



Valley Forge Private Equity, Inc.

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March 3, 2010

Dear Friends of Valley Forge:

2009 was another successful year for the Valley Forge Funds!

- **\$5,023,711 was distributed to partners on \$21,842,123 of invested capital**
 - 6 of the 7 active funds distributed cash to investors
 - Sale of Comfort Keepers at 2x investment
 - Sale of United Malt Holdings at 5x investment
- **Cumulative distributions exceed \$16 Mil on \$21.8 Mil invested**
- **Funds maintain a \$14.1 Mil of unrealized market value**
- **Valley Forge Fund VIII, LP closed as the largest Valley Forge Fund ever**

We appreciate your continued confidence and support. We are proud to say that over 60% of investors have commitments to more than one fund. We are continuing our due diligence process to select managers for our next investment opportunity. Over the next few months we will finalize the managers for Valley Forge Fund IX, LP and will send out invitations for our manager presentations shortly thereafter.

We are doing everything possible to have your K-1 tax reporting information available prior to April 15th. Please let your tax preparer know that there is a strong likelihood that your K-1 will be delayed, causing you to file an extension, as the managers often provide final tax information after April 15. We will provide estimates for each of your Valley Forge Funds, along with an update of expected K-1 completion dates, on or before April 1, 2010.

IRR Performance by fund - through 12/31/09 *

Valley Forge Fund I, LP – est.2002	23.22%
Valley Forge Fund II, LP – est.2002	**
Valley Forge Fund III, LP – est.2004	39.97%
Valley Forge Fund IV, LP – est.2005	62.26%
Valley Forge Fund V, LP – est.2006	-2.18%

Best regards,

VALLEY FORGE PRIVATE EQUITY, INC.

