

Adams Capital Management, L.P.
518 Broad Street
Sewickley, Pennsylvania 15143

September 12, 1997

Commonwealth of Pennsylvania
Public School Employes' Retirement System
5 North Fifth Street
Harrisburg, PA 17101

Attention: John C. Lane
Chief Investment Officer

Dear Mr. Lane:

This letter is being written and delivered to confirm certain agreements with regard to the investment being made by Public School Employes' Retirement System ("PSERS") in Adams Capital Management, L.P., a Delaware limited partnership (the "Partnership") pursuant to the Limited Partnership Agreement dated as of September 12, 1997 (the "Partnership Agreement") and the Subscription Agreement between the General Partner and PSERS dated as of September 12, 1997. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Agreement.

1. The General Partner understands that PSERS reserves all immunities, defenses, rights or actions arising out of its status as a sovereign state or entity, including those under the Eleventh Amendment to the United States Constitution. No provision of the Partnership Agreement or the Subscription Agreement shall be construed as a waiver or limitation of such immunities, defenses, rights or actions. The General Partner hereby agrees and acknowledges that any contract claim asserted against PSERS arising out of the Partnership Agreement or the Subscription Agreement may only be brought before and subject to the exclusive jurisdiction of the Board of Claims of the Commonwealth of Pennsylvania pursuant to §§ 4651-1 *et seq.* of Title 72 Pa. Statutes, and shall be governed by the substantive and procedural rules and laws of the Commonwealth of Pennsylvania, without regard to the principles of conflicts of law.

2. The General Partner hereby confirms that the Partnership Agreement and the Subscription Agreement do not impose any personal indemnification obligations on PSERS. The Partnership Agreement and Subscription Agreement shall not be applied or construed to require PSERS to indemnify the Partnership or any Partner. Liability will fall only where it may. In no event shall the liability of PSERS under the Partnership Agreement or the Subscription Agreement exceed the sum of PSERS' Subscription. The parties hereto acknowledge, however, that this

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paragraph 2 does not affect the Partnership's obligations under Section 15 of the Partnership Agreement or PSERS' obligations under Section 6 of the Partnership Agreement.

3. The General Partner hereby agrees to preserve all financial and accounting records pertaining to the Partnership Agreement during the term of the Partnership Agreement and for four years thereafter, and during such period, PSERS or any other department or representatives of the Commonwealth of Pennsylvania, upon reasonable notice, shall have the right to audit such records in regard thereto to the fullest extent permitted by law. The General Partner shall have the right to preserve all records and accounts in original form or on microfilm, magnetic tape, or any similar process.

4. The Partnership, General Partner and Individual General Partners represent and warrant that none of the Partnership, the General Partner and nor the Individual General Partners shall have entered into any side letter or similar agreement on or prior to the date hereof with any investor in the Partnership or Partner in connection with the admission of such investor or Partner to the Partnership except as disclosed to PSERS in writing on or prior to the date hereof. At any time should any investor receive any side letter or similar agreement, then PSERS will be given copies of such side letter(s) or similar agreement(s). None of the Partnership, the General Partner and the Individual General Partners shall enter into a side letter or similar agreement with an existing or future investor who is or becomes a Limited Partner in the Partnership after the date hereof that has the effect of establishing rights or otherwise benefiting such investor in a manner more favorable in any material respect to such investor than the rights and benefits established in favor of PSERS pursuant to this side letter, unless, in any such case, PSERS has been given the opportunity to receive the same rights and benefits or such side letter or similar agreement is made pursuant to an amendment to the Partnership Agreement.

5. So long as PSERS (i) is a Limited Partner, (ii) is not in default as set forth in Section 6(b) of the Partnership Agreement and (iii) maintains at least the initial limited partnership interest in the Partnership purchased by it on the date hereof, the General Partner, on behalf of the Partnership, hereby agrees to accept one individual selected by PSERS to serve as a member of the Advisory Committee as described in Section 5 of the Partnership Agreement, which individual shall initially be Marvin Miles, and will accept a successor selected by PSERS and reasonably acceptable to the General Partner in the event that the original member selected by PSERS resigns or is removed. With regard to any claims, damages, losses or expenses arising out of his or her service on the Advisory Committee, each such individual shall be entitled to indemnification by the Partnership to the same extent as any Indemnified Person, including a Limited Partner, pursuant to Section 15 of the Partnership Agreement.

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6. Notwithstanding anything to the contrary in Section 6 of the Partnership Agreement, in all cases, including the initial capital call, the General Partner shall give PSERS at least ten (10) business days prior written notice as to the date for each capital contribution.


7. With reference to the last sentence of Section 3(j)(ii) and 3(m) of the Partnership Agreement, the General Partner will notify PSERS promptly after the Partnership's final closing with regard to the relevant pro ration between the Partnership and the ACM Funds. In addition, the General Partner will notify the Advisory Committee at least quarterly of all co-investments made by the Partnership and any ACM Fund in Related Portfolio Companies.

8. Notwithstanding anything in the Partnership Agreement to the contrary, this letter agreement is a valid and legally binding agreement between PSERS and the General Partner, enforceable against each of them according to its terms.

This letter agreement may be executed in multiple counterparts which, taken together, shall constitute one and the same instrument.

ADAMS CAPITAL MANAGEMENT, L.P.

By: ACM Capital Partners II, L.P.
Its General Partner

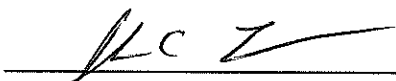



Name: Joel P. Adams
Title: General Partner

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Agreed to and Acknowledged:

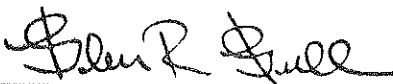
COMMONWEALTH OF PENNSYLVANIA
PUBLIC SCHOOL EMPLOYES' RETIREMENT SYSTEM

By: 
Name:
Title:

By: 
Name: **EXECUTIVE DIRECTOR**
Title:

Approved for form and legality:

See attached approval memo.
Chief Deputy Attorney General
Office of Attorney General


Deputy General Counsel
Office of General Counsel

LEGAL OFFICE SEP 03 1997 *SM*

Commonwealth of Pennsylvania
Office of Attorney General
SEPTEMBER 2, 1997

Subject: Contract 97-119
ADAMS CAPITAL MANAGEMENT LP

To: THOMAS E. ROSS
CHIEF COUNSEL
PUBLIC SCHOOL EMPLOYEES'
RETIREMENT SYSTEMS

From: David J. DeVries
Chief Deputy Attorney General
Review and Advice Section

The above-referenced contract has been approved for form and legality pursuant to the Commonwealth Attorneys Act, 71 P.S. Section 732.101 et seq.

No approval or opinion is offered as to the manner of execution if the document was submitted in proposed form. No approval or opinion is offered concerning any document referenced but not submitted or any events or other occurrences giving rise to the contract's creation or submission. Our review does not extend to compliance with the laws of other jurisdictions. To the extent, if any, that such other laws may be applicable to the making or performance of the contract in any respect, the agency may want to consult with counsel in that jurisdiction.

APPROVED SUBJECT TO APPROVAL BY AGENCY COUNSEL.

DJD