

Protecting Florida's Investments Act (PFIA)

Quarterly Report

December 18, 2007

State Board of Administration of Florida



INVESTING FOR FLORIDA'S FUTURE

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Introduction

On June 8, 2007, the Protecting Florida’s Investments Act (“PFIA”) was signed into law. The PFIA requires the State Board of Administration (“SBA”), acting on behalf of the Florida Retirement System Trust Fund (the “FRSTF”), to assemble and publish a list of “Scrutinized Companies” that have prohibited business operations in Sudan and Iran. Once placed on the list of Scrutinized Companies, the SBA and its investment managers will be prohibited from acquiring those companies’ securities and may be required to divest those securities if the companies do not cease the prohibited activities or take certain compensating actions. The implementation of the PFIA by the SBA will not affect any FRSTF investments in U.S. companies. The PFIA will solely affect foreign companies with certain business operations in Sudan and Iran involving the petroleum or energy sector, oil or mineral extraction, power production or military support activities. This quarterly report is being submitted pursuant to Section 215.473 (4), Florida Statutes.

Primary Requirements of the PFIA

The PFIA creates new reporting, engagement and investment requirements for the SBA, including:

1. Quarterly reporting to the Board of Trustees of every equity security in which the SBA has invested for the quarter, along with its industry category. Such report will be posted on the SBA website beforehand.
2. Quarterly presentation to the Trustees of a “Scrutinized Companies” list for both Sudan and Iran for their approval. Such lists are to be available on the SBA’s website, along with information on the FRSTF direct and indirect holdings of Scrutinized Companies.
3. Written notice to external investment managers of all PFIA requirements. Letters will also request that the managers of actively managed commingled vehicles (i.e., those with FRSTF and other clients’ assets) consider removing Scrutinized Companies from the product or create a similar actively managed product that excludes such companies. Similar written requests must be provided to relevant investment managers within the defined contribution plan.
4. Written notice to any company with inactive business operations in Sudan or Iran, informing the company of the PFIA and encouraging it to continue to refrain from reinitiating active business operations. Such correspondence must continue semiannually.
5. Written notice to any Scrutinized Company with active business operations, informing the company of its Scrutinized Company status and that it may become subject to divestment. The written notice must inform the company of the opportunity to clarify its Sudan-related or Iran-related activities and encourage the company, within 90 days, to cease its scrutinized business operations or convert such operations to inactive status.
6. A prohibition on further investment on behalf of the FRSTF in any Scrutinized Company once the Sudan and Iran scrutinized lists are approved by the Trustees. All publicly traded securities of Scrutinized Companies must be divested within 12 months after the company’s most recent appearance on the Scrutinized Companies list. Divestment does not apply to indirect holdings in actively managed commingled investment funds—i.e., where the SBA is not the sole investor in the fund. Private equity funds are considered to be actively managed.
7. Reporting to each member of the Board of Trustees, President of the Senate, and the Speaker of the House of Representatives of Scrutinized Company lists within 30 days of creation, and public disclosure of each list.
8. Quarterly reporting of the following to each member of the Board of Trustees, the President of the Senate, the Speaker of the House of Representatives, the United States Presidential Special Envoy to Sudan and the United States Presidential Special Envoy to Iran. The report must also be publicly available.

- a. A summary of correspondence with engaged companies;
 - b. A listing of all investments sold, redeemed, divested, or withdrawn;
 - c. A listing of all prohibited investments;
 - d. A description of any progress related to external managers offering PFIA compliant funds; and
 - e. A list of all publicly traded securities held directly by the state.
9. Adoption and incorporation into the Investment Policy Statement (IPS) of SBA actions taken in accordance with the PFIA. Changes to the IPS are reviewed by the Investment Advisory Council and approved by the Trustees.
10. Relevant Sudan or Iran portions of the PFIA are discontinued if the Congress or President of the United States passes legislation, executive order, or other written certification that:
- a. Darfur genocide has been halted for at least 12 months;
 - b. Sanctions imposed against the Government of Sudan are revoked;
 - c. Government of Sudan honors its commitments to cease attacks on civilians, demobilize and demilitarize the Janjaweed and associated militias, grant free and unfettered access for deliveries of humanitarian assistance, and allow for the safe and voluntary return of refugees and internally displaced persons;
 - d. Government of Iran has ceased to acquire weapons of mass destruction and support international terrorism;
 - e. Sanctions imposed against the government of Iran are revoked; or
 - f. Mandatory divestment of the type provided for by the PFIA interferes with the conduct of U.S. foreign policy.
11. Cessation of divestment and/or reinvestment into previously divested companies may occur if the value of all FRSTF assets under management decrease by 50 basis points or more as a result of divestment; i.e., a reduction in value of assets of about \$680 million at the current value of the FRSTF. If cessation of reinvestment is triggered, the SBA is required to provide a written report to each member of the Board of Trustees, the President of the Senate, and the Speaker of the House of Representatives prior to initial reinvestment. Such condition is required to be updated semiannually.

Definition of a Scrutinized Company

The following is a brief review of the criteria on which the active business operations of companies must be judged, in accordance with subsection (1)(t) of the Section 215.473, F.S.

Sudan:

1. Have a material business relationship with the government of Sudan or a government-created project involving oil related, mineral extraction, or power generation activities, or
2. Have a material business relationship involving the supply of military equipment, or
3. Impart minimal benefit to disadvantaged citizens that are typically located in the geographic periphery of Sudan, or
4. Have been complicit in the genocidal campaign in Darfur.

Iran:

1. Have a material business relationship with the government of Iran or a government-created project involving oil related or mineral extraction activities, or
2. Have made material investments in and significantly enhancing Iran's petroleum sector.

