

**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

60 Empire Drive
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(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 18, 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

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 Iran Required by Laws of Minnesota 2009, Chapter 90

Laws of Minnesota 2009, Chapter 90, codified as *Minnesota Statutes*, section 11A.244, requires the State Board of Investment (SBI) to submit a report to the chairs of the legislative committees and divisions with jurisdiction over the SBI concerning the SBI's identification of, communication with and discontinuance of investment in certain companies with operations in Iran.

Chapter 90, section 1, subdivision 9 specifies that the SBI include in the report:

1. A list of scrutinized companies
2. Summary of correspondence with companies
3. A list of investments divested
4. A list of prohibited investments
5. A description of any progress in having investment management firms create investment funds that exclude Iran companies

As provided for in Section 1, subdivision 2 of Chapter 90, the SBI purchased Iran research services from RiskMetrics Group, now ISS, regarding companies with business operations in Iran.

Attachment 1 is the list of scrutinized companies.

Attachment 2 displays copies of letters received in 2010 from companies to which the SBI sent correspondence. The SBI sent a letter to a single company December 10, 2010 to which it has not received a reply.

Chapter 90 calls for divestment of securities of companies which do not publicly announce substantial action specific to Iran within 90 days of the SBI correspondence. The SBI divested approximately 5.2 million shares of stock of five companies currently on the list of Iran Companies Requiring Divestment. Two other companies are on the list, but no divestment is required until the end of January 2011.

Attachment 3 is the list of restricted companies sent to SBI equity and bond managers. The managers are explicitly instructed to refrain from purchasing securities of companies on this list.

SBI recognizes the impact on the entire portfolio of the Iran investment restrictions and is discussing with its consultant and Investment Advisory Council the feasibility of creating a non-Iran portfolio.

ATTACHMENT 1

RESTRICTED IRAN COMPANIES SECURITIES OF COMPANIES MAY NOT BE PURCHASED FOR PORTFOLIO

ISSUER_NAME	COUNTRY
China Petroleum & Chemical Corporation	China
CNOOC Ltd	Hong Kong
Costain Group PLC	UK
Daelim Industrial Company Limited	South Korea
Edison SpA	Italy
Energetiki i Elektrifikatsii OAO AKA Mosenergo	Russia
Gazprom OAO	Russia
Gazprom NeftOAO	Russia
GS Engineering & Construction Corporation	South Korea
INA-Industrija nafte d.d	Croatia
Indian Oil Corporation Ltd.	India
KunLun Energy Company Limited	Hong Kong
L'Air Liquide SA	France
Lanka IOC PLC	Sri Lanka
Liquefied Natural Gas Ltd	Australia
Malaysia International Shipping Company AKA MISC Berhad	Malaysia
Malaysia Marine and Heavy Engineering Holdings Bhd	Malaysia
Mangalore Refinery and Petrochemicals Ltd	India
Oil and Natural Gas Corporation Limited	India
OMV Aktiengesellschaft	Austria
OMV Petrom S.A.	Romania
PetroChina Company Limited	China
Petrofac Limited	UK
Petronas Dagangan Bhd	Malaysia
Petronas Gas Berhad	Malaysia
PetroVietnam Consultancy and Engineering Corp	Vietnam
PetroVietnam Fertilizer and Chemicals Corp	Vietnam
PetroVietNam Southern Gas Joint Stock Co	Vietnam
Petrovietnam Transportation Corporation	Vietnam
PTT Exploration and Production Public Company Limited	Thailand
Sasol Limited	South Africa
SGS SA	Switzerland
Sinopec Kantons Holdings Ltd.	Hong Kong
Sinopec Shanghai Petrochemical Company Limited	China
Sinopec Yizheng Chemical Fibre Company Limited	China
Technip	France

Effective Date: January 10, 2011

Attachment 2

Correspondence with Companies

November 30, 2010

Minnesota State Board of Investment
60 Empire Drive
Suite 355
St Paul MN 55103
USA
Attn: Mrs Teresa J. Richardson

Dear Mrs Richardson,

Thank you for your letter inquiring about Technip's activities in Iran.

