

**CHANDLER ASSET MANAGEMENT, INC.**  
**INVESTMENT MANAGEMENT AGREEMENT**  
**(Non-ERISA)**

This INVESTMENT MANAGEMENT AGREEMENT is made as of this 15th day of May, 2013 (the "Agreement") by and between **Chandler Asset Management, Inc.**, a California corporation (the "Adviser"), and STATE OF DELAWARE (the "State").

WHEREAS, the Treasurer of the State of Delaware, with the guidance of the Delaware Cash Management Policy Board, is authorized to invest the monies belonging to the State; and

WHEREAS, the Adviser is engaged in the business of offering investment and management services, including the supervision and direction of investments, and represents that it is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"); and

WHEREAS, the State desires to retain the Adviser to render services to the State on the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the mutual promises set forth herein, the State and Adviser agrees as follows:

It is hereby agreed between the parties hereto as follows:

1. Duties of the Adviser. The Adviser shall, on a continuing basis, manage and invest the assets comprising the investment advisory account or accounts described in Section 3 below (each, an "Account"), and shall furnish the State with such investment supervision of the Account as the Adviser shall deem appropriate for the proper administration of the Account, taking into consideration the specific investment objectives of the State set forth in the Investment Guidelines for such Account, each attached hereto as Exhibit A, and as they may be amended from time to time. The State may amend such Investment Guidelines by written Notice (as defined in Section 13 below) to the Adviser from an authorized person whose name is set forth in Section 9 hereof. The Adviser shall have full power to make and act upon all investment decisions in its sole discretion, subject only to the Investment Guidelines. The Adviser shall not be liable for any investment decisions which it reasonably believes to be in keeping with the Investment Guidelines.

The Adviser shall comply with any modifications in the Investment Guidelines as expeditiously as it considers prudent.

The Adviser will furnish the State with prompt notification in writing of any purchase or sale made for the Account and will furnish a written quarterly valuation of the Account. Upon the written request of the State, copies of any of the foregoing will be sent to any trustee, custodian, or other person. The State acknowledges that the Adviser may delegate certain or all of its

accounting, trade settlement, State reporting and other operational duties to a third party, and the State hereby consents to any such delegation at any time during the term of this Agreement. Representatives of the Adviser will also be made available to meet with the State periodically, and to review with the State the Account and its performance.

2. Authorization of Adviser. The Adviser is authorized to invest and reinvest the cash and securities and other property in the Account at its discretion without being required to consult with the State in advance. The Adviser shall have no responsibility to determine whether the provisions of the Investment Guidelines are in the best interests of the State. In accordance with the foregoing, the State authorizes the Adviser to act as the agent of the State to order deposits and the investment of cash and purchases and sales (including, but not limited to the exercise of rights and the tender, exchange or conversion) of securities and other property for the State's Account and in the name of the State. These authorizations shall be continuing ones and shall remain in full force and effect until the Adviser has received written Notice of revocation thereof.

3. The Account. The Account shall consist initially of such cash and securities and other property as the State designates in writing to the Adviser and deposits with the custodian of the Account described in Section 4 below, and shall be subject subsequently to such additions and/or withdrawals as the State shall at any time direct. The State shall notify the Adviser promptly of any additions to the Account.

4. Custodian. The assets of the Account shall be held in the custody of an entity chosen by the State to act as the State's custodian (the "Custodian"). The State has notified the Adviser that as of the date hereof the Custodian is The Bank of New York Mellon and shall notify the Adviser in advance of any subsequent changes in the Custodian. The State represents and agrees that any such Custodian shall be a "qualified custodian" as defined in rule 206(4)-2 under the Investment Advisers Act of 1940 (the "Advisers Act"). The State shall be responsible for all custodial arrangements and the payment of all custodial charges and fees. The assets of the Account are held in the custody of the Custodian, and the Adviser shall have no responsibility or liability with respect to custody arrangements or the acts, omissions or other conduct of the Custodian.

5. Fees and Expenses.

(a) As compensation for the services provided under this Agreement, the Adviser is to receive a fee in accordance with the Schedule attached hereto as Exhibit B. Pursuant to Exhibit B, fees are payable in

U.S. dollars on a quarterly basis based on the average daily market value of assets under Advisor's direct management, including accrued interest. If this Agreement commences or is terminated as of a day other than the first day of any calendar quarter, the fee payable with respect to the initial or final fractional calendar quarter shall be prorated for such period. The Adviser will provide the State with a bill showing the amount of the fee, the value of the assets on which the fee was based, and the manner in which the fee was calculated. The State will instruct the Custodian to pay fees from the Account on a quarterly basis. All other expenses

related to purchases and sales in the Account, including, but not limited to brokerage commissions, interest on borrowings and any taxes, shall be expenses of the Account and shall be paid out of the assets of the Account, or otherwise as directed by the State. Any valuation of the assets in the Account pursuant to this Agreement, including for purposes of calculating fees under this Section 5, shall be made by the Adviser.

6. Proxies. The State will direct the Custodian of the Account to deliver to the Adviser in a timely manner proxies or other requests that elections be made with respect to securities held in the Account. The Adviser will in its discretion vote all proxies, or make such elections, with respect to the securities held in the Account as are forwarded to the Adviser on a timely basis.

7. Brokerage Transactions. The Adviser shall place all orders for the purchase and sale of investments for the Account with brokers or dealers selected by the Adviser in its discretion. In the selection of such brokers or dealers and the placing of such orders, the Adviser shall seek to obtain the most favorable price and execution available, except to the extent it may be permitted to pay higher brokerage commissions for brokerage and research services as described below. In using its best efforts to obtain the most favorable price and execution available, the Adviser may consider all factors it deems relevant, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience, and financial stability of the broker or dealer involved, and the quality of service rendered by the broker or dealer in other transactions. The Adviser shall not be deemed to have acted unlawfully or to have breached any duty created by this Agreement or otherwise solely by reason of its having caused the Account to pay a broker or dealer that provides brokerage and research services to the Adviser an amount of commission for effecting a portfolio investment transaction in excess of the amount of commission that another broker or dealer would have charged for effecting that transaction, if the Adviser determines in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided by such broker or dealer, viewed in terms of either that particular transaction or the Adviser's overall responsibilities with respect to the State and to other clients of the Adviser as to which the Adviser exercises investment discretion.

The Adviser is authorized to establish and maintain bank, brokerage, commodity, currency, and other similar accounts, whether domestic or foreign, with respect to the Account and to enter into agreements on behalf of the State in connection therewith and, from time to time, to deposit securities or other assets of the State in such accounts

8. Representations of the State. The execution and delivery of this Agreement by the State shall constitute the representation and the warranty of the State (i) that it has full power and authority to enter into this Agreement, including but not limited to the power and authority to delegate to the Adviser the discretion to vote all proxies, or make such elections, with respect to the securities in the Account, (ii) that the terms hereof do not violate any term or condition of any document relating to the Account or any obligation by which either the State or the Account is governed or bound, whether arising by contract, operation of law or otherwise, and that the

State has received all necessary authorizations to enter into this Agreement, (iii) that this Agreement has been duly authorized and when so executed and delivered will be binding upon the State, (iv) that there are no restrictions on the ownership by the State or the transferability of any securities in the Account, (v) that the State has received, not less than 48 hours prior to signing this Agreement, Part 2A and 2B of Form ADV of the Adviser, (vi) that the State has taken independent legal advice on this Agreement, (vii) the Custodian has agreed to send the State, at least quarterly, a statement identifying the amount of funds and of each security in the Account at the end of the period and setting forth all transactions in the Account during that period; and (viii) that the Account and the Assets are not and shall not be subject to or qualified under the Employee Retirement Income Security Act of 1974, as amended, and (ix) that there is no limitation on the State's ability to pay any fees and other expenses out of the Account. Nothing contained herein shall be deemed to require the State to take any action contrary to the laws of Delaware or any applicable statute or regulation, or to relieve or deprive the State of its responsibility for and control of the general administration of the Account.

9. Instructions, Communications and Authorized Persons. The State hereby authorizes the person or persons named below to transmit to the Adviser, either orally or in writing, instructions concerning the Account. The Adviser reserves the right to require that any instruction is in writing. The Adviser shall be entitled to rely on the instructions of such person or persons until it receives Notice of a change in such instructions pursuant to Section 13 below. If the State or any of the persons it has authorized to instruct the Adviser, communicates to the Adviser orally, via fax or email; the State acknowledges that it or they do so at the State's own risk. The State acknowledges and accepts that oral, fax or email communication and the Internet are not a secure medium for communication of sensitive information, and that if it or its authorized persons chooses to communicate to the Adviser or accept communications, information, advice and valuations from the Adviser in this manner, the State accepts the risk of breach of confidentiality, technical malfunction, unauthorized interference, unlawful interception, mis-delivery or delay of messages and computer viruses.

Name	Address	Telephone Number	Email Address
Treasurer Chip Flowers Jr.	820 Silver Lake Blvd. Ste. 100 Dover, DE 19904	(302) 672-6700	Chip.flowers@state.de.us
Deputy State Treasurer Erika J. Benner	820 Silver Lake Blvd. Ste. 100 Dover, DE 19904	(302) 672-6700	Erika.benner@state.de.us
Stephen McVay	820 Silver Lake Blvd. Ste. 100 Dover, DE 19904	(302) 672-6711	Stephen.mcvay@state.de.us

10. Representations of the Adviser. The Adviser represents that it is registered as an investment adviser with the U.S. Securities & Exchange Commission under the federal Investment Advisers Act of 1940 and that it has made all necessary filings to do business as an investment adviser in Delaware under the Delaware Securities Act (6 Del. C. Ch. 73).



11. Standard of Care; Liability. The Adviser and each of its managers, members, principals, employees, directors, officers and affiliates shall not be liable for any error of judgment or action performed or omitted to be performed in managing the Account, including, without limitation, any liability arising out of any investment or act or omission in the execution of securities transactions for the Account, to the extent that such act or omission is not the result of the Adviser's negligence or violation of federal or state securities law. The Adviser shall have no responsibility with respect to any assets of the State other than these of the Account and shall not be responsible for any indirect, consequential, special, or punitive damages or any liability incurred by reason of any act or omission of any broker or dealer, the Custodian, or other agent or service provider to the Account. The Adviser will have no responsibilities, liabilities or obligations with respect to determining whether the State has authority to enter into this Agreement, and is entitled to fully rely on representations of the State that it has received all necessary approvals and authorizations to enter into this Agreement or to grant any authority to the Adviser under this Agreement, notwithstanding delivery of the Trust Instrument to the Adviser.

The Adviser will not be liable for any losses that result from the risks outlined in Section 9, except insofar as the same may result from the Adviser's or the Adviser's employees' negligence or violation of federal or state securities law. However, nothing herein shall in any way constitute a waiver or limitation of any right which the State or any person interested in the Account may have under any applicable law.

Nothing in this Agreement shall be effective to constitute a waiver by the State of compliance with any provision of the Advisers Act, or any rule, regulation, or order thereunder.

12. Recognition of Other Services.

(a) The State understands that the Adviser and its affiliates offer a broad range of investment management and financial services, that employees of both the Adviser and its affiliates may from time to time act as directors, officers, or employees of companies whose securities are publicly traded, and that as a result, such employees may acquire information of a confidential nature. The State agrees that the Adviser may, but shall not be required to, render investment advice with respect to any such company, and that the Adviser may in its discretion withhold any such knowledge or information or refuse to advise with respect to such company, whether or not the Account shall include securities of such company, if, in the Adviser's judgment, the disclosure of such knowledge or information or the rendering of investment advice on the basis thereof would be unfair, inequitable, a breach of any fiduciary obligation of the Adviser to some other person, or unlawful. For the same reasons the Adviser may, in its discretion, exclude securities and other property from the Account.

(b) The State understands and agrees that the Adviser may aggregate contemporaneous buy or sell orders for the same securities for more than one account, including the Account, and that the Account will participate in an aggregated order at the average price, or the Adviser may allocate transactions on a rotating or proportional or either equitable basis

consistent with its fiduciary responsibilities as the Adviser.

(c) The State understands that the Adviser, and each of its managers, members, principals, employees, directors, officers and affiliates may perform investment advisory services for clients other than the State; may own, purchase, or sell securities or other interests in property which are the same, similar to, or different from those which the Adviser recommends, purchases, or sells for the Account; and in rendering investment management and advisory services to others, shall be free to give, advise, and take action in the performance of its or their duties to other clients and to take action with respect to investments in securities or other interests in property which may be the same as, or may differ from, recommendations or advice given, or the timing or nature of action taken, with respect to the Account. Nothing in this Agreement shall be deemed to impose upon the Adviser any obligation to purchase or sell or to recommend for purchase or sale for the Account any security or other property which the Adviser or its managers, members, principals, employees, directors, officers and affiliates may purchase or sell for their own accounts or for the accounts of others.

(d) The State understands and agrees that where the Adviser determines it to be in the best interest of both parties to the transaction, the Adviser may cause the Account to purchase securities from or sell securities to another State client of the Adviser at the independent current market price for such securities in accordance with applicable law.

13. Notices. Any notice given pursuant to the provisions of this Agreement ("Notice") shall be in writing and may be given by delivery by hand, by nationally recognized courier, by facsimile, or by certified mail, return receipt requested, and shall be delivered at or sent to:

in the case of the Adviser:

**Nicole Dragoo**  
**COO/Chief Compliance Officer**  
**Chandler Asset Management, Inc.**  
**6225 Lusk Boulevard**  
**San Diego, CA 92121**  
**Nicole.dragoo@chandlerasset.com**

in the case of the State:

Mr. Stephen W. McVay  
Investment Manager  
Delaware State Treasury  
820 Silver Lake Boulevard, Suite 100  
Dover, Delaware 19904  
Stephen.mcvay@state.de.us

Written notices and communications shall be addressed as indicated unless either the State or the Adviser has notified the other in writing of a change. Except as otherwise provided in Section 13, notices and communications shall be effective upon receipt.

14. Confidential Information. To the extent permitted by 29 *Del. C.* §§ 10001 - 10005, the State shall keep confidential all information which the State may have concerning the Adviser's portfolio management of the Account, including all information relating to the investment and reinvestment thereof, the purchase of securities therefore, and the sale of securities therefrom. Information concerning the Account shall be confidential, and Adviser shall not disclose any information relative to the Account to any third party except to the Adviser's affiliates or service providers to the Account or as required by law without the express written consent of the State.

15. Independent contractors. The parties to the Agreement shall be independent contractors to one another, and nothing herein shall be deemed to cause this agreement to create an agency, partnership, joint venture or employment relationship between parties. Each party shall be responsible for compliance with all applicable workers compensation, unemployment, disability insurance, social security withholding and all other similar matters. Neither party shall be liable for any debts, accounts, obligations or other liability whatsoever of the other party, or any other obligation of the other party to pay on the behalf of its employees or to withhold from any compensation paid to such employees any social benefits, workers compensation insurance premiums or any income or other similar taxes.

16. Non-Appropriation. In the event the Delaware General Assembly fails to appropriate the specific funds necessary to enter into or continue the contractual agreement, in whole or part, the agreement shall be terminated as to any obligation of the State requiring the expenditure of money for which no specific appropriation is available at the end of the last fiscal year for which no appropriation is available or upon the exhaustion of funds.

17. Licenses and Permits. In performance of the Agreement, the Adviser will be required to comply with all applicable federal, state and local laws, ordinances, codes, and regulations. The cost of permits and other relevant costs required in the performance of the Agreement shall be borne by the Adviser. The Adviser shall be properly licensed and authorized to transact business in the State as provided in 30 *Del. C.* § 2301. The Adviser shall either furnish the State with proof of State Business Licensure or initiate the process of application where required. An application may be requested in writing to: Division of Revenue, Carvel State Building, P.O. Box 8750, 820 N. French Street, Wilmington, DE 19899 or by telephone to the Business License Department – (302) 577-8778. Information regarding the award of this Agreement will be given to the Division of Revenue. Failure to comply with the State licensing requirements may subject firm to applicable fines and/or interest penalties.

18. Indemnification

(a) General Indemnification. The Adviser agrees that it will indemnify and otherwise hold harmless the State, its agents and employees from any and all liability, suits, actions, or claims, together with all costs, expenses for attorney's fees, arising out of the Adviser's, its agents' and employees' performance, work or services in connection with the Agreement,

regardless of whether such suits, actions, claims or liabilities are based upon acts or failures to act attributable, in whole or part, to the State, its employees or agents.

(b) Proprietary Rights Indemnification. The Adviser warrant that all elements of its services, including all equipment, software, documentation, services and deliverables, do not and will not infringe upon or violate any patent, copyright, trade secret or other proprietary rights of any third party. In the event of any claim, suit or action by any third party against the State of Delaware, the State of Delaware shall promptly notify the Adviser in writing and the Adviser shall defend such claim, suit or action at the Adviser's expense, and the Adviser shall indemnify the State of Delaware against any loss, cost, damage, expense or liability arising out of such claim, suit or action (including, without limitation, litigation costs, lost employee time, and counsel fees) whether or not such claim, suit or action is successful. If any equipment, software, services (including methods) products or other intellectual property used or furnished by the Adviser (collectively "Products") is, or in the Adviser's reasonable judgment is likely to be, held to constitute an infringing product, the Adviser shall at its expense and option either:

- (1) Procure the right for the State of Delaware to continue using the Product(s);
- (2) Replace the product with a non-infringing equivalent that satisfies all the requirements of the Agreement; or
- (3) Modify the Product(s) to make it or them non-infringing, provided that the modification does not materially alter the functionality or efficacy of the product or cause the Product(s) or any part of the work to fail to conform to the requirements of the Contract, or only alters the Product(s) to a degree that the State of Delaware agrees to and accepts in writing.

#### 19. Insurance

(a) The Adviser recognizes that it is operating as an independent contractor and that it is liable for any and all losses, penalties, damages, expenses, attorney's fees, judgments, and/or settlements incurred by reason of injury to or death of any and all persons, or injury to any and all property, of any nature, arising out of the Adviser's negligent performance under this Agreement, and particularly without limiting the foregoing, caused by, resulting from, or arising out of any act or omission on the part of the Adviser in its negligent performance under this Agreement.

(b) The Adviser shall maintain such insurance as will protect against claims under Workers' Compensation Act and from any other claims for damages for personal injury, including death, which may arise from operations under this Agreement. The Adviser is an independent contractor and is not an employee of the State.

(c) During the term of this Agreement, the Adviser shall, at its own expense, carry minimum insurance limits as follows:

a.	Comprehensive General Liability	\$1,000,000
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b.	Professional Liability/Miscellaneous Error & Omissions/Product Liability	\$1,000,000/\$3,000,000
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(d) The Adviser shall provide a certificate of insurance as proof that the Adviser currently maintains the required insurance coverage.

20. Performance Requirements. The Adviser warrants that it possesses, or has arranged through subcontractors, all capital and other equipment, labor, materials, and licenses necessary to carry out and complete the work hereunder in compliance with any and all federal and state laws, and county and local ordinances, regulations and codes.

21. Warranty. The Adviser will provide a warranty that the deliverables provided pursuant to the Agreement will function as designed for a period of no less than one (1) year from the date of system acceptance. The Adviser shall correct, at its own expense, the setup, configuration, customizations or modifications so that it functions according to the State's requirements.

22. Costs and Payment Schedules. No charges other than as specified in the Adviser's RFP proposal shall be allowed without written consent of the State.

23. Contract Term. This Agreement shall terminate three years from the effective date, May 15, 2013, unless terminated earlier as provided herein. This Agreement may be further extended by mutual written consent of the parties for up to two (2) subsequent additional one year terms.

24. Termination for Cause. If for any reasons, or through any cause, the Adviser fails to fulfill in a timely and proper manner its obligations under the Agreement, or if the Adviser violates any of the covenants, agreements or stipulations of the Agreement, the State shall thereupon have the right to terminate the Agreement by giving written notice to the Adviser of such termination and specifying the effective date thereof, at least twenty (20) days before the effective date of such termination. In that event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports or other material prepared by the Adviser under the Agreement shall, at the option of the State, become its property, and the Adviser shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials which are useable to the State.

25. Termination for Convenience. The State may terminate the Agreement at any time by giving written notice of such termination and specifying the effective date thereof, at least twenty (20) days before the effective date of such termination. In that event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports or other material prepared by the Adviser under the Agreement shall, at the option of the State, become its property, and the Adviser shall be entitled to compensation for any satisfactory work completed on such documents and other materials which are useable to the State. If the

Agreement is terminated by the State as so provided, the Adviser will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Adviser as covered by the Agreement, less payments of compensation previously made. Provided however, that if less than 60 percent of the services covered by the Agreement have been performed upon the effective date of termination, the Adviser shall be reimbursed (in addition to the above payment) for that portion of actual out of pocket expenses (not otherwise reimbursed under the Agreement) incurred by the Adviser during the Agreement period which are directly attributable to the uncompleted portion of the services covered by the Agreement.

26. Non-discrimination. The Adviser agrees that it will not discriminate against any employee or applicant for employment because of race, creed, color, sex or national origin. The Adviser shall comply with all federal and state laws, regulations and policies pertaining to the prevention of discriminatory employment practice. Failure to perform under this provision constitutes a material breach of Agreement.

27. Covenant against Contingent Fees. The Adviser warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement of understanding for a commission or percentage, brokerage or contingent fee excepting bona-fide employees, bona-fide established commercial or selling agencies maintained by the Adviser for the purpose of securing business. For breach or violation of this warranty the State shall have the right to annul the Agreement without liability or at its discretion to deduct from the Agreement price or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

28. Firm Activity. No activity under this Agreement is to be executed in an off shore facility, either by a subcontracted firm of the Adviser or a foreign office or division of the Adviser.

29. Work Product. All materials and products developed under the executed Agreement by the Adviser are the sole and exclusive property of the State. The Adviser must seek written permission to use any product created under the Agreement.

30. Contract Documents. The Request for Proposal (Exhibit C), the purchase order, the executed Agreement and any supplemental documents between the State and the Adviser shall constitute the entire agreement between the State and the Adviser. In the event there is any discrepancy between any of these documents, the following order of documents governs so that the former prevails over the latter: Agreement, State's RFP, the Adviser's response to the RFP and the purchase order. No other documents shall be considered. These documents shall constitute the entire agreement between the State and the Adviser.

31. Applicable Law. The laws of the State of Delaware shall apply, except where federal law has precedence. The Adviser consents to jurisdiction and venue in the State of Delaware. The Adviser certifies that it complies with all federal, state and local laws applicable to its activities and obligations including:

- (a) the laws of the State of Delaware;

(b) the applicable portion of the Federal Civil Rights Act of 1964;

(c) the Equal Employment Opportunity Act and the regulations issued there under by the federal government;

(d) a condition that the RFP proposal submitted by the Adviser was independently arrived at, without collusion, under penalty of perjury; and

(e) that programs, services, and activities provided to the general public under the Agreement conform to the Americans with Disabilities Act of 1990, and the regulations issued there under by the federal government. If the Adviser fails to comply with (a) through (b) of this paragraph, the State reserves the right to terminate the Agreement, or consider the proposing firm in default. The Adviser shall keep itself fully informed of and shall observe and comply with all applicable existing federal and state laws, and county and local ordinances, regulations and codes, and those laws, ordinances, regulations, and codes adopted during its performance of the work.

32. Scope of Agreement. If the scope of any provision of the Agreement is determined to be too broad in any respect whatsoever to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provisions of the Agreement shall not thereby fail, but the scope of such provisions shall be curtailed only to the extent necessary to conform to the law.

33. Compliance with State IT Standards. The Adviser shall be responsible for the professional quality, technical accuracy, timely completion, and coordination of all services furnished by the Adviser, its subcontractors and its principals, officers, employees and agents under the Agreement. In performing the specified services, the Adviser shall follow practices consistent with generally accepted professional and technical standards. The Adviser shall be responsible for ensuring that all services, products and deliverables furnished pursuant to the Agreement comply with the standards promulgated by the Department of Technology and Information ("DTI") published at <http://dti.delaware.gov/>, and as modified from time to time by DTI during the term of the Agreement. If any service, product or deliverable furnished pursuant to the Agreement does not conform with DTI standards, the Adviser shall, at its expense and option either (1) replace it with a conforming equivalent or (2) modify it to conform with DTI standards. The Adviser shall be and remain liable in accordance with the terms of the Agreement and applicable law for all damages to Delaware caused by the Adviser's failure to ensure compliance with DTI standards.

34. Status Reporting. The Adviser shall lead and/or participate in status meetings and submit status reports covering such items as progress of work being performed, milestones attained, resources expended, problems encountered and corrective action taken, until final system acceptance.

35. Regulations. All equipment, software and services must meet all applicable local, state and federal regulations in effect on the date of the Agreement.

36. Changes. No alterations in any terms, conditions, delivery, price, quality, or specifications of items ordered under this Agreement will be effective without the written consent of the State.

37. No Press Releases or Public Disclosure. The State reserves the right to pre-approve any news or advertising releases concerning the RFP, this Agreement, the work performed, or any reference to the State with regard to any project or Agreement performance. Any such news or advertising releases pertaining to the RFP or this Agreement shall require the prior express written permission of the State.

38. Prohibition against Assignment. This Agreement shall not be "assigned", as that term is defined in the Advisers Act, by either party without the consent of the other party, and this Agreement shall, until termination, inure to the benefit of the Adviser and any successor or successors in interest.

STATE OF DELAWARE

*Original on File*

By:

  
Erika J. Benner  
Deputy State Treasurer

Accepted:

CHANDLER ASSET MANAGEMENT, INC.

*Original on File*

By:

  
Kay Chandler  
President



## EXHIBIT B

### FEES

This Exhibit B is to the Investment Management Agreement, dated as of May 15], 2013, by and between Adviser and the State (the “Agreement”). Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Agreement. The State and Adviser are referred to herein individually as a “Party”; collectively, as the “Parties”.

1. **Fee.** In consideration of the services performed by Adviser, subject to the payment terms set forth in Section 5 of the Agreement, State shall pay Adviser a fee amount (the “Fee”) equal to:

Assets Under Management	Annual Asset Management Fee
First \$200 million	0.09 of 1% (9 basis points)
Assets in excess of \$200 million	0.08 of 1% (8 basis points)

multiplied by the average daily assets under management for the applicable quarter by Adviser on behalf of State for the Delaware State Treasury (the “Assets”), and billed quarterly in arrears. By way of clarification, the aforementioned computation of the Assets shall include only such assets under management by Adviser on behalf of the Delaware State Treasury (unless otherwise agreed to by the Parties, all other assets of the State, excluding the Assets, shall not be used in the computation of the Fee).

2. **Reports.** In addition to the services provided by Adviser under the Agreement, Adviser shall provide a report detailing the performance of the Assets on a monthly basis (the “Monthly Report”) and on a quarterly basis (the “Quarterly Report”) to the (i) Treasurer of the State, (ii) the Deputy State Treasurer of the State, (iii) the Financial Adviser (as defined hereafter) and the (iv) Cash & Debt Manager of the State in such format agreed upon the parties (electronic, written or otherwise). The Monthly Report shall include the following:

- a. Statement of the Assets;
- b. Original cost of the Assets;
- c. Market and adjusted book values of the Assets compared to the Benchmarks (as defined hereafter);
- d. Accrued income of the Assets;
- e. Both book and market rates of return of the Assets rounded to the nearest one thousandth of a percent (portion in red can be eliminated);
- f.. Such other information reasonably requested by the State.

The Quarterly Report shall include the following:

- a. Statement of the Assets;

- b. Original cost of the Assets;
- c. Market and adjusted book values of the Assets compared to the Benchmarks (as defined hereafter);
- d. Accrued income of the Assets;
- e. Both book and market rates of return of the Assets rounded to the nearest one thousandth of a percent;
- f. The amount of the Assets issued by corporate entities either incorporated in the State of Delaware and/or having a principal office located in the State of Delaware; and
- g. Such other information reasonable requested by the State.

Unless otherwise agreed to by the Parties, the State shall have uninterrupted online secure access to Adviser's system to view and monitor the Assets held under management by Adviser on a continual basis (excluding scheduled and routine maintenance of such online system used by Adviser). Such online secure access shall be provided by Adviser at no cost to the State. Adviser shall inform and provide State with any necessary forms and documentation necessary for Adviser to perform the services (including, access to Adviser's online system) pursuant to the terms and conditions of the Agreement.

3. **Cooperation with Custodian.** Unless otherwise agreed to by the Parties, Adviser shall provide any reasonable information required by the Custodian, in such format and frequency determined by the Custodian, necessary for the Custodian to perform its duties to the State.
4. **Cooperation with Financial Adviser.** In addition to the services provided by Adviser under the Agreement, Adviser, upon request by State, shall provide reasonable information and reports (including the Monthly Report) relating to the Assets to the State's financial adviser (the "Financial Adviser"). Adviser hereby agrees to cooperate with any reasonable requests for information requested by the Financial Adviser on behalf of the State.
5. **Benchmarks.** Adviser hereby acknowledges that, in connection with its performance review by the State, the State has established certain benchmarks for Adviser relating to the Assets (the "Benchmarks"). As of the effective date of this Agreement, the Benchmarks are set forth in Delaware State Treasury Directive #121018-01 (the "Directive"), as may be amended from time to time by the State at its discretion. The applicable portions of the Directive (or any successor Directive) relating to the Benchmarks shall be made available to Adviser upon request to the State.
6. **Compliance.** Adviser hereby agrees to comply with any policies and procedures promulgated by the State (including any Directive issued by the Delaware State Treasury). Adviser hereby acknowledges and agrees to comply with the compliance procedures set forth in the Directive, as may be amended from time to time by the State at its discretion. The applicable portions of the Directive (or any successor Directive) relating to compliance shall be made available to Adviser upon request to the State. For information purposes only, the applicable compliance section of the Directive is set forth below (for the section only, capitalized terms set forth therein shall have the meaning ascribed to such terms in the Directive):

Clarification of Investment Guidelines. If an Investment Manager's respective asset allocation in an asset class or security designated under the Investment Guidelines is compliant at the time of purchase, but subsequently becomes non-compliant (by exceeding the applicable limits set forth in the Investment Guidelines for one or more asset classes or individual security position exposures) due to a material reduction in such Investment Manager's assets under management caused by authorized withdrawals by the State Treasury or market movement, such investment Manager shall (i) notify the Deputy State Treasurer and Director of the Office of Finance and Treasury Services (the "Designated Persons") (the "Notice"), in written hard copy or electronic format, within twenty-four (24) hours of such non-compliance, (ii) submit a proposed plan to the Designated Persons detailing such Investment Manager's proposed corrective plan outlining remedial actions that will cause its respective asset allocation to comply with the Investment Guidelines (the "Plan"), in written hard copy or electronic format, within seventy-two (72) hours of non-compliance and (iii) unless otherwise directed by the State Treasury, shall implement such Plan and take all necessary and proper actions related thereto to cause its respective asset allocation to comply with the Investment guidelines within thirty (30) days from the initial date of non-compliance."

7. **Quarterly Performance Review.** Unless otherwise agreed to by the Parties, Adviser shall meet with representatives of the State on a quarterly basis to discuss the performance of Adviser and the Assets and such other topics agreed to by the Parties. At the discretion of the State, such meeting shall occur at the offices of the State (either in Wilmington or Dover, Delaware) or such other reasonable location requested by the State. If such quarterly performance review is held outside of the State of Delaware, the Adviser shall reimburse the State for such reasonable travel expenses for no more than three (3) representatives of the State (on a pro-rata basis if the State meets with another adviser managing assets of the State other than Adviser during any given trip); provided, however, Adviser shall not be obligated to State for any amounts relating to travel expenses pursuant to this Section in excess of US\$5,000 per year (measured from the effective date of the Agreement).
8. **Financial Information.** At no cost to the State, Adviser hereby agrees to provide the State with periodic financial information and forecasts relating to the Assets and the U.S. and global economy. Such financial information may include access to Adviser's client conference calls, research data, newsletters, client advisories and other financial and economic information offered by Adviser to clients having similar size of assets under management. Additionally, Adviser shall provide financial information agreed upon by the Parties.

**CUTWATER INVESTOR SERVICES CORP.**  
**INVESTMENT MANAGEMENT AGREEMENT**  
(Non-ERISA)

This INVESTMENT MANAGEMENT AGREEMENT is made as of this 15th day of May, 2013 (the "Agreement") by and between Cutwater Investor Services Corp., a Delaware corporation (the "Adviser"), and STATE OF DELAWARE (the "State").

WHEREAS, the Treasurer of the State of Delaware, with the guidance of the Delaware Cash Management Policy Board, is authorized to invest the monies belonging to the State; and

WHEREAS, the Adviser is engaged in the business of offering investment and management services, including the supervision and direction of investments, and represents that it is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"); and

WHEREAS, the State desires to retain the Adviser to render services to the State on the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the mutual promises set forth herein, the State and Adviser agrees as follows:

1. Duties of the Adviser. The Adviser shall, on a continuing basis, manage and invest the assets comprising the investment advisory account or accounts described in Section 3 below (each, an "Account"), and shall furnish the State with such investment supervision of the Account as the Adviser shall deem appropriate for the proper administration of the Account, taking into consideration the specific investment objectives of the State set forth in the Investment Guidelines for such Account, each attached hereto as Exhibit A, and as they may be amended from time to time. The State may amend such Investment Guidelines by written Notice (as defined in Section 13 below) to the Adviser from an authorized person whose name is set forth in Section 9 hereof. The Adviser shall have full power to make and act upon all investment decisions in its sole discretion, subject only to the Investment Guidelines. The Adviser shall not be liable for any investment decisions which it reasonably believes to be in keeping with the Investment Guidelines.

The Adviser shall comply with any modifications in the Investment Guidelines as expeditiously as it considers prudent.

The Adviser will furnish the State (or the Custodian on behalf of the State) with prompt notification in writing of any purchase or sale made for the Account and will furnish a written quarterly valuation of the Account. Upon the written request of the State, copies of any of the foregoing will be sent to any trustee, custodian, or other person. The State acknowledges that the Adviser may delegate certain or all of its accounting, trade settlement, State reporting and other operational duties to a third party, and the State hereby consents to any such delegation at any time during the term of this Agreement.

Representatives of the Adviser will also be made available to meet with the State periodically, and to review with the State the Account and its performance.

2. Authorization of Adviser. The Adviser is authorized to invest and reinvest the cash and securities and other property in the Account at its discretion without being required to consult with the State in advance. The Adviser shall have no responsibility to determine whether the provisions of the Investment Guidelines are in the best interests of the State. In accordance with the foregoing, the State authorizes the Adviser to act as the agent of the State to order deposits and the investment of cash and purchases and sales (including, but not limited to the exercise of rights and the tender, exchange or conversion) of securities and other property for the State's Account and in the name of the State. These authorizations shall be continuing ones and shall remain in full force and effect until the Adviser has received written Notice of revocation thereof.

3. The Account. The Account shall consist initially of such cash and securities and other property as the State designates in writing to the Adviser and deposits with the custodian of the Account described in Section 4 below, and shall be subject subsequently to such additions and/or withdrawals as the State shall at any time direct. The State shall notify the Adviser promptly of any additions to the Account.

4. Custodian. The assets of the Account shall be held in the custody of an entity chosen by the State to act as the State's custodian (the "Custodian"). The State has notified the Adviser that as of the date hereof the Custodian is The Bank of New York Mellon and shall notify the Adviser in advance of any subsequent changes in the Custodian. The State represents and agrees that any such Custodian shall be a "qualified custodian" as defined in rule 206(4)-2 under the Investment Advisers Act of 1940 (the "Advisers Act"). The State shall be responsible for all custodial arrangements and the payment of all custodial charges and fees. The assets of the Account are held in the custody of the Custodian, and the Adviser shall have no responsibility or liability with respect to custody arrangements or the acts, omissions or other conduct of the Custodian.

The State agrees to make reasonable efforts to provide the Adviser and the Adviser's service provider with read-only electronic access to the State's Custodian account records and it will authorize its Custodian(s) to provide such access. Such State authorization is required in order to permit the aggregation of data necessary to compile and generate accurate client portfolio reports. All information in such portfolio reports compiled by the Adviser on behalf of the State will be reconciled with the State's Custodian(s) Account records.

#### 5. Fees and Expenses.

(a) As compensation for the services provided under this Agreement, the Adviser is to receive a fee in accordance with the Schedule attached hereto as Exhibit B. Pursuant to Exhibit B, fees are payable in U.S. dollars on a quarterly basis based on the average daily market value of assets under Advisor's direct management, including accrued interest. If this Agreement commences or is terminated as of a day other than the first day of any calendar quarter, the fee payable with respect to the initial or final fractional calendar quarter shall be prorated for such

period. The Adviser will provide the State with a bill showing the amount of the fee, the value of the assets on which the fee was based, and the manner in, which the fee was calculated. The State will instruct the Custodian to pay fees from the Account on a quarterly basis. All other expenses related to purchases and sales in the Account, including, but not limited to brokerage commissions, interest on borrowings and any taxes, shall be expenses of the Account and shall be paid out of the assets of the Account, or otherwise as directed by the State. Any valuation of the assets in the Account pursuant to this Agreement, including for purposes of calculating fees under this Section 5, shall be made by the Adviser.