Affiliates of companies with scrutinized business operations are also subject to the requirements of the PFIA. An affiliated company is generally defined as any other company that either directly or indirectly controls, is controlled by or is under common control with the company conducting scrutinized active

business operations. Control generally means the power to exercise a controlling influence over the management or policies of a company. As well, many companies have parent—subsidiary relationships whereby a parent company may own several other companies. In such cases, SBA has included any known parent and/or subsidiaries which can be clearly linked to a company with scrutinized active business operations.

The SBA views companies which have explicit plans and activities related to discontinuation of active business operations as meeting the PFIA definition of substantial action. For all identified companies, the SBA will request information detailing what a company has actually done, if anything, to discontinue its active business operations or if it has pursued humanitarian efforts (applicable to Sudan only).

SBA Scrutinized Companies Identification Methodology

The SBA has developed two lists of Scrutinized Companies with active business operations by principally relying on the research and findings of four “External Research Providers”:

1. Sudan Divestment Task Force (SDTF). SDTF is a project of the Genocide Intervention Network, a non-profit organization focused on fundraising for the UN-supported African Union Mission in Darfur and political activism to pressure governments and the UN to pursue a comprehensive strategy to end the genocide in Darfur.
2. RiskMetrics Group (formerly ISS). RiskMetrics delivers proxy voting and corporate governance solutions to institutional clients. RiskMetrics offers screening services to help pension funds and their investment managers comply with the specific and unique components of state law pertaining to investments in sanctioned countries, including Sudan and Iran.
3. KLD Research & Analytics (KLD). KLD is an investment research firm producing a Sudan Targeted Divestment Compliance product, which meets the requirements of the Sudan Divestment Task Force. While KLD consults with the SDTF on legislative criteria and certain companies, KLD independently performs all of the research involved in creating the product.
4. American Israel Public Affairs Committee (AIPAC). AIPAC works on public policy issues with the intent to strengthen the U.S.-Israel relationship. AIPAC produces a list of foreign companies at risk of being sanctioned by the U.S. for investing in Iran's oil and natural gas sector, in violation of the Iran Sanctions Act (ISA).

The SBA Office of Corporate Governance and Investment Communications (OCGIC) and senior investment professionals review the assessments of the External Research Providers and other publicly available information. To date, the SBA has evaluated over 160 individual companies with reported potential links to either Sudan or Iran via reference to some of the following sources:

Company disclosures:

- SEC filings (DEF 14A Proxy Statements, 10-K & 20-F Annual Reports, etc.)
- Investor Relations/company websites
- Industry publications and analyst research

Investment/Finance Organizations:

- Industry Analysts
- Index Providers (e.g., Russell)
- Other Institutional Investors/Private Investors

U.S Government Agencies:

- SEC Office of Global Security (EDGAR)
- U.S. Treasury, Office of Foreign Asset Control (OFAC)
- Dept. of Energy, Energy Information Administration (EIA)
- Congressional Research Service (CRS), Library of Congress

Non-Governmental Organizations (NGOs):

- American Enterprise Institute (AEI)
- Amnesty International
- Yale University (Allard K. Lowenstein International Human Rights Project)
- Human Rights Watch

Other Sources:

- SBA External Investment Managers
- U.S. Federal Sanctions Laws covering State Sponsors of Terror
- Any other publicly available information.

Using the previous information sources, the SBA has developed two separate categorizations of a company’s involvement in Sudan and/or Iran.

1. **“Scrutinized”** — All applicable External Research Provider indicates that a company meets the classification of a Scrutinized Company as defined by the PFIA as set forth in Section 215.473 (1)(t)1., 2., or 3. [Sudan] or Section 215.473 (4)(t)1. [Iran]. For Sudan, SDTF, RiskMetrics Group, and KLD must unanimously agree on the company’s status under the PFIA. For Iran, AIPAC and RiskMetrics Group must unanimously agree on the company’s status under the PFIA. Upon SBA review, no other information sources clearly contradict the conclusions of the External Research Providers.
2. **“Continued Examination”** — At least one, but not all applicable External Research Providers indicates that a company meets the classification of a Scrutinized Company as defined by the PFIA as set forth in Section 215.473, (1)(t)1., 2., or 3. [Sudan] or Section 215.473, (4)(t)1. [Iran]. In other words, the External Research Providers do not agree on the status of a company and SBA is unable to definitively categorize the company’s activities as scrutinized without further research to resolve the differences. For companies classified as “Continued Examination” the SBA will begin an engagement process to clarify each firm’s current business relationships.

About the State Board of Administration

The statutory mission of the State Board of Administration (SBA) is to invest, manage and safeguard assets of the Florida Retirement System (FRS) Trust Fund and a variety of other funds for state and local governments. FRS Trustees are dedicated to ensuring that the SBA invests assets and discharges its duties in accordance with Florida law, guided by strict policies and a code of ethics to ensure integrity, prudent risk management and top-tier performance. The SBA is an investment fiduciary under law, and subject to the stringent fiduciary duties and standards of care defined by the Employee Retirement Income Security Act of 1974 (ERISA), as incorporated into Florida law. The SBA has three Trustees: the Governor, as Chairman, the Chief Financial Officer, as Treasurer, and the Attorney General, as Secretary.

As of September 30, 2007, the net asset value of total funds under SBA management equaled \$187.5 billion. The FRS Pension Plan, which provides defined pension benefits to 1.1 million members, was fully funded with a surplus. The strong long-term performance of the FRS Pension Plan, the fourth-largest public pension fund in the nation, reflects our commitment to responsible fiscal management. The SBA strives to meet the highest ethical, fiduciary and professional standards while performing its mission, with a continued emphasis on keeping operating and investment management costs as low as possible for the benefit of Florida taxpayers. We encourage you to review additional information about the SBA and FRS on our website at www.sbafla.com.

