

**MINNESOTA
STATE
BOARD OF
INVESTMENT**



Board Members:

Governor
Mark Dayton

State Auditor
Rebecca Otto

Secretary of State
Mark Ritchie

Attorney General
Lori Swanson

Executive Director:

Howard J. Bicker

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An Equal Opportunity
Employer

DATE: January 26, 2011

TO: Senator Mike Parry, Chair, Senate Committee on
State Government Innovation and Veterans
Senator Charles W. Wiger, Senate Committee on State
Government Innovation and Veterans

Senator Claire Robling
Chair, Senate Committee on Finance
Senator Richard J. Cohen, Senate Committee on Finance

Representative Joyce Peppin, Chair, House Committee on
Government Operations and Elections
Representative Michael V. Nelson, House Committee on
Government Operations and Elections

Representative Mary Liz Holberg, Chair, House Committee
on Ways and Means
Representative Lyndon Carlson, Sr., House Committee
on Way and Means

Representative Morrie Lanning, Chair, House Committee
on State Government Finance
Representative Phyllis Kahn, House Committee on State
Government Finance

FROM: Howard Bicker, Executive Director

**SUBJECT: Report on Sudan Required by *Minnesota Statutes*, Section
11A.243.**

Minnesota Statutes, Section 11A.243 requires the State Board of Investment (SBI) to submit a report to the chairs of the legislative committees and divisions with jurisdiction over the State Board of Investment concerning the SBI's identification of, communication with, and discontinuance of investment in certain companies with operations in Sudan.

Section 11A.243, subdivision 8, specifies that the SBI include in the report:

- 1) a summary of correspondence with companies;
- 2) a list of all investments divested;
- 3) a list of prohibited investments;
- 4) a description of any progress in having investment management firms create investment funds that exclude Sudan companies.

As provided for in Section 11A.243, subdivision 2, the SBI relies on publicly available information provided by the Conflict Risk Network (CRN), formerly known as the Sudan Divestment Task Force, regarding companies with business operations in Sudan.

SBI divested 142,800 shares of PTT Public Company Limited and 83,338 shares of Seadrill in 2010. SBI staff received a new list of restricted companies during December, 2010 and Seadrill was removed. SBI managers repurchased nearly 31,000 shares in late December.

SBI sent letters to companies in December 2009 and to four companies in 2010 as required by the law. Attached are responses from three companies, one of which is a successor company to one of the companies receiving a letter in December 2009. SBI has since sent a second letter to the two companies that have not responded.

Attachment 1 displays the current list of restricted stocks sent to SBI equity managers. The managers are explicitly instructed to refrain from purchasing shares in the stocks of companies on this list.

Enclosures



October 29, 2010

Mr. Howard Bicker
Executive Director
Minnesota State Board Of Investment

Dear Mr. Howard Bicker:

In my capacity as President of JX Holdings, Inc., I am taking the liberty of replying on behalf of the Company to your letter to Chairman Shinji Nishio, dated June 14th.

We have been purchasing Sudanese crude oil on an as-needed basis. These purchases account for less than 5% of our total crude oil purchases in unit terms. We purchase Sudanese crude oil from international trading companies. We have not contracted directly with the Sudanese government or The Sudan National Petroleum Corporation (Sudapet), nor do we have any intention of doing so. All of aforementioned transactions have been spot procurement, not purchases pursuant to long-term contracts.

We do not have any offices, exploration or production interests or facilities, or any other revenue-generating assets or interests in Sudan, nor do we have any intention of having any. Furthermore, we have never provided goods or services directly to the Sudanese government, nor do we have any intention of doing so.

Sudanese crude oil has very low sulfur content, making it one of the more environmentally friendly grades of crude oil. In Japan, it is one of the few grades of crude oil that meets users' quality specifications as a fuel for thermal power plants. It is difficult to secure substitute supplies of equivalent-quality crude oil sufficient to completely eliminate our purchases of Sudanese crude oil, but in fiscal 2009 we reduced our Sudanese crude oil purchases by some 50% in unit terms relative to fiscal 2008. We will continue to diligently endeavor to secure substitute crude oil supplies while also placing priority on Japan's energy security and environmental considerations. We request your understanding in this regard.



The Future of Energy, Resources and Materials
JX Holdings, Inc.

6-3, Otemachi 2-chome, Chiyoda-ku
Tokyo 100-8161 JAPAN
www.hd.jx-group.co.jp

If there are any other points that you wish us to clarify, please do not hesitate to contact the staff person below.