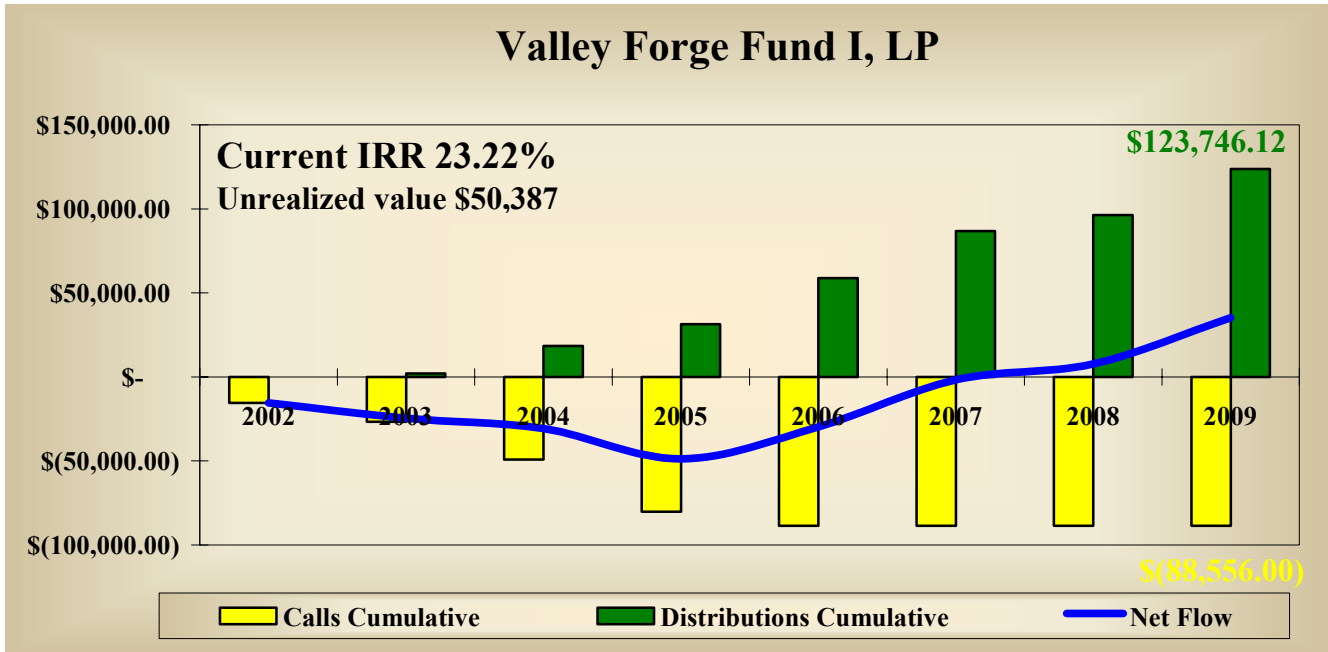


Manish Upadhyay
Private Equity Fund Administrator

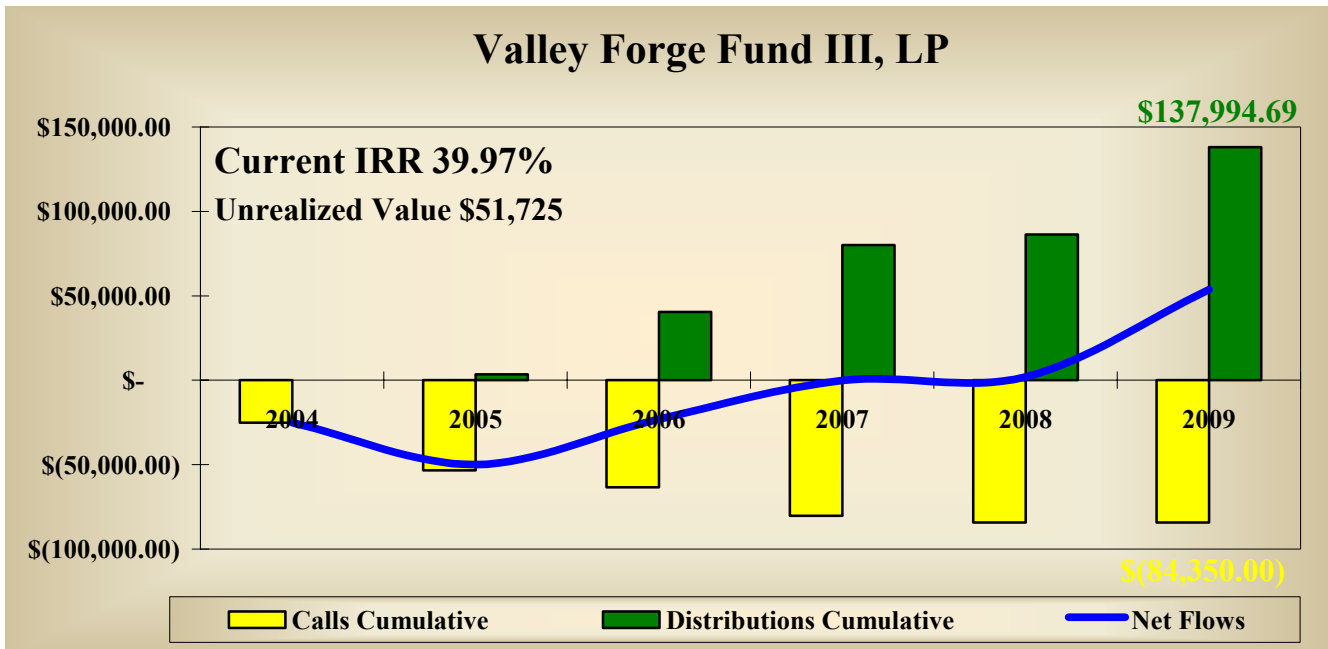
*The Internal Rate of Return (IRR) calculation is unaudited and based on the actual cash flows for the fund since inception. Terminal Values are based on the latest valuation information provided by the underlying managers for each fund. Valley Forge Fund VI, LP (est 2007), Valley Forge Fund VII, LP (est 2008) and Valley Forge Fund VIII, LP (est 2009) have not had sufficient realized investments to have a meaningful IRR.

**Confidential – Valley Forge Fund II, LP is a fund established exclusively for a private family

Valley Forge Fund I, LP
Established January 2002
Performance and Activity
December 31, 2009



Valley Forge Fund III, LP
Established April 2004
Performance and Activity
December 31, 2009



