KPMG

DIVISION OF INVESTMENT
DEPARTMENT OF THE TREASURY
STATE OF NEW JERSEY
PENSION FUND

Financial Statements, Management's Discussion and Analysis and Supplemental Schedules

June 30, 2007 and 2006

(With Independent Auditors' Report Thereon)

DIVISION OF INVESTMENT
DEPARTMENT OF THE TREASURY
STATE OF NEW JERSEY
PENSION FUND

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DIVISION OF INVESTMENT
DEPARTMENT OF THE TREASURY
STATE OF NEW JERSEY
PENSION FUND

Management's Discussion and Analysis

(Unaudited)

June 30, 2007 and 2006

Introduction

This section of the financial statements of the Pension Fund (the Fund) presents our discussion and analysis of the Fund's financial performance during the fiscal years ended June 30, 2007 and 2006. Since this discussion and analysis is designed to focus on current activities, it should be read in conjunction with the Fund's basic financial statements, which follow this section.

Financial Statements

The Fund's basic financial statements include statements of net assets and statements of changes in net assets, which have been presented in accordance with U.S. generally accepted accounting principles as applicable to governmental entities.

The statements of net assets provide information on the financial position of the Fund at year-end. The statements of changes in net assets present the results of the investing activities during the fiscal year. The notes to the financial statements offer additional discussion that is essential to the full understanding of the data presented in the financial statements. The notes give more detail about accounting policies, significant account balances and activities, material risks, obligations, contingencies and subsequent events, if any. The financial statements and related notes are prepared in accordance with Governmental Accounting Standards Board principles as applicable to governmental entities.

Statements of Net Assets

The statements of net assets present the assets, liabilities and net assets (assets minus liabilities) of the Fund as of the end of the fiscal years and are point in time financial statements.

The statements of net assets are comprised of the following major components:

		June 30		
		2007	**2006**	**2005**
			(Millions)	
Cash and Cash Management Fund	$	6,771	4,290	3,833
Investments, at fair value		75,411	68,903	65,713
Receivables		602	372	431
Securities lending collateral		18,413	14,105	12,123
Total assets		101,197	87,670	82,100
Total liabilities		18,712	14,578	12,285
Net assets	$	82,485	73,092	69,815

(Continued)

Receivables consist primarily of the net amounts owed to the Fund on pending investment transactions and dividends and interest receivable. Securities lending collateral represents cash invested by the Fund with cash collateral received from borrowers of securities under various securities lending programs. Liabilities primarily represent amounts owed for pending investment transactions, amounts due to borrowers under the securities lending program (i.e., the obligation of the Fund to return the collateral and pay rebates at the expiration of the securities loans) and amounts due to the General Fund of the State of New Jersey for administrative expenses. At June 30, 2007, liabilities also include capital calls payable under various real estate partnership investments.

Statements of Changes in Net Assets

Changes in net assets from year to year are presented in the statements of changes in net assets. The purpose of these statements is to present the net investment income earned by the Fund as well as the contributions of employers and participants and distributions to participants and/or beneficiaries. A summary follows:

		Year ended June 30	
	2007	**2006**	**2005**
		(Millions)	
Additions:			
Net investment income:			
Interest and dividends	$ 2,272	2,124	2,054
Net appreciation in fair value of investments	9,836	4,514	3,666
Securities lending income	839	556	262
Net investment income	12,947	7,194	5,982
Deductions:			
Administrative expenses	55	58	60
Securities lending program expenses	804	522	235
Global custody fees	1	1	1
Investment expenses	10	5	—
Net pension fund withdrawals	2,684	3,331	3,629
Total deductions	3,554	3,917	3,925
Increase in net assets	9,393	3,277	2,057
Net assets, beginning of year	73,092	69,815	67,758
Net assets, end of year	$ 82,485	73,092	69,815

Net assets increased by $9.4 billion, or 12.9% during the fiscal year ended June 30, 2007. Net assets increased by $3.3 billion, or 4.7% during the fiscal year ended June 30, 2006. Net assets increased by $2.1 billion, or 3% during the fiscal year ended June 30, 2005. Net deductions from the pension funds amounted to $3.6 billion,

$3.9 billion, and $3.9 billion in 2007, 2006, and 2005, respectively, consisting primarily of pension fund withdrawals for benefits paid out to retirees and other beneficiaries and other withdrawals from the Fund. In each of fiscal years 2007, 2006 and 2005, these payments were more than offset by net investment income of $12.9 billion, $7.2 billion and $6.0 billion respectively. The net increase in investment income in fiscal 2007 was primarily attributable to an increase in net realized gains and losses of $2.6 billion and a net increase in unrealized gains on investments of $2.7 billion. The net increase in investment income in fiscal 2006 was primarily attributable to an increase in net realized gains and losses of $1.2 billion. In fiscal 2007, the increase in both securities lending income and program expenses was attributable to higher short term yields available in the marketplace and an increase in securities lending activity compared to fiscal 2006 and 2005.

Investment Performance

The rates of return (which include income and changes in the fair value of investments) for the portfolios within the Fund and various market indices are as follows:

	Year ended June 30		
	2007	**2006**	**2005**
Total rate of return (%):			
All Pension Funds	17.1	9.8	8.7
Common Pension Fund A	20.6	10.5	7.5
Common Pension Fund B	5.2	(1.0)	7.7
Common Pension Fund D	27.0	24.5	13.8
Common Pension Fund E	12.8	1.0	—
Cash Management Fund -simple (1)	5.2	4.2	2.2
Cash Management Fund -compound (1)	5.5	4.3	2.3
Returns of Various Market Indices (%):			
S&P Composite 1500 Index	20.2	9.2	7.2
S&P Composite 1500 Index - excluding Sudan (2)	19.6	N/A	N/A
S&P 500 Index	20.6	8.6	6.3
S&P 500 Index - excluding Sudan (2)	19.9	N/A	N/A
Dow Jones Industrial Average	22.3	10.7	0.5
Lehman U.S. Government/Credit Index	6.0	(1.5)	7.3
Lehman Mortgage Index	6.7	2.5	6.1
MSCI EAFE International Stock Index (in US $)	27.5	27.1	13.7
MSCI EAFE excluding Sudan (2)	27.3	N/A	N/A
3-month Treasury bills	5.1	4.0	2.0

(1) Rate of return for State of New Jersey participants which includes the Pension Fund

(2) Chapter 162 of the Public Laws of 2005 provides that no assets of any pension or annuity fund 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 ex-Sudan benchmarks are estimates.

