

July 14, 1999

Dear Artemis Ventures Investors:

We trust you have received your closing paperwork at this time. If you have not, please contact Cynthia Davis at 415 289 2500 or cynthia@artemisventures.com at your earliest convenience.

You'll note our last update letter was on May 17, at our fund's close. We are writing again to update you on the partial quarter we have completed since the fund closed. The next update will be in October and will cover a complete quarter.

AV Investment Activity:

- In June, AV invested an additional \$75,000 in Again Technologies (www.againtech.com), bringing the total investment to \$675,000.
- In June, AV invested \$850,000 in Clairvoyant Software (www.clairvoyantsoftware.com). Clairvoyant Software provides predictive network resource management software. This product enables e-businesses and ISPs to predict when they'll need more bandwidth, routers, servers, etc. *before* their site crashes. The team is formerly of Network General, where they developed, marketed and sold the Sniffer product line. They have many notable angel investors including Ed Zander, President/COO of Sun Microsystems. Kimball represents Artemis Ventures on the board.

AV Portfolio Company Highlights:

- In July, Again Technologies (www.againtech.com) hired a VP Sales. Greg Lynott comes from ViewLogic where he was Vice President Worldwide Sales. Greg brings over 20 years of high performance selling plus adult supervision ;).
- In June, ELetter, Inc. (www.letter.com) closed the following revenue share and co-marketing deals: OfficeDepot, HotOffice, Portera, iNiku, iMall and Microsoft. We are thrilled that the ELetter service will be bundled in the Direct Mail Manager of Microsoft Office 2000 starting in August.
- In July, ELetter launches their 14 million impression ad campaign targeted at small business. Our friends at 24/7 Media and Flycast Communications secured highly targeted impressions for us at single digit rates.
- In June and July, Clairvoyant Software initiated partnership meetings with Inktomi, Inverse Networks, Cobalt Networks, Digex and AOL. We'll begin to see these meetings bear fruit in the September-October timeframe when the distributed version of the product ships.

AV Observations and Comments:

The startup climate continues to be strong, with the business to business sector gaining ground. Our deal flow remains significant, and we are looking closely at several investment opportunities. An interesting trend is the growth of e-services (or Application Service Providers) startups, which have a combination of annuity and variable revenue. As more corporations look to outsource I.T. in an effort to reduce costs and optimize performance, we expect the e-services model to proliferate.

Thank you for your confidence and trust. We look forward to rocking your portfolio!

Best,

Kimball Atwood

Christine Comaford