

TIAA-CREF  
**2008 ANNUAL REPORT**



FINANCIAL SERVICES  
FOR THE GREATER GOOD®

## **UNAUDITED FINANCIAL INFORMATION**

In 2008, the TIAA-CREF companies' combined assets under management totaled \$363.4 billion and our assets under administration were \$3.7 billion.

The financial results for TIAA, CREF and other TIAA-CREF affiliated entities are monitored by their boards of trustees and management. The trustees work mainly through committees, which meet frequently to shape policy, oversee operations and propose actions to the full boards. The TIAA and CREF/Mutual Funds audit committees, which consist entirely of independent, non-management, trustees, review matters relating to financial reporting, internal controls and auditing.

TIAA-CREF's internal audit personnel review controls and operations, and regularly report to the audit committees of the boards. In addition, each year an independent auditing firm audits the financial statements of TIAA, CREF and TIAA-CREF affiliated entities. Copies of the audited financial statements of TIAA, CREF and TIAA-CREF affiliated entities are available on our website ([www.tiaa-cref.org](http://www.tiaa-cref.org)) or upon request.

The following exhibits reflect separate and combined unaudited financial information for TIAA, CREF and the other TIAA-CREF affiliated entities. The TIAA and TIAA-CREF Life financial information is derived from financial statements prepared in accordance with the statutory basis of accounting, which is standard in the insurance industry. The financial information for other affiliated entities is derived from financial statements prepared in accordance with generally accepted accounting principles. TIAA's assets cannot be used to pay the obligations of CREF and the other TIAA-CREF affiliated entities, and conversely, CREF's and the other TIAA-CREF affiliated entities' assets cannot be used to pay any of TIAA's obligations.

### **Investment Performance**

If you prefer, you can call us at 800 842-2252 to get recorded performance information. You will also find detailed annual audited financial statements and semiannual reports at:

[http://www.tiaa-cref.org/about/governance/corporate/topics/annual\\_reports.html](http://www.tiaa-cref.org/about/governance/corporate/topics/annual_reports.html).

### **TIAA Crediting Rates**

TIAA Traditional guarantees principal and a minimum interest rate with the opportunity for additional amounts in excess of the guaranteed rate. These additional credited amounts, when declared, remain in effect through the end of the "declaration year," which begins March 1.

UNAUDITED FINANCIAL INFORMATION

YEAR ENDED DECEMBER 31 (IN MILLIONS)

**TIAA-CREF GROUP OF COMPANIES ASSETS UNDER MANAGEMENT AND ADMINISTRATION**

<b><u>ASSETS UNDER MANAGEMENT</u></b>	<b>2008</b>	<b>2007</b>
<b>TIAA</b>		
General Account	\$ 182,764	\$ 177,388
Stock Index Separate Account	568	1,097
Real Estate Separate Account	11,702	17,825
Access Annuity Separate Account	203	99
<b>Total TIAA</b>	<b>195,237</b>	<b>196,409</b>
<b>CREF</b>		
Stock	76,505	134,560
Money Market	15,133	11,921
Bond	8,711	7,680
Social Choice	6,891	9,197
Global Equities	9,652	17,461
Growth	8,222	13,883
Equity Index	7,174	11,474
Inflation Bond	6,060	4,830
<b>TOTAL CREF</b>	<b>138,348</b>	<b>211,006</b>
<b>Mutual Funds *</b>	<b>16,555</b>	<b>20,903</b>
<b>Other **</b>	<b>13,270</b>	<b>12,490</b>
<b>Total Assets Under Management</b>	<b>\$ 363,409</b>	<b>\$ 440,808</b>
<b>Assets Under Administration</b>		
<b>TIAA-CREF Trust Company</b>	<b>905</b>	<b>3,021</b>
<b>Other</b>	<b>2,756</b>	<b>2,487</b>
<b>Total Assets Under Administration</b>	<b>3,662</b>	<b>5,508</b>
<b>TOTAL ASSETS UNDER MANAGEMENT AND ADMINISTRATION</b>	<b>\$ 367,071</b>	<b>\$ 446,316</b>

\* Reflects the consolidation of assets included in the TIAA-CREF Institutional Mutual funds, TIAA-CREF Mutual Funds and TIAA-CREF Life Funds

\*\* Includes TIAA-CREF Life, TIAA-CREF Trust Company, Kaspick Trust, TIAA-CREF Asset Management, Collateralized Debt Obligations, Direct Sold Mutual Funds, TIAA Global Markets, and consolidating adjustments that reflect the elimination of assets invested in affiliated entities.

