

STATE OF NEW JERSEY
NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN

Financial Statements and Schedule

June 30, 2004 and 2003

(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, 2004 and 2003, 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 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 New Jersey State Employees Deferred Compensation Plan as of June 30, 2004 and 2003, 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.

Management's Discussion and Analysis is not a required part of the basic 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 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.

September 24, 2004

STATE OF NEW JERSEY
NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN

Management's Discussion and Analysis

June 30, 2004 and 2003

Our discussion and analysis of the New Jersey State Employees Deferred Compensation Plan (the Plan)'s financial performance provides an overview of the Plan's financial activities for the fiscal year ended June 30, 2004 and 2003. Please read it in conjunction with the basic financial statements and financial statement footnotes that follow this discussion.

FINANCIAL HIGHLIGHTS

2004 - 2003

- Fiduciary net assets increased by \$216,956,008 as a result of this year'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.

2003 - 2002

- Fiduciary net assets increased by \$87,732,656 as a result of this year's operations from \$1,048,587,466 to \$1,136,320,122.
- Additions for the year were \$150,015,336, which is comprised of contributions of \$127,006,020 and investment gains of \$23,009,316.
- Deductions for the year were \$62,282,680, which are comprised of benefit payments of \$61,619,829 and administrative expenses of \$662,851.

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.

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

Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS

STATEMENTS OF FIDUCIARY NET ASSETS

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 (Deficit)	\$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%.

2003 - 2002

	2003	2002	Increase (Decrease)
Assets	\$1,143,452,326	\$1,062,684,388	\$80,767,938
Liabilities	7,132,204	14,096,922	(6,964,718)
Net Assets (Deficit)	\$1,136,320,122	\$1,048,587,466	\$87,732,656

Total assets increased by \$80.8 million or 7.6% between fiscal years 2002 and 2003 primarily due to better market conditions and member contributions.

Total liabilities decreased by \$6.9 million or 49.4% mainly due to a decrease in participant distribution payable.

Net assets increased by \$87.7 million or 8.4%.

STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS

ADDITIONS TO FIDUCIARY NET ASSETS

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
Totals	\$276,181,089	\$150,015,336	\$126,165,753

Additions primarily consist of member contributions and earnings from investment activities. 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.

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

Management's Discussion and Analysis, Continued

2003 - 2002

	2003	2002	Increase (Decrease)
Member Contributions	\$127,006,020	\$121,675,078	\$5,330,942
Investment & Other	23,009,316	(106,523,745)	129,533,061
Totals	\$150,015,336	\$15,151,333	\$134,864,003

Total revenues increased by \$134.9 million or 890.1% between fiscal year 2002 and 2003 primarily due to an increase in contributions from the Plan's members and a general improvement in investment performance.

DEDUCTIONS FROM FIDUCIARY NET ASSETS

2004 - 2003

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

Deductions consist of benefit payments and administrative expenses during the year. 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.

2003 - 2002

	2003	2002	Increase (Decrease)
Benefits	\$61,619,829	\$67,273,610	\$(5,653,781)
Administrative Expenses	662,851	704,423	(41,572)
Totals	\$62,282,680	\$67,978,033	\$(5,695,353)

Total expenses decreased by \$5.7 million or 8.4% between fiscal year 2002 and 2003. The decrease in expenses is mainly due to a reduction in benefit payments.

RETIREMENT SYSTEM AS A WHOLE

Members are 100% vested in the present value of their contributions and the Plan has assets sufficient 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.

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

Statements of Fiduciary Net Assets

June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets:		
Cash	\$ 281,877	340,818
Investments at fair value:		
U.S. Treasury notes	103,038,769	119,225,451
Other notes	114,998,195	120,983,134
Cash Management Fund	285,417,061	250,919,149
Common and preferred stocks	<u>850,637,468</u>	<u>648,273,725</u>
Total investments	<u>1,354,091,493</u>	<u>1,139,401,459</u>
Receivables:		
Accrued interest	2,639,598	2,938,855
Accrued dividends	799,322	661,180
Participant contributions	74,442	110,014
Other	<u>1,106,602</u>	<u>—</u>
Total receivables	<u>4,619,964</u>	<u>3,710,049</u>
Total assets	<u>1,358,993,334</u>	<u>1,143,452,326</u>
Liabilities:		
Participant distributions payable	5,377,311	6,773,476
Administrative fees payable	<u>339,893</u>	<u>358,728</u>
Total liabilities	<u>5,717,204</u>	<u>7,132,204</u>
Net Assets:		
Held in trust for pension benefits	<u>\$ 1,353,276,130</u>	<u>1,136,320,122</u>

See accompanying notes to financial statements.

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

Statements of Changes in Fiduciary Net Assets

Years ended June 30, 2004 and 2003

	2004	2003
Additions:		
Member contributions	\$ 129,545,400	127,006,020
Investment income:		
Net appreciation (depreciation) in fair value of investments	121,397,297	(1,078,920)
Interest	13,693,692	14,569,343
Dividends	11,745,238	9,679,980
	146,836,227	23,170,403
Less : investment expense	200,538	161,087
Net investment income	146,635,689	23,009,316
Total additions	276,181,089	150,015,336
Deductions:		
Benefits	58,415,128	61,619,829
Administrative expense	809,953	662,851
Total deductions	59,225,081	62,282,680
Change in net assets	216,956,008	87,732,656
Net assets - Beginning of year	1,136,320,122	1,048,587,466
Net assets - End of year	\$ 1,353,276,130	1,136,320,122

See accompanying notes to financial statements.

STATE OF NEW JERSEY
NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN

Notes to Financial Statements

June 30, 2004 and 2003

(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."

Investment valuation

Investments, including short-term investments (State of New Jersey Cash Management Fund) are reported at fair value. Common stocks, U.S. Treasury notes and State of New Jersey Cash Management Fund Units are valued in accordance with fair market value procedures established by the State Investment Council, primarily through valuations obtained by the State Investment Council pricing service.

Common stocks are stated at quoted market values. Investments in common stock traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the last reported sales price on the day of valuation. Other securities traded in the over-the-counter market and 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. Investment income on the State of New Jersey Cash Management Fund is recognized when earned and is distributed daily on the basis of units of ownership. Net appreciation (depreciation) in fair value of investments is the change in market value of the investments.

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 fund's net assets divided by the total outstanding units of the fund.

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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 33,545 and 33,079 at June 30, 2004 and 2003, 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 \$13,000 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.

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.

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Notes to Financial Statements, Continued

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.

(3) CASH AND CASH EQUIVALENTS

The Governmental Accounting Standards Board Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Purchase Agreements*, requires the bank balances of deposits to be categorized to indicate the level of custodial 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 uninsured and 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, 2004 and 2003 are designated Category 3.

(4) INVESTMENTS

The State of New Jersey Division of Investment (the Division), under the jurisdiction of the State Investment Council (the Council), has the investment responsibility of all funds administered by the State of New Jersey Division of Pensions and Benefits. All investments under the supervision of the Council must conform to standards of prudence set by state law, which mandate that the Division make investments in which fiduciaries of trust estates may legally invest.

The Division 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.

STATE OF NEW JERSEY
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Notes to Financial Statements, Continued

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

Government Accounting Standards Board Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Purchase Agreements*, requires disclosure of the level of custodial risk assumed by the Plan. Category 1 includes investments that are insured or registered or for which the securities are held by the Plan or its agent in the Plan's name. As of June 30, 2004, and 2003, all investments held by the Plan (other than State of New Jersey Cash Management Funds, which are not categorized) are classified as Category 1.

Federal securities are maintained at Federal Reserve Banks in Philadelphia and New York through the custodian bank in trust for the Plan. The Plan's portfolio of corporate equity and debt securities is maintained by the Depository Trust Company (DTC) through the custodian banks in trust for the Plan. The custodian banks, as agents for the Plan, maintain internal accounting records identifying the securities maintained by the DTC as securities owned by the Plan.

Securities not maintained by the DTC are held in the name of a designated nominee representing the securities of the Plan that establishes the Plan'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 Fund 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.

