

STATEMENT OF THE WEST MIDLANDS PENSION FUND'S POSITION IN RESPECT OF CORPORATE GOVERNANCE ACTION AGAINST DELL

The West Midlands Pension Fund has an investment strategy that involves a significant passive or index led holding of investments in all major world markets aimed at capturing a market return. This return is then enhanced, with the limited use of specialist managers, to exploit investment opportunities that will add value to its core returns. The Fund, over the years, has recognised that although these holdings are in equities that are on quoted exchanges operating in a regulated environment, this does not necessarily lead to good governance and protection of full shareholders interests. This can be seen in a number of well publicised cases of companies failing.

The Fund therefore wishes to ensure that, as far as practical, all its investments have the best opportunity to perform to their maximum capacity over time and a key feature is good corporate governance of the companies in which investments are held. The Fund supports good governance through its active voting policy and challenges companies that have governance practices that fall short of the best or fail to adequately protect shareholders best interests.

In taking these objectives forward, the Fund recognises the need to use special advisors to support its aims and with the capacity to manage its interests. PIRC is an advisor to the Fund and in terms of it's US equity investments also uses the services of Lerach.

Lerach monitor all of the Fund's US equities in respect of governance issues and also represent the Fund where there is a case that its shareholder interests have not been properly served. It is against this background that Lerach have identified that the actions of Dell do not best serve the shareholder interests of the West Midlands Pension Fund and is taking forward the Fund's interests in legal action.

In view of the legal action being taken, the Fund is cautious about making any more detailed comments other than through Lerach. Details of its governance arrangements and activities can be found on it's website (<http://www.westmids-pensions.org.uk/corpgov/index.htm>) and further general information can be supplied.

Extract from

Meeting: INVESTMENT ADVISORY SUB COMMITTEE

D a t e: WEDNESDAY 17 JANUARY 2007

Report: "West Midlands Pension Fund Investment Management Activity
from 1 September 2006 to 30 November 2006"

During the period, the Fund applied to the US Federal court for the position of co-lead plaintiff together with a large US institutional investor in a class action lawsuit against US computer giant Dell. The action was launched in an attempt to recover market losses of approximately \$1.8m which occurred as a result of false and misleading statements by the company which inflated the share price during 2003 to 2005. This was followed by a sharp decline in market value as the company's financial position became clear.

The US court is currently considering the Fund's application for the lead plaintiff position and a decision is expected to be reached in the next couple of months. However, it should be noted that US courts have historically favoured US investors to take the lead plaintiff position. If this proves to be the case, the Fund will still be eligible to participate in the securities' class action with other investors.