

STATE OF DELAWARE

INVESTMENT COMMITTEE MEETING MINUTES

August 22, 2006

The Investment Committee met at Walker's Mill at 8:35 a.m. on August 22, 2006. Present were Committee members Jan M. King, Chair, A. Dale Stratton, Philip S. Reese, Elva B. Ferrari, and Mark Stalneck. Also present were Helen Foster, Robert D. Gooderham, David C. Craik, Alice L. Simon, Garry A. Musto and Linda M. Drew. Present for portions of the meeting was Marsha Kramarck.

Mr. Gooderham reviewed preliminary fiscal and calendar year performance through 7/31/06 for individual managers and the total fund.

Ms. Stratton moved, Mr. Reese seconded, and the Committee unanimously approved a motion to enter Executive Session at 8:50 a.m. for consideration of personnel matters, trade secrets and confidential financial information.

The Committee returned to public session at 10:45 a.m. by unanimous vote, on the motion of Ms. Stratton, seconded by Mr. Stalneck.

Mr. Gooderham reported that Rutabaga Capital has invested the initial \$25 million allocated to Delaware's account in July and Ashford Consulting Group (ACG) recommends an addition of \$25 million.

On the motion of Mr. Reese, seconded by Ms. Stratton, the Committee unanimously voted to recommend the following actions to the full Board:

- 1) Liquidate \$25 million from the OFI Institutional small cap equity account
- 2) Add \$25 million to the Rutabaga Capital small cap equity account

Mr. Gooderham reviewed correspondence from Flagship Ventures notifying Delaware of its options regarding the final distribution from Morgan Holland II. On the motion of Ms. Stratton, seconded by Mr. Reese, the Committee unanimously voted to receive all cash.

Ms. Stratton moved, Mr. Reese seconded, and the Committee unanimously approved a motion to enter Executive Session at 11:10 a.m. for consideration of personnel matters, trade secrets and confidential financial information.

The Committee returned to public session at 11:15 a.m. by unanimous vote, on the motion of Ms. Stratton, seconded by Mr. Reese.

Mr. Gooderham distributed copies of the Derivatives Report for the period ended 6/30/06 and reviewed the amount and types of derivatives held by those managers whose Schedule A's permit use of derivatives for specific purposes.

The Committee reviewed the draft annual report for fiscal year 2006 and provided comments and suggested corrections to Ms. Simon.

There being no further business to come before the Committee, the meeting was, on the motion of Mr. Stalnecker, seconded by Mr. Reese and unanimously approved, adjourned at 11:30 a.m.

Respectfully submitted,

/S/Robert D. Gooderham

Robert D. Gooderham

/S/Jan M. King

Jan M. King, Chairperson