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Portfolio of Investment Securities

Federal National Mortgage Association NT dated 29-Nov-2001, 6.000%, Due 15-Dec-2005	7,500,000	\$	7,657,750	\$	7,860,975
Alabama Power Co. NTS dated 14-Aug-2003, 2.65%, Due 15-Feb-2006	5,000,000		4,996,918		4,978,250
Federal National Mortgage Association Deb dated 30-Jan-2002, 5.500%, Due 15-Feb-2006	7,500,000		7,616,705		7,825,800
Federal National Mortgage Association Deb dated 30-Jan-2002, 5.000%, Due 15-Jan-2007	7,500,000		7,535,439		7,797,675
Federal National Mortgage Association Conv. AGB dated 9-Mar-2001, 6.625%, Due 15-Oct-2007	10,000,000		10,317,345		10,903,100
El Dupont De Nemours NTS dated 12-Nov-2002, 3.375%, Due 15-Nov-2007	10,000,000		9,968,438		9,931,400
Citigroup Inc. Notes dated 31-Jan-2003, 3.500%, Due 1-Feb-2008	10,000,000		9,962,143		9,862,400
Federal Home Loan Mortgage Corp. NTS dated 7-Apr-2003 2.750%, Due 15-Mar-2008	15,000,000		14,739,973		14,475,000
Federal Home Loan Mortgage Corp. Deb dated 29-Nov-2001 5.750%, Due 15-Apr-2008	7,500,000		7,655,147		8,003,925
Verizon Virginia Inc NTS dated 11-Mar-2003, 4.625%, Due 15-Mar-2013	5,000,000		4,992,211		4,668,700
Total other notes			113,451,970		114,998,195
State Of New Jersey Cash Management Fund	7,735,975		7,735,975		7,734,769
Total Bond Fund		\$	219,787,479	\$	225,771,733

Equity Fund

AAR Corp.	4,500	\$	93,900	\$	51,075
Abbott Laboratories	70,000		977,237		2,853,200
ABX Air, Inc.	10,000		6,609		68,300
Acclaim Entertainment	1,800		26,213		612
Activision, Inc.	33,750		71,000		536,625
ADC Telecommunication	68,000		383,596		193,120
Adtran, Inc.	10,000		146,320		333,700
Advanced Micro Devices, Inc.	17,000		162,077		270,300
AES Corp. (The)	19,000		622,450		188,670
Aetna, Inc.	4,003		86,236		340,255
Affymetrix, Inc.	5,000		199,025		163,650
AFLAC, Inc.	15,000		421,050		612,150
Agere Systems, Inc. Cl A	862		5,164		1,983
Agere Systems, Inc. Cl B	21,165		125,428		45,505
Agilent Technologies, Inc.	23,084		303,623		675,899
Air Products & Chemicals, Inc	20,000		944,904		1,049,000
AK Steel Holding Corp.	10,000		226,500		52,700
Alcoa, Inc.	45,000		2,013,597		1,486,350
Allied Waste Industries, Inc.	26,250		618,312		345,975
Allstate Corp. (The)	33,810		493,533		1,573,855
Alltel Corp.	25,000		936,620		1,265,500
Altria Group, Inc.	116,000		3,121,051		5,805,800
Amazon.Com, Inc.	10,000		160,408		544,000

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Portfolio of Investment Securities
June 30, 2004

<u>Description</u>	Shares or Number of Units	Cost	Fair Value
Bond Fund			
United States Treasury Notes dated 21-Sep-2000, 7.875%, Due 15-Nov-2004	3,825,000	\$ 3,850,426	\$ 3,913,472
United States Treasury Notes dated 21-Mar-2001, 5.875%, Due 15-Nov-2004	3,000,000	3,015,595	3,047,820
United States Treasury Notes dated 15-Feb-1996, 6.500%, Due 15-Aug-2005	5,000,000	5,037,617	5,239,050
United States Treasury Notes dated 30-Oct-2002, 5.750%, Due 15-Nov-2005	5,000,000	5,222,411	5,228,150
United States Treasury Notes dated 8-Apr-1998, 5.875%, Due 15-Nov-2005	5,000,000	5,017,852	5,235,950
United States Treasury Notes dated 15-May-2002, 4.625%, Due 15-May-2006	3,500,000	3,515,535	3,623,585
United States Treasury Notes dated 29-Jun-1999, 6.875%, Due 15-May-2006	4,900,000	4,958,021	5,275,144
United States Treasury Notes dated 2-Sep-1999, 6.500%, Due 15-October-2006	13,000,000	13,094,854	14,031,940
United States Treasury Inflation Protected Security dated 14-Feb-1996, 3.375%, Due 15-Jan-2007	4,000,000	4,004,052	5,088,516
United States Treasury Notes dated 1-Aug-2003, 4.375%, Due 15-May-2007	10,000,000	10,422,695	10,337,500
United States Treasury Notes dated 24-Nov-1998, 6.125%, Due 15-Aug-2007	12,900,000	13,312,978	13,996,500
United States Treasury Notes dated 26-Jul-2001, 5.625%, Due 15-May-2008	8,174,000	8,368,686	8,799,802
United States Treasury Notes dated 30-Oct-2002, 4.750%, Due 15-Nov-2008	5,000,000	5,265,551	5,221,900
United States Treasury Notes dated 14-Aug-2003, 5.500%, Due 15-May-2009	13,000,000	13,513,261	13,999,440
Total United States Treasury Notes and Inflation Protected Securities		\$ 98,599,534	\$ 103,038,769
Federal Home Loan Mortgage Corp. NTS dated 28-Jun-2000 6.25%, Due 15-Jul-2004	7,000,000	6,996,710	7,013,160
General Electric Capital Corp. NT dated 28-Jun-2000 7.50%, Due 15-May-2005	5,000,000	5,006,028	5,217,200
Federal Home Loan Mortgage Corp. DEB dated 21-Sep-2000 7.00%, Due 15-Jul-2005	4,000,000	4,011,932	4,192,520
Federal Farm Credit Bank dated 1-Sep-1998, 5.75%, Due 1-Sep-2005	7,000,000	7,002,884	7,268,940
American International Group Inc. Med Term Notes dated 2-Dec-2002, 2.85%, Due 1-Dec-2005	5,000,000	4,992,347	4,999,150

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Portfolio of Investment Securities

Belo Corp.	2,500	\$	47,156	\$	67,125
Berkshire Hathaway, Inc.	525		558,375		1,551,375
Best Buy Co., Inc.	40,750		1,141,626		2,067,655
Big Lots, Inc.	10,000		215,281		144,600
Biogen Idec, Inc.	18,400		600,250		1,163,800
BJ's Wholesale Club, Inc.	30,000		1,289,913		750,000
Black & Decker Corp. (The)	5,000		243,622		310,650
Block (H & R), Inc	9,000		159,030		429,120
Boeing Company (The)	70,000		2,737,930		3,576,300
Borland Software Corp.	1,900		76,375		16,131
Boston Properties, Inc.	6,000		232,500		300,480
Boston Scientific Corp.	20,000		353,212		856,000
Brinker International, Inc.	5,000		171,162		170,600
Bristol-Myers Squibb Co.	100,000		2,693,984		2,450,000
Broadcom Corp.	35,000		2,280,589		1,631,000
Brown Shoe Co., Inc.	3,500		63,588		143,255
Burlington Northern Santa Fe Corp.	33,000		526,517		1,157,310
Burlington Resources, Inc.	55,250		1,138,595		1,998,945
Cablevision Systems Corp.	17,000		724,550		334,050
Cadence Design Systems, Inc.	38,250		176,800		559,598
Calpine Corp.	20,000		543,000		86,400
Capital One Financial Corp.	30,000		574,563		2,051,400
Cardinal Health, Inc.	35,000		1,413,373		2,451,750
Carmax, Inc.	12,555		160,094		274,578
Carnival Corp.	60,000		1,568,464		2,820,000
Casella Waste Systems, Inc.	8,000		216,165		105,200
Caterpillar, Inc.	40,000		2,308,631		3,177,600
Cavco Industries, Inc.	1,500		9,287		59,520
Cendant Corp.	89,296		1,868,400		2,185,966
Centerpoint Energy, Inc.	15,000		579,920		172,500
Centex Corp.	60,000		696,596		2,745,000
Central Parking Corp.	10,000		196,750		186,900
Champion Enterprises, Inc.	12,000		217,288		110,160
Charter Communications, Inc.	20,000		47,076		78,200
Chevrontexaco Corp.	60,000		2,609,239		5,646,600
Chubb Corp. (The)	30,000		1,162,989		2,045,400
Cincinnati Bell, Inc.	7,500		86,712		33,300
Circuit City Stores, Inc.	40,000		316,413		518,000
Cisco Systems, Inc	500,000		3,702,589		11,850,000
Citigroup, Inc.	302,962		4,613,027		14,087,733
Citrix Systems, Inc.	25,000		381,790		509,000
Clear Channel Communications, Inc.	30,000		1,218,971		1,108,500
CMGI, Inc.	220,000		7,212,499		429,000
Cnet Networks, Inc	7,000		129,500		77,490
CNF, Inc.	3,000		104,775		124,680
Coachmen Industries, Inc.	2,000		37,350		31,980
Coca-Cola Co. (The)	140,000		5,460,230		7,067,200
Colgate-Palmolive Co.	44,000		1,636,319		2,571,800
Comcast Corp. New CI A	80,085		2,942,317		2,250,389
Comcast Corp. CI A Special	47,000		1,352,179		1,297,670
Commscope, Inc.	3,333		57,872		71,493
Computer Associates Intl., Inc.	30,000		1,016,600		841,800