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Independent Auditors' Report

The Members
State Investment Council,
Division of Investment,
Department of the Treasury,
State of New Jersey:

We have audited the accompanying statements of net assets of the Pension Fund (the Fund) managed by the Division of Investment (the Division), Department of the Treasury, State of New Jersey, as of June 30, 2007 and 2006, and the related statements of changes in net assets for the years then ended. These financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Division's internal control over financial reporting of the Fund. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in note 1, the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the State of New Jersey as of June 30, 2007 and 2006, and the changes in its financial position for the years then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pension Fund managed by the Division of Investment, Department of the Treasury, State of New Jersey, as of June 30, 2007 and 2006, and the changes in its net assets for the years then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 1 through 3 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2007 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2007 basic financial statements taken as a whole.

KPMG LLP

January 4, 2008

DIVISION OF INVESTMENT
DEPARTMENT OF THE TREASURY
STATE OF NEW JERSEY
PENSION FUND

Statements of Net Assets

June 30, 2007 and 2006

		2007	2006
Assets:			
Cash and Cash Equivalents	$	76,306,770	103,457,057
Cash Management Fund		6,694,243,038	4,186,940,782
Receivables:			
Interest and dividends		330,768,212	287,978,720
Investments sold but not settled		252,799,453	75,701,562
Foreign taxes		18,015,492	8,293,395
Other		10,820	7,484
Total receivables		601,593,977	371,981,161
Securities lending collateral		18,413,317,466	14,104,843,416
Investments, at fair value		75,411,326,533	68,903,217,564
Total assets		101,196,787,784	87,670,439,980
Liabilities:			
Other		1,218,005	11,500
Due to the General Fund of the State of New Jersey		4,188,957	5,619,283
Investments purchased but not settled		292,917,940	468,028,638
Securities lending collateral and rebates payable		18,413,317,466	14,104,843,416
Total liabilities		18,711,642,368	14,578,502,837
Net assets	$	82,485,145,416	73,091,937,143

See accompanying notes to financial statements.

DIVISION OF INVESTMENT
DEPARTMENT OF THE TREASURY
STATE OF NEW JERSEY
PENSION FUND

Statements of Changes in Net Assets

Years ended June 30, 2007 and 2006

	2007	2006
Additions:		
Net investment income:		
Interest and dividends	$ 2,271,696,167	2,124,008,903
Net appreciation in fair value of investments	9,836,136,568	4,514,350,428
Securities lending income	839,621,906	555,814,374
Net investment income	12,947,454,641	7,194,173,705
Deductions:		
Administrative expenses:		
Division of Pensions and Benefits	45,361,346	48,065,010
Division of Investment	9,968,834	9,907,749
Total administrative expenses	55,330,180	57,972,759
Securities lending program rebates	796,730,701	515,870,173
Securities lending program agent fees	7,127,638	6,745,356
Global custody fees	625,000	521,167
Investment expenses	10,537,151	5,399,433
Net pension fund withdrawals	2,683,895,698	3,330,862,492
Total deductions	3,554,246,368	3,917,371,380
Increase in net assets	9,393,208,273	3,276,802,325
Net assets as of beginning of year	73,091,937,143	69,815,134,818
Net assets as of end of year	$ 82,485,145,416	73,091,937,143

See accompanying notes to financial statements.

(1) Organization

The Division of Investment, Department of the Treasury, State of New Jersey (the Division) manages and invests certain assets of various pension funds, divisions, agencies and employees of the State of New Jersey in various groups of funds, such as the Pension Fund, the Deferred Compensation Fund and the Cash Management Fund. The accompanying financial statements represent the assets, liabilities and net assets of the underlying investment portfolio of the Pension Fund (the Fund) which is comprised of various accounts managed by the Division. The Fund is considered to be an investment trust fund as defined in Governmental Accounting Standards Board (GASB) Statement No. 34. The operations of this Fund are governed by the provisions of the State Investment Council Regulations for the purpose of determining authorized investments for the Fund.

The accounts included in the Fund are: Common Fund A, Common Fund B, Common Fund D, Common Fund E, Police and Firemen's Mortgage Program accounts and other investments owned directly by the seven defined benefit pension plans administered by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey. Common Fund A invests primarily in domestic equity securities. Common Fund B invests primarily in domestic fixed income securities. Common Fund D invests primarily in foreign equity and fixed income securities. Common Fund E invests primarily in alternative investments which includes private equity, real assets and absolute return strategy investments. The Police and Firemen's Retirement System includes a mortgage loan program administered by the New Jersey Housing and Mortgage Finance Agency that provides participants with mortgages from the program at rates which are fixed by formula. The law establishing the program provides that the Fund may not sell the mortgages, and no independent market exists for them. As of June 30, 2007 and 2006, respectively, the mortgage loan program had a cost of $1,159,041,322 and $985,777,859 and an appraised value of $1,109,584,450 and $965,008,210, respectively, determined using estimated market prices obtained from independent brokers.

The Fund is not a legally separate entity within the State of New Jersey. The assets managed by the Division are included in the financial statements of the State.

The accompanying financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the State of New Jersey as of June 30, 2007 and 2006, and changes in its financial position for the years then ended in conformity with U.S. generally accepted accounting principles.

(2) Summary of Significant Accounting Policies

Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues (additions) are recorded when earned and expenses (deductions) are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

Valuation of Investments

Investments are reported at fair value as follows:

- U.S. Government and Agency, Foreign and Corporate obligations – prices quoted by a major dealer in such securities.
- Common Stock and Equity Funds, Foreign Equity Securities, Forward Foreign Exchange Contracts – closing prices as reported on the primary market or exchange on which they trade.
- Money Market Instruments – amortized cost which approximates fair value.
- Cash Management Fund – closing bid price on the last day of trading during the period as determined by the Transfer Agent.
- Alternative investments (private equity, real assets and absolute return strategy funds) – estimated fair value provided by the general partner and/or investment manager and reviewed by management. Because alternative investments are not always readily marketable, their estimated value is subject to uncertainty and therefore may differ significantly from the value that would be used if a ready market for such investments existed. Accordingly, the realized value received upon the sale of the asset may differ from the fair value.

Investment Transactions

Investment transactions are accounted for on a trade or investment date basis. Gains and losses from investment transactions are determined by the average cost method. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date.

