

HF PARTNERS I, L.P.

September 22, 1994

Commonwealth of Pennsylvania  
Public School Employees' Retirement System  
5 North Fifth Street  
P.O. Box 125  
Harrisburg, Pennsylvania 17108

Ladies and Gentlemen:

This letter agreement is executed and delivered to confirm certain agreements with respect to the investment being made by the Commonwealth of Pennsylvania Public School Employees' Retirement System ("PSERS") in Heritage Fund I, L.P. (the "Partnership") and the execution, delivery and performance by PSERS of the Agreement of Limited Partnership (the "Partnership Agreement") of the Partnership and its companion Subscription Agreement dated as of even date herewith between the Partnership and PSERS. In consideration of the investment by PSERS in the Partnership, HF Partners I, L.P. (the "General Partner") agrees to the provisions set forth herein. Each capitalized term used and not otherwise defined herein which is defined in the Partnership Agreement shall have the meaning ascribed to it in the Partnership Agreement.

1. Committee. At PSERS' written request and for so long as PSERS continues to own an interest as a Limited Partner in the Partnership (and is not a Defaulting Partner), which interest when fully paid for will have an original issue cost to PSERS of at least \$25,000,000, the General Partner shall, pursuant to Article XIII of the Partnership Agreement, designate and maintain a representative from PSERS as a member of the Advisory Committee of the Partnership.

2. Indemnification. The General Partner, on behalf of the Partnership, shall at no time or for any reason require PSERS to satisfy all or any portion of the indemnification obligations of the Partnership to an Indemnified Person pursuant to Section 3.06 of the Partnership Agreement. Accordingly, PSERS shall have no obligation to provide indemnification under the Partnership Agreement. Nothing contained in this letter agreement, however, shall relieve PSERS of any obligation that PSERS may have under the Partnership Agreement to make capital contributions to the Partnership (including without limitation capital contributions which are to be applied to satisfy the Partnership's indemnification obligations) in accordance with the terms and conditions of the Partnership Agreement or to return to the Partnership the amount of any distribution which PSERS is

required to return to the Partnership pursuant to Section 17-607(b) of the Delaware Act or pursuant to Section 2.02 of the Partnership Agreement.

3. Sovereign Immunity. PSERS hereby reserves all immunities, defenses, rights or actions arising out of its sovereign status or under the Eleventh Amendment to the United States Constitution, and no waiver of any such immunities, defenses, rights or actions shall be implied or otherwise deemed to exist by its entering into the Partnership Agreement, by any express or implied provision of the Partnership Agreement or by any actions or omissions to act of PSERS or any representative or agent of PSERS, whether pursuant to the Partnership Agreement or otherwise. The preceding sentence shall not affect PSERS' obligations to abide by its contractual commitments in the Partnership Agreement.

4. Information and Records. The General Partner hereby agrees to preserve all financial and accounting records pertaining to the Partnership during the term of the Partnership Agreement and for six years thereafter, and during such period, PSERS or any other department or representative of the Commonwealth of Pennsylvania, upon reasonable notice to the Partnership, shall have the right, at its own expense, to audit such financial and accounting records to the fullest extent authorized and permitted by federal law and the laws of the State of Delaware. Such right shall be in addition to PSERS' right as a Limited Partner to receive financial statements and reports pursuant to the terms of the Partnership Agreement.

5. Reasonable Expenses. If within 45 days after delivery by the General Partner to the Limited Partners of the Partnership's audited financial statements for the preceding year, the Advisory Committee objects to the General Partner in writing to any material expense paid by the Partnership during such year (other than fees and expenses paid to the Management Company under the Management Agreement and legal expenses) as being unreasonable (the "Objection"), the General Partner shall seek to resolve the reasonableness of such expense to the mutual satisfaction of the Advisory Committee and the General Partner. If the General Partner and the Advisory Committee are unable to resolve such matter to their mutual satisfaction within 30 days after the General Partner's receipt of the Objection, the General Partner shall, at the written request of the Advisory Committee made to the General Partner within 15 days after the expiration of such 30-day period, submit such matter for determination by an independent third party mutually agreed upon by the Advisory Committee and the General Partner, and the General Partner shall abide by the terms of the determination made by such third party.

6. Other Side Letter Agreements. So long as PSERS is a Limited Partner, the General Partner shall furnish to PSERS as soon as practicable a copy of all other side letter agreements, whether presently existing or hereafter delivered, between the General Partner and any other Limited Partner. Further, PSERS shall be entitled to receive substantially the same rights granted by the Partnership in any such other side letter agreement, provided that (i) PSERS notifies the Partnership in writing to that effect within 30 days of the date PSERS receives a copy of such other side letter agreement pursuant to the first sentence of this paragraph, and (ii) the circumstances particular to the recipient of such other side letter agreement which gave rise to the rights granted in such other side letter agreement are generally applicable to PSERS. The foregoing right shall not include (a) any of the rights granted to BancBoston Investments, Inc. or (b) any right to co-invest with the Partnership in particular investments, unless such right is pursuant to a general right to co-invest with the Partnership in a substantial portion of its investments.

Sincerely yours,

HF PARTNERS I, L.P.

By Michael F. Gilligan  
General Partner