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Computer Horizons Corp.	2,000	\$	78,560	\$	7,960
Computer Sciences Corp.	10,000		454,734		464,300
Conagra Foods, Inc.	25,000		607,500		677,000
Conexant Systems, Inc.	18,000		48,786		77,940
Conocophillips	53,903		3,173,791		4,112,260
Constellation Energy Group, Inc.	10,000		265,811		379,000
Convergys Corp.	7,500		127,413		115,500
Corn Products Intl., Inc.	1,875		29,524		87,281
Corrections Corp. Of America	4,225		78,597		166,845
Costco Wholesale Corp.	25,000		715,713		1,029,500
Cox Communications, Inc. A	30,000		909,339		833,700
Cox Radio, Inc.	30,000		201,750		521,400
Credence Systems Corp.	5,000		72,195		69,000
Crown Holdings, Inc.	12,000		514,676		119,640
CVS Corp.	20,000		526,780		840,400
Cypress Semiconductor Corp.	4,000		75,305		56,760
Danaher Corp.	40,000		1,135,368		2,074,000
Darden Restaurants, Inc.	15,000		87,209		308,250
Deere & Co.	30,000		1,342,805		2,104,200
Del Monte Foods Co.	10,160		76,274		103,226
Dell, Inc.	105,000		2,950,920		3,761,100
Delphi Corp.	34,597		485,149		369,496
Dentsply International, Inc.	3,000		40,765		156,300
Devon Energy Corp.	11,405		570,858		752,730
Diebold, Inc.	20,000		732,310		1,057,400
Dillard's, Inc. Cl A	17,000		602,023		379,100
Disney (Walt) Co. (The)	164,313		3,343,875		4,188,338
Dominion Resources, Inc.	22,364		968,805		1,410,721
Dover Corp.	20,000		432,442		842,000
Dow Chemical Co. (The)	90,165		2,300,114		3,669,716
Du Pont (E.I.) De Nemours & Co.	44,918		1,179,278		1,995,258
Duke Energy Corp.	44,200		1,287,100		896,818
Duke Realty Corp.	7,000		182,210		222,670
Eagle Materials Inc.	6,329		223,230		449,486
Eagle Materials Inc. Cl B	4,470		57,789		309,548
Eastman Chemical Co.	4,000		246,700		184,920
Eaton Corp.	36,000		1,124,988		2,330,640
ebay Inc.	40,000		1,321,506		3,678,000
Echostar Communications Corp. A	10,000		414,649		307,500
Edison International Inc.	55,000		754,618		1,406,350
El Paso Corp.	40,808		760,693		321,567
Electronic Arts Inc.	16,000		465,987		872,800
Electronic Data Systems Corp.	30,000		1,385,109		574,500
Electronics For Imaging, Inc.	10,000		246,250		282,600
EMC Corp.	100,250		659,868		1,142,850
Emerson Electric Co.	20,000		881,479		1,271,000
Engelhard Corp.	10,000		304,637		323,100
Enesco International, Inc.	7,500		213,375		218,250
Entergy Corp.	5,000		192,250		280,050
Enzon Pharmaceuticals, Inc.	5,000		276,629		63,800
Equifax, Inc.	15,000		327,850		371,250
Equity Office Properties Trust	20,000		624,213		544,000

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Equity Residential Property Trust	20,000	\$	467,567	\$	594,600
Exelon Corp.	25,200		466,532		838,908
Exxon Mobil Corp.	360,970		7,558,497		16,030,678
Fannie Mae	70,000		2,613,578		4,995,200
Federal Signal Corp.	20,000		488,718		372,200
Federated Department Stores, Inc.	20,000		723,038		982,000
Fifth Third Bancorp	11,137		126,775		598,948
First Data Corp.	50,950		2,216,275		2,268,294
Fluor Corp.	12,500		411,368		595,875
FMC Corp.	13,000		384,757		560,430
FMC Technologies, Inc.	22,356		348,524		643,853
Ford Motor Co.	68,948		884,154		1,079,036
Forest Laboratories, Inc. Cl A	28,000		143,780		1,585,640
FPL Group, Inc.	5,000		279,015		319,750
Franklin Electronic Publishers	20,000		130,611		93,000
Freddie Mac	50,000		1,332,125		3,165,000
Gannett Co., Inc.	17,000		416,840		1,442,450
Gap, Inc.	67,500		444,375		1,636,875
Gateway, Inc.	15,000		232,400		67,500
Gemstar-TV Guide Intl. Inc.	40,000		1,170,201		192,000
General Dynamics Corp.	20,000		1,338,779		1,986,000
General Electric Co.	600,000		9,678,013		19,440,000
General Mills, Inc.	8,600		120,595		408,758
General Motors Corp.	29,500		1,377,764		1,374,405
Georgia-Pacific Corp.	20,000		499,031		739,600
Gilead Sciences, Inc.	15,000		237,313		1,005,000
Gillette Co. (The)	80,000		1,355,327		3,392,000
Glenayre Technologies, Inc.	10,000		235,705		23,000
Goldman Sachs Group, Inc.	10,000		530,000		941,600
Goodrich Corp.	17,000		559,924		549,610
Goodyear Tire & Rubber Co. (The)	10,000		756,750		90,900
Grainger (W.W.), Inc.	8,000		227,293		460,000
Grant Prideco, Inc.	1,900		24,060		35,074
Great Lakes Chemical Corp.	6,000		328,084		162,360
Greenpoint Financial Corp.	15,000		388,399		595,500
Guidant Corp.	15,000		881,000		838,200
Halliburton Co.	27,000		628,440		817,020
Harland (John H.) Co.	4,000		92,700		117,400
Harley-Davidson, Inc.	15,000		84,272		929,100
Harmonic, Inc.	7,597		72,954		64,650
Harris Corp.	20,000		653,663		1,015,000
Hartford Financial Services Group	20,000		1,204,768		1,374,800
HCA, Inc.	40,000		1,297,920		1,663,600
Heinz (H.J.) Co.	22,750		693,713		891,800
Hercules, Inc.	30,000		548,207		365,700
Hewlett-Packard Co.	118,625		1,430,069		2,502,988
Home Depot, Inc. (The)	147,744		2,727,873		5,200,589
Honeywell International, Inc.	80,000		2,771,783		2,930,400
Hospira, Inc.	7,000		67,547		193,200
Hovnanian Enterprises, Inc.	6,000		254,430		208,260
Hudson United Bancorp	1,200		24,657		44,736
Human Genome Sciences, Inc.	5,000		157,355		58,150

