

DEPARTMENT OF
THE TREASURY
John E. McCormac, CPA
State Treasurer

DIVISION OF PENSIONS
AND BENEFITS
Frederick J. Beaver
Director

SUPPLEMENTAL
ANNUITY
COLLECTIVE TRUST
OF NEW JERSEY

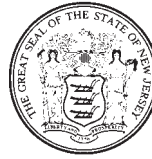
COUNCIL
as of June 30, 2002

JOHN E. McCORMAC
State Treasurer, Chairperson

Holly Bakke
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Department of
Banking and Insurance

Charlene Holzbaur
Director & State Comptroller
Office of Management
& Budget, Department
of the Treasury

FREDERICK J. BEAVER
Secretary



State of New Jersey
DIVISION OF PENSIONS AND BENEFITS
PO Box 295 • Trenton, NJ 08625-0295

TO THE HONORABLE
JAMES E. MCGREEVEY
GOVERNOR of the STATE OF NEW JERSEY

Dear Governor McGreevey:

The Council for the

SUPPLEMENTAL ANNUITY COLLECTIVE TRUST

is pleased to present the Fiscal Year 2002 Annual Report in accordance with the provisions of N.J.S.A. 52:18A-111.

Respectfully submitted,

A handwritten signature in cursive script that reads "Frederick J. Beaver".

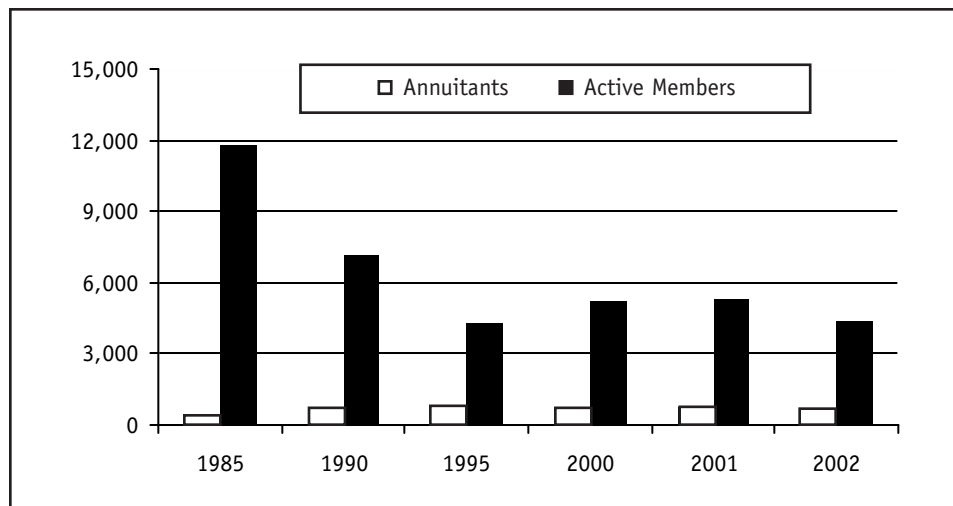
FREDERICK J. BEAVER
Secretary

SIGNIFICANT LEGISLATION

There were no significant changes in legislation governing the Supplementary Annuity Collective Trust of New Jersey during fiscal year 2002.

MEMBERSHIP

- As of June 30, 2002, the active contributing membership of the Trust totaled 4,424.
- The unit value was \$50.5204, a decrease of \$14.9957 from the June 30, 2001 value of \$65.5161.
- There were 697 annuitants.
- The Trust's assets totaled \$141,958,661 at the close of the fiscal year 2002.



KPMG LLP
New Jersey Headquarters
150 John F. Kennedy Parkway
Short Hills, NJ 07078

Independent Auditors' Report

The Council
Supplemental Annuity Collective
Trust of New Jersey:

We have audited the accompanying statements of fiduciary net assets of the State of New Jersey Supplemental Annuity Collective Trust (the Trust) as of June 30, 2002 and 2001, and the related statements of changes in fiduciary net assets for the years then ended. These financial statements are the responsibility of the Trust'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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Supplemental Annuity Collective Trust of New Jersey as of June 30, 2002 and 2001, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the Trust adopted Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, as of July 1, 2000.

Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit this information and express no opinion on it.

