

MINNESOTA
STATE
BOARD OF
INVESTMENT

09 - 0096



Board Members:

Governor
Tim Pawlenty

State Auditor
Rebecca Otto

Secretary of State
Mark Ritchie

Attorney General
Lori Swanson

Executive Director:

Howard J. Bicker

60 Empire Drive
Suite 355
St. Paul, MN 55103
(651) 296-3328
FAX (651) 296-9572
E-mail:
minn.sbi@state.mn.us
www.sbi.state.mn.us

An Equal Opportunity
Employer

DATE: January 13, 2009

TO: Senator Ann Rest, Chair, Senate Committee on
State and Local Government Operations and Oversight

Senator Don Betzold
Chair, Senate State Government Budget Division

Representative Gene Pelowski, Jr., Chair, House Committee on
State and Local Government Operations Reform, Technology
and Elections

Representative Phyllis Kahn
Chair, House State Government Finance Division

Representative Mary Murphy
Legislative Commission on Pensions and Retirement

FROM: Howard Bicker, Executive Director

SUBJECT: Report on Sudan Required by Laws of Minnesota 2007,
Chapter 117.

Laws of Minnesota 2007, Chapter 117 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.

Chapter 117, section 1, 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 1, subdivision 2 of Chapter 117, the SBI relies on publicly available information provided by the Sudan Divestment Task Force (the Task Force) regarding companies with business operations in Sudan.

Exhibit 1 includes copies of letters received in 2008 from companies on the Task Force's lists received in response to the SBI's written notices to companies.

Exhibit 2 displays a list of Sudan company investments divested in 2008. All holdings in companies on the divestment list sent to managers were sold during the first half of the year. ABB, a Swiss Company, was added to the restricted list of stocks in June, and several managers hold shares. ABB was added to the divestment list in December 2008 for divestment by August 31, 2009.

Exhibit 3 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.

SBI staff is exploring the feasibility of having a non-Sudan company investment fund. As of this date, no conclusions have been reached.

Enclosures

Mr James E. HEIDELBERG
Manager, Public Programs
Minnesota State Board of Investment
60 Empire Drive, Suite 355
USA - St.-Paul, MN 55103-3555

(By post and by e-mail: Minn.sbi@state.mn.us)

16, rue de la Ville l'Evêque - 75323 Paris Cedex 08 - France
tel 33 (0) 1 40 06 64 00 - fax 33 (0) 1 40 06 66 44
www.suez.com

Paris, 14 July 2008

Dear Mr. HEIDELBERG,

This is with reference to your letter dated April 10, 2008 addressed to our Chairman and CEO Mr. Gérard MESTRALLET.

As it is our desire as a company to maintain a good and sustainable relationship with all our stakeholders, we find it of the utmost importance that the Minnesota State Board of Investment ("MSBI") is assured that SUEZ is a socially responsible company in every respect.

We understand from your letter that you have identified SUEZ as a "scrutinized company" under Minnesota divestment legislation ("Legislation"), on the basis of information made available by the Sudan Divestment Task Force ("SDTF"). We appreciate this clarification you provided to us, which allowed us to contact the SDTF with a view to clarifying our company's activities in Sudan. Attached you will find a copy of our letter dated July 14, 2008 to the SDTF.

As you will be able to appreciate on the basis of our letter to the SDTF, SUEZ has only a limited number of activities in Sudan. None of our activities in Sudan are power production activities. Our only operations in Sudan relate to the provision of services. More specifically, over the last three years, these activities have concerned the installation of civil aviation airport baggage handling systems, and an engineering study and design project relating to the Roseires dam.

The Roseires dam is located about 150 km downstream of the Sudanese border with Ethiopia. It is situated on the Blue Nile River in an area known as the Damazin rapids, approximately 500 km south-east of Khartoum. Damazin and Roseires are well known to various international non-governmental organizations such as USAID, that have chosen these regions to deploy their humanitarian activities for the benefit of the local population.