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Hunt (J.B.) Transport Svcs, Inc.	14,000	\$	101,283	\$	540,120
I2 Technologies, Inc.	16,000		92,260		14,240
Ikon Office Solutions, Inc.	15,000		370,125		172,050
Illinois Tool Works, Inc.	20,000		819,420		1,917,800
Infousa, Inc.	10,000		100,416		101,400
Ingersoll-Rand Company Limited	20,000		846,241		1,366,200
Input/Output, Inc.	2,000		30,100		16,580
Integrated Device Technology, Inc.	5,000		101,558		69,200
Intel Corp.	305,000		1,542,252		8,418,000
Interactivecorp	15,500		165,567		467,170
Interpublic Group Companies, Inc.	9,000		102,645		123,570
Intervoice, Inc.	9,571		86,875		109,779
Intl. Business Machines Corp.	120,000		4,010,574		10,578,000
Intl. Rectifier Corp.	5,000		185,595		207,100
Iomega Corp.	4,000		196,000		22,320
ITT Industries, Inc.	10,000		453,635		830,000
J.P. Morgan Chase & Co.	95,000		2,538,079		3,683,150
Jabil Circuit, Inc.	40,000		390,813		1,007,200
Jacuzzi Brands, Inc.	8,500		165,963		68,510
Janus Capital Group, Inc.	12,000		96,874		197,880
JDS Uniphase Corp.	59,000		2,114,792		223,610
Jefferson-Pilot Corp.	7,500		331,614		381,000
JLG Industries, Inc.	10,000		153,625		138,900
Johnson & Johnson	210,000		6,694,410		11,697,000
Johnson Controls, Inc.	20,000		288,823		1,067,600
Jones Apparel Group, Inc.	5,000		85,250		197,400
Juniper Networks, Inc.	15,000		1,100,798		368,550
Kana Software, Inc.	200		34,500		476
Kansas City Southern	3,000		2,976		46,500
KB Home	6,000		471,701		411,780
Kerr-Mcgee Corp.	10,000		479,238		537,700
Keycorp	4,000		87,350		119,560
Kimberly-Clark Corp.	27,500		1,466,919		1,811,700
Kimco Realty Corp.	20,000		602,442		910,000
King Pharmaceuticals, Inc.	10,000		435,950		114,500
KLA-Tencor Corp.	20,000		423,026		987,600
Kohls Corp.	20,000		267,125		845,600
Kroger Co. (The)	25,000		502,260		455,000
Kulicke & Soffa Industries, Inc.	12,000		201,480		131,520
Laboratory Corp.Of America Holdings.	20,000		722,250		794,000
Lam Research Corp.	30,000		276,571		804,000
Lattice Semiconductor Corp.	8,000		71,350		56,080
Lear Corp.	15,000		531,188		884,850
Legg Mason, Inc.	13,332		234,125		1,213,345
Lennar Corp.	20,000		699,389		894,400
Lennar Corp.	1,000		26,000		41,430
Level 3 Communications, Inc.	6,000		421,016		21,060
Liberate Technologies	2,500		266,094		6,425
Liberty Media Corp.	102,424		313,596		920,792
Liberty Media International, Inc.	5,121		65,086		189,989
Liberty Property Trust	4,000		128,345		160,840
Lifepoint Hospitals, Inc.	2,105		34,474		78,348

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Lilly (Eli) & Co.	95,000	\$	4,250,411	\$	6,641,450
Limited Brands, Inc.	7,169		143,306		134,060
Liz Claiborne, Inc.	40,000		693,402		1,439,200
Lockheed Martin Corp.	37,707		1,668,128		1,963,781
Louisiana-Pacific Corp.	20,000		676,975		473,000
Lowe's Companies, Inc.	51,000		1,553,518		2,680,050
LSI Logic Corp.	18,060		124,396		137,617
Lucent Technologies, Inc.	80,000		583,429		302,400
Manor Care, Inc.	10,000		326,501		326,800
Manpower, Inc.	11,000		379,065		558,470
Manugistics Group, Inc.	13,000		187,720		42,900
Marathon Oil Corp.	10,000		303,000		378,400
Marsh & McLennan Companies, Inc.	27,000		1,267,816		1,225,260
Massey Energy Co.	5,000		43,424		141,050
Mattel, Inc.	21,250		351,305		387,813
May Department Stores Co. (The)	22,500		486,032		618,525
Maytag Corp.	5,000		334,625		122,550
MBNA Corp.	60,000		1,424,250		1,547,400
McData Corp. CI A	28,763		280,508		154,745
McDermott International, Inc.	20,000		614,750		203,200
McDonald's Corp.	80,000		1,536,106		2,080,000
McGraw-Hill Companies, Inc. (The)	20,000		339,250		1,531,400
McKesson Corp.	7,000		271,100		240,310
Meadwestvaco Corp.	1,940		58,975		57,017
Medco Health Solutions, Inc.	14,472		234,934		542,700
Medimmune, Inc.	20,000		500,428		467,800
Medtronic, Inc.	65,000		503,192		3,166,800
Mellon Financial Corp.	34,000		1,019,575		997,220
MEMC Electronics Materials, Inc.	5,000		135,612		49,400
Merck & Co., Inc.	120,000		4,152,826		5,700,000
Mercury General Corp.	5,000		325,250		248,250
Merrill Lynch & Co., Inc.	75,000		1,351,622		4,048,500
Metlife, Inc.	40,000		1,395,724		1,434,000
Metrologic Instruments, Inc.	20,000		287,291		398,800
Michaels Stores, Inc.	16,000		156,930		880,000
Microchip Technology, Inc.	30,375		221,260		958,028
Micron Technology, Inc.	30,000		439,371		459,300
Microsoft Corp.	751,200		5,978,731		21,454,272
Midway Games, Inc.	5,000		102,075		57,600
Milacron, Inc.	9,000		209,865		36,000
Mindspeed Technologies, Inc.	6,000		2,668		29,760
MIPS Technologies, Inc.	1,801		99,791		11,022
Mirant Corp.	22,723		408,539		8,157
Monsanto Co.	25,597		388,755		985,485
Morgan Stanley	62,700		458,664		3,308,679
Motorola, Inc.	110,000		1,164,235		2,007,500
MSC Software Corp.	10,000		123,950		89,500
Murphy Oil Corp.	10,000		600,000		737,000
Mylan Laboratories, Inc.	69,750		493,164		1,412,438
National Semiconductor Corp.	60,124		838,464		1,322,127
Nationwide Health Properties, Inc.	5,000		108,375		94,500
Navistar International Corp.	5,000		108,250		193,800

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NCR Corp.	8,125	\$	327,919	\$	402,919
Netbank, Inc.	30,000		608,658		327,900
Network Associates, Inc.	50,000		727,878		906,500
New Jersey Resources Corp.	10,500		166,545		436,590
Newell Rubbermaid, Inc.	33,912		1,161,904		796,932
Newpark Resources, Inc.	100,000		1,048,440		620,000
Nextel Communications, Inc.	60,000		2,420,965		1,599,600
Nisource, Inc.	10,000		237,500		206,200
Nordstrom, Inc.	6,000		233,250		255,660
Norfolk Southern Corp.	19,500		269,571		517,140
Northern Trust Corp.	10,000		378,750		422,800
Northrop Grumman Corp.	40,356		1,830,874		2,167,117
Novell, Inc.	29,600		610,491		248,344
Novellus Systems, Inc.	5,000		129,974		157,200
Nucor Corp.	8,000		418,235		614,080
Occidental Petroleum Corp.	67,000		1,315,214		3,243,470
Office Depot, Inc.	23,625		204,710		423,124
Openwave Systems, Inc.	800		313,200		10,160
Oracle Corp.	250,000		4,120,864		2,982,500
Orbital Sciences Corp.	10,000		265,748		138,100
Orbital Sciences Wts Exp 8/31/04	1,603		-		14,635
Outback Steakhouse, Inc.	5,000		175,550		206,800
Paccar, Inc.	10,125		203,858		587,149
Pacificare Health Systems, Inc. A	2,000		62,062		77,320
Pactiv Corp.	6,500		190,076		162,110
Pall Corp.	20,000		495,921		523,800
Palmona, Inc.	751		224,227		26,112
Palmsource, Inc.	232		107,712		3,976
Paxson Communications Corp.	100,000		542,894		325,000
Paychex, Inc.	20,000		740,300		677,600
Peabody Energy Corp.	1,000		28,000		55,990
Penney (J.C.) Co., Inc.	15,000		261,375		566,400
Peoplesoft, Inc.	20,000		360,002		370,000
Pep Boys-Manny, Moe & Jack, Inc. (The)	7,500		174,975		190,125
Pepsi Bottling Group, Inc. (The)	30,000		827,745		916,200
Pepsico, Inc.	94,000		2,339,176		5,064,720
Per-Se Technologies, Inc.	3,333		72,750		48,462
Pfizer Inc.	535,567		9,354,705		18,359,237
PG&E Corp.	32,700		989,007		913,638
Pier 1 Imports, Inc.	20,000		395,000		353,800
Pinnacle West Capital Corp.	7,000		270,002		282,730
Piper Jaffray Companies	979		37,721		44,280
Plum Creek Timber Co., Inc.	13,700		208,969		446,346
PNC Financial Services Group, Inc.	14,000		544,950		743,120
PNM Resources, Inc.	7,500		59,000		155,775
PPG Industries, Inc.	14,000		431,575		874,860
Praxair, Inc.	28,000		569,825		1,117,480
Precision Castparts Corp.	6,000		142,974		328,140
Price (T.Rowe) Group, Inc.	13,000		296,642		655,200
Principal Financial Group, Inc.	2,500		46,250		86,950
Procter & Gamble Co. (The)	164,000		2,430,079		8,928,160
Progress Energy, Inc.	5,000		211,287		220,250