Table 1: List of Scrutinized Companies with Activities in Sudan

* denotes a new company on the list this quarter

Company	Country of Incorporation
Alstom	France
*AREF Investment Group	Kuwait
AviChina Industry & Technology Company Limited	China
Bharat Heavy Electricals Limited	India
Bongaigaon Refinery & Petrochemical	India
Chennai Petroleum Corporation Limited	India
China Petroleum & Chemical Corp (Sinopec)	China
CNPC Hong Kong Limited	China
Dongan Motor	China
Dongfeng Automobile Company Limited	China
Electricity Generating PCL	Thailand
Hafei Aviation Industry Company	China
Harbin Power Equipment	China
Indian Oil Corporation Limited	India
Jiangxi Changhe Automobile	China
Jiangxi Hongdu Aviation	China
Kejuruteraan Samudra Timur Bhd	Malaysia
*Kencana Petroleum	Malaysia
*Khanom Electricity Generating Company	Thailand
KMCOB Capital Bhd	Malaysia
Lanka IOC	India
Lundin International SA	France
Lundin Petroleum AB	Sweden
Mangalore Refinery & Petrochemical	India
Midciti Resources Sdn Bhd	Malaysia
MISC Bhd	Malaysia
Muhibbah Engineering	Malaysia
Oil & Natural Gas Corporation (ONGC)	India
Optimal Olefins Sdn Bhd	Malaysia
PECD Bhd	Malaysia
PetroChina	China
PetroFac	United Kingdom
Petroliam Nasional (Petronas)	Malaysia
Petronas Assets Sdn Bhd	Malaysia
Petronas Capital Limited	Malaysia
Petronas Dagangan	Malaysia
Petronas Fertilizer Sdn Bhd	Malaysia
Petronas Gas Bhd	Malaysia

Table 1: List of Scrutinized Companies with Activities in Sudan Cont’d

Company	Country of Incorporation
Scomi Engineering	Malaysia
Scomi Group	Malaysia
Sinopec Kantons Holdings	China
Sinopec Shanghai Petrochemical Company	China
*Wärtsilä Oyj	Finland
Wuhan Boiler Company	United Arab Emirates
# of Companies	44

The following companies were removed from the Scrutinized Companies List for SUDAN during the quarter.

Removed Company	Country of Incorporation
<i>Areva SA</i>	<i>France</i>
<i>La Mancha Resources</i>	<i>Canada</i>
<i>The Weir Group PLC</i>	<i>United Kingdom</i>

Table 2: List of Companies Requiring Continued Examination with Activities in Sudan

* denotes a new company on the list this quarter

Company	Country of Incorporation
*Areva SA	France
*Bauer Aktiengesellschaft	Germany
Bharat Electronics Limited	India
Bollere Group	France
ICSA India Limited	India
*La Mancha Resources	Canada
MMC Bhd	Malaysia
Mitsui Engineering & Shipbuilding	Japan
Nam Fatt	Malaysia
*Ranhill Bhd	Malaysia
*Sinohydro	China
Sudan Telecommunications (Sudatel)	Sudan
Total SA	France
Weatherford International, Ltd.	Bermuda
*The Weir Group PLC	United Kingdom
# of Companies	15

The following companies were removed from the Continued Examination list for SUDAN during the quarter.

Removed Company	Country of Incorporation
<i>AREF Investment Group</i>	<i>Kuwait</i>
<i>Finmeccanica SpA</i>	<i>Italy</i>
<i>Kencana Petroleum</i>	<i>Malaysia</i>
<i>Schlumberger Limited NV</i>	<i>Netherlands Antilles</i>
<i>Wärtsilä Oyj</i>	<i>Finland</i>

Table 3: List of Scrutinized Companies with Activities in the Iran Petroleum Energy Sector

* denotes a new company on the list this quarter

Company	Country of Incorporation
Bow Valley	Canada
CNPC Hong Kong Ltd.	Hong Kong
ENI	Italy
Gazprom	Russia
GS Holdings	S. Korea
Indian Oil Corp Ltd (IOCL)	India
Inpex	Japan
Midciti Resources Sdn Bhd	Malaysia
MISC Bhd	Malaysia
Oil & Natural Gas Corp (ONGC)	India
Optimal Olefins Sdn Bhd	Malaysia
PetroChina	China
Petroleo Brasileiro (Petrobras)	Brazil
Petroliam Nasional (Petronas)	Malaysia
Petronas Assets Sdn Bhd	Malaysia
Petronas Capital Limited	Malaysia
Petronas Dagangan Bhd	Malaysia
Petronas Fertilizer Sdn Bhd	Malaysia
Petronas Gas Berhad	Malaysia
Repsol YPF	Spain
Royal Dutch Shell PLC	United Kingdom
Snam Rete Gas	Italy
StatoilHydro	Norway
Total SA	France
# of Companies	24

The following companies were removed from the Scrutinized Company list for IRAN during the quarter.

