

### Fund Objective and Investment Approach

The TIAA Traditional Annuity is a guaranteed annuity account that guarantees principal and a contractually specified interest rate to account participants. The account offers the opportunity for greater growth through additional amounts, which may be declared on a year-by-year basis by the TIAA Board of Trustees. When declared, additional amounts remain in effect for the twelve-month period that begins March 1. The account is backed by the financial strength and claims paying ability of TIAA, which has received the highest insurance financial strength ratings from Standard & Poor's, Moody's Investors Service, A.M. Best Co. and Fitch Ratings. The account invests in intermediate to long-term investment-grade debt instruments and wholly owned real estate. Assets are selected by specialized teams that target different sectors of the marketplace. The portfolio follows specific guidelines and is continually monitored by asset sector with performance by sub-category reviewed quarterly. TIAA is historically a buy and hold investor, investing for the long run.

### Performance Commentary

In 2010, the TIAA Traditional Annuity objective to preserve principal and provide a consistent flow of income was maintained. TIAA is well capitalized and holds substantial financial reserves that are available to absorb foreseeable losses within the TIAA General Account holdings. The TIAA Traditional Annuity's liquidity restrictions protect participants by preventing excessive account withdrawals that might otherwise create undue pressure to sell account assets from the TIAA General Account.

The TIAA Traditional Annuity has consistently either matched or outperformed the EnnisKnupp GIC Index annually in the past ten years. The account returned 4.00% in 2010, exceeding the GIC Index return of 3.69% by 0.31%. For all longer time periods presented, the Traditional Annuity exceeded the benchmark. Most notably, the 5.79% ten-year return of the account outperformed the 4.45% GIC Index return by 1.34%.

<b>Fund Characteristics</b>	<b>TIAA Traditional Annuity</b>												
Total Fund Assets	\$192.3 billion												
Average Credit Quality	A+												
Composition	<table> <tr> <td>Corporate Bonds</td> <td>45.6%</td> </tr> <tr> <td>Mortgage Backed Securities</td> <td>25.2</td> </tr> <tr> <td>Commercial Mortgage Backed Securities</td> <td>6.9</td> </tr> <tr> <td>Asset Backed Securities</td> <td>4.8</td> </tr> <tr> <td>Mortgage Loans</td> <td>7.1</td> </tr> <tr> <td>Cash/Other</td> <td>10.4</td> </tr> </table>	Corporate Bonds	45.6%	Mortgage Backed Securities	25.2	Commercial Mortgage Backed Securities	6.9	Asset Backed Securities	4.8	Mortgage Loans	7.1	Cash/Other	10.4
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Fees	n/a												

**Historical Returns**

	TIAA Traditional Annuity	EnnisKnupp GIC Index	Return
	Return	Return	Difference
2001	7.0	6.2	0.8
2002	6.5	5.1	1.4
2003	5.0	4.1	1.0
2004	4.5	3.9	0.6
2005	4.5	3.7	0.8
2006	4.8	4.1	0.6
2007	5.3	4.6	0.7
2008	5.3	4.7	0.6
2009	4.5	4.5	0.0
2010	4.0	3.7	0.3
Trailing 3-Year	4.6%	4.3%	0.4
Trailing 5-Year	4.5	4.3	0.2
Trailing 10-Year	5.8	4.5	1.3

**Assessment**

With its guaranteed principal and contractually specified interest rate, the TIAA Traditional Annuity is an appropriate option for participants who favor low-risk investments. The account has either matched or outperformed the EnnisKnupp GIC Index annually for more than ten years. We recommend retention of this option.