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Prologis	10,000	\$	228,680	\$	329,200
Providian Financial Corp.	21,500		945,319		315,405
Prudential Financial, Inc.	30,000		1,116,084		1,394,100
Public Storage, Inc.	3,200		120,403		147,232
Public Svc Enterprise Group, Inc.	20,000		582,250		800,600
Pulte Homes, Inc.	45,456		489,630		2,365,076
Qualcomm, Inc.	95,000		744,127		6,933,100
Rambus, Inc.	4,000		43,250		70,920
Raytheon Co.	20,000		924,212		715,400
Reliant Resources, Inc.	11,829		98,401		128,108
Remec, Inc.	8,000		184,000		50,560
Respironics, Inc.	3,000		75,375		176,250
Reynolds & Reynolds Co. (The)	3,000		57,638		69,390
Reynolds (RJ) Tobacco Holdings, Inc.	10,000		527,718		675,900
Rite Aid Corp.	11,000		436,696		57,420
Robert Half International, Inc.	39,000		244,293		1,161,030
Rockwell Automation, Inc.	30,000		468,121		1,125,300
Rockwell Collins, Inc.	18,000		401,672		599,760
Rohm & Haas Co.	13,425		375,770		558,212
Rouse Company (The)	10,000		315,044		475,000
Rowan Companies, Inc.	6,000		143,280		145,980
RSA Security, Inc.	4,500		97,875		92,115
Ryerson Tull, Inc.	4,000		100,200		63,520
Sabre Holdings Corp.	4,335		126,338		120,123
Safeguard Scientifics, Inc.	11,000		501,313		25,300
Safeway, Inc.	10,000		312,298		253,400
Saks, Inc.	10,000		340,131		150,000
Sanmina-Sci Corp.	24,480		759,450		222,768
Sara Lee Corp.	32,000		363,724		735,680
SBC Communications, Inc.	60,000		2,044,594		1,455,000
Schering-Plough Corp.	180,000		5,748,574		3,326,400
Schlumberger Ltd.	35,000		1,700,885		2,222,850
Scholastic Corp.	10,000		369,375		299,500
Schulman (A.), Inc.	6,000		137,895		128,940
Schwab (Charles) Corp. (The)	25,000		540,525		240,250
Scientific-Atlanta, Inc.	16,000		164,355		552,000
SEI Investments Co.	20,000		516,528		580,800
Sempra Energy	10,000		256,300		344,300
Sepracor, Inc.	2,000		142,625		105,800
Sigma-Aldrich Corp.	3,500		167,610		208,635
Simon Property Group, Inc.	10,000		316,287		514,200
Sinclair Broadcast Group, Inc.	8,000		203,500		82,160
Skyworks Solutions, Inc.	6,318		84,273		55,156
SLM Corp.	157,500		1,100,000		6,370,875
Smucker (J.M.) Co. (The)	1,640		18,869		75,292
Solectron Corp.	65,000		286,801		420,550
Solutia, Inc.	7,500		75,436		1,725
Southern Co.	32,000		451,691		932,800
Southwest Airlines Co.	15,000		281,250		251,550
Sovereign Bancorp, Inc.	10,000		163,625		221,000
Speedway Motorsport, Inc.	2,000		46,600		66,880
Spherion Corp.	6,000		78,050		60,840

STATE OF NEW JERSEY
NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN

Portfolio of Investment Securities

Sprint Corp.	83,000	\$	1,490,179	\$	1,460,800
SPX Corp.	21,412		429,040		994,373
St. Jude Medical, Inc.	10,072		600,718		761,947
St.Paul Travelers Cos, Inc. (The)	32,443		1,283,346		1,315,239
Standard Register Co. (The)	2,500		41,400		29,750
Stanley Works (The)	20,000		498,548		911,600
Staples, Inc.	120,232		311,283		3,536,023
Storage Technology Corp.	4,000		104,906		116,000
Stryker Corp.	10,400		45,663		572,000
Sun Microsystems, Inc.	190,000		913,608		822,700
Sunoco, Inc.	10,000		348,750		636,200
Supervalu, Inc.	10,000		216,750		306,100
Symbol Technologies, Inc.	20,000		215,635		294,800
Synopsys, Inc.	40,742		1,424,035		1,158,295
Sysco Corp.	42,000		253,870		1,506,540
Target Corp.	45,000		1,102,812		1,911,150
Tektronix, Inc.	9,000		96,075		306,180
Tellabs, Inc.	5,000		257,500		43,700
Tenet Healthcare Corp.	40,000		961,518		536,400
Texas Genco Holdings, Inc.	750		35,446		33,818
Texas Instruments, Inc.	105,000		919,670		2,538,900
Textron Inc.	8,000		406,400		474,800
Thermo Electron Corp.	27,000		850,383		829,980
3com Corp.	10,000		81,286		62,500
3m Co.	40,000		1,475,678		3,600,400
Timco Aviation Services, Inc.	464		-		171
Timco Aviation Ser Wt 2/27/07	1,481		-		1
Timco Aviation Svs Nt 1/2/07	1,544		-		77
Time Warner, Inc.	450,000		5,412,399		7,911,000
Toll Brothers, Inc.	10,000		452,115		423,200
Tollgrade Communications, Inc.	2,000		19,280		21,240
Toro Co. (The)	12,000		183,550		840,840
Toys R Us, Inc.	5,000		89,938		79,650
Transkaryotic Therapies, Inc.	10,000		215,558		149,600
Transocean, Inc.	14,759		621,409		427,125
Triad Hospitals, Inc.	4,105		87,982		152,829
Tribune Co.	42,000		1,570,606		1,912,680
Trinity Industries, Inc.	10,000		338,180		317,900
Triumph Group, Inc.	2,500		73,563		79,825
TXU Corp.	10,000		480,500		405,100
Tyco International, Ltd.	227,496		7,272,299		7,539,217
U.S. Bancorp	97,950		2,664,529		2,699,502
Union Pacific Corp.	8,500		309,240		505,325
Unisys Corp.	25,000		348,750		347,000
United Parcel Service, Inc.	45,000		3,087,125		3,382,650
United States Steel Corp.	10,000		267,950		351,200
United Technologies Corp.	35,000		1,784,804		3,201,800
Unitedhealth Group, Inc.	36,800		419,285		2,290,800
Universal Health Services, Inc.	4,000		108,225		183,560
Univision Communications, Inc.	10,000		170,313		319,300
Unocal Corp.	20,000		706,440		760,000
Unova, Inc.	7,500		99,901		151,875

STATE OF NEW JERSEY
NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN

Portfolio of Investment Securities

Unumprovident Corp.	28,000	\$	568,313	\$	445,200
UST, Inc.	40,000		1,185,533		1,440,000
Veritas Software Corp.	30,000		1,127,662		833,700
Verity, Inc.	2,000		34,790		27,020
Verizon Communications, Inc.	100,200		3,492,025		3,626,238
V.F. Corp.	4,000		89,460		194,800
Viacom, Inc. Cl A	20,000		400,500		727,000
Viacom, Inc. Cl B	90,000		2,079,018		3,214,800
Viasys Healthcare Inc.	3,944		99,176		82,469
Vishay Intertechnology, Inc.	15,087		302,908		280,316
Visteon Corp.	3,666		15,646		42,782
Wachovia Corp.	60,400		1,899,916		2,687,800
Walgreen Co.	46,000		287,112		1,665,660
Wal-Mart Stores, Inc.	270,000		6,049,446		14,245,200
Washington Federal, Inc.	3,542		49,500		85,008
Washington Mutual, Inc.	49,364		1,167,540		1,907,425
Waste Industries USA, Inc.	10,000		215,779		111,600
Waste Management, Inc.	21,218		701,070		650,331
Watson Pharmaceuticals, Inc.	15,000		776,535		403,500
Weatherford International Ltd.	1,900		48,040		85,462
Wellpoint Health Networks Inc.	8,000		608,836		896,080
Wells Fargo & Co.	85,000		2,748,563		4,864,550
Wendy's International, Inc.	10,000		132,236		348,400
Weyerhaeuser Co.	31,000		1,333,198		1,956,720
Whirlpool Corp.	10,000		552,668		686,000
Williams Companies, Inc. (The)	50,000		1,268,336		595,000
Wind River Systems, Inc.	1,840		22,000		21,638
Worldgate Communications, Inc.	40,000		242,164		84,000
WPS Resources Corp.	6,800		191,726		315,180
Wrigley (Wm.) Jr. Co.	8,000		191,900		504,400
Wyeth	150,000		6,133,892		5,424,000
Xcel Energy Inc.	16,243		297,010		271,421
Xerox Corp.	44,000		1,383,858		638,000
Yahoo! Inc.	30,000		239,063		1,092,000
York International Corp.	2,000		83,600		82,140
Yum! Brands, Inc.	13,800		94,634		513,636
Zimmer Holdings, Inc.	8,200		100,192		723,241