The main purpose of the Roseires dam is to provide irrigation, allowing the agricultural activities of the Sudanese people, which are often threatened by drought, to continue, and even to increase in terms of productivity. The dam also offers opportunities for further agricultural expansion so that more land will become fertile and allow the Sudanese people to provide fully for their own food supply. Thanks to the upcoming works to raise the dam's height - for which we provided design services - the dam's capacity will be increased to irrigate 800,000 hectares of land, with its water storage capacity increased from 3 billion cubic meters to 7.3 billion cubic meters.

Another characteristic of the dam is that it also allows the provision of environmental friendly, cheap and sustainable hydro electricity, from which the Sudanese people will benefit as well.

In financial terms, our Group's total operating income from these services over the last three years amounted to approximately USD 4,700,000. The portion earned from the Roseires engineering project amounted to less than USD 313,000. In comparison, our operational income from all our global activities over that period amounted to several billions of US Dollars.

Given the above feature of our activities in Sudan, SUEZ does not qualify as a "scrutinized company" under the Legislation. Hence, we express the hope and wish that the MSBI would not consider divesting from any of our securities the MSBI owns.

We would be more than happy to provide you with any further information you may require on our activities in Sudan and on SUEZ, our values and our commitments towards society as a whole.

Further, we have the firm intent to keep you informed of the SDTF's position relating to SUEZ's activities in Sudan.

Let us finally re-confirm to you that our relationship with our stakeholders, including the MSBI, is a key factor of its success. Unless our stakeholders are convinced that our activities are based on complete respect for those communities where we operate, however successful our activities may be in other ways, we would not consider them to be in line with what we wish to achieve.

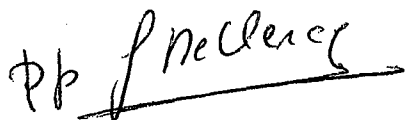
Your request to us of April 10, 2008 is highly appreciated. It gives us the chance to demonstrate directly to you that SUEZ regards respect for human rights as the most fundamental principle underlying all its activities in the community, including those activities which relate to Sudan.

14 July 2008
Page 3

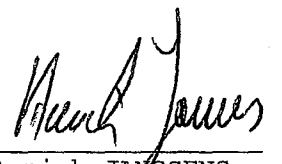
Please do not hesitate to contact either of the undersigned, Mr. Jacques VAN HEE (Jacques.Vanhee@suez.com; tel: + 33 - 1 - 40.06.66.02) or Mrs. Annick JANSSENS (Annick.Janssens@suez.com; tel: + 32 - 2 - 510.79.72), if you have any questions regarding the matters referred to in this letter.

We look forward to hearing from you soon.

Yours sincerely,



Jacques VAN HEE
Senior Vice President
Communications Department
SUEZ S.A.



Annick JANSSENS
Senior Legal Counsel
Integrity and Compliance
SUEZ S.A.

Attachment: copy of our letter to the Sudan Divestment Task Force dated July 14, 2008

Sudan Divestment Task Force
1333 H Street NW
USA - Washington, DC 20005

(By post and by e-mail: info@SudanDivestment.org)

Paris, 14 July 2008

Dear Sirs,

It is our desire as a company to maintain a good and sustainable relationship with all our stakeholders, and we would therefore like to address the concerns that your organization has raised about our Group's activities in Sudan.

Our relationship with our stakeholders, including your organization, is a key factor of its success. Unless our stakeholders are convinced that our activities are based on complete respect for those communities where we operate, however successful our activities may be in other ways, we would not consider them to be in line with what we wish to achieve.

Your wish to satisfy yourselves that companies do not support genocide in Sudan, is an entirely honorable goal, and one to which we fully subscribe. We would therefore like to make it abundantly clear, and in no uncertain terms, that SUEZ has not, does not and will not support any activities connected with genocide. This is totally abhorrent to everything we stand for, since we regard respect for human rights as the most fundamental principle underlying all our activities in the community.

We also understand that you wish us to clarify the scope of our power production activities in Sudan. We currently have no such activities in Sudan. Our only operations in the country relate to the provision of services. More specifically, over the last three years, these activities have concerned the installation of civil aviation airport baggage handling systems, and an engineering study and design project relating to the Roseires dam.

