 11/20/1996 **Date Commenced:** 12/18/1996

Domicile: NY

OFFICERS

Chairman of the Board, President and Chief Executive Officer, Bret L. Benham; Vice President and Chief Financial Officer, Linda S. Dougherty; Vice President and Treasurer, Gary Chinery; Secretary, Marjorie Pierre-Merritt; Actuary, Harry I. Klaristenfeld.

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DIRECTORS

Bret L. Benham, Elizabeth D. Black, Brian S. Browdie, Stephen B. Gruppo, Sanjeev Handa, Nancy F. Heller, Harry I. Klaristenfeld, Matthew Kurzweil, Padelford L. Lattimer, Lisa Mancini, Steven J. Maynard, Pater F. Murphy III, Craig K. Nordyke, Kim Petry, Douglas A. Rothermich, Susan E. Tannehill, Wayne B. Williams.

REGULATORY

An examination of the financial condition was made as of December 31, 2004 by the Insurance Departments of Mississippi, Nevada and New York. The 2007 annual independent audit of the company was conducted by PricewaterhouseCoopers, LLP. The annual statement of actuarial opinion is provided by Harry Klaristenfeld, Appointed Actuary.

Territory: The company is licensed in the District of Columbia and all states.

Reserve basis: (Current ordinary business): 2001 CSO 4% CRVM valuation. (current annuity business): 4.5%, a-2000 CARVM (deferred), 5.50%, a-2000 CARVM (immediate).

FINANCIAL INFORMATION BALANCE SHEET (\$000) - December 31, 2007

Assets		Liabilities	
*Total bonds	2,164,565	+Net policy reserves	1,197,768
*Total preferred stocks	62,836	Policy claims	2,992
Mortgage loans	87,120	Deposit type contracts	842,883
Contract loans	818	Interest maint reserve	1,229
Cash & short-term inv	61,566	Asset val reserve	10,326
Premis and consids due	6,605	Other liabilities	33,890
Accrued invest income	28,225		
Other assets	8,109	Tot liab w/o sep accts	2,089,089
		Separate account bus	694,131
		Total Liabilities	2,783,219
Tot assets w/o sep accts	2,419,843	Common stock	2,500
Separate account bus	695,507	Paid in & contrib surpl	287,500
		Unassigned surplus	42,130
Assets	3,115,350	Total	3,115,350

*Securities are reported on the bases prescribed by the National Association of Insurance Commissioners. +Analysis of reserves; Life \$52,312; annuities \$1,140,700; supplementary contracts with life contingencies \$694; disability active lives \$1,199; disability disabled lives \$68; miscellaneous reserves \$2,795.

SUMMARY OF OPERATIONS (\$000)

Premiums:		Death benefits	1,445
Ordinary life	27,254	Annuity benefits	14,970
Individual annuities	142,338	Surrender benefits	211,394
Total premiums	169,592	Int on policy funds	30,897
Net investment income	128,587	Supplementary contracts	53
Amort interest maint res	-156	Incr life reserves	-121,111
Comm & exp reins ceded	6,321	Insur taxes lic & fees	2,539
Other income	3,889	General ins expenses	40,016
Mgt and/or service fee	186	Net trans to sep acct	97,470
		Misc operating expense	6,148
Total	308,419	Total	283,822
Gain from operations before FIT & div to policyholders.....			24,597
Federal income taxes incurred.....			6,173
Net gain from operations after federal income taxes.....			18,424

CASH FLOW ANALYSIS (\$000)

Funds Provided		Funds Applied	
Gross cash from oper	359,348	Benefits paid	227,960
Long-term bond proceeds	657,595	Comm, taxes, expenses	55,847
Other cash provided	36,615	Long-term bonds acquired	553,737
Decr cash & short-term	51,612	Other cash applied	267,626
Total	1,105,170	Total	1,105,170

SEPARATE ACCOUNT DATA

	2007	2006	2005	2004	2003
Sep Acct Assets	695,507	564,128	421,874	355,512	249,336
% Growth	23.3	33.7	18.7	42.6	97.5
S/A Assets/Adm Assets	22.3	17.6	12.7	10.5	7.9
Sep Acct Reserves	694,225	562,814	419,983	354,335	248,573
% Ordinary Life	2.6	1.3	0.7	0.3	0.1
% Individual Annuities	97.4	98.7	99.3	99.7	99.9
Other Liabilities	-94	-49	757	107	-49
Sep Acct Surplus	1,376	1,362	1,134	1,070	812
S/A Premis & Deposits	131,071	144,088	77,109	107,085	45,726
% Ordinary Life	8.8	3.5	2.8	0.8	0.7
% Individual Annuities	91.2	96.5	97.2	99.2	99.3
Sep Acct Fees & Charges	3,888	2,887	2,294	1,785	824
% Ordinary Life	1.6	0.5	0.3	0.1	0.0
% Individual Annuities	98.4	99.5	99.7	99.9	100.0
Fees & Chgs to Assets%	0.6	0.6	0.6	0.6	0.4
Sep Acct Ben & Wdrwls	223,601	167,646	183,271	112,526	38,676
% Ordinary Life	7.0	1.0	0.2	0.1	0.5
% Individual Annuities	93.0	99.0	99.8	99.9	99.5
Ben & Wdrwl to Assets%	35.5	34.0	47.2	37.2	20.6