	422,357,273	650,830,764
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State of New Jersey Cash Management Fund	44,641,696	44,641,696	44,634,736
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	\$ 466,998,969	\$ 695,465,500
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Small Cap Equity Fund

AAR Corp.	20,000	\$	346,513	\$	227,000
Abbott Laboratories	2,700		47,380		110,052
Abercrombie & Fitch Co.	25,000		804,254		968,750
Abgenix, Inc.	20,000		645,013		234,400

STATE OF NEW JERSEY
NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN

Portfolio of Investment Securities

Accelrys, Inc.	7,500	\$ 95,609	\$ 73,950
Acme Communications, Inc.	30,000	343,953	207,000
A.C. Moore Arts & Crafts, Inc.	80,000	1,273,265	2,200,800
Activision, Inc.	67,500	187,372	1,073,250
ADC Telecommunications, Inc.	100,000	264,591	284,000
Adolor Corp.	40,000	651,068	507,200
Adtran, Inc.	10,000	346,250	333,700
Advanced Fibre Communications, Inc.	30,000	530,394	606,000
Affiliated Managers Group, Inc.	30,000	1,062,592	1,511,100
Affymetrix, Inc.	40,000	1,047,335	1,309,200
Agco Corp.	55,000	1,028,465	1,120,350
AK Steel Holding Corp.	31,487	647,175	165,936
Albemarle Corp.	6,500	153,031	205,725
Alkermes, Inc.	65,000	1,218,703	884,000
Alliant Techsystems, Inc.	15,000	695,876	950,100
Allied Waste Industries, Inc.	18,250	199,679	240,535
Alpharma, Inc.	15,000	430,340	307,200
Amazon.Com, Inc.	4,000	65,153	217,600
AMC Entertainment, Inc.	30,000	235,500	461,100
American Axle & Manufacturing, Inc.	15,000	449,930	545,400
Amerisourcebergen Corp.	2,312	77,625	138,211
Ameritrade Holding Corp.	15,000	300,937	170,250
Ametek, Inc.	20,000	271,293	618,000
Amylin Pharmaceuticals, Inc.	45,000	529,860	1,026,000
Andrew Corp.	8,500	253,125	170,085
Angelica Corp.	80,000	1,348,141	2,008,800
Answerthink, Inc.	20,000	152,350	114,600
Aptargroup, Inc.	15,000	439,038	655,350
Aqua America, Inc.	15,625	143,894	313,281
Aradigm Corp.	4,000	55,000	3,600
Arthrocare Corp.	25,000	422,011	726,000
Arvinmeritor, Inc.	35,625	815,950	697,181
Ascential Software Corp.	30,750	608,067	491,692
Aspect Communications Corp.	15,000	607,927	213,000
Atari, Inc.	103,000	360,755	248,230
Autodesk, Inc.	20,000	233,750	856,200
Avalon Bay Communities, Inc.	10,000	363,937	565,200
Aviall, Inc.	12,000	138,724	228,120
Avid Technology, Inc.	13,000	243,750	709,410
Avnet, Inc.	21,750	541,963	493,725
Ball Corp.	20,000	382,838	1,441,000
Barnes & Noble Inc	17,000	439,497	577,660
Barr Pharmaceuticals, Inc.	6,750	220,337	227,475
Beazer Homes USA, Inc.	7,032	458,669	705,380
Beckman Coulter, Inc.	17,000	628,625	1,037,000
Belo Corp.	20,000	442,982	537,000
Bemis Co., Inc.	10,000	149,000	282,500
Berry Petroleum Co.	25,000	470,748	735,250
BJ's Wholesale Club, Inc.	30,000	757,827	750,000
Blackrock, Inc.	10,000	265,500	638,300
Blockbuster, Inc.	10,000	141,976	151,800
Blyth, Inc.	10,000	254,250	344,900

STATE OF NEW JERSEY
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Portfolio of Investment Securities

Boise Cascade Corp.	17,281	\$	146,894	\$	650,457
BOK Financial Corp.	32,315		580,569		1,269,010
Borders Group, Inc.	20,000		310,125		468,800
Borland Software Corp.	50,000		494,148		424,500
Boston Properties, Inc.	7,000		245,787		350,560
Brinker International, Inc.	15,000		292,000		511,800
Brinks Co. (The)	35,000		757,303		1,198,750
Brown Shoe Co., Inc.	6,500		113,613		266,045
Bruker Biosciences	20,000		261,550		97,400
Brunswick Corp.	35,000		668,475		1,428,000
Brush Engineered Materials, Inc.	10,000		181,666		189,000
Buckle (The), Inc.	5,000		152,750		141,250
Burlington Coat Factory Warehouse	7,200		148,847		138,960
Cabot Corp.	20,000		484,625		814,000
Cambrex Corp.	4,000		156,000		100,920
Carlisle Companies, Inc.	40,000		2,363,224		2,490,000
Carmax, Inc.	7,846		136,758		171,592
Carr America Realty Corp.	15,500		350,025		468,565
Casella Waste Systems, Inc.	70,000		992,014		920,500
CBRL Group, Inc.	10,000		300,760		308,500
Centex Corp.	6,000		68,993		274,500
Central Parking Corp.	10,000		202,219		186,900
Cerner Corp.	15,000		539,905		668,700
Champion Enterprises, Inc.	7,000		119,162		64,260
Checkfree Corp.	10,000		162,226		300,000
Checkpoint Systems, Inc.	30,000		576,801		537,900
Chesapeake Energy Corp.	40,000		252,182		588,800
Childrens Place Retail Stores, Inc.	20,000		450,177		470,400
Chubb Corp. (The)	3,705		188,775		252,607
Church & Dwight Co., Inc.	35,000		644,877		1,602,300
Cimarex Energy Co.	15,943		301,103		481,957
Circuit City Stores, Inc.	25,000		270,292		323,750
Citigroup Inc.	9,163		187,958		426,089
City National Corp.	10,000		327,031		657,000
Claire's Stores, Inc.	10,000		106,500		217,000
Clarcor Inc.	5,000		90,025		229,000
Clear Channel Communications, Inc.	5,086		315,317		187,927
CNF, Inc.	10,000		327,437		415,600
CNS, Inc.	15,000		79,625		150,600
Coach, Inc.	40,000		605,420		1,807,600
Coachmen Industries, Inc.	4,500		90,194		71,955
Computer Horizons Corp.	100,000		519,858		398,000
Compuware Corp.	100,000		606,749		660,000
Corn Products Intl., Inc.	20,000		613,118		931,000
Coventry Health Care, Inc.	22,500		449,644		1,100,250
Cox Radio, Inc.	12,000		99,137		208,560
Crane Co.	17,000		410,258		533,630
Crompton Corporation	50,000		553,117		315,000
Crown Holdings, Inc.	20,000		163,450		199,400
Cullen/Frost Bankers, Inc.	8,000		305,338		358,000
Cummins Engine Co., Inc.	7,000		288,710		437,500
Cumulus Media, Inc.	56,098		1,089,204		943,007