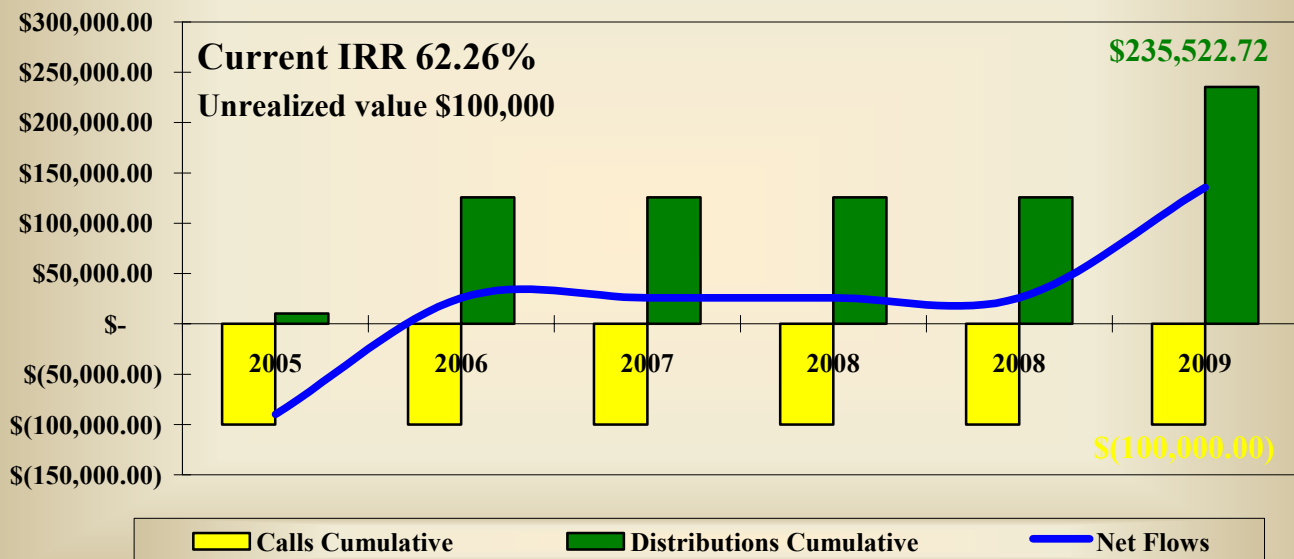
Valley Forge Fund IV, LP

Established June 2005

Performance and Activity

December 31, 2009

Valley Forge Fund IV, LP



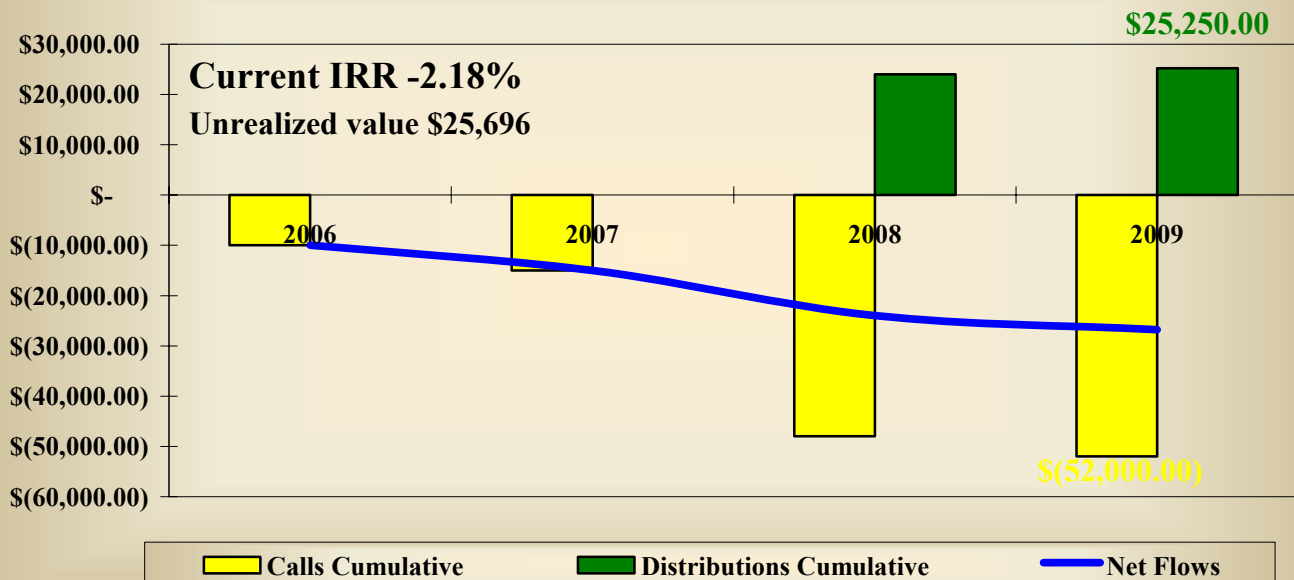
Valley Forge Fund V, LP

Established June 2006

Performance and Activity

December 31, 2009

Valley Forge Fund V, LP



Valley Forge Fund VI, LP (est. 2007)

December 31, 2009

Capital Called To Date:	31.50%
Distributions:	3.60%
Remaining Capital Calls:	68.50%
Estimated Unrealized Value:	\$24,641.00

Valley Forge Fund VII, LP (est. 2008)

December 31, 2009

Capital Called To Date:	77.00%
Distributions:	0.00%
Remaining Capital Calls:	23.00%
Estimated Unrealized Value:	\$66,041.00

Valley Forge Fund VIII, LP (est. 2009)

December 31, 2009

Capital Called To Date:	10.00%
Distributions:	0.00%
Remaining Capital Calls:	90.00%
Estimated Unrealized Value:	\$9,000.00

Capital calls, distributions and unrealized values are based on \$100,000 commitment

2009 INVESTMENT ACTIVITY UPDATE

Valley Forge Fund V, LP



Audax Mezzanine Fund II purchased senior subordinate notes and common stock in **Cloverhill Bakery** in mid October. **Cloverhill Bakery** is a Chicago based company which manufactures an assortment of baked goods which is sold through retail, club and convenience stores.



Audax Mezzanine Fund II invested in **FairPay** through senior subordinate notes and common stock on September 30, 2009. **FairPay** is a provider of medical cost containment services through specialty bill review in the workers' compensation market.

Valley Forge Fund VI, LP



Webster Capital Fund II acquired **AmBath/ReBath LLC** in late December. **ReBath** is an international franchisor of turnkey residential bathroom remodeling services.

Valley Forge Fund VII, LP



On December 15th Milestone Partners III, LP acquired **Mariner Finance, LLC**. Mariner Finance is a leading provider of mid-term installment loans, related credit insurance and ancillary products to near-prime borrowers.