ORDINARY LIFE STATISTICS

Year	Ord. Lapse Ratio	Average Ord. Policy (in dollars)		Avg. Prem (\$/M)	1st Yr Prem / Total Prem	1st Yr Comm / 1st Yr Prem	Gen. Exp. / Policies In Force
		Issued	In Force				
2003	2.1	389,975	385,723	1.92	56.4	...	917.36
2004	1.8	411,815	395,656	1.93	39.2	...	799.52
2005	2.4	455,934	409,680	1.80	24.8	...	653.29
2006	1.9	512,039	422,887	2.05	25.2	...	612.73
2007	2.0	563,905	434,768	2.34	28.2	...	519.13

Year	# Policies Issued (000)	# Policies in Force (000)	First Year Premium (000)	Gen'l Exp / Reserves (%)	Return on Reserves (%)
2003	15	30	12,667	183.21	-75.55
2004	11	40	12,092	127.95	-60.07
2005	8	47	8,549	91.51	2.97
2006	5	50	10,989	68.70	-33.04
2007	3	52	14,821	48.27	-17.38

INDIVIDUAL ANNUITY STATISTICS

Year	NPW & Dep (000)	Res & Dep Liab (000)	Exp to Res & Dep Liab (%)*	Comm & Exp to NPW & Dep (%)	Benefits & Wdrwls to NPW & Dep (%)	Benefits & Wdrwls to Res & Dep Liab (%)*
2003	598,573	1,968,801	0.7	2.3	26.8	8.2
2004	240,872	2,116,671	0.6	5.2	72.8	8.3
2005	134,418	2,006,935	0.5	8.2	229.8	15.4
2006	123,932	1,856,941	0.5	7.7	314.0	21.0
2007	149,639	1,844,445	0.5	5.9	151.8	12.3

* Includes Separate Account reserves.

GROUP ANNUITY STATISTICS

Year	NPW & Dep (000)	Res & Dep Liab (000)	Exp to Res & Dep Liab (%)*	Comm & Exp to NPW & Dep (%)	Benefits & Wdrwls to NPW & Dep (%)	Benefits & Wdrwls to Res & Dep Liab (%)*
2003	518,854	799,098	1.1	1.7	6.4	4.2
2004	218,803	850,816	0.8	3.1	11.3	2.9
2005	222,227	926,492	0.8	3.2	12.5	3.0
2006	170,477	889,362	0.8	4.0	18.0	3.5
2007	119,658	817,013	0.8	5.4	24.6	3.6

* Includes Separate Account reserves.

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TOTAL ANNUITY ACTUARIAL RESERVES & DEPOSIT TYPE LIABILITIES BY WITHDRAWAL CHARACTERISTICS

Year	Total Annuity Res & Dep Liab (000)	Min or No Surrender Charge (%)*	With Surrender Charge 5% or more (%)*	With MVA (%)*	No Surrender Allowed (%)*
2003	2,767,899	98.5	0.0	...	1.5
2004	2,967,487	98.4	0.2	...	1.5
2005	2,932,333	98.1	0.2	...	1.7
2006	2,746,303	98.1	0.1	...	1.8
2007	2,661,458	98.0	0.0	...	1.9

* Includes Separate Account reserves.

NEW LIFE BUSINESS ISSUED (\$000)

Year	Whole Life & Endow.	Term	Credit	Group	Industrial	Total Insurance Issued	Non-Par (%)	Par (%)
2002	76,500	4,412,028	...	...	...	4,488,528	100	...
2003	145,270	5,667,693	...	...	...	5,812,963	100	...
2004	127,552	4,499,599	...	...	...	4,627,151	100	...
2005	85,878	3,570,716	...	...	...	3,656,594	100	...
2006	115,988	2,436,527	...	...	...	2,552,515	100	...
2007	203,329	1,523,912	...	...	...	1,727,241	100	...

LIFE INSURANCE IN FORCE (\$000)

Year	Whole Life Endow. & Adds	Term	Credit	Group	Industrial	Total Insurance In Force
2002	119,766	5,957,654	...	...	...	6,077,420
2003	256,960	11,412,712	...	...	...	11,669,672
2004	364,341	15,607,488	...	...	...	15,971,829
2005	437,275	18,690,682	19,127,957
2006	530,251	20,709,669	21,239,920
2007	708,183	21,769,768	22,477,951

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The A.M. Best Company is the oldest, most experienced rating agency in the world and has been reporting on the financial condition of insurance companies since 1899. Best's Ratings represent the current and independent **opinion** of a company's financial strength and ability to meet obligations to policyholders. Best's Ratings are **not a warranty** of an insurer's current or future ability to meet obligations to policyholders, nor are they a recommendation of a specific policy form, contract, rate, or claim practice.

The company information appearing in this pamphlet is an extract from the complete company report prepared by the A.M. Best Company.

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Secure Best's Ratings

A++ and A+ Superior
A and A- Excellent
B++ and B+ Good

Vulnerable Best's Ratings

B and B- Fair
C++ and C+ Marginal
C and C- Weak
D Poor
E Under Regulatory Supervision
F In Liquidation
S Rating Suspended

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