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May 6, 2010

Dear Partners,

The Valley Forge Funds' track records continue to shine. First quarter distributions represented the following projected annualized cash on cash returns:

- **Fund I 21.28%**
- **Fund III 38.80%**
- **Fund IV 103.96%**
- **Fund V 4.32%**

The lack of new investments is surprising. See this quarter's special insert "What the Managers are Saying" attached. We do expect more activity as the year progresses.

Brantley Partners, one of the managers in Valley Forge Fund VII, LP, recently announced that two of their General Partners have left the firm. We are in continuous dialogue with Bob Pinkas, the founding General Partner, and will be monitoring the situation closely. We will make certain to communicate any developments and new information with you as we continue our research into these departures. Fund VII has invested 100% of its commitment to Brantley Partners. Given the completed investment, we were pleased to learn that seven of the eight Brantley portfolio companies have positive earnings through the first quarter of 2010.

IRR Performance by fund - through 03/31/10 *

Valley Forge Fund I, LP – est.2002	23.66%
Valley Forge Fund II, LP – est.2002	**
Valley Forge Fund III, LP – est.2004	39.01%
Valley Forge Fund IV, LP – est.2005	60.03%
Valley Forge Fund V, LP – est.2006	3.03%

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. IRR will be calculated once funds are 50% invested and one realized transaction has occurred.

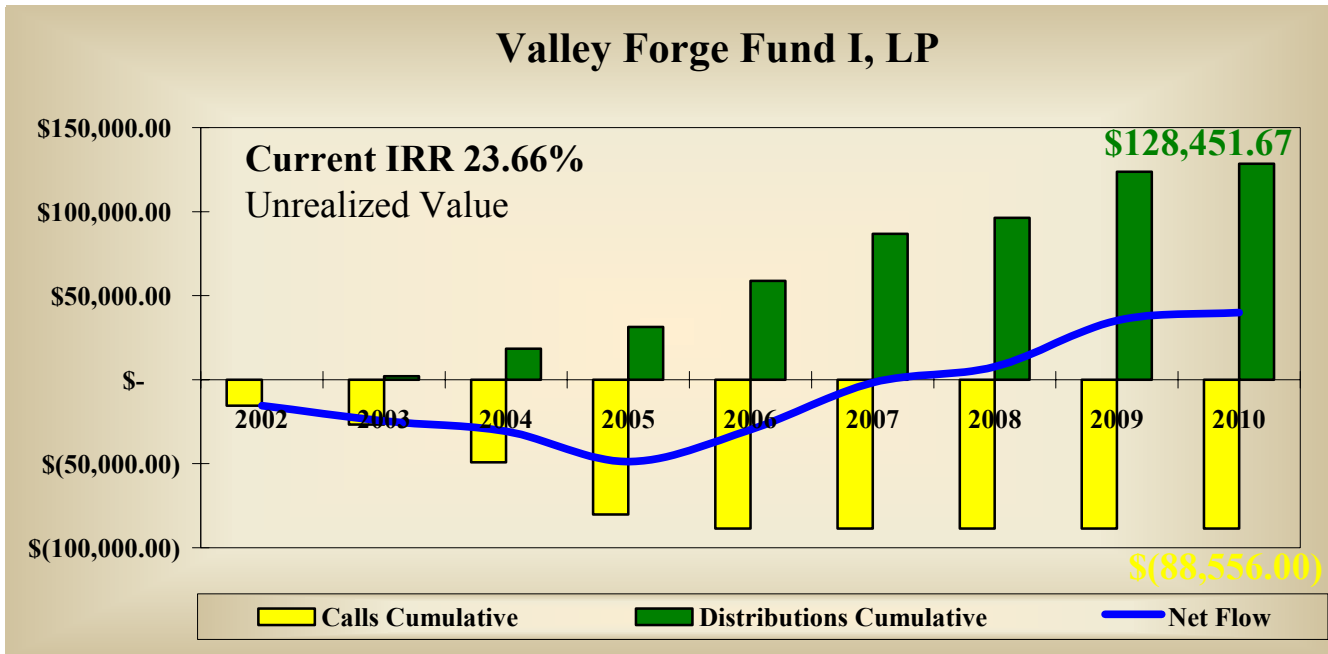
**Confidential – Valley Forge Fund II, LP is a fund established exclusively for a private family

What are the Managers Saying?

