

**STATE OF NEW JERSEY**  
**NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN**

Financial Statements and Schedule

June 30, 2005 and 2004

(With Independent Auditors' Report Thereon)

## Independent Auditors' Report

New Jersey State Employees Deferred  
Compensation Plan Board  
New Jersey State Employees Deferred  
Compensation Plan:

We have audited the accompanying statements of fiduciary net assets of the State of New Jersey Employees Deferred Compensation Plan (the Plan) as of June 30, 2005 and 2004, and the related statements of changes in fiduciary net assets for the years then ended. These financial statements are the responsibility of the Plan'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 Plan's internal control over financial reporting. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Jersey State Employees Deferred Compensation Plan as of June 30, 2005 and 2004, and the changes in its financial position for the years then ended in conformity with U.S. generally accepted accounting principles.

Management's Discussion and Analysis 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 financial statements that collectively comprise the Plan's basic financial statements. The supplementary information included in the schedule of portfolio of investment securities is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Plan. 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**

December 14, 2005

**STATE OF NEW JERSEY**  
**NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN**

Management's Discussion and Analysis

June 30, 2005 and 2004

Our discussion and analysis of the New Jersey State Employees Deferred Compensation Plan (the Plan) financial performance provides an overview of the Plan's financial activities for the fiscal year ended June 30, 2005 and 2004. Please read it in conjunction with the basic financial statements and financial statement footnotes that follow this discussion.

*FINANCIAL HIGHLIGHTS*

2005 - 2004

- Fiduciary net assets increased by \$163,097,929 as a result of fiscal year 2005's operations from \$1,353,276,130 to \$1,516,374,059.
- Additions for the year were \$230,746,131, which is comprised of contributions of \$137,662,924 and investment gains of \$93,083,207.
- Deductions for the year were \$67,648,202, which are comprised of benefit payments of \$66,714,506 and administrative expenses of \$933,696.

2004 - 2003

- Fiduciary net assets increased by \$216,956,008 as a result of fiscal year 2004's operations from \$1,136,320,122 to \$1,353,276,130.
- Additions for the year were \$276,181,089, which is comprised of contributions of \$129,545,400 and investment gains of \$146,635,689.
- Deductions for the year were \$59,225,081, which are comprised of benefit payments of \$58,415,128 and administrative expenses of \$809,953.

*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 Plan and about its activities to help you assess whether the Plan, 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 Plan at the end of the fiscal year. The difference between assets and liabilities represents the Plan's fiduciary net assets. Over time, increases or decreases in the Plan's fiduciary net assets provide one indication of whether the financial health of the Plan 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 Plan'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 to determine whether the Plan is becoming financially stronger or weaker.

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Management's Discussion and Analysis, Continued

*FINANCIAL ANALYSIS*

STATEMENTS OF FIDUCIARY NET ASSETS

2005 - 2004

	2005	2004	Increase (Decrease)
Assets	\$1,523,707,914	\$1,358,993,334	\$164,714,580
Liabilities	7,333,855	5,717,204	1,616,651
Net Assets	\$1,516,374,059	\$1,353,276,130	\$163,097,929

Total assets increased by \$164.7 million or 12.1% between fiscal years 2004 and 2005 primarily due to increase in fair values of investments.

Total liabilities increased by \$1.6 million or 28.3% mainly due to increase in participant distribution payable.

Net assets increased by \$163.1 million or 12.1%.

2004 - 2003

	2004	2003	Increase (Decrease)
Assets	\$1,358,993,334	\$1,143,452,326	\$215,541,008
Liabilities	5,717,204	7,132,204	(1,415,000)
Net Assets	\$1,353,276,130	\$1,136,320,122	\$216,956,008

Total assets increased by \$215.5 million or 18.9% between fiscal years 2003 and 2004 primarily due to an increase in fair values of investments.

Total liabilities decreased by \$1.4 million or 19.8% mainly due to a decrease in participant distribution payable.

Net assets increased by \$217 million or 19.1%.

STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS

ADDITIONS TO FIDUCIARY NET ASSETS

2005 - 2004

	2005	2004	Increase (Decrease)
Member Contributions	\$137,662,924	\$129,545,400	\$8,117,524
Investment & Other	93,083,207	146,635,689	(53,552,482)
Totals	\$230,746,131	\$276,181,089	\$(45,434,958)

Additions primarily consist of member contributions and earnings from investment activities. Total revenues decreased by \$45.4 million or 16.5% between fiscal year 2004 and 2005 from primarily because of decrease in net appreciation in fair value of investments.

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Management's Discussion and Analysis, Continued

2004 - 2003

	2004	2003	Increase (Decrease)
Member Contributions	\$129,545,400	\$127,006,020	\$2,539,380
Investment & Other	146,635,689	23,009,316	123,626,373
<b>Totals</b>	<b>\$276,181,089</b>	<b>\$150,015,336</b>	<b>\$126,165,753</b>

Total revenues increased by \$126.2 million or 84.1% between fiscal year 2003 and 2004 from primarily because of an increase in fair value of investments.

**DEDUCTIONS FROM FIDUCIARY NET ASSETS**

2005 - 2004

	2005	2004	Increase (Decrease)
Benefits	\$66,714,506	\$58,415,128	\$8,299,378
Administrative Expenses	933,696	809,953	123,743
<b>Totals</b>	<b>\$67,648,202</b>	<b>\$59,225,081</b>	<b>\$8,423,121</b>

Deductions consist of benefit payments and administrative expenses during the year. Total expenses increased by \$8.4 million or 14.2% between fiscal year 2004 and 2005. The increase in expenses is mainly due to increase in number of hardship distribution.

2004 - 2003

	2004	2003	Increase (Decrease)
Benefits	\$58,415,128	\$61,619,829	\$(3,204,701)
Administrative Expenses	809,953	662,851	147,102
<b>Totals</b>	<b>\$59,225,081</b>	<b>\$62,282,680</b>	<b>\$(3,057,599)</b>

Total expenses decreased by \$3.1 million or 4.9% between fiscal year 2003 and 2004. The decrease in expenses is mainly due to a reduction in number of retirees receiving benefits.

*RETIREMENT SYSTEM AS A WHOLE*

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

*CONTACTING SYSTEM FINANCIAL MANAGEMENT*

The financial report is designed to provide our members, beneficiaries, investors and other interested parties with a general overview of the Plan's finances and to show the Plan'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.

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Notes to Financial Statements

June 30, 2005 and 2004

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of accounting***

The financial statements of the New Jersey State Employees Deferred Compensation Plan (the Plan) have been prepared using the accrual basis of accounting and conform to the provisions of Government Accounting Standards Board (GASB) Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans," and No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans."

***Adoption of Accounting Standard***

Effective July 1, 2004, the Division adopted Statement No. 40 of the Governmental Accounting Standards Board (GASB), "Deposit and Investment Risk Disclosures", an amendment of GASB Statement No. 3.

***Valuation of Investments***

Investments are reported at fair value as follows:

- U.S. Government and Agency and Corporate obligations – prices quoted by a major dealer in such securities.
- Common Stocks – 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.

***Investment Transactions***

Investment transactions are accounted for on a trade 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.

***Administrative expenses***

Expenses associated with the Plan, which include but are not limited to administrative and investment costs, are charged against the Plan's net assets as determined by the action of the New Jersey State Employees Deferred Compensation Board (the Board). The fee is charged to participants' accounts on a monthly basis. Amounts charged against the net assets by the Plan to date have exceeded the payments made, the excess of which has been recorded as administrative fees payable.

***Unit valuation***

Participants' net asset value per unit is determined on a monthly basis for each of the Plan's four investment fund options. Net asset value per unit is computed on the total fair value at the end of the month of the Plan's net assets divided by the total outstanding units of the Plan.

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Notes to Financial Statements, Continued

**(2) DESCRIPTION OF THE PLAN**

The following description of the Plan provides only general information. Participants should refer to the plan information statement, which is available from the State of New Jersey, Division of Pensions and Benefits, for a more complete description of the Plan's provisions.

***General***

The Plan was established by Chapter 39, P.L. 1978, which became effective June 19, 1978, amended by Chapter 449, P.L. 1985, effective January 14, 1986, and by Chapter 116, P.L. 1997, effective June 6, 1997, and is available to any state employee who is a member of a state-administered retirement system or an employee of an eligible state agency, authority, commission or instrumentality of state government provided the employee has at least 12 continuous months of employment, and any individual employed through a Governor's appointment. The Plan's membership was 34,414 and 33,545 at June 30, 2005 and 2004, respectively. The State of New Jersey, Division of Pensions and Benefits, is the plan administrator.

The assets of the Plan are being held in trust for the exclusive benefit of Plan members and their beneficiaries as required by Internal Revenue Code Section 457.

There are four investment options available to plan participants. The Bond Fund seeks to provide high income by investing in long-term bonds and other fixed-income securities. A second option, the Equity Fund, seeks to provide long-term capital appreciation with investments in the common stock of established, well-managed companies. A third investment option, the State of New Jersey Cash Management Fund, seeks to provide maximum current income by investing in high-quality money market instruments such as U.S. Treasury bills, obligations of U.S. Government agencies, commercial paper and certificates of deposit. All of the assets of the State of New Jersey Cash Management Fund are invested in securities maturing in one year or less. A fourth option, the Small Cap Equity Fund, seeks to provide long-term capital appreciation by investing in the common stock of companies with total market capitalization representing the smallest 5% of companies in the investable universe approved for investment by the State Investment Council.

***Contributions***

Participants may defer between 1% and 100% of their salary, as defined, and less any 414h reductions or \$14,000 annually. Under the limited "catch-up" provision, a participant may be eligible to defer up to a maximum of twice the annual maximum in the three years immediately preceding the retirement age at which no reduction in benefits would be applicable. Participants must defer at least 1% of their annual salary but no less than \$10 biweekly or \$20 monthly. Federal income taxes are not due on deferred amounts or on any accumulated earnings until the participant receives a distribution of assets. Participants may elect to invest their contributions in multiples of 1% in any of the four investment fund options, and may increase, decrease or suspend their deferrals once a month. Compensation amounts deferred and accumulated earnings thereon, while in trust for the exclusive benefit of the participants, remain the property of the State of New Jersey until distributed to participants. Participants are always fully vested for the accumulated units in their accounts. Participation in the Plan ceases at retirement, termination of service, disability or death.

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Notes to Financial Statements, Continued

***Participants' accounts***

The administrator maintains a bookkeeping account for each participant that is credited as of the date at which the participant's compensation is deferred.

The account is also credited with any increase or charged with any decrease related to the transactions of the Plan.