We believe that this is an important issue. Technip's activities in Iran have decreased significantly since 2004. Over the last five years, its activity there has been essentially limited to the completion of older projects. Technip's remaining activities in Iran consist principally of project management services. Technip pays no corporate income tax in Iran. The completion of projects in Iran generated less than 0.04% of Technip's revenues in 2009.

Additionally, in January 2007 Technip sold its 20% interest in Nargan, an Iranian engineering company.

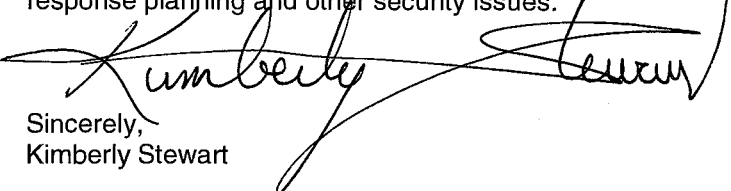
Technip has no humanitarian involvement in Iran. Moreover, as per its corporate policy, Technip has no political involvement in this country.

If the EU or France were to increase sanctions against Iran, Technip would take any steps necessary to be in line with legal requirements as soon as practically possible in order to comply with such changes. In any case, as one of Technip's priorities is strict adherence to the law, our company will respect any deadlines that may be imposed.

Technip has various procedures in place to address risks in countries considered to be politically unstable. Technip may also decide to reduce its exposure to a specific region or country by deciding not to perform new projects there. Furthermore, Technip is in contact with export credit agencies and insurance companies to obtain insurance coverage against political risk, where required. In all cases, Technip is strictly in line with applicable legislation.

Technip devotes important resources to its employees' security. The Group has an in-house risk classification procedure for countries where Technip operates. Countries are classified into risk levels. This internal procedure is constantly updated and has a direct impact on travel by Technip employees: travel to high-risk countries is strictly prohibited.

A Security Committee makes decision with regards to travel limitations for classified countries, emergency response planning and other security issues.



Sincerely,
Kimberly Stewart

Head of Investor Relations
Tel: + 33 1 47 78 66 74 / Fax: + 33 1 47 78 67 58
Mb: +33 6 37 01 42 68
kstewart@technip.com

Euronext ISIN: FR0000131708
ADR ISIN: US8785462099
A Component of the Dow Jones Sustainability World Index

October 15, 2010

Mr. Howard Bicker
Executive Director
Minnesota State Board of Investment
60 Empire Drive Suite 355
St. Paul, MN 55103
United States

Dear Mr. Bicker:

Withdrawal from the Azadegan development project, Islamic Republic of Iran

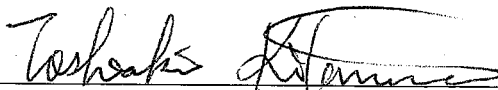
Regarding our business activities in the Islamic Republic of Iran, we would like to inform you of the withdrawal of Azadegan Petroleum Development, Ltd. (APD) from the Azadegan development project in the Islamic Republic of Iran, where APD, INPEX CORPORATION's wholly owned subsidiary, had a 10% participating interest. This withdrawal has been approved by the National Iranian Oil Company.

Accordingly we believe that INPEX should not be identified as the company for the divestment.

If you have any further questions, please contact Hiroshi Ikeda, Manager Corporate Strategy & Planning Group (Phone: +81-3-5572-0230 / E-mail: hiroshi.ikeda@inpex.co.jp) or Munehiro Hosono, Manager IR Group (Phone: +81-3-5572-0234/ E-mail: munehiro.hosono@inpex.co.jp).

For your reference, please find attached the press release relating to this matter, which we announced today.

Sincerely yours,



Toshiaki Kitamura
President
INPEX CORPORATION



Public Relations Group, Corporate Communications Unit
Akasaka Biz Tower, 5-3-1 Akasaka, Minato-ku, Tokyo 107-6332 JAPAN

[Attachment]

15 October 2010

Withdrawal from the Azadegan development project,
Islamic Republic of Iran

INPEX CORPORATION announced today that its affiliate, Azadegan Petroleum Development Ltd. (APD) reached an agreement with the National Iranian Oil Company regarding the withdrawal from the Azadegan development project in the Islamic Republic of Iran where APD had a 10% participating interest.

Media Contact: INPEX Tokyo Office, Public Relations Group, Tel) +81-3-5572-0233



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 line extending to the right.