Removed Company	Country of Incorporation
<i>Lukoil OAO</i>	<i>Russia</i>
<i>Norsk Hydro</i>	<i>Norway</i>
<i>OMV AG</i>	<i>Austria</i>

Table 4: List of Co.’s Requiring Continued Examination with Activities in the Iran Petroleum Energy Sector
 * denotes a new company on the list this quarter

Company	Country of Incorporation
Actividades de Construccion y Servicios S.A.(ACS)	Spain
Aggreko PLC	United Kingdom
Air Liquide	France
Aker Kvaerner ASA	Norway
BG Group	United Kingdom
China Petroleum & Chemical Corp (CPEC) Sinopec	China
CNOOC Ltd	China
Daelim Industrial Co.	S. Korea
Essar Oil	India
GVA Consultants	Sweden
Itochu Corp	Japan
Liquefied Natural Gas LNG	Australia
*Lukoil OAO	Russia
Mitsui Engineering & Shipbuilding Co.	Japan
*OMV AG	Austria
Saipem	Italy
Samsung Engineering Co. Ltd.	Korea
Samsung Heavy Industries Co. Ltd.	Korea
Sasol Ltd.	S. Africa
Technip (formerly Technip-Coflexip)	France
The Weir Group PLC	United Kingdom
# of Companies	21

The following companies were removed from the Continued Examination list for IRAN during the quarter.

Removed Company	Country of Incorporation
<i>Costain Group PLC</i>	<i>United Kingdom</i>
<i>JGC Corp</i>	<i>Japan</i>
<i>Linde AG</i>	<i>Germany</i>
<i>Mitsui & Co.</i>	<i>Japan</i>
<i>Mitsubishi Heavy Industries Ltd.</i>	<i>Japan</i>
<i>Schlumberger Ltd. N.V.</i>	<i>Netherlands Antilles</i>
<i>SNC - Lavalin Group Inc.</i>	<i>Canada</i>

Summary of Correspondence & Company Engagement Efforts
with **Scrutinized** Companies Owned by the SBA as of September 19, 2007

In accordance with Section 215.473(3)(a), F.S., the SBA began to engage companies on the September 19, 2007 Scrutinized Company lists. The SBA sent letters to each Scrutinized Company that was owned and held as of September 19, 2007, per the requirements of the law. Each letter encouraged the company to cease any active business operations within ninety days or convert such operations to inactive status to avoid qualifying for divestment by the SBA. Several companies on the scrutinized list have replied with valuable information.

Sudan

Two companies, Areva and LaMancha Resources, have provided information that results in their removal from the scrutinized list and movement to the Continued Examination list, as they do not presently meet the conditions of the law but require continued monitoring.

Iran

Two companies, Lukoil and OMV, have provided information that results in their removal from the Scrutinized list and movement to the Continued Examination list, as they do not presently meet the conditions of the law but require continued monitoring. Norsk Hydro was removed from the list as it has sold the scrutinized business activities unit to Statoil, which has been renamed StatoilHydro.

Each company’s response and classification status is summarized below. Any company that responded to the SBA’s written correspondence is highlighted in blue text.

Company	Company Responsive to SBA Communications	Status
Alstom	Yes; October 1, 2007	Sudan Scrutinized Classification Continues
Bharat Heavy Electricals Limited	Yes; October 4, 2007	Sudan Scrutinized Classification Continues
China Petroleum & Chemical Corp (Sinopec)	No	Sudan Scrutinized Classification Continues
CNPC Hong Kong Limited	Yes; October 5, 2007	Iran & Sudan Scrutinized Classification Continues
Electricity Generating PCL	No	Sudan Scrutinized Classification Continues
ENI	No	Iran Scrutinized Classification Continues
Gazprom	Yes; November 1, 2007	Iran Scrutinized Classification Continues
Harbin Power Equipment	No	Sudan Scrutinized Classification Continues
Inpex	Yes; October 15, 2007	Iran Scrutinized Classification Continues
Lukoil OAO	Yes; October 8, 2007	Moved to Iran Continued Examination List
Lundin Petroleum AB	No	Sudan Scrutinized Classification Continues
Lundin International SA	No	Sudan Scrutinized Classification Continues
MISC Bhd	No	Iran & Sudan Scrutinized Classification Continues
Norsk Hydro	Yes; November 30, 2007	Removed from Iran Scrutinized List
OMV AG	Yes; November 6, 2007	Moved to Iran Continued Examination List
PetroChina	No	Iran & Sudan Scrutinized Classification Continues
Petroleo Brasileiro (Petrobras)	No	Iran & Sudan Scrutinized Classification Continues
Repsol YPF	Yes; October 15, 2007	Iran Scrutinized Classification Continues
Royal Dutch Shell PLC	Yes; October 5, 2007	Iran Scrutinized Classification Continues

Company	Company Responsive to SBA Communications	Status
Sinopec Kantons Holdings	No	Sudan Scrutinized Classification Continues
Sinopec Shanghai Petrochemical Company	No	Sudan Scrutinized Classification Continues
Snam Rete Gas	No	Iran Scrutinized Classification Continues
StatoilHydro	No	Iran Scrutinized Classification Continues
Total SA	Yes; October 12, 2007	Iran Scrutinized Classification Continues

Summary of Correspondence & Company Engagement Efforts
with Companies Warranting Continued Examination (CE) as of September 19, 2007

The SBA began to engage companies on our September 19, 2007 Continued Examination Company lists. Such companies were asked to provide information to the SBA in order to assist us in determining the extent of their activities, if any, in Sudan and Iran. Each company’s response and classification is summarized below.

