

CROSS ATLANTIC TECHNOLOGY FUND, L.P.

November 30, 1999

Commonwealth of Pennsylvania
Public School Employees' Retirement System
Five North Fifth Street
Harrisburg, Pennsylvania 17101

Attention: John C. Lane
Chief Investment Officer

Re: Cross Atlantic Technology Fund, L.P.

Dear Mr. Lane:

This letter is being written and delivered to confirm certain agreements with regard to the investment made by the Public School Employees' Retirement System ("PSERS") in Cross Atlantic Technology Fund, L.P., a Delaware limited partnership (the "Partnership"), pursuant to the Amended and Restated Agreement of Limited Partnership dated as of November 30, 1999 (the "Agreement") of the Partnership and the Subscription Agreement among the Partnership, the General Partner and PSERS dated as of November 30, 1999. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Agreement.

1. The General Partner understands that PSERS reserves all immunities, defenses, rights or actions arising out of its status as a sovereign state or entity, including those under the Eleventh Amendment to the United States Constitution. No provision of the Agreement or the Subscription Agreement shall be construed as a waiver or limitation of such immunities, defenses, rights or actions.

2. The General Partner hereby agrees and acknowledges that any legal proceeding involving any contract claim asserted against PSERS arising out of this letter agreement, the Agreement or the Subscription Agreement may only be brought before and subject to the exclusive jurisdiction of the Board of Claims of the Commonwealth of Pennsylvania pursuant to §§ 4651-1 et seq. of Title 72 Pa. Statutes, and that such proceeding shall be governed by the procedural rules and

laws of the Commonwealth of Pennsylvania, without regard to the principles of conflicts of law.

3. The General Partner hereby confirms that the Agreement and the Subscription Agreement do not impose any personal indemnification obligations on PSERS and shall not be applied or construed to require PSERS to provide indemnification directly to any person or entity thereunder. PSERS, however, acknowledges that it is obligated as a Limited Partner to make capital contributions as called pursuant to the terms of the Agreement. In no event shall the liability of PSERS under the Agreement or the Subscription Agreement exceed the sum of PSERS' Commitment.

4. The General Partner hereby agrees to preserve all financial and accounting records pertaining to the Partnership Agreement during the term of the Agreement and for four years thereafter, and during such period PSERS or any other department or representatives of the Commonwealth of Pennsylvania, upon reasonable notice, shall have the right to audit such records in regard thereto to the fullest extent permitted by law. The General Partner shall have the right to preserve all records and accounts in original form or on microfilm, magnetic tape, or any similar process.

5. The Partnership and General Partner represent and warrant that none of the Partnership, the General Partner and nor the individual partners of the General Partner have entered or will enter into any side letter or similar agreement with any Limited Partner in the Partnership except as disclosed to PSERS in writing. If the Partnership, the General Partner or the individual partners of the General Partner shall enter into a side letter or similar agreement with an existing or future Limited Partner of the Partnership, PSERS shall promptly be given a copy of such letter or agreement and the opportunity to obtain the same rights and benefits of such side letter or similar agreement by written notice thereof to the General Partner delivered within 30 days of receipt by PSERS of copies of such side letter or agreement.

6. If upon the liquidation of the Partnership there shall be any Securities that are not Publicly Traded Securities, then in lieu of distributing to PSERS its share of such Securities, the General Partner shall use reasonable best efforts to dispose of such Securities. In the event the General Partner is unable to dispose of such Securities within a reasonable period of time, the General Partner shall give PSERS at least five business days prior written notice of its intention to make a distribution in kind of such Securities to PSERS. PSERS may within such notice period elect, by written notice to the General Partner or a liquidating trustee, as applicable, to decline the receipt of such distribution in kind, in which case such distribution to PSERS shall be made by depositing such Securities in a liquidating trust established by the General Partner in the name and for the benefit of PSERS.

The General Partner or its designee shall serve as the trustee of such liquidating trust, and such trustee shall have the right to dispose of such Securities. PSERS shall bear its pro rata share of the out of pocket expenses of such liquidating trust. Neither the General Partner nor its Affiliates shall have any liability to PSERS in connection with their actions taken under this paragraph 6, including any liability for losses arising out of any sale of Securities, other than liabilities arising out of any conduct set forth in Sections 2.6(a)(i) through (ix) of the Agreement by the General Partner or its Affiliates. Any difference between the value of Securities distributed to Partners under the Agreement and the price at which they shall be sold under this paragraph 6 for PSERS shall be for the account of PSERS.

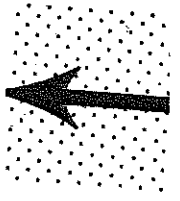
7. If the Partnership shall make any co-investment opportunity available to one or more Limited Partners, then PSERS shall be given the right to participate in such co-investment in an amount equal to no less than its pro rata share of such co-investment opportunity (which pro rata share shall be based on the Commitment of PSERS as compared to the Commitments of all Limited Partners).

8. This letter agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to principles governing conflicts of law.

Sincerely yours,

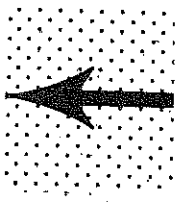
CROSS ATLANTIC TECHNOLOGY FUND, L.P.
By: XATF Management L.P., its General Partner
By: Cross Atlantic Capital Partners, Inc.,
Its general partner

By: *John T. Reager*
Name:
Title:



XATF MANAGEMENT, L.P.
By: Cross Atlantic Capital Partners, Inc.,
Its general partner

By: *John T. Reager*
Name:
Title:



Agreed to and Acknowledged:

COMMONWEALTH OF PENNSYLVANIA
PUBLIC SCHOOL EMPLOYEES' RETIREMENT
SYSTEM

By: *JCL*
Name: John C. Lane
Title: Chief Investment Officer

By: *Dale H. Everhart*
Name: Dale H. Everhart
Title: Executive Director

Approved for form and legality:

Thomas E. Ross
Thomas E. Ross, Chief Counsel
Public School Employees'
Retirement System

John R. Bull

Chief Deputy Attorney General
Office of Attorney General

Deputy General Counsel
Office of General Counsel

NOV 28 1999

Sincerely yours,

CROSS ATLANTIC TECHNOLOGY FUND, L.P.

By: XATF Management L.P., its General Partner

By: Cross Atlantic Capital Partners, Inc.,

Its general partner

By: _____

Name:

Title:

XATF MANAGEMENT, L.P.

By: Cross Atlantic Capital Partners, Inc.,

Its general partner

By: _____

Name:

Title:

Agreed to and Acknowledged:

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PUBLIC SCHOOL EMPLOYES' RETIREMENT
SYSTEM

By: _____

Name: John C. Lane

Title: Chief Investment Officer

By: _____

Name: Dale H. Everhart

Title: Executive Director

Approved for form and legality:

Thomas E. Ross, Chief Counsel

Public School Employees'

Retirement System

Chief Deputy Attorney General

Office of Attorney General

Deputy General Counsel

Office of General Counsel