(b) The compensation to be paid to the Adviser under this Agreement does not exceed the compensation paid to the Adviser by any other client of the Adviser pursuant to an Investment Manager Agreement entered into after the date hereof of the same type entity as the State with the same investment strategy and guidelines, type of investment vehicle being managed, and of same or smaller size as the Account.

6. Proxies. The State will direct the Custodian of the Account to deliver to the Adviser in a timely manner proxies or other requests that elections be made with respect to securities held in the Account. The Adviser will in its discretion vote all proxies, or make such elections, with respect to the securities held in the Account as are forwarded to the Adviser on a timely basis.

7. Brokerage Transactions. The Adviser shall place all orders for the purchase and sale of investments for the Account with brokers or dealers selected by the Adviser in its discretion. In the selection of such brokers or dealers and the placing of such orders, the Adviser shall seek to obtain the most favorable price and execution available, except to the extent it may be permitted to pay higher brokerage commissions for brokerage and research services as described below. In using its best efforts to obtain the most favorable price and execution available, the Adviser may consider all factors it deems relevant, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer involved, and the quality of service rendered by the broker or dealer in other transactions. The Adviser shall not be deemed to have acted unlawfully or to have breached any duty created by this Agreement or otherwise solely by reason of its having caused the Account to pay a broker or dealer that provides brokerage and research services to the Adviser an amount of commission for effecting a portfolio investment transaction in excess of the amount of commission that another broker or dealer would have charged for effecting that transaction, if the Adviser determines in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided by such broker or dealer, viewed in terms of either that particular transaction or the Adviser's overall responsibilities with respect to the State and to other clients of the Adviser as to which the Adviser exercises investment discretion.

The Adviser is authorized to establish and maintain bank, brokerage, commodity, currency, and other similar accounts, whether domestic or foreign, with respect to the Account and to enter into agreements on behalf of the State in connection therewith and, from time to time, to deposit securities or other assets of the State in such accounts

8. Representations of the State. The execution and delivery of this Agreement by the State shall constitute the representation and the warranty of the State (i) that it has full power and authority to enter into this Agreement, including but not limited to the power and authority to delegate to the Adviser the discretion to vote all proxies, or make such elections, with respect to the securities in the Account, (ii) that the terms hereof do not violate any term or condition of any document relating to the Account or any obligation by which either the State or the Account is governed or bound, whether arising by contract, operation of law or otherwise, and that the State has received all necessary authorizations to enter into this Agreement, (iii) that this Agreement has been duly authorized and when so executed and delivered will be binding upon the State, (iv) that there are no restrictions on the ownership by the State or the transferability of any securities in the Account, (v) that the State has received, not less than 48 hours prior to signing this Agreement, Part 2A and 2B of Form ADV of the Adviser, (vi) that the State has taken independent legal advice on this Agreement, (vii) the Custodian has agreed to send the State, at least quarterly, a statement identifying the amount of funds and of each security in the Account at the end of the period and setting forth all transactions in the Account during that period; and (viii) that the Account and the Assets are not and shall not be subject to or qualified under the Employee Retirement Income Security Act of 1974, as amended, and (ix) that there is no limitation on the State's ability to pay any fees and other expenses out of the Account. Nothing contained herein shall be deemed to require the State to take any action contrary to the laws of Delaware or any applicable statute or regulation, or to relieve or deprive the State of its responsibility for and control of the general administration of the Account.

9. Instructions, Communications and Authorized Persons. The State hereby authorizes the person or persons named below to transmit to the Adviser, either orally or in writing, instructions concerning the Account. The Adviser reserves the right to require that any instruction is in writing. The Adviser shall be entitled to rely on the instructions of such person or persons until it receive notice of a change in such instructions pursuant to Section 13 below. If the State or any of the persons it has authorized to instruct the Adviser, communicates to the Adviser orally, via fax or email; the State acknowledges that it or they do so at the State's own risk. The State acknowledges and accepts that oral, fax or email communication and the Internet are not a secure medium for communication of sensitive information, and that if it or its authorized persons chooses to communicate to the Adviser or accept communications, information, advice and valuations from the Adviser in this manner, the State accepts the risk of breach of confidentiality, technical malfunction, unauthorized interference, unlawful interception, mis-delivery or delay of messages and computer viruses.

Name	Address	Telephone Number	Email Address
Treasurer Chip Flowers Jr.	820 Silver Lake Blvd., Ste. 100 Dover, DE 19904	(302) 672-6700	Chip.flowers@state.de.us
Deputy State Treasurer Erika J. Benner	820 Silver Lake Blvd., Ste. 100 Dover, DE 19904	(302) 672-6700	Erika.benner@state.de.us
Stephen McVay	820 Silver Lake Blvd., Ste. 100 Dover, DE 19904	(302) 672-6711	Stephen.mcvay@state.de.us

10. Representations of the Adviser. The Adviser represents that it is registered as an investment adviser with the U.S. Securities & Exchange Commission under the federal Investment Advisers Act of 1940 and that it has made all necessary filings to do business as an investment adviser in Delaware under the Delaware Securities Act (6 Del. C. Ch. 73).

11. Standard of Care; Liability. The Adviser and each of its managers, members, principals, employees, directors, officers and affiliates shall not be liable for any error of judgment or action performed or omitted to be performed in managing the Account, including, without limitation, any liability arising out of any investment or act or omission in the execution of securities transactions for the Account, to the extent that such act or omission is not the result of the Adviser's negligence or violation of federal or state securities law. The Adviser shall have no responsibility with respect to any assets of the State other than these of the Account and shall not be responsible for any indirect, consequential, special, or punitive damages or any liability incurred by reason of any act or omission of any broker or dealer, the Custodian, or other agent or service provider to the Account. The Adviser will have no responsibilities, liabilities or obligations with respect to determining whether the State has authority to enter into this Agreement, and is entitled to fully rely on representations of the State that it has received all necessary approvals and authorizations to enter into this Agreement or to grant any authority to the Adviser under this Agreement.

The Adviser will not be liable for any losses that result from the risks outlined in Section 9, except insofar as the same may result from the Adviser's or the Adviser's employees' negligence or violation of federal or state securities law. However, nothing herein shall in any way constitute a waiver or limitation of any right which the State or any person interested in the Account may have under any applicable law.

Nothing in this Agreement shall be effective to constitute a waiver by the State of compliance with any provision of the Advisers Act, or any rule, regulation, or order thereunder.

12. Recognition of Other Services.

(a) The State understands that the Adviser and its affiliates offer a broad range of investment management and financial services, that employees of both the Adviser and its affiliates may from time to time act as directors, officers, or employees of companies whose securities are publicly traded, and that as a result, such employees may acquire information of a confidential nature. The State agrees that the Adviser may, but shall not be required to, render investment advice with respect to any such company, and that the Adviser may in its discretion withhold any such knowledge or information or refuse to advise with respect to such company, whether or not the Account shall include securities of such company, if, in the Adviser's judgment, the disclosure of such knowledge or information or the rendering of investment advice on the basis thereof would be unfair, inequitable, a breach of any fiduciary obligation of the Adviser to some other person, or unlawful. For the same reasons the Adviser may, in its discretion, exclude securities and other property from the Account.

(b) The State understands and agrees that the Adviser may aggregate



contemporaneous buy or sell orders for the same securities for more than one account, including the Account, and that the Account will participate in an aggregated order at the average price, or the Adviser may allocate transactions on a rotating or proportional or either equitable basis consistent with its fiduciary responsibilities as the Adviser.

(c) The State understands that the Adviser, and each of its managers, members, principals, employees, directors, officers and affiliates may perform investment advisory services for clients other than the State; may own, purchase, or sell securities or other interests in property which are the same, similar to, or different from those which the Adviser recommends, purchases, or sells for the Account; and in rendering investment management and advisory services to others, shall be free to give, advise, and take action in the performance of its or their duties to other clients and to take action with respect to investments in securities or other interests in property which may be the same as, or may differ from, recommendations or advice given, or the timing or nature of action taken, with respect to the Account. Nothing in this Agreement shall be deemed to impose upon the Adviser any obligation to purchase or sell or to recommend for purchase or sale for the Account any security or other property which the Adviser or its managers, members, principals, employees, directors, officers and affiliates may purchase or sell for their own accounts or for the accounts of others.

(d) The State understands and agrees that where the Adviser determines it to be in the best interest of both parties to the transaction, the Adviser may cause the Account to purchase securities from or sell securities to another State client of the Adviser at the independent current market price for such securities in accordance with applicable law.

13. Notices. Any notice given pursuant to the provisions of this Agreement ("Notice") shall be in writing and may be given by delivery by hand, by nationally recognized courier, by facsimile, or by certified mail, return receipt requested, and shall be delivered at or sent to:

in the case of the Adviser:

Mr. Chris Moros  
Chief Operating Officer  
Cutwater Investor Services Corp.  
113 King Street  
Armonk, New York 10504  
Chris.Moros@cutwater.com

in the case of the State:

Mr. Stephen W. McVay  
Investment Manager  
Delaware State Treasury  
820 Silver Lake Boulevard, Suite 100  
Dover, Delaware 19904  
Stephen.mcvay@state.de.us

Written notices and communications shall be addressed as indicated unless either the State or the Adviser has notified the other in writing of a change. Except as otherwise provided in Section 13, notices and communications shall be effective upon receipt.

14. Confidential Information. To the extent permitted by 29 *Del. C.* §§ 10001 - 10005, the State shall keep confidential all information which the State may have concerning the Adviser's portfolio management of the Account, including all information relating to the investment and reinvestment thereof, the purchase of securities therefore, and the sale of securities therefrom. Information concerning the Account shall be confidential, and Adviser shall not disclose any information relative to the Account to any third party except to the Adviser's affiliates or service providers to the Account or as required by law without the express written consent of the State.

15. Independent contractors. The parties to the Agreement shall be independent contractors to one another, and nothing herein shall be deemed to cause this agreement to create an agency, partnership, joint venture or employment relationship between parties. Each party shall be responsible for compliance with all applicable workers compensation, unemployment, disability insurance, social security withholding and all other similar matters. Neither party shall be liable for any debts, accounts, obligations or other liability whatsoever of the other party or any other obligation of the other party to pay on the behalf of its employees or to withhold from any compensation paid to such employees any social benefits, workers compensation insurance premiums or any income or other similar taxes.

16. Non-Appropriation. In the event the Delaware General Assembly fails to appropriate the specific funds necessary to enter into or continue the contractual agreement, in whole or part, the agreement shall be terminated as to any obligation of the State requiring the expenditure of money for which no specific appropriation is available at the end of the last fiscal year for which no appropriation is available or upon the exhaustion of funds.

17. Licenses and Permits. In performance of the Agreement, the Adviser will be required to comply with all applicable federal, state and local laws, ordinances, codes, and regulations. The cost of permits and other relevant costs required in the performance of the Agreement shall be borne by the Adviser. The Adviser shall be properly licensed and authorized to transact business in the State as provided in 30 *Del. C.* § 2301. The Adviser shall either furnish the State with proof of State Business Licensure or initiate the process of application where required. An application may be requested in writing to: Division of Revenue, Carvel State Building, P.O. Box 8750, 820 N. French Street, Wilmington, DE 19899 or by telephone to the Business License Department – (302) 577-8778. Information regarding the award of this Agreement will be given to the Division of Revenue. Failure to comply with the State licensing requirements may subject firm to applicable fines and/or interest penalties.

18. Indemnification

(a) General Indemnification. Notwithstanding anything to the contrary in Section 11. above, the Adviser agrees that it will indemnify and otherwise hold harmless the State, its agents and

employees from any and all liability, suits, actions, or claims, together with all costs, expenses for attorney's fees, arising out of the Adviser's, its agents' and employees' performance, work or services in connection with the Agreement, regardless of whether such suits, actions, claims or liabilities are based upon acts or failures to act attributable, in whole or part, to the State, its employees or agents.

(b) Proprietary Rights Indemnification. The Adviser warrants that all elements of its services, including all equipment, software, documentation, services and deliverables, do not and will not infringe upon or violate any patent, copyright, trade secret or other proprietary rights of any third party. In the event of any claim, suit or action by any third party against the State of Delaware, the State of Delaware shall promptly notify the Adviser in writing and the Adviser shall defend such claim, suit or action at the Adviser's expense, and the Adviser shall indemnify the State of Delaware against any loss, cost, damage, expense or liability arising out of such claim, suit or action (including, without limitation, litigation costs, lost employee time, and counsel fees) whether or not such claim, suit or action is successful. If any equipment, software, services (including methods) products or other intellectual property used or furnished by the Adviser (collectively "Products") is, or in the Adviser's reasonable judgment is likely to be, held to constitute an infringing product, the Adviser shall at its expense and option either:

- (1) Procure the right for the State of Delaware to continue using the Product(s);
- (2) Replace the product with a non-infringing equivalent that satisfies all the requirements of the Agreement; or
- (3) Modify the Product(s) to make it or them non-infringing, provided that the modification does not materially alter the functionality or efficacy of the product or cause the Product(s) or any part of the work to fail to conform to the requirements of the Contract, or only alters the Product(s) to a degree that the State of Delaware agrees to and accepts in writing.

#### 19. Insurance

(a) The Adviser recognizes that it is operating as an independent contractor and that it is liable for any and all losses, penalties, damages, expenses, attorney's fees, judgments, and/or settlements incurred by reason of injury to or death of any and all persons, or injury to any and all property, of any nature, arising out of the Adviser's negligent performance under this Agreement, and particularly without limiting the foregoing, caused by, resulting from, or arising out of any act or omission on the part of the Adviser in its negligent performance under this Agreement.

(b) The Adviser shall maintain such insurance as will protect against claims under Workers' Compensation Act and from any other claims for damages for personal injury, including death, which may arise from operations under this Agreement. The Adviser is an independent contractor and is not an employee of the State.

(c) During the term of this Agreement, the Adviser shall, at its own expense, carry minimum insurance limits as follows:

a.	Comprehensive General Liability	\$1,000,000
b.	Professional Liability/Miscellaneous Error & Omissions/Product Liability	\$1,000,000/\$3,000,000

(d) The Adviser shall provide a certificate of insurance as proof that the Adviser currently maintains the required insurance coverage.

20. Performance Requirements. The Adviser warrants that it possesses, or has arranged through subcontractors, all capital and other equipment, labor, materials, and licenses necessary to carry out and complete the work hereunder in compliance with any and all federal and state laws, and county and local ordinances, regulations and codes.

21. Warranty. The Adviser will provide a warranty that the deliverables provided pursuant to the Agreement will function as designed for a period of no less than one (1) year from the date of system acceptance. The Adviser shall correct, at its own expense, the setup, configuration, customizations or modifications so that it functions according to the State's requirements.

22. Costs and Payment Schedules. No charges other than as specified in the Adviser's RFP proposal shall be allowed without written consent of the State.

23. Contract Term. This Agreement shall terminate three years from the effective date, May 15, 2013, unless terminated earlier as provided herein. This Agreement may be further extended by mutual written consent of the parties for up to two (2) subsequent additional one year terms.

24. Termination for Cause. If for any reasons, or through any cause, the Adviser fails to fulfill in a timely and proper manner its obligations under the Agreement, or if the Adviser materially violates any of the covenants, agreements or stipulations of the Agreement, the State shall thereupon have the right to terminate the Agreement by giving written notice to the Adviser of such termination and specifying the effective date thereof, at least twenty (20) days before the effective date of such termination. In that event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports or other material prepared by the Adviser under the Agreement shall, at the option of the State, become its property, and the Adviser shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials which are useable to the State.

25. Termination for Convenience. The State or the Adviser may terminate the Agreement at any time by giving written notice of such termination and specifying the effective date thereof, at least twenty (20) days before the effective date of such termination. In that event, all finished documents, data, studies, surveys, models, and reports (finished or unfinished) or

other material prepared by the Adviser under the Agreement shall, at the option of the State, become its property, and the Adviser shall be entitled to compensation for any satisfactory work completed on such documents and other materials which are useable to the State. If the Agreement is terminated by the State as so provided, the Adviser will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Adviser as covered by the Agreement, less payments of compensation previously made.

26. Non-discrimination. The Adviser agrees that it will not discriminate against any employee or applicant for employment because of race, creed, color, sex or national origin. The Adviser shall comply with all federal and state laws, regulations and policies pertaining to the prevention of discriminatory employment practice. Failure to perform under this provision constitutes a material breach of Agreement.

27. Covenant against Contingent Fees. The Adviser warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement of understanding for a commission or percentage, brokerage or contingent fee excepting bona-fide employees, bona-fide established commercial or selling agencies maintained by the Adviser for the purpose of securing business. For breach or violation of this warranty the State shall have the right to annul the Agreement without liability or at its discretion to deduct from the Agreement price or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

28. Firm Activity. No activity under this Agreement is to be executed in an off shore facility, either by a subcontracted firm of the Adviser or a foreign office or division of the Adviser.

29. Work Product. All materials and products developed under the executed Agreement by the Adviser are the sole and exclusive property of the State. The Adviser must seek written permission to use any product created under the Agreement.

30. Contract Documents. The Request for Proposal (Exhibit C), the purchase order, the executed Agreement and any supplemental documents between the State and the Adviser shall constitute the entire agreement between the State and the Adviser. In the event there is any discrepancy between any of these documents, the following order of documents governs so that the former prevails over the latter: Agreement, State's RFP, the Adviser's response to the RFP and the purchase order. No other documents shall be considered. These documents shall constitute the entire agreement between the State and the Adviser.

31. Applicable Law. The laws of the State of Delaware shall apply, except where federal law has precedence. The Adviser consents to jurisdiction and venue in the State of Delaware. The Adviser certifies that it complies with all federal, state and local laws applicable to its activities and obligations including:

(a) the laws of the State of Delaware;

(b) the applicable portion of the Federal Civil Rights Act of 1964;

(c) the Equal Employment Opportunity Act and the regulations issued there under by the federal government;

(d) a condition that the RFP proposal submitted by the Adviser was independently arrived at, without collusion, under penalty of perjury; and

(e) that programs, services, and activities provided to the general public under the Agreement conform to the Americans with Disabilities Act of 1990, and the regulations issued there under by the federal government. If the Adviser fails to comply with (a) through (b) of this paragraph, the State reserves the right to terminate the Agreement, or consider the proposing firm in default. The Adviser shall keep itself fully informed of and shall observe and comply with all applicable existing federal and state laws, and county and local ordinances, regulations and codes, and those laws, ordinances, regulations, and codes adopted during its performance of the work.

32. Scope of Agreement. If the scope of any provision of the Agreement is determined to be too broad in any respect whatsoever to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provisions of the Agreement shall not thereby fail, but the scope of such provisions shall be curtailed only to the extent necessary to conform to the law.

33. Compliance with State IT Standards. The Adviser shall be responsible for the professional quality, technical accuracy, timely completion, and coordination of all services furnished by the Adviser, its subcontractors and its principals, officers, employees and agents under the Agreement. In performing the specified services, the Adviser shall follow practices consistent with generally accepted professional and technical standards. The Adviser shall be responsible for ensuring that all services, products and deliverables furnished pursuant to the Agreement comply with the standards promulgated by the Department of Technology and Information ("DTI") published at <http://dti.delaware.gov/>, and as modified from time to time by DTI during the term of the Agreement. If any service, product or deliverable furnished pursuant to the Agreement does not conform with DTI standards, the Adviser shall, at its expense and option either (1) replace it with a conforming equivalent or (2) modify it to conform with DTI standards. The Adviser shall be and remain liable in accordance with the terms of the Agreement and applicable law for all damages to Delaware caused by the Adviser's failure to ensure compliance with DTI standards.

34. Status Reporting. The Adviser shall lead and/or participate in status meetings and submit status reports covering such items as progress of work being performed, milestones attained, resources expended, and problems encountered and corrective action taken, until final system acceptance.

35. Regulations. All equipment, software and services must meet all applicable local, state and federal regulations in effect on the date of the Agreement.

36. Changes. No alterations in any terms, conditions, delivery, price, quality, or specifications of items ordered under this Agreement will be effective without the written consent of the State.

37. No Press Releases or Public Disclosure. The State reserves the right to pre-approve any news or advertising releases concerning the RFP, this Agreement, the work performed, or any reference to the State with regard to any project or Agreement performance. Any such news or advertising releases pertaining to the RFP or this Agreement shall require the prior express written permission of the State.

38. Prohibition against Assignment. This Agreement shall not be "assigned", as that term is defined in the Advisers Act, by either party without the consent of the other party, and this Agreement shall, until termination, inure to the benefit of the Adviser and any successor or successors in interest.

STATE OF DELAWARE

*Original on File*

By:


  
Erika J. Benner  
Deputy State Treasurer

Accepted:

**Cutwater Investor Services Corp.**

*Original on File*

By:

  
Mr. Chris Moros  
**Chief Operating Officer**

## EXHIBIT B

### FEES

This Exhibit B is to the Investment Management Agreement, dated as of May 15 2013, by and between Adviser and the State (the "Agreement"). Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Agreement. The State and Adviser are referred to herein individually as a "Party"; collectively, as the "Parties".

1. **Fee.** In consideration of the services performed by Adviser, subject to the payment terms set forth in Section 5 of the Agreement, State shall pay Adviser a quarterly fee amount (the "Fee") equal to **9 basis points per annum** multiplied by the average market value of the assets under management including accrued interest (calculated by averaging the ending market value of the assets under management including accrued interest for each day during the quarter) for the applicable quarter by Adviser on behalf of State for the Delaware State Treasury (the "Assets"). By way of clarification, the aforementioned computation of the Assets shall include only such assets under management by Adviser on behalf of the Delaware State Treasury (unless otherwise agreed to by the Parties, all other assets of the State, excluding the Assets, shall not be used in the computation of the Fee).
2. **Reports.** In addition to the services provided by Adviser under the Agreement, Adviser shall provide a report detailing the performance of the Assets on a monthly basis (the "Monthly Report") and on a quarterly basis (the "Quarterly Report") to the (i) Treasurer of the State, (ii) the Deputy State Treasurer of the State, (iii) the Financial Adviser (as defined hereafter) and the (iv) Cash & Debt Manager of the State in such format agreed upon the parties (electronic, written or otherwise). The Monthly Report shall include the following:
  - a. Statement of the Assets;
  - b. Original cost of the Assets;
  - c. Market and adjusted book values of the Assets compared to the Benchmarks (as defined hereafter);
  - d. Accrued income of the Assets;
  - e. Both book and market rates of return of the Assets rounded to the nearest one thousandth of a percent; and
  - f. Such other information reasonably requested by the State.

The Quarterly Report shall include the following:

- a. Statement of the Assets;
- b. Original cost of the Assets;
- c. Market and adjusted book values of the Assets compared to the Benchmarks (as defined hereafter);
- d. Accrued income of the Assets;
- e. Both book and market rates of return of the Assets rounded to the nearest one thousandth of a percent (portion in red can be eliminated);



- f. The amount of the Assets issued by corporate entities either incorporated in the State of Delaware and/or having a principal office located in the State of Delaware; and
- g. Such other information reasonably requested by the State.

Unless otherwise agreed to by the Parties, the State shall have uninterrupted online secure access to Adviser's system to view and monitor the Assets held under management by Adviser on a continual basis (excluding scheduled and routine maintenance of such online system used by Adviser). Such online secure access shall be provided by Adviser at no cost to the State. Adviser shall inform and provide State with any necessary forms and documentation necessary for Adviser to perform the services (including, access to Adviser's online system) pursuant to the terms and conditions of the Agreement.

3. **Cooperation with Custodian.** Unless otherwise agreed to by the Parties, Adviser shall provide any reasonable information required by the Custodian, in such format and frequency determined by the Custodian, necessary for the Custodian to perform its duties to the State.
4. **Cooperation with Financial Adviser.** In addition to the services provided by Adviser under the Agreement, Adviser, upon request by State, shall provide reasonable information and reports (including the Monthly Report) relating to the Assets to the State's financial adviser (the "Financial Adviser"). Adviser hereby agrees to cooperate with any reasonable requests for information requested by the Financial Adviser on behalf of the State.
5. **Benchmarks.** Adviser hereby acknowledges that, in connection with its performance review by the State, the State has established certain benchmarks for Adviser relating to the Assets (the "Benchmarks"). As of the effective date of this Agreement, the Benchmarks are set forth in Delaware State Treasury Directive #121018-01 (the "Directive"), as may be amended from time to time by the State at its discretion. The applicable portions of the Directive (or any successor Directive) relating to the Benchmarks shall be made available to Adviser upon request to the State.
6. **Compliance.** Adviser hereby agrees to comply with any policies and procedures promulgated by the State (including any Directive issued by the Delaware State Treasury). Adviser hereby acknowledges and agrees to comply with the compliance procedures set forth in the Directive, as may be amended from time to time by the State at its discretion. The applicable portions of the Directive (or any successor Directive) relating to compliance shall be made available to Adviser upon request to the State. For information purposes only, the applicable compliance section of the Directive is set forth below (for the section only, capitalized terms set forth therein shall have the meaning ascribed to such terms in the Directive):

"Clarification of Investment Guidelines. If an Investment Manager's respective asset allocation in an asset class or security designated under the Investment Guidelines is compliant at the time of purchase, but subsequently becomes non-compliant (by exceeding the applicable limits set forth in the Investment Guidelines for one or more asset classes or individual security position exposures) due to a material reduction in such Investment Manager's assets under management

caused by authorized withdrawals by the State Treasury or market movement, such investment Manager shall (i) notify the Deputy State Treasurer and Director of the Office of Finance and Treasury Services (the "Designated Persons") (the "Notice"), in written hard copy or electronic format, within twenty-four (24) hours of such non-compliance, (ii) submit a proposed plan to the Designated Persons detailing such Investment Manager's proposed corrective plan outlining remedial actions that will cause its respective asset allocation to comply with the Investment Guidelines (the "Plan"), in written hard copy or electronic format, within seventy-two (72) hours of non-compliance and (iii) unless otherwise directed by the State Treasury, shall implement such Plan and take all necessary and proper actions related thereto to cause its respective asset allocation to comply with the Investment guidelines within thirty (30) days from the initial date of non-compliance."

7. **Quarterly Performance Review.** Unless otherwise agreed to by the Parties, Adviser shall meet with representatives of the State on a quarterly basis to discuss the performance of Adviser and the Assets and such other topics agreed to by the Parties. At the discretion of the State, such meeting shall occur at the offices of the State (either in Wilmington or Dover, Delaware) or such other reasonable location requested by the State. If such quarterly performance review is held outside of the State of Delaware, the Adviser shall reimburse the State for such reasonable travel expenses for no more than three (3) representatives of the State (on a pro-rata basis if the State meets with another adviser managing assets of the State other than Adviser during any given trip); provided, however, Adviser shall not be obligated to State for any amounts relating to travel expenses pursuant to this Section in excess of US\$5,000 per year (measured from the effective date of the Agreement).
8. **Financial Information.** At no cost to the State, Adviser hereby agrees to provide the State with periodic financial information and forecasts relating to the Assets and the U.S. and global economy. Such financial information may include access to Adviser's client conference calls, research data, newsletters, client advisories and other financial and economic information offered by Adviser to clients having similar size of assets under management. Additionally, Adviser shall provide financial information agreed upon by the Parties.

**FEDERATED INVESTMENT COUNSELING  
INVESTMENT MANAGEMENT AGREEMENT  
(Non-ERISA)**

This INVESTMENT MANAGEMENT AGREEMENT is made as of this 13th day of May, 2013 (the "Agreement") by and between Federated Investment Counseling, a Delaware business trust (the "Adviser"), and STATE OF DELAWARE (the "State").

WHEREAS, the Treasurer of the State of Delaware, with the guidance of the Delaware Cash Management Policy Board, is authorized to invest the of monies belonging to the State; and

WHEREAS, the Adviser is engaged in the business of offering investment and management services, including the supervision and direction of investments, and represents that it is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"); and

WHEREAS, the State desires to retain the Adviser to render services to the State on the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the mutual promises set forth herein, the State and Adviser agrees as follows:

1. Duties of the Adviser. The Adviser shall, on a continuing basis, manage and invest the assets comprising the investment advisory account or accounts described in Section 3 below (each, an "Account"), and shall furnish the State with such investment supervision of the Account as the Adviser shall deem appropriate for the proper administration of the Account, taking into consideration the specific investment objectives of the State set forth in the Investment Guidelines for such Account, each attached hereto as Exhibit A, and as they may be amended from time to time. The State may amend such Investment Guidelines by written Notice (as defined in Section 13 below) to the Adviser from an authorized person whose name is set forth in Section 9 hereof. The Adviser shall have full power to make and act upon all investment decisions in its sole discretion, subject only to the Investment Guidelines. The Adviser shall not be liable for any investment decisions which it reasonably believes to be in keeping with the Investment Guidelines.

The Adviser shall comply with any modifications in the Investment Guidelines as expeditiously as it considers prudent.

The Adviser will furnish the State prompt notification in writing of any purchase or sale made for the Account. The Adviser will periodically reconcile its records against information provided by the Custodian (as defined hereafter) as to the individual securities or investments held in the Account and provide to the State, (a) no less frequently than monthly, a list of securities held

in the Account, which list will include the information set forth in Section 2(a) of Exhibit B; and (b) no less frequently than quarterly, a list of securities held in the Account, which list will include the information set forth in Section 2(b) of Exhibit B.

Upon the written request of the State, copies of any of the foregoing will be sent to any trustee, custodian, or other person. The State acknowledges that the Adviser may delegate certain or all of its accounting, trade settlement, State reporting and other operational duties to a third party ("Service Provider"), and the State hereby consents to any such delegation at any time during the term of this Agreement. Representatives of the Adviser will also be made available to meet with the State periodically, and to review with the State the Account and its performance. The State acknowledges and agrees that (i) the Service Providers engaged by the Adviser may or may not be affiliated with the Adviser; and (ii) with written consent of the State, which will not be unreasonably withheld, the Adviser is authorized to disclose (and/or the Adviser is authorized to instruct the State's Custodian or other third parties to disclose) nonpublic and confidential information to such Service Providers in connection with their performance of services for or on behalf of Adviser in connection with this Agreement; provided, however, Adviser shall ensure that such Service Providers have the same obligations and covenants as Adviser with respect to any confidential information of State.

2. Authorization of Adviser. The Adviser is authorized to invest and reinvest the cash and securities and other property in the Account at its discretion without being required to consult with the State in advance. The Adviser shall have no responsibility to determine whether the provisions of the Investment Guidelines are in the best interests of the State. In accordance with the foregoing, the State authorizes and appoints the Adviser as its agent and attorney-in-fact to act in the name and on behalf of the State in connection with the Adviser exercising its trading authority and discretion granted to the Adviser by the State under this Agreement (including, but not limited to the exercise of rights and the tender, exchange or conversion). These authorizations shall be continuing ones and shall remain in full force and effect until the Adviser has received written Notice of revocation thereof.

3. The Account. The Account shall consist initially of such cash and securities and other property as the State designates in writing to the Adviser and deposits with the custodian of the Account described in Section 4 below, and shall be subject subsequently to such additions and/or withdrawals as the State shall at any time direct. The State shall notify the Adviser promptly of any additions to the Account.

4. Custodian. The assets of the Account shall be held in the custody of an entity chosen by the State to act as the State's custodian (the "Custodian"). The State has notified the Adviser that as of the date hereof the Custodian is The Bank of New York Mellon and shall notify the Adviser in advance of any subsequent changes in the Custodian. The State represents and agrees that any such Custodian shall be a "qualified custodian" as defined in rule 206(4)-2 under the Investment Advisers Act of 1940 (the "Advisers Act"). The State shall be responsible for all custodial arrangements and the payment of all custodial charges and fees. The assets of the Account are held in the custody of the Custodian, and the Adviser shall have no responsibility or liability with respect to custody arrangements or the acts, omissions or other conduct of the Custodian.

## 5. Fees and Expenses.

(a) As compensation for the services provided under this Agreement, the Adviser is to receive a fee in accordance with the Schedule attached hereto as Exhibit B. Pursuant to Exhibit B, fees are payable in U.S. dollars on a quarterly basis based on the average daily market value of the assets under Adviser's direct management, including accrued interest. If this Agreement commences or is terminated as of a day other than the first day of any calendar quarter, the fee payable with respect to the initial or final fractional calendar quarter shall be prorated for such period. The Adviser will provide the State with a bill showing the amount of the fee, the value of the assets on which the fee was based, and the manner in which the fee was calculated. The State will instruct the Custodian to pay fees from the Account on a quarterly basis. All other expenses related to purchases and sales in the Account, including, but not limited to brokerage commissions, interest on borrowings and any taxes, shall be expenses of the Account and shall be paid out of the assets of the Account, or otherwise as directed by the State. Solely for purposes of calculating fees under this Section 5, the valuation of assets will be made by the Adviser; provided however, that the State will be entitled to review, and may object to, any such valuation by notifying the Adviser within 60 days after receipt of such bill. If the State makes such an objection, the State and the Adviser, acting in good faith, shall agree upon whether an adjustment is appropriate.

(b) The compensation to be paid to the Adviser under this Agreement does not exceed the compensation paid to the Adviser by any other client of the Adviser pursuant to an Investment Manager Agreement entered into after the date hereof of the same type entity as the State with the same investment strategy and guidelines, type of investment vehicle being managed, and of same or smaller size as the Account.

6. Proxies. The State will direct the Custodian of the Account to deliver to the Adviser in a timely manner proxies or other requests that elections be made with respect to securities held in the Account. The Adviser will in its discretion vote all proxies, or make such elections, with respect to the securities held in the Account as are forwarded to the Adviser on a timely basis in accordance with the Adviser's proxy voting guidelines and procedures in effect from time to time as described in Adviser's Form ADV, Part 2.

7. Brokerage Transactions. The Adviser shall place all orders for the purchase and sale of investments for the Account with brokers or dealers selected by the Adviser in its discretion. In the selection of such brokers or dealers and the placing of such orders, the Adviser shall seek to obtain the most favorable price and execution available, except to the extent it may be permitted to pay higher brokerage commissions for brokerage and research services as described below. In using its best efforts to obtain the most favorable price and execution available, the Adviser may consider all factors it deems relevant, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience, and financial stability of the broker or dealer involved, and the quality of service rendered by the broker or dealer in other transactions. The Adviser shall not be deemed to have acted unlawfully or to have breached any duty created by this Agreement or otherwise solely by reason of its having caused the Account to pay a broker or dealer that provides brokerage and

research services to the Adviser an amount of commission for effecting a portfolio investment transaction in excess of the amount of commission that another broker or dealer would have charged for effecting that transaction, if the Adviser determines in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided by such broker or dealer, viewed in terms of either that particular transaction or the Adviser's overall responsibilities with respect to the State and to other clients of the Adviser as to which the Adviser exercises investment discretion.

The Adviser is authorized to establish and maintain bank, brokerage, commodity, currency, and other similar accounts, whether domestic or foreign, with respect to the Account and to enter into agreements on behalf of the State in connection therewith and, from time to time, to deposit securities or other assets of the State in such accounts

8. Representations of the State. The execution and delivery of this Agreement by the State shall constitute the representation and the warranty of the State (i) that it has full power and authority to enter into this Agreement, including but not limited to the power and authority to delegate to the Adviser the discretion to vote all proxies, or make such elections, with respect to the securities in the Account, (ii) that the terms hereof do not violate any term or condition of any document relating to the Account or any obligation by which either the State or the Account is governed or bound, whether arising by contract, operation of law or otherwise, and that the State has received all necessary authorizations to enter into this Agreement, (iii) that this Agreement has been duly authorized and when so executed and delivered will be binding upon the State, (iv) that there are no restrictions on the ownership by the State or the transferability of any securities in the Account, (v) that the State has received, not less than 48 hours prior to signing this Agreement, a copy of the Form ADV, Part 2A, brochure (and, to the extent required, Form ADV, Part 2B brochure supplements) of Adviser and is aware that Adviser's ADV, Part 2A, brochure (and Form ADV, Part 2B, brochure supplements) are available on request, (vi) that the State has taken independent legal advice on this Agreement, (vii) the Custodian has agreed to send the State, at least quarterly, a statement identifying the amount of funds and of each security in the Account at the end of the period and setting forth all transactions in the Account during that period; and (viii) that the Account and the Assets are not and shall not be subject to or qualified under the Employee Retirement Income Security Act of 1974, as amended, and (ix) that there is no limitation on the State's ability to pay any fees and other expenses out of the Account. Nothing contained herein shall be deemed to require the State to take any action contrary to the laws of Delaware or any applicable statute or regulation, or to relieve or deprive the State of its responsibility for and control of the general administration of the Account.