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

KPMG LLP

September 6, 2002

MANAGEMENT'S DISCUSSION AND ANALYSIS

Supplemental Annuity Collective Trust

June 30, 2002 and 2001

Our discussion and analysis of the Supplemental Annuity Collective Trust (the Trust)'s financial performance provides an overview of the Trust's financial activities for the fiscal year ended June 30, 2002. Please read it in conjunction with the basic financial statements and financial statement footnotes that follow this discussion.

FINANCIAL HIGHLIGHTS

- Fiduciary net assets decreased by \$44,359,037 as a result of this year's operations from \$185,173,439 to \$140,814,402.
- Additions for the year were (\$26,472,478), which are comprised of member contributions of \$8,413,708 and investment losses of (\$34,886,186). Revenues are down compared to the prior year due to an additional decrease in the fair market value of the Trust's investments. The decrease is attributable to an overall decline in the equity markets.
- Deductions for the year were \$17,886,559, which are comprised entirely of benefit payments.
- As of June 30, 2000, the date of the most recent actuarial valuation, there was a surplus of \$1,069,350 in the Variable Benefit Account to which annuity payments are charged. The surplus represents the overfunded amount of the Variable Benefit Account in comparison to the present value of benefits payable. The Variable Benefit Account has since been placed in balance through a redistribution of the Trust's assets.

THE STATEMENTS OF FIDUCIARY NET ASSETS AND THE STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS

This annual report consists of two financial statements: *The Statements of Fiduciary Net Assets* and *The Statements of Changes in Fiduciary Net Assets*. These financial statements report information about the Trust and about its activities to help you assess whether the Trust, as a whole, has improved or declined as a result of the year's activities. The financial statements were prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period they are earned, and expenses are recorded in the year they are incurred, regardless of when cash is received or paid.

The Statements of Fiduciary Net Assets show the balances in all of the assets and liabilities of the Trust at the end of the fiscal year. The difference between assets and liabilities represents the Trust's fiduciary net assets. Over time, increases or decreases in the Trust's fiduciary net assets provide one indication of whether the financial health of the Trust is improving or declining. *The Statements of Changes in Fiduciary Net Assets* show the results of financial operations for the year. The statements provide an explanation for the change in the Trust's fiduciary net assets since the prior year. These two financial statements should be reviewed along with the information contained in the financial statement footnotes, including the required supplementary schedules, to determine whether the Trust is becoming financially stronger or weaker.

FINANCIAL ANALYSIS

STATEMENTS OF FIDUCIARY NET ASSETS

Total assets decreased by \$43,954,771 from \$185,913,432 to \$141,958,661 between fiscal year 2001 and 2002 primarily due to a decrease in investment earnings and poor investment performance.

STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS

ADDITIONS TO FIDUCIARY NET ASSETS

	2002	2001	Increase(Decrease)
Member Contributions	\$ 8,413,708	\$ 7,735,592	\$ 678,116
Investment & Other	(34,886,186)	(18,240,659)	(16,645,527)
Totals	\$ (26,472,478)	\$ (10,505,067)	\$ (15,967,411)

Additions primarily consist of member contributions and earnings from investment activities. Total revenues decreased by 152.0% between fiscal year 2001 and 2002 from (\$10,505,067) to (\$26,472,478) primarily because of a decrease in investment earnings and poor investment performance.

For the second consecutive year, there has been a negative investment return due to market conditions. During fiscal year 2002, the overall investment return for the Trust was a negative 19.1%. The investment return was a negative 8.7% in the prior year.

DEDUCTIONS FROM FIDUCIARY NET ASSETS

	2002	2001	Increase(Decrease)
Benefits	\$ 17,886,559	\$ 22,861,679	\$ (4,975,120)

Deductions consist entirely of retirement and other benefit payments made during the year. Total expenses decreased by 21.8% between fiscal year 2001 and 2002 from \$22,861,679 to \$17,886,559. The decrease in expenses is mainly due to a decrease in investment earnings and poor investment performance and the proportional decline in participant accumulated account values upon the payment of benefits.

RETIREMENT SYSTEM AS A WHOLE

Members are 100% vested in the present value of their contributions and the Trust has assets sufficient to meet its benefit obligations now and in the future.

