



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

August 14, 2008

Report to the New Jersey Legislature
pursuant to P.L. 2005, c.162
(Investments in Sudan)

Chapter 162 of the Public Laws of 2005 (the "Act") provides that no assets of any pension or annuity fund under the jurisdiction of the Division of Investment (the "Division") shall be invested in any foreign company with an equity tie to the government of Sudan or its instrumentalities and is engaged in business in or with the same. The provisions shall not apply to the activities of any foreign company providing humanitarian aid to the Sudanese 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The Act requires that any investment held in violation of the provisions of the Act must be sold, redeemed, divested or withdrawn no later than August 1, 2008.

The Act requires that the Director of the Division annually file with the Legislature a report on all investments sold, redeemed, divested or withdrawn in compliance with the Act.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.

As summarized in our report dated August 4, 2006 to the Legislature, the Division had divested all of the holdings that had been identified at that time as being in violation of the provisions of the Act, well ahead of the three year timeline required by the Act.

In accordance with the provisions of the Act, the State Investment Council and the Director of the Division continue to review the recommendations of, and consult with, an independent research firm that specializes in global security risk for portfolio determinations. Since our last report, there have been additional companies which have been identified as having equity ties to the government of Sudan or its instrumentalities and engaged in business in or with the same. Divestment was not required under the Act since no assets of the pension or annuity funds were invested in these companies. The companies have been added to the list of companies not eligible for investment by the pension and annuity funds. Other companies have been removed from the list based upon the determination that they do not have equity ties to the government of Sudan or its

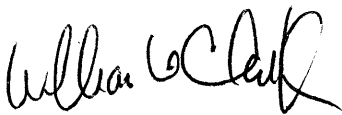
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instrumentalities and are not engaged in business in or with the same.

As of the date of this report, the Division has identified the following companies which have equity ties to the government of Sudan or its instrumentalities and are engaged in business in or with the same which will not be eligible for investment by the pension and annuity fund portfolios: Abu Dhabi Islamic Bank, Advance Synergy Bhd, Air France, Alcatel SA, Alstom SA, Amlak Finance, Animal Resources Bank, AREF Investment Group Co, AREVA, Bank of Khartoum, Bharat Heavy Electricals Ltd., Blue Nile Insurance, Bollore, British Airways, Byblos Bank, China Petroleum & Chemical Corp, Daewoo International, Daihatsu Motor, Deutsche Lufthansa AG, Deutsche Post SG, Dubai Islamic Bank, Electricity Generating Public Co Ltd, Emirates Telecommunications Corp., Ericsson, Faisal Islamic Bank of Egypt, Harbin Power Equipment Co. Ltd, Indian Oil Corporation, Ivory Bank, Kencana Petroleum Bhd, Kenya Airways Ltd, Lafarge SA, La Mancha Resources Inc., Lundin Petroleum, Mangalore Refinery & Petro, Mashreq Bank PSC, MISC Berhad, MMC Corporation Bhd, Mobile Telecommunications Co, Nam Fatt Corporation Berhad, National Reinsurance Co, Nestle SA, Oil & Natural Gas Corporation Ltd, Omdurman National Bank, PECD Bhd, Petrochina Company Limited, Petrofac Ltd, Reliance Industries, Royal Dutch Shell, Sarawak Energy Bhd, Saudi Sudanese Bank, Schlumberger Ltd., SCOMI Group Bhd, SGS SA, Sharjah Islamic Bank, Sojitz Holdings Corp, Sony Corp., Sudan Telecom Co Ltd, Sudanese Free Zones and Markets Co, Sudanese French Bank, Sudanese Insurance & Reinsurance, Sudanese Islamic Bank, Sumitomo Corp, Syngenta AG, Tadamon Islamic Bank, Total SA, Warsila Oyj, Watania Co-operative Insurance, Workers National Bank, and White Nile.

The Division has received correspondence from two additional companies challenging the Division's preliminary determination of ineligibility for investment under the Act. The two companies are claiming, among other things, that the scope of the Act should be limited by the Sudan Accountability and Divestment Act of 2007, which was enacted by the United States Congress last year. These claims are currently being reviewed by the Office of the Attorney General.

Please be assured that the Division will continue to vigorously implement the Act by working to identify any additional companies that have equity ties to the government of Sudan or its instrumentalities and are engaged in business in or with the same. Such companies will be added to the prohibited investment list, and the Division will divest any pension or annuity fund holdings in those companies.



William G. Clark
Director