(Continued)

Net appreciation or depreciation in fair value of investments includes net realized gains and the change in net unrealized gains and losses on investments for the fiscal years ended June 30, 2007 and 2006. The net realized gain from investment transactions amounted to $6,584,379,605 and the net increase in unrealized gains on investments amounted to $3,251,756,963 for the year ended June 30, 2007. The net realized gain from investment transactions amounted to $3,946,824,420 and the net increase in unrealized gains on investments amounted to $567,526,008 for the year ended June 30, 2006.

Unit Transactions

The net asset value of Common Funds A, B, D and E is determined as of the close of the last day of business of each month. Purchases and redemptions of participants' units are transacted each month within fifteen days subsequent to that time and at such net asset value.

Dividends and interest earned per unit are calculated monthly and distributed quarterly for Common Fund A and B. Dividends and interest earned per unit are calculated monthly for Common Fund D, and the income earned on Common Fund D units is reinvested. Income earned per unit is calculated monthly for Common Fund E, and the income earned on Common Fund E units is reinvested.

Net Pension Fund Withdrawals

The net pension fund withdrawals represent a combination of distributions to participants and/or plan beneficiaries and other pension plan withdrawals offset by participant, employer and State contributions. The withdrawals from pension plan assets are made based upon the cash disbursement needs of the individual pension plans.

Administrative Expenses and Due to the General Fund of the State of New Jersey

The administrative expenses of the Division of Investment and the Division of Pensions and Benefits are paid by the Department of the Treasury of the State of New Jersey. These expenses are reimbursed by charges to the individual pension plans administered by the Division of Pensions and Benefits. The withdrawal of the funds from pension plan assets to provide this reimbursement to the Department of the Treasury is reflected as administrative expenses in the accompanying financial statements. Due to the General Fund of the State of New Jersey represents administrative expenses which had not been remitted to the State.

Securities Lending

Common Funds A, B and D and several of the direct pension plan portfolios participate in securities lending programs, whereby securities are loaned to brokers or other borrowers and, in return, the Funds have rights to the collateral received. All of the securities held in Common Funds A, B and D, and certain securities held directly by the pension plans, are eligible for the securities lending program. Collateral received may consist of cash, letters of credit, or government securities having a market value equal to or exceeding 102% (U.S. dollar denominated) or 105% (non-U.S. dollar denominated) of the value of the loaned securities at the time the loan is made. For Common Funds A and B, in the event that the market value of the collateral falls below 101% of the market value of all the outstanding loaned securities to an individual borrower, additional collateral shall be transferred by the borrower to the respective funds no later than the close of the next business day so that the market value of such additional collateral, when added to the market value of the other collateral, shall equal 102% of the market value of the loaned securities. For Common Fund D, in the event that the market value of the collateral falls below the collateral requirement of either 102% or 105% (depending on whether the securities are denominated in U.S. dollars or a foreign currency, respectively) of the market value of the outstanding loaned securities to an individual borrower, additional collateral shall be transferred in an amount that will increase the aggregate of the borrower's collateral to meet the collateral requirements. As of June 30, 2007 and 2006, the Fund has no aggregate credit risk exposure to borrowers because the collateral amount held by the Fund exceeded the market value of the securities on loan.

The contracts with the Fund's custodian banks require them to indemnify the Fund if the brokers or other borrowers fail to return the securities or fail to pay the Fund for income distributions on the securities while they are on loan. The custodian bank for Common Fund D also indemnifies the Fund for any loss of principal or interest on the invested collateral. For any losses on the investment collateral in Common Funds A or B or other pension plan portfolios, the lending fee paid to the lending agent shall be reduced by 25% of the amount of such loss, up to an amount not to exceed 75% of the previous six months' securities lending fees. The securities loans can be terminated by notification by either the borrower or the Fund. The term to maturity of the securities loans is generally matched with the term to maturity of the investment of the cash collateral.

Derivatives

The Fund's international portfolio managers utilize forward foreign currency contracts, a derivative security, as a means to hedge against the currency risk in the Fund's foreign stock and fixed income portfolios. A derivative security is an investment whose payoff depends upon the value of other assets such as bond and stock prices, a market index, or commodity prices. Derivative transactions involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. Market risk is the possibility that a change in market prices or currency rates will cause the value of a financial instrument to decrease or become more costly to settle.

Forward foreign currency contracts are agreements to buy or sell a specific amount of a foreign currency at a specified delivery or maturity date for an agreed upon price. Forward foreign currency contracts are used to hedge against the currency risk in the Fund's foreign stock and fixed income portfolios.

There were no foreign forward currency contracts at June 30, 2007. The fair value of foreign forward currency contracts held directly by the Fund as of June 30, 2006 was as follows:

Forward currency receivable	$ 1,887,515,323
Forward currency payable	1,902,654,117
Net unrealized loss	15,138,794

The net unrealized loss on these contracts is included in investments in the accompanying statement of net assets at June 30, 2006.

The Fund utilizes covered call and put options in an effort to add value to or reduce the risk level in the portfolio. Covered options are agreements that give the owner of the option the right, but not obligation, to buy (in the case of a call option) or to sell (in the case of a put option) a specific amount of an asset for a specific price (called the strike price) on or before a specified expiration date. The writer of call options receives a premium at the outset of the agreement and bears the risk of an unfavorable change (i.e., an increase) in the price of the instrument underlying the option. The Fund had written call options on 182,000 shares with a fair value of $470,032 at June 30, 2006 which are reflected as contra-assets to the fair value of the portfolio. The Fund owned 53,208 contracts on indexed put options with a fair value of $169,137,647 at June 30, 2007 and put options on 6,990,800 shares with a fair value of $1,631,358 at June 30, 2006, which are included in the fair value of the portfolio.

Certain of the alternative investment funds and partnerships may use derivative instruments to hedge against market risk and to enhance investment returns. At any point during the year, the Fund may have additional exposure to derivatives primarily through limited liability vehicles such as limited partnerships and commingled investment funds.

Commitments

The Fund is obligated, under certain private equity, real estate and absolute return strategy alternative investment agreements to make additional capital contributions up to contractual levels over the investment period specified for each investment. As of June 30, 2007, the Fund had unfunded commitments totaling approximately $4.2 billion.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the reporting period. Actual results could differ from those estimates.