CONTACTING SYSTEM FINANCIAL MANAGEMENT

The financial report is designed to provide our members, taxpayers, investors and other interested parties with a general overview of the Trust's finances and to show the Trust's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

**SUPPLEMENTAL ANNUITY COLLECTIVE
TRUST OF NEW JERSEY**

Statements of Fiduciary Net Assets
June 30, 2002 and 2001

	2002	2001
Assets:		
Cash	\$ —	203,599
Investments, at fair value:		
Cash Management Fund	2,517,369	3,743,135
Common stocks	138,280,317	181,354,107
Total investments	140,797,686	185,097,242
Receivables:		
Accrued dividends	169,757	127,069
Participant contributions	484,252	485,522
Other	506,966	—
Total assets	141,958,661	185,913,432
Liabilities:		
Accounts payable and accrued expenses	196,418	175,505
Cash overdraft	457,860	—
Withholdings payable	39,956	35,275
Benefits payable	318,312	397,500
Unclaimed accounts	131,713	131,713
Total liabilities	1,144,259	739,993
Net Assets:		
Held in trust for pension benefits	\$ 140,814,402	185,173,439

See accompanying notes to financial statements.

**SUPPLEMENTAL ANNUITY COLLECTIVE
TRUST OF NEW JERSEY**

Statements of Changes in Fiduciary Net Assets
Years ended June 30, 2002 and 2001

	2002	2001
Additions:		
Contributions:		
Members	\$ 8,413,708	7,735,592
Investment income:		
Net (depreciation) appreciation in fair value of investments	(37,313,819)	(20,788,415)
Interest	112,138	197,860
Dividends	2,315,495	2,349,896
Total additions	(26,472,478)	(10,505,067)
Deductions:		
Benefits	17,886,559	22,861,679
Change in net assets	(44,359,037)	(33,366,746)
Net assets - Beginning of year	185,173,439	218,540,185
Net assets - End of year	\$ 140,814,402	185,173,439

See accompanying notes to financial statements.

**STATE OF NEW JERSEY
SUPPLEMENTAL ANNUITY COLLECTIVE TRUST**

Notes to Financial Statements

June 30, 2002 and 2001

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus and Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Supplemental Annuity Collective Trust of New Jersey (the Trust) is accounted for using an economic resources measurement focus. Funds that focus on total economic resources employ the accrual basis of accounting, which recognizes increases and decreases in economic resources as soon as the underlying event or transaction occurs.

The accrual basis of accounting is used for measuring financial position and changes in fiduciary net assets of pension trust funds. Under this method, revenues are recorded in the accounting period in which they are earned, and deductions are recorded at the time the liabilities are incurred. The financial statements of the pension trust funds conform to the provisions of Governmental Accounting Standards Board (GASB) Statement No. 25, "Financial Reporting for Defined Benefit Plans and Note Disclosures for Defined Contributions Plans." Plan assets are recorded at fair value. Benefits and refunds are recognized when payable in accordance with the terms of the Trust.

New Accounting Standards Adopted:

Effective July 1, 2000, the Division adopted two new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*

Statement No. 37 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*

Statement No. 34 (as amended by Statement No. 37) requires as required supplementary information Management's Discussion and Analysis which includes an analytical overview of the Trust's financial activities.

Investment Valuation:

Investments, including short-term investments (State of New Jersey Cash Management Fund) are reported at fair value. Common stocks and State of New Jersey Cash Management Fund Units are stated at quoted market values. Investments in common stock traded on a national securities exchange are stated at the last reported sales price on the day of valuation. Other listed securities for which no sale was reported on that date are stated at the last quoted bid price.

State of New Jersey Cash Management Fund units are stated at a cost of \$1 per unit, which approximates quoted market value. Investment income is recognized when earned and is distributed daily on the basis of units of ownership.

Investment Transactions and Related Investment Income:

Investment transactions are accounted for on a trade-date basis. Realized gains and losses from investment transactions are determined using the average cost method and recognized as investment income when they occur. Interest and dividend income is recorded on the accrual basis with dividends accruing on the ex-dividend date. Net appreciation (depreciation) in fair value of investments is the change in market value of the investments.

**STATE OF NEW JERSEY
SUPPLEMENTAL ANNUITY COLLECTIVE TRUST**

Notes to Financial Statements, Continued

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Administrative Expenses:

All expenses incurred in administering the Trust are borne by the State of New Jersey.