The State of New Jersey is only under a contractual obligation to make payments under this Plan in accordance with the provisions of the applicable statute as payments become due. The State of New Jersey is not a guarantor of the Plan.

***Distribution of assets***

A participant of the Plan or beneficiary may receive a distribution of assets under the Plan upon the participant's retirement, termination of service, disability, or death. Distribution of the participant's account will be made in a single lump-sum payment within two months after the administrator is notified of the event for all accounts unless the participant elects to delay distribution from the Plan. In all cases, distribution must commence no later than 90 days following the close of the calendar year in which the participant retired, terminated service, became disabled, died or attained age 70½, whichever is later. If the value of the participant's account is at least \$5,000, the participant may choose distribution as a lump-sum payment or, in substantially equal installments over a period not to exceed fifteen years. Additionally, the participant may select a combination payment consisting of an initial lump-sum payment followed by installments over a period not to exceed fifteen years if the balance in the account following the initial lump-sum payment is at least \$5,000. Accounts are valued for distribution purposes as of the end of the month immediately preceding distribution.

Distribution is also permitted in the case of an unforeseen emergency, as defined by Internal Revenue Code 457 regulations. A participant may also elect to receive an in-service distribution if the participant has not made deferrals into the plan for 24 consecutive months and the total value of the participant's account does not exceed \$5,000.

***Termination of the Plan***

The Board, in accordance with the provisions of Chapter 39, P.L. 1978, has the authority to terminate this Plan or to substitute a new plan consistent with the requirements of the United States Internal Revenue Service.

Upon termination, each participant shall be deemed to have withdrawn from the Plan as of the date of such termination; the participant's full compensation on a non-deferred basis will be restored; and the administrator shall treat such participants as if they had termination of service on the date of such termination and pay such deferred compensation in accordance with provisions of the Plan.

Any substitute of a new plan, consistent with the requirements of the United States Internal Revenue Service, shall provide for the retention by the employer of the amounts already deferred under the prior plan and for the distribution of said amounts in accordance with the irrevocable written elections made pursuant to the Plan.

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Notes to Financial Statements, Continued

**(3) INVESTMENTS**

The Plan's investments as of June 30 are as follows:

	<u>2005</u>	<u>2004</u>
Domestic equities	\$ 956,868,107	850,637,468
U.S. Government and Agency obligations	185,878,456	178,379,864
Other fixed income securities	<u>34,569,950</u>	<u>39,657,100</u>
	<u>\$ 1,177,316,513</u>	<u>1,068,674,432</u>

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 common and preferred stocks and issues convertible into common stock, obligations of the U.S. Treasury, government agencies, corporations, finance companies and banks, New Jersey State and Municipal general obligations, public authority revenue obligations, commercial paper, certificates of deposit, repurchase agreements, bankers acceptances, guaranteed income contracts and money market funds.

The Plan's investments are subject to various risks. Among these risks are credit risk, concentration of credit risk and interest rate 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 measured by nationally recognized statistical rating agencies such as Moody's Investors Service, Inc. (Moody's) or Standard & Poor's Corporation (S&P). Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. With respect to equities, not more than 10 percent of the market value of the Equity or Small Capitalization Equity accounts can be invested in any one corporation. There are no restrictions in the amount that can be invested in United States treasury and government agency obligations. Not more than 10% of the market value of the Fixed Income Account can be invested in the debt of any one corporation, and not more than 10% of any one issue may be purchased at the time of issue.

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Notes to Financial Statements, Continued

Council regulations require minimum credit ratings for certain categories of fixed income obligations and limit the amount that can be invested in any one issuer as follows:

<u>Category</u>	<u>Minimum Rating</u>		<u>Limitation of Issuer's Outstanding Debt</u>	<u>Other Limitations</u>
	<u>Moody's</u>	<u>S&amp;P</u>		
Corporate obligations	Baa	BBB	25%	—
U.S. finance company debt, bank debentures and NJ state & municipal obligations	A	A	10%	—
Public Authority revenue obligations	A	A	—	Not more than 2% of fund assets can be invested in any one public authority
Collateralized notes and mortgages	Baa	BBB	—	Limited to not more than 10% of the assets of the portfolio
Commercial paper	P-1	A-1	—	—
Certificates of deposit/ 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 Co. 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

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Notes to Financial Statements, Continued

For securities exposed to credit risk in the fixed income portfolio, the following table discloses aggregate fair value, by major credit quality rating category at June 30, 2005:

	<b>Moody's Rating</b>		
	<b>Aaa</b>	<b>Aa</b>	<b>A</b>
U.S. Treasury notes	\$ 99,317,295	—	—
U.S. Treasury TIPS	5,070,064	—	—
Federal Farm Credit Banks	7,025,690	—	—
Federal Home Loan Mortgage	26,469,825	—	—
FNMA debentures	38,416,500	—	—
Corporate bonds	—	9,846,500	9,882,200
Finance company debentures	—	14,841,250	—
FHLM collateralized notes	9,579,082	—	—
Total	<u>\$ 185,878,456</u>	<u>24,687,750</u>	<u>9,882,200</u>

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Council regulations provide limitations in the amounts that can be invested in fixed income securities maturing more than 12 months from date of purchase for finance company debt and New Jersey state and municipal general obligations. 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 of repurchase agreements shall not exceed 15 days. The investment in a guaranteed income contract is limited to a term of 10 years or less.

The following table summarizes the maturities of the fixed income portfolio at June 30, 2005:

	<b>Total Fair Value</b>	<b>Maturities in Years</b>			
		<b>Less than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More than 10</b>
U.S. Treasury notes	\$ 99,317,295	13,619,813	69,760,582	15,936,900	—
U.S. Treasury TIPS	5,070,064	—	5,070,064	—	—
Federal Farm Credit Banks	7,025,690	7,025,690	—	—	—
Federal Home Loan Mortgage	26,469,825	4,005,000	22,464,825	—	—
FNMA debentures	38,416,500	15,161,775	23,254,725	—	—
Corporate bonds	19,728,700	4,961,600	9,846,500	4,920,600	—
Finance company debentures	14,841,250	4,982,250	9,859,000	—	—
FHLM collateralized notes	9,579,082	—	—	—	9,579,082
Total	<u>\$ 220,448,406</u>	<u>49,756,128</u>	<u>140,255,696</u>	<u>20,857,500</u>	<u>9,579,082</u>

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

**(4) INCOME TAX STATUS**

Based on a 1986 declaration of the Attorney General of the State of New Jersey, the Plan is an eligible plan as described in Section 457 of the Internal Revenue Code. The Plan operates within the terms of the Plan and remains eligible under the applicable provisions of the Internal Revenue Code.

**STATE OF NEW JERSEY**  
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Portfolio of Investment Securities  
June 30, 2005

<u>Description</u>	Shares or Number of Units	Cost	Fair Value
<b>Bond Fund</b>			
United States Treasury Notes dated 08-Apr-1998, 5.875%, Due 15-Nov-2005	5,000,000	\$ 5,004,373	\$ 5,046,500
United States Treasury Notes dated 15-May-2002, 4.625%, Due 15-May-2006	3,500,000	3,507,321	3,532,830
United States Treasury Notes dated 29-Jun-1999, 6.875%, Due 15-May-2006	4,900,000	4,927,654	5,040,483
United States Treasury Notes dated 02-Sep-1999, 6.500%, Due 15-Oct-2006	13,000,000	13,054,439	13,471,770
United States Treasury Inflation Protected Security dated 14-Feb-1996, 3.375%, Due 15-Jan-2007	4,000,000	4,911,960	5,070,064
United States Treasury Notes dated 01-Aug-2003, 4.375%, Due 15-May-2007	10,000,000	10,279,434	10,133,200
United States Treasury Notes dated 24-Nov-1998, 6.125%, Due 15-Aug-2007	12,900,000	13,187,563	13,547,967
United States Treasury Notes dated 26-Jul-2001, 5.625%, Due 15-May-2008	8,174,000	8,321,787	8,605,015
United States Treasury Notes dated 30-Oct-2002, 4.750%, Due 15-Nov-2008	5,000,000	5,208,250	5,165,650
United States Treasury Notes dated 14-Aug-2003, 5.500%, Due 15-May-2009	13,000,000	13,416,876	13,853,580
United States Treasury Notes dated 28-Dec-2004, 3.625%, Due 15-Jul-2009	5,000,000	5,019,956	4,983,400
United States Treasury Notes dated 17-Feb-2005, 5.000%, Due 15-Feb-2011	15,000,000	15,852,151	15,936,900
Total United States Treasury Notes and Inflation Protected Securities		\$ 102,691,764	\$ 104,387,359
Federal Home Loan Mortgage Corp. DEB dated 21-Sep-2000 7.00%, Due 15-Jul-2005	4,000,000	4,000,151	4,005,000
Federal Farm Credit Bank dated 01-Sep-1998, 5.75%, Due 01-Sep-2005	7,000,000	7,000,000	7,025,690
American International Group Inc. Med Term Notes dated 02-Dec-2002, 2.85%, Due 01-Dec-2005	5,000,000	4,997,583	4,982,250
Federal National Mortgage Association NT dated 29-Nov-2001, 6.000%, Due 15-Dec-2005	7,500,000	7,550,413	7,579,725
Alabama Power Co. NTS dated 14-Aug-2003, 2.650%, Due 15-Feb-2006	5,000,000	4,998,748	4,961,600

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Portfolio of Investment Securities

<u>Description</u>	Shares or Number of Units	Cost	Fair Value
Federal National Mortgage Association Deb dated 30-Jan-2002, 5.500%, Due 15-Feb-2006	7,500,000	\$ 7,545,625	\$ 7,582,050
Federal National Mortgage Association Deb dated 30-Jan-2002, 5.000%, Due 15-Jan-2007	7,500,000	7,521,939	7,635,975
Federal National Mortgage Association Conv. AGB dated 9-Mar-2001, 6.625%, Due 15-Oct-2007	10,000,000	10,226,598	10,603,100
El Dupont De Nemours NTS dated 12-Nov-2002, 3.375%, Due 15-Nov-2007	10,000,000	9,977,333	9,846,500
Citigroup Inc. Notes dated 31-Jan-2003, 3.500%, Due 01-Feb-2008	10,000,000	9,972,156	9,859,000
Federal Home Loan Mortgage Corp. NTS dated 7-Apr-2003 2.750%, Due 15-Mar-2008	15,000,000	14,806,957	14,592,150
Federal Home Loan Mortgage Corp. Deb dated 29-Nov-2001 5.750%, Due 15-Apr-2008	7,500,000	7,616,919	7,872,675
Federal Home Loan Mortgage Corp. Deb dated 16-Dec-2004, 4.500%, Due 01-Dec-2019	9,613,498	9,520,368	9,579,082
Federal National Mortgage Association NT dated 5-May-2005, 4.300%, Due 05-May-2008	5,000,000	4,995,471	5,015,650
Verizon Virginia Inc NTS dated 11-Mar-2003, 4.625%, Due 15-Mar-2013	5,000,000	4,992,923	4,920,600
Total other notes		\$ 115,723,184	\$ 116,061,047
State Of New Jersey Cash Management Fund	13,526,565	13,526,565	13,525,595
Total Bond Fund		\$ 231,941,513	\$ 233,974,001