(3) Investments

The Fund’s investments as of June 30 are as follows:

	2007	2006
Domestic equities	$ 31,474,841,997	36,206,866,148
International equities	17,174,769,178	12,953,297,531
Domestic fixed income	19,648,980,451	17,027,737,435
International fixed income	996,400,682	1,187,184,887
Commodity linked notes	502,393,611	—
Police and Fireman's mortgages	1,109,584,450	965,008,210
Private equity	1,159,903,960	236,208,692
Real estate	1,003,932,926	81,345,789
Absolute return strategy funds	2,340,519,278	260,707,666
Net forward foreign exchange contracts	—	(15,138,794)
	$ 75,411,326,533	68,903,217,564

New Jersey state statute provides for a State Investment Council (Council) and a Director. Investment authority is vested in the Director of the Division and the role of the Council is to formulate investment policies. The Council issues regulations which establish guidelines for permissible investments which include domestic and international equities and exchange traded funds, covered call and put options, equity futures contracts, obligations of the U.S. Treasury, government agencies, corporations, finance companies and banks, obligations of international corporations, governments and agencies, interest rate swap transactions, fixed income exchange traded funds, U.S. Treasury futures contracts, New Jersey State and Municipal general obligations, public authority revenue obligations, collateralized notes and mortgages, commercial paper, certificates of deposit, repurchase agreements, bankers acceptances, guaranteed income contracts, funding agreements, money market funds, private equity, real estate, other real assets and absolute return strategy funds.

The Fund’s investments are subject to various risks. Among these risks are credit risk, concentration of credit risk, interest rate risk and foreign currency risk. Each one of these risks is discussed in more detail below.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is evaluated by nationally recognized statistical rating agencies such as Moody’s Investors Service, Inc. (Moody’s), Standard & Poor’s Corporation (S&P) and Fitch Ratings (Fitch). Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. There are no restrictions in the amount that can be invested in United States treasury and government agency obligations. Council regulations require minimum credit ratings for certain categories of fixed income obligations held directly by the Fund and limit the amount that can be invested in any one issuer or issue. These limits for the fiscal year ended June 30, 2006 and for the period July 1, 2006 through September 4, 2006 were as follows:

Category	Minimum rating Moody's	Minimum rating S&P	Limitation of issuer's outstanding debt	Limitation of issue	Other limitations
Corporate obligations	Baa	BBB	25%	25%	—
U.S. finance company debt, bank debentures and NJ state & municipal obligations	A	A	10%	10%	—
Canadian obligations	A	A	10%	10%	Purchase cannot exceed greater of 10% of issue or $10 million; not more than 2% of fund assets can be invested in any one issuer
International government and agency obligations	Aa	AA	2%	10%	Not more than 1% of fund assets can be invested in any one issuer
Public authority revenue obligations	A	A	—	10%	Not more than 2% of fund assets can be invested in any one public authority
Collateralized notes and mortgages	Baa	BBB	—	33.3%	Not more than 2% of fund assets can be invested in any one issuer
Commercial paper	P-1	A-1	—	—	—
Certificates of deposit and banker's acceptances (rating applies to international)	Aa/P-1	—	—	—	Uncollateralized certificates of deposit and banker's acceptances cannot exceed 10% of issuer's primary capital
Guaranteed income contracts	P-1	—	—	—	A+ rating from A.M. Best for insurance companies
Money market funds	—	—	—	—	Not more than 10% of fund assets can be invested in money market funds; limited to 5% of shares or units outstanding

Effective September 5, 2006, the following limits became effective:

Category	Minimum rating Moody's	Minimum rating S&P	Minimum rating Fitch	Limitation of issuer's outstanding debt	Limitation of issue	Other limitations
Corporate obligations	Baa3	BBB-	BBB-	10%	25%	Not more than 5% of fund assets can be invested in one corporation
U.S. finance company debt and bank debentures	Baa3	BBB-	BBB-	10%	25%	Not more than 5% of fund assets can be invested in one corporation
International corporate obligations	Baa3	BBB-	BBB-	10%	25%	Not more than 5% of fund assets can be invested in any one issuer with maturities exceeding 12 months; not more than 10% of fund assets can be invested in this category
International government and agency obligations	Aa3	AA-	AA-	25%	Greater of 25% or $10 million	Not more than 1% of fund assets can be invested in any one issuer
Collateralized notes and mortgages	Baa3	BBB-	BBB-	—	25%	Not more than 5% of fund assets can be invested in any one issue; not more than 10% of fund assets (or 20% of Fund B assets) can be invested in this category
Commercial paper	P-1	A-1	F1	—	—	—
Certificates of deposit and banker's acceptances:						Certificates of deposit and banker's acceptances cannot exceed 10% of issuer's primary capital
Domestic	A3/P-1	A-/A-1	A-/F1	—	—	
International	Aa3/P-1	AA-/A-1	AA-/F1	—	—	

Category	Minimum rating Moody's	Minimum rating S&P	Minimum rating Fitch	Limitation of issuer's outstanding debt	Limitation of issue	Other limitations
Guaranteed income contracts and funding agreements	A3	A-	A-	—	—	—
Money market funds	—	—	—	—	—	Not more than 10% of fund assets can be invested in money market funds; limited to 5% of shares or units outstanding
Interest rate swap transactions	A3	A-	A-	—	—	Notional value of net exposure to any one counterparty shall not exceed 10% of fund assets
Repurchase agreements	Aa3	AA-	AA-	—	—	—
NJ state & municipal obligations	A3	A-	A-	10%	10%	Not more than 10% of fund assets can be invested in debt of any one political entity maturing more than 12 months from purchase
Public authority revenue obligations	A3	A-	A-	—	10%	Not more than 2% of fund assets can be invested in any one public authority
Mortgage backed passthrough securities	A3	A-	A-	—	—	Not more than 5% of fund assets can be invested in any one issue
Mortgage backed senior debt securities	—	—	—	—	25%	Not more than 5% of fund assets can be invested in any one issue

Up to 5% of the market value of Common Pension Fund B may be invested in corporate obligations, finance company debt, bank debentures, international corporate obligations, collateralized notes and mortgages and mortgage backed pass-through securities that do not meet the minimum credit rating requirements set forth above.

