



ILLINOIS STATE BOARD OF INVESTMENT

180 North LaSalle Street, Suite 2015

Chicago, Illinois 60601

(312) 793-5718

March 15, 2012

Mr. Mark Armour
Senior Managing Director and Head of
World Wide Institutional Invesco
1166 Avenue of the Americas, 27th Floor
New York, NY 10036

Re: Relationship between the Illinois State Board of Investment (ISBI) and Invesco

Dear Mr. Armour:

In 1999 ISBI allocated \$35,000,000 to Invesco US Venture Partnership II. Since that time the fund has generated an IRR of -3.86%, and the current value of ISBI's position is \$6,432,118. The investment management fee paid by ISBI to INVESCO for CY2010 was \$339,500. Although to the best of my current knowledge that fee was calculated in a manner consistent with the partnership agreement, such a fee level is unacceptable and unsustainable. I am writing to request that Invesco waive all current and future management fees related to this fund.

Besides the above referenced \$6,432,118 allocated to Invesco US Venture Partnership II, Invesco also manages another approximately \$950,000,000 on ISBI's behalf. Failure to resolve the issue described above will imperil the totality of Invesco's relationship with ISBI.

Please advise me of Invesco's waiver of the above referenced fees at your earliest convenience. The Board has its regularly scheduled meeting on Friday, March 23. If the issue is not resolved by that date, the Board will expect you to appear at that meeting and explain Invesco's position on these matters.

Sincerely,

ILLINOIS STATE BOARD OF INVESTMENT


William R. Atwood
Executive Director

WRA/ps

Invesco

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G. Mark Armour
Senior Managing Director and
Head of Worldwide Institutional

March 30, 2012

William R. Atwood
Executive Director
Illinois State Board of Investment
180 North LaSalle Street, Suite 2015
Chicago, Illinois 60601

Dear Mr. Atwood,

This letter serves as notice to you that as of December 31, 2011, your Management Fee (as defined in your Subscription Agreement) related to your investment in INVESCO Venture Partnership Fund II, L.P. (the "Fund") has been reduced from 97 basis points to 50 basis points of the value of your Capital Account (as such term is defined in the limited partnership agreement of the Fund). Such fees shall be due and payable quarterly in arrears.

Should you have any questions on this reduction please feel free to call Marquette Chester at 212 [REDACTED].

Sincerely,



G. Mark Armour

cc: Marquette Chester – Invesco