



FINANCIAL SERVICES
FOR THE GREATER GOOD™

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Dear Neil:

Thank you for your letter of September 18th. We appreciate you and the other members of your coalition sharing your views and concerns with us. We address a number of these issues in this letter and we want to reassure you that TIAA-CREF is committed to both portfolio company governance and socially responsible investing, and is working to expand our engagement in each of these closely aligned areas.

We continue to take steps to assure that we have the right structure, policies, investment programs and people in place to ensure success in our efforts on corporate social responsibility issues. In May, we formed our Social and Community Investing Department, to spearhead our company's focus on additional ways of offering socially responsible investments to participants. The new department is closely aligned with our Corporate Governance area, which recently augmented its staff with the addition of an analyst who is focused specifically on corporate social responsibility initiatives.

Shareholder Advocacy

As we have discussed previously, we are working with TIAA-CREF's trustees to prepare a comprehensive new edition of our Policy Statement on Corporate Governance. This policy statement, which sets forth our views as to what good corporate governance means and presents our voting guidelines on major economic issues, serves as the basis for dialogue with boards of directors and senior management of TIAA-CREF portfolio companies. While the revision is not yet final, we anticipate it will further describe TIAA-CREF's approach to engaging with companies as a means of influencing their governance practices, including our process for prioritizing issues and companies, and the progression of steps we typically follow as part of our engagement. The revision will include an expanded discussion of corporate social responsibility.

We are also reviewing our proxy voting guidelines. Since the early 1970s, TIAA-CREF has employed proxy voting to promote best practices in corporate governance and social responsibility. The current review seeks to update our guidelines to keep pace with evolving practices and our participants' own priorities and preferences. From our survey earlier this year

we have learned that many participants are concerned about the environmental, human rights, and community impacts of their investments – results that are consistent with your coalition’s priorities. It remains our view that proxy voting is a fundamental corporate engagement strategy which allows us to advocate for strong corporate governance and socially responsible practices across all of TIAA-CREF’s portfolio companies.

The information from your group and the concerns you have raised will inform the revisions to our proxy voting guidelines and policy statement. We also note that that TIAA-CREF already addresses several of your group’s priority issues through proxy voting policies. Some examples from the voting records of our funds include:

- We continue to support reasonable shareholder resolutions calling for tobacco companies to renounce sales to minors and inform consumers of the dangers associated with smoking. TIAA-CREF has a history of support for shareholder resolutions calling for accountability by all tobacco companies, not just Phillip Morris/Altria.
- In a letter sent last May, TIAA-CREF chief executive Herb Allison informed Coca-Cola that TIAA-CREF considered the agreement with the International Labor Organization (ILO) a positive step, and that the investigation should be expanded to include historical allegations of the company’s activities in Colombia.
- Over the past year, TIAA-CREF has become more active in organizations such as the Interfaith Center on Corporate Responsibility network, the Social Investment Forum, and the Social Investment Research Analyst Network. We now regularly take part in these organization’s discussions with multinational corporations regarding a range of environmental, social and community initiatives.
- TIAA-CREF has supported a series of resolutions asking companies to prepare sustainability reports based on the Global Reporting Initiative, the emerging international standard for corporate disclosure on social and environmental issues including key issues of concern to your coalition, such as product responsibility and community impact. We think these guidelines are an important tool for disclosure and for educating companies on environmental issues of concern to the public. TIAA-CREF voted for the 2006 shareholder resolution asking Wal-Mart to issue a sustainability report. TIAA-CREF also voted against Wal-Mart’s management on the majority of this year’s social and environmental resolutions at the company.

We have focused our recent shareholder engagement efforts on the Sudanese crisis. To date we have written to more than 60 portfolio companies reported to be doing business in Sudan (selected on the basis of their level of potentially harmful activity and our own level of investment) to determine in each case their direct and indirect business dealings in Sudan and whether those activities generate revenue for the Sudanese government, as well as efforts the company may be taking to protect human rights there. Our goal is to influence positive change by means of a dialogue with companies whose activities there suggest a cause for concern.

Community Investment

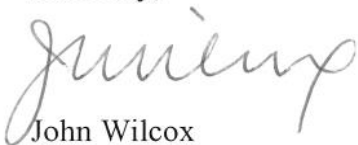
One of the key responsibilities of our new Social and Community Investing department is the development of new investment programs to expand upon our existing commitment. Within our Commercial Mortgage area, we currently have more than \$300 million allocated to community development projects around the country, and a new annual goal of \$100 million. Our staff within Asset Management's Social and Community Investing department is tasked with assessing opportunities for increasing TIAA-CREF's community investing commitment and seeking opportunities to take leadership positions.

As you know, TIAA-CREF recently established a \$100 million Global Microfinance Investment Program (GMIP) to invest in selected microfinance initiatives (MFI's) worldwide. The GMIP's first investment is a \$43 million private equity stake in ProCredit Holding AG, a group of 19 banks operating in transition economies and developing countries in Africa, Latin America and Eastern Europe. The investment, when leveraged with local deposits, can fund approximately 90,000 ProCredit loans to small business and individual borrowers in Latin America, Africa and Eastern Europe. We think it is in keeping with the view of our participants, who have expressed interest in proactive social investing and a desire to have investment options that can earn competitive financial returns and promote human rights and economic development. We believe GMIP and investments in MFI's like ProCredit are an important step in that direction. We also are actively exploring the development of an investment program involving community development financial institutions.

Looking Ahead

TIAA-CREF is committed to finding ways to expand and strengthen our socially responsible investment approaches. We are listening to our participants and we are putting the policies, processes and people in place to expand our commitment to social responsibility. Our goal is to address corporate social responsibility in a manner that achieves the greatest impact and upholds our fiduciary obligations. We value the input of groups like yours, and remain committed to an ongoing dialogue with you and your colleagues.

Sincerely,



John Wilcox



Amy O'Brien

CC: Board of Trustees