Unit Valuation:

Participants' net asset value per unit is determined on a monthly basis. Net asset value per unit is computed on the total value at the end of the month of the Trust's fiduciary net assets divided by the total outstanding units of the Trust.

(2) DESCRIPTION OF THE TRUST

The following description of the Trust provides only general information. Participants should refer to the Trust's pamphlet, "Supplemental Annuities and Tax Sheltered Annuities for New Jersey Public Employees," for a more complete description of the Trust's provisions.

Organization:

The Trust, a single-employer defined contribution plan, was established by Chapter 123, P.L. 1963 and amended by Chapter 90, P.L. 1965 and is available to active members of several state-administered retirement systems to provide specific benefits to supplement the guaranteed benefits that are provided by their basic retirement systems. Membership totaled 5,121 and 5,276 as of June 30, 2002, and 2001, respectively. Of that total, members receiving a monthly annuity benefit from the Trust were 697 and 772 as of June 30, 2002 and 2001, respectively. The Trust is administered by the State of New Jersey Division of Pensions and Benefits. The Trust is included along with other state-administered pension trust and agency funds in the general purpose financial statements of the State of New Jersey. There are two active plans within the Supplemental Annuity System; the Regular Supplemental Annuity Plan that applies to all eligible employees and does not reduce the participant's taxable compensation, and the Tax Sheltered Supplemental Annuity Plan that pertains to eligible employees of public education institutions and reduces the participant's taxable income.

Benefits:

Upon retirement, a participant is paid a single cash payment or may elect various forms of monthly annuities or reduced annuity payments with a beneficiary provision based on the value of the participant's account in the month of retirement. Upon the death of a participant, the designated beneficiary may elect to receive a lump sum equal to the account value or an annuity under any of the settlement options which a retiree could elect under the Trust. Upon termination of employment and withdrawal from the basic retirement systems, a participant must also withdraw his account under the Trust as a lump-sum settlement.

Contributions:

Participants contribute through payroll deductions and may contribute from 1% to 10% of their base salary, as defined. Contributions are voluntary and may be suspended at the beginning of any quarter. Contributions under the Tax Sheltered Supplemental Annuity Plan are subject to Federal law limitations and qualify for tax-sheltered treatment permitted under Section 403(b) of the Internal Revenue Code. Participants are always fully vested for the accumulated units in their accounts.

**STATE OF NEW JERSEY
SUPPLEMENTAL ANNUITY COLLECTIVE TRUST**

Notes to Financial Statements, Continued

(2) DESCRIPTION OF THE TRUST, Continued

Actuarial Valuation:

The act governing the Trust provides for an actuarial review of the Trust at least once in every three-year period. As of June 30, 2000, the date of the most recent actuarial valuation, there was a surplus of \$1,069,350 in the Variable Benefit Account to which annuity payments are charged. The surplus represents the overfunded amount of the Variable Benefit Account in comparison to the present value of benefits payable. The 1983 Individual Annuity Tables projected to 1993 were used in valuing the present value of benefits payable for service annuitants and dependent beneficiaries.

Significant assumptions underlying the actuarial computation include: (a) assumed rate of return on investments of 4%; (b) assets valued at market; and (c) mortality, vesting, retirement age, and retirement estimates based on tables furnished by the actuary.

Use of Estimates:

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

(3) CASH AND CASH EQUIVALENTS

The Governmental Accounting Standards Board Statement 3 requires the bank balances of deposits to be categorized to indicate the level of risk assumed by the entity. Category 1 consists of deposits that are insured or collateralized with securities held by the entity or by its agent in the entity's name. Category 2 consists of deposits collateralized with securities held by the pledging financial institutions trust department or agent in the entity's name. Category 3 consists of deposits which are uncollateralized.

Based upon aggregate collateral levels maintained for all state bank accounts as a whole, substantially all cash balances maintained in financial institutions as of June 30, 2002 are designated category 3.

(4) INVESTMENTS

The investment responsibility of the Trust is assigned to the State Investment Council (the Council) through the State of New Jersey, Department of the Treasury, Division of Investment (the Division) which issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290. All investments under the supervision of the Council must conform to standards of prudence set by State of New Jersey law, which mandate that the Division make investments in which fiduciaries of trust estates may legally invest.

