

STATE OF DELAWARE

INVESTMENT COMMITTEE MEETING MINUTES

September 12, 2006

The Investment Committee met at Walker's Mill at 8:30 a.m. on September 12, 2006. Present were Committee members Jan M. King, Chair, A. Dale Stratton, Philip S. Reese, Elva B. Ferrari, Clark Phippen and Mark Stalnecker. Also present were Robert D. Gooderham, Helen Foster, David C. Craik, Kathy Kunkle, Garry A. Musto and Linda M. Drew. The Committee appointed Mr. Gooderham to serve as Acting Secretary.

Mr. Gooderham reviewed preliminary fiscal and calendar year performance through 8/31/06 for individual managers.

Ms. Kunkle reported on the status of the Fund's custodian transition from Mercantile to Northern Trust. Overall the transition went quite well and the few remaining issues are due to pricing issues related to the date of securities transferred.

Mr. Reese moved, Mr. Stalnecker seconded, and the Committee unanimously approved a motion to enter Executive Session at 8:45 a.m. for consideration of personnel matters, trade secrets and confidential financial information.

The Committee returned to Public Session at 12:40 p.m by unanimous vote, on the motion of Mr. Reese, seconded by Mr. Phippen.

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

- 1) Terminate the Mount Lucas Management Managed Futures account
- 2) Terminate the Frolely Revy domestic convertible account with Oaktree Capital to act as transition manager
- 3) Add approximately \$68 million to the Oaktree Capital domestic convertible account
- 4) Commit up to \$225 million to Western Asset Management's Absolute Return strategy

Mr. Gooderham reported that Oaktree Capital has requested a change in the Schedule A Investment Objectives for the International Convertible account. The change clarifies the Asset Options objective and adds bonds with warrants to this objective. Following discussion, on the motion of Mr. Stalnecker, seconded by Mr. Reese, the

Committee unanimously voted to approve the Schedule A change to the Oaktree Capital International Convertible account.

Mr. Gooderham reported that Delaware has an opportunity to purchase its pro-rata share of Class A Preferred units offered by Raymedica, a portfolio company holding previously distributed to the Fund from Cherry Tree Ventures III, L.P. Following discussion, on the motion of Mr. Stalnecker, seconded by Mr. Reese, the Committee unanimously voted to delegate authority to the Investment Committee Chair for the Raymedica decision pending receipt of additional information from Mr. Ashford.

There being no further business to come before the Committee, the meeting was, on the motion of Ms. Stratton, seconded by Mr. Reese and unanimously approved, adjourned at 1:00 p.m.

Respectfully submitted,

/S/Robert D. Gooderham

Robert D. Gooderham

/S/Jan M. King

Jan M. King, Chairperson