STATE OF NEW JERSEY
NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN

Portfolio of Investment Securities

Cymer, Inc.	24,300	\$ 1,111,372	\$ 909,792
Cytec Corp.	25,000	521,075	634,250
Deluxe Corp.	5,000	92,527	217,500
Dentsply International, Inc.	7,500	136,593	390,750
Devon Energy Corp.	9,630	388,294	635,580
Devry, Inc.	8,000	110,106	219,360
Diebold, Inc.	10,000	300,187	528,700
Digital River, Inc.	25,000	276,738	815,750
Dillard's, Inc. Cl A	23,000	336,501	512,900
Dimon, Inc.	21,500	280,356	122,980
Dionex Corp.	9,000	237,625	496,530
Dover Motorsports, Inc.	14,400	73,136	57,600
Duke Realty Corp.	30,000	556,038	954,300
Dun & Bradstreet Corp. (The)	12,000	314,376	646,920
E*Trade Financial Corp.	12,000	77,246	133,800
Eagle Materials, Inc.	5,132	207,585	364,474
Eagle Materials, Inc. Cl B	447	5,724	30,955
Earthlink, Inc.	19,690	455,063	203,791
Eaton Vance Corp.	10,000	326,941	382,100
Echelon Corp.	15,000	425,777	167,850
Edo Corp.	45,000	1,118,473	1,085,400
Edwards Lifesciences Corp.	20,000	391,069	697,000
Efunds Corp.	30,757	457,953	538,247
Electronics Boutique Holdings Co.	50,000	1,362,884	1,317,000
Electronics For Imaging, Inc.	5,000	97,650	141,300
Entercom Communications Corp. Cl A	8,000	348,025	298,400
Entertainment Properties Trust	40,000	614,032	1,429,600
Entravision Communications Corp.	15,000	276,032	115,200
Enzon Pharmaceuticals, Inc.	10,000	441,750	127,600
Equity Marketing, Inc.	15,000	203,645	188,250
Equity Office Properties Trust	14,958	434,541	406,858
ESCO Technologies, Inc.	4,500	76,685	240,120
Esterline Technologies Corp.	55,000	965,601	1,624,150
Ethan Allen Interiors, Inc.	15,000	385,172	538,650
Exar Corp.	90,000	1,429,623	1,319,400
Express Scripts, Inc.	14,000	261,750	1,109,220
Factset Research Systems, Inc.	10,000	318,575	472,700
Fairchild Semiconductor Intl., Inc.	30,000	604,372	491,100
Federal Signal Corp.	40,000	920,934	744,400
First Consulting Group, Inc.	120,000	663,690	662,400
Fleetwood Enterprises, Inc.	50,000	282,850	727,500
Florida East Coast Inds., Inc.	8,000	193,194	309,200
Flowers Foods, Inc.	10,000	258,683	261,500
FMC Corp.	10,000	402,872	431,100
FMC Technologies, Inc.	17,197	364,933	495,273
Friedman, Billings, Ramsey Group, Inc.	10,000	77,188	197,900
Gemstar-TV Guide Intl., Inc.	25,000	125,748	120,000
General Growth Properties, Inc.	52,500	661,237	1,552,425
General Maritime Corp.	10,000	180,000	274,400
Genus, Inc.	100,000	420,683	342,000
Geo Group, Inc. (The)	4,500	76,851	91,800
Granite Construction, Inc.	4,500	74,400	82,035

STATE OF NEW JERSEY
NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN

Portfolio of Investment Securities

Great Atlantic & Pacific Tea Co.	50,000	\$	568,651	\$	383,000
Grey Wolf, Inc.	30,000		192,000		127,200
Griffon Corp.	10,000		120,250		222,800
Hardinge, Inc.	40,000		477,562		477,600
Harland (John H.) Co.	4,000		92,700		117,400
Harris Corp.	38,000		1,248,229		1,928,500
Hasbro, Inc.	40,000		653,306		760,000
Hecla Mining Co.	25,000		219,180		142,500
Helix Technology Corp.	5,000		250,000		106,650
Helmerich & Payne, Inc.	30,000		823,134		784,500
Henry Schein, Inc.	22,000		492,700		1,389,080
Hercules, Inc.	75,000		961,876		914,250
Hewlett-Packard Co.	5,352		354,452		112,927
Hibernia Corp.	25,000		350,008		607,500
Hospira, Inc.	270		3,275		7,452
Host Marriott Corp.	50,000		461,875		618,000
Hovnanian Enterprises, Inc.	12,000		528,550		416,520
Hudson United Bancorp	5,871		137,109		218,870
Humana, Inc.	30,000		329,403		507,000
Hunt (J.B.) Transport Svcs, Inc.	11,000		81,876		424,380
Idacorp, Inc.	11,000		456,550		297,000
Identix, Inc.	100,000		601,476		747,000
Idexx Laboratories, Inc.	7,000		253,375		440,580
IDT Corp.	10,500		129,215		189,315
IDT Corp. Cl B	10,500		103,962		193,620
Ikon Office Solutions, Inc.	10,000		123,000		114,700
Illumina, Inc.	20,000		358,179		126,600
Imclone Systems, Inc.	3,928		214,813		336,983
Impco Technologies, Inc.	20,000		164,308		127,200
Insight Communications Co., Inc.	40,000		588,339		370,400
Interactive Data Corp.	13,000		89,152		226,460
Interactivecorp	49,643		852,530		1,496,240
Intervoice, Inc.	13,400		130,938		153,698
International Flavors & Fragrances, Inc.	20,000		432,864		748,000
International Rectifier Corp.	15,000		562,041		621,300
International Speedway Corp.	6,200		138,865		301,568
Invacare Corp.	5,000		189,630		223,600
Investment Technology Group, Inc.	7,500		241,730		95,925
Invitrogen Corp.	3,000		97,402		215,970
Isis Pharmaceuticals, Inc.	50,000		678,249		287,000
ITT Educational Services, Inc.	12,000		127,050		456,240
I2 Technologies, Inc.	10,000		57,663		8,900
Ivax Corp.	23,000		210,422		551,770
Jabil Circuit, Inc.	10,000		94,368		251,800
Jacobs Engineering Group Inc.	24,000		641,619		945,120
JLG Industries, Inc.	50,000		598,956		694,500
Kansas City Southern	30,000		422,633		465,000
Kemet Corp.	12,500		328,281		152,750
Kennametal, Inc.	20,000		771,210		916,000
Kos Pharmaceuticals, Inc.	20,000		552,000		659,400
Kosan Biosciences, Inc.	20,000		141,445		158,000
Kulicke & Soffa Industries, Inc.	9,000		148,281		98,640

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NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN

Portfolio of Investment Securities

K-V Pharmaceutical Co.	37,500	\$	393,944	\$	865,875
L-3 Communications Holding, Inc.	16,000		393,097		1,068,800
Lafarge North America, Inc.	10,000		250,375		433,000
Lam Research Corp.	9,000		115,093		241,200
Landry's Restaurants, Inc.	10,500		228,898		313,845
Lattice Semiconductor Corp.	10,000		157,965		70,100
Laureate Education, Inc.	7,500		158,579		286,800
La-Z-Boy Inc.	6,000		94,050		107,880
Lear Corp.	6,000		173,175		353,940
Legg Mason, Inc.	10,332		231,131		940,315
Lennar Corp.	24,000		238,067		1,073,280
Lennar Corp.	2,400		26,158		99,432
Lennox International, Inc.	15,000		158,400		271,500
Liberty Media Corp.	40,397		612,474		363,169
Liberty Media International, Inc.	2,019		127,117		74,905
Liberty Property Trust	25,000		651,599		1,005,250
Ligand Pharmaceuticals, Inc.	40,000		587,685		695,200
Lincare Holdings, Inc.	26,000		386,430		854,360
Lindsay Manufacturing Co.	25,000		581,099		600,500
Linens 'N Things, Inc.	20,000		612,242		586,200
Liz Claiborne, Inc.	20,000		495,577		719,600
Lockheed Martin Corp.	2,256		76,978		117,492
Lojack Corp.	70,000		611,954		615,300
Longs Drug Stores Corp.	20,000		512,485		477,400
Louisiana-Pacific Corp.	50,000		742,155		1,182,500
Lubrizol Corp. (The)	6,000		159,900		219,720
Lyondell Chemical Co.	80,000		1,048,228		1,391,200
Macdermid, Inc.	7,000		135,475		236,950
Mair Holdings, Inc.	12,750		145,855		104,040
Mastec, Inc.	10,000		263,419		54,300
McCormick & Co., Inc.	10,000		158,688		340,000
McData Corp. Cl A	241		4,103		1,296
McDermott International, Inc.	8,000		155,025		81,280
MDC Holdings, Inc.	8,500		599,886		540,685
MEMC Electronics Materials, Inc.	50,000		557,379		494,000
Mercury Computer Systems, Inc.	45,000		1,233,727		1,116,000
Metrologic Instruments, Inc.	35,000		576,225		697,900
Michaels Stores, Inc.	10,000		117,974		550,000
Microstrategy, Inc.	10,000		494,032		427,000
Midwest Air Group, Inc.	55,900		353,358		233,103
Milacron, Inc.	12,000		174,025		48,000
Millenium Chemicals, Inc.	9,000		148,763		155,880
Mills Corp. (The)	15,000		418,838		700,500
Monaco Coach Corp.	45,000		359,010		1,267,650
MSC Industrial Direct Co., Inc.	10,000		179,615		328,400
National R.V. Holdings, Inc.	24,000		411,138		354,000
NCO Group, Inc.	45,000		939,003		1,201,050
Nektar Therapeutics	30,000		685,059		598,800
Nelson (Thomas), Inc.	16,000		210,844		363,840
Netbank, Inc.	20,000		292,684		218,600
Netopia, Inc.	85,000		1,001,409		561,000
New Jersey Resources, Inc.	20,000		689,855		831,600