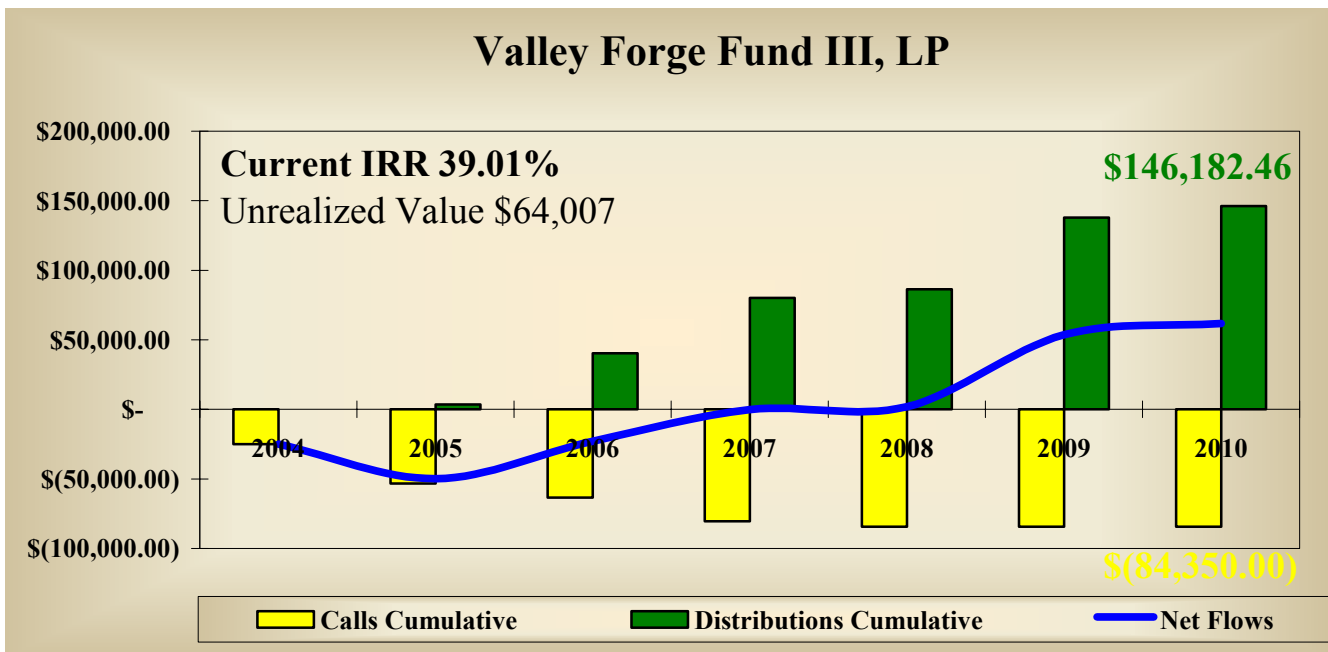
On the surface, the recovering economic environment seems ripe for new investment, particularly for value buyers and secondary managers. However, we are hearing common themes that have hindered investment activity from the managers:

1. Wide bid/ask spread;
 - a. Low bid prices - Availability of debt directly affects the amount a manager is willing to pay for a company. Lack of capacity and conservative bank underwriting of new loans has decreased the availability of loans, and the amount banks are willing to lend for acquisitions.
 - b. High ask prices - Sellers have a “high watermark” mentality – sellers are unwilling to recognize a decrease in their company value even if revenues and profits have plummeted in the last 12-18 months. Many believe that their businesses will recover to 2007 and 2008 levels.
2. Banks are not acknowledging losses – many non-performing corporate loans are still being carried by banks, reducing the opportunity to purchase discounted loans as part of company recapitalization with new investment.
3. Unpredictable tax environment and legislative uncertainty;
 - a. Uncertain tax treatment for sellers makes for difficult decision-making. Higher perceived future tax rates increase the minimum price that sellers are willing to accept
 - b. Legislative volatility and change in policy have created uncertainty, particularly in healthcare and related industries.