Mitsunori Takahagi
Representative Director, President
JX Holdings, Inc.



MARK L. JOHNSON
DIRECT DIAL NO. (612) 373-8377
MJOHNSON@GREENEESPEL.COM

June 28, 2010

VIA U.S. MAIL AND FACSIMILE

BUSINESS CONFIDENTIAL

Ms. Teresa J. Richardson
Assistant Executive Director
Minnesota State Board of Investment
60 Empire Drive, Suite 355
St. Paul, MN 55103
Fax: (651)296-9572

RE: Kanematsu Corporation

Dear Ms. Richardson:

Kanematsu Corporation asked my firm to look into the matter raised by your letter to Mr. Masaharu Hamakawa dated April 30, 2010.

In conducting our research regarding this matter, I contacted Jim Heidelberg of your office. Mr. Heidelberg advised me a consultant, RiskMetrics Group, had erroneously identified Kanematsu Corporation as a company with scrutinized business operations in Iran. He indicated that this was an error and that Kanematsu Corporation had been removed from that list. (See Attachment A.)

Kanematsu Corporation appreciates Mr. Heidelberg's confirmation that the Minnesota State Board of Investment ("MSBI") has removed Kanematsu Corporation from the MSBI's list of monitored companies. We thank you and your colleagues for correcting this matter quickly and in such a collegial manner.

Kanematsu Corporation is very concerned that it not be erroneously linked to scrutinized business activities in Iran. As such, we especially appreciated Mr. Heidelberg's confirmation that Kanematsu Corporation will not be publicly identified in connection with the MSBI's mission. We assume that if anyone should ever inquire about Kanematsu Corporation's initial inclusion on MSBI's list of scrutinized companies, MSBI staff will make clear that the proposed listing was erroneous, so as to ensure that no inference could be drawn that Kanematsu Corporation was at any time considered a company with scrutinized business operations in Iran. We also assume from Mr. Heidelberg's assurances that neither your April 30, 2009 letter nor this response will be included in your publicly-available reports to the Minnesota legislature.

Ms. Teresa J. Richardson
June 28, 2010
Page 2

As a final note, we are concerned that RiskMetrics Group has repeated its error regarding Kanematsu Corporation in communications to other clients. We would very much appreciate anything that MSBI can do to encourage RiskMetrics Group to correct its records and cease falsely suggesting that Kanematsu Corporation has conducted scrutinized business operations in Iran.

On behalf of Kanematsu, I thank you again for your office's responsiveness in correcting the record in connection with this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Mark", written in a cursive style.

Mark L. Johnson

MLJ/jk
Enclosure

cc: Masaharu Hamakawa

Attachment A - BUSINESS CONFIDENTIAL

From: Jim Heidelberg [mailto:Jim.Heidelberg@state.mn.us]
Sent: Monday, June 14, 2010 9:07 AM
To: Mark L. Johnson
Subject: RE: Kanematsu Corporation

Mr. Johnson,

I confirm that the facts of this issue are correct as you state. Kanematsu Corporation has been removed from the list of Iran companies that the Minnesota State Board of Investment monitors.

James E. Heidelberg
Manager, Public Programs
Minnesota State Board of Investment
651-296-3328

From: Mark L. Johnson [mailto:MJohnson@greeneespel.com]
Sent: Friday, June 11, 2010 4:19 PM
To: Jim.Heidelberg@state.mn.us
Subject: Kanematsu Corporation
Importance: High

Dear Mr. Heidelberg,

Thank you for taking my calls this afternoon. To confirm, I represent Kanematsu Corporation. Your office sent a letter to my client on or about April 30, 2010, stating that Kanematsu had engaged in scrutinized business operations in Iran that are subject to sanctions under U.S. law and to investment restrictions or divestment by the State of Minnesota, pursuant to Minnesota Statute 11A.244.

As you and I just discussed, Kanematsu was erroneously identified as having engaged in scrutinized business operations in Iran. You explained that MSBI's outside consultant sent MSBI an email on May 7, 2010 stating that Kanematsu had been included in error. MSBI does not contend that Kanematsu has engaged in scrutinized business operations in Iran, and Kanematsu does not need to respond to MSBI's letter of April 30, 2010.

Please confirm that all of this is correct. Please also confirm that Kanematsu's name will not be publicly disclosed in connection with this matter.