The purchases, sales, receipts of income, and other transactions affecting investments are governed by custodial agreements between the Trust through the State Treasurer and custodian banks as agents for the Trust. State of New Jersey laws and policies set forth the requirements of the agreements and other particulars as to the size of the custodial institution, amount of the portfolio to be covered by the agreements and other pertinent matters.

**STATE OF NEW JERSEY
SUPPLEMENTAL ANNUITY COLLECTIVE TRUST**

Notes to Financial Statements, Continued

(4) INVESTMENTS, Continued

Government Accounting Standards Board Statement No. 3 requires disclosure of the level of risk assumed by the Trust as of June 30, 2002 and 2001. Category 1 includes investments that are insured or registered or for which the securities are held by the Trust or its agent in the Trust's name. As of June 30, 2002 and 2001, all investments held by the Trust (other than State of New Jersey Cash Management Funds, which are not categorized) are classified as Category 1.

The Trust's portfolio of corporate equity and debt securities is maintained by the Depository Trust Company (DTC) through the custodian banks in trust for the Trust. The custodian banks as agents for the state funds maintain internal accounting records identifying the securities maintained by the DTC as securities owned by the Trust.

Securities not maintained by the DTC are held in the name of a designated nominee representing the securities of the Trust that establishes the Trust's unconditional right to the securities.

(5) INCOME TAX STATUS

Based on a 1986 declaration of the Attorney General of the State of New Jersey, the Trust is a qualified plan as described in Section 401(a) of the Internal Revenue Code. The Trust operates within the terms of the Trust and remains eligible under the applicable provisions of the Internal Revenue Code.

Supplemental Annuity Collective Trust of New Jersey

Portfolio of Investment Securities

June 30, 2002

DESCRIPTION	NUMBER OF SHARES OR UNITS	COST	FAIR VALUE
Common stock:			
Abbott Laboratories	30,000	\$ 420,750	\$ 1,129,500
Advanced Micro Devices, Inc.	30,000	287,417	291,600
Agere Systems Inc. Cl A	837	4,321	1,172
Agere Systems Inc. Cl B	20,567	104,951	30,851
Agilent Technologies Inc.	14,111	159,275	333,725
Albertson's, Inc.	10,000	206,606	304,600
Alcoa Inc.	20,000	702,900	663,000
Alliant Techsys	7,500	409,552	478,500
Amer Tower Sys	32,000	921,988	110,400
American Intl. Group, Inc.	50,696	491,489	3,458,988
American Power Conversion Corp.	5,000	49,138	63,150
American Water Works Co., Inc.	5,000	115,250	216,050
Anadarko Petroleum Corp.	17,000	486,475	838,100
Analog Devices, Inc.	10,000	746,812	297,000
AOL Time Warner Inc.	195,000	2,743,887	2,868,450
Archer-Daniels-Midland Co.	53,603	610,852	685,582
AT&T Corp.	31,454	471,677	336,558
AT&T Wireless Svcs Inc.	77,112	1,668,139	451,105
Avnet Inc.	1,305	42,075	28,697
Bank New York (The) Co.	35,000	238,337	1,181,250
Bank of America	15,000	896,250	1,055,400
Bausch & Lomb, Inc.	12,000	543,171	406,200
Baxter Intl	22,000	1,101,968	977,900
Bellsouth Corp.	60,000	866,675	1,890,000
Berkshire Hathaway Inc.	315	336,300	703,710
Best Buy	15,000	503,425	544,500
Boeing (The) Co.	9,000	292,295	405,000
Bristol-Myers Squibb Co.	40,000	850,670	1,028,000
Burlington Northern Santa Fe Corp.	15,000	203,822	450,000
Cablevision	6,000	407,829	56,760
Cablevision Rainbow	3,000	72,284	26,250
Cadence Design Systems, Inc.	58,500	270,400	943,020
Capital One Finl.	6,000	277,271	366,300
Cendant Corp.	49,515	1,016,138	786,298
Centex Corp.	20,000	244,312	1,155,800
ChevronTexaco Corp.	30,000	1,359,000	2,655,000
Chubb Corp.	4,000	145,237	283,200
Citigroup Inc.	134,534	1,620,880	5,213,192
Clear Channel Comm.	8,930	611,225	285,939
Coachmen Industries, Inc.	10,000	190,000	145,000
Coca Cola (The) Co.	50,000	1,044,000	2,800,000
Computer Associates Intl., Inc.	20,000	741,804	317,800
Computer Sciences Corp.	3,000	158,400	143,400
Convergys Corp.	4,000	67,954	77,920
Corning Inc.	25,000	1,126,319	88,750
Cypress Semiconductor Corp.	2,000	28,850	30,360
Dana Corp.	10,000	300,300	185,300