**Equity Fund**

AAR Corp.	4,500	\$ 93,900	\$ 70,695
Abbott Laboratories	70,000	977,238	3,430,700
ABX Air, Inc.	10,000	6,609	81,500
Acclaim Entertainment, Inc.	1,800	26,213	36
Activision, Inc.	45,000	71,000	743,400
ADC Telecommunications, Inc.	9,714	383,596	211,474
Adtran, Inc.	10,000	146,320	247,300
Advanced Micro Oevides, Inc.	17,000	162,077	294,780
AES Corp. (The)	19,000	622,450	311,220
Aetna, Inc.	8,006	86,236	663,057
Affymetrix, Inc.	5,000	199,025	269,600
AFLAC, Inc.	15,000	421,050	649,200
Agere Systems, Inc.	2,202	130,593	26,424
Agilent Technologies, Inc.	23,084	303,624	531,394
Air Products & Chemicals, Inc.	20,000	944,905	1,206,000
AK Steel Holding Corp.	10,000	226,500	64,100
Albertson's, Inc.	25,000	524,090	517,000
Alcoa, Inc.	45,000	2,013,597	1,175,850
Allied Waste Industries, Inc.	26,250	618,312	208,163
Allstate Corp. (The)	33,810	493,533	2,020,148

**STATE OF NEW JERSEY**  
**NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN**

Portfolio of Investment Securities

<u>Description</u>	Shares or		Fair Value
	Number of	Cost	
	Units		
Alltel Corp.	25,000	\$ 936,621	\$ 1,557,000
Altria Group, Inc.	116,000	3,121,052	7,500,560
Amazon.Com, Inc.	10,000	160,408	330,900
AMB Property Corp.	1,000	27,990	43,430
Ambac Financial Group, Inc.	6,000	376,170	418,560
Amerada Hess Corp.	5,000	365,834	532,550
Ameren Corp.	10,000	386,858	553,000
American Electric Power Co., Inc.	14,760	573,743	544,201
American Express Co.	80,000	2,004,890	4,258,400
American Greetings Corp.	10,000	278,750	265,000
American International Group, Inc.	175,252	9,114,432	10,182,141
American Online Latin America, Inc.	20,000	127,086	1,000
American Power Conversion Corp.	15,000	375,000	353,850
American Tower Corp.	30,000	473,700	630,600
Amerisourcebergen Corp.	14,999	794,866	1,037,181
Amgen, Inc.	43,200	692,857	2,611,872
AMR Corp.	10,000	174,497	121,100
Anadarko Petroleum Corp.	28,275	1,239,732	2,322,791
Analog Devices, Inc.	30,000	1,443,201	1,119,300
Anheuser-Busch Companies, Inc.	60,000	1,896,461	2,745,000
Apache Corp.	9,240	180,800	596,904
Apple Computer, Inc.	20,000	183,440	736,200
Applied Materials, Inc.	70,000	597,259	1,132,600
Archer Daniels Midland Co.	26,964	309,058	576,490
Archstone-Smith Trust	10,000	259,889	386,200
Arrow Electronics, Inc.	1,750	44,873	47,530
Arvinmeritor, Inc.	4,500	109,020	80,055
Ashland, Inc.	5,000	211,720	359,350
Aspect Communications Corp.	20,000	685,208	224,600
Astoria Financial Corp.	15,000	291,500	427,050
AT&T Corp.	45,292	1,990,399	862,360
Autodesk, Inc.	50,000	442,028	1,717,000
Autonation, Inc.	25,000	594,624	513,000
Autozone, Inc.	5,000	412,150	462,300
Avalon Bay Communities, Inc.	8,000	373,740	646,400
Avaya, Inc.	9,999	72,598	83,192
Avery Dennison Corp.	20,000	414,950	1,059,200
Avnet, Inc.	2,610	109,437	58,803
Avon Products, Inc.	60,000	1,082,306	2,271,000
Axcelis Technologies, Inc.	9,432	30,393	64,704
Baker Hughes Incorporated	26,250	553,111	1,342,950
Ball Corp.	6,000	48,369	215,760
Bank Of America Corp.	310,492	5,800,437	14,161,540
Bank Of New York Co., Inc. (The)	70,000	474,480	2,014,600
Barnes & Noble, Inc.	4,000	60,466	155,200
Barr Pharmaceuticals, Inc.	4,500	132,400	219,330
Bassett Furniture Industries, Inc.	2,500	59,250	47,150
Bausch & Lomb, Inc.	11,000	533,892	913,000
Baxter International, Inc.	55,000	1,464,849	2,040,500

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Portfolio of Investment Securities

<u>Description</u>	Shares or	Cost	Fair Value
	Number of Units		
Becton, Dickinson and Company	20,000	\$ 569,500	\$ 1,049,400
Bed Bath & Beyond, Inc.	20,000	552,001	835,600
Bellsouth Corp.	45,000	882,645	1,195,650
Belo Corp.	2,500	47,156	59,925
Berkshire Hathaway, Inc.	525	558,375	1,461,338
Best Buy Co., Inc.	40,750	1,141,626	2,793,413
Big Lots, Inc.	10,000	215,282	132,400
Biogen Idec, Inc.	18,400	600,250	633,880
BJ'S Wholesale Club, Inc.	30,000	1,289,914	974,700
Black & Decker Corp. (The)	5,000	243,622	449,250
Block (H & R), Inc.	9,000	159,030	525,150
Blockbuster, Inc.	26,700	136,339	243,504
Blockbuster, Inc.	26,700	132,552	229,086
Boeing Company (The)	70,000	2,737,930	4,620,000
Borland Software Corp.	1,900	76,375	13,034
Boston Properties, Inc.	6,000	232,500	420,000
Boston Scientific Corp.	20,000	353,213	540,000
Brinker International, Inc.	5,000	171,162	200,250
Bristol-Myers Squibb Co.	100,000	2,693,984	2,498,000
Broadcom Corp.	35,000	2,280,589	1,243,550
Brown Shoe Co., Inc.	3,500	63,588	137,025
Burlington Northern Santa Fe Corp.	33,000	526,518	1,553,640
Burlington Resources, Inc.	55,250	1,138,595	3,052,010
Cablevision Systems Corp.	17,000	724,550	547,400
Cadence Design Systems, Inc.	38,250	176,800	522,495
Calpine Corp.	20,000	543,000	68,000
Capital One Financial Corp.	30,000	574,563	2,400,300
Cardinal Health, Inc.	35,000	1,413,373	2,015,300
Carmax, Inc.	12,555	160,094	334,591
Carnival Corp.	60,000	1,568,464	3,273,000
Casella Waste Systems, Inc.	8,000	216,165	96,000
Caterpillar, Inc.	40,000	2,308,631	3,812,400
Cavco Industries, Inc.	3,000	9,287	84,540
Cendent Corp.	89,296	1,781,127	1,997,552
Centerpoint Energy, Inc.	15,000	579,920	198,150
Centex Corp.	60,000	696,596	4,240,200
Central Parking Corp.	10,000	196,750	137,500
Champion Enterprises, Inc.	12,000	217,288	119,280
Charter Communications, Inc.	20,000	47,076	23,600
Chevrontexaco Corp.	120,000	2,609,239	6,710,400
Chubb Corp. (The)	30,000	1,162,989	2,568,300
Cincinnati Bell, Inc.	7,500	86,712	32,250
Circuit City Stores, Inc.	40,000	316,413	691,600
Cisco Systems, Inc.	500,000	3,702,589	9,540,000
Citigroup Inc.	302,962	4,613,027	14,005,933
Citrix Systems, Inc.	50,000	936,100	1,083,000
Clear Channel Communications, Inc.	30,000	1,218,971	927,900
CMGI, Inc.	220,000	7,212,499	415,800
Cnet Networks, Inc.	7,000	129,500	82,180

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Portfolio of Investment Securities

<u>Description</u>	Shares or	Cost	Fair Value
	Number of Units		
CNF, Inc.	3,000	\$ 104,775	\$ 134,700
Coachmen Industries, Inc.	2,000	37,350	25,060
Coca-Cola Co. (The)	140,000	5,460,230	5,845,000
Colgate-Palmolive Co.	44,000	1,636,319	2,196,040
Comagra Foods, Inc.	25,000	607,500	579,000
Comcast Corp. CI A Special	47,000	1,352,179	1,407,650
Commscope, Inc.	3,333	57,872	58,028
Computer Associate Intl., Inc.	30,000	1,016,600	824,400
Computer Horizons Corp.	2,000	78,560	6,260
Computer Sciences Corp.	10,000	454,734	437,000
Concast Corp New CI A	80,085	2,942,317	2,456,207
Conexant Systems, Inc.	18,000	48,786	28,980
Conocophillips	107,806	3,173,791	6,197,767
Constellation Energy Group, Inc.	10,000	265,811	576,900
Convergys Corp.	7,500	127,413	106,650
Corn Products Intl., Inc.	3,750	29,524	89,100
Corrections Corp. of America	4,225	78,597	165,831
Costco Wholesale Corp.	25,000	715,713	1,118,250
Cox Radio, Inc.	30,000	201,750	472,500
Credence Systems Corp.	5,000	72,195	45,250
Crown Holdings, Inc.	12,000	514,676	170,760
Curtiss-Wright Corp.	50,000	2,735,704	2,697,500
CVS Corp.	40,000	526,780	1,162,800
Cypress Semiconductor Corp.	4,000	75,305	50,360
Danaher Corp.	40,000	1,135,368	2,093,600
Darden Restaurants, Inc.	15,000	87,209	494,700
Deere & Co.	30,000	1,342,805	1,964,700
Del Monte Foods Co.	10,160	76,274	109,423
Dell, Inc.	105,000	2,950,920	4,143,300
Delphi Corp.	34,597	485,149	160,876
Dentsply International, Inc.	3,000	40,765	162,000
Devon Energy Corp.	22,810	570,858	1,156,011
Diebold, Inc.	20,000	732,310	902,200
Dillard's, Inc. CI A	17,000	602,023	398,140
Disney (Walt) Co. (The)	164,313	3,343,875	4,137,401
Dominion Resources	22,364	968,805	1,641,294
Dover Corp.	20,000	432,442	727,600
Dow Chemical Co. (The)	90,165	2,300,114	4,015,047
Dreanworks Animation SKG, Inc.	10,000	261,070	262,000
Duke Energy Corp.	44,200	1,287,100	1,314,066
Duke Realty Corp.	7,000	182,210	221,620
Dupont (E I.) De Nemours & Co.	44,918	1,179,278	1,931,923
Eagle Materials, Inc.	6,329	223,230	586,002
Eagle Materials, Inc. CI B	4,470	57,789	404,490
Eastman Chemical Co.	4,000	246,700	220,600
Eaton Corp.	36,000	1,124,988	2,156,400
Ebay, Inc.	100,000	2,059,506	3,301,000
Echostar Communications Corp. A	10,000	414,649	301,600
Edison International, Inc.	55,000	754,618	2,230,250