9. Instructions, Communications and Authorized Persons. The State hereby authorizes the person or persons named below to transmit to the Adviser, either orally or in writing, instructions concerning the Account. The Adviser reserves the right to require that any instruction is in writing. The Adviser shall be entitled to rely on the instructions of such person or persons until it receive Notice of a change in such instructions pursuant to Section 13 below. If the State or any of the persons it has authorized to instruct the Adviser, communicates to the Adviser orally, via fax or email; the State acknowledges that it or they do so at the State's own risk. The State acknowledges and accepts that oral, fax or email communication and the Internet are not a secure medium for communication of sensitive information, and that if it or its

authorized persons chooses to communicate to the Adviser or accept communications, information, advice and valuations from the Adviser in this manner, the State accepts the risk of breach of confidentiality, technical malfunction, unauthorized interference, unlawful interception, mis-delivery or delay of messages and computer viruses.

Name	Address	Telephone Number	Email Address
State Treasurer Chip Flowers, Jr.	820 Silver Lake Blvd., Ste. 100 Dover, DE 19904	(302) 672-6700	Chip.flowers@state.de.us
Deputy State Treasurer Erika J. Benner	820 Silver Lake Blvd., Ste. 100 Dover, DE 19904	(302) 672-6700	Erika.benner@state.de.us
Stephen McVay	820 Silver Lake Blvd., Ste. 100 Dover, DE 19904	(302) 672-6711	Stephen.mcvay@state.de.us

10. Representations of the Adviser. The Adviser represents that it is registered as an investment adviser with the U.S. Securities & Exchange Commission under the federal Investment Advisers Act of 1940 and that it has made all necessary filings to do business as an investment adviser in Delaware under the Delaware Securities Act (6 Del. C. Ch. 73).

11. Standard of Care; Liability. The Adviser and each of its managers, members, principals, employees, directors, officers and affiliates shall not be liable for any error of judgment or action performed or omitted to be performed in managing the Account, including, without limitation, any liability arising out of any investment or act or omission in the execution of securities transactions for the Account, to the extent that such act or omission is not the result of the Adviser's negligence or violation of federal or state securities law. The Adviser shall have no responsibility with respect to any assets of the State other than these of the Account and shall not be responsible for any indirect, consequential, special, or punitive damages or any liability incurred by reason of any act or omission of any broker or dealer, the Custodian, or other agent or service provider to the Account. The Adviser will have no responsibilities, liabilities or obligations with respect to determining whether the State has authority to enter into this Agreement, and is entitled to fully rely on representations of the State that it has received all necessary approvals and authorizations to enter into this Agreement or to grant any authority to the Adviser under this Agreement.

The Adviser will not be liable for any losses that result from the risks outlined in Section 9, except insofar as the same may result from the Adviser's or the Adviser's employees' negligence or violation of federal or state securities law. However, nothing herein shall in any way constitute a waiver or limitation of any right which the State or any person interested in the Account may have under any applicable law.

The Adviser does not guarantee: (i) the performance of the Account; or (ii) that the Adviser's investment advice will be successful.

Nothing in this Agreement shall be effective to constitute a waiver by the State of compliance with any provision of the Advisers Act, or any rule, regulation, or order thereunder.

## 12. Recognition of Other Services.

(a) The State understands that the Adviser and its affiliates offer a broad range of investment management and financial services, that employees of both the Adviser and its affiliates may from time to time act as directors, officers, or employees of companies whose securities are publicly traded, and that as a result, such employees may acquire information of a confidential nature. The State agrees that the Adviser may, but shall not be required to, render investment advice with respect to any such company, and that the Adviser may in its discretion withhold any such knowledge or information or refuse to advise with respect to such company, whether or not the Account shall include securities of such company, if, in the Adviser's judgment, the disclosure of such knowledge or information or the rendering of investment advice on the basis thereof would be unfair, inequitable, a breach of any fiduciary obligation of the Adviser to some other person, or unlawful. For the same reasons the Adviser may, in its discretion, exclude securities and other property from the Account.

(b) The State understands and agrees that the Adviser may aggregate contemporaneous buy or sell orders for the same securities for more than one account, including the Account, and that the Account will participate in an aggregated order at the average price, or the Adviser may allocate transactions on a rotating or proportional or either equitable basis consistent with its fiduciary responsibilities as the Adviser.

(c) The State understands that the Adviser, and each of its managers, members, principals, employees, directors, officers and affiliates may perform investment advisory services for clients other than the State; may own, purchase, or sell securities or other interests in property which are the same, similar to, or different from those which the Adviser recommends, purchases, or sells for the Account; and in rendering investment management and advisory services to others, shall be free to give, advise, and take action in the performance of its or their duties to other clients and to take action with respect to investments in securities or other interests in property which may be the same as, or may differ from, recommendations or advice given, or the timing or nature of action taken, with respect to the Account. Nothing in this Agreement shall be deemed to impose upon the Adviser any obligation to purchase or sell or to recommend for purchase or sale for the Account any security or other property which the Adviser or its managers, members, principals, employees, directors, officers and affiliates may purchase or sell for their own accounts or for the accounts of others.

(d) The State understands and agrees that where the Adviser determines it to be in the best interest of both parties to the transaction, the Adviser may cause the Account to purchase securities from or sell securities to another State client of the Adviser at the independent current market price for such securities in accordance with applicable law.

13. Notices. Any notice given pursuant to the provisions of this Agreement ("Notice") shall be in writing and may be given by delivery by hand, by nationally recognized courier, by facsimile, or by certified mail, return receipt requested, and shall be delivered at or sent to:



in the case of the Adviser:

Ms. Sandi Kulig  
Federated Investors Tower  
1001 Liberty Avenue  
Pittsburgh, PA 15222  
skulig@federatedinv.com

in the case of the State:

Mr. Stephen W. McVay  
Investment Manager  
Delaware State Treasury  
820 Silver Lake Boulevard, Suite 100  
Dover, Delaware 19904  
Stephen.mcvay@state.de.us

Written notices and communications shall be addressed as indicated unless either the State or the Adviser has notified the other in writing of a change. Except as otherwise provided in Section 13, notices and communications shall be effective upon receipt.

14. Confidential Information. To the extent permitted by 29 *Del. C.* §§ 10001 - 10005, the State shall keep confidential all information which the State may have concerning the Adviser's portfolio management of the Account, including all information relating to the investment and reinvestment thereof, the purchase of securities therefore, and the sale of securities therefrom. Information concerning the Account shall be confidential, and Adviser shall not disclose any information relative to the Account to any third party except to the Adviser's affiliates or service providers to the Account or as required by law without the express written consent of the State.

15. Independent contractors. The parties to the Agreement shall be independent contractors to one another, and nothing herein shall be deemed to cause this agreement to create an agency, partnership, joint venture or employment relationship between parties. Each party shall be responsible for compliance with all applicable workers compensation, unemployment, disability insurance, social security withholding and all other similar matters. Neither party shall be liable for any debts, accounts, obligations or other liability whatsoever of the other party, or any other obligation of the other party to pay on the behalf of its employees or to withhold from any compensation paid to such employees any social benefits, workers compensation insurance premiums or any income or other similar taxes.

16. Non-Appropriation. In the event the Delaware General Assembly fails to appropriate the specific funds necessary to enter into or continue the contractual agreement, in whole or part, the agreement shall be terminated as to any obligation of the State requiring the expenditure of

money for which no specific appropriation is available at the end of the last fiscal year for which no appropriation is available or upon the exhaustion of funds.

17. Licenses and Permits. In performance of the Agreement, the Adviser will be required to comply with all applicable federal, state and local laws, ordinances, codes, and regulations. The cost of permits and other relevant costs required in the performance of the Agreement shall be borne by the Adviser. The Adviser shall be properly licensed and authorized to transact business in the State as provided in 30 *Del. C.* § 2301. The Adviser shall either furnish the State with proof of State Business Licensure or initiate the process of application where required. An application may be requested in writing to: Division of Revenue, Carvel State Building, P.O. Box 8750, 820 N. French Street, Wilmington, DE 19899 or by telephone to the Business License Department – (302) 577-8778. Information regarding the award of this Agreement will be given to the Division of Revenue. Failure to comply with the State licensing requirements may subject firm to applicable fines and/or interest penalties.

18. Indemnification

(a) General Indemnification. The Adviser agrees that it will indemnify and otherwise hold harmless the State, its agents and employees from any and all liability, suits, actions, or claims, together with all costs, expenses for attorney's fees, arising out of the Adviser's, its agents' and employees' performance, work or services in connection with the Agreement that does not meet the standard of care set forth in Section 11 of this Agreement, regardless of whether such suits, actions, claims or liabilities are based upon acts or failures to act attributable, in whole or part, to the State, its employees or agents.

(b) Proprietary Rights Indemnification. The Adviser warrant that all elements of its services, including all equipment, software, documentation, services and deliverables, do not and will not infringe upon or violate any patent, copyright, trade secret or other proprietary rights of any third party. In the event of any claim, suit or action by any third party against the State of Delaware, the State of Delaware shall promptly notify the Adviser in writing and the Adviser shall defend such claim, suit or action at the Adviser's expense, and the Adviser shall indemnify the State of Delaware against any loss, cost, damage, expense or liability arising out of such claim, suit or action (including, without limitation, litigation costs, lost employee time, and counsel fees) whether or not such claim, suit or action is successful. If any equipment, software, services (including methods) products or other intellectual property used or furnished by the Adviser (collectively "Products") is, or in the Adviser's reasonable judgment is likely to be, held to constitute an infringing product, the Adviser shall at its expense and option either:

- (1) Procure the right for the State of Delaware to continue using the Product(s);
- (2) Replace the product with a non-infringing equivalent that satisfies all the requirements of the Agreement; or
- (3) Modify the Product(s) to make it or them non-infringing, provided that the modification does not materially alter the functionality or efficacy of the product or cause the

Product(s) or any part of the work to fail to conform to the requirements of the Contract, or only alters the Product(s) to a degree that the State of Delaware agrees to and accepts in writing.

19. Insurance

(a) The Adviser recognizes that it is operating as an independent contractor and that it is liable for any and all losses, penalties, damages, expenses, attorney's fees, judgments, and/or settlements incurred by reason of injury to or death of any and all persons, or injury to any and all property, of any nature, arising out of the Adviser's negligent performance under this Agreement, and particularly without limiting the foregoing, caused by, resulting from, or arising out of any act or omission on the part of the Adviser in its negligent performance under this Agreement.

(b) The Adviser shall maintain such insurance as will protect against claims under Workers' Compensation Act and from any other claims for damages for personal injury, including death, which may arise from operations under this Agreement. The Adviser is an independent contractor and is not an employee of the State.

(c) During the term of this Agreement, the Adviser shall, at its own expense, carry minimum insurance limits as follows:

a.	Comprehensive General Liability	\$1,000,000
b.	Professional Liability/Miscellaneous Error & Omissions/Product Liability	\$1,000,000/\$3,000,000

(d) The Adviser shall provide a certificate of insurance as proof that the Adviser currently maintains the required insurance coverage.

20. Performance Requirements. The Adviser warrants that it possesses, or has arranged through subcontractors, all capital and other equipment, labor, materials, and licenses necessary to carry out and complete the work hereunder in compliance with any and all federal and state laws, and county and local ordinances, regulations and codes.

21. Costs and Payment Schedules. No charges other than as specified in the Adviser's RFP proposal shall be allowed without written consent of the State.

22. Contract Term. This Agreement shall terminate three years from the effective date, May 15, 2013, unless terminated earlier as provided herein. This Agreement may be further extended by mutual written consent of the parties for up to two (2) subsequent additional one year terms.

23. Termination for Cause. If for any reasons, or through any cause, the Adviser fails to fulfill in a timely and proper manner its obligations under the Agreement, or if the Adviser violates

any of the covenants, agreements or stipulations of the Agreement, the State shall thereupon have the right to terminate the Agreement by giving written notice to the Adviser of such termination and specifying the effective date thereof, at least twenty (20) days before the effective date of such termination. In that event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports or other material prepared by the Adviser under the Agreement shall, at the option of the State, become its property, and the Adviser shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials which are useable to the State.

24. Termination for Convenience. The State may terminate the Agreement at any time by giving written notice of such termination and specifying the effective date thereof, at least twenty (20) days before the effective date of such termination. In that event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports or other material prepared by the Adviser under the Agreement shall, at the option of the State, become its property, and the Adviser shall be entitled to compensation for any satisfactory work completed on such documents and other materials which are useable to the State. If the Agreement is terminated by the State as so provided, the Adviser will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Adviser as covered by the Agreement, less payments of compensation previously made. Provided however, that if less than 60 percent of the services covered by the Agreement have been performed upon the effective date of termination, the Adviser shall be reimbursed (in addition to the above payment) for that portion of actual out of pocket expenses (not otherwise reimbursed under the Agreement) incurred by the Adviser during the Agreement period which are directly attributable to the uncompleted portion of the services covered by the Agreement.

25. Non-discrimination. The Adviser agrees that it will not discriminate against any employee or applicant for employment because of race, creed, color, sex or national origin. The Adviser shall comply with all federal and state laws, regulations and policies pertaining to the prevention of discriminatory employment practice. Failure to perform under this provision constitutes a material breach of Agreement.

26. Covenant against Contingent Fees. The Adviser warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement of understanding for a commission or percentage, brokerage or contingent fee excepting bona-fide employees, bona-fide established commercial or selling agencies maintained by the Adviser for the purpose of securing business. For breach or violation of this warranty the State shall have the right to annul the Agreement without liability or at its discretion to deduct from the Agreement price or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

27. Firm Activity. No activity under this Agreement is to be executed in an off shore facility, either by a subcontracted firm of the Adviser or a foreign office or division of the Adviser.

28. Work Product. All materials and products developed under the executed Agreement by the Adviser are the sole and exclusive property of the State. The Adviser must seek written permission to use any product created under the Agreement.

29. Contract Documents. The Request for Proposal (Exhibit C), the purchase order, the executed Agreement and any supplemental documents between the State and the Adviser shall constitute the entire agreement between the State and the Adviser. In the event there is any discrepancy between any of these documents, the following order of documents governs so that the former prevails over the latter: Agreement, State's RFP, the Adviser's response to the RFP and the purchase order. No other documents shall be considered. These documents shall constitute the entire agreement between the State and the Adviser.

30. Applicable Law. The laws of the State of Delaware shall apply, except where federal law has precedence. The Adviser consents to jurisdiction and venue in the State of Delaware. The Adviser certifies that it complies with all federal, state and local laws applicable to its activities and obligations including:

- (a) the laws of the State of Delaware;
- (b) the applicable portion of the Federal Civil Rights Act of 1964;
- (c) the Equal Employment Opportunity Act and the regulations issued there under by the federal government;
- (d) a condition that the RFP proposal submitted by the Adviser was independently arrived at, without collusion, under penalty of perjury; and
- (e) that programs, services, and activities provided to the general public under the Agreement conform to the Americans with Disabilities Act of 1990, and the regulations issued there under by the federal government. If the Adviser fails to comply with (a) through (b) of this paragraph, the State reserves the right to terminate the Agreement, or consider the proposing firm in default. The Adviser shall keep itself fully informed of and shall observe and comply with all applicable existing federal and state laws, and county and local ordinances, regulations and codes, and those laws, ordinances, regulations, and codes adopted during its performance of the work.

31. Scope of Agreement. If the scope of any provision of the Agreement is determined to be too broad in any respect whatsoever to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provisions of the Agreement shall not thereby fail, but the scope of such provisions shall be curtailed only to the extent necessary to conform to the law.

32. Compliance with State IT Standards. The Adviser shall be responsible for the professional quality, technical accuracy, timely completion, and coordination of all services furnished by the Adviser, its subcontractors and its principals, officers, employees and agents under the Agreement. In performing the specified services, the Adviser shall follow practices consistent with generally accepted professional and technical standards. The Adviser shall be responsible for ensuring that all services, products and deliverables furnished pursuant to the Agreement comply with the standards promulgated by the Department of Technology and

Information ("DTI") published at <http://dti.delaware.gov/>, and as modified from time to time by DTI during the term of the Agreement. If any service, product or deliverable furnished pursuant to the Agreement does not conform with DTI standards, the Adviser shall, at its expense and option either (1) replace it with a conforming equivalent or (2) modify it to conform with DTI standards. The Adviser shall be and remain liable in accordance with the terms of the Agreement and applicable law for all damages to Delaware caused by the Adviser's failure to ensure compliance with DTI standards.

33. Status Reporting. The Adviser shall lead and/or participate in status meetings and submit status reports covering such items as progress of work being performed, milestones attained, resources expended, problems encountered and corrective action taken, until final system acceptance.

34. Regulations. All equipment, software and services must meet all applicable local, state and federal regulations in effect on the date of the Agreement.

35. Changes. No alterations in any terms, conditions, delivery, price, quality, or specifications of items ordered under this Agreement will be effective without the written consent of the State.

36. No Press Releases or Public Disclosure. The State reserves the right to pre-approve any news or advertising releases concerning the RFP, this Agreement, the work performed, or any reference to the State with regard to any project or Agreement performance. Any such news or advertising releases pertaining to the RFP or this Agreement shall require the prior express written permission of the State.

37. Prohibition against Assignment. This Agreement shall not be "assigned", as that term is defined in the Advisers Act, by either party without the consent of the other party, and this Agreement shall, until termination, inure to the benefit of the Adviser and any successor or successors in interest.

STATE OF DELAWARE

*Original on File*

By:

  
Erika J. Benner  
Deputy State Treasurer

Accepted:

**FEDERATED INVESTMENT COUNSELING**

*Original on File*

By:

John B. Fisher  
President and CEO

GFM  
hr  
LKR

## **EXHIBIT B**

### **FEES**

This Exhibit B is to the Investment Management Agreement, dated as of May 13, 2013, by and between Adviser and the State (the "Agreement"). Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Agreement. The State and Adviser referred herein individually as a "Party"; collectively, the "Parties".

1. **Fee.** In consideration of the services performed by Adviser, subject to the payment terms set forth in Section 5 of the Agreement, State shall pay Adviser the fee amount (the "Fee") set forth below, multiplied by the average daily assets under management for the applicable quarter by Adviser on behalf of State for the Delaware State Treasury (the "Assets").

12 basis points - first \$250 million in Assets

10 basis points - over \$250 million to \$500 million in Assets

If the Assets are substantially lower than \$250 million or higher than \$500 million for a prolonged period, or if the State materially amends the Investment Guidelines, the parties agree to negotiate in good faith to determine whether adjustments to the Fee are appropriate; provided however, that the Adviser shall remain obligated to perform the services set forth in the Agreement until such Agreement is terminated in accordance with its terms.

By way of clarification, the aforementioned computation of the Assets shall include only such assets under management by Adviser on behalf of the Delaware State Treasury (unless otherwise agreed to by the Parties, all other assets of the State, excluding the Assets, shall not be used in the computation of the Fee).

2. **Reports.** In addition to the services provided by Adviser under the Agreement, Adviser shall provide reports set forth in (a) and (b) below, detailing the performance of the Assets, to the (i) Treasurer of the State, (ii) the Deputy State Treasurer of the State, (iii) the Financial Adviser (as defined hereafter) and the (iv) Cash & Debt Manager of the State in such format agreed upon the parties (electronic, written or otherwise),

(a) on a monthly basis (the "Monthly Report"). The Monthly Report shall include the following:

- i. Statement of the Assets;
- ii. Original cost of the Assets;
- iii. Market and adjusted book values of the Assets compared to the Benchmarks (as defined hereafter);
- iv. Accrued income of the Assets;
- v. Both book and market rates of return of the Assets rounded to the nearest one thousandth of a percent; and
- vi. Such other information reasonably requested by the State.



(b) on a quarterly basis (the "Quarterly Report"). The Quarterly Report shall include the following:

- i. Statement of the Assets;
- ii. Original cost of the Assets;
- iii. Market and adjusted book values of the Assets compared to the Benchmarks (as defined hereafter);
- iv. Accrued income of the Assets;
- v. Both book and market rates of return of the Assets rounded to the nearest one thousandth of a percent;
- vi. The amount of the Assets issued by corporate entities either incorporated in the State of Delaware and/or having a principal office located in the State of Delaware; and
- vii. Such other information reasonably requested by the State.

- 3. **Cooperation with Custodian.** Unless otherwise agreed to by the Parties, Adviser shall provide any reasonable information required by the Custodian, in such format and frequency determined by the Custodian, necessary for the Custodian to perform its duties to the State.
- 4. **Cooperation with Financial Adviser.** In addition to the services provided by Adviser under the Agreement, Adviser, upon request by State, shall provide reasonable information and reports (including the Monthly Report and Quarterly Report) relating to the Assets to the State's financial adviser (the "Financial Adviser"). Adviser hereby agrees to cooperate with any reasonable requests for information requested by the Financial Adviser on behalf of the State.
- 5. **Benchmarks.** Adviser hereby acknowledges that, in connection with its performance review by the State, the State has established certain benchmarks for Adviser relating to the Assets (the "Benchmarks"). As of the effective date of this Agreement, the Benchmarks are set forth in Delaware State Treasury Directive #121018-01 (the "Directive"), as may be amended from time to time by the State at its discretion. The applicable portions of the Directive (or any successor Directive) relating to the Benchmarks shall be made available to Adviser upon request to the State.
- 6. **Compliance.** Adviser hereby agrees to comply with any policies and procedures promulgated by the State (including any Directive issued by the Delaware State Treasury). Adviser hereby acknowledges and agrees to comply with the compliance procedures set forth in the Directive, as may be amended from time to time by the State at its discretion. The applicable portions of the Directive (or any successor Directive) relating to compliance shall be made available to Adviser upon request to the State. For information purposes only, the applicable compliance section of the Directive is set forth below (for the section only, capitalized terms set forth therein shall have the meaning ascribed to such terms in the Directive):

"Clarification of Investment Guidelines. If an Investment Manager's respective asset allocation in an asset class or security designated under the Investment Guidelines is compliant at the time of purchase, but subsequently becomes non-compliant (by exceeding the applicable limits set forth

in the Investment Guidelines for one or more asset classes or individual security position exposures) due to a material reduction in such Investment Manager's assets under management caused by authorized withdrawals by the State Treasury or market movement, such investment Manager shall (i) notify the Deputy State Treasurer and Director of the Office of Finance and Treasury Services (the "Designated Persons") (the "Notice"), in written hard copy or electronic format, within twenty-four (24) hours of such non-compliance, (ii) submit a proposed plan to the Designated Persons detailing such Investment Manager's proposed corrective plan outlining remedial actions that will cause its respective asset allocation to comply with the Investment Guidelines (the "Plan"), in written hard copy or electronic format, within seventy-two (72) hours on non-compliance and (iii) unless otherwise directed by the State Treasury, shall implement such Plan and take all necessary and proper actions related thereof to cause its respective asset allocation to comply with the Investment guidelines within thirty (30) days from the initial date of non-compliance."

7. **Quarterly Performance Review.** Unless otherwise agreed to by the Parties, Adviser shall meet with representatives of the State on a quarterly basis to discuss the performance of Adviser and the Assets and such other topics agreed to by the Parties. At the discretion of the State, such meeting shall occur at the offices of the State (either in Wilmington or Dover, Delaware) or such other reasonable location requested by the State. If such quarterly performance review is held outside of the State of Delaware, the Adviser shall reimburse the State for such reasonable travel expenses for no more than three (3) representatives of the State (on a pro-rata basis if the State meets with another adviser managing assets of the State other than Adviser during any given trip); provided, however, Adviser shall not be obligated to State for any amounts relating to travel expenses pursuant to this Section in excess of US\$5,000 per year (measured from the effective date of the Agreement).
8. **Financial Information.** At no cost to the State, Adviser hereby agrees to provide the State with periodic financial information and forecasts relating to the Assets and the U.S. and global economy. Such financial information may include access to Adviser's client conference calls, research data, newsletters, client advisories and other financial and economic information offered by Adviser to clients having similar size of assets under management. Additionally, Adviser shall provide financial information agreed upon by the Parties.

J.P. MORGAN INVESTMENT MANAGEMENT, INC.  
INVESTMENT MANAGEMENT AGREEMENT  
(Non-ERISA)

This INVESTMENT MANAGEMENT AGREEMENT is made as of this 15th day of May, 2013 (the "Agreement") by and between J.P. Morgan Investment Management Inc., a Delaware corporation (the "Adviser"), and STATE OF DELAWARE (the "State").

WHEREAS, the Treasurer of the State of Delaware, with the guidance of the Delaware Cash Management Policy Board, is authorized to invest the of monies belonging to the State; and

WHEREAS, the Adviser is engaged in the business of offering investment and management services, including the supervision and direction of investments, and represents that it is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"); and

WHEREAS, the State desires to retain the Adviser to render services to the State on the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the mutual promises set forth herein, the State and Adviser agrees as follows:

1. Duties of the Adviser. The Adviser shall, on a continuing basis, manage and invest the assets comprising the investment advisory account or accounts described in Section 3 below (each, an "Account"), and shall furnish the State with such investment supervision of the Account as the Adviser shall deem appropriate for the proper administration of the Account, taking into consideration the specific investment objectives of the State set forth in the Investment Guidelines for such Account, each attached hereto as Exhibit A, and as they may be amended from time to time. The State may amend such Investment Guidelines by written Notice (as defined in Section 13 below) to the Adviser from an authorized person whose name is set forth in Section 9 hereof. The Adviser shall have full power to make and act upon all investment decisions in its sole discretion, subject only to the Investment Guidelines. The Adviser shall not be liable for any investment decisions which it reasonably believes to be in keeping with the Investment Guidelines.

The Adviser shall comply with any modifications in the Investment Guidelines as expeditiously as it considers prudent.

The Adviser will furnish the Custodian with prompt notification via SWIFT, or Society for Worldwide Interbank Financial Telecommunication, an electronic platform for global communication of standardized financial messages between financial institutions, of any purchase or sale made for the Account and will provide the State with access to its Account information on Clearwater to view monthly valuations of the Account. Upon the

written request of the State, copies of any of the foregoing will be sent to any trustee, custodian, or other person. The State acknowledges that the Adviser may delegate certain or all of its accounting, trade settlement, State reporting and other operational duties to an affiliate or third party, and the

State hereby consents to any such delegation at any time during the term of this Agreement. Representatives of the Adviser will also be made available to meet with the State periodically, and to review with the State the Account and its performance.

2. Authorization of Adviser. The Adviser is authorized to invest and reinvest the cash and securities and other property in the Account at its discretion without being required to consult with the State in advance. The Adviser shall have no responsibility to determine whether the provisions of the Investment Guidelines are in the best interests of the State. In accordance with the foregoing, the State authorizes the Adviser to act as the agent of the State to order deposits and the investment of cash and purchases and sales (including, but not limited to the exercise of rights and the tender, exchange or conversion) of securities and other property for the State's Account and in the name of the State. These authorizations shall be continuing ones and shall remain in full force and effect until the Adviser has received written Notice of revocation thereof.

3. The Account. The Account shall consist initially of such cash and securities and other property as the State designates in writing to the Adviser and deposits with the custodian of the Account described in Section 4 below, and shall be subject subsequently to such additions and/or withdrawals as the State shall at any time direct. The State shall notify the Adviser promptly of any additions to the Account.

4. Custodian. The assets of the Account shall be held in the custody of an entity chosen by the State to act as the State's custodian (the "Custodian"). The State has notified the Adviser that as of the date hereof the Custodian is The Bank of New York Mellon and shall notify the Adviser in advance of any subsequent changes in the Custodian. The State represents and agrees that any such Custodian shall be a "qualified custodian" as defined in rule 206(4)-2 under the Investment Advisers Act of 1940 (the "Advisers Act"). The State shall be responsible for all custodial arrangements and the payment of all custodial charges and fees. The assets of the Account are held in the custody of the Custodian, and the Adviser shall have no responsibility or liability with respect to custody arrangements or the acts, omissions or other conduct of the Custodian.

#### 5. Fees and Expenses.

(a) As compensation for the services provided under this Agreement, the Adviser is to receive a fee in accordance with the Schedule attached hereto as Exhibit B. Pursuant to Exhibit B, fees are payable in U.S. dollars on a quarterly basis based on the average daily market value of assets under Advisor's direct management, including accrued interest. If this Agreement commences or is terminated as of a day other than the first day of any calendar quarter, the fee payable with respect to the initial or final fractional calendar quarter shall be prorated for such period. The Adviser will provide the State with a bill showing the amount of the fee, the value

of the assets on which the fee was based, and the manner in, which the fee was calculated. The State will instruct the Custodian to pay fees from the Account on a quarterly basis. All other expenses related to purchases and sales in the Account, including, but not limited to brokerage commissions, interest on borrowings and any taxes, shall be expenses of the Account and shall be paid out of the assets of the Account, or otherwise as directed by the State. Any valuation of the assets in the Account pursuant to this Agreement, including for purposes of calculating fees under this Section 5, shall be made by the Adviser.

(b) The investment management fee rate to be paid to the Adviser under this Agreement does not exceed the investment management fee rate paid to the Adviser by any other client of the Adviser pursuant to an Investment Manager Agreement entered into after the date hereof of the same type entity (factoring in overall assets under management and type and breadth of accounts) as the State for discretionary investment management services with the same investment strategy and guidelines, type of investment vehicle being managed, and of same or smaller size as the Account. The preceding sentence does not apply to any performance-based investment management fee, any sub-advisory fee, any fee waiver granted by the Adviser or charitable discounts.

6. Proxies. The State will direct the Custodian of the Account to deliver to the Adviser in a timely manner proxies or other requests that elections be made with respect to securities held in the Account. The Adviser will in its discretion vote all proxies, or make such elections, with respect to the securities held in the Account as are forwarded to the Adviser on a timely basis.

7. Brokerage Transactions. In accordance with Exhibit B attached hereto and made a part hereof, the Adviser shall place all orders for the purchase and sale of investments for the Account with brokers or dealers selected by the Adviser in its discretion. In the selection of such brokers or dealers and the placing of such orders, the Adviser shall seek to obtain the most favorable price and execution available, except to the extent it may be permitted to pay higher brokerage commissions for brokerage and research services as described below. In using its best efforts to obtain the most favorable price and execution available, the Adviser may consider all factors it deems relevant, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience, and financial stability of the broker or dealer involved, and the quality of service rendered by the broker or dealer in other transactions. The Adviser shall not be deemed to have acted unlawfully or to have breached any duty created by this Agreement or otherwise solely by reason of its having caused the Account to pay a broker or dealer that provides brokerage and research services to the Adviser an amount of commission for effecting a portfolio investment transaction in excess of the amount of commission that another broker or dealer would have charged for effecting that transaction, if the Adviser determines in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided by such broker or dealer, viewed in terms of either that particular transaction or the Adviser's overall responsibilities with respect to the State and to other clients of the Adviser as to which the Adviser exercises investment discretion.

The Adviser is authorized to establish and maintain bank, brokerage, commodity, currency, and other similar accounts, whether domestic or foreign, with respect to the Account and to enter into agreements on behalf of the State in connection therewith and, from time to time, to deposit securities or other assets of the State in such accounts

8. Representations of the State. The execution and delivery of this Agreement by the State shall constitute the representation and the warranty of the State (i) that it has full power and authority to enter into this Agreement, including but not limited to the power and authority to delegate to the Adviser the discretion to vote all proxies, or make such elections, with respect to the securities in the Account, (ii) that the terms hereof do not violate any term or condition of any document relating to the Account or any obligation by which either the State or the Account is governed or bound, whether arising by contract, operation of law or otherwise, and that the State has received all necessary authorizations to enter into this Agreement, (iii) that this Agreement has been duly authorized and when so executed and delivered will be binding upon the State, (iv) that there are no restrictions on the ownership by the State or the transferability of any securities in the Account, (v) that the State has received, before or at the time of signing this Agreement, Part 2A Firm Brochure and Part 2B Brochure Supplement of Form ADV of the Adviser, (vi) that the State has taken independent legal advice on this Agreement, (vii) the Custodian has agreed to send the State, at least quarterly, a statement identifying the amount of funds and of each security in the Account at the end of the period and setting forth all transactions in the Account during that period; and (viii) that the Account and the Assets are not and shall not be subject to or qualified under the Employee Retirement Income Security Act of 1974, as amended, and (ix) that there is no limitation on the State's ability to pay any fees and other expenses out of the Account. Nothing contained herein shall be deemed to require the State to take any action contrary to the laws of Delaware or any applicable statute or regulation, or to relieve or deprive the State of its responsibility for and control of the general administration of the Account.

9. Instructions, Communications and Authorized Persons. The State hereby authorizes the person or persons named below to transmit to the Adviser, either orally or in writing, instructions concerning the Account. The Adviser reserves the right to require that any instruction is in writing. The Adviser shall be entitled to rely on the instructions of such person or persons until it receive notice of a change in such instructions pursuant to Section 13 below. If the State or any of the persons it has authorized to instruct the Adviser, communicates to the Adviser orally, via fax or email; the State acknowledges that it or they do so at the State's own risk. The State acknowledges and accepts that oral, fax or email communication and the Internet are not a secure medium for communication of sensitive information, and that if it or its authorized persons chooses to communicate to the Adviser or accept communications, information, advice and valuations from the Adviser in this manner, the State accepts the risk of breach of confidentiality, technical malfunction, unauthorized interference, unlawful interception, mis-delivery or delay of messages and computer viruses.

Name	Address	Telephone Number	Email Address
Treasurer Chip Flowers Jr.	820 Silver Lake Blvd., Ste. 100 Dover, DE 19904	(302) 672-6700	Chip.flowers@state.de.us
Deputy State Treasurer Erika J. Benner	820 Silver Lake Blvd., Ste. 100 Dover, DE 19904	(302) 672-6700	Erika.benner@state.de.us
Stephen McVay	820 Silver Lake Blvd., Ste. 100 Dover, DE 19904	(302) 672-6711	Stephen.mcvay@state.de.us

10. Representations of the Adviser. The Adviser represents that it is registered as an investment adviser with the U.S. Securities & Exchange Commission under the federal Investment Advisers Act of 1940 and that it has made all necessary filings to do business as an investment adviser in Delaware under the Delaware Securities Act (6 Del. C. Ch. 73).

11. Standard of Care; Liability. The Adviser and each of its managers, members, principals, employees, directors, officers and affiliates shall not be liable for any error of judgment or action performed or omitted to be performed in managing the Account, including, without limitation, any liability arising out of any investment or act or omission in the execution of securities transactions for the Account, to the extent that such act or omission is not the result of the Adviser's negligence or violation of federal or state securities law. The Adviser shall have no responsibility with respect to any assets of the State other than these of the Account and shall not be responsible for any indirect, consequential, special, or punitive damages or any liability incurred by reason of any act or omission of any broker or dealer, the Custodian, or other agent or service provider to the Account. The Adviser will have no responsibilities, liabilities or obligations with respect to determining whether the State has authority to enter into this Agreement, and is entitled to fully rely on representations of the State that it has received all necessary approvals and authorizations to enter into this Agreement or to grant any authority to the Adviser under this Agreement.

The Adviser will not be liable for any losses that result from the risks outlined in Section 9, except insofar as the same may result from the Adviser's or the Adviser's employees' negligence or violation of federal or state securities law. However, nothing herein shall in any way constitute a waiver or limitation of any right which the State or any person interested in the Account may have under any applicable law. The Adviser does not guarantee the future performance of the Account or any specific level of performance, the success of any investment decision or strategy that the Adviser may use, the success of the Adviser's overall management of the Account or that any investment objective, investment performance, expectations, risk and/or return targets stated in the Agreement, including without limitation the Investment Guidelines, will be achieved.

Nothing in this Agreement shall be effective to constitute a waiver by the State of compliance with any provision of the Advisers Act, or any rule, regulation, or order thereunder.

## 12. Recognition of Other Services.

(a) The State understands that the Adviser and its affiliates offer a broad range of investment management and financial services, that employees of both the Adviser and its affiliates may from time to time act as directors, officers, or employees of companies whose securities are publicly traded, and that as a result, such employees may acquire information of a confidential nature. The State agrees that the Adviser may, but shall not be required to, render investment advice with respect to any such company, and that the Adviser may in its discretion withhold any such knowledge or information or refuse to advise with respect to such company, whether or not the Account shall include securities of such company, if, in the Adviser's judgment, the disclosure of such knowledge or information or the rendering of investment advice on the basis thereof would be unfair, inequitable, a breach of any fiduciary obligation of the Adviser to some other person, or unlawful. For the same reasons the Adviser may, in its discretion, exclude securities and other property from the Account.

(b) The State understands and agrees that the Adviser may aggregate contemporaneous buy or sell orders for the same securities for more than one account, including the Account, and that the Account will participate in an aggregated order at the average price, or the Adviser may use individual trade executions and the Account would receive the actual execution price of the transaction or other equitable basis consistent with its fiduciary responsibilities as the Adviser.