For securities in the fixed income portfolio, the following tables disclose aggregate market value, by major credit quality rating category at June 30, 2007 and 2006:

June 30, 2007	Moody's rating			
(000's)	**Aaa**	**Aa**	**A**	**Baa**
United States Treasury Notes	$ 2,038,229	—	—	—
United States Treasury TIPS	1,875,022	—	—	—
United States Treasury Bonds	5,187,546	—	—	—
United States Treasury Strips	39,649	—	—	—
Title XI Merchant Marine Notes	2,786	—	—	—
Federal Agricultural Mortgage Corp. Notes	95,295	—	—	—
Federal Farm Credit Bank Bonds	50,227	—	—	—
Federal Home Loan Bank Bonds	289,167	—	—	—
Federal Home Loan Bank Discounted Notes	96,345	—	—	—
Federal National Mortgage Association Notes	96,355	—	—	—
Resolution Funding Corp. Obligations	6,466	—	—	—
Tennessee Valley Authority Strips	72,610	—	—	—
Floating Rate Notes	9,999	20,038	—	—
Domestic Corporate Obligations	427,646	760,349	2,093,792	2,020,011
International Corporate Obligations	—	—	47,912	35,330
Real Estate Investment Trust Obligations	—	—	—	34,025
Finance Company Debt	293,489	296,882	498,203	9,240
International Bonds and Notes	404,960	64,583	48,200	—
Foreign Government Obligations	302,900	92,516	—	—
Remic/FHLMC	952,817	—	—	—
Remic/FNMA	66,490	—	—	—
Remic/GNMA	17,969	—	—	—
GNMA Mortgage Backed Certificates	64,206	—	—	—
FHLM Mortgage Backed Certificates	939,992	—	—	—
FNMA Mortgage Backed Certificates	839,452	—	—	—
SBA passthrough certificates	9,700	—	—	—
Asset Backed Obligations	310,611	—	—	—
Private Export Obligations	56,771	—	—	—
Exchange Traded Securities	—	—	52,290	—
	$ 14,546,699	1,234,368	2,740,397	2,098,606

The table does not include certain corporate obligations which do not have a Moody's rating totaling $25,310,000 with an S&P rating of A. The Police and Firemen's Mortgages and the Cash Management fund are unrated.

June 30, 2006	Moody's rating				
(000's)	**Aaa**	**Aa**	**A**	**Baa**	**Ba**
United States Treasury Notes	$ 3,516,004	—	—	—	—
United States Treasury Bills	389,716	—	—	—	—
United States Treasury TIPS	790,555	—	—	—	—
United States Treasury Bonds	1,984,003	—	—	—	—
United States Treasury Strips	37,219	—	—	—	—
Title XI Merchant Marine Notes	3,615	—	—	—	—
Federal Agricultural Mortgage Corp. Notes	95,763	—	—	—	—
Federal Farm Credit Bank Bonds	50,270	—	—	—	—
Federal Home Loan Bank Bonds	466,312	—	—	—	—
Federal Home Loan Bank Discounted Notes	89,894	—	—	—	—
Federal Home Loan Mortgage Corp. Notes	341,897	—	—	—	—
Federal National Mortgage Association Notes	226,193	—	—	—	—
Resolution Funding Corp. Obligations	6,397	—	—	—	—
Floating Rate Notes	25,023	20,020	9,999	22,841	—
Corporate Obligations	509,357	674,474	2,172,927	1,545,710	—
Real Estate Investment Trust Obligations	—	—	—	93,436	—
Finance Company Debt	217,653	623,016	626,864	9,097	55,587
Supranational Obligations	75,512	—	—	—	—
International Bonds and Notes	208,740	99,215	19,539	—	—
Foreign Government Obligations	470,461	313,716	—	—	—
Remic/FHLMC	731,131	—	—	—	—
Remic/FNMA	67,108	—	—	—	—
Remic/GNMA	17,650	—	—	—	—
GNMA Mortgage Backed Certificates	78,051	—	—	—	—
FHLM Mortgage Backed Certificates	598,915	—	—	—	—
FNMA Mortgage Backed Certificates	620,790	—	—	—	—
Asset Backed Obligations	178,119	—	—	—	—
Private Export Obligations	55,971	—	—	—	—
Exchange Traded Securities	—	—	51,735	—	—
	$ 11,852,319	1,730,441	2,881,064	1,671,084	55,587

The table does not include certain corporate obligations which do not have a Moody's rating totaling $24,426,500 with an S&P rating of A. The Police and Firemen's Mortgages and the Cash Management fund are unrated.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Commercial paper must mature within 270 days. Certificates of deposits and bankers acceptances are limited to a term of one year or less. The maturity requirement for repurchase agreements was 15 days through September 4, 2006; this was revised to 30 days effective September 5, 2006. The investment in guaranteed income contracts and funding agreements is limited to a term of 10 years or less.

The following tables summarize the maturities (or, in the case of Remics, Police and Firemen's Mortgages and mortgage-backed securities, the expected average life) of the fixed income portfolio at June 30, 2007 and 2006:

June 30, 2007 (000's)			**Maturities in years**			
Fixed income investment type		**Total market value**	**Less than 1**	**1-5**	**6-10**	**More than 10**
United States Treasury Notes	$	2,038,229	148,736	447,759	1,441,734	—
United States Treasury Tips		1,875,022	—	185,141	762,104	927,777
United States Treasury Bonds		5,187,546	—	—	86,215	5,101,331
United States Treasury Strips		39,649	—	—	—	39,649
Title XI Merchant Marine Notes		2,786	—	—	—	2,786
Federal Agricultural Mortgage Corp. Notes		95,295	—	95,295	—	—
Federal Farm Credit Bank Bonds		50,227	20,114	30,113	—	—
Federal Home Loan Bank Bonds		289,167	18,107	250,170	20,890	—
Federal Home Loan Bank Discounted Notes		96,345	—	—	—	96,345
Federal National Mortgage Association Notes		96,355	—	96,355	—	—
Resolution Funding Corp. Obligations		6,466	—	—	—	6,466
Floating Rate Notes		30,037	—	20,038	9,999	—
Tennessee Valley Authority Strips		72,610	—	—	—	72,610
Domestic Corporate Obligations		5,327,108	127,673	850,539	959,663	3,389,233
International Corporate Obligations		83,242	—	—	—	83,242
Real Estate Investment Trust Obligations		34,025	—	19,574	14,451	—
Finance Company Debt		1,097,814	59,175	552,626	243,679	242,334
Foreign Government Obligations		395,416	64,184	244,266	67,973	18,993
International Bonds and Notes		517,743	69,410	128,538	110,541	209,254
Remic/FHLMC		952,817	—	—	39,882	912,935
Remic/ FNMA		66,490	—	—	18,036	48,454
Remic/ GNMA		17,969	—	—	—	17,969
SBA passthrough certificates		9,700	—	—	9,700	—
Police and Firemen's Mortgages		1,109,585	425	839	9,292	1,099,029
GNMA Mortgage Backed Certificates		64,206	131	36	—	64,039
FHLM Mortgage Backed Certificates		939,992	—	68	2,644	937,280
FNMA Mortgage Backed Certificates		839,452	171	5,284	16,137	817,860
Asset Backed Obligations		310,611	—	59,947	59,978	190,686
Private Export Obligations		56,771	—	32,490	24,281	—
	$	21,702,675	508,126	3,019,078	3,897,199	14,278,272

