WASSERSTEIN & CO.
U.S. EQUITY PARTNERS, L.P.

Wasserstein & Co., L. P.
1301 Avenue of the Americas, 44th Floor
New York, New York 10019
Telephone 212-702-5600
Fax 212-702-5635

August 10, 2009

To our Limited Partners:

Re: <u>Final Liquidation -- U.S. Equity Partners I</u>

We hope that you are all well, and that you are finding opportunity in today's challenging markets. We are writing concerning the final liquidation of our predecessor firm's 1997/98 leveraged buyouts fund, U.S. Equity Partners I, LP ("USEP I" or the "Fund"). While the Fund has been inactive for some time, it was necessary to defer the actual final legal liquidation and winding up of the Fund for administrative reasons.

Final Fund Liquidation. As you may recall, USEP I has reached the end of its stated partnership term. As there are no remaining portfolio investments or assets to be sold, the General Partner has commenced the final liquidation process for the Fund. The liquidation process includes settling all remaining Fund expenses and liabilities, allocating cash on hand to limited partners, and providing a "Claw Back " credit to limited partners of so-called carried interest amounts previously received by the General Partner on early successful deals. The Fund liquidation allocations to each partner's capital account are described below. In accordance with Section 11 of the USEP I partnership agreement, we have now accounted for all remaining assets and liabilities and made final accruals on the financial statements for the Fund.

In connection with the liquidation of the Fund, please find attached a closing statement, Schedule A, that indicates each partner's respective share of the net expenses required by the Fund to complete the liquidation. This letter will, in accordance with Section 5 of the Fund's Partnership Agreement, serve as the final capital call notice to Limited Partners. Please arrange to wire transfer your respective amount to us by August 24th so we can complete the liquidation process. Wire transfer instructions are set forth on the attached Schedule A.

U.S. Equity Partners I Performance. Although the Fund's vintage year was very poor generally for private equity funds, we were disappointed in the overall performance of U.S. Equity Partners I. Our focus has always been on absolute, rather than relative, returns, so the fact that we performed better than many others of this vintage provides little comfort. However, as the largest investor in the Fund (with over $75 million committed), our firm's interests were absolutely aligned with our limited partners. In addition, given the overall performance of the

Fund, we are required to return the "carried interest" profit we had previously received on early successful deals.

As you may recall, the Fund invested in both traditional established media and consumer products companies, as well as in venture capital-type start-up businesses. The results were binary, in that all the established, traditional businesses did well, and all the start-ups did not. Overall, approximately $250 million was invested from the Fund, and approximately $254 million was returned before fees and expenses, as shown in the chart on Schedule B. The traditional established consumer products and media companies the Fund acquired were [redacted] The venture capital-type start-up businesses were [redacted] and [redacted] We worked hard with the portfolio to the end, and were pleased that we were able to generate sizable gains from the sales of the last two portfolio companies, [redacted] and [redacted] though it took many years to do so.

to 9% hurdle not reached, GP must return carry $6.8

Final Liquidation Allocations. In order to determine the final amounts that were owed from each limited partner in connection with the liquidation, a number of factors had to be reviewed. These included the amount of "carried interest" the General Partner had previously received on successful investments that needed to be returned, the amount of deferred management fees that were still owed to the General Partner in respect of prior periods, the amount of cash on the books of the Fund, and the remaining third-party expenses of the Fund. In summary, after aggregating and netting all of the foregoing items, there is a modest amount of capital that must be called from each Limited Partner at this time. This capital call does not reflect amounts also owed to the General Partner (exceeding $16 million in aggregate) to which it is entitled under the Partnership Agreement for transaction and monitoring fees from the [redacted] and [redacted] investments, which the General Partner has decided to waive for Limited Partners who satisfy the capital call set forth in this letter. Details on the foregoing matters are set forth below.

Carried Interest Claw Back. Under Section 6.8 of the USEP I partnership agreement, a Claw Back amount is due to the limited partners. The General Partner received carried interest distributions totaling $4,418,059 over the life of the Fund. This carried interest resulted from the profitable sales of [redacted], [redacted] and [redacted] between 1999 and 2001. No additional carried interest was taken on the profitable sales of the [redacted] and [redacted] portfolio investments in 2006 and 2007. As a result, the General Partner has made an allocation of $4,418,059 as a credit to the limited partners. The credit to each limited partner has been based upon the specific carried interest allocated from each partner at the time of the sale of such portfolio investments.

Deferred Management Fees. Since the second quarter of 2003, the Fund deferred management fee capital calls because the aggregate amount of capital called to that point was approaching the aggregate amount of limited partners' Available Capital Commitments. Since then, deferred management fees have been accrued for the period that the investments were held by the Fund prior to the ultimate sale or other disposition of the portfolio investment. The more recent dispositions of [redacted] and [redacted] generated realized gains in the aggregate of $82,100,397. Of these gains, the amount of $8,140,140 was added back to limited partners' Available Capital Commitments under Section 5.6 of the USEP I partnership agreement, thereby increasing aggregate partners' Available Capital to $10,088,573. With the increase in partners' Available Capital, the Fund was required to provide capital under Section 5.6 of the USEP I partnership agreement from partners for management fees and operational expenses at the time of the finalization of the Fund's liquidation. Deferred management fees of $8,553,431 have now been charged to the Fund.