In financial terms, our Group's total operating income from these services over the last three years amounted to approximately USD 4,700,000. The portion earned from the Roseires engineering project amounted to less than USD 313,000. In comparison, our operational income from all our global activities over that period amounted to several billions of US Dollars.

We understand that you are particularly concerned about our involvement in the Roseires dam project, so we will describe in more detail what the Roseires project is and what is our involvement in it.

The Roseires dam is located about 150 km downstream of the Sudanese border with Ethiopia. It is situated on the Blue Nile River in an area known as the Damazin rapids, approximately 500 km south-east of Khartoum. Damazin and Roseires are well known to various international non-governmental organizations such as USAID, that have chosen these regions to deploy their humanitarian activities for the benefit of the local population.

We participated in the very early construction design of the dam in the late 1950s - early 1960s, and in designs for raising the height of the dam in the 1970s and 1990s. Past activities were mainly funded by international funding institutions, including the World Bank. Latterly, in 2007, we were involved in another project to raise the dam's height, this time as service provider to Australian company SMEC International. All these activities have currently ceased. Although SMEC International has asked us to offer additional services relating to the Roseires dam (in particular, supervision of the aforementioned works to raise the dam's height), we are not currently working on this.

The main purpose of the Roseires dam is to provide irrigation. The dam allows the agricultural activities of the Sudanese people, which are often threatened by drought, to continue, and even to increase in terms of productivity. The dam also offers opportunities for further agricultural expansion so that more land will become fertile and allow the Sudanese people to provide food for their own food supply. Thanks to the upcoming works to raise the dam's height - for which we provided design services - the dam's capacity will be increased to irrigate 800,000 hectares of land, with its water storage capacity increased from 3 billion cubic meters to 7.3 billion cubic meters.

Another characteristic of the dam is that it also allows the provision of environmental friendly, cheap and sustainable hydro electricity, from which the Sudanese people will benefit as well.

We hope that we have sufficiently clarified the position relating to our activities in Sudan, and we would very much appreciate it if you would confirm that we have provided you with the assurances you require that SUEZ does not support or condone genocide in Sudan. Alternatively, should you require further information from us in order to get such assurance, we would very much appreciate it if you would inform us thereof. We would be more than happy to provide you with any further information you may require on our activities in Sudan and on SUEZ, our values and our commitments towards society as a whole.

In either case, we would very much appreciate a diligent response from you to this letter, in order to allow us to clarify our position towards US State or local governments that consider divesting from or avoiding further investment in certain companies with business operations in Sudan.

14 July 2008
Page 3

Please do not hesitate to contact either of the undersigned, Mr. Jacques VAN HEE (Jacques.Vanhee@suez.com; tel: + 33 - 1 - 40.06.66.02) or Mrs. Annick JANSSENS (Annick.Janssens@suez.com; tel: + 32 - 2 - 510.79.72), if you have any questions regarding the matters referred to in this letter. Please also contact either of us in connection with your response to our above-mentioned request.

We look forward to hearing from you soon.

Yours faithfully,

Jacques VAN HEE
Senior Vice President
Communications Department
SUEZ S.A.

Annick JANSSENS
Senior Legal Counsel
Integrity and Compliance
SUEZ S.A.



MINNESOTA STATE BOARD OF INVESTMENT
FTA Howard Bicker
Executive Director
60 Empire Drive, Suite 355
St. Paul
MN 55103-3555

Zurich, 1 July 2008

Dear Mr Bicker,

Thank you for your letter of June 23, 2008 to ABB Chairman Hubertus von Grünberg about our business operations in Sudan. Let me clarify the situation for you.

ABB is in the process of finalizing its withdrawal from Sudan. ABB has taken no new business since January 2007 and has been reviewing existing contracts - those signed before January 2007 - on a case-by-case basis.

With respect to contracts signed before January 2007: in most cases, ABB exited those contracts lawfully or rapidly completed them. In a small number of contracts, which ABB could not exit lawfully, ABB is in the process of finalizing them and completing its withdrawal from Sudan. These contracts, which are worth low-double digit millions of dollars (total ABB Group revenues: \$28 billion), are scheduled to be completed in 2008, with the exception of commissioning work at the Merowe Dam project (i.e. ensuring the equipment we have previously supplied works properly when the dam becomes operational) and warranty periods.