We appreciate MSBI's willingness to promptly correct the record. Thank you very much.

Sincerely,

Mark L. Johnson
Attorney
612-373-8377
mjohnson@GreeneEspel.com

Greene Espel P.L.L.P.
200 South Sixth Street, Suite 1200
Minneapolis, MN 55402-1415
612-373-0830 TEL
612-373-0929 FAX
www.greeneespel.com

30 July, 2010

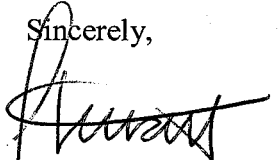
Minnesota State Board of Investment
60 Empire Drive
Suite 355
St. Paul, MN 55103
Attn: Teresa J. Richardson, Assistant Executive Director

Dear Ms. Richardson:

This letter is in response to your April 30, 2010 letter to Davide Trevisani, the CEO of Trevi Finanziaria Industriale S.p.A. ("Trevi"). With respect to your inquiry concerning Trevi's business activities in Iran, please note that one of Trevi's affiliates had been awarded a construction project to complete special foundation work for new quays at the commercial port of Bandar-Abbas in Iran. That project was substantially completed in September 2009, and neither Trevi's affiliate nor any other Trevi entity has any equipment or employees in Iran. Trevi is not engaged in any activities in Iran other than the collection of retention money due for work already completed. As such, we believe that Trevi does not have any so-called "scrutinized business operations" in Iran and should therefore be removed from the list of companies subject to divestment under *Minnesota Statutes*, Section 11A.244. If you require any further information or clarification, please do not hesitate to contact me.

Also, please share this information with the RiskMetrics Group if you are able to do so.

Sincerely,



Stefano Trevisani
Managing Director

Jim Heidelberg

From: Carol Nelson [Minn.Sbi@state.mn.us]
Sent: Tuesday, June 08, 2010 8:06 AM
To: James Heidelberg
Subject: FW: Answer for your inquiry (from JGC)

-----Original Message-----

From: ir@jgc.co.jp [mailto:ir@jgc.co.jp]
Sent: Tuesday, June 08, 2010 12:34 AM
To: Minn.Sbi@state.mn.us
Subject: Answer for your inquiry (from JGC)

June 8, 2010

Ms. Teresa J. Richardson
Assistant Executive Director
MINNESOTA STATE BOARD OF INVESTMENT

Dear Ms. Richardson:

A copy of your letter of April 30, 2010 to our Mr. Keisuke Takeuchi has been transferred to me for the attention of the Public Relations & Investor Relations Department. Thank you for this opportunity to respond on our business activities in Iran, and we are pleased to provide the following information.

JGC CORPORATION ("JGC") is not participating in any project in Iran, neither as engineer/constructor nor as investor. Moreover, JGC has no revenue, outstanding contracts and assets in Iran, nor conducts any activities in the mineral-extracting, nuclear, defense or other sectors in that country.

For any additional information required, please contact JGC's PR/IR Department by e-mail at ir@jgc.co.jp.

Sincerely,

Public Relations & Investor Relations Department
JGC CORPORATION
ir@jgc.co.jp

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Jim Heidelberg

From: Carol Nelson [Minn.Sbi@state.mn.us]
Sent: Monday, July 19, 2010 8:00 AM
To: James Heidelberg
Subject: FW: Clarification on operations in Iran

From: PTTEP Investor Relations [mailto:IR@pttep.com]
Sent: Sunday, July 18, 2010 8:55 PM
To: Minn.Sbi@state.mn.us
Subject: Clarification on operations in Iran

Dear Teresa J. Richardson,

Reference is made to your letter dated April 30, 2010, concerning PTT Exploration and Production Plc.'s operations in Iran. We would like to clarify our activities in Iran as follows:

PTTEP Iran Company Limited, a subsidiary of PTTEP, holds 100% share in an Iranian exploration field called Saveh Block since 2005. The exploration activities include geological and geophysical studies as well as 2D seismic surveys, which were carried out during the first two years. The drilling of the first exploration well commenced in 2008, which was prolonged until end of 2009 due to technical challenges.