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Portfolio of Investment Securities

<u>Description</u>	Shares or	Cost	Fair Value
	Number of Units		
El Paso Corp.	40,808	\$ 760,693	\$ 470,108
Electronic Arts, Inc.	16,000	465,987	905,760
Electronic Data Systems Corp.	30,000	1,385,109	577,500
Electronics For Imaging, Inc.	10,000	246,250	210,400
EMC Corp.	100,250	659,868	1,374,428
Emerson Electric Co.	20,000	881,479	1,252,600
Engelhard Corp.	10,000	304,637	285,500
Ensco International, Inc.	7,500	213,375	268,125
Entergy Corp.	5,000	192,250	377,750
Enzon Pharmaceutical, Inc.	5,000	276,629	32,400
Equifax, Inc.	15,000	327,850	535,650
Equity Office Properties Trust	20,000	624,213	662,000
Equity Residential Property Trust	20,000	467,567	736,400
Estee Lauder Companies, Inc. (The)	20,000	842,650	782,600
Exelon Corp.	25,200	466,532	1,293,516
Exxon Mobil Corp.	360,970	7,558,497	20,744,946
Fannie Mae	70,000	2,613,578	4,088,000
Federal Signal Corp.	20,000	488,718	312,000
Federated Department Stores, Inc.	20,000	723,038	1,465,600
Fifth Third Bancorp	11,137	126,775	458,510
First Data Corp.	50,950	2,216,275	2,045,133
Fluor Corp.	12,500	411,368	719,875
FMC Corp.	13,000	384,757	729,820
FMC Technologies, Inc.	22,356	348,524	714,721
Ford Motor Co.	68,948	884,154	706,027
Forest Laboratories, Inc Cl A	40,000	612,414	1,554,000
FPL Group, Inc.	10,000	279,015	420,600
Franklin Electronic Publishers	20,000	130,611	76,800
Freddie Mac	50,000	1,332,125	3,261,500
Freescale Semiconductor Inc. B	12,145	122,206	257,231
Gamestop Corp.	1,699	23,384	50,800
Gannett Co , Inc.	17,000	416,840	1,209,210
Gap, Inc.	67,500	444,375	1,333,125
Gateway, Inc.	15,000	232,400	49,500
Gemstar - TV Guide Intl. Inc.	200,000	1,768,745	718,000
General Dynamics Corp.	20,000	1,338,779	2,190,800
General Electric Co.	630,000	10,775,014	21,829,500
General Mills, Inc.	25,000	904,344	1,169,750
General Motors Corp.	63,500	2,399,464	2,159,000
Georgia-Pacific Corp.	20,000	499,031	636,000
Gilead Sciences, Inc.	30,000	237,313	1,319,700
Gillette Co. (The)	80,000	1,355,327	4,050,400
Glenayre Technologies, Inc.	10,000	235,705	37,600
Goldman Sachs Group, Inc. (The)	30,000	2,623,800	3,060,600
Goodrich Corp.	25,000	836,004	1,024,000
Goodyear Tire & Rubber Co.	10,000	756,750	149,000
Grainger (W.W.), Inc.	8,000	227,293	438,320
Grant Prideco, Inc.	1,900	24,060	50,255
Great Lakes Chemical Corp.	6,000	328,084	188,820

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Portfolio of Investment Securities

<u>Description</u>	Shares or	Cost	Fair Value
	Number of Units		
Guidant Corp.	15,000	\$ 881,000	\$ 1,009,500
Halliburton Co.	27,000	628,440	1,291,140
Harland (John H. ) Co.	4,000	92,700	152,000
Harley-Davidson, Inc.	15,000	84,272	744,000
Harmonic, Inc.	7,597	72,954	36,694
Harris Corp.	40,000	653,663	1,248,400
Hartford Financial Services Group	20,000	1,204,768	1,495,600
HCA Inc.	40,000	1,297,920	2,266,800
Heinz (H.J. ) Co.	22,750	693,713	805,805
Hercules, Inc.	30,000	548,207	424,500
Hewlett-Packard Co.	193,625	3,042,644	4,552,124
Home Depot, Inc (The)	147,744	2,727,873	5,747,242
Honeywell International, Inc.	80,000	2,771,783	2,930,400
Hospira, Inc.	7,000	67,547	273,000
Hovnanian Enterprises, Inc.	6,000	254,430	391,200
Hudson United Bancorp	1,200	24,657	43,320
Human Genome Sciences, Inc.	5,000	157,355	57,900
Hunt (JB) Transport Svcs, Inc.	28,000	101,283	538,440
I2 Technologies, Inc.	640	92,260	5,120
IAC/Interactive Corp.	15,500	165,567	372,310
Ikon Office Solutions, Inc.	15,000	370,125	142,650
Illinois Tool Works, Inc.	20,000	819,420	1,593,600
Infousa, Inc.	10,000	100,416	117,000
Ingersoll-Rand Company Limited	20,000	846,241	1,427,000
Input/Output, Inc.	2,000	30,100	12,560
Integrated Device Technology, Inc.	5,000	101,558	53,750
Intel Corp.	350,000	2,750,502	9,107,000
Interpublic Group Companies, Inc.	9,000	102,645	109,620
Intervoice, Inc.	9,571	86,875	82,598
Intl. Business Machines Corp.	120,000	4,010,574	8,904,000
Intl. Rectifier Corp.	5,000	185,595	238,600
Iomega Corp.	4,000	196,000	10,600
ITT Industries, Inc.	10,000	453,635	976,300
J.P. Morgan Chase & Co.	192,600	6,374,521	6,802,632
Jabil Circuit, Inc.	40,000	390,813	1,229,200
Jacuzzi Brands, Inc.	8,500	165,963	91,205
Janus Capital Group, Inc.	12,000	96,874	180,480
JDS Uniphase Corp.	59,000	2,114,792	89,680
Jefferson-Pilot Corp.	7,500	331,614	378,150
JLG Industries, Inc.	10,000	153,625	274,800
Johnson & Johnson	210,000	6,694,410	13,650,000
Johnson Controls, Inc.	20,000	288,823	1,126,600
Jones Apparel Group, Inc.	5,000	85,250	155,200
Juniper Networks, Inc.	15,000	1,100,798	377,700
Kana Software, Inc.	200	34,500	320
Kansas City Southern	3,000	2,976	60,540
KB Home	12,000	471,701	914,760
Kellogg Company	35,000	1,556,121	1,555,400
Kerr-Mcgee Corp.	6,636	318,022	506,393

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Portfolio of Investment Securities

<u>Description</u>	Shares or	Cost	Fair Value
	Number of Units		
Keycorp	4,000	\$ 87,350	\$ 132,600
Kimberly - Clark Corp.	27,500	1,442,240	1,721,225
Kimco Realty Corp.	20,000	602,442	1,178,200
King Pharmaceuticals, Inc.	10,000	435,950	104,200
KLA -Tencor Corp.	20,000	423,026	873,600
Kohls Corp.	20,000	267,125	1,118,200
Kroger Co. (The)	25,000	502,260	475,750
Kulicke & Soffa Industries, Inc.	12,000	201,480	94,920
L-3 Communications Holdings, Inc.	15,000	1,108,755	1,148,700
Laboratory Corp. of America Holdings	20,000	722,250	998,000
Lam Research Corp.	30,000	276,571	868,500
Lattice Semiconductor Corp.	8,000	71,350	35,520
Lear Corp.	15,000	531,188	545,700
Legg Mason, Inc.	19,998	234,125	2,081,992
Lennar Corp	1,000	26,000	58,820
Lennar Corp.	20,000	699,389	1,269,000
Level 3 Communications, Inc.	6,000	421,016	12,180
Liberate Technologies, Inc.	2,500	266,094	882
Liberty Global, Inc.	6,146	90,711	286,465
Liberty Media Corp.	102,424	313,596	1,043,701
Liberty Property Trust	4,000	128,345	177,240
Lifepoint Hospitals, Inc.	2,105	34,474	106,408
Lilly (Eli) & Co.	95,000	4,250,411	5,292,450
Limited Brands, Inc.	7,169	143,306	153,560
Liz Claiborne, Inc.	40,000	693,402	1,590,400
Lockheed Martin Corp.	37,707	1,668,128	2,446,053
Louisiana-Pacific Corp.	20,000	676,975	491,600
Lowes Companies, Inc.	51,000	1,553,518	2,969,220
LSI Logic Corp.	18,060	124,396	153,329
Lucent Technologies, Inc.	80,000	583,429	232,800
Manor Care, Inc.	10,000	326,501	397,300
Manpower, Inc.	11,000	379,065	437,580
Manugistics Group, Inc.	13,000	187,720	23,140
Marathon Oil Corp.	10,000	303,000	533,700
Marsh & McLennan Companies, Inc.	27,000	1,267,816	747,900
Massey Energy Co.	5,000	43,424	188,600
Mattel, Inc.	21,250	351,305	388,875
May Department Stores Co. (The)	22,500	486,032	903,600
Maytag Corp.	5,000	334,625	78,300
MBNA Corp.	60,000	1,424,250	1,569,600
McAfee, Inc.	50,000	727,878	1,309,000
McData Corp. Cl A	28,763	280,508	115,052
McDermott International, Inc.	20,000	614,750	420,000
McDonald's Corp.	80,000	1,536,106	2,220,000
Mcgraw-Hill Companies, Inc. (The)	40,000	339,250	1,770,000
MCI, Inc.	25,000	642,000	642,750
McKesson Corp.	20,000	626,910	895,800
Meadwestvaco Corp.	1,940	58,975	54,398
Medco Health Solutions, Inc.	14,472	234,934	772,226