Remaining Allocation of Cash and Accrued Expenses. The Fund's remaining cash of $1,687,014 has also been credited on a proportionate basis to each partner's capital account. Expenses of $75,000 for third-party professional fees at December 31, 2008 and for remaining 2009 charges have been accrued and charged proportionately to partners' capital accounts as well.

Please note that the capital call amounts due to the Fund and the bank account information and date due is reflected on Schedule A. A draft copy of the Fund's final financial statements is also attached for your information. We expect the Fund's auditors to complete the final audited financial statements shortly.

If you have any questions regarding U.S. Equity Partners I generally, or the attached Schedules or financial statements, please do not hesitate to call Robert Mersten at (212/702-5688).

Again, we hope that all is well with you. Best regards.

WP Management Partners, LLC

Schedule A

U.S. Equity Partners, L.P.
Liquidation Statement
Net Capital Call due to Fund
December 31, 2008
Capital Call Due Date: August 20, 2009

Liquidation Recap Prepared for:

Commonwealth of Pennsylvania Public School Employees Retirement System

Section A - Your Share of the Liquidation Allocations:

		Amount
USEP I Contribution - Liquidation Statement [1]:		
Liquidation Detail statement: [1]		
Opening Limited Partner's Capital balance - Jan. 1, 2008 [2]	$	625,185
Prior period adjustment accruals:		
Add: GP Claw Back credit [3]		2,093,886
Less: Deferred Management Fees charge [4]		(3,538,450)
Allocation of net P&L in 2008		24,685
Net Capital Call Due		(794,694)
Total Current Capital Call - due August 20, 2009	$	(794,694)

[1] *This statement reflects the final statement to the liquidation of the Fund as of December 31, 2008.*

[2] *Reflects opening balance prior to restatement in 2008 financial statements.*

[3] *GP Claw Back amount accrued as a December 31, 2007 prior period adjustment credit. During 1999, 2000 and 2001 the General Partner ("GP") received distributions of $4.4MM from the Fund as GP carried interest from the sales of portfolio companies' [redacted] and [redacted] The Limited Partnership Agreement ("LPA") requires that upon liquidation of the Partnership, if the cumulative return of a limited partner is less than 9%, the GP is obligated to return to the Partnership any amounts distributed to the GP as carried interest pursuant to Section 6.6 (g), (h) and (i). This amount has been credited to your capital account.*

[4] *Deferred management fee expense as a December 31, 2007 charge. In 2006 and 2007, the Fund realized gains from [redacted] investment distributions in the aggregate of $82.1MM. Of this gain, the amount of $8.1MM has been added back by the Fund to Partners' Available Capital Commitments under Section 5.6 of the LPA, increasing aggregate Partners Available Capital to $10.1MM. The increase in aggregate Partners' Available Capital allows the Fund to redraw capital contributions from the limited partners for management fees and operational expenses during the finalization of the Fund's liquidation period. This amount has been charged to your account as a December 31, 2007 prior period adjustment.*

Wiring Instructions:
Bank Name: Bank of America NA
ABA#: 026-009-593
Account Name: U.S. Equity Partners, LP
Account Number: 000002107465
Attention: Matthew Rubin

U. S. Equity Partners I

Schedule B
12-31-08

($ in millions) *Unaudited* Investment	Purchase Date	USEP I Capital Invested	Total USEP I Returns	Realized Returns	Unrealized Returns	Deal Multiple	Gross Annual IRR
Private Equity Investments:							
[redacted]	1997	$9.3	$14.2	$14.2	$--	1.5x	37.5%
	1997	71.0	166.8	166.8	--	2.4x	10.9%
	1998	9.0	37.2	37.2	--	4.1x	181.7%
	1999	13.7	23.6	23.6	--	1.7x	8.6%
	2000	4.8	11.7	11.7	--	2.5x	72.5%
Private Equity Investments Sub-total		**$107.7**	**$253.6**	**$253.6**	**$--**	**2.4x**	
USEP I Private Equity Gross Annual IRR			**16.9%**			**2.4x**	
Venture Capital Investments:							
[redacted]	1999	23.7	0.0	0.0	--	0.0x	--
	2000	59.0	0.5	0.5	--	0.0x	--
	2000	15.0	0.1	0.1	--	0.0x	--
	2000	45.3	0.0	0.0	--	0.0x	--
Venture Capital Investments Sub-total		**$143.0**	**$0.7**	**$0.7**	**$--**	**0.0x**	
Total USEP I Investments		**$250.7**	**$254.3**	**$254.3**	**$--**	**1.0x**	
USEP I Net Returns (1)							
USEP I Gross Annual IRR			**0.3%**			**1.0x**	
USEP I Net Annual IRR (1)			**NM**			**0.9x**	

Note:
(1) For USEP I domestic and offshore partnerships, net of partnership fees and expenses.