



September 14, 1999

Mr. Kirk Rudy
Endeavor Real Estate Group
100 Congress Ave., Suite 1310
Austin, TX 78701

Dear Kirk:

Beware Romans bearing gifts and venture capitalists asking for money. With that forewarning, please let us describe an exciting project on which we need your help.

First some background. Roughly two years ago, a group of leaders in the Silicon Valley technology community created the Entrepreneur's Foundation. The mission of this organization was as ambitious as it was simple: to increase the involvement of early-stage, venture-backed companies in charitable causes which interested their employees. The Foundation has been very successful by any measure, and a small but enthusiastic group of us in Austin are currently trying to replicate pieces of its strategy in our community. In a flash of originality, the working name for this fledgling organization is the Austin Entrepreneur's Foundation.

The AEF is nothing if not a work in progress. However, here's the high-level outline of how we think it could work:

- AEF would solicit early-stage companies to contribute small portions of their option pools into trusts, which would be controlled by the individual companies but administered by the foundation. AEF's big sister in the Bay Area encourages contributions on the order of 0.25% of a company's fully diluted shares or \$100,000 in value at the last financing, whichever is smaller.
- Hopefully, these stock options would both appreciate and become liquid over time, giving each company a pool of funds out of which it could make charitable contributions *without generating a hit to the income statement*.
- AEF would play whatever role the individual companies desire in planning their strategy for community involvement. This could range from facilitating a session to distill the philanthropic priorities of the employee population, to actually screening

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- grant requests and making allocations on the companies' behalf. *Again, ultimate control over the actual assets would remain with the companies.*

We—and literally everyone we have talked to—believe that this is an incontrovertibly good idea. The problem is, those of us who are most excited are amateur philanthropists with day jobs. As a result, our progress toward making AEF a reality has been, shall we say, *modest*.

That's where organizations like yours come in. We have committed to help raise a minimum of \$400,000 in seed operating capital to assist AEF in hiring an executive director and getting started. Austin Ventures and Dazel have each pledged \$50,000 over a two-year period. We are now soliciting Charter Underwriter investments at levels ranging from \$10,000 to \$50,000 over a two-year period.

Regardless of the level at which your organization participates, you will always and forever be recognized as a **Founder of the Austin Entrepreneur's Foundation**. For those of us who live out our entrepreneurial urges through others, I think this should be a particularly appealing proposition. And it's a damned sight more lasting than the myriad conferences we are asked to sponsor at similar commitment levels.

We believe this is an exciting idea at an exciting time: venture activity in Austin is on a pace to *triple* in 1999. While our early execution of this idea is unlikely to be perfect, we need to put AEF in motion now.

Thanks for your indulgence and in advance for your support. We'll be in touch shortly.

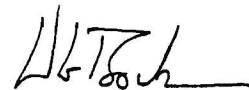
Regards,



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