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<u>Description</u>	Shares or	Cost	Fair Value
	Number of Units		
Medimmune, Inc.	20,000	\$ 500,428	\$ 534,400
Medtronic, Inc.	90,000	1,829,692	4,661,100
Mellon Financial Corp.	34,000	1,019,575	975,460
MEMC Electronics Materials, Inc.	5,000	135,612	78,850
Merck & Co., Inc.	150,000	4,986,913	4,620,000
Mercury General Corp.	5,000	325,250	272,600
Merrill Lynch & Co., Inc.	75,000	1,351,621	4,125,750
Metlife, Inc.	40,000	1,395,724	1,797,600
Michaels Stores, Inc.	32,000	156,930	1,323,840
Microchip Technology, Inc.	30,375	221,260	899,707
Micron Technology, Inc.	30,000	439,371	306,300
Microsoft Corp.	800,000	7,294,672	19,872,000
Midway Games, Inc.	5,000	102,075	54,800
Milacron, Inc.	13,068	218,001	24,698
Mindspeed Technologies, Inc.	6,000	2,668	7,320
MIPS Technologies, Inc.	1,801	99,791	12,967
Mirant Corp.	22,723	408,539	11,634
Monsanto Co.	25,597	388,755	1,609,283
Montrologic Instruments, Inc.	20,000	287,291	250,800
Morgan Stanley	62,700	458,664	3,289,869
Motorola, Inc.	110,000	1,042,029	2,008,600
MSC Software Corp.	10,000	123,950	137,500
Murphy Oil Corp.	20,000	600,000	1,044,600
Mylan Laboratories, Inc.	69,750	493,164	1,341,990
National Semiconductor Corp.	60,124	838,464	1,324,532
Nationwide Health Properties, Inc.	5,000	108,375	118,050
Navistar International Corp.	5,000	108,250	160,000
NCR Corp.	36,250	1,064,293	1,273,100
Neenah Paper, Inc.	833	24,679	25,798
Netbank, Inc.	30,000	608,658	279,600
Network Appliance, Inc.	10,000	298,800	282,700
New Jersey Resources Corp.	10,500	166,545	506,625
Newell Robbermaid, Inc.	33,912	1,161,904	808,462
Newpark Resources, Inc.	100,000	1,048,440	750,000
News Corp. CL-A	300,000	5,083,050	4,854,000
Nextel Communications, Inc.	60,000	2,420,965	1,938,600
Nisource, Inc.	10,000	237,500	247,300
Nordstrom, Inc.	6,000	233,250	407,820
Norfolk Southern Corp.	19,500	269,571	603,720
North Fork Bancorporation, Inc.	23,656	388,399	664,497
Northern Trust Corp.	10,000	378,750	455,900
Northrop Grumman Corp.	40,356	1,830,874	2,229,669
Novell, Inc.	29,600	610,491	183,520
Novellus Systems, Inc.	5,000	129,974	123,550
Nucor Corp.	16,000	418,235	729,920
Occidental Petroleum Corp.	67,000	1,315,214	5,154,310
Office Depot, Inc.	23,625	204,710	539,595
Openwave Systems, Inc.	800	313,200	13,120
Oracle Corp.	250,000	4,120,864	3,300,000

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Portfolio of Investment Securities

<u>Description</u>	Shares or		Fair Value
	Number of	Cost	
	Units		
Orbital Sciences Corp.	11,603	\$ 273,474	\$ 114,870
Outback Steakhouse, Inc.	5,000	175,550	226,200
Paccar, Inc.	10,125	203,857	688,500
Pacificare Health Systems, Inc. A	2,000	62,062	142,900
Pactiv Corp.	6,500	190,076	140,270
Pall Corp.	20,000	495,921	607,200
Palmone, Inc.	751	224,227	22,357
Palmsource, Inc.	232	107,712	1,972
Parker-Hannifin Corp.	40,000	2,560,292	2,480,400
Paxson Communications Corp.	100,000	542,894	60,400
Paychex, Inc.	20,000	740,300	650,400
Peabody Energy Corp.	2,000	28,000	104,080
Penney (J C.) Co., Inc.	15,000	261,375	788,700
Pep Boys-Manny, Moe & Jack (The)	7,500	174,975	101,550
Pepsi Bottling Group, Inc. (The)	30,000	827,745	858,300
Pepsico, Inc.	94,000	2,339,176	5,069,420
Per-Se Technologies, Inc.	3,333	72,750	70,060
Pfizer, Inc.	535,567	9,354,705	14,770,938
PG&E Corp.	32,700	989,007	1,227,558
PHH Corp.	4,464	87,273	114,814
Pier 1 Imports, Inc.	20,000	395,000	283,800
Pinnacle West Capital Corp.	7,000	270,002	311,150
Piper Jaffray Companies	979	37,721	29,791
Plum Creek Timber Co., Inc.	13,700	208,969	497,310
PNC Financial Services Group, Inc.	14,000	544,950	762,440
PNM Resources, Inc.	7,500	59,000	216,075
PPG Industries Inc.	14,000	431,575	878,640
Praxair, Inc.	28,000	569,825	1,304,800
Precision Castparts Corp.	10,000	452,989	779,000
Price (T. Rowe) Group, Inc.	13,000	296,642	813,800
Principal Financial Group, Inc.	2,500	46,250	104,750
Procter & Gamble Co. (The)	164,000	2,430,079	8,651,000
Progress Energy, Inc.	5,000	211,287	226,200
Prologis	10,000	228,680	402,400
Providian Financial Corp.	21,500	945,319	379,045
Prudential Financial, Inc.	30,000	1,116,084	1,969,800
Public Storage, Inc.	3,200	120,403	202,400
Public Svc Enterprise Group, Inc.	20,000	582,250	1,216,400
Pulte Homes, Inc.	45,456	489,630	3,829,668
Qualcomm, Inc.	190,000	744,127	6,271,900
Rambus, Inc.	4,000	43,250	53,520
Raytheon Co.	20,000	924,212	782,400
Reliant Energy, Inc.	11,829	98,401	146,443
Remec, Inc.	3,568	184,000	22,835
Republic Services, Inc.	10,000	312,000	360,100
Respironics, Inc.	6,000	75,375	216,660
Reynolds & Reynolds Co. (The)	3,000	57,637	81,090
Reynolds American, Inc.	10,000	527,718	788,000
Rite Aid Corp.	11,000	436,696	45,980

**STATE OF NEW JERSEY**  
**NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN**

Portfolio of Investment Securities

<u>Description</u>	Shares or	Cost	Fair Value
	Number of Units		
Robert Half International, Inc.	39,000	\$ 244,292	\$ 973,830
Rockwell Automation, Inc.	30,000	468,121	1,461,300
Rockwell Collins, Inc.	18,000	401,672	858,240
Rohm & Haas Co.	13,425	375,770	622,114
Rowan Companies, Inc.	6,000	143,280	178,260
RSA Security, Inc.	4,500	97,875	51,660
Ryerson Tull, Inc.	4,000	100,200	57,080
Sabre Holdings Corp.	4,335	126,338	86,483
Safeguard Scientifics, Inc.	11,000	501,312	14,080
Safeway, Inc.	10,000	312,298	225,900
Saks, Inc.	10,000	340,131	189,700
Sanmina-Sci Corp.	24,480	759,450	133,906
Sara Lee Corp.	32,000	363,724	633,920
SBC Communications, Inc.	60,000	2,044,594	1,425,000
Schering-Plough Corp.	180,000	5,748,574	3,430,800
Schlumberger Ltd.	35,000	1,700,885	2,657,900
Scholastic Corp.	10,000	369,375	385,500
Schulman (A.), Inc.	6,000	137,895	107,340
Schwab (Charles) Corp. (The)	25,000	540,525	282,000
Scientific-Atlanta, Inc.	16,000	164,355	532,320
SEI Investments Co.	20,000	516,528	747,000
Sempra Energy	10,000	256,300	413,100
Sepracor, Inc.	2,000	142,625	120,020
Sigma-Aldrich Corp.	3,500	167,610	196,140
Simon Property Group, Inc.	10,000	316,287	724,900
Sinclair Broadcast Group, Inc.	8,000	203,500	72,640
Skyworks Solutions, Inc.	6,318	84,273	46,564
SLM Corp.	157,500	1,100,000	8,001,000
Smucker (J.M.) Co. (The)	1,640	18,869	76,982
Solectron Corp.	100,000	456,197	379,000
Solutia, Inc.	7,500	75,436	4,387
Southern Co.	32,000	451,691	1,109,440
Southwest Airlines Co.	15,000	281,250	208,950
Sovereign Bancorp, Inc.	10,000	163,625	223,400
Speedway Motorsports, Inc.	2,000	46,600	73,120
Speerion Corp.	6,000	78,050	39,600
Sprint Corp.	83,000	1,490,179	2,082,470
SPX Corp.	21,412	429,040	984,524
St Paul Travelers Cos, Inc. (The)	32,443	1,283,346	1,282,472
St. Jude Medical, Inc.	20,144	600,718	878,480
Standard Register Co. (The)	2,500	41,400	39,525
Stanley Works (The)	20,000	498,548	910,800
Staples, Inc.	180,348	311,283	3,839,609
Storage Technology Corp.	4,000	104,906	145,160
Stryker Corp.	10,400	45,662	494,624
Sun Microsystems, Inc.	90,000	432,761	335,700
Sunoco, Inc.	10,000	348,750	1,136,800
Supervalu, Inc.	10,000	216,750	326,100
Symbol Tecenologies, Inc.	20,000	215,635	197,400