(c) The State understands that the Adviser, and each of its managers, members, principals, employees, directors, officers and affiliates may perform investment advisory services for clients other than the State; may own, purchase, or sell securities or other interests in property which are the same, similar to, or different from those which the Adviser recommends, purchases, or sells for the Account; and in rendering investment management and advisory services to others, shall be free to give, advise, and take action in the performance of its or their duties to other clients and to take action with respect to investments in securities or other interests in property which may be the same as, or may differ from, recommendations or advice given, or the timing or nature of action taken, with respect to the Account. Nothing in this Agreement shall be deemed to impose upon the Adviser any obligation to purchase or sell or to recommend for purchase or sale for the Account any security or other property which the Adviser or its managers, members, principals, employees, directors, officers and affiliates may purchase or sell for their own accounts or for the accounts of others.

(d) The State understands and agrees that where the Adviser determines it to be in the best interest of both parties to the transaction, the Adviser may cause the Account to purchase securities from or sell securities to another State client of the Adviser at the independent current market price for such securities in accordance with applicable law.

13. Notices. Any notice given pursuant to the provisions of this Agreement ("Notice") shall be in writing and may be given by delivery by hand, by nationally recognized courier, by facsimile, by certified mail, return receipt requested, or by electronic communications and shall be delivered at or sent to:



in the case of the Adviser:

Mary E. Machado  
Vice President  
J.P. Morgan Investment Management Inc.  
500 Stanton Christiana Road  
Newark, DE 19713  
Phone: 302-634-3816  
Fax: 302-634-5802  
E-mail: [mary.e.machado@jpmorgan.com](mailto:mary.e.machado@jpmorgan.com)

in the case of the State:

Mr. Stephen W. McVay  
Investment Manager  
Delaware State Treasury  
820 Silver Lake Boulevard, Suite 100  
Dover, Delaware 19904  
[Stephen.mcvay@state.de.us](mailto:Stephen.mcvay@state.de.us)

Written notices and communications shall be addressed as indicated unless either the State or the Adviser has notified the other in writing of a change. Except as otherwise provided in Section 13, notices and communications shall be effective upon receipt.

14. Confidential Information. To the extent permitted by 29 *Del. C.* §§ 10001 - 10005, the State shall keep confidential all information which the State may have concerning the Adviser's portfolio management of the Account, including all information relating to the investment and reinvestment thereof, the purchase of securities therefore, and the sale of securities therefrom. Information concerning the Account shall be confidential, and Adviser shall not disclose any information relative to the Account to any third party except to the Adviser's affiliates or service providers to the Account or any market counterparty with whom the Adviser deals on behalf of the State's Account or as required by law, court of competent jurisdiction or governmental or regulatory authority with jurisdiction over the Adviser, without the express written consent of the State; provided, however, that, to the extent permitted by law or regulatory requirement, the Adviser will use reasonable best efforts to provide the State with prompt notice of such request or requirement so that the State may seek an appropriate protective order.

15. Independent contractors. The parties to the Agreement shall be independent contractors to one another, and nothing herein shall be deemed to cause this agreement to create an agency, partnership, joint venture or employment relationship between parties. Each party shall be responsible for compliance with all applicable workers compensation, unemployment, disability insurance, social security withholding and all other similar matters. Neither party shall be liable for any debts, accounts, obligations or other liability whatsoever of the other party, or any other obligation of the other party to pay on the behalf of its employees or to withhold from

any compensation paid to such employees any social benefits, workers compensation insurance premiums or any income or other similar taxes.

16. Non-Appropriation. In the event the Delaware General Assembly fails to appropriate the specific funds necessary to enter into or continue the contractual agreement, in whole or part, the agreement shall be terminated as to any obligation of the State requiring the expenditure of money for which no specific appropriation is available at the end of the last fiscal year for which no appropriation is available or upon the exhaustion of funds.

17. Licenses and Permits. In performance of the Agreement, the Adviser will be required to comply with all applicable federal, state and local laws, ordinances, codes, and regulations. The cost of permits and other relevant costs required in the performance of the Agreement shall be borne by the Adviser. The Adviser shall be properly licensed and authorized to transact business in the State as provided in 30 *Del. C.* § 2301. The Adviser shall either furnish the State with proof of State Business Licensure or initiate the process of application where required. An application may be requested in writing to: Division of Revenue, Carvel State Building, P.O. Box 8750, 820 N. French Street, Wilmington, DE 19899 or by telephone to the Business License Department – (302) 577-8778. Information regarding the award of this Agreement will be given to the Division of Revenue. Failure to comply with the State licensing requirements may subject firm to applicable fines and/or interest penalties.

18. Indemnification

(a) General Indemnification. The Adviser agrees that it will indemnify and otherwise hold harmless the State, its agents and employees from any and all liability, suits, actions, or claims, together with all costs, expenses for attorney's fees, arising out of the Adviser's, its agents' and employees 'breach of the standard of care language set forth in this Agreement, regardless of whether such suits, actions, claims or liabilities are based upon acts or failures to act attributable, in whole or part, to the State, its employees or agents.

(b) Proprietary Rights Indemnification. The Adviser warrant that all elements of its services, including all equipment, software, documentation, services and deliverables, do not and will not infringe upon or violate any patent, copyright, trade secret or other proprietary rights of any third party. In the event of any claim, suit or action by any third party against the State of Delaware, the State of Delaware shall promptly notify the Adviser in writing and the Adviser shall defend such claim, suit or action at the Adviser's expense, and the Adviser shall indemnify the State of Delaware against any loss, cost, damage, expense or liability arising out of such claim, suit or action (including, without limitation, litigation costs, lost employee time, and counsel fees) whether or not such claim, suit or action is successful. If any equipment, software, services (including methods) products or other intellectual property used or furnished by the Adviser (collectively "Products") is, or in the Adviser's reasonable judgment is likely to be, held to constitute an infringing product, the Adviser shall at its expense and option either:

- (1) Procure the right for the State of Delaware to continue using the Product(s);

(2) Replace the product with a non-infringing equivalent that satisfies all the requirements of the Agreement; or

(3) Modify the Product(s) to make it or them non-infringing, provided that the modification does not materially alter the functionality or efficacy of the product or cause the Product(s) or any part of the work to fail to conform to the requirements of the Contract, or only alters the Product(s) to a degree that the State of Delaware agrees to and accepts in writing.

#### 19. Insurance

(a) The Adviser recognizes that it is operating as an independent contractor and that it is liable for any and all losses, penalties, damages, expenses, attorney's fees, judgments, and/or settlements incurred by reason of injury to or death of any and all persons, or injury to any and all property, of any nature, arising out of the Adviser's negligent performance under this Agreement, and particularly without limiting the foregoing, caused by, resulting from, or arising out of any act or omission on the part of the Adviser in its negligent performance under this Agreement.

(b) The Adviser shall maintain such insurance as will protect against claims under Workers' Compensation Act and from any other claims for damages for personal injury, including death, which may arise from operations under this Agreement. The Adviser is an independent contractor and is not an employee of the State.

(c) During the term of this Agreement, the Adviser shall, at its own expense, carry minimum insurance limits as follows:

a.	Commercial General Liability	\$1,000,000
b.	Bankers Professional Liability including Error & Omissions	\$1,000,000/\$3,000,000

(d) The Adviser shall provide the State of Delaware with access to web-based evidence of insurance as proof that the Adviser currently maintains the required insurance coverage and will notify the State if such required insurance coverage materially changes.

20. Performance Requirements. The Adviser warrants that it possesses, or has arranged through subcontractors, all capital and other equipment, labor, materials, and licenses necessary to carry out and complete the work hereunder in compliance with any and all federal and state laws, and county and local ordinances, regulations and codes.

21. Warranty. The Adviser will provide a warranty that the deliverables provided pursuant to the Agreement will function as designed for a period of no less than one (1) year from the date of system acceptance. The Adviser shall correct, at its own expense, the setup, configuration, customizations or modifications so that it functions according to the State's requirements.

22. Costs and Payment Schedules. No charges other than as specified in the Adviser's RFP proposal shall be allowed without written consent of the State.

23. Contract Term. This Agreement shall terminate three years from the effective date, May 15, 2013, unless terminated earlier as provided herein. This Agreement may be further extended by mutual written consent of the parties for up to two (2) subsequent additional one year terms.

24. Termination for Cause. If for any reasons, or through any cause, the Adviser fails to fulfill in a timely and proper manner its obligations under the Agreement, or if the Adviser violates any of the covenants, agreements or stipulations of the Agreement, the State shall thereupon have the right to terminate the Agreement by giving written notice to the Adviser of such termination and specifying the effective date thereof, at least twenty (20) days before the effective date of such termination. In that event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports or other material prepared by the Adviser under the Agreement shall, at the option of the State, become its property, and the Adviser shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials which are useable to the State.

25. Termination for Convenience. The State may terminate the Agreement at any time by giving written notice of such termination and specifying the effective date thereof, at least twenty (20) days before the effective date of such termination. In that event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports or other material prepared by the Adviser under the Agreement shall, at the option of the State, become its property, and the Adviser shall be entitled to compensation for any satisfactory work completed on such documents and other materials which are useable to the State. If the Agreement is terminated by the State as so provided, the Adviser will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Adviser as covered by the Agreement, less payments of compensation previously made. Provided however, that if less than 60 percent of the services covered by the Agreement have been performed upon the effective date of termination, the Adviser shall be reimbursed (in addition to the above payment) for that portion of actual out of pocket expenses (not otherwise reimbursed under the Agreement) incurred by the Adviser during the Agreement period which are directly attributable to the uncompleted portion of the services covered by the Agreement.

26. Non-discrimination. The Adviser is committed to providing equal opportunity in accordance with applicable law and in all areas of people management, including recruitment, employment, assignment, transfer, promotion, compensation, benefits and training. The Adviser makes employment decisions based upon legitimate business criteria and the qualifications, skills and experience of individuals. The Adviser prohibits discrimination, harassment, bias or prejudice on the basis of an individual's race, color, national origin, citizenship status, creed, religion, religious affiliation, age, sex, pregnancy, maternity, caring responsibilities, marital status, civil partnership, sexual orientation, gender, gender identity or expression, disability, genetic information, veteran status or any other protected status under applicable law. In

addition, the Adviser accommodates applicants' and employees' religious practices, beliefs and mental and physical disabilities in accordance with applicable law.

27. Covenant against Contingent Fees. The Adviser warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement of understanding for a commission or percentage, brokerage or contingent fee excepting bona-fide employees, bona-fide established commercial or selling agencies maintained by the Adviser for the purpose of securing business. For breach or violation of this warranty the State shall have the right to annul the Agreement without liability or at its discretion to deduct from the Agreement price or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

28. Firm Activity. No portfolio management activity under this Agreement is to be executed in an off shore facility, either by a subcontracted firm of the Adviser or a foreign office or division of the Adviser.

29. Work Product. All investment management materials and products developed by the Adviser solely for the management of the State's Account under the executed Agreement by the Adviser are the sole and exclusive property of the State. The Adviser must seek written permission to use any product created under the Agreement.

30. Contract Documents. The Request for Proposal (Exhibit C), the purchase order, the executed Agreement, including any exhibits thereto, between the State and the Adviser shall constitute the entire agreement between the State and the Adviser. In the event there is any discrepancy between any of these documents, the following order of documents governs so that the former prevails over the latter: Agreement, State's RFP, the Adviser's response to the RFP and the purchase order. No other documents shall be considered. These documents shall constitute the entire agreement between the State and the Adviser.

31. Applicable Law. The laws of the State of Delaware shall apply, except where federal law has precedence. The Adviser consents to jurisdiction and venue in the State of Delaware. The Adviser certifies that it complies with all federal, state and local laws applicable to its activities and obligations including:

- (a) the laws of the State of Delaware;
- (b) the applicable portion of the Federal Civil Rights Act of 1964;
- (c) the Equal Employment Opportunity Act and the regulations issued there under by the federal government;
- (d) a condition that the RFP proposal submitted by the Adviser was independently arrived at, without collusion, under penalty of perjury; and

(e) that programs, services, and activities provided to the general public under the Agreement conform to the Americans with Disabilities Act of 1990, and the regulations issued there under by the federal government. If the Adviser fails to comply with (a) through (b) of this paragraph, the State reserves the right to terminate the Agreement, or consider the proposing firm in default. The Adviser shall keep itself fully informed of and shall observe and comply with all applicable existing federal and state laws, and county and local ordinances, regulations and codes, and those laws, ordinances, regulations, and codes adopted during its performance of the work.

32. Scope of Agreement. If the scope of any provision of the Agreement is determined to be too broad in any respect whatsoever to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provisions of the Agreement shall not thereby fail, but the scope of such provisions shall be curtailed only to the extent necessary to conform to the law.

33. Compliance with State IT Standards. The Adviser shall be responsible for the professional quality, technical accuracy, timely completion, and coordination of all services furnished by the Adviser, its subcontractors and its principals, officers, employees and agents under the Agreement. In performing the specified services, the Adviser shall follow practices consistent with generally accepted professional and technical standards in accordance with the Adviser's IT Risk & Resiliency Management Programs. The Adviser shall be responsible for ensuring that all services, products and deliverables furnished pursuant to the Agreement comply with the standards promulgated by the Department of Technology and Information ("DTI") published at <http://dti.delaware.gov/>, and as modified from time to time by DTI during the term of the Agreement, or such equivalent standards required by the Adviser's regulators, including the Securities and Exchange Commission, and applicable law. If any service, product or deliverable furnished pursuant to the Agreement does not conform with DTI standards, the Adviser shall, at its expense and option either (1) replace it with a conforming equivalent or (2) modify it to conform with DTI standards. The Adviser shall be and remain liable in accordance with the terms of the Agreement and applicable law for all damages to Delaware caused by the Adviser's failure to ensure compliance with DTI standards or equivalent standards required by the Adviser's regulators and applicable law.

34. Status Reporting. The Adviser shall lead and/or participate in status meetings and submit status reports covering such items as progress of work being performed, milestones attained, resources expended, and problems encountered and corrective action taken, until final system acceptance.

35. Regulations. All equipment, software and services must meet all applicable local, state and federal regulations in effect on the date of the Agreement.

36. Changes. No alterations in any terms, conditions, delivery, price, quality, or specifications of items ordered under this Agreement will be effective without the written consent of the State.

37. No Press Releases or Public Disclosure. The State reserves the right to pre-approve any news or advertising releases concerning the RFP, this Agreement, the work performed, or any reference to the State with regard to any project or Agreement performance. Any such news or advertising releases pertaining to the RFP or this Agreement shall require the prior express written permission of the State.


38. Prohibition against Assignment. This Agreement shall not be "assigned", as that term is defined in the Advisers Act, by either party without the consent of the other party, and this Agreement shall, until termination, inure to the benefit of the Adviser and any successor or successors in interest.

STATE OF DELAWARE

By: *Original on File*  
  
Erika J. Benner  
Deputy State Treasurer

Accepted:

J.P. Morgan Investment Management Inc.

By: *Original on File*  
  
Laurie B. Kashner  
Vice President

## EXHIBIT B

### FEES

This Exhibit B is to the Investment Management Agreement, dated as of May 15, 2013, by and between Adviser and the State (the "Agreement") shall be effective and apply with respect to the Account on June 1, 2013. For the avoidance of doubt, the fee contained in Exhibit B to the Investment Management Agreement between the State and the Adviser, dated May 15, 2013 shall continue to be in effect and apply with respect to the Account until May 31, 2013. Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Agreement. The State and Adviser are referred to herein individually as a "Party"; collectively, as the "Parties".

1. **Fee.** In consideration of the services performed by Adviser, subject to the payment terms set forth in Section 5 of the Agreement, State shall pay Adviser a fee amount (the "Fee") equal to **Tiered schedule: 9.5 basis points the first \$500MM; 8 basis points the next \$500MM and 6 basis points the balance over \$1BN** multiplied by the average daily assets under management for the applicable quarter by Adviser on behalf of State for the Delaware State Treasury (the "Assets"). By way of clarification, the aforementioned computation of the Assets shall include only such assets under management by Adviser on behalf of the Delaware State Treasury (unless otherwise agreed to by the Parties, all other assets of the State, excluding the Assets, shall not be used in the computation of the Fee).
2. **Reports.** In addition to the services provided by Adviser under the Agreement, Adviser shall provide a report detailing the performance of the Assets on a monthly basis (the "Monthly Report") and on a quarterly basis (the "Quarterly Report") to the (i) Treasurer of the State, (ii) the Deputy State Treasurer of the State, (iii) the Financial Adviser (as defined hereafter) and the (iv) Cash & Debt Manager of the State in such format agreed upon the parties (electronic, written or otherwise). The Monthly Report shall include the following:
  - a. Statement of the Assets;
  - b. Original cost of the Assets;
  - c. Market and adjusted book values of the Assets compared to the Benchmarks (as defined hereafter);
  - d. Accrued income of the Assets;
  - e. Both book and market rates of return of the Assets rounded to the nearest one thousandth of a percent; and
  - f. Such other information reasonably requested by the State.



The Quarterly Report shall include the following:

- a. Statement of the Assets;
- b. Original cost of the Assets;
- c. Market and adjusted book values of the Assets compared to the Benchmarks (as defined hereafter);
- d. Accrued income of the Assets;
- e. Both book and market rates of return of the Assets rounded to the nearest one thousandth of a percent;
- f. The amount of the Assets issued by corporate entities either incorporated in the State of Delaware and/or having a principal office located in the State of Delaware; and
- g. Such other information reasonably requested by the State.

Unless otherwise agreed to by the Parties, the State shall have uninterrupted online secure access to Adviser's system to view and monitor the Assets held under management by Adviser on a continual basis (excluding scheduled and routine maintenance of such online system used by Adviser). Such online secure access shall be provided by Adviser at no cost to the State. Adviser shall inform and provide State with any necessary forms and documentation necessary for Adviser to perform the services (including, access to Adviser's online system) pursuant to the terms and conditions of the Agreement.

3. **Cooperation with Custodian.** Unless otherwise agreed to by the Parties, Adviser shall provide any reasonable information required by the Custodian, in such format and frequency determined by the Custodian, necessary for the Custodian to perform its duties to the State.
4. **Cooperation with Financial Adviser.** In addition to the services provided by Adviser under the Agreement, Adviser, upon request by State, shall provide reasonable information and reports (including the Monthly Report) relating to the Assets to the State's financial adviser (the "Financial Adviser"). Adviser hereby agrees to cooperate with any reasonable requests for information requested by the Financial Adviser on behalf of the State.
5. **Benchmarks.** Adviser hereby acknowledges that, in connection with its performance review by the State, the State has established certain benchmarks for Adviser relating to the Assets (the "Benchmarks"). As of the effective date of this Agreement, the Benchmarks are set forth in Delaware State Treasury Directive #121018-01 (the "Directive"), as may be amended from time to time by the State at its discretion. The applicable portions of the Directive (or any successor Directive) relating to the Benchmarks shall be made available to Adviser upon request to the State.
6. **Compliance.** Adviser hereby agrees to comply with any policies and procedures promulgated by the State (including any Directive issued by the Delaware State Treasury). Adviser hereby

acknowledges and agrees to comply with the compliance procedures set forth in the Directive, as may be amended from time to time by the State at its discretion. The applicable portions of the Directive (or any successor Directive) relating to compliance shall be made available to Adviser upon request to the State. For information purposes only, the applicable compliance section of the Directive is set forth below (for the section only, capitalized terms set forth therein shall have the meaning ascribed to such terms in the Directive):

“Clarification of Investment Guidelines. If an Investment Manager's respective asset allocation in an asset class or security designated under the Investment Guidelines is compliant at the time of purchase, but subsequently becomes non-compliant (by exceeding the applicable limits set forth in the Investment Guidelines for one or more asset classes or individual security position exposures) due to a material reduction in such Investment Manager's assets under management caused by authorized withdrawals by the State Treasury or market movement, such investment Manager shall (i) notify the Deputy State Treasurer and Director of the Office of Finance and Treasury Services (the "Designated Persons") (the "Notice"), in written hard copy or electronic format, within twenty-four (24) hours of such non-compliance, (ii) submit a proposed plan to the Designated Persons detailing such Investment Manager's proposed corrective plan outlining remedial actions that will cause its respective asset allocation to comply with the Investment Guidelines (the "Plan"), in written hard copy or electronic format, within seventy-two (72) hours of non-compliance and (iii) unless otherwise directed by the State Treasury, shall implement such Plan and take all necessary and proper actions related thereto to cause its respective asset allocation to comply with the Investment guidelines within thirty (30) days from the initial date of non-compliance.”

7. **Quarterly Performance Review.** Unless otherwise agreed to by the Parties, Adviser shall meet with representatives of the State on a quarterly basis to discuss the performance of Adviser and the Assets and such other topics agreed to by the Parties. At the discretion of the State, such meeting shall occur at the offices of the State (either in Wilmington or Dover, Delaware) or, for not more than four times a year unless otherwise agreed to by the Parties, such other reasonable location requested by the State. If such quarterly performance review is held outside of the State of Delaware, the Adviser shall reimburse the State for such reasonable travel expenses, which will be subject to approval by the Adviser's Compliance department, for no more than three (3) representatives of the State (on a pro-rata basis if the State meets with another adviser managing assets of the State other than Adviser during any given trip); provided, however, Adviser shall not be obligated to State for any amounts relating to travel expenses pursuant to this Section in excess of US\$5,000 per year (measured from the effective date of the Agreement).
8. **Financial Information.** At no cost to the State, Adviser hereby agrees to provide the State with periodic financial information and forecasts relating to the Assets and the U.S. and global economy. Such financial information may include access to Adviser's client conference calls, research data, newsletters, client advisories and other financial and economic information offered by Adviser to clients having similar size of assets under management. Additionally, Adviser shall provide financial information agreed upon by the Parties.

**PFM ASSET MANAGEMENT LLC**  
**INVESTMENT MANAGEMENT AGREEMENT**  
**(Non-ERISA)**

This INVESTMENT MANAGEMENT AGREEMENT is made as of this 15th day of May, 2013 (the "Agreement") by and between **PFM ASSET MANAGEMENT LLC**, a **Delaware limited liability company** (the "Adviser"), and STATE OF DELAWARE (the "State").

WHEREAS, the Treasurer of the State of Delaware, with the guidance of the Delaware Cash Management Policy Board, is authorized to invest the of monies belonging to the State; and

WHEREAS, the Adviser is engaged in the business of offering investment management services, including the supervision and direction of investments, and represents that it is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"); and

WHEREAS, the State desires to retain the Adviser to render services to the State on the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the mutual promises set forth herein, the State and Adviser agrees as follows:

1. Duties of the Adviser. The Adviser shall, on a continuing basis, manage and invest the assets comprising the investment advisory account or accounts described in Section 3 below (each, an "Account"), and shall furnish the State with such investment supervision of the Account as the Adviser shall deem appropriate for the proper administration of the Account, taking into consideration the specific investment objectives of the State set forth in the Investment Guidelines for such Account, each attached hereto as Exhibit A, and as they may be amended from time to time. The State may amend such Investment Guidelines by written Notice (as defined in Section 13 below) to the Adviser from an authorized person whose name is set forth in Section 9 hereof. The Adviser shall have full power to make and act upon all investment decisions in its sole discretion, subject only to the Investment Guidelines. The Adviser shall not be liable for any investment decisions which it reasonably believes to be in keeping with the Investment Guidelines.

The Adviser shall comply with any modifications in the Investment Guidelines as expeditiously as it considers prudent.

The Adviser will furnish the State prompt notification in writing of any purchase or sale made for the Account and will furnish a written quarterly valuation of the Account. Upon the written request of the State, copies of any of the foregoing will be sent to any trustee, custodian, or other person. The State acknowledges that the Adviser may delegate certain or all of its

accounting, trade settlement, State reporting and other operational duties to a third party, and the State hereby consents to any such delegation at any time during the term of this Agreement. Representatives of the Adviser will also be made available to meet with the State periodically, and to review with the State the Account and its performance.

2. Authorization of Adviser. The Adviser is authorized to invest and reinvest the cash and securities and other property in the Account at its discretion without being required to consult with the State in advance. The Adviser shall have no responsibility to determine whether the provisions of the Investment Guidelines are in the best interests of the State. In accordance with the foregoing, the State authorizes the Adviser to act as the agent of the State to order deposits and the investment of cash and purchases and sales (including, but not limited to the exercise of rights and the tender, exchange or conversion) of securities and other property for the State's Account and in the name of the State. These authorizations shall be continuing ones and shall remain in full force and effect until the Adviser has received written Notice of revocation thereof. The State hereby authorizes the Adviser to sign I.R.S. Form W-9 on behalf of the State and to deliver such form to broker-dealers or others from time to time as required in connection with securities transactions pursuant to this Agreement.

3. The Account. The Account shall consist initially of such cash and securities and other property as the State designates in writing to the Adviser and deposits with the custodian of the Account described in Section 4 below, and shall be subject subsequently to such additions and/or withdrawals as the State shall at any time direct. The State shall notify the Adviser promptly of any additions to the Account.

4. Custodian. The assets of the Account shall be held in the custody of an entity chosen by the State to act as the State's custodian (the "Custodian"). The State has notified the Adviser that as of the date hereof the Custodian is The Bank of New York Mellon and shall notify the Adviser in advance of any subsequent changes in the Custodian. The State represents and agrees that any such Custodian shall be a "qualified custodian" as defined in rule 206(4)-2 under the Advisers Act. The State shall be responsible for all custodial arrangements and the payment of all custodial charges and fees. The assets of the Account are held in the custody of the Custodian, and the Adviser shall have no responsibility or liability with respect to custody arrangements or the acts, omissions or other conduct of the Custodian.

5. Fees and Expenses. As compensation for the services provided under this Agreement, the Adviser is to receive a fee in accordance with the Schedule attached hereto as Exhibit B. Pursuant to Exhibit B, fees are payable in U.S. dollars on a quarterly basis based on the average daily assets under Adviser's direct management, based on amortized cost plus accrued interest. If this Agreement commences or is terminated as of a day other than the first day of any calendar quarter, the fee payable with respect to the initial or final fractional calendar quarter shall be prorated for such period. The Adviser will provide the State with a bill showing the amount of the fee, the value of the assets on which the fee was based, and the manner in, which the fee was calculated. The State will instruct the Custodian to pay fees from the Account on a quarterly basis. All other expenses related to purchases and sales in the Account, including, but not limited to brokerage commissions, interest on borrowings and any taxes, shall be expenses of the

Account and shall be paid out of the assets of the Account, or otherwise as directed by the State. Any valuation of the assets in the Account pursuant to this Agreement, including for purposes of calculating fees under this Section 5, shall be made by the Adviser.

6. Proxies. The State will direct the Custodian of the Account to deliver to the Adviser in a timely manner proxies or other requests that elections be made with respect to securities held in the Account. The Adviser will in its discretion vote all proxies, or make such elections, with respect to the securities held in the Account as are forwarded to the Adviser on a timely basis.

7. Brokerage Transactions. The Adviser shall place all orders for the purchase and sale of investments for the Account with brokers or dealers selected by the Adviser in its discretion. In the selection of such brokers or dealers and the placing of such orders, the Adviser shall seek to obtain the most favorable price and execution available, except to the extent it may be permitted to pay higher brokerage commissions for brokerage and research services as described below. In using its best efforts to obtain the most favorable price and execution available, the Adviser may consider all factors it deems relevant, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience, and financial stability of the broker or dealer involved, and the quality of service rendered by the broker or dealer in other transactions. The Adviser shall not be deemed to have acted unlawfully or to have breached any duty created by this Agreement or otherwise solely by reason of its having caused the Account to pay a broker or dealer that provides brokerage and research services to the Adviser an amount of commission for effecting a portfolio investment transaction in excess of the amount of commission that another broker or dealer would have charged for effecting that transaction, if the Adviser determines in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided by such broker or dealer, viewed in terms of either that particular transaction or the Adviser's overall responsibilities with respect to the State and to other clients of the Adviser as to which the Adviser exercises investment discretion.

The Adviser is authorized to establish and maintain bank, brokerage, commodity, currency, and other similar accounts, whether domestic or foreign, with respect to the Account and to enter into agreements on behalf of the State in connection therewith and, from time to time, to deposit securities or other assets of the State in such accounts

8. Representations of the State. The execution and delivery of this Agreement by the State shall constitute the representation and the warranty of the State (i) that it has full power and authority to enter into this Agreement, including but not limited to the power and authority to delegate to the Adviser the discretion to vote all proxies, or make such elections, with respect to the securities in the Account, (ii) that the terms hereof do not violate any term or condition of any document relating to the Account or any obligation by which either the State or the Account is governed or bound, whether arising by contract, operation of law or otherwise, and that the State has received all necessary authorizations to enter into this Agreement, (iii) that this Agreement has been duly authorized and when so executed and delivered will be binding upon

the State, (iv) that there are no restrictions on the ownership by the State or the transferability of any securities in the Account, (v) that the State has received, not less than 48 hours prior to signing this Agreement, Parts 2A and 2B of Form ADV of the Adviser, (vi) that the State has taken independent legal advice on this Agreement, (vii) the Custodian has agreed to send the State, at least quarterly, a statement identifying the amount of funds and of each security in the Account at the end of the period and setting forth all transactions in the Account during that period; and (viii) that the Account and the Assets are not and shall not be subject to or qualified under the Employee Retirement Income Security Act of 1974, as amended, and (ix) that there is no limitation on the State's ability to pay any fees and other expenses out of the Account. Nothing contained herein shall be deemed to require the State to take any action contrary to the laws of Delaware or any applicable statute or regulation, or to relieve or deprive the State of its responsibility for and control of the general administration of the Account.

9. Instructions, Communications and Authorized Persons. The State hereby authorizes the person or persons named below to transmit to the Adviser, either orally or in writing, instructions concerning the Account. The Adviser reserves the right to require that any instruction is in writing. The Adviser shall be entitled to rely on the instructions of such person or persons until it receive Notice of a change in such instructions pursuant to Section 13 below. If the State or any of the persons it has authorized to instruct the Adviser, communicates to the Adviser orally, via fax or email, the State acknowledges that it or they do so at the State's own risk. The State acknowledges and accepts that oral, fax or email communication and the Internet are not a secure medium for communication of sensitive information, and that if it or its authorized persons chooses to communicate to the Adviser or accept communications, information, advice and valuations from the Adviser in this manner, the State accepts the risk of breach of confidentiality, technical malfunction, unauthorized interference, unlawful interception, mis-delivery or delay of messages and computer viruses.

Name	Address	Telephone Number	Email Address
State Treasurer Chip Flowers Jr.	820 Silver Lake Blvd., Ste. 100 Dover, DE 19904	(302) 672-6700	<a href="mailto:Chip.flowers@state.de.us">Chip.flowers@state.de.us</a>
Deputy State Treasurer Erika J. Benner	820 Silver Lake Blvd., Ste. 100 Dover, DE 19904	(302) 672-6700	<a href="mailto:Erika.benner@state.de.us">Erika.benner@state.de.us</a>
Stephen McVay	820 Silver Lake Blvd., Ste. 100 Dover, DE 19904	(302) 672-6711	<a href="mailto:Stephen.mcvay@state.de.us">Stephen.mcvay@state.de.us</a>

10. Representations of the Adviser. The Adviser represents that it is registered as an investment adviser with the U.S. Securities & Exchange Commission under the Advisers Act and that it has made all necessary filings to do business as an investment adviser in Delaware under the Delaware Securities Act (6 Del. C. Ch. 73).

11. Standard of Care; Liability. The Adviser and each of its managers, members, principals, employees, directors, officers and affiliates shall not be liable for any error of

judgment or action performed or omitted to be performed in managing the Account, including, without limitation, any liability arising out of any investment or act or omission in the execution of securities transactions for the Account, to the extent that such act or omission is not the result of the Adviser's negligence or violation of federal or state securities law. The Adviser shall have no responsibility with respect to any assets of the State other than these of the Account and shall not be responsible for any indirect, consequential, special, or punitive damages or any liability incurred by reason of any act or omission of any broker or dealer, the Custodian, or other agent or service provider to the Account. The Adviser will have no responsibilities, liabilities or obligations with respect to determining whether the State has authority to enter into this Agreement, and is entitled to fully rely on representations of the State that it has received all necessary approvals and authorizations to enter into this Agreement or to grant any authority to the Adviser under this Agreement

The Adviser will not be liable for any losses that result from the risks outlined in Section 9, except insofar as the same may result from the Adviser's or the Adviser's employees' negligence or violation of federal or state securities law. However, nothing herein shall in any way constitute a waiver or limitation of any right which the State or any person interested in the Account may have under any applicable law.

Nothing in this Agreement shall be effective to constitute a waiver by the State of compliance with any provision of the Advisers Act, or any rule, regulation, or order thereunder.

## 12. Recognition of Other Services.

(a) The State understands that the Adviser and its affiliates offer a broad range of investment management and financial services, that employees of both the Adviser and its affiliates may from time to time act as directors, officers, or employees of companies whose securities are publicly traded, and that as a result, such employees may acquire information of a confidential nature. The State agrees that the Adviser may, but shall not be required to, render investment advice with respect to any such company, and that the Adviser may in its discretion withhold any such knowledge or information or refuse to advise with respect to such company, whether or not the Account shall include securities of such company, if, in the Adviser's judgment, the disclosure of such knowledge or information or the rendering of investment advice on the basis thereof would be unfair, inequitable, a breach of any fiduciary obligation of the Adviser to some other person, or unlawful. For the same reasons the Adviser may, in its discretion, exclude securities and other property from the Account.

(b) The State understands and agrees that the Adviser may aggregate contemporaneous buy or sell orders for the same securities for more than one account, including the Account, and that the Account will participate in an aggregated order at the average price, or the Adviser may allocate transactions on a rotating or proportional or either equitable basis consistent with its fiduciary responsibilities as the Adviser.

(c) The State understands that the Adviser, and each of its managers, members, principals, employees, directors, officers and affiliates may perform investment advisory services for clients other than the State; may own, purchase, or sell securities or other interests in property

which are the same, similar to, or different from those which the Adviser recommends, purchases, or sells for the Account; and in rendering investment management and advisory services to others, shall be free to give, advise, and take action in the performance of its or their duties to other clients and to take action with respect to investments in securities or other interests in property which may be the same as, or may differ from, recommendations or advice given, or the timing or nature of action taken, with respect to the Account. Nothing in this Agreement shall be deemed to impose upon the Adviser any obligation to purchase or sell or to recommend for purchase or sale for the Account any security or other property which the Adviser or its managers, members, principals, employees, directors, officers and affiliates may purchase or sell for their own accounts or for the accounts of others.

(d) The State understands and agrees that where the Adviser determines it to be in the best interest of both parties to the transaction, the Adviser may cause the Account to purchase securities from or sell securities to another State client of the Adviser at the independent current market price for such securities in accordance with applicable law.

13. Notices. Any notice given pursuant to the provisions of this Agreement ("Notice") shall be in writing and may be given by delivery by hand, by nationally recognized courier, by facsimile, or by certified mail, return receipt requested, and shall be delivered at or sent to:

in the case of the Adviser:

**James F. Haddon**  
**Managing Director**  
**PFM Asset Management LLC**  
**40 Wall Street Suite 4900**  
**New York, NY 10005**  
**haddonj@pfm.com**

in the case of the State:

Mr. Stephen W. McVay  
Investment Manager  
Delaware State Treasury  
820 Silver Lake Boulevard, Suite 100  
Dover, Delaware 19904  
Stephen.mcvay@state.de.us

Written notices and communications shall be addressed as indicated unless either the State or the Adviser has notified the other in writing of a change. Except as otherwise provided in Section 13, notices and communications shall be effective upon receipt.

14. Confidential Information. To the extent permitted by 29 Del. C. §§ 10001 - 10005, the State shall keep confidential all information which the State may have concerning the Adviser's portfolio management of the Account, including all information relating to the investment and reinvestment thereof, the purchase of securities therefore, and the sale of



securities therefrom. Information concerning the Account shall be confidential, and Adviser shall not disclose any information relative to the Account to any third party except to the Adviser's affiliates or service providers to the Account or as required by law without the express written consent of the State.

15. Independent contractors. The parties to the Agreement shall be independent contractors to one another, and nothing herein shall be deemed to cause this agreement to create an agency (except with respect to securities transactions authorized pursuant to Section 1 hereof), partnership, joint venture or employment relationship between parties. Each party shall be responsible for compliance with all applicable workers compensation, unemployment, disability insurance, social security withholding and all other similar matters. Neither party shall be liable for any debts, accounts, obligations or other liability whatsoever of the other party, or any other obligation of the other party to pay on the behalf of its employees or to withhold from any compensation paid to such employees any social benefits, workers compensation insurance premiums or any income or other similar taxes.

16. Non-Appropriation. In the event the Delaware General Assembly fails to appropriate the specific funds necessary to enter into or continue the contractual agreement, in whole or part, the State shall notify the Adviser in writing and the agreement shall be terminated as to any obligation of the State requiring the expenditure of money for which no specific appropriation is available at the end of the last fiscal year for which no appropriation is available or upon the exhaustion of funds.