Company	Company Responsive to SBA Communications	Continued Examination (“CE”) Status
Actividades de Construccion y Servicios S.A.(ACS)	No	Iran CE Classification Continues
Aggreko PLC	No	Iran CE Classification Continues
Air Liquide	Yes; November 30, 2007	Iran CE Classification Continues
Aker Kvaerner ASA	No	Iran CE Classification Continues
BG Group	No	Iran CE Classification Continues
China Petroleum & Chemical Corp (CPCC) Sinopec	No	Iran CE Classification Continues
CNOOC Ltd	No	Iran CE Classification Continues
Costain Group PLC	Yes; November 5, 2007	Removed from Iran List
Daelim Industrial Co.	No	Iran CE Classification Continues
Essar Oil	No	Iran CE Classification Continues
GVA Consultants	Yes; September 26, 2007	Iran CE Classification Continues
Itochu Corp	No	Iran CE Classification Continues
JGC Corp	Yes; October 1, 2007	Removed from Iran List
Linde AG	Yes; November 14, 2007	Removed from Iran List
Liquefied Natural Gas LNG	No	Iran CE Classification Continues
Mitsui & Co.	Yes; October 17, 2007	Removed from Iran List
Mitsubishi Heavy Industries Ltd.	Yes; October 26, 2007	Removed from Iran List
Mitsui Engineering & Shipbuilding	Yes; November 21, 2007	Iran CE Classification Continues
Saipem	Yes; December 12, 2007	Iran CE Classification Continues
Samsung Engineering Co. Ltd.	No	Iran CE Classification Continues
Samsung Heavy Industries Co. Ltd.	No	Iran CE Classification Continues
Sasol Ltd.	No	Iran CE Classification Continues
Schlumberger Limited NV	Yes; October 19, 2007	Removed from Iran List
SNC - Lavalin Group Inc.	Yes; September 25, 2007	Removed from Iran List
Technip (formerly Technip-Coflexip)	No	Iran CE Classification Continues
The Weir Group PLC	Yes; November 16, 2007	Iran CE Classification Continues
AREF Investment Group	No	Sudan CE Classification Continues
Bharat Electronics Limited	No	Sudan CE Classification Continues
Bollere Group	No	Sudan CE Classification Continues
Finmeccanica SpA	No	Removed from Sudan list

Company	Company Responsive to SBA Communications	Continued Examination (“CE”) Status
ICSA India Limited	No	Sudan CE Classification Continues
Kencana Petroleum	No	Sudan CE Classification Continues
MMC Bhd	No	Sudan CE Classification Continues
Mitsui Engineering & Shipbuilding	Yes; November 21, 2007	Sudan CE Classification Continues
Nam Fatt	No	Sudan CE Classification Continues
Schlumberger Limited NV	Yes; October 19, 2007	Removed from Sudan List
Sudan Telecommunications (Sudatel)	No	Sudan CE Classification Continues
Total SA	Yes; October 12, 2007	Sudan CE Classification Continues
Wärtsilä Oyj	Yes; December 4, 2007	Moved to Scrutinized List
Weatherford International, Ltd.	No	Sudan CE Classification Continues

Key Dates for PFIA Activities

June 8, 2007 — Legislation's effective date, upon becoming a law.

August 6, 2007 — SBA letter to state agencies requesting data on all publicly traded securities held directly by the State.

August 20, 2007 — First of two letters to investment managers providing written notice of PFIA enactment and amendment to Schedule B of investment management contracts.

September 19, 2007 — SBA assembles Scrutinized Companies lists for Sudan and Iran.

September 20, 2007 — SBA engages companies classified as either Scrutinized or needing Continued Examination through written correspondence, subsequent conference calls and additional communication. SBA disclosed the Scrutinized Companies lists on its website, including reporting of all equities held by the State.

September 21, 2007 — Second of two letters to investment managers providing Scrutinized Companies lists.

October 16, 2007 — SBA formally submits the Scrutinized Companies lists to the Legislature and the United States Special Envoy to Sudan.

November 30, 2007 — SBA sends notification via email to any owned scrutinized company that has not responded to initial written correspondence. Similar notification was sent to each company classified as needing continued examination.

December 18, 2007 — SBA assembles updated Scrutinized Companies lists for Sudan and Iran, including a summary of engagement activities to date.

September 18, 2008 — The SBA must complete divestment of initial Scrutinized Companies (i.e., within 12 months of their appearance on the list), if they do not stop scrutinized active business operations after receiving the September 2007 engagement letter.

List of Investments Sold, Redeemed, Divested or Withdrawn

Below is a summary of all sales, redemptions, divestments or withdrawals of any Prohibited Investments (i.e., Scrutinized Companies) identified by the SBA on September 19, 2007. This activity covers the period from September 19, 2007 through December 7, 2007.

As of this reporting date, although certain managers have eliminated their holdings of scrutinized companies, there have been no complete divestitures of any scrutinized companies across all SBA accounts. In accordance with the PFIA, the SBA must divest all holdings of any scrutinized companies within 12 months of their original appearance on the prohibited securities list. Therefore, complete divestitures of scrutinized companies must be made no later than September 19, 2008.