**STATE OF NEW JERSEY**  
**NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN**

Portfolio of Investment Securities

Description	Shares or		Fair Value
	Number of	Cost	
	Units		
Synopsys, Inc.	40,742	\$ 1,424,035	\$ 679,169
Sysco Corp.	42,000	253,869	1,519,980
Target Corp.	45,000	1,102,812	2,448,450
Tektronix, Inc.	9,000	96,075	209,430
Tellabs, Inc.	5,000	257,500	43,500
Tenet Healtecure Corp.	40,000	961,518	489,600
Texas Instruments, Inc.	120,000	1,269,620	3,368,400
Textron, Inc.	8,000	406,400	606,800
Thermo Electron Corp.	27,000	850,383	725,490
3com Corp.	10,000	81,286	36,300
3m Co.	40,000	1,475,678	2,892,000
Timco Aviation Services, Inc.	4,207	-	631
Timco Aviation Ser Wt 02/27/07	1,481	-	-
Time Warner, Inc.	450,000	5,412,399	7,519,500
Toll Brothers, Inc	10,000	452,115	1,015,500
Tollgrade Communications, Inc.	2,000	19,280	15,000
Toro Co. (The)	24,000	183,550	926,640
Toys "R" Us, Inc.	5,000	89,937	132,400
Transkaryotic Therapies, Inc.	10,000	215,558	365,800
Transocean, Inc.	44,759	1,894,234	2,415,643
Triad Hospitals, Inc.	4,105	87,982	224,297
Tribune Co.	42,000	1,570,606	1,477,560
Trinity Industries, Inc.	10,000	338,180	320,300
Triumph Group, Inc.	2,500	73,562	86,900
TXU Corp.	10,000	480,500	830,900
Tyco International, Ltd.	227,496	7,272,299	6,642,883
U.S. Bancorp	97,950	2,664,529	2,860,140
Union Pacific Corp.	8,500	309,240	550,800
Unisys Corp.	25,000	348,750	158,250
United Health Group, Inc.	73,600	419,285	3,837,504
United Parcel Service, Inc.	45,000	3,087,125	3,112,200
United States Steel Corp.	10,000	267,950	343,700
United Technologies Corp.	70,000	1,784,804	3,594,500
Universal Health Services, Inc.	4,000	108,225	248,720
Univision Communications, Inc.	10,000	170,312	275,500
Unocal Corp.	20,000	706,440	1,301,000
Unova, Inc.	7,500	99,901	199,725
Unumprovident Corp.	28,000	568,312	512,960
UST, Inc.	40,000	1,185,533	1,826,400
Veritas Software Corp.	30,000	1,127,661	732,000
Verity, Inc.	2,000	34,790	17,540
Verizon Communications, Inc.	100,200	3,492,025	3,461,910
VF Corp.	4,000	89,460	228,880
Viacom, Inc. Cl B	81,516	1,853,061	2,610,142
Viasys Healtecure, Inc	3,944	99,176	89,095
Vishay Intertechnology, Inc.	15,087	302,908	179,083
Visteon Corp.	3,666	15,646	22,106
Wachovia Corp.	60,400	1,899,916	2,995,840
Walgreen Co.	46,000	287,112	2,115,540

**STATE OF NEW JERSEY**  
**NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN**

Portfolio of Investment Securities

<u>Description</u>	Shares or Number of Units	Cost	Fair Value
Wal-Mart Stores, Inc.	270,000	\$ 6,049,446	\$ 13,014,000
Washington Federal, Inc.	3,896	49,500	91,634
Washington Mutal, Inc.	49,364	1,167,540	2,008,621
Waste Industries USA, Inc.	10,000	215,779	141,400
Waste Management, Inc.	21,218	701,070	601,318
Watson Pharmaceuticals, Inc.	15,000	776,535	443,400
Weatherford International Ltd.	1,900	48,040	110,162
Wellpoint, Inc.	16,000	493,035	1,114,240
Wells Fargo & Co.	85,000	2,748,562	5,234,300
Wendy's International, Inc.	10,000	132,236	476,500
Weyerhaeuser Co.	31,000	1,333,197	1,973,150
Whirlpool Corp.	10,000	552,668	701,100
Williams Companies, Inc. (The)	50,000	1,268,336	950,000
Wind River Systems, Inc.	1,840	22,000	28,851
Worldgate Communications, Inc.	40,000	242,164	129,600
WPS Resources Corp.	6,800	191,726	382,500
Wrigley (WM) Jr. Co.	8,000	191,900	550,720
Wyeth	150,000	6,133,892	6,675,000
Xcel Energy, Inc.	16,243	297,010	317,063
Xerox Corp.	44,000	1,383,858	606,760
Yahoo! Inc.	30,000	239,062	1,039,500
York International Corp.	2,000	83,600	76,000
Yum! Brands, Inc.	13,800	94,634	718,704
Zimmer Holdings, Inc.	8,200	100,192	624,594
Total Common Stock		\$ 448,875,277	\$ 710,386,213
State of New Jersey Cash Management Fund	61,366,346	61,366,346	61,361,946
Total Equity fund		\$ 510,241,623	\$ 771,748,159
<b>Small Cap Equity Fund</b>			
AAR Corp.	20,000	\$ 346,513	\$ 314,200
Abbott Laboratories	2,700	47,380	132,327
Abercrombie & Fitch Co.	25,000	804,254	1,717,500
Abgenix, Inc.	145,000	1,798,481	1,244,100
AC Moore Arts & Crafts, Inc.	80,000	1,273,265	2,528,800
Accelrys, Inc.	7,500	95,609	37,125
Acme Communications, Inc.	30,000	343,954	120,600
Activision, Inc.	90,000	187,373	1,486,800
ADC Telecommunications, Inc.	14,285	264,591	310,984
Adolor Corp.	40,000	651,068	370,000
Adtran, Inc.	10,000	346,250	247,300
Affiliated Managers Group, Inc.	30,000	1,062,592	2,049,900
Affymetrix, Inc.	40,000	1,047,335	2,156,800

**STATE OF NEW JERSEY**  
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Portfolio of Investment Securities

<u>Description</u>	Shares or Number of Units	Cost	Fair Value
AGCO Corp.	100,000	\$ 2,038,936	\$ 1,912,000
Aixtron AG	51,000	420,683	182,580
AK Steel, Holding Corp.	31,487	647,175	201,832
Albemarle Corp.	6,500	153,031	237,055
Alkermes, Inc.	65,000	1,218,703	859,300
Alliance One International, Inc.	21,500	280,356	129,215
Alliant Techsystems, Inc.	15,000	695,876	1,059,000
Allied Waste Industries, Inc.	18,250	199,679	144,723
Alpharma, Inc.	15,000	430,340	217,050
Amazon.com, Inc.	4,000	65,153	132,360
American Axle & Manufacturing, Inc.	15,000	449,930	379,050
Amerisourcebergen Corp.	2,312	77,625	159,875
Ameritrade Holding Corp.	15,000	300,938	279,150
Ametek, Inc.	20,000	271,294	837,000
Amylin Pharmaceuticals, Inc.	45,000	529,860	941,850
Andrew Corp.	20,000	416,135	255,200
Angelica Corp.	85,000	1,480,517	2,083,350
Answerthink, Inc.	20,000	152,350	71,000
Anteon International Corp.	10,000	404,526	456,200
Applied Signal Technology, Inc.	7,000	253,909	133,280
Aptargroup, Inc.	20,000	687,323	1,016,000
Aqua America, Inc.	15,625	143,894	464,688
Aradigm Corp.	4,000	55,000	4,240
Armor Holdings, Inc.	30,000	1,161,944	1,188,300
Arthrocare Corp.	25,000	422,012	873,500
Arvinmeritor, Inc.	35,625	815,950	633,769
Aspect Communications Corp.	15,000	607,927	168,450
Atari, Inc.	103,000	360,755	286,340
Autodesk, Inc.	40,000	233,750	1,373,600
Avalon Bay Communities, Inc.	10,000	363,938	808,000
Aviall, Inc.	12,000	138,724	379,080
Avid Technology, Inc.	13,000	243,750	692,640
Avnet, Inc.	21,750	541,963	490,028
Ball Corp.	40,000	382,838	1,438,400
Barnes & Noble, Inc.	17,000	316,933	659,600
Barr Pharmaceuticals, Inc.	6,750	220,337	328,995
Beazer Homes USA, inc.	21,096	458,669	1,205,636
Beckman Coulter, Inc.	17,000	628,625	1,080,690
Belo Corp.	20,000	442,982	479,400
Bemis Co., Inc.	10,000	149,000	265,400
Berry Petroleum Co.	35,000	885,933	1,850,800
BJ's Wholesale Club, Inc.	30,000	757,827	974,700
Blackrock, Inc.	10,000	265,500	804,500
Blockbuster, Inc.	10,000	141,976	91,200
Blyte, Inc.	10,000	254,250	280,500
Bok Financial Corp.	32,315	580,569	1,490,368
Borders Group, Inc.	20,000	310,125	506,200
Borland Software Corp.	50,000	494,149	343,000
Boston Properties, Inc.	7,000	245,788	490,000

**STATE OF NEW JERSEY**  
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Portfolio of Investment Securities

<u>Description</u>	Shares or	Cost	Fair Value
	Number of Units		
Brinker International, Inc.	15,000	\$ 292,000	\$ 600,750
Brinks Co. (The)	35,000	757,303	1,260,000
Brown Shoe Co., Inc.	6,500	113,613	254,475
Bruker Biosciences	20,000	261,550	79,800
Brunswick Corp.	35,000	668,475	1,516,200
Brush Engineered Materials, Inc.	10,000	181,666	142,600
Buckle (The), Inc.	5,000	152,750	221,700
Bucyrus International, Inc.	10,000	370,826	379,800
Burlington Coat Factory Warehouse	7,200	148,848	307,008
Cabot Corp.	20,000	484,625	660,000
Calgon Carbon Corp.	40,000	354,890	354,000
Calpine Corp.	100,000	289,040	340,000
Cambrex Corp.	4,000	156,000	76,200
Carlisle Companies, Inc.	40,000	2,363,225	2,745,200
Carmax, Inc.	7,846	136,758	209,096
Carr America Realty Corp.	15,500	350,025	560,790
Casella Waste Systems, Inc.	70,000	992,014	840,000
CBRL Group, Inc.	10,000	300,760	388,600
Centex Corp.	6,000	68,993	424,020
Central Parking Corp.	10,000	202,219	137,500
Cerner Corp.	15,000	539,906	1,019,550
Champion Enterprises, Inc.	7,000	119,163	69,580
Checkfree Corp.	10,000	162,226	340,600
Checkpoint Systems, Inc.	40,000	752,129	708,000
Chesapeake Energy Corp.	40,000	252,182	912,000
Childrens Place Retail Stores, Inc.	20,000	450,178	933,400
Chubb Corp. (The)	3,705	188,775	317,185
Church & Dwight Co., Inc.	52,500	644,877	1,900,500
Cimarex Energy Co.	15,943	301,104	620,342
Circuit City Stores, Inc.	25,000	270,292	432,250
Citigroup, Inc.	9,163	187,958	423,605
City National Corp.	10,000	327,031	717,100
Claire's Stores, Inc.	10,000	106,500	240,500
Clarcor, Inc.	10,000	90,025	292,500
Clear Channel Communications, Inc.	5,086	315,317	157,310
CNF, Inc.	10,000	327,438	449,000
CNS, Inc.	15,000	79,625	342,750
Coach, Inc.	80,000	605,420	2,685,600
Coachmen Industries, Inc.	4,500	90,194	56,385
Computer Associates Intl., Inc.	11	-	302
Computer Horizons Corp.	150,000	709,293	469,500
Compuware Corp.	100,000	606,749	719,000
Corn Products Intl., Inc.	40,000	613,118	950,400
Coventry Health Care, Inc.	22,500	449,645	1,591,875
Cox Radio, Inc.	12,000	99,138	189,000
Crane Co.	17,000	410,258	447,100
Crompton Corporation	50,000	553,117	707,500
Crown Holdings, Inc.	20,000	163,450	284,600
Cubic Corp.	5,000	125,755	88,700