ABB is a supplier of equipment to other companies involved in projects, and has no facilities on the ground. ABB had a staff of one person in Khartoum who was withdrawn in 2007.

ABB's business in Sudan has involved facilitating the transmission and distribution of electricity without which no society can operate or progress. The provision of power helps in the social and economic development of the country, and supports key fundamental human rights such as the right to health care, housing, education etc.

Despite our withdrawal from the country, we are involved in ongoing efforts to set up a UN Global Compact network in Sudan, involving Sudanese and international business, international and local NGOs and different authorities. This network, which is expected to be launched this year, is designed to raise human rights, labor and environmental standards, as well as combat corruption.

I hope this answers your questions. If you need more information please let me know.

Ron Popper
Head of Corporate Responsibility, ABB Group

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

Stockholm, January 23, 2008

Dear James,

Regarding your letter to Mr. Brock dated November 8, 2007

Atlas Copco is a world leading provider of industrial productivity solutions. The products and services range from compressed air and gas equipment, generators, construction and mining equipment, industrial tools and assembly systems, to related aftermarket and rental. In close cooperation with customers and business partners, and with more than 130 years of experience, Atlas Copco innovates for superior productivity. Headquartered in Stockholm, Sweden, the Group's global reach spans more than 150 markets, including Sudan.

Atlas Copco does not have any own operation and no employees in Sudan, but has an agreement with a distributor. Of total group sales 2006 (BSEK 51 ~BUSD 8) only a fraction of a percentage point came from Sudan. (Please note that being a publicly listed company having to comply with the applicable rules imposed by the Stockholm Stock-exchange regarding restrictions to provide information that is not publicly available to a selected number of investors, we cannot give you more detailed information than that. In addition, the disclosure of sales to industry sectors and/or to a specific geographical market would be of relevance to the competition and should of that reason alone not be made public.)

Atlas Copco follows both local and international (US OFAC, UN and EU) rules and regulations regarding trading in high risk countries. In all of our operations we follow our own Business Code of Practice (enclosed).

Kind regards,

ATLAS COPCO AB
Corporate Communications


Annika Berglund
Senior Vice President

Atlas Copco Group Center

Atlas Copco AB
SE-105 23 Stockholm
Sweden

Visitors address:
Sickla Industriväg 3
Nacka

Telephone +46 (0)8 743 8000
Telefax +46 (0)8 644 9045
www.atlascopco-group.com

A Public Company (pub)
Reg. No. 556014-2720
Reg. Office Nacka



UMW CORPORATION SDN. BHD. (009825-V)

3rd Floor, The Corporate, No. 10, Jalan Utas (15/7), Batu Tiga Industrial Estate,
40200 Shah Alam, Selangor Darul Ehsan, Malaysia.
Phone : (03) 5163 5000 Fax: (03) 5519 3890

Our ref:
Your ref:

7th January 2008

Mr Howard J. Bicker
Executive Director
60 Empire Drive
Suite 355
St. Paul, MN 55103
United States of America

Dear Mr Howard J. Bicker,

This is with regard to your query contained in your letter dated 8th November 2007, received at my office only recently.

At the outset, we wish to state that the UMW Group has had no direct business dealings with any Sudanese parties in the past, nor does it have presently.

We believe that UMW has been included as one of the companies by Sudan divestment campaigns such as the Sudan Divestment Task Force due to a **one-time or sole transaction in 2005** between UMW Oilfield International Trading (UOIT), the marketing arm for UMW Group's Oil & Gas Division, and Shanghai BSW, an associate company of UMW, and Malaysian International Trading Corporation (MITCO), the trading and procurement subsidiary of Petronas.

In that one-off transaction among the three organizations in 2005, UOIT conducted a purely commercial transaction with MITCO for the supply of Shanghai BSW's manufactured pipes. MITCO then ultimately supplied the pipes to Petronas, which operates an oil concession off the coast of Sudan.