Mr. Hirokazu Chiyo
Investor Relations Group
Finance & Investor Relations Department
JX Holdings, Inc.
Email : hirokazu.chiyo@hd.jx-group.co.jp

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Takahagi', with a long horizontal stroke extending to the right.

Mitsunori Takahagi
Representative Director, President
JX Holdings, Inc.



PTT Public Company Limited Public Company Registration NO. 671
555 Vibhavadi Rangsit Road, Bangkok 10900 www.pttplc.com

No. 510/00/21

February 1, 2010

Subject : Current Sudan-related business operations and future plans

To : Mr. James E. Heidelberg,
Manager, Public Programs
Minnesota State Board of Investment

Referenced to the letter dated December 17, 2009 from the Minnesota State Board of Investment regarding PTT business operations in Sudan, I would like to clarify to you that PTT has neither current business operations nor any future plans to have our business operations in Sudan. PTT has business operations in many countries worldwide however Sudan is not included in the list of focused countries of our international business expansion.

Should you may have any further inquires related to PTT in the future, please do not hesitate to contact us.

Yours sincerely,

Nuttachat Charuchinda
Senior Executive Vice President
Corporate Strategy



James E. Heidelberg
Manager, Public Programmes
Minnesota State Board of Investment
60 Empire Drive, Suite 355
St. Paul, MN 55103-3555

Seadrill Limited
14 Par-la Ville Road
Hamilton HMGX
Bermuda

USA

Our ref.

Your ref.

Date 12 January 2010

We refer to your letter, dated 17th December 2009 where you request Seadrill to cease the ongoing drilling operations in Sudan.

Seadrill is contractual committed to carry out these activities and can therefore not cease same prior to the expected completion, scheduled to take place in June 2010.

We do not currently have further plans for drilling in Sudan and we will for potential future drilling opportunities in this area, take your views into consideration.

Kind regards
On behalf of Seadrill Limited

for Jon Olav Østhus

Alf C. Thorkildsen
Chief Executive Officer
Seadrill Management AS

ATTACHMENT 1

Restricted Sudan Stocks	
Company Name	Country of Origin
AviChina Industry & Technology Company Limited	China
Daqing Huake Group Company Limited	China
Dongfeng Motor Group Company Limited	China
Hafei Aviation Industry Company	China
Harbin Dongan Auto Engine Company	China
Jiangxi Hongdu Aviation AKA Hongdu Aviation	China
Jinan Diesel Company Limited	China
PetroChina	China
Sinopec Corporation AKA China Petroleum and Chemical Corporation	China
Sinopec Shanghai Petrochemical Company Limited	China
Sinopec Yizheng Chemical Fibre Company Limited	China
Wuhan Boiler Company.	China
China North Industries Group Corporation AKA CNGC/Norinco	China
Norinco International Cooperation Limited	China
Sichuan Nitrocell Company Limited	China
China North Optical-Electrical Technology Company Limited	China
AKM Industrial Company Limited	China
Sinopec Kanton Holdings Limited	Hong Kong
Chennai Petroleum Corporation Ltd. AKA CPCL	India
Indian Oil Corporation Ltd. AKA IOCL	India
Lanka IOC Limited	India
Mangalore Refinery and Petrochemical Limited	India
Mercator Lines	India
Oil and Natural Gas Company AKA ONGC	India
Alstom Projects India Limited	India
Oil India Limited	India
Egypt Kuwaiti Holding Company	Egypt
Kingdream PLC	Egypt/China
AREF Energy Holding Company	Kuwait
ONA S.A.	Morocco
Managem	Morocco
Malaysia International Shipping Company AKA MISC Berhad	Malaysia
Petronas Gas Berhad	Malaysia
Petronas Dagangan Berhad	Malaysia
Ranhill Berhad	Malaysia
Scomi Group Berhad	Malaysia
Scomi Engineering Berhad	Malaysia

ATTACHMENT 1

Restricted Sudan Stocks

Company Name	Country of Origin
Electricity Generating PCL AKA EGCO	Thailand
PTT Public Company AKA PTT	Thailand
PTT Exploration & Production PCL	Thailand
Mercator Lines Singapore	Singapore
Alstom	France
Areva SA	France
JX Holdings, Inc.	Japan
Minara Resources Limited	Switzerland
Chemoil Energy Limited	Switzerland

Note: List contains parent companies and subsidiaries publicly traded.
AKA means "Also Known As"

Source: Genocide Intervention Network

SBI Effective Date:

December 15, 2010