June 30, 2006 (000's) Fixed income investment type	**Total market value**	**Maturities in years: Less than 1**	**1-5**	**6-10**	**More than 10**
United States Treasury Notes	$ 3,516,004	747,277	796,007	1,972,720	—
United States Treasury Bills	389,716	389,716	—	—	—
United States Treasury Tips	790,555	—	60,532	580,319	149,704
United States Treasury Bonds	1,984,003	—	—	215,305	1,768,698
United States Treasury Strips	37,219	—	—	—	37,219
Title XI Merchant Marine Notes	3,615	—	—	—	3,615
Federal Agricultural Mortgage Corp. Notes	95,763	—	95,763	—	—
Federal Farm Credit Bank Bonds	50,270	—	50,270	—	—
Federal Home Loan Bank Bonds	466,312	175,074	268,104	23,134	—
Federal Home Loan Bank Discounted Notes	89,894	—	—	—	89,894
Federal Home Loan Mortgage Corp. Notes	341,897	322,470	—	19,427	—
Federal National Mortgage Association Notes	226,193	129,785	96,408	—	—
Resolution Funding Corp. Obligations	6,397	—	—	—	6,397
Floating Rate Notes	77,883	35,021	32,863	9,999	—
Corporate Obligations	4,926,894	712,831	1,267,070	1,126,601	1,820,392
Real Estate Investment Trust Obligations	93,436	—	42,914	50,522	—
Finance Company Debt	1,532,217	380,558	741,111	273,382	137,166
Supranational Obligations	75,512	—	—	—	75,512
International Bonds and Notes	327,494	124,499	145,353	18,137	39,505
Foreign Government Obligations	784,177	22,393	459,160	193,953	108,671
Remic/FHLMC	731,131	3,383	—	39,299	688,449
Remic/ FNMA	67,108	1,321	—	17,827	47,960
Remic/ GNMA	17,650	—	—	—	17,650
Police and Firemen's Mortgages	965,008	—	—	—	965,008
GNMA Mortgage Backed Certificates	78,051	12	637	—	77,402
FHLM Mortgage Backed Certificates	598,915	—	148	3,698	595,069
FNMA Mortgage Backed Certificates	620,790	149	9,291	21,177	590,173
Asset Backed Obligations	178,119	—	118,906	59,213	—
Private Export Obligations	55,971	—	11,887	44,084	—
	$ 19,128,194	3,044,489	4,196,424	4,668,797	7,218,484

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Fund invests in global markets. The market value of international preferred and common stocks and issues convertible into common stocks, when combined with the market value of international government and agency obligations, previously could not exceed 22% of the market value of the Fund. Effective September 5, 2006, the market value of emerging market securities cannot exceed more than 1.5 times the percentage derived by dividing the total market capitalization of companies included in the Morgan Stanley Capital International (MSCI) Emerging Market Index by the total market capitalization of the companies included in the MSCI All-Country World Ex-United States Index of the total market value of the assets held by Common Fund D. Prior to September 5, 2006, not more than 5% of the value of the assets held by Common Fund D could be invested in companies incorporated in emerging market countries. Not more than 5% of the market value of the emerging market securities can be invested in any one corporation. Council regulations permit the Fund to enter into foreign exchange contracts for the purpose of hedging the international portfolio. The Fund held forward contracts totaling approximately

$1.9 billion (with a $14 million net exposure) at June 30, 2006. The Fund had the following foreign currency exposure (expressed in U.S. dollars and 000's):

June 30, 2007 **Currency**		**Total market value**	**Equities**	**Foreign Government Obligations**	**Alternative Investments**
Australian dollar	$	472,778	472,778	—	—
Canadian dollar		700,076	700,076	—	—
Danish krone		236,914	236,914	—	—
Euro		5,777,859	5,466,997	278,743	32,119
Hong Kong dollar		187,292	187,292	—	—
Japanese yen		4,377,681	4,377,681	—	—
Mexican peso		74,710	74,710	—	—
New Zealand dollar		26,505	26,505	—	—
Norwegian krone		426,080	426,080	—	—
Pound sterling		2,077,051	2,051,057	—	25,994
Singapore dollar		151,674	151,674	—	—
South Korean won		175,851	175,851	—	—
Swedish krona		897,683	897,683	—	—
Swiss franc		1,702,575	1,702,575	—	—
	$	17,284,729	16,947,873	278,743	58,113

June 30, 2006 **Currency**		**Total market value**	**Equities**	**Foreign Government Obligations**
Australian dollar	$	387,324	387,324	—
Canadian dollar		635,640	635,640	—
Danish krone		198,388	198,388	—
Euro		4,789,852	4,286,765	503,087
Hong Kong dollar		130,126	130,126	—
Japanese yen		3,039,675	3,039,675	—
Mexican peso		46,306	46,306	—
New Zealand dollar		18,426	18,426	—
Norwegian krone		269,692	269,692	—
Pound sterling		1,712,822	1,637,310	75,512
Singapore dollar		98,276	98,276	—
South Korean won		121,267	121,267	—
Swedish krona		760,561	682,104	78,457
Swiss franc		1,263,174	1,263,174	—
	$	13,471,529	12,814,473	657,056

The Cash Management Fund is not evidenced by securities that exist in physical or book entry form held by the Fund.

The Fund's interests in alternative investments may contain elements of credit, currency and market risk. Such risks include, but are not limited to, limited liquidity, absence of regulatory oversight, dependence upon key individuals, emphasis on speculative investments (both derivatives and non-marketable investments), and nondisclosure of portfolio composition. Effective September 5, 2006, Council regulations require that not more than 18 percent of the market value of the Fund can be invested in alternative investments, with the individual categories of real estate, real assets, private equity and absolute return strategy investments limited to 7 percent. Not more than 5 percent of the market value of Common Fund E, plus outstanding commitments, may be committed to any one partnership or investment, without the prior written approval of the Council. The investments in Common Fund E cannot comprise more than 20 percent of any one investment manager's total assets.