Over the five years of our exploration program, PTTEP's investment was mainly for the aforementioned exploration well. Due to technical justifications and safety concerns, the well was written off in 2009. In 2010, the company has conducted a feasibility study and post-well evaluation, whereby further investments will hinge upon the evaluation result.

Please refer to <http://www.pttep.com/en/aboutPttep.aspx> for more information concerning PTTEP's policy on worldwide operations.

Should you have any additional queries, please do not hesitate to contact us.

Yours sincerely,

PTTEP Investor Relations



Date: 11th June, 2010

Ms. Teresa J. Richardson
Assistant Executive Director
Minnesota State Board of Investment
60 Empire Drive
Suite 355
St. Paul, Minnesota 55103
UNITED STATES OF AMERICA

Re: Minnesota State Board of Investment Iran Inquiry

Dear Ms. Richardson:

I am responding to your letter of April 30 addressed to Mr. B.K. Goenka, Chairman of Welspun Corp Limited, previously known as Welspun Gujarat Stahl Rohren Ltd. ("Welspun").

Under the applicable Minnesota's statute, section 11A.244, the Minnesota State Board of Investment reviews "scrutinized companies," which are defined as companies engaging in "scrutinized business activities." Scrutinized business activities are those activities subject to sanctions under the Iran Sanctions Act of 1996 (Public Law 104-172), as amended. The Iran Sanctions Act provides for the imposition of sanctions against entities that have made an investment of \$20 million or more that has contributed to the enhancement of Iran's ability to develop its petroleum resources.

Welspun has not made any investment in the Iranian petroleum or energy sector. In fact, Welspun does not have any investments in Iran. Therefore, Welspun does not engage in any "scrutinized business operations" in Iran that would subject it to divestment or investment restrictions by the Minnesota State Board of Investment. As such, we respectfully request that Welspun be removed from the Minnesota State Board of Investment's list of scrutinized companies.

Please advise if you have any further questions regarding this matter.

Very truly yours,

For Welspun Corp Ltd
(Formerly known as Welspun Gujarat Stahl Rohren Ltd)


BR Raju
(CFO & Director)

Corporate Office
Welspun House, 5th floor
Kamala City,
Senapati Bapat Marg,
Lower Parel (West),
Mumbai - 400013
Tel: +91 2266136100
Fax: +91 2224908020
www.welspuncorp.com

ATTACHMENT 3

**RESTRICTED IRAN COMPANIES
SECURITIES OF COMPANIES MAY NOT BE PURCHASED FOR PORTFOLIO**

ISSUER_NAME	COUNTRY
China Petroleum & Chemical Corporation	China
CNOOC Ltd	Hong Kong
Costain Group PLC	UK
Daelim Industrial Company Limited	South Korea
Edison SpA	Italy
Energetiki i Elektrifikatsii OAO AKA Mosenergo	Russia
Gazprom OAO	Russia
Gazprom NeftOAO	Russia
GS Engineering & Construction Corporation	South Korea
INA-Industrija nafte d.d	Croatia
Indian Oil Corporation Ltd.	India
KunLun Energy Company Limited	Hong Kong
L'Air Liquide SA	France
Lanka IOC PLC	Sri Lanka
Liquefied Natural Gas Ltd	Australia
Malaysia International Shipping Company AKA MISC Berhad	Malaysia
Malaysia Marine and Heavy Engineering Holdings Bhd	Malaysia
Mangalore Refinery and Petrochemicals Ltd	India
Oil and Natural Gas Corporation Limited	India
OMV Aktiengesellschaft	Austria
OMV Petrom S.A.	Romania
PetroChina Company Limited	China
Petrofac Limited	UK
Petronas Dagangan Bhd	Malaysia
Petronas Gas Berhad	Malaysia
PetroVietnam Consultancy and Engineering Corp	Vietnam
PetroVietnam Fertilizer and Chemicals Corp	Vietnam
PetroVietNam Southern Gas Joint Stock Co	Vietnam
Petrovietnam Transportation Corporation	Vietnam
PTT Exploration and Production Public Company Limited	Thailand
Sasol Limited	South Africa
SGS SA	Switzerland
Sinopec Kantons Holdings Ltd.	Hong Kong
Sinopec Shanghai Petrochemical Company Limited	China
Sinopec Yizheng Chemical Fibre Company Limited	China
Technip	France

Effective Date: January 10, 2011