Supplemental Annuity Collective Trust of New Jersey

Portfolio of Investment Securities, Continued

June 30, 2002

DESCRIPTION	NUMBER OF SHARES OR UNITS	COST	FAIR VALUE
Common stock, Continued:			
Danaher Corp.	2,000	89,100	132,700
Darden Restaurants, Inc.	21,750	116,968	537,225
Delphi Automotive Systems	19,570	183,519	258,324
Dime Bancorp. Warrant LTW	20,000	-	2,000
Disney, Walt (The) Co.	78,723	1,951,948	1,487,865
Dominion Resources, Inc.	21,028	674,095	1,392,054
Dover Corp.	20,000	165,334	700,000
Duke Energy Corp.	15,200	267,406	472,720
Dun & Bradstreet Corp.	5,000	48,930	165,250
Eaton Corp.	12,000	435,350	873,000
El Paso Corp.	15,000	458,250	309,150
EMC Corp. Mass	81,000	1,749,217	611,550
Equity Residential PPTY Trust	22,000	511,900	632,500
ESCO Tech. Inc.	4,500	76,685	157,500
Exelon Corp.	7,800	207,146	407,940
ExxonMobil Corp.	120,806	999,391	4,943,382
Federal Home Loan Mtg. Corp.	23,000	1,273,146	1,407,600
Federal National Mortgage Assoc.	8,000	90,122	590,000
FedEx Corp.	6,000	193,650	320,400
Fleet Boston Finl. Corp.	62,376	991,612	2,017,864
FMC Corp.	5,000	114,585	150,850
Gallagher Art J	25,000	786,880	866,250
Genentech Inc.	23,000	1,027,594	770,500
General Electric Co.	177,400	4,404,462	5,153,470
General Mills, Inc.	29,000	535,095	1,278,320
General Motors Corp.	21,250	663,688	1,135,812
Goldman Sachs Group Inc.	10,000	530,000	733,500
Goodrich (B.F.) (The) Co.	7,500	255,027	204,900
Harley-Davidson, Inc.	20,000	112,277	1,025,400
Harris Corp.	18,000	571,550	652,320
Hartford Financial Services	5,000	295,250	297,350
HCA Healthcare Co.	15,000	518,289	712,500
Hercules, Inc.	20,000	352,967	232,000
Hewlett Packard Co.	74,000	570,119	1,130,720
Home Depot (The), Inc.	42,125	369,267	1,547,251
Honeywell Intl. Inc.	11,250	378,425	396,337
Household International, Inc.	15,000	201,275	745,500
IBM Corp.	51,000	1,191,324	3,672,000
Illinois Tool Works, Inc.	10,000	436,500	683,000
IMS Health	20,000	198,511	359,000
Interpublic Group Companies, Inc.	7,500	85,538	185,700
J.P. Morgan Chase & Co.	59,500	676,073	2,018,240
Johnson & Johnson	37,000	1,482,775	1,933,620
Johnson Controls., Inc.	10,000	261,474	816,100
Kerr-Mcgee Corp.	8,000	362,454	428,400
Kohl's Corp.	15,000	200,344	1,051,200
L-3 Communication	16,000	681,260	864,000