UNAUDITED FINANCIAL INFORMATION

**TIAA-CREF COMBINED \* AND CONDENSED STATEMENTS OF OPERATIONS AND  
TIAA CAPITAL, CONTINGENCY RESERVES AND ASSET VALUATION RESERVE**

YEAR ENDED DECEMBER 31 (IN MILLIONS)

	2008	2007
<b>INCOME:</b>		
General Account Gross Investment Income	\$ 10,907	\$ 11,099
(Less) Income Credited to Participants	(8,521)	(8,482)
Insurance Revenue	380	378
Management Fees	1,395	1,437
Other Income	58	273
<b>Margin Before Expenses</b>	<b>\$ 4,219</b>	<b>\$ 4,705</b>
<b>BENEFITS AND EXPENSES:</b>		
Insurance Dividends and Change in Annuity Dividend Liabilities	\$ 307	\$ 418
Insurance Benefit Payments	92	79
Increase (Decrease) in General Account Insurance Reserves	23	24
Operating and Investment Expenses	2,405	2,345
<b>Total Benefits and Expenses</b>	<b>\$ 2,827</b>	<b>\$ 2,866</b>
<b>Income Before Taxes and Realized Net Capital Gains (Losses)</b>	<b>\$ 1,392</b>	<b>\$ 1,839</b>
Provision for Income Taxes	(52)	341
<b>Income After Taxes and Before Realized Net Capital Gains (Losses)</b>	<b>\$ 1,444</b>	<b>\$ 1,498</b>
Realized Net Capital Gains/(Losses)	(4,504)	(33)
<b>Net Income</b>	<b>\$ (3,060)</b>	<b>\$ 1,465</b>
<b>TIAA Capital, Contingency Reserves and Asset Valuation Reserve at End of Year</b>	<b>\$ 18,086</b>	<b>\$ 22,263</b>

\* This statement reflects combined unaudited financial information for TIAA, CREF and the other TIAA-CREF affiliated companies. The TIAA and TIAA-CREF Life financial information is derived from financial statements prepared in accordance with the statutory basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). The financial information for the other companies is derived from financial statements prepared in accordance with GAAP. TIAA's assets cannot be used to pay the obligations of CREF and the other TIAA-CREF affiliated companies, and conversely, CREF's and the other TIAA-CREF affiliated companies' assets cannot be used to pay any of TIAA's obligations. The capital and contingency reserve number shown in this table includes surplus and AVR for the reported periods.

## FINANCIAL STRENGTH

TIAA-CREF is fully committed to maintaining policyholder value through the careful stewardship of investments, a low expense structure and high-quality service, while maintaining overall financial strength. The following pages present financial milestone for the year ended December 31, 2008.

### Assets and Income

Assets under management totaled \$363.4 billion, 17.6% lower than December 31, 2007. The \$77.4 billion decrease in assets under management for 2008 resulted from (\$78.0 billion) of net investment return and market impact (after deducting \$2.4 billion of operating expenses), and by \$0.6 billion of customer net flows, including annuity payments. CREF assets of \$138.3 billion have declined \$72.7 billion since 2007.

Assets under administration of \$3.7 billion decreased \$1.8 billion, or 33.5% since 2007, from the loss of a large custody account (University of Rochester).

Income from combined operations before taxes and realized net capital gains (losses) was \$1,392 billion for 2008.

### TIAA Capital, Contingency Reserves and Asset Valuation Reserve

The net addition/(reduction) to TIAA capital, contingency reserves and asset valuation reserve was (\$4.2 billion) during 2008, reducing the total TIAA capital to \$18.1 billion at year-end. Realized losses primarily related to OTTI (Other than temporary impairment) of \$4.5 billion and unrealized losses totaling \$2.8 billion were the main drivers for the decrease in capital.

