

STATE OF DELAWARE

INVESTMENT COMMITTEE MEETING MINUTES

January 16, 2007

The Investment Committee met at Walker's Mill at 8:30 a.m. on January 16, 2007. Present were Committee members A. Dale Stratton, Philip S. Reese, Elva B. Ferrari, Clark Phippen and Mark Stalnecker. Also present were Theodore H. Ashford, Robert D. Gooderham, David C. Craik, Cynthia Collins, Garry A. Musto and Linda M. Drew. In Ms. King's absence, Ms. Ferrari chaired the meeting.

Minutes of the October 31, 2006, November 14, 2006 and December 12, 2006 meetings were approved with corrections.

Ms. Stratton moved, Mr. Phippen seconded, and the Committee unanimously approved a motion to enter Executive Session at 8:40 a.m. for consideration of personnel matters, trade secrets and confidential financial information.

The Committee returned to public session at 10:55 a.m. by unanimous vote, on the motion of Mr. Reese, seconded by Ms. Stratton.

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

- 1) Withdraw \$80 million from the OFI Institutional small cap equity account
- 2) Withdraw \$120 million from the T. Rowe Price NRIS account
- 3) Withdraw \$100 million from the Mellon Capital Tactical Asset Allocation account
- 4) Add \$120 million to the Western Asset Management Absolute Return account
- 5) Add \$80 million to the Northern Trust cash account
- 6) Add \$100 million to the Mellon Capital Global Tactical Asset Allocation account

Mr. Ashford reported that OneLiberty Fund III has requested a one year extension. Ms. Stratton moved, Mr. Stalnecker seconded, and the Committee unanimously approved the OneLiberty Fund III Extension.

Mr. Ashford reported that Delaware has an opportunity to make a co-investment in a Carlyle II portfolio company, but recommended against such action, consistent with Committee policy not to recommend specific individual company investments. The Committee concurred with Mr. Ashford's recommendation.

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 11:10 a.m.

Respectfully submitted,

Theodore H. Ashford

Elva B. Ferrari, Acting Chairperson