

STATE OF DELAWARE

INVESTMENT COMMITTEE MEETING MINUTES

May 15, 2007

The Investment Committee met at Walker's Mill at 8:30 a.m. on May 15, 2007. Present were Committee members Jan M. King, Chair, Philip S. Reese, Elva B. Ferrari, Clark Phippen and Mark Stalnecker. Also present were Robert D. Gooderham, David C. Craik, Kathy Kunkle, Cynthia Collins, Garry A. Musto, Seth Yablonovitz and Linda M. Drew.

Minutes of the April 17, 2007 meeting 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 10:45 a.m. by unanimous vote, on the motion of Mr. Reese, seconded by Mr. Stalnecker.

On the motion of Mr. Reese, seconded by Mr. Stalnecker, the Committee unanimously voted to approve a resolution of the Investment Committee to Oaktree Capital Management for its contribution to the success of the Retirement System over twenty years.

Mr. Reese moved, Mr. Phippen seconded, and the Committee unanimously approved a motion to enter Executive Session at 10:50 a.m. for consideration of the qualifications of Oaktree Capital Management including personnel matters, trade secrets and confidential financial information.

The Committee returned to Public Session at 1:35 p.m. by unanimous vote, on the motion of Mr. Reese, seconded by Mr. Phippen.

Mr. Gooderham reported on correspondence from Advanced Technology Ventures advising limited partners of a secondary partnership interest. He recommended it not be pursued.

Mr. Yablonovitz reviewed Mr. Ashford's private equity recommendations. On the motion of Mr. Reese, seconded by Mr. Phippen, the Committee unanimously voted to recommend the following actions to the full Board:

- 1) Commit \$100 million to Carlyle V
- 2) Commit up to \$30 million to IDG-Accel China II

Mr. Gooderham reviewed ACG's recommendations for reducing risk. On the motion of Ms. King, seconded by Ms. Ferrari, the Committee unanimously voted to recommend the following actions to the full Board:

- 1) Withdraw \$25 million from the Legg Mason equity account
- 2) Withdraw \$25 million from the INTECH equity account
- 3) Withdraw \$50 million from the Mercator Asset Management international equity account
- 4) Add \$50 million to the Loomis, Sayles fixed income account
- 5) Add \$50 million to the Western Asset Management Absolute Return account

Mr. Gooderham reported that MediaTechnology Ventures III has requested approval of an amendment which would change the calculation of the amount of the Carried Interest threshold and permit investment in two new investments. Mr. Reese moved, Ms. Ferrari seconded, and the Committee unanimously approved the MediaTechnology Ventures III amendment.

Mr. Gooderham reported that, as previously reported to the Committee, ACG has negotiated a reduced fee for the Pecks Management Partners account. Mr. Reese moved, Mr. Stalnecker seconded, and the Committee unanimously approved the revised Schedule D to the investment management agreement with Pecks.

Mr. Musto presented draft language for an amendment to the Investment Policy. Mr. Reese moved, Ms. Ferrari seconded, and the Committee unanimously approved the Investment Policy revision.

There being no further business to come before the Committee, the meeting was, on the motion of Mr. Reese, seconded by Ms. Ferrari and unanimously approved, adjourned at 1:45 p.m.

Respectfully submitted,

Robert D. Gooderham  
Acting Secretary

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Jan M. King, Chairperson