**STATE OF NEW JERSEY**  
**NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN**

Portfolio of Investment Securities

<u>Description</u>	Shares or	Cost	Fair Value
	Number of Units		
Cullen/Frost Bankers, Inc.	8,000	\$ 305,338	\$ 381,200
Cummins Engine Co., Inc.	7,000	288,710	522,270
Cumulus Media, Inc.	56,098	1,089,204	660,834
Curtiss-Wright Corp.	20,000	1,094,282	1,079,000
Cymer, Inc.	34,300	1,403,120	903,805
Cytec Corp.	25,000	521,075	551,500
Deluxe Corp.	5,000	92,527	203,000
Dembury Resources, Inc.	10,000	258,108	397,700
Dentsply International, Inc.	7,500	136,593	405,000
Devon Energy Corp.	19,260	388,294	976,097
Devry, Inc.	8,000	110,106	159,200
Diebold, Inc.	10,000	300,188	451,100
Digital River, Inc.	25,000	276,738	793,750
Dillard's, Inc. Cl A	23,000	336,501	538,660
Dionex Corp.	9,000	237,625	392,400
Dov Pharmaceutical, Inc.	20,000	382,416	373,200
Dover Motorsports, Inc.	14,400	73,136	86,400
DRS Technologies, Inc.	10,000	414,184	512,800
Duke Realty Corp.	30,000	556,038	949,800
Dun & Bradstreet Corp. (The)	12,000	314,376	739,800
E*Trade Financial Corp.	12,000	77,246	167,880
Eagle Materials, Inc.	5,132	207,585	475,172
Eagle Materials, Inc. Cl B	447	5,724	40,449
Earthlink, Inc.	19,690	455,063	170,515
Eaton Vance Corp.	20,000	326,941	478,200
Echelon Corp.	15,000	425,777	103,200
EDO Corp.	45,000	1,118,473	1,345,950
Edwards Lifesciences Corp.	20,000	391,069	860,400
Efunds Corp.	30,757	457,953	553,318
Electronics Boutique Holdings Co.	50,000	1,362,884	3,174,500
Electronics For Imaging, Inc.	5,000	97,650	105,200
EMAK Worldwide, Inc.	15,000	203,645	161,850
Emcor Group, Inc.	10,000	439,532	489,000
Entercom Communications Corp. Cl A	8,000	348,025	266,320
Entertainment Properties Trust	40,000	614,032	1,840,000
Entravision Communications Corp.	15,000	276,032	116,850
Enzon Pharmaceuticals, Inc.	10,000	441,750	64,800
Equity Office Properties Trust	14,958	434,541	495,110
ESCO Technologies, Inc	4,500	76,684	453,600
Esterline Technologies Corp.	55,000	965,601	2,204,400
Ethan Allen Interiors, Inc.	15,000	385,171	502,650
Exar Corp.	100,000	1,583,505	1,489,000
Express Scripts, Inc.	28,000	261,750	1,399,440
Factset Research Systems, Inc.	15,000	318,575	537,600
Fairchild Semiconductor Intl., Inc.	30,000	604,372	442,500
Federal Signal Corp.	40,000	920,934	624,000
First Consulting Group, Inc.	120,000	663,690	613,200
Fleetwood Enterprises, Inc.	50,000	282,850	507,500
Florida East Coast Inds., Inc.	8,000	193,194	346,400

**STATE OF NEW JERSEY**  
**NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN**

Portfolio of Investment Securities

<u>Description</u>	Shares or	Cost	Fair Value
	Number of Units		
Flowers Foods, Inc.	10,000	\$ 258,683	\$ 353,600
FMC Corp.	10,000	402,872	561,400
FMC Technologies, Inc.	17,197	364,933	549,788
Forest Oil Corp.	10,000	312,849	420,000
Friedman, Billings, Ramsey Group, Inc	10,000	77,187	143,000
Gamestop Corp.	7,222	122,565	215,938
Gardner Denver, Inc.	10,000	339,622	350,800
Gemstar-Tv Guide Intl., Inc.	150,000	872,562	538,500
General Growth Properties, Inc.	52,500	661,237	2,157,225
General Maritime Corp.	10,000	180,000	424,000
GEO Group, Inc. (The)	4,500	76,851	112,725
Granite Construction, Inc.	4,500	74,400	126,450
Great Atlantic & Pacific Tea Co.	50,000	568,650	1,453,000
Great Lakes Chemical Corp.	10,000	287,539	314,700
Grey Wolf, Inc.	45,000	269,700	333,450
Griffon Corp.	10,000	120,250	222,000
Hardinge Inc.	40,000	477,562	562,000
Harland (John H. ) Co.	4,000	92,700	152,000
Harris Corp.	76,000	1,248,229	2,371,960
Hasbro, Inc.	40,000	653,306	831,600
Hecla Mining Co.	25,000	219,180	114,000
Helix Technology Corp.	5,000	250,000	66,400
Helmerich & Payne, Inc.	30,000	823,134	1,407,600
Henry Schein, Inc.	44,000	492,700	1,826,880
Hercules, Inc.	75,000	961,876	1,061,250
Hewlett-Packard Co.	5,352	354,452	125,826
Hibernia Corp.	25,000	350,007	829,500
Hospira, Inc.	270	3,275	10,530
Host Marriott Corp.	50,000	461,875	875,000
Hovnanian Enterprises, Inc.	12,000	528,550	782,400
Hudson United Bancorp	5,871	137,109	211,943
Humana, Inc.	30,000	329,403	1,192,200
Hunt (JB) Transport Svcs, Inc.	22,000	81,876	423,060
I2 Technologies. Inc.	400	57,662	3,200
IAC/Interactivecorp	49,643	852,530	1,192,425
Idacorp, Inc.	11,000	456,550	336,930
Identix, Inc.	100,000	601,476	503,000
Idexx Laboratories, Inc.	7,000	253,375	436,310
IDT Corp.	10,500	129,215	139,020
IDT Corp. Cl B	10,500	103,962	138,180
Ikon Office Solutions, Inc.	10,000	123,000	95,100
Illumina, Inc.	20,000	358,179	241,400
Imclone Systems, Inc.	3,928	214,812	121,650
Impco Technologies, Inc.	20,000	164,308	96,200
Insight Communications Co., Inc.	40,000	588,339	442,000
Insituform Technologies, Inc. Cl A	5,000	107,593	79,650
Interactive Data Corp.	13,000	89,152	270,140
International Rectifier Corp.	15,000	562,041	715,800
International Speedway Corp.	6,200	138,865	348,688

**STATE OF NEW JERSEY**  
**NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN**

Portfolio of Investment Securities

<u>Description</u>	Shares or	Cost	Fair Value
	Number of Units		
Intervoice, Inc.	13,400	\$ 130,937	\$ 115,642
Intl Flavors & Fragrances, Inc.	20,000	432,864	724,400
Invacare Corp.	5,000	189,630	221,800
Investment Technology Group, Inc.	7,500	241,730	157,650
Invitrogen Corp.	3,000	97,402	249,870
Isis Pharmaceuticals, Inc.	50,000	678,249	195,500
ITT Educational Services, Inc.	12,000	127,050	641,040
Ivax Corp.	28,750	210,422	618,125
Jabil Circuit, Inc.	10,000	94,368	307,300
Jacobs Engineering Group, Inc.	24,000	641,619	1,350,240
JLG Industries, Inc.	50,000	598,955	1,374,000
Joy Global, Inc.	15,000	376,561	503,850
Kansas City Southern	30,000	422,632	605,400
Kemet Corp.	12,500	328,281	78,750
Kennametal, Inc.	20,000	771,209	917,000
KOS Pharmaceuticals, Inc.	20,000	552,000	1,310,000
Kosan Biosciences, Inc.	20,000	141,444	105,600
Kulicke & Soffa Industries, Inc.	9,000	148,281	71,190
K-V Pharmaceutical Co.	60,000	859,235	1,005,000
L-3 Communications Holdings, Inc.	16,000	393,097	1,225,280
Lafarge North America, Inc.	10,000	250,375	624,400
Lam Research Corp.	9,000	115,092	260,550
Landry's Restaurant, Inc.	10,500	228,898	315,945
Lattice Semiconductor Corp.	10,000	157,965	44,400
Laureate Education, Inc.	10,000	265,449	478,600
La-Z-Boy, Inc.	6,000	94,050	87,420
Lear Corp.	6,000	173,175	218,280
Legg Mason, Inc.	15,498	231,131	1,613,497
Lennar Corp	24,000	238,067	1,522,800
Lennar Corp.	2,400	26,158	141,168
Lennox International, Inc.	15,000	158,400	317,550
Liberty Global, Inc.	2,423	137,217	112,936
Liberty Media Corp.	40,397	612,474	411,645
Liberty Property Trust	25,000	651,599	1,107,750
Lie Claiborne, Inc.	20,000	495,577	795,200
Ligand Pharmaceuticals, Inc.	40,000	587,685	278,000
Lincare Holdings, Inc.	26,000	386,430	1,063,400
Lindsay Manufacturing Co.	25,000	581,099	589,500
Linens 'N Things, Inc.	20,000	612,242	473,200
Lockheed Martin Corp.	2,256	76,978	146,347
Lojack Corp.	100,000	948,949	1,756,000
Longs Drug Stores Corp.	20,000	512,485	861,000
Louisiana-Pacific Corp.	50,000	742,155	1,229,000
Lubrizon Corp. (The)	6,000	159,900	252,060
Lyondell Chemical Co.	88,550	1,196,990	2,339,491
M.D.C. Holdings, Inc.	11,050	599,886	908,863
Macdermid, Inc.	7,000	135,475	218,120
Mair Holdings, Inc.	12,750	145,855	112,710
Mastec, Inc.	50,000	589,435	440,000

