



Corporate Marketing — Periodicals Division

SECURITIES REORG —TIAA INVESTMENTS GOES GLOBAL

Michael O’Kane, manager of TIAA’s Securities Division recently announced a sweeping reorganization. The Division’s 1998 restructuring met its goals of providing upward mobility for staff, creating special units to address market complexity, and encouraging our investment professionals to buy better fixed-income products.

The current restructuring, however, reaches even farther—essentially aligning our internal ambitions and needs with present global realities. The changes at TIAA’s Securities Division speak to an investment environment radically different from four years ago. One formula that helped spur today’s restructuring was a depressed equity market plus our own heightened trading mentality.

The impetus behind the reorganization was the approval by the TIAA Board of Trustees to form a new entity, TIAA Global Markets (TGM). TGM will house a debt arbitrage business that we expect will grow into a \$5 billion portfolio over the next three years.

TGM is important for a number of reasons. It will allow TIAA to build assets separate and apart from our normal product lines. The positive arbitrage on these assets will ultimately lower the costs of investment operations for our participants. And it will leverage the investment experience of the TIAA staff. Because the assets purchased by TGM will differ somewhat from those of our General Account, TIAA formed a new team to manage this separate portfolio. Since we now have multiple portfolios to manage, the reorganization was necessary to service each portfolio efficiently. (This structure is quite similar to many of our competitors with multiple portfolios.)

A new Credit and Research Team, for example, will research and analyze public market bonds for each portfolio, including the CREF Bond Market and Bond plus Mutual Fund. And a new Trading Team will execute trades for each portfolio, thus realizing market efficiencies, and improving Wall Street relationships and information flow. Together, the various groups will enhance Division integrity and foster superior relative-value investment decisions.

TIAA Global Markets enhances our position as a major player in fixed-income markets. From investment-grade, through high-yield, to emerging-markets and special-situations debt, TIAA stands armed for success in a new era.