STATE OF NEW JERSEY
NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN

Portfolio of Investment Securities

New York Community Bancorp, Inc.	103,333	\$	1,272,152	\$	2,028,426
Newpark Resources, Inc.	30,000		345,231		186,000
Noble Energy, Inc.	10,000		315,213		510,000
Office Depot, Inc.	40,000		389,228		716,400
Oneok, Inc.	40,000		878,725		879,600
Opnet Technologies, Inc.	35,000		530,513		458,500
Orbital Sciences Corp.	30,000		424,972		414,300
OSI Pharmaceuticals, Inc.	6,000		342,188		422,640
Outback Steakhouse, Inc.	15,000		346,425		620,400
Pacificare Health Systems, Inc. Cl A	18,000		144,090		695,880
Packeteer, Inc.	20,000		205,914		323,000
Palmone, Inc.	500		29,520		17,385
Palmsource, Inc.	154		14,180		2,639
PAR Pharmaceutical Companies, Inc.	20,000		373,012		704,200
Patterson-Uti Energy, Inc.	15,000		422,468		501,150
Paxson Communications Corp.	130,000		993,117		422,500
Peabody Energy Corp.	1,000		28,000		55,990
Pentair, Inc.	50,000		898,632		1,682,000
Peoples Bank	4,500		58,348		140,175
Perrigo Co.	30,000		383,264		569,100
Pfizer Inc.	7,100		106,828		243,388
Pharmacoepia Drug Discovery, Inc.	3,750		36,461		21,487
Phillips-Van Heusen Corp.	20,000		307,218		385,000
Photronics, Inc.	5,000		72,575		94,700
Pier 1 Imports, Inc.	55,000		854,271		972,950
Polaris Industries, Inc.	10,000		442,892		480,000
Precision Castparts Corp.	6,200		171,992		339,078
Pre-Paid Legal Services, Inc.	30,000		532,892		714,900
PRG-Schultz International, Inc.	110,000		1,291,756		601,700
Pride Intl., Inc.	30,000		600,946		513,300
Protective Life Corp.	15,000		461,590		580,050
Protein Design Labs, Inc.	8,000		315,359		153,040
Public Storage, Inc.	22,000		479,912		1,012,220
Pulte Homes, Inc.	14,304		210,726		744,237
Quanta Services, Inc.	25,000		506,355		155,500
Quantum Fuel Systems Tech Worldw, Inc.	20,000		129,756		122,400
Radian Group, Inc.	8,600		221,015		411,940
Radiant Systems, Inc.	140,000		1,146,449		656,600
Rayonier, Inc.	20,000		854,334		889,000
Red Hat, Inc.	10,000		60,600		229,700
Reebok International Ltd.	20,000		567,556		719,600
Regency Centers Corp.	25,000		503,550		1,072,500
Respiroics, Inc.	8,000		166,625		470,000
Reynolds (RJ) Tobacco Holdings, Inc.	10,000		197,531		675,900
Ross Stores, Inc.	36,000		455,632		963,360
Rowan Companies, Inc.	17,000		481,006		413,610
RSA Security, Inc.	10,000		437,484		204,700
Russ Berrie & Co., Inc.	20,000		523,466		388,600
Russell Corp.	10,000		178,674		179,600
Safenet, Inc.	15,000		556,742		415,200
Saga Communications, Inc. A	40,000		755,706		730,000
Salem Communications Corp.	20,000		455,791		542,600

STATE OF NEW JERSEY
NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN

Portfolio of Investment Securities

Scholastic Corp.	30,000	\$	790,605	\$	898,500
Secure Computing Corp.	50,000		493,845		582,500
Selective Insurance Group, Inc.	7,000		152,435		279,160
Sensient Technologies Corp.	45,000		935,861		966,600
Sharper Image Corp.	70,000		1,143,173		2,197,300
Shurgard Storage Centers, Inc.	6,000		152,696		224,400
Sierra Health Services, Inc.	4,500		78,900		201,150
Sierra Pacific Resources	22,000		401,700		169,620
Silicon Storage Technology, Inc.	15,000		196,563		154,500
Smucker (J.M.) Co. (The)	5,333		201,933		244,838
Snap-On, Inc.	15,000		396,525		503,250
Southwest Gas Corp.	35,000		746,958		844,550
Spartan Motors, Inc.	40,000		429,069		490,000
Speedway Motorsports, Inc.	8,500		217,050		284,240
Spinnaker Exploration Co.	15,000		596,050		590,700
SPX Corp.	7,200		232,195		334,368
Standard Pacific Corp.	10,000		590,575		493,000
Standard Register Co.(The)	7,000		150,725		83,300
Stride Rite Corp. (The)	12,000		145,850		132,360
Supportsoft, Inc.	40,000		496,408		347,200
Symantec Corp.	24,000		78,930		1,050,720
Take-Two Interactive Software, Inc.	35,000		896,344		1,072,400
Tanox, Inc.	10,000		124,500		190,700
Tasty Baking Co.	45,000		687,593		424,800
TCF Financial Corp.	20,000		529,945		1,161,000
Teleflex, Inc.	8,000		276,713		401,200
Terex Corp.	45,000		939,791		1,535,850
Texas Industries, Inc.	10,000		320,974		411,700
Timberland Co. (The)	5,000		325,200		322,950
Timco Aviation Services, Inc.	464		0		171
Timco Aviation Ser Wt 2/27/07	1,481		0		-
Timco Aviation SVS NT 1/2/07	1,544		0		77
Timken Co. (The)	15,000		312,266		397,350
Toll Brothers, Inc.	14,000		182,651		592,480
Tollgrade Communications, Inc.	8,000		265,376		84,960
Toro Co. (The)	10,000		154,000		700,700
Transkaryotic Therapies, Inc.	20,000		836,384		299,200
Trex Company, Inc.	25,000		804,031		943,750
Triarc Companies, Inc. Cl B	10,000		91,530		101,700
Triquint Semiconductor, Inc.	50,000		1,008,465		273,000
Tweeter Home Entertainment Group	35,000		672,907		189,000
Tyco International, Ltd.	9,384		274,813		310,985
Ultratech, Inc.	15,000		197,500		244,200
United Defense Industries, Inc.	20,000		478,083		700,000
United Parcel Services, Inc.	4,800		266,590		360,816
United States Steel Corp.	10,000		208,205		351,200
Universal Health Services, Inc.	20,000		433,783		917,800
Univision Communications, Inc.	18,500		406,884		590,705
Urban Outfitters, Inc.	20,000		112,308		1,218,200
Valeant Pharmaceuticals, Inc.	18,000		644,663		360,000
Valero Energy Corp.	20,000		811,942		1,475,200
Valueclick, Inc.	50,000		149,110		599,000

STATE OF NEW JERSEY
NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN

Portfolio of Investment Securities

Verity, Inc.	20,000	\$ 416,608	\$ 270,200
Viasat, Inc.	18,000	478,100	449,100
Vicor Corp.	16,000	401,938	292,320
Vishay Intertechnology, Inc.	25,000	875,625	464,500
Visteon Corp.	30,000	484,383	350,100
Washington Federal, Inc.	5,314	77,340	127,536
Washington Mutual, Inc.	24,822	377,831	959,122
Waste Industries USA, Inc.	35,000	447,765	390,600
Webmd Corp.	45,000	401,562	419,400
Werner Enterprises	23,750	264,311	501,125
Westwood One, Inc.	10,000	101,780	238,000
Wind River Systems, Inc.	45,000	267,713	529,200
Winnebago Industries, Inc.	30,000	254,088	1,118,400
Woodward Governor Corp.	5,000	276,200	360,550
WPS Resources Corp.	5,000	161,688	231,750
York International Corp.	10,000	297,650	410,700
Zale Corp.	10,000	186,250	272,600
Zoran Corp.	17,090	308,325	313,602
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Total Common Stock		154,731,640	199,806,704
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State of New Jersey Cash Management Fund	29,004,475	29,004,475	28,999,953
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Total Small Cap Equity Fund		\$ 183,736,115	\$ 228,806,657
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MONEY MARKET FUND			
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State of New Jersey Cash Management Fund	193,224,844	\$ 193,224,844	\$ 193,194,721
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TEMPORARY ACCOUNTS			
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Holding Account-			
State of New Jersey Cash Management Fund	10,604,907	10,604,907	10,603,254
Administrative Operating Account-			
State of New Jersey Cash Management Fund	249,667	249,667	249,628
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Total temporary accounts		\$ 10,854,574	\$ 10,852,882
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Total investments		\$ 1,074,601,981	\$ 1,354,091,493
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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	103,038,769	114,998,195		7,734,769	225,771,733
Equity Fund			650,830,764	44,634,736	695,465,500
Small Cap Equity Fund			199,806,704	28,999,953	228,806,657
Money Market Fund				193,194,721	193,194,721
Temporary Accounts				10,852,882	10,852,882
Total Investments	103,038,769	114,998,195	850,637,468	285,417,061	1,354,091,493