**STATE OF NEW JERSEY**  
**NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN**

Portfolio of Investment Securities

<u>Description</u>	Shares or	Cost	Fair Value
	Number of Units		
Mccormick & Co., Inc.	10,000	\$ 158,687	\$ 326,800
Mcdata Corp.. Cl A	241	4,103	964
McDermott International, Inc.	20,000	347,866	420,000
MEMC Electronics Materials, Inc.	50,000	557,379	788,500
Mercury Computer Systems, Inc.	45,000	1,233,727	1,233,900
Metrologic Instruments, Inc.	35,000	576,224	438,900
Michaels Stores, Inc.	20,000	117,974	827,400
Microstrategy, Inc.	10,000	494,032	530,400
Midwest Air Group, Inc.	55,900	353,357	133,601
Milacron, Inc.	17,424	184,873	32,931
Mills Corp. (The)	15,000	418,838	911,850
Monaco Coach Corp.	45,000	359,010	773,550
MSC Industrial Direct Co., Inc.	10,000	179,615	337,500
National R. V. Holdings, Inc.	24,000	411,138	191,760
NCO Group, Inc.	45,000	939,003	973,350
Nektar Therapeutics	30,000	685,059	504,900
Nelson (Thomas), Inc.	16,000	210,844	348,160
Netbank, Inc.	40,000	487,900	372,800
Netopia, Inc.	85,000	1,001,409	247,350
New Jersey Resources Corp.	20,000	689,855	965,000
New York Community Bancorp, Inc.	103,333	1,272,152	1,872,394
Newpark Resources, Inc.	30,000	345,231	225,000
Noble Energy, Inc.	10,000	315,213	756,500
Nordson Corp.	25,000	955,575	857,000
Office Depot, Inc.	40,000	389,228	913,600
Officemax, Inc.	17,281	146,894	514,455
Oneok, Inc.	40,000	878,725	1,306,000
Opnet Technologies, Inc.	35,000	530,513	283,500
Orbital Sciences Corp.	100,000	1,299,756	990,000
OSI Pharmaceuticals, Inc.	6,000	342,187	245,220
Outback Steakhouse, Inc.	15,000	346,425	678,600
Pacificare Health Systems, Inc. A	18,000	144,090	1,286,100
Packeteer, Inc.	20,000	205,913	282,000
Palmone, Inc.	500	29,520	14,885
Palmsource, Inc.	154	14,180	1,309
Par Pharmaceutical Companies, Inc.	20,000	373,012	636,200
Patterson-Uti Energy, Inc.	30,000	422,468	834,900
Peabody Energy Corp.	2,000	28,000	104,080
Pentair, Inc.	50,000	898,632	2,140,500
Peoples Bank	6,750	58,348	204,120
Perrigo Co.	30,000	383,264	418,200
Pfizer, Inc.	7,100	106,828	195,818
Pharmacophia Drug Discovery, Inc.	3,750	36,461	15,188
Phillips-Van Heusen Corp.	20,000	307,218	653,800
Photronics, Inc.	5,000	72,575	116,700
Pier 1 Imports, Inc.	100,000	1,684,782	1,419,000
Plains Exploration & Production	10,000	244,881	355,300
Polaris Industries, Inc.	10,000	442,892	540,000
Precision Castparts Corp.	6,200	171,992	482,980

**STATE OF NEW JERSEY**  
**NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN**

Portfolio of Investment Securities

<u>Description</u>	Shares or		Fair Value
	Number of	Cost	
	Units		
PRG-Schultz International, Inc.	110,000	\$ 1,291,755	\$ 310,200
Pride Intl., Inc.	30,000	600,946	771,000
Prison Communications, Corp.	130,000	993,117	78,520
Protective Life Corp.	15,000	461,590	633,300
Protein Design Labs, Inc.	8,000	315,359	161,680
Public Storage, Inc.	22,000	479,912	1,391,500
Pulte Homes, Inc.	14,304	210,726	1,205,112
Quanta Services, Inc.	100,000	1,084,552	880,000
Quantum Fuel Systems Tech Worldw, Inc.	20,000	129,756	100,000
Radian Group, Inc.	8,600	221,015	406,092
Radiant Systems, Inc.	140,000	1,146,449	1,596,000
Rayonier, Inc.	20,000	854,334	1,060,600
Red Hat, Inc.	10,000	60,600	131,000
Reebok International, Inc.	20,000	567,556	836,600
Regency Centers Corp.	25,000	503,550	1,430,000
Respiroics, Inc.	16,000	166,625	577,760
Reynolds American, Inc.	10,000	197,531	788,000
Rowan Companies, Inc.	17,000	481,006	505,070
RSA Security, Inc.	10,000	437,484	114,800
Russ Berrie & Co ., Inc.	20,000	523,466	256,200
Russell Corp.	10,000	178,674	204,500
Safenet, Inc.	15,000	556,742	510,900
Saga Communications, Inc. A	40,000	755,706	560,000
Salem Communications Corp.	20,000	455,791	396,800
Scholastic Corp.	30,000	790,605	1,156,500
Secure Computing Corp.	100,000	815,379	1,088,000
Selective Insurance Group, Inc.	7,000	152,435	346,850
Sensient Technologies Corp.	45,000	935,861	927,450
Sharper Image Corp.	85,000	1,437,593	1,082,050
Shaw Group, Inc. (The)	10,000	141,100	215,100
Shurgard Storage Centers, Inc.	6,000	152,696	275,760
Sierra Health Services, Inc.	4,500	78,900	321,570
Sierra Pacific Resources	22,000	401,700	273,900
Silicon Storage Technology, Inc.	15,000	196,563	60,300
Smucker (J.M ) Co. (The)	5,333	201,933	250,331
Snap-On, Inc.	15,000	396,525	514,500
Southwest Gas Corp.	35,000	746,958	892,850
Spartan Motors, Inc.	40,000	429,069	431,200
Speedway Motorsports, Inc.	8,500	217,050	310,760
Spinnaker Exploration Co.	30,000	1,103,950	1,064,700
SPX Corp.	7,200	232,195	331,056
Standard Pacific Corp.	10,000	590,575	879,500
Standard Register Co. (The)	7,000	150,725	110,670
Stride Rite Corp. (The)	12,000	145,850	165,480
Supportsoft, Inc.	40,000	496,408	207,600
Symantec Corp.	48,000	78,930	1,043,520
Take-Two Interactive Software, Inc.	52,500	896,344	1,336,125
Tanox, Inc..	10,000	124,500	117,200
Tasty Baking Co.	45,000	687,593	366,750

**STATE OF NEW JERSEY**  
**NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN**

Portfolio of Investment Securities

<u>Description</u>	Shares or		Fair Value
	Number of	Cost	
	Units		
TCF Financial Corp.	40,000	\$ 529,945	\$ 1,035,200
Teleflex, Inc.	8,000	276,713	474,960
Tellabs, Inc.	15,120	137,102	131,544
Terex Corp.	45,000	939,791	1,773,000
Texas Industries, Inc.	10,000	320,974	562,300
Tidewater, Inc.	30,000	942,579	1,143,600
Timberland Co. (The)	10,000	325,200	387,200
Timco Aviation Ser Wt 02/27/07	1,481	-	-
Timco Aviation Services, Inc.	4,207	-	631
Timken Co. (The)	15,000	312,266	346,500
Toll Brothers, Inc.	14,000	182,651	1,421,700
Tollgrade Communications, Inc.	8,000	265,376	60,000
Toro Co. (The)	20,000	154,000	772,200
Transkaryotic Therapies, Inc.	20,000	836,384	731,600
Trex Company, Inc.	40,000	1,186,226	1,028,000
Triarc Companies, Inc. Cl B	10,000	91,530	148,600
Triquint Semiconductor, Inc.	50,000	1,008,465	166,500
Tweeter Home Entertainment Group	35,000	672,907	87,500
Tyco International, Ltd.	9,384	274,813	274,013
Ultratech, Inc.	15,000	197,500	274,500
Unit Corp.	15,000	571,173	660,150
United Parcel Service, Inc.	4,800	266,590	331,968
United States Steel Corp.	10,000	208,205	343,700
Universal Health Services, Inc.	20,000	433,783	1,243,600
Univision Communications, Inc.	18,500	406,884	509,675
Urban Outfitters, Inc.	40,000	112,308	2,267,600
Valeant Pharmaceuticals, inc.	18,000	644,663	317,340
Valero Energy Corp.	40,000	811,942	3,164,400
Valueclick, Inc.	50,000	149,110	616,500
Verity, Inc.	20,000	416,608	175,400
Viasat, Inc.	18,000	478,100	366,300
Vicor, Corp.	16,000	401,938	217,600
Vishay Intertechnology, Inc.	25,000	875,625	296,750
Visteon Corp.	30,000	484,383	180,900
Washington Federal, Inc.	5,845	77,340	137,474
Washington Mutual, Inc.	24,822	377,831	1,010,007
Waste Industries USA, Inc.	35,000	447,765	494,900
Webmd Corp.	45,000	401,562	462,150
Werner Enterprises, Inc.	23,750	264,311	465,975
Westwood One, Inc.	10,000	101,780	204,300
Wind River Systems, Inc.	45,000	267,713	705,600
Winnebago Industries, Inc.	30,000	254,088	982,500
Woodward Governor Co.	5,000	276,200	420,150
WPS Resources Corp.	5,000	161,688	281,250
York International Corp.	10,000	297,650	380,000
Zale Corp.	10,000	186,250	316,900
Zoran Corp.	17,090	308,325	227,126
Total Common Stock		\$ 172,048,476	\$ 246,481,894

**STATE OF NEW JERSEY**  
**NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN**

Portfolio of Investment Securities

<u>Description</u>	Shares or Number of Units	Cost	Fair Value
State of New Jersey Cash Management Fund	33,915,750	33,915,750	33,913,319
Total Small Cap Equity Fund		\$ 205,964,226	\$ 280,395,213
<b><u>MONEY MARKET FUND</u></b>			
State of New Jersey Cash Management Fund	221,789,925	\$ 221,789,925	\$ 221,774,026
<b><u>TEMPORARY ACCOUNTS</u></b>			
Holding Account-			
State of New Jersey Cash Management Fund	11,579,595	\$ 11,579,595	\$ 11,578,765
Administrative Operating Account-			
State of New Jersey Cash Management Fund	570,292	570,292	570,251
Total temporary accounts		\$ 12,149,887	\$ 12,149,016
Total investments		\$ 1,182,087,174	\$ 1,520,040,415

**STATE OF NEW JERSEY**  
**NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN**

Portfolio of Investment Securities

**Summary of Schedule A:**

	US Treasury Notes	Other Notes	Common Stocks	Cash Management Fund	Total
Bond Fund	\$104,387,359	116,061,047		13,525,595	233,974,001
Equity Fund			710,386,213	61,361,946	771,748,159
Small Cap Equity Fund			246,481,894	33,913,319	280,395,213
Money Market Fund				221,774,026	221,774,026
Temporary Accounts				12,149,016	12,149,016
<b>Total Investments</b>	<b>\$104,387,359</b>	<b>116,061,047</b>	<b>956,868,107</b>	<b>342,723,902</b>	<b>1,520,040,415</b>