



State of New Jersey

DEPARTMENT OF THE TREASURY

DIVISION OF INVESTMENT

PO Box 290

TRENTON NJ 08625-0290

JON S. CORZINE
Governor

R. DAVID ROUSSEAU
State Treasurer

March 2, 2009

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The Act requires that any investment held in violation of the provisions of the Act must be sold, redeemed, divested or withdrawn no later than January 4, 2011.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Division (the "Director") annually file with the Legislature a report on all investments sold, redeemed, divested or withdrawn in compliance with the Act.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 reviewed the recommendations of and consulted with an independent research firm, RiskMetrics Group, which specializes in global security risk for portfolio determinations.

In our initial report dated March 4, 2008, we identified certain holdings as being in violation with the provisions of the Act. The following summarizes all investments sold in compliance with the Act since our initial report, as well as the positions held in the portfolio as of January 31, 2009.

Company	Sales March 1, 2008 through January 31, 2009		Owned January 31, 2009	
	Shares	Net Sale Proceeds (000's) (a)	Shares	Market Value (000's)
ENI Spa	1,500,000	\$ 58,587	1,000,000	\$ 21,324
Gazprom OAO	292,901	5,400	296,728	3,843
GDF Suez	1,510,000	70,603	4,519,534	174,160
GS Engineering & Construction	22,449	3,133	-	-
Lukoil OAO	92,406	7,309	-	-
Mitsui & Co.	1,100,000	17,502	1,000,000	10,689
OMV AG	353,370	26,323	-	-
Petroleo Brasileiro	238,424	11,649	352,373	8,084
Sasol LTD.	10,900	525	19,605	530
SNC-Lavalin Group, Inc.	40,000	2,090	-	-
Statoil Hydro ASA	1,500,000	54,358	1,000,000	17,318
Total	<u>6,660,450</u>	<u>\$ 257,479</u>	<u>8,188,240</u>	<u>\$ 235,948</u>

(a) After reduction of all commission and regulatory fees

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: Aker ASA, Alstom, Banco Bilbao Vizcaya Argentaria (BBVA), Bow Valley Energy Ltd, China Petroleum & Chemical Corp, Costain Group PLC, Daelim Industrial Co, Edison Spa, GS Holdings Corp., Indian Oil Corporation Ltd, Inpex Holdings Inc, Itochu Corp, JGC Corp, Liquefied Natural Gas Ltd, MISC Berhad, Mitsui Engineering & Shipbuilding Co Ltd, Oil & Natural Gas Corporation Ltd, Petrochina Company Limited, Repsol YPF SA, Rolls Royce Group PLC, Royal Dutch Shell PLC, Saipem, Schlumberger Ltd, Technip and Total SA.

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.

In accordance with the Act, the Division will continue to report annually on all investments sold, redeemed, divested or withdrawn in compliance with the Act. Each annual report shall provide a description of the progress that the Division has made since the previous report and since the enactment of the Act in implementing the provisions of the Act.

A handwritten signature in black ink, appearing to read "William G. Clark". The signature is stylized with a large, prominent "W" and "C".

William G. Clark
Director