SOURCE ACCOUNT NAME	POSTED DATE	SHARES	SECURITY ID	DESCRIPTION 1	Transaction
FRSFNHHK031_ARTISAN	17-Oct-07	-13,751.00	EFB0DJ8Q0	ALSTOM EUR14 POST	SELL
FRSFNHHK031_ARTISAN	07-Dec-07	-3,327.00	EFB0DJ8Q0	ALSTOM EUR14 POST	SELL
		-17,078.00		ALSTOM EUR14 POST Total	
FRSFNHS041_ACADIAN	08-Oct-07	-1,236,000.00	FH6291816	CHINA PETROLEUM AND CHEMICAL	SELL
FRSFNHS041_ACADIAN	22-Oct-07	-20,669,300.00	FH6291816	CHINA PETROLEUM AND CHEMICAL	SELL
		-21,905,300.00		CHINA PETROLEUM AND CHEMICAL Total	
FRSFNHM009_CAPGUARD	05-Nov-07	-115.00	FJB10RB16	INPEX HLDGS INC COM STK JPY1	SELL
FRSFNHM009_CAPGUARD	09-Nov-07	-36.00	FJB10RB16	INPEX HLDGS INC COM STK JPY1	SELL
FRSFNHM009_CAPGUARD	12-Nov-07	-1.00	FJB10RB16	INPEX HLDGS INC COM STK JPY1	SELL
FRSFNHM044_NEWSTAR	15-Nov-07	-102.00	FJB10RB16	INPEX HLDGS INC COM STK JPY1	SELL
FRSFNHM009_CAPGUARD	07-Dec-07	-47.00	FJB10RB16	INPEX HLDGS INC COM STK JPY1	SELL
FRSFNHM009_CAPGUARD	07-Dec-07	-28.00	FJB10RB16	INPEX HLDGS INC COM STK JPY1	SELL
		-329.00		INPEX HLDGS INC COM STK JPY1 Total	
FRSFGHN010_ACADIAN	08-Nov-07	-31,094.00	EX3189878	LUKOIL OIL COMPANY ADR REP 4	SELL
FRSFNHS049_TRILOGY	16-Nov-07	-59,700.00	EX3189878	LUKOIL OIL COMPANY ADR REP 4	SELL
FRSFGHN010_ACADIAN	29-Nov-07	-7,910.00	EX3189878	LUKOIL OIL COMPANY ADR REP 4	SELL
FRSFGHN010_ACADIAN	07-Dec-07	-6,946.00	EX3189878	LUKOIL OIL COMPANY ADR REP 4	SELL
		-105,650.00		LUKOIL OIL COMPANY ADR REP 4 Total	
FRSFGHN037_UBSGLOB	15-Oct-07	-1,700.00	NC8220724	AO GAZPROM	SELL
		-1,700.00		AO GAZPROM Total	
FRSFNHM044_NEWSTAR	28-Sep-07	-18,467.00	EA4651454	OMV AG NPV	SELL
FRSFNHM044_NEWSTAR	02-Oct-07	-15,357.00	EA4651454	OMV AG NPV	SELL
FRSFNHM044_NEWSTAR	02-Oct-07	-10,199.00	EA4651454	OMV AG NPV	SELL
FRSFNHM044_NEWSTAR	05-Oct-07	-2,830.00	EA4651454	OMV AG NPV	SELL
FRSFNHM044_NEWSTAR	08-Oct-07	-10,219.00	EA4651454	OMV AG NPV	SELL
FRSFNHM044_NEWSTAR	15-Oct-07	-9,303.00	EA4651454	OMV AG NPV	SELL
FRSFNHM044_NEWSTAR	15-Oct-07	-16,465.00	EA4651454	OMV AG NPV	SELL
FRSFNHM044_NEWSTAR	16-Oct-07	-5,727.00	EA4651454	OMV AG NPV	SELL
FRSFNHM044_NEWSTAR	17-Oct-07	-6,526.00	EA4651454	OMV AG NPV	SELL
FRSFNHM044_NEWSTAR	19-Oct-07	-8,200.00	EA4651454	OMV AG NPV	SELL
FRSFNHM044_NEWSTAR	23-Oct-07	-8,618.00	EA4651454	OMV AG NPV	SELL
FRSFNHM044_NEWSTAR	24-Oct-07	-11,989.00	EA4651454	OMV AG NPV	SELL
		-123,900.00		OMV AG NPV Total	
FRSFNHS048_ABERDEEN	24-Oct-07	-488,000.00	FH6226572	PETROCHINA CO 'H'CNY1	SELL
FRSFNHS048_ABERDEEN	24-Oct-07	-276,000.00	FH6226572	PETROCHINA CO 'H'CNY1	SELL
		-764,000.00		PETROCHINA CO 'H'CNY1 Total	
FRSFNHS049_TRILOGY	25-Oct-07	-19,700.00	71646E100	PETROCHINA CO LTD SPONS ADR	SELL
		-19,700.00		PETROCHINA CO LTD SPONS ADR Total	
FRSFNHU055_PRINCPL	27-Sep-07	-46,500.00	EXB0H2K56	PETROFAC LTD ORD SHS	SELL
FRSFNHU055_PRINCPL	27-Sep-07	-46,500.00	EXB0H2K56	PETROFAC LTD ORD SHS	SELL
FRSFNHU055_PRINCPL	28-Sep-07	-46,521.00	EXB0H2K56	PETROFAC LTD ORD SHS	SELL