17. Licenses and Permits. In performance of the Agreement, the Adviser will be required to comply with all applicable federal, state and local laws, ordinances, codes, and regulations. The cost of permits and other relevant costs required in the performance of the Agreement shall be borne by the Adviser. The Adviser shall be properly licensed and authorized to transact business in the State as provided in 30 *Del. C.* § 2301. The Adviser shall either furnish the State with proof of State Business Licensure or initiate the process of application where required. An application may be requested in writing to: Division of Revenue, Carvel State Building, P.O. Box 8750, 820 N. French Street, Wilmington, DE 19899 or by telephone to the Business License Department – (302) 577-8778. Information regarding the award of this Agreement will be given to the Division of Revenue. Failure to comply with the State licensing requirements may subject firm to applicable fines and/or interest penalties.

#### 18. Indemnification

(a) General Indemnification. The Adviser agrees that it will indemnify and otherwise hold harmless the State, its agents and employees from any and all liability, suits, actions, or claims, together with all costs, expenses for attorney's fees, arising out of the Adviser's, its agents' and employees breach of the standard of care set forth in this agreement, regardless of whether such suits, actions, claims or liabilities are based upon acts or failures to act attributable, in whole or part, to the State, its employees or agents.

(b) Proprietary Rights Indemnification. The Adviser warrant that all elements of its services, including all equipment, software, documentation, services and deliverables, do not and will not infringe upon or violate any patent, copyright, trade secret or other proprietary rights of any third party. In the event of any claim, suit or action by any third party against the State of Delaware, the State of Delaware shall promptly notify the Adviser in writing and the Adviser shall defend such claim, suit or action at the Adviser's expense, and the Adviser shall indemnify the State of Delaware against any loss, cost, damage, expense or liability arising out of such claim, suit or action (including, without limitation, litigation costs, lost employee time, and counsel fees) whether or not such claim, suit or action is successful. If any equipment, software, services (including methods) products or other intellectual property used or furnished by the Adviser (collectively "Products") is, or in the Adviser's reasonable judgment is likely to be, held to constitute an infringing product, the Adviser shall at its expense and option either:

- (1) Procure the right for the State of Delaware to continue using the Product(s);
- (2) Replace the product with a non-infringing equivalent that satisfies all the requirements of the Agreement; or
- (3) Modify the Product(s) to make it or them non-infringing, provided that the modification does not materially alter the functionality or efficacy of the product or cause the Product(s) or any part of the work to fail to conform to the requirements of the Contract, or only alters the Product(s) to a degree that the State of Delaware agrees to and accepts in writing.

#### 19. Insurance

(a) The Adviser recognizes that it is operating as an independent contractor and that it is liable for any and all losses, penalties, damages, expenses, attorney's fees, judgments, and/or settlements incurred by reason of injury to or death of any and all persons, or injury to any and all property, of any nature, arising out of the Adviser's negligent performance under this Agreement, and particularly without limiting the foregoing, caused by, resulting from, or arising out of any act or omission on the part of the Adviser in its negligent performance under this Agreement.

(b) The Adviser shall maintain such insurance as will protect against claims under Workers' Compensation Act and from any other claims for damages for personal injury, including death, which may arise from operations under this Agreement. The Adviser is an independent contractor and is not an employee of the State.

(c) During the term of this Agreement, the Adviser shall, at its own expense, carry minimum insurance limits as follows:

a.	Comprehensive General Liability	\$1,000,000
b.	Professional Liability/Miscellaneous Error & Omissions/Product Liability	\$1,000,000/\$3,000,000

(d) The Adviser shall provide a certificate of insurance as proof that the Adviser currently maintains the required insurance coverage.

20. Performance Requirements. The Adviser warrants that it possesses, or has arranged through subcontractors, all capital and other equipment, labor, materials, and licenses necessary to carry out and complete the work hereunder in compliance with any and all federal and state laws, and county and local ordinances, regulations and codes.

21. Costs and Payment Schedules. No charges other than as specified in the Adviser's RFP proposal shall be allowed without written consent of the State.

22. Contract Term. This Agreement shall terminate three years from the effective date, May 15, 2013, unless terminated earlier as provided herein. This Agreement may be further extended by mutual written consent of the parties for up to two (2) subsequent additional one year terms.

23. Termination for Cause. If for any reasons, or through any cause, the Adviser fails to fulfill in a timely and proper manner its obligations under the Agreement, or if the Adviser violates any of the covenants, agreements or stipulations of the Agreement, the State shall thereupon have the right to terminate the Agreement by giving written notice to the Adviser of such termination and specifying the effective date thereof, at least twenty (20) days before the effective date of such termination. In that event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports or other material prepared by the Adviser under the Agreement shall, at the option of the State, become its property, and the Adviser shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials which are useable to the State.

24. Termination for Convenience. The State may terminate the Agreement at any time by giving written notice of such termination and specifying the effective date thereof, at least twenty (20) days before the effective date of such termination. In that event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports or other material prepared by the Adviser under the Agreement shall, at the option of the State, become its property, and the Adviser shall be entitled to compensation for any satisfactory work completed on such documents and other materials which are useable to the State. If the Agreement is terminated by the State as so provided, the Adviser will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Adviser as covered by the Agreement, less payments of compensation previously made. Provided however, that if less than 60 percent of the services covered by the Agreement

have been performed upon the effective date of termination, the Adviser shall be reimbursed (in addition to the above payment) for that portion of actual out of pocket expenses (not otherwise reimbursed under the Agreement) incurred by the Adviser during the Agreement period which are directly attributable to the uncompleted portion of the services covered by the Agreement.

25. Non-discrimination. The Adviser agrees that it will not discriminate against any employee or applicant for employment because of race, creed, color, sex or national origin. The Adviser shall comply with all federal and state laws, regulations and policies pertaining to the prevention of discriminatory employment practice. Failure to perform under this provision constitutes a material breach of Agreement.

26. Covenant against Contingent Fees. The Adviser warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement of understanding for a commission or percentage, brokerage or contingent fee excepting bona-fide employees, bona-fide established commercial or selling agencies maintained by the Adviser for the purpose of securing business. For breach or violation of this warranty the State shall have the right to annul the Agreement without liability or at its discretion to deduct from the Agreement price or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

27. Firm Activity. No activity under this Agreement is to be executed in an off shore facility, either by a subcontracted firm of the Adviser or a foreign office or division of the Adviser.

28. Work Product. All materials and products developed under the executed Agreement by the Adviser are the sole and exclusive property of the State. The Adviser must seek written permission to use any product created under the Agreement.

29. Contract Documents. The Request for Proposal (Exhibit C), the purchase order, the executed Agreement and any supplemental documents between the State and the Adviser shall constitute the entire agreement between the State and the Adviser. In the event there is any discrepancy between any of these documents, the following order of documents governs so that the former prevails over the latter: Agreement, State's RFP, the Adviser's response to the RFP and the purchase order. No other documents shall be considered. These documents shall constitute the entire agreement between the State and the Adviser.

30. Applicable Law. The laws of the State of Delaware shall apply, except where federal law has precedence. The Adviser consents to jurisdiction and venue in the State of Delaware. The Adviser certifies that it complies with all federal, state and local laws applicable to its activities and obligations including:

- (a) the laws of the State of Delaware;
- (b) the applicable portion of the Federal Civil Rights Act of 1964;

(c) the Equal Employment Opportunity Act and the regulations issued there under by the federal government;

(d) a condition that the RFP proposal submitted by the Adviser was independently arrived at, without collusion, under penalty of perjury; and

(e) that programs, services, and activities provided to the general public under the Agreement conform to the Americans with Disabilities Act of 1990, and the regulations issued there under by the federal government. If the Adviser fails to comply with (a) through (b) of this paragraph, the State reserves the right to terminate the Agreement, or consider the proposing firm in default. The Adviser shall keep itself fully informed of and shall observe and comply with all applicable existing federal and state laws, and county and local ordinances, regulations and codes, and those laws, ordinances, regulations, and codes adopted during its performance of the work.

31. Scope of Agreement. If the scope of any provision of the Agreement is determined to be too broad in any respect whatsoever to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provisions of the Agreement shall not thereby fail, but the scope of such provisions shall be curtailed only to the extent necessary to conform to the law.

32. Compliance with State IT Standards. The Adviser shall be responsible for the professional quality, technical accuracy, timely completion, and coordination of all services furnished by the Adviser, its subcontractors and its principals, officers, employees and agents under the Agreement. In performing the specified services, the Adviser shall follow practices consistent with generally accepted professional and technical standards. The Adviser shall be responsible for ensuring that all services, products and deliverables furnished pursuant to the Agreement comply with the standards promulgated by the Department of Technology and Information ("DTI") published at <http://dti.delaware.gov/>, and as modified from time to time by DTI during the term of the Agreement. If any service, product or deliverable furnished pursuant to the Agreement does not conform with DTI standards, the Adviser shall, at its expense and option either (1) replace it with a conforming equivalent or (2) modify it to conform with DTI standards. The Adviser shall be and remain liable in accordance with the terms of the Agreement and applicable law for all damages to Delaware caused by the Adviser's failure to ensure compliance with DTI standards.

33. Status Reporting. The Adviser shall lead and/or participate in status meetings and submit status reports covering such items as progress of work being performed, milestones attained, resources expended, problems encountered and corrective action taken, until final system acceptance.

34. Regulations. All equipment, software and services must meet all applicable local, state and federal regulations in effect on the date of the Agreement.

35. Changes. No alterations in any terms, conditions, delivery, price, quality, or specifications of items ordered under this Agreement will be effective without the written consent of the State.

36. No Press Releases or Public Disclosure. The State reserves the right to pre-approve any news or advertising releases concerning the RFP, this Agreement, the work performed, or any reference to the State with regard to any project or Agreement performance. Any such news or advertising releases pertaining to the RFP or this Agreement shall require the prior express written permission of the State.

37. Prohibition against Assignment. This Agreement shall not be "assigned", as that term is defined in the Advisers Act, by either party without the consent of the other party, and this Agreement shall, until termination, inure to the benefit of the Adviser and any successor or successors in interest.

STATE OF DELAWARE

*Original on File*

By:

*Erika J. Benner*  
Deputy State Treasurer

Accepted:

PFM ASSET MANAGEMENT LLC

By:

*James Haddon*  
Managing Director

## EXHIBIT B

### FEES

This Exhibit B is to the Investment Management Agreement, dated as of May 15, 2013, by and between Adviser and the State (the “Agreement”). Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Agreement. The State and Adviser are referred to herein individually as a “Party”; collectively, as the “Parties”.

1. **Fee.** In consideration of the services performed by Adviser, subject to the payment terms set forth in Section 5 of the Agreement, State shall pay Adviser an annual fee amount (the “Fee”) in quarterly installments based on the average daily assets under Adviser's direct management, based on amortized cost plus accrued interest, for the applicable quarter by Adviser on behalf of State for the Delaware State Treasury (the “Assets”) according to the schedule below:

<b>Average Assets under Management</b>	<b>ANNUAL Fees</b>
Initial \$100 Million	8.5 basis Points (0.085%)
Next \$150 Million	7.5 basis points (0.075%)
Above \$250 Million	7 basis points (0.07%)

By way of clarification, the aforementioned computation of the Assets shall include only such assets under management by Adviser on behalf of the Delaware State Treasury (unless otherwise agreed to by the Parties, all other assets of the State, excluding the Assets, shall not be used in the computation of the Fee).

2. **Reports.** In addition to the services provided by Adviser under the Agreement, Adviser shall provide a report detailing the performance of the Assets on a monthly basis (the “Monthly Report”) and on a quarterly basis (the “Quarterly Report”) to the (i) Treasurer of the State, (ii) the Deputy State Treasurer of the State, (iii) the Financial Adviser (as defined hereafter) and the (iv) Cash & Debt Manager of the State in such format agreed upon the parties (electronic, written or otherwise). The Monthly Report shall include the following:
  - a. Statement of the Assets;
  - b. Original cost of the Assets;
  - c. Market and adjusted book values of the Assets compared to the Benchmarks (as defined hereafter);
  - d. Accrued income of the Assets;
  - e. Both book and market rates of return of the Assets rounded to the nearest one hundredth of a percent; and
  - f. Such other information reasonably requested by the State.

The Quarterly Report shall include the following:

- a. Statement of the Assets;
- b. Original cost of the Assets;
- c. Market and adjusted book values of the Assets compared to the Benchmarks (as defined hereafter);
- d. Accrued income of the Assets;
- e. Both book and market rates of return of the Assets rounded to the nearest one hundredth of a percent;
- f. The amount of the Assets issued by corporate entities either incorporated in the State of Delaware and/or having a principal office located in the State of Delaware; and
- g. Such other information reasonably requested by the State.

Unless otherwise agreed to by the Parties, the State shall have uninterrupted online secure access to Adviser's system to view and monitor the Assets held under management by Adviser on a continual basis (excluding scheduled and routine maintenance of such online system used by Adviser). Such online secure access shall be provided by Adviser at no cost to the State. Adviser shall inform and provide State with any necessary forms and documentation necessary for Adviser to perform the services (including, access to Adviser's online system) pursuant to the terms and conditions of the Agreement.

- 3. **Cooperation with Custodian.** Unless otherwise agreed to by the Parties, Adviser shall provide any reasonable information required by the Custodian, in such format and frequency determined by the Custodian, necessary for the Custodian to perform its duties to the State.
- 4. **Cooperation with Financial Adviser.** In addition to the services provided by Adviser under the Agreement, Adviser, upon request by State, shall provide reasonable information and reports (including the Monthly Report) relating to the Assets to the State's financial adviser (the "Financial Adviser"). Adviser hereby agrees to cooperate with any reasonable requests for information requested by the Financial Adviser on behalf of the State.
- 5. **Benchmarks.** Adviser hereby acknowledges that, in connection with its performance review by the State, the State has established certain benchmarks for Adviser relating to the Assets (the "Benchmarks"). As of the effective date of this Agreement, the Benchmarks are set forth in Delaware State Treasury Directive #121018-01 (the "Directive"), as may be amended from time to time by the State at its discretion. The applicable portions of the Directive (or any successor Directive) relating to the Benchmarks shall be made available to Adviser upon request to the State.
- 6. **Compliance.** Adviser hereby agrees to comply with any policies and procedures promulgated by the State (including any Directive issued by the Delaware State Treasury). Adviser hereby



acknowledges and agrees to comply with the compliance procedures set forth in the Directive, as may be amended from time to time by the State at its discretion. The applicable portions of the Directive (or any successor Directive) relating to compliance shall be made available to Adviser upon request to the State. For information purposes only, the applicable compliance section of the Directive is set forth below (for the section only, capitalized terms set forth therein shall have the meaning ascribed to such terms in the Directive):

“Clarification of Investment Guidelines. If an Investment Manager's respective asset allocation in an asset class or security designated under the Investment Guidelines is compliant at the time of purchase, but subsequently becomes non-compliant (by exceeding the applicable limits set forth in the Investment Guidelines for one or more asset classes or individual security position exposures) due to a material reduction in such Investment Manager's assets under management caused by authorized withdrawals by the State Treasury or market movement, such investment Manager shall (i) notify the Deputy State Treasurer and Director of the Office of Finance and Treasury Services (the "Designated Persons") (the "Notice"), in written hard copy or electronic format, within twenty-four (24) hours of such non-compliance, (ii) submit a proposed plan to the Designated Persons detailing such Investment Manager's proposed corrective plan outlining remedial actions that will cause its respective asset allocation to comply with the Investment Guidelines (the "Plan"), in written hard copy or electronic format, within seventy-two (72) hours of non-compliance and (iii) unless otherwise directed by the State Treasury, shall implement such Plan and take all necessary and proper actions related thereto to cause its respective asset allocation to comply with the Investment guidelines within thirty (30) days from the initial date of non-compliance.”

7. **Quarterly Performance Review.** Unless otherwise agreed to by the Parties, Adviser shall meet with representatives of the State on a quarterly basis to discuss the performance of Adviser and the Assets and such other topics agreed to by the Parties. At the discretion of the State, such meeting shall occur at the offices of the State (either in Wilmington or Dover, Delaware) or such other reasonable location requested by the State. If such quarterly performance review is held outside of the State of Delaware, the Adviser shall reimburse the State for such reasonable travel expenses for no more than three (3) representatives of the State (on a pro-rata basis if the State meets with another adviser managing assets of the State other than Adviser during any given trip); provided, however, Adviser shall not be obligated to State for any amounts relating to travel expenses pursuant to this Section in excess of US\$5,000 per year (measured from the effective date of the Agreement).
8. **Financial Information.** At no cost to the State, Adviser hereby agrees to provide the State with periodic financial information and forecasts relating to the Assets and the U.S. and global economy. Such financial information may include access to Adviser's client conference calls, research data, newsletters, client advisories and other financial and economic information offered by Adviser to clients having similar size of assets under management. Additionally, Adviser shall provide financial information agreed upon by the Parties.

RECEIVED  
STATE TREASURER  
DOVER, DELAWARE

2013 MAY 20 PM 11 15

**SCHRODER INVESTMENT MANAGEMENT NORTH AMERICA INC.**  
**INVESTMENT MANAGEMENT AGREEMENT**  
**(Non-ERISA)**

This INVESTMENT MANAGEMENT AGREEMENT is made as of this 15th day of May, 2013 (the "Agreement") by and between **SCHRODER INVESTMENT MANAGEMENT NORTH AMERICA INC.**, a Delaware corporation (the "Adviser"), and STATE OF DELAWARE (the "State").

WHEREAS, the Treasurer of the State of Delaware, with the guidance of the Delaware Cash Management Policy Board, is authorized to invest the monies belonging to the State; and

WHEREAS, the Adviser is engaged in the business of offering investment and management services, including the supervision and direction of investments, and represents that it is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"); and

WHEREAS, the State desires to retain the Adviser to render services to the State on the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the mutual promises set forth herein, the State and Adviser agrees as follows:

1. Duties of the Adviser. The Adviser shall, on a continuing basis, manage and invest the assets comprising the investment advisory account or accounts described in Section 3 below (each, an "Account"), and shall furnish the State with such investment supervision of the Account as the Adviser shall deem appropriate for the proper administration of the Account, taking into consideration the specific investment objectives of the State set forth in the Investment Guidelines for such Account, each attached hereto as Exhibit A, and as they may be amended from time to time. The State may amend such Investment Guidelines by written Notice (as defined in Section 13 below) to the Adviser from an authorized person whose name is set forth in Section 9 hereof. The Adviser shall have full power to make and act upon all investment decisions in its sole discretion, subject only to the Investment Guidelines. The Adviser shall not be liable for any investment decisions which it reasonably believes to be in keeping with the Investment Guidelines.

The Adviser shall comply with any modifications in the Investment Guidelines as expeditiously as it considers prudent.

The Adviser will furnish the State prompt notification in writing of any purchase or sale made for the Account and will furnish a written quarterly valuation of the Account. Upon the written request of the State, copies of any of the foregoing will be sent to any trustee, custodian, or other person. The State acknowledges that the Adviser may delegate certain or all of its accounting, trade settlement, State reporting and other operational duties to a third party, and the State hereby consents to any such delegation at any time during the term of this Agreement.

Representatives of the Adviser will also be made available to meet with the State periodically, and to review with the State the Account and its performance.

2. Authorization of Adviser. The Adviser is authorized to invest and reinvest the cash and securities and other property in the Account at its discretion without being required to consult with the State in advance. The Adviser shall have no responsibility to determine whether the provisions of the Investment Guidelines are in the best interests of the State. In accordance with the foregoing, the State authorizes the Adviser to act as the agent of the State to order deposits and the investment of cash and purchases and sales (including, but not limited to the exercise of rights and the tender, exchange or conversion) of securities and other property for the State's Account and in the name of the State. These authorizations shall be continuing ones and shall remain in full force and effect until the Adviser has received written Notice of revocation thereof.

3. The Account. The Account shall consist initially of such cash and securities and other property as the State designates in writing to the Adviser and deposits with the custodian of the Account described in Section 4 below, and shall be subject subsequently to such additions and/or withdrawals as the State shall at any time direct. The State shall notify the Adviser promptly of any additions to the Account, and shall notify the Adviser at least three (3) business days before any withdrawal of assets from the Account.

4. Custodian. The assets of the Account shall be held in the custody of an entity chosen by the State to act as the State's custodian (the "Custodian"). The State has notified the Adviser that as of the date hereof the Custodian is The Bank of New York Mellon and shall notify the Adviser in advance of any subsequent changes in the Custodian. The State represents and agrees that any such Custodian shall be a "qualified custodian" as defined in rule 206(4)-2 under the Investment Advisers Act of 1940 (the "Advisers Act"). The State shall be responsible for all custodial arrangements and the payment of all custodial charges and fees. The assets of the Account are held in the custody of the Custodian, and the Adviser shall have no responsibility or liability with respect to custody arrangements or the acts, omissions or other conduct of the Custodian.

5. Fees and Expenses.

(a) As compensation for the services provided under this Agreement, the Adviser is to receive a fee in accordance with the Schedule attached hereto as Exhibit B. Pursuant to Exhibit B, fees are payable in U.S. dollars on a quarterly basis based on the average market values of the Account as of the end of each calendar month during the calendar quarter as computed by the Adviser. If this Agreement commences or is terminated as of a day other than the first day of any calendar quarter, the fee payable with respect to the initial or final fractional calendar quarter shall be prorated for such period. The fee payable is subject to appropriate adjustments to the fee to reflect contributions and withdrawals from the Account during the quarter. The Adviser will provide the State with a bill showing the amount of the fee, the value of the assets on which the fee was based, and the manner in, which the fee was calculated. The State will instruct the Custodian to pay fees from the Account on a quarterly basis. All other expenses related to purchases and sales in the Account, including, but not limited to brokerage commissions, interest on borrowings and any taxes, shall be expenses of the Account and shall be paid out of the assets

of the Account, or otherwise as directed by the State. Any valuation of the assets in the Account pursuant to this Agreement, including for purposes of calculating fees under this Section 5, shall be made by the Adviser.

(b) The compensation to be paid to the Adviser under this Agreement does not exceed the compensation paid to the Adviser by any other client of the Adviser pursuant to an Investment Manager Agreement entered into after the date hereof of the same type entity as the State with the same investment strategy and guidelines, type of investment vehicle being managed, and of same or smaller size as the Account.

6. Proxies. The State will direct the Custodian of the Account to deliver to the Adviser in a timely manner, proxies or other requests that elections be made with respect to securities held in the Account. The Adviser will in its discretion vote all proxies, or make such elections, with respect to the securities held in the Account as are forwarded to the Adviser on a timely basis.

7. Brokerage Transactions. The Adviser shall place all orders for the purchase and sale of investments for the Account with brokers or dealers selected by the Adviser in its discretion. In the selection of such brokers or dealers and the placing of such orders, the Adviser shall seek to obtain the most favorable price and execution available, except to the extent it may be permitted to pay higher brokerage commissions for brokerage and research services as described below. In using its best efforts to obtain the most favorable price and execution available, the Adviser may consider all factors it deems relevant, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience, and financial stability of the broker or dealer involved, and the quality of service rendered by the broker or dealer in other transactions. The Adviser shall not be deemed to have acted unlawfully or to have breached any duty created by this Agreement or otherwise solely by reason of its having caused the Account to pay a broker or dealer that provides brokerage and research services to the Adviser an amount of commission for effecting a portfolio investment transaction in excess of the amount of commission that another broker or dealer would have charged for effecting that transaction, if the Adviser determines in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided by such broker or dealer, viewed in terms of either that particular transaction or the Adviser's overall responsibilities with respect to the State and to other clients of the Adviser as to which the Adviser exercises investment discretion.

The Adviser is authorized to establish and maintain bank, brokerage, commodity, currency, and other similar accounts, whether domestic or foreign, with respect to the Account and to enter into agreements on behalf of the State in connection therewith and, from time to time, to deposit securities or other assets of the State in such accounts

8. Representations of the State. The execution and delivery of this Agreement by the State shall constitute the representation and the warranty of the State (i) that it has full power and authority to enter into this Agreement, including but not limited to the power and authority to delegate to the Adviser the discretion to vote all proxies, or make such elections, with respect to the securities in the Account, (ii) that the terms hereof do not violate any term or condition of

any document relating to the Account or any obligation by which either the State or the Account is governed or bound, whether arising by contract, operation of law or otherwise, and that the State has received all necessary authorizations to enter into this Agreement, (iii) that this Agreement has been duly authorized and when so executed and delivered will be binding upon the State, (iv) that there are no restrictions on the ownership by the State or the transferability of any securities in the Account, (v) that the State has received, not less than 48 hours prior to signing this Agreement, Part 2A and 2B of Form ADV of the Adviser, (vi) that the State has taken independent legal advice on this Agreement, (vii) the Custodian has agreed to send the State, at least quarterly, a statement identifying the amount of funds and of each security in the Account at the end of the period and setting forth all transactions in the Account during that period; and (viii) that the Account and the Assets are not and shall not be subject to or qualified under the Employee Retirement Income Security Act of 1974, as amended, and (ix) that there is no limitation on the State's ability to pay any fees and other expenses out of the Account. Nothing contained herein shall be deemed to require the State to take any action contrary to the laws of Delaware or any applicable statute or regulation, or to relieve or deprive the State of its responsibility for and control of the general administration of the Account.

9. Instructions, Communications and Authorized Persons. The State hereby authorizes the person or persons named below to transmit to the Adviser, either orally or in writing, instructions concerning the Account. The Adviser reserves the right to require that any instruction is in writing. The Adviser shall be entitled to rely on the instructions of such person or persons until it receive Notice of a change in such instructions pursuant to Section 13 below. If the State or any of the persons it has authorized to instruct the Adviser, communicates to the Adviser orally, via fax or email; the State acknowledges that it or they do so at the State's own risk. The State acknowledges and accepts that oral, fax or email communication and the Internet are not a secure medium for communication of sensitive information, and that if it or its authorized persons chooses to communicate to the Adviser or accept communications, information, advice and valuations from the Adviser in this manner, the State accepts the risk of breach of confidentiality, technical malfunction, unauthorized interference, unlawful interception, mis-delivery or delay of messages and computer viruses.

Name	Address	Telephone Number	Email Address
State Treasurer Chip Flowers, Jr.	820 Silver Lake Blvd., Ste. 100 Dover, DE 19904	(302) 672-6700	<a href="mailto:Chip.flowers@state.de.us">Chip.flowers@state.de.us</a>
Deputy State Treasurer Erika J. Benner	820 Silver Lake Blvd., Ste. 100 Dover, DE 19904	(302) 672-6700	<a href="mailto:Erika.benner@state.de.us">Erika.benner@state.de.us</a>
Stephen McVay	820 Silver Lake Blvd., Ste. 100 Dover, DE 19904	(302) 672-6711	<a href="mailto:Stephen.mcvay@state.de.us">Stephen.mcvay@state.de.us</a>

10. Representations of the Adviser. The Adviser represents that it is registered as an investment adviser with the U.S. Securities & Exchange Commission under the federal Investment Advisers Act of 1940 and that it has made all necessary filings to do business as an investment adviser in Delaware under the Delaware Securities Act (6 Del. C. Ch. 73).

11. Standard of Care; Liability. The Adviser and each of its managers, members, principals, employees, directors, officers and affiliates shall not be liable for any error of judgment or action performed or omitted to be performed in managing the Account, including, without limitation, any liabilities arising out of any investment or act or omission in the execution of securities transactions for the Account, to the extent that such act or omission is not the result of the Adviser's negligence or violation of federal or state securities law. The Adviser shall have no responsibility with respect to any assets of the State other than those of the Account and shall not be responsible for any indirect, consequential, special, or punitive damages or any liabilities incurred by reason of any act or omission of any broker or dealer, the Custodian, or other agent or service provider to the Account. The Adviser will have no responsibilities, liabilities or obligations with respect to determining whether the State has authority to enter into this Agreement, and is entitled to fully rely on representations of the State that it has received all necessary approvals and authorizations to enter into this Agreement or to grant any authority to the Adviser under this Agreement.

The Adviser will not be liable for any losses that result from the risks outlined in Section 9, except insofar as the same may result from the Adviser's or the Adviser's employees' negligence or violation of federal or state securities law. However, nothing herein shall in any way constitute a waiver or limitation of any right which the State or any person interested in the Account may have under any applicable law.

Nothing in this Agreement shall be effective to constitute a waiver by the State of compliance with any provision of the Advisers Act, or any rule, regulation, or order thereunder.

12. Recognition of Other Services.

(a) The State understands that the Adviser and its affiliates offer a broad range of investment management and financial services, that employees of both the Adviser and its affiliates may from time to time act as directors, officers, or employees of companies whose securities are publicly traded, and that as a result, such employees may acquire information of a confidential nature. The State agrees that the Adviser may, but shall not be required to, render investment advice with respect to any such company, and that the Adviser may in its discretion withhold any such knowledge or information or refuse to advise with respect to such company, whether or not the Account shall include securities of such company, if, in the Adviser's judgment, the disclosure of such knowledge or information or the rendering of investment advice on the basis thereof would be unfair, inequitable, a breach of any fiduciary obligation of the Adviser to some other person, or unlawful. For the same reasons the Adviser may, in its discretion, exclude securities and other property from the Account.

(b) The State understands and agrees that the Adviser may aggregate contemporaneous buy or sell orders for the same securities for more than one account, including the Account, and that the Account will participate in an aggregated order at the average price, or the Adviser may allocate transactions on a rotating or proportional or either equitable basis consistent with its fiduciary responsibilities as the Adviser.

(c) The State understands that the Adviser, and each of its managers, members, principals, employees, directors, officers and affiliates may perform investment advisory services

for clients other than the State; may own, purchase, or sell securities or other interests in property which are the same, similar to, or different from those which the Adviser recommends, purchases, or sells for the Account; and in rendering investment management and advisory services to others, shall be free to give, advise, and take action in the performance of its or their duties to other clients and to take action with respect to investments in securities or other interests in property which may be the same as, or may differ from, recommendations or advice given, or the timing or nature of action taken, with respect to the Account. Nothing in this Agreement shall be deemed to impose upon the Adviser any obligation to purchase or sell or to recommend for purchase or sale for the Account any security or other property which the Adviser or its managers, members, principals, employees, directors, officers and affiliates may purchase or sell for their own accounts or for the accounts of others.

(d) The State understands and agrees that where the Adviser determines it to be in the best interest of both parties to the transaction, the Adviser may cause the Account to purchase securities from or sell securities to another State client of the Adviser at the independent current market price for such securities in accordance with applicable law.

13. Notices. Any notice given pursuant to the provisions of this Agreement ("Notice") shall be in writing and may be given by delivery by hand, by nationally recognized courier, by facsimile, or by certified mail, return receipt requested, and shall be delivered at or sent to:

in the case of the Adviser:

Schroder Investment Management North America Inc.  
875 Third Avenue, 22nd Floor  
New York, New York 10022-6225  
Attn: Legal Department  
Facsimile: 212-632-2990

in the case of the State:

Mr. Stephen W. McVay  
Investment Manager  
Delaware State Treasury  
820 Silver Lake Boulevard, Suite 100  
Dover, Delaware 19904  
Stephen.mcvay@state.de.us

Written notices and communications shall be addressed as indicated unless either the State or the Adviser has notified the other in writing of a change. Except as otherwise provided in Section 13, notices and communications shall be effective upon receipt.

14. Confidential Information. To the extent permitted by 29 Del. C. §§ 10001 - 10005, the State shall keep confidential all information which the State may have concerning the Adviser's portfolio management of the Account, including all information relating to the investment and reinvestment thereof, the purchase of securities therefore, and the sale of securities therefrom. Information concerning the Account shall be confidential, and Adviser shall



not disclose any information relative to the Account to any third party except to the Adviser's affiliates or service providers to the Account or as required by law or regulatory process without the express written consent of the State.

15. Independent contractors. The parties to the Agreement shall be independent contractors to one another, and nothing herein shall be deemed to cause this agreement to create an agency, partnership, joint venture or employment relationship between parties. Each party shall be responsible for compliance with all applicable workers compensation, unemployment, disability insurance, social security withholding and all other similar matters. Neither party shall be liable for any debts, accounts, obligations or other liability whatsoever of the other party, or any other obligation of the other party to pay on the behalf of its employees or to withhold from any compensation paid to such employees any social benefits, workers compensation insurance premiums or any income or other similar taxes.

16. Non-Appropriation. In the event the Delaware General Assembly fails to appropriate the specific funds necessary to enter into or continue the contractual agreement, in whole or part, the agreement shall be terminated as to any obligation of the State requiring the expenditure of money for which no specific appropriation is available at the end of the last fiscal year for which no appropriation is available or upon the exhaustion of funds.

17. Licenses and Permits. In performance of the Agreement, the Adviser will be required to comply with all applicable federal, state and local laws, ordinances, codes, and regulations. The cost of permits and other relevant costs required in the performance of the Agreement shall be borne by the Adviser. The Adviser shall be properly licensed and authorized to transact business in the State as provided in 30 *Del. C.* § 2301. The Adviser shall either furnish the State with proof of State Business Licensure or initiate the process of application where required. An application may be requested in writing to: Division of Revenue, Carvel State Building, P.O. Box 8750, 820 N. French Street, Wilmington, DE 19899 or by telephone to the Business License Department – (302) 577-8778. Information regarding the award of this Agreement will be given to the Division of Revenue. Failure to comply with the State licensing requirements may subject firm to applicable fines and/or interest penalties.

18. Indemnification

(a) General Indemnification. The Adviser agrees that it will indemnify and otherwise hold harmless the State, its agents and employees from any and all liability, suits, actions, or claims, together with all costs, expenses for attorney's fees, arising out of the Adviser's, its agents' and employees' negligence in the performance, work or services under this Agreement or material breach of this Agreement, regardless of whether such suits, actions, claims or liabilities are based upon acts or failures to act attributable, in whole or part, to the State, its employees or agents. The Adviser shall not be responsible for any indirect or consequential damages.

(b) Proprietary Rights Indemnification. The Adviser warrants that all elements of its services, including all equipment, software, documentation, services and deliverables, do not and will not infringe upon or violate any patent, copyright, trade secret or other proprietary rights of any third party. In the event of any claim, suit or action by any third party against the State of Delaware arising out of the Adviser's infringement or violation of any patent, copyright, trade

secret or other proprietary rights of any third party, the State of Delaware shall promptly notify the Adviser in writing and the Adviser shall defend such claim, suit or action at the Adviser's expense, and the Adviser shall indemnify the State of Delaware against any loss, cost, damage, expense or liability arising directly out of such claim, suit or action (including, without limitation, litigation costs and counsel fees) whether or not such claim, suit or action is successful. If any equipment, software, services (including methods) products or other intellectual property used or furnished by the Adviser (collectively "Products") is, or in the Adviser's reasonable judgment is likely to be, held to constitute an infringing product, the Adviser shall at its expense and option either:

- (1) Procure the right for the State of Delaware to continue using the Product(s);
- (2) Replace the product with a non-infringing equivalent that satisfies all the requirements of the Agreement; or
- (3) Modify the Product(s) to make it or them non-infringing, provided that the modification does not materially alter the functionality or efficacy of the product or cause the Product(s) or any part of the work to fail to conform to the requirements of the Contract, or only alters the Product(s) to a degree that the State of Delaware agrees to and accepts in writing.

#### 19. Insurance

(a) The Adviser recognizes that it is operating as an independent contractor and that it is liable for any and all losses, penalties, damages, expenses, attorney's fees, judgments, and/or settlements incurred by reason of injury to or death of any and all persons, or injury to any and all property, of any nature, arising out of the Adviser's negligent performance under this Agreement, and particularly without limiting the foregoing, caused by, resulting from, or arising directly out of any act or omission on the part of the Adviser in its negligent performance under this Agreement.

(b) The Adviser shall maintain such insurance as will protect against claims under Workers' Compensation Act and from any other claims for damages for personal injury, including death, which may arise from operations under this Agreement. The Adviser is an independent contractor and is not an employee of the State.

(c) During the term of this Agreement, the Adviser shall, at its own expense, carry minimum insurance limits as follows:

a.	Comprehensive General Liability	\$1,000,000
b.	Professional Liability/Miscellaneous Error & Omissions/Product Liability	\$1,000,000/\$3,000,000

(d) The Adviser shall provide a certificate of insurance as proof that the Adviser currently maintains the required insurance coverage.

20. Performance Requirements. The Adviser warrants that it possesses, or has arranged through subcontractors, all capital and other equipment, labor, materials, and licenses necessary to carry out and complete the work hereunder in compliance with any and all federal and state laws, and county and local ordinances, regulations and codes.

21. Costs and Payment Schedules. No charges by the Adviser other than as specified in the Adviser's RFP proposal shall be allowed without written consent of the State.