Supplemental Annuity Collective Trust of New Jersey

Portfolio of Investment Securities, Continued

June 30, 2002

DESCRIPTION	NUMBER OF SHARES OR UNITS	COST	FAIR VALUE
Common stock, Continued:			
Lilly (Eli) & Co.	7,964	128,330	449,170
Lockheed Martin Corp.	1,083	19,529	75,268
Lowe's Cos.	30,000	611,180	1,362,000
LSI Logic	19,000	834,650	166,250
Lucent Technologies, Inc.	77,740	488,182	129,048
McData Corp. Class A	1,325	10,108	11,673
McDonald's Corp.	30,000	229,912	853,500
McGraw-Hill (The) Companies, Inc.	20,000	343,925	1,194,000
Medtronic, Inc.	41,000	186,652	1,756,850
Mellon Finl Corp.	11,000	275,619	345,730
Memc Electronic Materials Inc.	2,000	54,245	9,800
Merck & Co., Inc.	60,000	781,475	3,038,400
Merrill Lynch & Co., Inc.	40,000	205,664	1,620,000
MetLife Inc.	20,000	630,900	576,000
Mirant Corp.	8,946	168,404	65,306
Motorola, Inc.	87,900	546,392	1,282,461
MSC Software Corp.	50,000	419,206	447,500
National Semiconductor Corp.	12,000	675,444	350,040
Norfolk Southern Corp.	31,500	402,532	736,470
Nortel Networks Corp.	20,000	511,125	29,000
Occidental Petr	35,000	938,746	1,049,650
Orbital Sciences Wts Exp 8/31/04	2,244	-	9,761
Paxson Communications Corp.	10,000	78,000	55,000
PepsiCo, Inc.	60,000	1,014,994	2,892,000
Pfizer, Inc.	100,000	741,757	3,500,000
PG&E Corp.	37,000	1,075,700	661,930
Pharmacia Corp.	32,850	995,300	1,230,232
Philip Morris Companies, Inc.	35,000	940,667	1,528,800
PPG Industries, Inc.	14,000	427,642	866,600
Principal Financial Group	2,500	46,250	77,500
Proctor & Gamble (The) Co.	31,000	569,522	2,768,300
Public Service Enterprise Group, Inc.	20,000	582,363	866,000
Raytheon Co.	12,000	390,432	489,000
Robert Half International, Inc.	20,000	133,917	466,000
Rohm & Haas Co.	5,531	87,599	223,950
Sara Lee Corp.	21,500	202,860	443,760
SBC Communications, Inc.	59,010	1,792,288	1,799,805
Schering-Plough	20,000	724,753	492,000
Scientific-Atlanta, Inc.	15,000	729,681	246,750
Smucker (J.M.) Co.	620	4,422	21,161
Solelectron Corp.	32,000	148,240	196,800
Southern Co.	22,500	265,706	616,500
Sprint Corp. PCS Group	25,000	59,860	111,750
Sprint Corp.	50,000	462,809	530,500
SPX Corp.	7,000	230,880	822,500
State Street Corp.	4,600	114,396	205,620
Symbol Technologies, Inc.	22,780	62,925	193,630

Supplemental Annuity Collective Trust of New Jersey

Portfolio of Investment Securities, Continued

June 30, 2002

DESCRIPTION	NUMBER OF SHARES OR UNITS	COST	FAIR VALUE
Common stock, Continued:			
Sysco Corp.	52,000	268,386	1,415,440
Target Corp.	16,000	371,025	609,600
Texas Instruments, Inc.	112,400	457,187	2,663,880
Travelers Prty Casualty Class A	15,000	277,500	265,500
TRW, Inc.	10,000	322,101	569,800
Tyco International Ltd.	41,834	1,014,748	565,177
Union Pacific Corp.	8,500	246,497	537,880
Unitedhealth Group Inc.	16,000	341,740	1,464,800
Univision Communications	4,000	66,475	125,600
Unocal Corp.	14,500	514,727	535,630
Unumprovident Corp.	20,000	441,984	509,000
USA Interactive	1,800	9,060	42,210
Veritas Software Co.	2,232	160,085	44,171
Verizon Communications	55,900	1,843,171	2,244,385
Viacom, Inc., Class B	32,269	648,258	1,431,776
Vishay Intertechnology, Inc.	4,339	54,725	95,458
Wal-Mart Stores, Inc.	50,000	608,125	2,750,500
Wells Fargo & Co.	25,000	1,028,750	1,251,500
Wendy's International, Inc.	24,000	314,018	955,920
Zimmer Hldgs Inc.	2,400	17,135	85,584
Total Common Stock		83,256,322	138,280,317
State of New Jersey Cash Management Fund	2,510,875	2,510,875	2,517,369
Total fund		\$ 85,767,197	\$ 140,797,686

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