UMW Oil & Gas Division has a wide range of products and services and we conduct purely commercial business transactions directly with our clients and also with other distributors across the world, including MITCO. These distributors or resellers are independent business entities external to the UMW Group. Also, please note that the UMW Oil & Gas Division does not exert controlling interest in Shanghai BSW, as the latter is an associate company.

Please be assured that we at UMW strive to be responsible corporate citizens both in Malaysia and in all the markets in which we operate.

We are cognizant of the issues in Sudan and as such, as in the past, we do not conduct any direct dealings with any Sudanese party. We also have had no office or business operations in Sudan in the past, neither do we intend so in the foreseeable future.

Regards.

Yours sincerely
UMW HOLDINGS BERHAD


SUSEELA MENON
Executive Director,
UMW Corporation Sdn Bhd

State Board of Investment

List of Sudan Company Investments Divested

Company Name	Country of Origin	Divest 50 Percent By this Date	Divest 100 Percent By this date	Shares Divested In 2008
China Petroleum and Chemical Corporation AKA Sinopec Corp	China	April 30, 2008	October 31, 2008	498,000
PetroChina Company	China	April 30, 2008	October 31, 2008	264,000
Bharat Heavy Electricals Ltd.	India	April 30, 2008	October 31, 2008	153,086
Oil and Natural Gas Corp AKA ONGC	India	April 30, 2008	October 31, 2008	39,000
Malaysia International Shipping Company AKA MISC Berhad	Malaysia	April 30, 2008	October 31, 2008	183,700
Alstom	France	April 30, 2008	October 31, 2008	34,795
Lundin Petroleum	Sweden	April 30, 2008	October 31, 2008	38,225
Wartsila Oyj	Finland	May 31, 2008	November 30, 2008	19,480
Harbin Power Equipment	China	June 30, 2008	December 31, 2008	286,000
ABB	Switzerland	February 28, 2009	August 31, 2009	n/a

Note: AKA means "Also Known As"

ATTACHMENT 1**Restricted Sudan Stocks**

Company Name	Country of Origin
AviChina Industry & Technology Co. Ltd.	China
Dongfeng Automotive Company Ltd.	China
Haifei Aviation Industry Co.	China
Harbin Power Equipment	China
Jiangxi Changhe Automobile Co. Ltd.	China
Jiangxi Hongdu Aviation AKA Hongdu Aviation	China
PetroChina	China
Sinopec Corporation AKA China Petroleum and Chemical Corporation	China
Sinopec Shanghai Petrochemical Co. Ltd.	China
Sinopec Yizheng Chemical Fire Company, Ltd.	China
Wuhan Boiler Co.	China
Odmurtneft BRD	Russia
CNPC Hong Kong	Hong Kong
Sinopec Kanton Holdings, Ltd.	Hong Kong
Bharat Heavy Electricals Ltd.	India
Bongaigaon Refinery & Petrochemicals Limited (BRPL)	India
Chennai Petroleum Corporation Ltd. (CPCL)	India
Indian Oil Corporation Ltd. AKA IOCL	India
Lanka IOC Ltd.	India
Mangalore Refinery and Petrochemical Ltd.	India
Oil and Natural Gas Company, AKA ONGC	India
AREF Investment Group	Kuwait
Egypt Kuwait Holding Company	Egypt
Kingdream PLC	Egypt/China
Kejuruteraan Samudra Timur Bhd	Malaysia
Kencana Petroleum Berhad	Malaysia
Malaysia International Shipping Company AKA MISC Berhad	Malaysia
Muhibbah Engineering Berhad	Malaysia
PECD Berhad	Malaysia
Petronas Gas, Bhd.	Malaysia
Petronas Dagangan, Bhd.	Malaysia
Ranhill Berhad	Malaysia
Scomi Group Bhd	Malaysia
Scomi Engineering Bhd	Malaysia
Electricity Generating PCL AKA EGCO	Thailand
Wartsila Oyj	Finland
Alstom	France

ATTACHMENT 1

Restricted Sudan Stocks

Company Name	Country of Origin
Areva SA	France
Dietswell Engineering	France
Lundin International SA	France
Lundin Petroleum AB	Sweden
ABB	Switzerland

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

Source: Sudan Divestment Task Force

December 16, 2008