

STATE OF DELAWARE

INVESTMENT COMMITTEE MEETING MINUTES

October 17, 2006

The Investment Committee met at Walker's Mill at 8:30 a.m. on October 17, 2006. Present were Committee members Jan M. King, Chair, A. Dale Stratton, Clark Phippen, Elva B. Ferrari and Mark Stalnecker. Also present were Theodore H. Ashford, Robert D. Gooderham, David C. Craik, Kathy Kunkle, Garry A. Musto, Cynthia Collins and Linda M. Drew.

Minutes of the July 18, 2006 and August 22, 2006 meetings were approved with corrections.

Mr. Gooderham reviewed preliminary fiscal and calendar year performance through 9/30/06 for individual managers and the Total Fund.

Ms. Stratton moved, Mr. Phippen seconded, and the Committee unanimously approved a motion to enter Executive Session at 8:55 a.m. for consideration of personnel matters, trade secrets and confidential financial information.

The Committee returned to public session at 10:40 a.m by unanimous vote, on the motion of Ms. Stratton, seconded by Mr. Stalnecker.

Mr. Ashford reviewed recent correspondence from The Carlyle Group requesting approval of (1) an amendment to Carlyle Riverstone Fund III to clarify fund-eligible private investment opportunities and (2) a Consent to terminate a limited partnership in which Delaware is a co-investor as it has made the final distribution of assets. Ms. Stratton moved, Mr. Phippen seconded, and the Committee unanimously approved the Carlyle amendment and Consent.

Mr. Ashford reported that Charles Ober, portfolio manager of Delaware's T. Rowe Price Natural Resources (NRIS) portfolio, has requested a Schedule A change to the Asset Options objective to add permission for 0-5% of the portfolio to be invested in domestic or international 144A securities. Mr. Stalnecker moved, Ms. Stratton seconded, and the Committee unanimously approved the NRIS Schedule A change.

The Committee discussed Ms. Drew's memorandum on Manager Use of Soft Dollars, which had been circulated in advance.

Mr. Ashford reported that T. Rowe Price has requested a security previously held in the Natural Resources portfolio be deemed worthless. On the motion of Ms. Ferrari, seconded by Mr. Phippen, and unanimously approved, the Committee voted to approve

transfer of the securities to the T. Rowe Price Venture Distribution account for further determination of their status pursuant to the approved procedure for worthless securities.

Mr. Gooderham reported that based on a request from the Pension Office, Ashford Consulting Group (ACG) recommends withdrawal of \$50 million from the T. Rowe Price Natural Resources portfolio to meet cash operating needs. Ms. Stratton moved, Mr. Phippen seconded, and the Committee unanimously approved the ACG recommendation for withdrawal of \$50 million from the T. Rowe Price Natural Resources portfolio.

Ms. Stratton moved, Mr. Phippen seconded, and the Committee unanimously approved a motion to enter Executive Session at 10:55 a.m. for consideration of personnel matters, trade secrets and confidential financial information.

The Committee returned to public session at 11:10 a.m by unanimous vote, on the motion of Ms. Stratton, seconded by Mr. Stalnecker.

There being no further business to come before the Committee, the meeting was, on the motion of Ms. Stratton, seconded by Mr. Phippen and unanimously approved, adjourned at 11:10 a.m.

Respectfully submitted,

/S/Theodore H. Ashford

Theodore H. Ashford

/S/Jan M. King

Jan M. King, Chairperson