22. Contract Term. This Agreement shall terminate three years from the effective date, May 15, 2013, unless terminated earlier as provided herein. This Agreement may be further extended by mutual written consent of the parties for up to two (2) subsequent additional one year terms.

23. Termination for Cause. If for any reasons, or through any cause, the Adviser fails to fulfill in a timely and proper manner its obligations under the Agreement, or if the Adviser violates any of the covenants, agreements or stipulations of the Agreement, the State shall thereupon have the right to terminate the Agreement by giving written notice to the Adviser of such termination and specifying the effective date thereof, at least twenty (20) days before the effective date of such termination. In that event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports or other material prepared by the Adviser under the Agreement shall, at the option of the State, become its property, and the Adviser shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials which are useable to the State.

24. Termination for Convenience. The State may terminate the Agreement at any time by giving written notice of such termination and specifying the effective date thereof, at least twenty (20) days before the effective date of such termination. In that event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports or other material prepared by the Adviser under the Agreement shall, at the option of the State, become its property, and the Adviser shall be entitled to compensation for any satisfactory work completed on such documents and other materials which are useable to the State. If the Agreement is terminated by the State as so provided, the Adviser will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Adviser as covered by the Agreement, less payments of compensation previously made. Provided however, that if less than 60 percent of the services covered by the Agreement have been performed upon the effective date of termination, the Adviser shall be reimbursed (in addition to the above payment) for that portion of actual out of pocket expenses (not otherwise reimbursed under the Agreement) incurred by the Adviser during the Agreement period which are directly attributable to the uncompleted portion of the services covered by the Agreement.

25. Non-discrimination. The Adviser agrees that it will not discriminate against any employee or applicant for employment because of race, creed, color, sex or national origin. The Adviser shall comply with all federal and state laws, regulations and policies pertaining to the

prevention of discriminatory employment practice. Failure to perform under this provision constitutes a material breach of Agreement.

26. Covenant against Contingent Fees. The Adviser warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement of understanding for a commission or percentage, brokerage or contingent fee excepting bona-fide employees, bona-fide established commercial or selling agencies maintained by the Adviser for the purpose of securing business. For breach or violation of this warranty the State shall have the right to annul the Agreement without liability or at its discretion to deduct from the Agreement price or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

27. Firm Activity. No investment activity under this Agreement is to be executed in an off shore facility, either by a subcontracted firm of the Adviser or a foreign office or division of the Adviser.

28. Work Product. All materials and products developed under the executed Agreement by the Adviser are the sole and exclusive property of the State. The Adviser must seek written permission to use any product created under the Agreement.

29. Contract Documents. The Adviser represents that the information presented in its proposal in response to The Request for Proposal (Exhibit C) was accurate in all material respects, as and when submitted for consideration. This executed Agreement and any supplemental documents signed between the State and the Adviser shall constitute the entire agreement between the State and the Adviser no other documents shall be considered. These documents shall constitute the entire agreement between the State and the Adviser.

30. Applicable Law. The laws of the State of Delaware shall apply, except where federal law has precedence. The Adviser consents to jurisdiction and venue in the State of Delaware. The Adviser certifies that it complies with all federal, state and local laws applicable to its activities and obligations under this Agreement including, where applicable:

- (a) the laws of the State of Delaware;
- (b) the applicable portion of the Federal Civil Rights Act of 1964;
- (c) the Equal Employment Opportunity Act and the regulations issued there under by the federal government;
- (d) a condition that the RFP proposal submitted by the Adviser was independently arrived at, without collusion, under penalty of perjury; and
- (e) that programs, services, and activities provided to the general public under the Agreement conform to the Americans with Disabilities Act of 1990, and the regulations issued there under by the federal government.

If the Adviser fails to comply with (a) through (b) of this paragraph, the State reserves the right to terminate the Agreement, or consider the proposing firm in default. The Adviser shall keep itself fully informed of and shall observe and comply with all applicable existing federal and state laws, and county and local ordinances, regulations and codes, and those laws, ordinances, regulations, and codes adopted during its performance of the work that directly affect its performance of this Agreement.

31. Scope of Agreement. If the scope of any provision of the Agreement is determined to be too broad in any respect whatsoever to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provisions of the Agreement shall not thereby fail, but the scope of such provisions shall be curtailed only to the extent necessary to conform to the law.

32. Compliance with State IT Standards. The Adviser shall be responsible for the professional quality, technical accuracy, timely completion, and coordination of all services furnished by the Adviser, its subcontractors and its principals, officers, employees and agents under the Agreement. In performing the specified services, the Adviser shall follow practices consistent with generally accepted professional and technical standards. The Adviser shall be responsible for ensuring that all services, products and deliverables furnished pursuant to the Agreement comply with the standards promulgated by the Department of Technology and Information ("DTI") published at <http://dti.delaware.gov/>, and as modified from time to time by DTI during the term of the Agreement. If any service, product or deliverable furnished pursuant to the Agreement does not conform with DTI standards, the Adviser shall, at its expense and option either (1) replace it with a conforming equivalent or (2) modify it to conform with DTI standards. The Adviser shall be and remain liable in accordance with the terms of the Agreement and applicable law for all damages to Delaware directly caused by the Adviser's failure to ensure compliance with DTI standards.

33. Status Reporting. The Adviser shall lead and/or participate in status meetings and submit status reports covering such items as progress of work being performed, milestones attained, resources expended, problems encountered and corrective action taken, until final system acceptance.

34. Regulations. All equipment, software and services must meet all applicable local, state and federal regulations in effect on the date of the Agreement.

35. Changes. No alterations in any terms, conditions, delivery, price, quality, or specifications of items ordered under this Agreement will be effective without the written consent of the State.

36. No Press Releases or Public Disclosure. The State reserves the right to pre-approve any news or advertising releases concerning the RFP, this Agreement, the work performed, or any reference to the State with regard to any project or Agreement performance. Any such news or advertising releases pertaining to the RFP or this Agreement shall require the prior express written permission of the State.

37. Prohibition against Assignment This Agreement shall not be "assigned", as that term is defined in the Advisers Act, by either party without the consent of the other party, and this Agreement shall, until termination, inure to the benefit of the Adviser and any successor or successors in interest.

STATE OF DELAWARE

*Original on File*

By:

Erskine J. Benney  
Deputy State Treasurer

Accepted:

Schroder Investment Management North America Inc.

By: *Original on File*

Mark A. Hemenetz  
Authorized Signatory

*Original on File*

By:

William P. Sauer  
Authorized Signatory

## ***Schedule of Fees***

This Exhibit B is to the Investment Management Agreement, dated as of May 15, 2013, by and between Adviser and the State (the "Agreement"). Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Agreement. The State and Adviser are referred to herein individually as a "Party"; collectively, as the "Parties".

1. **Fee.** In consideration of the services performed by Adviser, subject to the payment terms set forth in Section 5 of the Agreement, State shall pay Adviser a fee amount (the "Fee") equal to 12 basis points per annum multiplied by the average market value of the assets under management for the applicable quarter by Adviser on behalf of State for the Delaware State Treasury (the "Assets") as of the end of each calendar month during the calendar quarter as computed by the Adviser. By way of clarification, the aforementioned computation of the Assets shall include only such assets under management by Adviser on behalf of the Delaware State Treasury (unless otherwise agreed to by the Parties, all other assets of the State, excluding the Assets, shall not be used in the computation of the Fee).
2. **Reports.** In addition to the services provided by Adviser under the Agreement, Adviser shall provide a report detailing the performance of the Assets on a monthly basis (the "Monthly Report") and on a quarterly basis (the "Quarterly report") to the (i) Treasurer of the State, (ii) the Deputy State Treasurer of the State, (iii) the Financial Adviser (as defined hereafter) and the (iv) Cash & Debt Manager of the State in such format agreed upon the parties (electronic, written or otherwise).

The Monthly Report shall include the following:

- a. Statement of the Assets;
- b. Original cost of the Assets;
- c. Market and adjusted book values of the Assets compared to the Benchmarks (as defined hereafter);
- d. Accrued income of the Assets;
- e. Both book and market rates of return of the Assets rounded to the nearest one thousandth of a percent; and
- f. Such other information reasonably requested by the State.

The Quarterly Report shall include the following:

- a. Statement of the Assets;
- b. Original cost of the Assets;
- c. Market and adjusted book values of the Assets compared to the Benchmarks (as defined hereafter);
- d. Accrued income of the Assets;
- e. Both book and market rates of return of the Assets rounded to the nearest one thousandth of a percent;

- f. The amount of the Assets issued by corporate entities either incorporated in the State of Delaware and/or having a principal office located in the State of Delaware; and
- g. Such other information reasonably requested by the State.

Unless otherwise agreed to by the Parties, the State shall have online secure access to Adviser's system to view and monitor the Assets held under management by Adviser on a continual basis (excluding scheduled and routine maintenance of such online system used by Adviser). Such online secure access shall be provided by Adviser at no cost to the State. Adviser shall inform and provide State with any necessary forms and documentation necessary for Adviser to perform the services (including, access to Adviser's online system) pursuant to the terms and conditions of the Agreement.

3. **Cooperation with Custodian.** Unless otherwise agreed to by the Parties, Adviser shall provide any reasonable information required by the Custodian, in such format and frequency determined by the Custodian and agreed to by the Adviser, necessary for the Custodian to perform its duties to the State.
4. **Cooperation with Financial Adviser.** In addition to the services provided by Adviser under the Agreement, Adviser, upon request by State, shall provide reasonable information and reports (including the Monthly Report) relating to the Assets to the State's financial adviser (the "Financial Adviser"). Adviser hereby agrees to cooperate with any reasonable requests for information requested by the Financial Adviser on behalf of the State.
5. **Benchmarks.** Adviser hereby acknowledges that, in connection with its performance review by the State, the State has established certain benchmarks for Adviser relating to the Assets (the "Benchmarks"). As of the effective date of this Agreement, the Benchmarks are set forth in Delaware State Treasury Directive #121018-01 (the "Directive"), as may be amended from time to time by the State at its discretion. The applicable portions of the Directive (or any successor Directive) relating to the Benchmarks shall be made available to Adviser upon request to the State.
6. **Compliance.** Adviser hereby agrees to comply with any applicable policies and procedures promulgated by the State (including any Directive issued by the Delaware State Treasury). Adviser hereby acknowledges and agrees to comply with the compliance procedures set forth in the Directive, as may be amended from time to time by the State at its discretion. The applicable portions of the Directive (or any successor Directive) relating to compliance shall be made available to Adviser upon request to the State. For information purposes only, the applicable compliance section of the Directive is set forth below (for the section only, capitalized terms set forth therein shall have the meaning ascribed to such terms in the Directive):

"Clarification of Investment Guidelines. If an Investment Manager's respective asset allocation in an asset class or security designated under the Investment Guidelines is compliant at the time of purchase, but subsequently becomes non-compliant (by exceeding the applicable limits set forth in the Investment Guidelines for one or more asset classes or individual security position



exposures) due to a material reduction in such Investment Manager's assets under management caused by authorized withdrawals by the State Treasury or market movement, such investment Manager shall (i) notify the Deputy State Treasurer and Director of the Office of Finance and Treasury Services (the "Designated Persons") (the "Notice"), in written hard copy or electronic format, within twenty-four (24) hours of such non-compliance, (ii) submit a proposed plan to the Designated Persons detailing such Investment Manager's proposed corrective plan outlining remedial actions that will cause its respective asset allocation to comply with the Investment Guidelines (the "Plan"), in written hard copy or electronic format, within seventy-two (72) hours of non-compliance and (iii) unless otherwise directed by the State Treasury, shall implement such Plan and take all necessary and proper actions related thereto to cause its respective asset allocation to comply with the Investment guidelines within thirty (30) days from the initial date of non-compliance."

7. **Quarterly Performance Review.** Unless otherwise agreed to by the Parties, Adviser shall meet with representatives of the State on a quarterly basis to discuss the performance of Adviser and the Assets and such other topics agreed to by the Parties. At the discretion of the State, such meeting shall occur at the offices of the State (either in Wilmington or Dover, Delaware) or such other reasonable location requested by the State. If such quarterly performance review is held outside of the State of Delaware, and for so long as it is permissible under applicable law, the Adviser shall reimburse the State for such reasonable travel expenses for no more than three (3) representatives of the State (on a pro-rata basis if the State meets with another adviser managing assets of the State other than Adviser during any given trip); provided, however, Adviser shall not be obligated to State for any amounts relating to travel expenses pursuant to this Section in excess of US\$5,000 per year (measured from the effective date of the Agreement).
8. **Financial Information.** At no cost to the State, Adviser hereby agrees to provide the State with periodic financial information and forecasts relating to the Assets and the U.S. and global economy. Such financial information may include access to Adviser's client conference calls, research data, newsletters, client advisories and other financial and economic information offered by Adviser to clients having similar size of assets under management. Additionally, Adviser shall provide financial information agreed upon by the Parties.

**MORGAN STANLEY INVESTMENT MANAGEMENT INC.**  
**INVESTMENT MANAGEMENT AGREEMENT**  
(Non-ERISA)

This INVESTMENT MANAGEMENT AGREEMENT is made as of this 15th day of May, 2013 (the "Agreement") by and between **Morgan Stanley Investment Management Inc., a corporation incorporated in the state of Delaware** (the "Adviser"), and STATE OF DELAWARE (the "State").

WHEREAS, the Treasurer of the State of Delaware, with the guidance of the Delaware Cash Management Policy Board, is authorized to invest the of monies belonging to the State; and

WHEREAS, the Adviser is engaged in the business of offering investment and management services, including the supervision and direction of investments, and represents that it is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"); and

WHEREAS, the State desires to retain the Adviser to render services to the State on the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the mutual promises set forth herein, the State and Adviser agree as follows:

It is hereby agreed between the parties hereto as follows:

1. Duties of the Adviser. The Adviser shall, on a continuing basis, manage and invest the assets comprising the investment advisory account or accounts described in Section 3 below (each, an "Account"), and shall furnish the State with such investment supervision of the Account as the Adviser shall deem appropriate for the proper administration of the Account, taking into consideration the specific investment objectives of the State set forth in the Investment Guidelines for such Account, each attached hereto as Exhibit A, and as they may be amended from time to time. The State may amend such Investment Guidelines by written Notice (as defined in Section 13 below) to the Adviser from an authorized person whose name is set forth in Section 9 hereof. The Adviser shall have full power to make and act upon all investment decisions in its sole discretion, subject only to the Investment Guidelines. The Adviser shall not be liable for any investment decisions which it reasonably believes to be in keeping with the Investment Guidelines.

The Adviser shall comply with any modifications in the Investment Guidelines as expeditiously as it considers prudent.

The Adviser will furnish the State prompt notification in writing of any purchase or sale made for the Account and will furnish a written quarterly valuation of the Account. Upon the written request of the State, copies of any of the foregoing will be sent to any trustee, custodian, or other person. The State acknowledges that the Adviser may delegate certain or all of its

accounting, trade settlement, State reporting and other operational duties to a third party, and the State hereby consents to any such delegation at any time during the term of this Agreement. Representatives of the Adviser will also be made available to meet with the State periodically, and to review with the State the Account and its performance.

2. Authorization of Adviser. The Adviser is authorized to invest and reinvest the cash and securities and other property in the Account at its discretion without being required to consult with the State in advance. The Adviser shall have no responsibility to determine whether the provisions of the Investment Guidelines are in the best interests of the State. In accordance with the foregoing, the State authorizes the Adviser to act as the agent of the State to order deposits and the investment of cash and purchases and sales (including, but not limited to the exercise of rights and the tender, exchange or conversion) of securities and other property for the State's Account and in the name of the State. These authorizations shall be continuing ones and shall remain in full force and effect until the Adviser has received written Notice of revocation thereof.

3. The Account. The Account shall consist initially of such cash and securities and other property as the State designates in writing to the Adviser and deposits with the custodian of the Account described in Section 4 below, and shall be subject subsequently to such additions and/or withdrawals as the State shall at any time direct. The State shall notify the Adviser promptly of any additions to the Account.

4. Custodian. The assets of the Account shall be held in the custody of an entity chosen by the State to act as the State's custodian (the "Custodian"). The State has notified the Adviser that as of the date hereof the Custodian is [**The Bank of New York Mellon**] and shall notify the Adviser in advance of any subsequent changes in the Custodian. The State represents and agrees that any such Custodian shall be a "qualified custodian" as defined in rule 206(4)-2 under the Advisers Act. The State shall be responsible for all custodial arrangements and the payment of all custodial charges and fees. The assets of the Account are held in the custody of the Custodian, and the Adviser shall have no responsibility or liability with respect to custody arrangements or the acts, omissions or other conduct of the Custodian.

#### 5. Fees and Expenses.

(a) As compensation for the services provided under this Agreement, the Adviser is to receive a fee in accordance with the Schedule attached hereto as Exhibit B. Pursuant to Exhibit B, fees are payable in U.S. dollars on a quarterly basis based on the average daily market value of assets under Advisor's direct management, including accrued interest. If this Agreement commences or is terminated as of a day other than the first day of any calendar quarter, the fee payable with respect to the initial or final fractional calendar quarter shall be prorated for such period. The Adviser will provide the State with a bill showing the amount of the fee, the value of the assets on which the fee was based, and the manner in, which the fee was calculated. The State will instruct the Custodian to pay fees from the Account on a quarterly basis. All other expenses related to purchases and sales in the Account, including, but not limited to brokerage commissions, interest on borrowings and any taxes, shall be expenses of the Account and shall

be paid out of the assets of the Account, or otherwise as directed by the State. Any valuation of the assets in the Account pursuant to this Agreement, including for purposes of calculating fees under this Section 5, shall be made by the Adviser.

6. Proxies. The State will direct the Custodian of the Account to deliver to the Adviser in a timely manner proxies or other requests that elections be made with respect to securities held in the Account. The Adviser will in its discretion vote all proxies, or make such elections, with respect to the securities held in the Account as are forwarded to the Adviser on a timely basis. Participation in legal actions (such as class action suits and bankruptcies) pertaining to assets in the Account are the responsibility of the State. The Adviser will take no action with respect to such legal actions. The State will instruct the Custodian to direct any notices of such legal action to the State.

7. Brokerage Transactions. The Adviser shall place all orders for the purchase and sale of investments for the Account with brokers or dealers selected by the Adviser in its discretion. In the selection of such brokers or dealers and the placing of such orders, the Adviser shall seek to obtain the most favorable price and execution available, except to the extent it may be permitted to pay higher brokerage commissions for brokerage and research services as described below. In using its best efforts to obtain the most favorable price and execution available, the Adviser may consider all factors it deems relevant, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience, and financial stability of the broker or dealer involved, and the quality of service rendered by the broker or dealer in other transactions. The Adviser shall not be deemed to have acted unlawfully or to have breached any duty created by this Agreement or otherwise solely by reason of its having caused the Account to pay a broker or dealer that provides brokerage and research services to the Adviser an amount of commission for effecting a portfolio investment transaction in excess of the amount of commission that another broker or dealer would have charged for effecting that transaction, if the Adviser determines in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided by such broker or dealer, viewed in terms of either that particular transaction or the Adviser's overall responsibilities with respect to the State and to other clients of the Adviser as to which the Adviser exercises investment discretion.

The Adviser is authorized to establish and maintain bank, brokerage, commodity, currency, and other similar accounts, whether domestic or foreign, with respect to the Account and to enter into agreements on behalf of the State in connection therewith and, from time to time, to deposit securities or other assets of the State in such accounts

8. Representations of the State. The execution and delivery of this Agreement by the State shall constitute the representation and the warranty of the State (i) that it has full power and authority to enter into this Agreement, including but not limited to the power and authority to delegate to the Adviser the discretion to vote all proxies, or make such elections, with respect to the securities in the Account, (ii) that the terms hereof do not violate any term or condition of any document relating to the Account or any obligation by which either the State or the Account is governed or bound, whether arising by contract, operation of law or otherwise, and that the

State has received all necessary authorizations to enter into this Agreement, (iii) that this Agreement has been duly authorized and when so executed and delivered will be binding upon the State, (iv) that there are no restrictions on the ownership by the State or the transferability of any securities in the Account, (v) that the State has received, not less than 48 hours prior to signing this Agreement, Part 2A and 2B of Form ADV of the Adviser, (vi) that the State has taken

independent legal advice on this Agreement, (vii) the Custodian has agreed to send the State, at least quarterly, a statement identifying the amount of funds and of each security in the Account at the end of the period and setting forth all transactions in the Account during that period; and (viii) that the Account and the Assets are not and shall not be subject to or qualified under the Employee Retirement Income Security Act of 1974, as amended, and (ix) that there is no limitation on the State's ability to pay any fees and other expenses out of the Account. Nothing contained herein shall be deemed to require the State to take any action contrary to the laws of Delaware or any applicable statute or regulation, or to relieve or deprive the State of its responsibility for and control of the general administration of the Account.

9. Instructions, Communications and Authorized Persons. The State hereby authorizes the person or persons named below to transmit to the Adviser, either orally or in writing, instructions concerning the Account. The Adviser reserves the right to require that any instruction be in writing. The Adviser shall be entitled to rely on the instructions of such person or persons until it receives Notice of a change in such instructions pursuant to Section 13 below. If the State or any of the persons it has authorized to instruct the Adviser, communicates to the Adviser orally, via fax or email; the State acknowledges that it or they do so at the State's own risk. The State acknowledges and accepts that oral, fax or email communication and the Internet are not a secure medium for communication of sensitive information, and that if it or its authorized persons chooses to communicate to the Adviser or accept communications, information, advice and valuations from the Adviser in this manner, the State accepts the risk of breach of confidentiality, technical malfunction, unauthorized interference, unlawful interception, mis-delivery or delay of messages and computer viruses.

Name	Address	Telephone Number	Email Address
State Treasurer Chip Flowers, Jr.	820 Silver Lake Blvd., Ste. 100, Dover, DE 19904	(302) 672-6700	<a href="mailto:Chip.flowers@state.de.us">Chip.flowers@state.de.us</a>
Deputy State Treasurer Erika J. Benner	820 Silver Lake Blvd., Ste. 100, Dover, DE 19904	(302) 672-6700	<a href="mailto:Erika.benner@state.de.us">Erika.benner@state.de.us</a>
Stephen McVay	820 Silver Lake Blvd., Ste. 100, Dover, DE 19904	(302) 672-6711	<a href="mailto:Stephen.mcvay@state.de.us">Stephen.mcvay@state.de.us</a>

10. Representations of the Adviser. The Adviser represents that it is registered as an investment adviser with the U.S. Securities & Exchange Commission under the Advisers Act and that it is duly formed and validly existing under the laws of the State of Delaware. has made all

necessary filings to do business as an investment adviser in Delaware under the Delaware Securities Act (6 Del. C. ch. 73).

11. Standard of Care; Liability. The Adviser and each of its managers, members, principals, employees, directors, officers and affiliates shall not be liable for any error of judgment or action performed or omitted to be performed in managing the Account, including, without limitation, any liabilities arising out of any investment or act or omission in the execution of securities transactions for the Account, to the extent that such act or omission is not the result of the Adviser's negligence or violation of federal or state securities law. The Adviser shall have no responsibility with respect to any assets of the State other than these of the Account and shall not be responsible for any indirect, consequential, special, or punitive damages or any liabilities incurred by reason of any act or omission of any broker or dealer, the Custodian, or other agent or service provider to the Account. The Adviser will have no responsibilities, liabilities or obligations with respect to determining whether the State has authority to enter into this Agreement, and is entitled to fully rely on representations of the State that it has received all necessary approvals and authorizations to enter into this Agreement or to grant any authority to the Adviser under this Agreement.

The Adviser will not be liable for any losses that result from the risks outlined in Section 9, except insofar as the same may result from the Adviser's or the Adviser's employees' negligence or violation of federal or state securities law. However, nothing herein shall in any way constitute a waiver or limitation of any right which the State or any person interested in the Account may have under any applicable law.

Nothing in this Agreement shall be effective to constitute a waiver by the State of compliance with any provision of the Advisers Act, or any rule, regulation, or order thereunder.

12. Recognition of Other Services.

(a) The State understands that the Adviser and its affiliates offer a broad range of investment management and financial services, that employees of both the Adviser and its affiliates may from time to time act as directors, officers, or employees of companies whose securities are publicly traded, and that as a result, such employees may acquire information of a confidential nature. The State agrees that the Adviser may, but shall not be required to, render investment advice with respect to any such company, and that the Adviser may in its discretion withhold any such knowledge or information or refuse to advise with respect to such company, whether or not the Account shall include securities of such company, if, in the Adviser's judgment, the disclosure of such knowledge or information or the rendering of investment advice on the basis thereof would be unfair, inequitable, a breach of any fiduciary obligation of the Adviser to some other person, or unlawful. For the same reasons the Adviser may, in its discretion, exclude securities and other property from the Account.

(b) The State understands and agrees that the Adviser may aggregate contemporaneous buy or sell orders for the same securities for more than one account, including the Account, and that the Account will participate in an aggregated order at the average price, or

the Adviser may allocate transactions on a rotating or proportional or either equitable basis consistent with its fiduciary responsibilities as the Adviser.

(c) The State understands that the Adviser, and each of its managers, members, principals, employees, directors, officers and affiliates may perform investment advisory services for clients other than the State; may own, purchase, or sell securities or other interests in property which are the same, similar to, or different from those which the Adviser recommends, purchases, or sells for the Account; and in rendering investment management and advisory services to others, shall be free to give, advise, and take action in the performance of its or their duties to other clients and to take action with respect to investments in securities or other interests in property which may be the same as, or may differ from, recommendations or advice given, or the timing or nature of action taken, with respect to the Account. Nothing in this Agreement shall be deemed to impose upon the Adviser any obligation to purchase or sell or to recommend for purchase or sale for the Account any security or other property which the Adviser or its managers, members, principals, employees, directors, officers and affiliates may purchase or sell for their own accounts or for the accounts of others.

(d) The State understands and agrees that where the Adviser determines it to be in the best interest of both parties to the transaction, the Adviser may cause the Account to purchase securities from or sell securities to another State client of the Adviser at the independent current market price for such securities in accordance with applicable law.

13. Notices. Any notice given pursuant to the provisions of this Agreement ("Notice") shall be in writing and may be given by delivery by hand, by nationally recognized courier, by facsimile, or by certified mail, return receipt requested, and shall be delivered at or sent to:

in the case of the Adviser:

If to the Adviser:  
Morgan Stanley Investment Management Inc.  
522 Fifth Ave.  
New York, NY 10036  
Attention: Neil Stone

With a copy at the same address to:  
Investment Management Law Division

in the case of the State:

Mr. Stephen W. McVay  
Investment Manager  
Delaware State Treasury  
820 Silver Lake Boulevard, Suite 100  
Dover, Delaware 19904  
Stephen.mcvay@state.de.us

Written notices and communications shall be addressed as indicated unless either the State or the Adviser has notified the other in writing of a change. Except as otherwise provided in Section 13, notices and communications shall be effective upon receipt.

14. Confidential Information. To the extent permitted by 29 *Del. C.* §§ 10001 - 10005, the State shall keep confidential all information which the State may have concerning the Adviser's portfolio management of the Account, including all information relating to the investment and reinvestment thereof, the purchase of securities therefore, and the sale of securities therefrom. Information concerning the Account shall be confidential, and Adviser shall not disclose any information relative to the Account to any third party except to the extent that (a) the State gives prior consent; (b) disclosure is required by law, regulation, regulatory authority or court order; provided, however, to the extent legally permissible, the Adviser shall notify the State prior to disclosing information in accordance with this Section 14(b); (c) disclosure to a counterparty of extracts of the Agreement or of the State's tax form or other identifying information is required as a condition to such transaction; (d) disclosure is necessary to enable the Adviser to perform its obligations under this Agreement; (e) disclosure is necessary for the performance of certain administrative functions as discussed in the third paragraph of Section 1 of this Agreement; or (g) the information is required by the Adviser's external auditors.

15. Independent contractors. The parties to the Agreement shall be independent contractors to one another, and nothing herein shall be deemed to cause this agreement to create an agency, partnership, joint venture or employment relationship between parties. Each party shall be responsible for compliance with all applicable workers compensation, unemployment, disability insurance, social security withholding and all other similar matters. Neither party shall be liable for any debts, accounts, obligations or other liability whatsoever of the other party, or any other obligation of the other party to pay on the behalf of its employees or to withhold from any compensation paid to such employees any social benefits, workers compensation insurance premiums or any income or other similar taxes.

16. Non-Appropriation. In the event the Delaware General Assembly fails to appropriate the specific funds necessary to enter into or continue the contractual agreement, in whole or part, the agreement shall be terminated as to any obligation of the State requiring the expenditure of money for which no specific appropriation is available at the end of the last fiscal year for which no appropriation is available or upon the exhaustion of funds.

17. Licenses and Permits. In performance of the Agreement, the Adviser will be required to comply with all applicable federal, state and local laws, ordinances, codes, and regulations. The cost of permits and other relevant costs required in the performance of the Agreement shall be borne by the Adviser. The Adviser shall be properly licensed and authorized to transact business in the State as provided in 30 *Del. C.* § 2301. The Adviser shall either furnish the State with proof of State Business Licensure or initiate the process of application where required in the event 30 *Del. C.* § 2301 is revised to no longer exempt investment advisers registered under the Investment Advisers Act from the payment of fees set forth in Section 30 *Del. C.* § 2301(b). An application may be requested in writing to: Division of Revenue, Carvel State Building, P.O. Box 8750, 820 N. French Street, Wilmington, DE 19899 or by telephone to



the Business License Department – (302) 577-8778. Information regarding the award of this Agreement will be given to the Division of Revenue. Failure to comply with the State licensing requirements may subject firm to applicable fines and/or interest penalties.

#### 18. Indemnification

(a) General Indemnification. The Adviser agrees that it will indemnify and otherwise hold harmless the State, its agents and employees from any and all liability, suits, actions, or claims, together with all costs, expenses for attorney's fees (collectively, "Losses") arising out of the Adviser's, its agents' and employees' performance, work or services in connection with the Agreement to the extent that such Losses are the result of the Adviser's violation of the standard of care set forth in Section 11 of the Agreement. For the avoidance of doubt, brokers and counterparties are not agents of the Adviser.

(b) Proprietary Rights Indemnification. The Adviser warrant that all elements of its services, including all equipment, software, documentation, services and deliverables, do not and will not infringe upon or violate any patent, copyright, trade secret or other proprietary rights of any third party. In the event of any claim, suit or action by any third party against the State of Delaware that any equipment, software, services (including methods) products or other intellectual property used or furnished by the Adviser (collectively "Products" and each a "Product") constitute an infringement, violation, trespass, contravention or breach of any patent, copyright, trademark, license or other property or proprietary right of that third party, the State of Delaware shall promptly notify the Adviser in writing, and will cooperate with the Adviser in the defense of such claim or action, and the Adviser shall defend such claim, suit or action at the Adviser's expense, and the Adviser shall indemnify the State of Delaware against any loss, cost, damage, expense or liability arising out of such claim, suit or action (including, without limitation, litigation costs, lost employee time, and reasonable counsel fees) whether or not such claim, suit or action is successful. If any Product is, or in the Adviser's reasonable judgment is likely to be, held to constitute an infringing product, the Adviser shall at its expense and option either:

- (1) Procure the right for the State of Delaware to continue using the Product(s);
- (2) Replace the product with a non-infringing equivalent that satisfies all the requirements of the Agreement; or
- (3) Modify the Product(s) to make it or them non-infringing, provided that the modification does not materially alter the functionality or efficacy of the product or cause the Product(s) or any part of the work to fail to conform to the requirements of the Contract, or only alters the Product(s) to a degree that the State of Delaware agrees to and accepts in writing.

#### 19. Insurance

(a) The Adviser recognizes that it is operating as an independent contractor and that it is liable for any and all losses, penalties, damages, expenses, attorney's fees, judgments, and/or settlements incurred by reason of injury to or death of any and all persons, or injury to any and

all property, of any nature, arising out of the Adviser's negligent performance under this Agreement, and particularly without limiting the foregoing, caused by, resulting from, or arising out of any act or omission on the part of the Adviser in its negligent performance under this Agreement.

(b) The Adviser shall maintain such insurance as will protect against claims under Workers' Compensation Act and from any other claims for damages for personal injury, including death, which may arise from operations under this Agreement. The Adviser is an independent contractor and is not an employee of the State.

(c) During the term of this Agreement, the Adviser shall, at its own expense, carry minimum insurance limits as follows:

a.	Comprehensive General Liability	\$1,000,000
b.	Professional Liability/Miscellaneous Error & Omissions/Product Liability	\$1,000,000/\$3,000,000

(d) The Adviser shall provide a certificate of insurance as proof that the Adviser currently maintains the required insurance coverage.

20. Performance Requirements. The Adviser warrants that it possesses, or has arranged through subcontractors, all capital and other equipment, labor, materials, and licenses necessary to carry out and complete the work hereunder in compliance with any and all federal and state laws, and county and local ordinances, regulations and codes.

21. Warranty. The Adviser will provide a warranty that the deliverables provided pursuant to the Agreement will function as designed for a period of no less than one (1) year from the date of system acceptance. The Adviser shall correct, at its own expense, the setup, configuration, customizations or modifications so that it functions according to the State's requirements.

22. Costs and Payment Schedules. No charges other than as specified in the Adviser's RFP proposal shall be allowed without written consent of the State.

23. Contract Term. This Agreement shall terminate three years from the effective date, May 15, 2013, unless terminated earlier as provided herein. This Agreement may be further extended by mutual written consent of the parties for up to two (2) subsequent additional one year terms.

24. Termination for Cause. If for any reasons, or through any cause, the Adviser fails to fulfill in a timely and proper manner its obligations under the Agreement, or if the Adviser violates any of the covenants, agreements or stipulations of the Agreement, the State shall

thereupon have the right to terminate the Agreement by giving written notice to the Adviser of such termination and specifying the effective date thereof, at least twenty (20) days before the effective date of such termination. In that event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports or other material prepared by the Adviser under the Agreement shall, at the option of the State, become its property, and the Adviser shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials which are useable to the State.

25. Termination for Convenience. The State may terminate the Agreement at any time by giving written notice of such termination and specifying the effective date thereof, at least twenty (20) days before the effective date of such termination. In that event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports or other material prepared by the Adviser under the Agreement shall, at the option of the State, become its property, and the Adviser shall be entitled to compensation for any satisfactory work completed on such documents and other materials which are useable to the State. If the Agreement is terminated by the State as so provided, the Adviser will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Adviser as covered by the Agreement, less payments of compensation previously made. Provided however, that if less than 60 percent of the services covered by the Agreement have been performed upon the effective date of termination, the Adviser shall be reimbursed (in addition to the above payment) for that portion of actual out of pocket expenses (not otherwise reimbursed under the Agreement) incurred by the Adviser during the Agreement period which are directly attributable to the uncompleted portion of the services covered by the Agreement.

26. Non-discrimination. The Adviser agrees that it will not discriminate against any employee or applicant for employment because of race, creed, color, sex or national origin. The Adviser shall comply with all federal and state laws, regulations and policies pertaining to the prevention of discriminatory employment practice. Failure to perform under this provision constitutes a material breach of Agreement.

27. Covenant against Contingent Fees. The Adviser warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement of understanding for a commission or percentage, brokerage or contingent fee excepting bona-fide employees of the Adviser or of its affiliates and bona-fide established commercial or selling agencies maintained by the Adviser for the purpose of securing business. For breach or violation of this warranty the State shall have the right to annul the Agreement without liability or at its discretion to deduct from the Agreement price or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee. The State hereby acknowledges that it has received Morgan Stanley Smith Barney LLC's "Important Regulatory Disclosures" document.

28. Firm Activity. No activity under this Agreement is to be executed in an off shore facility, either by a subcontracted firm of the Adviser or a foreign office or division of the Adviser.

29. Work Product. All materials and products developed under the executed Agreement by the Adviser are the sole and exclusive property of the State. The Adviser must seek written permission to use any product created under the Agreement.

30. Contract Documents. The Request for Proposal (Exhibit C), the purchase order, the executed Agreement and any supplemental documents between the State and the Adviser shall constitute the entire agreement between the State and the Adviser. In the event there is any discrepancy between any of these documents, the following order of documents governs so that the former prevails over the latter: Agreement, State's RFP, the Adviser's response to the RFP and the purchase order. No other documents shall be considered. These documents shall constitute the entire agreement between the State and the Adviser.

