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AUSTIN VENTURES CLOSES \$825 MILLION FUND VII

*Fund VII ranks Austin Ventures as the third largest early-stage
venture capital firm in the nation.*

AUSTIN, Texas – November 22, 1999 – Austin Ventures today announced the closing of Fund VII, the firm's seventh venture capital fund worth \$825 million. Fund VII brings Austin Ventures' capital under management to \$1.611 billion, making the firm the third largest early-stage venture investor in the United States, according to sources at VentureOne.

"We have produced top-quartile returns in each of our last six funds over the course of 15 years," said John Thornton, general partner of Austin Ventures. "As a result, our investors have allowed us to become one of the largest early-stage private equity firms in the country and the largest between the coasts."

Raised in a period of only 60 days, Fund VII consists of committed capital from some of the nation's leading institutional investors, private and public pension funds, endowments and insurance companies. The new fund will allow Austin Ventures to capitalize on new investment opportunities at all development stages, including seed, first-round and expansion rounds. The fund will also support AV Labs, the Austin Ventures spin-off company created to focus exclusively on the needs of very early-stage companies.

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World Class Information Technology Expertise

Austin Ventures takes a unique approach in providing valuable expertise and knowledge to its portfolio companies. The firm focuses exclusively on five sectors of information technology: semiconductors; communications; business-to-business e-commerce and media; business-to-consumer e-commerce and services; and applications and infrastructure. Each sector is staffed by general partners, venture partners and investment professionals, allowing the firm to blend regional focus with a sophisticated world view in each practice area.

“We hope to combine world-class company-building experience with valuable contacts who can offer the accessibility and support only a local partner can provide,” Thornton said. “Our investment professionals, along with our venture partners who are seasoned executives working closely with portfolio management teams, bring specific domain expertise to each company.”

Local Focus

Located in the technology hotbed of Austin, Texas, Austin Ventures attributes the successful fundraising effort of Fund VII to the strong growth of entrepreneurial activity in Texas. With an active portfolio of more than 70 companies, Austin Ventures has been part of such corporate success stories as: Vignette, Tivoli, garden.com, Crossroads Systems, IntelliQuest, Dazel, Mission Critical, MetaSolv, Crystal Semiconductor and VTEL among others. The firm will continue to invest approximately three quarters of its capital to support businesses throughout the state of Texas while using the remaining quarter to fund other companies in the Southwest.

About Austin Ventures

Since 1979, Austin Ventures has grown to be the largest venture capital firm in the Southwest. With more than \$1.6 billion of capital under management, Austin Ventures is one of the largest venture capital firms in the United States. For more information on Austin Ventures, its portfolio and investment strategy, please visit www.austinventures.com.

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