



675 High Street
Palo Alto, CA 94301
(650) 463-1590
(659) 463-1595 Fax

Wednesday, October 17, 2001

Mr. David Bonderman
Texas Pacific Group
301 Commerce Street
Suite 3300
Fort Worth, TX 76102

Dear David,

I trust that this letter finds you in good health and spirits. We find ourselves in uncertain times with many large concerns beyond business. I hope that you and your family remain safe and well.

In the technology sector, we continue to see a market imbalance: technology and telecom businesses suffer from a lingering oversupply of products and services combined with a sharply reduced (if not eliminated) demand. As a firm, our last investment was made in November 2000, and we believe that there will be few suitable opportunities in the next 6 months.

While there is little good news on the horizon, we remain committed to building this firm. Like many venture firms, we are returning to our roots in anticipation of a slow, steady growth path. We intend to stay the course, and our larger institutional investors have not changed their positions.

I appreciate your continued support in this endeavor, and I look forward to seeing you again in the near future. In the meantime, I remain,

Very truly yours,

A handwritten signature in black ink, appearing to be 'Michael Spindler', written over a horizontal line.

Michael Spindler