



## State of New Jersey

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March 3, 2011

Report to the New Jersey Legislature  
pursuant to P.L. 2007, c.250  
(Investments in Iran)

Chapter 250 of the Public Laws of 2007 (the "Act") provides that no assets of any pension and annuity fund under the jurisdiction of the Division of Investment (the "Division") shall be invested in any foreign company that has an equity tie to the government of Iran or its instrumentalities and is engaged in business operations with entities in the defense sector or nuclear sector of Iran, or engaged in business operations with entities involved in the natural gas or petroleum sectors of Iran, in or with that government and its instrumentalities. This prohibition shall not apply to the activities of any foreign company providing humanitarian aid to the Iranian people through either a governmental or non-governmental organization. The Act requires that any investment held in violation of the provisions of the Act must be sold, redeemed, divested or withdrawn no later than January 4, 2011.

The Act requires that the Director of the Division (the "Director") annually file with the Legislature a report on all investments sold, redeemed, divested or withdrawn in compliance with the Act. Each annual report shall provide a description of the progress which the Division has made since the previous report and since the enactment of the Act in implementing the provisions of the Act.

In accordance with the provisions of the Act, the Director reviews the recommendations of and consults with an independent research firm, ISS, which specializes in global security risk for portfolio determinations.

The following summarizes all investments sold in compliance with the Act since our last report and our initial report. The pension and annuity funds do not hold securities of any companies currently on the prohibited list.

Company	Sales Feb. 1, 2010 through January 4, 2011		Sales March 1, 2008 through January 4, 2011	
	Shares	Net Sales Proceeds (000's) (1)	Shares	Net Sales Proceeds (000's) (1)
Atlas Copco (3)	2,000,000	\$ 42,764	2,000,000	\$ 42,764
ENI Spa	-	-	2,500,000	82,571
Gail India Ltd	15,043	970	15,043	970
Gazprom OAO	200,900	4,759	589,629	11,906
GDF Suez	-	-	6,029,534	236,564
GS Engineering & Construction	-	-	22,449	3,133
Hyundai Engineering & Construction Co., Ltd (4)	65,757	3,794	65,757	3,794
Hyundai Heavy Industries (4)	5,507	1,803	5,507	1,803
Lukoil OAO (2)	-	-	92,406	7,309
Marubeni Corp. (4)	2,524,900	16,247	2,524,900	16,247
Mitsui & Co.	-	-	2,100,000	27,952
OMV AG	-	-	353,370	26,323
Petroleo Brasileiro	173,771	5,511	590,797	25,326
Sasol LTD.	-	-	30,505	1,161
SNC-Lavalin Group, Inc.	-	-	40,000	2,090
Statoil Hydro ASA	-	-	2,500,000	75,110
Total	4,985,878	\$ 75,848	19,459,897	\$ 565,023

(1) After reduction of all commission and regulatory fees

(2) Sales through 1/31/10 per prior report; company is no longer on the prohibited list

(3) Company added to the list since the prior report; this chart only includes sales occurring after the Company was added to the list

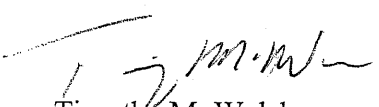
(4) Company added to and removed from the list since the prior report; this chart only includes sales occurring during the time the Company was on the list

As of the date of this report, the Division has identified the following companies which have equity ties to the government of Iran or its instrumentalities and are engaged in business operations with entities in the defense sector or nuclear sector of Iran, or engaged in business operations with entities involved in the natural gas or petroleum sectors of Iran, in or with that government and its instrumentalities which will not be eligible for investment by the pension and annuity fund portfolios: ABB Ltd, Aker ASA, Alstom, Arab Banking Corp., Atlas Copco AB, BASF SE, China Petroleum & Chemical Corp, Costain Group PLC, Daelim Industrial Co, Edison Spa, ENI Spa, GAIL (India) Limited, Gazprom OAO, GS Engineering & Construction, GS Holdings Corp., GTB Invest ABA, INA Industrija nafte DD, Indian Oil Corporation Ltd,

Itochu Corp, L'Air Liquide SA, Liquified Natural Gas Ltd, MAN SE, Mitsui & Co., Mitsui Engineering & Shipbuilding Co Ltd, Oil & Natural Gas Corporation Ltd, OMV AG, Petroleo Brasileiro, PTT Exploration and Production Public Company, Repsol YPF SA, Rolls Royce Group PLC, Royal Dutch Shell PLC, Saipem, Schlumberger Ltd, Schneider Electric SA, SGS SA, SNC-Lavalin Group Inc., StatoilHydro ASA, Sulzer AG, Technip, The Siam Cement Public Company Limited, Total SA, TOYO Engineering Corporation, Union Resources Limited and Zio Pololsk-CLS.

The Division has requested that the Office of the Attorney General review whether the scope of the Act is impacted by the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, which was enacted by the United States Congress.

The Division will continue to periodically consult with the independent research firm to identify any additional companies that are identified as having ties which are in violation of the Act. Such companies will be added to the prohibited investment list, and the Division will divest of any pension and annuity fund holdings in those companies accordingly.



Timothy M. Walsh  
Director