FRSFNHU055 PRINCL	28-Sep-07	-46,521.00	EXB0H2K56	PETROFAC LTD ORD SHS	SELL
		-186,042.00		PETROFAC LTD ORD SHS Total	
FRSFNHL019 SPRUCEGRV	05-Oct-07	-37,500.00	71654V408	PETROLEO BRASILEIRO SA	SELL
FRSFNHL019 SPRUCEGRV	07-Nov-07	-1,000.00	71654V408	PETROLEO BRASILEIRO SA	SELL
FRSFNHS049 TRILOGY	09-Nov-07	-2,600.00	71654V408	PETROLEO BRASILEIRO SA	SELL
FRSFNHL019 SPRUCEGRV	15-Nov-07	-27,200.00	71654V408	PETROLEO BRASILEIRO SA	SELL
FRSFNHL019 SPRUCEGRV	23-Nov-07	-43,600.00	71654V408	PETROLEO BRASILEIRO SA	SELL
FRSFNHL019 SPRUCEGRV	20-Nov-07	-31,800.00	71654V408	PETROLEO BRASILEIRO SA	SELL
FRSFGHN037_UBSGLOB	07-Dec-07	-5,800.00	71654V408	PETROLEO BRASILEIRO SA	SELL
FRSFNHL019 SPRUCEGRV	06-Dec-07	-21,300.00	71654V408	PETROLEO BRASILEIRO SA	SELL
		-170,800.00		PETROLEO BRASILEIRO SA Total	
FRSFNHR043_MONDRIAN	02-Nov-07	-54,400.00	71654V101	PETROLEO BRASILEIRO SA ADR	SELL
FRSFNHS048 ABERDEEN	14-Nov-07	-15,402.00	71654V101	PETROLEO BRASILEIRO SA ADR	SELL
FRSFNHS048 ABERDEEN	16-Nov-07	-7,701.00	71654V101	PETROLEO BRASILEIRO SA ADR	SELL
FRSFNHS048 ABERDEEN	19-Nov-07	-10,397.00	71654V101	PETROLEO BRASILEIRO SA ADR	SELL
FRSFNHS048 ABERDEEN	21-Nov-07	-7,701.00	71654V101	PETROLEO BRASILEIRO SA ADR	SELL
FRSFNHS048 ABERDEEN	23-Nov-07	-8,939.00	71654V101	PETROLEO BRASILEIRO SA ADR	SELL
FRSFNHS048 ABERDEEN	27-Nov-07	-7,772.00	71654V101	PETROLEO BRASILEIRO SA ADR	SELL
FRSFNHS048 ABERDEEN	27-Nov-07	-9,088.00	71654V101	PETROLEO BRASILEIRO SA ADR	SELL
		-121,400.00		PETROLEO BRASILEIRO SA ADR Total	
FRSFNHM009 CAPGUARD	21-Sep-07	-9,600.00	EE5669358	REPSOL YPF SA EUR1	SELL
FRSFNHM009 CAPGUARD	31-Oct-07	-27,700.00	EE5669358	REPSOL YPF SA EUR1	SELL
		-37,300.00		REPSOL YPF SA EUR1 Total	
FRSFNHM009 CAPGUARD	01-Oct-07	-34,000.00	ENB09CBL0	ROYAL DUTCH SHELL A SHS	SELL
FRSFNHM009 CAPGUARD	03-Oct-07	-32,861.00	ENB09CBL0	ROYAL DUTCH SHELL A SHS	SELL
FRSFNHM009 CAPGUARD	04-Oct-07	-21,839.00	ENB09CBL0	ROYAL DUTCH SHELL A SHS	SELL
FRSFNHL008 MORGANST	12-Oct-07	-63,456.00	ENB09CBL0	ROYAL DUTCH SHELL A SHS	SELL
FRSFNHM009 CAPGUARD	05-Nov-07	-54,043.00	ENB09CBL0	ROYAL DUTCH SHELL A SHS	SELL
FRSFNHM009 CAPGUARD	06-Nov-07	-9,500.00	ENB09CBL0	ROYAL DUTCH SHELL A SHS	SELL
FRSFNHM009 CAPGUARD	07-Nov-07	-13,457.00	ENB09CBL0	ROYAL DUTCH SHELL A SHS	SELL
FRSFNHM009 CAPGUARD	04-Dec-07	-18,444.00	ENB09CBL0	ROYAL DUTCH SHELL A SHS	SELL
FRSFNHM009 CAPGUARD	05-Dec-07	-52,345.00	ENB09CBL0	ROYAL DUTCH SHELL A SHS	SELL
FRSFNHM009 CAPGUARD	06-Dec-07	-28,211.00	ENB09CBL0	ROYAL DUTCH SHELL A SHS	SELL
		-328,156.00		ROYAL DUTCH SHELL A SHS Total	
FRSFGHN035_MCLBUD	09-Nov-07	-75,000.00	SN7133606	STATOILHYDRO ASA NOK2.50	SELL
		-75,000.00		STATOILHYDRO ASA NOK2.50 Total	
FRSFNHU057 MONDRIAN	05-Oct-07	-24,701.00	EX0946585	WEIR GROUP ORD 12.5P	SELL
FRSFNHU057 MONDRIAN	27-Nov-07	-16,362.00	EX0946585	WEIR GROUP ORD 12.5P	SELL
FRSFNHU057 MONDRIAN	28-Nov-07	-41,091.00	EX0946585	WEIR GROUP ORD 12.5P	SELL
		-82,154.00		WEIR GROUP ORD 12.5P Total	

Since September 20, 2007, there has been no increase (i.e. additional, new buying) in holdings of any scrutinized companies. Due to an error by an external manager, the following transactions occurred but were immediately reversed upon discovery as part of the SBA’s compliance process. The manager is contractually responsible for administering investments in accordance with restrictions set forth by the SBA, including the prohibited securities list of the PFIA.