Valley Forge Fund I, LP
Established January 2002
Performance and Activity
 March 31, 2010



Valley Forge Fund III, LP
Established April 2004
Performance and Activity
 March 31, 2010

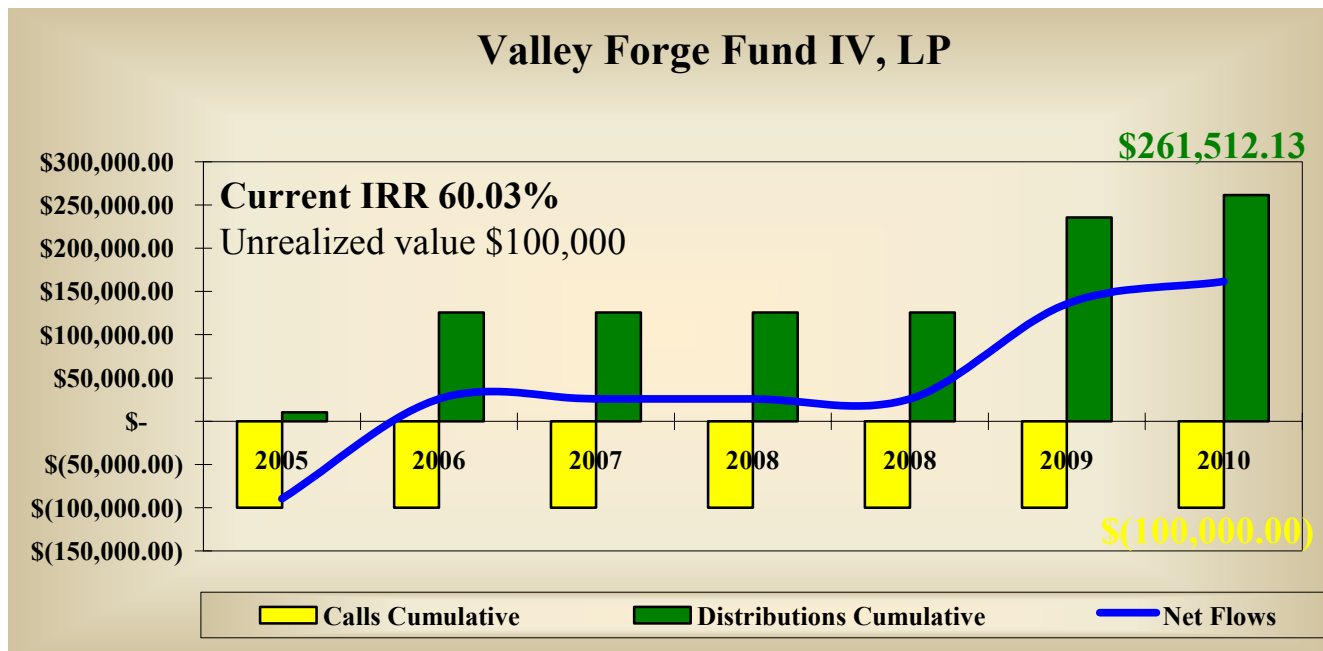


Valley Forge Fund IV, LP

Established June 2005

Performance and Activity

March 31, 2010

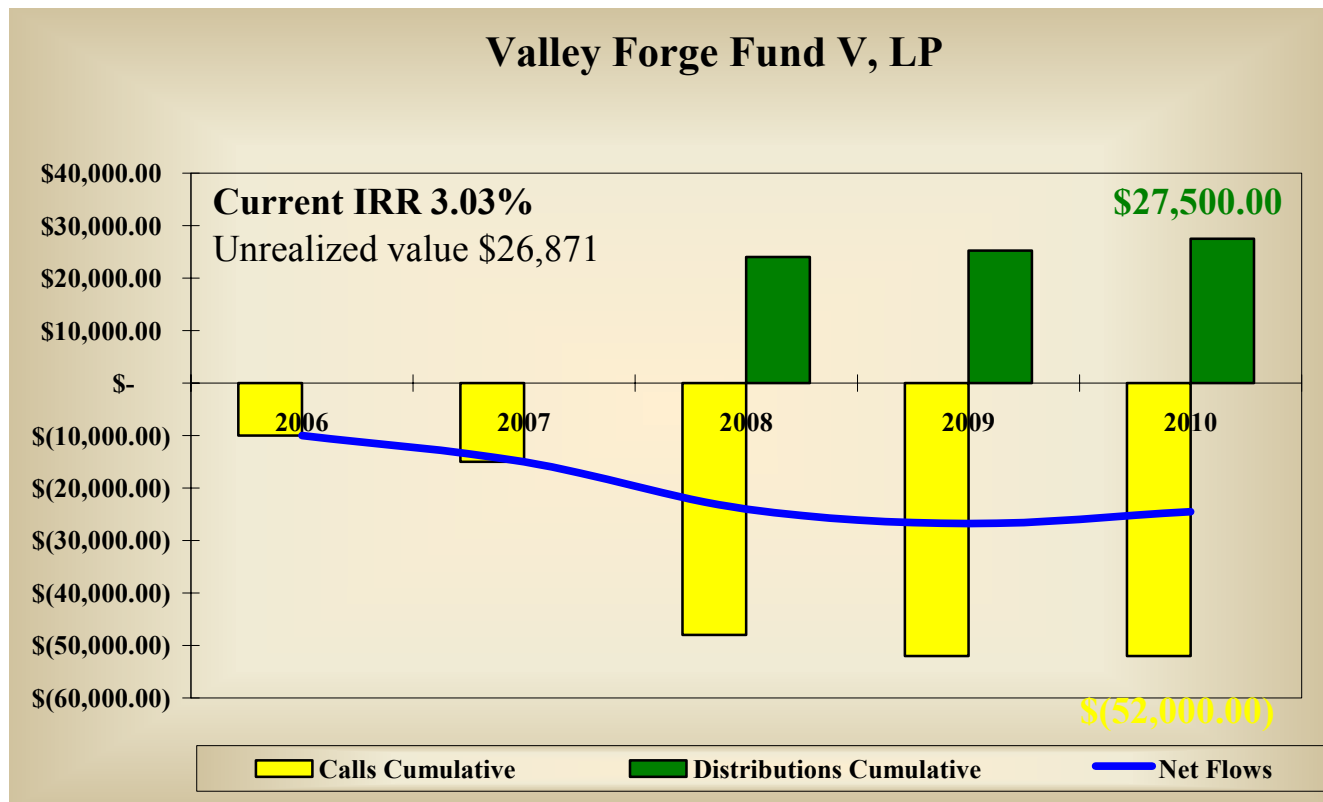


Valley Forge Fund V, LP

Established June 2006

Performance and Activity

March 31, 2010



Valley Forge Fund VI, LP (est. 2007)

March 31, 2010

Capital Called To Date:	34.00%
Distributions:	3.60%
Remaining Capital Calls:	66.00%
Estimated Unrealized Value:	\$29,947.54

Valley Forge Fund VII, LP (est. 2008)

March 31, 2010

Capital Called To Date:	77.00%
Distributions:	0.00%
Remaining Capital Calls:	23.00%
Estimated Unrealized Value:	\$63,550.64

Valley Forge Fund VIII, LP (est. 2009)

March 31, 2010

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

2010 INVESTMENT ACTIVITY UPDATE

Valley Forge Fund VI, LP



On February 15, 2010, Castle Harlan V, LP closed the concurrent acquisition of Pretium and Novapak. Both firms specialize in the manufacturing of custom-designed plastic containers for the food, healthcare and pharmaceutical end markets. The two companies will be combined and branded as *Pretium*.