31. Applicable Law. The laws of the State of Delaware shall apply, except where federal law has precedence. The Adviser consents to jurisdiction and venue in the State of Delaware. The Adviser certifies that it complies with all federal, state and local laws applicable to its activities and obligations including, to the extent applicable:

- (a) the laws of the State of Delaware;
- (b) the applicable portion of the Federal Civil Rights Act of 1964;
- (c) the Equal Employment Opportunity Act and the regulations issued thereunder by the federal government;
- (d) a condition that the RFP proposal submitted by the Adviser was independently arrived at, without collusion, under penalty of perjury; and
- (e) that programs, services, and activities provided to the general public under the Agreement conform to the Americans with Disabilities Act of 1990, and the regulations issued there under by the federal government. If the Adviser fails to comply with (a) through (b) of this paragraph, the State reserves the right to terminate the Agreement, or consider the proposing firm in default. The Adviser shall keep itself fully informed of and shall observe and comply with all applicable existing federal and state laws, and county and local ordinances, regulations and codes, and those laws, ordinances, regulations, and codes adopted during its performance of the work.

32. Scope of Agreement. If the scope of any provision of the Agreement is determined to be too broad in any respect whatsoever to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provisions of the Agreement shall not thereby fail, but the scope of such provisions shall be curtailed only to the extent necessary to conform to the law.

33. Compliance with State IT Standards. The Adviser shall be responsible for the professional quality, technical accuracy, timely completion, and coordination of all services furnished by the Adviser, its subcontractors and its principals, officers, employees and agents

under the Agreement. In performing the specified services, the Adviser shall follow practices consistent with generally accepted professional and technical standards. To the extent applicable, the Adviser shall be responsible for ensuring that all services, products and deliverables furnished pursuant to the Agreement comply with the standards promulgated by the Department of Technology and Information ("DTI") published at <http://dti.delaware.gov/>, and as modified from time to time by DTI during the term of the Agreement. If any service, product or deliverable furnished pursuant to the Agreement does not conform with DTI standards, the Adviser shall, at its expense and option either (1) replace it with a conforming equivalent or (2) modify it to conform with DTI standards. The Adviser shall be and remain liable in accordance with the terms of the Agreement and applicable law for all damages to Delaware caused by the Adviser's failure to ensure compliance with DTI standards.

34. Status Reporting. The Adviser shall lead and/or participate in status meetings and submit status reports covering such items as progress of work being performed, milestones attained, resources expended, problems encountered and corrective action taken, until final system acceptance.

35. Regulations. All equipment, software and services must meet all applicable local, state and federal regulations in effect on the date of the Agreement.

36. Changes. No alterations in any terms, conditions, delivery, price, quality, or specifications of items ordered under this Agreement will be effective without the written consent of the State.

37. No Press Releases or Public Disclosure. The State reserves the right to pre-approve any news or advertising releases concerning the RFP, this Agreement, the work performed, or any reference to the State with regard to any project or Agreement performance. Any such news or advertising releases pertaining to the RFP or this Agreement shall require the prior express written permission of the State.

38. Prohibition against Assignment. This Agreement shall not be "assigned", as that term is defined in the Advisers Act, by either party without the consent of the other party, and this Agreement shall, until termination, inure to the benefit of the Adviser and any successor or successors in interest.

STATE OF DELAWARE

*Original on File*

By:

Erika J. Benner  
Deputy State Treasurer

Accepted:

**Morgan Stanley Investment Management Inc.**

By: Original on File

Neil Stone  
Managing Director

## **EXHIBIT B**

### **FEES**

This Exhibit B is to the Investment Management Agreement, dated as of May 152013, by and between Adviser and the State (the "Agreement"). Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Agreement. The State and Adviser referred herein individually as a "Party"; collectively, the "Parties".

1. **Fee.** In consideration of the services performed by Adviser, subject to the payment terms set forth in Section 5 of the Agreement, State shall pay Adviser a fee amount (the "Fee") in accordance with the following fee schedule:

**First \$150mm 10bps per annum;  
Next \$350mm 7.5bps per annum;  
Next \$500mm 6.0bps per annum; and  
Over \$1Bln 5.0bps per annum.**

**\* Provided, however, that, to the extent the assets under management exceed \$250 mm, the blended fee will be capped at 8.96bps per annum.**

The Fee shall be computed by multiplying it by the average unaudited daily assets under management for the applicable quarter by Adviser on behalf of State for the Delaware State Treasury (the "Assets"). By way of clarification, the aforementioned computation of the Assets shall include only such assets under management by Adviser on behalf of the Delaware State Treasury (unless otherwise agreed to by the Parties, all other assets of the State, excluding the Assets, shall not be used in the computation of the Fee).

2. **Reports.** In addition to the services provided by Adviser under the Agreement, Adviser shall provide a report detailing the performance of the Assets on a monthly basis (the "Monthly Report") and a on a quarterly basis (the "Quarterly Report") to the (i) Treasurer of the State, (ii) the Deputy State Treasurer of the State, (iii) the Financial Adviser (as defined hereafter) and the (iv) Cash & Debt Manager of the State in such format agreed upon the parties (electronic, written or otherwise). The Monthly Report shall include the following:

- a. Statement of the Assets;
- b. Original cost of the Assets;
- c. Market and estimated adjusted book values of the Assets compared to the Benchmarks (as defined hereafter);
- d. Accrued income of the Assets;
- e. Both book and market rates of return of the Assets rounded to the nearest one thousandth of a percent (portion in red can be eliminated); and
- f. Such other information reasonable requested by the State.

The Quarterly Report shall include the following:

- a. Statement of the Assets;
- b. Original cost of the Assets;
- c. Market and estimated adjusted book values of the Assets compared to the Benchmarks (as defined hereafter);
- d. Accrued income of the Assets;
- e. Both book and market rates of return of the Assets rounded to the nearest one thousandth of a percent (portion in red can be eliminated);
- f. The amount of the Assets issued by corporate entities either incorporated in the State of Delaware and/or having a principal office located in the State of Delaware; and
- g. Such other information reasonable requested by the State.

The State shall have online secure access to the Adviser's Client Link system to view and monitor monthly reporting and market commentaries. Such online secure access shall be provided by Adviser at no cost to the State. Adviser shall inform and provide State with any necessary forms and documentation necessary for Adviser to perform the services (including, access to Adviser's online system) pursuant to the terms and conditions of the Agreement.

3. **Cooperation with Custodian.** Unless otherwise agreed to by the Parties, Adviser shall provide any reasonable information required by the Custodian, in such format and frequency determined by the Custodian, necessary for the Custodian to perform its duties to the State.
4. **Cooperation with Financial Adviser.** In addition to the services provided by Adviser under the Agreement, Adviser, upon request by State, shall provide reasonable information and reports (including the Monthly Report) relating to the Assets to the State's financial adviser (the "Financial Adviser"). Adviser hereby agrees to cooperate with any reasonable requests for information requested by the Financial Adviser on behalf of the State.
5. **Benchmarks.** Adviser hereby acknowledges that, in connection with its performance review by the State, the State has established certain benchmarks for Adviser relating to the Assets (the "Benchmarks"). As of the effective date of this Agreement, the Benchmarks are set forth in Delaware State Treasury Directive #121018-01 (the "Directive"), as may be amended from time to time by the State at its discretion. The applicable portions of the Directive (or any successor Directive) relating to the Benchmarks shall be made available to Adviser upon request to the State.
6. **Compliance.** Adviser hereby agrees to comply with any policies and procedures promulgated by the State (including any Directive issued by the Delaware State Treasury). Adviser hereby acknowledges and agrees to comply with the compliance procedures set forth in the Directive, as may be amended from time to time by the State at its discretion. The applicable portions of the Directive (or any successor Directive) relating to compliance shall be made available to Adviser upon request to the State. For information purposes only, the applicable compliance section of the Directive is set forth below (for the section only, capitalized terms set forth therein shall have the meaning ascribed to such terms in the Directive):



“Clarification of Investment Guidelines. If an Investment Manager's respective asset allocation in an asset class or security designated under the Investment Guidelines is compliant at the time of purchase, but subsequently becomes non-compliant (by exceeding the applicable limits set forth in the Investment Guidelines for one or more asset classes or individual security position exposures) due to a material reduction in such Investment Manager's assets under management caused by authorized withdrawals by the State Treasury or market movement, such investment Manager shall (i) notify the Deputy State Treasurer and Director of the Office of Finance and Treasury Services (the "Designated Persons") (the "Notice"), in written hard copy or electronic format, within twenty-four (24) hours of such non-compliance, (ii) submit a proposed plan to the Designated Persons detailing such Investment Manager's proposed corrective plan outlining remedial actions that will cause its respective asset allocation to comply with the Investment Guidelines (the "Plan"), in written hard copy or electronic format, within seventy-two (72) hours on non-compliance and (iii) unless otherwise directed by the State Treasury, shall implement such Plan and take all necessary and proper actions related thereof to cause its respective asset allocation to comply with the Investment guidelines within thirty (30) days from the initial date of non-compliance.”

7. **Quarterly Performance Review.** Unless otherwise agreed to by the Parties, Adviser shall meet with representatives of the State on a quarterly basis to discuss the performance of Adviser and the Assets and such other topics agreed to by the Parties. At the discretion of the State, such meeting shall occur at the offices of the State (either in Wilmington or Dover, Delaware) or such other reasonable location requested by the State. If such quarterly performance review is held outside of the State of Delaware, the Adviser shall reimburse the State for such reasonable travel expenses for no more than three (3) representatives of the State (on a pro-rata basis if the State meets with another adviser managing assets of the State other than Adviser during any given trip); provided, however, Adviser shall not be obligated to State for any amounts relating to travel expenses pursuant to this Section in excess of US\$5,000 per year (measured from the effective date of the Agreement).
8. **Financial Information.** At no cost to the State, Adviser hereby agrees to provide the State with periodic financial information and forecasts relating to the Assets and the U.S. and global economy. Such financial information may include access to Adviser's client conference calls, research data, newsletters, client advisories and other financial and economic information offered by Adviser to clients having similar size of assets under management. Additionally, Adviser shall provide financial information agreed upon by the Parties.

**Execution Copy**

**WELLS CAPITAL MANAGEMENT, INC.  
INVESTMENT MANAGEMENT AGREEMENT  
(Non-ERISA)**

This INVESTMENT MANAGEMENT AGREEMENT is made as of this 15th day of May, 2013 (the "Agreement") by and between **Wells Capital Management, Inc.**, a California corporation (the "Adviser"), and STATE OF DELA WARE (the "State").

WHEREAS, the Treasurer of the State of Delaware, with the guidance of the Delaware Cash Management Policy Board, is authorized to invest the of monies belonging to the State; and

WHEREAS, the Adviser is engaged in the business of offering investment and management services, including the supervision and direction of investments, and represents that it is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"); and

WHEREAS, the State desires to retain the Adviser to render services to the State on the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the mutual promises set forth herein, the State and Adviser agrees as follows:

1. Duties of the Adviser. The Adviser shall, on a continuing basis, manage and invest the assets comprising the investment advisory account or accounts described in Section 3 below (each, an "Account"), and shall furnish the State with such investment supervision of the Account as the Adviser shall deem appropriate for the proper administration of the Account, taking into consideration the specific investment objectives of the State set forth in the Investment Guidelines for such Account, each attached hereto as Exhibit A, and as they may be amended from time to time (the "Advisory Services"). The State may amend such Investment Guidelines by written Notice (as defined in Section 13 below) to the Adviser from an authorized person whose name is set forth in Section 9 hereof. The Adviser shall have full power to make and act upon all investment decisions in its sole discretion, subject only to the Investment Guidelines. The Adviser shall not be liable for any investment decisions which it reasonably believes to be in keeping with the Investment Guidelines.

The Adviser shall comply with any modifications in the Investment Guidelines as expeditiously as it considers prudent.

The Adviser will furnish the State prompt notification in writing of any purchase or sale made for the Account and will furnish a written quarterly valuation of the Account. Upon the written request of the State, copies of any of the foregoing will be sent to any trustee, custodian, or other person. The State acknowledges that the Adviser may delegate certain or all of its

accounting, trade settlement, State reporting and other operational duties to a third party, and the State hereby consents to any such delegation at any time during the term of this Agreement. Representatives of the Adviser will also be made available to meet with the State periodically, and to review with the State the Account and its performance.

2. Authorization of Adviser. The Adviser is authorized to invest and reinvest the cash and securities and other property in the Account at its discretion without being required to consult with the State in advance. The Adviser shall have no responsibility to determine whether the provisions of the Investment Guidelines are in the best interests of the State. In accordance with the foregoing, the State authorizes the Adviser to act as the agent of the State to order deposits and the investment of cash and purchases and sales (including, but not limited to the exercise of rights and the tender, exchange or conversion) of securities and other property for the State's Account and in the name of the State. These authorizations shall be continuing ones and shall remain in full force and effect until the Adviser has received written Notice of revocation thereof.

3. The Account. The Account shall consist initially of such cash and securities and other property as the State designates in writing to the Adviser and deposits with the custodian of the Account described in Section 4 below, and shall be subject subsequently to such additions and/or withdrawals as the State shall at any time direct. The State shall notify the Adviser promptly of any additions to the Account.

4. Custodian. The assets of the Account shall be held in the custody of an entity chosen by the State to act as the State's custodian (the "Custodian"). The State has notified the Adviser that as of the date hereof the Custodian is The Bank of New York Mellon and shall notify the Adviser in advance of any subsequent changes in the Custodian. The State represents and agrees that any such Custodian shall be a "qualified custodian" as defined in rule 206(4)-2 under the Investment Advisers Act of 1940 (the "Advisers Act"). The State shall be responsible for all custodial arrangements and the payment of all custodial charges and fees. The assets of the Account are held in the custody of the Custodian, and the Adviser shall have no responsibility or liability with respect to custody arrangements or the acts, omissions or other conduct of the Custodian.

5. Fees and Expenses.

(a) As compensation for the services provided under this Agreement, the Adviser is to receive a fee in accordance with the Schedule attached hereto as Exhibit B. Pursuant to Exhibit B, fees are payable in U.S. dollars on a quarterly basis based on the average daily market value of assets under Adviser's direct management, including accrued interest. If this Agreement commences or is terminated as of a day other than the first day of any calendar quarter, the fee payable with respect to the initial or final fractional calendar quarter shall be prorated for such period. The Adviser will provide the State with a bill showing the amount of the fee, the value of the assets on which the fee was based, and the manner in, which the fee was calculated. The State will instruct the Custodian to pay fees from the Account on a quarterly basis. All other expenses related to purchases and sales in the Account, including, but not limited to brokerage commissions, interest on borrowings and any taxes, shall be expenses of the Account and shall

be paid out of the assets of the Account, or otherwise as directed by the State. Any valuation of the assets in the Account pursuant to this Agreement, including for purposes of calculating fees under this Section 5, shall be made by the Adviser.

(b) The compensation to be paid to the Adviser under this Agreement does not exceed the compensation paid to the Adviser by any other client of the Adviser pursuant to an Investment Manager Agreement entered into after the date hereof of the same type entity as the State with the same investment strategy and guidelines, type of investment vehicle being managed, and of same or smaller size as the Account.

6. Proxies. The State will direct the Custodian of the Account to deliver to the Adviser in a timely manner proxies or other requests that elections be made with respect to securities held in the Account. The Adviser will in its discretion vote all proxies, or make such elections, with respect to the securities held in the Account as are forwarded to the Adviser on a timely basis.

7. Brokerage Transactions. The Adviser shall place all orders for the purchase and sale of investments for the Account with brokers or dealers selected by the Adviser in its discretion. In the selection of such brokers or dealers and the placing of such orders, the Adviser shall seek to obtain the most favorable price and execution available, except to the extent it may be permitted to pay higher brokerage commissions for brokerage and research services as described below. In using its best efforts to obtain the most favorable price and execution available, the Adviser may consider all factors it deems relevant, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience, and financial stability of the broker or dealer involved, and the quality of service rendered by the broker or dealer in other transactions. The Adviser shall not be deemed to have acted unlawfully or to have breached any duty created by this Agreement or otherwise solely by reason of its having caused the Account to pay a broker or dealer that provides brokerage and research services to the Adviser an amount of commission for effecting a portfolio investment transaction in excess of the amount of commission that another broker or dealer would have charged for effecting that transaction, if the Adviser determines in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided by such broker or dealer, viewed in terms of either that particular transaction or the Adviser's overall responsibilities with respect to the State and to other clients of the Adviser as to which the Adviser exercises investment discretion.

The Adviser is authorized to establish and maintain bank, brokerage, commodity, currency, and other similar accounts, whether domestic or foreign, with respect to the Account and to enter into agreements on behalf of the State in connection therewith and, from time to time, to deposit securities or other assets of the State in such accounts

8. Representations of the State. The execution and delivery of this Agreement by the State shall constitute the representation and the warranty of the State (i) that it has full power and authority to enter into this Agreement, including but not limited to the power and authority to delegate to the Adviser the discretion to vote all proxies, or make such elections, with respect to the securities in the Account, (ii) that the terms hereof do not violate any term or condition of

any document relating to the Account or any obligation by which either the State or the Account is governed or bound, whether arising by contract, operation of law or otherwise, and that the State has received all necessary authorizations to enter into this Agreement, (iii) that this Agreement has been duly authorized and when so executed and delivered will be binding upon the State, (iv) that there are no restrictions on the ownership by the State or the transferability of any securities in the Account, (v) that the State has received, not less than 48 hours prior to signing this Agreement, Part 2A and 2B of Form ADV of the Adviser, (vi) that the State has taken independent legal advice on this Agreement, (vii) the Custodian has agreed to send the State, at least quarterly, a statement identifying the amount of funds and of each security in the Account at the end of the period and setting forth all transactions in the Account during that period; and (viii) that the Account and the Assets are not and shall not be subject to or qualified under the Employee Retirement Income Security Act of 1974, as amended, and (ix) that there is no limitation on the State's ability to pay any fees and other expenses out of the Account. Nothing contained herein shall be deemed to require the State to take any action contrary to the laws of Delaware or any applicable statute or regulation, or to relieve or deprive the State of its responsibility for and control of the general administration of the Account.

9. Instructions, Communications and Authorized Persons. The State hereby authorizes the person or persons named below to transmit to the Adviser, either orally or in writing, instructions concerning the Account. The Adviser reserves the right to require that any instruction is in writing. The Adviser shall be entitled to rely on the instructions of such person or persons until it receive Notice of a change in such instructions pursuant to Section 13 below. If the State or any of the persons it has authorized to instruct the Adviser, communicates to the Adviser orally, via fax or email; the State acknowledges that it or they do so at the State's own risk. The State acknowledges and accepts that oral, fax or email communication and the Internet are not a secure medium for communication of sensitive information, and that if it or its authorized persons chooses to communicate to the Adviser or accept communications, information, advice and valuations from the Adviser in this manner, the State accepts the risk of breach of confidentiality, technical malfunction, unauthorized interference, unlawful interception, mis-delivery or delay of messages and computer viruses.

Name	Address	Telephone Number	Email Address
Treasurer Chip Flowers Jr.	820 Silver Lake Blvd. Ste. 100 Dover, DE 19904	(302) 672-6700	chip.flowers@state.de.us
Deputy State Treasurer Erika J. Benner	820 Silver Lake Blvd. Ste. 100 Dover, DE 19904	(302) 672-6700	erika.benner@state.de.us
Stephen McVay	820 Silver Lake Blvd. Ste. 100 Dover, DE 19904	(302) 672-6711	Stephen.mcvay@state.de.us

10. Representations of the Adviser. The Adviser represents that it is registered as an investment adviser with the U.S. Securities & Exchange Commission under the federal Investment Advisers Act of 1940 and that it has made any necessary filings to do business as an investment adviser in Delaware under the Delaware Securities Act (6 Del. C. Ch. 73).

11. Standard of Care; Liability. The Adviser and each of its managers, members, principals, employees, directors, officers and affiliates shall not be liable for any error of judgment or action performed or omitted to be performed in managing the Account, including, without limitation, any liability arising out of any investment or act or omission in the execution of securities transactions for the Account, to the extent that such act or omission is not the result of the Adviser's negligence or violation of federal or state securities law. The Adviser shall have no responsibility with respect to any assets of the State other than those of the Account and shall not be responsible for any indirect, consequential, special, or punitive damages or any liability incurred by reason of any act or omission of any broker or dealer, the Custodian, or other agent or service provider to the Account. The Adviser will have no responsibilities, liabilities or obligations with respect to determining whether the State has authority to enter into this Agreement, and is entitled to fully rely on representations of the State that it has received all necessary approvals and authorizations to enter into this Agreement or to grant any authority to the Adviser under this Agreement.

The Adviser will not be liable for any losses that result from the risks outlined in Section 9, except insofar as the same may result from the Adviser's or the Adviser's employees' negligence or violation of federal or state securities law. However, nothing herein shall in any way constitute a waiver or limitation of any right which the State or any person interested in the Account may have under any applicable law.

Nothing in this Agreement shall be effective to constitute a waiver by the State of compliance with any provision of the Advisers Act, or any rule, regulation, or order thereunder.

12. Recognition of Other Services.

(a) The State understands that the Adviser and its affiliates offer a broad range of investment management and financial services, that employees of both the Adviser and its affiliates may from time to time act as directors, officers, or employees of companies whose securities are publicly traded, and that as a result, such employees may acquire information of a confidential nature. The State agrees that the Adviser may, but shall not be required to, render investment advice with respect to any such company, and that the Adviser may in its discretion withhold any such knowledge or information or refuse to advise with respect to such company, whether or not the Account shall include securities of such company, if, in the Adviser's judgment, the disclosure of such knowledge or information or the rendering of investment advice on the basis thereof would be unfair, inequitable, a breach of any fiduciary obligation of the Adviser to some other person, or unlawful. For the same reasons the Adviser may, in its discretion, exclude securities and other property from the Account.

(b) The State understands and agrees that the Adviser may aggregate contemporaneous buy or sell orders for the same securities for more than one account, including the Account, and that the Account will participate in an aggregated order at the average price, or the Adviser may allocate transactions on a rotating or proportional or other equitable basis consistent with its fiduciary responsibilities as the Adviser.

(c) The State understands that the Adviser, and each of its managers, members, principals, employees, directors, officers and affiliates may perform investment advisory services for clients other than the State; may own, purchase, or sell securities or other interests in property which are the same, similar to, or different from those which the Adviser recommends, purchases, or sells for the Account; and in rendering investment management and advisory services to others, shall be free to give, advise, and take action in the performance of its or their duties to other clients and to take action with respect to investments in securities or other interests in property which may be the same as, or may differ from, recommendations or advice given, or the timing or nature of action taken, with respect to the Account. Nothing in this Agreement shall be deemed to impose upon the Adviser any obligation to purchase or sell or to recommend for purchase or sale for the Account any security or other property which the Adviser or its managers, members, principals, employees, directors, officers and affiliates may purchase or sell for their own accounts or for the accounts of others.

(d) The State understands and agrees that where the Adviser determines it to be in the best interest of both parties to the transaction, the Adviser may cause the Account to purchase securities from or sell securities to another State client of the Adviser at the independent current market price for such securities in accordance with applicable law.

13. Notices. Any notice given pursuant to the provisions of this Agreement ("Notice") shall be in writing and may be given by delivery by hand, by nationally recognized courier, by facsimile, or by certified mail, return receipt requested, and shall be delivered at or sent to:

in the case of the Adviser:

Janette Dziadon  
Client Portfolio Specialist  
Wells Capital Management  
123 South Broad Street, 7<sup>th</sup> Floor  
Philadelphia, PA 19109-1029  
jdziadon@wellscap.com

in the case of the State:

Mr. Stephen W. McVay  
Investment Manager  
Delaware State Treasury  
820 Silver Lake Boulevard, Suite 100  
Dover, Delaware 19904  
Stephen.mcvay@state.de.us

Written notices and communications shall be addressed as indicated unless either the State or the Adviser has notified the other in writing of a change. Except as otherwise provided in Section 13, notices and communications shall be effective upon receipt.

14. Confidential Information. To the extent permitted by 29 Del. C. §§ 10001 -

10005, the State shall keep confidential all information which the State may have concerning the Adviser's portfolio management of the Account, including all information relating to the investment and reinvestment thereof, the purchase of securities therefore, and the sale of securities therefrom. Information concerning the Account shall be confidential, and Adviser shall not disclose any information relative to the Account to any third party except to the Adviser's affiliates or service providers to the Account or as required by law without the express written consent of the State.

15. Independent contractors. The parties to the Agreement shall be independent contractors to one another, and, except to the extent set forth in Section 2 nothing herein shall be deemed to cause this agreement to create an agency, partnership, joint venture or employment relationship between parties. Each party shall be responsible for compliance with all applicable workers compensation, unemployment, disability insurance, social security withholding and all other similar matters. Neither party shall be liable for any debts, accounts, obligations or other liability whatsoever of the other party, or any other obligation of the other party to pay on the behalf of its employees or to withhold from any compensation paid to such employees any social benefits, workers compensation insurance premiums or any income or other similar taxes.

16. Non-Appropriation. In the event the Delaware General Assembly fails to appropriate the specific funds necessary to enter into or continue the contractual agreement, in whole or part, the agreement shall be terminated as to any obligation of the State requiring the expenditure of money for which no specific appropriation is available at the end of the last fiscal year for which no appropriation is available or upon the exhaustion of funds.

17. Licenses and Permits. In performance of the Agreement, the Adviser will be required to comply with all applicable federal, state and local laws, ordinances, codes, and regulations. The cost of permits and other relevant costs required in the performance of the Agreement shall be borne by the Adviser. The Adviser shall be properly licensed and authorized to transact business in the State as provided in 30 *Del. C.* § 2301. The Adviser shall either furnish the State with proof of State Business Licensure or initiate the process of application where required. An application may be requested in writing to: Division of Revenue, Carvel State Building, P.O. Box 8750, 820 N. French Street, Wilmington, DE 19899 or by telephone to the Business License Department – (302) 577-8778. Information regarding the award of this Agreement will be given to the Division of Revenue. Failure to comply with the State licensing requirements may subject firm to applicable fines and/or interest penalties.

18. Indemnification

(a) General Indemnification. Subject to the standard of care and limitations on liability set forth in Section 11 hereof, the Adviser agrees that it will indemnify and otherwise hold harmless the State, its agents and its employees from any and all liability, suits, actions, or claims, together with all costs, reasonable expenses for attorney's fees, directly arising out of the Adviser's, its agents' and its employees' performance, work or services in connection with the Agreement.



(b) Proprietary Rights Indemnification. The Adviser warrant that all elements of its services, including all equipment, software, documentation, services and deliverables, do not and will not infringe upon or violate any patent, copyright, trade secret or other proprietary rights of any third party. In the event of any claim, suit or action by any third party against the State of Delaware, the State of Delaware shall promptly notify the Adviser in writing and the Adviser shall defend such claim, suit or action at the Adviser's expense, and the Adviser shall indemnify the State of Delaware against any loss, cost, damage, expense or liability arising out of such claim, suit or action (including, without limitation, litigation costs, lost employee time, and counsel fees) whether or not such claim, suit or action is successful. If any equipment, software, services (including methods) products or other intellectual property used or furnished by the Adviser (collectively "Products") is, or in the Adviser's reasonable judgment is likely to be, held to constitute an infringing product, the Adviser shall at its expense and option either:

- (1) Procure the right for the State of Delaware to continue using the Product(s);
- (2) Replace the product with a non-infringing equivalent that satisfies all the requirements of the Agreement; or
- (3) Modify the Product(s) to make it or them non-infringing, provided that the modification does not materially alter the functionality or efficacy of the product or cause the Product(s) or any part of the work to fail to conform to the requirements of the Contract, or only alters the Product(s) to a degree that the State of Delaware agrees to and accepts in writing.

#### 19. Insurance

(a) The Adviser recognizes that it is operating as an independent contractor and that it is liable for any and all losses, penalties, damages, expenses, attorney's fees, judgments, and/or settlements incurred by reason of injury to or death of any and all persons, or injury to any and all property, of any nature, arising out of the Adviser's negligent performance under this Agreement, and particularly without limiting the foregoing, caused by, resulting from, or arising out of any act or omission on the part of the Adviser in its negligent performance under this Agreement.

(b) The Adviser shall maintain such insurance as will protect against claims under Workers' Compensation Act and from any other claims for damages for personal injury, including death, which may arise from operations under this Agreement. The Adviser is an independent contractor and is not an employee of the State.

(c) During the term of this Agreement, the Adviser shall, at its own expense, carry minimum insurance limits as follows:

a.	Comprehensive General Liability	\$1,000,000
b.	Professional Liability/Miscellaneous Error &	\$1,000,000/\$3,000,000

	Omissions/Product Liability	
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(d) The Adviser shall provide a certificate of insurance as proof that the Adviser currently maintains the required insurance coverage.

20. Performance Requirements. The Adviser warrants that it possesses, or has arranged through subcontractors, all capital and other equipment, labor, materials, and licenses necessary to carry out and complete the work hereunder in compliance with any and all federal and state laws, and county and local ordinances, regulations and codes.

21. Costs and Payment Schedules. No charges other than as specified in the Adviser's RFP proposal shall be allowed without written consent of the State.

22. Contract Term. This Agreement shall terminate three years from the effective date, May 15, 2013, unless terminated earlier as provided herein. This Agreement may be further extended by mutual written consent of the parties for up to two (2) subsequent additional one year terms.

23. Termination for Cause. If for any reasons, or through any cause, the Adviser fails to fulfill in a timely and proper manner its obligations under the Agreement, or if the Adviser violates any of the covenants, agreements or stipulations of the Agreement, the State shall thereupon have the right to terminate the Agreement by giving written notice to the Adviser of such termination and specifying the effective date thereof, at least twenty (20) days before the effective date of such termination. Termination by the State pursuant to this section shall not have the effect of canceling orders to deposit or invest cash or to purchase or sell securities or other property placed prior to receipt of a notice of termination. In that event, all finished or unfinished documents, data and reports or other material prepared by the Adviser solely for purposes of the Agreement shall, at the option of the State, become its property, and the Adviser shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials which are useable to the State.

24. Termination for Convenience. The State may terminate the Agreement at any time by giving written notice of such termination and specifying the effective date thereof, at least twenty (20) days before the effective date of such termination. In that event, all finished or unfinished documents, data and reports or other material prepared by the Adviser solely for purposes of the Agreement shall, at the option of the State, become its property, and the Adviser shall be entitled to compensation for any satisfactory work completed on such documents and other materials which are useable to the State. Termination by the State pursuant to this section shall not have the effect of canceling orders to deposit or invest cash or to purchase or sell securities or other property placed prior to receipt of a notice of termination.

25. Non-discrimination. The Adviser agrees that it will not discriminate against any employee or applicant for employment because of race, creed, color, sex or national origin. The Adviser shall comply with all federal and state laws, as applicable, regulations and policies

pertaining to the prevention of discriminatory employment practice. Failure to perform under this provision constitutes a material breach of Agreement.

26. Covenant against Contingent Fees. The Adviser warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement of understanding for a commission or percentage, brokerage or contingent fee excepting bona-fide employees, bona-fide established commercial or selling agencies maintained by the Adviser for the purpose of securing business. For breach or violation of this warranty the State shall have the right to annul the Agreement without liability or at its discretion to deduct from the Agreement price or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

27. Firm Activity. Except to the extent performed in compliance with applicable laws (including non-U.S. laws), no Advisory Services performed under this Agreement is to be executed in an off shore facility, either by a subcontracted firm of the Adviser or a foreign office or division of the Adviser.

28. Contract Documents. The Request for Proposal (Exhibit C), the purchase order, the executed Agreement and any supplemental documents between the State and the Adviser shall constitute the entire agreement between the State and the Adviser. In the event there is any discrepancy between any of these documents, the following order of documents governs so that the former prevails over the latter: Agreement, State's RFP, the Adviser's response to the RFP and the purchase order. No other documents shall be considered. These documents shall constitute the entire agreement between the State and the Adviser.

29. Applicable Law. The laws of the State of Delaware shall apply, except where federal law has precedence. The Adviser consents to jurisdiction and venue in the State of Delaware. The Adviser certifies that it complies with all federal, state and local laws applicable to its activities and obligations including:

- (a) the laws of the State of Delaware;
- (b) the applicable portion of the Federal Civil Rights Act of 1964;
- (c) the Equal Employment Opportunity Act and the regulations issued there under by the federal government;
- (d) a condition that the RFP proposal submitted by the Adviser was independently arrived at, without collusion, under penalty of perjury; and
- (e) that programs, services, and activities provided to the general public under the Agreement conform to the Americans with Disabilities Act of 1990, and the regulations issued there under by the federal government. If the Adviser fails to comply with (a) through (b) of this paragraph, the State reserves the right to terminate the Agreement, or consider the proposing firm in default. The Adviser shall keep itself fully informed of and shall observe and comply with all applicable existing federal and state laws, and county and local ordinances, regulations

and codes, and those laws, ordinances, regulations, and codes adopted during its performance of the work.

30. Scope of Agreement. If the scope of any provision of the Agreement is determined to be too broad in any respect whatsoever to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provisions of the Agreement shall not thereby fail, but the scope of such provisions shall be curtailed only to the extent necessary to conform to the law.

31. Compliance with IT Standards. The Adviser shall be responsible for the professional quality, technical accuracy, timely completion, and coordination of all services furnished by the Adviser, its subcontractors and its principals, officers, employees and agents under the Agreement. In performing the specified services, the Adviser shall follow practices consistent with generally accepted professional and technical standards. At the written request of the State, the Adviser will review the standards promulgated by the Department of Technology and Information ("DTI") published at <http://dti.delaware.gov/>, and as modified from time to time by DTI during the term of the Agreement. Upon such review, the Adviser, in its discretion, may implement one or more such standards.

32. Status Reporting. The Adviser shall lead and/or participate in status meetings and submit status reports covering such items as progress of work being performed, milestones attained, resources expended, and problems encountered and corrective action taken, until final system acceptance.

33. Regulations. All services must meet all applicable local, state, federal and international regulations in effect on the date of the Agreement.

34. Changes. No alterations in any terms, conditions, delivery, price, quality, or specifications of items ordered under this Agreement will be effective without the written consent of the State.


35. No Press Releases or Public Disclosure. The State reserves the right to pre-approve any news or advertising releases concerning the RFP, this Agreement, the work performed, or any reference to the State with regard to any project or Agreement performance. Any such news or advertising releases pertaining to the RFP or this Agreement shall require the prior express written permission of the State.

36. Prohibition against Assignment. This Agreement shall not be "assigned", as that term is defined in the Advisers Act, by either party without the consent of the other party, and this Agreement shall, until termination, inure to the benefit of the Adviser and any successor or successors in interest.

STATE OF DELAWARE

*Original on File*

By:

  
Erika J. Benner  
Deputy State Treasurer

Accepted:

**Wells Capital Management**  
*Original on File*

By:

  
Seth S. Takata  
Client Service Manager

**EXHIBIT B**

**FEES**

This Exhibit B is to the Investment Management Agreement, dated as of May [x], 2013, by and between Adviser and the State (the "Agreement"). Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Agreement. The State and Adviser are referred to herein individually as a "Party"; collectively, as the "Parties".

1. **Fee.** In consideration of the services performed by Adviser, subject to the payment terms set forth in Section 5 of the Agreement, State shall pay Adviser a fee amount (the "Fee") equal to the following fee schedule:

- a. **9 basis points on the 1<sup>st</sup> \$100,000,000**
- b. **7 basis points on the next \$100,000,000 to \$250,000,000**
- c. **6 basis points above \$250,000,000**

multiplied by the average daily assets under management for the applicable quarter by Adviser on behalf of State for the Delaware State Treasury (the "Assets"). By way of clarification, the aforementioned computation of the Assets shall include only such assets under management by Adviser on behalf of the Delaware State Treasury (unless otherwise agreed to by the Parties, all other assets of the State, excluding the Assets, shall not be used in the computation of the Fee).

2. **Reports.** In addition to the services provided by Adviser under the Agreement, Adviser shall provide a report detailing the performance of the Assets on a monthly basis (the "Monthly Report") and on a quarterly basis (the "Quarterly Report") to the (i) Treasurer of the State, (ii) the Deputy State Treasurer of the State, (iii) the Financial Adviser (as defined hereafter) and the (iv) Cash & Debt Manager of the State in such format agreed upon the parties (electronic, written or otherwise). The Monthly Report shall include the following:

- a. Statement of the Assets;
- b. Original cost of the Assets;
- c. Market and adjusted book values of the Assets compared to the Benchmarks (as defined hereafter);
- d. Accrued income of the Assets;
- e. Both book and market rates of return of the Assets rounded to the nearest one thousandth of a percent (portion in red can be eliminated);
- f. Such other information reasonably requested by the State.

The Quarterly Report shall include the following:

- a. Statement of the Assets;
- b. Original cost of the Assets;
- c. Market and adjusted book values of the Assets compared to the Benchmarks (as defined hereafter);
- d. Accrued income of the Assets;
- e. Both book and market rates of return of the Assets rounded to the nearest one thousandth of a percent;
- f. On a best efforts basis, the amount of the Assets issued by corporate entities either incorporated in the State of Delaware and/or having a principal office located in the State of Delaware; and
- g. Such other information reasonably requested by the State.