SOURCE ACCOUNT NAME	POSTED DATE	SHARES	SECURITY ID	DESCRIPTION 1	Transaction
FRSFGHN009 TRILOGY	23-Oct-07	10,300.00	EX5140986	GAZPROM ADR REP10 ORD	BUY
FRSFGHN009 TRILOGY	23-Oct-07	39,500.00	EX5140986	GAZPROM ADR REP10 ORD	BUY
FRSFGHN009 TRILOGY	29-Oct-07	-49,800.00	EX5140986	GAZPROM ADR REP10 ORD	SELL
FRSFGHN009 TRILOGY	26-Nov-07	57.00	FJB10RB16	INPEX HLDGS INC COM STK JPY1	BUY
FRSFGHN009 TRILOGY	28-Nov-07	116.00	FJB10RB16	INPEX HLDGS INC COM STK JPY1	BUY
FRSFGHN009 TRILOGY	27-Nov-07	107.00	FJB10RB16	INPEX HLDGS INC COM STK JPY1	BUY
FRSFGHN009 TRILOGY	03-Dec-07	-280.00	FJB10RB16	INPEX HLDGS INC COM STK JPY1	SELL

Table 5: List of Prohibited Investments (Companies)

Company	Scrutinized Country	Country of Incorporation
Alstom	Sudan	France
AREF Investment Group	Sudan	Kuwait
AviChina Industry & Technology Company Limited	Sudan	China
Bharat Heavy Electricals, Ltd.	Sudan	India
Bongaigaon Refinery & Petrochemicals	Sudan	India
Bow Valley	Iran	Canada
Chennai Petroleum Corp Ltd	Sudan	India
China Petroleum & Chemical Corp (CPCC) Sinopec	Sudan	China
CNPC Hong Kong Ltd.	Iran & Sudan	Hong Kong
Dongan Motor (aka Harbin Dongan Auto Engine)	Sudan	China
DongFeng Automobile Co Ltd	Sudan	China
Electricity Generating Public Co	Sudan	Thailand
ENI	Iran	Italy
Gazprom	Iran	Russia
GS Holdings	Iran	S. Korea
Hafei Aviation Industry Co Ltd	Sudan	China
Harbin Power Equipment	Sudan	China
Indian Oil Corp Ltd (IOCL)	Iran & Sudan	India
Inpex	Iran	Japan
Jiangxi Changhe Automobile	Sudan	China
Jiangxi Hongdu Aviation (aka Hongdu Aviation)	Sudan	China
Kejuruteraan Samudra Timur Bhd	Sudan	Malaysia
Kencana Petroleum	Sudan	Malaysia
Khanom Electricity Generating Co	Sudan	Thailand
KMCOB Capital Bhd	Sudan	Malaysia
Lanka IOC Ltd	Sudan	India
Lundin International SA	Sudan	France
Lundin Petroleum AB	Sudan	Sweden
Mangalore Refinery & Petrochemicals Ltd	Sudan	India
Midciti Resources Sdn Bhd	Iran & Sudan	Malaysia
MISC Bhd	Iran & Sudan	Malaysia
Muhibbah Engineering BHD	Sudan	Malaysia
Oil & Natural Gas Corp (ONGC)	Iran & Sudan	India
Optimal Olefins Sdn Bhd	Iran & Sudan	Malaysia
PECD Bhd.	Sudan	Malaysia
PetroChina	Iran & Sudan	China
Petrofac	Sudan	United Kingdom
Petroleo Brasileiro (Petrobras)	Iran	Brazil

Table 5: List of Prohibited Investments (Companies) Cont’d

Petroliam Nasional (Petronas)	Iran & Sudan	Malaysia
Petronas Assets Sdn Bhd	Iran & Sudan	Malaysia
Petronas Capital Limited	Iran & Sudan	Malaysia
Petronas Dagangan Bhd	Iran & Sudan	Malaysia
Petronas Fertilizer Sdn Bhd	Iran & Sudan	Malaysia
Petronas Gas Berhad	Iran & Sudan	Malaysia
Repsol YPF	Iran	Spain
Royal Dutch Shell PLC	Iran	United Kingdom
Scomi Engineering Bhd	Sudan	Malaysia
Scomi Group Bhd	Sudan	Malaysia
Sinopec Kantons Holdings Ltd	Sudan	Bermuda
Sinopec Shanghai Petrochemical	Sudan	China
Snam Rete Gas	Iran	Italy
StatoilHydro	Iran	Norway
Total SA	Iran	France
Wärtsilä Oyj	Sudan	Finland
Wuhan Boiler Company	Sudan	United Arab Emirates
# of Companies	-	55

Summary of Progress, SBA Investment Manager Engagement Efforts

On August 20, 2007, the SBA sent letters to sixty-six external investment managers notifying them of the Act and informing them of new contract language that would enforce their cooperation with the requirements of the new law.

On September 19, 2007, the SBA sent letters to all affected managers outlining the list of prohibited securities for any future purchases. The letter described the SBA's engagement process with companies on the list, which affords companies a ninety-day period in which to comply with the conditions of the law or clarify their activities. The letter directed these managers to cease purchase of securities on the list and to await the direction of the SBA for any divestment necessary in the event engagement fails, with a deadline for divestment under the law of September 18, 2008.

On September 19, 2007, the SBA sent letters to actively-managed, indirectly held funds holding scrutinized securities, including managers of the defined contribution program, asking the funds to review the list of scrutinized securities and consider eliminating such holdings from the portfolio or create a similar fund, devoid of such holdings, per the requirements of the law.

The SBA has received responses noting our concerns in writing and by telephone from several of the contacted managers and we continue our evaluation.

Listing of All Publicly Traded Securities

Due to the large number of individual securities and the volume of information, this list has been electronically posted to the SBA's website. A list of all publicly traded securities owned by the State of Florida can be found at: <http://www.sbafla.com/images/Index/flashhtml.html>

Listing of All Publicly Traded Equity Securities

Due to the large number of individual securities and the volume of information, this list has been electronically posted to the SBA's website. A list of all publicly traded equity securities owned by the State of Florida can be found at: <http://www.sbafla.com/images/Index/flashhtml.html>

For more information, please contact:

State Board of Administration (SBA) of Florida
Office of Corporate Governance & Investment Communications
1801 Hermitage Blvd., Suite #100
Tallahassee, FL 32309
www.sbafla.com

or send an email to:

pfia@sbafla.com