(4) Securities Lending Collateral

The securities lending collateral is subject to various risks. Among these risks are credit risk, concentration of credit risk and interest rate risk. Agreements with the lending agents require minimum credit ratings for certain categories of fixed income obligations and limit the amount that can be invested in any one issuer or issue. These limits are consistent with Council regulations and internal policies for funds managed by the Division. These limits for the fiscal year ended June 30, 2006 and for the period June 30, 2006 through September 4, 2006 were as follows:

Category	Minimum rating		Limitation of issuer's outstanding debt	Limitation of issue	Other limitations
	Moody's	S&P			
Corporate obligations	A3	A-	25%	25%	—
U.S. finance company debt and bank debentures	A2	A	10%	10%	—
Collateralized notes and mortgages	Aaa	AAA	—	33.3%	Limited to not more than 10% of the assets of the collateral portfolio
Commercial paper	P-1	A-1	—	—	Dollar limits by issuer

Category	Minimum rating Moody's	Minimum rating S&P	Limitation of issuer's outstanding debt	Limitation of issue	Other limitations
Certificates of deposit/ Banker's acceptances (rating applies to international)	Aa3/P-1	—	—	—	Uncollateralized certificates of deposit and banker's acceptances' cannot exceed 10% of issuer's primary capital; dollar limits by issuer
Guaranteed income contracts	P-1	—	—	—	Limited to 5% of the assets of the collateral portfolio; A+ rating from A.M. Best for insurance companies
Money market funds	—	—	—	—	Limited to 10% of the assets of the collateral portfolio; limited to approved money market funds

Effective September 5, 2006, the following limits became effective:

Category	Minimum rating Moody's	Minimum rating S&P	Minimum rating Fitch	Limitation of issuer's outstanding debt	Limitation of issue	Other limitations
Corporate obligations	Baa3	BBB-	BBB-	10%	25%	—
U.S. finance company debt and bank debentures	Baa3	BBB-	BBB-	10%	25%	—
Collateralized notes and mortgages	Baa3	BBB-	BBB-	—	25%	Limited to not more than 10% of the assets of the collateral portfolio
Commercial paper	P-1	A-1	F1	—	—	Dollar limits by issuer

(Continued)

Category	Minimum rating Moody's	Minimum rating S&P	Minimum rating Fitch	Limitation of issuer's outstanding debt	Limitation of issue	Other limitations
Certificates of deposit/ Banker's acceptances:						Certificates of deposit and banker's acceptances' cannot exceed 10% of issuer's primary capital; dollar limits by issuer
Domestic	A3/P-1	A-/A-1	A-/F1	—	—	
International	Aa3/P-1	AA-/A-1	AA-/F1	—	—	
Guaranteed income contracts and funding agreements	A3	A-	A-	—	—	Limited to 5% of the assets of the collateral portfolio
Money market funds	—	—	—	—	—	Limited to 10% of the assets of the collateral portfolio; limited to approved money market funds

Maturities of corporate obligations, U.S. finance company debt, bank debentures, collateralized notes and mortgages, guaranteed income contracts and funding agreements must be less than 25 months. Commercial paper maturities cannot exceed 270 days. Repurchase agreement maturities cannot exceed 30 days. Certificates of deposit and banker's acceptances must mature in one year or less.

The collateral for repurchase agreements is limited to obligations of the U.S. Government or certain U.S. Government agencies, collateralized notes and mortgages and corporate obligations meeting certain minimum rating criteria.

Total exposure to any individual issuer is limited, except for U.S. Treasury and Government Agency Obligations. For money market funds, the total amount of shares or units purchased or acquired of any money market fund shall not exceed five percent of the shares or units outstanding of said money market fund. For Collateralized Notes and Mortgages, not more than two percent and five percent of the assets of the collateral portfolio shall be invested in the obligations of any one issuer and issue, respectively. For Guaranteed Income Contracts and Funding Agreements, the total investment in any one issuer shall be limited to 2.5% of the collateral portfolio. The Division sets individual issuer limits for Commercial Paper and Certificate of Deposits. For Corporate Obligations, U.S. Finance Company Debt, Bank Debentures and Bankers Acceptances, exposure to any one issuer shall be limited to the following percentages of the collateral portfolio in accordance with the issuer's rating from Moody's: Aaa (4%), Aa (3%), A (2%) and Baa (1%).

For securities exposed to credit risk in the collateral portfolio, the following tables disclose aggregate market value, by major credit quality rating category at June 30, 2007 and 2006. In those cases where an issuer and/or security have both a long-term and short-term rating, the short-term rating is presented.

June 30, 2007	**Rating**					
(000's)	**Aaa/AAA**	**Aa/AA**	**A/A**	**Baa/BBB**	**P1**	**Not rated**
Corporate Obligations	$ 1,142,643	3,199,254	2,712,377	217,479	713,321	—
Commercial Paper	—	—	—	—	3,536,172	—
Certificates of Deposit	—	99,985	—	—	1,032,601	—
Repurchase Agreements	—	—	—	—	—	1,765,830
Funding Agreements	—	—	—	—	700,000	—
Money Market Funds	7,224	1,730,000	500,000	—	—	285,283
Collateralized Notes	150,200	2,002	—	—	618,881	—
Cash	—	—	—	—	—	65
	$ 1,300,067	5,031,241	3,212,377	217,479	6,600,975	2,051,178

June 30, 2006	**Rating**				
(000's)	**Aaa/AAA**	**Aa/AA**	**A/A**	**P1**	**Not rated**
Corporate Obligations	$ 699,376	3,602,027	1,611,461	—	—
Commercial Paper	—	—	—	3,683,532	—
Certificates of Deposit	1,957,748	—	—	—	—
Repurchase Agreements	—	—	—	—	1,609,375
Guaranteed Investment Contracts	—	450,000	—	—	—
Money Market Funds	253,861	—	—	—	101,392
Collateralized Notes	—	135,924	—	—	—
Cash	—	—	—	—	147
	$ 2,910,985	4,187,951	1,611,461	3,683,532	1,710,914

The following tables summarize the maturities of the collateral portfolio at June 30, 2007 and 2006:

June 30, 2007 (000's)		**Total market value**	**Maturities: Less than one year**	**Maturities: One year to 25 months**
Corporate Obligations	$	7,985,074	4,144,639	3,840,435
Commercial Paper		3,536,172	3,536,172	—
Certificates of Deposit		1,132,586	1,132,586	—
Repurchase Agreements		1,765,830	1,765,830	—
Funding Agreements		700,000	700,000	—
Money Market Funds		2,522,507	2,522,507	—
Collateralized Notes		771,083	769,081	2,002
	$	18,413,252	14,570,815	3,842,437

June 30, 2006 (000's)		**Total market value**	**Maturities: Less than one year**	**Maturities: One year to 25 months**
Corporate Obligations	$	5,912,864	2,301,117	3,611,747
Commercial Paper		3,683,532	3,683,532	—
Certificates of Deposit		1,957,748	1,957,748	—
Repurchase Agreements		1,609,375	1,609,375	—
Guaranteed Investment Contracts		450,000	350,000	100,000
Money Market Funds		355,253	355,253	—
Collateralized Notes		135,924	—	135,924
	$	14,104,696	10,257,025	3,847,671

As of June 30, 2007, the Fund had outstanding loaned investment securities with an aggregate market value of $18,034,823,201 and received cash collateral of $18,423,399,432 and non-cash collateral of $4,471,761. As of June 30, 2006, the Fund had outstanding loaned investment securities with an aggregate market value of $13,824,349,093 and received cash collateral of $14,115,678,308 and non-cash collateral of $1,670,223. In accordance with GASB accounting standards, the non-cash collateral is not reflected in the accompanying financial statements.

Schedule 1

DIVISION OF INVESTMENT
DEPARTMENT OF THE TREASURY
STATE OF NEW JERSEY
PENSION FUND

Combining Schedule of Net Assets

June 30, 2007

	Common Fund A Accounts	Common Fund B Accounts	Common Fund D Accounts	Common Fund E Accounts	Other Accounts	Eliminations	Total
Assets:							
Cash and Cash Equivalents	$ 3,440	84,008	144	76,219,178	—	—	76,306,770
Cash Management Fund	1,880,926,781	757,198,010	269,733,850	984,341,047	2,802,043,350	—	6,694,243,038
Receivables:							
Interest and dividends	29,788,566	275,628,192	18,970,758	135,781	6,244,915	—	330,768,212
Investments sold but not settled	18,928,291	20,733,800	210,137,883	2,999,479	—	—	252,799,453
Foreign taxes	—	—	18,015,492	—	—	—	18,015,492
Undistributed income due pension funds	—	—	—	—	449,418,759	(449,418,759)	—
Other	—	—	—	10,820	—	—	10,820
Total receivables	48,716,857	296,361,992	247,124,133	3,146,080	455,663,674	(449,418,759)	601,593,977
Securities lending collateral	4,270,414,169	12,350,743,525	1,765,830,000	—	26,329,772	—	18,413,317,466
Investments, at fair value	31,473,646,539	20,167,774,571	17,453,511,903	5,007,945,234	1,308,448,286	—	75,411,326,533
Total assets	37,673,707,786	33,572,162,106	19,736,200,030	6,071,651,539	4,592,485,082	(449,418,759)	101,196,787,784
Liabilities:							
Undistributed income due pension funds for quarter ended June 30, 2007	165,794,573	283,624,186	—	—	—	449,418,759	—
Other	—	—	7,744	1,194,198	16,063	—	1,218,005
Due to the General Fund of the State of New Jersey	—	—	—	—	4,188,957	—	4,188,957
Investments purchased but not settled	35,852,200	—	257,065,740	—	—	—	292,917,940
Securities lending collateral and rebates payable	4,270,414,169	12,350,743,525	1,765,830,000	—	26,329,772	—	18,413,317,466
Total liabilities	4,472,060,942	12,634,367,711	2,022,903,484	1,194,198	30,534,792	449,418,759	18,711,642,368
Net assets	$ 33,201,646,844	20,937,794,395	17,713,296,546	6,070,457,341	4,561,950,290	—	82,485,145,416

Schedule 2

DIVISION OF INVESTMENT
DEPARTMENT OF THE TREASURY
STATE OF NEW JERSEY
PENSION FUND

Combining Schedule of Changes in Net Assets

Year ended June 30, 2007

	Common Fund A Accounts	Common Fund B Accounts	Common Fund D Accounts	Common Fund E Accounts	Other Accounts	Total
Additions:						
Net investment income:						
Interest and dividends	$ 681,154,504	984,669,559	365,249,044	67,528,048	173,095,012	2,271,696,167
Net appreciation (depreciation) in fair value of investments	6,010,306,168	(71,469,426)	3,473,606,673	400,397,237	23,295,916	9,836,136,568
Securities lending income	221,903,790	528,225,633	86,128,796	—	3,363,687	839,621,906
Net investment income	6,913,364,462	1,441,425,766	3,924,984,513	467,925,285	199,754,615	12,947,454,641
Deductions:						
Administrative expenses:						
Division of Pensions and Benefits	—	—	—	—	45,361,346	45,361,346
Division of Investment	—	—	—	—	9,968,834	9,968,834
Total administrative expenses	—	—	—	—	55,330,180	55,330,180
Securities lending program rebates	207,089,377	514,106,588	72,237,468	—	3,297,268	796,730,701
Securities lending program agent fees	2,222,158	2,117,855	2,777,661	—	9,964	7,127,638
Global custody fees	—	—	—	—	625,000	625,000
Investment expenses	—	—	—	10,537,151	—	10,537,151
Net pension fund withdrawals (contributions)	9,794,005,832	(2,070,135,399)	500,027,782	(4,500,021,955)	(1,039,980,562)	2,683,895,698
Total deductions	10,003,317,367	(1,553,910,956)	575,042,911	(4,489,484,804)	(980,718,150)	3,554,246,368
(Decrease) increase in net assets	(3,089,952,905)	2,995,336,722	3,349,941,602	4,957,410,089	1,180,472,765	9,393,208,273
Net assets as of beginning of year	36,291,599,749	17,942,457,673	14,363,354,944	1,113,047,252	3,381,477,525	73,091,937,143
Net assets as of end of year	$ 33,201,646,844	20,937,794,395	17,713,296,546	6,070,457,341	4,561,950,290	82,485,145,416