Unless otherwise agreed to by the Parties, the State shall have uninterrupted online secure access to Adviser's system to view and monitor the Assets held under management by Adviser on a continual basis (excluding scheduled and routine maintenance of such online system used by Adviser). Such online secure access shall be provided by Adviser at no cost to the State. Adviser shall inform and provide State with any necessary forms and documentation necessary for Adviser to perform the services (including, access to Adviser's online system) pursuant to the terms and conditions of the Agreement.

3. **Cooperation with Custodian.** Unless otherwise agreed to by the Parties, Adviser shall provide any reasonable information required by the Custodian, in such format and frequency determined by the Custodian, necessary for the Custodian to perform its duties to the State.
4. **Cooperation with Financial Adviser.** In addition to the services provided by Adviser under the Agreement, Adviser, upon request by State, shall provide reasonable information and reports (including the Monthly Report) relating to the Assets to the State's financial adviser (the "Financial Adviser"). Adviser hereby agrees to cooperate with any reasonable requests for information requested by the Financial Adviser on behalf of the State.
5. **Benchmarks.** Adviser hereby acknowledges that, in connection with its performance review by the State, the State has established certain benchmarks for Adviser relating to the Assets (the "Benchmarks"). As of the effective date of this Agreement, the Benchmarks are set forth in Delaware State Treasury Directive #121018-01 (the "Directive"), as may be amended from time to time by the State at its discretion. The applicable portions of the Directive (or any successor Directive) relating to the Benchmarks shall be made available to Adviser upon request to the State.
6. **Compliance.** Adviser hereby agrees to comply with any policies and procedures promulgated by the State (including any Directive issued by the Delaware State Treasury). Adviser hereby acknowledges and agrees to comply with the compliance procedures set forth in the Directive, as may be amended from time to time by the State at its discretion. The applicable portions of the Directive (or any successor Directive) relating to compliance shall be made available to Adviser

upon request to the State. For information purposes only, the applicable compliance section of the Directive is set forth below (for the section only, capitalized terms set forth therein shall have the meaning ascribed to such terms in the Directive):

“Clarification of Investment Guidelines. If an Investment Manager's respective asset allocation in an asset class or security designated under the Investment Guidelines is compliant at the time of purchase, but subsequently becomes non-compliant (by exceeding the applicable limits set forth in the Investment Guidelines for one or more asset classes or individual security position exposures) due to a material reduction in such Investment Manager's assets under management caused by authorized withdrawals by the State Treasury or market movement, such investment Manager shall (i) notify the Deputy State Treasurer and Director of the Office of Finance and Treasury Services (the "Designated Persons") (the "Notice"), in written hard copy or electronic format, within twenty-four (24) hours of such non-compliance, (ii) submit a proposed plan to the Designated Persons detailing such Investment Manager's proposed corrective plan outlining remedial actions that will cause its respective asset allocation to comply with the Investment Guidelines (the "Plan"), in written hard copy or electronic format, within seventy-two (72) hours of non-compliance and (iii) unless otherwise directed by the State Treasury, shall implement such Plan and take all necessary and proper actions related thereto to cause its respective asset allocation to comply with the Investment guidelines within thirty (30) days from the initial date of non-compliance.”

7. **Quarterly Performance Review.** Unless otherwise agreed to by the Parties, Adviser shall meet with representatives of the State on a quarterly basis to discuss the performance of Adviser and the Assets and such other topics agreed to by the Parties. At the discretion of the State, such meeting shall occur at the offices of the State (either in Wilmington or Dover, Delaware) or such other reasonable location requested by the State.
8. **Financial Information.** At no cost to the State, Adviser hereby agrees to provide the State with periodic financial information and forecasts relating to the Assets and the U.S. and global economy. Such financial information may include access to Adviser's client conference calls, research data, newsletters, client advisories and other financial and economic information offered by Adviser to clients having similar size of assets under management. Additionally, Adviser shall provide financial information agreed upon by the Parties. The Parties acknowledge and agree that with respect to any forecasts provided by Adviser, there is no assurance or guaranty that such forecasts will be accurate, but merely reflect an opinion of the Adviser.



WILMINGTON TRUST, NATIONAL ASSOCIATION  
INVESTMENT MANAGEMENT AGREEMENT  
(Non-ERISA)

This INVESTMENT MANAGEMENT AGREEMENT is made as of this 15th day of May, 2013 (the "Agreement") by and between Wilmington Trust, National Association, a national banking association (the "Adviser"), and STATE OF DELAWARE (the "State").

WHEREAS, the Treasurer of the State of Delaware, with the guidance of the Delaware Cash Management Policy Board, is authorized to invest the monies belonging to the State; and

WHEREAS, the Adviser is engaged in the business of offering investment management services, including the supervision and direction of investments, and represents that it is exempt from registration as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"); and

WHEREAS, the State desires to retain the Adviser to render services to the State on the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the mutual promises set forth herein, the State and Adviser agree as follows:

1. Duties of the Adviser. The Adviser shall, on a continuing basis, manage and invest the assets comprising the investment advisory account or accounts described in Section 3 below (each, an "Account"), and shall furnish the State with such investment supervision of the Account as the Adviser shall deem appropriate for the proper administration of the Account, taking into consideration the specific investment objectives of the State set forth in the Investment Guidelines for such Account attached hereto as Exhibit A, and as they may be amended from time to time (the "Investment Guidelines"). The State may amend such Investment Guidelines by written Notice (as defined in Section 13 below) to the Adviser from an authorized person whose name is set forth in Section 9 hereof. The Adviser shall have full power to make and act upon all investment decisions in its sole discretion, subject only to the Investment Guidelines. Notwithstanding anything to the contrary in the Contract Documents (defined below), the Adviser shall not be liable for any losses resulting from investment decisions hereunder except to the extent such losses result from the Adviser's negligence, willful misconduct or violation of applicable federal or state securities laws in connection with its performance hereunder.

The Adviser shall comply with any modifications in the Investment Guidelines as expeditiously as it considers prudent.

The Adviser will furnish the State prompt notification in writing of any purchase or sale made for the Account and will furnish a written quarterly valuation of the Account. Upon the written request of the State, copies of any of the foregoing will be sent to any trustee, custodian,

or other person. The State acknowledges that the Adviser may delegate certain or all of its accounting, trade settlement, State reporting and other operational duties to a third party, and the State hereby consents to any such delegation at any time during the term of this Agreement. Representatives of the Adviser will also be made available to meet with the State periodically, and to review with the State the Account and its performance.

2. Authorization of Adviser. The Adviser is authorized to invest and reinvest the cash and securities and other property in the Account at its discretion without being required to consult with the State in advance. The Adviser shall have no responsibility to determine whether the provisions of the Investment Guidelines are in the best interests of the State. In accordance with the foregoing, the State authorizes the Adviser to act as the agent of the State to order deposits and the investment of cash and purchases and sales (including, but not limited to the exercise of rights and the tender, exchange or conversion) of securities and other property for the Account and in the name of the State. These authorizations shall be continuing ones and shall remain in full force and effect until the Adviser has received written Notice of revocation thereof.

3. The Account. The Account shall consist initially of such cash and securities and other property as the State designates in writing to the Adviser and deposits with the custodian of the Account described in Section 4 below, and shall be subject subsequently to such additions and/or withdrawals as the State shall at any time direct. The State shall notify the Adviser promptly of any changes to the Account.

4. Custodian. The assets of the Account shall be held in the custody of an entity chosen by the State to act as the State's custodian (the "Custodian"). The State has notified the Adviser that as of the date hereof the Custodian is The Bank of New York Mellon and shall notify the Adviser in advance of any subsequent changes in the Custodian. The State represents and agrees that any such Custodian shall be a "qualified custodian" as defined in rule 206(4)-2 under the Investment Advisers Act of 1940 (the "Advisers Act"). The State shall be responsible for all custodial arrangements and the payment of all custodial charges and fees. The assets of the Account are held in the custody of the Custodian, and the Adviser shall have no responsibility or liability with respect to custody arrangements or the acts, omissions or other conduct of the Custodian.

5. Fees and Expenses.

(a) As compensation for the services provided under this Agreement, the Adviser is to receive a fee in accordance with the Schedule attached hereto as Exhibit B. Pursuant to Exhibit B, fees are payable in U.S. dollars on a quarterly basis based on the average daily market value of assets under Advisor's direct management, including accrued interest. If this Agreement commences or is terminated as of a day other than the first day of any calendar quarter, the fee payable with respect to the initial or final fractional calendar quarter shall be prorated for such period. The Adviser will provide the State with a bill showing the amount of the fee, the value of the assets on which the fee was based, and the manner in which the fee was calculated. The State will instruct the Custodian to pay fees from the Account on a quarterly basis. All other expenses related to purchases and sales in the Account, including, but not limited to, brokerage commissions, interest on borrowings and any taxes, shall be expenses of the Account and shall

be paid out of the assets of the Account, or otherwise as directed by the State. Any valuation of the assets in the Account pursuant to this Agreement, including for purposes of calculating fees under this Section 5, shall be made by the Adviser.

(b) The compensation to be paid to the Adviser under this Agreement does not exceed the compensation paid to the Adviser by any other state client of the Adviser pursuant to an Investment Manager Agreement with the same investment strategy and guidelines, type of investment vehicle being managed, and of same or smaller size as the Account.

6. Proxies. The State will direct the Custodian of the Account to deliver to the Adviser in a timely manner proxies or other requests that elections be made with respect to securities held in the Account. The Adviser will in its discretion vote all proxies, or make such elections, with respect to the securities held in the Account as are forwarded to the Adviser on a timely basis.

7. Brokerage Transactions. The Adviser shall place all orders for the purchase and sale of investments for the Account with brokers or dealers selected by the Adviser in its discretion. In the selection of such brokers or dealers and the placing of such orders, the Adviser shall seek to obtain the most favorable price and execution available, except to the extent it may be permitted to pay higher brokerage commissions for brokerage and research services as described below. In using its best efforts to obtain the most favorable price and execution available, the Adviser may consider all factors it deems relevant, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience, and financial stability of the broker or dealer involved, and the quality of service rendered by the broker or dealer in other transactions. The Adviser shall not be deemed to have acted unlawfully or to have breached any duty created by this Agreement or otherwise solely by reason of its having caused the Account to pay a broker or dealer that provides brokerage and research services to the Adviser an amount of commission for effecting a portfolio investment transaction in excess of the amount of commission that another broker or dealer would have charged for effecting that transaction, if the Adviser determines in good faith that such amount of commission was reasonable in relation to the value of the brokerage and research services provided by such broker or dealer, viewed in terms of either that particular transaction or the Adviser's overall responsibilities with respect to the State and to other clients of the Adviser as to which the Adviser exercises investment discretion.

The Adviser is authorized to establish and maintain bank, brokerage, commodity, currency, and other similar accounts, whether domestic or foreign, with respect to the Account and to enter into agreements on behalf of the State in connection therewith and, from time to time, to deposit securities or other assets of the State in such accounts.

8. Representations of the State. The execution and delivery of this Agreement by the State shall constitute the representation and the warranty of the State (i) that it has full power and authority to enter into this Agreement, including but not limited to the power and authority to delegate to the Adviser the discretion to vote all proxies, or make such elections, with respect to the securities in the Account, (ii) that the terms hereof do not violate any term or condition of any document relating to the Account or any obligation by which either the State or the Account

is governed or bound, whether arising by contract, operation of law or otherwise, and that the State has received all necessary authorizations to enter into this Agreement, (iii) that this Agreement has been duly authorized and when so executed and delivered will be binding upon the State, (iv) that there are no restrictions on the ownership by the State or the transferability of any securities in the Account, (v) that the State has taken independent legal advice on this Agreement, (vi) the Custodian has agreed to send the State, at least quarterly, a statement identifying the amount of funds and of each security in the Account at the end of the period and setting forth all transactions in the Account during that period, (vii) that the Account and the assets in the Account are not and shall not be subject to or qualified under the Employee Retirement Income Security Act of 1974, as amended, and (viii) that there is no limitation on the State's ability to pay any fees and other expenses directly or out of the Account. Nothing contained herein shall be deemed to require the State to take any action contrary to the laws of Delaware or any applicable statute or regulation, or to relieve or deprive the State of its responsibility for and control of the general administration of the Account.

9. Instructions, Communications and Authorized Persons. The State hereby authorizes the person or persons named below to transmit to the Adviser, either orally or in writing, instructions concerning the Account. The Adviser reserves the right to require that any instruction be in writing. The Adviser shall be entitled to rely on the instructions of such person or persons until it receives Notice of a change in such instructions pursuant to Section 13 below. If the State or any of the persons it has authorized to instruct the Adviser, communicates to the Adviser orally, via fax or email, the State acknowledges that it or they do so at the State's own risk. The State acknowledges and accepts that oral, fax or email communication and the Internet are not a secure medium for communication of sensitive information, and that if it or its authorized persons chooses to communicate to the Adviser or accept communications, information, advice and valuations from the Adviser in this manner, the State accepts the risk of breach of confidentiality, technical malfunction, unauthorized interference, unlawful interception, mis-delivery or delay of messages and computer viruses.

Name	Address	Telephone Number	Email Address
Treasurer Chip Flowers, Jr.	820 Silver Lake Blvd., Ste. 100 Dover, DE 19904	(302) 672-6700	<a href="mailto:Chip.flowers@state.de.us">Chip.flowers@state.de.us</a>
Deputy State Treasurer Erika J. Benner	820 Silver Lake Blvd., Ste. 100 Dover, DE 19904	(302) 672-6700	<a href="mailto:Erika.benner@state.de.us">Erika.benner@state.de.us</a>
Stephen McVay	820 Silver Lake Blvd., Ste. 100 Dover, DE 19904	(302) 672-6711	<a href="mailto:Stephen.mcvay@state.de.us">Stephen.mcvay@state.de.us</a>

10. Representations of the Adviser. The Adviser represents that, as of the date hereof, it is exempt from registration as an investment adviser under the Advisors Act. In the event the Adviser is no longer entitled to such exemption, the Advisor shall promptly notify the State.

11. Standard of Care; Liability. The Adviser and each of its employees, directors, officers, agents and affiliates shall not be liable for any liabilities arising from or related to the

Contract Documents, including, without limitation, liabilities resulting from any error of judgment or action performed or omitted to be performed in managing the Account, or any loss arising out of any investment or act or omission in the execution of securities transactions for the Account, except to the extent that such losses result from the Adviser's negligence, willful misconduct or violation of applicable federal or state securities laws. Notwithstanding anything to the contrary in the Contract Documents, the Adviser shall have no responsibility (a) with respect to any assets of the State other than those of the Account and shall not be responsible for any indirect, consequential, special, or punitive damages even if the Adviser has been advised of the likelihood of such damages, and (b) for any liabilities incurred by reason of any act or omission of any broker or dealer, the Custodian, or other agent or service provider to the Account. The Adviser will have no responsibilities, liabilities or obligations with respect to determining whether the State has authority to enter into this Agreement, and is entitled to fully rely on representations of the State that it has received all necessary approvals and authorizations to enter into this Agreement or to grant any authority to the Adviser under this Agreement.

Notwithstanding anything to the contrary in the Contract Documents, the Adviser will not be liable for any losses that result from the risks outlined in Section 9, except insofar as the same may result from the Adviser's or the Adviser's employees' negligence or willful misconduct. However, nothing herein shall in any way constitute a waiver or limitation of any right which the State or any person interested in the Account may have under any applicable law.

Nothing in this Agreement shall be effective to constitute a waiver by the State of compliance with any provision of the Advisers Act, or any rule, regulation, or order thereunder.

#### 12. Recognition of Other Services.

(a) The State understands that the Adviser and its affiliates offer a broad range of investment management and financial services, that employees of both the Adviser and its affiliates may from time to time act as directors, officers, or employees of companies whose securities are publicly traded, and that as a result, such employees may acquire information of a confidential nature. The State agrees that the Adviser may, but shall not be required to, render investment advice with respect to any such company, and that the Adviser may in its discretion withhold any such knowledge or information or refuse to advise with respect to such company, whether or not the Account shall include securities of such company, if, in the Adviser's judgment, the disclosure of such knowledge or information or the rendering of investment advice on the basis thereof would be unfair, inequitable, a breach of any fiduciary obligation of the Adviser to some other person, or unlawful. For the same reasons the Adviser may, in its discretion, exclude securities and other property from the Account.

(b) The State understands and agrees that the Adviser may aggregate contemporaneous buy or sell orders for the same securities for more than one account, including the Account, and that the Account will participate in an aggregated order at the average price, or the Adviser may allocate transactions on a rotating or proportional or other equitable basis consistent with its fiduciary responsibilities as the Adviser.

(c) The State understands that the Adviser, and each of its employees, directors, officers, agents and affiliates may perform investment advisory services for clients other than the State; may own, purchase, or sell securities or other interests in property which are the same, similar to, or different from those which the Adviser recommends, purchases, or sells for the Account; and in rendering investment management and advisory services to others, shall be free to give, advise, and take action in the performance of its or their duties to other clients and to take action with respect to investments in securities or other interests in property which may be the same as, or may differ from, recommendations or advice given, or the timing or nature of action taken, with respect to the Account. Nothing in this Agreement shall be deemed to impose upon the Adviser any obligation to purchase or sell or to recommend for purchase or sale for the Account any security or other property which the Adviser or its employees, directors, officers, agents and affiliates may purchase or sell for their own accounts or for the accounts of others.

(d) The State understands and agrees that where the Adviser determines it to be in the best interest of both parties to the transaction, the Adviser may cause the Account to purchase securities from or sell securities to another state client of the Adviser at the current market price for such securities in accordance with applicable law.

13. Notices. Any notice given pursuant to the provisions of this Agreement ("Notice") shall be in writing and may be given by delivery by hand, by nationally recognized courier, by facsimile, or by certified mail, return receipt requested, and shall be delivered at or sent to:

in the case of the Adviser:

Rosemary N. Hoffman  
Vice President  
Wilmington Trust, National Association  
1100 N. Market Street  
Wilmington, Delaware 19890  
rhoffman@wilmingtontrust.com

in the case of the State:

Mr. Stephen W. McVay  
Investment Manager  
Delaware State Treasury  
820 Silver Lake Boulevard, Suite 100  
Dover, Delaware 19904  
Stephen.mcvay@state.de.us

Written notices and communications shall be addressed as indicated unless either the State or the Adviser has notified the other in writing of a change. Notices and communications shall be effective upon receipt.

14. Confidential Information. To the extent permitted by 29 Del. C. §§ 10001 - 10005, the State shall keep confidential all information which the State may have concerning the

Adviser's portfolio management of the Account, including all information relating to the investment and reinvestment thereof, the purchase of securities therefore, and the sale of securities therefrom. Information concerning the Account shall be confidential, and Adviser shall not disclose any information relative to the Account to any third party except to the Adviser's affiliates or service providers to the Account or as required by law without the express written consent of the State.

15. Independent contractors. The parties to the Agreement shall be independent contractors to one another and nothing herein shall be deemed to cause this agreement to create an agency, partnership, joint venture or employment relationship between parties. Each party shall be responsible for compliance with all applicable workers compensation, unemployment, disability insurance, social security withholding and all other similar matters. Notwithstanding anything to the contrary in the Contract Documents, neither party shall be liable for any debts, accounts, obligations or other liability whatsoever of the other party, or any other obligation of the other party to pay on the behalf of its employees or to withhold from any compensation paid to such employees any social benefits, workers compensation insurance premiums or any income or other similar taxes.

16. Non-Appropriation. In the event the Delaware General Assembly fails to appropriate the specific funds necessary to enter into or continue the contractual agreement, in whole or part, the agreement shall be terminated as to any obligation of the State requiring the expenditure of money for which no specific appropriation is available at the end of the last fiscal year for which no appropriation is available or upon the exhaustion of funds.

17. Licenses and Permits. In performance of the Agreement, the Adviser will be required to comply with all applicable federal, state and local laws, ordinances, codes, and regulations. The cost of applicable permits and other applicable license costs required in the performance of the Agreement shall be borne by the Adviser. The Adviser shall be properly licensed and authorized to transact business in the State as provided in 30 *Del. C.* § 2301. The Adviser shall either furnish the State with proof of State Business Licensure or initiate the process of application where required. An application may be requested in writing to: Division of Revenue, Carvel State Building, P.O. Box 8750, 820 N. French Street, Wilmington, DE 19899 or by telephone to the Business License Department – (302) 577-8778. Information regarding the award of this Agreement will be given to the Division of Revenue. Failure to comply with the State licensing requirements may subject firm to applicable fines and/or interest penalties.

18. Indemnification

(a) General Indemnification. The Adviser agrees that it will indemnify and otherwise hold harmless the State, its agents and its employees from any and all liability, suits, actions, or claims, together with all costs, reasonable expenses for attorney's fees, directly arising out of the Adviser's, its agents' and employees' performance, work or services in connection with the Agreement (collectively, "Losses"); provided, however, that notwithstanding anything to the contrary in the Contract Documents, such obligation shall only apply with respect to Losses for which the Adviser is liable pursuant to Section 11 above.

(b) Proprietary Rights Indemnification. The Adviser warrant that all elements of its services, including all equipment, software, documentation, services and deliverables, do not and will not infringe upon or violate any patent, copyright, trade secret or other proprietary rights of any third party. In the event of any claim, suit or action by any third party against the State of Delaware with respect to an infringement claim based on the Adviser's performance hereunder (an "Infringement Claim"), the State of Delaware shall promptly notify the Adviser in writing and the Adviser shall indemnify the State of Delaware against any loss, cost, damage, expense or liability arising out of an Infringement Claim (including, without limitation, litigation costs and counsel fees) (collectively, "Infringement Losses"); provided, however, that notwithstanding anything to the contrary in the Contract Documents, such obligation shall only apply with respect to Infringement Losses for which the Adviser is liable pursuant to Section 11 above. If any equipment, software, services (including methods) products or other intellectual property used or furnished by the Adviser (collectively "Products") is, or in the Adviser's reasonable judgment is likely to be, held to constitute an infringing product, the Adviser shall at its expense and option either:

- (1) Procure the right for the State of Delaware to continue using the Product(s);
- (2) Replace the product with a non-infringing equivalent that satisfies all the requirements of the Agreement; or
- (3) Modify the Product(s) to make it or them non-infringing, provided that the modification does not materially alter the functionality or efficacy of the product or cause the Product(s) or any part of the work to fail to conform to the requirements of the Contract, or only alters the Product(s) to a degree that the State of Delaware agrees to and accepts in writing.

#### 19. Insurance

(a) The Adviser recognizes that it is operating as an independent contractor and that it is liable for any and all losses, penalties, damages, expenses, attorney's fees, judgments, and/or settlements incurred by reason of injury to or death of any and all persons, or injury to any and all property, of any nature, arising out of the Adviser's negligent performance under this Agreement, and particularly without limiting the foregoing, caused by, resulting from, or arising out of any act or omission on the part of the Adviser in its negligent performance under this Agreement.

(b) The Adviser shall maintain such insurance as will protect against claims under Workers' Compensation Act and from any other claims for damages for personal injury, including death, which may arise from operations under this Agreement. The Adviser is an independent contractor and is not an employee of the State.



(c) During the term of this Agreement, the Adviser shall, at its own expense, carry minimum insurance limits as follows:

a.	Comprehensive General Liability	\$1,000,000
b.	Professional Liability/Miscellaneous Error & Omissions/Product Liability	\$1,000,000/\$3,000,000

(d) The Adviser shall provide a certificate of insurance as proof that the Adviser currently maintains the required insurance coverage.

20. Performance Requirements. The Adviser warrants that it possesses, or has arranged through subcontractors, all capital and other equipment, labor, materials, and licenses necessary to carry out and complete the work hereunder in compliance with any and all applicable federal and state laws, and county and local ordinances, regulations and codes.

21. Warranty. To the extent applicable, the Adviser will provide a warranty that the deliverables provided pursuant to the Agreement will function as designed for a period of no less than one (1) year from the date of system acceptance. To the extent applicable, the Adviser shall correct, at its own expense, the setup, configuration, customizations or modifications so that it functions according to the State's requirements.

22. Costs and Payment Schedules. No charges other than as specified in the Adviser's RFP proposal shall be allowed without written consent of the State.

23. Contract Term. This Agreement shall terminate three years from the effective date, May 15, 2013, unless terminated earlier as provided herein. This Agreement may be further extended by mutual written consent of the parties for up to two (2) subsequent additional one year terms.

24. Termination for Cause. If for any reasons, or through any cause, either party fails to fulfill in a timely and proper manner its obligations under the Agreement, or if either party violates any of the covenants, agreements or stipulations of the Agreement, and such failure continues for a period of thirty (30) days following such party's receipt of notice from the non-breaching party specifying such failure, the non-breaching party shall thereupon have the right to terminate the Agreement by giving written notice to the other party of such termination and specifying the effective date thereof, at least thirty (30) days before the effective date of such termination. In that event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports or other material prepared by the Adviser under the Agreement shall, at the option of the State, become its property, and the Adviser shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials which are useable to the State.

25. Termination for Convenience. The State may terminate the Agreement at any time by giving written notice of such termination and specifying the effective date thereof, at least twenty (20) days before the effective date of such termination. Termination by the State pursuant to this section shall not have the effect of canceling orders to deposit or invest cash or to purchase or sell securities or other property placed prior to receipt of a notice of termination. In that event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports or other material prepared by the Adviser under the Agreement shall, at the option of the State, become its property, and the Adviser shall be entitled to compensation for any satisfactory work completed on such documents and other materials which are useable to the State. If the Agreement is terminated by the State as so provided, the Adviser will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Adviser as covered by the Agreement, less payments of compensation previously made. Provided however, that if less than 60 percent of the services covered by the Agreement have been performed upon the effective date of termination, the Adviser shall be reimbursed (in addition to the above payment) for that portion of actual out of pocket expenses (not otherwise reimbursed under the Agreement) incurred by the Adviser during the Agreement period which are directly attributable to the uncompleted portion of the services covered by the Agreement.

26. Non-discrimination. The Adviser agrees that it will not discriminate against any employee or applicant for employment because of race, creed, color, sex or national origin. The Adviser shall comply with all applicable federal and state laws, regulations and policies pertaining to the prevention of discriminatory employment practice. Failure to perform under this provision constitutes a material breach of Agreement.

27. Covenant against Contingent Fees. The Adviser warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement of understanding for a commission or percentage, brokerage or contingent fee excepting bona-fide employees, bona-fide established commercial or selling agencies maintained by the Adviser for the purpose of securing business. For breach or violation of this warranty the State shall have the right to annul the Agreement without liability or at its discretion to deduct from the Agreement price or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

28. Firm Activity. No activity under this Agreement is to be executed in an off shore facility, either by a subcontracted firm of the Adviser or a foreign office or division of the Adviser.

29. Work Product. All materials and products developed under the executed Agreement by the Adviser are the sole and exclusive property of the State. The Adviser must seek written permission to use any product created under the Agreement.

30. Contract Documents. The Request for Proposal (Exhibit C), the purchase order, the executed Agreement and any supplemental documents between the State and the Adviser (collectively, the "Contract Documents") shall constitute the entire agreement between the State and the Adviser with respect to the subject matter hereof. In the event there is any discrepancy

between any of these documents, the following order of documents governs so that the former prevails over the latter: Agreement, State's RFP, the Adviser's response to the RFP and the purchase order. No other documents shall be considered. These documents shall constitute the entire agreement between the State and the Adviser.

31. Applicable Law. The laws of the State of Delaware shall apply, except where federal law has precedence. The Adviser consents to jurisdiction and venue in the State of Delaware. The Adviser certifies that it shall comply with all federal, state and local laws applicable to its activities and obligations hereunder, including, to the extent applicable:

(a) the laws of the State of Delaware;

(b) the applicable portion of the Federal Civil Rights Act of 1964;

(c) the Equal Employment Opportunity Act and the regulations issued there under by the federal government;

(d) a condition that the RFP proposal submitted by the Adviser was independently arrived at, without collusion, under penalty of perjury; and

(e) that programs, services, and activities provided to the general public under the Agreement conform to the Americans with Disabilities Act of 1990, and the regulations issued there under by the federal government. If the Adviser fails to comply with (a) through (b) of this paragraph, the State reserves the right to terminate the Agreement, or consider the proposing firm in default. The Adviser shall keep itself fully informed of and shall observe and comply with all applicable existing federal and state laws, and county and local ordinances, regulations and codes, and those laws, ordinances, regulations, and codes adopted during its performance of the work.

32. Scope of Agreement. If the scope of any provision of the Agreement is determined to be too broad in any respect whatsoever to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provisions of the Agreement shall not thereby fail, but the scope of such provisions shall be curtailed only to the extent necessary to conform to the law.

33. Compliance with State IT Standards. The Adviser shall be responsible for the professional quality, technical accuracy, timely completion, and coordination of all services furnished by the Adviser, its subcontractors and its principals, officers, employees and agents under the Agreement. In performing the specified services, the Adviser shall follow practices consistent with generally accepted professional and technical standards. The Adviser shall be responsible for ensuring that all services, products and deliverables furnished pursuant to the Agreement comply with the standards promulgated by the Department of Technology and Information ("DTI") published at <http://dti.delaware.gov/>, and as modified from time to time by DTI during the term of the Agreement. If any service, product or deliverable furnished pursuant to the Agreement does not conform with DTI standards, the Adviser shall, at its expense and

option either (1) replace it with a conforming equivalent or (2) modify it to conform with DTI standards. The Adviser shall be and remain liable in accordance with the terms of the Agreement and applicable law for all damages to Delaware caused by the Adviser's negligence or willful misconduct in connection with its failure to ensure compliance with DTI standards.

34. Status Reporting. The Adviser shall lead and/or participate in status meetings and submit status reports covering such items as progress of work being performed, milestones attained, resources expended, problems encountered and corrective action taken.

35. Regulations. All equipment, software and services must meet all applicable local, state and federal regulations in effect on the date of the Agreement.

36. Changes. No alterations in any terms, conditions, delivery, price, quality, or specifications of items ordered under this Agreement will be effective without the written consent of the parties hereto.

37. No Press Releases or Public Disclosure. The State reserves the right to pre-approve any news or advertising releases concerning the RFP, this Agreement, the work performed, or any reference to the State with regard to any project hereunder or Agreement performance. Any such news or advertising releases pertaining to the RFP or this Agreement shall require the prior express written permission of the State.

38. Prohibition against Assignment. This Agreement shall not be "assigned", as that term is defined in the Advisers Act, by either party without the written consent of the other party, and this Agreement shall, until termination, inure to the benefit of the Adviser and any successor or successors in interest.

STATE OF DELAWARE

*Original on File*

By:

Erika J. Benner  
Deputy State Treasurer

Accepted:

Wilmington Trust, National Association

By:

*Original on File*  
Rosemary N. Hoffman  
Vice President

## EXHIBIT B

### FEEES

This Exhibit B is to the Investment Management Agreement, dated as of May 15, 2013, by and between Adviser and the State (the "Agreement"). Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Agreement. The State and Adviser referred herein individually as a "Party"; collectively, the "Parties".

1. **Fee.** In consideration of the services performed by Adviser, subject to the payment terms set forth in Section 5 of the Agreement, State shall pay Adviser a fee amount (the "Fee") equal to **the lesser of 10 bps or the existing, discounted fee schedule that aggregates AUM for all State of Delaware agencies and authorities**, multiplied by the average daily market value of the assets in the Account, including accrued interest for the applicable quarter by Adviser on behalf of State for the Delaware State Treasury (the "Assets"). By way of clarification, the aforementioned computation of the Assets shall include only such assets under management by Adviser on behalf of the Delaware State Treasury (unless otherwise agreed to by the Parties, all other assets of the State, excluding the Assets, shall not be used in the computation of the Fee).
2. **Reports.** In addition to the services provided by Adviser under the Agreement, Adviser shall provide a report detailing the performance of the Assets on a monthly basis (the "Monthly Report") and on a quarterly basis (the "Quarterly Report") to (i) the Treasurer of the State, (ii) the Deputy State Treasurer of the State, (iii) the Financial Adviser (as defined hereafter), and (iv) the Cash & Debt Manager of the State in such format agreed upon by the parties (electronic, written or otherwise). The Monthly Report shall include the following:
  - a. Statement of the Assets;
  - b. Original cost of the Assets;
  - c. Market and adjusted book values of the Assets;
  - d. Accrued income of the Assets;
  - e. Both book and market rates of return of the Assets rounded to the nearest one thousandth of a percent; and
  - f. Such other information reasonably requested by the State.

The Quarterly Report shall include the following:

- a. Statement of the Assets;
- b. Original cost of the Assets;
- c. Market and adjusted book values of the Assets compared to the Benchmarks (as defined hereafter);
- d. Accrued income of the Assets;
- e. Both book and market rates of return of the Assets rounded to the nearest one thousandth of a percent;

- f. The amount of the Assets issued by corporate entities either incorporated in the State of Delaware and/or having a principal office located in the State of Delaware; and
- g. Such other information reasonably requested by the State.

Unless otherwise agreed to by the Parties, the State shall have uninterrupted online secure access to Adviser's system to view and monitor the Assets held under management by Adviser on a continual basis (excluding scheduled and routine maintenance of such online system used by Adviser). Such online secure access shall be provided by Adviser at no cost to the State. Adviser shall inform and provide State with any necessary forms and documentation necessary for Adviser to perform the services (including, access to Adviser's online system) pursuant to the terms and conditions of the Agreement.

- 3. **Cooperation with Custodian.** Unless otherwise agreed to by the Parties, Adviser shall provide any reasonable information required by the Custodian, in such format and frequency determined by the Custodian and the Adviser, necessary for the Custodian to perform its duties to the State.
- 4. **Cooperation with Financial Adviser.** In addition to the services provided by Adviser under the Agreement, Adviser, upon request by State, shall provide reasonable information and reports (including the Monthly Report) relating to the Assets to the State's financial adviser (the "Financial Adviser"), which, as of the date hereof, is Credit Suisse Securities (USA) LLC. The State shall notify the Adviser in the event a new Financial Adviser is appointed. Adviser hereby agrees to cooperate with any reasonable requests for information requested by the Financial Adviser on behalf of the State.
- 5. **Benchmarks.** Adviser hereby acknowledges that, in connection with its performance review by the State, the State has established certain benchmarks for Adviser relating to the Assets (the "Benchmarks"). As of the effective date of this Agreement, the Benchmarks are set forth in Delaware State Treasury Directive #121018-01 (the "Directive"), as may be amended from time to time by the State at its discretion. The applicable portions of the Directive (or any successor Directive) relating to the Benchmarks shall be made available to Adviser.
- 6. **Compliance.** Adviser hereby agrees to comply with applicable policies and procedures promulgated by the State (including any Directive issued by the Delaware State Treasury). Adviser hereby acknowledges and agrees to comply with the compliance procedures set forth in the Directive, as may be amended from time to time by the State at its discretion. Any revisions to such policies and procedures, including the applicable portions of the Directive (or any successor Directive) relating to compliance, shall be made available to Adviser within a reasonable period of time. For information purposes only, the applicable compliance section of the Directive is set forth below (for the section only, capitalized terms set forth therein shall have the meaning ascribed to such terms in the Directive):

"Clarification of Investment Guidelines. If an Investment Manager's respective asset allocation in an asset class or security designated under the Investment Guidelines is compliant at the time of purchase, but subsequently becomes non-compliant (by exceeding the applicable limits set forth in the Investment Guidelines for one or more asset classes or individual security position exposures) due to a material reduction in such Investment Manager's assets under management caused by authorized withdrawals by the State Treasury or market movement, such investment Manager shall (i) notify the Deputy State Treasurer and Director of the Office of Finance and Treasury Services (the "Designated Persons") (the "Notice"), in written hard copy or electronic format, within twenty-four (24) hours of such non-compliance, (ii) submit a proposed plan to the Designated Persons detailing such Investment Manager's proposed corrective plan outlining remedial actions that will cause its respective asset allocation to comply with the Investment Guidelines (the "Plan"), in written hard copy or electronic format, within seventy-two (72) hours on non-compliance and (iii) unless otherwise directed by the State Treasury, shall implement such Plan and take all necessary and proper actions related thereof to cause its respective asset allocation to comply with the Investment guidelines within thirty (30) days from the initial date of non-compliance."

7. **Quarterly Performance Review.** Unless otherwise agreed to by the Parties, Adviser shall meet with representatives of the State on a quarterly basis to discuss the performance of Adviser and the Assets and such other topics agreed to by the Parties. At the discretion of the State, such meeting shall occur at the offices of the State (either in Wilmington or Dover, Delaware) or such other reasonable location in the State of Delaware requested by the State.
8. **Financial Information.** At no cost to the State, Adviser hereby agrees to provide the State with periodic financial information and forecasts relating to the Assets and the U.S. and global economy. Such financial information may include access to Adviser's research data, newsletters, client advisories and other financial and economic information offered by Adviser to clients having similar size of assets under management. Additionally, Adviser shall provide financial information agreed upon by the Parties.